Action Plan

Grantee: Muncie, IN

Grant: B-11-MN-18-0009

LOCCS Authorized Amount: \$ 1,148,363.00 Grant Award Amount: \$ 1,148,363.00

Status: Reviewed and Approved

Estimated PI/RL Funds: \$ 12,037.58

Total Budget: \$ 1,160,400.58

Funding Sources

No Funding Sources Found

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Muncie will use NSP3 funds with the following distribution:

- 1. Administration at 10% of total = \$114,836, which will be used for planning, environmental review, coordination, and monitoring of all activities, as well as ongoing communication with the public, especially the residents of the target area. Start date 4/01/2011; End date 3/31/2014
- 2. Eligible NSP use B: Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties Budgeted = \$665,626 for rehab of rental units. The number of rental units to be completed is estimated at 9. Beneficiaries are households at or below 120% Area Median Income (AMI). Eligible CDBG activity: 24 CFR 202 eligible rehabilitation and preservation activities for homes and other residential properties. Start date 4/01/2011; End date 3/31/2014 UPDATE (10/23/12): The total dollar amount allocated to this activity has been reduced to \$601,512 in order to allocate more money to the 50% AMI project. The number of rental units to be completed is 5 and one homeownership unit will also be completed under this project.
- 3. Eligible NSP use B: Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties Budgeted = \$287,901 for rehab of rental units. The number of rental units to be completed is estimated at 4. Beneficiaries are households at or below 50% of AMI. Eligible CDBG activity: 24 CFR 202 eligible rehabilitation and preservation activities for homes and other residential properties. Start date 4/01/2011; End date 3/31/2014 UPDATE (10/23/12): The total dollar amount allocated to this activity has been increased to \$352,015.
- 4. Eligible NSP use E: Redevelop demolished or vacant properties. Budgeted = \$80,000. The City of Muncie will partner with Habitat for Humanity and/or other entities to construct at least one new single-family home with attention to design that will complement the historic neighborhood context. Beneficiaries are households at or below 120% AMI. Eligible CDBG activity: 24 CFR 202 eligible rehabilitation and preservation activities for demolished or vacant properties. Homebuyers will be required to obtain eight hours of housing counseling from a HUD-certified agency. HOME funds will provide downpayment assistance and/or gap financing to eligible homebuyers. Start date 4/01/2011; End date 3/31/2014

On all projects, NSP3 funds will be used to leverage additional private investment and support involvement by local non-profits and volunteers. The City will ensure appropriate subsidy layering through use of the established pro forma for such projects.

While the 2011 CDBG/HOME budget has not been finalized, HOME funds will be set aside to rehabilitate additional units in the target area, and CDBG funds will be aimed at a homeowner curb appeal program. The City hopes to partner with the Ball State University Landscape Architecture department for assistance to homeowners in designing the curb appeal projects. A local non-profit has offered assistance in developing pocket parks, urban gardens, and a riverbank cleanup in the target area.

How Fund Use Addresses Market Conditions:

For the purpose of the Neighborhood Stabilization Program (NSP3), the City of Muncie has identified a target area on the near West side of downtown, consisting of both sides of West Main Street from Liberty Street to Kilgore Avenue as its &Idquoarea of greatest need&rdquo based upon the high percentage of foreclosures, a high percentage of homes with high cost mortgages, and a high vacancy rate. Utilizing the HUD



provided dataset, Muncie focused on census tracts and block groups with a Neighborhood NSP 3 score of 17 or greater, with 17 being the minimum allowable score in the State of Indiana. A map of the area is posted on the Community Development Department website at http://www.cityofmuncie.com/index/City-Muncie-Departments/Community-Development/cddocs.asp.

>Recently released 2010 Census data indicate that there are 4,236 vacant housing units in the city, accounting for 13.3% of available housing units. Although annexation resulted in a small net gain in population, migration of people out of the city and Delaware County has continued over 4 decades. Accordingly, there are many areas in the City that need the assistance that this program has to offer; however, this small area is being targeted in order to make a notable impact to the neighborhood. Of 10 areas mapped on the NSP 3 mapping tool, this area has significant neighborhood support and is highly visible as part of the path of State Road 32 through the City.

