

**Grantee: Dearborn, MI**

**Grant: B-08-MN-26-0003**

**January 1, 2010 thru March 31, 2010 Performance Report**

**Grant Number:**

B-08-MN-26-0003

**Obligation Date:**

03/25/2009

**Grantee Name:**

Dearborn, MI

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

\$2,436,246.00

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

Active

**Review by HUD:**

Submitted - Await for Review

**QPR Contact:**

Michelle DaRos

## Disasters:

### Declaration Number

NSP

## Plan Description:

Data supplied by HUD (Foreclosure-Abandonment Risk, Predicted Foreclosure Rate, and HMDA High Cost Loan Rates) was analyzed to determine the areas most impacted by the housing foreclosure crisis. Based upon that analysis four census tracts (573300, 563600, 573800, and 573900) in two Dearborn Communities (Fordson East and Fordson West) have been targeted to receive HUD-NSP funding assistance. All four of these target census tracts have a Foreclosure-Abandonment Risk score of 10 (out of 10); Predicted foreclosure rates of 10%, 10.3%, 11%, and 10.1%, respectively; and HMDA High Cost Loan Rates of 40.6%, 42.4%, 46.5%, and 40.9% respectively. In addition, each of these census have concentrations (51%+) of middle-income population and concentrations of moderate-income population. Census tract 573800 also has a concentration of low-income households and tract 573600 is nearing a concentration at 50.8%. The full text of our NSP Substantial Amendment and Revision No. 1 can be viewed at: [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml)

## Recovery Needs:

Program funding will be used for acquisition, demolition, rehabilitation, homebuyer financing, and disposition of abandoned or foreclosed residential properties in our HUD-NSP target area, along with other related costs. The full text of our NSP Substantial Amendment and Revision No. 1 can be viewed at: [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml)

### Dearborn NSP Revision No. 1, Summary of Changes

Areas of Greatest Need: No Change.

Target Area: No Change.

Definition of Blight: No Change.

Affordable Rents: No Change.

Continued Affordability: Comment added regarding demolition projects that do not involve acquisition or resale.

Rehabilitation Standards: No Change.

Low-Income Targeting: No Change.

Acquisitions & Relocation: Comment added regarding strength of private market resales of properties in good condition, and resulting proposal to increase resources for demolition of properties in poor condition.

Summary of units expected updated to reflect proposed changes in activities.

### Acquisition & Rehab:

Added land contract financing as a resale disposition mechanism. Decreased budget for middle-income benefit from \$488,000 to \$200,000. Budget for low-income benefit unchanged.

Decreased estimated share of program income from 30% to 25%.

**Acquisition & Clearance:**

Increased budget from \$975,000 to \$1,200,000, including funding to redevelop cleared sites for public purposes (community gardens).

Decreased estimated share of program income from 55% to 50%.

**Demolition of Blighted Structures:**

New activity. Scattered site demolition (without acquisition) of blighted properties in the target area.

Budget of \$183,000 includes funding to redevelop cleared sites for public purposes (community gardens).

Estimated share of program income, 15%.

Land Banking: Activity and budget deleted.

Administration: No change.

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$2,436,246.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$2,436,246.00
<b>Program Funds Drawdown</b>	\$395,220.22	\$863,494.98
<b>Obligated CDBG DR Funds</b>	\$459,596.29	\$1,487,295.73
<b>Expended CDBG DR Funds</b>	\$395,220.22	\$863,494.98
<b>Match Contributed</b>	\$0.00	\$3,763.13
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

<b>Requirement</b>	<b>Required</b>	<b>To Date</b>
<b>Minimum Overall Benefit Percentage</b>	99.99%	73.484%
<b>Minimum Non-Federal Match</b>	\$0.00	\$3,763.13
<b>Limit on Public Services</b>	\$365,436.90	\$0.00
<b>Limit on Admin/Planning</b>	\$243,624.60	\$33,021.99
<b>Limit on State Admin</b>	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

371 foreclosed, target area residential properties reviewed or under review through 3/31/2010.

