

# Grantee: Elkhart County, IN

## Grant: B-11-UN-18-0003

October 1, 2021 thru December 31, 2021

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<b>Grant Number:</b> B-11-UN-18-0003	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Elkhart County, IN	<b>Contract End Date:</b> 03/10/2014	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$1,193,194.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b> \$1,193,194.00	<b>Estimated PI/RL Funds:</b> \$717,500.00	
<b>Total Budget:</b> \$1,910,694.00		

### Disasters:

#### Declaration Number

NSP

### Narratives

#### Summary of Distribution and Uses of NSP Funds:

Elkhart County is partnering with the City of Nappanee to invest NSP3 funds in designated Nappanee neighborhoods for the purpose of assisting in rehabilitation/redevelopment of abandoned/foreclosed homes to help stabilize neighborhoods whose viability has been and continues to be damaged by such properties.

Through program activities that focus on acquisition, rehabilitation, and redevelopment of abandoned/foreclosed residential properties will allow the community to invest in affordable housing that will remain desirable and affordable, and optimization of economic activity through creation of job and/or business opportunities arising from program implementation. These activities will improve property values, stabilize the tax base, reduce the large decline in home values, decrease the number of dilapidated and/or vacant units, increase affordable housing stock, improve housing stock availability especially for low-income households and increase sales of residential properties.

Approximately 90% (\$1,073,875.00) of NSP3 funds will be utilized to arrest the decline in target neighborhoods through activities such as acquisition, rehabilitation, demolition/redevelopment as well as ownership counseling and down payment assistance. Of this amount not less than \$341,000.00 (28.6%) will be utilized to provide housing for individuals or families whose incomes do not exceed 50% of area median income. The remaining 10% (\$119,319.00) will be used for administration, providing services necessary to carry out the NSP3 program within federal guidelines and pay for general expenses that cannot be charged to individual properties.

#### How Fund Use Addresses Market Conditions:

Since 1999 the foreclosure rate in IN has exceeded that of the nation. From 2000-2007 Indiana's foreclosure rate ranked 1st or 2nd in the country. Locally the foreclosure rate in Oct 2010 was 4.06% while the national rate for that month was 3.33%. The annual number of properties facing foreclosure listed in the Elkhart County Sheriff's sale continues to climb. Reports show that in 2006 723 foreclosed properties were available at the sale. In 2007 it rose to 928. In 2009, 1,509 foreclosed properties were included in the Sheriff sale. Double the amount listed in 2006 & it's estimated that 2011 will see higher numbers. Homeowners losing their homes aren't the only victims of foreclosures. Foreclosures reduce neighborhood home values & tax base & damages the community's vitality. As a result of higher foreclosure rates & the number of abandoned properties, numerous neighborhoods throughout Elkhart County are experiencing significant disinvestment. Disinvested neighbors are plagued by deteriorating housing stock, declining property values, & negative neighborhood images. Disinvested neighborhoods cause havoc with the community's quality of life & image of livability. Traditional focus & intervention is very often unable to respond to scattered problematic areas in these communities. In truth these seemingly isolated foreclosures quickly result in widespread disinvestment. This condition must be combated with unique approaches toward mitigation & reversal of negative impact imposed by foreclosures & abandoned housing. Elkhart County recognizes the need to marshal resources & deploy comprehensive strategies to fight the decline of our neighborhoods. It is imperative that new resources be invested in neighborhoods experiencing significant economic decline. The County believes that focused efforts & positive investment in declining areas of need will be the tipping point for future community revitalization & stabilization. With such efforts as the NSP3 program, these neighborhoods will be better equipped to weather the storm & better able to build off their strengths to become stable. Upon review of the market, goals, capacity, & funding, the County has decided to use its strengths & undertake activities where there are experienced, committed & future-oriented partners to engage. The County examined available data provided by HUD, the State & the Cities of Elkhart & Goshen to assist in its determination of NSP3 target area. In addition the County took into consideration the expertise of the local development teams, readiness to proceed, & the goals of comprehensive plans. It was determined that focusing NSP3 funding into one area would have a greater impact than dispersing it to multiple scattered sites throughout the County. It soon became clear that the City of Nappanee was not only an area of greatest need & a community less served by county funding but whose community goals corresponds with the County, NSP, and HUD. Nappanee is a small community whose elected officials continually strive to create & maintain confidence & pride in their neighborhoods & community. Their revitalization plan includes 1) identify potential redevelopment opportunities, 2) set preservation & revitalization as a priority, 3) identify



redevelopment incentives, & 4) continue proactive infrastructure improvements. Nappanee has incorporated

