

Neighborhood Initiative Program GUIDELINES

Ohio Housing Finance Agency –06/12/17



A Hardest Hit Fund Program

Neighborhood Initiative Program

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Revisions effective 4/15/2014

- Section 1: Definition of Residential no longer has a time restriction
- Section 2D: Updated Eligible Applicant and Property holder requirements
- Section 2G: Clarified to reflect single disbursement requirement
- Section 3A: Calendar updated
- Section 4A: Program Period revised to be consistent with Funding Agreements
- Section 4F: Eligible Costs Chart clarified
- Section 4J: Final Reporting revised to be consistent with Funding Agreements
- Section 4K: Program Income updated
- Section 6E: Historic Preservation updated
- Section 6F: Timeline revised to be consistent with Funding Agreements
- Section 6G: Loan bundling added
- Section 6H: Clarified to reflect single disbursement requirement
- Section 8A: Clarified to reflect single disbursement requirement
- Section 8B: Greening updated
- Section 8C: Maintenance updated
- Section 8D: Non-profit clarified
- Section 9C: Notice period changed to “reasonable notice”

Revisions effective 6/10/14

- Section 1E: Clarified that Partner must own Property at time demolition is complete
- Section 1F: Typo corrected
- Section 2B: RFQ email notification updated
- Section 2B: Clarified non-MOF experience
- Section 3J: Clarified Appeal Process deadline
- Section 4C: Inserted name of NIP Data Transmission website, updated documentation requirements
- Section 4E: Clarified administrative cost reimbursements under \$1,000
- Section 4F: Eligible Acquisition Costs Updated
- Section 4H: Provided guidance on retainage
- Section 4K: Clarified all Program Income must be reported
- Section 5: Added “or other relevant factors” to Target Area Amendment criteria
- Section 5B: Clarified Loan must be in place prior to completion of demolition
- Section 6B: Clarified Loan must be in place prior to completion of demolition
- Section 6C: Updated eligible Property costs
- Section 6H: Updated mortgage amount
- Section 7A: Updated mortgage amount
- Section 8C: Maintenance Costs Clarified

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- Section 8D: Section Layout Reorganized
- Section 8D: Property Disposition, Side Lot, and Lien Placement Clarification

Revisions effective 9/10/14

- Definitions Section: Defined Net Proceeds and Program Income
- Section 2: Update Statistics, Funding Awards
- Section 2E: Clarified SDO-funded Properties are not eligible
- Section 2G: Clarified note is forgiven when lien released
- Section 3A: Added to Program Calendar Section
- Section 3C: Removed MOF progress spreadsheet from RFQ requirements
- Section 4A: Typos corrected
- Section 4F: Loan Payoff Capped at \$100, Closing Costs added to Eligible Acquisition Costs
- Section 4G: Invoicing Procedure Updated
- Section 4K: Program Income Section Updated
- Section 6A: Updated to reflect Property must be vacant and blighted at time identified for acquisition
- Section 6E: Typo corrected
- Section 7G: Clarified that section applies to demolition contract
- Section 8A: Clarified note is forgiven when lien released
- Section 8B: Clarified Greening Advances are non-transferrable
- Section 8D: Updated Property Disposition and Lien Repayment Requirements
- Section 9G: Typo Corrected

Revisions effective 10/1/14

- Section 4F: Chart updated to reflect prior guideline updates; no substantive change

Revisions effective 10/15/14

- Section 8C: Insurance identified as Maintenance expense
- Clarified operation for non-Land Bank Partners

Revisions effective 11/4/14

- Section 2E: SDO Restriction Updated
- Section 2D: Typo corrected
- Section 3G: Reference to Greening removed from Maintenance Section
- Section 4C: Contact phone number updated
- Section 4D: Typo corrected
- Multiple Sections: Updated to Implement Mandatory Greening Expense

Revisions effective 2/5/15

- Section 3A: Typo Corrected

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- Section 6E(3): Phrase “Historic Property” changed to “Property”
- Section 4F: Property Security and Board-Up expenses added as eligible Pre-Demolition Cost
- Section 4F: Deconstruction expenses added as eligible Demolition Hard Cost
- Section 4F: Lot Consolidation expenses added as eligible Administration Costs
- Section 7G: Start and End Date Removed from Demolition Contract Requirements

Revisions effective 9/4/15

- Section 1: Added “Abandoned” definition
- Sections 3E and 6E: Added language regarding individually listed Ohio historic Properties
- Section 4F: Clarified that Agent Fees are eligible acquisition costs
- Section 5B: Added “and/or greening”
- Section 6B: Added “and/or greening”
- Section 7F: Clarified that section applies to all contractors.
- Section 7G: Further clarified that section applies to demolition contract

Revisions effective 11/4/15

- Added information regarding 4th Funding Round
- Extended Program Calendar deadlines
- Corrected typos and added language clarification
- Removed expired hyperlinks
- Section 4H: Retainage returns after 6 months are within OHFA’s discretion
- Section 6A: Updated “Residential” to be consistent with Guideline Definitions

Revisions effective 05/09/16

- Section 2E, 5B, 6B: Updated timing of Loan placement
- Section 4B: Removed lapsed Round 1/Round 2 deadlines
- Section 4F: “Legal/bid” clarified as a vendor bidding expense
- Section 4F: Foreclosure publication costs added as acquisition expense
- Section 4F: Tree removal clarified as a hard demolition expense
- Section 4F: Property taxes added to ineligible list
- Section 6A: Expanded vacancy requirements
- Section 7C: Updated link to September 2015 EPA Notification Form revision
- Section 8A: Clarified disposition process
- Section 8D1: Clarified adjacency for side lot purposes
- Section 8D3: OHFA-financed development dispositions do not require nonprofit status
- Defined “Property” and added guidance on per property funding
- Partner must be a land bank, may work in coordination with another entity
- Corrected typos and added language clarification
- “Grant Agreement” language corrected to “Program Agreement”

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- Section 4C: Reduced documentation

Revisions Effective 06/22/16

- Section 2C: Added allocation for fifth round phases 1 and 2
- Section 3A: Updated \$ 79 million to \$238 million
- Section 3A: Added Round 3 (phase 1 of fifth round) and Round 3 (phase 2 of Fifth Round) Calendars
- Section 4A: Updated final drawdown submission and demolition work to be completed by dates
- Section 4C: Edited out “grant”
- Section 4M: Updated OHFA’s intent for all demolition funds to be expended by date
- Section 4O: Updated OHFA’s intent for all demolition funds to be expended by date
- Section 6F: Updated property acquisition submission timeline

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Revisions Effective 01/01/2017

- Section 2C: Added the updated allocation amount
- Section 2C: Added a brief explanation of the Line of Credit
- Section 2E: Added verbiage that mobile homes are not eligible
- Section 2G: Updated verbiage to indicate the note and mortgage must be written for the maximum amount of \$25,000 and multiple addresses on a parcel need unique mortgages
- Section 4C: Removed “land banks agreeing to the reduced documentation requirements are in turn agreeing to an annual onsite review.”
- Section 4I: Removed “submit” and inserted “respond to” and “sent by OHFA”. This implies that quarterly reports are only due upon request.
- Section 6A: Removed space in front of “Agreement”
- Section 7F: Added verbiage concerning open competition and requirements under Federal, state and local laws
- Section 7G: #10 removed the word “and”
- Section 8D: Added “request for dispositions should not be submitted until reimbursement has been received.”
- Section 8D: Added heading of “Owner Occupied”
- Section 8D: Added verbiage outlining Non-owner Occupied (rental property owner)
- Section 9B: Removed data retention requirement of 3 years and replaced with “until at least December 31, 2023” and added “U.S. Department of the Treasury and / or Special Inspector General over the Troubled Asset Relief Program” and added “The Partner must respond to all request from any party within the requested timeframe to avoid a potential hold on reimbursements.”
- Section 9C: Added verbiage “to the land bank office, pipeline parcels and demolished lots” removed “OHFA shall conduct at least one on site visit during each year in which the Partner participates.”

Revisions Effective 04/25/2017

- 2E: Removed “one to four units” added “or local” Removed “Mobile Homes are not eligible under NIP” and added “Mobile homes that are titled as real estate, are affixed and were acquired on or after January 1, 2017 are eligible for reimbursement.”
- 2F: updated the maximum amount of assistance to \$75,000
- 2G: Updated \$25,000 to \$75,000. Added If multiple addresses are on a parcel, each address must carry and a note and mortgage. Added that all mortgages and notes will be for \$75,000.
- P 13: Updated sidebar to include examples of properties that are eligible for \$75,000
- 3E: Added link to National Register database and verbiage reminding land banks of the requirement to screen each property
- 4C: updated datatran to Allita
- 4F: Added footnote for “Eligible Demo Hard Costs and Deconstruction Expenses”
- 4I: Added invoice period for recaptured funds
- 5: Added verbiage that properties that are not in the target area plan are not eligible for reimbursement and boundaries will not be expanded after demolition.

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- 6A: Added \$25,000 for up to four units and \$75,000 for five or greater units. Added pre-approval requirements for reimbursement requests that exceed \$25,000
- 6E: Updated verbiage regarding Historic Preservation requirements
- 6F: removed quarterly pipeline requirement if the land bank elects to use the real-time on-line reporting tool, Allita
- 6H: Updated lien from \$25,000 to \$75,000
- 8B: Added verbiage concerning the recapture of the advanced greening allowance
- 8D: Updated non-owner occupied release verbiage by removing “is an owner occupant”
- 9G: Added Contact Us information for the reporting of fraud to the HFA and Treasury and added “Collusion” as an example of possible fraud

Revisions Effective 06/12/2017

- Updated various spelling and grammar errors
- 2E: Removed: “Mobile Homes titled as real estate” – this restriction has been lifted. Added mobile homes in a park are not eligible and all mobile homes require pre-approval.
- 2G: Added verbiage based on the funding cap the property falls under
- 4F: Updated Eligible Costs Charts
- 4G: Removed “a Per Property Reimbursement Coversheet” added “the cost on Allita”
- 4I: Added verbiage “In the event that a Quarterly Report is not requested, none is due.”
- 6C: Added “\$15,000” to maximum acquisition reimbursement costs.
- 8A: Updated lien to \$25,000 / \$75,000
- 8C: Added “or \$3,600” to maintenance allowance; updated noncompliance fee amounts to \$200 / \$600 fee; \$400 / \$1,200 fee; \$600 / \$1,800 fee; entire \$1,200 / \$3,600 maintenance allowance
- 9A: Updated the maintain until date from December 31, 2023 to December 31, 2024

SECTION 1: DEFINITIONS

ABANDONED means to give up with the intent of never again claiming a right or interest in. For the purposes of NIP, Abandonment shall be conclusively established if ownership rights are terminated by deed, legal decree, or other method.

