

Action Plan

Grantee: Sterling Heights, MI

Grant: B-08-MN-26-0012

LOCCS Authorized Amount:	\$ 2,454,961.00
Grant Award Amount:	\$ 2,454,961.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 70,628.14
Total Budget:	\$ 2,525,589.14

Funding Sources

Funding Source	Funding Type
Neighborhood Stabilization Program	Other Federal Funds

Narratives

Areas of Greatest Need:

AREAS OF GREATEST NEED To determine the areas of greatest need, the City first located the areas in the city that qualified under the "low-, moderate- and middle-income" (LMMI) criteria. Since all of the funds made available under Neighborhood Stabilization Program are to be used with respect to individuals and families whose incomes do not exceed 120% of area median income, it would not be an efficient use of time to evaluate an area of the City that was not LMMI eligible. As the next step the City evaluated each LMMI area using the criteria required under Title III of Division B of the Housing and Economic Recovery Act. One census tract located in the City topped both of the data sets but was not included as an area of greatest need. Tract number 2313 (including all block groups), which boundaries run from Fourteen Mile Road to Eighteen Mile Road and Mound to Van Dyke is a primarily industrial and commercial area and as a result excluded from the City's target areas. The 2000 Census indicated that there are 96 households in tract 2313. However, all of these properties are now considered non-conforming. The City does not want to use NSP funds to encourage continued residential use of non-conforming properties. In addition, many of the residential properties located in tract 2313 have been purchased by the owners of the adjacent industrial businesses and have been left vacant because they are located in an undesirable area. Three additional LMMI eligible tracts (tract 2312 block group 2; tract 2311 block group 4; and tract 2300 block group 1) were also excluded from consideration for the areas of greatest need because of a high percentage of apartment complexes, new senior living complexes, or commercial properties. The remaining LMMI eligible areas all had similar foreclosure related issues with abandonment risk scores ranging from 5 to 9; foreclosure rates between 5.34% and 7.05%; and percent of high cost loans from 14.78% to 24.74%. Since a high foreclosure rate did not guarantee a high abandonment score, or an increase in high cost loans all remaining LMMI eligible areas have been included in the designated areas of greatest needs. A map and a summary of the required criteria for each tract and block group included in the City's designated areas of greatest need have been included with the substantial amendment.

DISTRIBUTION AND USES OF FUNDS Since the City's designated areas of greatest needs is quite broad, all NSP activities proposed by the City (listed below) will be limited to these areas. Limiting NSP activities to these areas should not prove to be problematic. Each area has an adequate amount of foreclosed homes that would be considered "modest housing", which would be compatible with any of the City's NSP activities.

DEFINITIONS AND DESCRIPTIONS Definition of "blighted structure". Per Chapter 33: Nuisances; of the City's Code of Ordinances, property can meet any one of the following criteria to qualify a property as a "blighted structure".

- Uninhabitable or useless structures.
- Dwellings out of repair.
- Partially completed structures.
- Unprotected vacant buildings in residential areas.

Distribution and and Uses of Funds:

Definition of "affordable rents." At the present time the City does not propose undertaking any activities that will produce units of rental housing. If the City does undertake such an activity, the units produced would be required to be leased at or below Fair Market Rent (FMR) – The monthly rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Periodical published in the Federal



Register in accordance with 24 CFR part 888. This requirement would be enforced through deed restrictions and a lien in the amount of the total NSP investment in the project. The period of affordability would be based on the average per unit investment of NSP funds according to the following schedule: Affordability Period for Rental Units Amount of NSP Funds Invested Per Rental Unit Affordability Period Less Than \$15,000 5 Years \$15,000 to \$40,000 10 Years Greater Than \$40,000 15 Years Describe how the grantee will ensure continued affordability for NSP assisted housing. The City of Sterling Heights will adopt the HOME program standards for ensuring continued affordability. If a property is assisted with NSP funds and is sold during the affordability period, resale or recapture provisions will apply. All NSP activities currently proposed by the City will be subject to a recapture provision. The length of the affordability period will depend on the amount of the NSP investment in the property. The table below provides the affordability period required based on the NSP investment. The amount of the NSP investment will be treated as a loan and secured by a second lien on the property. The amount of the NSP funds to be recaptured may be reduced on a pro-rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period as allowed under 24 CFR 92.254(a)(5)(ii)(A)(2). In the event that the home is sold and the net proceeds are not sufficient to recapture the full NSP investment (or a reduced amount as allowed under 24 CFR 92.254(a)(5)(ii)(A)(2)) plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchased, the city may share the net proceeds as allowed under 24 CFR 92.254(a)(5)(ii)(A)(3). During the affordability period the NSP housing must remain the family's principal residence. At the end of the affordability period the owner would be allowed to sell without restriction. Recaptured funds will be used for additional NSP eligible activities or returned to the Treasury as required by rules and regulations. Describe housing rehabilitation standards that will apply to NSP assisted activities. At minimum, all homes assisted with NSP funds will be brought into compliance with local ordinances, the Michigan Building Codes, and the International Property Maintenance Code. Lead based paint hazards will be addressed as required by HUD. LOW INCOME TARGETING The budget of \$613,740 for NSP activity NSP-03 was designated to meet the City's obligation to allocate at least 25% of its NSP funds for housing for families whose income does not exceed 50% AMI. The City will administer this activity unless a subrecipient is identified who will agree to abide by the NSP rules and regulations. The City also anticipates that NSP activity NSP-02, "Down Payment and Housing Rehabilitation" be utilized by families whose incomes do not exceed 50% AMI. The exact amount of funds will depend on the number of qualified eligible homebuyers. The City is prepared to adjust the budget for either activity in the event that one program proves more effective than the other in meeting its requirement. ACQUISITIONS & RELOCATION As a result of the City's aggressive Code Enforcement efforts it would be a rare occasion for a property to meet the criteria listed in the City's definition of a blighted structures as provided in response to question C (1). However, the City did include a minimal budget for demolition under NSP activity number NSP-05 in event that a "blighted property" was identified during the 18-month duration of this program. If a property were to be demolished the City expects to redevelop the property into housing for eligible LMMI families. The maximum number of units for demolition would be eight. PUBLIC COMMENT No public comment was received.

