

**NOTICE OF DRAFT SUBSTANTIAL AMENDMENT OF THE FY2008 ACTION  
PLAN  
CITY OF ELYRIA, OHIO**

Notice is hereby given that a draft amendment to the FY2008 Community Development Block Grant (CDBG) Action Plan will be available from May 17<sup>th</sup>, 2010 through June 1<sup>st</sup>, 2010. The proposed amendment can be viewed in the Office of Community Development located on the third floor of City Hall at 131 Court Street, Elyria, Ohio 44035 or at the City of Elyria's Community Development web page at <http://www.cityofelyria.org/CommunityDevelopment.html>. The purpose of the Substantial Amendment is to move funds within the Neighborhood Stabilization Plan. Approximately \$512,167 is proposed to be moved from the Land Bank activity to the Acquisition-Rehabilitation activity. The money to be transferred was used for acquisition, rehabilitation and associated costs of properties that will not remain in the land bank and will be offered for sale in the near future. In addition to the above amendment, the City is also proposing to amend the financial mechanism for assistance to prospective purchasers of the homes. Lastly, the amendment reflects the NSP Law amendment which reduces the discount rate for acquisition.

Comments can be submitted by any of the following methods:

1. Written comments to:  
City of Elyria – Office of Community Development  
(NSP Comments)  
131 Court Street  
Elyria, Ohio 44035
2. E-mail comments to: [abyington@cityofelyria.org](mailto:abyington@cityofelyria.org)
3. Verbal comments to 440-326-1541

For further information, contact the Office of Community Development, 131 Court Street, Elyria Ohio 44035, phone number 440-326-1541.

C.T. 5/17/10

## PROPOSED SUBSTANTIAL AMENDMENT

5.13.10

(1) **Activity Name:** Acquisition-Rehabilitation 50

(2) **Activity Type:** Acquisition-Rehab-Direct Homebuyer Assistance. All aspects of this activity are listed as eligible NSP uses. The corresponding eligible CDBG activities are: 24 CFR 570.201 (a) Acquisition (b) Disposition (i) Direct homeownership 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. Housing Counseling – 24 CFR 570.201(e).

(3) **National Objective:** L/M Income Housing. Beneficiaries will be restricted to those persons or families within the 50% median income range.

(4) **Projected Start Date:** January 1, 2009

(5) **Projected End Date:** July 1, 2010 (Funds committed, individual properties / projects identified). Program income may be used through July 2013 for additional projects.

(6) **Responsible Organization:** City of Elyria will be the responsible organization. The Office of Community Development will be the lead department. 131 Court St., Elyria, OH 44035 (City Hall). Angela Byington, Director, 440-326-1541, [abyington@cityofelyria.org](mailto:abyington@cityofelyria.org).

(7) **Location Description:** Census Tracts and block groups meeting at least 3 of the 5 NSP formula areas of concern are the City of Elyria's initial primary targets (not to exclude the remaining areas within the City's corporate boundaries as secondary targets). Census Tracts and Block Groups – 070102 1-3, 070200 2, 070300 2-4, 070400 1-4, 070500 1-4, 070600 1-4, 070700 1-3, 070800 1-2, 070901 1-2, 071000 1-2, 071100 1-3, 071400 1-4. Please refer to Map attachments Exhibits A-F and Exhibit G spreadsheet for itemized and specific breakdown of areas.

(8) **Activity Description:** Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of the area median income.

This activity specifically addresses housing needs of the population within the 50% AMI category. The City has utilized the following data as benchmarks and thresholds for assisting target areas. Percentage of households under 120% AMI, Percentage of households mortgaged under HMDA High Cost Loan Rate, Percentage of 18 month Foreclosure Rate, Percentage of USPS Residential Vacancy Rate, and finally the Estimated Foreclosure Abandonment Risk Score.

The benefit will be rehabilitated homes which can be purchased at a highly discounted cost. The City will not sell the property for greater than the amount the City invested to acquire and rehabilitate the property.

This activity's goal is to introduce income-qualified persons to the benefits and security of homeownership.

- Homeownership is the City's primary goal;
- HOME affordability period will be observed for direct homeownership assistance.

The City will acquire eligible properties, conduct necessary rehabilitation, offer direct homeownership assistance and require 8 hours of housing counseling as stated by NSP regulations.

**For acquisition activities, include:**

- **discount rate** – All individual properties will be purchased at a minimum discount of 1% below FMV. The average discount rate for all properties acquired shall not be less than 15% below FMV.

**For financing activities, include:**

- **range of interest rates** – Direct homeownership assistance will be offered at 0% interest with a declining balance, which will be zero at the end of the period of affordability.

