

Action Plan

Grantee: Lincoln Park, MI

Grant: B-08-MN-26-0008

LOCCS Authorized Amount:	\$ 2,417,688.00
Grant Award Amount:	\$ 2,417,688.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 771,098.40
Total Budget:	\$ 3,188,786.40

Funding Sources

Funding Source	Funding Type
NSP/HUD	Do not select this item.

Narratives

Areas of Greatest Need:

The City of Lincoln Park as a whole has experienced a housing foreclosure rate of 9.48% to 13.03%. The estimated foreclosure abandonment Risk is primarily rated as 10. Also, the entire City of Lincoln Park has a significant number of sub-prime loans with no single census tract having less than 34.58% being sub-prime and the highest percentage of sub-prime mortgages is 53.2%. The City of Lincoln Park intends to focus NSP funds in Census Tracts 2616357700001 thru 04, 2616357710001 thru 04, 2616357720001 thru 04, 2616357730001 thru 04, 2616357740001 thru 04, 2616357750001 thru 05 and 2616357760001 thru 05.

Distribution and Uses of Funds:

Acquisition, rehabilitation and re-selling homes, demolition of blighted structures as well as providing financial assistance to low to low moderate middle income families will be a high priority in the above stated Census Tracts.

Definitions and Descriptions:

1. Blighted Structure. A blighted structure is any structure where the estimated cost to rehabilitate the structure in compliance with the City's Property Maintenance and Building Codes is greater than 125% of its current assessed value, or is a structure that is defined as a dangerous building under Lincoln Park City Ordinance Chapter 1444 Dangerous Buildings or meets the definition of a blighted property in accordance with Act 344 of 1945 of the Michigan Public Acts, as amended. PA 344 defines a blighted property as a property that meets any of the following criteria:
 - a. The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
 - b. The property is an attractive nuisance because of physical condition or use.
 - c. The property is a fire hazard or is otherwise dangerous to the safety of persons or property.
 - d. The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use.
 - e. The property is tax reverted property owned by a municipality, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a municipality, a county, or this state shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
 - f. The property is owned or is under the control of a land bank fast track authority under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774. The sale, lease, or transfer of the property by a land bank fast track authority shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
 - g. The property is improved real property that has remained vacant for 5 consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.



- h. The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within 1 year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.
2. Affordable Rents. Shall be in accordance with HOME program rent limits in 24 CFR 92.252(a), (c), (e), and (f). Tenant income shall be determined according to 24 CFR 92.203(a) using the definition of annual income at 24 CFR 5.609 (Section 8 method).
 3. Continued Affordability. Shall be in accordance with the HOME program standards at 24 CFR 92.252 (a), (c), (e) and (f) for rental properties and 24 CFR 92.254 for homeownership housing.
 4. Housing Rehabilitation Standards. All NSP assisted housing rehabilitation activities shall comply with the Michigan Construction Code and all activities shall comply with Chapters 1022 (Sidewalk, Crosswalk and Driveway Construction) and 1622 (Smoke Detectors) of the City's Code of Ordinances. Additionally, all new and rehabilitated housing shall incorporate energy efficiency and conservation measures and will be Energy Star compliant where feasible.
 5. Low-Income Household. A household whose income is equal to or less than 50% of the area median income.
 6. Medium-Income Household. A household whose income exceeds 80% of area median income but does not exceed 120% of area median income.
 7. Moderate-Income Household. A household whose income exceeds 50% of area median income, but does not exceed 80% of area median income.

Low Income Targeting:

The estimated amount of funds made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income is \$1,071,173. This amount represents 44% of the NSP funds allocated to the City of Lincoln Park. An addition \$508,126 of projected Program income will bring the total budget to \$1,579,299 for low income targeting.

Additionally, these targeted funds may also be used to provide a homebuyer subsidy in order to make the home affordable. Funds may be provided to subsidize the mortgage principal, pay reasonable closing costs and to pay up to 50% of down payment costs. This direct homebuyer assistance shall be in the form of a forgivable deferred loan at 0% interest subject to recapture on a prorated basis tied to the appropriate affordability period.

Acquisition and Relocation:

It is not the intent of the City of Lincoln Park to demolish or convert any low income units or to relocate any low income households. Vacant foreclosed or abandoned property will be demolished if found to be a dangerous nuisance.

