

Application to the US Department of Housing and Urban Development

Neighborhood Stabilization Program 2

Submitted by:

Great Dayton NSP 2 Consortium

City of Dayton

City of Fairborn

City of Kettering

Montgomery County

Dayton Metropolitan Housing Authority

June 29, 2009

Draft Version 2.0

Greater Dayton Neighborhood Stabilization 2 Consortium NSP2 Application

Consortium Members: City of Dayton, Ohio (Lead Entity); City of Fairborn, Ohio; City of Kettering, Ohio; Dayton Metropolitan Housing Authority; and Montgomery County, Ohio.

Application Forms: (Not subject to the page limitations.)

- SF-424, Application for Federal Assistance (signed by the Authorized Organization Representative (AOR) who is legally authorized to submit the application on behalf of the applicant (nofa, p11).
- SF-424 Supplement, Survey on Ensuring Equal Opportunities for Applicant ("Faith Based EEO Survey (SF-424-SUPP)")
- NSP2 Non-profit Organization Qualification-- Narrative describing qualification as an eligible applicant and Evidence of Nonprofit or Tax Exempt Status (see NOFA, p9, paraIIA2; p11-12, B1 (2)). **Signed certification from each consortium member.**
- Consortium Agreement executed by all members.
- Program Summary

Eligible Applicant: The Greater-Dayton Neighborhood Stabilization 2 Consortium (Consortium) is comprised of the Cities of Dayton, Fairborn and Kettering, both municipalities of the State of Ohio; the Dayton Metropolitan Housing Authority, a housing authority of the State of Ohio; and Montgomery County, a County government of the State of Ohio; all fitting the definition of units of government. As such, the Consortium is eligible to submit an application to the U.S. Department of Housing and Urban Development (HUD) for funds to be allocated under the American Reinvestment and Recovery Act of 2009 on behalf of the Greater-Dayton National Stabilization 2 Consortium. The Lead Entity is the City of Dayton, Ohio, who with the assistance of the other Consortium members has prepared and is submitting this application.

The Greater-Dayton NSP2 Consortium hereby requests Fifty Million Dollars (\$50,000,000) for the purpose of accomplishing significant and measurable neighborhood stabilization efforts in the identified target geographies.

The City of Dayton acknowledges the following eligible uses of NSP2 funds and proposes to carry out only these activities:

- 1.) Establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties;
- 2.) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop;
- 3.) Establish land banks for homes and residential properties that have been foreclosed upon;
- 4.) Demolish blighted structures
- 5.) Redevelop demolished or vacant properties as housing;
- 6.) Use allowable administration costs to accomplish the eligible uses.

Certain activities will be carried out directly by Consortium members, other activities will be carried out under binding agreements with non-profit sub-recipients or non-profit housing

development partners. The required housing counseling will be carried out under a binding agreement with HUD approved counseling agencies.

The City of Dayton acknowledges that the use of NSP2 funds must meet the low and moderate income national objectives of the Community Development Block Grant (CDBG). In accordance with the NSP2 redefinition of low and moderate income to include middle income households up to 120% of Area Median Income (AMI), the City of Dayton acknowledges that all activities carried out under NSP2 will benefit only Low, Moderate, and Middle-Income households (LMMI). The City further acknowledges that it will budget and expend a minimum of 25% of NSP2 funds to provide housing for individual households whose incomes do not exceed 50% of AMI.

The City of Dayton established a web page dedicated to presenting information instructing the public in how to view the Consortium application, providing a means to comment on the application, and giving notice of a public meeting to discuss the Consortium Application. The Web page may be viewed at

<http://www.cityofdayton.org/departments/pcd/Pages/NSP2.aspx> .

**** Other public comment information goes here. ****A summary of the public comments themselves goes into Appendix 4.*

Definitions are in Appendix 6 of the application package.

“Where is it worst? Ohio, according to our analysis, which racked up four of the 10 cities on our list: Youngstown, Canton, Dayton, and Cleveland. The Runner up is Michigan, with two cities—Detroit and Flint—making the ranking. These [cities] face fleeing populations, painful waves of unemployment and barely growing economies. By our measure, they’ve struggled the worst of any areas in the nation in the 21st century. And they face even bleaker futures.”

Soon after the Forbes article, Dayton earned another troublesome title as one of “America’s Emptiest Cities.” These titles lay bare the monumental misfortune of our City and the region. The New York Times spotlighted the region’s decay in a recent article on employment choices for newly graduated high school seniors. The article notes the aspirations of many of these graduates have been dashed as the opportunity for secure middle income jobs evaporate.

Moreover, the region’s economic decline has been exacerbated by the current global recession; after losing 34,300 jobs or 43% of the employment base, manufacturing has continued this descent in 2009 as seen in the chart below. And, although most pronounced in the manufacturing sector, jobs losses over the last decade have been widespread and include every sector save three: financial services, education & health services and leisure & hospitality. Since the *great recession* began in December of 2007, losses have continued to mount at an alarming rate claiming the incomes of 13,200 individuals and likely affecting a multiple of that number as the losses accrue to the worker’s family, neighborhood and community.

Dayton Metropolitan Statistical Area Non-Farm Employment

Industry Sector	Dec	Dec	Dec	2000 -	2000 -	2007 -	2007 -	May
	2000	2007	2008	No. Chg.	% Chg.	No. Chg.	% Chg.	
Construction & Mining	15.5	14.3	12.6	(2.9)	-18.7%	(1.7)	-11.9%	12.6
Manufacturing	79.3	51.6	45.0	(34.3)	-43.3%	(6.6)	-12.8%	41.0
Trade, Trans & Utilities	85.6	70.6	67.4	(18.2)	-21.3%	(3.2)	-4.5%	65.2
Information	12.1	12.1	12.0	(0.1)	-0.8%	(0.1)	-0.8%	11.7
Financial Activities	17.6	19.1	18.0	0.4	2.3%	(1.1)	-5.8%	17.9
Professional & Business Services	53.0	52.6	49.4	(3.6)	-6.8%	(3.2)	-6.1%	48.1
Education & Health Services	59.4	68.9	70.9	11.5	19.4%	2.0	2.9%	69.3
Leisure & Hospitality	35.5	36.6	36.3	0.8	2.3%	(0.3)	-0.8%	37.9
Other Services	16.2	15.8	14.3	(1.9)	-11.7%	(1.5)	-9.5%	14.2
Government	68.9	63.1	65.6	(3.3)	-4.8%	2.5	4.0%	66.2
Total	443.1	404.7	391.5	(51.6)	-11.6%	(13.2)	-3.3%	384.1

Unemployment Rate (%)

U.S.	3.9%	4.9%	7.2%			9.4%
Dayton MSA	3.3%	5.9%	8.2%			11.3%
City of Dayton	6.0%	7.2%	9.5%			12.5%

Source: Bureau of Labor Statistics

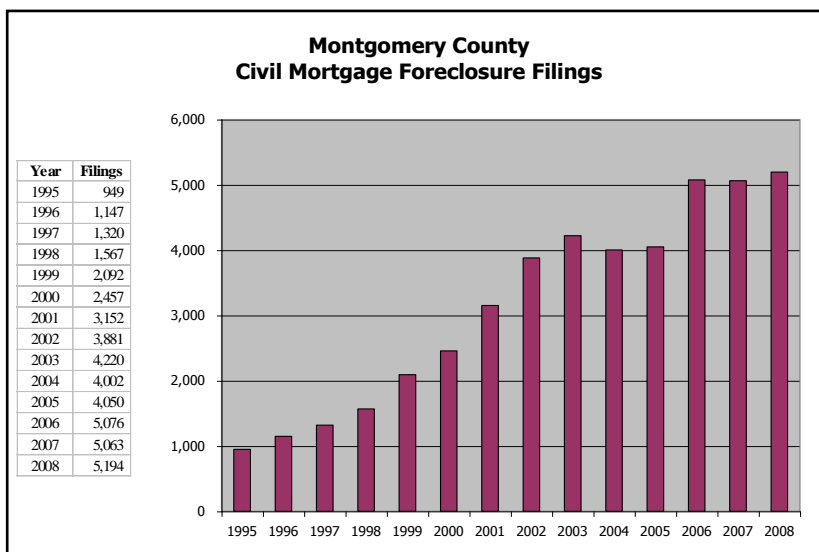
Evidence of the social distress is apparent in the growing ranks of unemployed and underemployed. Unemployment in the Dayton metropolitan area currently stands at 11.3% up from 5.9% in December of 2008 while the City is even higher at 12.5% in the most recently released data from the Bureau of Labor Statistics. This is 3.1 percentage points higher than the U.S. rate. Given that the City’s major revenue

source is the income tax, or the 2.25% tax on wages and net profits earned in the City, the recent downturn and loss of jobs translates into significantly lower revenues, which leads to diminished services to the residents.

Lending Market and Property Values

As mentioned above, what precipitated the current deep recession were record level mortgage foreclosure filings and plunging property values that have subtracted approximately \$5 trillion in equity from the U.S. housing market, according to housing expert Karl Case. Due to its weak market conditions, the Dayton region did not participate in the rapid price appreciation experienced in such markets as Las Vegas, Miami, Phoenix and Los Angeles. Yet, we have not been immune to the precipitous declines in home sales and home prices coupled with some of the highest foreclosure rates in the nation. Interestingly, the contracting local economy over the past decade was largely responsible for our high foreclosure rate. Conversely, it was the mortgage meltdown that caused economic decline across the nation.

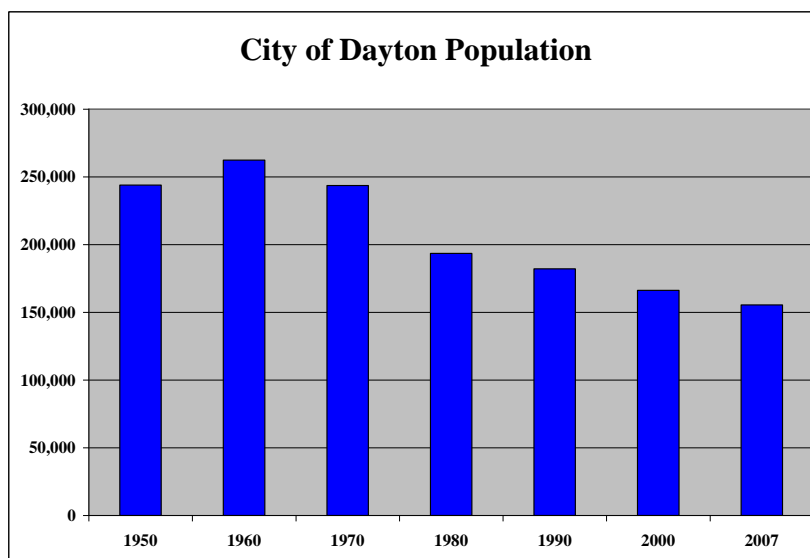
As the graph to the right depicts, foreclosures in Montgomery County began to escalate in the late 1990s and for the last three years have registered more than 5,000 foreclosures or 2% of housing units annually. This is a five-fold increase from 1995. Though foreclosures did decline in the most recent monthly report, they show scant evidence of slowing. While Dayton attempted to limit predatory lending practices with a local ordinance, Ohio legislators were slow to adopt legislation limiting predatory lending practices and the legislation adopted is weak. Many Dayton residents have long term relationships with predatory lenders. Until recently, The Homeownership Center of Greater Dayton found that the majority of the slow-pay mortgage/foreclosure customers they saw were as a result of adjustable rate mortgages/predatory mortgage products. With the recent loss of jobs in the region, the number of foreclosure filings is likely to increase.



Consequently, residential property values fell 4.4% in the recent Auditor's revaluation and delinquencies have been rising steadily. At the end of 2008, delinquencies outstanding registered over 30% of the current levy. Both of these factors have depressed 2009 property values and property tax revenues for the City and will continue to do so in the future.

Demographics

The protracted economic decline in Dayton has affected population, poverty and income levels in the City. Nearly one in three or 29.6% of individuals earn incomes below the poverty line and a staggering 44% of children under the age of 18 live in poverty. The loss of high paying manufacturing jobs has depressed income levels in the City with the median household income for the years 2005-2007 registering only \$28,381, which is 43% less than the national level.



Housing Issues

The housing market within the Consortium area has suffered from an increasing vacancy rate. With job opportunities waning, the City has witnessed a dramatic loss in population. Since reaching its peak in the 1960s census the City has lost 76,833 residents or 41% of its peak population of 262,000. Nevertheless, the City is left with the remnants of its golden age in the form of abandoned buildings, warehouses, factories and homes coupled with the infrastructure to support a population base of a quarter of a million people.

