

ORDINANCE NO. 2019-91

AN ORDINANCE AUTHORIZING THE CITY MANAGER, OR HIS DESIGNEE, TO APPROVE THE PROPOSED UPDATED MEMORANDUM OF UNDERSTANDING AND ADDENDUM TO THE 2009 NEIGHBORHOOD STABILIZATION GRANT (NSP) SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF KENT AND PORTAGE COUNTY TO UTILIZE THE PROGRAM INCOME FOR A CDBG ELIGIBLE PROJECT; AND DECLARING AN EMERGENCY.

WHEREAS, the City has entered into a Subrecipient Agreement with Portage County for the receipt of Neighborhood Stabilization Program (NSP) funds made available to the City as part of a regional grant designated by the State of Ohio Department of Development to be used to address the problem of vacant and blighted residential properties; and

WHEREAS, the City of Kent generated \$138,706.83 in NSP program income through the implementation of two (2) of its projects and has been maintaining those funds in a separate bank account awaiting guidance from the U.S. Department of Housing & Urban Development (HUD) and the Ohio Development Services Agency (ODSA) regarding the expenditure of those funds; and

WHEREAS, in 2018 the City has received confirmation from HUD and ODSA that the NSP program income could be utilized on a CDBG eligible project; and

WHEREAS, an updated MOU AND Addendum to the Subrecipient Agreement will need to be approved in order to utilize the program income for a CDBG eligible project.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kent, Portage County, Ohio, at least three-fourths (3/4) of all members elected thereto concurring:

SECTION 1. That the City Manager, or his designee, authorizes the proposed updated Memorandum of Understanding and Addendum to the Subrecipient Agreement for 2009 NSP funds be renewed and the funds used for a CDBG eligible project in substantial compliance with the terms of Exhibit "A", attached hereto.

SECTION 2. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council and that all deliberations of this Council, and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements of Section 121.22 of the Ohio Revised Code.

SECTION 3. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the residents of this City, for which reason and other reasons manifest to this Council, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force immediately after passage.

PASSED: August 21, 2019
Date

Fiala
Jerry T. Fiala
Mayor and President of Council

EFFECTIVE: August 21, 2019
Date

ATTEST: Dawn Bishop
Dawn Bishop
Interim Clerk of Council

I, DAWN BISHOP, INTERIM CLERK OF COUNCIL FOR THE CITY OF KENT, COUNTY OF PORTAGE, AND STATE OF OHIO, AND IN WHOSE CUSTODY THE ORIGINAL FILES AND RECORDS OF SAID COUNCIL ARE REQUIRED TO BE KEPT BY THE LAWS OF THE STATE OF OHIO, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF *ORDINANCE* No. _____, ADOPTED BY THE COUNCIL OF THE CITY OF KENT ON _____, 20____.

DAWN BISHOP
INTERIM CLERK OF COUNCIL
(SEAL)



CITY OF KENT, OHIO

DEPARTMENT OF COMMUNITY DEVELOPMENT

DATE: July 30, 2019

TO: Dave Ruller, City Manager

FROM: Bridget Susel, Community Development Director *BS*

RE: Updated NSP MOU and Amendment to Subrecipient Agreement

The City of Kent received Neighborhood Stabilization Grant (NSP) funding in 2009 as part of a regional allocation that included the City of Ravenna and Portage County. The City of Kent generated \$138,706.83 in NSP program income through the implementation of two of its projects and has been maintaining those funds in a separate bank account awaiting guidance from the U.S. Department of Housing & Urban Development (HUD) and the Ohio Development Services Agency (ODSA) regarding the expenditure of those funds.

The Community Development Department staff received confirmation from HUD and ODSA in 2018 that the NSP program income could be utilized locally on a CDBG eligible project. The Cities of Kent and Ravenna were designated as "Subrecipients" and Portage County was designated as the "Grantee" under the terms of the original MOU and as such, an updated MOU with Portage County and an addendum to the original NSP Subrecipient Agreement are needed in order to utilize the program income for a CDBG eligible project.

Attached is an explanatory letter to the Portage County Commissioners and draft versions of the proposed updated MOU and addendum. I am respectfully requesting time at the August 7, 2019 Council Committee session to discuss this matter in greater detail and to request Council authorization, with emergency, to enter into the updated MOU and execute the addendum to allow for the timely expenditure of the NSP program income.

