

Chairperson Nutt called the meeting to order at 5:29pm

Present – Nutt\*, Henley\*, Springowski\*, Moon\*, Kempton.

Absent- Dimacchia, DuVall, Carter, Arroyo, Spellacy, Thornsberry\*, Arredondo.

\* Denotes members of the committee.

**a) Building, Housing and Planning Department’s presentation of the Welcome Home Ohio and Infill Program.**

CHAIRPERSON NUTT: Director Kuszniir, if you would like to get us started?

BHP DIRECTOR MATT KUSZNIR: I appreciate Council’s willingness to call this relatively last minute committee meeting, but it is for something that we believe is a really great opportunity for the City of Lorain and for housing development in the City of Lorain. My staff and I have had the opportunity of attending webinars hosted by the Department of \_\_\_ Development with the State of Ohio regarding this program and also just a big thanks to the County Commissioners, I was able to attend the Land Bank Summit a couple weeks ago in Marietta, Ohio, where they talked at length about the Welcome Home Ohio Program and impacts to cities who have been utilizing these dollars. We wanted to have a public hearing and a committee meeting to talk to the community and also get community input on where the first build site should be in the event that we are awarded, but also use this as an informative session to talk about the program more generally and the impact it can also have in the City of Lorain. With that said, what is the Welcome Home Ohio Program? This is funding through the State of Ohio that provides and \_\_\_\_ for single family housing development. What most communities have been using these funds for is infill development. Infill development are sites in the city or in any community where single family structures have stood before, but because of slum, because of blight, cities have had to tear those down, so these lots have been sitting vacant for years and years and years. This program provides important funding to really decrease that gap of what it would take to build something so we can stabilize neighborhoods a little bit better and increase density in legacy neighborhoods. This funding is restricted to buyers or to families that are at or below 120% AMI, and also has a 3-year occupancy and 15-year affordability requirement. The maximum sale price for these homes is \$220,000. One thing that is not on here is the subsidy that is provided by the state per property, that subsidy is about \$100,000; really cutting that gap down to make what the cost is to build, closer to what the cost would be to sell in some of these neighborhoods. The application requirements: the funding is available for non-profits, developers, land banks, cities and other private entities to apply for. What is required, is that we need to submit to the State purchase certificates, a lot of documentation, budgets, contracts, \_\_\_\_\_, sources and uses, really what the frame and the footprint is that we will carry out if we are awarded. The state wants to see that we have the capacity and the knowledge to administer a program effectively and get these homes sold. The scoring criteria, just the general application information is about 20 points, budget information is 10 points, capacity is 30, and pipeline is 40. Pipeline is the most important part of the application process. The state also wants to see, really, a very simplistic version of a Gant chart to show, do communities have buyers lined up, do we have banks lined up, do we have builders lined up and show what that process is going to look like from the time of award to the time of completion. The state really wants assurances that the funds will be spent and that the money will be used. The application window opens December 8<sup>th</sup> and closes on January 16<sup>th</sup>. Another part of this public hearing is we have sites prepared to show the community and also to get input on, but sites to show the community on where housing infill could be built in the city. Priority Area number 1 is the former Lakeview Elementary School site. A possibility of building 18 single-family homes, this is in ward 7 and has a R-2 zoning designation, which is

