

City of Toledo

DRAFT Application

9/27/2024

U.S. Department of Housing and Urban Development
Pathways to Removing Obstacles to Housing (PRO Housing)

FR-6800-N-98

HUD PRO Housing Application DRAFT

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EXHIBIT A:
EXECUTIVE SUMMARY

CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

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The City of Toledo seeks \$4,000,000 of HUD PRO Housing funding to address two significant barriers to affordable housing production and preservation in the City of Toledo: an outdated zoning code; and a weak market for new or preserved housing. Toledo's PRO Housing approach is (1) a comprehensive update of the Toledo Planning and Zoning Code and development standards; (2) reduction of costs for new affordable housing production by developing and approving housing design templates to be made available to housing developers; and (3) appraisal gap financing to incentivize housing production in targeted weak market neighborhoods. These activities support the HUD Strategic Goals of Supporting Underserved Communities, Increasing the Production of Affordable Housing, and Promoting Homeownership.

The City of Toledo PRO Housing Team contains three City of Toledo Departments and the Lucas County Land Bank. This Team will lead the implementation of the PRO Housing project in conjunction with the Toledo PRO Housing Advisory Group, a diverse group of stakeholder organizations, subject-matter experts, and Toledo residents working to foster development, preservation and accessibility of affordable housing in Toledo, Ohio.

The City of Toledo will serve as the lead implementation agency. The City of Toledo Department of Housing and Community Development and the Toledo-Lucas County Plan Commissions, a department of the City of Toledo, will lead the appraisal gap financing program and zoning updates, respectively. The Lucas County Land Bank will serve as a subrecipient and will lead the development of pre-approved housing plans.

The PRO Housing approach will implement key affordable housing policy recommendations and comprehensive land use planning goals of the following major stakeholder driven initiatives already completed:

1. *Toledo Together, a Guiding Vision & 10 Year Action Plan for Housing* (2021), Toledo's first comprehensive housing strategy.¹
2. *Forward Toledo* (2024), a comprehensive land use plan guiding Toledo's development and planning for the next decade and beyond.²
3. *2020-2025 City of Toledo Analysis of Impediments to Fair Housing Choice (AI)*, developed by The Fair Housing Center (TFHC) in conjunction with the City.³

¹https://cdn.toledo.oh.gov/uploads/documents/Neighborhoods/CityOfTol_Housing_FINAL_PGS_ScreenQuality_small_Appendices.pdf

² https://cdn.toledo.oh.gov/uploads/documents/Plan-Commission/20240708_Forward-Toledo-Final-Draft.pdf

³<https://cdn.toledo.oh.gov/uploads/documents/City-of-Toledo-2020-2025-Analysis-of-Impediments-and-Fair-Housing-Action-Plan-05192020.pdf>

EXHIBIT B:
THRESHOLD REQUIREMENTS AND OTHER SUBMISSION REQUIREMENTS
CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

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Resolution of Civil Rights Matters: The City of Toledo has no unresolved civil rights matters that would impact this application's eligibility.

Eligible Applicant: The City of Toledo is an eligible applicant as a city or township government (Eligible Applicant type 02). The City of Toledo is a Chartered Municipal Corporation located in Lucas County, Ohio, operating under Home Rule Authority pursuant to Article XVIII, Section 3, of the Ohio Constitution, and further governed by the laws of the State of Ohio. The Department of Housing and Community Development and the Toledo-Lucas County Plan Commissions are departments of the City of Toledo.

Code of Conduct: The City of Toledo has a Code of Conduct updated 3/30/2021 meeting all requirements in 2 CFR 200.318(c) on file with the Department of Housing and Urban Development Code of Conduct e-Library.

Affirmatively Furthering Fair Housing: The Toledo PRO Housing Team will carry out our proposed activities in a manner that affirmatively further fair housing in compliance with the Fair Housing Act and its implementing regulations. The activities proposed in this application are consistent with the *2020-2025 City of Toledo Analysis of Impediments to Fair Housing Choice*. A detailed response to this requirement can be found under Exhibit D.

Limited English Proficiency: The PRO Housing Team will conduct all activities in accordance with the City of Toledo Language Access Policy, which meets the requirements identified in Executive Order 13166 and of Title VI of the Civil Rights Act of 1964 that municipalities and organizations receiving federal funding provide fair and equal treatment to LEP individuals. The City of Toledo will ensure that vital information regarding this project will be available for those with Limited English Proficiency through the PRO Housing website. Phone and video interpretation will be made available at all public hearings. An Executive Summary of the application will be available upon request during the public comment period in the three languages identified in the *2020-2025 City of Toledo Analysis of Impediments to Fair Housing Choice* as the most commonly spoken languages other than English: Spanish, Arabic, and Chinese. Entire documents may be translated upon request.

Physical Accessibility: The City of Toledo will ensure that all meetings are held in facilities physically accessible to persons with disabilities. Notices of and communications during all training sessions and public meetings shall be provided in a manner that is effective for persons with hearing, visual, and other communication-related disabilities as consistent with the City of Toledo Language Access Policy. When possible, virtual options for meetings will be provided to provide accessible alternatives to in-person meetings.

Environmental Review: The NEPA class of action for activities 1 and 2 (zoning update and pre-approved housing plans) will be a Categorical Exclusion (CE). These non-construction activities will require no ground disturbance or modifications to historic properties and will not result in impacts to jurisdictional waterways, wetlands, floodplains, or listed species habitats. Housing builds supported by activity 3 (appraisal gap financing initiative) will be subject to environmental review consistent with applicable regulations in 24 CFR parts 50 and 58. Historic and environmental review will be conducted by the City of Toledo's Department of Housing and Community Development as HUD's designated agency.

EXHIBIT C:
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CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

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Overcoming Local Barriers

The City of Toledo has an acute and identifiable need for more high-quality affordable housing. Toledo's key barriers to affordable housing production and preservation are distinct from those in many other geographies with growing populations and rapidly rising housing costs. Much of Toledo's existing affordable housing stock is aging and in poor condition and a weak housing market disincentivizes preservation of existing units as well as new affordable development. Recognizing that zoning, land-use, and policy barriers contribute to and exacerbate this problem, Toledo has engaged in two recent large-scale planning processes addressing housing and land use: *Toledo Together* and *Forward Toledo*. These plans demonstrate a significant need to change the way Toledo has historically addressed housing, land use, and other barriers standing in the way of affordable housing options for all residents and offer solutions on how to achieve change.

Improved Laws, Regulations, and Land Use Policies

Forward Toledo: In September 2024, the City of Toledo adopted *Forward Toledo*, a comprehensive land use plan that will guide planning and development in Toledo for the next 10-20 years. Developed over a multi-year process by the Toledo-Lucas County Plan Commissions (Plan Commissions) and informed by resident input, stakeholder feedback, and an Exploratory Assessment conditions analysis⁴, this is the City's first land use planning update in over 20 years. The conditions analysis revealed little diversity in land use types, significant public ownership of land, property delinquency, and challenges with mobility throughout the city, particularly for low-income families and people with disabilities. *Forward Toledo* engaged over 1600 residents at community events, workshops, public spaces, and online and physical surveys to ensure that resident input was central to the plan. *The plan* addresses the significant barriers to affordable housing production and a lack of variety in housing development and offers concrete strategies to overcome these barriers including identifiable changes that will guide future zoning updates. Housing specific goals include Promote Housing Variety, Address Housing Affordability, Historic Impacts on Neighborhoods, and Building Preservation. These goals include strategies for implementation such as:

- Incentivizing affordable housing and greater housing variety through inclusionary zoning.
- Developing design standards for missing middle housing options and infill development.
- Zoning updates to allow for a wider variety of development projects (ex: revising lot size requirements, parking minimums, supporting mixed-use commercial areas).
- Creating denser neighborhoods through infill and mixed use development to support more local businesses and transforming older, underutilized shopping centers into denser, mixed-use, walkable areas.
- Identifying and removing regulatory barriers that impact non-traditional housing
- Creating and expanding financial incentives to encourage greater variety of new housing development and preservation of existing housing.

Forward Toledo addresses the potential environmental risks to development and promotes greater environmental and community resilience through reduced parking/pavement, additional transit options, and increased open space, with the goal of preserving and enhancing access to Toledo's greatest natural resource, the Maumee Watershed.

⁴ https://cdn.toledo.oh.gov/uploads/Toledo-Exploratory-Assessment_2021-07-07-204122_usjz.pdf

Upon publication of the draft in 2024, Plan Commissions staff began utilizing *Forward Toledo* as a factor when recommending approval or disapproval of development, zoning changes, and other actions under Plan Commissions' review, citing consistency with the plan, particularly in relation to the Future Land Use Map. Although *Forward Toledo* went into effect only shortly before the preparation of this application, some measurable impacts are already becoming evident. One small example is a zoning change, approved by City Council in July 2024 and recommended for consistency with the plan, in an area targeted for Neighborhood Mixed Use land uses in *Forward Toledo*. This change from Storefront Commercial to Mixed Commercial-Residential at a major intersection in north Toledo will bring three units of housing to a stately, but long vacant, early-20th century public library building in a disinvested corridor while maintaining the current business tenant. As usage of the plan continues, similar quantifiable changes are expected in the coming months and years, with a ripple effect that has the potential to transform the city.

Permit Planner: The City of Toledo created the Permit Planner portal in 2022, which provides guided steps for residents, developers, contractors, and architects to plug in basic information for a specific project. A drop-down menu lists zoning, required permits, and potential incentives. This service reduces time in permitting, increases transparency regarding requirements, and allows users to discover incentives of which they may not have been aware, addresses barriers to development including unclear permitting requirements and lack of access to financial resources. A 2024 update to Permit Planner allows filing of applications online.

Other Recent Actions

Toledo Together: A Guiding Vision & 10-Year Action Plan for Housing: In response to concerns about aging housing stock, property abandonment and vacant lots, racial disparities in homeownership, and the significant percentage of residents experiencing cost-burdens, the City of Toledo began a comprehensive analysis of the state and future of housing in the city in October 2020. This plan was developed through an extensive process of document review, data analysis, and stakeholder engagement inclusive of a range of perspectives from across Toledo and the state of Ohio. Guiding this process was the Comprehensive Housing Strategy Advisory Group, a large stakeholder body formed by the City at the onset of the planning process. From 2020 to 2021, a baseline conditions analysis was conducted and advisory groups met to share key data findings and prioritize strategies, resulting in identification of recommended actions. The finalized draft was made available for public comment and *Toledo Together* was adopted by City Council in September 2021.

Core housing needs identified by *Toledo Together* echo the goals of *Forward Toledo*: limited housing diversity, with 65% of Toledo homes single detached; vacant properties; rehabilitation and repair of owner-occupied homes; and a limited supply of affordable rental properties. The 10 Year Action Plan proposed by *Toledo Together* identified four strategy areas to address Toledo's core housing needs: 1. Land use and entitlements; 2. Housing programs and policies; 3. Neighborhood empowerment; and 4. Resources and capital. Seven strategies were identified that demonstrated a need for a comprehensive update to the Planning and Zoning Code: 1. Expand by-right zoning for higher-density development. 2. Expand by-right zoning for missing middle housing types. 3. Develop by-right zoning for infill development. 4. Amend zoning standards to support group living facilities. 5. Increase neighborhood planning. 6. Create new tools to lower development costs. 7. Increase transparency and predictability of development decisions.

Analysis of Impediments: The 2020-2025 City of Toledo Analysis of Impediments to Fair Housing Choice (AI) was developed by The Fair Housing Center (TFHC) in conjunction with the City. Jurisdictions that receive federal dollars, directly or indirectly, are required by the Department of Housing and Urban Development (HUD) to complete an *AI*. The *AI* is prescribed and monitored by HUD and the State of Ohio's Department of Development. The *AI* identifies several significant barriers addressed by the Toledo PRO Housing approach including: 1. Zoning and Land-Use Policies, which are unnecessarily restrictive for certain types of housing, including group homes; 2. Housing Conditions, compounded by aging housing stock and vacancies; 3. Lending and Homeownership barriers, with a decline in home value contributing to situations in which equity is lost and financing for repairs or purchase is not possible through traditional means.

Neighborhood Revitalization Strategy Area (NRSA) Plan and Choice Neighborhood Initiative Transformation Plan: Toledo has completed a NRSA Plan and secured HUD approval for the Englewood and Old South End NRAs. A Choice Neighborhood Initiative (CNI) Transformation Plan has been completed and approved by HUD for the Junction neighborhood. Increased production and preservation of affordable and workforce housing is a key need and program focus area in these three neighborhoods. During the last three years, Toledo has invested over \$2 million in CDBG and HOME dollars in these neighborhoods to support affordable housing production and preservation including: housing rehabilitation and sale of homes with expiring of Low Income Housing Tax Credit (LIHTC) affordability covenants; new construction and/or renovation of homebuyer units by Habitat for Humanity and local Community Housing and Development Organizations (CHDOs); homeownership assistance through the Home At Last Program; and acquisition, renovation and rental of residential properties for disabled persons.

Two of the three neighborhoods targeted for the Appraisal Gap program, Englewood and Junction, continue to reflect a high concentration of African American households residing in Racially and Ethnically Concentrated Areas of Poverty or R/ECAPS, defined by HUD as a census tract where the number of families living in poverty is equal to or greater than 40% of all families, or the overall family poverty rate is equal to or greater than three times the metropolitan poverty rate, whichever is lower. There are many contributing factors to R/ECAPS including distressed and abandoned properties, lack of public and private investment, loss of population, and lending discrimination. Notably, many of the Englewood and Junction census tracts align with “redlined” areas on 1938 Home Owners Loan Corporation (HOLC) maps that identified neighborhoods where mortgage lending and investment was deemed “hazardous”. The cumulative effect of these factors has resulted in a weak housing market with extremely low appraisals making financing for new construction and renovation almost impossible to secure.

