

**Grantee: Macomb County, MI**

**Grant: B-08-UN-26-0003**

**October 1, 2009 thru December 31, 2009 Performance Report**

**Grant Number:**

B-08-UN-26-0003

**Obligation Date:****Grantee Name:**

Macomb County, MI

**Award Date:****Grant Amount:**

\$9,765,375.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**QPR Contact:**

No QPR Contact Found

## Disasters:

### Declaration Number

NSP

## Plan Description:

A. NEED: We used a matrix to measure 1) # foreclosures, 2) # predicted foreclosures, and 3) # sub-prime loans, to rank distress in each community. The maximum score was 14 pts. Scores ranged from 13.5 to 0.5, with a cutoff at 7.5. The County allocated funds to Eastpointe [13.5], Mt. Clemens [10], and Center Line [7.5]. B. DISTRIBUTION AND USES: The populations of Eastpointe, Mt Clemens, and Center Line are rough multiples of each other, doubling from Center Line to Mt. Clemens to Eastpointe. Their distress follow a similar pattern, but with a 50% increase. These two patterns were used to weight the distress scores and determine NSP funding for each community. Center Line (1 pt), Mt. Clemens (2 pts) is twice Center Line, and Eastpointe (4 pts) is twice Mt. Clemens. We added the weights to derive a factor of 7. \$5,273,303 is reserved for these communities. Simple math was then applied to derive sub-allocations. If progress is slow, the County would redirect funds to other projects or expand into the next tier of distressed communities, Shelby Township [5.5], and New Haven [5.0]. We expect most foreclosed/abandoned properties to be located in the target areas, although some may be located in non-targeted areas. At least \$2,441,343.75 will assist HH 50% AMI. Targeting and Beneficiary Considerations \$9,765,375.00 - NSP Grant 976,537.00 > 10% planning/admin exempt from LMMI \$8,788,838.00 - NSP projects 3,515,535.00 > 40% NSP for LMMI homebuyers throughout County \$5,273,303.00 - 60% NSP committed to distressed communities C. DEFINITIONS/DESCRIPTIONS (1) Blighted structure: A structure is blighted when 1) it has deteriorated to the point where it constitutes a threat to human health, safety, and public welfare (as determined by the municipal building official) and the estimated cost of repair to correct those deficiencies exceeds 50% of the structure's State Equalized Value (SEV), 2) it constitutes a nuisance to the public, or 3) it is structurally and/or functionally obsolete and therefore no longer has a useful purpose. Due to high performance expectations, the County will directly implement the NSP to ensure consistency. It will, however, work with and through communities to demolish blighted homes. They are experienced and can comply with State/local law. The County will manage the demolition process to ensure NSP progress and compliance. Each partner therefore has a defined role. (2) Affordable rents: We do not intend to do rental projects. If we did, however, we would define "affordable rent" pursuant to 24CFR 92.252(a). (3) Continued Affordability: The County will apply 24CFR 92.252 (e) and (f) for rental properties and, for homebuyers, at 24CFR 92.254 (a) (1), (2), (4) and (5)(ii) (A) (1). Specifics follow: a. Down-payment and housing rehabilitation assistance both 0 interest deferred payment loans, fully forgiven if HH owns and occupies home for 15 years, but repaid in full if sold before then. Assistance limited to \$50,000, or 49% of hard costs, but cannot exceed \$100,000. This ensures affordability across the range of properties and among families at varying income levels. b. Rental assistance, if provided, either in partnership with a housing commission (as public housing and subject to commission rules/policies) or non-profit provider (with properties secured by a second mortgage). Failure to comply would result in default and require repayment of the assistance provided.

## Recovery Needs:

(4) Describe housing rehabilitation standards: The County will use the State of Michigan Residential Building Code (for existing dwellings) and, when applicable, HQS standards.

Additional Definitions: In addition to the above, the following terms that will govern the Purchase/Rehabilitation

Assistance Program.

**Macomb Urban County:** The "Macomb Urban County" as defined by CDBG regulation, is comprised of 21 participating jurisdictions, excluding Clinton Township, Roseville, St. Clair Shores, Sterling Heights, and Warren. Unless otherwise noted, the terms Macomb County and Macomb Urban County are interchangeable.