As Dayton has lost population to surrounding communities, those communities have in turn lost population to communities further out. Montgomery County is in turn, losing population to the surrounding counties. This population loss leaves empty homes and businesses in the County. Vacant homes that remain vacant for a long period of time have the effect of making adjacent homeowners less likely to maintain and reinvest in their own properties. The deferred maintenance and continued vacancy begins the process of disinvestment that has spiraled some census tracts into neighborhoods that are characterized by substantial numbers of vacant, deteriorated, abandoned, residential properties. Because the region has substantially more housing units than people to fill them, these neighborhood conditions encourage existing residents to move to less deteriorated areas, adding to the abandonment.

B. Market Conditions and Demand Factors

To better understand the current housing market and to produce a reasonable projection of the extent to which the markets within the target geographies will absorb the abandoned and foreclosed properties, the Consortium obtained the professional services of Mr. Doug Harnish of Gem Public Sector Services. Data used for the study came from HUD and DemographicsNow.com models. The results of the market studies are summarized below. The full report can be found in Appendix 2 - Request for exemption to demolition limit.

The City of Dayton, Ohio is contemplating the revitalization of three specific “target areas” through the use of HUD, Neighborhood Stabilization Program Grants. Due to a long term population decline in the City, the three target areas with Dayton and their adjacent Census Tracts all have an excessive number of housing units on the landscape. The population and household decline in Dayton has taken place over an extended period of time beginning in the 1970’s. The population in the City peaked at approximately 270,000 persons in 1970. Since 1970, the City has witnessed a steady decline in population with 166,489 persons in 67,543 households in 2000. The population and households in the City in 2008 are estimated at 151,557 and 61,798, respectively. By 2013, the population and households in the City are projected to drop to 144,067 and 58,847, respectively.

Montgomery County Community Development officials have identified target areas for Neighborhood Stabilization Program grants in eleven (11) separate jurisdictions within Montgomery County, Ohio. The eleven jurisdictions include the cities of Clayton-Englewood (combined as one area), Huber Heights, Kettering, Miamisburg, Moraine, Riverside, Trotwood, and West Carrollton. In addition to the cities identified above, there are target areas in the following townships; Harrison, Jefferson, and Miami. Long-term declines in the numbers of people and households in each of the target areas has led County officials to explore the demolition of excess housing units and the revitalization of many remaining housing units as a step toward stabilizing the housing markets in the target areas and restoring value to the housing units that remain on the landscape.

The analysis has attempted to demonstrate that there is an excess supply of housing units on the landscape in the Consortium target areas, that revitalization of neighborhoods can accelerate market velocity, increase sales prices and result in housing values sufficient to merit revitalization efforts that can be transitioned to the private sector in the future; in essence, revitalization will be financially feasible for individual home owners to complete the projects started through the application of grant funds in the target areas.

In order to evaluate market behavior in the past, three prior neighborhood revitalization projects have been examined for the market characteristics cited above. While all three prior projects are in the City of Dayton, the experience appears to be one that can be replicated in other geographic areas as long as the project areas are well defined and can be identified as “neighborhoods” in the community at large. The three neighborhoods selected for analysis are; the Genesis project, Wright-Dunbar Village, and McPherson Town. The genesis project is on the south-central border of the City Dayton abutting Miami Valley Hospital, the University of Dayton, the Montgomery County Fairgrounds and the “South Park” neighborhood. The area consisted of an older residential neighborhood bordered by commercial uses and major institutions with much of the housing inventory in a state of disrepair with rental units dominating the marketplace. This project has focused on restoring many original houses with infill construction. The home ownership market was the desired objective with employees of the major institutions in the immediate vicinity viewed as the primary target market. There are approximately 129 housing units in this project area. The second prior project neighborhood is Wright-Dunbar Village. This project took a neighborhood that exhibited large numbers of dilapidated homes with a high percentage of vacancy and introduced a significant number of new homes into the area. Once again, the primary target market was the home owner market. The area abuts the Wright-Dunbar Business District in one of the non-contiguous venues of an Aviation Heritage National Park. This project only slightly preceded the Genesis project in terms of its revitalization. There

are approximately 244 housing units in this project. The final prior project is the McPherson Town neighborhood. This is the most compact revitalization project used as a comparable neighborhood in this analysis. There are approximately 74 housing units in this project. The area is geographically well defined and somewhat isolated from adjacent residential neighborhoods by an elevated, interstate highway, just north of the Central Business District of Dayton. This is the oldest project analyzed as part of this study. This project began during a recession with a lag between the project start and market absorption resulting from the economic environment in which the project was begun.

The conclusions of the analyses consist of the following observations and recommendations:

1. Demolition of housing units in the eleven target areas should take into account population and household declines projected to occur in the next five years. Project funding will lag this analysis, the program allows funds to be expended over three years, and the market will take time to recognize the changes in revitalized neighborhoods and respond; therefore, demolition of housing units should assume that decline will continue through the project period until the revitalized neighborhoods are obvious to the casual observer.
2. Market velocity, defined as annual sales of housing units, appears to range from approximately 0.00% to 3.00% of the inventory, annually in distressed neighborhoods, compared to a range from as low as 4.00% to over 10.00% of the inventory, annually, in revitalized neighborhoods.
3. Market values appear to be in a range that would permit revitalization or new construction to take place in the private sector without the application of public funds once the catalyst for change is introduced in a target area.
4. Sales prices of revitalized housing units does not appear to be affected by the existence of dilapidated homes in a neighborhood as long as a sufficient percentage of housing units in the inventory have been revitalized, or will be revitalized in the near future. Sales prices as high as \$170 per square foot of living area were observed in the public record for revitalized homes in the prior project areas. Multiple homes transferred at prices in excess of \$100 per square foot of living area in all three prior project areas in the City.
5. It appears that revitalization can be rewarded and market values improved over the long-term if revitalization neighborhoods are readily definable areas and the progress of revitalization affects a sufficient number of housing units in the target area(s) to be recognized by even casual observers of the marketplace.
6. The income of existing households in the three defined target areas suggests that the revitalization effort will be accompanied by a transition of households in the revitalization project neighborhoods.
7. Rental housing will comprise a significant percentage of housing units even in the revitalized neighborhoods. The inventory of rental housing must be revitalized to provide support for the revitalized homes to be sold and enable the entire inventory of housing to move upward to new market thresholds of value. The ownership and rental housing inventory must be mutually supportive in terms of the economics of value in the target areas.

The Annual Market for Housing in Neighborhoods, Before and After Revitalization

Specific neighborhoods in which there is substantial distress in the housing inventory and resulting housing market can be demonstrated by the “Before” case in the three prior project neighborhoods cited above. Annual market sales velocity in the three prior project neighborhoods, cited above, ranged between 0.00% of the housing inventory to as much as 3.00% of the housing inventory. Sales prices were at minimal sales prices per square foot of living area; in some cases less than \$1.00 per square foot. There is no way to quantify the status of the annual rental housing market. There is at least some indication that rental housing even included daily sleeping room arrangements; not a typical segment of the housing market at all. The distress in the three prior project neighborhoods appears to be well documented by the sales activity and sales prices.

In each of the prior revitalization project neighborhoods there was a “catalyst year” in which an extraordinary number of sales took place. In these “catalyst years” the public sector emerged as the agent of change. After the “catalyst year”, each of the projects reflected more sales activity with annual turnover rates approaching, in some cases exceeding, typical market turnover rates. Sales prices for revitalized homes, or new infill homes, appeared to be self sustaining; i.e., no long-term public subsidy of revitalization costs. Sales prices per square foot of living area were more comparable to existing suburban communities. More importantly, sales of un-renovated homes were interspersed with the sales of renovated homes. While these pre-revitalization sales influenced the average annual sales prices per square foot in the prior project neighborhoods, they did not appear to have an adverse effect of the actual sales prices of newly renovated residences or new infill residences. Sales prices in excess of \$100.00 per square foot of living area were observed in all three prior project areas and a few sales significantly exceeded \$100.00 per square foot.

The annual housing sales data indicate that approximately 4.52% of the owner occupied homes in the City comprised the local marketplace in 2000. By 2008, sales data indicate that the annual market velocity was relatively unchanged at 4.61% of the owner occupied housing in the City. Home sales data for 2009, year-to-date, suggest that annual market velocity in the City will comprise approximately 3.8% of owner occupied dwelling units.

New homes do comprise a small percentage of the annual housing market in the City of Dayton. While most new units are located in neighborhoods on the fringes of the City in neighborhoods that are still developing, a few units have entered the market as a part of prior neighborhood revitalization efforts. In 2000, 39 new single-family housing units entered the market accounting for approximately 2.42% of home sales in that year. In 2008, new homes accounted for 5.37% of all home sales in the City. Year –to-date sales projected to year end suggest that new homes may comprise 2.11% of all home sales in the City.

The rental housing market appears to have an annual market velocity that approaches typical market turnover rates at approximately 40.00% of the rental inventory, annually. Details surrounding the rental market are not readily available; especially, for small rental properties outside of major apartment complexes.

A large percentage of single-family residential structures have transitioned into the rental housing market. This phenomenon typically has an adverse effect on housing values and this may be one of the market forces at work in the City of Dayton. In 2000, there were 17,859 single-family residential dwelling units in

the sixteen Census Tracts that comprise the three proposed target areas in the City. There are 11,923 owner-occupied households, today, and 11,484 owner-occupied households by 2013. Only minimal natural attrition is projected to take place in the housing inventory between now and 2013, so it appears reasonable to assume that the difference between the inventory of single-family homes in 2000 and owner-occupied homes today and by 2013 represent single-family homes that have transitioned into the rental housing inventory or are a part of the vacant housing excess. The difference between residential structure type and occupancy strongly suggest that approximately 6,000 single-family homes have transitioned to rental properties or are excess vacant units. This is a major concern since single-family homes are typically not built for the rental market but for the owner occupancy segment of the market. The transition of over one-third of the single-family residential structures in the three target areas indicates a market condition of significant oversupply of homes for owner occupants in the target areas.

The current velocity of the City of Dayton marketplace, including new home construction, reflects general economic conditions as well as the extraordinary number of vacant homes that exist in many City neighborhoods. A return to traditional loan underwriting standards in the future is likely to have a negative effect on annual home sales for the foreseeable future in the City of Dayton. With an excess supply of housing units on the landscape it is likely that housing values will continue to erode making appraisals for mortgage lending purposes a potential area of concern. The long-term sustainability of housing values in the City could be called into question.

Reasonable Estimates for Annual Home Sales and Rental Housing Volumes

Based on the analyses of the local market in recent years including sales in three prior revitalization project areas, it appears that an annual turnover rate of approximately 4.00% of the owner-occupied housing inventory is a reasonable expectation for the future. This rate is less than the annual turnover rates observed in the three prior project areas, but is more influenced by the more general Dayton market, the current state of the economy, local employment prospects, and new credit underwriting standards. Based on the 2008 owner-occupied inventory of housing in the three target areas, 477 units can be expected to be sold annually and approximately 4589 units could be expected to comprise the annual sales market in the target areas by 2013; or a typical annual market of approximately 470 home sales in the target areas, in total. New housing units are projected at the low end of the observed market in recent years, or approximately 2% of annual sales volume. This percentage results in the introduction of approximately nine (9) new housing units per year in total. Given the current state of the housing markets, in general, and the current status of the local housing market, it may be better to focus exclusively on rehabilitation and revitalization of existing housing units and not introduce any new housing units in the near term.

The rental market will likely continue to turnover approximately 40% of the rental units per year, but rental properties should be included in the revitalization process and rental rates should escalate to levels that are supportive of the anticipated monthly mortgage payments owners will be expected to pay in the revitalized neighborhoods. For the three target areas, the annual rental market is estimated to comprise approximately 3,800 units per year, today, and is projected to comprise approximately 3,500 units per year by 2013. The large number of units in the marketplace annually indicates the importance of the inclusion of rental units in the scope of any housing revitalization that is proposed. It should be noted that even after revitalization, the composition of the housing market is more heavily influenced by rental households than

the general marketplace; in essence, there will always be a higher percentage of rental households than the typical market.

Based on the performance of prior project neighborhoods, the specific neighborhoods identified should be readily definable with relatively hard boundaries. Revitalization areas should be more geographically constrained than the areas identified for demolition. Rehabilitation and revitalization efforts must be visible to the casual observer. Scattering revitalization efforts over a broad landscape may dilute the positive effects of rehabilitation and significantly buffer success of the revitalization effort. In essence, demolish on a broad scale, but rehabilitate and revitalize focally in smaller, well defined areas. Areas that are adjacent to major employers or more vibrant neighborhoods could be candidates for revitalization. Definable boundaries to the neighborhoods selected for revitalization appears to have a positive effect in the market.

Household income demographics for the three target areas suggest that the primary market for properties in the revitalized areas will be made-up of some households already in the three target areas, but largely new households in the three target areas. Renovated homes are likely to enter the marketplace at prices that are equal to, or exceed, \$125,000 per home. Some prices for larger homes could exceed \$200,000. Household income levels, assuming 80% mortgages (80% loan-to-value) at conventional interest rates and thirty-year amortization terms leads one to conclude that many new households will be the consumers of housing in the three target areas.

