

PROPOSED
NSP3 SUBSTANTIAL AMENDMENT
FEBRUARY 14, 2011

Jurisdiction(s): City Of Canton, Ohio

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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult [this data](#), in developing this section of the Substantial Amendment.

The City's housing stock is composed heavily of homes built pre-1940. The homes were built to accommodate large and often extended families. The average home is about 3,500 square feet. With the decrease in family size, these homes were converted to multifamily units saturating the city with rental properties. These units also represented a challenge as it resulted in an influx in vacant homes. With the rise in utility costs and a failing real estate market, these homes added to the already

high abandonment numbers. With 12 neighborhoods, (Wells, Summit, West Park, Ridgewood, Harter Heights, Ridgewood, Crystal Park, Belden, Washington, Lathrup, Market Heights and Eastpointe) the community continues to fight against the decline in housing stock as vacancies, dilapidation, crime and foreclosure continues to plaque the city.

The foreclosure crisis hit the City of Canton very hard. With an estimated 40,000 parcels, Canton has over 2800 foreclosures and over 2800 vacant and abandoned properties. Over 10% of the City's housing stock is affected by vacant, abandoned and foreclosed properties. This represents an apparent need for revitalization and innovative strategy to address the issues at hand.

The City of Canton has four main goals in implementing the Neighborhood Stabilization Program:

- Create a master plan to impel growth and reform the City of Canton's Housing Stock.
- Rejuvenate communities by returning vacant properties to occupied structures.
- Revive foreclosed properties and restore them to taxable parcels.
- Improve the City's housing stock and creating cohesive neighborhoods through increased affordable homeownership.

The City of Canton has utilized criteria determined by HUD prioritizing the area of greatest need. Using the data provided, The City of Canton used the following methodology in assessing the areas of greatest need:

- Focus on areas with greatest percentage of home foreclosures;
- Focus on areas with highest percentage of homes financed by sub prime mortgages;
- Focus on areas that are likely to face a significant rise in the rate of home foreclosures

The city has identified five NSP target areas (census tracts with greatest need for rehabilitation and redevelopment). Focusing on a targeted approach, the city feels that this will equate to projects that have a greater visible impact on the community. These areas are described under each criterion. The target area census tracts are as follows: 7001, 7003, 7004, 7005, and 7018.

NUMBERS AND PERCENTAGES OF HOME FORECLOSURES

The City of Canton used data from the Stark County Auditor's office and HUD to determine the number of foreclosures in the city limits. It also used data provided from HUD's assessment of census tracts.

The Neighborhood Stabilization Program funds will allow the city to recover from the current real estate market while supporting economic opportunities and strengthening our neighborhoods.

HIGH COST LOAN RATE

HUD has also provided high cost loan rate information at the census tract level. The high cost loans are proportionate to the areas suffering from foreclosure. In evaluating this data, the proposed targeted area is also in alignment with NSP requirements.

REDEVELOPMENT NEEDS

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c) (2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. Note: The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

The city is required to utilize funding in the areas with the greatest percentage of home foreclosure, the areas with the highest percentages of sub prime mortgages and the area that is likely to face a rise in foreclosure.

The city will comply with the requirement of benefiting individuals and households at or below 120% of the area median income. Also 25% of the allocation will be used to benefit individuals or households below or at 50% of the area median income.

The city will use a targeted approach to address foreclosed parcels of land and properties in the areas heavily affected by the highest percentage of foreclosures, highest percentage of homes financed by sub prime mortgages and in areas that are likely to face a significant rise in foreclosure. The goal will be to return vacant

property to viable parcels of land, revitalize the community through redevelopment and rehabilitation and provide home ownership mechanisms to impel neighborhood growth. All recipients will receive at least eight hours of counseling as provided by HERA.

To achieve these goals the city will use funds in the following areas and include administration costs:

- Demolition
- Acquisition and Rehabilitation
- Acquisition and Redevelopment
- Down Payment assistance (incorporated in the above 2 activities)
- Counseling (incorporated in the administration budget)

ADMINISTRATION

The city will utilize the maximum allowable amount for administration costs. The city will collaborate with community partners to expedite its plan. The city will work with nonprofit organizations, for profit organizations, developers, realtors, local businesses, foundations and CHDOs (Community Housing Development Organizations). The city will use these dollars to develop a comprehensive plan and implement program activities that are conducive to neighborhood and social reform, leverage activities such as social services activities, financial literacy and home maintenance.

