

Grantee: Dearborn, MI

Grant: B-08-MN-26-0003

April 1, 2010 thru June 30, 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

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

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.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,436,246.00
Total CDBG Program Funds Budgeted	N/A	\$2,436,246.00
Program Funds Drawdown	\$292,611.07	\$1,156,106.05
Obligated CDBG DR Funds	\$523,814.72	\$2,011,110.45
Expended CDBG DR Funds	\$292,611.07	\$1,156,106.05
Match Contributed	\$0.00	\$3,763.13
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%	76.216%
Minimum Non-Federal Match	\$0.00	\$3,763.13
Limit on Public Services	\$365,436.90	\$0.00
Limit on Admin/Planning	\$243,624.60	\$45,941.08
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$609,061.50	\$610,000.00

Overall Progress Narrative:

439 foreclosed, target area residential properties reviewed or under review through 6/30/2010.

58 properties approved/in-progress including: 40 acquisition/clearance; 10 acquisition/rehabilitation; and eight (8) demolition only.

Six (6) demolition only projects are complete.

NSP Action Plan Revision 4 took effect on June 24, 2010. Revision 4 changes continued affordability provisions for homebuyer projects and allows energy efficient washers and dryers to be installed as optional rehabilitation measures.

First-Time Homebuyer Home Sales Assistance Guidelines Revision 1 was approved by City Council in June 2010. Revision 1 excludes development subsidies (which do not provide direct benefit to the homebuyer) from the calculation of homebuyer assistance.

\$2,602,640.80 has been set aside for specific projects (106.8% of total funding). Additional project support will come from anticipated program income. \$2,011,110.45 is obligated (82.5%); and \$1,156,106.05 has been expended (47.5%).

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	\$292,611.07	\$2,436,246.00	\$1,156,106.05

Activities

Grantee Activity Number:	Acq-Demo
Activity Title:	Acquisition & Demolition

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

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$1,098,000.00
Total CDBG Program Funds Budgeted	N/A	\$1,098,000.00
Program Funds Drawdown	\$237,134.48	\$739,352.19
Obligated CDBG DR Funds	\$438,107.44	\$1,092,968.30
Expended CDBG DR Funds	\$234,421.43	\$739,352.19
City of Dearborn - Economic & Community Development	\$234,421.43	\$739,352.19
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$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 owner(s) to increase standard lot widths, or sold to any buyer for future development.

If the adjacent property owner-occupants are 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, landscaped buffer zone, or expansion of a neighborhood facility).

The \$35,000 redevelopment budget presented below could finance the creation of approximately 5 community gardens at an average cost of \$7,000 each. 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.

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 continued affordability provisions.

Cleared properties may be land-banked for a period not to exceed 10-years.

Property acquisitions are subject to the purchase discount policy.

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:

10 foreclosed and blighted properties acquired this quarter, 1 property transferred in from another activity (35 cumulative). 5 additional acquisitions in-progress.

Current status of acquired properties: 12 utility disconnects in-progress; one (1) in specification writing; eight (8) out for demolition bidding/award; nine (9) under contract for demolition; and five (5) demolitions complete.

Projected total budget needs for the 40 identified properties total \$1,253,976. A budget reallocation and/or an allocation of anticipated program income will be required. \$1,092,968.30 is obligated (99.5% of funding budgeted for this activity); and \$739,352.19 has been expended (67.3%).

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	11	0/0	0/0	35/24
# of housing units	0	0	0	0/0	0/0	0/24
# of Public Facilities	0	0	0	0/0	0/0	0/5
# 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

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

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$243,246.00
Total CDBG Program Funds Budgeted	N/A	\$243,246.00
Program Funds Drawdown	\$10,206.04	\$45,941.08
Obligated CDBG DR Funds	\$0.00	\$243,246.00
Expended CDBG DR Funds	\$12,919.09	\$45,941.08
City of Dearborn - Economic & Community Development	\$12,919.09	\$45,941.08
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Funding for general grant administration and planning activities.

Location Description:

Not applicable.

Activity Progress Narrative:

General program planning and administration.

First-Time Homebuyer Home Sales Assistance Program mortgage and note documents drafted and under legal review.

Side yard resale pricing procedures solidified.

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

Grantee Activity Number:	DEMO
Activity Title:	Demolition of Blighted Properties

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 & Community Development

Overall	Apr 1 thru Jun 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$85,000.00
Total CDBG Program Funds Budgeted	N/A	\$85,000.00
Program Funds Drawdown	\$30,027.37	\$67,212.23
Obligated CDBG DR Funds	\$13,247.37	\$83,732.23
Expended CDBG DR Funds	\$30,027.37	\$67,212.23
City of Dearborn - Economic & Community Development	\$30,027.37	\$67,212.23
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Demolition of blighted properties.

Cleared properties may be redeveloped for CDBG-eligible public uses (such as a tot park, community garden, or expansion of a neighborhood facility). The redevelopment budget presented below could finance the creation of 1 community garden, at an approximate cost of \$7,000 each. 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.

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

For blighted properties acquired with 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.

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:

Eight (8) properties identified/approved for demo only assistance.

