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A. SF-424 - Cover Page

B. Program Summary

The applicant, City of Gary is a local unit of government. The Department of Community Development in collaboration with other city departments including Redevelopment, Planning, Environmental Affairs, and Parks are seeking \$35,000,000 in NSP2 funds to address the devastation posed upon our community as a result of foreclosed and abandoned properties. Other partners of the other include CRWorks (CHDO), local community development corporations and private developers, the Continuum of Care Network of Northwest Indiana, Indiana University Northwest Nonprofit Institute, and Center for Management Development, Gary Storm Water Management District, Gary Employment Resource Center, and Workforce Development Services. 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) approximately 7 square miles.

The Gary Neighborhood Stabilization Program II (NSP2) 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 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 will include continuous monitoring and evaluation of all program components.

Successfully implementing this program will result in the elimination and mitigation of 1,100 blighted structures to arrest the decline of the targeted area; increase the capacity of local nonprofit developers to develop shovel ready parcels; reduction of flooding through low impact development and green infrastructure; development of 26 newly constructed energy efficient affordable housing units; development of 20 energy efficient rehabilitated affordable housing units, three economic development projects anchored in targeted neighborhoods; employment and/or job training for 949 local residents; a greater level of transparency and accountability to the community; and a cohesive redevelopment strategy and partnership that works effectively and efficiently for our community. The implementation is inclusive of acquisition, rehabilitation, resale, land banking, demolition, new construction, resulting in a revitalized community. The City of Gary offers leverage of three (3) economic development projects valued at \$4,900,000, and supportive services valued at \$27,987,500 totaling \$32,887,500 of leverage. Leveraged commitments represent 85% of requested NSP2 funds.

This program will adhere to the program and administrative requirements 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. City of Gary application ID is 668292016 for Central Gary.
2. **NSP2 Funds Requested:** The City of Gary is requesting \$35,000,000 in NSP2 funds leveraged by private investments for economic development projects totaling \$4,900,000 and other redevelopment/social service activities are valued at \$27,987,500. The total value of leverage is \$32,887,500.00.
3. **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; 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. 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 (AMI) for low-, moderate-, and middle-income (LMMI) 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 to assist individuals or families whose income do not exceed 50 percent of the area median income. The area median income for Gary, Lake County, Indiana is \$61,400. For the purpose of the Gary NSP2 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). In Central Gary with zip codes 46402 and 46407, 91% of the household income does not exceed 120% of the LMI or \$75,000. Demolition of abandoned properties will not only create a safer environment for local residents, but encourage infill of housing, businesses, and public service activity. Exiting homeowners' property value will increase, and potentially qualify for homeowners' insurance.
- 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). All 46 rehab or new construction housing units are designated for low to moderate households.
- c. *Limited Clientele Activities*: Serving a limited clientele whose incomes are at or below 120% of area median income (LMMC). Twelve housing units will serve <50% of AMI as transitional, permanent supportive, or lease-purchase housing options.

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 and on the City's website. Link: http://www.gary.in.us/NSP2_Grant_Proposal_Draft06.pdf. The application draft was posted on the City's website on July 6, 2009 through July 16, 2009 for public comments.

6. Definitions:

- a. **"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, constitute 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.

- b. **“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

c. *Housing Building Standards* – (accessibility –energy efficiency – Energy Star

504 Accessibility - provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. **Indiana Chapter 11 with Amendments** Accessibility / Fair Housing

LEED Certification Standards (Energy Efficiency)

Code/Health & Safety Repairs- Our first priority is to eliminate and remove any and all pre-existing City of Gary code violations, Health and Safety hazards and bring the property to code. All projects will correct any pre-existing code deficiencies and/or health and safety repair needs. This is inclusive of construction deficiencies, which were completed without city permits. (room additions, garage conversions, patio additions etc.) All units will be brought up to code and rehabilitation must obtain the permits necessary through the city of Gary Building Department, or the property must be demolished as part of the rehab project.

- **Lead Based Paint Hazards** - As part of the Housing Rehabilitation under this NSP a lead based paint test and a risk assessment are required on all rehabilitation projects. This is done to identify the existence and scope of any lead based paint hazards in the property. The “Lead-Based Paint Poisoning Prevention in Federally Owned and Federally Assisted Housing” found at 24 CFR Part 35 will apply.