DEMOLITION

The city will utilize 10% of NSP funds to demolish vacant, blighted and abandoned properties in the NSP target areas.

REHABILITATION AND REDEVELOPMENT

The city, through awards to developers, will carry out acquisition and rehabilitation of foreclosed and abandoned properties for sale, lease-purchase arrangements and/or rental to income qualified households. Also to be addressed will be qualified vacant structures and vacant lots that will be rehabilitated or redeveloped via new construction. These activities will focus on specific strategic focal areas within the larger NSP target areas, investing in groups of properties that will have a significant impact on neighborhood stability. This program component will focus on lead based paint requirements, code enforcement and will include design standards that will encourage increase property values. Home buyers will receive deferred payment

second mortgages and modest amounts of cash down payment assistance. Homebuyers will attend a minimum of eight hours of counseling including not limited to home maintenance and financial literacy.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

The city will utilize the definition in section 1.08 of the Ohio Revised Code:

A. “Blighted areas “and “slum” mean an area in which seventy percent of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability or are a menace to the public health, safety, morals, or welfare in their present condition and use.

(B) “Blighted parcel” means either of the following:

(1) A parcel that has one or more of the following conditions:

(a) A structure that is dilapidated, unsanitary, unsafe, or vermin infested and that because of its condition has been designated by an agency that is responsible for the enforcement of housing, building, or fire codes as unfit for human habitation or use;

(b) The property poses a direct threat to public health or safety in its present condition by reason of environmentally hazardous conditions, solid waste pollution, or contamination;

(c) Tax or special assessment delinquencies exceeding the fair value of the land that remains unpaid thirty-five days after notice to pay has been mailed.

(2) A parcel that has two or more of the following conditions that, collectively considered, adversely affect surrounding or community property values or entail land use relationships that cannot reasonably be corrected through existing zoning codes or other land use regulations:

(a) Dilapidation and deterioration;

(b) Age and obsolescence;

(c) Inadequate provision for ventilation, light, air, sanitation, or open spaces;

- (d) Unsafe and unsanitary conditions;
- (e) Hazards that endanger lives or properties by fire or other causes;
- (f) Noncompliance with building, housing, or other codes;
- (g) Nonworking or disconnected utilities;
- (h) Is vacant or contains an abandoned structure;
- (i) Excessive dwelling unit density;
- (j) Is located in an area of defective or inadequate street layout;
- (k) Overcrowding of buildings on the land;
- (l) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (m) Vermin infestation;
- (n) Extensive damage or destruction caused by a major disaster when the damage has not been remediated within a reasonable time;
- (o) Identified hazards to health and safety that are conducive to ill health, transmission of disease, juvenile delinquency, or crime;
- (p) Ownership or multiple ownership of a single parcel when the owner, or a majority of the owners of a parcel in the case of multiple ownership, cannot be located.

(C) When determining whether a property is a blighted parcel or whether an area is a blighted area or slum for the purposes of this section, no person shall consider whether there is a comparatively better use for any premises, property, structure, area, or portion of an area, or whether the property could generate more tax revenues if put to another use.

(D)(1) Notwithstanding any other provision of this section, absent any environmental or public health hazard that cannot be corrected under its current use or ownership, a property is not a blighted parcel because of any condition listed in division (B) of this section if the condition is consistent with conditions that are normally incident to generally accepted agricultural practices and the land is used for agricultural purposes as defined in section 303.01 or 519.01 of the Revised Code, or the county auditor of the county in which the land is located has determined under section 5713.31 of the Revised Code that the

land is "land devoted exclusively to agricultural use" as defined in section 5713.30 of the Revised Code.

(2) A property that under division (D)(1) of this section is not a blighted parcel shall not be included in a blighted area or slum.

Effective Date: 2007 SB7 10-10-2007

(2) Definition of "affordable rents." Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program -specific requirements such as continued affordability.