**Macomb County Neighborhood Stabilization Program:** A program funded by HUD to assist HH acquire and redevelop foreclosed or abandoned properties within Macomb County, that might otherwise become sources of abandonment and blight. The NSP will focus on high distress communities: Eastpointe, Mt. Clemens, and Center Line.

**Purchase Price:** The amount needed to buy a home, including reasonable closing costs

**Rehabilitation Costs:** Amount of Rehabilitation Contract and any used contingency amounts for repairs needed to make the home decent, safe and habitable (including unforeseen and validated costs discovered during the course of rehabilitation), and comply with the Michigan Building Code for Existing Structures, plus any amounts for energy efficiency items selected by the homeowner.

**Hard Costs:** The sum of Purchase Price and Rehabilitation Costs for a property. The maximum of Hard Costs (including private investment) for a home receiving NSP assistance is \$226,100.

**Mortgage Default:** is when or if...

1. the mortgaged property ceases to be the primary residence of the NSP borrower or, if there is more than one borrower, of at least one of the borrowers.
2. the home is rented, sold, or title transferred in any way, or if the borrower fails to timely pay property taxes, or to maintain adequate fire and hazard insurance to cover all outstanding mortgages.
3. the homeowner refinances the mortgaged property and the new mortgage does not meet County standards to allow mortgage subordination to the new mortgage.

**Current Appraised Market Value(CMAV):** the property value reported on a Uniform Residential Appraisal Report. The appraisal must be performed by a Certified Residential Real Estate Appraiser, and be no older than 60 days from the date of a purchase offer for that property. For purposes of mortgage repayment only, if the homeowner does not provide an appraisal, CMAV can be established at an amount equal to two times the current State Equalized Value, as substantiated by property tax records.

**Abandoned Home:** A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, when no mortgage or tax payments have been made by the property owner for at least 90 days, and the property has been vacant for 90 days.

**Foreclosed Home:** A home upon which title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state law.

**Down-Payment Mortgage (DPM):** A mortgage given to an NSP beneficiary from NSP funds in order to purchase a foreclosed home in Macomb County, to be used as the NSP beneficiary's primary residence. The combined total of the DPM and HRM (see below) may not exceed \$50,000, or 49%, of hard costs, whichever is greater, (with an ultimate of \$100,000). The DPM will carry a 0% interest rate, and payments on the mortgage are deferred until Mortgage Default, as defined above, occurs. If Default occurs within the 15-year period of affordability, the Mortgage becomes due and payable in full. The DPM is forgiven if Default occurs after the 15-year period of affordability expires.

**Housing Rehabilitation Mortgage (HRM):** A mortgage given to an NSP beneficiary from NSP funds in order to finance rehabilitation of a foreclosed home located within Macomb County, purchased through the NSP, to be used as the NSP beneficiary's primary residence. The combined total of DPM and HRM may not exceed \$50,000, or 49%, of hard costs, whichever is greater, (with an ultimate assistance limit of \$100,000). The HRM will carry a 0% interest rate, and payments on the mortgage will be deferred until Mortgage Default, as defined above, occurs. If Default occurs within the 15-year period of affordability, the Mortgage becomes due and payable in full. The HRM is forgiven if Default occurs after the 15-year period of affordability expires.

**Soft Costs:** Amounts used to finance and implement distribution of NSP funds on a particular property. These amounts include but are not limited to appraisals, homebuyer counseling, housing inspections, lead based paint inspections and clearances, costs of staff time involved in the activity delivery, office expenses, necessary mileage charges and other costs necessary to the administration and completion of a home purchase and rehabilitation of

the home. These amounts will be financed with NSP funds but will not be charged to the homebuyer nor require repayment.

Development Costs: The sum of Hard Costs plus Soft Costs

D. LOW INCOME TARGETING: Response: Macomb County will ensure that a minimum of \$2,441,343.75 is used to benefit households < 50% AMI. The income limits, based on household size, follow4:

The County's NSP will primarily assist homebuyers. Staff will verify the income-eligibility of all potential homebuyers and will therefore be able to monitor progress in meeting the LI benefit objective. Should that become doubtful, the County would investigate root cause, and adjust its activities accordingly, possibly through implementing the rental activities already described. The County will advise HUD of any changes to objectives and/or activities through the DRGR.

