

# **CITY OF INDIANAPOLIS NEIGHBORHOOD** **STABILIZATION PROGRAM GRANT SUBMISSION** **TEMPLATE & CHECKLIST**

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated [SF-424](#).

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

# CITY OF INDIANAPOLIS NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Indianapolis  Jurisdiction Web Address: <a href="http://www.indy.gov">www.indy.gov</a>	NSP Contact Person: Maury Plambeck, AICP, Director, Department of Metropolitan Development Address: 200 East Washington Street, Indianapolis, Indiana 46204 Telephone: 317-327-5355 Fax: 317-327-5908 Email: <a href="mailto:mplambec@indygov.org">mplambec@indygov.org</a>
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## *A. AREAS OF GREATEST NEED*

The City of Indianapolis has identified areas of greatest need using data compiled by HUD and the Indianapolis Metropolitan Police Department. A geographic information system was used to overlay several measures over low-, moderate-, and middle-income target areas (see Map 1). Those measures included foreclosure risk, percentage of high cost loans, percent at or below 120 percent of AMI, vacancy rates, and density of foreclosures (see Map 2 – Map 6).

Generally, all measures indicated that areas of greatest need are in the middle section of the city -- extending from the western border to the eastern border (see Map 7). Much of the area is south of 56<sup>th</sup> street and north of Hanna Avenue. Portions of 10 neighborhoods are included in the highest concentration areas. Those neighborhoods include: 1) Northwest; 2) North; 3) Northeast; 4) Far East; 5) Near East; 6) Southeast; 7) Near South; 8) Far Southwest; 9) Southwest; 10) Near West; and 11) Far Northwest.

The following summarizes the data used in each map:

**1. Low Moderate and Middle Income Target Areas, 2007/2008 Foreclosures:** This map shows Census tracts that qualify as low-, moderate-, and middle-income benefit areas. More than 50 percent of the population in the area must have had incomes at or below 120 percent of area median income (Census 2000) to qualify as low-, moderate-, and middle-income benefit area.

**2. Foreclosure Risk:** This map shows “foreclosure risk” by Census tract. Foreclosure risk measure is a score-based measure calculated by HUD and provided in the Neighborhood Stabilization Program local level data. A score is assigned to each Census tract ranging from zero to 10. Zero indicates a lowest level foreclosure risk and 10 is the highest level of foreclosure risk.

**3. 2004-2006 Percent High Cost Loans:** This map shows the percentage of high cost loans originated between 2004 and 2006. Data collected under the Federal Reserve Home Mortgage Disclosure Act (HMDA) include yield spreads. High cost is defined as loans with yields that are 3% greater than the yield on Treasury securities of comparable duration on first-lien loans and 5% greater than on subordinate liens.

**4. Percent at 120% and Below Area Median Income:** This map shows the percentage of people in each block group at or below 120 percent of Area Median Income (Census 2000);

**5. USPS Postal Vacancy Rate (90 days or more):** This map shows the percentage of residential addresses that were reported as vacant for 90 days or more. These data are collected by the United States Postal Service.

**6. 2007/2008 Foreclosure Density:** This map shows foreclosure density by Census block group. These data were obtained from the Indianapolis Metropolitan Police Department's Sheriff Sale database.

**7. Highest Concentrations of Need:** This map shows a general view of the areas of greatest need in Indianapolis. The shaded area is Census block groups (part) in which many of the measures consistently indicate higher levels of need and that qualify as areas of low-, moderate, and middle-income areas of benefit.

#### ***B. DISTRIBUTION AND USES OF FUNDS***

The City of Indianapolis' Neighborhood Stabilization Program plan is the collaborative effort of City Staff and community stakeholders. Building on the input from the 2009 Action Plan public survey, which identified addressing vacant abandoned/foreclosed properties as a priority, the City will utilize NSP funds to stabilize those neighborhoods identified as having the greatest need (please see maps 1-7).

The City will engage a broader group of community stakeholders and leaders in an implementation planning phase of this neighborhood stabilization process to target specific areas within the areas of greatest need to make a significant impact with NSP funds as well as other private and public resources. The implementation planning will be completed by January 31, 2009 and specific data will be entered in the Disaster Recovery Grant Reporting System as required.

The City will assess each targeted area to determine needs and priorities. Possible tools to address needs and priorities may include, but is not limited to, housing development, demolition of blighted structures, economic development, owner occupied rehabilitation, infrastructure improvements and code enforcement. The Indianapolis strategy will leverage NSP funds with other resources to address the needs identified through the assessment process.

Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. The city will acquire housing units through a variety of mechanisms, which may include tax sale, sheriff sale, and bank/financial institution negotiations. The City will identify owners with multiple properties that have been through foreclosure and negotiate discounted acquisition costs.

NSP funds will also be used to demolish blighted residential and commercial/industrial structures. Areas with a concentration of foreclosure and abandonment often face challenges such as disinvestment and abandonment. It is imperative that all neighborhood factors that cause destabilization are addressed.

The next step to alleviate blight in the Indianapolis targeted neighborhoods will be redevelopment. Redevelopment will include home rehabilitation, new construction of houses, owner-occupied repair, creation of rental housing opportunities for very low-income households, creation of job opportunities, brownfields redevelopment, and creation of greenspace. In addition, Indianapolis will work to coordinate the efforts of all City Departments such as Parks, Public Works and Public Safety to develop a comprehensive approach to neighborhood stabilization.

The key to this program will be identifying and cultivating qualified home buyers. Each buyer will receive, at minimum, the required eight hours of homebuyer counseling. In addition, NSP funds will be used to provide direct buyer assistance. This type of assistance will be provided to homebuyers to ensure affordability. Forms of NSP buyer assistance may include:

- Soft second mortgage
- Downpayment assistance
- Interest rate buydown

The NSP program will be implemented as a cooperative effort between the City of Indianapolis, the Indianapolis Neighborhood Housing Partnership, Local Initiative Support Corporation, elected officials, local not-for-profits, developers as well as financing agencies and consumer housing counseling organizations. This collaboration will work to develop an implementation plan that will include a comprehensive strategic approach to neighborhood stabilization.

### ***C. DEFINITIONS AND DESCRIPTIONS***

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

“Blight” is the state or result of deterioration, decay or owner negligence that impairs or destroys property and erodes the fabric of the surrounding neighborhood. Blight is caused by properties that constitute a risk to public health, safety or welfare including vacant and boarded structures, accumulated trash and debris, rodent infestation, high weeds and grass, graffiti, inoperable vehicles, or empty structures that remain accessible to vagrants and criminals which breed opportunities for fires and other property vandalism.

(2) Definition of “affordable rents.”

Properties assisted with NSP shall be occupied by persons/households earning less than 120 percent of the area median family income. In addition, at least 25 percent of the NSP funds are to be used for the purchase and redevelopment of abandoned or foreclosed upon housing units that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median family income.

For the purpose of the NSP, affordable rents for households earning between 81 and 120 percent of the area median family income shall not exceed Fair Market Rents as defined by HUD. Affordable rents for households earning between 51 and 80 percent of the area median family income shall not exceed the High HOME Rents (as defined by HUD). Affordable rents for households earning 50 percent or less of the area median family income shall be the lesser of (1) Low HOME Rents (as defined by HUD) or (2) 30 percent of the adjusted monthly family income.