Response:

Affordable rents will be defined as 30% of the household's adjusted income. The City of Canton will utilize Fair Market Rents for the Canton/Massillon MSA provided by HUD.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

The city will ensure affordability will be met by the recapture provision provided in HOME. The Housing Economic Recovery act provides direction as to the requirements of protecting affordability. Deed restrictions and or security instruments will be recorded to protect the integrity of HOME rules. The properties will be subject to subsidy recapture for no less than 5 years for a subsidy under \$15,000, for 10 years for a subsidy from \$15,000 to \$40,000, and 15 years for a subsidy over \$40,000.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The city's housing rehabilitation and new construction standards for the HOME program will be adapted to the NSP program. These standards will be provided to city staff and developers, based on the special requirements and conditions of NSP, which encourages modernization of existing homes and incorporation of green building standards. As with the city's current rehab program standards, the revised version will continue to require compliance with the City's housing, building and zoning codes as well as the Ohio Rehabilitation Standards.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.
\$308,439

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

The City of Canton will comply with the setaside requiring 25% of the city's allocation to benefit low income families with income at 50% of the area median income. The city will utilize these funds to purchase and redevelop abandoned and foreclosed homes and expect to produce approximately three (3) rental housing units specifically for this class.

The city will meet this requirement by providing funding for rental housing restricted to households with incomes at or below 50% of AMI. Affordability will be maintained through affordability guidelines as described herein.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., \leq 80% of area median income).

If so, include:

- *The number of low- and moderate-income dwelling units—i.e., \leq 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.*
- *The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., \leq 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).*
- *The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.*

Response:

The city does not expect to convert any units with NSP funds. The city intends to demolish units but all structures will be non-federally-assisted, vacant, blighted and uninhabitable and thus unavailable to low- and moderate-income households. The city will collaborate with community partners in assisting in targeting structures eligible for demolition.

NSP housing units to be made available to households earning up to 120% of area median income (AMI): approximately five (5) units.

NSP housing units to be made available to households earning at or below 50% of media: approximately three (3) units.

Demolition

The city anticipates demolishing approximately twenty-four (24) blighted properties with NSP funds. The goal is to ensure public health and safety and prevent further deterioration of neighborhoods.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Note: proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

Public Comment:

Results of comments will be made available at the end of comment period.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

Demolitions (\$123,376)

(1) Activity Type: Demolish blighted structures

CDBG eligible use: ***24 CFR 570.201 Clearance for blighted structures only***

NSP Eligible Use: 2301(c)(3)(D) demolish blighted structures

(2) National Objective: low-, moderate- and middle-income (LMMI) and elimination of blight.

(3) Project Start Date: March, 2011

- (4) Project End Date: March, 2013
- (5) Responsible Organization: The Department of Development of City of Canton will be the responsible organization.

Program Administrator:

Director, Fonda Williams
218 Cleveland Ave. SW
Canton, Ohio, 44702

Project Administrator:

Lisa Miller
218 Cleveland Ave. SW
Canton, Oh, 44702

- (6) Location Description: Demolition and board-up of blighted properties in the NSP target areas.
- (7) Activity Description: Inspection of properties; board up of vacant properties to ensure public safety; delivery costs, ie legal ads, title searches; demolition and removal of debris.
- (8) Budget: The budget for this activity will be 10% (\$123,376) of the total allocation plus possible use of recycled funds.

Administration (\$123,376)

- (1) Activity Name: Administration of the Neighborhood Stabilization Program
- (2) Activity Type: Administration and Planning of the Neighborhood Stabilization Program
CDBG eligible use: **24 CFR 570.206 Administration and Planning**
NSP Eligible Use: **2301 Planning**
- (3) National Objective: Administer NSP dollars for Programming that benefit low, moderate and middle income constituents.
- (4) Project Start Date: March, 2011
- (5) Project End Date: March, 2013
- (6) Responsible Organization: The Department of Development of City of Canton will be the responsible organization.