E. ACQUISITIONS & RELOCATION: Detroit, like other metropolitan areas, has a large and increasing number of vacant homes and too few buyers for them. It is unique, however, in that its economic base, heavy manufacturing, is at extreme risk. This could, in a worst-case scenario, cause further and extensive population decline and leave immense numbers of homes vacant and deteriorating. It could also compromise Regional economic viability and growth for years. Prices could decline and remain depressed until the economy recovers. Increased availability and reduced prices would predict that it is highly unlikely that the number of dwelling units affordable to low- and moderate-income households will diminish.

Physical conditions in some neighborhoods within the target communities therefore demand demolition. All have older and modest housing units, and all have blighted properties that are beyond repair, or threaten to further erode the surrounding neighborhoods. It is reasonable to assume that most, if at all, are affordable to LMMI households, and are therefore subject to the preceding question, which is answered as follows:

\* We may demolish as many as 65 homes with NSP funds.

\* We may provide 174 units of vacant and foreclosed housing to LMMI households with NSP funds.

\* Roughly one-quarter of the total number of units to be provided to LMMI households will be reserved for LI families.

As indicated, there should be no decrease in the number of housing units affordable to LMMI households as a result of NSP-assisted demolition.

Macomb County does not intend to engage in any activity that would trigger the Uniform Acquisition and Relocation Act. Should that inadvertently happen, however, compliance would be obtained.

F. PUBLIC COMMENT: In addition to posting the Substantial Amendment on the County's website, it consulted with member and peer communities, and with select stakeholders to obtain feedback concerning the program. The Amendment generated considerable interest, but no comments that evaluated the Plan were received.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$9,765,375.00
Total CDBG Program Funds Budgeted	N/A	\$9,765,375.00
Program Funds Drawdown	\$747,537.77	\$1,340,373.19
Obligated CDBG DR Funds	\$747,537.77	\$1,340,373.19
Expended CDBG DR Funds	\$0.00	\$592,835.42
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%	50.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$1,464,806.25	\$0.00
Limit on Admin/Planning	\$976,537.50	\$106,501.92
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

Macomb County progressed in the implementation of its NSP during fall 2009. It continued to evaluate client applicability from the large number of applications received at program inception. Of the 356 applications received, determinations were made on 252 and determinations are forthcoming on the remainder shortly. There has been a distinct fall off in the number of eligible applicants who qualify for mortgages. The County had, in October, qualified 81 applicants for mortgages. This number only rose by 7, to 88 for this report. Clearly the number of eligible families is a concern that will be addressed. The County will increase program marketing either directly or through its lending partners to ensure sufficient numbers of qualified applicants.

To date, 18 foreclosed homes were purchased with repairs either complete or underway. This is a lengthy process, which ends with habitable units and worry-free occupancy for the long-term. Clients and private sector partners, however, are daunted by what is, in effect a mish mash overlay of various and often conflicting requirements established by the lending community, by FHA and FnMA, and by the NSP. As a result, there has been a dearth of bankable applicants and production has suffered. Staff is evaluating the process to determine where efficiencies can be obtained without jeopardizing NSP objectives. Several potential solutions are now being tested and a brief description follows:

- We have found it difficult to perform all pre-work required to close loans within the 30 days expected by sellers, buyers, and the lending community. This is due to the need to document purchase discount (obtain appraisals) and ensure unit habitability (obtain repair, lead and municipal occupancy inspections).

- We have found that the market supports higher than the discounted value for properties imposed by the NSP, and many of our clients have simply been outbid. This happens in lower-end market as well as our higher end markets; the former because prices have bottomed out and buyers see value, the latter due to large scale investor activity buying multiple properties for cash. The NSP buyer has difficulty competing. It is noteworthy that there were 42 buyers actively looking for properties at the end of December. Some of them have been looking for several months without success. We have approached three lenders to see if they would offer a right of first refusal to NSP clients on foreclosed properties in their inventories. All have indicated that they would, but it is too early to see if this bears fruit.

