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A. SF-424 - Cover Page

B. Program Summary

The Applicant City of Gary, a local unit of government, Department of Community Development in coalition with other city department of Redevelopment Department, Planning Department, Department of Environmental Affairs, Parks Department, local community development corporations, certified housing development organizations, private developers, the Continuum of Care Network of NWI, Gary-East Chicago-Hammond (GECH) Empowerment Zone, Indiana University Northwest, Gary Storm Water Management District, Gary Employment Resource Center, and Workforce Development Services are collaboratively proposing to seek funding to address the devastation posed upon our community as a result of foreclosed and abandoned properties in our community. This Gary Coalition has identified the Central area of Gary, Indiana as the area with the greatest need for this project based on foreclosure and abandonment risk ratings. The geographical boundaries are Interstate 90 to Interstate 80/94 (north to south) and Alabama Street to Taft Street (east to west) an approximately 7 square miles.

The Gary Neighborhood Stabilization Program II goal is to collaboratively devise and implement a cohesive plan of action to stabilize the economic effects of foreclosed and abandoned properties in targets neighborhoods using housing and community development activities, rational land use, and energy conservation. Adhering to the HUD NSP2 principle objectives will provide decent and affordable housing, suitable living environments, and economic opportunities for low- to moderate income households in Gary through sustainable development. Our contiguous redevelopment approach fostered by our local nonprofit developers and private developers incorporates economic development projects with NSP eligible activities of acquisition, demolition, land banking, disposition, new construction, rehabilitation, and green infrastructure and greenspace. The administrative process is inclusive of monitoring and evaluation. (See Process Flow Chart)

Successfully implementing this program will result in 23 energy efficient new construction and 20 energy efficient rehabilitated, affordable homes for low-and moderate income individuals and families with homebuyer financial assistance; two economic development projects to anchor each redevelopment area; employment and/or job training for 949 local residents; the purchase of 75 foreclosed and abandoned properties; demolition of 1,100 blighted structures; increased capacity of local nonprofit developers; reduction of flooding in targeted neighborhood using low impact development and greenspace; transparency and accountability; and a cohesive redevelopment strategy and partnership that works effectively and efficiently for our community. The City of Gary is requesting \$35,000,000 in NSP2 funds leveraged by private investments for economic development projects, \$300,000 in CDBG funds, and supportive services valued at \$35,000,000.

This program will adhere to the program and administrative requires of NSP2 through the statutory and regulatory provisions governing the CDBG program in 24 CFR part 570 subparts A, C, D, J, K, and O.

C. Threshold Requirements:

1. Eligible Applicant: The City of Gary is a local unit of government. See SF-424.
2. NSP2 Funds Requested: The City of Gary is requesting \$35,000,000 in NSP2 funds leveraged by private investments for economic development projects, \$300,000 in CDBG funds, and valued at \$35,000,000.
3. Eligible Use: Eligible Use: **(B)** Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. 24 CFR 570.201(a) Acquisition; (b) Disposition; (i) Relocation; and (n) Direct homeownership assistance (as modified below). 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity). **(C)** Establish land banks for homes and residential properties that have been foreclosed upon 24 CFR 570.201(a) Acquisition and (b) Disposition. **(D)** Demolish blighted structures 24 CFR 570.201(d) Clearance for blighted structures only. **(E)** Redevelop demolished or vacant properties as housing. 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. 24 CFR 570.204 Community based development organizations. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.
4. Income Targeting/Benefit: All funds made available shall be used with respect to individual and families whose income does not exceed 120 percent of area median income for low-, moderate-, and middle-income households. Not less than 25 percent of the funds made available shall be used for the purchase and redevelopment of abandoned and foreclosed homes or residential properties that will be used to house individuals or families whose income do not exceed 50 percent of the area median income of \$61,400 for the Lake County, Indiana. For the purpose of the Gary NSP II project, the proposed activities meet the following **national objectives**:
 - a. *Area Benefit Activities*: Serves an area in which at least 51% of the residents have incomes at or below 120% of area median income (LMMA), and
 - b. *Housing Activities*: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (LMMH)
 - c. *Limited Clientele Activities*: Serving a limited clientele whose incomes are at or below 120% of area median income (LMMC).
5. Citizen Participation. The City of Gary Department of Community Development published a public notification in the legal section of local newspapers to include the Post

Tribune, Times, and Gary Crusader, and on the City's website. Link included: http://www.gary.in.us/NSP2_Grant_Proposal_Draft06.pdf.

6. Definitions:

“Blighted Structure” according to the State of Indiana Code, the Interim Study Committee and Legislative Findings is:

- Any premises that, because of physical condition, use, or occupancy, constitutes a public nuisance or attractive nuisance.
- Any dwelling that, because it is dilapidated, unsanitary, unsafe, or vermin infested or lacks the facilities or equipment required by housing codes, is unfit for human habitation.
- Any structure that is a fire hazard or is otherwise dangerous to the safety of persons or property noted.
- Any structure from which the utilities, plumbing, heating, sewerage, or similar services or facilities have been disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- Any vacant or unimproved land in a predominantly built-up neighborhood that, by reason of neglect or lack of maintenance, has become a place for accumulation of trash and debris or a haven for rodents or other vermin.
- Any property that has tax delinquencies that exceed the value of the property.
- Any property with code violations that affect health or safety that is not substantially rehabilitated within one year after receiving a notice to rehabilitate from the appropriate code enforcement agency.
- Any property that, by reason of environmental contamination, poses a threat to public health or safety.
- Any abandoned property.

IC 36-7-9-4

Unsafe buildings and unsafe premises as described by Indiana Code (IC 36-7-9-4)

Sec. 4. (a) For purposes of this chapter, a building or structure, or any part of a building or structure, that is:

- (1) in an impaired structural condition that makes it unsafe to a person or property;
- (2) a fire hazard;
- (3) a hazard to the public health;
- (4) a public nuisance;
- (5) dangerous to a person or property because of a violation of a statute or ordinance building condition or maintenance; or
- (6) vacant and not maintained in a manner that would allow human habitation, occupancy, or use under the requirements of a statute or an ordinance;

is considered an unsafe building.

(b) For purposes of this chapter:

- (1) an unsafe building; and
- (2) the tract of real property on which the unsafe building is located;

are considered unsafe premises.

(c) For purposes of this chapter, a tract of real property that does not contain a building or

structure, not including land used for production agriculture, is considered an unsafe premises if the tract of real property is:

- (1) a fire hazard;
- (2) a hazard to public health;
- (3) a public nuisance; or
- (4) dangerous to a person or property because of a violation of a statute or an ordinance.

As added by Acts 1981, P.L.309, SEC.28. Amended by P.L.14-1991, SEC.9; P.L.66-2005, SEC.1.

IC 36-7-9-4.5

Legislative findings; vacant or deteriorated structures

Sec. 4.5. (a) In Indiana, especially in urban areas, there exist a large number of unoccupied structures that are not maintained and that constitute a hazard to public health, safety, and welfare.

(b) Vacant structures often become dilapidated because the structures are not maintained and repaired by the owners or persons in control of the structures.

(c) Vacant structures attract children, become harborage for vermin, serve as temporary abodes for vagrants and criminals, and are likely to be damaged by vandals or set ablaze by arsonists.

(d) Unkept grounds surrounding vacant structures invite dumping of garbage, trash, and other debris.

(e) Many vacant structures are situated on narrow city lots and in close proximity to neighboring structures, thereby increasing the risk of conflagration and spread of insect and rodent infestation.

(f) Vacant, deteriorated structures contribute to blight, cause a decrease in property values, and discourage neighbors from making improvements to properties.

(g) Structures that remain boarded up for an extended period of time also exert a blighting influence and contribute to the decline of the neighborhood by decreasing property values, discouraging persons from moving into the neighborhood, and encouraging persons to move out of the neighborhood.

(h) Vacant structures often continue to deteriorate to the point that demolition of the structure is required, thereby decreasing available housing in a community and further contributing to the decline of the neighborhood.

(i) The blighting influence of vacant, deteriorated structures adversely affects the tax revenues of local government.

(j) The general assembly finds that vacant, deteriorated structures create a serious and substantial problem in urban areas and are public nuisances.

(k) In recognition of the problems created in a community by vacant structures, the general assembly finds that vigorous and disciplined action should be taken to ensure the proper maintenance and repair of vacant structures and encourages local governmental bodies to adopt maintenance and repair standards appropriate for the community in accordance with this chapter and other statutes.

As added by P.L.14-1991, SEC.10. Amended by P.L.1-1992, SEC.186.