Post renovation rental rates will likely lead to the same conclusion regarding rental households; assuming rent-to-income ratios of 25%, most new rentals will be to new households in the target areas.

FACTOR 2 – Demonstrated Capacity of Applicant & Relevant Organizational Staff

The Consortium members and the Lead Entity, the City of Dayton, have tremendous experience and the demonstrated capacity to manage and implement all facets of the NSP2 program and the activities described in this application. Over the past 24 months, the Consortium has carried out the following activities:

Grant Administration: All members of the Consortium are Entitlement Communities or Public Housing Authorities, each having a proven track record with HUD in implementing the targeted activities. Each jurisdiction is currently implementing NSP 1 projects and other Stimulus projects such as Public Housing Modernization and CDBG-R funded programs and projects. Consortium members also currently manage over \$30 million in federal grants including entitlement programs (CDBG, HOME, ESG), NSP1, CDBG-R and public housing funds.

City and Regional Planning: Each Consortium member has prepared numerous Consolidated and Action Plans, neighborhood plans and all Consortium members routinely cooperate and discuss issues that are regional in nature such as population and job losses, hazard mitigation and environmental stewardship. All members of the Consortium cooperate and participate with the Miami Valley Regional Planning Commission on matters of regional concern.

Acquisition and disposition of real estate: Over the past 24 months, Consortium members have acquired over 200 vacant, abandoned or foreclosed properties for the purpose of side-yard expansions for the adjacent property owner, community gardens, pocket parks, renovation and new housing construction by non-profit developers, or for landbanking purposes. To facilitate the transactions, members coordinate activities with the County Treasurer's Office to assist in tax foreclosure properties and obtaining State forfeited properties. At times, Consortium members engage the services of Realtors® that specialize in the acquisition and disposition of REO properties.

Demolition: In the last 24 months, Consortium members demolished 818 units of residential housing. In coordinating this activity, Consortium members are responsible for title searches, environmental review compliance, asbestos removal, property owner notification/public notices, and procurement process for contractor selection, contractor compliance, process contractor payments, and property maintenance plans. Consortium members also conduct research and analysis for appropriate demolition strategies. Such research includes, determining current housing stock conditions, housing unit trends, population trends, property valuation estimates before and after demolition

Rehabilitation of housing: Consortium members have been responsible for the rehabilitation of over 135 housing units through its HOME, CDBG, ESG, LIHTC and homebuyer program participation. In 2007, Dayton rehabilitated 26 units of residential housing. The Dayton-Kettering HOME Consortium funded and produced 5 units of rehabilitated housing in 2008. Dayton assisted 40 low and Moderate-income homeowners with home repairs and rehabilitation through funding of the HMOP program operated by Citywide Development Corporation; funding of the Rebuilding Together Dayton's Home Fix Up program, and funding of the Dayton Fund for Home Rehabilitation's Emergency Repair Program. Dayton increased the supply of permanent supportive housing throughout Montgomery County in the last 24 months by 82 units through the funding and administration of the Ohio Avenue Renovation, the Daybreak Opportunity House, and the Helena High-rise renovation.

Redevelopment Activities - Dayton has funded and administered the production of 41 units of housing on vacant land and 14 units within a converted commercial building. Montgomery County has coordinated the redevelopment of two structures in the past 24 months. The first structure, a former health spa containing 11,000 square feet was vacant for over 10 years. Montgomery County participated in the redevelopment of the structure into a new state of the art medical facility, the total cost of redevelopment was approximately \$1, 500,000. Montgomery County's specific tasks included, bidding procedures, contract negotiation, plan development and review, environmental compliance, labor standard compliance, and monitoring.

Dayton and Montgomery County are involved in the rehabilitation of a former men's rehabilitation center into a Men's Gateway Homeless Shelter. The former facility was built in 1989 and was closed in 2002. The total renovated space will be 47,705 square feet. Total renovation costs are approximately \$3 million. The renovated facility will contain approximately 178 beds for homeless men and is slated to open in September of 2009. As it relates to this project, Dayton and Montgomery County were directly responsible for fund development, site selection, plan development and review, contract preparation, monitoring and labor standard compliance.

Working productively with other organizations: Consortium members have worked cooperatively with non-profits, for-profits, and other local and state government entities to produce affordable housing. Dayton

funds The Home Ownership Center of Greater Dayton to provide homebuyer counseling, education and other services to potential homeowners, and Dayton also funds Citywide Development Corporation to provide Mortgage credit Counseling and down payment assistance to prospective Dayton homeowners.

Lead-based Paint: Dayton funded and successfully made 16 residential units lead-safe for the residents through the funding and administration of the HMOP Program operated by Citywide Development Corporation. Montgomery County has also administered two lead-hazard control grants, partnering with several agencies including, but not limited to, the City of Dayton, City of Kettering, the local health district, the Children's Hospital, and nonprofit housing organizations.

Energy saving/Green Technology: Dayton, Kettering and Montgomery Count all cooperated to produce the first unit of newly constructed LEED certified affordable housing unit called the Litehouse. The model is the first of 44 units, four of which will be affordable to households at up to 80% of Area Median Income.

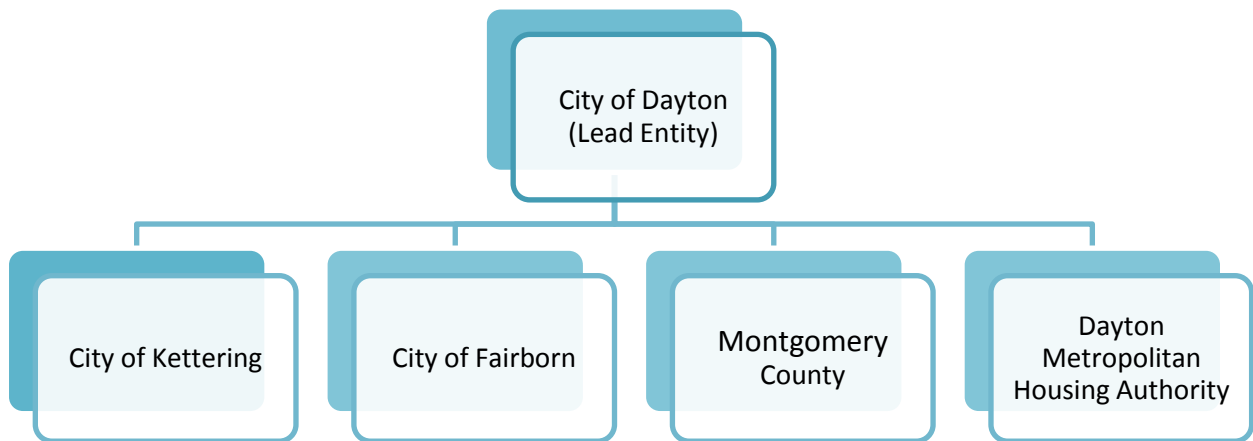
Over the past 24 months, the Consortium has carried out the following activities:

Activity	City of Dayton	Montgomery County	City of Fairborn	City of Kettering	Dayton Metropolitan Housing Authority	Total Units
Acquisition of Foreclosed Properties	180	16			14	210
Downpayment Assistance Loans / Grants	30	61	4	2	57	154
Renovation / Construction of Single Family Homes		77	16	50	42	185
Renovation / Construction of Multi- Family Units	60	43		24	270	407
Homebuyer Education (households served)	210	73	4	2	62	351
Lead-based Paint (units remediated)	16	73	7	13	48	157
Demolition of Blighted housing units	440	42		2	818	1302
Redevelopment Activities	54	2			2	58

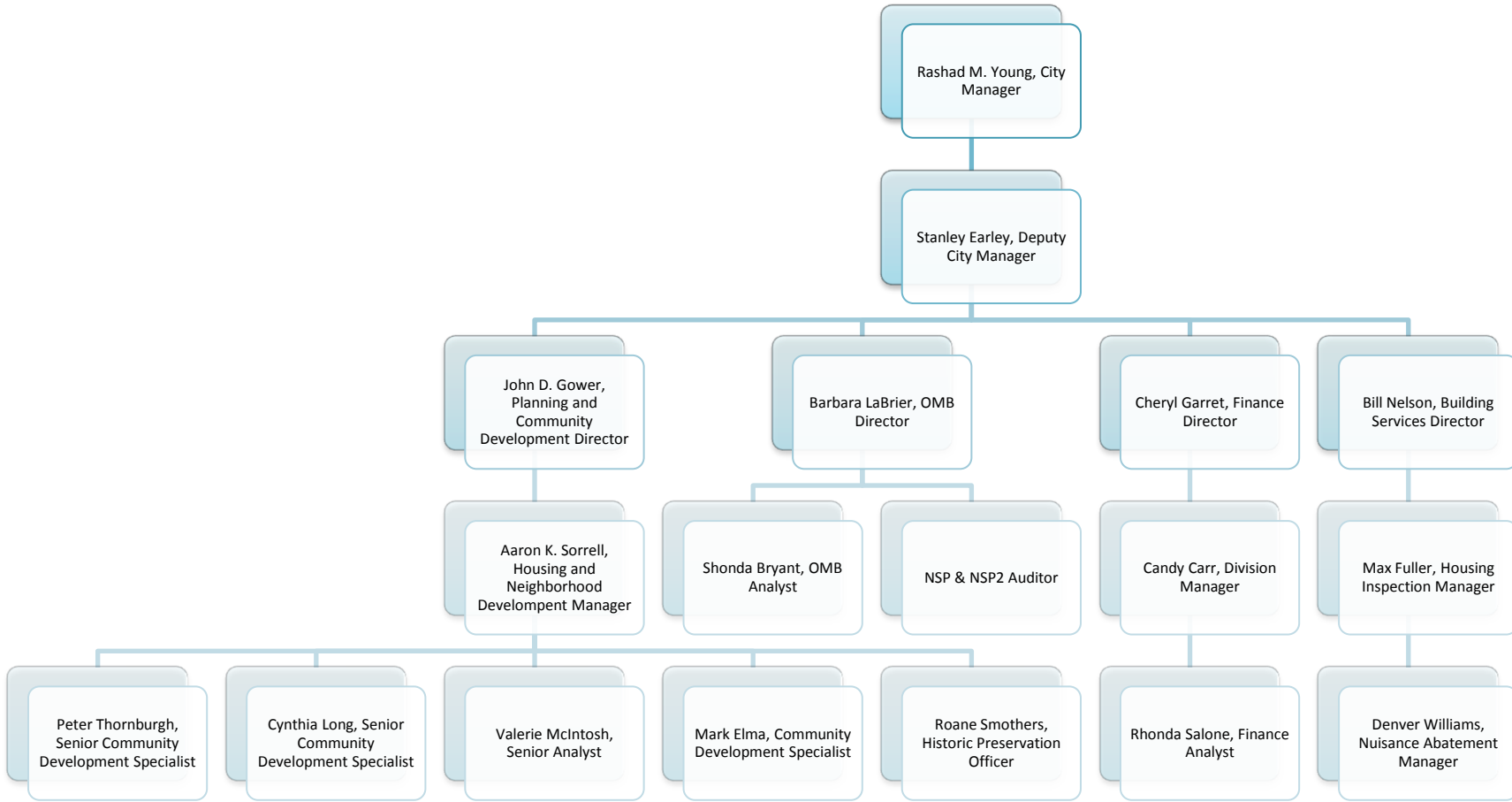
B. Management Structure

The following pages include an overall organization chart for the Consortium, along with the individual member's management structure. Each Consortium member will be responsible for carrying out the proposed activities within their respective jurisdiction. The City of Dayton, as Lead Entity, will assume overall responsibility of monitoring each member for timeliness and program compliance, as described in the Consortium Agreement

