



# CITY OF KENT, OHIO

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## DEPARTMENT OF ECONOMIC DEVELOPMENT

**Date:** December 22, 2008

**To:** David Ruller, City Manager  
Linda Copy, Clerk of Council  
Mayor and City Council Members

**From:**  Dan Smith, Economic Development Director

**Subject:** Christian Edwards Summit Street Incubator Lease

Christian Edwards Hair Salon. Ms. Michelle Cobbin, has been operating in our Summit Street Incubator Space since January 2004. Per the Summit Street incubator Program Policies and Administrative rules that have been adopted by Council, tenants are to vacate the premise after five (5) years except under the following provisions:

During the final six-months of the lease agreement, the tenant must demonstrate that he/she has exerted his/her best effort to find a new location within the corporate boundaries of the City of Kent, or in areas in which the City has an existing Joint Economic Development District Agreements. This commitment must include, but not be limited to, notification to the Community Development Department that the search for new location is beginning, and a request of the City's assistance in finding a new location.

In the event that an existing tenant can demonstrated that he/she has undertaken a good faith effort to find suitable alternative accommodations according to the provisions stated above, and is unable to secure a new location; and, if the City does not have one or more viable applications seeking space in the incubator, then the existing tenant may be permitted to remain at their current location according to the following provisions:

- a. A written request must be received by the Community Development Department prior to the end of their lease requesting that it be extended on a month-to-month basis.
- b. If this request is granted, the month-to-month lease rate will be increased to the existing market rate for similar space in the City of Kent as determined by the Community Development Department in consultation with the City's Property Management Consultant.
- c. The lease rate will be increased by 10% every three months thereafter until the tenant relocates, or is replaced by a new tenant.
- d. The tenant will be required to vacate the incubator on a thirty-day notice, regardless of whether a new location has been found if the City enters into a lease agreement to a new tenant for that space.

I have been working with Michelle since last summer regarding her lease and looking for a new space for her business to move into. Efforts to date have not enabled her to secure a new location. Given the above criteria, she has requested to stay in her current location into 2009. In addition, she has requested a renewal for one full year. Since a full-year lease is in conflict with our current policy, Council authorization is required.

Currently in the Summit Street incubator space we have a 1,800 square foot office (or two 900 square foot offices) that have been vacant for over a year. Since an effort has been made to find Christian Edwards Hair Salon new space and we have additional space available for others, I feel her request merits consideration. Per our guidelines, market rate plus ten percent (10%) each quarter, we have discussed the following rent schedule:

January thru March, 2009	\$5.00 sq. ft.	\$316.67 per month
April thru June, 2009	\$5.50 sq. ft.	\$348.33 per month
July thru September, 2009	\$6.05 sq. ft.	\$383.17 per month
October thru December, 2009	\$6.65 sq. ft.	\$421.17 per month

Ms. Cobbin would like to make this request in person at our January Council meeting and continue to operate the salon in the same manner throughout 2009. We have both committed to finding her a new location by the end of 2009, hopefully in some of the new space downtown that will be coming on-line this fall.

Please feel free to contact me if you have any questions regarding our incubator policies or Ms. Cobbin's request.



C. Edwards  
203 E Summit St  
Kent, OH 44240

December 17, 2008

To Whom It May Concern:

I, Michelle Cobbin, of Christian Edwards Hair Salon would like to extend my lease for the entire year of 2009. I understand and appreciate that I now have availability to have a month to month lease. However, I would like to renew a full one (1) year lease if at all possible.

Thank you for taking my request into consideration. Please call me at (330) 346-0943 with any questions.

Sincerely,

Michelle Cobbin  
Christian Edwards Hair Salon

## **KENT BUSINESS DEVELOPMENT CENTER PROGRAM POLICIES AND ADMINISTRATIVE RULES**

Recognizing the importance of entrepreneurship as a component of the City's economic development strategy, the City of Kent has committed to leasing vacant, city-owned properties to start-up and fledgling companies under attractive terms in an attempt to assist them in establishing their companies. While there is no guarantee that a company so assisted will remain within the City of Kent after they have firmly established themselves, the probability remains high that future expansions will remain close to where they originally started.

