The Community Builders, Inc.

Substantial Amendment Request

Grant B-09-NN-MA-0003

Submitted: August 14, 2017

This is a request for a substantial amendment to TCB’s NSP2 Grant. The request is to approve the City of Cincinnati, Ohio (“City”) as a sub-grantee under TCB’s NSP2 Grant for the purpose of establishing a $1,500,000 fund to be known as the Cincinnati Housing Improvement Fund (“CHIF”), which will be funded from TCB’s NSP2 program income. This fund was established by a Settlement Agreement between TCB and the US Department of Housing and Urban Development dated November 10, 2016.

The CHIF will be used for housing-related purposes consistent with HUD rules and regulations and the terms and conditions of Paragraph 6 of the Settlement Agreement. Not less than $1,000,000 of the funds shall be designated for use in the Avondale, Walnut Hills and Over-the-Rhine neighborhoods of the City of Cincinnati which include census tracts previously approved for TCB’s NSP2 Grant. None of the CHIF will be allocated to general administrative expenses.

The City will administer the CHIF in compliance with all applicable federal requirements and pursuant to a sub-grantee agreement to be mutually agreed upon between the parties. Based on discussions between HUD, TCB, and the City, it is expected that after the CHIF has been funded the City will request that HUD allow the City to transfer the NSP2 program income in the CHIF as CDBG funds to be managed along with the City’s other CDBG programs and pursuant to all CDBG rules and regulations and the terms and conditions of the Settlement Agreement.

TCB’s website www tcbinc.org is constantly updated with information. Citizen inquiries will be responded to in writing within 15 days.

Please contact: D. Morgan Wilson, Vice President, Development Operations
Phone: 857-221-8600
Email: mwilson@tcbinc.org
Factor 1: Need/Extent of the Problem

A. Target Geography

The City will make these funds available through a competitive Notice of Funding Availability (NOFA) in order to properly procure eligible projects for the CHIF program. At minimum, $1,000,000 will be only for projects located in the targeted neighborhoods of Avondale, Walnut Hills, and Over-the-Rhine with the remaining funds, at minimum $500,000, available citywide for eligible projects. TCB’s NSP2 Grant is already approved for census tracts in the Avondale, Walnut Hills, and Over-the-Rhine neighborhoods, as well as census tracts in other neighborhoods within the City.

Vacancy and Foreclosure

All of the Cincinnati census tracts previously added to TCB’s NSP2 Grant are included in TCB’s NSP2 score average of 18.6, indicating that they meet the NSP2 Vacancy and Foreclosure Need Score requirements.

B. Market conditions and demand factors

Because this substantial amendment does not request the addition of new census tracts, we do not anticipate that it would have had any impact on this rating factor. The City will adhere to the terms and conditions outlined in the Settlement Agreement between HUD and TCB dated November 10, 2016,

Factor 2: Demonstrated Capacity and Relevant Organizational Staff

A. Past Experience of the Applicant

This substantial amendment would make no change to the Applicant, so it would not affect this sub-factor. However, subsequent to the receipt of the NSP2 Grant, the Applicant received a Choice Neighborhood Implementation Grant for which it manages multiple sub-grantees.

The City of Cincinnati has been a HUD entitlement jurisdiction since the 1970s. The City currently has 25 established CDBG funded programs. During the calendar year 2016, the City of Cincinnati’s 25 CDBG funded programs assisted 12,773 persons. A total of 1,274 homes in the
city received housing renovations and upgrades with CDBG funding. CDBG funds allowed the City to assist 2,330 families with fair housing issues, 494 families with legal representation, 125 families with emergency mortgage assistance, employment training for 884 individuals, 202 small businesses were assisted with loans, counseling, and/or renovations and upgrades, 15 non-profit organizations received operating support, 243 vacant buildings were barricaded and 10 blighted structures demolished.

During the calendar year 2015, the City of Cincinnati’s 25 CDBG funded programs assisted 12,940 persons. A total of 1,263 homes in the city received housing renovations and upgrades with CDBG funding. The City assisted 2,936 families with fair housing issues, 473 families with legal representation, 126 families with emergency mortgage assistance, employment training for 878 individuals, 278 small businesses were assisted with loans, counseling, and/or renovations and upgrades, 13 non-profit organizations received operating support, 575 vacant buildings were barricaded and 17 blighted structures demolished.