Greater Dayton NSP2 Consortium

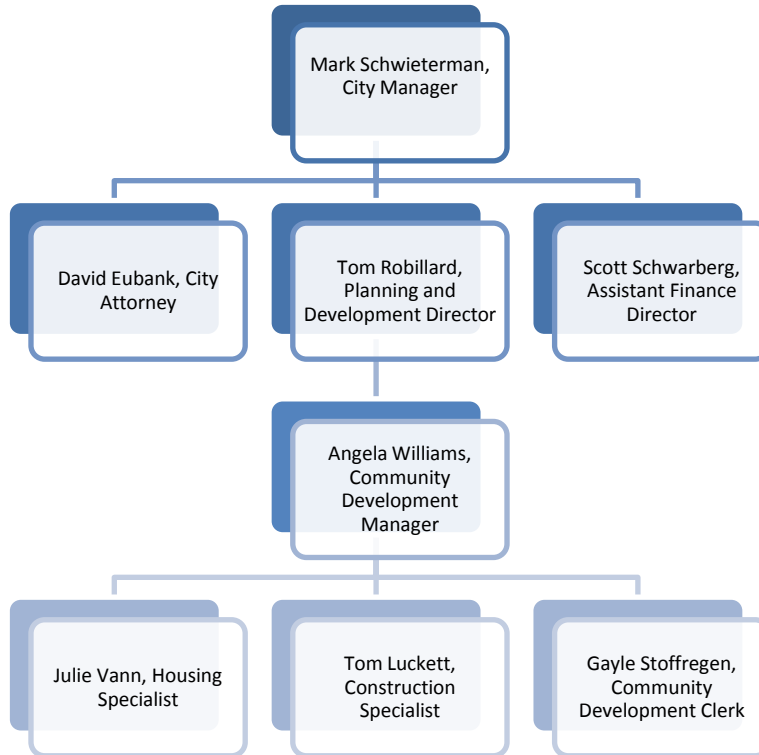


City of Dayton NSP2 Management Structure



1	Administrative Plan and Staff Capacity	Names of Staff Members and Organization										
		Aaron Sorrell	Valerie McIntosh	Amy Riegel	Shenise Turner	Roane Smothers	Jonathan Cain	Rhonda Salone				
12	Acquisition and/or Land Banking						P					
	Management of Funds & Revenue from Land Bank	X						X				
	Application for Grants & Other Sources of Funding	X	X	X	X							
	Preparation of Strategic Plan for Acquisition, Management & Disposition	X	X	X	X							
	Acquisition of Property (Tax Foreclosure, Purchase, Donation, Forfeiture, Transfer)	X					X					
	Classify Property & Maintain Written Inventory of Banked Land	X										
	Management of Banked Property						X					
	Property Maintenance and Nuisance Abatement						X					
	Disposition of Property	X					X					
	Appraisal						X					
	Establishment of terms, restrictions & covenants of sale	X					X					
	Establishment of Price (Negotiations)	X					X					
	Analyze Proposals for Purchase	X					X					
	Approval of Sale	X										
13	Local Government Oversight		P									
	Contractor Management of Consultant/Subcontractor		X	X	X							
	Monitor Financial Records		X	X	X							
	Monitor Performance Reports		X	X	X							

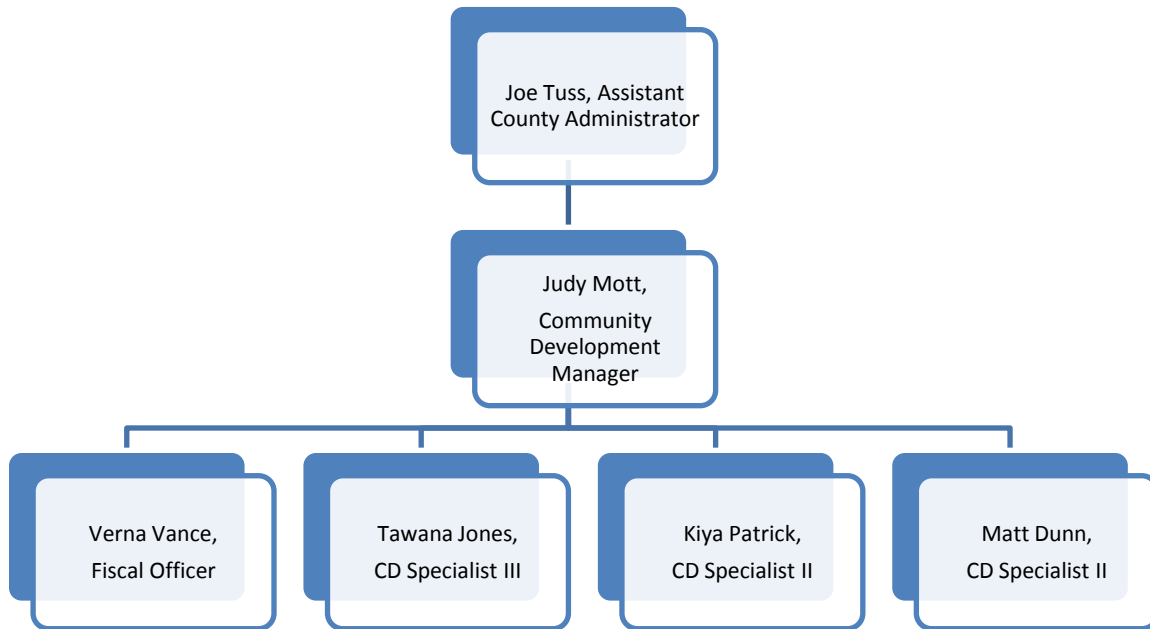
City of Kettering NSP 2 Management Structure



1	City of Kettering Administrative Plan and Staff Capacity	Names of Staff Members and Organization										
		Angela Tucker, City of Kettering	Julie Vann, City of Kettering	Tom Lockett, City of Kettering	Gayle Stoffregen, City of Kettering	Scott Schwarberg, City of Kettering	David Eubank, City of Kettering		County Public Health and Montgomery Dayton	Jason Turner, Dayton County Public Health	Homeownership Center of Greater Dayton	Jim McCarthy, Miami Valley Fair Housing Center
6	Financial Management					P						
	Overall Grant Finances	X				X						
	Preparing and Submitting Drawdown Requests	X				X						
	Preparing and Processing Purchase Orders & Contractor Pay Requests	X		X	X							
	Preparing Performance Reports	X				X						
7	Daily Project Management		P									
	Client Intake/Determine Eligibility		X									
	Maintain Files				X							
	Conduct Pre-Construction Conferences		X	X								
	Determine Appropriate Client Assistance Level	X	X									
	Document Preparation		X	X	X							
	Liaison Between Contractor and Homeowner		X	X								
	Clerical Duties				X							
	Maintain Priority Ranking and Waiting Lists		X		X							
8	Fair Housing Coordination										P	
	Receives & Refers All Fair Housing Complaints/Questions										X	
	Provides Tenant/Landlord Information										X	
9	Homebuyer Education									P		
	Conduct Counseling Sessions/Seminars									X		
	Coordinate with Organizations Conducting Seminars									X		

1	City of Kettering Administrative Plan and Staff Capacity	Names of Staff Members and Organization										
		Angela Tucker, City of Kettering	Julie Vann, City of Kettering	Tom Lockett, City of Kettering	Gayle Stoffregen, City of Kettering	Scott Schwarberg, City of Kettering	David Eubank, City of Kettering		Jason Turner, Dayton and Montgomery County Public Health	Beth Deutscher, HomeOwnership Center of Greater Dayton	Jim McCarthy, Miami Valley Fair Housing Center	
10	Post Grant Management	P										
	Maintain Records/Prepare Mortgage Releases				X							
	Conflict Resolution	X										
	Manage Program Income	X										
11	Inspection and Field Construction Management			P								
	Verifies Required or Other Standard/Code Tests			X								
	Assignment/Completion of Duties for Inspection/Construction Management Staff			X								
	Perform Initial Inspections			X								
	Perform Interim Inspections			X								
	Performs Final Inspection			X								
	Perform Scope of Work/Spec. for Bidding			X								
	Oversee Contract Procurement			X								
	Conduct Contractor Pre-Bid Meeting			X								
	Conduct Contractor Negotiations for Single Bidders	X		X								
	Provide Cost Estimates			X								
	Prepare Punch Lists			X								
	Approves Change Orders	X		X								
	Approve Contractor Payments	X		X								
	Perform Risk Assessments							X				
	Prepare Lead-Related Specifications			X								
	Perform Lead Clearance Testing							X				

Montgomery County Organizational Chart



Montgomery County implemented CDBG, HOME, ESG and NSP programs since their inception. As an urban county with cooperating jurisdictions, the Community Development Office has extensive relationships with city planning, community development managers and township officials. These relationships have evolved from assisting jurisdictions with project identification and implementation, typically through delegation of activities agreements. Montgomery County has also administered two lead-hazard control grants, partnering with several agencies including, but not limited to, the City of Dayton, City of Kettering, the local health district, the Children’s Hospital, and nonprofit housing organizations.

Administrative Plan and Staff	Names of Staff Members <u>and</u> Organization												
Montgomery County Administrative Plan and Staff Capacity Duties	Montgomery County Staff Members <u>and</u> Organization												
	Judy Mott, Community Development, Manager	Tawana Jones, Community Development Specialist III	Verna Vance, Community Development Fiscal Agent	Kiya Patrick, Community Development Specialist II	Matt Dunn, Community Development Specialist II	Adam Blake, Jim Martone CountyCorp	Jim Martone, CountyCorp	Mike Brennaman, Sue Pratt CountyCorp	Tracy Schultz, CountyCorp	Stephanie Evans, Jennifer Babros, CountyCorp	Montgomery County Housing/Homeless Solutions	Joyce Probst, Roberta Longfellow, Montgomery County	Jim McCarthy, John Zimmerman Miami Valley Fair Housing Center
Contracted Agency Staff (C), Subcontracted Agency Staff (S), or Local Employee (E)	E	E	E	E	E	C	C	C	C	C	C	C	C
Number of Years of Housing-Related Experience	31	13	30	5	5								
General Program Oversight				P									
Admin. Consulting Services				X							X		
Grant Preparation & Management		X		X									
Prepare program amendments, as needed				X									
Conduct Environment Review Record Tier 1 – Release of Funds		X		X									
Conduct Environment Review Record Tier 2 – OHPO Coordination, Floodplain Management, etc.		X		X									
Program Administration				P									
Management of Admin. Staff	X												
Public Relations/Marketing				X			X						
Coordinate with local agencies (HFH, MHA, CAC, etc.)	X			X	X	X	x						
Coordinate Citizen Participation/Conduct Client Outreach		X		X		X				X			
Contractor Certification		X		X									
Labor Compliance		X	X	X	X								
Quality Control		X	X										
Consultation on 25% targeting requirement											X		

Capacity	Judy Mott, Community Development, Manager	Tawana Jones, Community Development Specialist III	Verna Vance, Community Development Fiscal Agent	Kiya Patrick, Community Development Specialist II	Matt Dunn, Community Development Specialist II	Adam Blake, Jim Martone CountyCorp	Jim Martone, CountyCorp	Mike Brenneman, Sue Pratt CountyCorp	Tracy Schultz, CountyCorp	Stephanie Evans, Jennifer Babros, CountyCorp	Longfellow, Montgomery County Housing/Homeless Solutions	Zimmerman Miami Valley Fair Housing Center	Jim McCarthy, John
Financial Management			P										
Overall Grant Finances			X	X									
Preparing and Submitting Drawdown Requests		X	X										
Preparing and Processing Purchase Orders & Contractor Pay Requests		X	X	X	X								
Preparing Performance Reports		X	X	X									
Daily Project Management						P							
Client Intake/Determine Eligibility		X								X			
Maintain Files			X	X					X				
Conduct Pre-Construction Conferences		X		X	X			X					
Determine Appropriate Client Assistance Level										X			
Document Preparation			X	X		X				X			
Liaison Between Contractor and Homeowner								X					
Clerical Duties		X	X	X	X	X	X	X	X	X	X	X	X
Maintain Priority Ranking and Waiting Lists										X			
Fair Housing Coordination													P
Receives & Refers All Fair Housing Complaints/Questions													X
Provides Tenant/Landlord Information													X
Homebuyer Education									P				
Conduct Counseling Sessions/Seminars									X				

Coordinate with Organizations Conducting Seminars					X				X			
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Administrative Plan and Staff Capacity	Names of Staff Members <u>and</u> Organization									
	Judy Mott, Community Development, Manager	Tawana Jones, Community Development Specialist III	Verna Vance, Community Development Fiscal Agent	Kiya Patrick, Community Development Specialist II	Matt Dunn, Community Development Specialist II	Adam Blake, Jim Martone CountyCorp	Jim Martone, CountyCorp	Mike Brenaman, Sue Pratt CountyCorp	Tracy Schultz, CountyCorp	Stephanie Evans, Jennifer Babros, CountyCorp
Post Grant Management				P						
Maintain Records/Prepare Mortgage Releases							X			
Conflict Resolution	X	X	X	X		X	X			
Manage Program Income		X	X	X					X	
Inspection and Field Construction Management								P		
Verifies Required or Other Standard/Code Tests		X		x						
Assignment/Completion of Duties for Inspection/Construction Management Staff								X		
Perform Initial Inspections								X		
Perform Interim Inspections								X		
Performs Final Inspection								X		
Perform Scope of Work/Spec. for Bidding		X		x		X		X		
Oversee Contract Procurement		X		X	X					
Conduct Contractor Pre-Bid Meeting				X	X			X		
Conduct Contractor Negotiations for Single Bidders				X	X			X		
Provide Cost Estimates				X	X			X		

Prepare Punch Lists								X		
Approves Change Orders		X		X	X			X		
Approve Contractor Payments		X	X	X	X				X	
Perform Risk Assessments								X		
Prepare Lead-Related Specifications		X						X		
Perform Lead Clearance Testing		X						X		