transitional housing. It is not completely single-family or dense multi-family, it is right in the middle. That is what the R-2 zoning district means. Next steps, we are working on a proposed subdivision plan that will be submitted to Planning Commission at their next meeting. That will move forward to City Council via a Resolution and then we will get civil plans and infrastructure improvements together and then potentially move forward on bidding out the infrastructure work, the sewers, the water lines, the roads, things like that. Next is Priority Area number 2 and this is what we are calling the Stoveworks/Nativity District. The Stoveworks site are those purple parcels in the top center of the screen, what the other lots that we have identified in this district, between 12-22, does not include the Stoveworks site, it just goes to show that this part of our community has really suffered from slum and blight, we have knocked down a lot of houses in this area. Between the city and the land bank, we own about 12-22 parcels that are already suited for single-family infill development that we can move forward on very quickly. This is in ward 2, also has a R-2 zoning designation. Our next steps are to acquire additional land bank parcels, which we are in the process of acquiring five and there is more that we can acquire, but also to complete zoning verifications for each lot. Those zoning verifications will also be submitted to the state to prove that not only do we have the lots and the space available, but based on the Zoning Code, there will not be any delays as it relates to variances or any hiccups before we can even get to building. The next area is Priority Area number 3. This is the plan that you see on the screen was actually developed between the Housing Authority, Raise Up, as well as the City of Lorain. This is the former Whittier/Lowell School sites. On that site in particular, we had the potential to build 16 single-family homes, and then there is also some parcels in the district adding 4 more to that district. This is in ward 6. The Whittier/Lowell site actually has a mixed-use zoning designation based on what was submitted to HUD with the Southside Gateway Transformation Plan there would be a combination of rental housing and single-family housing on this site. Actually, this site was originally intended... the first phase of this site was originally intended to be multi-family rental housing, however, given this incentive through the state, we don't want to pass up on a great opportunity to do that phase 2, so we are working with Raise Up and the Housing Authority to do that phase 2 first. Our next steps to develop a utilities and infrastructure plan to make sure that any additions to this neighborhood will have proper water, sewer, sanitary and storm connections, but also to not impose additional problems in that neighborhood. The neighborhood has suffered from flooding for many, many years so whatever infrastructure plan that we enact on this site, we need to make sure that it is not going to have a negative impact on the neighbors. These are two other infill opportunities that we have identified, this area on the left is between 36<sup>th</sup> and 39<sup>th</sup> just east of Elyria Avenue on Denver, Toledo and the other streets in that neighborhood, there is between city owned properties and land bank owned properties, 13-15 sites where we can do single-family homes very quickly. As well as W. 10<sup>th</sup> and Brownell, the City of Lorain owns 5 parcels on W. 10<sup>th</sup> Street, on the corner of Brownell Avenue and the land bank owns 4 more that we could acquire to do additional single-family housing. What we have been doing in Building, Housing and Planning are reaching out to really any partnerships that we can to facilitate this process moving as smoothly as humanly possible. A big part of the grant is finding construction financing, or line of credit to make sure that these homes can be built quickly and efficiently. As of today, we have met with four banks, PNC, Third Federal Savings and Loan, First Federal and Civista Bank. Civista Bank is currently helping community \_\_\_\_\_ partners in the City of Sandusky with their WHO Grant, so we thought they would be a logical partner to reach out to to see what programs they can offer. Every bank has their niche and their particular programs that they offer, but what I can tell you is Third Federal Savings and Loan, from our analysis has really set themselves apart. They obtain between 60-90 potential home buyers every month for their home buyer education courses. We believe through, whether it is Third Federal or another one of these banks, we will easily be able to establish a pipeline of buyers so as soon as we build these homes, we will be able to sell these homes to someone who is income qualified and has also gone through the proper home buyer education courses. Civista Bank has also stood out given their experience with the WHO Grant specifically,

that is another one where we are going to continue to follow up. Moving on, Community Partnerships. With that, banking partnerships are important but also working with our local and regional partners has been just as important. Again, I have to thank Lorain County and the County Commissioners Office for really leading the charge for submitting this WHO Grant and bringing this opportunity to our attention in the first place, with their help and with their leadership, we have been privy to a lot more conversations and a lot more insight about this opportunity, probably, than most, so again, thank you for that. Ultimately, this application will be submitted in conjunction with the City of Lorain, we don't want to go rogue, we want to work with partners, regional partners, as opposed to flying solo. Habitat for Humanity of Greater Cleveland has also come to the table and is adding, and can add, if needed, capacity for construction and helping also establish that pipeline of income eligible buyers who have gone through the classes and who meet the requirements of the WHO Grant to purchase a home. Next steps, we need to finalize our development partnerships and financing structures, making sure that we have all of those pieces in place for a successful application. Getting the application materials prepared for that December – January window. Beginning community outreach, which is exactly the point of this meeting today and establishing exactly who those buyers and who those families can be, and who they are. Making sure that we can align all of these timelines with the WHO submission requirements. I think that is it. Just to really sum everything up, we believe... we have not seen, at least in my time with the City of Lorain, I have not seen many incentives whether to the State or the Federal Government that provide this level of an incentive, but especially this level of an incentive for single-family housing development. Our priority is to throw as much paint against the wall as we possibly can, so we have a successful application with the state. There is about... approximately about \$25M in the pot for WHO funds for new construction, it will be a very competitive process. Under no uncertain terms do I want to go give council or the public an indication that we have these funds, because we do not. This committee meeting, this hearing, is just another tool that we can use and hopefully additional points that will help us score in that competitive process very, very highly so we can bring these dollars to the City of Lorain. With that said, I can answer any questions, I know we have representatives from the county here as well, and of course members of the public.