“Affordable Rents”. For any NSP-funded rental activity, “affordable rents” shall be defined in accordance with 24 CFR Part 92.252 Qualification as affordable Housing, assisted units in rental housing projects must be occupied only by households that are eligible as low-moderate families and must meet the requirements to qualify as affordable housing as defined in HOME-assisted non-owner occupied units in single family housing purchased with HOME funds in accordance with CRF 24 92.254. The affordable rent table is as follows:

Affordable Rent Chart

Area Name: Gary, Indiana/Source U.S. Department of HUD/Home Program Rents 04/2008

Gary, Indiana. HUD Metro FRM Area

<u>Program</u>	<u>Efficiency</u>	<u>1 br.</u>	<u>2 br.</u>	<u>3 br.</u>	<u>4 br.</u>	<u>5br.</u>	<u>6br.</u>
High Home Rent Limit	490	611	745	890	919	1057	1195

II: Rating Factors 1 - 6

A. Factor 1: Need/Extent of the Problem

a. Target geography

Demographics

Gary is the largest city located in Lake County in Northwest Indiana, USA, near the city of Chicago. As of the 2000 census, the city had a total population of 102,746 and is the largest Indiana city that is not a county seat. It borders Lake Michigan and is known for its large steel mills. Gary is home of Indiana University Northwest, a regional campus of the Indiana University system. Gary sits on the southern end of the former lake bed of the prehistoric Lake Chicago.

According to the US Census of 2000, there are 102,746 people, 38,244 households, and 25,623 families residing in the city. The population density is 789.8/km² (2,045.5/mi²). There are 43,630 housing units at an average density of 335.4/km² (868.6/mi²) of which 53% is occupied by homeowners and 47% is rental. The racial makeup of the city is 84.03% Black, 11.92% White, 0.21% Native American, 0.14% Asian, 0.02% Pacific Islander, 1.97% from other races, and 1.71% from two or more races. 4.93% of the population is Hispanic or Latino of any race.

There are 38,244 households out of which 31.2% have children under the age of 18 living with them, 30.2% are married couples living together, 30.9% have a female householder with no husband present, and 33.0% are non-families. 28.9% of all households are made up of individuals and 9.4% have someone living alone who is 65 years of age or older. The average household size is 2.66 and the average family size is 3.28.

Targeted Project Area

Based on natural and transportation boundaries, the City is divided into four areas to include north, northeast, central and south. (Source: City of Gary Comprehensive Plan 2008). The 2008 Consolidated Plan indicates that several Neighborhood Revitalization Strategic Areas (NRSA) were established to enhance regulatory flexibility in the undertaking of certain CDBG funded activities within the strategic areas. Identified NRSAs consist of the Midtown, Horace Mann (Downtown west), and Emerson communities.

For the purpose of this project the Gary Coalition targeted the Central area of Gary. The central area consists of Downtown Gary, one of many of the City’s more established neighborhoods form an east-west band across the City. This targeted area encompasses seven of the City’s 12 neighborhoods; Emerson, Horace Mann, Midtown, Marshalltown, Small Farms, Tolleston, and Downtown Gary. The geographical boundaries as indicated in the attached map, are Interstate 90 to Interstate 80/94 and Alabama Street to Taft Street an approximately 7 square miles. The targeted geography consists of 18 census tracts.

Local Housing Market

Gary has been severely impacted by subprime lending resulting in mortgage foreclosures throughout our neighborhoods with an increase of predatory lending and fair housing complaints. The economic effects of our country banking crises, has drastically impact neighborhoods within the city resulting in vacant, abandoned, and blighted properties and structures. Particularly to the Central geographical area of Gary covering 18 census tracts, the average HUD foreclosure score is 20 and a vacancy score of 19.94 in a range from 1 to 20 with an average foreclosure rate of 31.8% based on (http://www.huduser.org/nspgis/nsp_map_by_state.html), a HUD NSP Data Set website. Further NSP Data shows the Central area of City of Gary has 1,034 estimated foreclosures with an estimated 3,405 number of mortgages with a 30.95% foreclosure rate with a 23.7% vacancy rate.

Gary (Central Area), Lake County, Indiana

Census Track	Mortgage Nearing Foreclosure	% Mortgage Nearing Foreclosure	Vacancy Rate	Total Mortgages In Tracts
18089010202	32	35.3%	23.5%	
18089010203	74	32.4%	12.5%	228
18089010400	185	30.6%	8.1%	603
18089010500	33	29.6%	29.8%	110
18089010600	50	33.4%	23.7%	150
18089010700	22	33.4%	24.1%	65
18089010800	64	32.5%	17.1%	196

18089010900	49	34.7%	24.9%	142
18089011200	164	27.4%	14.3%	600
18089011300	43	33.7%	18.9%	127
18089011400	50	32.7%	36.6%	153
18089011600	61	31.2%	19.2%	197
18089011700	23	28.0%	27.5%	81
18089011800	57	28.4%	22.7%	202
18089011900	35	29.6%	33.2%	119
18089012000	46	31.2%	38.0%	149
18089012100	26	33.3%	38.8%	77
18089012200	40	34.7%	14.5%	116
Total or *Average	1,054	*31.8%	*23.7%	3,405

Employment Needs

NSP data reported an average 6.2% unemployment rate for the Central area of Gary for 2008. For May 2009, Indiana Department of Workforce Development reported 11.6% unemployment rate indicating a 53.4% increase in unemployment in the City of Gary since 2008.

Community information from the City of Gary Comprehensive Plan (2008) reports that Gary, known for its steel industry, has experienced a decline in jobs and population as manufacturing has declined nationwide while suburban Northwest Indiana experience continued growth. Despite the decline in jobs, heavy industry still remains the largest employer in Gary. U.S. Steel is the City’s largest employer with 6,800 employees. Other major employers are Methodist Hospitals (2,600 employees), and Majestic Star Casinos (1,400 employees).

Employment opportunities are gradually increasing due to a recent increase of new small businesses and self employed professionals in the area; baby boomers at retirement; and the employment demand for medical professionals.

The Center of Workforce Innovation reported in January 2008 that the critical occupations for Northwest Indiana’s future have identified three industries that are crucial to the health and wellbeing of the region are healthcare, manufacturing and transportation, distribution, and logistics (TDL)

INDUSTRY	NWI WAGE*	INDIANA WAGE*	NWI % of IND. WAGE*
Source: Bureau of Labor Statistics; STATS Indiana			
Total, ALL INDUSTRIES	\$31,496	\$36,553	86.1%
Health Care & Social Assistance	\$33,823	\$37,018	91.4%
Transportation & Warehousing	\$38,883	\$37,930	102.5%
Manufacturing	\$46,077	\$49,952	92.2%

Research in the field has helped to identify critical occupations that are important within these industries. These occupations share many foundational skills that translate well to other occupations and even other industries. The following critical occupations pay a good wage, have upward mobility within their industry, and require portable skill sets. Some of the occupations require a bachelor's degree or even graduate-level degrees. Others only require short or moderate-term on-the-job training. These occupations pay well and are in demand, but they can also be gateways to higher-level positions, either through additional training or degree programs that compliment work experience.

b. Market conditions and demand factors

Market absorption –

GNIAR currently reports there are 82 homes on the market ranging from \$3,900 to \$99,000 and 33 sold at from \$1,000 to \$25,000 from May 1 through June 29, 2009. The realty tract list 155 homes in foreclosure for the month of May and 564 for Lake County area.

The Economy

Gary has experienced an extended economic decline that began to move upward in 1990. Since then, the City has undertaken a number of projects to spark economic development and revitalization. Two casinos have been constructed along Lake Michigan and the Gary/Chicago International Airport was improved. Future expansion of the airport has been planned to allow additional passenger and freight trips through the facility. The airport was awarded \$6.7 million this year for expansion.

Gary became part of the Gary, Hammond, East Chicago Empowerment Zone, which paved the way for job training, tax credits, and other economic development efforts in designated areas.

In 2002, a minor league baseball stadium was built Downtown at a highly visible location along the Indiana Toll Road. This development project has triggered other development in the central area to include two major restaurants (Bennigan's and Dusties') with banquet facilities, Fresh County Market, among other smaller developments.

The Emerson community is located a few blocks east of Downtown with recent housing of 44 units in a two block radius. In progress is a major rehabilitation of 43 housing units made possible with NSP funds with 86 new jobs.

The Gary Housing Authority also attracted Federal Hope VI grants to redevelop low-income housing developments into new, mixed-income communities. As a result, more residents have relocated to Downtown. A new charter elementary school was built in the same area.

Local CDCs and nonprofit developers have developed over 50 new construction affordable housing units resulting in LMI new homeowners.

In the next 10 to 20 years, baby boomers will enter retirement age increasing the demand for senior housing and geriatrics services in Gary.

In most of the region, including Gary, the median household income, adjusted for inflation, is expected to grow in the next five years. However, this income growth is expected to be slower in Gary compared to the larger region.

Income Characteristics and Cost Burden

Income Characteristics

The city of Gary was recognized as being one of 10 cities in 2005 of having one of the lowest median household incomes of \$25,496 (American Community Survey, 2006). According to the U.S. Census Bureau (2000) the city of Gary had 26,117 individuals living below poverty level, which is 25.8% of the population. The per capita income of Gary was \$14,383 and families who lived below poverty level over 22.2% (U.S. Census Bureau, 2000). The average household size is 2.66.