All companies requesting space in the Kent Business Development Center must comply with the following policies:

1. The business must be a start-up company, or have been in business no more than two years.
2. The presence of a formal Business Plan is highly recommended, and additional consideration will be given to those applicants that have a completed plan. Those companies who do not have a formal Business Plan are encouraged to undertake this process. For assistance in creating a Business Plan, please contact: the Kent Regional Business Alliance (phone: 330-672-1275; web address: <http://www.krba.biz/>); the Cleveland Office of the Small Business Administration (phone: 1-800-358-3326; web address: [http://www.score.org/downloads/Business%20Plan%20for%20a%20Startup%20Business\\_July.doc](http://www.score.org/downloads/Business%20Plan%20for%20a%20Startup%20Business_July.doc)).
3. The term of all leases in the Kent Business Development Center range from two to five-years. Under no circumstances, except as specified below, will a tenant be permitted to remain at this location for more than five-years. The base lease rate beginning in 2008 is \$3.95/ft<sup>2</sup>. The lease rate for subsequent years will be adjusted annually on January 1 unless otherwise noted in the lease agreement. The rate adjustment will be based on a five-year average of the Cleveland-Akron PMSA Consumer Price Index as published by the Bureau of Labor Statistics. In the event that the average rate of change of the Consumer Price Index over the most current five-year period is negative, the lease rates will remain constant. Lessor will notify Lessee of the changes to the lease amount (see attached rent escalation spreadsheet).
4. The tenant is responsible for all utilities, and insurance. At no time will a tenant be permitted access to the premises without transfer of utilities into their name, and evidence of insurance coverage provided to the City.
5. A security deposit equal to the first month's rent at the time of the signing of the lease is required prior to occupancy.
6. The first month's rent is due at the time the lease agreement is signed. The rent payment may be prorated if the lease is executed mid-month.
7. If desired by the tenant, the City will assist in providing financial assistance for leasehold improvements according to the following terms:
  - a. The tenant must have a formally prepared Business Plan in a form acceptable to the Community Development Department
  - b. Up to \$1,000 will be made available in the form of a forgivable loan. The full amount of the loan will be forgiven if the following terms and conditions are met:
    - i. The tenant relocates to location in the City of Kent, or in areas in which the City has existing Joint Economic Development District Agreements.

- ii. The tenant must leave the Kent Business Development Center in “Good Standing,” defined as follows:
      1. Making all lease and loan payments in a timely fashion, and current at the time of lease termination
      2. Payment of all utilities and taxes in a timely fashion, and current at the time of lease termination
      3. Leaves the premises in a condition acceptable to the City of Kent
    - iii. In the event the tenant does not comply with the terms stated in sections i. and ii. above, then repayment of the principal will be required upon termination of the lease
  - c. \$2,000 can be made available to the tenant in the form of a four percent (4.00%) interest loan to be amortized over the term of the lease, and added to the tenant’s monthly lease payment.
8. Tenants will be eligible to receive a rebate of up to a \$500 for each full year in which they were in the incubator. Under the following conditions:
  - a. The tenant must have a formally prepared Business Plan in a form acceptable to the Community Development Department
  - b. This rebate is limited to a maximum of \$2,500
  - c. The tenant relocates to location in the City of Kent, or in areas in which the City has existing Joint Economic Development District Agreements.
  - d. The tenant must leave the Kent Business Development Center in “Good Standing,” defined as follows:
    - i. Making all lease and loan payments in a timely fashion, and is current at the time of lease termination
    - ii. Payment of all utilities and taxes in a timely fashion, and is current at the time of lease termination
    - iii. Leaves the premises in a condition acceptable to the City of Kent
9. All lessees are required to sign a Waiver of Relocation Benefits statement.
10. All lessees are required to sign an information release form.
11. During to the final six-months of the lease agreement, the tenant must demonstrate that he/she has exerted his/her best effort to find a new location within the corporate boundaries of the City of Kent, or in areas in which the City has an existing Joint Economic Development District Agreements. This commitment must include, but not be limited to, notification to the Community Development Department that the search for new location is beginning, and a request of the City’s assistance in finding a new location.
12. In the event that an existing tenant can demonstrated that he/she has undertaken a good faith effort to find suitable alternative accommodations according to the provisions stated above, and is unable to secure a new location; and, if the City does not have one or more viable applications seeking space in the incubator, then the existing tenant may be permitted to remain at their current location according to the following provisions:
  - a. A written request must be received by the Community Development Department prior to the end of their lease requesting that it be extended on a month-to-month basis.
  - b. If this request is granted, the month-to-month lease rate will be increased to the existing market rate for similar space in the City of Kent as determined by the

