



**SUBSTANTIAL AMENDMENT No. 3
TO THE 2010 CONSOLIDATED PLAN / ANNUAL ACTION PLAN
NEIGHBORHOOD STABILIZATION PROGRAM**

(NSP3)

Grantee Information

NSP Program Administrator Contact Information	
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Summary of “Substantial Amendment No. 3”

Background: The U.S. Department of Housing and Urban Development (HUD) has been provided with Neighborhood Stabilization Program (NSP3) funds to the City of Kokomo for the acquisition and redevelopment of abandoned, vacant or foreclosed properties which would otherwise be sources of abandonment and blight in the community. The NSP3 program was created through an earlier amendment to the City’s 2010 Consolidated Plan / Annual Action Plan. The City of Kokomo original allocation of NSP3 funding was \$1,014,327. Of this, ten percent (10%), or \$101,432, was budgeted for administrative expenses, leaving a balance of \$912,895 for program activities.

Description: This amendment makes 2 changes to the current NSP3 program, hereby described as follows:

- 1) Funds Transferred from Activity No. 3 to No. 2: The activity described as “Acquisition, Rehabilitation and Sale of Housing Units (Renter-Occupied) has been discontinued. The original budget for this activity was \$252,853. These funds were transferred to Activity No. 2, “Acquisition, Rehabilitation and Sale of Housing Units (Owner-Occupied)” in order to pursue additional homeownership opportunities for persons with incomes below 50 percent of the area median income.

Explanation/Summary of Market Analysis: In review of its program performance under the first Neighborhood Stabilization Program (NSP1 funds), the City of Kokomo was able to acquire, rehabilitate and sell 10 of 14 homes to persons or households with incomes at or below 50% of the area median income. The amount of funds expended for the benefit of this income group was approximately 68% of funds available, which far exceeded the “25% set-aside requirement” in the NSP guidelines. With its current standing as one of the nation’s most affordable housing markets, the City has decided to pursue additional homeownership opportunities as a more feasible and desirable program strategy to meet the NSP income targeting requirements.

- 2) Activity No. 1 – Change in Program Description: - The City has deleted the activity name “Acquisition, New Construction and Sale of Housing Units” and has replaced it with the correct description, which is “Acquisition, Reconstruction and Sale of Housing Units.” In addition, the target income group for this activity is hereby changed from LMMI (low to moderate to middle-income) to the “LM25” category. Total funds allocated to this activity are \$263,725. This amount is 26% of the total NSP3 funding allocation, which is designed to meet or exceed the “deep targeting” income requirement of the NSP regulations, which states that “no less than 25 percent of the funds shall be used to house individuals and families whose incomes do not exceed 50 percent of area median income.”

The aforementioned changes to the NSP3 program activities are more fully described in the modified tables below:

Activity Number 1		
Activity Name	Acquisition, Reconstruction and Sale of Housing Units (Owner-occupied)	
Uses	Select all that apply:	
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms	
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation	
	<input type="checkbox"/> Eligible Use C: Land Banking	
	<input checked="" type="checkbox"/> Eligible Use D: Demolition	
<input type="checkbox"/> Eligible Use E: Redevelopment		
CDBG Activity or Activities	NSP eligible use E: Redevelop demolished or vacant properties as housing. CDBG eligible activities: The City of Kokomo shall undertake the CDBG basic eligible activities "Acquisition and Rehabilitation" as defined in the federal regulations at 24 CFR 570.201 (a), and "Clearance" at 570.201 (d). The City also plans to offer "Direct homeownership assistance" as defined at 24 CFR 570.201 (n), to the extent that financing mechanisms are used to carry them out.	
National Objective	Benefiting "low-income" persons or households as defined in the NSP Notice, which is those with incomes at or below fifty percent of area median income (50% AMI).	
Activity Description	Abandoned and vacant or foreclosed homes will be acquired and demolished, which will be followed up by the reconstruction of new residential, single-family homes. These homes will be available for sale to low-to-middle-income homebuyers (120% AMI), but the target population is low-income households at or below fifty percent of the area median income (50% AMI). The activity will address local market conditions within the target area by stabilizing property values and increasing the level of homeownership. Vicinity hiring will be another primary goal by NSP program design, as the City plans to extend an existing Contract with a Developer, who will identify properties, obtain site control and help manage all construction work, including the letting of bids and awarding as many subcontracts to local area firms as possible.	
Location Description	The location is the NW-NSP3 Target Area, which is located in a low- to moderate-income area of the city. The area is bounded on the north by Morgan Street, on the east by Apperson Way, on the south by North Street, and on the west by Philips Street.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$263,725.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$263,725.00
Performance Measures	Goals: Remove vacant structures and blighting conditions Outputs/Measures: # of units demolished/cleared - 2 # of single-family homes reconstructed - 2 # homes sold to low-to-middle-income homebuyers - 2	

