

City of Hamilton, Ohio
Neighborhood Stabilization Program
Substantial Amendment

A. AREAS OF GREATEST NEEDS

As indicated by the U.S. Department of Housing and Urban Development (HUD) as well as local statistical and anecdotal information, the City has seen a dramatic increase in foreclosures in the last eighteen- (18) months. Additionally, due to the aging population demographic, the City has experienced a rise in vacant and abandoned housing.

- HUD has indicated through its NSP allocation process a foreclosure rate of 8.4% for the City.
- HUD has indicated the City has a “high” rate of residential abandonment.
- Butler County Clerk of Courts indicated 932 Foreclosures were filed for properties in the City of Hamilton from January 1, 2007 through September 30, 2008.
- These foreclosure filings had remedies valued at \$53,885,675.
- Butler County has indicated approximately 60% of Sheriff’s sales for city property are to financial institutions.
- Local Housing Counseling agencies indicated that over 163 City of Hamilton residential homeowners have sought foreclosure assistance over this time period.

The City in its Consolidated Plan (2007 through 2011), hereby referenced and attached, has identified nine- (9) neighborhoods with concentrated very low-, low- and moderate- income residents. These same areas have received Risk Factor scores by HUD of either 8 or 10.

Table 1

Area/Census Tract	% of low and moderate income	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	82.7%	10
North Jefferson (Part CT 04)	85.6%	10
German Village (Part CT 07.01 & 07.02)	71.6%	8
Second Ward (Part CT 03)	77.6	10
North Dayton Lane (Part CT 06)	70.8%	10
Hanover-Walnut	72.5%	10
Jefferson (Part CT 04)	85.6%	10
North End (Part CT 06)	75.2%	10
Bonnacker-Lincoln (Part CT 04)	88.3%	10

As indicated, these are some of the consistent neighborhoods that have been focused upon with the use of federal entitlement resources in the past. The following additional neighborhoods have a Risk Factor of "9" and "10" by HUD as well.

Table 2

Area/Census Tract	% of very low, low and moderate income	HUD Risk Factor
East Hamilton (Part CT 09)	62.9%	10
Lindenwald (Part CT 01)	83.8%	10
Rossville (Part CT 11)	67.0%	10
Starr Hill (Part CT 08)	71.2%	10
West Side (Part CT 09)	62.9%	10
Lindenwald-Central (Part CT 02)	65.2%	9
Twinbrook/Timberhill (Part CT 12)	Below 51%	9

Additionally, the City's Fairway Hills area (CT 13) has received a risk factor of "8" by HUD.

The City will concentrate its efforts not only in the very low, low and moderate income neighborhoods, as indicated in the Consolidated Plan, but also those areas with HUD Risk Factors of 9 and 10. There will also be consideration for areas with a HUD Risk Factor of 8.

B. DISTRIBUTION AND USES OF FUNDS

The City will use its funds for the following eligible Neighborhood Stabilization Program (NSP) activities. As indicated these activities will be concentrated in the areas of greatest need including those with high percentage of foreclosures, housing financed by subprime and those likely to be foreclosed upon. Additionally, the City will not only use the referenced three- (3) criteria but will also consider the impact and the ways distribution can impact the neighborhood as a whole. Additionally, the City will use the expanded definition of low-, moderate- and middle- income for participation in eligible activities. The City will also make sure at least 25% of the funds and their associated activities benefit residents that are at or below 50% of AMI.

I. Acquisition - \$ 400,000 (17.0%)

The City will acquire foreclosed, vacant and abandoned properties from financial institutions to stabilize neighborhoods. The purchase will be at a discount from the current market-appraised value of the property. The City anticipates acquiring at minimum eight- (8) properties. The City will acquire foreclosed upon property at a 5% to 15% discount of Current Market Value (CMV) in accordance with applicable rules and regulations. Acquisition will follow criteria established by City Council and in accordance all applicable federal rules and regulations including NSP.

II. Clearance/Demolition - \$ 450,000 (19.0%)

The City will use funds to remove and clear blighted properties and structures to stabilize City neighborhoods. Additionally, the City will use funds to clear foreclosed upon acquired housing units meeting the definition of blight. The city anticipates at a minimum that fifteen- (15) blighted residential and three- (3) commercial properties will be cleared. Clearance activities will meet local requirements, procedures and definitions as well as all federal rules and regulations.