Lead Safe Ordinance: According to the Ohio Department of Health, every zip code in Toledo is considered “high-risk” for lead poisoning, one of the most common and preventative diseases in children. The 2020 Census estimates Toledo’s population at 270,871, 6.8% of which are 5 years old or younger, or approximately 18,419 children. In October 2020, Toledo City Council passed the Lead Safe Ordinance to address the health concerns for residents residing in Toledo’s aging housing stock. This ordinance requires rental properties with four units or fewer built before 1978 and family child-care homes built before 1978 to obtain a Lead Safe Certificate that certifies the abatement/control of lead hazards by 2026, starting with at-risk Census tracts. An estimated 72% of Toledo’s housing was built before lead-based paint was banned from

manufacture for residential use. The City of Toledo has been a direct grantee of previous Lead Based Paint Hazard Control grants, totaling over \$22 million over the past 28 years. During this timeframe, DHCD has managed and directly invested roughly \$15.1 million dollars in lead-hazard reduction of thousands of residential units, with an additional \$6.8 million already dedicated for the future. A consistent and keystone partner in this lead hazard work has been the Toledo-Lucas County Health Department, who continues to make referrals of units based upon lead screenings of children in the community.

Source of Income (SOI) Protection: Participants in the *Analysis of Impediments* reported often facing significant barriers when seeking housing, as landlords refused to accept vouchers or other nontraditional income. This leaves many tenants with limited and poor-quality housing options, often located in lower opportunity neighborhoods. SOI discrimination restricts housing mobility, preventing tenants from accessing higher opportunity areas, which perpetuates residential segregation and geographic concentrations of poverty. In December 2020, the City added Source of Income as a protected class in an effort to expand and preserve access to safe, stable, quality affordable housing. The legislation prohibits housing providers from denying housing to tenants or treating them unfairly because they have nontraditional income. This was enacted under the belief that those who receive Social Security, disability or military benefits, or housing choice vouchers should have the same opportunity as anyone else to apply and be considered for available housing options. Renters using HUD vouchers could also lead to housing quality improvements over time, as units will be required to pass HUD inspections for the tenancy to be granted. Recognizing SOI as a protected class ensures the most vulnerable people in Toledo are able to live in neighborhoods they choose to live in with access to the resources they need to thrive and succeed.

Tenant Landlord Services Manager (TLSM): In 2022, the City created a TLSM position to address the need identified in *Toledo Together* to focus on systems, infrastructure, legislative recommendations, and enforcement, related to tenants and landlords. This includes standing-up systems to increase utilization of various tenant protections. A 2023 survey of 180 landlords and 456 tenants has been used to understand the needs in the rental market and to provide community partners with data to aid in the development of their programs. The City piloted a project called “*Tenant Tuesday*” in 2023, in partnership with Legal Aid of Western Ohio, The Fair Housing Center, Advocates for Basic Legal Equality, Inc, The Toledo Bar Association, and The University of Toledo Law School Legal Clinic, providing free, private legal advice to tenants in a clinic setting regarding a myriad of tenant issues. Sixty-six individuals were served at the clinic and a special clinic on “housing conditions” was set-up due to the overwhelming requests for legal advice on that matter. As a result of this success, four additional *Tenant Tuesday* clinics were scheduled. A Landlord Education Fair will be held on November 14th in partnership with the local housing authority, The Fair Housing Center, the Toledo-Lucas County Health Department, and other city departments. The TLSM is also a part of the local Continuum of Care (CoC) with the Toledo Lucas County Homelessness Board and is part of the CoC review committee for the annual HUD CoC NOFO along with the System Performance sub-committee and Strategic Plan Task Force.

Community Project Fund Earmark: In 2024, the City of Toledo received a \$4 million federal Community Project Grant for economic development and housing initiatives in the Englewood

and Junction neighborhoods. Rep. Marcy Kaptur sponsored the award which will support the renovation and revitalization of the Swayne Field Shopping Center and the creation of the Appraisal Gap Financing Initiative.

Year 16 Initiative: The City is one of many key partners of the Year 16 Initiative. This program aims to preserve the affordability of about 750 single- family homes financed through the Low-Income Housing Tax Credit, creating homeownership opportunities for lease-tenants once the 15-year compliance period expires for these projects.

Additional Resources: To mitigate the challenges associated with attaining and maintaining homeownership, the City of Toledo offers a range of resources for low to moderate income property owners in the form of special programs and grants. These include:

- **Down Payment Assistance:** First-time home buyers whose income falls at or below 80% AMI are eligible for up to \$7,500 to use toward the purchase of a home and up to \$9,500 in target neighborhoods. Buyers complete pre-counseling by a HUD-approved homeownership counseling agency and properties are assessed by a licensed lead risk assessor.
- **Mortgage Assistance:** The Emergency Mortgage Assistance Program is intended to approximately 150 eligible households impacted by COVID-19 with up to six consecutive months of mortgage payments, including forbearance, past due balances, late fees, and penalties. This program is available for homeowners with a household income at or below 80% AMI who occupy at least one unit as a primary residence.
- **Rooftops Repair Program:** The Rooftops program provides up to 650 low- to moderate-income eligible households in the City of Toledo with financial assistance and construction management for roof repair or replacement. This program is available to homeowners in a Qualified Census Tract with a household income of at or below 50% AMI who occupy at least one unit as a primary residence.
- **Basement Flooding Grant Program:** This program is available to owners of property in the City of Toledo that experiences sewer backups from overloaded main sewers.
- **Lead Paint Remediation:** The Lead-Based Paint Hazard Control Grant Program is designed to assist eligible homeowners and landlords in the identification and remediation of lead hazards in eligible units within the City of Toledo. Owner occupied houses built before 1978 where identifiable lead hazards are present are eligible for grants up to \$16,000 provided the owner is current on property taxes and mortgage, the property is otherwise structurally sound, the property is the primary residence for children under six, a pregnant mother, or the household can attest that children under the age of 6 regularly visit the residence, and the owner-occupant's household falls at or under 80% AMI. Rental properties built before 1978 where identifiable lead hazards present are eligible for grants up to \$14,000 provided the owner is current on property taxes and mortgage, the property is otherwise structurally sound, and the tenants meet income guidelines. Priority is given to households that fall at or below HUD's 50% media area income, however households at or below 80% are considered.
- **Home Rescue (HUD Funded):** Home Rescue Owner-Occupied Rehabilitation is designed to assist homeowners at or under 80% AMI in the City of Toledo with the elimination of housing code violations such as electrical, venting, hazardous windows, faulty furnaces or cooling units, crumbling foundations, and possible lead-based paint hazard issues. Qualified homeowners are provided with a ten-year Forgivable Deferred Payment Loan.

- Historic District Guidelines: In 2023, the Plan Commissions obtained a grant from the State Historic Preservation Office to develop design guidelines for the Old West End Historic District (OWEHD), one of the city's three designated historic districts. The OWEHD lacks a clear and consistent framework for the application of federal and state preservation guidelines, relying on a combination of precedent, case-by-case research, and discussion at public meetings to make decisions about Certificates of Appropriateness (CoA). This has resulted in a time-consuming and cumbersome process, disincentivizing property owners from participating, deferred maintenance and, in some cases, intentional or unintentional violation of requirements. These barriers are significant in the Old West End, where median home values are relatively low and the majority of owner-occupied households earn below AMI. New guidelines, to be completed in 2025, will provide clarity on requirements, reduce time to obtain CoAs, and support housing preservation in an area with aging stock and lower median rent than Toledo as a whole.

Acute Need for Affordable Housing

The City of Toledo has an immediate and identifiable need for more affordable housing. *Toledo Together* identified a shortage of 12,705 affordable and available rentals for extremely low-income renter households (below 30% Area Median Income). Around 38,570 households (1 in 3 households) are cost burdened, spending at least 30% of their household income on housing costs. Half of these households (19,350) are severely cost-burdened, spending more than 50% of income on housing. *Toledo Together* reported that in 2018, the median rent for Toledo was \$700, higher than what 37% of workers in Toledo could afford. For every 100 extremely low-income renters, only 35 affordable units were available. Toledo renters are more than twice as likely to experience cost-burdens than homeowners. As of 2023, 46.6% of Toledo renters spend 30% or more of their income on rent compared to 25.2% of homeowners with a mortgage (ACS 2023 1 Year Estimates). The likelihood of cost burden increases as percentage of Area Median Income decreases: 32% of low income Toledoans (51-80% AMI), 65% of very low income Toledoans (31-50% AMI), and 71% of extremely low income (<30% AMI) are cost-burdened. The vast majority of housing (65%) is single detached, with a land use policy that makes multifamily builds challenging (42% of land zoned Residential Single).

All neighborhoods benefitting from the Appraisal Gap program have high percentages of populations falling under 100% AMI. The two identified NRSAs have Low-to Moderate-Income (LMI, under 80% of Area Median Income) populations greater than the city-wide LMI figure of 57%: Englewood has a LMI population around 78%, and Old South End, 75%. The Junction Choice Neighborhood Planning Area has an LMI population of approximately 77% with 60% of the population falling under 60% LMI. 57% of Toledo residents are LMI. Median household income in Toledo in 2021 was \$41,671; however white households reported nearly double the median income of black households (\$50,317 vs \$29,057) (ACS 5 year estimate).

Homelessness: The need for housing is highlighted by the number of residents awaiting housing through the local homelessness response system. The current Lucas County Coordinated Entry System (CES) Shelter Waitlist (9/4/24 - Source: United Way/211) stands at 112 individuals and 147 families. This number does not include those who have not yet entered the CES, which can happen for a variety of reasons, including lack of knowledge of local resources, fear or hesitation to enter shelters, or because they are doubled up, living in hotels, or other unstable living

situations. The Toledo/Lucas County Continuum of Care's 2023 Point-In-Time count found a total of 631 homeless persons, 94 of whom were unsheltered.

As of September 2024, the CES waitlist for housing in Toledo contains 80 families and 132 individuals awaiting openings in Rapid Rehousing (RRH) or Permanent Supportive Housing (PSH). This list contains only those whose Service Prioritization Decision Assistance Tool score was high enough to fall in the RRH or PSH range, leaving out individuals and families who do not meet the threshold and are therefore not eligible for these services. To assist homeless or unstably housed households who do not qualify for traditional CES homelessness services, Toledo Lucas County Homelessness Board (OH-501 CoC lead), established the Housing Problem Solving and Eviction Prevention programs in 2021 and 2022. These programs combined COVID relief and local funds to provide low-barrier diversion and rapid exit services, serving nearly 1200 participants. However, as COVID resources have expired, Toledo residents at risk of homelessness find themselves again without these critical resources

The Housing Choice Voucher Data Dashboard reports 3,946 vouchers in use in May 2024, out of 4,494 current units under ACC and a year-to-date percentage of 87.22%. Lucas Metropolitan Housing Authority has leased over 94% of their mainstream, family unification program, and non-elderly disabled vouchers. The current project-based voucher utilization rate is 90.6%. Lucas County has seen a 5.73% increase in units leased since the previous year and LMH's properties have an occupancy rate consistently between 96-98%. The current average per unit cost for a Housing Choice Voucher is \$642.90, a 30.28% increase in the past five years. Because of rising costs, the housing authority is fully expended but below on voucher allocation. If the funding amount was increased, LMH could lease up 411 more clients to reach 100% of voucher usage.

Significant Disparities within Populations: Affordable Housing Needs: Black households, seniors, and single parents face significant housing stability challenges and disparities in their neighborhoods. Black households are overrepresented among households experiencing cost-burdens in Toledo. *Toledo Together* found that while black households represented 26% of households in the city, they represented 36% of cost-burdened households. Black households make up a disproportionate share of households with an annual income under \$25,000 when compared to white and Hispanic households. In 2018, one out of every two Black households had an annual income under \$25,000. During that year, the median income among Black households was \$24,835, 33% lower than the median household income in Toledo (\$37,100). Toledo has seen a decline in homeownership from 2010-2018, from 58% to 51%, that has disproportionately impacted black households. While white homeownership decreased from 66% to 62%, black homeownership fell from 39% to 32%, meaning black residents are not only almost half as likely to be homeowners than white residents, but the gap between the two groups increased during that time frame.

Around 36% of seniors are cost-burdened. 42% of seniors who rent their homes are cost burdened and 30% of seniors who own their homes are cost burdened, which is higher than the 21% of all homeowners who are cost-burdened. According to the Area Office on Aging of Northwestern Ohio, 2,935 adults in Lucas County rely on housing subsidies due to unaffordable housing. The number of homeless adults over the age of 60 is expected to double between 2017 and 2030. Single-parent households also face housing affordability challenges, with over half of the single parent households (59%) in Toledo living below the federal poverty line.

Additional Local Needs

Aging housing stock: An additional barrier to affordable housing which impacts Toledo is an aging and poorly maintained housing stock, which can pose challenges with rehabilitation in neighborhoods with weak housing markets, and serious health and safety threats to the residents who reside in these units. Toledo has had over 14,000 residential demolitions in the past 40 years and fewer than a third have been replaced. The average age of a Toledo home is 102 years old. Around 85% of buildings in Toledo were built prior to 1980 and 30% of housing units were built before 1940, suggesting a large quantity of properties in the city that may pose health hazards to residents living in them. As of 2021, only 4.7% of units were built after 2000 and new construction starts for single family homes have only averaged 22 per year since 2017. Compared to similarly sized cities like Fort Wayne, Indiana, where 9.2% of occupied units were built after 2000, it becomes evident that action must be taken to prioritize and incentivize new builds of various sizes to prevent the mean age of Toledo's housing stock from growing older.

Housing Conditions: The Land Bank's 2021 *Toledo Survey* examined the conditions of 97,797 structures in Toledo (9 out of 10 were residential) and found that 10,660 had problems with peeling paint/missing siding; 9,174 had roofs in need of replacement or open to the elements; 3,665 had porch/foundation issues; 2,804 had problems with doors; 1,229 with windows; and 321 had apparent fire damage. A conservative estimate would propose that 11% of Toledo structures are in need of repair or rehabilitation, the vast majority of them residential homes. Residential structures were graded on a scale of A to F. The Land Bank found 4,012 parcels with a home that was likely occupied that received a C grade or worse, meaning the house has at least one serious problem affecting the health and safety of its residents and without support to improve those conditions, can be expected to deteriorate further over time. The neighborhoods targeted for Appraisal Gap financing for home rehabilitation and development exceed the city percentage of vacancies and have much higher numbers of structures in need of repair or rehabilitation (Englewood - 37%, Old South End - 27%, Junction -39%).

