

Grantee: Sterling Heights, MI

Grant: B-08-MN-26-0012

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-26-0012

Obligation Date:

03/25/2009

Grantee Name:

Sterling Heights, MI

Award Date:**Grant Amount:**

\$2,454,961.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

AREAS OF GREATEST NEED To determine the areas of greatest need, the City first located the areas in the city that qualified under the low-, moderate- and middle-income (LMMI) criteria. Since all of the funds made available under Neighborhood Stabilization Program are to be used with respect to individuals and families whose incomes do not exceed 120% of area median income, it would not be an efficient use of time to evaluate an area of the City that was not LMMI eligible. As the next step the City evaluated each LMMI area using the criteria required under Title III of Division B of the Housing and Economic Recovery Act. One census tract located in the City topped both of the data sets but was not included as an area of greatest need. Tract number 2313 (including all block groups), which boundaries run from Fourteen Mile Road to Eighteen Mile Road and Mound to Van Dyke is a primarily industrial and commercial area and as a result excluded from the City's target areas. The 2000 Census indicated that there are 96 households in tract 2313. However, all of these properties are now considered non-conforming. The City does not want to use NSP funds to encourage continued residential use of non-conforming properties. In addition, many of the residential properties located in tract 2313 have been purchased by the owners of the adjacent industrial businesses and have been left vacant because they are located in an undesirable area. Three additional LMMI eligible tracts (tract 2312 block group 2; tract 2311 block group 4; and tract 2300 block group 1) were also excluded from consideration for the areas of greatest need because of a high percentage of apartment complexes, new senior living complexes, or commercial properties. The remaining LMMI eligible areas all had similar foreclosure related issues with abandonment risk scores ranging from 5 to 9; foreclosure rates between 5.34% and 7.05%; and percent of high cost loans from 14.78% to 24.74%. Since a high foreclosure rate did not guarantee a high abandonment score, or an increase in high cost loans all remaining LMMI eligible areas have been included in the designated areas of greatest needs. A map and a summary of the required criteria for each tract and block group included in the City's designated areas of greatest need have been included with the substantial amendment. DISTRIBUTION AND USES OF FUNDS Since the City's designated areas of greatest needs is quite broad, all NSP activities proposed by the City (listed below) will be limited to these areas. Limiting NSP activities to these areas should not prove to be problematic. Each area has an adequate amount of foreclosed homes that would be considered modest housing, which would be compatible with any of the City's NSP activities. DEFINITIONS AND DESCRIPTIONS Definition of blighted structure. Per Chapter 33: Nuisances; of the City's Code of Ordinances, property can meet any one of the following criteria to qualify a property as a blighted structure. · Uninhabitable or useless structures. · Dwellings out of repair. · Partially completed structures. · Unprotected vacant buildings in residential areas.

Recovery Needs:

Definition of affordable rents.

At the present time the City does not propose undertaking any activities that will produce units of rental housing. If the City does undertake such an activity, the units produced would be required to be leased at or below Fair Market Rent (FMR) The monthly rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Periodical

published in the Federal Register in accordance with 24 CFR part 888. This requirement would be enforced through deed restrictions and a lien in the amount of the total NSP investment in the project. The period of affordability would be based on the average per unit investment of NSP funds according to the following schedule:

Affordability Period for Rental Units

Amount of NSP Funds Invested Per Rental Unit Affordability Period

Less Than \$15,000 5 Years

\$15,000 to \$40,000 10 Years

Greater Than \$40,000 15 Years

Describe how the grantee will ensure continued affordability for NSP assisted housing.

The City of Sterling Heights will adopt the HOME program standards for ensuring continued affordability. If a property is assisted with NSP funds and is sold during the affordability period, resale or recapture provisions will apply.

All NSP activities currently proposed by the City will be subject to a recapture provision. The length of the affordability period will depend on the amount of the NSP investment in the property. The table below provides the affordability period required based on the NSP investment.

The amount of the NSP investment will be treated as a loan and secured by a second lien on the property. The amount of the NSP funds to be recaptured may be reduced on a pro-rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period as allowed under 24 CFR 92.254(a)(5)(ii)(A)(2). In the event that the home is sold and the net proceeds are not sufficient to recapture the full NSP investment (or a reduced amount as allowed under 24 CFR 92.254(a)(5)(ii)(A)(2)) plus enable the homeowner to recover the amount of the homeowners down payment and any capital improvement investment made by the owner since purchased, the city may share the net proceeds as allowed under 24 CFR 92.254(a)(5)(ii)(A)(3).