Community Development Department in consultation with the City's Property Management Consultant.

- c. The lease rate will be increased by 10% every three months thereafter until the tenant relocates, or is replaced by a new tenant.
  - d. The tenant will be required to vacate the incubator on a thirty-day notice, regardless of whether a new location has been found if the City enters into a lease agreement to a new tenant for that space.
13. The lessee will provide the Community Development Department with a qualified release of their annual payroll and business profit tax information covering the preceding calendar year, or part thereof. This information is due no later than March 15 of each new calendar year in a format acceptable to the Community Development Director.
  14. The lessee agrees to meet with Community Development Department, and other City staff, on an annual basis to assess the condition of the lessee's business and its progress in meeting the provisions stated in their business plan.

All applicants must make application on a form prepared and approved by the City of Kent. When a vacancy becomes available in the Kent Business Development Center, notice of the vacancy will be posted on the City's website, and on the bulletin boards of city buildings. It will also be advertised for two consecutive weeks in a newspaper of general circulation announcing that the City is accepting applications from qualified applicants to lease the vacant space. Written notification of the vacancy will be provided to the Kent Regional Business Alliance and the Kent Area Chamber of Commerce. If knowledge of a pending vacancy is known with sufficient lead-time, notice will also be placed in the *Tree City Bulletin*.

When filling a vacancy in the Kent Business Development Center, the Community Development Department will review all applications, and submit a rank ordered listing of applicants to be considered by City Council when filling the vacancy. When making its recommendation to City Council, the Community Development Department will consider the following.

1. Applicant eligibility according to the policies listed above
2. Applicability according to the City's zoning code
3. Financial strength of the company
4. Presence, and strength of a business plan
5. Employment and payroll projections
6. Consistency with the current City of Kent Economic Development Strategy and Comprehensive Plan
7. Potential long-term economic benefit to the City of Kent
8. If, in the opinion of the Community Development, two or more competing applicants are equal in all aspects, the applicant whose application was first received will receive the Department's recommendation.

Minority and Women Owned Businesses are encouraged to participate in this program.

## II) Kent Business Development Center Program

This proposal is being submitted with the intent of establishing a financially self-supporting incubator program. With Council's approval, the Director of Budget and Finance will create a separate line item for the administration of the Kent Business Development Center Program (KBDC) based on the following assumptions:

- 1) City Council will initially capitalize the Kent Business Development Center Program through a five-year, interest-bearing loan for \$12,000. Principal and interest on the loan will be repaid in full at the end of the term of the note. The interest rate on the loan is to be established by City Council at the time this program is created.
- 2) Lease payments received from present, and future, Kent Business Development Center tenants will be paid into the KBDC account.
- 3) Tenant incentives referenced in the *Kent Business Development Center Program Policies and Administrative Rules*, as well as, all property taxes, management fees, maintenance fees, and other ordinary expenses associated with the operation of the Kent Business Development Center will be paid through the KBDC account.

The Community Development Department, in conjunction with the Service Department, will administer this program in accordance the budgetary guidelines established above and other provisions listed in the *Kent Business Development Center Program Policies and Administrative Rules*.



**MEMORANDUM**  
**DIVISION OF ENGINEERING**  
**City of Kent Department of Public Service**

**DATE:** December 19, 2008  
**TO:** David Ruller, City Manager *R. Boyd*  
**FROM:** Rhonda Boyd, P.E., P.S., Senior Engineer  
**SUBJECT:** OPWC Loan  
Area Q Phase 5

The City of Kent has been asked to receive an interest free loan in the amount of \$100,000 from the Ohio Public Works Commission.