Public Comment:

1. The NSP Application was posted to the City of Lincoln Park website on November 10, 2008 and was available for comment for a 15 day period ending on November 25, 2008. No comments were received.
2. The NSP Application was reviewed by the Community Improvement Commission at their regularly scheduled meeting on Thursday November 19, 7pm. Commissioner Comments: Commissioners Brian Clancy and Pat Krause expressed concern over the growing number of abandoned homes in dilapidated condition. They believe these houses have a negative impact on the value of surrounding homes. They suggested that the city concentrate on demolishing substandard housing as a means to improve the value of the homes that remain. Commission Paul Aune expressed concern that tearing down these homes could result in a neighborhood with an overabundance of vacant lots that in turn could reduce home values. He believes that the neighborhoods would best be served if these structures could be feasibly rehabilitated. The Commission voted unanimously to accept the NSP Substantial Amendment.
3. The NSP Application was presented to the Lincoln Park City Council at a meeting on November 24, 2008. Council voted unanimously to submit the application to HUD as presented.
4. Revision Number One was posted to the City of Lincoln Park website on April 22, 2010 and was available for comment for a 15 day period ending May 7, 2010. No comments were received.
5. Revision Number Two was posted to the City of Lincoln Park Website on January 19, 2012 and was available for comment for a 15 day period ending February 4, 2012. No comments were received. The revision was also presented to the Community Improvement Commission (a volunteer resident commission) on January 19, 2012. No comments were received from the commission.

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance		<i>No activities in this project</i>

Admin	Administration	2008-0003	Administration
Demo	Demolition Blighted Structures	2008-0001	Demolition of Blighted Structures
rehab/resale	Rehab/Resale Property	2008-0002	Rehab/Resale Structures
		2008-0004	Rehab/Resale 50% median income



Activities

Project # / Title: Admin / Administration

Grantee Activity Number: 2008-0003
Activity Title: Administration

Activity Type:

Administration

Project Number:

Admin

Projected Start Date:

03/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Environmental Assessment:

EXEMPT

Benefit Report Type:

NA

Activity Status:

Completed

Project Title:

Administration

Projected End Date:

03/25/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 220,467.67

Other Funds \$ 0.00

Total Funds \$ 220,467.67

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Lincoln Park

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Lincoln Park

Organization Type

Unknown

Proposed

\$ 241,768.00

Funding Source Name

NSP/HUD

Matching Funds

No

Funding Amount

\$ 0.00



Location Description:

N/A

Activity Description:

General NSP administration. Activity may include homebuyer counseling, appraisal, inspection and other project soft costs for properties that are not moved forward to completion.

Project # / Title: Demo / Demolition Blighted Structures

Grantee Activity Number: 2008-0001
Activity Title: Demolition of Blighted Structures

Activity Type:

Clearance and Demolition

Project Number:

Demo

Projected Start Date:

03/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Environmental Assessment:

COMPLETED

Benefit Report Type:

NA

Activity Status:

Completed

Project Title:

Demolition Blighted Structures

Projected End Date:

03/25/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 728,597.55
Other Funds \$ 0.00
Total Funds \$ 728,597.55

Proposed Accomplishments

of Singlefamily Units

Total

30

of Multifamily Units

of Housing Units

30

of Properties

30



Activity is being carried out by Grantee:

No

Activity is being carried out through:**Organization carrying out Activity:**

Wayne-Metropolitan Community Action Agency

Proposed budgets for organizations carrying out Activity:**Responsible Organization**

Wayne-Metropolitan Community Action Agency

Organization Type

Non-Profit

Proposed

\$ 728,597.55

Funding Source Name

NSP/HUD

Matching Funds

No

Funding Amount

\$ 0.00

Location Description:

Scattered site acquisition and demolition of blighted structures will be concentrated in the target area of census tracts 2616357700001 thru 04, 2616357710001 thru 04, 2616357720001 thru 04, 2616357730001 thru 04, 2616357740001 thru 04, 2616357750001 thru 05 and 2616357760001 thru 05.

Activity Description:

Funding is allocated under this activity for the acquisition and demolition of blighted vacant one to four unit residential dwelling units and associated residential structures. In addition, buildings where the estimated cost to rehabilitate the structure in compliance with the City's Property Maintenance and Building Codes are greater than 125% of the current assessed value of the property will be considered too costly to rehabilitate and will be demolished. Cleared properties may be: a) sold to any buyer at current market rate; b) sold for a nominal sum to adjacent property owners to be combined with an existing lot; c) retained for any CDBG-eligible public purpose such as a tot park; d) conveyed to a Community Based Development Organization for new LMMI housing construction. Through this activity the City is working to stabilize neighborhoods by removing blighting influences. The City is benefiting NSP income eligible households by demolishing unsafe structures that might otherwise be rented or sold to households in need of affordable housing who don't have the knowledge to determine the home can not be economically repaired and/or the financial means to make the basic repairs that are needed to make the structure safe and sanitary, or be an attractive nuisance to children or harbor persons with criminal intent.