NSP affordable rents assume utilities are included in the rent payment. If tenants are paying utilities separate from rent, the rent paid to the landlord plus a utility allowance (defined by local Section 8 policies) shall not exceed the maximum rents defined above.

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

The NSP will use a structure similar to the HOME program to ensure that the units remain affordable. A period of affordability will be established based on the amount of NSP funds in the unit and the housing activity. The table below outlines the NSP guidelines:

<b>Housing Activity</b>	<b>Average Per-Unit NSP Investment Amount</b>	<b>Affordability Period (in years)</b>
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	Less than \$15,000	5
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	\$15,000-\$40,000	10
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	Over \$40,000	15
Acquisition, rehabilitation, new construction for rental.	Any amount	15

### Enforcement Mechanisms for Affordability Compliance for Rental

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants will require that the property be maintained as rental housing and all NSP-funded units shall remain affordable for a period of 15 years from the date of completion. In instances where NSP funds are invested to meet the requirement that 25 percent of the NSP funds awarded to Indianapolis must be used for housing activities that benefit households whose incomes do not exceed 50 percent of the area median family income, the covenants will state that the property must be maintained as rental housing and all NSP-funded units shall remain affordable to households earning less than 50 percent of the area median family income for a period of 15 years from the date of completion.

During the period of affordability, all owners of NSP-assisted rental units are required to recertify tenant income on an annual basis. Tenant income recertification must be documented in writing from the actual source of the income.

If a tenant's income increases over time, the tenant may remain in the unit; however, the rent amount must be adjusted to meet the affordable rent definition on page 5. For example: If tenant's income is below 50% of the area median family income at the time of initial lease up, he/she will pay the lesser of (1) the low HOME rent or (2) 30 percent of his/her adjusted monthly family income. If during recertification in year three, it is determined that this tenant is now earning 75 percent of the area median family income, then the rent amount shall be adjusted to the high HOME rent. Tenants must be given a minimum 30-day written notice prior to rent adjustment and must comply with lease documents and state and local laws.

### Enforcement Mechanisms for Affordability Compliance for Homeownership

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants will require that the purchaser occupy the property as their primary residence and if the purchaser chooses to sell the property during the period of affordability, they shall resell the property to a household earning less than 120 percent of the area median family income. In addition, the covenants will require the purchaser to repay all NSP funds invested in their unit in the event of failure to comply with covenants (ie. Purchaser moves out and is no longer the principal resident or purchaser sells unit to new buyer whose income exceeds 120 percent of the area median family income. The covenants will be released after the period of affordability.

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

All properties receiving NSP assistance shall meet the Indiana Residential Code and the Indianapolis HOME rehab standards prior to sale or lease.

**D. LOW INCOME TARGETING**

Indianapolis will collaborate with the Indianapolis Housing Trust Fund, the Indianapolis Coalition for Homelessness Intervention and Prevention, the Indianapolis Housing Agency, non-profit housing developers and for-profit housing developers to allocate \$7,262,765 to housing development projects that will house individuals and families whose incomes do not exceed 50 percent of the area median family income.

**E. ACQUISITIONS & RELOCATION**

a. Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. In addition, NSP funds will also be used to demolish blighted residential and commercial/industrial structures. Areas with a concentration of foreclosure and abandonment often face challenges such as disinvestment and abandonment. It is imperative that all neighborhood factors that cause destabilization are addressed. All demolition will be done in accordance with Federal, State and Local regulations. Below are the benchmarks to be achieved:

- 57 blighted structures will be demolished

b. Indianapolis will utilize NSP funds to strategically acquire vacant abandoned and/or foreclosed properties located within the targeted areas. In addition, NSP funds will assist with the rehabilitation and new construction of homes to be sold to eligible homebuyers. Below are the benchmarks to be achieved:

- 25 units will be acquired, rehabilitated and sold to households earning 51-80 percent of the area median family income.
- 25 units will be acquired, rehabilitated and sold to households earning 81-120 percent of the area median family income.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning less than 50 percent of the area median family income.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning 51-80 percent of the area median family income.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning 81-120 percent of the area median family income.

ACTIVITY	START DATE	END DATE
Acquisition/Landbank	February 1, 2009	March 31, 2010
Acquisition/Rehab for homeownership	April 1, 2009	May 31, 2010
New Construction for homeownership	June 1, 2009	May 31, 2010
Demolition	February 28, 2009	May 31, 2010
Rental Development	April 1, 2009	April 1, 2010
Financing Mechanisms	February 1, 2009	May 31, 2010

c. Twenty-Five percent, or \$7,262,765, will be used for housing activities that benefit individuals whose incomes do not exceed 50 percent of the area median income. Below are the benchmarks to be achieved:

- A minimum of 70 rental units for individuals/families earning less than 50 percent of the area median family income will be created or rehabilitated.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning less than 50 percent of the area median family income.

#### ***F. PUBLIC COMMENT***

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

Response:

The City of Indianapolis will provide the required 15 calendar days of public comment via the publication of our Substantial Amendment on our website on or before November 12<sup>th</sup>.

#### Citizen Comments to the NSP Substantial Amendment for the City of Indianapolis

Comment: The "unit count" performance measures aren't based on any metrics that measure "neighborhood stabilization" to any significant degree. There are more indicative outcomes that can be measured, like rise in average housing price, rise in occupants per acre, drop in police runs per block, rise in volume of real estate transactions, rise in homeownership rate, etc. We need to stabilize the neighborhoods, which is not necessarily tantamount to hitting unit counts.

Response: These are important measures that will be addressed as we implement the plan. If the need arises, we can amend our Substantial Amendment to reflect this.

Comment: I assume that since a timeline has been established for each activity, the City hopes to have the money spent within those timeframes. Hopefully the City will be able to track how they are spending (or committing) funding *as they go* so they can maintain flexibility as projects get under way; there may need to be more demo than anticipated, for instance, and it would be a shame to have to stick to a very rigid funding plan. The City needs to be astute enough to alter how they commit the NSP funds "on the fly" while maintaining compliance with the HUD regs.

Response: Our plan, which will include an implementation plan that will follow, is certainly flexible so that these issues can be addressed.

Comment: There is no mention of bolstering code enforcement or nuisance abatement, either through DMD Compliance or H&H. **This is a critical piece**, both in terms of "stimulating" property acquisition as well as serving as a touchstone for engaged neighbors and neighborhoods that are at risk of decline. The NESCO/CDLC Absentee Owner Code Enforcement pilot has shown that absentee owners are responsive to targeted code enforcement: of 21 "intent to sue" notices sent to owners of chronically problematic properties, 2 properties were immediately listed for sale on the MLS and 3 have since been demolished by the owners. Also, targeted, consistent code enforcement can stem the downward spiral of neighborhoods "on the brink" by addressing the issues that cause increased crime and blight and lead to homeowner flight and disinvestment. A strong, sustained code enforcement response from the City would also be a relatively inexpensive way to serve all constituents and give the impression that the City is "doing something", especially since they haven't been very proactive or successful in this arena in the past.

Response: Code enforcement will be a vital part of any implementation efforts and has been added as a tool to B. Distribution and Uses of Funds. As enforcement needs arise and change, we can amend our Substantial Amendment to address the changes.

