

# Action Plan

**Grantee: Grand Rapids, MI**

**Grant: B-11-MN-26-0006**

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<b>LOCCS Authorized Amount:</b>	\$ 1,378,788.00
<b>Grant Award Amount:</b>	\$ 1,378,788.00
<b>Status:</b>	Reviewed and Approved
<b>Estimated PI/RL Funds:</b>	\$ 0.00
<b>Total Budget:</b>	\$ 1,378,788.00

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## Funding Sources

**No Funding Sources Found**

## Narratives

### Summary of Distribution and Uses of NSP Funds:

Through the Neighborhood Stabilization Program 3 (NSP 3), the City of Grand Rapids will assist in preserving neighborhood property values, protecting previous investments, and encouraging additional public and private investment. The City's approach considers the "triple bottom line" in stabilizing a neighborhood hardest hit by foreclosure. Specifically, the environment, the economy and social equity will be addressed through redevelopment of foreclosed or abandoned residential properties that increase housing affordability, employment opportunities, and investment from public and private resources. The City of Grand Rapids' NSP 3 award is \$1,378,788. Planned use of funds is as follows:

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- Acquisition/Reconstruction (Eligible Use B) - \$737,761.15
- Acquisition/Reconstruction 25% Low-Income Set-Aside (Eligible Use B) - \$556,556.66
- Administration/Planning - \$84,470.19

### How Fund Use Addresses Market Conditions:

The severity of the housing and economic crisis is evident in the Madison/SECA neighborhoods. Twenty-seven percent (27%) of the residential properties in the neighborhoods were foreclosed upon in the last seven (7) years. This grim reality, coupled with statistics from NSP 3 Planning Data, suggests the implementation of an affordable rental housing program in the Madison/SECA neighborhoods with NSP 3 funds versus for-sale housing efforts.

Completion of a Target Market Analysis (TMA) will facilitate plans for further neighborhood investment following conclusion of the City's Neighborhood Stabilization Program. The geography identified for analysis includes the area within which NSP (1, 2, and 3) resources have been targeted. It also includes the majority of the City's Community Development General Target Area - the area within which community development resources (i.e. CDBG, HOME) are primarily targeted.

### Ensuring Continued Affordability:

In general, rental units will be subject to the affordability requirements set forth in the HOME regulations at 24 CFR 92.254 and 24 CFR 92.252. The City may use deed restrictions to address long-term affordability in response to specific market conditions and community needs. Housing units will be redeveloped using energy efficiency and water conservation methods to provide continuing affordability through lower utility expenses. Affordability requirements (i.e., compliance with HOME rent limits) will be enforced through the use of contractual provisions, mortgages, promissory notes and covenants running with the land. Additionally, HOME period of affordability standards will be used which will be based on per unit investment of NSP funds. The



affordability period for newly constructed rental housing is 20 years.

### Definition of Blighted Structure:

Michigan Public Act 344 of 1945 defines "blighted property" as a property that meets any of the following criteria:

- (i) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- (ii) The property is an attractive nuisance because of physical condition or use.
- (iii) The property is a fire hazard or is otherwise dangerous to the safety of persons or property.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.

### Definition of Affordable Rents:

The City of Grand Rapids will use HOME Investment Partnerships Program (HOME) monthly rent limits for affordable rents. The High HOME rent guideline will be used for families above 50% of area median income (AMI). High HOME rents are the lesser of the HUD Fair Market Rent (FMR) or 30% of the adjusted income of a family whose annual income is 65% of AMI. Low HOME rent guidelines will be used for families at or below 50% AMI. Low HOME rents are based on the rent not exceeding 30% of a family's annual income.

### Housing Rehabilitation/New Construction Standards:

#### New Construction Standards

Workmanship will meet or exceed industry standards. Materials will be medium or better quality, and installed in accordance with the manufacturers installation/application guidelines. Work will meet or exceed the requirements of all applicable codes and regulations. Energy efficiency and water conservation improvements will be incorporated.

