

**Grantee: Muncie, IN**

**Grant: B-08-MN-18-0009**

**October 1, 2009 thru December 31, 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

**QPR Contact:**

No QPR Contact 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](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., &#8804; 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/commdev/nsp\\_target.html](http://www.huduser.org/publications/commdev/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:

- &#61591; an estimated foreclosure abandonment risk score of 10
- &#61591; percentage of persons at or below 120% of the Area Median Income (AMI) is 51% or more
- &#61591; percentage of high cost loan rates (subprime loans) is 30% or higher
- &#61591; percentage of predicted 18 month underlying problem foreclosure rate is 10% or higher, and
- &#61591; 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.

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- (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.

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	\$175,411.39	\$252,508.37
Obligated CDBG DR Funds	\$0.00	\$1,255,517.00
Expended CDBG DR Funds	\$175,411.39	\$252,508.37
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	\$26,505.98
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

## Overall Progress Narrative:

Administrative costs incurred were used for new computer software for a property tracking system, training of staff for proper management of the grant, environmental review requirements, and using NSP funds in conjunction with CDBG and HOME funds.

A job description for the land bank director has been developed and approved by personnel and the mayor's office. We anticipate filling this position in the next quarter. The land bank director will hire the inspector, also possibly in the next quarter. We have met to discuss land bank operations and interlocal agreements necessary for operation of the land bank with the redevelopment commission, who by state statute must operate the land bank. Those agreements are being written by the redevelopment commission.

For the Clearance of Slum and Blight project, thirty-two unsafe buildings in the NSP area were demolished in the fourth quarter of 2009. Legal requirements and asbestos inspections have been completed for another fifty buildings we anticipate being demolished in the first quarter of 2010.

Shortly after notice of our NSP award, we made a decision to meet the 50% AMI requirement, if possible, with a small number of multi-family projects rather than a large number of single-family homes. In December 2008 we began working on a project with local social service agencies to develop a prisoner re-entry or senior housing project. These efforts did not materialize into a suitable project. Fortunately for the community, but making our task more difficult, is a relatively small number of buildings that are NSP-eligible and of an appropriate size for this type of project. Throughout 2009, we worked to develop a project at Jackson Vine Apartments, a foreclosed upon and long vacant 1939 apartment building in the Emily Kimbrough Historic District. Working with developers from Muncie and out of town, it became apparent that rehab of this structure would require at least two million dollars. Even with a proposed investment of \$300,000 in HOME funds to augment the NSP funding, the project would not work without some other subsidy. At the end of 2009, we have a strong commitment from Flaherty and Collins to pursue this project, using the Low Income Housing Tax Credit to fill the budget shortfall. We expect this project to now move swiftly forward and have begun the environmental review process.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Administration	\$2,247.76	\$200,735.00	\$26,505.98
2, Clearance	\$173,163.63	\$1,054,782.00	\$226,002.39
3, Land Bank	\$0.00	\$250,000.00	\$0.00
4, Multi-Family Rental Development	\$0.00	\$501,839.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

## Activities

**Grantee Activity Number:** 1

**Activity Title:** Administration

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

1

**Project Title:**

Administration

**Projected Start Date:**

04/01/2009

**Projected End Date:**

04/01/2012

**National Objective:**

N/A

**Responsible Organization:**

City of Muncie

**Overall**

**Oct 1 thru Dec 31, 2009**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$200,735.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$200,735.00
<b>Program Funds Drawdown</b>	\$2,247.76	\$26,505.98
<b>Obligated CDBG DR Funds</b>	\$0.00	\$200,735.00
<b>Expended CDBG DR Funds</b>	\$2,247.76	\$26,505.98
City of Muncie	\$2,247.76	\$26,505.98
<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:**

Reimburse CDBG pre-grant costs; Administer NSP grant

**Location Description:**

N/A

**Activity Progress Narrative:**

Using our IT support company, we developed and purchased an Unsafe Housing Tracking System, which is integrated with the Delaware County real estate databases. This software gives us the ability to trace any building from the date it is reported as unsafe to the completion of the rehabilitation or demolition of the property. It also gives us access to the County's property records, such as the current owner and the tax status, without having to leave our office. We upgraded two computers to hardware required to run this program.

