

Grantee: Muncie, IN

Grant: B-08-MN-18-0009

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-18-0009

Obligation Date:**Grantee Name:**

Muncie, IN

Award Date:**Grant Amount:**

\$2,007,356.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

Section 2301(c)(2) of HERA requires that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. This application uses HUDs census data compilation showing estimated foreclosure abandonment risk scores, percentage of persons at or below 120% of the Area Median Income (AMI), percentage of home price decline, percentage of high cost loan rates (subprime loans), percentage of predicted 18 month underlying problem foreclosure rate, and percentage of residential vacancy rate for Muncie (see NSP Census data at page 14, and an explanation of the methodology at http://www.huduser.org/publications/commdevl/nsp_target.html). The map at p16 shows these percentages by Census Tract. The citys areas of greatest need are those that meet all of the following criteria: an estimated foreclosure abandonment risk score of 10 percentage of persons at or below 120% of the Area Median Income (AMI) is 51% or more percentage of high cost loan rates (subprime loans) is 30% or higher percentage of predicted 18 month underlying problem foreclosure rate is 10% or higher, and residential vacancy rate is 25% or higher Census Tracts 1, 2, 3, 4, and 6 meet these criteria. 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: A 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 blighted, 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. (2) Definition of affordable rents. Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program specific requirements, such as continued affordability.

Recovery Needs:

The period of affordability is based on total amount of NSP funds invested, as follows: 5 years for less than \$15,000 in NSP funds per unit; 10 years for \$15,000 to \$40,000 in NSP funds per unit; 15 years for greater than \$40,000 in NSP funds per unit. Affordability requirements will be enforced through deed restrictions, mortgages, and promissory

notes, all of which will be recorded by the Delaware County Recorder.

The Muncie Housing Code of 2002 will apply to NSP assisted activities, as well as Indiana Residential Code, 2005 Edition, or 2008 Indiana Building Code, as applicable.

The City plans to use \$501,839.00 in NSP funds (25% of the total allocation) for purchase and rehabilitation of an abandoned or foreclosed upon property (or properties) to create multi-family rental units for housing individuals and families whose incomes do not exceed 50% of area median income. While the specific site has not been identified, it will be located in an area of greatest need described above on page 2.

In selecting the project site, CD will consider the impact on the surrounding neighborhood, the developers record of success, and the developers leveraging of funds, e.g., application for low income housing tax credits and, possibly, historic preservation tax credits. CD is considering proposals from experienced and qualified for-profit and non-profit developers, and has toured potential project sites with them. One building has been ruled out due to likely difficulties in environmental review. Another looks very promising. CD is consulting with the State Historic Preservation Officer regarding National Register eligibility of each proposed property.

While details have not yet been determined, CD plans to commit the entire low-income-targeted amount to a single project. Given the short timeline for planning and completion of NSP projects, this will serve to minimize administration costs and maximize the potential for a successful project.

The City does not intend to demolish or convert any low- and moderate-income dwelling units (i.e., 80% of area median income). All properties to be demolished will be long-vacant, abandoned, uninhabitable structures; no persons will be displaced.

The City plans to use NSP funds to demolish approximately 136 blighted structures in the areas of greatest need (Census Tracts 1, 2, 3, 4, and 6), at an average cost of \$6,500. CD staff is working with the Unsafe Building Hearing Authority, the City Building Commissioner, and neighborhood representatives in establishing site priority, but all demolitions will be Section 2301(c)(2) of HERA requires that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

This application uses HUDs census data compilation showing estimated foreclosure abandonment risk scores, percentage of persons at or below 120% of the Area Median Income (AMI), percentage of home price decline, percentage of high cost loan rates (subprime loans), percentage of predicted 18 month underlying problem foreclosure rate, and percentage of residential vacancy rate for Muncie (see NSP Census data at page 14, and an explanation of the methodology at http://www.huduser.org/publications/commdevl/nsp_target.html). The map at p16 shows these percentages by Census Tract. The citys areas of greatest need are those that meet all of the following criteria:

-  an estimated foreclosure abandonment risk score of 10
-  percentage of persons at or below 120% of the Area Median Income (AMI) is 51% or more
-  percentage of high cost loan rates (subprime loans) is 30% or higher
-  percentage of predicted 18 month underlying problem foreclosure rate is 10% or higher, and
-  residential vacancy rate is 25% or higher

Census Tracts 1, 2, 3, 4, and 6 meet these criteria.

