

**Grantee: Pontiac, MI**

**Grant: B-08-MN-26-0009**

**July 1, 2009 thru September 30, 2009 Performance Report**

**Grant Number:**

B-08-MN-26-0009

**Obligation Date:**

03/27/2009

**Grantee Name:**

Pontiac, MI

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

\$3,542,002.00

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

Active

**Review by HUD:**

Reviewed and Approved

**Submitted By:**

No Submitter Found

## Disasters:

### Declaration Number

NSP

## Plan Description:

Based on the 2000 Census Data, the City of Pontiac has over 63% households which qualify under 80% or below of Area Median Income. The City has consistently had a much higher rate of unemployment than surrounding communities and a lower housing value. Pontiac currently has an unemployment rate of 20.5% while the surrounding communities in Oakland County have an unemployment rate of 8%. Based on the data provided by HUD, Pontiac has a higher unemployment than either Detroit (17.7%) or Flint (17%) In 2000, the median household income in Pontiac was \$31,207 while the State of Michigans per capita income was \$44,467 and Oakland Countys was \$61,907. At \$15,842, the per capita income is 48% of the per capita income of Oakland County. Using data from the Mortgage Bankers Association National Delinquency Survey as of June 2008, HUD has calculated the approximate number of foreclosure starts for all of 2007 and the first six months of 2008. In Pontiac, this number is estimated at 1,616 giving Pontiac a foreclosure rate of 12.6%. This rate is third in Michigan only behind Detroit and Flint. In reviewing the foreclosure and abandonment risk score, of which 1 is the lowest and 10 is the highest, there are six Block Groups in the City that have a risk score of 9. These are clustered on the north side of the City in Census Tracts 1410, 1411 and 1412 and one other Census Tract 1419 which is located on the west side of the City. The remaining 63 Block Groups in the City have a risk score of 10, the highest and these cover the entire community. In addition, over 50% of persons who have a mortgage have what is considered to be a high cost, high risk sub prime mortgage. This represents over 3,200 potential foreclosures due to the nature of these mortgages. In addition, there are over 2,100 vacant housing units currently in the City and these are also located throughout the City. The average vacancy rate in the City is 8.6% with several Census Tracts having vacancy rates over 19%. Due to the economic conditions in the City and the large number of foreclosures (over 1,600 in 18 months), the City has a large number of vacant, foreclosed upon properties in the City. While many of these homes are standard homes that can be rehabilitated up to current code, there are approximately 150 foreclosed homes that need to be demolished based on current conditions. The City, through its regular CDBG program, has focused a portion of our funding toward the demolition of condemned, blighting single family homes. Currently, the City has a list of approximately 600 homes that are in some part of the Substandard Process. With the large number of foreclosures in our community, the City has seen an increase in the number of properties that go through the Citys Substandard Housing that are bank-owned foreclosed upon properties. As the inventories of the banks increase, the properties in Pontiac are not being maintained properly and the houses are not being secured against trespass. As properties sit vacant in the City, the houses are broken in to and the salvageable materials are removed. This sometimes includes the doors and the windows as well as the furnace, hot water heaters, the plumbing, wiring and fixtures. The houses are then left completely open to the elements and fast become an attractive nuisance and a threat to health and safety. The use of these NSP funds will also help the City to start to build back its tax base which has severely eroded by dropping home values (-13.3% since 2000), tax foreclosures and loss of housing stock to abandonment and demolition. In an article from the Oakland Press dated November 20, 2008, it stated that the property values in Pontiac had declined even further, 20.11 % during the previous year (October 1, 2007 through September 20, 2008). This information was from a study of sales through the Oakland County Equalization Department.

## Recovery Needs:

The City is proposing to address the issue of vacant, blighting foreclosed upon properties in the City of Pontiac with the following activities:

1. Demolition of blighting vacant foreclosed upon homes:

The City will target approximately 50 or more blighting vacant foreclosed upon structures. The properties must be designated and documented as blighting through the City's Substandard process. The properties must be bank owned properties at the time of demolition. Priority will be given to those properties that are located within the seven designated Target Areas of the Cities of Promise.

2. Redevelopment of Abandoned or Vacant Property

The City Council will allocate \$400,000 for the construction of at least eight new single family homes that will be constructed to Michigan Green Build or LEED Certification. The City will bid out the construction of the new homes to eligible companies to construct these home using the funds as a subsidy to make the homes more affordable to persons at 50% or below of area median income.

The City will partner with a contractor with green building experience to construct at least two single family homes that meet Michigan Green Build or LEED Certification while providing job training opportunities. The City will partner with our local job training agency to provide individuals interested in learning green building skills and technology. The two single family homes will be constructed on vacant, city-owned land and after completion, the homes will be used as rental properties for two households at 50% or below of area median income. If the households are interested and able, the City will work with them on a lease purchase program to eventually acquire the homes.