### **How Fund Use Addresses Market Conditions:**

g and landscaping improvements into their plans which would support the proposed resale of single-family properties assisted through NSP3 funding. Additionally, Nappanee has a reputation for encouraging businesses, schools, churches & service groups to invest in the community. As a result of these factors the County has chosen to partner with the City of Nappanee to implement the NSP3 program in an area of greatest need that would strongly impact the stabilization of the community. The Cou

### **Ensuring Continued Affordability:**

For NSP3 purposes, continued affordability will be obtained through an affordability period assessed to each project (property). The affordability period will be determined based upon the amount of NSP3 subsidy. These long-term affordability period requirements apply to both rental and homebuyer activities. The affordability of units will be ensured through deed restriction/covenant/lien with a recorded mortgage outlining programmatic conditions such as: term of affordability, income level for subsequent purchasers during the affordability period, use of home as primary residence of the homebuyer and any recapture provisions. In the case of a rental, additional terms will apply - this includes providing proof of income qualified tenants at the time of occupancy and annually for the duration of the affordability period and rent amount must remain set not to exceed thirty percent of the individual/family adjusted income. This will allow NSP3-assisted units to remain affordable to individuals/families whose incomes do not exceed 120 percent of area median income. Recapture provisions will be assessed to any new construction and/or residential properties in which NSP3 funds were used to assist with the purchase of a property as the principal residence of the eligible homebuyer. This assistance will only be provided in a manner which permits recapture of a percentage of those funds, if at any time during the affordability period the assisted property is no longer the principal residence of the buyer. All other units will be assessed resale provisions. Resale provisions will be used when no direct financial assistance was provided to the homebuyer at closing. Insurance of affordability includes a recorded agreement that protects the affordability provisions regarding resale of the housing unit. The owner will be required to sell the existing property to a subsequent qualified low income purchaser & the owner will receive a fair return on their investment including improvements. The property may be sold to a subsequent low-income buyer that has no greater than 120% AMI of Elkhart County. Affordability for a subsequent homebuyer is defined as the mortgage principal & interest, taxes & home insurance, which does not exceed 30% of the homebuyer's annual gross income. After an individual or family has owned the property for 10 years, it may be sold without affordability restrictions. The fair return to the buyer from the sale of the home is defined as the homebuyer's initial investment during the affordability period plus any appreciation that might accrue. Recapture - HOME program standards 24CFR92.252(a),(c),(e) & (f) & 92.254 were used to establish the following recapture guidelines. The following calculations will be applied only in the event the net proceeds from the sale of the property are not sufficient to pay the balance of NSP3 funds due & payable. The NSP3 amount subject to recapture is based on the amount of NSP3 assistance that enabled the homeowner to purchase the unit. This includes any NSP3 assistance that reduced the purchase price from the fair market value to an affordable price, but excludes the amount between the cost of producing the unit & the market value (development subsidy). The following method will be used for calculating the amount of NSP3 funds to be recaptured. This method allows the amount subject to recapture to be further reduced in proportion to the

### **Ensuring Continued Affordability:**

length of time the homebuyer has occupied the home relative to the terms of the NSP3 assistance (affordability period). This method also allows that if net proceeds are not sufficient to recapture the full amount of the NSP3 investment plus recover the amount of the homeowner's investment in the property, the City of Nappanee will share the net proceeds with the homeowner. The net proceeds amount is determined by sales price minus loan repayment of the mortgage(s) for the purchase of the house (other

