

ST. CLAIR COUNTY, ILLINOIS

SUBSTANTIAL AMENDMENT TO THE 2008 ANNUAL ELEMENT OF THE 2005-2009 ST. CLAIR COUNTY CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT

Jurisdiction: <u>St. Clair County, Illinois</u>	NSP Contact Person: Kenneth L. Hise Address: St. Clair County IGD, #19 Public Square, Suite 200, Belleville, IL 62220 Telephone: 618-277-6790 ext. 3212 Fax: 618-236-1190 Email: khise@co.st-clair.il.us
Jurisdiction Web Address: <ul style="list-style-type: none">• www.co.st-clair.il.us	

St. Clair County Proposes to amend the above Action Plan and Consolidated Plan for the purpose of fulfilling the requirements of the Neighborhood Stabilization Program (NSP) funds from the U.S. Department of Housing and Urban Development (HUD), authorized under Title III of the Housing and Economic Recovery Act of 2008 (HERA). HERA provides that these funds shall generally be treated as Community Development Block Grant (CDBG) funds.

St. Clair County has determined thru data obtained and current economic conditions the NSP funds will be better utilized for acquisition/rehabilitation of single family for sale housing within St. Clair County. St. Clair County proposes the following:

- Activity #1 - NSP Rental Program will not be funded. The original budget for this activity was \$600,000; current budget for this activity will be \$0.
- Activity #4 - NSP Financing Mechanisms for Purchase and Redevelopment will not be funded. The original budget for this activity was \$150,000; current budget for this activity will be \$0.
- Activity #5 – NSP Land Bank - This activity was cited in St. Clair County’s original application submission. The County has determined this activity will not be funded.
- Activity #6 – NSP Demolition and Redevelopment Program will not be funded. The original budget for this activity was \$30,000; current budget for this activity will be \$0.
- Activity #2 – NSP Homebuyer Program – Above activity allocations for #1, #4 and #5 will be transferred to this activity. The original budget for this activity was \$1,255,814, revised budget will \$2,035,814.

NARRATIVE

A full text of the Substantial Amendment may be viewed at the web address shown above. A copy may also be requested by contacting the NSP Contact Person shown above by telephone or e-mail.

The Substantial Amendment defines: (1) areas with the greatest percentage of home foreclosures; (2) areas with the highest percentage of homes financed by a subprime mortgage related loan; (3) areas likely to face a significant rise in the rate of home foreclosures (excluding East St. Louis).

The Substantial Amendment defines (2)“affordable rents” to be the same currently used in the St. Clair County IGD Community Development programs; (2) “continued affordability: to be the same as the standards under the Federal HOME program; “housing rehabilitation standards” as those currently in place under the St. Clair County IGD Community Development Division’s Housing Maintenance Standards.

The Substantial Amendment identifies 6 specific program activities that may be carried out: (1) NSP Rental Program - \$0; (2) NSP Homebuyer Program - \$2,035,814; (3) Administration - \$226,201; (4) NSP Financing Mechanisms for Purchase and Redevelopment - \$0; (5) NSP Land Bank – \$0; (6) NSP Demolition and Redevelopment Program - \$0.

The Substantial Amendment contains narrative describing how each activity will be carried out. The County may shift funding between activities and add additional organizations to the list without further amendment to its Action Plan.

A. PUBLIC COMMENT

St. Clair County will publish a notice of the Substantial Amendment in the local newspaper with the greatest circulation. It also made the amendment available to the public by adding it to the County website on that day. The Amendment was made available for a 15-day period beginning, February 8, 2010, and ending at 4:30 p.m. on February 22, 2010. Proof of publication is available upon request. Comments are to be addressed to:

Ken Hise, Manager
Community Development Division
St. Clair County IGD
#19 Public Square, Suite 200
Belleville, IL 62220
618-277-6790 ext. 3212
khise@co.st-clair.il.us

B. NSP INFORMATION BY ACTIVITY

St. Clair County proposes to use the NSP funds in the following manner: however, St. Clair County reserves the right to shift funding from one activity to another and from one agency to another, as additional areas of greatest needs are identified, and according to availability of suitable properties, agency capacity, project readiness, and ability to meet the timeliness requirements of the NSP. Such shifting of funds from one activity to another shall not be considered a Substantial Amendment to the Action Plan. Notwithstanding the foregoing, under all circumstances a minimum of 25% of NSP funds will be used for housing individuals and families whose incomes do not exceed 50 percent of area median income, **St. Clair County intends to meet this requirement thru our NSP Homebuyer Program. (Activity Sheets follow.)**