5 Year Period of Affordability – balance declines every year by 20%
10 Year Period of Affordability – balance declines every year by 10%
15 Year Period of Affordability – balance declines every year by 6.7%

- **Reasonable level of assistance** – The City will require an estimate of costs from the lender (purchase price, closing costs, etc.) We will require at least \$750.00 from the participant's own funds and that no more than \$5,000 in savings, checking, CD's etc., remain after closing.
- **Finance Mechanism, Recapture Provisions and Affordability:** The city's loan for direct homeownership assistance will be secured by a mortgage against the property which will be recorded with the Lorain County Recorder's Office. The term of the loan is outlined above and is forgiven at the end of the period of affordability. The HOME period of affordability will be utilized.

(9) **Total Budget:** \$1,209,167.40  
NSP dollars = \$1,209,167.40  
NSP dollars = \$20,000 (housing counseling)  
Private dollars = \$0

*\*25% set aside equals \$617,000 and will be funded through this activity\**

**(10) Performance Measures:** Approximately 15 to 20 housing units will be acquired, rehabilitated and sold to persons within the 50% AMI. 15 to 20 persons or families will complete required housing counseling. 15 to 20 persons or families may utilize direct homeownership assistance.

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**(1) Activity Name:** Land Bank

**(2) Activity Type:** Property Acquisition for future Land Reutilization. Establishment of a land bank for homes that have been foreclosed upon is an eligible NSP use. The corresponding CDBG eligible activity is 24 CFR 570.201 (a) Acquisition and (b) disposition.

**(3) National Objective:** L/M Income Area Benefit. Acquisition of foreclosed and abandoned properties will occur in census tracts where the AMI does not exceed 120%.

**(4) Projected Start Date:** January 1, 2009

**(5) Projected End Date:** July 1, 2010 (Funds committed, individual properties / projects identified). Program income may be used through July 2013 for additional projects.

**(6) Responsible Organization:** City of Elyria will be the responsible organization. The Office of Community Development will be the lead department. 131 Court St., Elyria, OH 44035 (City Hall). Angela Byington, Director, 440-326-1541, [abyington@cityofelyria.org](mailto:abyington@cityofelyria.org)

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**(8) Activity Description:** The City has utilized the following data as benchmarks and thresholds for assisting target areas: Percentage of households under 120% AMI, Percentage of households mortgaged under HMDA High Cost Loan Rate, Percentage of 18 month Foreclosure Rate, Percentage of USPS Residential Vacancy Rate, and finally the Estimated Foreclosure Abandonment Risk Score.

This activity will serve to aid the City in responding to the rise of vacant and abandoned properties, dwindling tax receipts, increased blight, and worsening conditions for families living close to deteriorating properties. Properties will be acquired and returned to productive uses.

- discount rate - **Minimum of 1% below FMV**

**(9) Total Budget:** \$488,832.60  
NSP dollars = \$488,832.60  
Private dollars = \$0

**(10) Performance Measures:** All parcels and units acquired by the City will be located within census tracts with an AMI that does not exceed 120%. Vacant lots not designated to remain banked, dedicated for public use, or new construction shall be offered for sale to adjacent land owners at a cost considerably under market value and not exceeding actual costs incurred by the City. The number or percentage of total inventory is dependent upon many variables.

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#### DESCRIPTION OF CHANGES:

The NSP budget was changed to increase the Acquisition-Rehab 50 activity and decrease the Land Bank Activity by \$512,167.40. This is the amount that was expended on Rehab properties that will not remain in the land bank. The budget amendment does not make changes to the intent of the use of funds.

The Acquisition-Rehab 50 Activity was changed to reflect use of direct homeownership assistance as the City's financing mechanism for prospective homebuyer's versus a traditional down payment assistance program. This requires no obligation of funds towards the assistance, therefore commitment letters from prospective homebuyers does not need to be executed prior to the obligation deadline.

Lastly, the plan was amended to reflect the NSP law change which reduces the required discount rate to 1% of Fair Market Value for the City's acquisition of properties.

**Neighborhood Stabilization Fund (NSP)**  
**Distribution and Uses of Funds**

Amended

<b>Activity</b>	<b>Funds</b>	<b>Comments</b>
<b>Administration</b>	<b>\$245,000</b>	<b>To be spread over four years.</b>
<b>Housing Rehabilitation (within 50% median income)</b>	<b>\$1,209,167.40</b>	<b>25% of the funds (\$617,000) are REQUIRED to be used to acquire and rehabilitate homes to be sold to families or persons within the 50% median income) Estimate 15-20 homes. Total includes: acquisition, rehabilitation and housing counseling.</b>
<b>Demolition</b>	<b>\$500,000</b>	<b>Estimate 40 residential structures to be demolished. Could include commercial.</b>
<b>Land Bank Program</b>	<b>\$488,832.60</b>	<b>Acquisition of properties (residential and commercial)</b>
<b>Public Uses</b>	<b>\$25,000</b>	<b>Sidewalks in conjunction with home rehab or demo.</b>
<b>Total</b>	<b>\$2,468,000</b>	

*\*All funds must be obligated within in 18 months and expended within 4 years.*