Cost Burden

Housing Cost Burden is the ratio between payments for housing and reported household income. Based on US Census per capita income for Gary (\$14,383) and HUD affordable rents chart (Gary) for a 1-bedroom unit, the housing cost burdens for an individual is 51 percent. This rating is considered as a severe cost burden since it exceeds 50% of the household gross income. Based on the median household income for Gary (\$25,496) and HUD affordable rents chart for a 3-bed unit, the housing cost burden for a family is 42 percent. This rating is considered as moderate cost burden since the housing cost is less than 50% of the household gross income. (See Housing Cost Burden Chart).

Other decline/Instability factors

The physical appearance of a community is important in maintaining property values, attracting new businesses and residents, and providing a high quality of life. Physical conditions are fair to poor in many areas of Gary. Vacant and abandoned property began after the decline of the industrial revolution and continues today. Such blight fosters criminal activities, slumlordism, predatory lending, tax base reduction, and costly revitalization efforts.

Gary's location on the shores of Lake Michigan and within the watershed of two Great Lakes river basins has created the potential for both groundwater and storm water impacts to residential areas. During the past three years, the city has been declared a disaster area due flooding from storm weather. In addition to problems with flooded streets, basements, and yards, an aging combined sewer system is sometimes filled to over capacity with rain water run-off directed to street drains which contributes to sewer overflows and basement back-ups. The 2008 event left many homeless unable to return to their residents. A special request was made to FEMA to reopen in the program to further assist with families devastated by the effects of Hurricane IKE. Earlier this year, cleanup services were made available to elderly resident. Residence that are

being made uninhabitable by the flooding of September 2008 in the area is demonstrating a growing number and to-date over 350 homes in Gary alone are not safe nor appropriate for inhabitable living (Lakeshore Area Regional Recovery of Indiana [LARRI], (2009).

An Abandoned Property in Indiana report stated that, “The abandonment of property is all too common to municipalities and counties in Indiana. Abandoned structures and lots represent decline, neglect, and devaluation of people and property. They are the visible reminders of the loss of value in the neighborhoods where they sit. (Eugene Lausch, 2006). The vacant and abandoned property in Gary has been ongoing and constantly increasing since the 1970s, which began the decline of the industrial revolution. The U.S. Steel was no longer the only economic engine for employment resulting in a loss of population and began the devastation.

To address abandoned properties Gary adopted the Unsafe Building Law which establishes standards building codes and enforcement.

The Point-in-Time Homeless Count for the City of Gary 2009 demonstrates a need for more permanent solutions to housing than shelters. The Point-in-Time Homeless Count for a three city area of Gary, East Chicago, and Hammond all within a 7 to 13 mile radius of each other had a count of over 750 consumers and Gary contributed close to over 400 of the residents alone. The shelters, day centers, and food pantries are all finding an ever increasing number of homeless individuals including children, many who are the hidden homeless living in over-crowded conditions in unstable housing situations.

Abandoned structures attribute to criminal activities and unsafe havens for homeless people. Over the past three years during the national homeless count, volunteers have found evidences of adults and children residing in these abandoned structures particularly during harsh winter season. The Second Chance program, a drug court program, requires participants to conduct community service to include participation in community clean up initiatives.

The community as a whole are taking action by participating in residential initiated clean ups of blocks, parks, schools, and around businesses.

Identify the NSP activities “most likely to stabilize” the community.

Given the complexity of our community prior to and during this recession, a very aggressive approach to stabilizing Gary’s central area is required for successful outcome. Acquisition, disposition, demolition, rehabilitation, new development, and green infrastructure rank equally important. Our concept is to stop the decline in the most needed area using the land banking process of acquisition and disposition; major rehab properties for resale; clear the areas by demolishing blighted structures; infill area with new housing construction anchored and leveraged by economic development projects; and incorporate green infrastructure and low impact development to reduce flooding while adding beautification to our community.

In May 2009, the Associated Press (AP) conducted analysis identifying Gary as having the area’s emptiest neighborhoods based on U.S. Postal Service and HUD. The Post-Tribune article (May 9, 2009) reported that, “in one section of the city, one of every three houses is vacant. Although federal law makers have designated nearly \$6 billion over the past year for local government

(statewide) to buy and rehabilitate or demolish foreclosed homes, the AP analysis shows it will only make a modest dent in the problem.”

Deferred maintenance is a problem in some parts of the City. Vacant or deteriorating homes are found on some blocks. Most neighborhoods have residential blocks with at least three vacant properties or lot. In recent years, the City has demolished many vacant homes that were in very poor condition to prevent them from being dangerous eyesores in the community. The Department of Redevelopment conducted a physical inventory of properties in the Central area of Gary and reported:

Vacant Structures	1,099
Vacant Lots	2,620
Occupied Structures	<u>6,447</u>
Total	10,266

HUD Data: 1,034 foreclosures in the area.

Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff

The Gary Partnership Initiative for Neighborhood Stabilization

Department of Community Development is a participating jurisdiction (PJ) and responsible for administration of the NSP2 grant.

Department of Redevelopment - City of Gary Department of Redevelopment is charged with the responsibility of clearance, re-planning, rehabilitation, and redevelopment of blighted areas; and providing opportunities for redevelopment by private enterprise. The Department is responsible for the disposition of properties in order to return them to the City's tax roll. In addition, the Department is charged with the responsibility of demolition of unsafe buildings throughout the City.

Local CDCs and CHDOs – there are six local CDCs and CHDOs in the Central area of Gary implementing housing and economic development projects. Collectively these nonprofit developers have brought several economic development projects and housing development projects to include:

CRWorks, Inc., established in 2002, is a 501 (c) (3) not-for-profit certified housing development organization committed to the fight of eradicating homelessness, a social crisis that threatens the well-being of our communities. We do this by offering programs and services such as HEPP(7 units of transitional housing), RUBY Homes (11 of unit of affordable housing) and under development is JADE Homes an affordable green housing project, all encompassed by programs to empower individuals and families to self

sufficient. CRWorks' strength is the ability to bring regional and community leaders together to advocate for better services and program to the entire community.

The Horace Mann Ambridge Improvement Organizations (HMANIO) main focus is to improve the development of housing in the Horace Mann area of the city. HMANIO is the developer of 30 units of affordable housing for new construction, rental and lease to own housing programs.

Grant Street CDC was established as a spinoff of private developer of the Downtown Bennigan's restaurants, a seven-unit business complex on Grant Street, and a housing project with CRWorks. This organization works harmoniously across borders to effectively bring improvement project in the community.

New Beginnings CDC - New Beginnings CDC is a faith based organization and has developed a community center, training school, and commercial unit located at 2460 Broadway. The organization keeps the community engaged by implementing afterschool programs, summer recreational program, and construction job training program for very low income individual receiving township assistance.

St. Timothy CDC - is a faith based CDC located on 24th and Grant Street in the Midtown and Small Farms neighborhoods. This organization has developed an 8 unit condominiums on 23rd and Garfield Streets.

Indiana University Northwest Non-Profit Institute - NPI will assist the Department of Community Development with providing capacity building workshops and one on one technical assistance in the areas of: project management, fiscal management and controls, strategic planning, etc. to the CHDOS selected for this project. The mission of the Indiana University Northwest Non-Profit Institute is to increase capacity and sustainability of non-profits for fund development, service provision, outcome measurements, and impact throughout Lake County, Indiana. Services include: grantwriting and proposal review, program design and implementation, resource development and fundraising, board governance, strategic planning, partnership building, executive director coaching, collaboration administration and experiential learning. NPI is funded in part by Lake Area United Way and is a premier program of the IU Northwest Center for Regional Excellence, which is the gateway for civic engagement for the IU Northwest campus. GRANTS Inc, a non-profit organization with the mission to increase capacity and fundraising skills of organizations serving women, children and persons with disabilities, is CRE's subcontractor responsible for the day to day administration of NPI. NPI will assist the Department of Community Development with providing capacity building workshops and one on one technical assistance in the areas of: project management, fiscal management, and controls, strategic planning, etc. to the CHDOS selected for this project.

Center for Management Development (CMD) will assist the Department of Community Development and its partners with developing and implementing policies and procedures for a Monitoring Plan, which includes transparency. The Center for Management Development is part of the School of Business and Economics at Indiana University Northwest. Part of the mission of the School of Business and Economics is to sustain the vitality and support the economic

development of our region through encouraging our faculty and students to engage the community. The CMD utilizing the expertise of faculty develops and delivers quality, cost effective and customized programs to meet a variety of needs for the business community, government agencies, not for profit organizations in NWI.

Continuum of Care Network of NWI - The Continuum of Care (CoC) facilitates the capacity building for the 60 member service providers, and sits on multiple boards, advisory committees, and committees at the local, regional, and state level. The committee activities are as follows but are not all inclusive (a) Indiana Housing Community and Economic Development (IHCDA)-Homeless Taskforce, HMIS and Data, McKinney Vento Committee, Lake Area United Way Vision Council, County-Wide EFSP, Hammond Mayor's Housing Taskforce, and Michigan City Home Team among others. The Continuum of Care Network provides support for the Consolidated Plan for the Tri-City area as well as support for the Comprehensive Plan and Capers for the Cities of Gary, East Chicago, and Hammond. HUD identifies the fundamental components of comprehensive Continuum of Care system to be: Outreach, intake, and assessment to (1) identify an individual's or family's service and housing needs, and (2) link them to appropriate housing and/or service resource; Emergency shelter and safe, decent alternatives to the streets; Transitional housing with supportive services to help people develop the skills necessary for permanent housing; and Permanent housing and permanent supportive housing.

