

**Grantee: Dearborn, MI**

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

**October 1, 2011 thru December 31, 2011 Performance Report**

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**Grant Number:**

B-08-MN-26-0003

**Obligation Date:**

03/25/2009

**Award Date:****Grantee Name:**

Dearborn, MI

**Contract End Date:**

03/25/2013

**Review by HUD:**

Submitted - Await for Review

**Grant Amount:**

\$2,436,246.00

**Grant Status:**

Active

**QPR Contact:**

Michelle DaRos

**Estimated PIRL Funds:**

\$500,000.00

**Total Budget:**

\$2,936,246.00

## Disasters:

### Declaration Number

NSP

## Narratives

### Areas of Greatest Need:

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%.

Revision No. 3 (11/20/09): Target area expanded to include all of Fordson-East (census tracts 573600, 573700, 573800), all of Fordson-West (573300, 573400, 573900, 574000, 574100) and two census block groups (574300, BG 1 and 2) in the Fairlane Master Plan Communities. The expanded target area is experiencing moderate to high concentrations of foreclosure or abandonment risk, predicted foreclosure rates, and HMDA high cost loan rates.

Revision No. 4 (6/24/10): No change.

### Distribution and and Uses of Funds:

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 subsequent revisions can be viewed at: [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml)

Dearborn NSP Revision No. 1 (May 1, 2009). 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.

Dearborn NSP Revision No. 2 (September 3, 2009). Summary of Changes: Areas of Greatest Need-No Change. Target Area-No Change. Definition of Blight-State Equalized Value (SEV) has historically been utilized as a rough estimate of one-half of a property's value. Current market trends, compounded by State of Michigan regulations regarding annual adjustments to SEV have significantly reduced the accuracy of the measurement as a reflection of market value. Therefore, an alternate measure (current appraised value) has been added to the definition of blight. In addition, compromised structural integrity and structure damage from fire, water, or mold has been added to the list of substantial deviations from code. Affordable Rents-No Change. Continued Affordability-No Change. Rehabilitation Standards-No Change. Low-Income Targeting-No Change. Acquisitions and Relocation-Minimum purchase discount reduced to 1%. Aggregate purchase discount requirement deleted. Current Market Appraised Value, alternate methods described. (As authorized by HUD-NSP Bridge Notice.) Land Banking-New Section/Description Added. Side-Yard Disposition Program-New Section/Description Added. Homebuyer Selection-New Section/Description Added. Acquisition & Rehab-Land banking update. Acquisition & Clearance-Land banking update. Demolition of Blighted Structures-Land



banking update. Administration-No Change.

Dearborn NSP Revision No. 3 (November 20, 2009). Summary of Changes: Areas of Greatest Need-No Change. Target Area-Target area expanded to include all of Fordson-East, all of Fordson-West, and two block groups in the Fairlane Master Plan Community. Definition of Blight-No Change. Affordable Rents-No Change. Continued Affordability-Homebuyer purchase transactions section updated to include provisions for "homebuyer financial assistance". Rehabilitation Standards-No Change. Low-Income Targeting-No Change. Acquisitions and Relocation-No Change. Land Banking-No Change. Side-Yard Disposition Program-No Change. Homebuyer Selection-No Change. Acquisition & Rehab-Modified to add mortgage principal subsidies (along with closing costs and down payment assistance) as possible forms of "homebuyer financial assistance". Acquisition & Clearance-No Change. Demolition of Blighted Structures-No Change. Administration-No Change.

Dearborn NSP Revision No. 4 (June 24, 2010). Summary of Changes: Areas of Greatest Need-No Change. Target Area-No Change. Definition of Blight-No Change. Affordable Rents-No Change. Continued Affordability-Mortgage lenders include all homebuyer assistance in calculations of loan-to-value (LTV). Including development subsidies in the LTV calculation will disqualify most homebuyers. Development subsidies have now been excluded from the calculation of homebuyer assistance. Rehabilitation Standards-Allow energy efficient washers and dryers as an optional rehabilitation expense. Appliances must remain in home upon subsequent resale to qualified LMMI homebuyer. Low-Income Targeting-No Change. Acquisitions and Relocation-No Change. Land Banking-No Change. Side-Yard Disposition Program-No Change. Homebuyer Selection-No Change. Acquisition & Rehab-Budget adjustment. Acquisition & Clearance-Budget adjustment. Demolition of Blighted Structures-Budget adjustment. Administration-No Change.

## Definitions and Descriptions:

Definition #1. The Dearborn Neighborhood Stabilization Program (DBN-NSP) defines "blighted structure" as a property that either:

1. Is condemnable and "unfit for human habitation"

a. As defined at Section 11-227 of the Housing Chapter (Chapter 11) of the Dearborn Code of Ordinances; and, measured as a property for which the estimated cost of required improvements exceeds

- i. The State Equalized Value (SEV) of the property or
- ii. The current appraised value of the property, whichever is less.