50 properties approved/in-progress including: 31 acquisition/clearance; 11 acquisition/rehabilitation; and 8 demolition only.

2 demolition only projects complete.

First-Time Homebuyer Home Sales Assistance Program approved by City Council in January 2010. Program announcement has prompted inquiries from more than 200 potential homebuyers.

Rehabilitation boiler plate contract language and procurement process template complete. Invitation to bid (ITB) process complete for 2 properties, 3rd property ITB in-progress.  
 \$2,168,983.40 (89% of total funding) has been set aside for specific projects; \$1,487,295.73 (61%) is obligated; and \$863,494.98 (35.4%) has been expended.

## 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
DBN-NSP, Dearborn HUD-NSP	\$395,220.22	\$2,436,246.00	\$863,494.98

## Activities

<b>Grantee Activity Number:</b>	<b>Acq-Demo</b>
<b>Activity Title:</b>	<b>Acquisition &amp; Demolition</b>

**Activity Category:**

Clearance and Demolition

**Project Number:**

DBN-NSP

**Projected Start Date:**

01/01/2009

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2010

**Responsible Organization:**

City of Dearborn - Economic & Community Development

<b>Overall</b>	<b>Jan 1 thru Mar 31, 2010</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$1,200,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$1,200,000.00
<b>Program Funds Drawdown</b>	\$210,367.67	\$502,217.71
<b>Obligated CDBG DR Funds</b>	\$171,764.09	\$654,860.86
<b>Expended CDBG DR Funds</b>	\$213,080.72	\$504,930.76
City of Dearborn - Economic & Community Development	\$213,080.72	\$504,930.76
<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:**

Acquisition and clearance of blighted properties. Cleared property may be: a) sold to any buyer at current market rates; b) sold, transferred or donated to an income-eligible neighboring property; c) retained for any CDBG-eligible public purpose; or d) conveyed to a Community Based Development Organization (CBDO) for new housing construction. The clearance of blighted properties is expected to be of substantial benefit to the LMMI-neighborhoods in which the properties are located. The cleared properties may be offered for resale at current market price and sold to adjacent property owners to increase standard lot widths, or sold to any buyer for future development. If the adjacent property owner-occupants are middle-income eligible (120% AMI), the cleared property may be conveyed or donated at less than market rate, for the purpose of increasing the adjacent property's compliance with zoning, building, or fire safety codes and standards. Cleared properties may be retained and redeveloped for CDBG-eligible public uses (such as a tot park, community garden, or expansion of a neighborhood facility). HUD-NSP funding for budgeted for this activity includes funding for the creation of approximately 12 community gardens. Property may also be conveyed or donated to a Community-Based Development Organization (CBDO) for new LMMI housing construction. Additional HUD-NSP funding assistance for that construction is contemplated by this activity and may be provided to these projects if needed. Term of assistance and continued affordability requirements shall not apply to market rate dispositions of cleared property located in LMMI-eligible areas. All other dispositions shall comply with applicable provisions of Section C3. Property acquisitions are subject to the purchase discount described in Section E. Cleared properties may be land-banked for a period not to exceed 10-years.

**Location Description:**

Scattered sites in Dearborn HUD-NSP target area. Target area census tracts all qualify as Low-Moderate Income (80% AMI) benefit areas, except for CT 574300 (which is middle-income eligible). Additionally, CT 573800 and 574000 qualify as low income (50% AMI) benefit areas.

**Activity Progress Narrative:**

9 properties acquired this quarter. 7 additional acquisitions in-progress. 24 properties have been acquired through 3/31/10: 14 utility disconnects in-progress; 7 out for demolition bidding/award; and, 3 in final stages of demolition.

As of 3/31/10, Acq-Demo expenses are \$2713.05 HIGHER than total Acq-Demo funds drawn down. This difference is intentional in order to balance draws and expenses in total for the grant as a whole. Program expenses originally drawn down as Administration were reallocated to projects/activities at the recommendation/direction of our HUD Rep. Admin expenses are currently \$2713.05 LOWER than total admin funds drawn down. Over time, as additional administrative funds are expended, both accounts will adjust to a \$0 difference.