Please let me know if you require any additional information in order to add this item to the August 7, 2019 agenda. Thank you.

Cc: Hope Jones, Law Director
Dawn Bishop, Interim Clerk of Council
Dan Morganti, Grants & Neighborhood Programs Coordinator

Attachments

930 Overholt Rd., Kent, Ohio 44240 • (330) 678-8108 fax (330) 678-8030 •
www.KentOhio.org



CITY OF KENT, OHIO

DEPARTMENT OF COMMUNITY DEVELOPMENT

July 8, 2019

Portage County Board of Commissioners
449 South Meridian Street
Administration Building, 7th Floor
Ravenna, Ohio 44266

Dear Board of Commissioners:

In 2009, Portage County and the Cities of Kent and Ravenna were designated by the State of Ohio Development Services Agency (ODSA)* as a "defined region" for purposes of allocating a Neighborhood Stabilization Program (NSP) grant award of \$1,253,137 to the three (3) government entities. The ODSA designated the NSP funding for residential demolition and new construction initiatives throughout the County. The State received the original grant funds from the U.S. Department of Housing & Urban Development (HUD) as part of the funding made available under the Housing and Economic Recovery Act (HERA) of 2008 to address the high number of residential homes left vacant and abandoned as a result of the subprime mortgage foreclosure crisis of 2008.

The NSP grant funding agreement with the State of Ohio identified Portage County as the "Grantee" and the Cities of Kent and Ravenna as "Subrecipients" for purposes of administering the grant (see attachments A & B). Portage County and the City of Ravenna utilized their respective grant fund allocations for demolition activities only, while the City of Kent applied its funding to demolition and the construction of two new residential single-family structures. The City of Kent sold both new homes to NSP income-eligible households, which generated \$138,706.83 in NSP program income.

The City of Kent is categorized as a Grantee under the federal Community Development Block Grant (CDBG) program and as such, it receives funding directly from HUD on an annual basis. As a HUD Grantee, the City locally controls any program income that may be generated through a CDBG project and can utilize those funds for other eligible projects. The NSP funding received by the County and the Cities of Kent and Ravenna actually was categorized by Congress and HUD as a type of CDBG funding, but the model NSP agreement, provided by ODSA and utilized by Portage County and the Cities of Kent and Ravenna, did not address the matter of program income.

After the City of Kent sold the two (2) new single-family dwellings, it locally controlled the generated program income while the Ohio HUD field office and ODSA waited for a final ruling from HUD headquarters as to how to address NSP program income received by a community that was a direct entitlement recipient of CDBG funds, but which acted as a Subrecipient in a defined region for purposes of the NSP program.

The City received confirmation from HUD and ODSA in 2018 that the City of Kent could move forward with applying the NSP program income to a CDBG eligible project. The City is proposing to apply the available NSP program income to a 2018 CDBG funded project that will enable Family & Community Services to complete necessary renovations and upgrades to six (6) units at the Kentway Apartments on Summit Street, which provides rental housing options for low-to-moderate income seniors.

I am respectfully requesting time to meet with you to discuss this matter in greater detail and request authorization from the Portage County Commissioners to enter into an agreement granting the City of Kent the authority to maintain the NSP program income, plus accrued interest, and commit the available funds to the CDBG eligible project as described above.

If you have any questions or need additional information in order to add this to your agenda, please contact me at 330-678-8108 or SuselB@kent-ohio.org.

Thank you for your consideration of this request. I look forward to meeting with you soon.

Sincerely,



Bridget Susel
Community Development Director

* Ohio Development Services Agency was known as the Ohio Department of Development (ODOD) at the time of NSP grant award

Attachments

MEMORANDUM OF UNDERSTANDING (MOU)

Between
Portage County
And
City of Kent

A. Introduction

Pursuant to Public Law 110-289, Title III of Division B of the Housing and Economic Recovery Act (HERA), enacted on July 30, 2008, the State of Ohio received funding in 2009 through the Neighborhood Stabilization Program (NSP). The Ohio Department Services Agency (ODSA), formerly known as the Ohio Department of Development (ODOD), was responsible for administering a portion of the funds, which were allocated through a State program to local communities. ODSA designated Portage County, the City of Ravenna, and the City of Kent as a "defined region" and allocated a total of \$1,253,137 in NSP funding for the region. Portage County was designated as the "Grantee" and the Cities of Ravenna and Kent were designated as "Subrecipients." All of the NSP grant funding was expended within the identified grant period and in accordance with the ODSA requirements delineated in the NSP Subrecipient agreements.