Key Existing Barriers

Barrier 1: Zoning and land use controls: Toledo's zoning code, like many in this country written with 20th century expectations, offers by-right zoning in most neighborhoods for a suburban-style single-family housing unit only. Toledo's current zoning map is 42% Residential Single with only 29% zoned for multifamily, meaning nearly half of the city is reserved for single family housing, including many high opportunity areas. Restrictive zoning and land use in these areas has hampered affordable housing development, particularly of the "missing middle" variety. Developers have identified misaligned zoning and land use relative to housing demand as a barrier in *Toledo Together*. Developers in Toledo must navigate a zoning environment that is not currently designed to encourage infill development and higher-density residential development that residents desire. For example, in Toledo's current zoning code, single nonconforming lots may only be used for detached houses and related accessory structures, excluding the possibility of missing middle style developments that would otherwise conform to all other applicable standards of the underlying zoning district. Another example is lot width requirements. South Bend, Indiana's pre-approved building design set project allows missing middle-sized housing in lots with minimum widths shorter than the city of Toledo currently allows. A zoning code update that anticipates the use of pre-approved building plans will be critical to ensuring that the plans are usable and infill development is possible.

In Toledo's older neighborhoods, which make up much of our LMI census tracts, infill opportunities predominate. Even if a planned housing unit is appropriate for the neighborhood, a developer may nevertheless have to seek an expensive and time-consuming rezoning and separately engage in a time-consuming variance review process to produce that unit. Likewise, in Toledo's high-opportunity neighborhoods, a piecemeal rezoning review must occur in order to develop higher-density units, even at the basic scale of a duplex or triplex, let alone at the density level of an apartment building. This is why updating Toledo's by-right zoning process to allow for higher-density development and infill housing development is a primary goal of *Forward Toledo* and *Toledo Together*.

Barrier 2: Permitting procedures and approval timing and predictability: *Toledo Together* identified a mismatch between current zoning and demand for denser development patterns, including more and larger multifamily developments and smaller infill projects, that has created a consistent need for rezonings or variances. This delay and additional step in the development process causes unpredictability. Unclear or lengthy permitting processes can create additional barriers such as opportunity for public resistance and cost of the project. In *Toledo Together*, developers cited lack of a clear and consistent regulatory environment; misaligned zoning and land use relative to housing demand; and difficulty accessing and assembling private financing as key barriers. An update of the code to simplify land uses across Toledo and pre-approved housing plans will allow for more builds with fewer holdups prior to development.

Barrier 3: Availability of financing and subsidies for affordable housing: Toledo has historically not taken full advantage of financing and subsidies for affordable housing. In *Toledo Together*, developers identified difficulty accessing and assembling private funding as a barrier. Toledo has historically underutilized state sources such as the Ohio Housing Finance Agency's Low Income Housing Tax Credit Program, which provides tax credits to offset the cost of rental housing development for LMI households. The Ohio LIHTC programs are oversubscribed and competitive, with over seven applications per award. OHFA has revised programming to increase funding availability, including the creation of the Ohio Low-Income Housing Tax Credit (OLIHTC) to supplement the 4% tax credit program. The use of OLIHTCs and Bond-Gap Financing (BGF) are intentional subsidies that can fill crucial funding gaps that can stall progress or end a project altogether.

Nonprofit and for-profit developers have found themselves with projects unable to compete in these programs due to specific scoring criteria and programmatic focus on other locations. Several LIHTC programs have set aside a significant portion of funding for rural and Appalachian counties, historically under-developed regions. OHFA also reserved awards for projects located within 15 miles of approved "Megaprojects", only one of which operates in the state and is located in central Ohio. These set-asides are a boost for developers searching for the highest scoring location and underserved rural communities, but work against Toledo. Developers wishing to build in Toledo compete for the remaining awards not already reserved. The competition becomes more strained due to the scoring criteria for OLIHTC, 9% LIHTC, and 4% with BGF. Scoring for criteria such as Discount to Market Rent and Areas of Opportunity favor rural areas and higher cost of living and income neighborhoods. These criteria are auto-calculated based on location and are not reflective of actual project conditions. For example, if a project serves a low-income population and is located in downtown Toledo, the project will not score positive points in the Discount to Market Rent category, regardless of how low the actual project rent is. The scoring issue is similar for Areas of Opportunity, where a significant portion

of Toledo's census tracts do not score highly. While Toledo has begun to increase the number of units in the development pipeline using LIHTC recently, the city has far to go to make up for historical underutilization. The barriers to receiving LIHTC awards in Toledo have turned many developers to focus on other communities in the state, leaving local and nonprofit developers with little ability to achieve capacity and experience to even apply for tax credit projects.

Unless Toledo makes significant moves to increase the utilization of subsidies, the city could have a looming crisis as a large number of federally subsidized housing units in Toledo have subsidies set to expire within the next decade. In alignment with the *Analysis of Impediments'* suggestion to use discretionary funds to increase affordable housing, the City has already invested significant HOME and CDBG resources into addressing this problem, but the need is far from resolved. Combined with streamlined permitting, inclusionary zoning updates, and community education about opportunities for financing and subsidies such as 4% LIHTCs with BGF for preserved affordability, financial incentive programs such as appraisal gap funding and increased local advocacy to the state tax credit agency and developers will be key to incentivizing new affordable developments.

Barrier 4: Capacity to conduct meaningful community engagement, procedural delays associated with soliciting engagement or community review, and/or opposition to new and or affordable housing, and advocacy for development projects: Resistance to change has been a significant barrier for many larger residential projects. For example, Warren Commons, the first permanent supportive housing project in Toledo to receive 9% LIHTC in nearly a decade, faced significant community opposition from a local neighborhood association, including an appeal of the Plan Commission's unanimous approval of the site plan, which led to delays in construction and the lease up timeline. Requiring a public review process to build even small multi-family housing in much of the city means requiring public hearings for these developments and increasing opportunity for resistance. Ultimately, when affordable projects face significant delays, regardless of the source, the entire community suffers, as affordable housing remains out of reach for those who need it most.

The City will address this resistance by engaging the community in the zoning update conversation, providing ample opportunity for input and education to underscore the need for updates, new development, and an increase in housing variety. We intend to review and update the Planning and Zoning Code in a way inclusive of community needs and desires that increases the amount of affordable housing in all of Toledo, but particularly these areas of opportunity that are primarily currently zoned Residential Single.

Barrier 5: Market barriers: The cost of development relative to the value of the property and market return on investment is a major barrier to affordable housing development in Toledo, with median market value well below the cost of replacing or substantially renovating homes in many neighborhoods. Combined with an aging housing stock, properties fall vacant and deteriorate rather than being renovated and maintained as available housing, contributing to blight. Identifying creative sources of financing to fill so-called "appraisal gaps" and streamlining a by-right development process through a zoning update will allow easier production and preservation of affordable housing.

Low property values in much of the city means rehabilitation is often cost-prohibitive, especially acquisition and rehabilitation of multifamily buildings. *Toledo Together* found that the local regulatory environment adds complexity and uncertainty to the development process, making it

riskier to pursue development in Toledo than it otherwise might be, and that there is mistrust between developers, the City, and community members, which feeds perception biases that limit development potential. The median owner-occupied home value in Toledo between 2017- 2021 was \$87,400⁵. Assuming a median single-family unit square footage of 1200 square feet (sf), the median price per sf of Toledo home is about \$73. But a low value figure does not automatically generate an affordable housing market. Instead, in many of Toledo's neighborhoods, this median market value is well below the cost of replacing or substantially renovating the home. Like most Midwestern markets, the average cost to substantially renovate a home has increased to about \$164/sf and the average cost to construct new housing to \$153/sf. For-profit unsubsidized market developers are unlikely to invest toward a negative return, especially in the context of a Toledo market where the developer would lose between \$30,000 and \$150,000 by substantially renovating or constructing a new 1,200/sf home.

This “appraisal gap” challenge exists in Toledo and in many other Great Lakes region markets where the loss of population has pushed home values below replacement costs. The federal Neighborhood Homes Investment Act (NHIA)⁶, which would create a tax credit opportunity for developers to fill this appraisal gap, has been championed for years by a broad consortium, but has yet to be enacted into law. In its most recent biennial budget, the State of Ohio established and funded a new program called Welcome Home Ohio⁷ which provides grants and tax credits that will help to fill appraisal gaps in the renovation or construction of single-family housing units to preserve affordable housing opportunities. The Land Bank was awarded a Welcome Home Ohio Program grant in May 2024 for \$1,360,000. Among other things, the grant provides appraisal gap funding to help up to 8 low- to moderate- income homebuyers access high-quality housing in neighborhoods of opportunity.

Advocacy by the city, non-profits, and other leaders in housing is necessary to the development of new affordable housing projects in Toledo. Local developers, nonprofits, and housing agencies face hurdles because of rising construction and labor costs and difficulties in securing tax credits for certain census tracts. The Toledo housing community is increasing advocacy efforts with state agencies, developers across the state, and within our community. Our activities will reduce barriers in development and our advocacy will invite the reduction of barriers to securing LIHTCs and additional funding, welcome new developers to Toledo, and promote the local community into this process.

We anticipate additional barriers will be identified as part of the zoning code update and implementation of our activities. As with *Forward Toledo* and *Toledo Together*, solutions will be developed in collaboration with experts, stakeholders, and community input.

⁵ <https://www.census.gov/quickfacts/fact/table/toledocityohio/PST045222>

⁶ <https://neighborhoodhomesinvestmentact.org/proposal>

⁷ <https://www.bricker.com/insights-resources/publicaGons/welcome-home-ohio-county-land-banks-seHng-the-table-for-affordable-housing-development>

EXHIBIT D:
SOUNDNESS OF APPROACH
CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

DRAFT

Our Vision

Proposed Activities

This project proposes three main areas of activity, all of which will be led by a multi-disciplinary HUD PRO Advisory Group, convened by the City of Toledo Department of Housing and Community Development (DHCD), to include Toledo-Lucas County Plan Commissions (Plan Commissions), City Council, City Departments of Code Compliance and Building Inspections, Transportation, Law, and Diversity, Equity & Inclusion (DE&I); as well as local stakeholders and representatives from historically underrepresented and vulnerable groups. Additional ongoing engagement and outreach, coordinated by DHCD and DE&I, and including representatives from the Plan Commissions, Land Bank, consultants, and other relevant representatives, will take place within neighborhoods. This engagement will collect resident input regarding neighborhood needs, barriers, and solutions and will incorporate feedback into final products.

1. Comprehensive review and update of zoning and land-use policies. The Toledo PRO Housing Team is requesting \$1.3 million of PRO Housing funds to implement a comprehensive update of the Toledo Zoning Code and Development Standards. The Plan Commissions will develop a scope of work and progress deliverables; select a nationally recognized zoning update consultant through a competitive Request for Proposal process; plan and implement stakeholder and citizens engagement; provide consultant oversight; and facilitate necessary approvals for any proposed update. Key selection criteria for the consultant will include demonstrated experience with zoning update in a municipality of comparable size and challenges; proposed number of project staff and related qualifications; proposed public engagement process; approach to equity and inclusion to minimize unintended consequences on existing disadvantaged groups; proposed timeline; cost effectiveness of proposed compensation for specific deliverables, fees for consultant team members; and total proposed cost for zoning update project. An update to the zoning code will benefit low to moderate income (LMI) households through reducing barriers to affordable housing construction across the entire city of Toledo, in which about 57% of the population is classified as LMI. A zoning update will address the following key Land Use and Entitlement Strategy Areas identified by *Forward Toledo* and *Toledo Together*:

Expanding by-right zoning for higher-density development. There is local appetite for higher-density, mixed-use development in certain areas of Toledo, including many LMI neighborhoods. However, underlying zoning requirements make this type of development difficult without special approvals. To enhance financial feasibility of housing production, particularly for multifamily housing, an analysis of the zoning code will be conducted to identify the zoning requirements that currently present barriers to higher density development, including but not limited to minimum lot sizes, frontages, setbacks, heights, and parking requirements, and amendments will be drafted to increase flexibility.

Expanding by-right zoning for missing middle housing types. Much of Toledo is currently zoned for low density residential neighborhoods, which has not kept up with current demographic trends that indicate a strong need for alternative housing options that can support all Toledo residents throughout the course of their lives, particularly “Missing middle” housing, or multi-family structures that offer minimal density and greater affordability. Expansion of by-right zoning to include missing middle housing types will allow greater and more affordable options

for Toledo residents. An analysis of the zoning code in combination with public engagement and *Forward Toledo*'s future land use goals would provide a blueprint for the most appropriate locations for expansion of by-right zoning to include these housing types.

Developing by-right zoning for infill development. A history of disinvestment in Toledo's urban core has left a cityscape riddled with vacant buildings and lots. Allowing by-right zoning for infill development would allow for increased builds of single family and small multi-family housing across the entire city, but especially into NRSAs and other historically neglected areas, increasing density and reconnecting these neighborhoods to the city.

Increasing transparency and predictability for development decision making. This strategy will create more predictability and transparency in development decisions in Toledo through streamlined and simplified zoning district updates; increased outreach and education; ongoing engagement of residents as part of established planning processes; and online application systems and information sharing. By increasing predictability, costs associated with the risk are lowered, particularly for smaller developers or those unfamiliar with development procedures in City government and resources to move through the regulatory process.

Other possible outcomes of the zoning rewrite which would reduce barriers to affordable housing production include:

- Developing or updating overlays to encourage development or simplifying or changing overlays that pose barriers to affordable housing development or preservation.
- Reducing or eliminating parking minimums, building height, minimum lot size, etc. that restrict new development.
- Streamlining or eliminating requirements where possible that delay the permitting process or establish unreasonable thresholds for approvals.
- Rezoning to allow multifamily or mixed-use development including housing in office, commercial, and light industrial zones.
- Developing proposals for policies that incentivize mixed-income development, such as the inclusion of affordable units in market rate properties.

Complementing these proposed changes would be ongoing community engagement and education conversations to explain changes to the code before, during, and after the zoning update process. Resistance to change has been a significant barrier for many larger residential projects in Toledo and the intent is to reduce resistance through community education that underscores the need and the reason for these changes. The review and updates to the zoning code will begin Summer 2025 with completion by February 2028. Benefits will begin after adoption of the updated code and will continue long past the end of the performance period.

Barriers: Zoning and land use controls; Permitting procedures and approval timing and predictability; Capacity to conduct meaningful community engagement, procedural delays associated with soliciting engagement or community review, and/or opposition to new or affordable housing, and advocacy for development projects.