ACTIVITY #1 (Activity will not be funded)

1. Activity Name: NSP Rental Program
2. Activity Type: NSP (B)-Purchase, rehab, sale of foreclosed properties; NSP (E)-Purchase, redevelop vacant or demolished structures. CDBG-24 CFR 570.201(a) Acquisition; 24 CFR 570.202 Eligible rehabilitation and preservation activities and 24 CFR 570.202(e) Renovation of closed buildings
3. National Objective: 24 CFR 570.208(a) (3) Housing Activities (up to 120% of AMI permitted under NSP)
4. Activity Description: This activity will address neighborhood stabilization in one to six census tracts listed above through purchase, rehab, and renting of foreclosed properties. The specific neighborhoods within the census tracts will be identified at the time the NSP funds are available for drawdown and as the program progresses. Purchase of specific vacant, abandoned properties will be dependent on highest degree of neighborhood need and availability of foreclosed, moderate priced properties. Funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income. The tenure of the beneficiaries will be rental. Although individual lease must be for at least a one-year period, the properties will remain affordable according to HOME affordability requirements for those below 50% of area median income through a lien on the property or deed restriction. These homes (or rental units) will be monitored through the same process that is used to monitor HOME multi-family projects. All properties acquired under this activity must meet the required purchase discount of at least 5% less than current market appraised value, and must be as high as required to keep total NSP portfolio within the required purchase discount level. As program income is received from NSP activities, neighborhood stabilization through rental activity may be expanded to additional census tracts as funds permit.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: **0** units of housing to be acquired, rehabilitated, and rented to households that are at or below 50% of area median income.
7. Total Budget: **\$0** public NSP funds; approximately \$3.4 Million leveraging (this budget includes purchase of home or other structure, closing costs, rehabilitation costs, carrying costs, project delivery costs directly attributable to specific address)
8. Responsible Organization: St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, IL 62220, (618) 277-6790, Debra H. Moore, Ph.D., Executive Director; (additional organizations with demonstrated capacity to carry out this activity may be added at the discretion of St. Clair county and such additions shall not be considered a Substantial Amendment to the Action Plan)
9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2010; however, homes/units to remain housing for households at less than 50% AMI in perpetuity.

ACTIVITY #2

1. Activity Name: NSP Homebuyer Program
2. Activity Type: NSP (A)-Development of financing mechanisms and NSP (B)-Purchase, rehab, sale or lease of foreclosed properties; CDBG-24 CFR 570.201(a) Acquisition; 24 CFR 570.202 Rehabilitation; 24 CFR 570.201 (2) (n) Direct Homeownership Assistance; 24 CFR 570.201 (b) Disposition
3. National Objective: 24 CFR 570.208(a) (3) Housing Activities (up to 120% of AMI permitted under NSP)
4. Activity Description: This activity will address neighborhood stabilization in one to eight census tracts listed above through purchase, rehab, and resale or lease of foreclosed properties. The specific neighborhoods within the census tracts will be identified at the time the NSP funds are available for drawdown and as the program progresses. Purchase of specific foreclosed properties will be dependent on highest degree of neighborhood need and availability of foreclosed, moderate priced properties. The tenure of the beneficiaries will be homeownership. St. Clair County may also provide 0% interest, payment deferred loans to the homebuyer beneficiaries of this activity. The term of assistance, therefore, will be until the homebuyer sells the home or the home is no longer the homebuyer's principal residence (using HOME restrictions for term). Such deferred, soft second loans will be considered a financing mechanism under NSP (A) and, as such, funds received by St. Clair County in repayment of such loans may be retained by St. Clair County and treated as CDBG funds to be used in accordance with Section 2301 HERA. A portion of the homes will be affordable in perpetuity through deed restriction, shared equity agreement, or land trust models. These homes will be monitored through the same process that is used to monitor HOME multi-family projects. Other homes under this activity will use the HOME program method of recapture and recapture will be triggered through placing a mortgage on the property. All properties acquired under this activity must meet the required purchase discount of at least 5% less than current market appraised value, and must be as high as required to keep the total NSP portfolio within the required purchase discount level. As program income is received, neighborhood stabilization through homebuyer activity may be expanded to additional census tracts as funds permit. If a home acquired through this homebuyer activity is not able to be sold to a homebuyer within a reasonable period of time, as determined in the sole discretion of St. Clair County, such home may be temporarily rented to a household at less than 120% AMI and sold at a later date or leased with option to buy to an income qualified household.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: 15 units of housing to be acquired, rehabilitated, and sold to eligible households that are at or below 120% of area median income.
7. Total Budget: **\$2,035,814** public NSP funds for initial purchase and rehab; approximately \$ in private leveraging at resale to homebuyer (this budget includes purchase home, closing costs, rehabilitation costs, carrying costs until sale, project delivery costs directly attributable to specific address and closing cost at resale)
8. Responsible Organization: St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, IL 62220, (618) 277-6790,