The OPWC requires that the City pass a Resolution of Intent if they are going to seek direct reimbursement of funds for construction costs paid directly to the contractor by the City.

OPWC recommends that a Resolution of Intent be passed in the event the Commission needs to reimburse the City; as in the case of an overpayment.

A second Resolution accepting the loan is also requested as follow up to Resolution 2008-70 passed May 21, 2008, for the application to obtain grant financing for the project using Round 23 funds.

C: Jim Bowling, P.E., City Engineer  
Jim Silver, Director of Law  
Barbara Rissland, Director of Budget and Finance







Department of  
Development

Ted Strickland, Governor  
Lee Fisher, Lt. Governor  
Director, Ohio Department of Development



December 19, 2008

David Ruller, City Manager  
City of Kent  
215 East Summit Street  
Kent, Ohio 44240

Dear <sup>David</sup> Mr. Ruller:

Congratulations on the opportunity to participate in the Ohio Neighborhood Stabilization Program (NSP). Portage County, the City of Ravenna, and the City of Kent are eligible to receive a total Ohio NSP allocation of \$1,253,137, which includes \$125,300 for administration. In order to participate in the program, you must select a lead unit of local government to administer the program; and submit a letter of commitment indicating the name of the lead unit of local government and willingness to participate in the program and letters from the other units of government listed above indicating agreement with the decision regarding the lead entity, by **January 16, 2009**, to:

Michael A. Hiler, Office Chief  
Ohio Department of Development  
Office of Housing and Community Partnerships  
77 South High Street, 24<sup>th</sup> Floor  
P.O. Box 1001  
Columbus, Ohio 43216-1001

If you are not interested in participating in the program, please submit a letter stating that fact to Mr. Hiler at the address listed above, by January 16, 2009. Units of local government submitting such a letter will be ineligible to participate in the Ohio NSP.

On December 1, 2008, the Ohio Department of Development submitted the *FY 2008 Ohio Consolidated Plan Substantial Amendment/Action Plan for the NSP* to the U.S. Department of Housing and Urban Development. The plan, posted on <http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm>, includes the Department's methodology for determining the areas of greatest need in Ohio and plan for distributing and using \$116,859,223 of NSP funds in Ohio. To help provide guidance regarding the areas of greatest need in your jurisdiction and begin the application submission process, enclosed are several maps and information regarding appropriate program administrative capacity and planning requirements.

On January 16, 2009, the Department will conduct the mandatory Ohio NSP Application Training at the Ohio Department of Agriculture, located at 8995 East Main Street in Reynoldsburg from 8:30 a.m. to 4 p.m. Enclosed is a map of the training facility location. Registration is not required to attend the training. During the training, participants will receive information regarding program design and management, regulatory and compliance issues and application submission requirements. The Ohio NSP application will be available during the training and will be posted on <http://development.ohio.gov/webforms/default.cfm> on or about January 19, 2009. The Ohio NSP application submission deadline is February 27, 2009.

David Ruller, City Manager  
December 19, 2008  
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The Department appreciates your commitment to improving the lives of Ohio's low-, moderate- and middle-income residents. Questions regarding the Ohio NSP should be directed to Mr. Hiler by telephone at (614) 466-2285 or by e-mail at [Michael.Hiler@development.ohio.gov](mailto:Michael.Hiler@development.ohio.gov).

Sincerely,



Lee Fisher  
Lt. Governor, State of Ohio  
Director, Ohio Department of Development

LF/MAH/DH/njh

Enclosures

# Ohio's Neighborhood Stabilization Program

## Application Training

January 18, 2009  
8:30a.m. – 4:00p.m.  
Ohio Department of Agriculture  
8995 East Main Street  
Reynoldsburg, Ohio 43068  
Telephone: (614) 728-6202



### Map & Directions

#### **From the North:**

Interstate 71 South to Interstate 270 East.  
Interstate 270 East to Main Street/Reynoldsburg Exit(2nd exit).  
East (right) on Main Street all the way through Reynoldsburg. (4.9 miles)  
ODA campus is directly past the State Fire Marshal Academy on the right.