3. Acquisition/Rehab and Resale for Affordable Housing:

The City will purchase vacant, foreclosed upon bank-owned properties at a discount (5 to 15%) of appraised value (required by regulations). The City will complete a team inspection and energy audit on each home and make necessary repairs to bring up to code and improve energy efficiency. The homes will then be made available for sale to income eligible households up to 120% of Area Median Income for the amount of NSP assistance invested in the home (required by regulations).

4. Downpayment and Rehab Assistance:

The City will provide up to \$20,000 in downpayment assistance to eligible homebuyers up to 120% of Area Median Income. Potential homebuyers will find a home to purchase. The home must be foreclosed upon, bank owned and vacant. The City will complete an appraisal (required), a team inspection and energy audit on the home. The funds can be used for any combination of downpayment (mortgage buy down), reasonable closing costs and rehabilitation costs. Assistance will be provided in the form of a soft second, deferred loan in the amount of NSP assistance. The loan will be a no interest deferred loan payable at the time that the home is sold or title is transferred.

Overall the proposed activities would assist a minimum of 69 households with new housing opportunities. This includes both rental and homeownership opportunities. The program will focus on bringing these housing units up to current building codes and to Energy Star standards to promote long term affordability and sustainability to help stabilize our neighborhoods. Any program income generated by homeowner activities will be reinvested back to the same activity generating the program income allowing the City to complete additional homeownership units. Program income may generate an additional 16 units of homeownership on the first generation of these funds. The program will also allow the demolition of an additional 50 or more substandard, blighting, vacant, bank owned properties in our communities with the added possibility of matching funds from the Cities of Promise Blight Elimination Grant which could address another 15 properties for demolition.

Overall	This Report Period	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$3,542,002.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$3,542,002.00
<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>	\$18,330.00	\$88,495.34
<b>Match Contributed</b>	\$0.00	\$36,000.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$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	\$36,000.00
Limit on Public Services	\$531,300.30	\$0.00
Limit on Admin/Planning	\$354,200.20	\$3,570.34
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

During the reporting period, the City tested and abated five additional NSP eligible, blighted structures for asbestos and demolished three of those structures. In addition, the final work was completed to prepare for the demolition of 40 Mechanic, a multi-unit structure that has been a major blighted structure on the community for many years. The structure, the site of a recent finding of a dead body, was demolished early in the subsequent quarter and was greeted with a celebration of citizens and City officials, who praised the program for the long-awaited demolition of this blighted structure. An additional 69 structures were placed under demolition contract, many of which are located in NSP target areas. Two homes are under review for Down Payment Assistance. The demolition also received significant media coverage. Staff attended the "HUD Stimulus Boot Camp" as part of the annual MCDA conference in September. Staff also registered for the NSP/HOME Training in Detroit to take place in October. Staff continues to work with the Emergency Financial Manager to identify tax foreclosed homes for the acquisition/rehabilitation activity. A meeting with a MSHDA technical assistance provider is scheduled to set up the Request for Proposals to hire a project coordinator for the acquisition/rehabilitation/resale activity as well as redevelopment activities.

### Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
77N05, Construction of New Housing	\$650,000.00	\$0.00	\$650,000.00	\$0.00
77N16, NSP Administration	\$354,200.20	\$0.00	\$354,200.20	\$0.00
77N17, Acquisition/Rehab 25% Set Aside	\$350,000.00	\$0.00	\$350,000.00	\$0.00
77N18, Acquisition/Rehab/Resale LMMI	\$1,467,801.80	\$0.00	\$1,467,801.80	\$0.00
77N19, Downpayment Assistance	\$200,000.00	\$0.00	\$200,000.00	\$0.00
77N31, Demolition of Blighting Structures	\$520,000.00	\$0.00	\$520,000.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
BCKT, Bucket Project	(\$3,542,002.00)	\$0.00	\$0.00	\$0.00

## Activities

<b>Grantee Activity Number:</b>	<b>77M05</b>
<b>Activity Title:</b>	<b>Redevelopment of New Housing</b>

**Activity Category:**

Construction of new housing

**Activity Status:**

Planned

**Project Number:**

77N05

**Project Title:**

Construction of New Housing

**Projected Start Date:**

04/01/2009

**Projected End Date:**

08/01/2010

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Responsible Organization:**

City of Pontiac Federal Programs Division

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$650,000.00
Total CDBG Program Funds Budgeted	N/A	\$650,000.00
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 City will contract will an organization to construction eight (8) single family, Michigan Green Build homes. Upon completion, the homes will be sold to households at 50% or below of AMI. The City will also contract to construct two (2) single family, Michigan Green Build homes to be used as green technology job training opportunities. Upon completion, these homes will be sold to households at 50% of AMI.

