Grantee: Detroit, MI

Grant: B-08-MN-26-0004

January 1, 2017 thru March 31, 2017 Performance Report
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 severely 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 percentage of home foreclosures, a high percentage of homes financed by sub-prime mortgage related loans; and were also identified as likely to face a significant rise in the rate of home foreclosures. The City also aligning this process with othr local stabilization and development efforts.

Distribution and and Uses of Funds:
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

Community Development Systems
Disaster Recovery Grant Reporting System (DRGR)
under the land bank fast track 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
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

Definitions and Descriptions:

Response:
1. 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
35
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
also be listed on the P&DD’s website.)

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.

Low Income Targeting:

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.

Response:
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:

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 median income

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:

- Provides 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 (LMMH);
- As a projection, we will demolish 1,400 units. However, the physical inspection of the dwelling units is reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The cost to rehabilitate and the likelihood of it being sold in the existing market conditions will be the criteria.

Response:

Background

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

- Serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA);
- Creates or retains jobs for persons whose household incomes are at or below 120 percent of median income (LMMJ); or
- Serves 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:

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

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 the actual 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.

<table>
<thead>
<tr>
<th>Overall</th>
<th>This Report Period</th>
<th>To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projected Budget from All Sources</td>
<td>N/A</td>
<td>$47,680,188.18</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$0.00</td>
<td>$47,625,174.65</td>
</tr>
<tr>
<td>Total Obligated</td>
<td>$0.00</td>
<td>$47,625,174.65</td>
</tr>
<tr>
<td>Total Funds Drawdown</td>
<td>$0.00</td>
<td>$47,603,646.78</td>
</tr>
<tr>
<td>Program Funds Drawdown</td>
<td>$0.00</td>
<td>$46,917,183.42</td>
</tr>
</tbody>
</table>
During the 1st 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 in resolving an escrow shortage from the sale of one of three homes, 14862 Kentfield, in the Citadel Project. No other expenditures are anticipated for the close-out of the Citadel project.

**Overall Progress Narrative:**

**Progress Toward Required Numeric Targets**

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

**Progress Toward Activity Type Targets**

**Progress Toward National Objective Targets**

<table>
<thead>
<tr>
<th>National Objective</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSP Only - LH - 25% Set-Aside</td>
<td>$11,784,422.50</td>
<td>$12,698,669.68</td>
</tr>
</tbody>
</table>

**Overall Progress Narrative:**

**Project Summary**

<table>
<thead>
<tr>
<th>Project #: Project Title</th>
<th>This Report Period</th>
<th>To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Funds Drawdown</td>
<td>Project Funds Budgeted</td>
</tr>
<tr>
<td>NSP-01, NSP Acquisition</td>
<td>$0.00</td>
<td>$1,938,271.74</td>
</tr>
<tr>
<td>NSP-02, NSP Disposition</td>
<td>$0.00</td>
<td>$2,097,416.70</td>
</tr>
<tr>
<td>NSP-04, NSP Demolition</td>
<td>$0.00</td>
<td>$19,632,055.07</td>
</tr>
<tr>
<td>NSP-10, NSP Administration</td>
<td>$0.00</td>
<td>$646,040.61</td>
</tr>
<tr>
<td>NSP-12, NSP New Construction</td>
<td>$0.00</td>
<td>$5,228,000.00</td>
</tr>
<tr>
<td>NSP-14, NSP Rehabilitation</td>
<td>$0.00</td>
<td>$18,028,377.00</td>
</tr>
<tr>
<td>Program Income, DLBA Program Income</td>
<td>$0.00</td>
<td>$5,013.53</td>
</tr>
</tbody>
</table>
### Activities

**Project # / Title:** NSP-14 / NSP Rehabilitation

<table>
<thead>
<tr>
<th>Grantee Activity Number:</th>
<th>14T Citadel - P1 - LMMI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity Title:</strong></td>
<td>Citadel - Phase 1 - LMMI</td>
</tr>
</tbody>
</table>

**Activity Category:** Rehabilitation/reconstruction of residential structures

**Project Number:** NSP-14

**Projected Start Date:** 03/12/2010

**Benefit Type:** Direct (HouseHold)

**National Objective:** NSP Only - LMMI

**Activity Status:** Under Way

**Project Title:** NSP Rehabilitation

**Projected End Date:** 03/30/2013

**Completed Activity Actual End Date:**

**Overall**

<table>
<thead>
<tr>
<th></th>
<th>Jan 1 thru Mar 31, 2017</th>
<th>To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projected Budget from All Sources</td>
<td>N/A</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Total Obligated</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Total Funds Drawdown</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Program Funds Drawdown</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Program Income Drawdown</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Program Income Received</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Funds Expended</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
<tr>
<td>Citadel</td>
<td>$0.00</td>
<td>$221,473.53</td>
</tr>
</tbody>
</table>

**Activity Contributed**

|                      | $0.00 | $0.00 |

**Activity Description:**

Rehab Single-family housing

**Location Description:**

NSP1 areas

**Activity Progress Narrative:**

NSP 1 funds were used to assist in resolving an escrow shortage from the sale of one of three homes, 14862 Kentfield, in the Citadel Project. No other expenditures are anticipated for the close-out of the Citadel project.
**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

<table>
<thead>
<tr>
<th>Other Funding Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Other Funding Sources Found</td>
<td></td>
</tr>
<tr>
<td>Total Other Funding Sources</td>
<td></td>
</tr>
</tbody>
</table>