III. Housing – Rehabilitation/Reconstruction and New Construction - \$ 759,000 (32.5%)

The City will use funds to rehabilitate or reconstruct existing foreclosed upon housing to bring to standard condition. The City will consider new construction activities on vacant or cleared foreclosed upon properties. The City anticipates at a minimum eight units of housing will be rehabilitated, reconstructed or constructed. The City will also use funds to counsel individuals that may be purchasing, renting or leasing to own rehabilitated, reconstructed or constructed foreclosed upon properties. The City will follow its Housing Rehabilitation standard. This activity will meet all local, state and federal procedures, rules, regulations and guidelines.

IV. Housing – Funding Mechanisms for Purchase - \$430,000 (18.0%)

The City will use funds to create mechanisms for eligible clients to purchase, rent or lease to own former foreclosed properties that are at standard condition, rehabilitated, reconstructed or newly constructed. The form of assistance includes down payment as well as other eligible financing mechanisms. The City estimates that at minimum approximately \$250,000 of these funds will be used to assist households at or below 50% AMI. The remaining funds will be used to assist those with incomes between 50% and 120% AMI. The City will follow all applicable local, state and federal procedures, rules, regulations and guidelines. The City will dispose of any property acquired, rehabbed, reconstructed or constructed at or below cost (including holding costs) not to exceed Current Market Value (CMV).

V. Public Facilities/Improvements - \$ 131,000 (5.5%)

The City will use funds to make improvements to public facilities and infrastructure that will foster, stabilize and complement NSP activities. The city will follow all applicable local, state and federal procedures, rules, regulations and guidelines.

VI. Administration - \$ 215,315 (9.0%)

The City will use funds to administer these activities. The City will follow all applicable local, state and federal procedures, rules, regulations and guidelines.

C. DEFINITIONS AND DESCRIPTIONS

Blighted Structures

The City of Hamilton has enacted Ordinance 7714 – Section 1701.01 as a “Finding of Fact” for defining and declaring blight.

1701.01 FINDING OF FACT

It is hereby found and declared that there exists in the City structures used for human habitation, which are, or may become in the future, substandard with respect to structure, equipment or maintenance, and further that such conditions, together with inadequate provision for light and air, insufficient protection against fire hazards, lack of proper heating, insanitary conditions and overcrowding, constitute a menace to the health, safety, morals, welfare and reasonable comfort of its citizens. It is further found and declared that the existence of such conditions, factors or characteristics will, if not remedied, create slum and blighted areas requiring large scale clearance, and further that in the absence of corrective measures, such areas will experience a deterioration of social values, a curtailment of investment and tax revenue, and an impairment of economic values. It is further found and declared that the establishment and maintenance of minimum housing standards are essential to the prevention blight and decay, and the safeguarding of public health, safety, morals and welfare.

Affordable Rents

The City of Hamilton for the Neighborhood Stabilization Program will define affordable rent as 30% of the household adjusted income, less utility allowances. The City will continue to use CHAS data in its Consolidated Plan, hereby incorporated, to determine whether clients will be “cost burdened.” Rents will continue not to exceed those found in 24 CFR 92.252 Rental Housing as published by the U.S. Department of Housing Urban Development.

Continued Affordability

Continued affordability will be ensured for the entire period of affordability through monitoring by the Neighborhood Development Division staff and contracted non-profit agencies and following the specific HOME requirements as defined in 24 CFR Part 92.252 and 254.

Housing Rehabilitation Standards

The City will use its existing Housing Rehabilitation Standards as well as meeting Ohio Revised Building Code. This is consistent with the City's current housing rehabilitation, emergency/minor home repair program and new construction.

D. LOW INCOME TARGETING

The City will target at least \$625,000 (approximately 26%) of the Housing Rehabilitation/Reconstruction/Construction and Funding Mechanism activities to benefit those at or below 50% of Area Median Income (AMI).

E. ACQUISITIONS AND RELOCATIONS

The City will seek only to acquire vacant properties. Therefore, the City does not seek to convert any low- or moderate- income housing units during the NSP.

The City will make available 100% of all created, rehabbed or reconstructed units to low-, moderate- or middle- income households (below 120% AMI). It is anticipated that at minimum 25% of units will be for households at or below 50% of Area Median Income (AMI).