HUD Strategic Goals: 1A - Advance Housing Justice, 2A - Increase the Supply of Housing
National Objectives: Benefiting low- and moderate-income persons.

Eligible Activities: Planning and Policy Activities - Developing or updating zoning and land use policies to encourage multifamily and mixed-use development.

2. Development of pre-approved housing plans: Pre-approved housing plans are a tool that allows developers to select from plans that have already been approved for compliance with zoning and building codes, eliminating the need to draft new plans and reducing the time it takes to be approved for building. The City is requesting \$600,000 to develop these plans in collaboration with the Lucas County Land Bank through the procurement of an architectural firm and related services.

The effort would produce an array of single and multi-family building plans appropriate for diverse zoning districts, taking into account lot sizes, shapes, and market conditions as well as architectural and cultural features characteristic of the neighborhood. High-quality architectural plans will be available in a catalog format for developers in a variety of housing types missing from our neighborhoods. To support in-fill development and economic and affordable housing opportunities for Toledo residents and businesses, the plans would be offered at no cost. Reducing the amount of time needed for the permitting process may also result in reduced costs for the developer and allow for faster construction, especially for small-scale developers who are most likely to consider this opportunity. A concept like this has been pioneered in another mid-size, Midwestern community, South Bend, Indiana, with a promising start.

There have been 1,582 new single-family homes built in Toledo since 2001. The majority of these starts occurred in the early 2000s. Since 2017, the city has averaged 22 housing starts per year. Benefits from the pre-approved plans will begin as soon as completed (estimated in 2028) and will be enhanced by zoning updates, which will allow for easier infill development and missing middle housing. We anticipate that as public engagement informs more residents and developers about this streamlined approach to residential development, benefits will only increase over time and will continue past the end of the performance period. This activity will benefit LMI households through reducing barriers to affordable housing construction across the entire city of Toledo, in which about 57% of the population is classified as LMI, but will be particularly beneficial in areas with high percentages of vacant land and unsalvageable vacant and abandoned lots. From 2019-2021, the City and Land Bank demolished a total of 419 buildings in the Englewood and Old South End NRSAs. In that same timeframe, 14% of demolition permits applied for in the City were within the Junction neighborhood. Approximately 60% of the land in Junction is vacant. These neighborhoods have LMI populations of 78% (Englewood), 75% (Old South End), and 77% (Junction).

Barriers: Permitting procedures and approval timing and predictability.

HUD Strategic Goals: 1C - Invest in the Success of Communities, 2A - Increase the Supply of Housing, 3A - Advance Sustainable Homeownership.

National Objectives: Benefiting low- and moderate-income persons.

Eligible Activities: Planning and Policy Activities: Designing pre-approved housing plans to enable and promote missing middle infill development and accessory dwelling units by reducing costs and shortening the time spent obtaining a permit.

3. Appraisal Gap Funding Initiative: Many inner-city neighborhoods in the City of Toledo have weak housing markets due to loss of population, disinvestment, redlining and poverty. Current market values do not justify rehabilitation of existing housing or new housing construction. As a result, many residential properties continue to deteriorate and thousands of vacant lots remain undeveloped, despite a significant shortage of affordable housing. To address this challenge, the Toledo PRO Housing Team is requesting \$1.6 million to fund, design and implement an

Appraisal Gap Financing Initiative in the Englewood and Old South End Neighborhood Revitalization Strategy Areas (NRSAs) and Junction Choice Neighborhood Initiative (CNI) Planning Area. The PRO Housing funding will be leveraged with a \$2 million Community Project Fund federal earmark to create a \$3.6 million Appraisal Gap Financing Fund, with a goal of funding a minimum of 75 new single-family units within the three targeted neighborhoods during the grant performance period. The program will serve individuals and families up to 120% AMI, but a minimum of 51% of the homes produced will be sold to households at or under 80% AMI.

DHCD's role will consist of finalization of program design and application process, marketing and outreach, application intake, application eligibility determination and underwriting, development of program agreements, housing quality standards inspections, funding disbursement, and monitoring of affordability and resale provisions.

DHCD will convene an Appraisal Gap Financing Initiative Advisory Group including realtors, appraisers, local banks, housing developers, builders and general contractors to help refine program guidelines including: Application submittal requirements (household and non-profit developers; Financing cap amount; Financing terms (interest rate, loan period, affordability period, etc.); and Construction/rehabilitation cost limits. Parameters for the Appraisal Gap Financing Initiative include (but are not limited to) the following:

1. Appraisal gap financing provided to eligible new homebuyers purchasing homes in need of renovation, newly constructed or newly renovated properties in Englewood NRSA, Old South End NRSA, and Junction CNI.
2. Appraisal gap financing provided to developers to help cover costs to rehabilitate vacant homes or build new single-family housing in Englewood NRSA, Old South End NRSA, and Junction CNI (if the appraised value is less than construction costs).
3. Household eligibility is up to 120% of the area median income. Qualified homeowners must demonstrate the financial means to purchase the qualifying residential property and agree to maintain ownership of the qualifying residential property and to occupy it as a primary residence during the period of affordability. The period of affordability is based on the amount of direct subsidy.
 - i. Under \$15,000 = five years
 - ii. \$15,000 to \$40,000 = ten years
 - iii. Over \$40,000 = fifteen years

Homeowners must also agree not to sell the qualifying residential property to any purchaser/household who has an income more than 120% of the area median income during the period of affordability.

The benefits of the appraisal gap financing program will commence upon program kickoff in 2025. This program will run through the end of the performance period; however, the affordable housing built and preserved through this program will continue to benefit high LMI neighborhoods for generations through improved housing quality and greater availability of affordable housing. This program will benefit neighborhoods with high LMI percentages: Englewood - 78%, Old South End - 75%, and Junction - 77%.

Barriers: Availability of financing and subsidies for affordable housing; Market barriers: low property values.

National Objectives: Benefiting low- and moderate-income persons; Preventing or eliminating slums or blights.

HUD Strategic Goals: 1C - Invest in the Success of Communities, 2A - Increase the Supply of Housing, 3A - Advance Sustainable Homeownership, 4B - Strengthen Environmental Justice.

Eligible Activities: Development Activities - Financing the construction or rehabilitation of affordable housing. Preservation Activities - Establishing loan/grant programs with affordability requirements for rehabilitation of existing affordable housing units.

National Objectives

A: Benefiting low- and moderate-income (LMI) persons: Zoning Update and Pre-Approved Housing Plan activities will benefit LMI households through reducing barriers to affordable housing construction across the entire city of Toledo in which about 57% of the population is classified as LMI. Appraisal Gap Financing: The two NRSAs and the Junction CNI Area, which will be a focus of appraisal gap financing and new development as an outcome of zoning updates, have LMI populations greater than the city-wide figure, with Englewood at 78%, Old South End at 75%, and Junction at 77%.

B: Preventing or eliminating slums or blights: Zoning Update and Pre-Approved Housing Plans: Easier infill development by-right and streamlined permitting will encourage development in vacant lots (21,487 as of 2021), expand the areas of the city in which new smaller multifamily developments can be built, and prevent complications that may arise when building on abandoned lots. For example: a legal non-conforming lot reverting to more restrictive uses of the zoning district in which it is located. Appraisal Gap Financing: Toledo's housing stock consists largely of residential structures built prior to 1970, with 35% built in 1939 or earlier and 40% built between 1940-1969. Within Englewood and Old South End, most residential structures were built in 1939 or earlier (67.6% and 79.3% respectively). Less than 1% of all structures in the city were built after 2010 and within the NRSAs that amounts to 0% in Old South End and 0.3% in Englewood. There are 20,942 vacant housing units in the city, accounting for about 15.1% of the housing stock. With such old housing, vacancy rates will increase due to risks of lead exposure and other hazardous conditions.

All neighborhoods selected for appraisal gap financing suffer from significant vacancies. The Englewood NRA contains 471 vacant lots (452 residential and 19 non-residential). 28% of residential parcels are vacant lots in this neighborhood. Of these, 230 are publicly owned. Old South End NRA contains 378 vacant lots (362 residential and 16 non-residential). 19% of residential parcels are vacant lots in this neighborhood. Of these, 249 are publicly owned. In the Junction neighborhood, many blocks in the newer parts of the neighborhood, which were 100% intact as late as the 1990s, have become blighted by vacant and abandoned buildings, suffering up to 30-50% loss in housing stock. For 2015-2019, the Census showed an estimated 28.86% of housing units to be vacant.

Between January 2018 and June 2021, the City of Toledo conducted 68 home repairs projects in the Englewood and Old South End NRAs. Within that same timeframe, the City and Land Bank demolished a total of 419 buildings in the NRAs. From 2019-2021, 14% of demolition permits applied for in the City of Toledo have been within the Junction neighborhood. Based on these statistics, within the Old South End and Englewood NRAs for every home repaired, six are demolished creating an increasing rate of vacant lots within the two areas over the last three years. The increase in vacant lots will contribute to blight conditions unless significant action is

taken to reduce the cost and timeframe of developing in these areas through zoning updates, pre-approved housing plans, and appraisal gap financing.

The median value of homes in Toledo was \$78,200 in 2015, which is almost half the value of homes across Lucas County, and \$206,400 less than the median value across the United States. The latest ACS one year update shows that the median home value in Toledo is \$84,600. Median home values in both Englewood and the Old South End are over 50% below that of Toledo and the median list price of homes in Junction was only \$20k in March 2021. Low property values disincentivize or preclude developers and potential homebuyers from engaging in renovations or new construction which may not be seen as profitable or is not able to be funded through a traditional bank loan. Appraisal gap financing in these three target areas will provide incentives to rehabilitate or construct new housing, thus decreasing vacancies, which have been shown to reduce property value.

This approach will support the HUD Strategic Goals: Supporting Underserved Communities, Increasing the Production of Affordable Housing, and Promoting Homeownership.

Addressing Key Barriers

Activity 1: Comprehensive Review and Update of the Planning and Zoning Code: This will address the key barrier **zoning and land use controls** through a thorough review and update of the Planning and Zoning Code for the first time since 2004. A goal of this update will be to simplify and streamline the process for creating and preserving more affordable housing throughout the city, but particularly in NRSAs and areas of opportunity. Anticipated outcomes could include, but are not limited to, changes like using by-right zoning to increase residential density and allow for easier development of missing middle housing and infill development and rezoning to allow mixed use development. The *Exploratory Assessment* and *Toledo Together* identified a mismatch between current zoning and demand for denser development patterns (including more and larger multifamily developments and smaller infill projects) that creates a consistent need for rezonings or variances, causing delays and unpredictability.

The outcomes of this activity will also address the barriers of **permitting procedures and approval timing and predictability and procedural delays associated with soliciting engagement or community review, and/or opposition to new and or affordable housing** by using inclusionary zoning to allow a greater variety of housing by-right, streamlining the process to develop new housing, and reducing the need for hearing regarding special use permits. Additionally, residents will be encouraged to engage in workshops and informational sessions as zoning updates are developed and implemented with the idea that a better informed and intentionally engaged populace will demonstrate less resistance to change in the future. Community engagement in the planning process is an opportunity for relevant stakeholders (including residents from historically disadvantaged areas most greatly impacted) to engage in the process and have their voices heard and incorporated into identified solutions.

Activity 2: Development of pre-approved housing plans: The development of pre-approved housing plans will address **zoning and land use controls** by simplifying and shortening the permitting process to build small and medium sized single and multifamily residential housing. It can also reduce the cost of development by eliminating the need for developers to create their own building plans. This activity will also address **procedural delays associated with soliciting engagement or community review, and/or opposition to new and or affordable housing**

reducing or eliminating permitting procedures for certain types of builds in approved zoning districts.

Activity 3. Appraisal gap financing incentives: Appraisal gap financing will address the barriers **availability of financing and subsidies for affordable housing and market barriers** by providing financial incentives for individuals and developers to renovate and develop new housing in high LMI neighborhoods. These financial incentives will reduce burdensome costs of development and rehabilitation that are holding developers back from affordable housing development.

In a community like Toledo facing multiple barriers to affordable housing development, the easiest choice for a developer who does not have the money or the time to navigate these barriers is to build elsewhere. It will not be enough for our community to only confront one or the other of these challenges. By coupling market incentives to fill the appraisal gap and a comprehensive zoning update, this grant proposal has the opportunity to simultaneously confront the two largest challenges associated with affordable housing production in Toledo. Because Toledo is similar to other Great Lakes region communities, it offers an opportunity to demonstrate for those markets how a two-factor approach to tackling these barriers can be successful.

Similar Efforts: Many communities around the country have completed and implemented revisions to their zoning codes to include changes proposed in this project including removing restrictions on multi-family housing, eliminating parking minimums, and other barriers to infill development. Statewide legislation enacting these changes on a larger scale has been passed in Oregon, California, Connecticut. Pre-Approved Housing Plans have been implemented across the United States, particularly in communities on the West Coast, where recent zoning changes have been made to allow for Accessory Dwelling Units and easier infill development. Appraisal Gap programs have been implemented in targeted neighborhoods and municipalities in Chicago, Tennessee, Jacksonville, and Detroit, among others.

Portland: In 2020, Portland, Oregon implemented the Residential Infill Project (RIP), permitting duplexes, triplexes and fourplexes, sixplexes, and expanded ADU allowances in three additional residential zones. In year one of the project, 646 new housing units were permitted in these rezoned areas, 42% of which were missing middle, primarily fourplexes. These 271 middle units will be built on just 81 lots, providing 190 additional units than single family housing. 249 ADUs were built, 69 of which were permitted under the new ADU allowance. Only 12% were Single Dwellings without ADUs. It is important to note that Portland's RIP single family and missing middle zoning districts all allow narrower lots (36'- 40') than Toledo's current single and duplex districts (50'-75'), which could make housing development challenging. An updated code would have to consider allowing narrower or smaller lots for single and smaller multifamily. To ensure affordability, Portland's code allows for increased density when at least 50% of units are affordable under 60% AMI, and a "deep affordability bonus" allowing up to six units on a site when half of those units are affordable to households earning up to 60% AMI, an important consideration for housing affordability for Toledo given the high LMI % of the city.

