

Grantee: Lake County, IN

Grant: B-11-UN-18-0002

January 1, 2019 thru March 31, 2019 Performance Report

Grant Number: B-11-UN-18-0002	Obligation Date:	Award Date:
Grantee Name: Lake County, IN	Contract End Date: 03/14/2014	Review by HUD: Reviewed and Approved
Grant Award Amount: \$1,613,168.00	Grant Status: Active	QPR Contact: Timothy Brown
LOCCS Authorized Amount: \$1,613,168.00	Estimated PI/RL Funds: \$950,000.00	
Total Budget: \$2,563,168.00		

Disasters:

Declaration Number

No Disasters Found

Narratives

Summary of Distribution and Uses of NSP Funds:

Lake County has the benefit of being in the middle of undertaking a major NSP 1 program, and it has learned much from it. It applied what it has learned to selecting areas for undertaking NSP 3 activities. One of the first lessons is that, given the level of funding, the program is not likely to have any significant impact in some of the highest rated areas for distress. They either have levels of deterioration that is beyond the scope of the program, or involve areas where it is highly unlikely that even renovated housing units could be sold at any price. Early on it was determined that just because an area had "great need" did not mean it was an area where a positive impact could be made with the funds available.

Lake County obtained a spreadsheet printout of all of the NSP 3 HUD Needs data. It eliminated those block groups in Gary, Hammond and East Chicago. It also eliminated those areas where the area need score was below the State level of 17. The County looked closely at all block and block group areas in the Urban County, which had NSP 3 levels from 17-20. While there are areas with ratings of 19, most were determined to be places where it was not likely to be able to undertake a successful program of acquisition, rehabilitation and resale. Since the County has had success with this activity (so far) under NSP 1, it was decided to continue to do what is successful. The County looked closely at areas where it had success acquiring and renovating units under NSP 1. It hopes to be able to parlay this into a greater impact on the general area. Thus, it looked closely at areas where it either had undertaken houses in the area, or close to the area. It also looked at areas where other programs were being undertaken. This meant it looked most closely at areas within the five communities in which it operated under NSP 1. These are Lake Station, Hobart, Crown Point, Merrillville and Highland. Some of these were easy to eliminate. Crown Point and Highland had no areas that met the State distress level, and were dropped from consideration. So, emphasis was placed on areas within the other three communities that met the minimum NSP 3 distress level.

The County looked at a number of different areas in these communities, and sent a number of them to HUD. Some were determined to not meet the needed criteria, others were too big, or were in an area where success in carrying out the activity was not likely.

There was also a consideration of size. As was learned in NSP 1 the public body is really playing "Russian Roulette" in attempting to gain decent housing in areas where it is likely they can be successfully remodeled and sold. As any realtor knows many factors enter into this. There is job location, shopping, general environment, emergency assistance, schools, crime, other amenities and so on. The County found that in NSP 1 that the real estate slogan "location, location, location" is, in fact, true. The County is competing against real estate investors seeking cheap purchases for minor fix up and sale, or to rent. So, the area (s) selected must contain enough foreclosed, vacant, or abandoned structures to make it likely that the County will be able to successfully obtain units that have a good chance for successful remodeling and re

Summary of Distribution and Uses of NSP Funds:

> During the winnowing process the County considered all of these factors, made use of its extensive NSP 1 experience, talked to realtors, partners and others knowledgeable in the housing market. In the end the County submitted 10 different potential areas for HUD determination of meeting the HUD need criteria, plus myriad of other considerations that must be considered for a successful program. In the end, impact will depend on how successful are the outcomes of the activities undertaken. This will not always be possible in the areas with the highest NSP 3 Need Scores.

After reviewing the HUD response data for the 10 areas submitted, the County set about discussing the pros and cons of all of the areas; location, need score, units required to meet the 20% requirement, likelihood that acceptable units would be available and could be rehabilitated at a reasonable cost and, most important, could be sold at a reasonable return (not too much of a loss) to income eligible households. In addition, the size of the areas was considered, rental units in the area, units acceptable for housing for D&D clients (to meet the 25% very low income benefit), plus all of the other factors mentioned above.

After much discussion, poring over data, maps and such, the ten areas under consideration were narrowed down to three,



which are the subject of this application.

Beverly Hobart

This target area is located in the City of Hobart. It is generally bounded by E. Old Ridge Road on the north, N. Wisconsin St. on the west, W. 3rd St. on the south and Lake George on the east. The area has a 17 rating on the NSP 3 Need scale. It requires the accomplishment of at least 2 units to meet the 20% improvement criteria. The area has 495 dwelling units. The area has a population where 53% of the persons are below 120% of median income, while 28% are low income (below 80% of area median income). This is one indication that the area is a good subject for the proposed activity. The area had 197 mortgages issued between 2004-2007, the main time frame for sub prime loans. Of these loans 28% were high cost mortgages. There are 9.5% of loans that are over 90 days past due and there were 12 foreclosures in the area in the past year. The USPS vacancy survey found there were 14 addresses vacant more than 90 days.