#### **From the East:**

Interstate 70 West to S.R. 256/Reynoldsburg Exit.  
Right on S.R. 256 to a five-way stop.  
Right on Graham Road (angled to the right) to Main Street.  
East on Main Street (right) through Reynoldsburg.  
ODA campus is directly past the State Fire Marshal Academy on the right.

#### **From the South:**

Interstate 71 North to Interstate 270 East.  
Interstate 270 East to Main Street/Reynoldsburg Exit.  
East (right) on Main Street all the way through Reynoldsburg. (4.9 miles)  
ODA campus is directly past the State Fire Marshal Academy on the right.

#### **From the West:**

Interstate 70 East to S.R. 256/Reynoldsburg Exit (2nd exit).  
Right on S.R. 256 to a five-way stop.  
Right on Graham Road (angled to the right) to Main Street.  
East on Main Street (right) through Reynoldsburg.  
ODA campus is directly past the State Fire Marshal Academy on the right.

### Parking Directions

On-site construction has significantly reduced parking availability next to the Bromfield Administration Building. However, parking space is plentiful in the immediate area.

From the East Entrance: Pass the **Bromfield**, **Animal Industry**, and **Weights & Measures** buildings, veer right onto the campus service road, and circle the campus clockwise for additional parking.

Driveway gates remain open between the hours of 7:00a.m. – 6:30p.m., weekdays.

Please do not park on the grass. Vehicles parked in non-designed areas are subject to towing at the owner's expense.

## NEIGHBORHOOD STABILIZATION PROGRAM PLANNING

As a result of the enactment of Title III of Division B of the Housing and Economic Recovery Act of 2008, or HERA, the State of Ohio received allocations totaling \$258,089,179 under the Neighborhood Stabilization Program (NSP). Of those funds, HUD awarded \$141,229,956 directly to 22 Ohio communities and \$116,859,223 to the State of Ohio. The Ohio Department of Development (ODOD) is responsible for the administration of these funds, which are to be allocated as a State Program to local communities. These grants must comply with the Community Development Block Grant (CDBG) requirements, unless specified otherwise.

The Office of Housing and Community Partnerships (OHCP) will award funds by means of a formula methodology to eligible entities based on the areas with the **greatest need** to help impede the decline in home values and stabilize neighborhoods across the State of Ohio. NSP funds may be used to establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds for low-, moderate-, and middle-income homebuyers; 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; establish land banks for homes that have been foreclosed upon; demolish blighted residential structures; and redevelop demolished or vacant residential properties. As a vital part of applying for the funds, each grantee will be requested to demonstrate that they are addressing the **greatest need** within their area and which activities will be the most effective in the stabilization of neighborhoods.

OHCP will also be evaluating the **administrative capacity** of the organization(s) individuals with the responsibility to administer these funds. Grantees are expected to be knowledgeable of the CDBG requirements, the applicable HOME requirements, have a strong foundation of housing experience, and have established a comprehension of the laws and regulations governing the NSP. The significance of the administrative capacity and the strict time constraints of this program may require some unprecedented collaboration. Communities must prepare to identify collaborating partners to complement and supplement the area's expertise, and to assist in promoting their strategy in neighborhood stabilization. This will maximize the community's capacity to meet the expectations of the program.

Time is crucial for planning and administering the NSP grant. OHCP will recapture and reallocate NSP funds that are not obligated by recipients in a timely manner. The information in this document and the attachments are being provided prior to the application training to give award recipients extra time to plan a more effective program. There will be additional documentation in the application packet. If you have any questions regarding this process or the application, please contact Shana Garrett, at (614) 466-2285 or [shana.garrett@development.ohio.gov](mailto:shana.garrett@development.ohio.gov).

### PARTICIPATION

Each award recipient must respond with a commitment letter stating their willingness to participate with the intention of applying for NSP funds whether they are a direct recipient or as part of a region. This letter must be signed by the CEO and will be due on January 16, 2009. If the community decides not to participate, a response letter must be submitted stating they will opt out. If the community opting out is part of a region, the funds allocated for that region will be distributed amongst the remaining communities within that region that are willing to participate. If the community opting out is a direct recipient, their funds will be recaptured and redistributed by the State Program.