APPLICANT means the eligible Land Bank, or Land Bank-affiliated entity that submits an Application to OHFA pursuant to the Request for Qualifications to participate in the NIP program in Round 1, Round 2, or both.

APPLICATION means an Applicant’s proposal submitted to OHFA in response to the Request for Qualifications in Round 1, Round 2, or both.

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BLIGHT incorporates the same definitions as "blighted area," "slum," and "blighted parcel" as found in Ohio Revised Code Section 1.08 which are as follows:

"Blighted area" and "slum" mean an area in which at least seventy per cent of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use.

"Blighted parcel" means either of the following:

1. A parcel that has one or more of the following conditions:
 - a. A structure that is dilapidated, unsanitary, unsafe, or vermin infested and that because of its condition has been designated by an agency that is responsible for the enforcement of housing, building, or fire codes as unfit for human habitation or use;
 - b. The property poses a direct threat to public health or safety in its present condition by reason of environmentally hazardous conditions, solid waste pollution, or contamination;
 - c. Tax or special assessment delinquencies exceeding the fair value of the land that remains unpaid thirty-five days after notice to pay has been mailed.
2. A parcel that has two or more of the following conditions that, collectively considered, adversely affect surrounding or community property values or entail land use relationships that cannot reasonably be corrected through existing zoning codes or other land use regulations:
 - a. Dilapidation and deterioration;
 - b. Age and obsolescence;
 - c. Inadequate provision for ventilation, light, air, sanitation, or open spaces;
 - d. Unsafe and unsanitary conditions;
 - e. Hazards that endanger lives or properties by fire or other causes;
 - f. Noncompliance with building, housing, or other codes;
 - g. Nonworking or disconnected utilities;
 - h. Is vacant or contains an abandoned structure;
 - i. Excessive dwelling unit density;
 - j. Is located in an area of defective or inadequate street layout;
 - k. Overcrowding of buildings on the land;
 - l. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
 - m. Vermin infestation;
 - n. Extensive damage or destruction caused by a major disaster when the damage has not been remediated within a reasonable time;
 - o. Identified hazards to health and safety that are conducive to ill health, transmission of disease, juvenile delinquency, or crime;
 - p. Ownership or multiple ownership of a single parcel when the owner, or a majority of the owners of a parcel in the case of multiple ownership, cannot be located.

COOPERATIVE AGREEMENT means an agreement between a Land Bank and a Partner wherein the Land Bank agrees to provide technical support and consultation services to a Partner to assist in meeting the objectives of NIP and satisfying the requirements contained in these Guidelines. Cooperative Agreements may provide for transfer of Properties acquired by the Land Bank to the Partner to facilitate timely acquisitions.

HHF means the Hardest Hit Fund which is a program authorized under the Emergency Economic Stabilization Act (EESA) and funded through the U.S. Department of the Treasury. OHFA is one of 18 states and the District of

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Columbia that operates HHF through a Commitment to Purchase Financial Instrument and HFA Participation Agreement.

LOAN means funds that a Partner has borrowed from a non-federal source secured by an eligible Property; this loan shall be satisfied using funds from the NIP program.

LAND BANK has the same meaning as “County Land Reutilization Corporation” as defined in Ohio Revised Code Chapter 1724.

MOVING OHIO FORWARD means the Ohio Attorney General’s [Moving Ohio Forward](#) Demolition Grant Program.

NET PROCEEDS means Program Income less transaction costs. Transactions costs include but are not limited to land valuation, appraisals, broker price opinions, agents’ commissions, closing costs, parcel division costs, and government fees incurred in the disposition of a Property. OHFA imputes a one-time per Property \$200.00 overhead cost to all Program Income activities that is an automatically deductible transaction cost.

NON-RESIDENTIAL means a Property does not currently contain a Residential dwelling. Non-Residential includes, but is not limited to, vacant land or property primarily used for agricultural, commercial, office or industrial purposes, including commercial hotels.

OHA is Ohio Homeowner Assistance LLC, which is the Eligible Entity for Ohio’s Hardest Hit Fund (HHF) program. OHA acts as the fiscal agent for OHFA’s Hardest Hit Fund program.

OHFA means the Ohio Housing Finance Agency.

PARTNER is the award recipient and the responsible party with which OHFA will execute a Program Agreement. A Partner must be a Land Bank established under Section 1724 of the Ohio Revised Code; the Partner may operate via a local entity that has signed a Cooperative Agreement with the Land Bank.

PROGRAM means Neighborhood Initiative Program, and may also be abbreviated as “NIP.”

PROGRAM INCOME means money that is received by a Partner as a result of recycling, reclamation, leases, licenses, rental income, final disposition of vacant lots, or other income-generating activity earned from a parcel with an HHF/NIP mortgage.

PROPERTY means a Residential dwelling with a unique street address. A unique street address may be confirmed by the U.S. Postal Service, a government entity, or other reliable and independent source

RESIDENTIAL means a Property that contains a structure that is zoned for Residential use, or is currently or has been used as a Residential dwelling. Secondary structures associated with the Residential Property are considered Residential. A mixed use Property is considered Residential if it contains at least one and no more than four Residential dwelling Units.

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RESPONSIBLE ENTITY has the same definition in 24 CFR §58.2(a)(7).

TARGET AREA is an area in which HHF demolition activity may occur as identified in the Partner's approved Target Area Plan.

TARGET AREA PLAN means the manner by which an Applicant proposes the selective or wholesale acquisition and demolition of Vacant Properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure.

UNIT is a subcomponent of a Property without a unique street address.

VACANT means that a Property was previously used for Residential purposes after January 1, 2004 and is currently unoccupied, as defined in Section 323.65 (G) of the Ohio Revised Code and has remained unoccupied for at least 90 days.

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SECTION 2: OVERVIEW

A. OHFA CONTACT INFO

Questions concerning the Neighborhood Initiative Program should be directed via e-mail to: NIP@ohiohome.org.

B. PURPOSE

The goal of the Neighborhood Initiative Program is to stabilize property values by removing and greening Vacant and Blighted Properties in Targeted Areas in an effort to prevent future foreclosures for existing homeowners. NIP will prevent foreclosure by helping to stem the decline in home values that began with the burst of the housing bubble in 2008. In Ohio, too many homeowners owe more than their estimated home value. When negative equity combines with other factors such as loss of income, the risk of foreclosure is high because homeowners do not have the option to sell a home they can no longer afford. Foreclosures result in distressed sales that further depress property values and continue the downward spiral, too often resulting in Vacant and Blighted homes. Demolition is a critical component of strategies to stabilize home values.

C. FUNDING AVAILABILITY AND ALLOCATION OF FUNDS

\$49,565,000 was awarded to eligible Applicants for the acquisition and strategic removal of Vacant and Blighted Residential Properties under funding Round 1. An additional \$10,435,000 was awarded under Round 2, \$6,489,573 under Round 3, and \$13,000,000 under Round 4. In June of 2016, \$158,539,128 was allocated through HHF Fifth Round, Phases 1 and 2. In October of 2016 additional funds were allocated to the program bringing the total allocation to \$238.1 million. Additional funds may be awarded if they become available and there are sufficient qualifying applications.

In October of 2016 a Line of Credit was offered to participating land banks and is addressed under a separate agreement between Ohio Housing Finance Agency and the participating land bank. It is not funded in whole or part by the Hardest Hit Fund Program.

D. ELIGIBLE APPLICANTS/PARTNERS

Applications must be submitted by a Land Bank established under Section 1724 of the Ohio Revised Code; a local entity that has signed a Cooperative Agreement with the established Land Bank may administer the program on the Land Bank's behalf. All Property must be held by the Partner. There may be only one Applicant per county. A Partner is the award recipient and the responsible party with whom OHFA will execute a Program Agreement; the Partner must have the capacity and experience to administer the Program.

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Practice Tip: Property Versus Unit

Understanding the differences between a “Property” and a “Unit” are important for both eligibility purposes and to ensure the Partner maximizes their reimbursement amount.

A Property is a residence with a unique street address. There is no limitation on how many Properties may be included a single structure. A Unit is a subcomponent of a Property without a unique street address. Each four unit Property can be eligible for up to \$25,000 in reimbursement and each five or greater unit Property can be eligible for up to \$75,000 in reimbursement. Some examples may be helpful:

- A building at 123 Main Street with apartments A-D is one Property with four Units, therefore eligible for up to \$25,000.
- A building at 456 High Street with apartments A-L is one Property with twelve Units, therefore it is eligible for up to \$75,000.
- A duplex at 15 and 17 Broad Street is two Properties, each within only one Unit. Both Properties can qualify for \$25,000, for a structure total of \$50,000.
- A row of townhouses with addresses 42-60 West Street are ten Properties, each with one Unit, and can qualify for \$750,000.

The parcel number(s) is irrelevant to eligibility and funding; this number only used for tracking purposes because it tends to be distinct amongst all counties. If you have multiple eligible Properties on a single, you will use a letter designator at the end to upload the reimbursement packet (ex. 123-45-678A, 123-45-678B, etc.)

At no time will any parcel be eligible for more than \$750,000. Each property that is five or more units in size requires a pre-approval from the HFA

Partners are encouraged to collaborate with other local governments and with non-profit organizations including community development corporations, regional planning commissions, and community action agencies. Collaboration between the Partner and other local governments or non-profit organizations should be documented in the Application.

E. ELIGIBLE PROPERTIES

Only Vacant and Blighted Residential Properties that qualify for lawful demolition under state, federal or local law are eligible for NIP funding. Properties must be located in a Target Area that is part of a comprehensive strategy to stabilize home values and prevent foreclosure. Historic Properties listed on the federal historic register are not eligible. Mobile homes that are in a park are not eligible. Mobile homes require preapproval. Properties located in historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition. The Applicant must acquire, or already own the Property prior to completion of the demolition, greening, or final punch-list inspection.

Each Property must have a Loan of non-HHF funds. Properties are not eligible for NIP reimbursement if Save the Dream Ohio previously distributed assistance in connection with a mortgage on that residence.