What is also important is that the County knows this area from NSP 1. It is primarily single family and twin family units, and has seen a conversion of many of these units to rental units recently. The County also has NSP 1 experience in the area. It has looked at many units in the area, purchased one, which is now undergoing extensive rehabilitation. The County also has assisted with HOME funds in the development of a new senior housing complex in another portion of Hobart. Based on this experience, the County feels this area is very likely to be a success and benefit from the use of NSP 3 funds.

Taft – Chase

This target area is located in the Town of Merrillville. It is generally bounded by Taft St. on the east, U.S. Route 30 the south, Whitcomb St. on the west, and 73rd Avenue on the north. The area has an NSP Need rating of 18. It requires 8 units to be acquired, rehabilitated, and sold to eligible buyers to meet the 20% improvement criteria. The area contains 1,648 dwelling

Summary of Distribution and Uses of NSP Funds:

units. Its population has 57% below the 120% of area median income, and 30% under 80% of median income. This area saw 613 mortgages issued between 2004-2009. Of these 32.4% were high cost mortgages. There are 10 units 90 days delinquent, and there were 41 foreclosures in the past year. The USPS vacancy survey found there were 42 units vacant over 90 days. While the area has some apartment building it is primarily a single – family area.

The County has considerable experience working in this area with NSP 1 funds. It has viewed, and considered purchasing, several dozen units. It has two in the area under rehabilitation right now. Based on this prior experience in the area the County believes it is quite likely it can successfully accomplish the redevelopment of six units. This, taken with NSP 1, activity will have an impact on this area in terms of stemming decline. It is also an area where it is quite likely IN-PACT will be able to accomplish the development of three units.

Whiting

This target area involves most of the residential area of the City of Whiting. It is generally bounded by rail track to the north, Atchison Avenue on the west, 121st St. on the south and Front St. on the east. The area has an NSP Need rating of almost 19. It requires 6 improved units to be accomplished to meet 20% improvement criteria. The area contains 2064 dwelling units. Its population has 74% of persons under 120% of area median income and 51% below 80% of median income. This area saw 409 mortgages issued between 2004-2009, the main time frame for sub prime loans. Of these mortgages 36% were high cost mortgages and 10.8% are more than 90 days overdue. There were 29 foreclosures in this area in the past year. The USPS vacancy survey found there were 184 addresses vacant more than 90 days.

Unlike the other two target areas the County has no direct NSP 1 experience in the area. However, the County has funded a number of public improvement projects in the area from CDBG funds. In addition, it is aware that local officials have been undertaking a concerted effort to revitalize the community with other funds. The County is also acquainted with the housing stock in the area. It has undertaken a number of housing rehabilitation projects in the City over the years. Most of the housing is single family, duplex and triplex. Given the data available and local knowledge of the area, it appears this target area is one where the proposed NSP 3 activity could be successfully undertaken, and have an impact on the area.

How Fund Use Addresses Market Conditions:

The primary data source was the HUD Foreclosure Need website and information obtained there. A print out of all block groups in Lake County was created. From this, areas were removed that were in the Cities of Hammond, Gary and East Chicago, as well as those that did not meet the required qualifying NSP 3 score. Then discussions were held with groups the County will partner with for activities. The County also reviewed areas where the County has made an effort to target other activities (i.e. CDBG, HOME, NSP 2, etc.) to support neighborhood stabilization and revitalization. As the County narrowed down the target area possibilities, it supplemented the HUD data with updated U.S. Census data from American Fact finder for the period 2005-09.

Ensuring Continued Affordability:

Continued affordability will be ensured for the entire period of affordability through monitoring that follows the specific HOME requirements as defined in 24 CFR 92.252 for a rental project, and 92.254 for a homeowner.

Definition of Blighted Structure:

Blighted Structure- a structure that has been abandoned or foreclosed as both terms are defined in the Housing Recovery Act of 2008, as modified subsequently by HUD and the Dodd-Frank Act of 2011, or has violations of local building, housing maintenance, or health codes, or is in a deteriorated condition through lack of upkeep or maintenance.