ACTIVITY #2

Debra H. Moore, Ph.D., Executive Director; (additional organizations with demonstrated capacity to carry out this activity may be added at the discretion of St. Clair County and such additions shall not be considered a Substantial Amendment to the Action Plan)

9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2010; (originally allocated funds to be committed to specific addresses); activity will continue with program income.

ACTIVITY #3

1. Activity Name: NSP Administration
2. Activity Type: NSP allows 10% of initial allocation, and 10% of Program Income, to be used for general administration and planning activities (Federal Register, Vol. 73, No. 194, II H.) CDBG-24 CFR 570.205; 24 CFR 570.206 Administration and general planning activities.
3. National Objective: 24 CFR 570.208(a), (1) Area Benefit Activities, (3) Housing Activities (up to 120% of AMI permitted under NSP)
4. Activity Description: This activity will provide the general administration and planning activities required to received NSP funding and implement a successful NSP.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: St. Clair County will provide the general administration and planning activities required to receive NSP funding and implement a successful NSP. St. Clair County at its sole discretion may enter into a subcontract agreement with another entity with appropriate capacity to provide technical assistance to the county to help administer and implement the NSP.
7. Total Budget: \$226,201 public NSP funds over the five-year program period, beginning with the pre-award activities as of September 29, 2008. Should this activity not require the allowed amount of administration funds, these funds may be re-assigned to any of the above activities and such re-assignment shall not be considered a Substantial Amendment to the Action Plan.)
8. Responsible Organization: St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, IL 62220; (618) 277-6790; Debra H. Moore, Ph.D., Executive Director
9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2013; however, monitoring of projects and receipt of program income through recapture will continue indefinitely.

ACTIVITY #4 (will not be funded)

1. Activity Name: NSP Financing Mechanisms for Purchase and Redevelopment
2. Activity Type: NSP (A)-Development of financing mechanisms and NSP (B) Purchase of foreclosed properties CDBG-24 CFR 570.201(a) Acquisition; 24 CFR 570.202 Eligible rehabilitation; and 24CFR 570.201 (n) Direct Homeownership Assistance
3. National Objective: 24 CFR 570.208(a) (3) Housing Activities (up to 120% of AMI permitted under NSP)
4. Activity Description: This activity will address neighborhood stabilization in up to six census tracts listed above through the establishment of financing mechanisms for purchase and redevelopment of foreclosed properties, including mechanisms such as soft-second, loan loss reserves, and shared-equity loans for low- and moderate- and middle-income homebuyers. The specific neighborhoods within the census tracts will be identified at the time the NSP funds are available for drawdown and as the program progresses. Purchase of specific foreclosed properties will be dependent on highest degree of neighborhood need and availability of foreclosed, moderately priced properties. The tenure of the beneficiaries will be homeownership. St. Clair County will provide 0% interest, payment deferred loans to the homebuyer beneficiaries of this activity who may directly purchase foreclosed properties without title to such property passing through St. Clair County or a subrecipient agency of St. Clair County. The term of assistance will be until the homebuyer sells the home or the home is no longer the homebuyer's principal residence (using HOME time restrictions). Funds received by St. Clair County in repayment of such loans maybe retained by St. Clair County and treated as CDBG funds to be used in accordance with Section 2301 of HERA. A portion of the homes may be affordable in perpetuity through deed restriction, shared equity agreements, or land trust models. These homes will be monitored through the same process that is used to monitor HOME multi-family projects. All properties acquired under this activity must meet the required purchase discount of at least 5% less than current market appraised value, and must be as high as required to keep total NSP portfolio within the required purchase discount level. Minor home repairs may be allowed in this activity.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: 0 units of housing to be acquired by eligible households that are at or below 120% of area median income.
7. Total Budget: \$0 NSP funds for downpayment & closing costs assistance; approximately \$1,050,000 private leveraging through primary mortgages
8. Responsible Organization: St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, IL 62220; (618) 277-6790, Debra H. Moore, Ph.D., Executive Director (other organizations with demonstrated capacity to carry out the activity may be added at the discretion of the County. Additions will not be considered a Substantial Amendment to the Action Plan)
9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2010; (originally allocated funds committed to specific addresses) activity will continue with program income.