### Location Description:

The project will be located on vacant, City Owned properties in Census Tracts 1416, 1417, 1421, 1422, 1424 and 1425. These are areas of the City have the greatest concentration of vacant lots and currently targeted for revitalization activities.

### Activity Progress Narrative:

During this quarter, the city did not expend funds for this activity. Staff is meeting with two non-profits (one of which is a designated CHDO for the City) to explore new avenues of new housing redevelopment in targar areas. Also, the City will finalize its Request for Proposals in the next quarter.

### Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/10
# of Households benefitting	0	0	0	0/10	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

<b>Grantee Activity Number:</b>	<b>77M16</b>
<b>Activity Title:</b>	<b>NSP Program Administration</b>

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

77N16

**Project Title:**

NSP Administration

**Projected Start Date:**

02/01/2009

**Projected End Date:**

09/01/2010

**National Objective:**

N/A

**Responsible Organization:**

City of Pontiac Federal Programs Division

**Overall****Jul 1 thru Sep 30, 2009****To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$354,200.20
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$354,200.20
<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	\$3,570.34
<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 the general administration of the NSP program for the City of Pontiac utilizing the 10% of the NSP grant allocation. The funds will be used to administer and carry out the activities of the NSP program.

**Location Description:**

The NSP program will be administered out of the office of the Federal Programs Division of the City of Pontiac. The city offices are located at 47450 Woodward Avenue, Pontiac, MI 48342.

**Activity Progress Narrative:**

During the reporting period, staff is establishing billable hours for NSP for time specifically used to meet NSP reporting requirements as well as meetings specifically involving NSP. Staff attended the "HUD Stimulus Boot Camp" as part of the MCDA conference which dealt with specific HUD programs including NSP with a special session on the bridge notice. Staff also registered to attend the HUD-sponsored "HOME & NSP: Creating Affordable Housing, Stabilizing Neighborhoods" training scheduled for Detroit in the upcoming quarter.

**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

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**Grantee Activity Number:** 77M17

**Activity Title:** Acquisition/Rehabilitation - 50% AMI

**Activity Category:**

Acquisition - general

**Activity Status:**

Under Way

**Project Number:**

77N17

**Project Title:**

Acquisition/Rehab 25% Set Aside

**Projected Start Date:**

04/01/2009

**Projected End Date:**

08/01/2010

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Responsible Organization:**

City of Pontiac Federal Programs Division

**Overall**

**Jul 1 thru Sep 30, 2009**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$350,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$350,000.00
<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 City will contract out services to acquire vacant, foreclosed properties in these neighborhoods. The homes will be brought up to code and made Energy Star compliant to insure long term affordability. The homes will then to made available for sale to families with incomes up to 50% of AMI.

**Location Description:**

The City will focus on those areas of the City where Revitalization is not currently underway. These are the neighborhoods that previously had higher assessed values and had higher concentrations of homeownership. These areas included Census Tracts 1410, BG2; CT1411; CT1413; CT1414 exc. BG1; CT1415; CT1416 exc. BG4; CT1417; CT1418; CT1419; CT 1420; CT1421; CT1425; CT1426 and CT1427.

**Activity Progress Narrative:**

The acquisition/rehabilitation activity will be bid out to a one-stop-shop developer who will handle acquisition, appraisals, construction management and marketing. The City is preparing the Request for Proposal under the newly-revised management plan prepared by new consultant.

**Performance Measures**

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/9
# of housing units	0	0	0	0/0	0/0	0/9
# of Households benefitting	0	0	0	0/9	0/0	0/9
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	0/9

**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>77M18</b>
<b>Activity Title:</b>	<b>Acquisition/Rehabilitation - LMMI</b>

#### Activity Category:

Acquisition - general

#### Activity Status:

Under Way

#### Project Number:

77N18

#### Project Title:

Acquisition/Rehab/Resale LMMI

#### Projected Start Date:

04/01/2009

#### Projected End Date:

08/01/2010

#### National Objective:

NSP Only - LMMI

#### Responsible Organization:

City of Pontiac Federal Programs Division

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,467,801.80
Total CDBG Program Funds Budgeted	N/A	\$1,467,801.80
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 City will purchase vacant, foreclosed properties for resale to families with incomes up to 120% of AMI. The City will contract with an organization to oversee the acquisition, the rehabilitation which includes bringing the home up to code and making the home Energy Star compliant, and marketing and selling the homes.

