Grantee: Detroit, MI

Grant: B-08-MN-26-0004

April 1, 2016 thru June 30, 2016 Performance Report



Grant Number: Obligation Date: Award Date:

B-08-MN-26-0004 03/25/2009

Grantee Name: Contract End Date: Review by HUD:

Detroit, MI Original - In Progress

Grant Award Amount: Grant Status: QPR Contact:

\$47,137,690.00 Active No QPR Contact Found

LOCCS Authorized Amount: Estimated PI/RL Funds:

\$47,137,690.00 \$1,266,013.53

Total Budget: \$48,403,703.53

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

The City of Detroit has one of the highest home foreclosure rates among the nation's largest metropolitan areas. The City has over 67,000 foreclosed properties, 65 percent remain vacant. The foreclosure problem is widespread and touches almost every neighborhood in the city. The City recognizes that the \$47,137,690 NSP allocation must be implemented in a strategic manner to result in the stabilization of neighborhoods most severly impacted by foreclosure and abandonment. The funds have been targeted to nine neighborhoods that were selected based upon the data that showed: over 51 percent of the population in the Census block groups met the low moderate middle income criteria; a high preentage of home foreclosures, a high percentage of homes financed by sub=prime mortagage related loans; and were also identified as likely to face a significant rise in the rate of home foreclosures. The City also aliging this process with othr local stabilization and development efforts.

Distribution and and Uses of Funds:

The goals of the City of Detroit Neighborhood Strategy Program are: Continue to implement the City's Master Plan to reinforce, revitalize and rebuild targeted neighborhoods; Reduce the vast numbers of vacant properties causing blight and undermining the vitality of neighborhoods; Reverse the decline of neighborhood housing values; Stabilize neighborhoods negatively impacted by foreclosure and abandonment; Eliminate blighted structures to enhance public safety and improve quality of life; Invest in select neighborhoods to achieve greater impact with limited resources especially neighborhoods targeted by LISC, Skillman, the Community Foundation and NDNI; Protect recent investments by public and private partners Attract other public/private financing to leverage NSP funds; Create new jobs and stimulate small business development: Demolish existing structures to accommodate future development or alternative uses.

Definitions and Descriptions:

1. Definition of "Blighted Structures" in context of state or local law. According to State of Michigan Act 344 of 1945, Section 125.72, "Blighted property or structures,"

means property that meets any of the following criteria:

- (a) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- (b) The property is an attractive nuisance because of physical condition or use.
- (c) The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of one (1) year or more so that the property is unfit for its intended use.
- (d) The property is tax reverted property owned by a municipality, by a county, or by this state, the sale, lease, or transfer of tax reverted property by a municipality, a county, or this state shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
- (e) The property is owned or is under the control of a land bank fast track authority



under the land bank fast rack act, 2003 PA 258, MCL 124.751 to 124.774. The sale, lease, or transfer of the property by a land bank fast track authority shall not City of Detroit NSP 12/08

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result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.

- (f) The property is improved real property that has remained vacant for five (5) consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- (g) The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one (1) year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.

(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

Response:

2. Definition of "Affordable Rents"

For the purpose of the NSP grant, affordable rents will be defined as follows: "The rent does not exceed 30% of the annual income of a family, whose income equals 50% of the median income of the area as determined by HUD, with adjustments for smaller and larger families. (The City of Detroit is adopting its' HOME Program Rent Limits)

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing. Response:

The City of Detroit, as part of the NSP requirement, for the "for- sale" property, "rental units" and "lease-to-own" properties will require a "deed restriction" and/or "affordable housing restriction" that will mandate and require compliance during the continued period of affordability, described in the City of Detroit's NSP requirements, policies and procedures. In addition, the continued affordability compliance will be a part of any Development Agreement implemented between the City and the Developer/Non-profit owner.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities. Response:

The City of Detroit, Planning and Development Department (P&DD) continually upgrades and enhances its' contractor rehabilitation "Performance Standards". The most recent City of Detroit NSP 12/08
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revision was completed October 2008, which incorporated "Green Building" communities recommendations and standards and "Energy Star" specifications and standards. In addition, the rehabilitation standards must address lead based paint, environmental standards and all local code requirements. Energy Star specifications and standards exceed the Model Energy Codes (MEC), published by the Council of American Building Officials. (Each Developer will be provided a copy of the revised 2008 Contractor Performance Standards and it will

Low Income Targeting:

also be listed on the P&DD's website.)

LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose income do not exceed 50% of area median income: \$ 11,784,422.50

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

The City of Detroit will use at least \$11,784,422.50 of the NSP grant and 25% of any program income received to provide subsidy assistance to offset acquisition and construction/rehabilitation costs, of single family and multi-family residential properties for households whose incomes do not exceed 50% of Area Median Income (AMI). The City will issue a public Notice of Funding Availability (NOFA) to eligible for-profit and non-profit developers and sponsors to submit projects that are "ready to go" for NSP consideration and funding approval. Section 8 certificates may also be available to targeted low-income rental households.