Montgomery County Administrative Plan and Staff Capacity	Names of Staff Members <u>and</u> Organization									
	Judy Mot, Community Development, Manager	Tawana Jones, Community Development Specialist III	Verna Vance, Community Development Fiscal Agent	Kiya Patrick, Community Development Specialist II	Matt Dunn, Community Development Specialist I	Adam Blake, Jim Martone CountyCorp	Jim Martone, CountyCorp	Mike Brenneman, Sue Pratt CountyCorp	Tracy Schultz, CountyCorp	Stephanie Evans, Jennifer Babros, CountyCorp
Acquisition and/or Land Banking						P				
Application for Grants & Other Sources of Funding		X		X			X			
Preparation of Strategic Plan for Acquisition, Management & Disposition	X	X		X	X	X	X			
Acquisition of Property (Tax Foreclosure, Purchase, Donation, Forfeiture, Transfer)						X	X			
Property Maintenance and Nuisance Abatement								X		
Disposition of Property							X			
Appraisal				X		X				
Establishment of terms, restrictions & covenants of sale						X	X			
Establishment of Price (Negotiations)						X	X			
Analyze Proposals for Purchase				X		X				
Approval of Sale							X			
Local Government Oversight				P						
Contractor Management of Consultant/Subcontractor		X	X	X	X					
Monitor Financial Records			X	X						
Monitor Performance Reports		X		X						

FACTOR 3 – Soundness of Approach

A. Proposed Activities

The Consortium plans to undertake various methods of to stabilize the targeted neighborhoods including:

- 1) NSP Eligible Use A: Establishing financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties;
- 2) 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;
- 3) NSP Eligible Use C: Establish land banks for homes and residential properties that have been foreclosed upon;
- 4) NSP Eligible Use D: Demolish blighted structures;
- 5) NSP Eligible Use E: Redevelop demolished or vacant properties as housing;

In most cases, NSP2 funds will be used to expand and enhance the current efforts of the NSP program and other redevelopment activities currently underway in the target geographies. The targeted areas within the City of Dayton are part of existing redevelopment efforts that include Historic Districts, asset-based development areas that are located in close proximity to job centers such as hospitals, educational institutions, cultural centers, and the greater downtown employment area.

Dayton's redevelopment strategy will focus on three main areas: homebuyer programs, rental housing development, and blight elimination. As the market study recommended, redevelopment activities will be focused, with blight elimination taking place in a larger geography within the target areas. Areas with relatively low vacancies and few blighted structures will be targeted for NSP use A. Partnerships with local lending institutions and Realtors© will be formed to provide incentives for LMMI homebuyers to purchase foreclosed homes.

In areas with high vacancy rates and high numbers of blighted structures, demolition strategies along with redevelopment will be employed to bring the vacancy rates to a more sustainable level of less than 10%. Due an excess housing supply of over 5000 units, demolition in addition to preservation is a sound strategy. The Consortium is requesting a waiver of the 10% limitation on demolition, see Appendix 2 for justification for the request.

Total NSP Request	\$ 39,409,876.00
Administration	\$ 3,500,000.00
Homebuyer Incentive	\$ 4,100,000.00
Redvelopment	\$ 15,120,000.00
Demolition	\$ 8,400,000.00
Demolition %	0.21314
25% Set-aside requirement	\$ 10,727,469.00

Redevelopment strategies are illustrated in the following table.

Jurisdiction & Neighborhood	Census Tract	NSP Eligible Use Code (A-E)	NSP2 Funds Budget	Other Funds Budgeted	CDBG Eligible Activity	Units Addressed	Responsible Entity
Dayton - Dayton View Triangle / Fairview	5	A	\$ 100,000.00		24 CFR 570.201(n)	10	City of Dayton
		B	\$ 1,000,000.00	\$ 2,500,000.00	24 CFR 570.202	20	
		D	\$ 200,000.00		24 CFR 570.201(d)	10	
Dayton - University Row	6	A	\$ 200,000.00		24 CFR 570.206	20	City of Dayton
		B	\$ 1,000,000.00		24 CFR 570.202	20	
Dayton – Hillcrest	8.01	A	\$ 300,000.00		24 CFR 570.206	30	City of Dayton
		B	\$ 500,000.00		24 CFR 570.202	10	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Santa Clara / Mount Vernon	8.02	A	\$ 100,000.00		24 CFR 570.206	10	City of Dayton
		D	\$ 2,000,000.00		24 CFR 570.201(d)	200	
Dayton - Five Oaks	9	A	\$ 300,000.00		24 CFR 570.201(n)	30	City of Dayton
		B	\$ 1,000,000.00		24 CFR 570.202	20	
		D	\$ 1,000,000.00		24 CFR 570.201(d)	100	
Dayton – Downtown	15	B	\$ 1,000,000.00		24 CFR 570.202	40	City of Dayton
Dayton - Historic Inner East	19	A	\$ 500,000.00		24 CFR 570.206	50	City of Dayton
		B	\$ 1,000,000.00		24 CFR 570.202	20	
		D	\$ 600,000.00		24 CFR 570.201(d)	60	
Dayton - Twin Towers	22	B	\$ 1,000,000.00	\$ 900,000.00	24 CFR 570.202	20	City of Dayton
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Linden Heights	26	A	\$ 600,000.00		24 CFR 570.201(n)	60	City of Dayton
		B	\$ 500,000.00		24 CFR 570.202	5	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	

Jurisdiction & Neighborhood	Census Tract	NSP Eligible Use Code (A-E)	NSP2 Funds Budget	Other Funds Budgeted	CDBG Eligible Activity	Units Addressed	Responsible Entity
Dayton - Walnut Hills	33	A	\$ 600,000.00		24 CFR 570.201(n)	60	City of Dayton
		B	\$ 500,000.00		24 CFR 570.202	5	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Wright Dunbar Village / Wolf Creek	36	A	\$ 200,000.00		24 CFR 570.201(n)	20	City of Dayton
		B	\$ 3,000,000.00		24 CFR 570.202	50	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Roosevelt / MacFarlane	37	A	\$ 200,000.00		24 CFR 570.201(n)	20	City of Dayton
		B	\$ 1,000,000.00		24 CFR 570.202	20	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Westwood	38	A	\$ 500,000.00		24 CFR 570.201(n)	50	City of Dayton
		B	\$ 500,000.00		24 CFR 570.202	10	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Dayton - Westwood	39	A	\$ 500,000.00		24 CFR 570.201(n)	50	City of Dayton
		B	\$ 500,000.00		24 CFR 570.202	10	
		D	\$ 500,000.00		24 CFR 570.201(d)	50	
Kettering	210	E	\$ 240,000.00		24 CFR 570.201(a)	4	City of Kettering
		B	\$ 1,360,000.00		24 CFR 570.202	17	City of Kettering
Kettering	213.02	B	\$ 1,260,000.00		24 CFR 570.202	15	City of Kettering
Montgomery Co.	1003.01	B, E	\$ 857,250.00			6	
Montgomery Co.	1003.02	B, E	\$ 857,250.00			6	
Montgomery Co.-Huber Heights, Misty	1004						
Montgomery Co.-Fort Mck	3	D, E	\$ 1,590,000.00			265	

Jurisdiction & Neighborhood	Census Tract	NSP Eligible Use Code (A-E)	NSP2 Funds Budget	Other Funds Budgeted	CDBG Eligible Activity	Units Addressed	Responsible Entity
Montgomery Co. -Fort Mck	801	D, E	\$ 600,000.00			100	
Montgomery Co.-Shiloh	701.02	D, E	\$ 48,000.00			8	
Montgomery Co.-Drexel/Crown	702.01	D, E	\$ 168,000.00			28	
Montgomery Co.-Drexel/Crown	702.02	D, E	\$ 114,000.00			19	
Montgomery Co.-Townview	703	D,E	\$ 132,000.00			22	
Montgomery Co.-Taft/daven	602	D,E	\$ 228,000.00			38	
Montgomery Co.-union/35	603	D,E	\$ 270,000.00			45	
Montgomery Co.-Trot Oldetown	704	B, E	\$ 857,000.00			6	
Montgomery Co.-Trot Oldetown	705	B, E	\$ 857,000.00			6	
Montgoery Co.-WC/moraine	503.01	B, E	\$ 857,000.00			6	
Montgomery Co.-Riverside	906	B, E	\$ 3,000,000.00				
Montgomery Co.-Riverside	903.02						
Montgomery Co.-miamisbrg./moraine	503.02						
Montgomery Co.-miamisbrg.	505.01						
Montgomery Co.-miamisbrg.	501.02	B, E	\$ 714,376.00			5	
Fairborn - Pleasantview	2005	A	\$ 720,000.00		24 CFR 570.206	8	City of Fairborn
		B	\$ 280,000.00		24 CFR 570.201(a)	4	City of Fairborn

B. Project Completion Schedule

Provide a Project Completion Schedule (PCS) timeline with monthly milestones for expected outcomes and results for each activity and method to adjust PCS if off schedule (5p);

Under Development

C. Income Targeting for 120 percent and 50 percent of median income

The Consortium members are very familiar with income targeting and will only fund households meeting the income guidelines. The requirement that the funds be expended to benefit a minimum of 25% of households at or below 50% of the Area Median Income will be met by partnering with local non-profit housing agencies who target this clientele, such as habitat for humanity. The consortium will fund a number of rental and homeownership programs that will ensure that 25% of all funds will be used to assist those below 50% of median income. These guidelines will be placed in all funding agreements and contracts.

D. Continued Affordability

The Consortium will follow the applicable HOME regulations for the purposes of establishing and maintaining the affordability of the units. To ensure that affordability guidelines are adhered to, the City will enforce deed restrictions on applicable projects. The Consortium will also conduct regular monitoring of each project to verify that applicable rules and regulations (including affordability periods) are being followed. For homeownership units, the Consortium will utilize the HOME recapture provision to ensure affordability.

E. Consultation, outreach, communications

Consortium members have been meeting regularly since the introduction of the NSP and NSP2 program. In addition, we've been meeting with various non-profit housing partners and potential subrecipients to determine appropriate target areas, activities, goals, and outcomes for each potential neighborhood. It is anticipated that many of the partners undertaking implementation of the NSP program, will continue to be partners in the NSP2 program to maintain continuity and impact within the target neighborhoods. In addition, the City of Dayton and other members of the Consortium have a website that is dedicated to the NSP and NSP2 application information.

In order to ensure there is steady stream of families able to rent or purchase homes that are funded with NSP2 and NSP funds, the Consortium is partnering with HUD approved counseling agencies. In addition, Consortium members fund various homebuyer education courses and homebuyer fairs that develop families and promote available units. Since time is of the essence, the Consortium will enter into contracts with various Realtors® to market and sell the available homes.

F. Performance and Monitoring

As direct recipients of HUD funds, the Consortium understands the needs and requirements for monitoring all program activities and ensuring performance to meet the aggressive timeliness of the NSP2 funds. The Consortium will have monitoring and performance requirements in each sub-recipient or development

agreement. Quarterly reports that are tied to specific benchmarks will be required to be submitted to the Lead Entity. Each Consortium member will be required to undertake quarterly monitoring of their sub-recipients or contractors.

Internal audits are performed by an internal auditor from the City of Dayton's Office of Management and Budget. The auditor is located in a different department from the NSP program managers, and is completely autonomous in the auditing function. This auditor has the expectation and authority to oversee the internal controls of the NSP and NSP2 program with the City of Dayton, and the NSP2 program of the Consortium members. Due to the complexity and timeliness of these programs, the auditor's work program only includes the NSP and NSP2 programs.

FACTOR 4 – Removal of substantial negative effects

• *Removal of Substantial Negative Effects* — if a plan will impact more than 25 vacant properties in a targeted area, HUD provides a formula to quantify the impact; the formula looks at the % of properties will be rehabilitated or demolished in a target area.

Under Development

FACTOR 5 – Energy efficiency improvement and sustainable development factors

Transit Accessibility

All of the target areas are served by the Greater Dayton Regional Transit Authority (www.gdrta.com) with convenient bus service along the following Routes:

Greater Dayton RTA Routes

Routes	Census Tracts Served
1	CT 15, 19, 36, 38, 39
2	CT 5, 15, 19, 36
3	CT 15, 22, 26, 33, 36, 38, 39
4	CT 15, 22, 26, 33, 36, 37, 38, 39
7	CT 8.01, 9, 15, 33,
8	CT 5, 9, 15, 36
12	CT 9, 8.01, 8.02, 15, 22, 33, 213.02
14	CT 5, 9, 15
16	CT 33, CT 210
23	CT 210, 213.02
40	CT 5, 9
41	CT 38, 39

Routes within the City of Fairborn are provided through Green County Area Transportation Service, who operates an on-demand system. The user can request transportation services through a central dispatching center.