GECH Empowerment Zone - The Gary, East Chicago, Hammond Empowerment Zone (EZ) is a comprehensive economic and redevelopment initiative funded by the Department of Housing and Urban Development (HUD) and other state and local agencies. The primary goals include: Business development/job creation; Workforce Development; Access to Social Services Programs; Neighborhood Revitalization; and improving the quality of the local community's natural environment. The Objective is to market developable sites, develop commercial/residential area that will be improved through business development, housing initiatives, and skilled and professionally trained workforce. The Empowerment Zone through its designation provides tax incentives and other tax credit inducements to attract new business to the area and enhance zone neighborhoods. Since the Empowerment Zone's designation in 1999, EZ has funded over \$3.5 million to various industry based job training programs and educational programs for those who live, work, or do business in the city of Gary. The Empowerment Zone has provided \$7.5 million in loan dollars as a primary and intermediary lender. In the Emerson area alone, the EZ has taken great lead in providing economic opportunities to those residents who live in that Enterprise community.

Department of Planning Department - Planning Department mission is to elevate the level of civic pride within the City of Gary by providing its citizens with innovative and comprehensive master planning on a scale ranging from local neighborhoods to the entire city. The Gary Planning Department will accomplish this mission by producing graphs, maps, plans and models that clearly convey the needed ideas and direction. With the support of all who stand to gain from this methodology, implementation will be successful.

Department of Environmental Affairs - The City of Gary - Department of Environmental Affairs provides numerous programs and services to the City of Gary including the Brownfields NSP II: A Gary Partnership Initiative for Neighborhood Stabilization

Program. The Brownfields Program consists of various projects and programs that address Brownfields in the City of Gary. The Brownfields Program includes: Site Inventory & Assessments; Petroleum Inventory & Assessment; Targeted Brownfields Assessment; Supplemental Environmental Projects; Brownfields Job Training Program; Hazardous Substance & petroleum Remediation Projects among other environmental advocacy efforts.

The Department of Environmental Affairs staff has over 10 years of experience managing Brownfields-related, grant-based projects. Environmental Affairs Brownfields Program has successfully managed and completed three Cooperative Agreements awarded by the EPA: 1) \$250,000 - Brownfields Pilot Assessment for approximately 200 acres of land inclusive of a 100-acre Greenspace; 2) \$200,000 - Brownfields Job Training Program conducted in partnership with Ivy Tech Community College and the Gary, Hammond, East Chicago Empowerment Zone in which over 100 unemployed and underemployed Gary residents completed the training and over 30 graduates secured employment as a result of the training; and, 3) \$240,000 - Brownfields Cleanup Grant to clean up an abandoned gas station to become part of a new city park, monitors community wells, and develops a restrictive groundwater usage ordinance.

Gary Storm Water Management District - The Gary Storm Water Management District (GSWMD) was established in 2003 to regulate and reduce the impacts of storm water runoff within the municipal boundaries of the City of Gary. Under the direction of the GSWMD Board and the Director of the GSWMD, the MS4/Environmental Coordinator oversees the implementation of the MS4 (Municipal Separate Storm Sewer) Program and manages a variety of grant programs for the Gary Sanitary District and the Gary Storm Water Management District. The GSWMD successfully completed a watershed plan for the Little Calumet River and a habitat and water quality restoration plan and demonstration project for the Marquette Park Lagoons in Gary. In addition, the Storm Water Management District encourages the use of rain gardens, swales, and pervious surfaces to control and cleanse storm water from new development sites in the City of Gary in accordance with sustainable “Smart Growth” Green Infrastructure policies and practices. The staff and consultants for the GSWMD have the capacity and background to manage and oversee implementation of the Green Streets and Green Infrastructure portion of this grant application.

Groundwork Gary - is a collaborative effort of National Park Service, Environmental Protection Agency, and City of Gary. It strives to bring about the sustained regeneration, improvement and management of Gary’s physical environment through community-based partnerships that empower people, business and organizations to promote environmental, economic, and social well-being. Groundwork program areas fall within the following program categories: Help people transform derelict land and public space into valued community assets such as pocket parks, community gardens, recreation facilities and nature preserves; Partner with government agencies and the private sector to engage residents in the remediation of brownfields to build consensus on reusing these sites for community benefit; Work with schools to improve their outdoor facilities for recreation and education. We help provide after school activities which engage students in improving their community; Work with businesses to enhance their sites, improve their environmental performance and involve their employees in volunteer service days benefiting the community and local companies; Work with young people to develop job and

leadership skills by engaging them in our projects and programs as staff and volunteers; and Make a long-term commitment to specific neighborhoods and work closely with other organizations and initiatives in those areas to maximize impact and improve quality of life.

Gary Employment Resource Center (GERC), an extended program of the Gary, East Chicago, Hammond Empowerment Zone providing workforce development for Gary and Empowerment Zone residents for career develop service with employment resources such as, employment training, life skills training, job search assistance, and resume services.

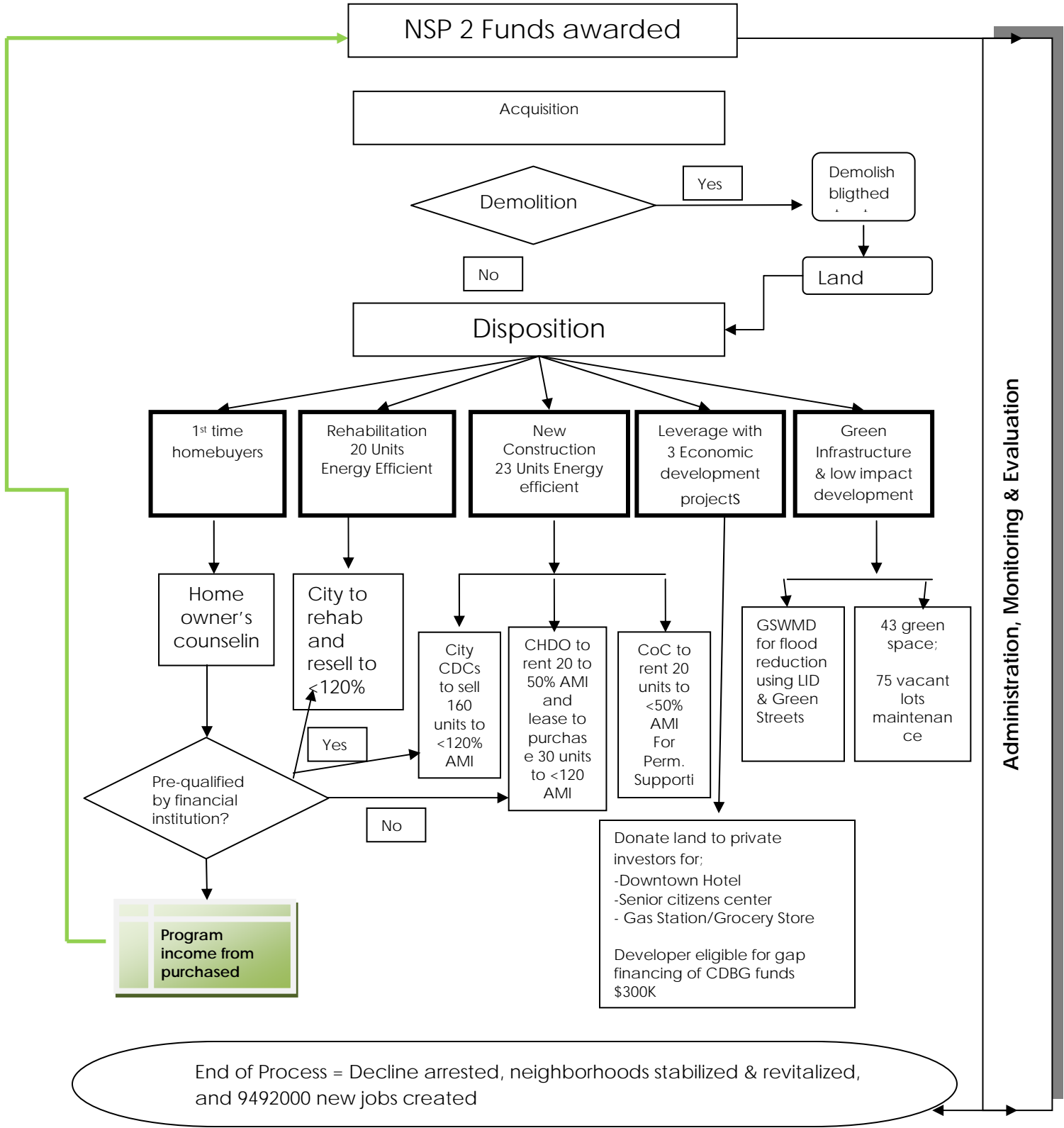
Workforce Development Services – offers the WorkOne Center as a one-stop resource for employers, job seekers and youth. Gary WorkOne seeks to meet the needs of businesses, job seekers, and people who want to further their careers. The center works with numerous partners to provide services to qualifying individuals and businesses through the federal Workforce Investment Act of 1998 (WIA).

