

# **NSP 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).

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): Lake County, IN _____ <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Milan Grozdanich Address: 2293 N. Main St. Crown Point, IN 46307 Telephone: 219-755-3231 Fax: 219-736-5925 Email: mgrozdanich@lakecountyin.com
Jurisdiction Web Address: <i>www.lakecountyin.com</i> )	

## **A. AREAS OF GREATEST NEED**

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

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

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

### Response:

Foreclosures have occurred throughout Urban Lake County, but are concentrated in certain communities. HUD has compiled a set of data that include the following:

- Area unemployment rate;
- Area average housing sales price decline (since the peak of the market);
- High cost loan rate (mortgages with interest-only payment options, stated income mortgages, mortgages with high loan ratios, etc.);
- The predicted 18 month underlying foreclosure rate; and
- Housing units that have been vacant for at least 90 days.

The data is made available at the Census Tract Block Group (CTBG) level for the entire country. The data for Urban Lake County was evaluated and compared to the Lake County Sheriff's sale data and other information.

As part of preparing for the NSP Lake County consulted a number of sources of information concerning housing, property foreclosures, sub prime loans, and property at risk of foreclosure. These sources included Lake County's Sheriff's sales from March

2007 to early November 2008 (data from before March, 2007 was not available), the HUD data provided for the NSP, Foreclosure.com and Realty.com.

It is interesting to note that all of these sources produced a similar result. If foreclosure data is used they all break the Urban Lake County communities into three distinct groups of high, medium and low rates of foreclosures. It produces distinct results. The communities of Merrillville, Crown Point, Hobart, and Lake Station are all in the "high" category. These are communities which have experienced over 100 properties in Sheriff's sale since March 2007. The one exception is Highland. This community shows up as "high" (over 300 units) in the HUD data, but is only in the "medium" range in the Sheriff's sale data. Due to its "high" rating in the HUD data on foreclosures, it is ranked as "high", and an area of "greatest need".

As a result Lake County will initially target its NSP activities to the Towns of Merrillville, and Highland, and the Cities of Crown Point, Lake Station and Hobart. During the initial eighteen (18) month execution period of the program the County may, as new foreclosure information becomes available, move into the "medium" category communities (over 50 properties at Sheriff's sale). This would include Griffith, Lowell, Schererville and Whiting. The Urban Lake County data for Sheriff's sales is attached as Appendix A.

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

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

#### Response:

Urban Lake County will use NSP funds to undertake the following eligible activities in the targeted communities.

Acquisition/Rehabilitation/Resale to homebuyers.

Acquisition/Demolition/Redevelopment of units that would cost more to rehabilitate than the purchase price.

Demolition

Provide financing for development of new rental housing for handicapped persons developing units on vacant or foreclosed land.

Administration of the program will not exceed ten percent (10%) of the NSP grant and ten percent (10%) of program income.

These funds will be targeted initially to the five communities of Merrillville, Hobart, Highland, Lake Station and Crown Point. As the program progresses, the County will continue to review data and work with financial institutions, and others, to determine if conditions have changed to the point where the "medium" communities of Whiting, Griffith, Lowell and Schererville should be added because of an increase in foreclosure activity in those areas.

The County will target One Million Four Hundred and Thirty Four Thousand Five Hundred and Six Dollars (\$1,434,506) to a non profit organization to finance the development of new rental housing for handicapped households on vacant or foreclosed property in the targeted communities. Thus, the County will meet the requirement that twenty - five percent (25%) of the gross NSP grant be expended to benefit households whose income is under 50% of the area median income.

#### **Acquisition/Rehabilitation/Resale (NSP-1)**

Lake County will acquire and rehabilitate foreclosed, or abandoned single family units and sell them to income eligible first time homebuyers (priority will go to households that have not owned real property for habitation in the past three years, or live in blighted units, or mobile homes). This will be done primarily by the County through the Redevelopment Commission, though the County may partner with some non profit groups to accomplish this undertaking. The County has extensive experience undertaking this type of activity. The final sales price will be no greater than the initial acquisition price plus rehabilitation costs and applicable soft costs. All acquisitions will be for at least fifteen percent (15%) below the current appraised value as determined by a County appraisal no more than sixty days prior to the date of the offer to purchase.