>With high vacancy and abandonment, the city has a severe problem with blighted structures. The problem is especially prevalent in the older, inner-city neighborhoods, including the City's historic districts. All but half of one block of the target area falls within the Old West End Historic District, listed on the National Register of Historic Places. Four homes within the target area have been demolished in the past two years, either by the city or by private owners. An additional five are under Section 106 review for demolition using NSP 1 or CDBG funds. While two of these will likely still require demolition, the remainder will likely be saved by the NSP 3 and related programs, as well as several others that would likely be condemned in the near future.

>There are approximately 59 total properties within the target area. There are at least 14 properties vacant, abandoned, or foreclosed, and therefore eligible for NSP 3 funding. There are 19 owner-occupied homes. While not eligible for NSP 3 funding, the city intends to support these with a facade restoration and streetscape improvement program funded through CDBG.

>Other plans in support of the NSP 3 program include the use of TIF funds for sidewalk improvements, including ADA compliant curb ramps. The properties on the North side of Main Street back on the White River, and an existing volunteer riverbank cleanup program will be encouraged to focus on this area. The target area will also be a preferred area for the City's 2011 HOME investment Partnership projects. Neighborhood ID: 8576721

Blocks Comprising Target Neighborhood: 1803500060001009, 1803500060001001 Supporting Data:

Neighborhood NSP3 Score: 19 (State Minimum Threshold NSP3 Score = 17) Total Housing Units in Neighborhood: 39

Area Benefit Eligibility:

>Percent Persons Less than 120% AMI: 86.8

>Percent Persons Less than 80% AMI: 72.

Neighborhood Attributes (Estimates):

>Vacancy Estimate:

>USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of >whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that >neighborhoods with a very high number of vacant addresses relative to the total addresses in an area to be a

>very good indicator of a current for potentially serious blight problem.

USPS Residential Addresses in Neighborhood: 36

>Residential Addresses Vacant 90 or more days (USPS, March 2010): 10

>Residential Addresses NoStat (USPS, March 2010): 1

>Foreclosure Estimates:

>HUD has developed a model for predicting where foreclosures are likely. That model estimates serious >delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract >data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate >change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate >is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) >and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 4

>Percent of Housing Units with a high cost mortgage between 2004 and 2007: 52.7

>Percent of Housing Units 90 or more days delinquent or in foreclosure: 11.7

>Number of Foreclosure Starts in past year: 0

>Number of Housing Units Real Estate Owned July 2009 to June 2010: 0

The City of Muncie's small target area for NSP 3 will have a visible impact on the neighborhood. To stabilize a neighborhood requires focused investment. Estimated number of properties needed to make an impact in identified target area (20% of REO in past >year): 0

Supporting Data:

>Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal

>Housing Finance Agency Home Price Index through June 2010): -13.7

>Place (if place over 20,000) or county unemployment rate June 2005*: 6.6

>Place (if place over 20,000) or county unemployment rate June 2010*: 11

>*Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD provided the data above as a tool for both neighborhood targeting and to help inform the strategy

>development. The following considerations guided the City of Muncie's strategy:

1. Persistent Unemployment. This an area with persistently high unemployment, thus consideration

>was given to a rental strategy rather than a homeownership strategy.

>2. Persistently High Vacancy. There a high number of substandard vacant addresses in the target area of

>a community with persistently high unemployment, thus selected acquisition rehab for rental or lease-purchase has been considered. Local considerations for selecting the area of greatest need included the proximity to mass transportation, educational and recreational facilities, and myriad other amenities. For example, the target area is within four blocks of the downtown, which has seen major investment of



CDBG and private funds for facade restoration and substantial rehab of commercial buildings in recent years. This has precipated the resurgence of the downtown as an entertainment, dining, artsand cultural destination. Muncie Indiana Transit System bus depot is within three blocks of the target area, providing easy access to all parts of the city.

Ivy Tech Community College has located its culinary education facility in a restored downtown building, and has renovated another building for information technology and other classes. The target area is within walking distance to several parks and green spaces, including Tuhey Park and pool (to undergo major renovation by June 2011), Canan Commons, Policeman's Memorial Park, White River Park, Gilbert Historic Park, Fireman's Memorial Park, McCulloch Park, and the Cardinal Greenway and White River recreational trails. The downtown and surrounding area also include health services, day care, YWCA and YMCA, a year 'round farm stand, art galleries, restaurants, and County and City government centers. CDBG funds will assist in making the target area more walkable by replacing deteriorated curbs and walks, including ADA-compliant curb cuts.