Factor 3: Soundness of Approach

NSP2 will expand upon the existing efforts of NSP for the Emerson neighborhood of Central Gary. Our approach is based upon regional and local community plans in correlation with NSP2 eligible activities to revitalize Central Gary as described in the following program components: Acquisition, Demolition, Land Banking, Disposition, Rehabilitation, New Construction, Green Infrastructure and Greenspace, incorporated with Economic Development projects. The administrative process is inclusive of monitoring and evaluation. (See Process Flow Chart). The timeline for program implementation and outcomes is provided in the *Gary NSP2 Implementation Plan and Logic Model*.

A. Program Components:

- 1) Acquisition, Demolition, Land Banking and Disposition
- 2) Rehabilitation, New Construction, Green Infrastructure/GreenScape and Maintenance
- 3) Economic Development
- 4) Deconstruction
- 5) Job Creation
- 6) Sustainability
- 7) Administration, Monitoring, and Evaluation



1. Acquisition, Demolition, Land Banking, and Disposition:

Acquisition

In accordance with the Housing and Economic Recovery Act, Sec. 2301 (c)(3) and (f)(3), the City of Gary will use NSP2 funds to purchase foreclosed homes and residential properties for the purpose of rehabilitation or redevelopment. The City has compiled an inventory of Central Gary and identified 1099 vacant structures, 2,462 vacant lots, and 6,447 occupied structures. HUD data shows 1,054 foreclosed properties among the 18 census tracts. Current REO listing of foreclosed homes will be used to purchase foreclosed properties in the project area. For this project, the City will donate lots using an affordability clause on the deed to nonprofits to use for new construction.

These properties will be purchased in connection with NSP requirements at 15% in accordance with NSP2 guideline to include appraisals and environmental tiering will be completed prior to purchase for each property acquired.

The city of Gary's NSP rehab specialist and technician will inspect the property, assess lead hazard risk, develop work specifications to bring the house up to the city's housing standards and estimate the total cost to rehab, including a developer fee of up to 15 percent. The specifications and estimated cost will be reviewed with the NSP program manager, NSP program administrator and the neighborhood's third-party project developer will determine whether to proceed with the purchase. The City will also will negotiate bulk purchases of vacant and foreclosed properties from financial institutions and may also acquire scattered-site properties that are adjacent to units purchased in bulk. Finally, purchased properties are land banked by the City for disposition or demolition.

Demolition

Our approach to significantly reduce blight and stabilize neighborhood property values within the targeted area. Most importantly, the City understands that before our community can move forward with impactful redevelopment, we must clear the blighted structures. The City will donate lots using an affordability clause within the deed to nonprofits to use for new construction.

The City has compiled an inventory of Central Gary and identified 1099 vacant residential and commercial structures pursuant to Indiana Code IC 36-7-9-9, and adopted by the City under the Unsafe Building Ordinance. The Department of Redevelopment operates an existing demolition program readily adaptable for NSP2 to include:

EMERGENCY DEMOLITION PROCEDURES

Emergency - The structure presents an imminent and immediate danger to the public, a fire hazard, a hazard to public health, a public nuisance, dangerous to a person or property, or vacant and not maintained in a manner allowing for human habitation.

- A. Obtain signed Emergency Order from the Building Commissioner pursuant to that Order, a structure may be demolished without the consent of the owner, pursuant to Indiana Code, I.C. 36-7-9-9 and Section 162.01 of the City of Gary, Indiana Code of Ordinances entitled "The Unsafe Building(s) Ordinance".
- B. IDEM asbestos inspection will be conducted for Ordered Demolition, "Only" if possible. In the event the structure cannot be entered, an asbestos inspector will be on site from the start to finish of that demolition.

Land Banking

The City of Gary through the Department of Redevelopment has a land banking program and will continue to assemble, manage, and market land banked properties in project area. A web based land banking process will be established for better management, marketing, and public use. The Department of Environmental Affairs recommended some low cost maintenance of land banked property until such time it is disposed of. Properties will be disposed of through re-sales; donated to local nonprofit developers such as community development corporations (CDCs) and certified housing development organizations (CHDOs) for housing and economic development; and used for green infrastructure and greenspace project. NSP2 funds will include maintenance for foreclosed land banked properties. Duration: Maximum of 10 years for NSPII acquired properties

Disposition

Returning vacant and abandoned properties to productive use is necessary in order to stabilize struggling neighborhoods. The more quickly this happens, the more rapidly neighborhoods will stabilize. The City of Gary through the Department of Redevelopment will disposed of land banked properties in project area. Foreclosed properties purchased will have maintenance until it is disposed of. Properties will be disposed of through re-sales; donated to local nonprofit developers such as community development corporations (CDCs) and certified housing development organizations (CHDOs) for development of NSP2; and used for green infrastructure and green space. NSP2 funds will include maintenance for foreclosed land banked properties. Options to dispose under new construction for LMI households seeking housing are sales, lease-purchase, and rental. Additionally, housing options will include transitional and permanent-supportive housing to prevent homelessness. Disposition to households seeking housing of rehabilitated housing is sales and lease-purchase.

Disposition Housing Options:

Our current NSP program has an intake list of over 100 local residents seeking homeownership and being processed for the City's homeowner training program. Our project will utilize the following disposition methods for LMMI potential homeowners and first time homebuyers:

- Housing Counseling - Our city as stated in the needs section, has a significantly depressed market, thus will be challenging to attract enough eligible homebuyers to purchase all of the homes that this project is proposing. To overcome this challenge, this

project will provide effective one-on-one counseling sessions, that will help clear up credit and pre-qualify families for first-mortgage financing. Based on HUD requirements, NSP 2-assisted homebuyers must complete at least eight hours of homebuyer training from a HUD-approved housing counseling agency before obtaining a mortgage loan, hence the city will use \$150,000 of its NSP 2 allocation for homebuyer training. At \$150 per person, an anticipated 1,000 potential homebuyers will receive training. It is estimates 10:1 ratio for homebuyers meaning one homebuyer out of every 10 people educated. The City of Gary will select HUD approved counseling agencies through a request for qualification (RFQ) process to provide the homebuyers training sessions.

- Homebuyer financing - First-time homebuyers earning up to 120 percent of AMI may receive up to 20 percent of the home sales price in the form of a zero-interest, soft second, 30-year deferred loan. The city will collect a prorated share of any equity gain should the property sell or transfer before the end of the affordability period. The soft second loan will be forgiven if the homebuyer remains in the unit for the full affordability period. The amount the city will be able to gain through the shared-equity provision cannot exceed the amount of its second-mortgage financing.
- Sales - If an abandoned or foreclosed upon home or residential property is to be sold to an individual as a primary residence, Section 2301(d)(2) directs that the sale of such property and shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally include, among other things, costs related to the sale of property). In determining the sales price, NSPII will not consider the costs of boarding up, lawn mowing, maintaining the property in a static condition, or, in the absence of NSP-assisted rehabilitation or redevelopment, the costs of completing a sales transaction or other disposition to be redevelopment or rehabilitation costs. Each NSP-assisted homebuyer is required to receive and complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Grantees must ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages. Grantees are cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate.
- Lease-purchase - The City non-profit CHDO will redevelop vacant lots by constructing 50 units of affordable, energy efficient LEED certified homes 20 of which will provide a lease to purchase opportunity for families above 51% AMI. We anticipate that there will not be enough homebuyers with the cash and/or credit to purchase homes immediately, particularly under the more stringent lending criteria now in effect. This portion of the project will allow potential buyers to occupy a property as tenants while taking the steps necessary to qualify for a conventional mortgage.

- Rental - Homeownership will not be a realistic option for many families; hence the Gary NSP2 Program will offer Affordable Rental Housing in partnership with our local nonprofit developers to redevelop 30 demolished, foreclosed or vacant structures into affordable rental housing serving households with incomes at or below 50 percent of the area median. The nonprofits through the Continuum of Care will leverage the NSP2 new construction allocation with supportive services of educational training, financial training, job skill training, job search training, and follow-up services as deemed necessary through a case management process.

2. Rehabilitation, New Construction, Green Infrastructure, GreenScape, and Vacant Lot Maintenance

Rehabilitation

The NSP2 program will rehabilitate 20 energy efficient housing units using HUD standards for resale, of which 5 properties are designated to meet 50% AMI households, with 15 properties designated to households 51%-120% AMI. The City of Gary through its construction management department will inspect each property and develop a scope of work. Once scope of work is established, the City of Gary will advertise for bids for general contractors to complete the work through a request for proposal process. The disposition for rehab housing units is sales (51-120% LMMH) and rental (50% LMMH).