- In October we reported mortgage broker difficulty in obtaining end financing for mortgages. This problem still exists with some parties, but progress is occurring.

- In October we reported that there was no activity in the 3 target communities. Some progress has occurred since then, with two properties purchased in both Mt. Clemens and Eastpointe. None have been acquired in Center Line. This is still a serious concern, with strategy development underway. Some, including possible redevelopment activity and/or initiation of a renter program, will require community input and approval by the County's Board of Commissioners. Updates will be provided in the April report.

- An amendment to the County's Action Plan, showing the increased demolition budget of \$750,000 for the City

of Mt. Clemens, was submitted and approved by HUD.

Additional efforts have occurred to improve administrative capability. These include:

- Hiring a part-time college intern to assist in administration. This individual works up to 20 hours per week and has enabled staff to speed application and contract processing.
- The addition of two fee rehabilitation inspectors to assist staff in quickly reviewing properties, reporting defects on properties being purchased through the program. This will facilitate preparation of bid specs and repair contracts for those homes. In addition, we have been able to time simultaneous lead, rehab, and municipal occupancy (when applicable) and, on occasion, appraisal inspections. This reduces the lead time necessary to close the NSP loan. The biggest remaining obstacles are 1) meeting the September 2010 deadline for fund obligation and 2) meeting the 25% requirement to assist families < 50% Area Median Income. As mentioned the County is considering a change to its program that would allow it to speed fund obligation and several ideas are being considered at this point. A status evaluation follows:
  - The first would be implementing a redevelopment activity in one of our target communities. If properly designed, a redevelopment activity could quickly obligate funds (thereby meeting the deadline) and, more important, have a significant stabilizing effect on the community. We are in discussions with community leaders to determine the feasibility of this approach. If it is, we will issue a Request for Proposals and expedite implementation to ensure project obligation by the deadline.
    - If redevelopment is not feasible, the County may issue a Request for Proposals for private for profit and non-profit developers to implement owner and rental programs. A developer would have the capacity to acquire multiple properties at once, therefore competing with investors and obligating funds quickly. This option is particularly promising in terms of attaining the 25% set aside for families < 50% AMI.
    - These two ideas would supplement the modifications (already mentioned) to the basic homebuyer program. We believe that these changes, if successful, could fundamentally change the public perception of the program and would entice more realtors, lenders and, ultimately, buyers into participation.
    - Demolition activity will commence in the winter 2010 and we hope that it will significantly improve the quality of life in the affected communities.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, NSP	\$747,537.77	\$9,765,375.00	\$1,340,373.19
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

## Activities

**Grantee Activity Number:** B8-27-10A

**Activity Title:** Planning and Administration

**Activity Category:**

Administration

**Activity Status:**

Planned

**Project Number:**

1

**Project Title:**

NSP

**Projected Start Date:**

04/15/2009

**Projected End Date:**

12/31/2011

**National Objective:**

N/A

**Responsible Organization:**

County of Macomb

**Overall**

**Oct 1 thru Dec 31, 2009**

**To Date**

**Total Projected Budget from All Sources**

N/A

\$976,537.00

**Total CDBG Program Funds Budgeted**

N/A

\$976,537.00

**Program Funds Drawdown**

\$45,040.13

\$151,542.05

**Obligated CDBG DR Funds**

\$45,040.13

\$151,542.05

**Expended CDBG DR Funds**

\$0.00

\$106,501.92

**Match Contributed**

\$0.00

\$0.00

**Program Income Received**

\$0.00

\$0.00

**Program Income Drawdown**

\$0.00

\$0.00

**Activity Description:**

Planning and Administration - Ten percent of the grant has been reserved to cover legitimate costs of program planning and implementation. Anticipated costs include salaries and benefits, mileage, office expenses, and contractual help if and as necessary, e.g. appraisers and rehabilitation inspectors) deemed necessary to implement the program and achieve compliance with law and regulation.

**Location Description:**

This activity will benefit the entire jurisdiction of the Macomb Urban County.