#### **Acquisition/Demolition/Redevelopment (NSP-2)**

In certain instances the condition of specific acquired developed property may warrant demolition, instead of rehabilitation, due to its very deteriorated condition. In such cases, where the condition is so deteriorated as to make rehabilitation economically infeasible, the County would consult with local community officials as to the possible demolition of such property, and its redevelopment. If deemed appropriate, demolition would occur. Depending on the location and current use of the property, several redevelopment options might occur. One would be to sell the land to Habitat for Humanity for a dollar to develop new single family housing for ownership. Another would be to make available to a non profit for special needs housing, or the County, via the Redevelopment Commission construct new housing. Other possible uses under this activity might include vacant, foreclosed properties that might allow for the expansion or improvement of a public facility, and other uses permitted under the NSP regulations.

#### **Finance Mechanism (NSP-3)**

The County will provide a direct loan to a non profit organization (IN PACT) to develop new rental housing for special needs persons on foreclosed, vacant or demolished land in the targeted communities. This loan shall be for no less than One Million Four Hundred and Thirty Four Thousand and Five Hundred and Six Dollars (\$1,434,506). This loan should produce 12 new dwelling units. These funds will be made under HOME regulations for affordability and duration. This loan will also meet the County's

requirement to expend at least twenty five percent (25%) of the gross NSP funds to benefit households whose income is less than fifty percent (50%) of the area median income as established by HUD. The loan will bear no interest, have a 20 year term and require no repayment.

#### **Demolish Blighted Structures (NSP-4)**

The County does not for see extensive use of this activity. However, it may be used on occasion in select circumstances. The activity would always be carried out in conjunction with local Town or City officials, and with their approval. This would be used primarily to demolish blighted structures where acquisition is not feasible, or might create situations where a feasible reuse is not immediately apparent. For instance, a blighting structure in a commercial area might be removed and a lien placed on the property. When property is not acquired a tax lien for the cost of demolition will always be placed on the property.

#### **Administration of NSP (NSP-5)**

The County is allocating ten percent (10%) of the NSP budget for administration of the program. This amounts to \$573,802.00 for this purpose.

#### ***C. DEFINITIONS AND DESCRIPTION***

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

##### Response:

Urban Lake County, which represents all of Lake County outside the cities of Gary, Hammond and East Chicago, defines “blighted structures” and “blighted areas” as follows:

- (A) Blighted Structure – a structure which has been abandoned or foreclosed as both terms are defined in the Housing Recovery Act of 2008, or has violations of local building, housing maintenance, or health codes, or is in a deteriorated condition through lack of upkeep and maintenance.
  
- (B) “Blighted Area” means an area which by reason of presence of a substantial number of blighted, deteriorated or deteriorating structures, predominance of defective or inadequate street layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual condition to title, or the existence of conditions which endanger life or property by fire and other causes or any combination of such factors, substantially impairs or arrests the sound growth of an area, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

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

Response:

For any NSP-funded rental activity, “affordable rents” shall be defined as 30% of the households adjusted income, less utility allowances as adopted by HUD for Lake County for the Section 8 program, as appropriate. HUD’s Fair Market Rent schedule for the Gary PSMA will be used. Should any gap be present, funds for this gap will be required from other sources of funding. Fair Market Rents are in Appendix B.

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

Response:

Continued affordability will be ensured for the entire period of affordability through monitoring, following the specific HOME monitoring requirements as defined in 24 CFR Part 92.

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

Response:

The Housing rehabilitation standards that will apply to units rehabilitated by the County, or caused to be rehabilitated by the County under the NSP, will be the same standards as apply to units rehabilitated under the County’s CDBG, HOME and ADDI Programs. These standards are in Appendix C.

***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$1,434,506.00.

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

Response:

Lake County intends to provide \$1,434,506.00 to a local non profit corporation to develop approximately 12 dwelling units for special needs persons. They will do this on vacant, foreclosed or abandoned land provided by Lake County. They will do this in the targeted Cities and Town’s. All of the occupants of these units will be on SSI and qualify both as handicapped persons, and by being below 50% of the area median income. See Appendix B for current 50% and 120% income levels for Lake County.