Several highlights of the City’s federally funded projects include:

Acquisition and Rehabilitation

The project at 1020 Chapel Street, Walnut Court, was a substantial rehabilitation of a 30-unit senior, affordable multifamily housing project, located in the neighborhood of Walnut Hills that completed early 2016. The project has 30 units (21 – 1 bedroom and 9 – 2 bedroom) and currently operates under the HUD Section 8 program with a Housing Assistance Payment (HAP) contract on all units. The HAP contract allows the project to receive much higher rents than those allowed under the HOME program but ensures that residents do not pay more than 30% of their incomes to rent. The project was renovated utilizing Low Income Housing Tax Credits (LIHTC) and operates under the restrictions of the LIHTC program as well under age restrictions (62 and older or handicapped households) to qualify as HUD senior housing. The rehabilitation included the following: replacement of major systems, masonry (restoration and refinishing), carpentry, elevator upgrades, new appliances in all units, mechanical, HVAC, electrical, replacement windows, gutters and downspouts, painting, flooring interior doors, etc. The project met the Enterprise Green Community standards. The total cost of the project was $6.2 million with a City provided cash flow loan of $500,000 in HOME funds.

Demolition

Under Ohio Law, if a building is deemed a public nuisance, the City has the right to abate the public nuisance conditions without taking ownership. The City performs demolition activities with CDBG funds on average $800,000 annually. NSP1 and NSP3 funds were also utilized for demolition activities. In 2015, CDBG funds barricaded 575 buildings and demolished 17 structures. In 2016, CDBG funds barricaded 243 structures and demolished 10 properties. The City’s NSP1 and NSP3 programs expended over $2.4 million and razed over 200 structures.
New Construction

Marlowe Court is the new construction of 53 senior affordable housing units in College Hill. The project will also include approximately 3,600 square feet of retail/commercial space on the 1st floor. The Senior apartments will contain a mix of 22 one-bedroom and 31 two-bedroom apartments and will be built to LEED Silver standards. The project will be 100% visitable and include a minimum of 5% ADA and 2% sensory impairment units. The development team consists of Episcopal Retirement Services (ERS), The Model Group, and College Hill Community Urban Redevelopment Corporation (CHCURC). The total project cost is approximately $11.0 million with a $530,000 investment of City HOME funds, as well as a 15-year tax abatement. The project is expected to create 187 temporary construction jobs as well as 14.5 full-time permanent jobs. Construction started in July 2016 and is expected to be completed by September 2017.

Home Owner Assistance

The City provides down payment assistance to assist first-time homebuyers purchasing a home within the City of Cincinnati limits. All single-family homes redeveloped with CDBG, HOME, and / or NSP funds provide down payment assistance to the qualified buyer. The City also has a program to assist any homebuyer up to $5,000 in the form of a five-year forgivable loan for down payment and / or closing costs. In order to qualify for the assistance, the purchaser must be a first-time home buyer, for CDBG and HOME assisted units the family must be income qualified at or below 80% AMI (for NSP this limit is 120% AMI) and must complete homebuyers counseling through a HUD approved agency. All assisted units must pass a local housing code inspection. In 2015, 51 units received down payment assistance from the City and 37 units in 2016.

B. Management Structure

The addition of the City as a sub-grantee administering the CHIF will allow TCB to leverage the City’s staff, local knowledge and CDBG program experience in addressing additional housing needs in Cincinnati, potentially increasing the scoring under this sub-factor. The City’s Department of Community and Economic Development Housing Division focuses on proactive, targeted, and transformative development to provide quality housing options for all Cincinnati residents. The Housing Division provides and leverages funding and other resources that support quality housing, neighborhood revitalization and human services. The housing projects are selected from a pool of applicants from the competitive annual Notice of Funding Availability (NOFA) and provides gap financing for eligible projects. The NOFA funds homeownership and rental projects that make positive and visible impacts in the neighborhoods and is designed to produce housing products that provide a full spectrum of healthy housing options and improve housing quality and affordability.
The Housing Division in the City of Cincinnati’s Department of Community and Economic Development is overseen by the Housing Division Manager who has over 15 years of experience with housing development, with City and Federal funds. The Housing Division Manager is also the Program Manager for the City’s NSP1, NSP3 programs, ESG and HOPWA grants, in addition to having considerable knowledge regarding both CDBG and HOME housing development rules and regulations. There are a total of seven housing development analysts in the Housing Division, all of which have considerable experience in housing development. The management structure of this City department is included with this amendment request (organization chart).