Minneapolis: In 2019, Minneapolis voted to effectively eliminate single family zoning, allowing two- and three-unit apartment buildings on land previously zoned for only single-family homes, but has struggled to see results, with only 81 total housing units in small apartment buildings by 2021. Other previous changes were more effective, including the 2015 legalization of Accessory Dwelling Units and removal of parking requirements near frequent transit services and the 2021

elimination of parking requirements. As a result, between 2015 and 2020, the number of housing units permitted doubled, with more than 90% of new units in large buildings with at least 10 units. Learning from this example, Toledo should not assume that eliminating single-family zoning alone is not enough to increase housing supply, but must be done in conjunction with a wider, comprehensive zoning update.

South Bend: South Bend, Indiana has experienced population stagnation similar to Toledo since the mid-1900s. Although one-third the population of Toledo, South Bend issued 89 new home permits in 2021, compared to Toledo's yearly average of 22. In November 2019, South Bend completed a three-year effort to incrementally reform its zoning ordinances to simplify the code and eliminate unnecessary requirements to allow for easier builds and infill development. South Bend removed mandatory parking minimums citywide in 2021, allowing for easier infill development and offers competitive grant funding for residential infill development with requirements for a percentage of units set aside as affordable. Part of this process has been the introduction of pre-approved housing designs available to developers, which can be used for infill development. Though builds began slowly, with only 12 projects utilizing these pre-approved plans developed or in the pipeline in year one, the pace has increased quickly. The two-year total of South Bend's program is five completed projects (three single family, and two duplexes) and over 90 projects in the pipeline over the next 2-5 years using pre-approved building plans⁸. South Bend is in the process of adding two additional designs, for a total of nine pre-approved unit types, each with multiple options. Considering only the currently planned or completed builds, this is a yearly average of 16-28% of 2021 housing starts. Extrapolating estimates from South Bend's program, a similar project in Toledo could result in 3-6 additional housing starts each year. This increase may be even more dramatic, as it would be in conjunction with comprehensive zoning updates and appraisal gap financing to incentivize new units. South Bend's example demonstrates the mutual benefits of comprehensive reform in addition to tools for developers. Pre-approved plans lack purpose if zoning remains exclusionary.

Tennessee: The Tennessee Housing Development Agency launched an Appraisal Gap Pilot Program in 2018 and over the next three years, provided financial incentives to organizations to build or rehabilitate communities with low property values. With \$1,051,174, the program provided subsidies towards the development of 53 new homes in Chattanooga, Memphis, and Oak Ridge. Others such as the City of Jacksonville, FL; City of Chicago, IL; and Baltimore City, MD, have operated similar programs to cover the appraisal gap. Detroit's Home Mortgage program (2016-2020) provided soft second mortgages to cover the appraisal gap and essential renovations for homebuyers. In four years, the program helped homeowners into 232 new homes.

All of the appraisal gap programs produced similar rates of development per year and awarded between \$20,000 to \$50,000 in subsidy per project. The programs were all also much shorter-term, ranging from two to three years. Learning from these programs, the Appraisal Gap Financing Initiative is projected to match the rates of production and will have no cap for subsidy per project nor cap on developer fee. The reason behind this is to reduce limits and barriers to create as many homes as possible. Rehab projects might need higher amounts of subsidy than new construction projects. If divided equally or capped, the program would have \$48,000 available per project, which is similar to other program limits. Developers may also be more

⁸ South Bend Plan Commission, e-mail correspondence (2024)

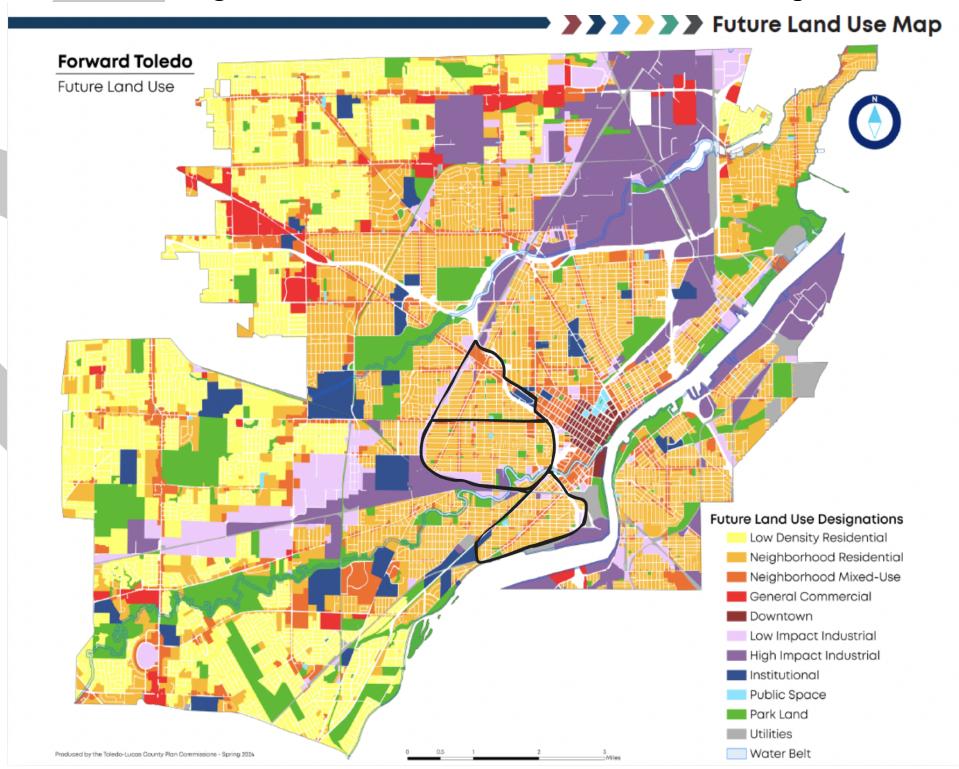
inclined to submit proposals with a reasonable developer fee, which as profit will be in turn used for future activities benefiting LMI persons. The longer performance period and program length gives a greater chance for increased development, more developers involved, and more homes generated.

Best Practices: The National Planning Association (APA) recommends policies that reduce or eliminate single-family zoning, abolish parking minimums, permit a variety of housing types, and allow for adaptive reuse of older commercial and industrial buildings. The APA's *Equity in Zoning Policy Guide* recommends many of the zoning and land use reforms proposed by this project including establishing new residential zoning districts or amending existing zoning districts to allow more housing by right; establishing new mixed-use zoning districts or allowing a wider use of residential and non-residential uses in existing zoning districts; establishing special overlay zones in historically disadvantaged or vulnerable communities to protect residential areas that are affordable to LMI income households; reducing or removing limits on single household minimum lot size requirements for different types of housing and eliminating minimum dwelling size and maximum floor area ratio standards; reducing or removing limits on multi-household development density, minimum dwelling unit sizes, or maximum dwelling units per acre; expanding the list of residential use types permitted to include one or more of the "missing middle" housing when supported by historically disadvantaged and vulnerable populations; treating assisted living facilities, congregate care communities, retirement villages, and supportive housing types as residential uses and allow them in a wide variety of residential zoning districts; treating housing with supportive services for people with disabilities the same as similar sized residential uses; eliminating or reducing off street parking minimums when they serve as barriers to investment.

Alignment with Existing Plans - Housing and Land Use Planning:
This project will align with the goals and advance the efforts of both *Forward Toledo* and *Toledo Together*.

Forward Toledo calls for numerous land use updates and a Future Land Use Map (see Figure 1) with new designations. Zoning updates will support the proposed land use designations in

Figure 1: *Forward Toledo* Future Land Use Map



Forward Toledo, particularly “Low Density Residential” and “Neighborhood Residential”. Low Density Residential will maintain contemporary suburban auto-oriented neighborhoods, currently mostly single family, but would permit missing middle housing when compatible with neighborhood character. Permitting missing middle by right in these areas would drastically increase the number of housing options in a large portion of the city, largely impacting the outlying areas of Toledo, which are generally higher income. Neighborhood Residential (NR) provides space for low- and medium-density housing demands in predominantly pedestrian-oriented parts of the city while making best use of neighborhoods with constraints such as narrow lots. Missing middle would be compatible in busier corridors when lot size and building height are appropriate. NR is located closer to the urban core, in neighborhoods where income tends to be lower, including Junction, Englewood, and the Old South End. While a land use designation is similar to zoning, it does not change existing regulations and zoning updates, such as those proposed through this application would be necessary to implement.

Toledo Together identifies several core housing needs including limited housing diversity, vacant properties, rehabilitation and repair of owner-occupied homes, limited supply of affordable rental homes, inequity in neighborhood conditions, and barriers to residential development. The strategy areas suggested to address these needs are: 1. Land use and entitlements; 2. Housing programs and policies; 3. Neighborhood empowerment; and 4. Resources and capital.

Toledo’s HUD PRO Housing approach will address and further many of the strategies within these areas including: 1. Expanding by-right zoning for higher-density development; 2. Expanding by-right zoning for missing middle housing types; 3. Developing by-right zoning for infill development; 4. Creating new tools to lower development costs; 5. Increasing homeowner assistance in historically relined communities; 6. Diversifying funding sources to support housing activities.

Economic Planning: Integration with regional economic development and transportation planning efforts is a key part of this project’s strategy. One of the objectives of the Toledo region’s Comprehensive Economic Development Strategy (CEDS) is to develop a continuum of safe, affordable housing options in communities in order to promote and continue to enhance the region’s high quality of life and place – an objective that this project directly advances. In 2023, the City received a \$20 million RAISE grant from the U.S. Department of Transportation for the Connecting Toledo Neighborhoods to Opportunity (CTNO) project. CTNO will drive job creation and workforce development in the Uptown neighborhood’s Toledo Social Innovation District (TSID) and reconnect the TSID with Junction and Englewood to the west, which are currently separated from Uptown and downtown Toledo by the physical barrier of Interstate 75. Improving multimodal connectivity along Dorr Street, the southern border of Englewood, is one of the CTNO project’s central objectives.

Transportation Planning: This project also aligns with regional transit planning efforts that seek to provide better connectivity to job opportunities and other essential daily destinations. One of the goals of the Toledo Area Regional Transit Authority’s (TARTA’s) 10-year plan, TARTA Next, is to improve urban mobility by maintaining and expanding the core network, which currently connects downtown Toledo with the rest of the city along four core routes. TARTA Next proposes the expansion of the core network to include nine corridors, three of which serve Toledo’s NRSAs – areas this project directly targets. The proposed TARTA expansions will provide residents of these areas with increased access to employment opportunities, particularly

in downtown Toledo. Downtown Toledo is home to the region's largest concentration of good-paying jobs, containing 17% of the city's jobs in less than 2% of its land area, and average downtown wages are 25% higher than in the rest of the city. Toledo's NRSAs, like the majority of its LMI neighborhoods, are located in the areas surrounding downtown Toledo, but, despite their proximity, lack of transportation presents barriers to access for many residents. The City's *Analysis of Impediments* specifically identifies limited TARTA service in NRSAs as a barrier. These areas have higher percentages of households with no vehicles than the citywide average (17.4%-41.6% for NRSA census tracts, vs. 12.7% citywide), making them particularly reliant on public transportation. The improvements planned in TARTA Next would help address these barriers, and by promoting housing redevelopment in tandem with these planned improvements, this project will contribute to more holistic increases in economic opportunity and quality of life for LMI residents.

This project accounts for the shorter-term reality of population loss in Toledo, but also helps prepare for the possibility that this trend may slow or reverse over the longer term. As previously discussed in "Need," population loss is a contributing factor in the decline of home values to levels below replacement costs, which creates unfavorable market conditions for housing development. The appraisal gap financing initiative proposed in this project directly seeks to address this market barrier, interrupting the vicious cycle of declines in population and property values. Conversely, NOAA researchers have begun to consider the possibility that internal migration, driven by climate change, may bring population increases to the Great Lakes region in the long term, and there is already some evidence that climate migrants from vulnerable areas have begun to settle in the region.⁹ By supporting the development of new affordable and market-rate housing both in LMIs and areas of high opportunity, this project supports Toledo's readiness to accommodate future migration while mitigating the risk of displacement of current residents.

Alignment to Local Environmental Risks: Toledo's proximity to Lake Erie and the Maumee River is one of its greatest assets and potential environmental risks. Without proactive and responsible stewardship, our waterfront runs the risk of decay and deterioration. One of the goals of *Forward Toledo* is to create a future Water Belt land use designation, promoting, and optimizing a mix of residential, commercial, industrial, and public land uses along the Maumee, Lake Erie, and other major bodies of water, emphasizing our connection through shared public access to the water. This land use designation would permit residential, commercial, and park and recreational spaces with water access and retain natural habitats. A zoning code update would consider proposed designations like the Water Belt, and use them to shape a revised code. The City affirmatively seeks out other sources of funding to preserve housing, infrastructure, and access along our waterways, which would be complemented by a zoning code supportive of waterfront restoration and environmentally responsible development.

Potential Roadblocks: The City of Toledo does not anticipate significant legal roadblocks to a zoning code update. As Ohio is a *home rule* state where Dillon's Rule does not apply, the Ohio Constitution grants municipalities the power to enact their own zoning and land use regulations.

An area in which the City could face roadblocks is resident opposition to a zoning code update. In recent years, the City has seen coordinated resident efforts to oppose site plans and special use

⁹ <https://agupubs.onlinelibrary.wiley.com/doi/pdfdirect/10.1029/2022EF002942>

permits for affordable housing and homeless shelters (Warren Commons, the Glen, Beach House II), including at least one legal filed aimed at preventing development. Ultimately, all of these developments were approved by the City Plan Commission and City Council; however, public opposition significantly delayed this process. The City plans to address this issue through preemptive and continuous engagement and outreach and community participation. The Plan Commissions conducted extensive community outreach and input gathering for *Forward Toledo*, resulting in a progressive and ambitious plan aligned with many of the goals of PRO Housing that was informed by the residents of Toledo, received little public opposition, and was adopted without unexpected delays. Recently, DHCD initiated a series of Neighborhood Discussions in which residents can ask questions, voice concerns, and learn about city processes. The first of these discussions took place in August 2024 and focused on Code Compliance, with experts from the City to answer questions. Future sessions will be informed by the needs of the public. We believe a robust and genuine participatory process will both proactively remove roadblocks and alert the City to potential future roadblocks.