***E. ACQUISITIONS & RELOCATION***

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

If so, include:

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

Response:

Lake County does not intend to either demolish or convert any low income housing with NSP funds. It is possible that some units will be demolished that are beyond reasonable rehabilitation. These will be vacant, and not have any income covenant. However, it is possible they might have been previously occupied by lower income households. It is estimated this would involve no more than 5-10 units total, with 2-4 possibly having been occupied by lower in-come households.

The number of units the County might provide via rehabilitation is open to wide variation depending on unit cost, rehabilitation cost, soft cost, etc. It is estimated the write down acquisition cost will be \$85,000 to \$110,000. The average rehabilitation cost is estimated to be \$40,000. Soft costs would represent an average of \$10,000. Thus units would be available for roughly \$135,000 to \$160,000. Of course, since the County will own the property, it can adjust the sales price to make the sale work with the buyer and private lender. Assuming financing is available for 80% of this value, the County would, under ideal circumstances, receive between \$108,000 and \$128,000 for each unit. Assuming 30 units are accomplished, this would produce between \$3,240,000 and \$3,840.00 in private funds.

Assuming the County is able to average this amount it would undertake roughly 30 to 40 units in 18 months, with additional units being undertaken until July 2013, or money runs out.

The number of units produced for very low income persons would be approximately 12.

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

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

Response:

The draft NSP Plan for Urban Lake County was initially made available to the public at two land sites and on the County's web site, on November 14, 2008 with comments

accepted until November 28, 2008. The submission of the application for funds was approved by The Lake County Council on November 10, 2008.

Any public comment dated between November 26<sup>th</sup> and December 1, 2008 will be considered and forwarded to HUD after the submission of the Amended Action Plan to HUD on December 1, 2008.

## G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY) NSP-1

(1) Activity Name:

Purchase and Rehabilitate and sell abandoned or foreclosed properties.

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP- (B) Purchase and Rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to redevelop and sell such homes and properties.

CDBG-Acquisition; Rehabilitation. Disposition

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income).

Benefitting LMMH persons/households-will be under 120% of area median income

(4) Projected Start Date:

February 1, 2009

(5) Projected End Date:

September 18, 2010 (extended to September 2013 if program income is available)

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Lake County, IN, 2293 N. Main St., Crown Point, IN 46307, Milan Grozdanich – Executive Director 219-755-3231, Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and Cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate The average discount rate is 19% of the appraised value of the total portfolio of lots purchased.

For financing activities, include:

- range of interest rates

This activity is for acquisition/rehabilitation/resale of single family dwelling units to homebuyers. The tenure of the beneficiaries is home ownership; duration of the assistance will depend on the household debt capacity and amount of assistance (write

down) provided. Should there be an affordability gap some portion of the County's original investment of acquisition, rehabilitation and related soft costs, will be put as a "silent second" (no monthly payment due) to be repaid upon change of title, or status as owner occupied housing. The County will apply the affordability period of the HOME program of up to 20 years and secure with a "silent second" mortgage. As with the County's existing programs continued affordability is ensured through an annual monitoring process. Initial acquisition by the County will always be for at least 1% under the current appraised market value. No interest will be charged on the "silent second" mortgage. The sale price of single family homes will not exceed the sum of the price of acquisition, rehabilitation and allowable soft cost associated with the unit. The acquisition price shall not be greater than 99% of the current appraised value, as determined and by a County appraisal not more than sixty (60) days old at the time of purchase.

I. Total Budget: (Include public and private components)

The NSP budget for this activity is as follows:

Acquisition	\$2,100,000.00
Rehabilitation	\$1,000,000.00
Disposition	\$ 129,716.00
Total	\$3,229,716.00

Possible program income is not known nor projected.

It is virtually impossible to estimate the private component since there is no way of knowing what will happen with the credit market. If reasonable credit is not freed up there will be a zero private component. If credit is available, on reasonable terms to qualified buyers, then the County estimates the private component would be around 80% of the after rehabilitation appraised value of the single family homes involved. If the County undertakes 30 or more units (including some with program income) during the eighteen (18) month period then this would be approximately \$3,360,000.00. However, given the present uncertainty of the market place the County will not be held responsible for the accuracy, or inaccuracy, of this estimate.