Green Building Standards

All homes produced by the Consortium will comply with the NSP2 rehabilitation standards and all new construction or gut rehabilitation will exceed the Energy Star for New Homes standard. All moderate rehabilitation or energy efficiency retrofits will purchase only Energy Star products. The Green Building Standards will be included in each sub-recipient agreement and the Consortium will offer training opportunities for rehabilitation contractors who are not familiar with the standards. Homes will be rated prior to rehabilitation by qualified Home Energy Raters to determine the best energy saving features and to independently verify the energy efficiency savings and rating. All specifications and product recommendations will come from the Energy Star website at www.energystar.gov.

Re-use of Cleared Sites

Every effort will be made to reuse cleared sites for the following purpose: expanded side yards for LMMI individuals, pocket parks, community gardens, recreational areas, or for housing redevelopment. The Consortium members believe that demolition alone will not stabilize neighborhoods and that an effective strategy dealing with underutilized land must be developed. To that end, partnerships with neighborhood associations, the County Park District (Five Rivers MetroParks), and housing providers will be developed to reuse the cleared sites in a manner consistent with local plans and good planning practices.

Deconstruction

The Consortium planning to use deconstruction techniques for many structures and is cultivating relationships with community partners including: the Dayton Urban League, Preservation Dayton Inc., and Habitat For Humanity's ReStore. Over the last two years Dayton has been meeting with the interested parties in exploring a model program to allow for the reuse of a portion of hazard-free materials from demolished buildings. The Consortium will be linking deconstruction with workforce development and Section 3 initiatives to provide job training and employment opportunities to low and moderate income individuals.

Other Sustainable Activities

Additional environmentally friendly and energy-efficient activities the Consortium will undertake include:

- 1) Not locating any project within 100 feet of wetlands; 1000 feet of critical habitat; on steep slopes, parkland or prime farmland.
- 2) The Consortium will implement the EPA's Best Management Practices for erosion and sedimentation control during construction.
- 3) Native plants will be used for landscaping.
- 4) Only non-spray and low volume irrigation (drip irrigation) will be installed.

FACTOR 6 – Neighborhood transformation and economic opportunity

The Consortium certifies that all redevelopment activities are consistent with locally adopted plans, and regional economic development plans including:

CityPlan 20/20 – Dayton's Comprehensive Plan (www.cityofdayton.org)

Disclosures: (Not subject to the page limitations.)

_____ SF-LLL, Disclosure of Lobbying Activities, as applicable.

_____ HUD-2880, Applicant/Recipient Disclosure/Update Report. ("HUD Applicant Recipient Disclosure Report")

Appendix 1 – Target Geography

Jurisdiction	Census Tract	Foreclosure Score	Vacancy Score	Max Score
Dayton - Dayton View Triangle / Fairview	5	19	20	20
Dayton - University Row	6	20	19	20
Dayton – Hillcrest	8.01	20	20	20
Dayton - Santa Clara / Mount Vernon	8.02	20	20	20
Dayton - Five Oaks	9	20	20	20
Dayton – Downtown	15	9	9	9
Dayton - Historic Inner East	19	19	20	20
Dayton - Twin Towers	22	20	20	20
Dayton - Linden Heights	26	19	19	19
Dayton - Walnut Hills	33	18	20	20
Dayton - Wright Dunbar Village / Wolf Creek	36	18	20	20
Dayton - Roosevelt / MacFarlane	37	20	20	20
Dayton – Westwood	38	20	20	20
Dayton – Westwood	39	20	20	20
Kettering	210	15	15	15
Kettering	213.02	15	13	15
Montgomery Co.	1003.01	18	15	18
Montgomery Co.	1003.02	17	16	17
Montgomery Co.-Huber Heights, Misty	1004	15	15	15
Montgomery Co.-Fort Mck	3	20	20	20
Montgomery Co. -Fort Mck	801	19	17	19
Montgomery Co.-Shiloh	701.02	18	17	18
Montgomery Co.-Drexel/Crown	702.01	19	16	19
Montgomery Co.-Drexel/Crown	702.02	20	20	20
Montgomery Co.-Townview	703	20	19	20
Montgomery Co.-Taft/daven	602	19	19	19
Montgomery Co.-union/35	603	20	18	20
Montgomery Co.-Trot Oldetown	704	19	16	19
Montgomery Co.-Trot Oldetown	705	19	17	19
Montgoery Co.-WC/moraine	503.01	17	18	18
Montgomery Co.-Riverside	906	18	19	19
Montgomery Co.-Riverside	903.02	17	19	19
Montgomery Co.-miamisbrg./moraine	503.02	18	15	18
Montgomery Co.-miamisbrg.	505.01	18	14	18
Montgomery Co.-miamisbrg.	501.02	18	13	18
Fairborn – Pleasantview	2005	17	13	17

Average Score: 18.56

Appendix 2 – Request for exemption of the demolition spending limits

AN ANALYSIS OF THE HOUSING MARKET FOR THREE REVITALIZED TARGET AREAS IN THE CITY OF DAYTON, OHIO

Summary

The City of Dayton, Ohio is contemplating the revitalization of three specific “target areas” through the use of HUD, Neighborhood Stabilization Program Grants. The three target areas are known as; the Santa Clara neighborhood, the Twin Towers neighborhood, and the Roosevelt-MacFarlane neighborhood.

Due to a long term population decline in the City, the three target areas and their adjacent Census Tracts all have an excessive number of housing units on the landscape. The population and household decline in the City has taken place over an extended period of time beginning in the 1970’s. The population in the City peaked at approximately 270,000 persons in 1970. Since 1970, the City has witnessed a steady decline in population with 166,489 persons in 67,543 households in 2000. The population and households in the City in 2008 are estimated at 151,557 and 61,798, respectively. By 2013, the population and households in the City are projected to drop to 144,067 and 58,847, respectively.

The City’s infrastructure and built environment are super-adequate for the numbers of persons and households foreseen in the future. The City has thousands of vacant housing units on the landscape today. Many of the vacant housing structures in the City are old and many are uninhabitable, today. The City’s desire is to reduce the inventory of vacant housing units, revitalize many remaining housing units and to stabilize the decline of neighborhoods in the City through a proactive application of resources to achieve the desired objective; a stable population and household base in the City in the future.

The following analysis has attempted to demonstrate that there is an excess supply of housing units on the landscape in the three target areas, that revitalization of neighborhoods can accelerate market velocity, increase sales prices and result in housing values sufficient to merit revitalization efforts that can be transitioned to the private sector in the future; in essence, revitalization will be financially feasible for individual home owners to complete the projects started through the application of grant funds in the target areas.

In order to evaluate market behavior in the past, three prior neighborhood revitalization projects have been examined for the market characteristics cited above. The three neighborhoods selected for analysis are; the Genesis project, Wright-Dunbar Village, and McPherson Town. The genesis project is on the south-central border of the City Dayton abutting Miami Valley Hospital, the University of Dayton, the Montgomery County Fairgrounds and the “South Park” neighborhood. The area consisted of an older residential neighborhood bordered by commercial uses and major institutions with much of the housing inventory in a state of disrepair with rental units dominating the marketplace. This project has focused on restoring many original houses with infill construction. The home ownership market was the desired objective with employees of the major institutions in the immediate vicinity viewed as the primary target market. There are approximately 129 housing units in this project area. The second prior project neighborhood is Wright-Dunbar Village. This project took a neighborhood that exhibited large numbers of dilapidated homes with a high percentage of vacancy and introduced a significant number of new homes into the area. Once again,

the primary target market was the home owner market. The area abuts the Wright-Dunbar Business District in one of the non-contiguous venues of an Aviation Heritage National Park. This project only slightly preceded the Genesis project in terms of its revitalization. There are approximately 244 housing units in this project. The final prior project is the McPherson Town neighborhood. This is the most compact revitalization project used as a comparable neighborhood in this analysis. There are approximately 74 housing units in this project. The area is geographically well defined and somewhat isolated from adjacent residential neighborhoods by an elevated, interstate highway, just north of the Central Business District of Dayton. This is the oldest project analyzed as part of this study. This project began during a recession with a lag between the project start and market absorption resulting from the economic environment in which the project was begun.

The conclusions of the analyses consist of the following observations and recommendations:

1. Demolition of housing units in the three target areas should take into account population and household declines projected to occur in the next five years; therefore, a total of approximately 5,400 housing units should be demolished.
2. Market velocity, defined as annual sales of housing units, appears to range from approximately 0.00% to 3.00% of the inventory, annually in distressed neighborhoods, compared to a range from as low as 4.00% to over 10.00% of the inventory, annually, in revitalized neighborhoods.
3. Market values appear to be in a range that would permit revitalization or new construction to take place in the private sector without the application of public funds once the catalyst for change is introduced in a target area.
4. Sales prices of revitalized housing units does not appear to be affected by the existence of dilapidated homes in a neighborhood as long as a sufficient percentage of housing units in the inventory have been revitalized, or will be revitalized in the near future. Sales prices as high as \$170 per square foot of living area were observed in the public record for revitalized homes in the prior project areas. Multiple homes transferred at prices in excess of \$100 per square foot of living area in all three prior project areas in the City.
5. It appears that revitalization can be rewarded and market values improved over the long-term if revitalization neighborhoods are readily definable areas and the progress of revitalization affects a sufficient number of housing units in the target area(s) to be recognized by even casual observers of the marketplace.
6. The income of existing households in the three defined target areas suggests that the revitalization effort will be accompanied by a transition of households in the revitalization project neighborhoods.
7. Rental housing will comprise a significant percentage of housing units even in the revitalized neighborhoods. The inventory of rental housing must be revitalized to provide support for the revitalized homes to be sold and enable the entire inventory of housing to move upward to new market thresholds of value. The ownership and rental housing inventory must be mutually supportive in terms of the economics of value in the target areas.

Addressing the Excess Housing Supply

The supply of housing in the City of Dayton has been in a worsening state of “excess supply” over the last thirty years. The declining population and number of households in the City coupled with an excessive number of residential mortgage foreclosures in recent years has caused the “excess supply” of housing units in the City to explode into an impairment of the City’s housing market in general. Demographic data demonstrating the long-term population decline of the City of Dayton including the sixteen Census Tracts that comprise the three target areas is detailed in **Addendum 1** of this report. Data from the Dayton Area Board of Realtors indicates that less than fifty percent (50%) of all residential listings, annually, have actually sold in the local market since 2000. The number of sales annually did not show any significant effects of the “housing bubble” witnessed nationally between 2003 and 2007. The average sales prices in the City market have shown substantial declines in recent years, likely the combined effects of declining housing demand and the numbers of homes in foreclosure in the City. The average sales prices of homes sold in 2009, year-to-date, are slightly more than one-half of the average sales price of a home in Dayton in 2000. Details regarding the year-over-year sales history of the City of Dayton Housing Market have been included in **Addendum 2** of this report.

Housing vacancy in Ohio, today, is slightly less than the national average; however, housing vacancy rates in the Dayton MSA, Montgomery County, and the City of Dayton are all higher than the national average vacancy rate. Housing vacancy in Montgomery County and the City of Dayton are estimated at 14.1% and 18.7%, respectively in 2008. These two vacancy rates are projected to jump to 18.4% and 22.8%, respectively by 2013. Traditionally, housing markets have been regarded to be stabilized, a supply and demand balance or equilibrium, at a vacancy rate of five percent (5%). The current status of the housing market, nationwide, suggests that too many housing units have been built in recent years. Nationwide conditions are mirrored in the local statistics.

The housing vacancy rate in Montgomery County and the City of Dayton in 2013 are projected to be significantly higher than the nation, the State of Ohio, and the Dayton Metropolitan Area. Much of this trend can be attributed to the severe decline of industry; especially the domestic auto industry, and the exodus of major companies in the local market in the current recession.

The three target areas, cited above, are focal points for the both the short term effects of foreclosures and the long term effects of household decline that the housing market in the City has undergone in the last several years. For the most part, the Census Tracts comprising the three target areas all have housing vacancies well in excess of the City-wide average housing vacancy rate. All of the Census Tracts comprising the three target areas exhibit a worsening condition of excess housing supply throughout the years since 1990. While important to the following discussion, the details regarding housing vacancies in the sixteen individual Census Tracts that make up the three target areas have been made a part of **Addendum 3** of this report.

The effects of the current recession that is gripping the nation, now, will have to abate in the near future and there should be a rebound in the marketplace as a function of an economy returning to stability and possibly expansion. While this may be a macro-market observation, the population of the Dayton MSA, Montgomery County, and the City of Dayton are all projected to continue to decline through 2013. In essence, the changes underway today are projected to continue into the future without regard for changing

conditions of the economy, in general. These long-term trends suggest that the excess housing inventory, today, will only get worse in the future without an intervention of the public sector to deliberately reduce the inventory of existing housing units on the landscape in the local market.