B. Scope and Purpose of the MOU

All three local communities expended funding on eligible demolition activities. The City of Kent also utilized a portion of its grant allocation on the NSP activity known as "residential development," which upon completion, generated \$138,706.83 in NSP program income. The City of Kent has retained the NSP program income in a separate savings account at a local bank in anticipation of the issuance of a ruling from the U.S. Department of Housing & Urban Development (HUD) and the ODSA regarding the requirements for the expenditure of the NSP program income. HUD and the ODSA notified the City of Kent in 2018 the NSP program income, plus any accrued interest, can be expended by the City of Kent, as a Community Development Block Grant (CDBG) entitlement community, on a CDBG eligible activity in the City that will benefit low-to-moderate income persons.

C. Terms of the MOU

Portage County and the City of Kent hereby agree as follows:

Portage County was designated as the "Grantee" and the City of Kent was designated as one of two "Subrecipients" under the NSP program.

HUD and ODSA have categorized NSP funding, and any program income generated through implementation of an NSP project, as CDBG funding.

The City of Kent, operating in its capacity as a NSP Subrecipient, is granted authorization by Portage County, operating in its capacity as NSP Grantee, to commit all of the available NSP program income, plus accrued interest, to a City of Kent 2018 CDBG funded project.

D. Period of MOU

Portage County and the City of Kent hereby agree that this MOU will remain in effect until all NSP program income, plus accrued interest, is expended, and all HUD and ODSA reporting requirements associated with the NSP program income have been submitted and approved by the appropriate authority.

E. Modification of the MOU

This MOU may be modified or amended by written agreement of Portage County and the City of Kent. A request for an amendment to the MOU may be initiated by either community through written notification to the other community.

Now therefore, Portage County and the City of Kent do hereby agree to the aforementioned terms of this MOU as of _____, as evidenced by the following signatures:

By:

Vicki A. Kline, President,
Portage County Board of Commissioners

Approved as to Form:

Print Name & Title
Portage County Prosecutor

By:

Dave Ruller, City Manager,
City of Kent

Approved as to Form:

Hope Jones, Law Director,
City of Kent

NEIGHBORHOOD STABILIZATION PROGRAM GRANT
SUBRECIPIENT AGREEMENT AMENDMENT

BETWEEN

Portage County
AND
City of Kent

THIS AMENDMENT is entered into effective the _____ day of _____, 2019 by and between Portage County (herein called the "Grantee") and the City of Kent (herein called "Subrecipient") to undertake the Community Development Block Grant ("CDBG") Neighborhood Stabilization Program ("NSP") as approved by the State of Ohio Development Services Agency ("Development").

WHEREAS, Grantee, in conjunction with the Subrecipient, applied for and was awarded funds from Development under the Housing and Economic Recovery Act of 2008 through the NSP; and

WHEREAS, Grantee and Subrecipient entered into an AGREEMENT dated July 28th, 2009 to set forth the responsibilities and obligations of each in undertaking the NSP and in utilizing such funds;

WHEREAS, said AGREEMENT did not address the use of any program income generated by NSP activities;

NOW, THEREFORE, it is agreed between the parties hereto that the following clause be added to the Subrecipient Agreement to address the use of program income:

IV. A. All program income received from NSP activities shall be retained by the Subrecipient. The Subrecipient shall maintain, transfer and expend program income subject to the requirements set forth in the CDBG regulations.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement on the last day and year set forth below.

SUBRECIPIENT:

City of Kent

By: _____

Name: _____

Title: _____

Date: _____

GRANTEE:

Portage County

By: _____

Name: _____

Title: _____

Date: _____

Approved as to form:

Hope Jones, Law Director,
City of Kent

Approved as to form:

Assistant Prosecutor,
Portage County

DRAFT