Ensuring Continued Affordability:

Period of Affordability: Housing assisted with NSP3 funds must remain affordable for a minimum period according to the total amount of NSP3 funds invested and the type of assistance, as follows:

For both homeownership and rental housing projects financed with NSP3 funds:

Less than \$15,000 per unit = 5 years \$15,000 - \$40,000 per unit = 10 years More than \$40,000 per unit = 15 years

Rental housing projects financed with NSP3 funds:

Rehabilitation with refinancing, any \$ amount = 15 years

New construction or acquisition of newly constructed housing, any \$ amount = 20 years

The City of Muncie will ensure continued affordability for NSP3 assisted housing through deed restrictions, land covenants, or other means, including long-term monitoring. Funding contracts and legal documents will outline requirements of rental property owners/managers to maintain complete files to comply with program reporting, and to make records available to authorized agents of the City of Muncie, State Board of Accounts, or federal government. Desk reviews and on-site monitoring by City of Muncie CD staff will provide an ongoing assessment to ensure the NSP3-assisted rental units are being utilized with all program regulations and policies, including compliance with tenant income eligibility requirements, maximum allowable rents, physical property standards, and other requirements as outlined in legal documents.

Definition of Blighted Structure:

According to HUD definition, a structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. Indiana Code 36-9-7 defines an unsafe building as follows:

- >&hellipA building or structure, or any part of a building or structure, that is:
- >(1) in an impaired structural condition that makes it unsafe to a person or property;
- >(2) a fire hazard;
- >(3) a hazard to the public health;
- >(4) a public nuisance;
- >(5) dangerous to a person or property because of a violation of a statute or ordinance concerning building condition or maintenance; or
- >(6) vacant and not maintained in a manner that would allow human habitation, occupancy, or use under the requirements of a statute or an ordinance; is considered an unsafe building.
- >Although Indiana Code does not specifically define unsafe buildings as &Idquoblighted,&rdquo it can be assumed that unsafe buildings are blighted or fall within the definition of blight.
- >The City of Muncie Unsafe Building Law (Code of Ordinances Title XV, Chapter 152, Division 3, Section 152.15) adopts the Indiana Unsafe Building Law in its entirety. In addition, the City code makes the following references to blighted structures:
- >(f) Vacant, deteriorated structures contribute to blight, cause a decrease in property values, and discourage neighbors from making improvements to properties.
- >(i) The blighting influence of vacant, deteriorated structures adversely effects the tax revenues of local government.
- >(j) The city finds that vacant, deteriorated structures create a serious and substantial problem in urban areas and are public nuisances.
- >(g) Structures that remain boarded up for an extended period of time also exert a blighting influence and contribute to the decline of the neighborhood by decreasing property values, discouraging persons from moving into the neighborhood, and encouraging persons to move out of the neighborhood.

The City of Muncie does not intend to use NSP3 funds to demolish blighted structures.

Definition of Affordable Rents:

Affordable rents follow the maximum HOME rent limits, which are the lesser of:

- 1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 88.8.111; or
- 2. A rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

Initial rent schedule and utility allowances for NSP3-assisted rental units: The City of Muncie CD Department must establish maximum monthly allowances for utilities and services (excluding telephone). Muncie CD must review and approve rents proposed by the owner for units subject to the maximum rent limitations described above. For all units subject to the maximum rent limitations where the tenant is paying utilities and services, Muncie CD must ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.

Housing Rehabilitation/New Construction Standards:

All housing activities using NSP3 funds that involve the construction or rehabilitation of multi-family and single-family dwellings will meet all building codes and standards adopted and enforced by the State of Indiana and the City of Muncie&rsquos Community Development



&IdquoMINIMUM STANDARDS FOR HOUSING REHABILITATION 2010&rdquo found at http://www.cityofmuncie.com/index/City-Muncie-Departments/Community-Development/cddocs.asp

>In addition, all gut rehabilitations and new construction of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes. Other rehabilitations will meet these standards to the extent applicable to the scope of the rehabilitation work undertaken. Where older obsolete products and appliances are replaced, they will be replaced with energy-efficient or Energy Star-46 labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed. For all projects within the Old West End Historic District, listed on the National Register of Historic Places, all work shall meet the Secretary of the Interior&rsquos Standards for the Treatment of Historic Structures, and plans will be reviewed by the Historic Preservation Officer and Muncie Historic Preservation and Rehabilitation Commission. For all properties constructed prior to 1978, all rehabs will comply with the EPA's Renovation, Repair and Painting (RRP) Rule.