## DESIGNATED LEAD COMMUNITY FOR REGIONS

Award recipients that will be applying as a region, must collaborate and designate a lead community. This lead community will bear the responsibility of the grantee administratively as well as financially, while considering the input and decisions represented by all involved within that region. This lead community must be declared in the letter stating their willingness to participate as mentioned above. Each community CEO in the region must do a separate letter confirming participation and lead community designation. The lead community must then submit all letters as a packet to OHCP by January 16, 2009. Meetings will more than likely be necessary for this establishment. OHCP recommends that these meetings are separate from the NSP Planning Committee meeting as described later in this document. During this initial establishment, each community is encouraged to assign a representative to assist with the assessment of the needs and the approach to be taken to address them. This representative (i.e., Community Development Director, Housing Program Director, Economic Development Director, etc.) should have direct experience with the housing needs and market for that community. These delegates can effectively establish the greatest needs of the region.

## DATA ANALYSIS

HERA requires that grantees receiving NSP funds must give priority consideration and emphasis to those areas of **greatest need**. OHCP in conjunction with the Office of Strategic Research has developed a methodology, based on HUD's methodology, to determine the State's greatest needs and has established allocations for all areas across the State. Each grantee, whether a direct recipient or through a region, will have the same responsibility at the local level. The areas of greatest need must be determined and submitted in the application for funding. The Office of Strategic Research has assisted with this task by providing maps that demonstrate for each grantee the following.

- Subprime Loan Originations by Zip Code from January 2005 – December 2006
- Foreclosure Rate by Zip Code Tabulation Area from February 2007 – July 2008
- Areas Meeting the 120% Area Median Income (AMI) Criterion for HERA Eligibility
- Census 2000 ZCTA Zip Code Tabulation Areas by County

In addition to the maps provided, OHCP encourages local data to be analyzed if available. The current surrounding economic factors should also be considered when making a determination of greatest needs.

OHCP is also providing additional information through websites (see attached index) to assist in obtaining the most relevant information possible to plan for the greatest impact in your community.

Additional information on the methodology of determining the greatest need can be obtained by referring to the FY 2008 Ohio Consolidated Plan Amendment Action Plan for the Neighborhood Stabilization Program at:

<http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm>



## GUIDE TO PLANNING ELEMENTS

### ▪ NSP Planning Committee

OHCP recommends assembling a planning committee to develop the most effective strategy. Suggested composition of the committee is to include, but is not limited to, at least one representative of each of the following:

- Person(s) with experience in rehabilitation, code enforcement, and/or knowledge of building codes,
  - Person(s) with experience in the acquisition of distressed property (i.e., realtor, lender, appraiser, real estate attorney)
  - Person(s) with experience in community development (including demolition of property),
  - Person(s) with non-profit with housing experience (i.e., Area Agency on Aging, MRDD, CAC),
  - Person(s) from a Low income organization (i.e., Health Dept., MHA), and
  - Person(s) with experience in tax foreclosure (i.e., County Auditor, attorney).
- Regions are encouraged to have a representative from each community within that region to assist with the assessment of the needs and the approach to be taken to address them.

Applicants, whether direct or a region, are advised to conduct a planning process. To assist with the assurance that all relevant topics and data are discussed and considered, OHCP is providing material that may be used for guidance. The materials are attached and as follows:

- NSP Planning Meeting Draft Agenda with Suggested Topics
- NSP Planning Meeting Sample Sign-in Sheet
- NSP Planning Meeting Sample Minutes
- NSP Identification and Recommendation Sheet (this form needs to be submitted in the application packet submitted by the community to OHCP along with documentation for whatever process the community uses to reach these conclusions of need.)
- NSP Committee Meeting Sample Questionnaire

All forms are available for download on the OHCP website.

The most important part of this process is that it allows for input by all relevant parties to create a balanced assessment of needs and an effective distribution of resources. The committee is not expected to arrive at a consensus on every point, or even to be the final determinant of priorities. Instead, it is to be used as a guide and point of reference in order to arrive at a reasonable course of action in light of the needs and available resources in the community.