Geographic Scope

The update to the Planning and Zoning Code and pre-approved housing plans will impact the entire City of Toledo. The Future Land Use Map (Figure 1 proposed in *Forward Toledo*) demonstrates the scale of this impact through the use of Low Density Residential in outlying suburban areas and Neighborhood Residential in the majority of the remainder of the city, both of which permit missing middle housing. Upzoning to allow multi-family and infill development by-right in high opportunity areas, many of which are currently only zoned for Single-Dwelling residential builds, will make way for the easier development of a variety of housing units in these areas. Similarly, updated zoning allowing missing middle and mixed-use development in underserved areas, combined with cost-saving measures like pre-approved housing plans will expand housing variety and development opportunities within these areas. Over time, an increase in missing middle housing throughout the city will provide more housing options, increase the quality and variety of housing stock, and ideally reduce the number of cost-burdened residents. Pre-approved housing plans, developed by a consultant under the management of the Lucas County Land Bank, will be available to developers for use throughout the city when appropriate under the new zoning code.

Appraisal gap financing for residents and developers will be focused in Toledo's two NRSAs, Englewood and the Old South End, and the Junction Neighborhood, which has been selected for the Choice Neighborhood Initiative Transformation Plan. The project goal will be to increase opportunities for new single-family, duplex, and triplex builds and building preservation in these underserved communities.

Key Stakeholders

The City of Toledo Department of Housing and Community Development developed this project in collaboration with the Toledo Lucas County Plan Commissions and the Lucas County Land Bank. As part of the application planning process, the City sought input through a survey distributed to 25+ local stakeholders including the local Public Housing Authority, the local Continuum of Care lead, local affordable housing developers, housing providers, social services providers, planning and design firms, unions, and neighborhood advocacy groups. This survey requested feedback regarding barriers to housing, HUD PRO application goals and approach, and suggestions for additional data or strategies to be incorporated into the application.

The City received responses from a diverse mix of developers, social services, advocacy groups, housing programs, and planning organizations. Primary barriers identified by this group included housing market, financing, zoning and land use policies, community resistance, and challenges with small developers unable to obtain contracts. Additional comments supported challenges with tax credit programs, unenforceable legislation, and out-of-town investment driving down local homeownership. Housing developers, in particular, expressed frustration with local project labor agreements and financing and supported increased financial incentives for smaller local builders, streamlined permitting processes, and tax credit programs to incentivize affordable development and preserve local ownership.

Respondents offered numerous solutions on how to address these barriers. Where appropriate, we have indicated where these correspond or could be incorporated into our PRO Housing approach: **increasing local funding sources, reviewing zoning and land use policies, addressing conflicts over contract procurement, simplifying processes for developers, increasing education and anti-displacement efforts, and state level advocacy for affordable housing programs.** Overall, the respondents ranked the Appraisal Gap program as most important, followed by Zoning Updates and then the Pre-Approved Housing Plans.

Respondents offered numerous other suggestions for activities to increase affordable housing:

- Increasing social services resources for low-income residents, including the benefits cliff.
- Tax credit incentives for developers and property owners who intend to sell or rent to low-income residents.
- Preemptively addressing repairs for low income or senior homeowners.
- Developing a housing trust fund.
- Local restrictions on Airbnbs, short term rentals, and out-of-town ownership.
- Programs to allow community ownership of land in revitalizing neighborhoods that allow residents to benefit from a rise in value.
- Programs that preserve existing affordable housing and prevent sale into the private market due to expiring subsidies or programs.
- Property tax assessment that addresses the risk of displacement in revitalizing areas.

All respondents indicated an interest in being a part of this project moving forward. As a follow up, we encouraged respondents to share information regarding the public hearing and comment period with followers via social media and newsletters to increase the reach of this project and engage additional residents.

To build support and engage residents likely to be impacted the City of Toledo will promote the PRO Housing public comment website and hearing via social media and press releases.

Pre-Existing Engagement: This application draws heavily from the data collection, conclusions and proposed strategies of the *Toledo Together* and *Forward Toledo* plans and the *Analysis of Impediments*, which engaged in extensive solicitation of input and collaboration with a diverse variety of community stakeholders, including residents.

Toledo Together was developed through an extensive process involving document review, data analysis, and stakeholder engagement inclusive of a range of perspectives from across Toledo and the State of Ohio. Engagement took place through virtual tactics such as online meetings, flash polling, and online surveys and at various scales that ranged from one-on-one interviews to

small roundtable or focus group discussions to large stakeholder meetings. Guiding this process was the Comprehensive Housing Strategy Advisory Group, a large and diverse stakeholder body formed at the onset of the planning process by the City to build a common vision for housing, set priorities around needs and strategies, advise on local context, and build momentum for implementation. Members included representatives from local government, non-profits, public housing, schools, the Continuum of Care lead agency, neighborhood groups, developers, real estate, financial institutions, housing and legal advocacy organizations, employers, and more.

Forward Toledo used a variety of approaches to engage the public on the development issues important to them over the next 10-20 years. The focus was on meeting citizens where they were already active and engaged as much as possible. This included attendance at larger social events, neighborhood meetings, public spaces, interactive workshops, physical and online surveys, and flyers at businesses. This effort resulted in engagement with 1,665+ citizens and 3,000+ surveys completed. Survey results informed a series of community workshops in which residents were able to see the final goals and offer input to shape priorities and land use designations. The input gathered included a diversity of voices reflective of Toledo's demographic and socio-economic makeup. Participants were 70% Caucasian, 10% African American, 5% Latino/Hispanic, and 2% Asian. Age and income were well represented and evenly spread. Input also included feedback from realtors, developers, block watches, community groups, and housing advocates. Overall, citizens were broadly supportive of the ideas presented in the plan. Realtors and developers were looking for reductions in regulatory barriers, additional financial incentives, and development/permitting assistance. Much of that feedback was integrated into *Forward Toledo* goals and strategies.

A citizen participation process was conducted by the Fair Housing Center for the *Analysis of Impediments*. This was accomplished through surveys and community focus groups in which stakeholders, including residents, identified affordable housing and housing conditions as impediments. Survey participants expressed challenges with access to affordable housing, particularly for those who live on a fixed income who, while they may be able to afford the monthly rent, could not qualify for housing due to exclusionary income criteria. Little new affordable housing development, lack of affordable housing in higher opportunity areas, and a need for increased housing options for seniors, high-risk populations, and people with disabilities outside of the city core were also cited as impediments to fair housing choice. Frustration with vacant lots and out of town investors were frequently brought up in relation to substandard housing conditions.

Continued Outreach: The PRO Housing Team will continue similar engagement strategies. An advisory group consisting of local government, nonprofits, public housing, housing developers, housing and legal advocacy groups, disability advocacy groups, neighborhood coalitions, the Continuum of Care Lead Agency, and more will be established to guide this project. Community engagement led by DHCD and DE&I will include, but are not limited to: in-person community listening sessions, particularly in the target neighborhoods, with virtual attendance options to increase accessibility throughout the process; attendance at larger community events and neighborhood meetings; radio, print, and online marketing; and physical and virtual surveys. Historically underserved communities, communities most impacted by current housing barriers, and communities most likely to be impacted by a significant zoning rewrite will be consistently and affirmatively engaged in the planning process. Utilizing and building upon relationships developed with stakeholders during *Toledo Together* and *Forward Toledo*, the City will continue

this engagement as a subsequent step of these long term plans, continuing to engage with community members. Marketing and Communications will ensure that a Comprehensive Zoning Update website is created, including description, and process updates, with survey/comment and language translation capability. Flyers and brochures for this project will be translated into different languages. Community meetings will be held in accessible locations with virtual options to engage to ensure equity and access.

Affirmatively Furthering Fair Housing

Removing barriers in areas of opportunity: *Forward Toledo* creates a new land use designation, Low Density Residential, which maintains contemporary suburban auto-oriented neighborhoods, currently mostly zoned Residential Single (RS) but permits missing middle housing when compatible with neighborhood character. Areas identified as appropriate for this designation lie largely in the outlying areas of Toledo, which are generally higher opportunity. Permitting missing middle by right in these areas would drastically increase the number of housing options allowable in the 42% of the city currently zoned RS. Inclusionary zoning that allows multi-family and infill development by-right in high opportunity areas, will make way for the easier development of more housing units in these areas, a greater variety of multi-family housing types, leading to more affordable housing options.

Benefitting Persons: The entire city of Toledo will be impacted by the zoning update and pre-approved housing plans, though housing plans will likely find greater use in areas with high levels of vacancies, which tend to be concentrated in underserved, lower income communities. Toledo is 58% white, 29% Black or African American, 9% two or more races, 5% other races, and 9% Hispanic or Latino (ACS 2022), more diverse than the rest of the state (see Table 1). The three neighborhoods targeted for Appraisal Gap Funding have combined racial demographics that are more diverse than the city. The project area has over double the percentage of Black or African American residents and a greater percentage of Hispanic or Latino residents. The larger of the two NRSAs by population, Englewood, is predominantly Black or African American (80%). The smaller of the two NRSAs, Old South End, has a diverse racial and ethnic makeup with 20% Black or African American, 58% White, and over 28% Hispanic or Latino. Junction is 89% Black or African American, 5% White, 2% Other, 4% two or more races, and 2% Hispanic.

Area	Black or African American	White	Two or More Races	Other	Hispanic or Latino
Appraisal Gap	60%	25%	9%	6%	12%
City of Toledo	29%	58%	8%	5%	9%
State of Ohio	12%	77%	6%	5%	4%

Table 1: Racial demographics of Ohio, City of Toledo, and Appraisal Gap Project Area

Removing barriers and promoting desegregation: The Comprehensive Zoning Update process will incorporate an equity lens to ensure that proposed updates help to dismantle barriers caused by redlining and systemic racism; and, to the greatest extent possible, do not have negative unintended consequences on historically disadvantaged and vulnerable groups. Selection criteria for the Zoning Update consultant will require submission of a zoning equity and inclusion

strategy and the zoning update will include multiple reviews of potential impacts on vulnerable areas, with reviews available to the public. Exclusionary zoning policies that may not be the cause of, but have helped to perpetuate segregation will be reviewed and updated to ensure that they do not continue to perpetuate segregation. For example: A former legal non-conforming structure that has been significantly damaged or abandoned for 1 year reverts to the more restrictive uses of the current zoning district in which the lot is located, making it challenging to rebuild or reoccupy. This has a disproportionate impact on low-income neighborhoods with higher levels of historic disinvestment and can contribute to blight and vacancies. Inclusionary zoning and infill development will allow for new builds in both high opportunity and under-resourced areas. Many of the census tracts in the Junction and Englewood neighborhoods targeted for the Appraisal Gap Funding Initiative align with “redlined” areas on 1938 Home Owners Loan Corporation maps. This funding will address the market barriers born out of disinvestment preventing affordable housing development and preservation in these neighborhoods.

Increasing housing choice: The Zoning Update will be performed with a focus on inclusionary zoning in high opportunity areas to allow for more diverse affordable development and greater housing choice. Using *Forward Toledo*’s future land use designations as a guide for this update will open up entire neighborhoods previously zoned Residential Single to infill development and missing middle housing by right, increasing areas allowing multifamily from 29% to 55%, drastically increasing the options for affordable housing development throughout the city. The City has control over a large number of sites in each target neighborhood, and throughout the city, and is therefore able to exercise more control over how they are developed.

Protected classes/accessibility: Zoning and Occupancy Standards were identified as an impediment in the *AI*, particularly related to people with disabilities. The Fair Housing Center expressed concerns related to additional regulations placed on housing for people with disabilities that did not apply to other housing. Group home regulations, for example, are some of the strictest in the state. The zoning update will address these restrictions and update to reflect what is necessary to ensure that persons with disabilities are not unduly restricted in their housing choice. Developing regulations for Accessory Dwelling Units will also be part of the zoning update, with at least one ADU pre-approved housing design to allow for streamlined permitting. ADUs are known to help older adults remain in communities, support multi-generational housing, and allow independence for people with disabilities all while maintaining close community integration and proximity to caretakers. Additionally, as discussed in Exhibit C, one of Toledo’s key barriers to affordable housing is the age and condition of existing housing stock. The zoning update, housing plans, and financing incentives proposed in this project will facilitate new builds that meet or exceed ADA and Fair Housing Act accessibility requirements, helping address accessibility concerns related to existing housing stock age and condition.

Addressing Fair Housing Action Plan: This project proposes activities consistent with the City of Toledo’s *Analysis of Impediments (AI)*, conducted in conjunction with the *City’s Five-Year Consolidated Plan* for the 2020-2025 program years. The *AI* identifies changing Zoning and Land-Use Policies to welcome the development of affordable, group, permanent supportive, and recovery housing as a goal in its Action Plan. Overly restrictive regulations on group homes and recovery housing will be addressed as part of the zoning update. The *AI* identifies Housing Conditions as a barrier, compounded by aging housing stock and vacancies and suggests that financial assistance may be needed to assist residents in making improvements. Appraisal gap

financing will provide assistance in some of the most disinvested areas and a more inclusionary zoning code and pre-approved housing plans will streamline infill development. The *AI* discusses Lending/Homeownership barriers, such as a decline in home value contributing to situations in which the sale price exceeds the appraised value and homeowners owe more money than their home is worth and are unable to build equity or invest in repairs. The *AI* suggests utilizing CDBG funding for home purchase and repair. Appraisal gap financing addresses this barrier.

Risk of displacement: DHCD will ensure that new units built with appraisal gap financing are affordable. The Appraisal Gap Financing Initiative, similar to other programs operated by DHCD, will ensure the housing units generated fully qualify as affordable housing and satisfy the requirements of 24 CFR 92.254. Thus, among other requirements, the project home must be purchased by a qualified buyer, which is a homebuyer whose family qualifies as a low-income family who will maintain the project home as their principal residence throughout the affordability period. In order to maintain the project home as a principal residence and meet the definition of resident, the qualified buyer's family must reside at the property at least 270 days/calender year. Each home while under development and then after sale will be under a restrictive covenant enforcing a period of affordability determined by the amount of direct assistance to the homebuyer or the amount of subsidy invested into the project.

DHCD and the Fair Housing Center will lead anti-displacement efforts in Junction as part of a revitalization effort surrounding Rev. H. K. Savage Park, Toledo's oldest city park and a community anchor, which has fallen into disrepair. Restoring this historic park's status as a vibrant, natural oasis will be complemented by a targeted set of events to connect residents of the project area with existing resources designed to protect housing affordability and stability for LMI tenants and homeowners, in addition to a Know Your Rights event and a Tenant Tuesday, a City-led event designed to provide free legal advice on housing concerns.