Employees have attended HUD training sessions relating to requirements for financial management of the grant, environmental review requirements, and using NSP funds in conjunction with CDBG and HOME funds.

Miscellaneous administrative expenses have been incurred for recording of the Unsafe Building Hearing Authority documents at the Delaware County Recorder's office, training and licensing of two asbestos inspectors, newspaper legal ads regarding buildings to be demolished, and payroll for staff to perform necessary clerical and administrative tasks relating to managing the grant.

**Performance Measures**

**No Performance Measures found.**

**Activity Locations**

<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>
300 N HIGH ST	MUNCIE	NA	47305

## 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:** 2  
**Activity Title:** Clearance

**Activity Category:**  
 Clearance and Demolition

**Activity Status:**  
 Under Way

**Project Number:**  
 2

**Project Title:**  
 Clearance

**Projected Start Date:**  
 04/01/2009

**Projected End Date:**  
 04/01/2013

**National Objective:**  
 NSP Only - LMMI

**Responsible Organization:**  
 City of Muncie

Overall	Oct 1 thru Dec 31, 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	\$173,163.63	\$226,002.39
Obligated CDBG DR Funds	\$0.00	\$1,054,782.00
Expended CDBG DR Funds	\$173,163.63	\$226,002.39
City of Muncie	\$173,163.63	\$226,002.39
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:**

Twenty-eight NSP area buildings were demolished during the fourth quarter of 2009, of which one was deconstructed. An additional four buildings were torn down by property owners using NSP funded dumpsters and debris removal. We anticipate awarding asbestos inspection/removal and demolition contracts for an additional fifty buildings in the first quarter of 2010. Program funds expended include the cost of an administrator to oversee this activity.

**Performance Measures**

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	38	0/0	0/0	39/136

**Activity Locations**

Address	City	State	Zip
1525 E KIRBY AVE	MUNCIE	NA	47302-
1601 E WASHINGTON	MUNCIE	NA	47305-
1519 S MONROE ST	MUNCIE	NA	47302-
1723 E JACKSON ST	MUNCIE	NA	47305-
1423 E GILBERT ST	MUNCIE	NA	47305-



719 S EBRIGHT	MUNCIE	NA	47302-
1307 E MAIN ST	MUNCIE	NA	47305-
1122 E 7TH ST	MUNCIE	NA	47302-
527 S ELLIOTT	MUNCIE	NA	47305-
624 W 8TH ST	MUNCIE	NA	47302-
714 N ELM ST	MUNCIE	NA	47305-
903 S PERSHING	MUNCIE	NA	47302-
1600 S GHARKEY	MUNCIE	NA	47302-
927 W MAIN ST	MUNCIE	NA	47305-
510 E 8TH ST	MUNCIE	NA	47302-
719 E 7TH ST	MUNCIE	NA	47302-
1515 E KIRBY AVE	MUNCIE	NA	47302-
901 S WOLFE ST	MUNCIE	NA	47302-
408 E 8TH ST	MUNCIE	NA	47302-
1208 E 6TH ST	MUNCIE	NA	47302-
1615 E 2ND ST	MUNCIE	NA	47302-
1601 E KIRBY AVE	MUNCIE	NA	47302-
917 S JEFFERSON ST	MUNCIE	NA	47302-
1501-1503 S MONROE	MUNCIE	NA	47302-
932 W 11TH ST	MUNCIE	NA	47302-
1009 S HACKLEY ST	MUNCIE	NA	47302-
405 E 9TH ST	MUNCIE	NA	47302-
628 S MOUND ST	MUNCIE	NA	47305-
707 E 8TH ST	MUNCIE	NA	47302-
921 S PERSHING	MUNCIE	NA	47302-
1417 E GILBERT ST	MUNCIE	NA	47305-
1605 E 1ST 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	

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