### ▪ Define Greatest Needs

Applicants will be asked to define the areas of greatest need. The data mentioned above may be useful to determine these areas of greatest need. Input from stakeholders will assist in determining which NSP activities will most effectively provide an impact.

### ▪ Identify Targeted Neighborhoods

Applicants must identify and prioritize impacts being experienced in the area and discuss eligible activities they propose in response. Applicants will be asked to define the areas of greatest need as neighborhoods to be targeted (see attached maps for assistance). A description of the neighborhood size and boundaries will be required along with a map and the rationale to support these decisions.

Research as much information as possible on the foreclosed and abandoned properties within these areas.

▪ Eligible Activities

Activities funded with NSP funds must benefit households with incomes at or below 120% of AMI (low, moderate, and middle income households). For activities that do not directly benefit individual households, the activity must benefit areas in which at least 51% of the residents have incomes at or below 120% of AMI, (see the attached map for assistance).

Applicants must establish the impact of their program through the following NSP eligible activities.

1. Residential Development
2. Land Banks/Demolition

**NOTE:** NSP funding through Ohio's State Program may not be used for the demolition or redevelopment of commercial properties.

Additional information on activities can be obtained by referring to the FY 2008 Ohio Consolidated Plan Amendment Action Plan for the Neighborhood Stabilization Program at:

<http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm>

Applicants should prepare to describe the activities for which NSP funds will be used and how those activities will contribute to the stabilization of the targeted neighborhoods, develop new housing opportunities, and preserve land for future development. The effectiveness of the activities can be demonstrated with past experience. Please keep in mind that many foreclosed and abandoned properties have historical significance and may be subject to Section 106 Review, and Ohio Historic Preservation Office (OHPO) requirements.

While determining activities, it is important to consider the following.

1. Acquiring property
  - a. Must be foreclosed upon and vacant for 90 days
  - b. Negotiations with owners and lenders
  - c. Appraisals
  - d. Discount rates
  - e. Tax foreclosure
2. Rehabilitation vs. demolition
  - a. Building quality
  - b. Neighborhood fabric
  - c. Lot reuse potential
  - d. Nuisance level
3. Property Reuse Strategies
  - a. End user must be below 120% AMI
  - b. Build in long term affordability controls
4. Capacity to maintain properties until reuse
  - a. Land Banking
  - b. Finding resources for maintenance is critical
  - c. Limitation of 10 years on reuse of property
5. Disposing of property
  - a. Marketing
  - b. Regulations on sale price



The outline above includes highlights from Alan Mallach's "Discussion Papers – How to Spend 3.92 Billion: Stabilizing Neighborhoods by Addressing Foreclosed and Abandoned Properties. A link to this document can be found on the OHCP website and can provide valuable information to the planning strategy. Also, attached are 8 Neighborhood Stabilization Principles that may be considered to assist in the development and implementation of the program.

### **ADMINISTRATIVE PLAN**

Applicants will be required to complete an administrative plan. The following must be included in the application:

- A. A properly completed "Administrative Plan" worksheet (see attached).
- B. Staff qualification form (attached) **for each person identified as being responsible for the primary duties** of this grant.
- C. Commitment letters/letters of intent from all contracted and subcontracted administrative staff listed on the administrative plan worksheet.

Documents and instructions for completing the administrative plan are attached. Again, these are being provided in advance to the application training to allow more time to plan.

### **OTHER REQUIREMENTS**

While planning and administering the NSP grant, take into account the overarching programmatic federal requirements such as:

- Environmental Review;
- Citizen's Participation;  
HUD has waived the citizen participation plan requirements for CDBG under the NSP. Instead, the State of Ohio is requiring a notice to be published to all citizens in a newspaper(s) with broad circulation within the community/region. Where a region includes areas served by multiple newspapers, additional notices may need to be published accordingly. Include the date and location for the viewing of the draft application. The draft application must be posted or made available 15 days prior to submission to the State. One option would be to post the draft application on a website and to make this website available in the published notice.
- Section 106 Review, Ohio Historic Preservation Office (OHPO) Coordination;
- American with Disabilities Act (ADA) compliance;
- Acquisition, Relocation and Demolition;
- Payment of Davis-Bacon (Federal) Prevailing Wage Rates;
- Public notices, ordinances, certifications, permits, etc. needed in and for the program implementation process;
- Procurement process (public & private procurement), and other applicable program requirements, etc.;
- Current and accurate federal contract language and certifications; etc.; and
- Fair Housing requirements.