J. Performance Measures

5 units sold to households with incomes between 51% to 80% of the area median income 25 units sold to households with incomes between 81% to 120% of the area median income. This 30 unit projection is based on the County receiving program income sufficient to do five units. If there is no program income the County will only accomplish 25 units, all sold to buyer's under 120% of median income.

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

(1) Activity Name: **Acquisition/Demolition/Redevelopment (NSP-2)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP - (E) Redevelop. demolished or vacant properties and; (D) Demolish blighted structures.

CDBG – 24 CFR 570.201(a) acquisition, (b), disposition, (c) clearance.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). Ultimate beneficiaries (after redevelopment of the site) will be restricted to low-moderate, and middle income clientele, as defined by the NSP Notice. All participants will be restricted to the income levels below 120% as promulgated by HUD for this purpose.

(4) Projected Start Date:

February 1, 2009

(5) Projected End Date:

September 18, 2010 (or to September 2013 with program income)

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Lake County, IN. 2293 N. Main St., Crown Point, IN 46307, Milan Grozdanich – Executive Director 219-755-3231, Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and Cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

Discount rate. The average discount rate is 1% of the appraised value of the total portfolio of lots purchased.

For financing activities, include:

- range of interest rates

This activity is for acquisition/demolition/redevelopment of foreclosed, abandoned or vacant property that would require more funds to rehabilitate than to demolish and rebuild. After consultation with the local officials, a determination would be made to demolish the structure instead of attempting to rehabilitate it. The property would then be made available to non-profit housing providers to plan the redevelopment of the property as soon as feasible, or the County may redevelop it with affordable housing. Redevelopment may include sale of the property at current fair market value, or below current fair market value, or partnership with the non-profit agency. Other possible uses under this activity type might include vacant, foreclosed properties that allow for the expansion or improvement of a public facility. All property will be acquired at 1% under the current appraised value as determined by a County appraisal no less than 60 days old at the time of the offer to purchase.

The duration and term of assistance will vary depending on the ultimate house. However, if the development is for housing the tenure will be homeowner, and the maximum term of assistance shall be via a 20 year "soft second" for assistance provided. The assistance provided will at a maximum, be the sum of the cost of acquisition/demolition and soft costs.

- I. Total Budget: (Include public and private components)  
The initial NSP budget is set as follows: (Assuming 100% financing by the County)

Acquisition	\$200,000
Demolition	40,000
Disposition	10,000
TOTAL	\$250,000

Should outside parties choose to participate, the budget may expand. Note that this is not the primary NSP activity. And the budget may be decreased to allow increases of other activity budgets should circumstances warrant. Private funds would be involved, possibly, in the redevelopment of these sites. There is no way to estimate this amount

- Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent): It is initially anticipated that 2 affordable housing units may be ultimately made available to households earning up to 120% AMI through this activity after redevelopment of the site. No projection has been made of the income-level components to be served. This activity may be used to provide a site (s) for the new construction twelve (12) rental units for handicapped persons by IN PACT. These persons will all be under 50% of area median income. However, they will be under 120% of area median income.

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

(1) Activity Name: **Financing Mechanism (NSP-3)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP – (A) Establish financing mechanism for purchase and redevelopment of foreclosed upon homes and residential properties.

CDBG – 24 CFR 570.206

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). Ultimate beneficiaries (after redevelopment of the site) will be restricted to low-moderate- and middle income clientele, as defined by the NSP Notice. All participants will be restricted to the income levels below 120% as promulgated by HUD for this purpose.

(4) Projected Start Date:

February 1, 2009

(5) Projected End Date:

September 18, 2010 with possible acquisition/rehabilitation/rental loans via program income through September 2013.

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Lake County, IN, 2293 N. Main St., Crown Point, IN 46307, Milan Grozdanich – Executive Director 219-755-3231, Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Lake County will provide a loan of \$1,434,506.00 to IN PACT, a local non profit that provides rental housing for the developmentally disabled. The County has a long and successful history of working with this group over the years. They have produced over 20 units in conjunction with the County. The County will supply, or cause to be supplied, vacant, foreclosed or abandoned property to IN PACT for the construction of an estimated 12 units. The tenure will be rental. This loan will be for 20 years to assure affordability. There will also be no interest rate and the loan will be forgiven after 20 years. The provision of this financing will provide for up to 12 units that will be occupied by handicapped persons, all of whom will have incomes under 50% of the area median income.