### **Procedures for Preferences for Affordable Rental Dev.:**

The City of Nappanee is a rural small town community. The charm of small town is very appealing particularly to home buyers. A close knit community, family owned businesses, access to necessities, and away from the larger cities but close enough to work, hospitals, entertainment, etc. Because of the City's location and make up - the community isn't necessarily conducive to numerous large rental developments. The City does have a few rental complexes. The City and County recognize that affordable rental opportunities must be established within a community not only to provide housing but improve the quality of living. Elkhart County in collaboration with the City of Nappanee has established the following to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. During property selection, site location will be evaluated as well as the unit's potential to function as a rental property. Purchasing priority will be toward units whose structures are functional as a rental and located near community assets such as schools, work opportunities, resources, etc. The selection of all properties will be made under the assumption of providing rental units. The first unit to receive NSP3 assistance will be of rental focus.

### **Definition of Blighted Structure:**

For the purpose of the NSP3 program the following definition of blighted structure has been adopted. Any building or structure which has any or all of the conditions or defects hereinafter described shall be deemed to be a "blighted structure", provided that such conditions or defects exist to the extent that life, health, property or safety of the public or its occupants are endangered. 1) Whenever any door, aisle, passageway or other means of exit is not of sufficient width or size or is not so arranged as to provide safe and adequate means of exit in case of fire or panic. 2) Whenever a building or structure has been constructed, exists, or is maintained in violation of any specific requirement or prohibition applicable to such building or structure provided by the building regulations of this city or any law or ordinance of this state or city relating to the condition, location or structure of buildings. 3) Whenever any building or structure which, whether or not erected in accordance with all applicable laws and ordinances, has in any non-supporting part, member, or portion less than 50%, or in any supporting part, member, or portion less than 66% of the strength, fire-resisting qualities or characteristics or weather-resisting qualities or characteristics required by law in the case of newly constructed building of like area, height, and occupancy in same location. 4) Whenever a building or structure, used or intended to be used for dwelling purposes, because of inadequate light, air, or sanitation facilities or otherwise is determined by the enforcement authority to be unsanitary, unfit for human habitation, or in such a condition that is likely to cause sickness or disease. 5) Whenever any building or structure, because of obsolescence, dilapidated condition, deterioration, damage, inadequate exits, lack of sufficient fire-restrictive construction, faulty electric wiring, gas connection or heating apparatus, or other cause, as determined by the enforcement authority to be a fire hazard. 6) Whenever any portion of a building or structure remains on a site after demolition or destruction of the building or structure or whenever any building or structure is abandoned for a period in excess of six months or so as to constitute such building or portion thereof an unattractive nuisance or hazard to public health.



**Definition of Affordable Rents:**

For NSP3 program purposes, affordable rents will follow the maximum HOME rent limits, which are the lesser of: 1. the fair market rent for existing housing for comparable units in the area as established by HUD under 24CFR88.8.111; or 2. a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

**Housing Rehabilitation/New Construction Standards:**

All housing activities using NSP3 funds that involve construction or rehabilitation of multi- and single-family dwellings must meet all building codes and standards adopted and enforced by the State of Indiana as well as any applicable laws, codes, and other requirements relating to housing safety, quality, and habitability. Rehabilitation standards in reference to the NSP3 program includes greening and energy conservation provisions and includes HUD specific requirements of Energy Star Qualified New Home Design standard for all gut rehabilitation and new construction as well as the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) standard (90.1-2004 appendix G). Provisions such as re-use of cleared sites, sustainable sites, protection of environmental resources and sustainable landscaping will be considered during the acquisition phase as well as during demolition, rehabilitation, and redevelopment. Items such as energy efficient landscaping, use of energy efficient, durable and/or heat absorbing materials, the availability of local source materials as well as healthy homes activities will be strong components during the rehabilitation/redevelopment phase. Whenever appropriate funds will be allocated for de-construction of blighted structures and will work to decrease demolition cost and salvage materials. All demolition request for services will state a preference for de-construction and salvage as a proposal component.