Vicinity Hiring:

To the maximum extent feasible, the City of Muncie will provide for the contracting of businesses owned and operated by persons residing in the vicinity, and hiring of vicinity residents by such contractors. In order to accomplish this, the City will implement its Section 3 policies relative to hiring qualified workers who reside in the target area or surrounding city for all jobs created by NSP 3 activities. CD staff will provide information regarding policies at mandatory pre-RFP meetings, will include such policies in all related contracts, and will facilitate outreach to vicinity residents.

Procedures for Preferences for Affordable Rental Dev.:

Preference for affordable rental development is demonstrated by the City's set-aside of 83% of NSP3 funds for rental development. Requests for proposals will be limited to rental rehabilitation projects, with the exception of one homeownership unit. Update (10/23/12): Due to the availability of properties for rehabilitation/redevelopment within the NSP3 target area, two homeownership units are being developed for sale to income qualified buyers. The mix of rental and homeownership projects is a reflection of the current housing mix found within the target area and takes advantage of NSP3's higher income eligibility level for homebuyers.

All eligible units have been vacant for more than one year and will remain so until completion of rehab and issuance of certificate of occupancy by the City of Muncie Building Commissioner. Therefore, Acquisition and Relocation of tenants is not applicable to Muncie's NSP3 activity.

Grantee Contact Information:

Connie Gregory, Community Development Director communitydev@cityofmuncie.com phone 765-747-4825 fax 765-747-4898 Community Development Department 300 North High Street Muncie IN 47305

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title	
1	Administration	1	Administration	
2	Rehab of Rental Units	2	Rehab of Rental Units 120% AMI	
3	Rehab of Rental Units	3	Rehab of Rental Units 50% AMI	
4	Redevelop demolished or vacant	4	Redevelop demolished or vacant	
9999	Restricted Balance	No activities in this project		

Activities



Activity Title: Rehab of Rental Units 120% AMI

Activitiy Type:

Rehabilitation/reconstruction of residential structures

Project Number:

2

Projected Start Date:

04/01/2011

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Not Blocked

Block Drawdown By Grantee:

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for

NSP Only

Environmental Assessment:

COMPLETED

Benefit Report Type:

Direct (Households)

Activity Status:

Under Way

Project Title:

Rehab of Rental Units

Projected End Date:

03/31/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 612,345.83

Other Funds Total: \$ 0.00

Total Funds Amount: \$ 612,345.83

Proposed Beneficiaries	lotal	Low	Mod	Low/Mod%
# Renter Households	6			0.00
# Owner Households	1			0.00
# of Households	7			0.00

Proposed Accomplishments

of Singlefamily Units

of Multifamily Units

5

of Housing Units

6

ELI Households (0-30% AMI)

Activity funds eligible for DREF (Ike Only)

#Units ¿ other green #Units deconstructed

#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Low flow showerheads

#Low flow toilets

#Units with solar panels

#Dishwashers replaced

#Clothes washers replaced



#Refrigerators replaced

#Light fixtures (outdoors) replaced

#Light Fixtures (indoors) replaced

#Replaced hot water heaters

#Replaced thermostats

#Efficient AC added/replaced

#High efficiency heating plants

#Additional Attic/Roof Insulation

#Energy Star Replacement Windows

of Properties

Activity is being carried out by Grantee:

Activity is being carried out through:

Organization Type

Proposed

Nο

Organization carrying out Activity:

City of Muncie2

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Muncie2 Local Government \$ 601,512.00

Location Description:

600 -700 blocks of West Main Street

Activity Description:

Purchase & rehab homes & residental propertis that have been abandoned or foreclosed upon in order to sell, rent or redevelop such homes.



Activity Title: Administration

Activity Type: Activity Status:

Administration Under Way

Project Number: Project Title:

1 Administration

Projected Start Date: Projected End Date:

04/01/2011 03/31/2014

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

Not Blocked

Activity Draw Block by HUD: Activity Draw Block Date by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked **Total Budget:** \$116,039.75

National Objective: Other Funds Total: \$ 0.00

Not Applicable - (for Planning/Administration or Unprogrammed

Total Funds Amount: \$ 116,039.75

Funds only)

Environmental Assessment:

EXEMPT

Benefit Report Type:

NA

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

No

Organization carrying out Activity:

City of Muncie2

Proposed budgets for organizations carrying out Activity:

Responsible OrganizationOrganization TypeProposedCity of Muncie2Local Government\$ 116,039.75

Location Description:

n/a

Activity Description:

Planning, environmental review, coordination, monitoring of activities.