During the affordability period the NSP housing must remain the familys principal residence. At the end of the affordability period the owner would be allowed to sell without restriction. Recaptured funds will be used for additional NSP eligible activities or returned to the Treasury as required by rules and regulations.

Describe housing rehabilitation standards that will apply to NSP assisted activities.

At minimum, all homes assisted with NSP funds will be brought into compliance with local ordinances, the Michigan Building Codes, and the International Property Maintenance Code. Lead based paint hazards will be addressed as required by HUD.

LOW INCOME TARGETING

The budget of \$613,740 for NSP activity NSP-03 was designated to meet the Citys obligation to allocate at least 25% of its NSP funds for housing for families whose income does not exceed 50% AMI. The City will administer this activity unless a subrecipient is identified who will agree to abide by the NSP rules and regulations.

The City also anticipates that NSP activity NSP-02, Down Payment and Housing Rehabilitation be utilized by families whose incomes do not exceed 50% AMI. The exact amount of funds will depend on the number of qualified eligible homebuyers.

The City is prepared to adjust the budget for either activity in the event that one program proves more effective than the other in meeting is requirement.

ACQUISITIONS & RELOCATION

As a result of the Citys aggressive Code Enforcement efforts it would be a rare occasion for a property to meet the criteria listed in the Citys definition of a blighted structures as provided in response to question C (1). However, the City did include a minimal budget for demolition under NSP activity number NSP-05 in event that a blighted property was identified during the 18-month duration of this program. If a property were to be demolished the City expects to redevelop the property into housing for eligible LMMI families. The maximum number of units for demolition would be eight.

PUBLIC COMMENT

No public comment was received.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,454,961.00
Total CDBG Program Funds Budgeted	N/A	\$2,454,961.00
Program Funds Drawdown	\$130,021.88	\$135,385.40
Obligated CDBG DR Funds	\$2,209,465.00	\$2,454,961.00
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

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$40.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$368,244.15	\$0.00
Limit on Admin/Planning	\$245,496.10	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

The City's overall progress is satisfactory. Each activity with the exception of demolition is on track to meet the obligation deadline of September 30, 2010. Please refer to the progress narrative for each individual activity for details.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
BCKT, Bucket Project	\$0.00	\$130,021.88	\$2,454,961.00	\$135,385.40

Activities

Grantee Activity Number:	NSP-01
Activity Title:	Administration

Activity Category:

Administration

Project Number:

BCKT

Projected Start Date:

09/29/2008

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Bucket Project

Projected End Date:

07/30/2013

Responsible Organization:

City of Sterling Heights

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

Total Projected Budget from All Sources	N/A	\$245,496.00
Total CDBG Program Funds Budgeted	N/A	\$245,496.00
Program Funds Drawdown	\$27,859.04	\$33,222.56
Obligated CDBG DR Funds	\$0.00	\$245,496.00
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:

General NSP administration.

Location Description:

General NSP administration.

Activity Progress Narrative:

Administration funds have been utilized for staff wages related to the administration of the Neighborhood Stabilization Program, attorney fees, and operating supplies.

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**

Total Other Funding Sources

Amount

\$0.00

Neighborhood Stabilization Program	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	NSP-02
Activity Title:	Down Payment Assistance and Rehabilitation

Activity Category: Homeownership Assistance to low- and moderate-income	Activity Status: Planned
Project Number: BCKT	Project Title: Bucket Project
Projected Start Date: 04/01/2009	Projected End Date: 06/30/2010
National Objective: NSP Only - LMMI	Responsible Organization: City of Sterling Heights

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$800,000.00
Total CDBG Program Funds Budgeted	N/A	\$800,000.00
Program Funds Drawdown	\$42,893.29	\$42,893.29
Obligated CDBG DR Funds	\$800,000.00	\$800,000.00
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:

