



First Substantial Amendment to the 2016 Annual Action Plan

City of Lima, Ohio

June 28, 2017

First Substantial Amendment to the City of Lima 2016 Annual Action Plan

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First Substantial Amendment to the City of Lima 2016 Annual Action Plan

A. General Information

This document serves as notification of a Substantial Amendment to the 2016 Annual Action Plan for the City of Lima, Ohio. The document describes the proposed changes to the use of CDBG and HOME funds, and explains how these changes meet the existing Consolidated Plan goals.

Grantee Name:	City of Lima, Ohio
Department Administering Funds:	Community Development
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Link to Posted Amendment:	http://www.cityhall.lima.oh.us/index.aspx?NID=392

B. Summary of Substantial Amendment Proposed Changes

The City of Lima is submitting this Substantial Amendment to the 2016 Annual Action Plan as required by the US Department of Housing and Urban Development (HUD), and as outlined in 24 CFR, Part 91. Based upon the City’s Citizen Participation Plan, a Substantial Amendment is required when there is a change within a budgetary item of 30% or more and/or a change within the programmatic/service aspects of the Plan which results in a significant change of production or service outcomes (e.g. a decline of 30% of products/services). Any amendment is preceded by a public comment period of two weeks and a public hearing convened at a location convenient and accessible to citizens.

	Description of Change	Reason for Change and Change to Action Plan Goals	2016 Budget	Amended Budget	Percentage Change
1.	Development of a two-unit affordable rental project for elderly households at or below 60% AML. Project to be developed by the City’s only CHDO, New Lima, using CHDO Set-Aside Funds and unexpended HOME dollars remaining from the New Rental HOME Program.	To replace the unfunded CHDO project and ensure that CHDO Set-Aside Funds nearing a commitment deadline get used for an eligible use that meets an identified goal. 2 affordable HOME housing units gained.	\$0	CHDO set-aside funds +\$198,869 HOME dollars +\$90,714	New Project
2.	Remove the New Rental HOME Program from the Annual Plan.	Unable to identify adequate funding for the non-HOME portion of this project. 1 affordable HOME unit and a total of 4 housing units lost due to inability to fund this project.	\$90,714 HOME	\$0 HOME	100% Program removed
3.	Expand the eligible non-profits to receive capacity building and education services through the Neighborhood Assistance Program. The current language cites “Neighborhood nonprofit organizations” Expand scope to include non-profit organizations with a more community-wide mission.	There are a limited number of “Neighborhood” based organizations, and a need for these services amongst organizations with a wider service area. This change will ensure that annual projected goals of assisting 10 non-profit organizations will be met.	\$129,355 CDBG	\$129,355 CDBG	0%

C. Relationship of Proposed Changes to the Consolidated Plan and Annual Action Plan Goals

1. **Development of a two-unit affordable rental project, using CHDO Set-Aside Funds and unexpended HOME dollars remaining from the New Rental HOME Program.**

and

2. **Remove the New Rental HOME Program from the Annual Plan.**

The Development of a two-unit affordable rental project for elderly households at or below 60% AMI will meet an important need for affordable housing in the City. The Consolidated Plan describes this need:

“Many LMI households in the City of Lima have moderate to severe housing problems: 5,553 LMI households have one of four identified housing problems (lacks complete kitchen facilities, lacks complete plumbing facilities, more than one person per room, cost burden greater than 30%). This represents 67% of all LMI households. The most common housing problem affecting LMI households is cost burden. Based on data presented in Tables 15 and 16, housing cost burden - needing to pay more than 30% of monthly income for housing - affects 5,039 households, which represents 60% of all LMI households in the City.”

The Consolidated Plan also notes that LMI households that rent are two to three times more likely to be experiencing housing problems than LMI households that own their home. According to the 2009-2013 ACS data, 28% of Lima’s households have a household income less than \$15,000 and another 18% have a household income between \$15,000 and \$25,000. In order to afford an average 2-bedroom apartment (paying no more than 30% of household income), a household needs to have an annual income of at least \$25,000. These households are in need of quality, affordable housing.

There is also evidence for an increased demand and need for rental housing specifically. The most recent data available indicates that of the 14,354 occupied housing units, 6,992 (49%) are owner-occupied and 7,362 (51%) are renter-occupied, which is a reversal of the 57% owner occupied units and 43% renter occupied units in 2000.

The proposed two unit affordable rental project will replace the unattainable New Rental HOME Program previously identified in the 2016 Annual Plan. The City was unable to identify adequate non-HOME resources to have confidence that they could successfully attract a potential developer through an RFP within the available time constraints. While the loss of this project has an impact on the community through the loss of four (4) housing units, including one (1) affordable HOME unit, the proposed project assists in mitigating that loss. Though the proposed project will only include two (2) total units of housing, both units will be affordable to households at or below 60% of the area median income. In addition, this project has other benefits.