Comment: I'm glad to see funds allocated for brownfields since there are so many "neighborhood brownfield sites" in Indy. I believe that the City is missing an opportunity to leverage NSP funds to greater benefit by establishing a redevelopment authority that serves an "umbrella" for the Land Bank, Unsafe Buildings, "Code Enforcement & Nuisance Abatement" (portions of DMD compliance as well as H&H duties.) Developing an internal strategy or protocol that allows these entities to work together more proactively, cohesively, and strategically would be a fantastic start.

Response: While these entities will be working together for implementation of the NSP Substantial Amendment, it is too early to comment on the establishment of a redevelopment authority at this time.

Comment: Partners In Housing Development Corporation has reviewed Indianapolis' Neighborhood Stabilization Program plan. Partners' is excited about the opportunity of potentially developing new properties with NSP funds in order to expand our mission of creating permanent supportive housing. As currently proposed, though, we believe it will be difficult to operate rental properties for persons earning at or below 30% of the Area Median Income (AMI), a reality of the majority of our special needs residents.

Page 5 of the City of Indianapolis' NSP Substantial Amendment defines affordable rents for households earning 50% AMI or less as the 'lesser of

1) Low HOME rents [as defined by HUD] or 2) 30 percent of the adjusted monthly family income.'

Under this definition, a single mother earning at or below 30% AMI could only pay a maximum of \$391.25 per month. However, the cost to adequately operate and maintain a 2 bedroom nearly exceeds this sum. This problem is further exacerbated with families earning \$0 income. Nearly 25% of Partners' residents earn no income.

To remedy this, rental assistance must be available to successfully house individuals and families earning at or below 30% AMI. This could be done through leveraging of Housing Trust Fund monies, or partnering with the Indianapolis Housing Agency to potentially attach Section 8 vouchers to these NSP assisted units. Such assistance should be made available for a substantial period of time, though, to comply with the 15 year affordability period for rental units, as specified in the Substantial Amendment.

We at Partners remain truly excited about the possibility of expanding our mission to more individuals in need and hope we may be able to utilize the NSP funds to expand our mission.

Response: The affordability example and explanation provided is very helpful, and this will be taken into consideration as we finalize the plan. If the need arises, we can amend our Substantial Amendment to reflect this, and or include it in our implementation efforts. Rental subsidies are an important component to meeting the needs of people earning below 50% AMI. While NSP funds cannot be used for rental assistance, it is anticipated that NSP funds will leverage other support, i.e. Housing Trust Fund, Shelter Plus Care, Section 8, etc.

Comment: The Crooked Creek Northwest Community Development Corporation is excited about the Neighborhood Stabilization Program. Our communities have fallen victim to high foreclosure rates and home vacancies. With the pride of our community still strong, the community has collectively designated a community redevelopment area and strategy for redevelopment as part of the Great Indy Neighborhoods Initiative. This area follows the Michigan Road corridor from 38<sup>th</sup> Street to 86<sup>th</sup> Street, reaching as far west as Cooper Road and as far east as Grandview Drive.

Several initiatives in the community quality of life plan align with the strategies listed in your plan for the Neighborhood Stabilization Program. We focus on five major areas, commercial revitalization, residential revitalization, public infrastructure improvements, collaboration amount health, education and human service providers and community engagement.

As part of the residential revitalization, the quality of life plan specifically calls for rehabilitation of vacant and abandoned structures for new homeownership opportunities. Crooked Creek Northwest Community Development Corporation will implement such a program in 2009 with \$51,000 of HOME funds and nearly \$432,000 of private funds. This program will rehabilitate homes for low to moderate income families as well as market rate income families. This goal aligns with the goal of the Neighborhood Stabilization Program to rehabilitate 50 homes in the next two years for both low to moderate income families and market rate income families.

However, we are concerned because none of the 11 primary target neighborhoods listed in the Neighborhood Stabilization Program plan (Map 7) match the Great Indy Neighborhood designation for our area, an area chosen by neighborhood residents and the community. There is a general target area that matches our designation. This leaves us with a few questions.

- How is this designation different from the primary areas?
- How will the implementation of programs differ between these two types of areas in your plan?
- Is the City of Indianapolis open to working in the general target areas indicated on Map 7 of your plan?
- How or in what ways can our neighborhood support this plan?

We appreciate the time and effort the City puts towards revitalizing our community. We only hope to become stronger partners as we work towards a better future for our neighborhoods.

Response: There is much to still consider as we move forward, and as we more specifically plan for implementation in 2009. The extent to which these funds are leveraged, and the additional NSP dollars we receive from the state, will greatly affect the reach of our interventions and the areas in which we can work. Based on the data and HUD rules for NSP funds, we have to spend the money in the areas of greatest need for a defined set of interventions. As we are able to leverage funds to work in Crooked Creek neighborhood and other areas that are not in the primary areas, we will.

Comment: Thank you for all the work the Department of Metropolitan Development as put into the plans for the Neighborhood Stabilization Fund and the 29 million dollars of entitlement funds that are coming to Indianapolis. It is a fantastic opportunity to have an impact on key areas in our neighborhoods.

The Indianapolis Coalition for Neighborhood Development discussed the funds when they were first announced but we have had little time to review the specifics of the DMD draft application to HUD. However, it does appear that the City draft fully encompasses the wide range of tools necessary for reducing the adverse impact of abandonment and foreclosure in our neighborhoods.

Obviously, we have numerous questions relating to how targeting will occur and exactly how the various program activities will be implemented.

It is our understanding that after the application is submitted that a committee will be formed, including ICND representation, to address the specifics of targeting and program implementation.

It is our hope that this committee will address our initial concerns relating to the potential unnecessary use of HOME standards and procedures that could negatively impact the most efficient use of these funds. Further, that while it is anticipated that further “targeting” may occur, it is our hope that certain program tools could be available to all of the neighborhoods of need as identified in the draft. Finally, the committee needs to address how the Land Bank procedures can be modified to best impact our neighborhood efforts with these funds.

Response: The extent to which these funds are leveraged, and the additional NSP dollars we receive from the state, will greatly affect the reach of our interventions, whether further “targeting” occurs, and the areas in which we can work. HOME affordability standards were used as a basis for the affordability requirements of our Substantial Amendment and were altered to be more lenient. As we move towards implementation, if better standards are developed that still meet the requirements of the NSP, we will consider them as a viable amendment to our plan.

Comment: Thank you for allowing Herman & Kittle Properties, Inc. (HKP) the opportunity to comment on the City of Indianapolis’ proposal for the use of Neighborhood Stabilization Program (NSP) funds. The housing need across the City and the State of Indiana during these uncertain times is of great concern. With the City having the NSP funds to distribute, this will do a lot to assist those in need.

As you may know, many recently allocated tax credit developments across the City being developed by both for-profit and not-for-profit entities are facing challenges in finding available equity and debt. One of the ways the City may support these tax credit developments, to make them more appealing to investors and lenders, is to provide additional subsidy. With the volume of NSP funding that the City will receive, making the funds available to recently allocated and future tax credit developments located on sites that qualify for NSP funding is essential. Because of how far

along these developments are in the development process, the City should not have any challenge in meeting the 18-month allocation requirement that is associated with the NSP funds. Additionally, these developments will bring with them construction jobs during a time when there has been a downturn in this industry.