Prior to consideration for assistance, potential homebuyers must attend 8 hours of homebuyer counseling which will be paid for through this activity. Funds allocated for this activity will be used to provide income eligible homebuyers with down payment and closing cost assistance to purchase a foreclosed or abandoned home. If necessary, the City may also elect to use NSP funds to buy down loans. Additional funds will be provided to bring the property up to the City's rehabilitation standards (see response to question C(4)). Only abandoned and foreclosed homes located in the City's designated areas of greatest needs are eligible for assistance under this program. The loan will be secured by a second lien for the amount of the NSP investment (down payment assistance + rehabilitation costs). The assistance the homebuyer receives from the City will be subject to recapture during the affordability period. The program will help to stabilize neighborhoods by encouraging homebuyers to be owner-occupants of abandoned and foreclosed homes. It will also provide the new homeowner with financial resources needed to make the homes safe for occupancy. To be eligible for assistance, the applicants income cannot exceed 120% AMI. Households below 50% AMI are eligible to participate, but this activity is not specifically targeted to those households.

Location Description:

Only foreclosed or abandoned single family homes located in the City's designated areas of greatest need will be eligible for purchase through this program.

Activity Progress Narrative:

During the second quarter of the Neighborhood Stabilization Program, three homes received acquisition assistance through NSP funds in the form of a down-payment match and closing cost assistance. One property, 35637 Ashford, closed and was rehabilitated during the quarter and is now occupied. Two other properties, 38497 Littlefield and 42063 Gainsley closed and are currently under construction. One additional homebuyer's offer to purchase was accepted during this quarter but the closing is scheduled to occur during the next quarter. The City has received 38 applications for down-payment assistance. Remaining applicants are in various stages of the program.

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	3/20
# of Households benefitting	1	2	3	1/5	2/15	3/20

Activity Locations

Address	City	State	Zip
38497 Littlefield	Sterling Heights	NA	48313
35637 Ashford	Sterling Heights	NA	48312
42063 Gainsley	Sterling Heights	NA	48314

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Neighborhood Stabilization Program	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number: NSP-03

Activity Title: Acquisition/Rehab/Resale

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Planned

Project Number:

BCKT

Project Title:

Bucket Project

Projected Start Date:

05/01/2009

Projected End Date:

06/30/2010

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of Sterling Heights

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$613,740.00
Total CDBG Program Funds Budgeted	N/A	\$613,740.00
Program Funds Drawdown	\$59,169.55	\$59,169.55
Obligated CDBG DR Funds	\$613,740.00	\$613,740.00
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 of Sterling Heights will identify foreclosed and abandoned properties using lists of tax and mortgage foreclosures, local records, available HUD homes and neighborhood research. Only modest homes located in on of the Citys areas of greatest need will be considered. Upon identification, properties will be acquired at a discounted rate from the current appraised value. Properties will be inspected and rehabilitated to the extent necessary to bring the home up to the Citys rehabilitation standards (see Citys response to question C(4)). All NSP funds associated with the project will be subject to recapture and secured through a second loan on the property. This activity has been designed to meet the low-income housing requirement for those with household incomes below 50% AMI. Homes will be sold at a discount to eligible 50% AMI households. The City will work with agencies such as the Macomb Homeless Coalition, Sterling Heights Housing Commission, or Habitat for Humanity to identify qualified homebuyers. All potential homebuyers under this program must attend 8 hours of homebuyer counseling which will be paid for through this NSP activity. Eligible homebuyers may also qualify for down-payment assistance through the Citys NSP activity NSP-02, but must obtain a mortgage to cover the balance.

Location Description:

Only modest homes located in a designated area of greatest need will be considered for this activity.

Activity Progress Narrative:

The City acquired three HUD homes from Michaelson, Connors, & Boul. Two of the properties (39910 Parklawn and 39654 Balboa) were acquired under the \$1 home program and the third (44800 Brockton) was acquired at a considerable discount. All three homes will be rehabilitated and re-sold to homebuyer's whose income does not exceed 50% AMI. The rehabilitation work for Parklawn and Balboa was sent out to bid this quarter, but would not be awarded until the third quarter. Construction is scheduled to be completed on both homes by Dec. 30, 2009. On July 7, 2009, City Council approved the award \$450,000 of NSP funding under this activity to Macomb County Habitat for Humanity. Habitat will use these funds to acquire, rehabilitate, and resell eligible foreclosed homes to 50% AMI homebuyers. The City's contract with Habitat is currently under review.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	3	0/0	0/0	3/5

# of housing units	0	0	3	0/0	0/0	3/5
# of Households benefitting	3	0	3	3/5	0/0	3/5

Activity Locations

Address	City	State	Zip
39654 Balboa	Sterling Heights	NA	48313
44800 Brockton	Sterling Heights	NA	48314
39910 Parklawn	Sterling Heights	NA	48313