First, it will provide affordable rental housing for elderly households, a need identified in the Consolidated Plan. In Lima, 28% of all households are elderly. Six out of ten elderly households are extremely low- to moderate-income households (income less than or equal to 80% of the area median income). According to the 2007-2011 CHAS, 1,154 elderly LMI households have housing cost burdens >30%, including 544 renter households. Furthermore, 510 elderly LMI households have housing cost burdens >50%, including 305 renter households. The total number of cost burdened elderly households represents 47% of all LMI elderly households and 28% of all elderly households. 53% of all elderly households between the ages of 62 and 74 are low and moderate income, while 72% of all "frail" elderly households, ages 75 and above, are low and moderate income. As this data bears out, there is a need for more affordable and better quality senior housing.

Also, the proposed housing will be new construction. This is significant, because the age and condition of the housing stock in Lima also are a problem identified in the Consolidated plan. The main period of housing construction in Lima was before 1980, when about 86% of the housing units were built. These units are now at least 37 years old. More significantly, at least 6,130 units are at least 67 years old, and may require systems replacement and a significant rehabilitation investment. Decent affordable housing was identified in the Consolidated Plan as the number one priority for the City.

Finally, the proposed housing project will support the local CHDO, help them to grow in capacity, and assure that CHDO set-aside funds get expended on an eligible and needed activity, rather than being returned to HUD and lost to the community.

Changes to the existing Annual Action Plan include the removal of the New Rental Housing Program, and its one (1) HOME assisted affordable unit, and total of four (4) housing units, and the addition of the new Affordable Rental Housing Project, with two (2) affordable HOME units. This newly constructed affordable rental housing will be for elderly households at or below 60% of the area median income. This project is to be developed by the City's only CHDO, New Lima Housing for the Future, using CHDO Set-Aside Funds and unexpended HOME dollars remaining from the New Rental HOME Program.

3. Expand the eligible non-profits to receive capacity building and education services through the Neighborhood Assistance Program.

As described in the Consolidated Plan, the public service needs of low- and moderate-income households, including those at or below poverty levels, at risk of homelessness, unemployed or underemployed, physically challenged, aging, lacking access to health care, or lacking education or literacy skills, have always been a priority area for the City. Today, as Lima struggles to recover from the economic recession, unemployment and poverty levels remain high.

As described in previous Strategic Plans, stimulating the economy is vital to the stabilization of the City. Public service activities such as youth education and recreation programs, adult literacy and job readiness programs, elderly services,

healthcare, legal services, drug abuse and violence prevention remain a high priority for the City, since they can assist with this needed stimulation. However, during the focus group discussions with community service providers, it became clear that there is a critical need for coordination and a more systematic approach for leveraging the expertise and focus of each agency that provides services.

The City's Department of Community Development will continue to provide technical assistance to nonprofit and neighborhood organizations in order to improve coordination of efforts in affordable housing, community, and economic development opportunities. Expanding the eligibility of non-profit organizations that can receive this assistance will help the City to do a better job of coordinating needed efforts across the community.

There are a limited number of "Neighborhood" based organizations, and a need for these services amongst organizations with a wider service area. This proposed change will ensure that existing projected goals within the Annual Action Plan of assisting 10 non-profit organizations will be met.

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D. Citizen Participation Process and Public Comments

The City of Lima is submitting this Substantial Amendment to the 2016 Annual Action Plan as required by the US Department of Housing and Urban Development (HUD), and as outlined in 24 CFR, Part 91, and in accordance with the City's Citizen Participation Plan. The City values the receipt of public input into this process, desires to be transparent with Citizens, and wishes for Citizens to be both informed and engaged with their community. In accordance with this desire, and corresponding with the requirements of the Citizen Participation Plan and HUD, the details of this proposed amendment, as written herein, are available for public review and comment, as outlined in the table below.

Action to be taken	Date
Legal ad of comment period and Public Hearing placed in The Lima News	July __, 2017
Public Hearing, City Council Chambers	July 24, 2017
Council Meeting - Approval of final changes	August 7, 2017

The documents regarding this Substantial Amendment are available upon request for public review at the Community Development front desk, the City of Lima website at www.cityhall.lima.oh.us and at the local Public Library. Interested persons may call Susan Crotty at 419-221-5146. Copies can be made available at the Department of Community Development (DCD), 50 Town Square, Lima, OH 45801 upon request.

1. Description of Emails, calls, and letters received relative to this Substantial Amendment:

TBD

2. Summary of comments received:

TBD

3. Summary of comments or views not accepted and the reasons for not accepting them.

TBD

4. Summary of comments accepted and the reasons for accepting them.

TBD

E. Authorized Signature

By signing this Amendment, I certify that the statements and records herein are true, complete, and accurate to the best of my knowledge. All public comments have been reviewed, the noted Public Hearing has been held, and this submission includes any revisions resulting from this process. I am authorized to submit this Amendment request on behalf of the City of Lima.

(Signature)

(Date)

David J. Berger, Mayor

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