For example, HKP has received rental housing tax credits for two developments that are located in NSP target areas (one is our own and the other will be owned by The Julian Center). The site being developed for the Julian Center is located at the northwest corner of 34<sup>th</sup> Street and Meridian Street (Target Area #2) and will include 71 units, of which 19 will be from the rehabilitation of the Vernon apartment building, with the balance from new construction. Of the 71 units, 64 will be for populations at or below 50% AMI. The other development is called Lynhurst Park Apartments – Phase II and is located at 3215 Joey Way (along Lynhurst Drive between I-70 and highway 67) (NSP General Target Area). This new Phase at the property will contain 62 units of which 55 will be at or below 50% AMI. Both of these developments are expected to start construction late spring/early summer, so the rental units will be coming online in early 2010. We believe that both of these developments would be ideal in helping you to achieve your goals under the NSP program and are more likely to succeed and begin employing construction personnel if NSP funds were made available.

As such, we would offer these specific comments related to your proposal:

- Page 7 – D. Include for-profit developers as well.
- Page 12 – Activity 5. Under the activity type, include (E) redevelop demolished or vacant properties.
- Page 13 – Activity 5. In activity description, include new construction and allow for-profit developers.

Response: Under our plan, demolished or vacant properties may be redeveloped. Further, for-profit developers have been added to our plan. However, new residential rental construction is not a priority.

Comment: After reviewing the website downloads I see good progress that will improve the quality of our neighborhoods;

I have just a few comments to submit that may affect how your group goes thru the analysis and guidelines for subsequent grant awards:

It appears that many of the awards for 2009 and have already been decided for each program, The 15 service providers are all quality programs that have well targeted goals.

However I do not see any goals to stimulate grass roots groups at the neighborhood level who frequently undertake initiatives that have been very positive for our neighborhoods. I have been involved with several small ministries who provide counselling, neighborhood events, mentoring, food and clothing campaigns, job fairs etc but do not do it out of a large, expensive single site facility. We go to the people in need rather than having the people come to us;

Case management and follow thru on the entire needs of the families is often overlooked because funding is generally tied to a specific person or dysfunctional condition that targeted funds have been earmarked for.

Frequently the conditions that bring on the breakdown in function or effectiveness are tied to systemic failures with a wider impact than our solutions pinpoint.

Many small organizations strive to overcome these limitations by effective collaboration of services.

I believe investments in our community can be made even more productive if there is some funding earmarked to stimulate coalitions working toward common visions for the neighborhoods.

The stability of the neighborhood will best come thru holistic approaches that strengthen the families as well as the housing. The breakdown in market value, tax revenue and decay of our neighborhoods is less tied to property abandonment than it is to personal accountability and responsibility abandonment. The break down has come by owner error rather than problems with the houses themselves. Without instilling personal pride, recipient accountability and team effort within each neighborhood, we will be stirring the wind with our efforts and our dollars. We also should provide performance oversight on the dollars directed to rehabs to insure true performance of intent.

There are also other programs such as pocket parks and "grandparents without grandkids" that can have a positive impact on restoring a healthy culture to our neighborhoods.

In 2003-2004, I received recognition by winning the Mayor's office "Family counts" award, for my After school program and Summer camp program that I directed while a leader at "There is Hope Ministry" with the IPS Highland Park Summer camp program. Key to why I signed up for a neighborhood youth program was that I had been involved in a weekly volunteer mentoring program for prison ministry for 5 years and saw the need to deal with the entire family. Those in Prison, those without parents

and those coming out. This requires a coalition of teams to accomplish comprehensive results.

Currently I volunteer with a few ministries that provide significant free time to build community stability, many of these ministries do so on shoestring budgets with no financial backing because they are not doing it for their own kids or their own church but rather for the city at large, These groups are frequently the unsung heroes that effect the stability and hope that neighborhoods rely on.

It is this group of contributors that can be an effective force in city wide activities that effect many troubled neighborhoods.

The city has several times built new housing complexes only to see them torn down and rebuilt within 20 years, We need to have targeted programs for family stability;

I have attached 2 small examples of what some are doing. As a retired minister who has been working with several different neighborhood ministry counsels, local neighborhood action groups and also youth and prison re-entry initiatives, I have seen first hand that much is being done to improve the inner city; But we need to do more, especially in the areas of Family mentoring and targeted programs that involve the entire family if possible. Neighborhood community centers and pocket parks would also help as well to create a sense of community pride and cooperation.

Response: The regulations that direct the usage of these funds for the Neighborhood Stabilization Program specify the funds for certain activities specifically related to abandoned and foreclosed properties. Other funds that are to be made available through other aspects of the larger Housing and Economic Recovery Act do include funds for certain types of financial counseling activities. With regards to the neighborhood engagement activities listed here, NSP will be used and targeted in conjunction with other comprehensive community development strategies, neighborhood plans, and other neighborhood assets. It is anticipated that the targeted investments of the NSP will leverage other kinds of support for engagement activities similar to the kinds mentioned here.

Comment: On behalf of Historic Landmarks Foundation of Indiana, and at the request of Marsh Davis, I would like to offer comments related to the Neighborhood Stabilization Plan Substantial Amendment, as offered by the City of Indianapolis. The significant investment of public funds into the city's housing infrastructure will positively address problems such as crime, neighborhood disinvestment, abandoned housing and rampant foreclosures. While the \$29 million planned for this Amendment will not solve all of our ills, it will assist our community in supporting targeted

focus areas for redevelopment. Our successful partnership with the City, Mansur and King Park CDC in Fall Creek Place is one of the best examples of this kind of achievement in the country. One analysis of crime as it relates to Fall Creek Place shows that while it continues around the project's boundaries, virtually none occurs within the neighborhood itself.

While Historic Landmarks generally supports the rationale of Target Areas to focus investment of the NSP funds, it seemed that the City should be even more specific. Eleven large areas across the center of the city could have the potential to diminish the effectiveness of the funds, which as proposed are targeted at just over 400 properties. Our Fund for Landmark Indianapolis Properties (FLIP) has utilized a targeted strategy, beginning with the nearly 50 rehabs completed in Lockerbie Square to the nearly 40 rehabbed in Fall Creek Place.

Referring to our FLIP program brings to mind a comment on the proposal for Activity 1, "Acquisition/Land Bank". While it is a fine idea to spend the funds for such a program and raise private funds as well, I might propose a certain portion of those funds be distributed to a not-for-profit such as Historic Landmarks, for a similar purpose. Our available FLIP fund balance could serve as the match, and Historic Landmarks could acquire additional significant, vacant properties to be available for rehab. This has been our model for 35 years, which we could continue to pursue. If needed, those funds could even be held separately from the remainder of our Revolving Fund.

We do support your proposal for Activity 2 "Acquisition/Rehabilitation", and would simply remind your staff that the NSP will have similar regulatory requirements regarding 36 CFR 800, as would be the case with any HUD-funded programs.

Under Activity 4, "Demolition", it is our belief that the percentage of funds, dollar amount (\$800,000) and number of properties (57) targeted for demolition are too high. While we recognize that some demolition must take place in certain instances, as a general redevelopment strategy it erodes and diminishes our community. **We would request that the amount of funds available for demolition not exceed \$500,000, and still include two brownfield sites.** The remaining \$300,000 should be redirected into a greater number of projects under Activity 2, "Acquisition/Rehabilitation". In an age where we are beginning to develop a philosophy of "green" building strategies, historic preservation is the "greenest" of them all.

