

Grantee: Lincoln Park, MI

Grant: B-08-MN-26-0008

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-26-0008

Obligation Date:**Grantee Name:**

Lincoln Park, MI

Award Date:**Grant Amount:**

\$2,417,688.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:**Declaration Number**

NSP

Plan Description:

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.

Recovery Needs:

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.

Overall**This Report Period****To Date****Total Projected Budget from All Sources**

N/A

\$2,417,688.00

Total CDBG Program Funds Budgeted

N/A

\$2,417,688.00

Program Funds Drawdown

\$33,050.01

\$33,050.01

Obligated CDBG DR Funds

\$118,834.85

\$118,834.85

Expended CDBG DR Funds

\$30,083.99

\$63,134.00

Match Contributed

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Program Income Drawdown

\$0.00

\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$0.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$362,653.20	\$0.00
Limit on Admin/Planning	\$241,768.80	\$31,359.52
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

12 properties were purchased, 11 were under the \$1.00 home program. 7 homes scheduled for demolition. 4 out to bid for rehab/resale 50% and 1 out to bid for rehab to LMMI. 19 new appraisals were performed with 13 bids pending on sales agreements submitted and developing bids on 6 properties.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
Admin, Administration	\$0.00	\$31,359.52	\$241,768.00	\$31,359.52
Demo, Demolition Blighted Structures	\$0.00	\$1,167.03	\$245,000.00	\$1,167.03
rehab/resale, Rehab/Resale Property	(\$604,422.00)	\$523.46	\$1,930,920.00	\$523.46

Activities

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

Activity Category:

Clearance and Demolition

Project Number:

Demo

Projected Start Date:

03/01/2009

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Demolition Blighted Structures

Projected End Date:

09/01/2010

Responsible Organization:

City of Lincoln Park

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$245,000.00
Total CDBG Program Funds Budgeted	N/A	\$245,000.00
Program Funds Drawdown	\$1,167.03	\$1,167.03
Obligated CDBG DR Funds	\$54,415.74	\$54,415.74
Expended CDBG DR Funds	\$0.00	\$1,167.03
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Funding is allocated under this activity for the 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 appraised value of the property after rehabilitation will be considered too costly to rehabilitate and will be demolished. The City will establish a lien on the property for cost, if privately owned. The owner will retain their interest in the property after the demolition. For publicly owned property, the property will be demolished and held for redevelopment or sold to adjacent property owners for a nominal sum. 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.

Location Description:

Specific properties have not yet been identified. 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 Progress Narrative:

Purchased 7 homes under the \$1.00 Home program. Went out for bid on the demolition of property and have 5 signed agreements for demolition. Demolition process has begun. Have sales agreement for 1 additional home with the closing set for the end of October.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	1	0/0	0/0	7/30

Activity Locations

Address	City	State	Zip
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1387 Paris	Lincoln Park	NA	48146
3070 Wilson	Lincoln Park	NA	48146
2204 Keppen	Lincoln Park	NA	48146
1453 Hanford	Lincoln Park	NA	48146
1374 Fort Park	Lincoln Park	NA	48146
702 Cleophus	Lincoln Park	NA	48146
1434 University	Lincoln Park	NA	48146

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
NSP/HUD	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	2008-0002
Activity Title:	Rehab/Resale Structures

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Planned

Project Number:

rehab/resale

Project Title:

Rehab/Resale Property

Projected Start Date:

04/01/2009

Projected End Date:

05/30/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Lincoln Park

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,326,498.00
Total CDBG Program Funds Budgeted	N/A	\$1,326,498.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$23,587.24	\$23,587.24
Expended CDBG DR Funds	\$21,200.00	\$21,200.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

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 15% below the current market appraised value. Rehabilitation. The City will use qualified 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 who don't currently own a home. 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 receive a minimum of \$5,000 in NSP funds as buyer financing for down payment and closing cost assistance. In addition, low income buyers will receive gap funding to close the gap between what they can afford and the sales price of the house. The City will establish a schedule for the amount of assistance for low-income households (at or below 50% AMI). The minimum will be \$5,000. The maximum will be \$20,000. The amount of seller financing assistance for moderate and middle-income households (greater than 50% and less than or equal to 120% AMI) will be \$5,000. The amount of additional seller financing for households with incomes less than 50% of AMI will be determined to keep the principal, interest, taxes, and insurance payment equal to 28% of annual household income. Buyers must obtain a fixed mortgage financing to cover the balance of the purchase. Home Ownership Counseling. The developer will arrange for all buyers to receive at least 8 hours of home buying training from a certified training organization. Developer Fee. The developer may charge an overhead and development fee not to exceed 15% of the actual cost to acquire and rehabilitate the home. The proceeds from the sale will be returned to the City as program income for reuse on the NSP program. This section may be modified if HUD regulations governing the NSP program regarding developer profit change in the future. Predevelopment Loan. A predevelopment loan at 6% interest per annum will be made to the selected developer(s) in order to obtain appraisals, prepare rehabilitation specifications and to price rehabilitation costs to determine acquisition price. The latter would be prepared after obtaining an agreement to acquire the appropriate property. If it is determined that the property can be rehabilitated, the loan with interest will be repaid from sale of the property. If it is determined that the property needs to be demolished, the predevelopment loan will be forgiven. Program Income. The returned funds will be used for additional NSP eligible activities for the first five years as required by NSP rules and regulations. The amount of the NSP funds provided for down payment and closing cost will be a zero interest loan subject to recapture during a five-year affordability period. The loan will be a 5-year note secured by a second lien on the property purchased. If the buyer sells the home and moves out before the five year time period, the seller financing will be returned to the City for use on other NSP projects. All housing units will be sold for appraised value or at cost whichever is lower. If the buyer stays more than 5 years, the \$5,000 can be re-issued to a new income eligible homebuyer or returned to the City. Upon sale of the home, the balance will be returned to the City as program income or it can be transferred to a new income eligible homebuyer. Credit Repair Mechanism. In addition, the developer will be permitted to establish a lease to own or land contract mechanism to permit potential home buyers to

two-year period. In these cases the construction financing repayment will be extended for two years using a 15-year amortization schedule and a 6% interest. The developer will be permitted to receive a management fee and all excess profit will be returned to the City upon sale of the property.