#### Location Description:

The City will purchase vacant, foreclosed properties in the more stable neighborhoods of the City. These areas traditionally had higher assessed values and higher rates of homeownership. The funds will be used to stabilize these areas. These areas include CT1410, BG2; CT1411, CT 1413; CT1414 exc. BG1; CT1415; CT1416 exc. BG4; CT1417; CT1418; CT1419; CT1420; CT1421; CT1425; CT1426 and CT1427.

#### Activity Progress Narrative:

The acquisition/rehabilitation activity will be bid out to a one-stop-shop developer who will handle acquisition, appraisals, construction management and marketing. The City is preparing the Request for Proposal under the newly-revised management plan prepared by new consultant.

#### Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Properties	0	0	0	0/0	0/0	0/35
# of housing units	0	0	0	0/0	0/0	0/35
# of Households benefitting	0	0	0	0/0	0/0	0/35
# of Parcels acquired voluntarily	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:** 77M19

**Activity Title:** Downpayment Assistance Program

**Activity Category:**

Homeownership Assistance to low- and moderate-income

**Activity Status:**

Under Way

**Project Number:**

77N19

**Project Title:**

Downpayment Assistance

**Projected Start Date:**

04/01/2009

**Projected End Date:**

08/01/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Pontiac Federal Programs Division

**Overall**

**Jul 1 thru Sep 30, 2009**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$200,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$200,000.00
<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 City will provide up to \$20,000 in downpayment assistance, reasonable closing costs, and minor rehabilitation costs for up to 10 families.

**Location Description:**

The City will provide downpayment assistance for households with incomes up to 120% of AMI. They can purchase a home located in the following areas of the City: CT 1410, BG2; CT 1411; CT1413; CT1414 exc. BG1; CT1415; CT1416 exc. BG4; CT1417; CT1418; CT1419; CT1420; CT1421 exc. BG2; CT1422 exc. BG6; CT1423 Exc. BG3; CT1424; CT1426; and CT1427.

**Activity Progress Narrative:**

Staff has taken countless calls looking at downpayment assistance and has distributed a number of applications. Two applications are under active review (1622 Prairie and 651 Brady) but neither has reached the point of receiving the funds and drawing them from NSP. The City continues to work with non-profits and local real estate agents to locate eligible families to participate in the program.

**Performance Measures**

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/10
# of Households benefitting	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

**Grantee Activity Number:** 77M31

**Activity Title:** Demolition of Blighted Structures

**Activity Category:**

Clearance and Demolition

**Activity Status:**

Under Way

**Project Number:**

77N31

**Project Title:**

Demolition of Blighting Structures

**Projected Start Date:**

04/01/2009

**Projected End Date:**

08/01/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Pontiac Federal Programs Division

### Overall

### Jul 1 thru Sep 30, 2009

### To Date

<b>Total Projected Budget from All Sources</b>	N/A	\$520,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$520,000.00
<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>	\$18,330.00	\$84,925.00
<b>Match Contributed</b>	\$0.00	\$36,000.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

### Activity Description:

The City will demolish approximately 50 or more blighting or condemned vacant, foreclosed upon properties in NSP eligible areas of the City. These homes will be vacant, foreclosed upon properties that have been determined by the City's Substandard Housing process to be dangerous and blighting to the community. The City will target those properties considered to no longer be economically feasible to rehabilitate into standard housing.

### Location Description:

The City will demolish vacant, blighting foreclosed upon properties that are located within nine (9) locally designated target areas. These target areas are in NSP eligible areas of the City (greater than 51% of LMMI). These areas include all of or portions of the following Census Tracts: 1416, 1417, 1421, 1422, 1424, 1425 and 1427.

### Activity Progress Narrative:

During the reporting period, the City identified five structures, which were abated and three were demolished during the period. The remaining two structures will be taken down in the upcoming quarter. In addition, the City has approved contracts for 69 additional demolitions, many of which are in the NSP target areas. The major demolition accomplishment saw all of the preparation for the demolition of 40 Mechanic during this period, which the actual demolition took place shortly after the end of the period. This abandoned, dilapidated multi-family structure was believed by most to be the one major demolition that needed to be accomplished as it was blighting an entire area with a murder taking place in the building. Significant newspaper coverage was given leading up to and through the demolition.

### Performance Measures

This Report Period		Cumulative Actual Total / Expected			
Low	Mod	Total	Low	Mod	Total

<b># of Properties</b>	0	0	5	0/0	0/0	22/52
<b># of housing units</b>	0	0	3	0/0	0/0	20/52

## Activity Locations

Address	City	State	Zip
103 Summit	Pontiac	NA	48342
573 S. Jessie	Pontiac	NA	48342
146 Jackson	Pontiac	NA	48341
289 S. Paddock	Pontiac	NA	48342
453 Franklin Road	Pontiac	NA	48341

## 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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