OR

2. A property for which the estimated cost of required improvements exceeds 50% of the State Equalized Value (SEV) of the property or 50% of the current appraised value of the property, whichever is less; and exhibits one or more of the following substantial deviations from code:

- a. Structure is located less than 10 feet from structures on adjacent properties;
- b. Structure has an inadequate or temporary foundation;
- c. Structure provides less than 750 square feet of usable floor space;
- d. Structure is not connected to the public water and/or sewer system;
- e. Property does not provide the required front or rear yard setback and the front setback provided is not compatible with that of adjacent properties.
- f. Lot is 37.5 feet in width or less and does not provide all of the required individual and combined side yard setbacks.
- g. Structural integrity compromised (examples: supporting wall removed, ceiling/floor joist severed).
- h. Structure damaged by fire.
- i. Structure damaged by water or mold.

Definition #2. "Affordable Rent" shall be defined as:

1. For assisted households with income at or below 120% of the area median income—the Detroit Metropolitan Area Fair Market Rent (DET-FMR).

2. For households receiving assistance under DBN-NSP activities targeting individuals and families with income at or below 50% of the area median income—the Low HOME Rent, defined as the rent affordable at 50% AMI or DET-FMR, whichever is less.

Definition #3. "Continued Affordability"

Homebuyer purchase transactions will be secured by a recorded document that will be either:

1. Resale of the property to middle-income homebuyers at a purchase price that does not exceed current market value (certified appraisal provided by lender or Department of Assessment value) or the FHA 203 B mortgage limit, whichever is lower, during an established affordability period. Resale transaction must include all appliances that were provided by the program. Subsequent middle-income homebuyers must agree to program terms and conditions for the remainder of the affordability period. OR,

2. Repayment of certain resale proceeds.

Program terms and conditions may be suspended upon transfer by foreclosure or deed-in-lieu of foreclosure.

A home that is sold to middle income individuals or families as their primary residence will have either a development subsidy or a program subsidy, and may have homebuyer financial assistance as well.

Development Subsidy. When the development cost (cost to acquire and redevelop or rehabilitate the property) exceeds the current market value of the assisted property, the "Development Subsidy" is the difference between the development cost and the gross sale price. A development subsidy does not provide value or equity to the homebuyer and therefore is excluded from the calculation of total homebuyer assistance.

Program Subsidy. When the current market value of the assisted property exceeds the development cost, the "Program Subsidy" is the difference between current market value and the gross sale price. A program subsidy provides value or equity to the homebuyer and is therefore included in the calculation of total homebuyer assistance. (Secured by a forgivable mortgage, declining value over life of affordability period.)

Homebuyer Financial Assistance. Homebuyer financial assistance (such as, mortgage principal affordability discount, closing costs, and/or down payment assistance) provided as a zero-interest deferred loan that is due in full upon sale, transfer, or default of the conditions for assistance.

The Affordability Period for homebuyer purchase transactions shall be:

1. 10 years for purchase transactions with total homebuyer assistance of \$15,000 or less.
2. 15 years for purchase transactions with total homebuyer assistance of \$15,000-\$40,000. Or,
3. 20 years for purchase transactions with total homebuyer assistance greater than \$40,000.



If the home is resold to an unqualified purchaser during the affordability period, repayment of certain proceeds will be required. After repayment, there will be no further obligations to the program.

Net Resale Price: the gross resale price reduced by traditional seller closing costs and documented capital improvements added by the seller. (Program may substitute current market value for the gross resale price if the disparity between the two values suggests a less than arms length transaction.)

Gain on Resale: the net resale price reduced by the original assisted homebuyer net sale price (gross sale price less homebuyer financial assistance).

Required Repayment Amount:

1. For all resale transactions to an unqualified purchaser, if there is no gain on resale, the required repayment shall be zero.
2. For transactions with a program subsidy, the required repayment as limited to anganon resale shall be calculated as: program subsidy / affordability period \* (affordability period - number of full years elapsed), plus the full amount of the deferred loan for homebuyer financial assistance.
3. For transactions with a development subsidy, the required repayment as limited to any gain on resale shall be calculated as the full amount of the deferred loan for homebuyer financial assistance.

Assisted Rental Property transactions will be secured by a recorded document that requires either:

1. Continuous rental of assisted units to middle-income qualified tenants (or low-income qualified tenants if project was assisted with targeted funding), at affordable rents throughout the affordability period.

1. If tenant income increases above the qualifying threshold after the initial or any subsequent annual lease period, the rent shall be adjusted according to their new income level.
2. Over-income tenants (those with income exceeding 120% of the area median income) must pay 30 percent of their adjusted income for rent and utilities.