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:

A 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.

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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:

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(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.

(2) Definition of affordable rents. Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program specific requirements, such as continued affordability.

located in described target areas. The cleared sites will not be redeveloped with NSP funds, but most will be acquired and disposed of by the land bank for the purpose of re-use or redevelopment. The City anticipates most land bank properties will be acquired through the tax foreclosure process.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,007,356.00
Total CDBG Program Funds Budgeted	N/A	\$2,007,356.00
Program Funds Drawdown	\$33,561.81	\$77,096.98
Obligated CDBG DR Funds	\$0.00	\$1,255,517.00
Expended CDBG DR Funds	\$33,561.81	\$77,096.98
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	\$301,103.40	\$0.00
Limit on Admin/Planning	\$200,735.60	\$24,258.22
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

We are well underway with the Clearance program, having completed the legal paperwork on a large number of locations on our list of unsafe houses. We awarded 29 contracts for demolition, with one being completed. We expect the balance of 28 to be completed in the fourth quarter, and we anticipate awarding another 50 contracts for demolition in the fourth quarter.

We are anticipating a proposal in the near future from a developer for the Multi-Family Rental Development project. Formation of the land bank is dependent on obtaining property from the County Commissioners after the next tax sale, which has tentatively been scheduled for the first week of February 2010. The City intends to hire a land bank director in late November or early December 2009 to prepare for receipt of properties in February or March from the county and to establish policies and procedures for operation of the land bank

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Administration	\$0.00	\$1,734.74	\$200,735.00	\$24,258.22
2, Clearance	\$0.00	\$31,827.07	\$1,054,782.00	\$52,838.76
3, Land Bank	\$0.00	\$0.00	\$250,000.00	\$0.00
4, Multi-Family Rental Development	\$0.00	\$0.00	\$501,839.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number:	1
Activity Title:	Administration

Activity Category:

Administration

Project Number:

1

Projected Start Date:

04/01/2009

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

04/01/2012

Responsible Organization:

City of Muncie

Overall
Jul 1 thru Sep 30, 2009
To Date

Total Projected Budget from All Sources	N/A	\$200,735.00
Total CDBG Program Funds Budgeted	N/A	\$200,735.00
Program Funds Drawdown	\$1,734.74	\$24,258.22
Obligated CDBG DR Funds	\$0.00	\$200,735.00
Expended CDBG DR Funds	\$1,734.74	\$24,258.22
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Reimburse CDBG pre-grant costs; Administer NSP grant

Location Description:

N/A

Activity Progress Narrative:

We purchased a laptop computer to enable information to be entered while attending meetings and on site while performing monitoring. This will increase efficiency and accuracy in recording of information. One employee attended the HUD Neighborhood Stabilization Program Training: Implementation for 2008 Formula Grants held in Chicago, IL.

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:	2
Activity Title:	Clearance

Activity Category:

Clearance and Demolition

Project Number:

2

Projected Start Date:

04/01/2009

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Clearance

Projected End Date:

04/01/2013

Responsible Organization:

City of Muncie

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,054,782.00
Total CDBG Program Funds Budgeted	N/A	\$1,054,782.00
Program Funds Drawdown	\$31,827.07	\$52,838.76
Obligated CDBG DR Funds	\$0.00	\$1,054,782.00
Expended CDBG DR Funds	\$31,827.07	\$52,838.76
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Demolish blighted structures

Location Description:

Census Tracts 1, 2, 3, 4, 6

Activity Progress Narrative:

In preparation for demolition of NSP area buildings, an asbestos inspection contract was awarded to a state-certified asbestos inspector and buildings were inspected for asbestos. Contracts were awarded for the demolition of 29 buildings. Demolition was started at two locations, with one of the two being completed before the end of the quarter. In conjunction with the County GIS office, we paid a portion of the ESRI bill GIS software used in tracking and mapping properties to be demolished. A full-time planner assisted in preparing the legal paperwork involved in the demolitions. The planner also assisted in the input of all pertinent information in a new software program to track each property in the pool of properties marked for demolition. All information, from the date of the demolition order to the final disposition of the property, is tracked in this software program. We anticipate awarding demolition contracts for an additional 50 buildings in the fourth quarter of 2009.

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	1/136

Activity Locations

Address	City	State	Zip
903 S Pershing St.	Muncie	NA	47302

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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