Blighted Area means an area which by reason of the presence of a substantial number of blighted, deteriorated or deteriorating structures, the predominance of defective or inadequate street layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair market value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, substantially impairs or arrests the sound growth of an area, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

Definition of Affordable Rents:

For any NSP 3 funded activity, "affordable rents" shall be defined as rent that does not exceed 30% of a household's gross income as determined using the Section 8 method of income determination. HUD's Fair Market Rent schedule for the Gary PSMA will be used. Should any rent gap be present, funds for this gap will be required from other sources of funding

Housing Rehabilitation/New Construction Standards:

The minimum housing rehabilitation standard for the Lake County NSP3 shall be the HUD HQS. That said, it is the intent of the County to rehabilitate these units to a much higher standard, just as it did with NSP1 funds. It is the intent to make units undertaken with NSP3 funds "the best house on the block" within cost limitations.

The County will be required to conduct rehabilitation in accord with the local codes applicable to the location of the unit. All appliances will be Energy Star. All replaced plumbing will be water efficient toilets, showers and faucets. All gut replacement or new construction will be HUD standard for Energy Star qualified New Homes. Other rehabilitation will meet these standards to the extent applicable for the rehabilitation work undertaken. For example, appliances, if replaced, will be



Energy Star-46 labeled products.

Procedures for Preferences for Affordable Rental Dev.:

The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

ACTIVITY	HOME SUBSIDY	UNIT MUST REMAIN AFFORDABLE FOR AT LEAST:
	Homebuyer	
New Construction Acquisition	LESS THAN \$15,000	

Vicinity Hiring:

The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects. Lake County will make attempts to see that persons and/or companies from the NSP 3 target areas are engaged and/or hired. Given the two target areas are all residential, and one is very small, this may be quite difficult in the Merrillville and Hobart areas. In Whiting, which includes a commercial area, involving area companies may be possible. The second areas for engaging such persons will be the Cities of Whiting, Hobart and Merrillville. Urban Lake County has long defined the hiring preference "vicinity" for the CDBG program to be all of Lake County. It will use this same definition of "vicinity" for NSP 3 as the third preference. The County will spell out in advertisements for contractor, and in construction contracts, the requirement that contractors must make a "best faith effort" to meet Section 3 goals and standards when hiring new employees for NSP 3 projects.

Procedures for Preferences for Affordable Rental Dev.:

5 YEARS

• Rehab/Acquisitions	\$15,000-\$40,000	10 YEARS
Rental		
• Acquisition	GREATER THAN \$40,00	15 YEARS
• Rehabilitation		
New Construction (Rental Only) (20 Years)	ANY AMOUNT	20 YEARS

Grantee Contact Information:

TIMOTHY A BROWN, EXECUTIVE DIRECTOR
 tbrown@lakecountyin.com
 219-755-3231
 2293 NORTH MAIN STREET, CROWN POINT IN 46307

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,554,648.99
Total Budget	\$0.00	\$2,193,854.18
Total Obligated	\$0.00	\$2,193,854.18
Total Funds Drawdown	\$863.24	\$1,962,787.76
Program Funds Drawdown	\$0.00	\$1,578,513.27
Program Income Drawdown	\$863.24	\$384,274.49
Program Income Received	\$0.00	\$469,942.31
Total Funds Expended	\$863.24	\$1,863,277.09
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$241,975.20	\$0.00
Limit on Admin/Planning	\$161,316.80	\$90,000.00
Limit on Admin	\$0.00	\$90,000.00
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$640,792.00	\$502,802.67

Overall Progress Narrative:

The rehabbing continues on the the two (2) remaining properties in Merrillville. The Department is looking for a rehab completion date of June 1st.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP3 - 1, ACQUISTION/REHABILITATION/RESALE	\$0.00	\$1,583,076.62	\$1,111,612.86
NSP3 - 2, ACQUISITION/REHABILITATION/RENTAL	\$0.00	\$520,777.57	\$403,292.00
NSP3 - 3, ADMINISTRATION	\$0.00	\$90,000.00	\$63,608.41



Activities

Project # / NSP3 - 1 / ACQUISTION/REHABILITATION/RESALE

Grantee Activity Number: NSP3 -1
Activity Title: Acquisition/Rehabilitation/Resale

Activity Category:

Acquisition - general

Project Number:

NSP3 - 1

Projected Start Date:

05/15/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Program Income Account:

NPS-3 / REHAB-ACQUISTION

Activity Status:

Under Way

Project Title:

ACQUISTION/REHABILITATION/RESALE

Projected End Date:

06/08/2015

Completed Activity Actual End Date:

Responsible Organization:

Lake County

Overall	Jan 1 thru Mar 31, 2019	To Date
Total Projected Budget from All Sources	N/A	\$1,583,076.61
Total Budget	\$0.00	\$1,583,076.61
Total Obligated	\$0.00	\$1,583,076.61
Total Funds Drawdown	\$863.24	\$1,369,985.09
Program Funds Drawdown	\$0.00	\$1,111,612.86
Program Income Drawdown	\$863.24	\$258,372.23
Program Income Received	\$0.00	\$316,377.25
Total Funds Expended	\$863.24	\$1,369,985.09
Lake County	\$863.24	\$1,369,985.09
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Lake County is fortunate that it is was a major participant in NSP 1. It was able to put in place a process, contractors, and other support agencies and personnel to commit \$5.6 million dollars in NSP 1 funds in an 18-month period. The major portion of these funds went to undertake a program of acquisition/rehabilitation/resale of distressed properties in the selected target areas. To date, the process has enabled the County to acquire 23 single family residential properties, complete extensive rehabilitation of 8 properties, have underway the renovation of 12 properties, and sell 6 dwelling to income qualified households. Most of these have been sold at appraised value. LCCEDD intends to use this same process, and assembled a group of contractors, and support personnel, to undertake the acquisition/rehabilitation/resale activity under NSP 3. It has in place a person to assist with acquiring eligible properties, an organization that undertakes the preparation of work specification, cost estimates, engages contractors, inspects work and gives final renovation approval, and Realtors to assist with the disposition of the property. However, LCCEDD will retain control of the property, and provide oversight for all facets of this activity, just as it did NSP 1. The LCCEDD will undertake this activity in the three selected target areas. These have been provided elsewhere. In all selected areas, it will be meeting the 20% "improvement/impact" on the target areas

selected. The County has attempted to select areas where it has other activities underway to support the relatively few units it can undertake with NSP 3 funds.

The overall budget for all activities is as follows:

NSP 3 Grant	\$1,613,168
Minus Admin	\$161,316
Program Funds	\$1,451,852
Minus 25%	\$403,292
Activity 1 funds	\$1,048,560

Based on experience with NSP 1, the County estimates it can accomplish 13 single family dwellings units at an average cost of \$131,070.

Based on NSP 1 experience the County has an idea of both costs and project income. It should be able to complete eight units with the initial grant, and five more with projected income from sales for a total of thirteen.

The County, under NSP 1, takes a second mortgage at zero interest on the property, behind the first lender (financial institution). This mortgage bears no interest rate. Its duration depends on the amount of subsidy involved in the ultimate sale of the property. Under \$5,000 five years, under \$40,000 ten years, over \$40,000 fifteen years. The houses are offered at the rehabilitation appraised value which cannot exceed the cost of acquisition, rehabilitation, and eligible soft costs. Under NSP 1 there has always been a subsidy of some amount. However, several properties have sold at the appraised value, others just under.

The main activity beneficiaries will, in most cases, be renters who become homeowners. Distressed existing owners will also be eligible.

The benefit to income-qualified households will be there that at least thirteen such households will be able to purchase renovated dwelling units at a price they can afford. This will remove thirteen vacant, foreclosed or abandoned dwelling units from the target areas thereby reducing blight in these areas.

Location Description:

Portion of Cities of Hobart and Whiting and the Town of Merrillville.

Activity Progress Narrative:

Payments to NIPSCO (heat was turned on due to rehab of property).

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	5/13

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	5/13
# of Singlefamily Units	0	5/13

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	0/0	5/0	5/13	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Sale of Rehab Properties	\$234,516.62
Total Other Funding Sources	\$0.00

Project # / NSP3 - 3 / ADMINISTRATION

Grantee Activity Number: NSP3 - 3
Activity Title: Administration

Activity Category:

Administration

Project Number:

NSP3 - 3

Projected Start Date:

03/15/2011

Benefit Type:

()

National Objective:

N/A

Program Income Account:

NSP3-3 / ADMIN

Activity Status:

Under Way

Project Title:

ADMINISTRATION

Projected End Date:

05/14/2015

Completed Activity Actual End Date:**Responsible Organization:**

Lake County

Overall**Total Projected Budget from All Sources****Jan 1 thru Mar 31, 2019**

N/A

To Date

\$90,000.00

Total Budget

\$0.00

\$90,000.00

Total Obligated

\$0.00

\$90,000.00

Total Funds Drawdown

\$0.00

\$90,000.00

Program Funds Drawdown

\$0.00

\$63,608.41

Program Income Drawdown

\$0.00

\$26,391.59

Program Income Received

\$0.00

\$36,079.49

Total Funds Expended

\$0.00

\$90,000.00

Lake County

\$0.00

\$90,000.00

Most Impacted and Distressed Expended

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Activity Description:

Administer NSP3 Grant

Location Description:

Area or possible areas of greatest need where activity is being undertaken.

Activity Progress Narrative:

No ADMIN activity this quarter.

Accomplishments Performance Measures**No Accomplishments Performance Measures**

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Sale of Rehab Properties	\$36,079.49
Total Other Funding Sources	\$0.00