- **Termite Repairs** - The program requires a termite Inspection Report be prepared for every home by a licensed inspector. The report must identify any termite or dry rot damaged wood members in the property, as well as whether there are any active termite infestations in the property. The program requires that any termite or dry rot damaged wood be replaced or repaired due to health and safety risks posed to the structure of the property. Fumigation or other treatments recommended must eliminate any active termite infestations and are required under this program.

- **General Property Improvements Upon** - The completion of the cost for rehabilitation of all code deficiencies has been completed, health and safety items, lead based paint hazard and termite repairs are totaled, then any additional program funding may be used to address general property improvements. General property improvements may include a wide range of items such as painting, replacements of fixtures, replacement of cabinets, flooring etc. The General property improvements MAY NOT include items that are a type or quality which exceeds the standards for similar properties in the area or that exceed the basic standard of “decent, safe, and sanitary housing”. The acceptable standards are found in 24 CFR 983.101

7. Demonstrated Organizational Capacity

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

In 2007-2008 the Department of Community Development successfully completed 152 housing rehabilitation projects; 52 new construction (inclusive of energy efficient housing); and Processed 200+ persons through Homeownership First Time Homebuyers programs.

The City of Gary Department of Community Development currently administers CDBG funding for \$9.4 million dollars. We further administer and monitor NSP-1 funding; Housing Services; Housing Rehabilitation Programs, Curbs and Sidewalks, Park Improvements, Nonprofit Capacity Building, Acquisition and Disposition Programs, Urban Renewal Projects, Demolition as well as public services to include Anti-Redlining, Disability Initiative Project, Rainbow Shelter, Gary Community Health Center (Health Services), Youth Services Summer Recreation Programs, Maternal Child Health, Indiana Legal Services, Continuum of Care as well as non-residential Historic preservation through our sub-grantees.

Community Development administers \$1.1 million in HOME Funding to include local CHDO (sub-grantees) for New Construction Energy Efficient Housing and Rehabilitation; Homeownership-First Time Homebuyers programs; and Housing Preservation Rehabilitation. Community Development further administers \$3.0 million in Lead Healthy Home Grant, along with an additional \$300,000 in Lead Programs for lead remediation. In addition, Community Development administers \$1.3 million through HOME funding for 98 (ninety-eight) low to moderate-income units of Senior Housing (Serenity Lake Project).

Gary Community Development Department further administers and monitors 162,000 in Emergency Shelter Funding Program, which is inclusive of five sub-grantees within the City of Gary.

The Staff is comprised of the Director who has the responsibility to oversee all funding, compliance and monitoring for all programs administered; Fiscal Department comprised of one (1) Fiscal Manager and two (2) staff persons; Housing services Division comprised of one (1) manager and two (2) staff person's; Construction Department comprised of one (1) Construction Manager and two (2) Construction Inspectors; Compliance Division, with one (1) Manager and two (2) monitoring specialist; HOME Division with one (1) Manager and two (2) staff persons.

The department also employs one (1) Environmental Specialist, one (1) Office Administrator, and one (1) receptionist. The staff years of experience in their respective departments range from five (5) years of service to 30 (thirty) years of service with more than 70% of employees have 20 (twenty) + years in their assigned departments boasting of superior knowledge and expertise in their departments.

CDBG, HOME, and ESG are monitored by Housing and Urban Development every 1-2 years, and audited by the Indiana State Board of Accounts yearly.

The department's capacity to process and monitor programs coupled with knowledge of DRGR systems, IDIS systems, One Roof, Housing Quality Standards, Building Code both City of Gary and State of Indiana as well as the expertise in the fiscal department. The City of Gary has the organizational capacity to integrate new programs, train additional persons (job creation), while maintaining the integrity of the departments and implementing the programs/project.

Need Map Data with Brief Summary

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.

City of Gary: Central Area

Census Tract	State	NFORECLOSE	NVACANCY	NMAX
18089010202	IN	20	20	20
18089010203	IN	20	20	20
18089010301	IN	20	20	20
18089010302	IN	20	20	20
18089010500	IN	20	20	20
18089010800	IN	20	20	20
18089010900	IN	20	20	20
18089011000	IN	20	20	20
18089011100	IN	20	19	20
18089011200	IN	20	20	20
18089011300	IN	20	20	20
18089011400	IN	20	20	20
18089011700	IN	20	20	20
18089011800	IN	20	20	20
18089011900	IN	20	20	20
18089012000	IN	20	20	20
18089012100	IN	20	20	20
18089012200	IN	20	20	20
Average Max Score				20
Qualified				