The analyses of the three proposed target areas indicates the numbers of excess housing units that exist in the areas today and are projected to exist in the target areas by 2013. The long-term decline in City population and households strongly suggests that the excess housing supply in the market, today, will only expand in the future without an effort to stabilize market occupancy levels for a target population and number of households projected five years into the future. The aggregate results of the analyses of the three target areas suggests that approximately 4,324 excess housing units should be demolished today; however, the continuing decline in the number of City households suggests that 5,426 housing units should be demolished in order to have a stable housing market at the completion of revitalization projects by 2013. Details of the analyses of the three target areas within the City of Dayton are summarized in the following three tables and detailed in the Addendum, cited above.

SANTA CLARA TARGET AREA HOUSING ANALYSIS					
2008			2013		
Total Units	11,766		Total Units	11,639	
Owned	5,100		Owned	4,902	
Rented	4,233		Rented	3,863	
Vacant	2,433		Vacant	2,874	
Needed	9,824		Needed	9,226	
Excess	(1,942)		Excess	(2,413)	
Owned	51.91%		Owned	53.13%	
Rented	43.09%		Rented	41.87%	
Vacant	5.00%		Vacant	5.00%	
Owned	5,100		Owned	4,902	
Rented	4,233		Rented	3,863	
Vacant	491		Vacant	461	
Prepared by GEM PUBLIC SECTOR SERVICES					
from Data Supplied by DemographicsNow .com					

TWIN TOWERS TARGET AREA HOUSING ANALYSIS				
2008			2013	
Total Units	9,341		Total Units	9,305
Owned	4,339		Owned	4,186
Rented	3,366		Rented	3,103
Vacant	1,636		Vacant	2,016
Needed	8,111		Needed	7,673
Excess	(1,230)		Excess	(1,632)
Owned	53.50%		Owned	54.56%
Rented	41.50%		Rented	40.44%
Vacant	5.00%		Vacant	5.00%
Owned	4,339		Owned	4,186
Rented	3,366		Rented	3,103
Vacant	406		Vacant	384
Prepared by GEM PUBLIC SECTOR SERVICES				
from Data Supplied by DemographicsNow .com				

ROOSEVELT-MACFARLANE TARGET AREA HOUSING ANALYSIS				
2008			2013	
5,879	2008 Total Units		5,835	2013 Total Units
Owned	2,484		Owned	2,396
Rented	2,007		Rented	1,835
Vacant	1,388		Vacant	1,604
Needed	4,727		Needed	4,454
Excess	(1,152)		Excess	(1,381)
Owned	52.55%		Owned	53.80%
Rented	42.45%		Rented	41.20%
Vacant	5.00%		Vacant	5.00%
Owned	2,484		Owned	2,396
Rented	2,007		Rented	1,835
Vacant	236		Vacant	223
Prepared by GEM PUBLIC SECTOR SERVICES				
from Data Supplied by DemographicsNow .com				

General market conditions suggest that both the City of Dayton and Montgomery County are going to continue to lose population and households in the future. Local employment statistics indicate that the Dayton MSA continues to lose jobs. The Dayton MSA has lost slightly less than 40,000 jobs between 2000 and today. Many of the jobs lost in the current recession will not return when the economy rebounds

because many of the local job losses have occurred as the result of plant closings and the exodus of companies from the local marketplace. Most of these job losses are concentrated in companies located in the City of Dayton and Montgomery County. The composition of employment in the local market now resembles the nation as a whole. Previously, the local market was heavily dependent on manufacturing jobs concentrated in the domestic auto industry. Unfortunately, the wage rates of the jobs lost have been higher than the jobs that are available now in the local market. The reduction of wage expectations in the local marketplace can be expected to continue for the long term affecting housing and virtually all consumer expenditures. The table in **Addendum 4** of this report summarizes the civilian labor force and employment in the Dayton, Ohio MSA.

The Annual Market for Housing in Neighborhoods, Before and After Revitalization

The annual housing sales data, detailed in Addendum 1 of this report, indicate that approximately 4.52% of the owner occupied homes in the City comprised the local marketplace in 2000. By 2008, sales data indicate that the annual market velocity was relatively unchanged at 4.61% of the owner occupied housing in the City. Home sales data for 2009, year-to-date, suggest that annual market velocity in the City will comprise approximately 3.8% of owner occupied dwelling units.

New homes do comprise a small percentage of the annual housing market in the City of Dayton. While most new units are located in neighborhoods on the fringes of the City in neighborhoods that are still developing, a few units have entered the market as a part of prior neighborhood revitalization efforts. In 2000, 39 new single-family housing units entered the market accounting for approximately 2.42% of home sales in that year. In 2008, new homes accounted for 5.37% of all home sales in the City. Year –to-date sales projected to year end suggest that new homes may comprise 2.11% of all home sales in the City.

The rental housing market appears to have an annual market velocity that approaches typical market turnover rates at approximately 40.00% of the rental inventory, annually. Details surrounding the rental market are not readily available; especially, for small rental properties outside of major apartment complexes.

A large percentage of single-family residential structures have transitioned into the rental housing market. This phenomenon typically has an adverse effect on housing values and this may be one of the market forces at work in the City of Dayton. In 2000, there were 17,859 single-family residential dwelling units in the sixteen Census Tracts that comprise the three proposed target areas in the City. The tables, above, indicate that there are 11,923 owner-occupied households, today, and 11,484 owner-occupied households by 2013. Only minimal natural attrition is projected to take place in the housing inventory between now and 2013, so it appears reasonable to assume that the difference between the inventory of single-family homes in 2000 and owner-occupied homes today and by 2013 represent single-family homes that have transitioned into the rental housing inventory or are a part of the vacant housing excess. The difference between residential structure type and occupancy strongly suggest that approximately 6,000 single-family homes have transitioned to rental properties or are excess vacant units. This is a major concern since single-family homes are typically not built for the rental market but for the owner occupancy segment of the market. The transition of over one-third of the single-family residential structures in the three target areas indicates a market condition of significant oversupply of homes for owner occupants in the target areas.

The current velocity of the City of Dayton marketplace, including new home construction, reflects general economic conditions as well as the extraordinary number of vacant homes that exist in many City neighborhoods. A return to traditional loan underwriting standards in the future is likely to have a negative effect on annual home sales for the foreseeable future in the City of Dayton. With an excess supply of housing units on the landscape it is likely that housing values will continue to erode making appraisals for mortgage lending purposes a potential area of concern. The long-term sustainability of housing values in the City could be called into question. In general, the annual home sales marketplace in the City of Dayton is approximately one-half the annual owner-occupied housing turnover rate expected in typical communities. Typical annual turnover rates range from 7.50% to 9.00% of the owner-occupied housing inventory. Annual turnover rates less than 7.5% tend to indicate a supply-demand imbalance skewed toward oversupply. The converse market condition suggests a supply-demand imbalance skewed toward undersupply.

Specific neighborhoods in which there is substantial distress in the housing inventory and resulting housing market can be demonstrated by the “Before” case in the three prior project neighborhoods cited above. Annual market sales velocity in the three prior project neighborhoods, cited above, ranged between 0.00% of the housing inventory to as much as 3.00% of the housing inventory. Sales prices were at minimal sales prices per square foot of living area; in some cases less than \$1.00 per square foot. There is no way to quantify the status of the annual rental housing market. There is at least some indication that rental housing even included daily sleeping room arrangements; not a typical segment of the housing market at all. The distress in the three prior project neighborhoods appears to be well documented by the sales activity and sales prices.

In each of the prior revitalization project neighborhoods there was a “catalyst year” in which an extraordinary number of sales took place. In these “catalyst years” the public sector emerged as the agent of change. After the “catalyst year”, each of the projects reflected more sales activity with annual turnover rates approaching, in some cases exceeding, typical market turnover rates. Sales prices for revitalized homes, or new infill homes, appeared to be self sustaining; i.e., no long-term public subsidy of revitalization costs. Sales prices per square foot of living area were more comparable to existing suburban communities. More importantly, sales of un-renovated homes were interspersed with the sales of renovated homes. While these pre-revitalization sales influenced the average annual sales prices per square foot in the prior project neighborhoods, they did not appear to have an adverse effect on the actual sales prices of newly renovated residences or new infill residences. Sales prices in excess of \$100.00 per square foot of living area were observed in all three prior project areas and a few sales significantly exceeded \$100.00 per square foot. McPherson Town offers the best evidence among the three prior projects analyzed, that sales prices can remain stable, or escalating, over time. The sustainability of post renovation market values is extremely important to real estate financing and the future prospects for the revitalization of more Dayton neighborhoods. Details regarding the three prior project neighborhoods are contained in **Addendum 5** of this report.

What Are Reasonable Estimates for Annual Home Sales and Rental Housing Volumes in the Three, Target Areas

Based on the analyses of the local market in recent years including sales in three prior revitalization project areas, it appears that an annual turnover rate of approximately 4.00% of the owner-occupied housing inventory is a reasonable expectation for the future. This rate is less than the annual turnover rates

observed in the three prior project areas, but is more influenced by the more general City of Dayton market, the current state of the economy, local employment prospects, and new credit underwriting standards. Based on the 2008 owner-occupied inventory of housing in the three target areas, 477 units can be expected to be sold annually and approximately 4589 units could be expected to comprise the annual sales market in the three target areas by 2013; or a typical annual market of approximately 470 home sales in the three target areas, in total. New housing units are projected at the low end of the observed market in recent years, or approximately 2% of annual sales volume. This percentage results in the introduction of approximately nine (9) new housing units per year in total. Given the current state of the housing markets, in general, and the current status of the local housing market, it may be better to focus exclusively on rehabilitation and revitalization of existing housing units and not introduce any new housing units in the near term.

The rental market will likely continue to turnover approximately 40% of the rental units per year, but rental properties should be included in the revitalization process and rental rates should escalate to levels that are supportive of the anticipated monthly mortgage payments owners will be expected to pay in the revitalized neighborhoods. For the three target areas, the annual rental market is estimated to comprise approximately 3,800 units per year, today, and is projected to comprise approximately 3,500 units per year by 2013. The large number of units in the marketplace annually indicates the importance of the inclusion of rental units in the scope of any housing revitalization that is proposed. It should be noted that even after revitalization, the composition of the housing market is more heavily influenced by rental households than the general marketplace; in essence, there will always be a higher percentage of rental households than the typical market.

Based on the performance of the prior project neighborhoods, the specific neighborhoods identified should be readily definable with relatively hard boundaries. Revitalization areas should be more geographically constrained than the areas identified for demolition. Rehabilitation and revitalization efforts must be visible to the casual observer. Scattering revitalization efforts over a broad landscape may dilute the positive effects of rehabilitation and significantly buffer success of the revitalization effort. In essence, demolish on a broad scale, but rehabilitate and revitalize focally in smaller, well defined areas. Areas that are adjacent to major employers or more vibrant neighborhoods could be candidates for revitalization. Definable boundaries to the neighborhoods selected for revitalization appears to have a positive effect in the market. The three projects selected for comparison purposes were chosen, in part, because they encompass readily defined geographic areas with easy to see boundaries.

Household income demographics for the three target areas suggest that the primary market for properties in the revitalized areas will be made-up of some households already in the three target areas, but largely new households in the three target areas. Renovated homes are likely to enter the marketplace at prices that are equal to, or exceed, \$125,000 per home. Some prices for larger homes could exceed \$200,000. Household income levels, assuming 80% mortgages (80% loan-to-value) at conventional interest rates and thirty-year amortization terms leads one to conclude that many new households will be the consumers of housing in the three target areas.

Post renovation rental rates will likely lead to the same conclusion regarding rental households; assuming rent-to-income ratios of 25%, most new rentals will be to new households in the target areas.

The current estimated household income demographics along with projected household incomes by 2013, for households in each of the sixteen Census Tracts that comprise the three target areas are included in **Addendum 6** of this report. Comparisons are offered for the nation, the State of Ohio, the Dayton MSA, Montgomery County, and the City of Dayton in its entirety.

This concludes the analysis of the housing market in the sixteen Census Tracts that comprise the three target areas for Neighborhood Stabilization Program Grants in the City of Dayton.

Appendix 3 – Code Of Conduct Policy

CITY OF DAYTON CODE OF ETHICS

Issued December 6, 2004

I. PURPOSE

The proper operation of democratic government requires that actions of public employees be impartial; that government decisions and policies be made in the proper channels of government structure; that public office not be used for personal gain; and that the public have confidence in the integrity of its government. In recognition of these goals there is hereby established a Code of Ethics for all officials and employees appointed by the City Manager.

The purpose of this Code is to establish ethical guidelines of conduct for all such officials and employees by setting forth those acts or actions that are incompatible with the best interests of the City of Dayton and its citizens. While the City's employees can justly take pride in the virtual absence of corruption in City government, it is to the benefit of both the Civil Service and the citizenry that written standards of conduct be clearly set forth, thereby informing the citizens what they may rightfully expect from their public servants and protecting City employees from unwarranted demands.

II DEFINITIONS

Employees – Any member of the classified or unclassified service accountable to the City Manager.