## Neighborhood Stabilization Principles

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The Ohio Department of Development (ODOD) was awarded more than \$116.8 million of Neighborhood Stabilization Program (NSP) funds by the U.S. Department of Housing and Urban Development. Approximately, \$75.9 million of those funds will be awarded to units of local government in Ohio on or about April 1, 2009. To help interested applicants develop an inclusive plan for implementing a local NSP, ODOD developed the following Neighborhood Stabilization Principles:

- **Comprehensive Plan**

To realize a local housing market recovery, it is imperative that units of local government first gain a clear, holistic understanding of the entire local housing market, the housing needs of the jurisdiction's residents and the locations of the areas of greatest need. Such information will ensure that the unit of local government successfully develops and implements a comprehensive and effective plan to stimulate a market recovery.

- **Acquisition and Disposition Strategy**

Units of local government should develop a clear strategy for the acquisition and disposition of properties. The strategy should specify which properties will be acquired, held, rehabilitated and sold; the appropriate financing mechanisms for purchasing properties; the timeframe for holding acquired properties; and the projected selling price for each property, including available affordability gap assistance for home buyers.

- **Code Enforcement Strategy**

Units of local government should develop proactive, regulatory strategies to minimize neighborhood destabilization. Nuisance abatement strategies should include the necessary legal tools to enforce code compliance, up to and including demolition. The use of a housing or environmental court can be a strong tool for ensuring maintenance of properties, including vacant properties. The use of a land bank and the creation of a central maintenance system with standardized property maintenance protocols can also be effective tools.

- **Demolition Strategy**

Units of local government should develop a demolition strategy for vacant properties. The strategy should identify vacant properties in specific neighborhoods to be demolished in order to eliminate nuisances, especially properties that threaten to further deteriorate that neighborhood; consider historic preservation; and include a deconstruction plan to reuse and recycle building materials.

- **Rehabilitation Strategy and Experience**

Neighborhood-based nonprofit or community housing development organizations (CHDO) can be valuable assets to units of local government attempting to stabilize neighborhoods. Such organizations employ staff with the specification writing experience needed to appropriately analyze the conditions of a housing unit and determine if the projected sales price will cover the acquisition and rehabilitation expenses. Nonprofit/CHDO organizations with adequate capacity can facilitate acquisition and rehabilitation of properties and are familiar with the housing inventory in defined geographic areas. In addition, units of local government should incorporate energy efficiency (green principles) into rehabilitation strategies and use renewable energy technologies, when possible.

- Rental Strategy

Units of local government should develop and implement a rental housing strategy. Rehabilitation of vacant and abandoned residential rental properties and demolition of properties for redevelopment into affordable rental housing for households with incomes at or below 50 percent of the area median income are critical actions to ensuring an adequate local housing supply.

- Leveraging Strategy

Units of local government should form partnerships with public, private and nonprofit entities to leverage additional financial resources. To leverage additional funds, units of local government should consider providing rehabilitation assistance to homeowners living in the targeted area. Such a program will stabilize the neighborhood by encouraging area homeowners to take pride in their properties and to further improve their investments.

- Neighborhood Development Task Force Strategy

Units of local government should develop a neighborhood development task force. The task force, composed of representatives from departments and offices within the unit of local government, should coordinate efforts to develop and implement a neighborhood safety strategy. Such a strategy will provide residents in the targeted area with a level of comfort and encourage neighborhood stabilization.

Questions regarding the Ohio NSP should be directed to ODOD's Office of Housing and Community Partnerships by telephone at (614) 466-2285 or by e-mail at [ohcp@development.ohio.gov](mailto:ohcp@development.ohio.gov).