	Outcomes: Stabilized property values, increased level of homeownership	
Projected Start Date	4/1/2012	
Projected End Date	4/30/2014	
Responsible Organization	Name	City of Kokomo
	Location	Department of Development 100 S. Union Street, Kokomo, IN 46901
	Administrator Contact Info	765-456-7375 jmeiring@cityofkokomo.org

Activity Number 2		
Activity Name	Acquisition, Rehabilitation and Sale of Housing Units (Owner-Occupied)	
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	NSP 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. This will be the primary NSP-eligible use of funds. CDBG eligible activities: The City of Kokomo shall undertake the CDBG basic eligible activity "Acquisition" as defined in the federal regulations at 24 CFR 570.201 (a), and "Eligible rehabilitation and preservation activities" as defined under § 570.202. The City shall also undertake the CDBG basic eligible activity "Direct homeownership assistance" as defined at 24 CFR 570.201 (n), to the extent that financing mechanisms are used to carry them out.	
National Objective	Benefiting low, moderate and middle-income persons as defined in the NSP Notice, i.e., at or below one hundred and twenty percent of area median income (120% AMI).	
Activity Description	Existing homes that are either foreclosed or abandoned and vacant will be acquired, rehabilitated and then sold to low-to-middle-income homebuyers. Up to 20% downpayment assistance will be made available to qualifying homebuyers, in the form of soft-second forgivable loans. The activity will address local market conditions within the target area by stabilizing property values and increasing the level of homeownership. <u>Vicinity hiring:</u> will be another primary goal by program design, as the City plans to extend an existing Contract with a Developer, who will identify properties, obtain site control, help manage all construction work, including the letting of bids and awarding as many subcontracts to local area firms as possible.	
Location Description	The location is the NW-NSP3 Target Area, which is located in a low- to moderate-income area of the city. The area is bounded on the north by Morgan Street, on the east by Apperson Way, on the south by North Street, and on the west by Philips Street.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$649,170.00
	(Other funding source)	\$

	(Other funding source)	\$
Total Budget for Activity		\$649,170.00
Performance Measures	<p>Goals: Increase the supply of affordable housing, increase homeownership opportunities, increase property values</p> <p>Outputs/Measures:</p> <p># of housing units acquired and rehabilitated - 5</p> <p># of housing units sold to low-to-middle-income homebuyers - 5</p> <p>Outcomes: Increased supply of affordable housing, stabilized property values, increased level of homeownership for low-to-middle-income homebuyers, improved property maintenance.</p>	
Projected Start Date	4/1/2012	
Projected End Date	4/30/2014	
Responsible Organization	Name	City of Kokomo
	Location	Department of Development 100 S. Union Street, Kokomo, IN 46901
	Administrator Contact Info	765-456-7375 jmeiring@cityofkokomo.org

Activity Number 3		
Activity Name	Administration	
Use	Select all that apply: N/A	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input type="checkbox"/>	Eligible Use E: Redevelopment	
CDBG Activity or Activities	<p>NSP eligible use: An amount of up to 10 percent of an NSP grant provided to a jurisdiction and of up to 10 percent of program income earned may be used for general administration and planning activities as those are defined at 24 CFR 570.205 and 206. <u>CDBG eligible activities:</u> At 24 CFR 570.205 HUD regulations allow eligible planning, urban environmental design and policy-planning-management-capacity building activities, and at 24 CFR 570.206 program administration costs.</p>	
National Objective	N/A	
Activity Description	General administration of the NSP program.	
Location Description	N/A	
Budget	Source of Funding	Dollar Amount
	NSP3	\$101,432.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$101,432.00
Performance Measures	(Enter all performance measures here)	
Projected Start Date	4/1/2012	
Projected End Date	4/30/2014	
Responsible Organization	Name	City of Kokomo
	Location	Department of Development 100 S. Union Street, Kokomo, IN 46901
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Public Comments:

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

Legal notices for public viewing and comment were printed in the *Kokomo Tribune* and *Kokomo Herald*. In addition, the City of Kokomo's website posted the entire amendment, in addition to the original NSP1 Amendment with certifications and SF 424. Copies of Substantial Amendment No. 6 were available for 15 days at the Kokomo-Howard County Public Library and at Kokomo City Hall in the Department of Development, 3rd Floor, 100 S. Union Street.

Summary of Public Comments Received.

March 15, 2012 was the last day of the 15-day public comment period. No comments were received.