New Construction

Local certified housing development organizations (CHDOs) and community development corporations (CDCs) and/or a private developer will develop 23 energy efficient and/or LEED certified new construction housing units in Central Gary for low- to moderate- income individuals and families for sale and rent.

Local Nonprofit Developers

A core group of CDCs provided their expertise into the planning and development process to determine the best approaches to stabilize neighborhoods. The core group understands the Gary NSP2 Program will adhere to CDBG requirements. The local nonprofit developers will go through a request for proposal process to develop and rehab 23 housing units in the Central area of Gary as stated in the eligible activities through the requirements of CDBG for HOME and ESG.

Green Infrastructure

A major barrier to community revitalization is the more than 1,100 abandoned homes and commercial properties that are located throughout the grant focus area.

Drastic measures are required to relieve remaining property owners and residents of the blight and crime that accompany abandoned homes and overgrown vacant lots and to remove these barriers to re-investment. At the same time as demolition of eyesore and unsafe structures occurs, a program of maintenance and re-use of newly created open space must be implemented. There are many models across the country of utilizing vacant properties to conduct community greening, beautification, and storm water management projects utilizing vacant areas resulting from demolition programs.

Green infrastructure initiatives can prepare areas for re-use through creating and maintaining attractive settings while enhancing quality of life and providing neighborhood improvements for remaining residents and potential developers. In addition to utilizing new open spaces for pocket parks, community gathering areas, urban agriculture sites, community gardens, and opportunities for native plant restoration, newly vacant areas can be utilized to create rain gardens and bio-swales to reduce flooding and relieve storm water run-off into the combined sewer system.

The City of Gary and its neighborhood partners will determine which properties are ready for immediate reuse, which would be appropriate for developing and maintaining green infrastructure, and which should be held and managed for later redevelopment.

It is important as we plan for the sustainable development and redevelopment of our community, that we understand the basic elements of the watershed in which we live, and utilize and enhance the natural opportunities available to us to control and manage storm water in order to protect water quality, and reduce flooding and storm water discharges to the combined sewer system.

Our approach is to use a variety of green infrastructure/low impact best management practices such as rain gardens, bio-swales, and “green streets” to manage and control storm water in our development areas while contributing to the beautification of streets, green spaces, and residential properties. Rain gardens and bio-swales are designed to collect, retain, and infiltrate storm water where it originates rather than discharging to street drains over impervious surfaces. “Green Streets” utilize rain gardens and bio-retention areas, curb bump-outs, porous pavement, and street tree canopies to intercept and infiltrate storm water runoff within the street/sidewalk easement.

Undeveloped areas can also be incorporated into the community design to be maintained as green space to further reduce impervious surfaces and increase opportunities for infiltration.

In addition to storm water control and water quality improvements, implementing green infrastructure practices helps improve air quality and reduce energy consumption by providing shade and temperature reduction by mitigating the urban heat island effect. Our project will install a few blocks of “Green Streets” infrastructure in our new housing development areas including rain garden/bio-swales, porous pavement, and tree canopy. We will also construct at prioritized sites with long-standing drainage problems, up to five rain gardens and/or bio-swales sized to fit the problem area.

GreenScape

Our approach is install environmentally friendly solution for landscaping designed to help preserve natural resources and prevent waste and pollution. The benefits of GreenScapes include helping the property owner save money, reduce waste, conserve water, save energy, reduce greenhouse gas emission, and reduce your environmental footprint. The City of Gary will contract with a local environmental group to implement GreenScapes. The standard elements of GreenScapes are plants, flowers, bedding, edging, mulch, and project management.

Vacant Lot Maintenance

Maintenance services for foreclosed and vacant lots will include mowing, weeding, trimming to compliment neighboring homes as needed. The City will encourage volunteers and neighborhood groups to maintain area to reduce maintenance cost through the Gary Clean Up Initiative facilitated by Parks Department. Duration for vacant lots maintenance is three years.

Economic Development Projects

Local CHDOs and CDCs along with private investors will develop and construct economic development projects as anchors for housing development project. These projects will serve as *leverage for the NSP2* project totaling \$10,000,000. Firm letter of commitments for leverage projects are attached.

Project Description	Firm Commitment	Project Duration
<p>CRWorks – Hotel Broadway Physical Therapy is committed to develop a hotel downtown Gary. Cost \$5,000,000 Job Creation: 75 Jobs</p>	<p>Letter of Commitment from local bank CDBG Gap Financing \$100,000 City of Gary – Land Donation</p>	<p>Target Date: May 2011</p>
<p>Grant Street CDC – Senior Center BMO Health Care is committed to develop a senior center annexed to Grant Street’s Diamond HOMES. The Senior Center will house health care, adult day care, activity center, beauty/barber shop, and transportation support. Cost \$400,000 Job Creation – 15 New Jobs</p>	<p>Letter of Commitment from local bank CDBG Gap Financing \$100,000 City of Gary – Land Donation</p>	<p>Target Date: May 2011</p>
<p>Neighborhood Group LLC encourages socio-economic growth and is committed to develop a 35,000 sq. ft. mega entertainment complex consisting of bowling alley, children’s themed party rooms, arcade, pool table, restaurant, and sports bar. Cost \$2,500,000 New Jobs: 60</p>	<p>Letter of Commitment from local bank CDBG Gap Financing \$100,000 City of Gary – Land Donation</p>	<p>Target Date: May 2011</p>

Job Creation

The elements of this proposed project will create 600 jobs for local residents within the region of Northwest Indiana. The Gary Employment Resource Services will facilitate the process to include job readiness, job training, training development, and compiling employment opportunities for NSPII.

Service Component	Jobs Creation/Job Training
Rehabilitation	48
New Construction	80
Acquisition/Disposition	25
Demolition/Deconstruction	266/200
Infrastructure/GreenSpaces	150
Administration/Evaluation	25
Economic Development Project	155
Total	949

The Local Job Training Programs:

- The Gary Brownfields Job Training program will begin in the fall of 2009 training 75 to 150 Gary residents to become environmental technicians.
- Women in Construction: The Broadway Area CDC trained over 100 women in construction. These women will be used in the NSP2 program. The second job training program will begin in the fall of 2009.
- Open Door Construction Job Training Program - 25 trainees enroll in the construction job training program that trains men and women receiving township assistance (very low income). Trained 25 local residents and develop MOU to employ 100 local residents.
- Demolition and deconstruction activities will employ 466 residents to salvage and re-use materials from demolition of structures. Local ordinance require contractor to hire 1/3 of Gary residents. Through the demolition activities and expected housing rehabilitation projects for targeted area, local contractor will hire local Gary residents to work on the NSP2 project. Demolition 266 jobs and Deconstruction Program 200 jobs.

Deconstruction – According to the EPA website, deconstruction has many benefits, including: maximizing the recovery of materials, conserving finite old growth forest resources, and providing many employment and job training opportunities. By coupling deconstruction activities with traditional demolition methods, communities can create local economic activities around remanufacturing or reprocessing salvaged materials while diverting demolition debris bound for landfills and preserving resources through reuse.

The City of Gary will implement a model EPA Deconstruction Program for Youth that target low income youth ages 18 to 29 working with existing job training programs in the city and Gary Employment Resource Center to recycle building materials of demolished structures. The

Department of Redevelopment will encourage local contractor to use the deconstruction process when demolishing structures since such practices lessen waste and landfill usage.

Based on an existing demonstration, the recycling program requires at least 20 employees per commercial structure and 5 per residential structure creating at least 200 jobs for local residents.

Administration/Monitoring/Evaluation

Administration - This program will adhere to the program and administrative requires of NSP2 through the statutory and regulatory provisions governing the CDBG program in 24 CFR part 570 subparts A, C, D, J, K, and O.

The Department of Community Development will administer and manage the NSP2 program, and use the online DRGR system for reporting. As an entitlement community, the Department of Community Development is an existing DGRG user and will adhere to the reporting requirements for NSP2. Sub-awards information will be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, the Recovery Act, and the statutory and OMB requirements.

NSP allows for 10% of total funding for Administration of grant. This activity will be inclusive of additional salary for administration, monitoring, evaluator, and general cost for project management and completion, contractual agreements, marketing cost, supplies and other NSP related expenses.

The monitoring and evaluation components will utilize internal audit monitoring of project compliance and external evaluation service of project effectiveness.

Monitoring - The City of Gary, Community Development Program's Monitoring Division will be held responsible for monitoring all programs, Monitoring will not be a "one time event". It will involve an on-going process of planning, implementation, communication and follow-up. This process will involve telephone contacts, written communications, and analysis of monthly monitoring reports, audits and periodic meetings. The Monitoring Division will be kept fully informed concerning the sub-recipients' compliance with program requirements and the extent to which technical assistance is needed.

The overall goal of monitoring will be to identify deficiencies and to promote corrections in order to improve and strengthen or increase sub-grantee/recipient performance. The Monitoring Division will be on alert for fraud, waste, and mismanagement. Emphasis will be on prevention, detection and correction with a positive attitude on the part of the Monitoring Division. Finally, the Monitoring Division will form a partnership with the sub-recipients/ recipient. This will create a better working relationship.