The loan will bear no interest rate (0%)

The land to be provided to IN PACT, assuming it is purchased by the County with NSP funds, will be purchased at 19% below the current appraised value as determined by a County appraisal no older than 60 days prior to the making of an offer. The land will be provided to IN PACT for a dollar.

I.) Total Budget – NSP = \$1,434,506. other – unknown if costs exceed the NSP amount, IN PACT will provide funding.

J.) Performance Measurement – up to 12 dwelling units

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

(1) Activity Name: **Demolition (NSP-4)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity.  
NSP – (D) Demolish of blighted structures  
CDBG – 24 CFR 570.201(d) clearance for blighted structure only.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income)  
Benefitting LMMH persons/households under 120% of area median income.

(4) Projected Start Date:  
February 1, 2009

(5) Projected End Date:  
September 18, 2010 with continued activity via Program Income through September 2013.

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)  
Lake County, IN, 2293 N. Main St., Crown Point, IN 46307, Milan Grozdanich – Executive Director 219-755-3231. Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and Cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

discount rate: The average discount rate is 15% of the appraised value of the total portfolio of lots purchased. State minimum discount rate is 5% of the current appraised value of any particular property purchased with NSP funds.

For financing activities, include:

- range of interest rates

The County will undertake a limited program of demolition of blighted structures. In some cases this will be part of the Acquisition/Demolition/Redevelopment activity. In others it may be simply a removal of blighting structures from a targeted area. In the former case the County will redevelop the property for any eligible NSP use. The acquisition would, as noted elsewhere, be at 1% less than the current appraised value, as determined by a County appraisal made within 60 days of the offer to purchase. Resale could be at anything from the sum cost of acquisition, demolition and eligible soft costs, to a dollar. There would be no interest associated with this activity. The tenure, duration, and continued affordability would depend on the end use, and other forms of assistance tied to this activity. When undertaken without acquisition a lien will take the place on the cost of demolition.

I.) Total Budget: (Include public and private components.

\$100,000.00 There is no private component.

J.) Performance Outcome: Blighted structures removed and, when done in conjunction with acquisition, the resulting redevelopment. Estimate removing ten (10) blighted structures.

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

(1) Activity Name: **Administration (NSP-5)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity) CDBG – Administration. NSP - Administration

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). Administration is exempt from meeting a national objective.

(4) Projected Start Date:  
February 1, 2009

(5) Projected End Date:  
September 18, 2010 (continued through program income through September 2013).

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)  
Lake County, IN, 2293 N. Main St., Crown Point, IN 46307. Milan Grozdanich – Executive Director 219-755-3231, Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Administration of the NSP Grant

(9) Total Budget: (Include public and private components). Public component only \$573,802.00 which is 10% of the grant, plus 10% of program income.

(10) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels that are 50% of area median income and below, 51-80 percent, and 81-120 percent): Not appropriate for administration.

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

(1) Activity Name: **Down Payment Assistance (NSP-6)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)  
NSP – (A) Provide financing mechanism for the purchase of foreclosed upon homes and residential properties.  
CDBG – 24 CFR 570.204 (N)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). Ultimate beneficiaries will be restricted to low-moderate, and middle income clientele, as defined by the NSP Notice. All participants will be restricted to the income levels below 120% as promulgated by HUD for this purpose.

(4) Projected Start Date:  
April 15, 2010

(5) Projected End Date:  
September 18, 2010 with possible acquisition/rehabilitation/ rental loans via program income through September 2013).

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)  
Lake County, IN, 2293 N. Main St., Crown Point, IN 46307, Milan Grozdanich – Executive Director 219-755-3231, Fax 219-736-5925 E Mail mgrozdanich@lakecountyin.com

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) Towns of Merrillville and Highland, and Cities of Crown Point, Hobart and Lake Station.

(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 area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

#### Tenure of beneficiaries- Homeownership

Term of the assistance- If only down payment assistance alone, the term is five years, and the interest rate is zero percent (0 %). If the borrower defaults, there is a 3% accrued interest charged on the unpaid balance.