Four (4) demolitions completed this quarter (6 cumulative).

Two (2) remaining demolitions projects are under contract and will be completed soon.

Projected total budget needs for the eight (8) identified properties total \$83,918.80 (98.7% of the budget set aside); remaining funds will be reallocated to other approved activities. \$83,732.23 is obligated (98.5%); and, \$67,212.23 is expended (79.1%).

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 demolitions completed this period are located in Census Block Groups 5736-1 (LI: low-income), 5741-2 (MI: moderate income), 5739-1 (MI) and 5738-1 (LI). Cumulative LMMI Area Benefit Statistics for the six (6) properties demolished to date: 2,273 LMMI Households (88.3%) out of 2,575 total households benefitted.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	4	0/0	0/0	6/8
# of housing units	0	0	4	0/0	0/0	6/8
# of Public Facilities	0	0	0	0/0	0/0	0/1
# of Households benefitting	552	606	1459	1275/1968	731/2573	2575/6458

Activity Locations

Address	City	State	Zip
7459 Neckel	Dearborn	NA	48126
6920 Yinger	Dearborn	NA	48126
14217 Lanson	Dearborn	NA	48126
7310 Kentucky	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

Project Number:

DBN-NSP

Projected Start Date:

01/01/2009

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Dearborn HUD-NSP

Projected End Date:

09/30/2010

Responsible Organization:

City of Dearborn - Economic & Community Development

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$610,000.00
Total CDBG Program Funds Budgeted	N/A	\$610,000.00
Program Funds Drawdown	\$9,530.06	\$185,226.09
Obligated CDBG DR Funds	\$100,893.09	\$459,185.76
Expended CDBG DR Funds	\$9,530.06	\$185,226.09
City of Dearborn - Economic & Community Development	\$9,530.06	\$185,226.09
Match Contributed	\$0.00	\$3,763.13
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Purchase and rehabilitation of housing primarily for: a) resale to low-income individuals or families; or b) 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).]

The City of Dearborn is seeking input from area service providers to identify special needs groups within the low-income target population for this activity. If so identified, the acquisition, rehabilitation, and disposition of properties may be tailored to the needs of that special needs group(s).

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.

The term of assistance and continued affordability requirements shall be as described in definition #3.

Property acquisitions are subject to the purchase discount policy.

Location Description:

Scattered sites in the Dearborn HUD-NSP Target Area.

Activity Progress Narrative:

Upon completion of specifications and cost estimates, one (1) property previously identified for this activity was determined to

be economically infeasible to rehabilitate and has been transferred to the acquisition for clearance activity. Four (4) of the remaining six (6) properties acquired for this activity are currently under contract for rehabilitation. Bidding/award for two (2) additional property rehabilitation contracts will take place in July 2010. Five (5) potential homebuyers have fulfilled all of the requirements (income determination, homebuyer counseling, mortgage pre-approval) for the First-Time Homebuyer Home Sales Assistance Program. 20 additional applications are in progress. Projected total budget needs for the six (6) identified properties total \$587,000 (96.2% of the low-income set aside). \$459,185.76 is obligated (75.3%); and, \$185,226.09 is expended (30.4%). Project budget needs do not include the funds for financial assistance (affordability discount, down payment, and closing costs) that will be provided 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	6/6
# 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	

Grantee Activity Number: RHB-LMMI

Activity Title: RHB-LMMI

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 - LMMI

Responsible Organization:

City of Dearborn - Economic & Community Development

Overall

Apr 1 thru Jun 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$400,000.00
Total CDBG Program Funds Budgeted	N/A	\$400,000.00
Program Funds Drawdown	\$5,713.12	\$118,374.46
Obligated CDBG DR Funds	(\$28,433.18)	\$131,978.16
Expended CDBG DR Funds	\$5,713.12	\$118,374.46
City of Dearborn - Economic & Community Development	\$5,713.12	\$118,374.46
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Purchase and rehabilitation of housing primarily for: a) resale to LMMI individuals or families; or b) 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).]

The City of Dearborn is seeking input from area service providers to identify special needs groups within the low-income target population for this activity. If so identified, the acquisition, rehabilitation, and disposition of properties may be tailored to the needs of that special needs group(s).

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.

The term of assistance and continued affordability requirements shall be as described in definition #3.

Property acquisitions are subject to the purchase discount policy.

Location Description:

Scattered sites in the Dearborn HUD-NSP target area.

Activity Progress Narrative:

One (1) property acquired this quarter (4 cumulative).

Current status of acquired properties: one (1) in specification and cost estimation; three (3) with specifications in final review,

ready for bidding in July 2010.

Five (5) potential homebuyers have fulfilled all of the requirements (income determination, homebuyer counseling, mortgage pre-approval) for the First-Time Homebuyer Home Sales Assistance Program. 20 additional applications are in progress. Projected total budget needs for the four (4) identified properties total \$434,500 (108.6% of the budget set aside), additional funding needs will be supported by program income. \$131,978.16 is obligated (33%); and, \$118,374.46 is expended (29.6%). Project budget needs do not include the funds for financial assistance (affordability discount, down payment, and closing costs) that will be provided 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	4/2
# 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	