F. ELIGIBLE USES OF FUNDS

The maximum amount of assistance is \$75,000 per Residential Property which may only be used for pay off of a Loan, approved demolition, remediation and greening of the site, maintenance, and administration for up to three years. See **Eligible Costs, Administrative Costs.**

G. USE RESTRICTION

The Partner will execute a note and mortgage in favor of OHA in the amount of the maximum amount of HHF/NIP funds available for disbursement of \$75,000 for eligible expenses for an eligible Property. If multiple addresses are on a parcel, each address must carry a note and mortgage. Regardless of the amount reimbursed to the land bank, each note and mortgage will be for \$25,000 or \$75,000 based on the funding cap the property falls under. The mortgage will be a zero percent non-amortizing loan with a three (3) year term.

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The outstanding balance of the note will be due on sale, transfer, or unauthorized use(s) of the Property; all Net Proceeds of any sale or transfer must first be applied to payment of the OHA mortgage. The mortgage lien may be released and the note forgiven prior to maturity upon transfer to an adjacent owner occupant, local government, or private entity, or for another eligible use. See **Property Disposition and Lien Release**.

SECTION 3: PROCESS AND PROJECT SELECTION

A. PROGRAM CALENDAR

At least \$238 million will be available to eligible Applicants for the acquisition and strategic removal of Vacant and Blighted Residential Properties. Additional funding rounds may be announced if necessary. Periodically spend down rates will be analyzed. If there is evidence that the total allocation will not be used in the Program, funds may be reallocated to other HHF programs. Applicants may apply or be considered for some or all funding rounds.

Round 1

Request for Proposals:	January 3, 2014
Bidders Conference:	January 8, 2014
Application Submission Deadline:	January 31, 2014 - 5:00 p.m.
Award Date:	February 28, 2014
Funding Agreements Executed:	March 31, 2014
Pipeline 50% Acquired, Reallocation Analysis I:	March 31, 2015
Pipeline 100% Acquired, Reallocation Analysis II:	September 30, 2015
Pipeline 100% Acquired, 50% Spent Reallocation Analysis III:	October 28, 2016
Final Drawdown Submission:	October 31, 2017
Final Financial Report:	March 31, 2018
Final Performance Report:	After final lien release

Round 2

Request for Proposals:	June 30, 2014
Bidders Conference:	July 9, 2014
Application Submission Deadline:	July 31, 2014 - 5:00 p.m.
Award Date:	August 29, 2014
Funding Agreements Executed	September 30, 2014
Pipeline 50% Acquired, Reallocation Analysis I:	March 31, 2015

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Pipeline 100% Acquired, Reallocation Analysis II:	September 30, 2015
Pipeline 100% Acquired, 50% Spent Reallocation Analysis III:	October 28, 2016
Final Drawdown Submission:	October 31, 2017
Final Financial Report:	March 31, 2018
Final Performance Report:	After final lien release

Round 3 (Phase 1 of Fifth Round of HHF)

Opt In or Out and Performance Response:	June 24, 2016
Award Date:	July 18, 2016
Funding Agreements Executed:	August 18, 2016
Pipeline 50% Acquired, Reallocation Analysis I:	May 18, 2017
Pipeline 100% Acquired, 25% Spent, Reallocation Analysis II:	November, 18 2017
Pipeline 100% Acquired, 75% Spent Reallocation Analysis	December 18, 2018
Final Drawdown Submission:	December 18, 2019

Round 4 (Phase 2 of Fifth Round of HHF)

Opt In or out and Performance Response (existing land banks):	June 24, 2016
Request for Proposals (new land banks):	June 24, 2016
Bidders Conference:	July 12, 2016
Application Submission Deadline:	September 2, 2016
Award Date:	October 17, 2016
Funding Agreements Executed:	November 17, 2016
Pipeline 50% Acquired, Reallocation Analysis I:	May 18, 2017
Pipeline 100% Acquired, 25% Spent, Reallocation Analysis II:	November, 18 2017
Pipeline 100% Acquired, 75% Spent Reallocation Analysis	December 18, 2018
Final Drawdown Submission:	December 18, 2019

OHFA reserves the right to adjust the dates set forth above as needed to better meet and address the Program needs.

B. APPLICATION PROCESS

Ohio Housing Finance Agency will post the Request for Proposals (RFP) on its website www.ohiohome.org on the dates listed above. OHFA will also send notification of the publication of the RFP via email to Ohio Land Banks who

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are current NIP participants and/or provided OHFA with email contact information for RFQ notification purposes. Applications must be submitted electronically to nip@ohiohome.org prior to the deadline.

C. EXPERIENCE AND CAPACITY

OHFA will conduct a review of the experience and capacity of the Applicant. At a minimum OHFA will require the Applicant to provide:

1. Full organizational chart, staff roster, and resumes of key development staff within the organization, and a listing of the organization's governing members. If the Applicant is a Non-Land Bank, the Applicant should also provide the information for the Land Bank with which it is affiliated;
2. A narrative describing the history and experience of the organization, including recent successes and challenges. The Applicant should explain how it seeks input from and collaborates with neighborhood and community groups and local partners. If the Applicant is a Non-Land Bank, the Applicant should also provide the history and experience of the Land Bank with which it is affiliated;
3. A summary of the Land Bank's activity under the Moving Ohio Forward program to date. If the Land Bank did not participate in Moving Ohio Forward because it is newly created, provide a summary of the county's participation in other similarly structured programs and explain how the Land Bank will work with the entities that have the prior experience; and
4. The most recent audited financial statements for the Land Bank. If the Land Bank has not had an audit, then statements that were reviewed or compiled by a third-party accountant may be submitted. The most recent internally prepared financial statements are acceptable only if audited, reviewed, or compiled statements are not available

D. TARGET AREA PLAN

Applicants must submit a strategic plan, called a Target Plan, which proposes selective or wholesale acquisition and demolition of Vacant and Blighted Properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure. See **Section 5: Target Area Plan**

E. ACQUISITION STRATEGY

The Applicant must provide a summary of its experience in acquiring properties through tax foreclosure, forfeiture, donation, purchase, or other means.

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The Applicant must provide a copy of the organization's policies and criteria for evaluating properties for acquisition and demolition, if such policies were adopted. Partners that have not adopted policies regarding acquisition and demolition will be required to do so prior to executing a funding agreement with OHFA. The policies should address factors such as available funding, carrying expense, demolition cost versus rehabilitation cost, environmental risk, threat to public safety, deteriorated conditions, long term vacancy, and future use of the site.

The Applicant should describe the strategy for acquiring properties in the Target Area through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Applicant may be included in the strategy

Historic Properties individually listed on the state or federal historic register are not eligible. Properties located in historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition. It is recommended that the land bank use the National Register Database to pre-screen properties. The databased is available free of charge at <http://nr.ohpo.org/>. Additionally, the land bank is required to screen each property per Section 6:E of these Program Guidelines.

F. DEMOLITION STRATEGY

The Applicant must provide policies and procedures for conducting demolition of properties, if such policies were adopted. If the Applicant is a Non-Land Bank, the Applicant should state the policies and procedures of the Land Bank with which it is affiliated. Partners will be required to adopt policies regarding demolition prior to executing a funding agreement with OHFA. At a minimum, these policies should address: inspections, permits, asbestos abatement, selection and payment of contractors, cost certification, and quality control.

The Applicant should provide a brief narrative describing the process for management and oversight of the demolition process and how the Partner will cover expenses that exceed allowable costs.

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Section 7: Property Demolition.

G. MAINTENANCE AND DISPOSITION STRATEGY

The Neighborhood Initiative Program requires Partners to maintain Properties for three years following the disbursement of NIP funds for demolition. Applicants should describe their organization's current approach to maintenance and disposition of Property, as well as their plan to meet the requirements for maintaining the Property for the required term. The plan should also address possible disposition of Properties through transfers to other owners qualifying for early lien release.

H. REVIEW PROCESS

The review process for the NIP will be detailed in the RFP. The process will include a threshold review to determine if the Applicant is eligible and the proposal is complete. OHFA will complete threshold reviews of Applications and offer the Applicants the opportunity to correct deficiencies in their Applications within a specified period.

All Applications that pass the threshold review will be reviewed by OHFA staff and scored according to the criteria set forth in the Application. The review will cover the Applicant's experience and capacity, Target Area plan, acquisition strategy, demolition strategy, and maintenance and disposition strategy.

I. FUNDING AWARD

Applicants will be notified of their funding award via email and the results will be posted on OHFA's website. Within ten business days following the award announcement, OHFA will send contract documents to the Partner. Documents should be executed as soon as possible, consistent with the Program Calendar.

J. APPEAL PROCESS

Applicants who are not offered an award may apply in future rounds. Upon request, OHFA will provide the scoring summary and will meet with Applicants that were not funded. Appeals must be submitted within 30 days of the Award Date.

Applicants who wish to appeal must request their scoring summary and shall submit documentation to address deficiencies in the original Application(s).

Appeals will be reviewed by at least one member of OHFA's Senior Staff. Funding awards to qualified applicants will be subject to the availability of funds.

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SECTION 4: PROGRAM ADMINISTRATION

A. PROGRAM PERIOD

Funds will be reserved for successful Applicants after execution of a funding agreement (contract). To meet the final drawdown submission deadline of December 18, 2019 OHFA strongly recommends all demolition work be completed by July 31, 2019, to allow sufficient time for contractor invoicing and payment.

Final reimbursement/disbursement requests are due on or before October 18, 2019. It will be within the sole discretion of OHFA to grant or deny an extension of time to this final drawdown deadline. The demolition activities of the NIP will close out with the submission of the final financial reports which are due March 31, 2020. The programmatic aspect of the Program will continue while the Properties remain in control of the Partner and until the HHF liens are released. Partners must submit quarterly reports and OHFA will continue compliance monitoring through lien release. See **Program Calendar**.

B. CONTRACTS

All Partners must execute a Funding Agreement with OHFA. Contracts will not be finalized without the provision of all onboarding documents as required by OHFA and further specified in the Funding Agreement and accompanying onboarding checklist.

C. REIMBURSEMENT/DISBURSEMENT OF FUNDS

Reduced documentation requirements will be in effect for land banks and are dependent upon land bank performance. Land banks will be notified in writing when becoming eligible for reduced documentation. All documentation as outlined below will be required to be maintained in the land bank office. You may opt out of reduced documentation.

A Request for Payment must be submitted to OHFA by the Partner via the NIP Data Transmission (“Allita”) website. The completed documentation with all items on the Reimbursement/Disbursement Report Checklist must be included.

This Reimbursement Packet must include but is not limited to documentation of the Loan, pictures before and after demolition for each address, proof of demolition expenses and payment, documentation of hazardous materials identification survey and disposal, and authority for demolition (title, consent, court order, etc.). Reimbursement packets are encouraged to be grouped together. Incomplete packets will not be processed and will be returned to the Partner.