The City will acquire foreclosed upon property at 5% to 15% discount of Current Market Value (CMV) in accordance with applicable rules and regulations.

The City will seek to establish a minimum of 25% of all NSP units for households that are at or below 50% AMI.

F. PUBLIC COMMENT

Citizens Comments

November 10, 2008

The Neighborhood Stabilization Program (NSP) Substantial Amendment to the City of Hamilton's Consolidated Plan (2007 through 2011) and FY 2008 Action Plan was published in the Journal News and posted on the City of Hamilton's website for public review and comment from October 24, 2008 through November 8, 2008. **This office received no written comments during this comment period.**

A Public Hearing was held during the City Council meeting on November 6, 2008. An overview of the "Draft" Substantial Amendment was presented by Eugene F. Scharf, Neighborhood Development Division (NDD) Administrator. There were three (3) citizens who addressed council with comments. Mr. Scharf addressed their questions and concerns. Motion made and seconded that the Public Hearing be closed.

G. NSP INFORMATION BY ACTIVITY

ACTIVITY SHEET

(1) Activity Name: **Acquisition of Foreclosed and Abandoned Properties (NSP 1)**

(2) Activity Type: Acquisition of Real Property - CDBG 24 CFR 570.201(a)

(3) National Objective: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income as determined by HUD (LMMH).

(4) Projected Start Date: February 1, 2009

(5) Projected End Date: July 31, 2013

(6) Responsible Organization: City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.

(7) Location Description: Citywide with priority given to the following neighborhoods:

Area/Census Tract (reference Tables 1 and 2)	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	10
North Jefferson (Part CT 04)	10
Second Ward (Part CT 03)	10
North Dayton Lane (Part CT 06)	10
Hanover-Walnut (CT 3 and 4)	10
Jefferson (Part CT 04)	10
North End (Part CT 06)	10
Bonnacker-Lincoln (Part CT 04)	10
East Hamilton (Part CT 09)	10
Lindenwald (Part CT 01)	10
Rossville (Part CT 11)	10
Starr Hill (Part CT 08)	10
West Side (Part CT 09)	10
Twinbrook/Timberhill (Part CT 12)	9
German Village (Part CT 07.01 & 07.02)	8
Fairway Hills (CT 13)	8

(8) Activity Description:

Acquire foreclosed, vacant and abandoned residential properties from financial institutions to stabilize neighborhoods. The purchase will be at a discount from the current market-apprised value of the home or property. Discounts shall ensure that purchasers are paying below-market value for the home or property. Initial acquisition by the City will average at least 15% below a current appraised value.

(9) Total Budget: \$400,000.00

(10) 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):

The performance measurement outcomes will be measured by the number of affordable housing units made available. The City anticipates acquiring at a minimum eight- (8) foreclosed properties. After evaluation, the City anticipates marketing these properties to households at or below 120% AMI.

ACTIVITY SHEET

(1) Activity Name: **Clearance and Demolition of blighted structures (NSP 2)**

(2) Activity Type: Clearance and Demolition – CDBG 24 CFR 570.201(d)

(3) National Objective: Slums/ Blight area benefit as defined in the NSP Notice. Benefiting all the residents of a primarily residential area in which at least 51% of the residents have incomes at or below 120% of area median income (LMMA).

(4) Projected Start Date: February 1, 2009

(5) Projected End Date: July 31, 2013

(6) Responsible Organization City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.

(7) Location Description: Citywide with priority given to the following neighborhoods:

Area/Census Tract (reference Tables 1 and 2)	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	10
North Jefferson (Part CT 04)	10
Second Ward (Part CT 03)	10
North Dayton Lane (Part CT 06)	10
Hanover-Walnut (CT 3 and 4)	10
Jefferson (Part CT 04)	10
North End (Part CT 06)	10
Bonnacker-Lincoln (Part CT 04)	10
East Hamilton (Part CT 09)	10
Lindenwald (Part CT 01)	10
Rossville (Part CT 11)	10
Starr Hill (Part CT 08)	10
West Side (Part CT 09)	10
Twinbrook/Timberhill (Part CT 12)	9
German Village (Part CT 07.01 & 07.02)	8
Fairway Hills (CT 13)	8

(8) Activity Description:

Demolition and clearance of vacant dilapidated residential and commercial structures that have been determined to have a blighted effect and foreclosed and/or abandoned single family properties that would require more funds to rehabilitate than to demolish and reconstruct in order to stabilize and improve targeted neighborhoods. An undetermined amount of funds may be used for this activity to meet the low income housing requirement for those below 50% of area median income.