In the NSP document, the City states that they will engage a broader group of community stakeholders in an implementation phase. Historic

Landmarks Foundation is eager to participate in this process as it moves forward, bringing our experience in community development projects to the table. As a result, we may be able to serve as a partner in future development in Target Areas, insuring success and a diversity of housing types and income levels.

Thank you for the opportunity to comment.

Response: We will take these comments into consideration as we move towards implementation planning. If the need arises, we can amend our Substantial Amendment to reflect these strategies and suggestions, and/or include it in our implementation efforts.

Comments: Thank you for taking the time to read my comments regarding the HUD funds and how they should be spent. Our neighborhood (Meridian Highland) would be a great place to use some of the funds. We have many houses that are either empty or in a serious state of disrepair. This abundance of uncared for properties is leading to high crime and drug use in our neighborhood. This description could fit many neighborhoods in Indy and therefore does not make our area especially deserving of the funds.

However there are a few things that set us apart from other blighted areas of town.

First is our proximity to the Fall Creek Place neighborhood. Although we are only 2-3 blocks west of FCP, our property values are considerably lower. Our small neighborhood needs a little help getting cleaned up and revitalized. Meridian Highland can be as glorious of an area as the new and improved Fall Creek Place.

Second, we have Barton Park. This is a small park that is hardly ever used. It is definitely something potential residents would like in the area when they are looking for a place to live.

Third, the Meridian Street Corridor improvements will make any HUD money we get to a lot further.

These are just a few of the reasons it is so important to make sure Meridian Highland gets the money it deserves.

Response: Specific target areas will be identified through a 2<sup>nd</sup> implementation planning phase. Neighborhood assets, like the ones mentioned here, as well as other neighborhood plans, comprehensive community development strategies, and the abandoned and foreclosed field data will

be considered as we undergo implementation planning to further focus our NSP efforts.

Comment: **Requirement that properties assisted with NSP shall be occupied by persons/households earning less than 120 percent of the area median family income.** It would be helpful to clarify this requirement to state that as long as properties that are assisted with NSP for acquisition or demolition are replaced with the same number of units of persons/households earning less than 120 percent of the area median family income, in a reasonably close geographic area, this requirement is met. More specifically, if NSP funds are used on a site to demolish or acquire a property that has a certain number of households earning less than 120 percent of the area median family income, it is acceptable under the NSP to replace those units with the same number of households earning less than 120 percent of the area median family income within a reasonably close geographic area, rather than on the exact site acquired or demolished.

Response: All units completed through NSP dollars must meet at least the 120% AMI threshold. Units, however, that are demolished through NSP and redeveloped through other leverage sources may not be required to meet the affordability guidelines.

Comments: **Demolition.** The amount assigned to demolition, \$800,000, and the performance measures including only brownfield demolition and blighted houses demolition is extremely narrow. It would be helpful to increase the total funds assigned to demolition to something significantly greater than \$800,000. In addition, it would be helpful to expand the performance measures for demolished structures to include multi-family buildings or structures, in addition to the brownfield sites and blighted houses.

Response: While the amount assigned to demolition may change as needs arise during implementation efforts, it is our intent that multi-family houses may be included in demolition activities. Funds allocated for demo are for blighted structures. The performance measure has been changed to reflect 55 “residential units.”

Comment: In 2002, the bipartisan Indianapolis Housing Task Force developed the Blueprint to End Homelessness, a 10-year plan to end homelessness. More than 450 individuals and 150 community organizations contributed to the city’s plan. The Blueprint to End Homelessness promotes “Housing First,” a nationally-recognized “best practice” that places an immediate and primary focus on helping families and individuals quickly access and sustain permanent housing, and then providing supportive services as needed. Among the goals called for in the Blueprint are new and robust

services to support prevention and the creation of more than 12,000 new units of affordable housing, including 2,100 units linked to supportive services.

The city's 10-year plan designated the Coalition for Homelessness Intervention and Prevention as the lead entity to facilitate implementation of the plan. The Coalition, established in 1996, is a non-profit agency and advocate for the homeless and homeless service providers, and was designated by the task force to drive the goals of the 10-year plan after analysis and discussions with local service providers whose support would be critical to the success of the Blueprint. Coalition staff along with Coalition members who are state and local policy leaders and local service providers are currently working on implementing this ambitious plan to end homelessness in Indianapolis. Coalition partners include provider organizations such as HVAF, supporting homeless veterans. In partnership with the Coalition and other provider organizations, HVAF recently opened the Donald Moreau Veteran's House, creating 40 new units of supportive housing for homeless veterans. Additional Coalition partners include secular and non-secular family shelters such as Dayspring Center and Holy Family Shelter, service providers such as Horizon House and Midtown Mental Health Center, housing developers such as Partners in Housing, and many other entities that provide services for homeless veterans, children, survivors of domestic violence, mentally and physically disabled, and others experiencing or at risk of experiencing homelessness. The Coalition works with each of these partners to target and consolidate their services and to establish partnerships that provide both supportive housing and advocacy to achieve the goals of city's 10-year plan.

This city's 10-year plan is currently supported by an annual federal investment of only slightly more than \$4 Million dollars in federal grants that go directly to the City of Indianapolis, Department of Metropolitan Development. Additional public funding is periodically made available through the Marion County Housing Trust Fund. This limited funding is made available to providers in a competitive grant process administered by the City of Indianapolis, Department of Metropolitan Development. Apart from this limited public funding, neither the Coalition nor the Coalition's partners receive any state or local public funding to support the implementation of the city's 10-year plan to end homelessness. Additional funds to support these organizations and implementation of the city's 10-year plan to end homelessness come from private donations, such as from the United Way of Central Indiana, and in their 2008 United Way of Central Indiana Community Assessment, that organization recognized the Coalition and the local providers for their efforts in implementation of the city's 10-year plan and recommended and renewed its call for a community-wide effort to "full implementation of the

Blueprint to End Homelessness with an emphasis on the concept of Housing First.”

The Neighborhood Stabilization Program and funding offers Indianapolis a unique opportunity to advance the objectives of the Blueprint to create new units of affordable and supportive housing in Indianapolis, while at the same time stabilizing neighborhoods, removing blight, and housing the more than 120 families and 1,500 individuals including women, children, veterans, disabled, and the working poor who currently experience homelessness in this city. Indeed, the United States Interagency Council on Homelessness recognizes and endorses the integration of the NSP funds with local 10-year plans to end homelessness, and states that the NSP resources “represent an opportunity for 10 Year Plan communities to align their goals with the new resources to produce housing outcomes that prevent and end homelessness.”

### **General Comments.**

The city’s draft plan sets out a reasonable and comprehensive approach to using NSP funding to stabilize Indianapolis neighborhoods. With the comments and suggestions offered below, we support the city’s identification of areas of greatest need, the general activities identified for using the funds, and the city’s plan to include the Coalition and Coalition partners as members of a broad group of community stakeholders and leaders in an implementation planning process that will take place between December 1, 2008, and January 31, 2009, to identify priorities and specific actions.