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 Progress Narrative:

Closed on 1 property on 9/28/09. Preparing rehab spec.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	1	0/0	0/0	1/46

Activity Locations

Address	City	State	Zip
1667 Mill	Lincoln Park	NA	48146

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
NSP/HUD	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	2008-0003
Activity Title:	Administration

Activity Category:

Administration

Project Number:

Admin

Projected Start Date:

03/01/2009

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

03/01/2011

Responsible Organization:

City of Lincoln Park

Overall
Jul 1 thru Sep 30, 2009
To Date

Total Projected Budget from All Sources	N/A	\$241,768.00
Total CDBG Program Funds Budgeted	N/A	\$241,768.00
Program Funds Drawdown	\$31,359.52	\$31,359.52
Obligated CDBG DR Funds	\$31,424.42	\$31,424.42
Expended CDBG DR Funds	\$0.00	\$31,359.52
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

General NSP administration

Location Description:

N/A

Activity Progress Narrative:

13 homes appraised that sales contract was not accepted, sold to another buyer.

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
NSP/HUD	\$0.00
Total Other Funding Sources	\$0.00

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

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

rehab/resale

Projected Start Date:

03/19/2009

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Rehab/Resale Property

Projected End Date:

09/19/2009

Responsible Organization:

City of Lincoln Park

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$604,422.00
Total CDBG Program Funds Budgeted	N/A	\$604,422.00
Program Funds Drawdown	\$523.46	\$523.46
Obligated CDBG DR Funds	\$9,407.45	\$9,407.45
Expended CDBG DR Funds	\$8,883.99	\$9,407.45
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

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 15% below the current market appraised value. Rehabilitation. The City will use qualified 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 who don't currently own a home. 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 receive a minimum of \$5,000 in NSP funds as buyer financing for down payment and closing cost assistance. In addition, low income buyers will receive gap funding to close the gap between what they can afford and the sales price of the house. The City will establish a schedule for the amount of assistance for low-income households (at or below 50% AMI). The minimum will be \$5,000. The maximum will be \$20,000. The amount of seller financing assistance for moderate and middle-income households (greater than 50% and less than or equal to 120% AMI) will be \$5,000. The amount of additional seller financing for households with incomes less than 50% of AMI will be determined to keep the principal, interest, taxes, and insurance payment equal to 28% of annual household income. Buyers must obtain a fixed mortgage financing to cover the balance of the purchase. Home Ownership Counseling. The developer will arrange for all buyers to receive at least 8 hours of home buying training from a certified training organization. Developer Fee. The developer may charge an overhead and development fee not to exceed 15% of the actual cost to acquire and rehabilitate the home. The proceeds from the sale will be returned to the City as program income for reuse on the NSP program. This section may be modified if HUD regulations governing the NSP program regarding developer profit change in the future. Predevelopment Loan. A predevelopment loan at 6% interest per annum will be made to the selected developer(s) in order to obtain appraisals, prepare rehabilitation specifications and to price rehabilitation costs to determine acquisition price. The latter would be prepared after obtaining an agreement to acquire the appropriate property. If it is determined that the property can be rehabilitated, the loan with interest will be repaid from sale of the property. If it is determined that the property needs to be demolished, the predevelopment loan will be forgiven. Program Income. The returned funds will be used for additional NSP eligible activities for the first five years as required by NSP rules and regulations. The amount of the NSP funds provided for down payment and closing cost will be a zero interest loan subject to recapture during a five-year affordability period. The loan will be a 5-year note secured by a second lien on the property purchased. If the buyer sells the home and moves out before the five year time period, the seller financing will be returned to the City for use on other NSP projects. All housing units will be sold for appraised value or at cost whichever is lower. If the buyer stays more than 5 years, the \$5,000 can be re-issued to a new income eligible homebuyer or returned to the City. Upon sale of the home, the balance will be returned to the City as program income or it can be transferred to a new income eligible homebuyer. Credit Repair Mechanism. In addition, the developer will be permitted to establish a lease to own or land contract mechanism to permit potential home buyers to

two-year period. In these cases the construction financing repayment will be extended for two years using a 15-year amortization schedule and a 6% interest. The developer will be permitted to receive a management fee and all excess profit will be returned to the City upon sale of the property.

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 Progress Narrative:

Went out to bid on the rehab of 3 homes, 4th home closed on 9/28/09.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	1	0/0	0/0	4/16

Activity Locations

Address	City	State	Zip
425 White	Lincoln Park	NA	48146
1256 Fort Park	Lincoln Park	NA	48146
1073 Lincoln	Lincoln Park	NA	48146
1553 Applewood	Lincoln Park	NA	48146

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
NSP/HUD	\$0.00
Total Other Funding Sources	\$0.00