#### Energy Efficiency and Water Conservation Requirements

The following minimum energy efficiency and water conservation improvements shall be made to the property:

- The installation of a high efficiency furnace. Units relying on forced air space heating will have a 95%+ efficiency rated furnace. Units relying on hot water space heating will have a boiler with an AFUE efficiency rating of 95%+. Systems will be equipped with automatic set-back thermostats.
- Attic insulation with ventilation with minimum R value of 49. Ventilation will meet current code and be split between low intake and high outlet. The split will be between 50/50 and 60/40 (Low/High). Appropriate baffles will be installed to allow free flow of air.
- Exterior sidewall insulation. Exterior wall cavities will be blown full.
- Rim joist insulation will be foam sealed with a minimum of R19 insulation.
- Outlet/switchbox insulation will be installed on such openings in exterior walls.
- Pipe insulation will be installed on hot water pipes exposed in crawlspaces.
- The installation of a high efficiency water heater.
- New light fixtures will be Energy Star compliant.
- Windows will be Energy Star rated.
- Crawl space insulation: Crawl space sidewalls will be insulated 1" foam. A 6 mil plastic sheeting vapor barrier will be placed on the ground and secured to the walls prior to placing foam.
- The property will achieve a Five (5) Star Energy Rating as evidenced by the Home Energy Rating System (HERS), using a certified HERS rater.

#### Lead-based Paint Requirements



Perimeter soil shall be roto-tilled, compacted, and covered with landscape cloth. A 6" deep covering of bark, chips or rock will be laid on top. Perimeter soil to be abated shall be buried on site and covered with new poured concrete driveway, parking pad, or patio. Clean soil from the site shall be placed in the excavation, topped off with new topsoil, seed, and straw.

**Vicinity Hiring:**

Contractors using NSP 3 funds will be required to meet Section 3 requirements. Per the City of Grand Rapids' Section 3 Guidelines, training, employment and contracting opportunities will occur based on the priorities cited below. For the purposes of NSP 3, HUD defines "vicinity" as the area of greatest needs. The first and second priorities address HUD's definition of "vicinity hiring".

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- '
- ' • First Priority: Low- and very low-income residents of the development where the work is to be performed.
- '
- ' • Second Priority: Low- and very low-income residents living in the target neighborhood (which is determined by the location of the project).
- '
- ' • Third Priority: Low- and very low-income residents living in the City of Grand Rapids.
- '
- ' • Fourth Priority: Low- and very-low income residents living in the Grand Rapids metropolitan area.
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**Procedures for Preferences for Affordable Rental Dev.:**

The City of Grand Rapids proposes to use NSP 3 grant funds to develop rental housing for occupancy by LMMI households.

**Grantee Contact Information:**

Connie M. Bohatch, Managing Director of Community Services  
 300 Monroe Avenue, NW, Suite 460  
 Grand Rapids, MI 49503  
 616.456.3677

communitydev@grcity.us

**Project Summary**

Project #	Project Title	Grantee Activity #	Activity Title
1	Use B: Acquisition & Reconstruction	1 LMMI	Use B: Acquisition & Redevelopment
2	Use B: 25% Set-aside	2 LISA	Use B: Acq & Rehab-25% Set-aside
3	Demolish Blighted Structures		<i>No activities in this project</i>
4	Demolition - 25% Set-aside		<i>No activities in this project</i>
5	Administration	5	NSP3 Administration
9999	Restricted Balance		<i>No activities in this project</i>



# Activities

**Project # / Title:** 1 / Use B: Acquisition & Reconstruction

**Grantee Activity Number:** 1 LMMI  
**Activity Title:** Use B: Acquisition & Redevelopment

**Activity Type:**  
 Rehabilitation/reconstruction of residential structures  
**Project Number:**  
 1  
**Projected Start Date:**  
 05/01/2011  
**Project Draw Block by HUD:**  
 Not Blocked  
**Activity Draw Block by HUD:**  
 Not Blocked  
**Block Drawdown By Grantee:**  
 Not Blocked

**Activity Status:**  
 Completed  
**Project Title:**  
 Use B: Acquisition & Reconstruction  
**Projected End Date:**  
 03/10/2014  
**Project Draw Block Date by HUD:**  
  
**Activity Draw Block Date by HUD:**

**National Objective:**  
 LMMI: Low, Moderate and Middle Income National Objective for NSP Only  
**Environmental Assessment:**  
 COMPLETED  
**Benefit Report Type:**  
 Direct (Households)

**Total Budget:** \$ 737,761.15  
**Other Funds:** \$ 0.00  
**Total Funds:** \$ 737,761.15

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	4		4	100.00
# of Households	4		4	100.00

Proposed Accomplishments	Total
# of Multifamily Units	4
# of Housing Units	4

**Activity is being carried out by Grantee:**  
 No

**Activity is being carried out through:**

**Organization carrying out Activity:**  
 The City of Grand Rapids Community Development Department in partnership with Community Housing Development Organizations currently working with the City, and other nonprofit and for-profit housing developers.