***Leveraging Funds.*** The city’s plan anticipates that NSP funds will be utilized in conjunction with other funds and resources to address the needs identified through the assessment process. We believe that this is the most efficient way to use these funds and the most comprehensive way to establish new affordable housing and new supportive housing within Indianapolis. The funds should be used in conjunction with other funding streams to increase and enhance new affordable housing and to attach supportive services to that housing to ensure long term neighborhood stabilization.

***Supportive Services.*** The city’s NSP plan does not expressly or otherwise seem to incorporate the city’s 10-year plan to end homelessness and, specifically, the “Housing First” best practice endorsed by HUD that places an immediate and primary focus on helping families and individuals quickly access and sustain permanent housing, and then providing supportive services as needed. Save the requirement for limited “home ownership” counseling, supportive services are not mentioned in the NSP plan. The city’s plan should incorporate specific language and

target goals for “supportive services” and thus “supportive housing.” In doing so, the city’s plan would incorporate a national best practice supported by the funder and endorsed by a the United States Interagency Council on Homelessness, an agency of which HUD and 19 other federal agencies are members, and would enhance the success of the new housing and stabilization of the neighborhoods involved. Other NSP plans, including the NSP plan submitted by the State of Indiana for the balance of state expressly include supportive housing in the plan and target specific numbers of units of supportive housing.

One recommendation related to incorporating supportive services might be using ongoing operating cash flow for services. For example, the state of Indiana plan incorporates its strategic objective to create 500 new permanent supportive housing units over the next three years through the Indiana Permanent Supportive Housing Initiative (IPSHI). The provision of mental health, substance abuse, and employment training services are inextricably linked to the provision of permanent supportive housing. The NSP funds provide a unique opportunity to link these services with housing. Unlike other unallowable costs (e.g., maintenance, tenant subsidy, contingency reserves, and deficits), CDBG has a precedent for funding these eligible activities as public services. Since cash flow from rental projects must be captured as program income, IHCDCA proposes that these services should be incorporated into the project pro-forma to reflect the true cost of providing housing to this special needs population. IHCDCA estimates that if eligible communities take advantage of these opportunities, nearly \$10 million in NSP funds will be obligated for approximately 250 permanent supportive housing units brought online.

Response: While NSP funds cannot be used for operational reserves, permanent supportive housing is a priority need for homeless individuals and families. Specific strategies for rental development will be developed in the 2<sup>nd</sup> targeting and implementation phase. Should supportive housing be identified as a strategy, other resources will need to be leveraged to provide those services.

Comment: ***Owner Occupied Rehabilitation.*** The city’s plan does not appear to directly reference using the funds to rehabilitate owner-occupied homes that contribute to neighborhood blight and that may be at risk of abandonment or foreclosure. On page 4 of the city’s plan, the city does note that the funds will be used for redevelopment, including “owner-occupied repair”; however, it does not appear that funds are allocated and targets are established for this purpose under any of the six substantive program activities. Indeed, Activity 2 focuses on rehabilitation only in the context of acquisition and rehabilitation of foreclosed or abandoned properties that are acquired for resale. Neighborhood stabilization will

require rehabilitation and repair of properties that may not be abandoned or foreclosed but that may be among vacant and blighted structures. It appears that NSP funds may be used for this purpose, and further that the city intended its redevelopment activity to include this purpose, but no funds or targets are included to meet those goals.

Response: NSP funds are to be focused on foreclosed and abandoned properties. Homeowner repair will be a tool to utilize along with NSP dollars, and will be funded through CDBG.

Comment: ***Incorporate Multi-Unit Rehabilitation and Redevelopment.*** The city's plan does not appear to target multi-unit properties. Multi-unit properties are abundant in the areas identified by the city as being in the greatest need, and many of those structures are blighted and perhaps subject to abandonment or foreclosure. NSP funding targeting those properties may increase the number of new units of affordable and supportive housing that can be more economically established with these funds. Rehabilitation of multi-unit properties will also support neighborhood stabilization by eliminating large targets of blight that may otherwise remain in a neighborhood where the investment was made in fewer single family units. This focus on multi-unit properties should be incorporated in each of the applicable activities (e.g., Activity 2, 3, 5 & 6).

Response: Activity 5 includes multi unit rehabilitation.

Comment: ***Covenants and Abandonment.*** As a general concern, the covenants to establish periods of affordability that endure through resale, while laudable to that purpose, may provide an incentive for future abandonment. Most notably, the requirement in Activity 6 that restricts eligible buyers for resale during the period of affordability and that further requires that the seller repay the NSP investment made in their property may provide a disincentive to sale and/or an incentive for the owner to allow the property to fall back into a state of disrepair, blight or abandonment. Similarly, the requirement in Activity 5 that provides for a rent adjustment if the tenant's income exceeds the area median family income for initial eligibility may provide an incentive for unit turnover and vacancy. In the spirit of ensuring long-term neighborhood stabilization, the city might consider other mechanisms to ensure affordability compliance (e.g., tax credits), or leniency of these provisions to the extent allowed by law.

Response: NSP funds only have to be repaid in the event of defaults of the covenants signed by the buyer. Continued affordability is a requirement of the NSP and helps preserve the availability of affordable homes in these neighborhoods that will be the target of much investment.

Comment: ***Operationalize Capital Reserves.*** The city should consider adding language to the plan that provides for the use of NSP funding for capitalization of operating reserve. If a project is used until final disposition as a rental property, NSP funds may be used to capitalize an operating reserve to reduce tenants' rents to more affordable levels.

Response: Providing operational reserves is not an eligible use of NSP funds. Such reserves will need to be leveraged from other sources.

Comment: **Additional Comments.**

In addition to the forgoing which applies to the overall plan as well as to each of the specified activities, the Coalition offers the following activity-specific comments.

***Activity 2.*** This activity and the specific target goals and performance measures may be based on an assumption that more people will be ready for home ownership than the market will support. These goals should be revisited with an eye toward investing funds in rehabilitation and rental or lease to purchase development. Moreover, home ownership counseling and additional supportive services should be funded and incorporated into this activity.

***Activity 3.*** This activity calls for the acquisition and demolition of at least six properties, and the construction of six new units. The budget for this activity is \$750,000. The Coalition anticipates that the budget set for this activity may be insufficient. This activity should be reduced or eliminated, or additional funds should be invested to support this activity. Further, if carried out, this activity should include a preference for the construction of a multi-unit building to enhance the number of units available and to serve more people. Moreover, home ownership counseling and additional supportive services should be funded and incorporated into this activity.

***Activity 5.*** This activity should include a preference for the construction of multi-unit buildings to enhance the number of units available and to serve more people. Moreover, supportive services should be funded and incorporated into this activity. Finally, it appears that a typographical error exists in the final paragraph of Activity 5, section 8. The final sentence of that paragraph should read, "Tenants must ***be*** given a minimum ...."

Thank you for the opportunity to comment on this plan. We hope our comments are helpful, and we look forward to working with the city and other stakeholders as we move forward.

Response: Homeownership counseling is a requirement of this program and all homebuyers will receive the minimum required 8 hours. The priority of the NSP is on vacant and abandoned homes, which necessitates a priority on rehabilitation. It is not a priority to construct mass amounts of new construction, therefore the 6 listed as a performance measure reflect this. As needs arise, our Substantial Amendment can be amended to account for them. Furthermore, constructing new residential rental construction is not a priority.