Displacement is classically defined as a situation where residents can no longer afford to remain in their homes due to rising housing costs. Junction, as in all areas targeted for Appraisal Gap funding and many other Toledo neighborhoods, faces a somewhat different set of housing affordability and stability challenges than other urban communities, where rising property values often drive displacement. Toledo's housing market is not generally burdened by housing values outstripping resident's incomes and little of that classic displacement is currently occurring in Toledo. Under these conditions, the most effective anti-gentrification measures must not only include short-term efforts to keep LMI residents in their homes, but must also emphasize stabilization and preservation of existing owner-occupied housing stock as well as creating more favorable conditions for affordable housing development.

Because Toledo's housing values are often well below the cost of replacement, residents are often burdened by a lack of maintenance and investment. In the worst contexts, an unscrupulous landlord may rent a poorly maintained, unsafe, or unsanitary unit to tenants who have few other choices in the marketplace. Over time, the property deteriorates to the point where no one can live in the property. The tenants, already burdened in terms of safe, sanitary, and affordable housing options, are forced to leave and the landlord may simply abandon the property, leaving it to public authorities to raze at the public's expense. This is the kind of non-traditional displacement that occurs in our community as a result of low market values and the lack of new housing production. In the last decade, almost 4,000 residential buildings have been demolished

in Toledo¹⁰ as a last resort to resolve nuisance neighborhood conditions. Over the last generation, Toledo has lost close to 10,000 buildings to abandonment and demolition. The buildings are gone, but the land is not. Toledo and its local government partners have embarked on a project to take local ownership of this land otherwise ignored and undervalued by the private market¹¹. Over the performance period of this grant, the community expects to become the owner of 2-3,000 vacant lots. This land in the hands of the community creates an unprecedented opportunity to ensure that housing is developed over time in a way that creates wealth in neighborhoods without causing classic displacement. By controlling the real estate itself, and not just the regulatory environment in which housing is developed, Toledo has an opportunity that many other communities would lack to create affordable housing opportunities without inviting displacement.

Housing needs of persons with disabilities: Zoning and Occupancy Standards were identified as an impediment in the *AI*, particularly related to people with disabilities. Unduly strict group home regulations, will be addressed in the zoning code update and updated to reflect what is necessary to ensure that persons with disabilities are not improperly restricted in their housing choice. Developing regulations for Accessory Dwelling Units will also be part of the zoning update, with at least one ADU pre-approved housing design to allow for streamlined permitting. ADUs allow independence for people with disabilities while maintaining community integration and proximity to caretakers. The zoning code update will include accessibility regulations for new developments that do not just meet the bare minimum ADA requirements, but address what is needed to ensure persons with disabilities have fair housing choice throughout Toledo.

Equity-related resources informing proposal: This project incorporates equity-related considerations and proposed solutions informed by the *Analysis of Impediments; Forward Toledo*, which considered the impact of past policies like exclusionary zoning and redlining on inequity along racial lines in its strategies; and *Toledo Together*, which analyzed inequity in housing outcomes and neighborhood conditions, particularly for Black/African-American residents and seniors.

Engaging and supporting DBEs in the housing production process: The City is committed to maximizing opportunities for Disadvantaged Business Enterprises (DBEs), Minority-owned Businesses (MBEs), and Women-owned Businesses (WBEs) to participate in City contracting opportunities to the fullest extent practicable. At a minimum, the City will make the following good-faith efforts: ensuring that DBEs are made aware of opportunities to the fullest extent practicable; making information on forthcoming opportunities available to DBEs; and utilization of services and assistance from the SBA and MBDA for outreach to DBEs. The Director of Diversity, Equity and Inclusion (DE&I), in consultation with the Commissioner of Purchases and Supplies, sets specific, separate percentage-based MBE and WBE subcontracting goals on a contract-by contract basis for prime contracts in Construction and Architecture & Engineering valued in excess of \$75,000. The City is currently in the process of implementing changes to procurement policies and practices based on the findings of a Disparity Study completed in 2022, to lower barriers to MBE/WBE/DBE participation in City contracting. The City will market the NOFO for Appraisal Gap financing to non-profit and BIPOC developers and builders that have historically developed projects in underserved neighborhoods. To ensure Minority and Women-

¹⁰ <https://lucascountylandbank.org/services/demoliFon>

¹¹ <https://assets.lucascountylandbank.org/uploads/documents/Building-Neighborhoods-2021-2025.pdf>

owned developers are aware of resources funded through this project, particularly the pre-approved housing plans and appraisal gap financing, the City will make information on these opportunities available to DBEs and utilize services and assistance from the Toledo Area Small Business Association and Minority Business Assistance Centers for outreach.

Tracking and evaluating effectiveness in promoting desegregation: DHCD will request that developers and owners of property assisted through PRO Housing funds maintain records and report annually during the performance on the racial, ethnic and gender characteristics of homebuyers and developers benefitting from the program. The City will engage in ongoing tracking of the participation of underrepresented groups in the zoning update process and revise strategies to enhance participation. The City will analyze proposed zoning updates to understand if, and why, they may be more concentrated in historically disadvantaged areas. The City will track information on new building permits issued in areas rezoned to be more inclusive and will analyze with regard to racial and income demographics in the census tract block groups where development occurs. The City will track the access and utilization of pre-approved housing plans by BIPOC developers and builders and location of build.

Affirmative marketing: DHCD, subrecipients and developers will develop an Affirmative Marketing Plan for all activities and housing units acquired, rehabilitated, constructed or otherwise assisted with PRO Housing funds (see Attachment D). This will facilitate maximum participation and inclusion in the zoning update process by historically disadvantaged and underrepresented groups; ensure maximum access to and utilization of design templates by Black, Indigenous and People of Color (BIPOC) developers; and ensure maximum access to appraisal gap financing for BIPOC households and nonprofit developers. DHCD, subrecipients and developer partners will use the FHEO Affirmatively Fair Housing Handbook 8025.1 as guidance to develop the final Affirmative Marketing Plan for each PRO Housing activity.

Implementation and approach to resistance: This project accounts for the possibility of public pushback by incorporating significant public engagement and feedback into the approach for all activities, building on engagement methods that informed *Toledo Together* and *Forward Toledo*, and best practices and lessons learned from similar past efforts in other jurisdictions. To address potential barriers related to design standards, the zoning update and housing plans will incorporate review of design guidelines for Toledo's existing historic district overlays to incorporate flexibility to avoid conflicts. Although significant environmental review barriers are not anticipated, DHCD has extensive experience navigating environmental review requirements related to housing development.

Budget

The City of Toledo is requesting \$4,000,000 of PRO Housing Funds. This amount will be leveraged with \$2,246,631 of funding secured or committed as of 10/15/24 for a total budget of \$6,246,631

- 12.2% or \$489,850 of PRO Housing Funds will be used by DHCD to support staff costs related to appraisal gap initiative programming, grant oversight, and grant reporting.
- 2.8% or \$110,150 of PRO Housing funds requested for the Zoning Update Activity will be used by the Plan Commissions to support staff oversight.
- Zoning Update consultant costs are projected at \$1,200,000 over the 3-year project period and reflect industry standards for comparable scope of work and anticipated timeline.

- Pre-approved Housing Plans costs, including architectural and engineering fees, production of construction drawings and review and facilitation of approvals for up to 10 designs are projected at \$600,000, leveraged with \$246,631 of staff time from the Land Bank.
- Appraisal Gap Funding: \$1,600,000.
- Total PRO Housing Funds for direct staff costs are projected at \$600,000 or 15% of the requested PRO Housing funds.

Proposed Activities if only 50% or \$2,000,000 of PRO Housing Funds are Approved: The City will implement a Zoning Update at full projected cost of \$1,310,150. Appraisal Gap Financing would be limited to only NRSAs (Englewood and Old South), using the \$2,000,000 of secured federal earmark funding and HUD PRO Funding of \$689,850.

Timeline

Ongoing

- 3/2025 through 9/2030 - Convene HUD PRO Advisory Group with minimum quarterly meetings. Conduct neighborhood engagement.

Appraisal Gap (work not contingent on funding completed pre-award)

- 9/2024 - *Review of appraisal gap financing program models and engagement with to understand necessary program requirements and potential challenges in Toledo.*
- 12/2024 - *Convene Appraisal Gap Initiative Advisory Group.*
- 3/2025 - Review of housing market and housing construction cost data.
- 4/2025 - Launch Pilot Home Rehabilitation; Finalize Program Guidelines.
- 5/2025 - Begin program marketing/launch website.
- 7/2025 - Application Intake.
- 8/2025 - Initial application closing target.
- 1/2026 through 1/2030 - Annual developer NOFO issued each January.
- 6/2026 through 6/2030 - Annual program review each June.

Zoning Update

- 3/2025 - Completion of Part 58 Environmental review for PRO Housing Activities.
- 8/2025 - Convene Zoning Update advisory group.
- 10/2025 - Zoning Consultant RFP completed and marketed nationally.
- 12/2025 - Zoning Consultant selected; Finalize scope of work, project deliverables, outreach strategy and schedule.
- 2/2026 - Zoning Update kickoff.
- 1/2028 - Target date for zoning update completion.
- 2/2028 - Zoning Update Approved by City Council.

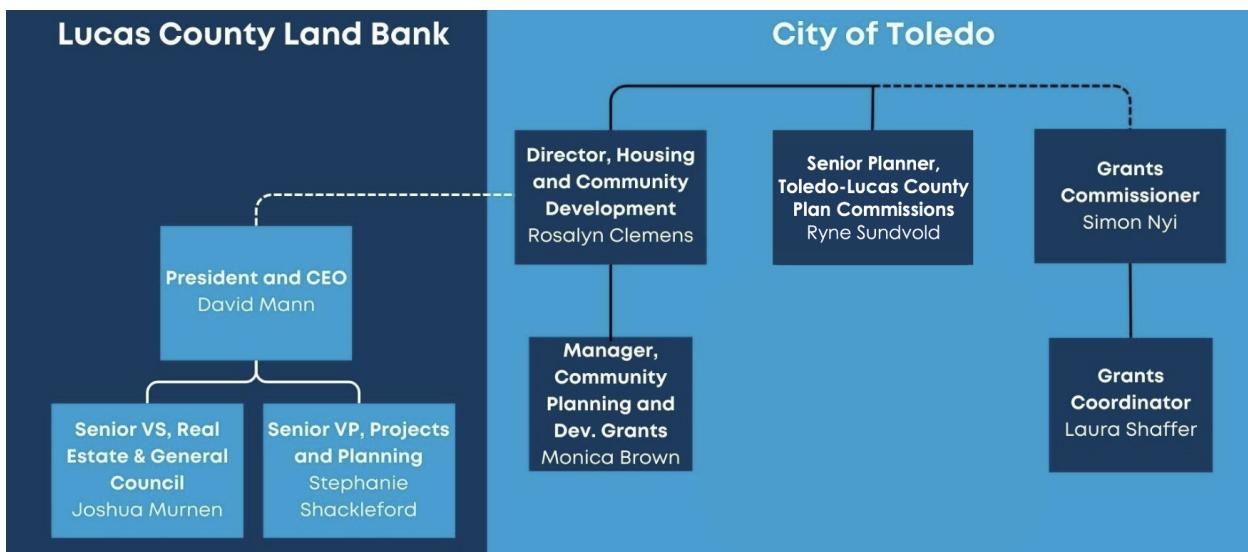
Pre-Approved Housing Plans

- 1/2028 - Land Bank issues RFP for architect.
- 3/2028 - Architect identified.
- 4/2028 through 10/2028 - Architect drafts housing plans.
- 10/2028 - Housing Plan drafts presented to Plan Commission.
- 1/2029 - Housing Plan drafts approved by Plan Commission.

EXHIBIT E:
CAPACITY
CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

DRAFT

Organizational Chart



Implementation and Management Capacity: The prime recipient and lead implementing agency for this project is the City of Toledo, Department of Housing and Community Development (DHCD), led by Director Rosalyn Clemens. This project will be implemented by multiple City departments, including DHCD, Toledo Lucas-County Plan Commissions (Plan Commissions), Diversity, Equity & Inclusion, Finance, Office of the Mayor - Grants, and Marketing and Communications. DHCD will provide overall project leadership and management, set up the PRO Housing Plan, develop and manage the Appraisal Gap Financing program, manage engagement activities, and conduct tracking and reporting as required. In addition to full-time staff members identified in the organizational chart, Steven Powell (Manager, Housing), Emily Schnipke (Neighborhood Development Specialist), Eric Scott (NRSA Coordinator), and LuCynthia Jones (Neighborhood Navigator) will contribute to the project. DHCD is in progress of developing guidance and inviting advisory participation for the Appraisal Gap Financing Initiative. The start of this program is not contingent on the award of HUD PRO Housing and is currently underway. A pilot home, rehabilitated by the City of Toledo, will be the first home renovated under this program in Spring 2025 and will be available for sale to a qualified buyer in Summer 2025, designed to coincide with program marketing, launch, and the application period.

The Plan Commissions will oversee the Zoning Update activity. Finance will manage financial recordkeeping, account set up, and any expenditure reporting and reimbursement requests. Simon Nyi (Grants Commissioner), Laura Shaffer (Grants Coordinator), and Monica Brown (Manager, Community Planning and Development Grants), will provide reporting and compliance support. Marketing and Communications will fulfill the required website, including availability of the application, public comments and complaints, and announcements related to public information and participation. Each department has established management capacity to complete these activities within the current staffing levels.

As a subrecipient, the Land Bank will oversee the pre-approved housing plans activity and will procure and manage the consultant developing these plans. Full time staff will include David Mann (President and CEO), Stephanie Shackleford (Senior Vice President, Projects and Planning), and Joshua Murnen (Senior Vice President, Real Estate, and General Counsel). There

are no City or partner gaps or positions contingent upon award. Positions contingent on award are limited to zoning and architectural consultants.