Definitions and Descriptions:

Low Income Targeting:

Acquisition and Relocation:

Public Comment:

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
SH NSP-01	SH NSP	NSP-01	Administration
		NSP-02	Down Payment Assistance and Rehabilitation
		NSP-03	Acquisition/Rehab/Resale-LH25
		NSP-04	Redevelop Demolished or Vacant Properties
		NSP-05	Demolition of Blighted Structures



Activities

Project # / Title: SH NSP-01 / SH NSP

Grantee Activity Number: NSP-01
Activity Title: Administration

Activity Type:

Administration

Project Number:

SH NSP-01

Projected Start Date:

09/29/2008

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:

Under Way

Project Title:

SH NSP

Projected End Date:

12/31/2016

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 223,521.17

Other Funds: \$ 0.00

Total Funds: \$ 223,521.17

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Sterling Heights

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Sterling Heights

Organization Type

Unknown

Proposed Budget

\$ 223,521.17

Funding Source Name

Neighborhood Stabilization Program

Matching Funds

No

Funding Amount

\$ 0.00



Location Description:

NSP funds were spent in City administration.

Activity Description:

Administration funds were spent on staff to administer the programs, and accounting staff.



Grantee Activity Number: NSP-02
Activity Title: Down Payment Assistance and Rehabilitation

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

SH NSP-01

Projected Start Date:

04/01/2009

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:

Under Way

Project Title:

SH NSP

Projected End Date:

12/31/2016

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 353,673.43

Other Funds: \$ 0.00

Total Funds: \$ 353,673.43

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
21	21		100.00
21	21		100.00

of Households

Proposed Accomplishments

of Singlefamily Units

of Housing Units

of Properties

Total

21

21

21

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Sterling Heights

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Sterling Heights

Organization Type

Unknown

Proposed Budget

\$ 353,673.43

Funding Source Name

Neighborhood Stabilization Program

Matching Funds

No

Funding Amount

\$ 0.00



Location Description:

Only foreclosed or abandoned single family homes located in the City's designated areas of greatest need will be eligible for purchase through this program.

Activity Description:

Funding allocated for this activity was used to provide income eligible homebuyers with down payment and closing cost assistance to purchase a foreclosed or abandoned home. Only abandoned and foreclosed homes located in the City's designated areas of greatest needs were eligible for assistance under this program. Additional funds were provided to bring the property up to the City's rehabilitation standards. The assistance the homebuyer received from the City will be subject to recapture during the affordability period. The program helped to stabilize neighborhoods by encouraging homebuyers to be owner-occupants of abandoned and foreclosed homes.

The properties rehabbed under activity NSP-03 are the same properties that the beneficiary households purchased with the downpayment assistance provided under this activity (NSP-02). The addresses and performance measure data for these paired activities will be reported under this activity.



Grantee Activity Number: NSP-03
Activity Title: Acquisition/Rehab/Resale-LH25

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

SH NSP-01

Projected Start Date:

05/01/2009

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:

Under Way

Project Title:

SH NSP

Projected End Date:

12/31/2016

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,289,968.81

Other Funds: \$ 0.00

Total Funds: \$ 1,289,968.81

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
			0.0
			0.0

of Households

Proposed Accomplishments

of Singlefamily Units

Total

21

of Housing Units

21

of Properties

21

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Sterling Heights

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Sterling Heights

Organization Type

Unknown

Proposed Budget

\$ 1,289,968.81

Funding Source Name

Neighborhood Stabilization Program

Matching Funds

No

Funding Amount

\$ 0.00



Location Description:

Only modest homes located in a designated area of greatest need will be considered for this activity.