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OHFA will review the packets and authorize payment to the Partner by OHA. No payments shall be issued prior to execution and/or recording of a NIP note and mortgage. Payments will be made by electronic funds transfer. The Partner is responsible for updating OHA when banking information or signatories change. Questions regarding the reimbursement/disbursement of funds should be directed to OHFA by telephone at 614-728-3900 or by e-mail at NIP@ohiohome.org or to OHA at 614-545-7839 or by e-mail at OHADocuments@occh.org. See [Invoice](#).

D. ELIGIBLE COSTS

Allowable reimbursable/disbursable expenses include the cost of demolition contractors and vendors, environmental assessments and disposition, title searches and legal advertisements, administrative costs, and contract preparation or review.

Reimbursement/disbursement for all activity is contingent on submission and approval of all required forms, photographs, and documentation. Partners shall submit a copy of the demolition contract with the reimbursement/disbursement request.

E. ADMINISTRATIVE COSTS

Administrative costs incurred by the Partner are deemed an eligible expense up to the maximum amount of ten percent (10%) of fully documented eligible pre-demolition costs, hard costs, and post demolition costs per Property. Examples of eligible administrative activities include soliciting and vetting contractors, compiling documentation for reimbursement/disbursements, oversight of Property maintenance and disposition, and writing quarterly and program-end reports.

Reimbursement/disbursement for an administrative activity may be contingent on submission and approval of all required supporting documents proving the cost incurred for each eligible activity, organized by Property address where applicable.

Documentation of administrative expenses in excess of \$1,000 must be provided with the invoice for payment. Administrative expenses less than or equal to \$1,000 per Property may be invoiced without supporting documentation. **Partners must maintain supporting documentation evidencing administrative costs incurred in connection with the NIP.**

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F. ELIGIBLE COSTS CHART

The chart below describes mandatory, eligible, and non-eligible costs under the NIP program.

Cost Category	Properties with 1-4 units that fall under the \$25,000 cap	Properties with 5 or more units that fall under the \$75,000 cap
REQUIRED NIP COST <ul style="list-style-type: none"> Payoff of Existing Loan 	Reimbursed at 100% up to \$100	Reimbursed at 100% up to \$100
ELIGIBLE ACQUISITION COSTS <ul style="list-style-type: none"> Acquisition of real estate Real Estate Agent fees Foreclosure publishing notices Closing Costs Title Searches Court costs related to foreclosure and board of revision processes Purchase and litigation of Tax Lien Certificates for Vacant Property 	Reimbursed at 100% up to \$5,000	Reimbursed at 100% up to \$15,000
ELIGIBLE PRE-DEMOLITION COSTS <ul style="list-style-type: none"> Property security costs, board up (including clear boarding) Environmental assessments Asbestos surveys Contract preparation and review by third-parties Architectural/engineering fees, including cost estimates, bid specifications and job progress inspections Bid advertisements for vendors 	Reimbursed at 100% for completed demolitions	Reimbursed at 100% for completed demolitions

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<ul style="list-style-type: none"> • Other third-party expenses approved on a case-by-case basis by OHFA 		
<p>ELIGIBLE DEMOLITION HARD COSTS</p> <ul style="list-style-type: none"> • Clearance of pre-existing debris and garbage (illegal dumping, junk vehicles, etc.) • Deconstruction expenses* • Removal of asbestos • Removal of other hazardous materials • Demolition of buildings • Clearance of structures (poles, fences, walls, driveways, service walks, trees etc.) • Removal of underground storage tanks and utility services • Removal and/or filling/capping of septic systems and wells • Regulatory permit and inspection fees • Other expenses approved on a case-by-case basis by OHFA <p>*IT IS RECOMMENDED THAT WHENEVER POSSIBLE THE LAND BANK REDUCE ENVIRONMENTAL WASTE BY SALVAGING USABLE GOODS FROM THE SUBJECT PROPERTY. THE REMOVAL OF THESE ITEMS IS ELIGIBLE FOR REIMBURSEMENT PROVIDED THAT THE LAND BANK DOES NOT INCUR A PROFIT FROM THE RE-SALE OF THE GOODS. THE LAND BANK SHALL HAVE CONTAINED WITHIN THEIR POLICIES AND PROCEDURES THEIR INTERNAL PROCESS THAT ENSURES PROFIT IS NOT GENERATED. IN THE EVENT THAT THERE IS PROFIT REALIZED THE POLICIES AND PROCEDURES MUST OUTLINE HOW THE PROFIT IS HANDLED (EXAMPLES MAY INCLUDE: RETURNED TO HFA FOR FUTURE PROGRAM DOLLAR USE, LAND BANK RE-USES FUNDS FOR DEMOLITIONS OR COMMUNITY SPIRITED PROGRAMMING). IN THE EVENT THAT THE SUBJECT</p>	<p>Reimbursed at 100% for completed demolitions</p>	<p>Reimbursed at 100% for completed demolitions</p>

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<p>PROPERTY IS A MOBILE HOME EVIDENCE OF AN AGREEMENT WITH THE DEMO CONTRACTOR AND THE LAND BANK ON THE TREATMENT OF RECYCLABLE STEEL IS REQUIRED WITH EACH CONTRACT.</p>		
<p>ELIGIBLE POST-DEMOLITION COSTS: MAINTENANCE</p> <ul style="list-style-type: none"> Maintenance allowance up to \$1,200 	<p>Up to \$1,200 – it is recommended that you do not take the maintenance allowance if there is already an end use of the property.</p>	<p>Up to \$3,600 - it is recommended that you do not take the maintenance allowance if there is already an end use of the property.</p>
<p>REQUIRED POST-DEMOLITION COSTS: GREENING</p> <ul style="list-style-type: none"> Site restoration (grading and seeding) Greening or improvements Shrubs, flowers, trees, and other plants and landscaping Fencing, signage, benches, and other architectural elements <p>OTHER EXPENSES APPROVED ON A CASE-BY-CASE BASIS BY OHFA</p>	<p>Reimbursable 100% up to \$6,000. Minimum per property is \$0.01.</p>	<p>Reimbursable 100% up to \$18,000. Minimum per property is \$0.01.</p>
<p>ELIGIBLE ADMINISTRATIVE COSTS</p> <ul style="list-style-type: none"> General management and oversight Technical support services Monitoring and evaluation Preparation of Reimbursement/Disbursement Requests Performance Report preparation Local historic review/Assessments (OHPO clearance is not required) 	<p>Up to 10% of fully documented eligible pre-demolition costs,</p>	<p>Up to 10% of fully documented eligible pre-demolition costs,</p>

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<ul style="list-style-type: none"> • Audit costs • Contract preparation and review by internal counsel or staffers • NIP Loan closing expenses by internal staff or third party • Mortgage recording • Lot consolidation expenses • Personal safety equipment such as steel-toed, puncture resistant boots • Other expenses approved on a case-by-case basis by OHFA 	hard costs, and post-demolition costs	hard costs, and post-demolition costs
<p>INELIGIBLE COSTS</p> <ul style="list-style-type: none"> • Marketing of project site(s) • Litigation expenses unrelated to tax foreclosure • Property taxes • Property insurance premiums 	No reimbursement	No reimbursement

G. INVOICE

Partners must submit the costs on Allita for each parcel they seek reimbursement for. Each Coversheet must be accompanied by sufficient supporting documentation as determined by OHFA to justify the expense incurred (the “Reimbursement Packet”). Reimbursement Packets missing required documentation will be returned to the Partner for correction or amendment; returned Reimbursement Packets may result in payment delays to the Partner.

OHFA will prepare an invoice which the Partner must execute and return. All invoices must be signed by two (2) Partner-authorized signatories attesting that the invoice, the Consolidated Certifications Form, and all supporting documents are accurate before payment will be disbursed. See [Reimbursement/Disbursement of Funds](#).

H. PAYMENTS

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Partners shall have a final inspection conducted on all demolition projects prior to submitting an invoice to OHFA for payment. All punch list items should be completed and inspected at that time. Reimbursements for partially completed items are prohibited. Partners may obtain reimbursement for projected demolition hard costs that are being withheld under a retainage agreement with a subcontractor provided all demolition work, including grading and seeding, is complete. Partners who seek reimbursement for these retainages must report on the distribution and maintenance of these retainage funds no less than quarterly. OHFA may require Partner return any retainage that is not released to their subcontractor in connection with any parcel within six (6) months of the date OHA released the funds containing that retainage.

Whenever reasonably possible, invoices submitted by the first of each month with all required supporting documentation included will be paid to the Partner via ACH deposit no later than thirty (30) days following submission. OHFA reserves the right to withhold or delay full or partial payment where additional documentation is requested to substantiate the funding request amount.

Final payments for each Round are listed in Section 3(A). OHFA may amend these dates at its discretion as may be necessary. Notice of any amendment to the payment cycle will be provided to all Partners as early as reasonably possible.

I. QUARTERLY REPORTING

Partners must respond to the quarterly report sent by OHFA using the Quarterly Report Form, which may contain the following information for the reporting period:

- Properties acquired for the quarter;
- Demolitions completed for the quarter;
- Cumulative demolitions completed;
- Funds disbursed by Property for the quarter;
- Cumulative funds disbursed by Property;
- Properties transferred with lien release;
- Properties transferred with lien payoff;
- Summary of progress towards award completion;
- Program Income summary;
- Staffing changes;
- Notable achievements and challenges experienced by the Partner.

Quarterly Reports are due by the fifteenth of the month in April, July, October, and January provided, however, no report is due sooner than sixty (60) days from the date of initial funding in the Partner's first Round of funding. Land banks will be invoiced for recaptured funds quarterly and receipt of payment is due to the HFA within thirty (30) days.

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In the event that a Quarterly Report is not requested, none is due.

J. FINAL REPORTING

A final report of demolitions and Property disposition is required after final lien release. This report must include the number of demolitions completed, expenditures including in-kind contributions, and program accomplishments including community and economic benefits realized.

Partners will be required to track the impact of the NIP Program on the Partner's Target Areas in a final report at the end of the project period. Partners will match their Target Areas to the corresponding U.S. Census Tracts that underlie them and provide data as prescribed by OHFA. Optional data that OHFA encourages Partners to track on a Target Area level include building permits and infrastructure investments made during the project period.

K. PROGRAM INCOME

It is reasonable to anticipate revenues being generated during the NIP process. Program Income is any money that is received by a Partner as a result of recycling, reclamation, leases, licenses, rental income, final disposition of vacant lots, or other income-generating activity earned from a parcel with an HHF/NIP mortgage. Program Income begins to accrue at the time the Loan is placed on the Property and therefore specifically includes any reclamation income from the sale of a deconstructed Property.