\$935,276 has been set-aside for specific properties; \$654,860.86 is obligated; and \$504,930.76 has been expended. Approximately \$200,000 of the unencumbered funding may be reallocated to the Acquisition for Rehabilitation activity.

## Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	9	0/0	0/0	24/24
# of housing units	0	0	0	0/0	0/0	0/24
# of Public Facilities	0	0	0	0/0	0/0	0/12
# of Households benefitting	0	0	0	0/1968	0/2573	0/6458

## 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:** ADM

**Activity Title:** ADM

**Activity Category:**

Administration

**Project Number:**

DBN-NSP

**Projected Start Date:**

01/01/2009

**National Objective:**

N/A

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2010

**Responsible Organization:**

City of Dearborn - Economic & Community Development

**Overall**

**Jan 1 thru Mar 31, 2010**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$243,246.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$243,246.00
<b>Program Funds Drawdown</b>	\$8,886.60	\$35,735.04
<b>Obligated CDBG DR Funds</b>	\$0.00	\$243,246.00
<b>Expended CDBG DR Funds</b>	\$6,173.55	\$33,021.99
City of Dearborn - Economic & Community Development	\$6,173.55	\$33,021.99
<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:**

Funding for general grant administration and planning activities.

**Location Description:**

Not applicable.

**Activity Progress Narrative:**

As of 3/31/10 Admin expenses are \$2713.05 LOWER than total admin funds drawn down. Program expenses originally drawn down as administration were reallocated to projects/activities at the recommendation/direction of our HUD Rep. To balance draws and expenses for the grant in total, Acq-Demo expenses are \$2713.05 HIGHER than total acq-demo funds drawn down. Over time, as additional administrative funds are expended, this will adjust to a \$0 difference in both accounts. Administrative tasks for the coming quarter will include final draft and review of legal documents (mortgage, note, etc) for use in the First-Time Homebuyer Home Sales Assistance Program.

**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

<b>Grantee Activity Number:</b>	<b>DEMO</b>
<b>Activity Title:</b>	<b>Demolition of Blighted Properties</b>

**Activity Category:**

Clearance and Demolition

**Activity Status:**

Under Way

**Project Number:**

DBN-NSP

**Project Title:**

Dearborn HUD-NSP

**Projected Start Date:**

05/01/2009

**Projected End Date:**

09/30/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Dearborn - Economic &amp; Community Development

<b>Overall</b>	<b>Jan 1 thru Mar 31, 2010</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$183,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$183,000.00
<b>Program Funds Drawdown</b>	\$22,313.86	\$37,184.86
<b>Obligated CDBG DR Funds</b>	\$35,313.86	\$70,484.86
<b>Expended CDBG DR Funds</b>	\$22,313.86	\$37,184.86
City of Dearborn - Economic & Community Development	\$22,313.86	\$37,184.86
<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:**

Demolition of blighted properties.

Cleared properties that are publicly owned may be redeveloped for CDBG-eligible public uses (such as a tot park, community garden, or expansion of a neighborhood facility).

Funding budgeted for this activity anticipates the creation of approximately 8 community gardens. The availability of community garden space will be of substantial benefit to our target area neighborhoods (due to small lot sizes in the target area owners may not have sufficient garden areas in their own yards). In addition, the introduction of the gardens will invite and encourage residents to maintain these new public spaces.

For blighted properties acquired with other local funding that receive this federal HUD-NSP demolition assistance, a pro-rata portion of any resale revenue shall be treated as program income in accordance with HERA Section 2301.

Land-banking not to exceed 10-years may be provided for foreclosed properties only.

**Location Description:**

Scattered site demolition of blighted property in the Dearborn HUD-NSP Target Area. Target area census tracts all qualify as Low-Moderate Income (80% AMI) benefit areas, except for CT 574300 (which is middle-income eligible). Additionally, CT 573800 and 574000 qualify as low income (50% AMI) benefit areas.