Activity Description:

The City of Sterling Heights identified foreclosed and abandoned properties using lists of tax and mortgage foreclosures, local records, available HUD homes and neighborhood research. Only modest homes located in one of the City's areas of greatest need was considered. Properties were acquired at a discounted rate from the current appraised value. Properties were inspected and rehabilitated to the extent necessary to bring the home up to the City's rehabilitation standards. Funding associated with this program is subject to recapture, and secured through a second loan on the property. This activity was designed to meet the low-income housing requirement for those with household incomes below 50% AMI. The City worked with agencies such as the Macomb Homeless Coalition, Sterling Heights Housing Commission, and Habitat for Humanity to identify qualified homebuyers. Homebuyers may have also qualified for down-payment assistance through the City's NSP activity NSP-02, but were required to obtain a mortgage to cover the balance.

Addresses and beneficiary reporting for this activity will be reported under activity NSP-02 (downpayment assistance). The households receiving downpayment assistance purchased the units rehabilitated under this activity.



Grantee Activity Number: NSP-04
Activity Title: Redevelop Demolished or Vacant Properties

Activity Type:

Acquisition, construction, reconstruction of public facilities

Project Number:

SH NSP-01

Projected Start Date:

05/01/2009

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:

Area Benefit (Census)

Activity Status:

Completed

Project Title:

SH NSP

Projected End Date:

06/30/2010

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 651,497.59

Other Funds: \$ 0.00

Total Funds: \$ 651,497.59

Proposed Beneficiaries

of Persons

Total

Low

Mod

Low/Mod%

0.0

Proposed Accomplishments

of public facilities

Total

1

LMI%:

67.63

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Sterling Heights

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Sterling Heights

Organization Type

Unknown

Proposed Budget

\$ 615,725.00

Funding Source Name

Neighborhood Stabilization Program

Matching Funds

No

Funding Amount

\$ 0.00

Location Description:

Only demolished or vacant properties located in a designated area of greatest need will be considered for this



activity

Activity Description:

The City of Sterling Heights identified a redevelop property located within the City's areas of greatest need. The redevelopment of a vacant and blighted building (formerly a gas station) was identified for redevelopment of a public facility. This public facility was a community park which provided an area benefit to households whose incomes do not exceed 120%AMI. This activity is linked to NSP-05 which contains those costs specifically for the demolition of the actual structure.



Grantee Activity Number: NSP-05
Activity Title: Demolition of Blighted Structures

Activity Type:
 Clearance and Demolition

Project Number:
 SH NSP-01

Projected Start Date:
 05/01/2009

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:
 Area Benefit (Census)

Activity Status:
 Under Way

Project Title:
 SH NSP

Projected End Date:
 06/30/2010

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 6,300.00
Other Funds: \$ 0.00
Total Funds: \$ 6,300.00

Proposed Accomplishments

of Properties

Total

1

LMI%:	67.63
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Activity is being carried out by Grantee:
 No

Activity is being carried out through:

Organization carrying out Activity:
 City of Sterling Heights

Proposed budgets for organizations carrying out Activity:

Responsible Organization
 City of Sterling Heights

Organization Type
 Unknown

Proposed Budget
 \$ 6,300.00

Funding Source Name
 Neighborhood Stabilization Program

Matching Funds
 No

Funding Amount
 \$ 0.00

Location Description:

Specific locations to be determined on the basis need. However, only blighted structures located in the City's areas of greatest need will be demolished with NSP funds.



Activity Description:

The City of Sterling Heights identified a blighted property located within the City’s areas of greatest need. The demolition of a vacant and blighted building (formerly a gas station) was identified for redevelopment of a public facility. This activity is linked to NSP-04 which contains those costs specifically for the redevelopment of a public facility.

Action Plan Comments:

Reviewer - Resubmitted to correct data error.

Reviewer - The Grantee is moving funds from various activities to other activites as outlined above. The City of Sterling Heights Citizen Participation Plan provides the following definition for a substantial amendment:

"A Substantial Amendment is one which increases or decreases the original allocation of any project over 35% within a given program year or eliminates any project in the first year of its original allocation. After the first year, a project may be eliminated without public comment if the original allocation is \$10,000 or less. Any proposed changes to the Consolidated Plan that does not meet the Substantial Amendment criteria may be made internally without public notification or comment". According to the definition in their Citizen Participation Plan, the proposed NSP budget revisions do not meet the criteria of a substantial amendment and therefore can be made internally without public notification or comment. All changes seem reasonable. kk

Reviewer - All changes seem reasonable, and are based on a revised obligation plan. kk

Reviewer - Budget reallocations from two Activities into one Activity to assist in meeting the obligation requirement; changes appear reasonable.

Reviewer - Minor final adjustments in order to meet obligation requirement.

Reviewer - Corrections to race and income data.

Reviewer - The Action Plan is amended as follows:

Remove \$70,000 from Admin NSP-1. Comments from Sterling Heights are in quotations. "We will not expend all admin by March 2012 and the funds are needed for other activities."

Added \$17,500 to NSP-2. "This was needed because of an increase in closing costs for the remaining three properties."

Added \$52,500 to NSP-4. "Needed for the increase cost in the redevelopment."

Good progress for Sterling Heights; on target to accomplish draw down goals.

Action Plan History

Version

Date



B-08-MN-26-0012 AP#1	10/27/2016
B-08-MN-26-0012 AP#2	05/07/2012
B-08-MN-26-0012 AP#3	04/15/2011
B-08-MN-26-0012 AP#4	06/25/2010