Factor 3: Soundness of Approach

A. Proposed Activities

Projects are preidentified with NSP2 funding. Once the City transfers the NSP2 Program Income to their CDBG program, the funds will then be subject to a federal and local procurement process. The amount, eligible uses, and targeted neighborhoods will be included in the City’s annual Housing NOFA. Projects that meet the CHIF requirements will then be reviewed and underwritten according to the CDBG regulations, the terms and conditions of the Settlement Agreement, and the City’s policies.

The CHIF funds will prioritize funding subsidized blighted housing in the neighborhoods of Walnut Hills, Avondale, and Over-the-Rhine. At minimum, 51% of all units assisted through the CHIF program must be made available to occupants at or below 80% AMI.

B. Project Completion Schedule

The CHIF funds are anticipated to be granted to the City by fall of 2017. The CHIF funds will come to the City from TCB’s NSP2 program income. Once the City receives the funds, it will then be transferred to the City’s CDBG program and appropriated to a unique account specifically for the CHIF program. Once the funds are transferred to CDBG, the City will then have at maximum 8 years to expend the funds. Once the CHIF program is established in the City’s CDBG program, the City will then have the option to continue funding this program or eliminate the program. CDBG funds have an annual timeliness requirement that the City may not carry more than 1.5 of the annual allocation in the line of credit.

The City’s Housing NOFA is issued at minimum once a year in the fall. It is anticipated that the CHIF funds will be available for the Fall NOFA in 2017 and applicants may apply for funding with their eligible projects. The affordability requirement will at minimum specify 51% of the units in the project be made available to persons whose income it at or below 80% AMI. After projects apply for the NOFA, award notices are issued within 4 months of receipt. It can take on average
an additional 4 months to negotiate the terms of the contract, execute the contracts, and start the project. Projects in the City can typically take 12 to 18 months for construction completion.

C. Income Targeting

Once the CHIF funds are transferred to the City’s CDBG program, at minimum at least 51% of the rental units assisted must be occupied by individuals under 80% AMI. The City has the option of increasing the affordability requirements as well as enforcing an affordability period.

D. Continued Affordability

Since the City is an entitlement jurisdiction for the CDBG program, a recipient under the NSP1 and NSP3 programs, and a consortium member for an NSP2 program, it has significant experience monitoring continuing affordability under these programs; therefore, it seems likely that this would have increased scoring under this sub-factor.

The City will be transferring the NSP2 program income funds it will receive from TCB to the City’s CDBG program. At minimum, 51% of the units assisted with be occupied by individuals at or below 80% AMI. The City has the option to select fixed units to be made available for individuals at or below 60% AMI as well as additional fixed units to be made available for individuals at or below 50% AMI, depending on the number of units in the project and the amount of funds awarded. Also, the City may opt to enforce an affordability period depending on the amount of assistance per unit, from 5 to 15 years.

E. Consultation, Outreach and Communications

Since the CHIF will be administered by the City, which has an existing infrastructure for CDBG, NSP and other consultation, outreach and communication with residents and stakeholders of the City’s various neighborhoods, the addition of the City as a sub-grantee would likely have increased scoring under this section. The City’s annual Housing NOFA typically is released by early winter of the calendar year. Eligible projects selected will be expected to be under contract by the following summer. Typical construction time is a 2-year projection. Outreach efforts when issuing the Housing NOFA include a press release, correspondence sent to our community development corporations, for-profit developers, and non-profit community development organizations, and extensive marketing through social media.

F. Performance and Monitoring
Since the City is an entitlement jurisdiction for the CDBG program and a recipient under the NSP1, NSP2, and NSP3 programs and HUD has significant experience with the City’s performance and monitoring under these programs, it seems likely that this would have increased scoring under this sub-factor.