Net Proceeds is Program Income less transaction costs. Transaction costs include but are not limited to land valuation, appraisals, broker price opinions, agents' commissions, closing costs, parcel division costs, and government fees incurred in the disposition of a Property. Site marketing is not a transaction cost. OHFA imputes a one-time per Property \$200.00 overhead cost to all Program Income activities that is an automatically deductible transaction cost. With the exception of the imputed overhead cost, the Partner must provide proof of all transaction costs and the payment thereof. Partners must record and document all administrative expenses and track them separately from programmatic costs.

Net Proceeds must first be used to reduce or payoff the NIP mortgage unless exempted under these guidelines. Program Income and Net Proceeds shall be reported no less than quarterly and will be offset against future invoices; if the Partner will not receive any future NIP distributions, as determined by OHFA, Program Income shall be remitted in a manner proscribed by OHFA. Once the HHF/NIP mortgage is satisfied, the Partner may use excess revenues for any other purposes consistent with its mission.

L. CONTRACT AMENDMENTS

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Amendments to the final Funding Agreements may be proposed by a Partner to increase the grant award up to the maximum award amount. OHFA will approve Funding Agreement amendments on a case-by-case basis. OHFA may require Funding Agreement amendments as further specified in the Reallocation and Recapture sections.

M. CONTRACT EXTENSIONS

OHFA will approve Funding Agreement extensions on a case-by-case basis. It is OHFA's intention that all demolition funds be expended no later than December 18, 2019.

N. SUB-RECIPIENT AGREEMENT

The Partner may enter into a sub-recipient agreement with other entities for performance of specific functions, subject to approval by OHFA. Sub-recipient agreements must include, at a minimum, the following: statement of work, records and reports, budget and balances, compliance with federal and state laws, and suspension and termination provisions.

O. REALLOCATION

It is OHFA's intention that all demolition funds be expended no later than December 18, 2019. To meet this goal, OHFA will monitor all Partner's expenditures and Reimbursement Requests on an ongoing basis. OHFA reserves the right to recapture and/or reallocate grant funds to ensure project completion within the program period. See

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Section 9: Reporting and Compliance.

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SECTION 5: TARGET AREA PLAN

Applicants must submit a Target Area Plan that proposes selective or wholesale acquisition and demolition of Vacant and Blighted Properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure. Partners may amend or update the Target Area Plan with prior written approval by OHFA as may be needed based on changing conditions or other relevant factors. At no time will a demolition be reimbursed that occurred on a parcel that was not within the target area boundaries at the time of the demolition (boundaries will not be extended post-demo to make the property eligible).

The Target Plan should address three key elements:

- Identification of Target Areas;
- Source of Properties to be acquired; and
- Maintenance and/or redevelopment of Properties.

A. TARGET AREAS

For each Target Area, the Partner should:

- Explain the reason the area was selected and how the strategy will reduce foreclosures for existing homeowners by increasing the value of surrounding properties, attracting private investment and development, or supporting current investment and development;
- Partners should look first to Tipping Point Neighborhoods, although all types of neighborhoods may qualify with justification;
- Categorize each neighborhood according to the chart in Figure 1, below;
- Provide a map with the location and condition of Vacant Residential Properties, and the location of Vacant land resulting from prior demolition;
- Describe the number and percentage of owner-occupied Residential units, and show evidence of decline in property values;
- Describe the neighborhood assets, including recent and proposed public or private investments, proximity to employment, major institutions, and amenities;
- If applicable, identify local historic districts and properties; and
- Describe the impact of proposed demolition on the fabric of the neighborhood.

Type of Neighborhood	Appropriate Strategy
Healthy Neighborhoods	Spot Demolition
Tipping Point Neighborhoods	Targeted Demolition
Revitalization Neighborhoods	Demolition for Infill Redevelopment
Redevelopment Area	Large scale demolition for (a) redevelopment or (b) green and maintain

See the following detailed description, provided by the [Michigan NSP2 Consortium Policy and Procedures Manual](#):

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Healthy neighborhoods: Healthy neighborhoods are neighborhoods where the market is largely sustaining occupancy and real estate transactions. Homes in these neighborhoods are generally reasonably well maintained, and there is an above average share of the housing stock that is owner occupied. In the present economic climate, even otherwise healthy neighborhoods are in some distress. Market transactions take considerably longer than normal and job loss and a loss of market value has resulted in some foreclosure activity. In this type of neighborhood, market forces generally resolve vacancy and abandonment issues. Though in some distress now, these neighborhoods will be the first to rebound when the economy improves. Loss of property values will typically be less than in the other neighborhood types. Any blighted properties will be more likely to be purchased by speculators or adjoining property owners and cleaned up. Strategies for addressing needs in this type of neighborhood would be primarily through citywide programs, such as home repairs to very low-income households, mortgage payment assistance to those in danger of losing their home to foreclosure, code compliance, and the demolition of blighted properties.

Tippling point neighborhoods: In these neighborhoods there has been some marked decline. There are often a significant number of houses for sale and/or rent and a number of vacancies. However, these neighborhoods are still vital. Occupancy is often a mix of owners and renters, and the majority of units are occupied, though the vacancies are increasing and the home values are falling. Generally, less than 20% of the properties are blighted. For the most part, people still maintain their properties, though the number of properties not maintained is growing. Like the healthy neighborhoods, these neighborhoods fall into a rather broad range. Therefore the strategies necessary will vary from neighborhood to neighborhood. In general, the goal is to stop the bleeding and to begin to turn these neighborhoods in a positive direction so that market forces will take over. Examples of effective strategies for meeting needs in this type of neighborhood will include targeted demolition, acquisition/rehabilitation/resale, and scattered site rental development to remove blighting influences, raise property values, and encourage reinvestment. This can occur alongside owner and renter occupied rehabilitation and home repair programs, and targeted minor infrastructure projects.

Revitalization neighborhoods: These neighborhoods have often seen considerable decline over years or even decades. Vacant, boarded up houses are noticeable, and there is a mix of occupied and unoccupied units. Often occupancy is primarily renters. Many properties are not well maintained, and 20 to 70% are blighted. These neighborhoods again fall into a broad range, but are generally unable to become vital in the marketplace again, without substantial outside assistance. The strategies necessary to revitalize these neighborhoods will vary based upon the needs and specific characteristics of each neighborhood. Often the assistance will include concentrated work in a small targeted area and radiating from there into the surrounding neighborhoods. This work will usually involve multiple activities including rehabilitation, infill development, streetscaping, infrastructure improvements, and demolition. Scattered site rental development, if done as a stand-alone strategy, is not very likely to be successful in this type of neighborhood. However, if planned as part of a concentrated and targeted strategy for revitalization, it can be a useful tool.

Resources necessary to be successful in this type of neighborhood are typically much greater than in tipping point neighborhoods, as the scale, concentration, and diversity of the work will be much greater. This also generally means utilizing resources from a number of sources and working with multiple partners that are a part of the overall neighborhood plan. This includes both non-profit and for profit organizations involved in services, housing development, commercial development, and infrastructure projects.

Redevelopment areas: These areas have seen the most decline. Though once vibrant neighborhoods, lost industries and decades of disinvestment have caused these communities to become almost virtual ghost towns. Abandoned, blighted houses are everywhere, with over 70% of the properties blighted. A minority of houses are occupied, usually by renters or illegal occupants. Maintaining basic utilities and city services to these areas usually places a burden on the City. There are two primary strategies that will generally have some likelihood of success for addressing this type of neighborhood, as described below.

Reinventing the neighborhood: In this strategy, much, or all of a neighborhood will be demolished, and the neighborhood will be redeveloped. Sometimes a few of the original properties will be saved and will serve as a design element for the new neighborhood. Other times the entire neighborhood will be razed and redeveloped with a new plan. This strategy will often make sense where a critical mass of properties of character remain in reasonably good condition; where adjacent neighborhoods contain important community anchors that need protected; or where adjacent neighborhoods are being revitalized.

Shrinking toward prosperity: In this strategy whole blocks or neighborhoods are razed and the property turned into vacant land, which may be land banked for future redevelopment or utilized for parks, green space, or urban farmland. This strategy is often used where few of the properties are salvageable and there is an overabundance of housing in the region. Its secondary goals include cutting municipal costs associated with infrastructure and crime

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B. SOURCE OF PROPERTIES

All Properties must be owned by the Partner to qualify for NIP. The Partner may acquire the Properties through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Partner are eligible, but must be encumbered by a Loan prior to completion of the demolition, greening, or final punch-list inspection. The Target Area Plan should include information to demonstrate that eligible Properties are and will be available through a variety of sources.

The Applicant should:

- List Properties already owned in the Target Area that the Applicant expects to include in this Program.
- List Properties in the Target Area that are reasonably expected to be acquired for this Program and identify the source and expected date of acquisition; and
- Demonstrate that there is a reasonable likelihood of acquiring additional Properties in the Target Area within the timeframe of the Program.