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- (7) Location Description: Administration will take place at Canton City Hall, 5th floor, 218 Cleveland Ave. S.W., Canton, Ohio 44708
- (8) Activity Description: Administering the Neighborhood Stabilization Program including but not limited to personnel and strategic planning mechanisms.
- (9) Budget: The budget for this activity will be 10% (\$123,376) of the total allocation plus possible use of recycled funds.

Acquisition, Rehabilitation and Redevelopment (\$308,439) for households up to \$50% AMI;(\$678,566) for households up to 120% AMI)

- (1) Activity Name: Acquisition, redevelopment and rehabilitation of abandoned, foreclosed and vacant property for sale or rent
- (2) Activity Type: Rehabilitation and Redevelopment
CDBG eligible use: *24 CFR 570.202 Rehabilitation /Redevelopment and preservation activities for homes*
24 CFR 570.202 (n) Home ownership assistance
NSP Eligible Uses: *Section 2301(c) (3) (B) of the Housing and Economic Recovery Act allows the purchase and rehabilitation of properties that have been abandoned or foreclosed upon in order to sell, rent or redevelop and Section 2301(c)(E) of the same Act allows the purchase and redevelopment of vacant residential and non-residential properties including vacant land that was previously developed.*
- (3) National Objective: Program guidelines will be accepted and established and will meet the national objective of benefiting low, moderate and middle income constituents. The eligible constituents will earn 120% of median or below
- (4) Project Start Date: Projected April, 2011
- (5) Project End Date: Use of Funds March, 2013
- (6) Responsible Organization: The Department of Development of City of Canton will be the responsible organization coupled with community partners identified at a later date.

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- (7) Location Description: Rehabilitation and Redevelopment of properties for sale will occur in the target areas.
- (8) Activity Description – homeownership and lease-purchase:

The activity will be rehabilitation and redevelopment of residential properties for low, moderate and middle income buyers or lease purchase renters. This activity will occur in phases commencing in blocks where vacancy, abandonment, foreclosure or risk of foreclosure are apparent. For homeowners, this project will produce an estimated five (5) rehabilitated or newly constructed homes for purchase by households with incomes up to 120% of area median income (AMI), with expected household incomes ranging from 50% to 120% of AMI. Each eligible homebuyer benefiting from the NSP program will receive a minimum of 8 hours of counseling. Homes will be sold at market value or cost, whichever is less. Selling homes at market value may involve an NSP "development subsidy" if the cost of development exceeds market value due to the need for code-related improvements and improvements to enhance marketability and neighborhood improvements. The program may further improve affordability by offering a NSP-funded second mortgage at 0% interest, with payments due only on sale. The second mortgage mechanism may be used to provide additional cash down payment assistance if necessary. Long-term affordability will be protected through lien mechanisms based on the amount of subsidy as required by the HOME program rules, with liens forgiven within a 15-year period. The subsidies not part of the development subsidy or subsidies forgiven on a pro-rata basis during the term of the lien will be due back to the city upon the sale or change in ownership. The city will accomplish this task by collaboration with community partners in the private and public sector. The city's investment may leverage dollars from the developer partners. This dollar amount leveraged is unknown at this time. .

- (9) Activity description - rental housing: For renter or special needs households with incomes up to 50% AMI, the project will result in an estimated three (3) rental units.
- (10) Performance Measures: It is anticipated that eight (8) affordable housing units will be provided to eligible households under the program.
- (11) Budget: The budget for this activity represents 80% (\$987,005) of the City's allocation, of which \$308,439 is reserved to benefit households up to \$50% AMI and the balance of \$678,566 will be available to benefit households up to 120% AMI. Second mortgage subsidies and cash down payment assistance will be funded out of these line items, where used to fund homeownership units. Recycled funds may be used for additional activities as described.

Down Payment Assistance (Incorporated in Acquisition, Rehab, and Redevelopment)

[1] Activity Name: Down Payment Assistance. This activity has been incorporated in Acquisition, Rehabilitation and Redevelopment (see above) due to HUD's preference for this method of budgeting. Our estimated \$25,000 will be available to buyers of rehabilitated or redeveloped homes.

Home Ownership Counseling (Incorporated in Administration)

Activity Name: Home Ownership Counseling - This activity has been incorporated in Administration (see above).