CHAIRPERSON NUTT: I certainly appreciate the presentation, it was fantastic information, always we appreciate BHP and the administration working on these programs and especially the commissioners and showing up, coming to the meetings, thank you so much for including the city on this, and really being a helping hand, this is fantastic to help bring this program and these funds to Lorain and build on some of these infill lots and hopefully ease that housing struggle, that burden that not only in Lorain, but kind of across the country.

COUNCILMEMBER SPRINGOWSKI: Who currently owns the Lakeview School property?

DIRECTOR KUSZNIR: The City of Lorain, we own the Lakeview Elementary School property.

COUNCILMEMBER SPRINGOWSKI: The city owns that?

DIRECTOR KUSZNIR: Correct.

COUNCILMEMBER SPRINGOWSKI: What is intended... I noticed that it indicates that the Stoveworks site is separate from all of this, what is the intention for that site?

DIRECTOR KUSZNIR: The intention is to do, whether it is some kind of homeownership opportunity, that can be single-family, that can be multi-family, we do not want to include that on the list of sites that would be considered a first build site, just because that site is currently going through the environmental remediation process. Given the strict timelines with the WHO Grant, we just didn't feel like it was... and especially since we have so many other sites in the community, we didn't feel like that was appropriate to

put on for this public hearing because we really can't guarantee any timelines to actually put a shovel in the ground and build.

COUNCILMEMBER SPRINGOWSKI: That would beg the question since we are using former school sites like Lowell, like Lakeview, are we looking at anything at potentially acquiring the former Southview High School site?

DIRECTOR KUSZNIR: We have not. We have talked to the school board about the redevelopment opportunities on that site. From my perspective, I would like to see that more as a commercial use as opposed to a residential use...

COUNCILMEMBER SPRINGOWSKI: I agree with you, entirely.

DIRECTOR KUSZNIR: ...given that, especially given that we have so many other infill housing opportunities.

COUNCILMEMBER SPRINGOWSKI: It would be nice since they are getting rid of the Federal Building downtown, if we could lure them into Lorain because of the access to the turnpike and the freeway, entering that into... because that is 4,000 jobs that would come with that and turn that into Lorain County's Opportunity Corridor.

COUNCILMEMBER HENLEY: I just want to clarify for my own, and the public here, these homes, buildings, will be built and then sold? Or will they be sold under contract to be built?

DIRECTOR KUSZNIR: We have... that has not been determined yet. What we would like to do is presale, we would like to presale the lots and the homes prior to putting a shovel in the ground, but that is something that we still need to discuss internally and also with our partners. That is actually part of the reason why we are having this public hearing today too. If there are any ideas of how to move forward with the overall construction and disposition, we are all ears and we can take that into consideration.

COUNCILMEMBER HENLEY: I keep hearing income qualified, does the buyer... are they putting money into it? A downpayment or...? I know you are working with different lenders. If I walk into Third Federal, they are going to... at one time, they would go 5% down or sometimes even less, but there was always money/skin in the game. Is that going to be required?

DIRECTOR KUSZNIR: That can be required, absolutely. Buyers will have to obtain a conventional loan through a bank, through a lending institution. Ultimately, they will have to follow the requirements of that bank. We are... the reason we are trying to leverage so many banking partnerships is because there are so many programs out there for first time home buyers and low income families, but I don't think there is a program that we have seen that doesn't require some skin in the game for down payment assistance, whether that's 5% or 3% down.

COUNCILMEMBER HENLEY: These will all be...

DIRECTOR KUSZNIR: Just clarifying, there is not a zero...

COUNCILMEMBER HENLEY: Okay, I am watching you guys. This will all be owner occupied for what period of time? Is that part of the sale contract, for instance, if I build one I have to be there for five years or ten years, or whatever, I can't live there for a year and then turn around and sell it to someone who wants to rent it?