Project # / Title: rehab/resale / Rehab/Resale Property

Grantee Activity Number: 2008-0002

Activity Title: Rehab/Resale Structures

Activity Type:

Rehabilitation/reconstruction of residential structures

Activity Status:

Completed

Project Number:

rehab/resale

Project Title:

Rehab/Resale Property

Projected Start Date:

04/01/2009

Projected End Date:

03/25/2013

Project Draw Block by HUD:**Project Draw Block Date by HUD:**

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Environmental Assessment:

COMPLETED

Benefit Report Type:

Direct (Households)

Activity Draw Block Date by HUD:

Total Budget:	\$ 694,721.82
Other Funds	\$ 0.00
Total Funds	\$ 694,721.82

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Owner Households	6		6	100.00
# of Households	6		6	100.00

Proposed Accomplishments

	Total
# of Singlefamily Units	6
# of Housing Units	6
Activity funds eligible for DREF (Ike Only)	
#Units ζ other green	
#Units deconstructed	
#Sites re-used	
#Units exceeding Energy Star	
#Units with bus/rail access	18
#Low flow showerheads	18
#Low flow toilets	18
#Units with solar panels	
#Dishwashers replaced	17
#Clothes washers replaced	
#Refrigerators replaced	
#Light fixtures (outdoors) replaced	36
#Light Fixtures (indoors) replaced	108
#Replaced hot water heaters	18
#Replaced thermostats	18
#Efficient AC added/replaced	
#High efficiency heating plants	12
#Additional Attic/Roof Insulation	18
#Energy Star Replacement Windows	10
# of Properties	18



Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Wayne-Metropolitan Community Action Agency

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
Wayne-Metropolitan Community Action Agency	Non-Profit	\$ 551,090.00
Funding Source Name	Matching Funds	Funding Amount
NSP/HUD	No	\$ 0.00

Location Description:

The city shall concentrate the expenditure of NSP Funds for this activity in the target area identified as census tracts 2616357700001 thru 04, 2616357710001 thru 04, 2616357720001 thru 04, 2616357730001 thru 04, 2616357740001 thru 04, 2616357750001 thru 05 and 2616357760001 thru 05.

Activity Description:

Acquisition. Funds allocated for Rehab Resale will be used to acquire abandoned or foreclosed homes located in the LMMI Areas. The price paid will be at least 1% below the current market appraised value. Rehabilitation. The City will use qualified subrecipient/developers who will acquire the property and after approval then perform substantial rehabilitation to bring the structure up to a decent, safe and habitable condition, including but not limited to the correction of all violations of the property maintenance and building codes and abatement of lead-based paint and asbestos hazards. Wherever feasible, rehabilitation will include improvements to improve energy efficiency in rehabilitated homes, such as high efficiency mechanical improvements. Homes will be Energy Star certified if economically feasible. Resale. The rehabilitated homes will be sold to NSP eligible families. During rehabilitation, each home will be appraised to determine a fair market value and each home will be sold to an NSP eligible homebuyer who will use the home as their primary residence. The homes will be sold at appraised market value or an amount equal to the project costs (including acquisition, rehabilitation, redevelopment, sales, and closing costs), whichever is less. Buyer Assistance. Each buyer will be eligible for a homebuyer subsidy up to \$30,000 in order to make the home affordable. Funds may be provided to subsidize the mortgage principal, pay reasonable closing costs and to pay up to 50% of required down payment costs. The amount of homebuyer financial assistance needed will be determined by keeping the principal, interest, taxes and insurance payment equal to 30% of the buyers annual household income. Buyers must obtain a fixed mortgage financing to cover the balance of the purchase.

This direct homebuyer assistance shall be in the form of a forgivable deferred loan at 0% interest subject to recapture on a prorated basis tied to the appropriate affordability period. The loan will be secured as a second lien on the property and will require repayment if at any time during the affordability period the home is sold or the homeowner no longer occupies the home as his/her principle residence. If during the affordability period the owner must sell the property and the property has declined in value, the amount of financial assistance subject to recapture shall be limited to the net proceeds of the sale. If during this time the property appreciates in value the homeowner is entitled to all the net proceeds of the sale over and above the amount subject to be repaid or recaptured by the city. Home Ownership Counseling. The subrecipient/developer will arrange for all buyers to receive at least 8 hours of home buying training from a certified training organization. Program Income. All program income from the sale of properties or through the recapture of home buyer subsidies will be used for additional NSP eligible activities for the first five years as required by NSP rules and regulations. Credit Repair Mechanism. In addition, the city will be permitted to establish a lease to own or land contract mechanism to permit potential home buyers time to correct their credit. Lease to own transactions will initially be considered as assisted rental transactions subject to HOME Affordable Rents. Tenants will have two years in which to repair redit and to obtain a mortgage to purchase the home. If unable to do so the tenant will be required to vacate and shall not be entitled to any assistance or relocation services. Land contracts will be offered with a balloon payment at the end of three years using a 15-year amortization schedule and a 6% interest.