(9) Total Budget: \$450,000.00

(10) 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 anticipated that fifteen- (15) blighted residential housing units will be cleared and removed. The City estimates three- (3) blighted commercial units will be removed. No projection has been made on the income level of those to be served; it is anticipated the outlined parameters on beneficiaries will be met.

(11) Specific Activity Requirements:

The discount rate will be ranging from a minimum of 5% to a maximum of 15% of Current Market Value (CMV).

ACTIVITY SHEET

(1) Activity Name: **Rehabilitation/Reconstruction and New construction (NSP 3)**

(2) Activity Type: Rehab - CDBG 24 CFR 570.202, and Construction of Housing 570.201(m)

(3) National Objective: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income as determined by HUD (LMMH).

(4) Projected Start Date: February 1, 2009

(5) Projected End Date: July 31, 2013

(6) Responsible Organization: City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.

(7) Location Description: Citywide with priority given to the following neighborhoods:

Area/Census Tract (reference Tables 1 and 2)	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	10
North Jefferson (Part CT 04)	10
Second Ward (Part CT 03)	10
North Dayton Lane (Part CT 06)	10
Hanover-Walnut (CT 3 and 4)	10
Jefferson (Part CT 04)	10
North End (Part CT 06)	10
Bonnacker-Lincoln (Part CT 04)	10
East Hamilton (Part CT 09)	10
Lindenwald (Part CT 01)	10
Rossville (Part CT 11)	10
Starr Hill (Part CT 08)	10
West Side (Part CT 09)	10
Twinbrook/Timberhill (Part CT 12)	9
German Village (Part CT 07.01 & 07.02)	8
Fairway Hills (CT 13)	8

(8) Activity Description:

Rehabilitate and reconstruct acquired foreclosed and abandoned residential properties to bring to standard and marketable condition. In the event of that rehabilitation or reconstruction is financially infeasible, new construction, in compliance with NSP, will be used. As a component of this activity, each homebuyer will receive and complete at least eight hours of homebuyer counseling from a HUD-approved counseling agency before obtaining a mortgage loan.

The City anticipates 75% of the funds will focus on creating owner occupied housing. The remaining 25% of the funds focus on "rent-to-own" activities; rental before conversion to home ownership will be a maximum of thirty- (30) months. The City of Hamilton plans to use the affordability guidelines from the HOME program. The City of Hamilton uses the "recapture" method.

(9) Total Budget: \$759,000.00

(10) 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):

The performance measurement outcomes will be measured by the number of affordable housing units made available. The City anticipates at minimum to be able rehabilitate, reconstruct or construct six- (6) units of owner-occupied units and two- (2) units of "rent-to-own" housing units. It is anticipated that \$375,000.00 of the funds will be made available to families earning up to 50% AMI through this activity.

ACTIVITY SHEET

- (1) Activity Name: **Funding Mechanism for Purchase (NSP 4)**
- (2) Activity Type: Direct Homeownership Assistance - CDBG 24 CFR 570.201(n)
- (3) National Objective: Serving a limited clientele whose incomes are at or below 120% of area median income as determined by HUD (LMMC).
- (4) Projected Start Date: February 1, 2009
- (5) Projected End Date: July 31, 2013
- (6) Responsible Organization: City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.
- (7) Location Description: Citywide with priority given to the following neighborhoods:

Area/Census Tract (reference Tables 1 and 2)	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	10
North Jefferson (Part CT 04)	10
Second Ward (Part CT 03)	10
North Dayton Lane (Part CT 06)	10
Hanover-Walnut (CT 3 and 4)	10
Jefferson (Part CT 04)	10
North End (Part CT 06)	10
Bonnacker-Lincoln (Part CT 04)	10
East Hamilton (Part CT 09)	10
Lindenwald (Part CT 01)	10
Rossville (Part CT 11)	10
Starr Hill (Part CT 08)	10
West Side (Part CT 09)	10
Twinbrook/Timberhill (Part CT 12)	9
German Village (Part CT 07.01 & 07.02)	8
Fairway Hills (CT 13)	8

(8) Activity Description:

The City will provide resources to finance those wishing to purchase or rehabilitate, reconstructed or newly constructed housing on foreclosed upon property. The form of assistance includes down payment assistance as well as other eligible financing mechanisms.