Department of Housing and Community Development (DHCD) regularly develops and administers large housing assistance programs, including Emergency Rental Assistance funds and has designed and implemented large-scale planning activities like the *Toledo Together* plan. DHCD leads the effort in the City to facilitate development and preservation of affordable housing; comprehensive revitalization of distressed and blighted neighborhoods; and capacity building for neighborhood organizations. In 2023 DHCD provided oversight for over \$50 million of federal, state and local funding for housing and community development programs and initiatives. Key funding sources managed include Community Development Block Grant, Housing Investment Partnerships Program (HOME), Section 108 Loan Guarantee Program, Emergency Solutions Grant, Lead Hazard Control Grant, COT American Rescue Plan Act (ARPA) housing funding and the Department of Treasury Emergency Rental Assistance funds. HUD grants reporting platforms competency includes the Disaster Recovery Grant Reporting System (DRGR) and the Integrated Disbursement and Information System (IDIS).

DHCD consists of the Administrative Services and Fiscal Monitoring Division, the Housing Division and the Director's Office with management staff for Strategic Redevelopment, Tenant Services, Neighborhood Navigation Services, and Lead Poisoning Prevention Coordination. DHCD is staffed by 32 full-time equivalent, 3 full time limited grant funded rental assistance specialists, and 1 AmeriCorp Volunteer (for an 11-month period). Rosalyn Clemens serves as the Director of DHCD with 30 plus years of resource development, partnership building, program management, land use entitlement, housing finance and housing development experience.

DHCD operates the following housing and community development programs: Gap financing for the development of affordable rental housing; Strategic demolition and land use entitlement to foster development of housing; Owner-occupied housing preservation (Rooftops, comprehensive renovations, lead abatement); Rental Property Rehabilitation; Homebuyer Unit Development (affordable and market rate); Home Purchase Assistance; Rental Assistance; Toledo Neighborhood Capacity Institute; and Section 108 Loan Guarantee Neighborhood Business Growth Fund. DHCD manages the Home At Last down payment and closing cost assistance program and Homebuyer Units development programs requiring capacity and experience in the following areas: application intake and review, underwriting project budgets and proformas, income eligibility review and certification, developing grant and loan agreements, developing and monitoring affordability covenants, and property standards inspections.

Toledo-Lucas County Plan Commissions, (Plan Commissions) a department of the City of Toledo, will provide management and oversight of the zoning rewrite process including finalizing the consulting team's scope of work, managing the procurement process to select a skilled consulting team to review and updated the Planning and Zoning Code, facilitating stakeholder engagement, monitoring and evaluating progress of the approved scope of work, and facilitating legislative approval and final publication of updated Zoning Ordinance. Plan Commissions staff provide guidance on land use decisions in Toledo and are the body designated with reviewing and disapproving or recommending land use decisions to City Council. Over the past three years, the Plan Commissions has led the development of the *Forward Toledo* comprehensive land use plan. The knowledge and experience of the Plan Commissions will be a

considerable asset to this project and result in a final zoning rewrite that is informed by those who will be critical in its implementation and enforcement. DHCD and the City Finance Department have significant experience and capacity to manage a project of this size without delay. Finance has a large staff with a strict set of administrative policies related to procurement, internal controls, risk management, and reporting procedures.

Jurisdiction: The City of Toledo is legally responsible for approving and enacting the Toledo Municipal Code, including the Zoning and Planning Code. The City Department of Code Compliance and Plan Commissions have the authority to enforce an updated code and approve housing plans. The City is a CDBG Entitlement Local Government with the authority to administer programs utilizing HUD PRO funds.

Partner capacity and credentials: The Land Bank will perform the Pre-Approved Housing Plan activities as a subrecipient. David Mann, Stephanie Shackelford, and Joshua Murnen will lead implementation of these activities. The Land Bank will oversee the process of developing housing design templates for construction on available land, including land owned by the Land Bank. This work includes managing the procurement process to select an architectural & engineering design team, organizing an advisory committee, engaging with stakeholders, monitoring and evaluating the housing design templates that are created, and facilitating the approval of these design templates with regulatory bodies, including the Plan Commissions, the City's Department of Building Inspection and Code Compliance, and City Council.

The Land Bank is a public non-profit organization with the mission to strengthen neighborhoods by returning vacant, tax-delinquent, and deteriorated properties to productive use. As Lucas County's land reutilization corporation, as established under Chapter 1724 of the Ohio Revised Code, the Land Bank is responsible for fulfilling several significant duties, including, but not limited to: facilitating the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, and other property within Lucas County; holding and managing vacant, abandoned, or tax foreclosed property pending rehabilitation and reutilization; and promoting economic and housing development of the county. The Land Bank has partnered with the City for 13 years to confront the challenge of property abandonment, primarily in LMI neighborhoods and neighborhoods of color where the residents have suffered for decades from disinvestment and neglect. The Land Bank has significant capacity and experience in leading large scale citywide projects and has committed 3,000 hours of staff time to this project. The pre-approved housing plan activity is contingent on the Land Bank, which is well within its capacity to manage a project of this type and has worked with architects to renovate and restore abandoned properties. In 2022, the Land Bank received a \$4,000,000 Community Project Funding appropriation from HUD through Congresswoman Marcy Kaptur to make investments in the historic St. Anthony's Church and adjacent land in the Junction Neighborhood.

Coordinating with partners: The City has a significant reach and experience in terms of coordinating projects with multiple partners and stakeholder engagement and coordination, as evidenced by the *Toledo Together* and *Forward Toledo* planning processes. DHCD has expertise working with a variety of stakeholders in developing plans, managing programs, and awarding funds to subrecipients and residents. DHCD develops and manages the yearly Notice of Funding Opportunity for CDBG, ESG and HOME funds. 2024's community awards totaled nearly \$4 million. Eligible applicants included 501(c)3 organizations, other nonprofits, government agencies, certified Community Based Development Organizations, and certified City of Toledo

Community Housing and Development Organizations. DHCD manages these awards, including reporting. The Plan Commissions regularly coordinates with consultants, partners, stakeholders, and residents and conducts regular neighborhood outreach and engagement.

Application Preparation: This application was prepared by City staff: Director Rosalyn Clemens (DHCD), Simon Nyi (Grants), Laura Shaffer (Grants); Emily Schnipke (DHCD), Director Thomas Gibbons (Plan Commissions), Ryne Sundvold (Plan Commissions), and Senior Planner, Joshua Lewandowski (Plan Commissions); and Land Bank staff: President and CEO, David Mann, and Senior VP of Projects and Planning, Stephanie Shackleford.

Experience working with civil rights and fair housing issues: The City has extensive experience working with fair housing issues and is responsible for ensuring the completion of an *Analysis of Impediments (AI) to Fair Housing Choice* within the jurisdiction every five years. The *AI* includes a comprehensive analysis of racial and economic disparities in Toledo and recommends programs and action steps designed to create tangible reductions in racial disparities and affirmatively further fair housing. The *AI* is used as a catalyst for the City to develop and implement a Fair Housing Action Plan. DHCD is tasked with ensuring this process occurs and developing the Action Plan to address impediments. The City takes actions to overcome the effects of any impediments identified through the analysis conducted and subsequent Action Plan. As established in the Toledo Municipal Code, the purpose and goals of these activities are to: (1) Analyze and eliminate housing discrimination in the jurisdiction; (2) Promote fair housing choice for all persons; (3) Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability, national origin, gender identity, sexual orientation, military status, or any other protected classes recognized by federal, state, or local fair housing laws; (4) Proactively work to address residential segregation and other historic housing inequities; (5) Promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities; and (6) Foster compliance with the nondiscrimination provisions of the Fair Housing Act. The City of Toledo partnered with the Fair Housing Center (TFHC) to complete the most recent *AI* and will contract with TFHC to complete future *AIs*. TFHC partners with the City to provide education, outreach, investigations, and representation related to violation of fair housing protections and the removal of barriers to fair housing including criminal history screening, lending and insurance discrimination, accessibility, Source of Income discrimination, zoning and land use, and LGBTQIA+ discrimination.

DE&I receives and investigates complaints in the areas of city employment and public accommodations (city programs, activities, and services) for any person who believes they have been discriminated against on the basis of age; race; color; national origin or ancestry; disability; gender; gender expression; gender identity; sex; sexual orientation; genetic information; HIV/AIDS status; natural hair types or hair styles or head wraps commonly associated with race, culture or religion; pregnancy; religion; or veteran or military status. DE&I ensures Toledo's compliance with the Americans with Disabilities Act. The City has an internal grievance procedure providing for prompt and equitable resolution of complaints alleging discrimination on the basis of disability. Internally, the Division of Gender Equity is responsible for collecting and analyzing Equal Employment Opportunity workforce data, reviewing and providing recommendations on city policies, procedures, supportive resources, and service provision to ensure equitable access for all individuals interested in employment with the City.

EXHIBIT F:
LEVERAGE
CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

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The City of Toledo is requesting \$4,000,000 of PRO Housing Funds. This amount will be leveraged with \$2,246,631 of funding secured or committed as of October 15, 2024 for a total budget of \$6,246,631.

Activity	PRO Housing Funds	Leverage		Total Activity Budget
		Lucas County Land Reutilization Corporation	Other	
Comprehensive Zoning Update	\$1,310,150	TBD		\$1,310,150
Appraisal Gap Financing Initiative	\$1,600,000	TBD	\$2,000,000**	\$3,600,000
Housing Design Templates	\$600,000	\$246,631*		\$846,631
General Oversight	\$489,850			\$489,850
		Total Leverage: \$2,246,631 (65%)		
TOTAL	\$4,000,000	\$246,631	\$2,000,000	\$6,246,631

* Lucas County Land Reutilization Corporation (Land Bank) staff time commitment total of 3,000 hours

**2023 Community Project Funding Earmark (Secured)

EXHIBIT G:
LONG TERM EFFECT

CITY OF TOLEDO, OH
HUD PRO HOUSING GRANT APPLICATION

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The deliverables and long-term effects of this project for each activity will be:

Activity 1: A comprehensive update of the Toledo Planning and Zoning Code.

Deliverable: An updated Zoning and Planning Code.

Long Term Effect: A significant increase in the amount of land zoned for Multifamily Residential and permanent elimination of exclusionary zoning, a key **zoning and land use controls** barrier to affordable housing production in Toledo. A zoning update following the recommendations in the *Forward Toledo* Future Land Use Map, would increase the percentage of the city in which multifamily residential is allowed from 29% to 58%. Currently, 42% of the city is zoned Residential Single only, a restriction that would be effectively eliminated.

Though the number of builds these changes will produce is challenging to estimate, the thousands of vacant and abandoned publicly and privately owned lots throughout Toledo will be primed for development. In an extreme example, were Toledo zoning districts that allow duplexes developed to their maximum extent, current zoning would only allow 147,471 units. Under the land use proposed by *Forward Toledo*, this would increase to 233,734. Additional updates such as reducing minimum lot width, setback requirements, allowing ADUs by right within all residential districts, and eliminating mandatory minimum parking spaces will allow for an even greater variety of builds and infill development.

Activity 2: Pre-approved building plans.

Deliverable: A catalog of pre-approved building plans that offer a variety of housing options appropriate for Toledo's updated zoning districts.

Metric: A minimum 3-6 housing starts per year, beginning in 2028, with a total of 10 new units in development by the end of the performance period, over and above the current rate of 22 per year. This activity will commence after the zoning update is approved.

Long Term Effect: The development of pre-approved building plans will permanently remove key barriers related to **zoning and land use controls** by simplifying and shortening the permitting process to build small and medium sized single and multifamily residential housing. It can also reduce the cost of development by eliminating the need for developers to create their own building plans. This activity will also address **procedural delays associated with soliciting engagement or community review, and/or opposition to new and/or affordable housing** reducing or eliminating permitting procedures for certain types of builds in approved zoning districts. To estimate the effect of these pre-approved building plans, we can look to South Bend, which implemented a similar project in 2022. Two years since the project launched, five projects from the design set catalog were completed and over 90 are in the pipeline and are anticipated to be completed over the next 2-5 years. Extrapolating estimates using South Bend data may result in 3-6 additional housing starts in Toledo each year, a 14%-27% increase over the yearly average of 22 single family housing starts, with an even larger number of units if missing middle plans are utilized. A conservative estimate, but ideally will be amplified by inclusionary zoning updates that reduce barriers such as minimum lot size, allow ADUs, and reduce or eliminate blanket restrictions on multi-family dwellings.

Activity 3: The creation of a Appraisal Gap Financing Initiative for the Englewood, Old South End, and Junction neighborhoods.

Deliverable: The development of an Appraisal Gap Financing Initiative for targeted LMI neighborhoods.

Metric: A minimum of 10-15 new or renovated formerly vacant units in the three target neighborhoods funded through the Appraisal Gap Financing Initiative per year, for a total of 75 new units by the end of the performance period. This goal is reasonable and attainable, as shown by the proven performance of similar programs in other cities.

Long Term Effect: Appraisal gap financing will address the barriers **availability of financing and subsidies for affordable housing** and **market barriers** by providing financial incentives for individuals and developers to renovate and develop new housing in high LMI neighborhoods. These financial incentives will reduce burdensome costs of development and rehabilitation that are holding developers back from affordable housing development.

While the appraisal gap financing initiative will have immediate short-term benefits, longer-term increases in affordable housing production are not contingent on continued funding for the initiative beyond the grant's period of performance. By incentivizing new development, the appraisal gap financing initiative is expected to catalyze increases in property value - thereby creating more favorable market conditions for affordable housing development, reducing and eventually eliminating the key barrier of appraisal gaps. In promoting newer nonprofit developers in Toledo and enticing experienced for-profit developers to Toledo, a continued rise in development is anticipated due the capacity of developers and available funding. The City will continue to further support for affordable homes and other development in the targeted neighborhoods.

In total, we expect all three activities to increase housing production by a minimum of 85 units of single family or missing middle housing within the project period, on top of the estimated yearly average of 22 single family housing starts per year, with impacts from the zoning update and pre-approved housing plan continuing long past the end of the performance period. While housing production is the most measurable impact, the greatest impact of this project will be in codifying a forward-thinking approach to land use in Toledo, eliminating exclusionary zoning and restrictive land use regulations, streamlining development processes, investing in marginalized communities, prioritizing varied and denser development in disinvested and high opportunity areas, and directly addressing the impacts of historic barriers, such as redlining, which still affect vulnerable populations and historically disadvantaged areas. Once implemented, these changes will permanently reduce or remove barriers to housing development throughout the entire city of Toledo, boosting affordable housing production for generations.