**Activity Progress Narrative:**

8 properties identified/approved for demo only assistance, with current status as follows: 1 utility disconnect in progress; 4 demo bid awards in progress; 1 demolition nearing completion; 2 demolitions complete.

1 property demolished this quarter (2 cumulative).

\$88,461.40 set-aside for identified properties; \$70,484.86 obligated; \$37,184.86 expended.

LMMI Area Benefit Statistics: all households located in the same census tract/block group (neighborhood) as the demolished

blighted structures are presumed to benefit from the demolition activity. The demolition completed this period is located in Census Tract 5740 Block Group 1 which includes: 99 low-income, 111 moderate-income, 29 middle-income, and 61 other-income households.

Cumulative LMMI Area Benefit Statistics: 964 LMMI Households (86.4%) out of 1,116 total households benefitted.

It has been observed that voluntary demolition without property ownership or control is not as likely as anticipated. Therefore, approximately \$90,000 may be reallocated to other approved NSP activity types.

## Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	1	0/0	0/0	2/16
# of housing units	0	0	1	0/0	0/0	2/16
# of Public Facilities	0	0	0	0/0	0/0	0/8
# of Households benefitting	99	111	300	723/1968	125/2573	1116/6458

## Activity Locations

Address	City	State	Zip
5275 Hartwell (dem)	Dearborn	NA	48126

## 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:** RHB-LI

**Activity Title:** RHB-LI

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Activity Status:**

Under Way

**Project Number:**

DBN-NSP

**Project Title:**

Dearborn HUD-NSP

**Projected Start Date:**

01/01/2009

**Projected End Date:**

09/30/2010

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Responsible Organization:**

City of Dearborn - Economic & Community Development

**Overall**

**Jan 1 thru Mar 31, 2010**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$610,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$610,000.00
<b>Program Funds Drawdown</b>	\$40,990.75	\$175,696.03
<b>Obligated CDBG DR Funds</b>	\$92,107.00	\$358,292.67
<b>Expended CDBG DR Funds</b>	\$40,990.75	\$175,696.03
City of Dearborn - Economic & Community Development	\$40,990.75	\$175,696.03
<b>Match Contributed</b>	\$0.00	\$3,763.13
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

Purchase and rehabilitation of housing primarily for resale or lease-purchase to low-income individuals or families, for use as their primary residence; or in limited circumstances, for: c) rental to low-income individuals or families for use as their primary residence.

Eligible homebuyers must complete an 8-hour homebuyer counseling program provided by a HUD-Approved counseling agency.

Eligible homebuyers of NSP-assisted properties may also be provided with "homebuyer financial assistance" in the form of subsidized mortgage principal amounts, reasonable closing costs and/or up to 50% of the required down payment.

Due to the strained housing credit market, the City of Dearborn may also consider land contract resales of assisted properties.

The land contracts will be offered with a balloon payment clause after an approximate three-year period (sufficient time for credit market to improve and low-income homebuyers to demonstrate proof of ability to afford a private-market mortgage).

The land contract payment will be based upon a thirty-year amortization schedule. The land contract interest rate will be the "Step Rate Loan" interest rate (interest rate increase after first three years) as established by the Michigan State Housing Development Authority (MSHDA) for its homeownership loan programs. [Rates in effect as of October 13, 2008: 6.25% for the first 36 months and 7.25% thereafter (6.367% APR).]

If rehabilitated property is disposed or transferred for the purpose of rental to low-income households, that disposition may be at a substantial discount or donation to the rental property owner/manager to ensure long-term affordability to the target group.

Properties acquired and rehabilitated may be temporarily land-banked.

**Location Description:**

Scattered sites in the Dearborn HUD-NSP Target Area.

**Activity Progress Narrative:**

1 foreclosed property acquired this quarter (7 cumulative). Current status of acquired properties: 1 out for inspections (code, HQS, lead-based paint); 3 job specifications and cost estimating in-progress; and, 3 rehabilitation bidding/construction contract award.