C. MAINTENANCE AND DISPOSITION

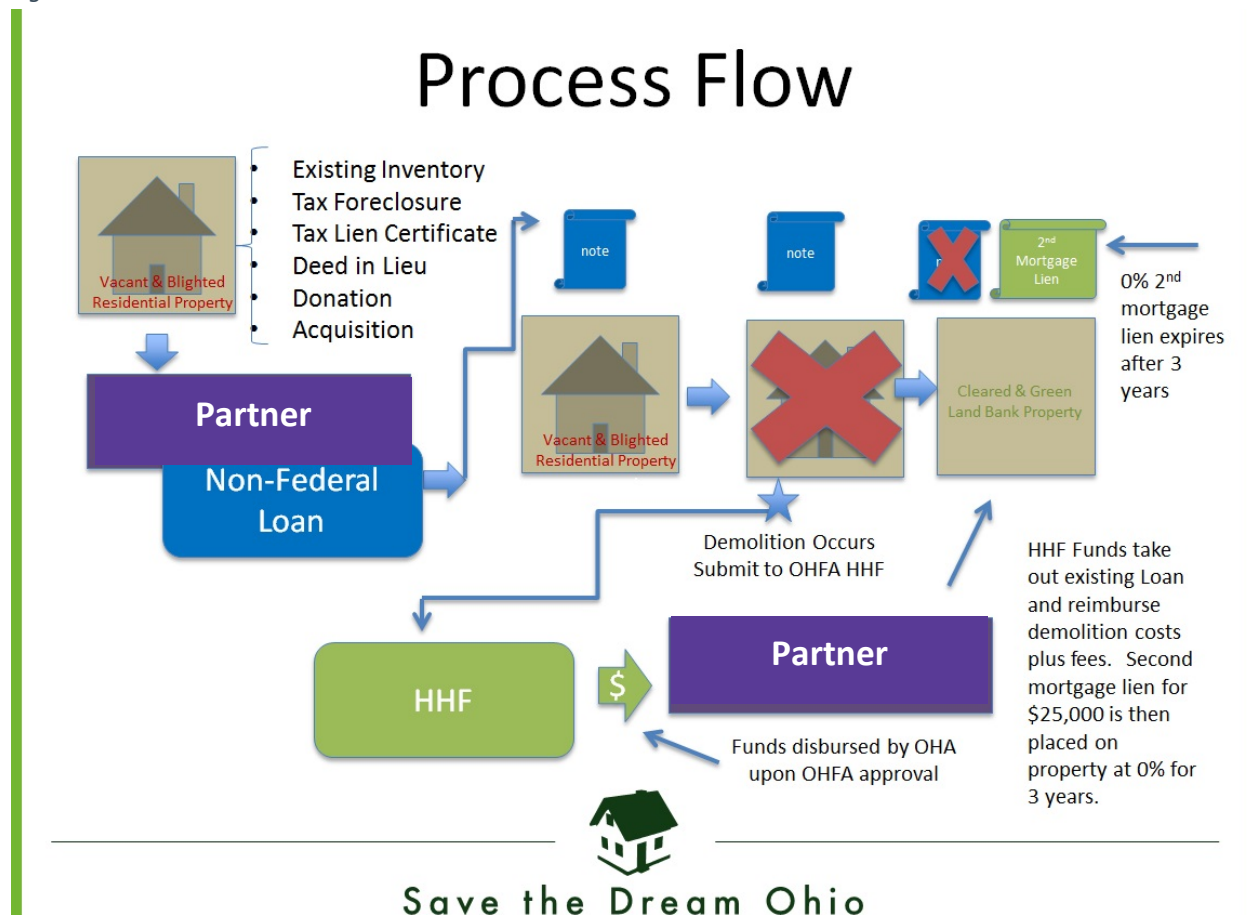
NIP requires Partners to green and maintain Properties for three years following the disbursement of NIP funds for demolition. Applicants should describe their organization's current approach to maintenance and disposition of Property, as well as their plan to meet the requirements for maintaining the Property for the required term. Partners may contract with other entities to perform the required maintenance activity but may not transfer the Property to that entity, except for eligible purposes.

The Target Area Plan should also address the possible or expected post-demolition use of Properties in each Target Area that will benefit the neighborhood. This may include, side lot programs, public use, commercial use, economic development, residential redevelopment, or non-profit use. See: **Greening, Maintenance.**

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SECTION 6: PROPERTY ELIGIBILITY AND PROCESS FLOW

Figure 2. Process Flow



A. PROPERTY ELIGIBILITY

Property Eligibility Criteria includes all of the following:

- Vacant at the time identified for acquisition. Additionally, the Property must not be legally occupied at the time of any review or approval by OHFA;
- Blighted at the time identified for acquisition;
- Residential;
- Can be acquired and demolished for an amount not to exceed \$25,000 for up to four units and \$75,000 for five or greater units per Property address or have funds committed in writing that can be leveraged to complete acquisition and demolition costs that exceed that amount.

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- Properties must be located within a Target Area as defined in the agreement. The Partner may request a change to the approved Target Areas by submitting an amendment with justification to OHFA.

Documentation that Properties in the Target Plan meet the Eligibility Criteria must be submitted with the request for NIP funding.

For properties where the reimbursement requested amount is expected to exceed \$25,000 the land bank shall submit a request for pre-approval to OHFA a minimum of thirty-days prior to the start of demolition activity. The land bank is required to balance their funds and under no circumstances may a majority of their allocation be used to address structures that are larger than 4 units in size. The maximum amount permitted to address a structure, regardless of the unit make-up, shall not exceed \$750,000. Additionally, OHFA reserves the right to limit the total number of funds to be used in a target area or development.

The request must include:

- Bid outlining expected costs broken down by square foot for each action (examples include abut are not limited to asbestos abatement, demolition, greening) by property address (see Property Tip, p. 13)
- Comparable analysis indicating costs are reasonable with structures of similar size and attributes within the county proper
- Number of units being demolished
- Census tract data, pictures, auditor data verifying properties that contain over 4 units have owner occupied residential structures within line of sight
- Documentation of the source of other funds if the cost per address will exceed \$75,000
- Dates available for an onsite review at the property address between the land bank and OHFA
- Information reflecting how property is zoned and that property was zoned for such use *prior* to the vacant and blighted state
- Proposed end use of the property

B. SOURCE OF PROPERTIES

All Properties must be owned by the Partner to qualify for NIP. The Partner may acquire the Properties through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Partner are eligible, but must be encumbered by a Loan prior to completion of the demolition, greening, or final punch-list inspection.

C. PROPERTY COST GUIDELINES

Partners should strive to limit the Property acquisition costs and implement best efforts to stay below the \$5,000 / \$15,000 maximum acquisition reimbursement costs.

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D. ENVIRONMENTAL REVIEW

The HHF program is authorized under the EESA and funded by the U.S. Department of the Treasury through a Commitment to Purchase Financial Instrument and HFA Participation Agreement. HHF is not considered federal funding. Although a formal Environmental Assessment is not required, Partners are expected to consider environmental factors when making Property acquisitions. Environmental review may be required for demolition activity.

The Partner assumes the role of Responsible Entity for the purposes of environmental review for all demolition activities.

E. HISTORIC PRESERVATION

Partners are expected to consider alternatives to demolition of properties with significant historic or architectural value. Any property individually listed on the National Register of Historic Places (NRHP) or a contributing building in a historic district listed on the NRHP is not eligible for NIP. Properties located in locally designated historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition.

HHF is not considered federal funding. Although a formal Section 106 review will not be required, Partners must adhere to state and local historic preservation regulations. If, after acquisition but prior to demolition, a Partner becomes aware of information regarding the historic significance of a property that is neither listed on the NRHP nor in a locally designated historic district, the Partner must notify OHFA and must provide justification to proceed with demolition.

- I) Any property individually listed on the NRHP or a contributing building in a historic district on the NRHP is not eligible for the Neighborhood Improvement Program.
- II) Historic significance means that criteria exist that could make the property eligible for the National Register of Historic Places. If the Partner becomes aware of historic significance it must, prior to demolition, notify OHFA and provide a description of the property. Also required is certification that no funds are available to preserve the property. OHFA will review the request within 30 days.
- III) Properties in a locally designated historic district within the jurisdiction of a review board, or other local authority shall be reviewed locally. Partners will be required to certify that demolitions subject to this local review went through the review process and were approved for demolition.

F. PROPERTY ACQUISITION TIMELINE

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On the last day of each annual quarter, Partner must submit a Pipeline Report (available on OHFA's website) demonstrating that Partner owns the number of Properties and has spent the requisite amount of funds set forth in the Funding Agreement. The Partner is not required to submit the report if pipeline properties have been uploaded in Allita for OHFA's reference. This is the preferred method.

OHFA reserves the right to reallocate HHF Funds to increase or decrease the Total Allocation based on these Pipeline Reports. The Partner's entire allocation amount, including the amount awarded based on county population, is subject to reallocation.

Property acquisition through public processes such as delinquent tax foreclosure or forfeited land can take months or years. Partners should pursue a varied approach to acquisition, including donations and voluntary sales, in order to meet the performance timeline. See **Reallocation**.

G. LOAN REQUIREMENTS

Funds for the NIP come through the U. S. Department of the Treasury under the Emergency Economic Stabilization Act ("EESA") and the HHF program. That funding requires the modification of a loan to prevent foreclosure. In order to qualify for reimbursement of demolition costs through NIP, there must first be an associated Loan for the subject Property. This Loan may not be funded through HHF/NIP or with federal funds. Loans may be bundled if they are structured with the ability to have individual Properties paid off and released from the note.

H. HHF SECOND MORTGAGE

After the Property has an associated Loan and the structure is demolished, the Partner will submit a request for reimbursement to OHFA for all eligible expenses including modification (pay off) of the Loan. In exchange, a second mortgage lien for up to \$25,000/\$75,000 of HHF/NIP funds disbursed for eligible expenses for that Property will be attached to the Property.

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SECTION 7: PROPERTY DEMOLITION

A. ENVIRONMENTAL CONSERVATION

OHFA supports the efficient (green) use of resources, including deconstruction and recycling. When using deconstruction techniques, the value of reusing resources must be weighed against the added costs and concerns about environmental hazards, such as lead-based paint, that may be present on the building components.

B. LEAD-BASED PAINT REQUIREMENTS:

Participants must follow all applicable state and local regulations, laws, and policies in effect regarding Lead-Based Paint.

C. ASBESTOS REQUIREMENT

An asbestos survey is required for all renovations and demolitions to determine (1) if there is any asbestos and then (2) if the asbestos is subject to Ohio Department of Health and/or Ohio Environmental Protection Agency (“OEPA”) regulations. Definitions of an asbestos hazard abatement project are found in Ohio Administrative Code Chapter 3701-34. Asbestos hazard abatement activities mean any activity involving the removal, renovation, enclosure, repair, or encapsulation of reasonably related friable asbestos-containing materials. FAQ on this topic is available from the Ohio Department of Health.

Every demolition of a facility meeting the threshold amounts of regulated asbestos containing material requires notification to the appropriate OEPA district office or local air agency office depending upon which county the demolition will occur.” (See color coded map on the OEPA, Division of Air Pollution Control (“DAPC”) [website](#). The notification form is also [available](#). Notification requirements are found in OAC 3745-20-03 and the form is available [online](#).

Any asbestos hazard abatement activities must include proper disposal. Record of disposal must be documented to fully complete the demolition activities. A [Waste Shipment Record](#) is online, with instructions for Waste Shipment [here](#).

D. DEMOLITION PERMIT

The participant is required to obtain a local building demolition permit. If the city and/or county do not require a demolition permit, the participant must certify that none was required upon request.

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E. FINAL INSPECTION

Partners shall have a final inspection conducted on all demolition projects. All punch list items shall be completed and inspected prior to submitting a request for each reimbursement/disbursement request. Reimbursements/disbursements for partially completed items are prohibited.