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

**ACTIVITY 1**

(1) Activity Name: Acquisition/Land Bank

(2) Activity Type: NSP-eligible uses: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties and (C) Establish land banks for homes that have been foreclosed upon

CDBG-eligible activity: 24 CFR570.201 (a)- Acquisition and  
24 CFR 570.201 (b)-Disposition

(3) National Objective: Funds will be used to benefit individuals at or below 120% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2010

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. The city will acquire housing units through a variety of mechanisms, which may include tax sale, sheriff sale, bank/financial institution negotiations. NSP funds will also be used to maintain land bank properties which may include mowing, boarding, and trash removal.

The City of Indianapolis and the State of Indiana will work collaboratively to negotiate discounted sales prices with banks and financial institutions. It is anticipated that properties purchased in bulk will be discounted by more than 15 percent. It is anticipated that properties purchased individually will be discounted by 5 percent.

(9) Total Budget: \$19,069,294 (\$8,513,294 of NSP, \$556,000 of local city funds, \$10,000,000 from other public and private sources)

(10) Performance Measures: 189 foreclosed/abandoned properties will be acquired and maintained through the Indy Land Bank.

## **ACTIVITY 2**

(1) Activity Name: Acquisition/Rehabilitation

(2) Activity Type: NSP-eligible uses: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG-eligible activity: 24 CFR570.202- Eligible rehabilitation and preservation activities for homes and other residential properties.

(3) National Objective: Funds will be used to benefit individuals at or below 120% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2010

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. In addition NSP funds will be used to rehabilitate these structures for sale to households earning less than 120 percent of the median family income. All homes rehabilitated with NSP funds will meet the Indiana State Code and the HOME Rehabilitation Standards.

The NSP will use a structure similar to the HOME program to ensure that the units remain affordable. A period of affordability will be established based off the amount of the NSP funds in the unit. For properties with less than \$15,000 of NSP funds, the affordability period will be 5 years; \$15,000-\$40,000 of NSP fund, the affordability

period will be 10 years; and more than \$40,000 of NSP funds, the affordability period will be 15 years.

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants will require that the purchaser occupy the property as their primary residence and if the purchaser chooses to sell the property during the period of affordability, they shall resell the property to a household earning less than 120 percent of the area median family income. In addition, the covenants will require the purchaser to repay all NSP funds invested in their unit in the event of failure to comply with covenants (ie. Purchaser moves out and is no longer the principal resident or purchaser sells unit to new buyer whose income exceeds 120 percent of the area median family income).

(9) Total Budget: \$5,000,000

(10) Performance Measures

- 25 units will be acquired, rehabilitated and sold to households earning 51-80 percent of the area median family income.
- 25 units will be acquired, rehabilitated and sold to households earning 81-120 percent of the area median family income.

### **ACTIVITY 3**

(1) Activity Name: New Construction for Homeownership

(2) Activity Type: NSP-eligible uses: (E) Redevelop demolished or vacant properties  
CDBG-eligible activity: 24 CFR570.204- Activities by  
Community Based Development Organization

(3) National Objective: Funds will be used to benefit individuals at or below 120% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2010

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. Where

demolition is required, NSP funds will be used to construct new homes to be sold to households earning less than 120 percent of the area median family income.

The NSP will use a structure similar to the HOME program to ensure that the units remain affordable. A period of affordability will be established based off the amount of the NSP funds in the unit. For properties with less than \$15,000 of NSP funds, the affordability period will be 5 years; \$15,000-\$40,000 of NSP fund, the affordability period will be 10 years; and more than \$40,000 of NSP funds, the affordability period will be 15 years.

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants shall require that the purchaser occupy the property as their primary residence and if the purchaser chooses to sell the property during the period of affordability, they shall resell the property to a household earning less than 120 percent of the area median family income. In addition, the covenants shall require the purchaser to repay all NSP funds invested in their unit in the event of failure to comply with covenants (ie. Purchaser moves out and is no longer the principal resident or purchaser sells unit to new buyer whose income exceeds 120 percent of the area median family income).

(9) Total Budget: \$750,000

(10) Performance Measures:

- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning less than 50 percent of the area median family income.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning 51-80 percent of the area median family income.
- 2 units will be acquired and demolished. Two new units will be constructed and sold to households earning 81-120 percent of the area median family income.

#### **ACTIVITY 4**

(1) Activity Name: Demolition

(2) Activity Type: NSP-eligible uses: Demolition of Blighted Structures  
CDBG-eligible activity: 24 CFR570.201(d) Clearance for blighted structures only.

(3) National Objective: Funds will be used to benefit individuals at or below 120% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2010

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. In addition, NSP funds will also be used to demolish blighted residential and commercial/industrial structures. Areas with a concentration of foreclosure and abandonment often face challenges such as disinvestment and abandonment. It is imperative that all neighborhood factors that cause destabilization are addressed. All demolition will be done in accordance with federal, state and local regulations.

(9) Total Budget: \$800,000 (\$300,000 of NSP, \$400,000 of CDBG, \$100,000 of local Unsafe Building fund)

(10) Performance Measures:

- 2 brownfield sites will be demolished
- 55 blighted residential units will be demolished

## **ACTIVITY 5**

1) Activity Name: Rental Development/Lease to Purchase

(2) Activity Type: NSP-eligible uses: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG-eligible activity: 24 CFR570.202- Eligible rehabilitation and preservation activities for homes and other residential properties.

(3) National Objective: Funds will be used to benefit individuals at or below 50% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2010

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: NSP funds will be used to substantially rehabilitate structures for rental housing to the extent necessary to comply with all applicable laws, codes and other requirements relating to housing safety, quality and habitability. Indianapolis will collaborate with the Indianapolis Housing Trust Fund, the Indianapolis Coalition for Homelessness Intervention and Prevention, the Indianapolis Housing Agency and other non-profit housing developers to allocate \$7,262,765 to housing development projects that will house individuals and families whose incomes do not exceed 50 percent of the area median family income.

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants shall require that the property be maintained as rental housing and all NSP-funded units shall remain affordable. In instances where NSP funds are invested to meet the requirement that 25 percent of the NSP funds awarded to Indianapolis must be used for housing activities that benefit households whose incomes do not exceed 50 percent of the area median family income, the covenants shall state that the property must be maintained as rental housing and all NSP-funded units shall remain affordable to households earning less than 50 percent of the area median family income during the period of affordability.

All owners of NSP-assisted rental units are required to recertify tenant income on an annual basis. Tenant income recertification must be documented in writing from the actual source of the income.

If a tenant's income increases over time, the tenant may remain in the unit; however, the rent amount must be adjusted to meet the affordable rent requirements described above. For example: If tenant's income is below 50% of the area median family income at the time of initial lease up, he/she will pay the lesser of (1) the low HOME rent or (2) 30 percent of his/her adjusted monthly family income. Then during recertification process in year three, it is determined that this tenant is now earning 75 percent of the area median family income. The rent amount shall be adjusted to the high HOME rent. Tenants must be given a minimum 30-day written notice prior to rent adjustment and must comply with lease documents and state and local laws.