Acquisition and Relocation:

ACQUISITIONS & RELOCATION

The City of Detroit is projecting to demolish 1,400 dwelling units that are < 80% of area median income If so, include:

• The number of low- and moderate-income dwelling units—i.e., 80% of area

The NSP program includes two low- and moderate-income requirements at section

2301(f)(3)(A) that supersede existing CDBG income qualification requirements. NSP allows the

use of only the low- and moderate income National Objective.

All NSP funding will be spent on individuals and families at or below 120 percent of the area

median income. At least 25 percent of appropriated funds must be spent on housing for individuals or families

with incomes that do not exceed 50% AMI For the purposes of NSP an activity may meet the HERA low- and moderate income national objective if the assisted activity:

oprovides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income abbreviated

As a projection, we will demolish 1,400 units. Units. However, the physical inspection median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

and/ or appraisal will ultimately, determine the actual numbers. The cost to rehabilitate the property and the likelihood of it being sold in the existing market conditions will be the criteria

Response:

Background

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., 80% of area median income).

o serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA);

ocreates or retains jobs for persons whose household incomes are at or below 120 percent of median income (LMMJ); or

oserves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).

Property acquisition activities are dependent on the national objective met by the subsequent reuse of the property. Activities identified by the City of Detroit will comply with a national objective as follows:

oAcquisition for rehabilitation structures will meet the LMMH national objective oAcquisition for demolition possible green spaces or land bank will meet the LMMA national objective

oAcquisition for land bank use will meet the LMMA national objective1

Public Comment:

The City of Detroit posted a notice in the newspaper November 5, 2008 announcing the Neighborhood Stabilization Program (NSP) funds allocated to Detroit and the substantial amendment to the Consolidated Plan. A revision was also posted on November 19, 2008 to correct a typo regarding the website. We took citizen comments into consideration and worked with the Detroit City Council and their staff to decide the best use of NSP funds. We modified the allocation amounts and added some additional activities based on comments from citizens and City Council. However, some of the comments did not apply to NSP and others were not eligible. The City of Detroit conducted community level meetings to obtain additional citizen input regarding program implementation. Meeting dates, requests for proposals, and program updates were posted on the Detroit website as well as any amendments. A summary of the comments received from our NSP website during the comment period is summarized in the substantial amendment. The City of Detroit received 119 comments regarding demolition, historic structures, location questions, suggested projects, use of NSP funding, tax questions and miscellaneous comments.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$47,680,188.18
Total Budget	(\$723,515.35)	\$47,625,174.65
Total Obligated	(\$723,515.35)	\$47,625,174.65
Total Funds Drawdown	\$0.00	\$47,584,466.53
Program Funds Drawdown	\$0.00	\$46,898,003.17
Program Income Drawdown	\$0.00	\$686,463.36
Program Income Received	\$0.00	\$686,463.36



¹ Acquisition and management activities of the land bank may provide sufficient benefit to an area generally to meet a national objective (LMMA) prior to final disposition of the banked property. HUD notes that the grantee must determine theactual service area benefiting from a land bank's activities, in accordance with the regulations. The Land bank may not hold a property for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$7,070,653.50	\$0.00
Limit on Admin/Planning	\$4,713,769.00	\$646,040.61
Limit on State Admin	\$0.00	\$646,040.61

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

 National Objective
 Target
 Actual

 NSP Only - LH - 25% Set-Aside
 \$11,784,422.50
 \$12,698,669.68

Overall Progress Narrative:

During the 2nd quarter, City of Detroit Housing & Revitalization staff continued to work to resolve a number of issues identified with closing out the NSP 1 development portfolio and outstanding OIG findings.

NSP 1 funds were used to assist one Developer (Manna Development) in paying predevelopment costs associated with the provision of sorely needed off-street parking for the development.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP-01, NSP Acquisition	\$0.00	\$1,938,271.74	\$1,896,812.94
NSP-02, NSP Disposition	\$0.00	\$2,097,416.70	\$1,783,799.05
NSP-03, NSP-Public Improvements	\$0.00	\$0.00	\$0.00
NSP-04, NSP Demolition	\$0.00	\$19,632,055.07	\$19,632,055.07
NSP-10, NSP Administration	\$0.00	\$646,040.61	\$646,040.61
NSP-12, NSP New Construction	\$0.00	\$5,228,000.00	\$5,104,313.05
NSP-14, NSP Rehabilitation	\$0.00	\$18,028,377.00	\$17,834,982.45
Program Income, DLBA Program Income	\$0.00	\$55,013.53	\$0.00