F. SELECTION OF CONTRACTORS

Partners are responsible for screening local contractors. The screening requirements should be rigorous enough to screen out unqualified or unstable contractors but not so stringent as to prevent the participation of an adequate number of competent contractors. Contracts must be awarded through full and open competition, consistent with practices required under Federal, state or local laws. Partners shall submit its contractor selection policy at the request of OHFA.

The following minimum requirements apply to the screening of contractors conducting work through the Neighborhood Initiative Program.

1. *Liability insurance:* Private contractors participating in a local demolition program must have adequate liability and Property damage insurance;
2. *Workers compensation:* Private contractors with employees participating in a local demolition program must, at a minimum, be paying into the Ohio Workers' Compensation Program. Private contractors operating a sole proprietorship and who have no employees are exempt from this requirement; however, they must have proof of adequate private medical insurance coverage;
3. *Debarment:* Partners must check the Federal and State debarment list for additional evaluation. Checks may be made at www.sam.gov and on the Ohio Secretary of State or State Architect's Office of Ohio websites;
4. *Performance:* Partners must identify and document policies and procedures for barring poor performing contractors from continuing to participate in the program;
5. *Certifications:* Private contractors must have policies regarding a Drug Free Workplace and Equal Employment Opportunity; and
6. *Ethics:* All private contractor personnel must be knowledgeable of and understand Ohio Ethics and Conflict of Interest Laws.

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G. DEMOLITION CONTRACT REQUIREMENTS

Demolition of a Property should not take place until after Property acquisition and after a Funding Agreement is executed between the Partner and demolition contractor(s) or vendor(s). The demolition contract must as a minimum contain the following:

1. Total amount of money to be paid for the work;
2. Responsibilities, terms and conditions for all parties;
3. Daily Property maintenance and site cleanup provisions;
4. Requirements and limitations regarding sub-contractors, if any;
5. Work specifications;
6. Signatures of parties and dated;
7. Procedures for inspections, payments, changes in the scope or cost of work, resolving disputes and/or termination of the contract;
8. Any appropriate federal and state provisions, including, but not limited to equal opportunity, etc.;
9. Requirements, if any, regarding the release of liens;
10. Any applicable warranties;

H. SELECTION OF OTHER VENDORS

The Partner is responsible for diligent selection and review of all vendors. Public contracts shall include anti-kickback and non-collusion clauses and Property tax certifications.

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SECTION 8: PROPERTY DISPOSITION

The goal of the NIP is to stabilize property values by removing and greening Vacant and Blighted Properties in Target Areas in an effort to prevent future foreclosures for existing homeowners. Simply demolishing a Vacant Property may not have a positive impact unless the Property is subsequently improved through redevelopment or by grading and greening the site. NIP will provide funds for greening and for maintaining Properties for three (3) years or until disposition for an eligible use.

Eligible uses include side lot programs, transfer the Property local government, or transfer of the Property to a private entity. See: **Property Disposition and Lien Release**.

A. RELEASE OF HHF SECOND MORTGAGE

After the Property has an associated Loan and the structure is demolished, the Partner shall submit a request for reimbursement to OHFA for all eligible expenses including modification (pay off) of the Loan. In exchange, a second mortgage lien for up to \$25,000/\$75,000 of HHF/NIP funds disbursed for eligible expenses for that Property will be attached to the Property.

Partners are responsible for recording the mortgage, including the payment of any recording fee that may be required by the local government. The cost of recording the mortgage is an eligible, reimbursable administrative cost.

If the Property is transferred prior to 3 years from the date of the mortgage, the mortgage must be satisfied and funds returned to OHA. Mortgage payoffs will be recycled to HHF Programs as determined by OHFA and approved by the U.S. Department of the Treasury. Partners must obtain approval from OHFA and OHA using a provided form prior to the disposition of any Property that received funding under the NIP program.

OHA will release the mortgage free and clear and forgive the balance of the note prior to 3 years if the Property is transferred for an eligible use outlined below in **Property Disposition and Lien**.

B. GREENING

The value added by greening and maintaining vacant lots has been documented by academic research conducted by the Wharton School of Business at the University of Pennsylvania. That study concluded:

“... Vacant lots left in the wake of housing abandonment and demolition often have significant and adverse effects on a neighborhood’s quality of life, attracting refuse and vandals and creating a perception of impaired public safety. Our findings indicate that adjacency to a neglected Vacant lot subtracts 20 percent of value from a home relative to comparable homes farther away from the site. Recent public initiatives have worked to “stabilize” these sites through a process of cleaning and greening. This process involves the

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removal of discarded trash; grading and amending the soil; planting grass, trees, and shrubbery; and even adding such amenities as benches, sidewalks, and fences. Our results indicate that these efforts almost entirely reverse the negative impact of adjacency to neglected vacant lots resulting in a gain in value of 19%.¹

The findings for the Philadelphia study are substantiated in other cities, including Pittsburgh, where green strategies were promoted as “environmentally-friendly land management methods that improve quality of life, enhance neighborhood interactions, increase recreational opportunities, and stimulate local economies.”²

In Ohio, the *Re-imagining Cleveland: Ideas to Action Resource Book* details various green tactics and lists “vacant land re-use strategies.”³

Partners should consider several factors in determining the appropriate method of greening a site after demolition, including the:

- Size;
- Location;
- Condition of the soil;
- Availability of water and sunlight; and
- Slope.

A single Residential lot may be suited to cleaning and planting with transfer to an adjacent property owner, while adjacent lots along an urban corridor may be conducive to public use as a greenway or recreation use, and Vacant blocks may be appropriate for temporary greening and holding for future redevelopment.

Effective December 1, 2014, Partners must seek reimbursement for at least \$0.01 in greening costs per Property. Partners will be reimbursed up to \$6,000 per Property for the cost of greening a site upon submission of an invoice with appropriate documentation. For each Property, Partners are encouraged to plan greening activities, incur the cost for those greening activities, and then seek reimbursement for all eligible NIP expenses once the greening activities are completely finished.

¹ Susan M. Wachter, Kevin C. Gillen, Carolyn R. Brown, SILUS WORKING PAPER, A Collaboration between the Wharton GIS Lab and the Center for Science and Resource Management at USGS, 2007.

² Policy Recommendations, Greening Vacant Lots for Pittsburgh’s Sustainable Neighborhood Revitalization, Carnegie Mellon Heinz School, Fall 2006.

³ Re-imagining Cleveland: Ideas to Action Resource Book, Kent State University’s Cleveland Urban Design Collaborative, Neighborhood Progress, Inc. and the City of Cleveland, January 2011.

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As an alternative for greening cost reimbursement, Partner may submit specifications and a cost estimate for the greening activity up to \$1,500. Based on this estimate OHFA will provide a greening allowance when reimbursing Partner for all eligible NIP expenses as part of a single disbursement per Property. Within six (6) months after the reimbursement, Partner will submit to OHFA the full documentation verifying the actual cost of the greening. If the actual cost is less than the allowance already paid by OHFA, then the Partner must immediately repay the difference to OHFA. Greening allowances must be spent by the Partner and may not be transferred to a new owner under a disposition option. In the event that the partner fails to submit the documentation within six (6) months after the reimbursement the total amount of greening activity funds are required to be returned.

Eligible costs for greening include: Grading and seeding (site restoration), site enhancements over and above standard site restoration including but not limited to, landscaping, horticulture, urban agriculture, signage, flowers, trees, fences, benches, architectural elements, watershed management projects, and green energy projects.

C. MAINTENANCE

While the long term goal of acquisition and demolition of some Vacant and Blighted Properties may be redevelopment, the market may not be ready in the short term. Partners must have a strategy for maintaining Properties in a manner that enhances the neighborhood. Partners will incur costs to maintain sites, including mowing, trimming, removal of trash, and insurance; therefore NIP will provide funds to support ongoing care of sites.

NIP will provide a maintenance allowance when reimbursing Partners in the amount of \$1,200 or \$3,600 as part of a single disbursement per Property.

The actual cost of maintenance may vary due to individual Property characteristics resulting in relatively higher or lower maintenance needs. As such, Partners will be permitted to aggregate the reimbursements for maintenance into one account that can be allocated over all of the NIP Properties and used until liens are released. The Partner will be required to return to OHFA a prorated amount of a Property's maintenance allowance in instances of early lien release.

OHFA will monitor NIP Property maintenance for three (3) years, and Partners must keep each NIP Property maintained and free of nuisances at all times. In cases of non-compliance, Partners must pay a non-compliance fee OHFA prior to lien release. During the 3-year compliance period for each Property, the first instance of noncompliance will result in a \$200 / \$600 fee; the second instance results in a \$400 / \$1200 fee; and the third instance results in a \$600 / \$1,800 fee. Thus, 3 instances of non-compliance on a single Property would equal the entire \$1,200 / \$3,600 maintenance allowance being repaid to OHFA before liens would be released.

D. PROPERTY DISPOSITION AND LIEN RELEASE

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The HHF lien shall remain in place for three (3) years. The lien may be released prior to the expiration date if the amount of NIP assistance disbursed is repaid in full. Requests for dispositions should not be submitted until reimbursement has been received.

OHFA may permit early lien release and debt forgiveness without full repayment on a case-by case-basis. The following disposition options are pre-approved for early release without repayment provided the detailed requirements set forth below are met: Side Lot Programs, Public Use, and Non Profit Organizations. Disposition for Business or Residential development may qualify for early release provided all Net Proceeds of the sale are first used to repay the HHF Note and Mortgage.

Partners are not responsible for a transferee's use of the Property after disposition. However, no Property is eligible for the early release without repayment if the following applies:

- a. The Partner has knowledge that:
 - a. The proposed transferee intends to repurpose the Property for a non-eligible purpose OR the proposed transferee intends to re-convey the Property to a third-party who will not continue the eligible purpose
 - b. Within six (6) months from the date of the conveyance

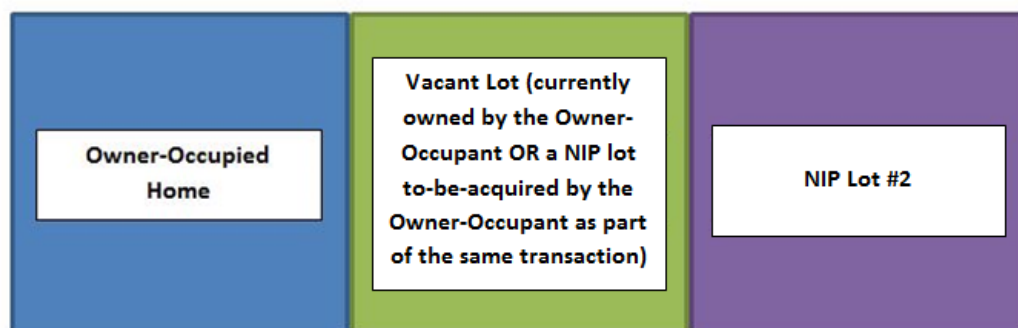
1) Residential Side Lot Programs

Owner Occupied

Lots transferred under a residential side lot program may be eligible for early lien release without full payoff of the NIP Note; Net Proceeds generated as a result of these transfers, if any exists, must first be applied towards the NIP Note. Residential side lots do not need to be transferred at fair market value.