Continued affordability- The County will apply the affordability period of the HOME program of 5 years. It will secure this with a "silent second" mortgage. As with the County's existing programs continued affordability is ensured through an annual monitoring process, and the aforementioned mortgage on the property. (Refer to NSP item 3 on page 6 of the application).

The County has, since 1998, operated a down payment assistance program that has assisted hundreds of low income household to become home owners. It intends to use NSP 1 funds for this same purpose in the targeted areas. It will assist households under 120% with up to \$5,000 to assist with down payment, closing costs, recording fees, surveys, required tests or inspections, and other house purchasing costs and expenses. It will fund this with \$150,000 which will come from the NSP 1 Activity which is Purchase, Rehabilitate and Sell Abandoned or Foreclosed Property. This will reduce the budget for that activity from \$3,379,716 to \$3,229,716.

Buyers will be required to purchase foreclosed houses in the NSP 1 target area, houses that have been part of the County's Acquisition/Rehabilitation/Resale programs, or vacant residential land in the target area where they propose to construct a new residential unit. In the latter case approved financing for the new unit must be in place prior to providing assistance to the client.

#### Total Budget (Include public and private investment)

The NSP budget for this activity is as follows:

Acquisition-\$150,000

Program Income is not expected and is not projected.

If reasonable credit is not freed up there will be a zero private component. If credit is available, on reasonable terms to qualified buyers, then the County estimates the private component (equity, mortgage loan) would be around 80% of the after rehabilitation appraised value of the single family homes involved. If the County undertakes 30 units during the program period this would be approximately \$3,000,000.00. However, given the present uncertainty of the market place the County can not be held responsible for the accuracy, or inaccuracy, of this estimate.

#### Performance Measures

Twenty (20) units sold to households under 120% of area median income, ten (10) units sold to households under 80% of area median income. This total of 30 units is based on prior sales.

## CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds  $\leq$  120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income.

including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

**(12) Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

**(13) Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

**(14) Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

**(15) Compliance with laws.** The jurisdiction will comply with applicable laws.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

# 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): Lake County. IN _____ Lead Agency Jurisdiction Web Address: (URL where NSP www.lakecountyin.com	NSP Contact Person: Milan Grozdanich Address: 2293 N. Main St. Crown Point. IN 46307 Telephone: 219-755-3231 Fax: 219-736-5925 Email: mgrozdanich@lakecountyin.com
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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 1 and Appendix A

**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 3.

*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 5.
- a definition of "affordable rents."  
 Yes  No . Verification found on page 6.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,  
 Yes  No . Verification found on page 6.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

Yes  No . Verification found on page 6 Appendix C.

***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 9,11,13,15,17
- correlated eligible activity under CDBG,  
Yes  No . Verification found on page 9,11,13,15,17
- the areas of greatest need addressed by the activity or activities.  
Yes  No . Verification found on page 9,11,13,15,17
- expected benefit to income-qualified persons or households or areas,  
Yes  No . Verification found on page 9,11,13,15,17
- appropriate performance measures for the activity,  
Yes  No . Verification found on page 10,12,14,16,18
- amount of funds budgeted for the activity,  
Yes  No . Verification found on page 10,12,14,16,18
- the name, location and contact information for the entity that will carry out the activity,  
Yes  No . Verification found on page 9,11,13,15,17
- expected start and end dates of the activity?  
Yes  No . Verification found on page 9,11,13,15,17

***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 10,12,14,16

If the activity provides financing.

- the range of interest rates (if any),  
Yes  No . Verification found on page 13

If the activity provides housing.

- duration or term of assistance.  
Yes  No . Verification found on page 10,12,14
- tenure of beneficiaries (e.g., rental or homeownership),  
Yes  No . Verification found on page 10,12,14
- does it ensure continued affordability?  
Yes  No . Verification found on page 10,12,14
- 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 13

**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 6
- 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 7  
Amount budgeted = \$1,434,506.00

**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 7

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 7
- 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 10,12,14

- 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 7.

**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 8

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

Yes  No  Verification found on page 8

**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: [www.lakecountyin.com](http://www.lakecountyin.com)

**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 ≤ 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"/> |