**Vicinity Hiring:**

As a continuation of current policies of both the County and the City of Nappanee require all contractors to provide equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status or economic status and that affirmative action will be taken to ensure that both job applicants and existing employees are given fair and equal treatment. The program, to the maximum extent feasible, will provide focus in hiring of employees (primarily low- and very-low income individuals) that reside in the City of Nappanee and/or to contract with businesses owned and operated by persons residing in the program vicinity. Nappanee will communicate this focus as a preference component in all communications, publications and/or work specs developed as a result of this program. Nappanee will actively seek to award contracts to contractors, vendors, and suppliers who would not only provide quality materials/workmanship but are owned and operated by persons residing in the program vicinity, employs residents within the project area and will (to the maximum extent feasible) see to employ qualified low and very-low income persons also residing in the project area.

**Grantee Contact Information:**

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 Goshen, IN 46526  
 (574) 535-6746  
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Don Lehman - City of Nappanee  
 Planning and Code Enforcement  
 300 W Lincoln Street  
 Nappanee, IN 46550  
 (574) 773-2112  
 napzoning@yahoo.com

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$1,721,819.00
<b>Total Budget</b>	\$0.00	\$1,721,819.00
<b>Total Obligated</b>	\$0.00	\$1,721,819.00
<b>Total Funds Drawdown</b>	\$0.00	\$1,556,152.01
<b>Program Funds Drawdown</b>	\$0.00	\$1,118,694.15
<b>Program Income Drawdown</b>	\$0.00	\$437,457.86
<b>Program Income Received</b>	\$0.00	\$725,664.80
<b>Total Funds Expended</b>	\$0.00	\$1,556,152.01
<b>HUD Identified Most Impacted and Distressed</b>	\$0.00	\$0.00
<b>Other Funds</b>	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

**Funds Expended**

<b>Overall</b>	<b>This Period</b>	<b>To Date</b>
Elkhart County Government	\$ 0.00	\$ 1,556,152.01



## Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$ .00	\$ .00	\$ .00
Overall Benefit Amount	\$1,743,700.61	\$ .00	\$ .00
Limit on Public Services	\$178,979.10	\$ .00	\$ .00
Limit on Admin/Planning	\$119,319.40	\$166,819.00	\$139,180.36
Limit on Admin	\$ .00	\$166,819.00	\$139,180.36
Most Impacted and Distressed	\$ .00	\$ .00	\$ .00
Progress towards LH25 Requirement	\$477,673.50		\$402,498.39

## Overall Progress Narrative:

Through 12/31/21: general overview  
 We have completed 6 properties:

	total approved budget	Expended (%)
• 151 E Van Buren: \$289,301	321,442	(111 %) sold
• 502 E Walnut: \$273,546	271,556	(99.3%) sold
• 502 W Market: \$227,662	281,061	(123 %) sold
• 407 S. Main St: \$195,000	229,494	(117.7%) sold *
• 502 E Broad: \$127,462	121,437	(95.3%) sold
• 257 N. Rosenberger: \$165,866	191,982	(116%) sold

(note: the above costs include homebuyer assistance)  
 6 properties have been completed and sold.

Detailed property status:

151 E Van Buren: this property has been completed and sold to a 120% homebuyer. this property has been resold generating additional PI

502 E Walnut: this property has been completed and sold to a 120% homebuyer.

502 W Market: This property has been completed and sold to a 50% homebuyer.

407 S. Main St: this property has been completed and sold to a 120% homebuyer. \*we are still expecting to receive a request for reimbursement for holding costs for this property

502 E Broad: this property has been completed and sold to a 50% homebuyer.

257 N. Rosenberger: this property has been completed and sold to a 120% homebuyer. Additional PI has been received from this property. It was transferred prior to the 10 year affordability period.

We have expended all but \$74,500 of our initial Neighborhood Stabilization grant, and have completed 2 additional properties with \$437,458 of Program Income.

Because new foreclosure properties have not been forthcoming we are exploring alternatives for program income.

We are beginning the process of closing out this program, unless an NSP eligible property materializes.

Program Income of 734,065.08 has been received.

## Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP3, NSP3-Napp	\$0.00	\$1,910,694.00	\$1,118,694.15