Activities

Project # / Title: NSP-02 / NSP Disposition

Grantee Activity Number: 02a NSP Disp

Activity Title: Landbank Disposition

Activity Category: Activity Status:

Disposition Under Way

Project Number: Project Title:

NSP-02 NSP Disposition

Projected Start Date: Projected End Date:

09/01/2009 03/30/2013

Benefit Type: Completed Activity Actual End Date:

National Objective: Responsible Organization:

NSP Only - LMMI City of Detroit Land Bank

Overall	Apr 1 thru Jun 30, 2016	To Date	
Total Projected Budget from All Sources	N/A	\$2,097,416.70	
Total Budget	(\$99,831.05)	\$2,097,416.70	
Total Obligated	(\$99,831.05)	\$2,097,416.70	
Total Funds Drawdown	\$0.00	\$2,097,416.70	
Program Funds Drawdown	\$0.00	\$1,783,799.05	
Program Income Drawdown	\$0.00	\$313,617.65	
Program Income Received	\$0.00	\$589,058.03	
Total Funds Expended	\$0.00	\$2,097,416.70	
Match Contributed	\$0.00	\$0.00	

Activity Description:

Land Bank will maintain vacant, foreclosed, and abandoned NSP properties pending disposition, including leagal services, financial services, appraisals, surveys and transfer costs

Location Description:

Nine Target areas

Activity Progress Narrative:



Accomplishments Performance Measures

This Report Period Cumulative Actual Total / Expected

Total 0 0/200

of Properties 0 0/200

This Report Period Cumulative Actual Total / Expected

 Total
 Total

 # of Housing Units
 0
 0/200

 # of Singlefamily Units
 0
 0/200

Beneficiaries Performance Measures

No Beneficiaries 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

Project # / Title: NSP-04 / NSP Demolition

Grantee Activity Number: 04 NSP Demolition

Activity Title: Demolition

Activity Category: Activity Status:

Clearance and Demolition Under Way

Project Number: Project Title:

NSP-04 NSP Demolition

Projected Start Date: Projected End Date:

04/01/2009 03/30/2013

Benefit Type: Completed Activity Actual End Date:

National Objective: Responsible Organization:

NSP Only - LMMI City of Detroit Buildings & Safety Eng



Area Benefit (Census)

Overall	Apr 1 thru Jun 30, 2016	To Date	
Total Projected Budget from All Sources	N/A	\$19,632,055.07	
Total Budget	(\$309,562.93)	\$19,632,055.07	
Total Obligated	(\$309,562.93)	\$19,632,055.07	
Total Funds Drawdown	\$0.00	\$19,632,055.07	
Program Funds Drawdown	\$0.00	\$19,632,055.07	
Program Income Drawdown	\$0.00	\$0.00	
Program Income Received	\$0.00	\$0.00	
Total Funds Expended	(\$47,936.00)	\$19,536,183.07	
City of Detroit Buildings & Safety Eng	(\$47,936.00)	\$19,536,183.07	
Match Contributed	\$0.00	\$0.00	

Activity Description:

Demolish blighted and abandoned structures

Location Description:

within the 9 NSP1 locations

Activity Progress Narrative:

Accomplishments Performance Measures

•		
	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	3198/1600
	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	1816/1600
# of Singlefamily Units	0	1816/1600

Beneficiaries Performance Measures

Beneficiaries - Area Benefit Census Method

	Low	Mod	Total	Low/Mod
# of Persons	0	0	434343	0.00

LMI%:	66.98
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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

Project # / Title: NSP-10 / NSP Administration

Grantee Activity Number: 10 NSP Admin Activity Title: Administration

Activity Category: Activity Status:

Administration Under Way

Project Number:Project Title:NSP-10NSP Administration

Projected Start Date: Projected End Date:

10/01/2008 03/30/2013

Benefit Type: Completed Activity Actual End Date:

National Objective: Responsible Organization:

N/A City of Detroit Planning & Dev Dept

Overall Apr 1 thru Jun 30, 2016 To Date
Total Projected Budget from All Sources N/A \$646,040.61

Total Budget (\$961.62)\$646,040.61 **Total Obligated** (\$961.62)\$646,040.61 **Total Funds Drawdown** \$0.00 \$646,040.61 **Program Funds Drawdown** \$0.00 \$646,040.61 \$0.00 \$0.00 **Program Income Drawdown Program Income Received** \$0.00 \$0.00 **Total Funds Expended** \$0.00 \$646,040.61

Match Contributed \$0.00 \$0.00

Activity Description:

Administration and management of the NSP program

Location Description:

Activity Progress Narrative:



N/A

Accomplishments Performance Measures

No Accomplishments Performance Measures

Beneficiaries Performance Measures

No Beneficiaries 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

Project # / Title: NSP-14 / NSP Rehabilitation

Grantee Activity Number: 140 Manna McKinley - LH25

Activity Title: Manna McKinley

Activity Category: Activity Status:

Rehabilitation/reconstruction of residential structures

Under Way

Project Number: Project Title:

NSP-14 NSP Rehabilitation

Projected Start Date: Projected End Date:

03/12/2010 03/29/2010

Benefit Type: Completed Activity Actual End Date:

Direct Benefit (Households)

National Objective: Responsible Organization:

NSP Only - LH - 25% Set-Aside Manna McKinley

OverallApr 1 thru Jun 30, 2016To DateTotal Projected Budget from All SourcesN/A\$1,026,680.25

Total Budget \$19,180.25 \$1,026,680.25



Total Obligated	\$19,180.25	\$1,026,680.25	
Total Funds Drawdown	\$0.00	\$1,006,047.07	
Program Funds Drawdown	\$0.00	\$1,006,047.07	
Program Income Drawdown	\$0.00	\$0.00	
Program Income Received	\$0.00	\$0.00	
Total Funds Expended	\$19,180.25	\$1,026,680.25	
Manna McKinley	\$19,180.25	\$1,026,680.25	
Match Contributed	\$0.00	\$0.00	

Activity Description:

Rehabilitation of housing (apartment bldg)

Location Description:

NSP1 Southwest area

Activity Progress Narrative:

This is a multi-family project of seven units. Housing & Revitalization Department staff recently obtained City Council approval to revise the development agreement and NSP loan terms. All units have been occupied in this small unit rental project. Soft cost additions have been approved and planned with NSP 1 program income for this project. The City has executed a subordination to facilitate the refinancing of the project to a new lender on more favorable terms. During this quarter, The department reimbursed soft costs related to adding off-street parking for the development to assist in reducing turnover with tenants.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/4
#Energy Star Replacement	0	0/24
#Additional Attic/Roof Insulation	0	0/1
#High efficiency heating plants	0	0/4
#Efficient AC added/replaced	0	0/4
#Replaced thermostats	0	0/4
#Replaced hot water heaters	0	0/4
#Light Fixtures (indoors) replaced	0	0/28
#Light fixtures (outdoors)	0	0/7
#Refrigerators replaced	0	0/4
#Dishwashers replaced	0	0/4
#Low flow toilets	0	0/4
#Low flow showerheads	0	0/4
#Units with bus/rail access	0	0/4
#Units exceeding Energy Star	0	0/4

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/4



Beneficiaries Performance Measures

	This Report Period		Cumulative Actual Total / Expected					
	Low	Mod	Total	Low	Mod	Total	Low/Mod	
# of Households	0	0	0	0/0	0/4	0/4	0	
# Renter Households	0	0	0	0/0	0/4	0/4	0	

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: 14P New Center Square LH25

Activity Title: New Center Square

Activitiy Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP-14

Projected Start Date:

03/12/2010

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

NSP Rehabilitation

Projected End Date:

03/30/2013

Completed Activity Actual End Date:

Responsible Organization:

New Center Square

Overall	Apr 1 thru Jun 30, 2016	To Date
Total Projected Budget from All Sources	N/A	\$2,534,910.00
Total Budget	(\$332,340.00)	\$2,534,910.00
Total Obligated	(\$332,340.00)	\$2,534,910.00
Total Funds Drawdown	\$0.00	\$2,534,910.00
Program Funds Drawdown	\$0.00	\$2,417,250.00
Program Income Drawdown	\$0.00	\$117,660.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$2,534,910.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Rehabilitation of Multifamily Apartments

Location Description:

North End 628 Delaware and 112 Seward

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected		
	Total	Total		
# of Properties	0	0/19		
#Energy Star Replacement	0	0/760		
#Additional Attic/Roof Insulation	0	0/19		
#High efficiency heating plants	0	0/2		



#Efficient AC added/replaced	0	0/19
#Replaced thermostats	0	0/19
#Replaced hot water heaters	0	0/2
#Light Fixtures (indoors) replaced	0	0/319
#Light fixtures (outdoors)	0	0/6
#Refrigerators replaced	0	0/19
#Clothes washers replaced	0	0/6
#Dishwashers replaced	0	0/19
#Low flow toilets	0	0/27
#Low flow showerheads	0	0/19
#Units with bus/rail access	0	0/19
#Units exceeding Energy Star	0	0/19

This Report Period Cumulative Actual Total / Expected
Total Total

of Housing Units 0 0/19

of Multifamily Units 0 0/19

Beneficiaries Performance Measures

	This Report Period		Cumula	Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	0/0	0/19	0/19	0
# Renter Households	0	0	0	0/0	0/19	0/19	0

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