Partners should submit their Policies and Procedures for Side Lot Disposition, including policies related to qualified Properties, qualified transferees, maintenance agreements and resale restrictions to OHFA for review and approval. OHFA will approve programs that are consistent with industry practices and HHF policies. Minimum side lot program requirements include:

- The adjacent neighbor is an owner occupant that shares at least a 50% common boundary line with the subject Property. Adjacency will not be broken due to a vacant, intermediary lot that is also owned by the



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owner-occupant or will be acquired by the owner occupant via a NIP side lot transfer in the same transaction, see diagram below:

- The lot is physically contiguous to the adjacent neighboring property; for NIP purposes, properties that are across the street from a lot are not contiguous.
- The adjacent neighboring property is in compliance with the local building and zoning regulations.
- The adjacent neighboring property is current on all real estate taxes and assessments, and its owner is current on real estate taxes and assessments for other properties he or she owns in the subject county.
- The adjacent owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010.

OHFA will approve programs that are consistent with best practices and HHF policies. After approval by OHFA, Partners may request a release of mortgage from OHA by attaching a certification that the transfer is consistent with their policy. As a condition of a side lot transfer, OHFA strongly recommends the Partner enter into an agreement with the transferee that the lot transferred will be consolidated with the legal description of the contiguous lot, by filed recorded deed and not subject to subdivision or partition, within a one (1) year period following the date of the transfer. Partners must maintain supporting documentation evincing the adjacent neighbor's side lot eligibility under these NIP guidelines, the Partner's internal side lot policies and procedures, and all local laws and regulations in accordance with the document retention requirements set forth in Section 9(B).

With the exception of marketing costs, administrative costs incurred in completing a side lot transfer may be eligible for reimbursement under Section 4(E).

Partners may identify and vet Residential Side Lot candidates prior to demolition in anticipation of conveying newly cleared Property after all NIP related work is completed. Partners may submit an Early Lien Release form together with their reimbursement package. In all cases, an HHF lien shall be attached to the Property and recorded as part of the NIP reimbursement process, but the lien may be immediately released following OHFA approval.

Non-Owner Occupied (rental property owner)

Partners should submit their Policies and Procedures for Side Lot Disposition, including policies related to qualified Properties, qualified transferees, maintenance agreements and resale restrictions to OHFA for review and approval. OHFA will approve programs that are consistent with industry practices and HHF policies. Minimum side lot program requirements include:

- **Must be released for Fair Market Value**
- The neighboring property is current on all real estate taxes and assessments, and its owner is current on real estate taxes and assessments for other properties he or she owns in the subject county.
- The adjacent owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010.
- The adjacent neighbor shares at least a 50% common boundary line with the subject Property.
- The lot is physically contiguous to the adjacent neighboring property; for NIP purposes, properties that are across the street from a lot are not contiguous.
- The adjacent neighboring property is in compliance with the local building and zoning regulations.

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2) Public Use

Lots transferred for a public use may be eligible for early lien release without full payoff of the NIP Note; Net Proceeds generated as a result of these transfers, if any exists, must first be applied towards the NIP Note. Public use transfers do not need to be conveyed for a fair market value.

Transfer to a political subdivision for use such as parks, recreation areas, infrastructure projects, and community gardens owned by a public entity is an eligible use if construction or operation for that use begins within one (1) year of transfer. Documentation required will be an approval from the public entity stating that the conveyance of the subject Property is required for the public facility, and that the public facility will commence construction or operation within one (1) year of the Property conveyance.

3) Non-Profit Organizations

Lots transferred to a Non-Profit Organization may be eligible for early lien release without full payoff of the NIP Note; Net Proceeds generated as a result of these transfers, if any exists, must first be applied towards the NIP Note. Non-Profit Organization transfers do not need to be conveyed for a fair market value.

If the Property proposed for release is adjacent to an existing property owned by a non-profit corporation with an associated community oriented non-profit use, then that owner may be conveyed the subject Property for continued community oriented non-profit use. Furthermore, the subject Property may be transferred to a non-adjacent non-profit corporation owner if that owner will expand their associated community oriented non-profit use to the subject Property. In either case the community oriented non-profit development must commence construction or operation within one (1) year of the Property conveyance.

Non-profit groups, community development corporations, churches/religious organizations qualify, but community benefit must be demonstrated and quantified in order for lien release. Documentation necessary will include proof of tax exempt status, and a detailed description of the entity's community benefiting activities along with how the proposed use of the subject Property will benefit the community. In addition, if the proposed owner is adjacent to the subject property, then the adjacent property must be in compliance with local building and zoning codes. Documentation showing that the subject Property is properly zoned for its new use is also required.

Lot transfers to Habitat for Humanity or OHFA-financed housing development projects (regardless of the developer's non-profit status) with construction or operation to commence within one (1) year of the Property conveyance qualify for early lien release without repayment under this provision.

4) Business or Residential Development

Properties that are transferred for business or residential development may qualify for early lien release provided, however, that the Property is transferred at or above a fair market value as determined at the time of the transfer and all Net Proceeds of that transaction are first applied to repaying the HHF/NIP mortgage.

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The Property proposed for release will need to be developed in accordance with local zoning regulation, and the development shall commence construction or operation within one (1) year of the Property conveyance. An adjacent and existing owner may be conveyed the subject Property for development including ancillary uses like parking lots and accessory buildings that will be used by the existing owner. Additionally, the subject Property may be transferred to a non-adjacent owner if that owner will develop the subject Property.

Upon an approved Property conveyance for business or residential development, the Property will become fully taxable; however, tax abatements are permitted in accordance with existing local incentive programs. Required documentation required includes a purchase agreement, proof that the proposed owner is current on all real estate taxes and assessments in the subject county, and proof the proposed owner was not a prior owner of real Property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010. In addition, if the proposed owner is adjacent to the subject Property, then the adjacent property must be in compliance with local building and zoning codes. Documentation showing that the subject Property is properly zoned for its new use is also required.

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SECTION 9: REPORTING AND COMPLIANCE

A. POLICIES AND PROCEDURES

All Partners must have policies and procedures in place at the local level to effectively and consistently handle the details of administration, conflict of interest, and each component of acquisition, demolition, maintenance and disposition. These policies and procedures must incorporate all federal, state, and local regulations and guidelines.

These policies must be submitted with the Partner's Application for funding. Partners should inform OHFA of any changes or updates to these policies. OHFA will require certification that the activities undertaken in connection with the NIP program are consistent with the Partner's policy. See **Greening, Maintenance, Property** .

B. DOCUMENT RETENTION

The Partner shall establish and maintain until at least December 31, 2024 such records as are required by OHFA, U.S. Department of the Treasury and / or Special Inspector General over the Troubled Asset Relief Program, including but not limited to, contractor and vendor agreements, financial reports, expense documentation, and all other relevant information. The parties further agree that records required by Partner and NIP with respect to any questioned costs, audit disallowances, litigation or dispute between the Partner and OHFA shall be maintained for the time needed for the resolution of said question and that in the event of early termination of the Funding Agreement, or if for any other reason OHFA shall require a review of the records related to NIP, Partner shall, at its own cost and expense, segregate all such records related to NIP from its other records of operation.

The Partner must respond to all requests from any party within the requested timeframe to avoid a potential hold on reimbursements.

C. COMPLIANCE MONITORING

Partners must comply with all OHFA, OHA, and/or third-party quality control and compliance measures that OHFA deems necessary; these measures may include site visits to the land bank office, pipeline parcels and demolished lots, remote desktop reviews of supporting documentation, file audits, and other measures to ensure compliance with requirements set forth in the Funding Agreement and terms of NIP.

At any time with reasonable notice and as often as OHFA may deem necessary and in such a manner as not to unreasonably interfere with the normal business operations, the Partner shall make available to OHFA or its designee, for examination, all of its records with respect to matters covered by the NIP program including, but not limited to, records of personnel and conditions of employment and shall permit OHFA or its designee to audit, examine, and make excerpts or transcripts from such records.

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The Partner further agrees to comply with OHFA's requests to schedule site visits, desktop reviews, monthly reports, and final reporting. Furthermore, OHFA will make periodic requests for evidence of work completed and financial documentation of funds received and expended under NIP.

The Partner will attend all required OHFA webinars and training sessions designed to assure compliance with the terms of the NIP.

D. CORRECTIVE ACTIONS

OHFA may issue a review report at the conclusion of all monitoring activities, site visits, or desktop reviews. Any areas of potential non-compliance will be highlighted and OHFA will require the Partner to develop a Correction Plan. Additional site visits, conference calls, and/or other methods to remedy findings will be detailed in the Correction Plan.

E. INDEMNIFICATION

The Partner, OHFA, and OHA each agree to be responsible for any personal injury or property damages caused solely by its negligent acts or omissions as determined by a court of competent jurisdiction or as the parties may otherwise mutually agree. In no event shall either party be liable to the other party for indirect, consequential, incidental, special, or punitive damages, or lost profits.

F. DODD FRANK COMPLIANCE

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) provides that no person shall be eligible to receive assistance from the Making Home Affordable Program, authorized under the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 et seq.), or any other mortgage assistance program authorized or funded by that Act, if such person, in connection with a mortgage or real estate transaction, has been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.

G. SUSPECTED FRAUD

When fraud is suspected in connection with HHF or any component thereof, the Partner shall forward the information to OHFA for review. Partners, contractors, vendors, or other related entities that are determined to have submitted fraudulent documentation will be declined for funding. If payment was already received or is ongoing, it will be cancelled and all funds requested returned.

A land bank may anonymously report suspected instances of fraud to OHFA by visiting our website at:

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http://www.savethedream.ohio.gov/SVDRfraud/SDO_Fraud.aspx

OR to the Office of the Inspector General at:

<https://www.sigtar.gov/Pages/crimetips.aspx>

Examples of possible fraud include:

- Unsupportable requests for payment;
- Altered documentation or Forms;
- Signature issues.
- Collusion