(9) Total Budget: \$7,262,765 (25% of award)

(10) Performance Measures:

- A minimum of 70 rental/lease-purchase units for individuals/families earning less than 50 percent of the area median family income will be created or rehabilitated.

## **ACTIVITY 6**

(1) Activity Name: Financing Mechanisms

(2) Activity Type: NSP-eligible uses: (A)- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties,

including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

CDBG-eligible activity: 24 CFR570.201 (n)- Direct homeownership assistance

(3) National Objective: Funds will be used to benefit individuals at or below 120% of Area Median Income

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2013

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: See attached map, Areas of Greatest Need

(8) Activity Description: The key to this program will be identifying and cultivating qualified home buyers. Each buyer will receive, at minimum, the required eight hours of homebuyer counseling. In addition, the City will encourage buyers to apply for direct assistance through the State's NSP financing program. This type of assistance will be provided to homebuyers to ensure affordability. Forms of NSP buyer assistance may include:

- Soft second mortgage
- Downpayment assistance
- Interest rate buydown
- Closing costs
- Prepayments

In addition, NSP funds will be used to finance loans for households earning 51-120 percent of the median family income. This loan pool will allow buyers to finance acquisition and rehabilitation costs into one mortgage. Interest rates for these loans will vary based on the market.

The NSP will use a structure similar to the HOME program to ensure that the units remain affordable. A period of affordability will be established based off the amount of the NSP funds in the unit. For properties with \$15,000 of NSP funds, the affordability period will be 5 years, \$15,000-\$40,000, the affordability period will be 10 years, over \$40,000, the affordability period will be 15 years.

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants shall require that the purchaser occupy the property as their primary residence and if the purchaser chooses to sell the property during the period of affordability, they shall resell the property to a household earning less than 120 percent of

the area median family income. In addition, the covenants shall require the purchaser to repay all NSP funds invested in their unit in the event of failure to comply with covenants (ie. Purchaser moves out and is no longer the principal resident or purchaser sells unit to new buyer whose income exceeds 120 percent of the area median family income).

(9) Total Budget: \$4,320,000

(10). Performance Measures:

- 18 households earning 51-80 percent of the area median income will receive loans to purchase and rehabilitate foreclosed houses.
- 18 households earning 81-120 percent of the area median income will receive loans to purchase and rehabilitate foreclosed houses.

### **ACTIVITY 7**

(1) Activity Name: Administration

(2) Activity Type: NSP-eligible uses: Administration  
CDBG-eligible activity: 24 CFR570.206(a) General Program  
Administrative Costs.

(3) National Objective: N/A

(4) Projected Start Date: January 1, 2009

(5) Projected End Date: May 31, 2013

(6) Responsible Organization: City of Indianapolis; Department of Metropolitan Development; Jennifer Fults, Administrator; 317-327-5899; 200 East Washington Street, Indianapolis, IN 46204; jfults@indygov.org

(7) Location Description: N/A

(8) Activity Description: Indianapolis will utilize NSP funds to pay for the general program costs associated with oversight and implementation of the NSP.

(9) Total Budget: \$2,905,000

(10)Performance Measures: N/A

# NSP Substantial Amendment Checklist

*For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.*

## **Contents of an NSP Action Plan Substantial Amendment**

Jurisdiction(s): City of Indianapolis Lead Agency Jurisdiction Web Address: <i>(URL where NSP Substantial Amendment materials are posted)</i>	NSP Contact Person: Maury Plambeck, AICP, Director, Department of Metropolitan Development Address: 200 East Washington Street, Indianapolis, Indiana 46204 Telephone: 317-327-5355 Fax: 317-327-5908 Email: <a href="mailto:mplambec@indygov.org">mplambec@indygov.org</a>
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The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

**A. AREAS OF GREATEST NEED**

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction?

Yes  No . Verification found on page \_\_\_\_.

**B. DISTRIBUTION AND USES OF FUNDS**

Does the submission contain 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 subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes  No . Verification found on page \_\_\_\_.

**Note:** The grantee’s narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

**C. DEFINITIONS AND DESCRIPTIONS**

For the purposes of the NSP, do the narratives include:

- a definition of “blighted structure” in the context of state or local law,  
 Yes  No . Verification found on page \_\_\_\_.
  
- a definition of “affordable rents,”  
 Yes  No . Verification found on page \_\_\_\_.

- a description of how the grantee will ensure continued affordability for NSP assisted housing,  
Yes  No . Verification found on page \_\_\_\_\_.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?  
Yes  No . Verification found on page \_\_\_\_\_.

***D. INFORMATION BY ACTIVITY***

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,  
Yes  No . Verification found on page \_\_\_\_\_.
- correlated eligible activity under CDBG,  
Yes  No . Verification found on page \_\_\_\_\_.
- the areas of greatest need addressed by the activity or activities,  
Yes  No . Verification found on page \_\_\_\_\_.
- expected benefit to income-qualified persons or households or areas,  
Yes  No . Verification found on page \_\_\_\_\_.
- appropriate performance measures for the activity,  
Yes  No . Verification found on page \_\_\_\_\_.
- amount of funds budgeted for the activity,  
Yes  No . Verification found on page \_\_\_\_\_.
- the name, location and contact information for the entity that will carry out the activity,  
Yes  No . Verification found on page \_\_\_\_\_.
- expected start and end dates of the activity?  
Yes  No . Verification found on page \_\_\_\_\_.

***E. SPECIFIC ACTIVITY REQUIREMENTS***

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,  
Yes  No . Verification found on page \_\_\_\_\_.

If the activity provides financing,

- the range of interest rates (if any),  
Yes  No . Verification found on page \_\_\_\_\_.

If the activity provides housing,

- duration or term of assistance,  
Yes  No . Verification found on page \_\_\_\_\_.
- tenure of beneficiaries (e.g., rental or homeownership),  
Yes  No . Verification found on page \_\_\_\_\_.
- does it ensure continued affordability?  
Yes  No . Verification found on page \_\_\_\_\_.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?  
Yes  No . Verification found on page \_\_\_\_\_.

**F. LOW INCOME TARGETING**

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?  
Yes  No . Verification found on page \_\_\_\_\_.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will 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% of area median income?  
Yes  No . Verification found on page \_\_\_\_\_.  
Amount budgeted = \$\_\_\_\_\_.

**G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS**

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

- Yes  No . (If no, continue to next heading)  
Verification found on page \_\_\_\_\_.

Does the substantial amendment 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?  
Yes  No . Verification found on page \_\_\_\_\_.

- 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)?  
Yes  No  Verification found on page \_\_\_\_\_.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?  
Yes  No  Verification found on page \_\_\_\_\_.

**H. PUBLIC COMMENT PERIOD**

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes  No  Verification found on page \_\_\_\_\_.

Is there a summary of citizen comments included in the final amendment?

Yes  No  Verification found on page \_\_\_\_\_.

**I. WEBSITE PUBLICATION**

The following Documents are available on the grantee’s website:

- SF 424 Yes  No .
- Proposed NSP Substantial Amendment Yes  No .
- Final NSP Substantial Amendment Yes  No .
- Subsequent NSP Amendments Yes  No .

Website URL: \_\_\_\_\_

**K. CERTIFICATIONS**

The following certifications are complete and accurate:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction                              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation                             | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan   | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months                              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds $\leq 120$ of AMI                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force                                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures           | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