DIRECTOR KUSZNIR: Correct. There is an initial three-year occupancy period that the initial buyers have to comply with, but there is also a deed restriction on the property that lasts for 15 years, but the properties must be owner occupied. That would be something that would have to be monitored and managed by... we have volunteered ourselves, as the City of Lorain, to do that because we currently do that with our other programs already, that wouldn't be necessarily too much of a burden to keep the monitoring period active for us to comply with the monitoring period.

COUNCILMEMBER HENLEY: That 15-year would be a deed restriction?

DIRECTOR KUSZNIR: Correct. That is correct.

COUNCILMEMBER KEMPTON: First of all, I would like to thank you for the presentation, I learned a lot, affordable housing is the cornerstone of what we need to do in this community. I do have a question, it was mentioned that households that have 120% AMI would qualify, but what percentage of that would be serve less than 80% on an AMI? If you didn't have... if you weren't all the way up to that, what are we looking at?

DIRECTOR KUSZNIR: Can you restate your question, I am sorry.

COUNCILMEMBER KEMPTON: It says that it is up to 120% AMI to qualify, what I want to know is, if somebody had 80% AMI or less, how many people are we looking to serve with that number?

DIRECTOR KUSZNIR: Okay, I understand. The bar for entry, where the minimum qualifications is that you must be at or below 120% AMI. You could be at 100, you could be at 90, you could be at 80, as long as you are above or below 120, you could qualify. We haven't thought of, or we weren't considering setting a standard of 'x' amount of families will be at 80% and 'x' amount of families will be at or below 120%. We are going to comply with the basic requirements of the program and have every buyer at or below 120, and if they just so happen to fall under 80%, that is fine, but it is not going to be a requirement, but there won't be a set aside for those families or individuals.

COUNCILMEMBER KEMPTON: My next question is, I know that we are not adding Stoveworks, are we looking at potentially the old Polish Club area, Nativity area, is that an area that is looked at?

DIRECTOR KUSZNIR: Yes. One of the 12 sites that was on that slide, it actually has the Polish Club highlighted. That one... that site in particular is going through the tax foreclosure process, through the county, Priority 2, it is on the Priority 2 slide, it was highlighted in red and there is four... already four subdivided parcels that make up that site, so that is included. A long-winded way of saying yes, that is included.

CHAIRPERSON NUTT: Would a first-time home buyer, would they be able to couple a purchase of potentially when the houses are built and being ready to be sold, whether they are preassembled or not, the couple that, with like a first time home buyer assistance program, down payment type of thing, so they wouldn't be excluded from that because of, they are buying it off of this program essentially?

DIRECTOR KUSZNIR: Correct and actually what most other communities, where they are seeing the most success is by layering with those down payment assistance programs.

CHAIRPERSON NUTT: *(inaudible)*.

DIRECTOR KUSZNIR: Yes.