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Neighborhood Stabilization Program	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number: NSP-04

Activity Title: Redevelop Demolished or Vacant Properties

Activity Category:

Acquisition, construction, reconstruction of public facilities

Activity Status:

Planned

Project Number:

BCKT

Project Title:

Bucket Project

Projected Start Date:

05/01/2009

Projected End Date:

06/30/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Sterling Heights

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$695,725.00
Total CDBG Program Funds Budgeted	N/A	\$695,725.00
Program Funds Drawdown	\$100.00	\$100.00
Obligated CDBG DR Funds	\$695,725.00	\$695,725.00
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:

Under this activity the City will acquire and redevelop demolished or vacant properties located within the City's areas of greatest need. It is expected that the redevelopment will be in the form of new construction or a public facility. In the event that this activity results in new construction, sale of the new homes will be limited to households whose incomes do not exceed 120% AMI. Households below 50% AMI are eligible to participate, but this activity is not targeted to those households. As required with all housing activities, potential homebuyers must attend 8 hours of homebuyer counseling which will be paid for through this activity. The expected benefit to income-qualified persons will be access to modest, decent, and safe housing. Homebuyers may apply for down-payment assistance through NSP activity NSP-02 if purchasing a home provided under this activity. If this activity results in a public facility, the facility will provide an area benefit to households whose incomes do not exceed 120% AMI. Based on the budget for NSP-04, the activity is expected to produce four new homes for LMMI homebuyers or one new public facility.

Location Description:

Only demolished or vacant properties located in a designated area of greatest need will be considered for this activity

Activity Progress Narrative:

During this quarter the City identified a vacant commercial property that would be eligible for acquisition and redevelopment under the Neighborhood Stabilization Program. Steps taken towards the acquisition include:

1. Completing an in-house appraisal.
2. Met with DEQ to clarify environmental obligations.
3. Developed offer to purchase.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Public Facilities	0	0	0	0/0	0/0	0/1
# of Non-business Organizations	0	0	0	0/0	0/0	0/0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Neighborhood Stabilization Program	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number: NSP-05

Activity Title: Demolition of Blighted Structures

Activity Category:

Clearance and Demolition

Activity Status:

Planned

Project Number:

BCKT

Project Title:

Bucket Project

Projected Start Date:

05/01/2009

Projected End Date:

06/30/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Sterling Heights

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$100,000.00
Total CDBG Program Funds Budgeted	N/A	\$100,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$100,000.00	\$100,000.00
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:

Removal blighted structures through this activity will result in an area wide benefit. In addition the activity will benefit NSP income eligible households by demolishing unsafe structures that might otherwise be rented or sold to homebuyers that are unprepared financially to make the structure safe and sanitary. To be considered a blighted structure the property must meet one of the following criteria: · Uninhabitable or useless structures. In any area, the existence of any structure or part of any structure which, because of fire, wind or other natural disaster or physical deterioration, is no longer habitable, if a dwelling, nor useful for any other purpose for which it may have been intended. · Dwellings out of repair. In any area, a dwelling or the parts thereof that are not kept in good repair, including plumbing, heating, ventilating and electrical wiring. The roof shall be so maintained as not to leak and the rainwater shall be drained and conveyed therefrom through proper conduits into the sewerage system in accordance with plumbing regulations so as to avoid dampness in the walls and ceilings and unsanitary conditions. · Partially completed structures. In any area, the existence of any partially completed structure, unless the structure is in the course of construction in accordance with a valid and subsisting building permit issued by the city and unless such construction is completed within a reasonable time. · Unprotected vacant buildings in residential areas. In any area zoned for residential purposes, the existence of any vacant dwelling, garage or other outbuilding, unless such buildings are kept securely locked, windows kept glazed or neatly boarded up and otherwise protected to prevent entrance thereto by vandals. This activity will not be used to meet the low income housing requirement for those below 50% of area median income.

Location Description:

Specific locations to be determined on the basis need. However, only blighted structures located in the Citys areas of greatest need will be demolished with NSP funds.

Activity Progress Narrative:

No homes have been qualified for demolition at this time.

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	0/8

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Neighborhood Stabilization Program	\$0.00
Total Other Funding Sources	\$0.00