Activity Title: Rehab of Rental Units 50% AMI

Activity Type: Activity Status:

Rehabilitation/reconstruction of residential structures

Under Way

Project Number: Project Title:

3 Rehab of Rental Units
Projected Start Date: Projected End Date:

04/01/2011 03/31/2014

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

Not Blocked

Activity Draw Block by HUD: Activity Draw Block Date by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked **Total Budget:** \$ 352,015.00

National Objective: Other Funds Total: \$ 0.00

LH25: Funds targeted for housing for households whose incomes

Total Funds Amount: \$ 352,015.00

are at or under 50% Area Median Income.

Environmental Assessment:

COMPLETED

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries Total Low Mod Low/Mod%

Renter Households 4 0.00
of Households 4 0.00

Proposed Accomplishments Total

of Multifamily Units 4

of Housing Units 4

ELI Households (0-30% AMI)

Activity funds eligible for DREF (Ike Only)

#Units ¿ other green

#Units deconstructed

#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Low flow showerheads

#Low flow toilets

#Units with solar panels

#Dishwashers replaced



#Clothes washers replaced

#Refrigerators replaced

#Light fixtures (outdoors) replaced

#Light Fixtures (indoors) replaced

#Replaced hot water heaters

#Replaced thermostats

#Efficient AC added/replaced

#High efficiency heating plants

#Additional Attic/Roof Insulation

#Energy Star Replacement Windows

of Properties

Activity is being carried out by Grantee:

Activity is being carried out through:

No

Organization carrying out Activity:

City of Muncie2

Proposed budgets for organizations carrying out Activity:

Responsible OrganizationOrganization TypeProposedCity of Muncie2Local Government\$ 352,015.00

Location Description:

600-700 blocks of West Main Street

Activity Description:

Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.



Activity Title: Redevelop demolished or vacant properties

Activity Type: Activity Status:

Construction of new housing Under Way

Project Number: Project Title:

4 Redevelop demolished or vacant properties

Projected Start Date: Projected End Date:

04/01/2011 03/31/2014

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

Not Blocked

Activity Draw Block by HUD: Activity Draw Block Date by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked **Total Budget:** \$80,000.00

National Objective:

Other Funds Total: \$0.00

Total Funds Amount: \$80,000.00

LMMI: Low, Moderate and Middle Income National Objective for

NSP Only

Environmental Assessment:

COMPLETED

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Total

Low

Mod

Low/Mod%

Owner Households

1

0.00

10

of Households 1 0.00

Proposed Accomplishments Total

of Singlefamily Units 1
of Housing Units 1

ELI Households (0-30% AMI)

Activity funds eligible for DREF (Ike Only)

#Units ¿ other green

#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Low flow showerheads

#Low flow toilets

#Units with solar panels



Activity is being carried out by Grantee:

Activity is being carried out through:

Grantee Employees and Contractors

Organization carrying out Activity:

City of Muncie2

Yes

Proposed budgets for organizations carrying out Activity:

Responsible Organization Organization Type Proposed

City of Muncie2 Local Government \$80,000.00

Location Description:

600-700 blocks of West Main Street

Activity Description:

The City of Muncie will partner with Habitat for Humanity and/or other entities to construct at least one new single-family home with attention to design that will complement the historic neighborhood context.

Action Plan Comments:

Reviewer - Approved so City can make changes to activities - AB

Reviewer - AG - Rejected. City needs to set-up their four projects beyond just the narrative.

Reviewer - AB - The action plan now has activities included that match the original substantial amendment that was

submitted.

Reviewer - AB - Changes to activity titles so they are clear for AMI tracking purposes.

Reviewer - AB - reviewed and approved - minor changes outlined in project narratives.

Reviewer - AB - reviewed and approved. Only minor adjustments for program income.

Reviewer - AB - reviewed and approved.

Action Plan History

 Version
 Date

 B-11-MN-18-0009 AP#1
 03/22/2013

 B-11-MN-18-0009 AP#2
 10/23/2012

 B-11-MN-18-0009 AP#3
 09/02/2011

 B-11-MN-18-0009 AP#4
 10/30/2013