DAVID MOORE, Lorain County Commissioner: Thank you for having this hearing. The reason why I came up here, I came to watch and not speak, but I can't help myself as an elected official. I really want to thank everybody here, because with the mayor, we have had some great partnerships as a county, which you've never seen in this county in 50 years. The Via Program that we did, is a prime example of this program. Working together with the City of Lorain and the City of Elyria, we came up with a program to do something that has never been done before. I have been in housing, I was a mortgage broker, a mortgage lender... you name it, I have done it in the real estate world, I have never seen a program like this. I know this program, I remember when I got into office four years ago, working with Drake, who used to work here, I said look we need funding because the cost of building a home is too much for anyone to afford. To simplify what is kind of going on here, what we are trying to do is, as a county, as we have been talking to the mayor in regards to this, because he attends our land bank meetings, is how do we build affordable housing that people... and how do you do that when homes are up to \$220,000 for a starter home? That is insane. What this program does is it gives \$100,000 as a down payment, if you think of it that way, so the payment, and you may think affordable housing, I can't believe affordable housing... the payment is \$1150. That is called affordable housing today, that is without taxes and insurance. You have to qualify, \_\_\_ questions in regard to the affordability factor, it still goes right down to debt ratio, at the end of the day, they have to afford it. The next thing is, you can't flip these homes, that is why they were saying deed restrictions, there is a lien on these properties. You can't buy them, rent them out. What we did, as a county, is we hired a company that has already done this in Sandusky, we hired them, and they are the ones that do all the work. They process the payments, they keep an eye on these properties to make sure these people are not renting them out. The bottom line is, when Matt... when Marty Gallagher met with the mayor, the key was he was using Ohio cities as examples. He started looking at your property in Lorain for areas to bring in all brand new housing. By doing that, you are trying to change Lorain, the City of Lorain, from so many rentals to get back to ownership, because with ownership you have pride in ownership, instead of rentals. By having pride in ownership and those homes are owner occupied, what happens next is if you take a look at your first slide, those homes across the street are going to be a little bit more valuable because there is more owners that are living in that area, there are more police patrols in that area. What we like, as a county, is that the City of Lorain is aggressive on this, and that we are working as partners, because when we took office four years ago, we had over 650 empty lots in the cities of Lorain, Elyria and the land bank, we are down to under 100 now. We have been trying to get that land back into the hands of people that pay taxes. I just want to touch base on, we are actually talking to the \_\_\_, we just hired them, and my concern is a big concern, is the way Columbus operates. They have their list of 88 counties, my concern is, other people are applying for this for a lesser amount. I know one non-profit is looking to get \$400,000 so that they can do four homes. I am afraid Columbus will sit there and go, well let's see the county of Lorain, they only want \$400,000, well they get it. I am trying to work with the City of Lorain and the City of Elyria to say let's work together, we are applying for \$5M, that is 50 homes, we are just greedy, we want to get 50 homes so that we can say, okay, you guys already have programs for 18 and 22 over there. Elyria, you guys are so far ahead of Elyria, they are not even this close yet and so that is what I am trying to do. You guys are on top of it, you have the planning, I got to hang out with Matt in Vegas when we were trying to solicit, I have never seen an aggressive guy go after business, we started competing and we had a great time working together in Vegas to bring businesses to Lorain, to bring businesses to Lorain County. The thing I hear all the time is housing, housing, and this is the best program that I have seen since 1986, since I have been doing this, that will make it happen. This will happen, the problem I see is, how much. I would hate to see a non-profit get \$400,000 and we lose out. I would rather see 50 homes than 4 homes, because 4 homes doesn't make a dent in any community, but 50, or 20, or 30 can. And if the State of Ohio sees us all working together, guess what happens next year? Cleveland got \$9M, last year, we got \$0. We are on it, and I would love the partnership that we have created here, we have brought our team here to help with any

other questions, they're the experts, I am just the voice, I \_\_\_\_\_ and just to let you know, it is Community Building Partners, that is who we have hired, and if you want to take a look at their work, it is in Sandusky they have been very successful there and we want to bring that success here and I would love the City of Lorain to be that pilot and partner with you guys. Via is a homerun, this is our next homerun, so thank you.

CHAIRPERSON NUTT: Thank you for those comments sir, I would completely agree and echo quite a few and I am sure the administration and BHP, and Matt are on top of that for sure to work together with the commissioners and bring as much... \$5M, fantastic and get those 50 houses going.

MAYOR BRADLEY: This is something that I have been talking with the commissioners about, brought it to our Building, Housing and Planning Department and to think that people that traditionally could not afford to buy a home in the City of Lorain, could actually have a \$220,000 home, and as Commissioner Moore said, being able to give them \$100,000 towards their downpayment, gives them an affordable home. They have a mortgage of \$120,000, if you are paying rent and nowadays a family of 4 get \$900 per month on Section 8. We are talking about somebody building up equity, having a place to raise a family, having a nice neighborhood to raise a family and the other thing, increasing property values in these neighborhoods. We have concentrated on that Nativity area, the Stoveworks is kind of already committed because HUD gave the initial \$1M to clean that up to have affordable housing on that site. There is going to have to be affordable housing there, or as Matt said, because of the clean-up that is necessary. We want locations that are basically shovel ready. I agree with the commissioner, we don't want to have somebody come in here and build four houses and say, oh boy. We want to make a dramatic change, and we want as many families as possible, and I like the number 30 rather than 20, and I would like to see 30 families in Lorain that are currently renting, being owners and having what we call the American Dream.

CHAIRPERSON NUTT: I don't think you would be overstating enough, affordable housing is essential, especially if we can work on getting some of those infill lots built out and that would really round out those communities. Homeownership, safer streets, everybody cares for their lawns, takes care of it, and that is the goal here. I appreciate the administration and BHP working with the commissioners, and I look forward to that.

***Chairperson Nutt adjourned the meeting at 5:59pm.***