Evaluation - The external evaluation component scope will be developed by an independent evaluator and selected through a request for qualification process. Based on our primary project

goals of stabilizing the housing market, job creation, economic development, and creating healthy living environment, the independent evaluator will utilize scientifically researched methods to answer the following evaluation questions;

1. To what extent are project activities implemented as planned? (Formative evaluation: implementation activities)
2. To what extent do implemented activities have an impact on the community?(Summative evaluation: project impact)
3. What are the unattained objectives and unanticipated outcomes? (Capacity building: a plan to implement corrective measures)

Discuss the Overall program and how it will achieve outcomes in target geography
See Attached Logic Model.

Use of Funds

The use of funds is to implement redevelopment projects to include acquisition, demolition, rehabilitate, new construction, and green infrastructure leveraged by land donation, private investment, commercial development, job creation, supportive services,

Project Components	Units	NSP2 Funds	Responsible Entity
Acquisition	75	\$1,875,000	Community Development
Demolition	1,100	\$24,950,000	Dept. of Redevelopment
Land Bank/Disposition		60,000	Dept of Redevelopment
Rehabilitation	20	\$575,000	Community Development
New Construction	23	\$2,960,000	Nonprofit Developers
Green Infrastructure	55	1,040,000	GSWMD/Environmental Affairs
Housing Counseling	333	50,000	Community Development
Admin/Monitoring/Evaluation		3,500,000	Community Development
		\$35,000,000	

Demolition verses Preservation

This NSP2 project incorporates demolition and preservation activities. The Department of Redevelopment will demolish blighted or unsafe structure pursuant to Indiana Code (IC-36-7-9-9) adopted by the City of Gary under the Unsafe Building Ordinance.

The City of Gary offers a wealth of historic and culturally significant properties, especially near Downtown. There are currently three designated historic districts and nine individual properties

that are listed on the National Register of Historic Places, the Nation's official list of historically significant structures.

Within the proposed project area south along Broadway corridor is the well known Historic Midtown or The Central District. The district was one of the most notable African-American communities in Gary and was well known as being a haven for many talented Jazz and Blues musicians of the 20th century. Historic Midtown is approximately located south of 15th Avenue, north of Gleason Park, east of Harrison Boulevard, and west of Carolina Street.

Various community groups are developing or implementing activities to retain the area's history by to include community planning meetings, clean up initiatives, and conducting preliminaries studies.

For this project, the City is proposing to establish working relationship with historical district group in the community through local CDC.

Demolition exception: (Request for Exception: Attachment)

Due to the abundance of abandoned and foreclosed structures that prohibits growth and redevelopment in our community, the City of Gary is requesting the exception for demolition.

B. Project completion schedule:

See Attached 2010 – 2012 NSP2 Implementation Schedule

C. Income targeting for 120% and 50% AMI

50% AMI: Transitional Housing/Permanent Supportive Housing

As a solution for homelessness, Permanent Supportive Housing and Transitional Housing addresses several key issues, which are: (a) without housing, there is no basis from which to mitigate the factors which lead to homelessness, (b) without supportive services, the tenant is likely to regress for the reasons that lead to their loss of housing in the first place. Permanent Supportive Housing and Transitional Housing are more effective solutions to the problem of homelessness rather than a temporary solution (i.e. shelters). Studies have shown that those who stay in the shelter system remain in or return to the system for extended periods of time, a much higher percentage of those who are place in permanent supportive housing remain housed.

The concept is to have a combination of Permanent Supportive Housing, Transitional Housing, located in several of the most poverty driven areas. The plan is to do a combination of acquisition, rehabbing, new construction, resale, and rental for a minimum of 25% of individuals who are at or below 50% AMI, which is \$61,400.00. The plan is to support the rental aspect of the project with the **Housing Prevention Rapid Re-Housing Program (HPRP)**, which is supported through the **ARRA Act of 2009**, as well as other rental and/or mortgage subsidized programs as appropriate for the consumers needs, which are available to the community residents through service providers (i.e. FSSA, TANF, Townships, Catholic Charities, Salvation Army, Veteran subsidies, Section 8, HOME Program, Empowerment Zone loan programs, and United Way programs).

The housing concepts of Permanent Supportive Housing, Transitional Housing, Rehab Housing, and New Construction that relies on resale or rentals will be single family housing, multi-family complexes, and the repurposing of a closed Gary School specific for Permanent Supportive and Transitional Housing. The rationale behind the repurposing of the school is a trend noted in areas across the country including Indianapolis, Indiana. Innovative housing concepts include having district schools re-designated to housing units to streamline the districts portfolio and not causing blight in communities by having abandon schools. Repurposing a school for affordable housing can be major assets to the community benefiting the citizens in revitalization and stabilization of the community.

D. Continued Affordability

The Department of Community development will ensure the continued affordability by continued monitoring of the program affordability standards. To the maximum extent practicable and for the longest feasible term, the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this section will remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income or, for units originally if assisted with funds under the requirements of section 2301(f)(3)(A)(ii), to remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income.

Following the monitoring requirements of the program standards of HOME (24 CFR 92.252(a), (c), (e) and (f), and 92.254) share in compliance for the affordability standard and will use implemented into the NSP2 program for the duration of the program. Housing to be single family, owner occupied; low-moderate income families will be principal occupants with the affordable period being as follows:

<u>Homeownership assistance amount</u>	<u>Minimum period of affordability in years</u>
Under \$15,000.00	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years

E. Performance and Monitoring

Our monitoring and evaluation plan will utilize internal audit monitoring of project compliance and external evaluation service of project effectiveness.

Internal audit/monitoring – The City’s NSP 2 staff, and all stakeholders will discuss progress of project activities at monthly meeting. Progresses of each phase of program activities are presented at this time.

A. Standards and Procedures

Program evaluation and monitoring is the means utilized by the City of Gary to provide the necessary administrative oversight and performance evaluation of all activities undertaken using HUD assistance under NSP1 and NSP2. Evaluation and monitoring applies to all activities undertaken by the City of Gary as well as all activities undertaken by a sub-recipient, CDC or CHDO (nonprofit developers).

Specific Regulatory Requirements

Specific regulatory requirements of HUD programs are included or will be included as a requirement for compliance in all sub-recipient written agreements in compliance with the requirements of the HUD program and the activity being proposed.

Contract Requirements and Monitoring Procedures for Gary NSPII

Although there will be instances, as with any community, where differences in the specifics of contracts will occur, all contracts and agreements will contain certain items. Those items that will be a constant in all contracts and agreements include: dollar amount, scope of services or what work or activity is to be undertaken, timetable and performance requirements, record keeping and monitoring. NSPII staff is charged with the responsibility of assuring that all activities, whether city-initiated or through local nonprofit developers, are completed per all applicable laws and regulations. Depending on the type of activity, NSPII staff members will be assigned specific jobs in the monitoring process. The NSPII Program Director will ensure that all performance and compliance requirements for the NSPII are met. The City of Gary Department of Environmental Affairs is a cooperative partner and their staff will perform the necessary environmental and historic reviews for all activities requiring these reviews. The NSP monitors will perform all regular monitoring of rehab and new construction projects. The monitoring of activities will be conducted in a positive, productive and pro-active manner to ensure that all problems are identified early enough in the process or activity to prevent irreversible consequences. If problems are found during any monitoring process, technical assistance will be provided either by the City of Gary or HUD. The City of Gary intends to maintain communication and offer feedback on performance issues with entities utilizing any federal program. It is the intent of the City of Gary to adequately educate any sub-recipient or nonprofit developer as part of the monitoring process. All requirements will be reviewed and explained to each individual sub-recipient or nonprofit developer prior to City Council approval of the agreement. The City of Gary intends to monitor each activity or sub-grantee's performance and compliance on an ongoing basis. The common denominator to all activities is the disbursement of funds and accurate documentation of costs. Prior to any disbursement of funds, all compliance issues will have to be remedied. In addition, all nonprofit development projects will be inspected on an annual basis by means of a field monitoring visit. New developers will experience more frequent on-site monitoring during all phases of their activities, including more frequent post-construction visits.

The City of Gary will begin a more intensive monitoring of all disbursements through comparison with all schedules or completion dates to ensure that:

- Funds requested for any activity do not exceed authorized budget allocations.
- All funds requested are appropriate and in line with scheduled expenditure rates or benchmarks as set forth by any contract or agreement.
- The sub-recipient is performing or has the capacity to perform as per the agreement or contract. A series of reports will be developed and used for monitoring all activities that are initiated by the City of Gary. These reports will be used to measure progress. The reports that will or have been developed are as follows:
 - Monthly Financial Report - This report will measure the expenditure and encumbrance rates for all CDBG activities to ensure that funds are being expended in a timely manner.
 - Weekly Rehab Report – This is currently being used and helps track progress of all rehab projects.
 - Monthly NSP Activity Status Report – This report will track all NSP expenditures
 - Environmental Review Status Report
 - Homeowners Assistance Report – This report will indicate the status of each application for assistance.