ACTIVITY #5 (will not be funded)

1. Activity Name: NSP Land Bank
2. Activity Type: NSP (C)-Establish land banks for homes that have been foreclosed upon; CDBG-24 CFR 570.201(a) Acquisition; 24 CFR 570.201 (b) Disposition
3. National Objective: 24 CFR 570.208(a)(3) Housing Activities (up to 120% of AMI permitted under NSP)
4. Activity Description: This activity will allow the establishment of land banks for homes that have been foreclosed upon. The specific neighborhoods within the census tracts will be identified at the time the NSP funds are available for drawdown and as the program progresses. Properties acquired for land banking purposes will then become part of Activity 1, NSP Rental Program, Activity 2-NSP-Homebuyer Program, or Activity 7-NSP Demolition and Redevelopment Program.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: **0** Performance measures will be determined when and if this activity is funded.
7. Total Budget: \$0 public NSP funds. Leveraging to be determined. If it is determined that establishment of a land bank would be a beneficial use of NSP funds, NSP funds will be transferred to this activity from another activity and will not constitute a Substantial Amendment to the Action Plan.
8. Responsible Organization: St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, IL 62220, (618) 277-6790, Debra H. Moore, Ph.D., Executive Director; St. Clair County Zoning Department, 10 Public Square, Belleville, IL 62220; (618) 277-6600; (additional organizations with demonstrated capacity to carry out this activity may be added at the discretion of St. Clair County and such additions shall not be considered a Substantial Amendment to the Action Plan)
9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2010

ACTIVITY #6 (will not be funded)

1. Activity Name: NSP Demolition and Redevelopment Program
2. Activity Type: NSP (D)-Demolish blighted structures and NSP (E) Redevelop demolished or vacant properties; CDBG-24 CFR 570.201(a) Acquisition; 24 CFR 570.201 (b) Disposition; 24 CFR 570.201(d) Clearance for blighted structures only; 24 CFR 570.201 (C) public facilities and improvements
3. National Objective: 24 CFR 570.208(a) (3) Housing Activities (up to 120% of AMI permitted under NSP); 24 CFR 570.201 (c) Public facilities
4. Activity Description: This activity will allow the demolition of blighted structures and redevelopment of demolished or vacant properties. The specific neighborhoods within the census tracts will be identified at the time the NSP funds are available for drawdown and as the program progresses. Properties in this activity may be redeveloped with housing that will then become part of Activity 1, NSP Rental Program or Activity 2-NSP-Homebuyer Program, or if allowed by HUD, be redeveloped with public facilities to serve either a limited clientele or low to moderate income persons on an area-wide basis.
5. Location Description: Census tracts identified above; other census tracts with equal need, as they are identified over the course of the program.
6. Performance Measures: **0** Performance measures will be determined when and if this activity is funded.
7. Total Budget: **\$0** public NSP funds; Leveraging to be determined. If it is determined that demolition and/or redevelopment would be a beneficial use of NSP funds, additional NSP funds will be transferred to this activity from another activity and will not constitute a Substantial Amendment to the Action Plan.
8. Responsible Organization: St. Clair County Zoning Office, 10 Public Square, Belleville, IL 62220; (618) 277-6600; St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200; Belleville, IL 62220; (618) 277-6790; Debra H. Moore, Ph.D., Executive Director; (additional organizations with demonstrated capacity to carry out this activity may be added at the discretion of St. Clair County and such additions shall not be considered a Substantial Amendment to the Action Plan)
9. Projected Start Date: March, 2009.
10. Projected End Date: July, 2010