**Activity Progress Narrative:**

Costs incurred for program implementation, virtually all for staffing and related office expenses. Added part-time (20 hrs per week) college intern to assist staff in administration. This arrangement has worked very well. No costs were incurred for marketing or planning during the quarter. It is possible that marketing may be undertaken during the winter.

**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**

No Other Funding Sources Found

Total Other Funding Sources

**Grantee Activity Number: B8-27-10B****Activity Title: Homebuyer Assistance<50%****Activity Category:**

Homeownership Assistance to low- and moderate-income

**Activity Status:**

Planned

**Project Number:**

1

**Project Title:**

NSP

**Projected Start Date:**

04/15/2009

**Projected End Date:**

12/31/2011

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Responsible Organization:**

County of Macomb

**Overall****Oct 1 thru Dec 31, 2009****To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$2,441,343.75
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$2,441,343.75
<b>Program Funds Drawdown</b>	\$203,368.40	\$277,174.90
<b>Obligated CDBG DR Funds</b>	\$203,368.40	\$277,174.90
<b>Expended CDBG DR Funds</b>	\$0.00	\$73,806.50
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

This activity will consist of three components: 1) a Down Payment Mortgage, to reduce the purchase price on a foreclosed property; 2) a Housing Rehabilitation Mortgage, if required to meet State Building code, as defined previously, and 3) Soft Costs. The DPM and HRM will be secured by second and third mortgages on the property. Homebuyers seeking NSP assistance will complete an application and submit documentation to the Macomb County Planning and Economic Development Department. The following process will be followed: \* Establish applicant eligibility, considering income and assets. The County will calculate income using IRS Form 1040 Adjusted Gross Income Method. Applicant incomes must fall below 120 percent of area median income. The applicant cannot have current liquid assets exceeding \$50,000.00, and cannot currently own a home. \* Local partners, including HUD-approved counseling agencies and local lenders, will also evaluate the applicant's credit-worthiness. The applicant must complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. The applicant must also be approved by a lender for a fixed rate loan, at or near the best available conventional rate, including FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years. \* The lender must provide a written statement consenting to placing DPM and HRM (as defined previously), payable to the County of Macomb, on any property that the first mortgage would be used to purchase. \* Based on the amount of loan pre-approved, the applicant will receive a list of potential vacant foreclosed single family properties, including HUD-owned properties, from lists of tax and mortgage foreclosures, the HUD website, local records and neighborhood research. The applicant may also identify a foreclosed, abandoned property of his/her choosing for purchase. \* All properties will have been pre-negotiated to be available for sale at a discount from their current appraised value. The average purchase discount required from the seller will be 15% from the current market appraised value (CMAV), with few exceptions made in extraordinary instances. In no instance would the discount fall below 5% of CMAV. \* The NSP DPM will reduce interest rates, mortgage principal, and pay reasonable closing costs, thereby achieving the long-term affordability objective, including as an objective, Private Mortgage Insurance fees. \* Housing units acquired through the program may require rehabilitation in order to make them decent, safe, habitable and in compliance with the State's Building Code (see above definitions). The County will therefore provide a HRM for eligible Rehabilitation Costs secured by a lien on the property. \* The total of NSP assistance will not exceed the greater of \$50,000 or 49% of hard costs. The maximum Hard Costs for a home receiving NSP assistance is \$226,100. County Staff will assist the