B. Progress Measures

For sub-recipient activities, the measurement of progress will be predicated on what type of activity is being performed and the schedule and benchmarks set forth in the agreements.

C. Long Term Compliance Monitoring

The City of Gary plans to complete all goals identified in the NSP 2 application.

Activities funded under the NSPII will be monitored for compliance at least once a year for a period that is equal to a specific activity’s period of affordability. On-site inspections will be conducted on an annual basis to insure that those facilities or homes are being kept in accordance to all applicable codes.

External Evaluation

The City through a request for qualification process will contract with an independent evaluator to conduct the external evaluation. Based on our primary project goals of stabilizing the housing market, job creation, economic development, and creating healthy living environment, the independent evaluator will utilize scientifically researched methods to answer the following evaluation questions;

4. To what extent are project activities implemented as planned? (Formative evaluation: implementation activities)
5. To what extent do implemented activities have an impact on the community?(Summative evaluation: project impact)
6. What are the unattained objectives and unanticipated outcomes? (Capacity building: a plan to implement corrective measures)
7. Other NSP2 factors identified.

Factor 4: Leveraging other funds, or removal of substantial negative effects

Type of Leverage	Amount	Agency Firm Letter of Commitment
Rehab Housing Services Lead Remediation for rental property and homeowners	\$7,600,000	City of Gary Dept of Community Development Leverage: Redevelopment program of the city to promote safe and affordable housing.
500+ City Owned Properties	10,000,000	City of Gary Department of Redevelopment is charged with the responsibility of clearance, re-planning, rehabilitation and redevelopment of blighted areas; and providing opportunities for redevelopment by private enterprise. The Department is responsible for the disposition of properties in order to return them to the City's tax roll. Also the Department is charged with the responsibility of demolition of unsafe buildings throughout the City. Leverage: The Redevelopment Department will donate 500 to nonprofit organization properties for new construction that encompasses an affordability clause. Valued at \$20,000 each developed
Professional Engineer/Designer Marketing and Public Education Public Involvement Sewer Repair & Improvement projects	\$25,000 \$5,000 \$5,000 \$2,000,000*	Leverage: The Gary Storm Water Management District (GSWMD) has the capacity to oversee and manage the design and implementation of the proposed green infrastructure project. The GSWMD employs experienced managers and consultants experienced in the bidding of contracts, selection of contractors, reviewing plans, and managing projects and contractors. In addition, the GSWMD has experience and expertise in conducting public outreach and education presentations to educate the public on the green infrastructure project to facilitate community input, approval, and ownership of the project. GSWMD is implementing sewer improvement project within and surrounding project area valued at over \$2,000,000.
		Broadway Community Development Corporation Broadway CDC located on 21 st and Washington and the developer of Washington Manor 21 units of new construction housing project in the Midtown neighborhood.

Type of Leverage	Amount	Agency Firm Letter of Commitment
Construction Training Program for Women	\$2,000,000	Leverage – Training for 100 women in Women in Construction Training Program. Commitment Letter attached.

Removal of Negative Effects

Blighted Structures:

The City of Gary, partners, and supporters strongly agree that clearing of blighted structures is necessary before redevelopment and economic development activities will make a sufficient impact on our community.

Flooding: Currently, during a 10-year, 1-hour rainfall event, the peak runoff rate from the project area is roughly 12 cubic feet per second and the volume of stormwater entering the sewer system is roughly 3.9 million gallons. If constructed, our green streets project will reduce the peak runoff rate to roughly 2 feet per second and reduce the volume of stormwater entering the sewer system to roughly 650,000 gallons. Furthermore, the reduction of stormwater flows will improve the quality of the local waterways by removing the current mass of urban contaminants such as oils, grease, total suspended solids and bacteria. Finally, a reduction in electrical energy consumption will be realized by our municipality through the mitigation of the pumping and treating of the existing volumes of urban stormwater and the heat island effect, which will reduce the greenhouse gas emissions from our electrical utility’s coal-fired power plant.

Factor 5: Energy efficiency and sustainable development factors

Transit accessibility– City of Gary Department of Environmental Affairs, Parks Department, Gary Storm Water Management District and Groundwork Gary partnered to implement Green Streets in two block radius in Emerson and Midtown. Green Street is low impact development that manages stormwater runoff, enhance community and neighborhood livability, and strengthen the local economy. Any street that uses vegetated facilities to manage stormwater runoff at its source is referred to as a Green Street. It is a sustainable stormwater strategy that meets regulatory compliance and resource protection goals by using a natural systems approach to manage stormwater, reduce flows, improve water quality and enhance watershed health. Other benefits of Green Street are:

- ✓ Reduce polluted stormwater entering Little Calumet River, Grant Calumet River, and Lake Michigan;
- ✓ Improve pedestrian and bicycle safety;
- ✓ Divert stormwater from the sewer system and reduce basement flooding, sewer backups and combined sewer overflows (CSOs) to the rivers untreated;

- ✓ Reduce impervious surface so stormwater can infiltrate to recharge groundwater and surface water;
- ✓ Increase urban green space;
- ✓ Improve air quality and reduce air temperatures;
- ✓ Reduce demand on the city's sewer collection system and the cost of constructing expensive pipe systems;
- ✓ Address requirements of federal and state regulations to protect public health and restore and protect watershed health; and
- ✓ Increase opportunities for industry professionals

As a demonstration project, the City of Gary will incorporate the policies of Complete Street into the development of Complete Streets are designed and operated so they work for all users—pedestrians, bicyclists, motorists and transit riders of all ages and abilities. Communities that adopt complete streets policies are asking transportation planners and engineers to consistently design and alter the right-of-way with all users in mind. Another low impact development is Green Streets,

Greenscape – Each of the developed housing and economic development project will incorporate Greenscape into the design of landscaping. The City will redevelop 50 energy efficient housing units. Maintenance of foreclosed and vacant lots will incorporate the greenscape concept.

Green building standards– City Housing Codes and LEED Certification

The new construction will be either LEED certified or Section 504 accessible. According to information on the Green Building Council's website, "'LEED' is an internationally recognized certification system that measures how well a building or community performs across all the metrics that matter most: energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. Developed by the U.S. Green Building Council (USGBC), LEED provides building owners and operators a concise framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions."

The homes will be Section 504 accessible and will be stocked with 100 % ENERGY STAR rated appliances as well as efficient sealed-combustion boilers, lighting fixtures and recyclable carpeting. This will lead to an estimated 30% decrease in energy use. The decrease in energy use will reduce utility costs for residents.

The homes will also be equipped with dual-flush toilets; 2-gallon-per-minute shower heads and 1.5-gallon-per-minute sink faucets to dramatically cut back on the homes' water use. The lack of fireplaces, along with continuous background ventilation, will keep the air healthy. The builders will use low-VOC (volatile organic compounds) paints, cabinet finishes, sealants and adhesives. A very important Green design feature will be the use of foamed-in-place insulation which results in an extremely tight building envelope and prevents heat from leaking during the winter and entering during the summer.

Re-use of all NSP sites – After Disposing of acquired sites for redevelopment Assemblage; Low Impact Development, Greenspace will attribute to reduction in storm water management and flooding.

Deconstruction– The Gary NSP2 will strongly encourage local contractor and developers to hire 75-150 environmental technician upon completion of the Gary Brownfield Job Training Program to salvage and re-use materials.

Green Development – Rain collection project have been incorporated into the project to increase usage and awareness of green developments into our community. The proposed green infrastructure activities will assist with flooding in the community and create job training and employment for local residents.

Factor 6: Neighborhood Transformation and Economic Opportunity

(1) Certify consistency with a comprehensive, regional, or multi-jurisdiction plan

This NSP2 Grant application is consistent with the Comprehensive Plan developed by the City of Gary and the regional planning initiative being conducted by the Northwest Indiana Regional Planning Commission (NIRPC). Both the city and regional plans build on the foundation of Smart Growth and Sustainable Development principles and practices to discourage sprawl and promote the revitalization of the urban core through in-fill and redevelopment of existing neighborhoods and infrastructure, mixed uses and compact, contiguous development, adaptive re-use of structures, pedestrian friendly streets and sidewalks, enhancing and utilizing green space, and access to public transportation. All these elements are reflected in the NSP2 revitalization and redevelopment plans proposed for the City of Gary. Further, through a Smart Growth and Brownfields Redevelopment grant awarded by the EPA, the City of Gary was able to revise its Zoning Code in 2008 to incorporate Smart Growth principles and practices to remove barriers to Smart Growth redevelopment.

(2) Describe how NSP2 activities relate to and increase the effectiveness of the plan

The City Consolidated Plan 2008: Several Neighborhood Revitalization Strategic Areas were established to enhance regulatory flexibility in the undertaking of certain CDBG funded activities within the strategic areas. Identified NRSAs consist of the Midtown, Horace Mann (Downtown west), and Emerson communities. This NSP2 project aligns with the neighborhood revitalization strategy to focus on Emerson and Midtown for redevelopment activities.