Rehabilitation boiler plate contract language and procurement process template complete. Invitation to bid (ITB) process complete for 2 properties, 3rd property ITB in-progress.

First-Time Homebuyer Home Sales Assistance Program approved by City Council in January 2010. Program announcement has prompted inquiries from more than 200 potential homebuyers.

\$568,000 set-aside for specific properties; \$358,292.67 obligated; \$175,696.03 expended.

Set-asides do not include funds for financial assistance (affordability discount, down payment, closing costs) at the time of resale. Financial assistance is anticipated to be \$5,000-\$15,000 per property.

## Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	1	0/0	0/0	7/6
# of housing units	0	0	0	0/0	0/0	0/6
# of Households benefitting	0	0	0	0/6	0/0	0/6

## 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:** RHB-LMMI

**Activity Title:** RHB-LMMI

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Activity Status:**

Planned

**Project Number:**

DBN-NSP

**Project Title:**

Dearborn HUD-NSP

**Projected Start Date:**

01/01/2009

**Projected End Date:**

09/30/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Dearborn - Economic & Community Development

<b>Overall</b>	<b>Jan 1 thru Mar 31, 2010</b>	<b>To Date</b>
<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>	\$112,661.34	\$112,661.34
<b>Obligated CDBG DR Funds</b>	\$160,411.34	\$160,411.34
<b>Expended CDBG DR Funds</b>	\$112,661.34	\$112,661.34
City of Dearborn - Economic & Community Development	\$112,661.34	\$112,661.34
<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:**

Purchase and rehabilitation of housing primarily for resale or lease-purchase to low, mod, or middle-income individuals or families, for use as their primary residence.

Eligible homebuyers must complete an 8-hour homebuyer counseling program provided by a HUD-Approved counseling agency.

Eligible homebuyers of NSP-assisted properties may also be provided with "homebuyer financial assistance" in the form of subsidized mortgage principal amounts, reasonable closing costs and/or up to 50% of the required down payment.

Due to the strained housing credit market, the City of Dearborn may also consider land contract resales of assisted properties.

The land contracts will be offered with a balloon payment clause after an approximate three-year period (sufficient time for credit market to improve and low-income homebuyers to demonstrate proof of ability to afford a private-market mortgage).

The land contract payment will be based upon a thirty-year amortization schedule. The land contract interest rate will be the "Step Rate Loan" interest rate (interest rate increase after first three years) as established by the Michigan State Housing Development Authority (MSHDA) for its homeownership loan programs. [Rates in effect as of October 13, 2008: 6.25% for the first 36 months and 7.25% thereafter (6.367% APR).]

If rehabilitated property is disposed or transferred for the purpose of rental to low-income households, that disposition may be at a substantial discount or donation to the rental property owner/manager to ensure long-term affordability to the target group. Properties acquired and rehabilitated may be temporarily land-banked.

**Location Description:**

Scattered sites in the Dearborn HUD-NSP target area.

**Activity Progress Narrative:**

3 properties acquired this quarter (3 cumulative), 1 acquisition pending. Current status of acquired properties: 1 out for inspection (code, HQS, lead-based paint), 2 job specifications and cost estimating in progress.

First-Time Homebuyer Home Sales Assistance Program approved by City Council in January 2010. Program announcement has prompted inquiries from more than 200 potential homebuyers.

\$334,000 set-aside for specific properties; \$160,411.34 obligated; \$112,661.34 expended. [Set asides exceed current budget allocation for this activity. As described in other activity narratives, funding will be reallocated from other activities to support the budget needs in this area.]

Set-asides do not include funds for financial assistance (affordability discount, down payment, closing costs) at the time of resale. Financial assistance is anticipated to be \$5,000-\$15,000 per property.

## Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	3	0/0	0/0	3/2
# of housing units	0	0	0	0/0	0/0	0/2
# of Households benefitting	0	0	0	0/0	0/2	0/2

## 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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