homebuyer in: application preparation, determining applicant eligibility, property inspections, cost estimates, contractor bid process, preparing construction contract, an inspection to ensure contract compliance. (These are considered Soft Costs (see County definitions above), and will not be repaid by the NSP beneficiary). For housing related activities, include: \* tenure of beneficiaries--rental or homeownership; the NSP will assist households that do not currently own homes and intend, after purchase, to own and occupy their homes indefinitely. \* duration or term of assistance; both the DPM and HRM will be effective while the homebuyer owns and occupies the property, and will be repayable upon default if within 15 years of purchase. They will be forgiven if the owner owns and occupies the property as its principal residence for 15-years after purchase. Specifics for a rental program have not been determined due to the priority for homebuyer assistance. \* a description of how the design of the activity will ensure continued affordability. Affordability was a key consideration in the design of the Macomb County NSP as indicated by the following: \* both the DPM and the HRM carry no interest and are not payable until default occurs. They are completely forgiven if the homebuyer uses the home as its principle residence for at least 15 years. This policy is intended to encourage long-term residence by the assisted homebuyer. \* The DPM is intended to insure that 20% of the purchase price is not lender-financed, thereby eliminating the need for Private Mortgage Insurance (PMI) and the fees associated with it. \* The rehabilitation loan, moreover, allows the buyer the option of installing energy-saving improvements, including windows, insulation, HVAC systems, refrigerators and stoves. This will help the family lower operating costs, thereby encouraging long-term affordability. For acquisition activities, include: \* discount rate An overall purchase discount of 15% will be charged pursuant to NSP regulation J. The County will ensure a minimum 5% discount on select properties, if warranted, but will achieve the overall discount rate through corresponding increased discounts on other loans. For financing activities, include: \* range of interest rates Both the DPM and the HRM are no interest and payment is deferred until the time of Mortgage Default. Both are completely forgiven after 15 years.

### Location Description:

Assist HH 50% AMI purchase foreclosed homes anywhere within the 21 community Urban County jurisdiction.

### Activity Progress Narrative:

Continued progress made in assisting households < 50% AMI. To date 3 households have been assisted with homes purchased and repairs completed. Several others are in process but have not progressed to the point that they can be reported. We expect progress to slow, however, as the number of qualified applicants appears to be diminishing. The County is considering various strategies to address what could become a shortfall in achieving program objectives, including redevelopment activities under eligibility category e, and awarding contracts to developer partners with capacity to address this need.

### Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	1	0/0	0/0	3/43
# of Households benefitting	1	0	1	3/43	0/0	3/43

### Activity Locations

Address	City	State	Zip
16834 Josephine	Fraser	NA	48026

### Other Funding Sources Budgeted - Detail

#### No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

**Grantee Activity Number:** B8-27-10C

**Activity Title:** Homebuyer Assistance >50%

**Activity Category:**

Homeownership Assistance to low- and moderate-income

**Activity Status:**

Under Way

**Project Number:**

1

**Project Title:**

NSP

**Projected Start Date:**

04/15/2009

**Projected End Date:**

12/31/2011

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

County of Macomb

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2009</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$5,277,494.25
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$5,277,494.25
<b>Program Funds Drawdown</b>	\$499,129.24	\$911,656.24
<b>Obligated CDBG DR Funds</b>	\$499,129.24	\$911,656.24
<b>Expended CDBG DR Funds</b>	\$0.00	\$412,527.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

This activity will consist of three components: 1) a Down Payment Mortgage, to reduce the purchase price on a foreclosed property; 2) a Housing Rehabilitation Mortgage, if required to meet State Building code, as defined previously, and 3) Soft Costs. The DPM and HRM will be secured by second and third mortgages on the property. Homebuyers seeking NSP assistance will complete an application and submit documentation to the Macomb County Planning and Economic Development Department. The following process will be followed: \* Establish applicant eligibility, considering income and assets. The County will calculate income using IRS Form 1040 Adjusted Gross Income Method. Applicant incomes must fall below 120 percent of area median income. The applicant cannot have current liquid assets exceeding \$50,000.00, and cannot currently own a home. \* Local partners, including HUD-approved counseling agencies and local lenders, will also evaluate the applicant's credit-worthiness. The applicant must complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. The applicant must also be approved by a lender for a fixed rate loan, at or near the best available conventional rate, including FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years. \* The lender must provide a written statement consenting to placing DPM and HRM (as defined previously), payable to the County of Macomb, on any property that the first mortgage would be used to purchase. \* Based on the amount of loan pre-approved, the applicant will receive a list of potential vacant foreclosed single family properties, including HUD-owned properties, from lists of tax and mortgage foreclosures, the HUD website, local records and neighborhood research. The applicant may also identify a foreclosed, abandoned property of his/her choosing for purchase. \* All properties will have been pre-negotiated to be available for sale at a discount from their current appraised value. The average purchase discount required from the seller will be 15% from the current market appraised value (CMAV), with few exceptions made in extraordinary instances. In no instance would the discount fall below 5% of CMAV. \* The NSP DPM will reduce interest rates, mortgage principal, and pay reasonable closing costs, thereby achieving the long-term affordability objective, including as an objective, Private Mortgage Insurance fees. \* Housing units acquired through the program may require rehabilitation in order to make them decent, safe, habitable and in compliance with the State's Building Code (see above definitions). The County will therefore provide a HRM for eligible Rehabilitation Costs secured by a lien on the property. \* The total of NSP assistance will not exceed the greater of \$50,000 or 49% of hard costs. The maximum Hard Costs for a home receiving NSP assistance is \$226,100. County Staff will assist the homebuyer in: application preparation, determining applicant eligibility, property inspections, cost estimates, contractor bid process, preparing construction contract, an inspection to ensure contract compliance. (These are considered Soft Costs (see County definitions above), and will not be repaid by the NSP beneficiary). For housing related activities, include: \* tenure of beneficiaries--rental or homeownership; the NSP will assist households that do not currently own homes and intend, after purchase, to own and occupy their homes indefinitely. \* duration or term of assistance; both the DPM and HRM will be effective while the homebuyer owns and occupies the property, and will be repayable upon default if within 15 years of purchase. They will be forgiven if the owner owns and occupies the property as its principal residence for 15-years after purchase. Specifics for a rental program have not been determined due to the priority for homebuyer assistance. \* a description of how the design of the activity will ensure continued affordability. Affordability was a key consideration in the design of the Macomb County NSP as