Grantee Activity Number: 2008-0004
Activity Title: Rehab/Resale 50% median income

Activity Type:
 Rehabilitation/reconstruction of residential structures

Project Number:
 rehab/resale

Projected Start Date:
 03/19/2009

Project Draw Block by HUD:
 Not Blocked

Activity Draw Block by HUD:
 Not Blocked

Block Drawdown By Grantee:
 Not Blocked

National Objective:
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment:
 COMPLETED

Benefit Report Type:
 Direct (Households)

Activity Status:
 Completed

Project Title:
 Rehab/Resale Property

Projected End Date:
 03/25/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,544,999.36
Other Funds: \$ 0.00
Total Funds: \$ 1,544,999.36

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	16	16		100.00
# of Households	16	16		100.00

Proposed Accomplishments	Total
# of Housing Units	
# ELI Households (0-30% AMI)	
Activity funds eligible for DREF (Ike Only)	
#Units \geq other green	
#Units deconstructed	
#Sites re-used	
#Units exceeding Energy Star	
#Units with bus/rail access	10
#Low flow showerheads	10
#Low flow toilets	10
#Units with solar panels	
#Dishwashers replaced	9
#Clothes washers replaced	
#Refrigerators replaced	
#Light fixtures (outdoors) replaced	20
#Light Fixtures (indoors) replaced	60



#Replaced hot water heaters	10
#Replaced thermostats	10
#Efficient AC added/replaced	
#High efficiency heating plants	7
#Additional Attic/Roof Insulation	10
#Energy Star Replacement Windows	7
# of Properties	10

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Wayne-Metropolitan Community Action Agency

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
Wayne-Metropolitan Community Action Agency	Non-Profit	\$
Funding Source Name	Matching Funds	Funding Amount
NSP/HUD	No	\$ 0.00

Location Description:

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Activity Description:

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This direct homebuyer assistance shall be in the form of a forgivable deferred loan at 0% interest subject to recapture on a prorated basis tied to the appropriate affordability period. The loan will be secured as a second lien on the property and will require repayment if at any time during the affordability period the home is sold or the homeowner no longer occupies the home as his/her principle residence. If during the affordability period the owner must sell the property and the property has declined in value, the amount of financial assistance subject to recapture shall be limited to the net proceeds of the sale. If during this time the property appreciates in value the homeowner is entitled to all the net proceeds of the sale over and above the amount subject to be repaid or recaptured by the city. Home Ownership Counseling. The subrecipient/developer will arrange for all buyers to receive at least 8 hours of home buying training from a certified training organization. Program Income. All program income from the sale of properties or through the recapture of home buyer subsidies will be used for additional NSP eligible activities for the first five years as required by NSP rules and regulations. Credit Repair



Mechanism. In addition, the city will be permitted to establish a lease to own or land contract mechanism to permit potential home buyers to correct their credit Lease to own transactions will initially be considered as assisted rental transactions subject to HOME Affordable Rents. Tenants will have two years in which to repair credit and to obtain a mortgage to purchase the home. If unable to do so the tenant will be required to vacate and shall not be entitled to any assistance or relocation services. Land contracts will be offered with a balloon payment at the end of three years using a 15-year amortization schedule and a 6% interest.

Action Plan Comments:

- Reviewer - Action Plan amendment per the changes indicated at the various activities specifically to adjust budgets to reflect the effects of estimated PI and effects of reclassification of activities from LMMI to LH25.
- Reviewer - 06/18/2012 - Action plan submitted and approved to transfer \$20k from LMMI to LH25 in order to draw expenditures that ultimately were for LH25 rehab activities.

Action Plan History

Version	Date
B-08-MN-26-0008 AP#1	06/22/2015
B-08-MN-26-0008 AP#2	04/25/2013
B-08-MN-26-0008 AP#3	04/25/2013
B-08-MN-26-0008 AP#4	06/18/2012
B-08-MN-26-0008 AP#5	03/20/2012
B-08-MN-26-0008 AP#6	01/22/2011
B-08-MN-26-0008 AP#7	10/06/2009