Financial Interest – Any interest which shall yield directly or indirectly, a monetary or other material benefit (other than duly authorized salary or compensation for services to the City) to the employee or any other person retaining the services of the employee.

Person – Any person, firm, association, group, partnership, or corporation or any combination thereof.

Contract - Any contract, agreement authorization, loan claim, service, sale or memorandums or understanding made under the auspices of the City of Dayton or any litigation out of or involving the aforementioned items.

Authority – The Department Director, Superintendent or other official or his appointee who is accountable for the proper and ethical operation of the agency, division, or department.

III. THE CODE OF ETHICS

As employees of the City of Dayton we should:

1. Strive to protect and enhance the reputation of the City of Dayton and its employees, remembering that City employees are public servants.
2. Treat all citizens equally with courtesy and impartiality, and refrain from granting any special advantage to any citizen beyond what is available to all citizens.

3. Give efficient, productive and economic service to the public, always putting a full day's labor for a full day's pay.
4. Avoid real or potential conflicts between private and public duties, remembering that the public interest must be the principal concern.
5. Keep confidential all information acquired by reason of one's position which may be used for personal or financial gain for the employee or other persons consistent with the public's right of access to public information.
6. Refrain from securing special privileges or exemptions for one's self or one's relatives or other persons that are not available to all citizens.
7. Avoid receiving, soliciting or otherwise obtaining anything of valuable benefit from any other public official, employees, or citizens which is intended to influence the performance of official duties.
8. Use City vehicles, equipment, supplies, and/or property only for City work, and not for personal benefit or profit.
9. Declare to the appropriate authority the nature and extent of any financial or personal interest in a City contract or other legislation, where participating in discussions of or giving an official opinion on the matter.
10. Avoid exceeding one's authority or stretching the law or asking other persons to do so. Cooperate fully with other employees unless prohibited by law or confidentiality.
11. Handle all matters of personnel on the basis of merit, impartiality and fairness.
12. Seek no favor; believe that personal profit by misuse of public time is dishonest.
13. Avoid directly or indirectly using one's position with the City to influence the general public or another employee to contribute or vote for or against any candidate for any elective public office.

IV. GUIDELINES

The following guidelines are tools for interpreting the Code of Ethics for City of Dayton employees. They are designed to deal with more specific situations which may confront the City employees in the course of their duties. These are not absolute but serve as indicators for ethical behavior for public servants. These guidelines should be used as a frame of reference by all employees and by the Board of Ethics, remembering that all violations are of the Code, not of the guidelines.

1. Impartiality

No employees shall grant or make available to any person any consideration, treatment, advantage or favor beyond that which is the general practice to grant or make available to all citizens.

2. Use of Public Property

No employee shall request, use, or permit the use of any publicly-owned public supported property, vehicle, equipment, or labor, service, or supplies (new, surplus, scrap or obsolete) for the personal convenience or the private advantage of said employee or any other person, except when those aforementioned items are available to the public generally.

3. Gifts and Favors

A City employee should not directly or indirectly solicit any gift, or accept or receive any gift whether in the form of money, services, loan, travel, entertainment, hospitality, promise, or any other form, under circumstances in which it can be reasonably inferred that the gift was intended to influence him, or reasonably be expected to influence him, in the performance of his official duties or was intended as a reward for any other official actions on his part. It is important that the prohibition of unsolicited gifts be limited to circumstances related to improper influence.

4. Incompatible Employment

A City employee should not hold outside employment that is prohibited by the Charter or interferes in any manner with the performance of his or her City responsibilities (see Personnel Policy 2.06 – Supplemental Employment of City Employees). No use should be made of City-owned materials or facilities in performing such outside work nor should such work be done on City time.

5. Representation of Private Persons

A City employee should not represent the interests of any private person in any proceeding before a board or agency or other office of the City, unless such representation is understood to be within the scope of responsibility of the employee.

6. Confidential Information

Information of a confidential nature which is acquired by a City employee in the course of his/her employment should not be disclosed without proper authorization. This provision is not intended to restrict the free flow of public information.

7. Interest in City Contracts

A City employee should not have a pecuniary interest in any contract with the City, regardless of whether he is involved with a relative of the contractor or the administration of the contract.

8. Political Activities

Certain political activities are prohibited by the City Charter. These restrictions are generally contained in Personnel Procedure 2.03 and are included herein by reference.

V. INTERPRETATIONS

All employees shall attempt to secure interpretation of the Code and its guidelines from his/her Department Director. It should be noted that the restrictions for one agency may not apply to another, depending on the service that agency provides. Any questions as to interpretation shall be referred to the Code of Ethics Advisory Board for resolution.

VI. CODE OF ETHICS ADVISORY BOARD

The Board shall be appointed by the City Manager and shall consist of the following five voting members:

1. One Deputy/Assistant City Manager;
2. One Director;
3. One Division Manager;
4. One Mid-Manager;
5. One Rank and File.

The Deputy/Assistant City Manager will serve as chairperson with the City Attorney and Human Resources Director providing technical advice as non-voting ex officio members. The City Manager's Office shall supply staff support as necessary.

Primary Functions:

The primary function of the Board will be to act as an advisory body to City officers and employees, and the City Manager relative to the Code, with the exception of alleged violations of the Political Activities Policy.

Members of the Board are charged with keeping all information confidential. They shall monitor the Code of Ethics and recommend changes as the need arises.

They shall publish all positions which set precedents, making sure the privacy of those involved is protected.

The Board will be charged with the publishing and distribution of all decisions and interpretations.

Meetings:

The Board will meet as often as necessary to reply to all inquiries, complaints and requests within three weeks of filing with the City Manager's Office.

Four members shall constitute a quorum.

If a member of the Board has other than a neutral interest in a matter before the Board, that member shall not participate in the consideration or determination of such matter. The remaining members shall constitute the full Committee.

Appendix 4 -Signed Certifications. (See Appendix 4 & Following highlighted pages)

Appendix 5 -Calculation of removal of negative effects using HUD provided rubric (see appendix 4)

Appendix 6- Summary of citizen comments including URL where plan is posted

Appendix 7

Definition(s) of Blighted structure in context of local and state laws.

The Consortium adheres to the following definition and guidelines for placing blighted structures as described in the Ohio Revised Code:

Public Nuisance. Any underground container or storage tank, fence, wall, garage, shed, house, lot, building, structure, tree, pole, smoke stack, or any excavation, basement, cellar, well, cistern, sidewalk subspace, walks, driveways, terrace steps or parts thereof, which has any or all of the conditions or defects hereinafter described shall be deemed to be a public nuisance

I. The following conditions or defects shall constitute a public nuisance when they endanger the life, health, property, safety, or welfare of the public, or of any current or prospective occupants:

(a) Whenever the premises are a deteriorating and blighting influence on nearby properties by reason of continued vacancy and a lack of reasonable or adequate maintenance of structures and grounds.

(b) Whenever any portion of a building or structure remains on a site after the demolition or destruction of the building or structure or whenever any building or structure is abandoned for a period in excess of six months so as to constitute such building or portion thereof an attractive nuisance or hazard to the public.

(c) Whenever any building or structure is in such a condition as to constitute a public nuisance known to the common law or as defined by statute.

(d) Whenever any building or structure is determined to be a fire hazard.

(e) Whenever a building or structure, used or intended to be used for dwelling purposes, because of inadequate maintenance, dilapidation, decay, damage, faulty construction or arrangement, inadequate light, air or sanitation facilities, or otherwise, is determined to be unsanitary, unfit for human habitation or in such a condition that is likely to cause sickness or disease.

(f) Whenever any building or structure, whether or not erected in accordance with all applicable laws and ordinances, has in any non-supporting part, member or portion less than 50 percent, or in any supporting part, member or portion less than 66 percent of the:

1. Strength;
2. Fire-resisting qualities or characteristics; or
3. Weather-resisting qualities or characteristics required by law in the case of a newly constructed building of like area, height and occupancy in the same location.

(g) Whenever any building or structure has been constructed, exists or is maintained in violation of any specific requirement or prohibition applicable to such building or structure provided by the building regulations of this city, as specified in the Unified Building Code or Housing Code, or of any law or ordinance of this state or city relating to the condition, location, or construction of buildings.

- (h) Whenever the building or structure has been so damaged by fire, wind, earthquake or flood, or has become so dilapidated or deteriorated as to become:
1. An attractive nuisance to children;
 2. A harbor for vagrants, criminals or immoral persons; or as to
 3. Enable persons to resort thereto for the purpose of committing unlawful or immoral acts.
- (i) Whenever the building or structure, exclusive of the foundation, shows 33 percent or more damage or deterioration of its supporting member or members, or 50 percent damage or deterioration of its non-supporting members, enclosing or outside walls or coverings.
- (j) Whenever the exterior walls or other vertical structural members list, lean or buckle to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one third of the base.
- (k) Whenever, for any reason, the building or structure, or any portion thereof, is manifestly unsafe for the purpose for which it is being used.
- (l) Whenever the building or structure, or any portion thereof, because of:
1. Dilapidation, deterioration or decay;
 2. Faulty construction;
 3. The removal, movement or instability of any portion of the ground necessary for the purpose of supporting such building;
 4. The deterioration, decay or inadequacy of its foundation; or
 5. Any other cause; is likely to partially or completely collapse.
- (m) Whenever any portion thereof has cracked, warped, buckled or settled to such an extent that walls or other structural portions have materially less resistance to winds or earthquakes than is reasonably safe.
- (n) Whenever any portion of a building, or any member, appurtenance or ornamentation on the exterior thereof is not of sufficient strength or stability, or is not so anchored, attached or fastened in place so as to be capable of resisting a wind pressure of one half of that specified in the Building Code for new buildings of similar structure, purpose or location without exceeding the working stresses permitted in the Building Code for such buildings.
- (o) Whenever any portion or member or appurtenance thereof is likely to fall, or to become detached or dislodged, or to collapse and thereby injure persons or damage property.
- (p) Whenever any portion thereof has been damaged by fire, earthquake, wind, flood or by any other cause, to such an extent that the structural strength or stability thereof is materially less than it was before such catastrophe and is less than the minimum requirements of the Building Code for new buildings of similar structure, purpose or location.
- (q) Whenever the stress in any materials, member or portion thereof, due to all dead and live loads, is more than one and one-half times the working stress or stresses allowed in the Building Code for new buildings of similar structure, purpose or location.

(r) Whenever the walking surface of any aisle, passageway, stairway or other element of a means of egress is so warped, worn, loose, torn or otherwise unsafe as to not provide safe and adequate means of exit in case of fire or panic.

(s) Whenever any door, aisle, passageway, stairway or other element of a means of egress is not of sufficient width or size or is not so arranged as to provide safe and adequate means of egress and creates a serious hazard.

II. The following conditions shall constitute a public nuisance:

(a) That which is defined as a nuisance in R.C. § 3767.01(c), which is incorporated herein by reference and made a part hereof.

(b) That which is defined as a nuisance in R.C. § 4301.73, which is incorporated herein by reference and made a part hereof.

(c) Premises or real estate, including vacant land, on which a felony violation occurs of Chapter 2925 or 3719 of the Ohio Revised Code occurs, regardless of whether there has been a conviction for said violation.

Appendix 8

Definition(s) of Affordable rents (see Appendix 1, paragraph b2a)

The Consortium adheres to HUD's generally accepted definition of affordability. A household is to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Appendix 9

Description(s) of housing rehab standards, must include Accessibility (24CFR8), Energy efficiency, and incorporate cost effective green improvements (see nofa pg. 13)

- Under Development -

Certifications NSP2

CDBG formula program certifications do not apply to NSP2. HUD is providing the following certifications that are tailored to NSP2 grants as an alternative requirement. Separate sets of certifications for states and local governments, non-profits, and tribes are provided and must be signed and submitted by the lead applicant with each application.

Units of Local Government Certifications

Each NSP2 **state or** unit of **local government** applicant will submit the following certifications:

1. Affirmatively furthering fair housing. The applicant certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
2. Anti-displacement and relocation plan. The applicant certifies that it has in effect, and is following, a residential anti-displacement and relocation assistance plan.
3. Anti-lobbying. The applicant must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
4. Authority of applicant. The applicant certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
5. Acquisition and relocation. The applicant certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP2 program published by HUD.
6. Section 3. The applicant certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
7. Citizen participation. The applicant certifies that it is carrying out citizen participation in accordance with NSP2 requirements.
8. Use of funds. The jurisdiction certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
9. The applicant certifies:
 - a. that all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
 - b. The applicant will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to

pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

10. Excessive force. The applicant, if an applicable governmental entity, certifies that it has adopted and is enforcing:

a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

11. Compliance with anti-discrimination laws. The applicant certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

12. Compliance with lead-based paint procedures. The applicant certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

13. Compliance with laws. The applicant certifies that it will comply with applicable laws.