The City of Cincinnati Department of Community and Economic Development has a dedicated Monitoring Division to ensure monitoring and compliance in all programs. The City is responsible for doing internal and external monitoring to ensure compliance with all Federal, State, and Local regulations. Project implementation monitoring ensures that property owners and managers develop their projects in compliance with the regulations and other standards. This monitoring ensures that projects are constructed in compliance with applicable standards as well as the approved project plans, built in compliance with Federal regulations such as Davis-Bacon labor standards, the Uniform Relocation Act, and environmental protection statutes, and marketed in compliance with fair housing laws.

Another compliance measure is within the City contract language. All housing development contracts include recapture language requiring the borrower to return funds to the City in the event the income restrictions or any affordability periods are violated. All City funded HOME projects are monitored and inspected throughout the affordability period for compliance with housing quality standards, rent limits, and income limits. The City may impose these requirements for projects receiving CHIF funding.

Factor 4: Leveraging

The City will make best efforts to leverage the funds with additional private sources but cannot guarantee that these sources will be available.

The City’s Housing NOFA provides public funding that is used for gap financing. For a rental development, a gap exists if the total project costs exceed sources of funds available from traditional lenders, tax credits, and developer contributions. The NOFA awards, including the CHIF funds, will be based on project underwriting and leveraging of funds for each project. The other funds in the project will be reported as leveraged funds.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors

The City’s Housing NOFA includes the requirement of incorporating energy efficiency standards. The projects are also rated on incorporating green building and sustainable building techniques and materials.

Applicants to the NOFA receive additional points for projects that address universal design and visitability as well as incorporating energy efficiency, green building, and sustainable building techniques and materials. Additional points are also given to applicants that include quality of
life amenities such as parking, storage space, community space, laundry, and play space for children within the proposed project. The City offers tax abatement incentives for redevelopment projects that achieve LEED Certified standards or higher.

Factor 6: Neighborhood Transformation and Economic Opportunity

Since the City has not yet identified the specific projects to be undertaken, it is not possible to determine whether or by how much the projects to be funded would increase scoring under this factor, but it seems unlikely that the addition of the City as a sub-grantee would lead to a decrease in scoring under this factor, especially since it participated in both NSP1, and NSP3.

As part of its overall strategy for the neighborhoods identified, the City hopes that the use of the CHIF will result in at least 50 affordable units. A requirement of the City’s Housing NOFA include the requirements of including recipients with Minority Business Enterprise, Small Business Enterprise, and/or Women Business Enterprise certification with a 30% goal for construction projects and includes Section 3 requirements for any construction contracts over $100,000. Also included within the NOFA are additional points for including quality of life amenities such as parking, storage space, community space, laundry and play space for children. Additional points are also received for incorporating universal design and visitability, as well as being located within ¼ mile of a neighborhood business district or activity center.
### Parking Facilities
Enterprise Fund 102

<table>
<thead>
<tr>
<th>Division Manager</th>
<th>Daniel Fortinberry</th>
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<tbody>
<tr>
<td>Parking Superintendent</td>
<td>Bob Schroer</td>
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<tr>
<td>Asst. Supervisor</td>
<td>Matthew Hulme</td>
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<td>Chris Brown</td>
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<tr>
<td>Accounting Tech 1</td>
<td>Michael Fears</td>
</tr>
<tr>
<td>Crew Leader</td>
<td>Leonard Carmichael</td>
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<tr>
<td>Temp/Intern</td>
<td>Diane Carter</td>
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#### On-Street Parking
- **33** PEO & Meter Inspectors: 6 Employees
- **17** Parking Enforcement: 17 Employees
- **9** Part-Time PEOs: 9 Employees
- **1** Meter Collector: 1 Employee

#### Off-Street Parking
- **19** Parking Attendants: 5 Employees
- **4** PT Parking Attendants: 4 Employees
- **3** PT Municipal Workers: 3 Employees
- **1** Utility Worker: Kenneth Wilson
- **1** Utility Worker: 1 Employee

**Total FTE:** 49.92

Revised 6/30/17