indicated by the following: \* both the DPM and the HRM carry no interest and are not payable until default occurs. They are completely forgiven if the homebuyer uses the home as its principle residence for at least 15 years. This policy is intended to encourage long-term residence by the assisted homebuyer. \* The DPM is intended to insure that 20% of the purchase price is not lender-financed, thereby eliminating the need for Private Mortgage Insurance (PMI) and the fees associated with it. \* The rehabilitation loan, moreover, allows the buyer the option of installing energy-saving improvements, including windows, insulation, HVAC systems, refrigerators and stoves. This will help the family lower operating costs, thereby encouraging long-term affordability. For acquisition activities, include: \* discount rate An overall purchase discount of 15% will be charged pursuant to NSP regulation J. The County will ensure a minimum 5% discount on select properties, if warranted, but will achieve the overall discount rate through corresponding increased discounts on other loans. For financing activities, include: \* range of interest rates Both the DPM and the HRM are no interest and payment is deferred until the time of Mortgage Default. Both are completely forgiven after 15 years.

### Location Description:

This activity will be made available anywhere within the 21 community jurisdiction of the Urban County of Macomb.

### Activity Progress Narrative:

Progress continues although at a slower rate than desired, with 3 homes completed (acquired and repaired with occupancy obtained by the purchasing family) during the reporting period. There are a number of other cases still in process and many of these should be reported as completions in the April report. Strategies are required, and are being developed, to address the anticipated commitment deficit and enable Macomb County to achieve its NSP objectives. Actions taken include extensive consultations with peer communities to evaluate shared problems, with lenders to obtain private sector input, and with HUD to refine possible solutions to the problems encountered.

Since DRGR has disallowed the addresses of properties completed during the reporting period, and purchased by families > 50% AMI, they are listed here:

46230 Sawyer Lane, Macomb Township, Macomb County, MI, 48044

53563 Katarina, Chesterfield Township, Macomb County, MI 48047

324 Harrington Rd., Mt. Clemens, Macomb County, MI 48043

### Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	3	0/0	0/0	4/131
# of Households benefitting	0	3	3	0/0	4/131	4/131

### Activity Locations

No Activity Locations found.

### Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

#### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

<b>Grantee Activity Number:</b>	<b>B8-27-10D</b>
<b>Activity Title:</b>	<b>Demolition - Eastpointe</b>

**Activity Category:**  
Clearance and Demolition

**Activity Status:**  
Planned

**Project Number:**  
1

**Project Title:**  
NSP

**Projected Start Date:**  
04/15/2009

**Projected End Date:**  
12/31/2011

**National Objective:**  
NSP Only - LMMI

**Responsible Organization:**  
County of Macomb

Overall	Oct 1 thru Dec 31, 2009	To Date
Total Projected Budget from All Sources	N/A	\$210,000.00
Total CDBG Program Funds Budgeted	N/A	\$210,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

### Activity Description:

The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. \* tenure of beneficiaries--rental or homeownership; \* duration or term of assistance; \* a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. \* discount rate For financing activities, include: Not applicable for demolition activities. \* range of interest rates

### Location Description:

This activity will be focused in the City of Eastpointe, which has been identified as being a foreclosure-distressed community.

### Activity Progress Narrative:

The County performed necessary preparation to implement its demolition program during the last quarter. It met with the 3 communities that will be principally affected by this activity to develop uniform procedures to meet both program and local requirements, issued requests for proposals for demolition contractors and for an inspector to evaluate properties for hazardous substances. Two demolition contractors and one inspection firm were selected to undertake this work. Eleven properties have been identified for demolition, but none has occurred to date. Demolition will begin during winter 2010.

### Performance Measures

	This Report Period		Total	Cumulative Actual Total / Expected		
	Low	Mod		Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/20

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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<b>Grantee Activity Number:</b>	<b>B8-27-10E</b>
<b>Activity Title:</b>	<b>Demolition - Mt. Clemens</b>

**Activity Category:**  
Clearance and Demolition

**Activity Status:**  
Planned

**Project Number:**  
1

**Project Title:**  
NSP

**Projected Start Date:**  
04/15/2009

**Projected End Date:**  
12/31/2011

**National Objective:**  
NSP Only - LMMI

**Responsible Organization:**  
County of Macomb

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2009</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$750,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$750,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

### Activity Description:

The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. \* tenure of beneficiaries--rental or homeownership; \* duration or term of assistance; \* a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. \* discount rate For financing activities, include: Not applicable for demolition activities. \* range of interest rates

### Location Description:

This activity will be focused in the City of Mt. Clemens, which has been identified as being foreclosure-distressed.

### Activity Progress Narrative:

The County performed necessary preparation to implement its demolition program during the last quarter. It met with the 3 communities that will be principally affected by this activity to develop uniform procedures to meet both program and local requirements, issued requests for proposals for demolition contractors and for an inspector to evaluate properties for hazardous substances. Two demolition contractors and one inspection firm were selected to undertake this work. Eleven properties have been identified for demolition, but none has occurred to date. Demolition will begin during winter 2010.

### Performance Measures

	<b>This Report Period</b>			<b>Cumulative Actual Total / Expected</b>		
	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Total</b>
<b># of Properties</b>	0	0	0	0/0	0/0	0/35

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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**Grantee Activity Number:** B8-27-10F  
**Activity Title:** Demolition - Center Line

**Activity Category:**  
 Clearance and Demolition

**Activity Status:**  
 Planned

**Project Number:**  
 1

**Project Title:**  
 NSP

**Projected Start Date:**  
 04/15/2009

**Projected End Date:**  
 12/31/2011

**National Objective:**  
 NSP Only - LMMI

**Responsible Organization:**  
 County of Macomb

Overall	Oct 1 thru Dec 31, 2009	To Date
Total Projected Budget from All Sources	N/A	\$110,000.00
Total CDBG Program Funds Budgeted	N/A	\$110,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

**Activity Description:**

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. \* tenure of beneficiaries--rental or homeownership; \* duration or term of assistance; \* a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. \* discount rate For financing activities, include: Not applicable for demolition activities. \* range of interest rates

**Location Description:**

This activity will be focused in the City of Center Line, which has been identified as being foreclosure-distressed.

**Activity Progress Narrative:**

The County performed necessary preparation to implement its demolition program during the last quarter. It met with the 3 communities that will be principally affected by this activity to develop uniform procedures to meet both program and local requirements, issued requests for proposals for demolition contractors and for an inspector to evaluate properties for hazardous substances. Two demolition contractors and one inspection firm were selected to undertake this work. Eleven properties have been identified for demolition, but none has occurred to date. Demolition will begin during winter 2010.

**Performance Measures**

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/10



## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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