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

Responsible Organization	Organization Type	Proposed Budget
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The City of Grand Rapids Community Development Department in partnership with Community Housing Development Organizations currently working with the City, and other nonprofit and for-profit housing developers.

The City of Grand Rapids Community Development Department in partnership with                      Unknown                      \$ 743,039.00

**Location Description:**

Properties will be located within the Southtown Specific Target Area.

**Activity Description:**

This activity involves the acquisition and reconstruction of residential properties that are abandoned or foreclosed upon. Properties to be acquired will be selected by the City and acquired/reconstructed by a developer into high-quality, affordable rental housing for occupancy by income-qualified renters.

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**Project # / Title:    2 / Use B: 25% Set-aside**

**Grantee Activity Number:            2 LISA**  
**Activity Title:                            Use B: Acq & Rehab-25% Set-aside**

**Activity Type:**

Rehabilitation/reconstruction of residential structures

**Project Number:**

2

**Projected Start Date:**

05/01/2011

**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

**Activity Status:**

Completed

**Project Title:**

Use B: 25% Set-aside

**Projected End Date:**

03/10/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:**        \$ 556,556.66

**Other Funds:**         \$ 0.00

**Total Funds:**        \$ 556,556.66



**Benefit Report Type:**

Direct (Households)

**Proposed Beneficiaries**

	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Low/Mod%</b>
# Renter Households	3	3		100.00
# of Households	3	3		100.00

**Proposed Accomplishments**

	<b>Total</b>
# of Multifamily Units	3
# of Housing Units	3
# ELI Households (0-30% AMI)	

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

The City of Grand Rapids Community Development Department in partnership with Community Housing Development Organizations currently working with the City, and other nonprofit and for-profit housing developers.

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

<b>Responsible Organization</b>	<b>Organization Type</b>	<b>Proposed Budget</b>
The City of Grand Rapids Community Development Department in partnership with	Unknown	\$ 485,640.00

**Location Description:**

Properties will be located within the Southtown Specific Target Area.

**Activity Description:**

This activity involves the acquisition and reconstruction of residential properties that are abandoned or foreclosed upon. Properties to be acquired will be selected by the City and acquired/reconstructed by a developer into high-quality, affordable rental housing for occupancy by income-qualified renters.

**Project # / Title: 5 / Administration**

**Grantee Activity Number: 5**  
**Activity Title: NSP3 Administration**

**Activity Type:** Administration  
**Activity Status:** Completed  
**Project Number:**  
**Project Title:**



5

Administration

**Projected Start Date:**

05/01/2011

**Projected End Date:**

03/31/2015

**Project Draw Block by HUD:**

Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**

Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

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

**Total Budget:** \$ 84,470.19

**Other Funds:** \$ 0.00

**Total Funds:** \$ 84,470.19

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

City of Grand Rapids Community Development Department  
300 Monroe, NW, City Hall Suite 460  
Grand Rapids, MI 49503  
Contact: Connie M. Bohatch  
Phone: 616.456.3677  
Email: communitydev@grcity.us

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City of Grand Rapids Community Development Department

Unknown

\$ 84,470.19

**Location Description:**

N/A - Administrative activity.



**Activity Description:**

Administration of Neighborhood Stabilization Program 3 Grant.

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**Action Plan Comments:**

Reviewer - Minor modifications to reduce demolition budget/increase other program activities. Reviewed and approved per Steve Spencer. 10/12/12 kjph

**Action Plan History**

<b>Version</b>	<b>Date</b>
B-11-MN-26-0006 AP#1	10/24/2016
B-11-MN-26-0006 AP#2	09/08/2014
B-11-MN-26-0006 AP#3	10/12/2012
B-11-MN-26-0006 AP#4	08/01/2011