(9) Total Budget: \$430,000.00

(10) 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):

The city estimates approximately \$ 250,000 will be used to assist households at or below 50% AMI. The remaining funds will be used to assist those with AMI's of more than 50% but less than 120%. The City estimates that at least eight- (8) households will be assisted.

(11) Specific Activity Requirements:

A deed restriction on the property for a period consistent with the affordability period as required by the HOME program.

ACTIVITY SHEET

- (1) Activity Name: **Public Facilities/Improvements (NSP 5)**
- (2) Activity Type: Street Improvements – CDBG 24 CFR570.201(c)
- (3) National Objective: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income as determined by HUD (LMMH).
- (4) Projected Start Date: February 1, 2009
- (5) Projected End Date: July 31, 2013
- (6) Responsible Organization: City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.
- (7) Location Description: Citywide with priority given to the following neighborhoods:

Area/Census Tract (reference Tables 1 and 2)	HUD Risk Factor
Wilson-Symmes Park (Part CT 03)	10
North Jefferson (Part CT 04)	10
Second Ward (Part CT 03)	10
North Dayton Lane (Part CT 06)	10
Hanover-Walnut (CT 3 and 4)	10
Jefferson (Part CT 04)	10
North End (Part CT 06)	10
Bonnacker-Lincoln (Part CT 04)	10
East Hamilton (Part CT 09)	10
Lindenwald (Part CT 01)	10
Rossville (Part CT 11)	10
Star Hill (Part CT 08)	10
West Side (Part CT 09)	10
Twinbrook/Timberhill (Part CT 12)	9
German Village (Part CT 07.01 & 07.02)	8
Fairway Hills (CT 13)	8

(8) Activity Description:

In connection with the redevelopment of demolished or vacant properties, funds will be used for infrastructure improvements to affordable housing units made available to families earning up to 120% AMI that will foster, stabilize and complement NSP eligible activities.

(9) Total Budget: \$131,000.00

(10) 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)

The performance measurement outcomes will be measured by the number of affordable housing units made available. The City anticipates providing public infrastructure or improvement that will impact at least six- (6) NSP eligible activities.

(11) Specific Activity Requirements:

The range of interest rates will range from 0% to 8%.

ACTIVITY SHEET

- (1) Activity Name: **Administration/Planning (NSP 6)**
- (2) Activity Type: General Program Administration (subject to 10% cap) – CDBG 24 CFR 570.206
- (3) National Objective: Administration is exempt from meeting a national objective
- (4) Projected Start Date: February 1, 2009
- (5) Projected End Date: July 31, 2013
- (6) Responsible Organization: City of Hamilton, 345 High Street, Hamilton, OH 45011. Administrator: Eugene F. Scharf, 513-785-7020, scharfe@ci.hamilton.oh.us.
- (7) Location Description: City Wide
- (8) Activity Description:
 - Administration cost related to NSP activities
- (9) Total Budget: \$215,315.00 (9% of the total grant allocation)
- (10) Performance Measures: NA

APPENDIX I:
NEIGHBORHOOD STABILIZATION PROGRAM
BUDGET

Exhibit III	
FY 2008-2009 Neighborhood Stabilization Program – Sources of Funds	
Sources	Amount
Neighborhood Stabilization Program Allocation	\$ 2,385,315.00
TOTAL	\$2,385,315.00

Exhibit IIIA

Neighborhood Stabilization Block Grant 2008-2009

Organizations	Proposed Use of Funds	Amount	Priority Needs
Acquisition			
City of Hamilton	Acquisition of Foreclosed and Abandoned Property	\$ 400,000.00	High
Clearance			
City of Hamilton	Clearance and Demolition of Blighted Structures	\$ 450,000.00	High
Housing			
City of Hamilton	Rehab/Reconstruction of Foreclosed/Abandoned Housing	\$ 759,000.00	High
City of Hamilton	Funding Mechanisms for Purchase	\$ 430,000.00	High
Public Facilities/ Improvements			
City of Hamilton	Public Facilities/ Improvements	\$ 131,000.00	High
Administration / Planning			
City of Hamilton	Admin./Planning (9%)	\$ 215,315.00	High
TOTAL		\$2,385,315.00	