1. Or, repayment of certain assistance amounts.

Program terms and conditions may be suspended upon transfer by foreclosure or deed-in-lieu of foreclosure.

Rental Subsidy. Program costs to acquire, redevelop or rehabilitate the rental housing units reduced by the sales price to the new property owner.

The Affordability Period for rental property transactions shall be:

1. 5 years if per unit rental subsidy is \$15,000 or less.
2. 10 years if per unit rental subsidy exceeds \$15,000 but does not exceed \$40,000.
3. 15 years if per unit rental subsidy exceeds \$40,000.
4. 20 years if project is new construction.

Upon successful completion of the affordability period, there will be no further obligations to the program. (See excess subsidy exception below.)

During the affordability period, if the property owner defaults and does not remedy under program terms and conditions or sells or transfers the property to a new owner without assumption of the program terms and conditions, the appreciated rental subsidy shall become immediately due and payable. (For a multi-unit project, the default may be limited to a specific unit or units. The required default repayment shall apply to the defaulted units only.)

Appreciated Rental Subsidy: the rental subsidy as appreciated and compounded annually, for each of five tax years following the property purchase, by the average annual increase in State Equalized Value for the area in which the property is situated, as determined by the Department of Assessment.

If the default or sale occurs prior to the first tax year, the rental subsidy will be appreciated by a flat increase of five percent.

If the average State Equalized Value decreases in any of the five tax years, there will be no change to the appreciated rental subsidy for that year.

After the fifth and final tax year increase, the amount of the appreciated rental subsidy will remain unchanged for the remainder of the affordability period.

Upon payment of the appreciated rental subsidy, there will be no further obligations to the program (as it may apply to a project or a unit).

Excess Subsidy. Rental subsidy in excess of \$80,000 per unit shall be considered excess subsidy and shall be subject to recapture during a 10-year recapture period immediately following the affordability period. (Per Unit Rental Subsidy - \$80,000 = Per Unit Excess Subsidy.)

Recapture shall be required, during the recapture period, upon the demise of the property or conversion of the property to a use other than rental housing. A proportionate recapture will also be required if the number of rental units available in a multi-unit project is reduced.

Amount Subject to Recapture: Excess subsidy / recapture period \* number of full or partial years remaining in the recapture period / number of assisted units \* number of lost units.

If the City of Dearborn or its Housing Commission retains ownership of the rental property, a recorded document shall not be required. Default and recapture payments shall be limited to the amount of net resale proceeds. All other applicable terms and conditions of this section shall be fully enforced.

Lease-Purchase Transactions will be initially secured as an assisted rental property transaction. Except that, any annual increases in the rent above the DBN-NSP Rent limit described in Section C(2) charged to the tenant and proposed future homebuyer as a result of becoming an "over-income" tenant shall be held in reserve and credited to the purchase price or buyer's share of required down payment at the time of sale to that homebuyer. If the tenant is unsuccessful or for any reason does not become the buyer and continuing occupant of the subject property, the funds held in reserve shall be returned to the City of Dearborn and shall be treated as program income as described in the HUD-NSP regulations.

The initial homeownership transition period shall be a period not to exceed 24 months, with a possible six-month extension for tenants that have made substantial progress toward homebuyer readiness during the initial 24 month period. To measure this readiness, lease-purchase tenants will be required to complete an approved eight-hour homebuyer counseling course prior to the initial lease, with refresher sessions as needed during the transition period.

A tenant that is unable to transition to homeownership during the homeownership transition period will be expected to vacate the housing unit, and shall not be entitled to any other assistance or relocation services.



When the tenant successfully transitions to homeownership, the continuing affordability provisions for rental transactions shall be fully satisfied and replaced with the provisions for homebuyer purchase transactions. The time that has elapsed during the rental assistance period shall be counted toward the homebuyer affordability term.

Resale or transfer of cleared property to income eligible (120% AMI) owner-occupant households of adjacent property at less than market rate shall be secured by a recorded document that will require repayment of certain assistance amounts during a ten-year period following the transfer.

For this purpose, the assistance amount shall be calculated as follows: the current market value (the minimum market bid price) as determined by the Department of Assessment or the current market appraised value as determined by an independent appraiser certified by the State of Michigan) of the land reduced by the sale price, and further reduced by any purchaser financed improvements required as a condition of the sale or transfer.

If the calculated assistance amount is \$2,000 or less, no repayment shall be required.

If the calculated assistance amount exceeds \$2,000, the recorded document shall, upon sale, transfer, demise, or conversion of the property, require repayment of 100% of the assistance amount during the first five year period, 80% during the sixth year, 60% during the seventh year, 40% during the eighth year, 20% during the ninth year and any incomplete portion of the tenth year, and fully satisfied after the completion of the tenth year.

If the cleared-improved property is resold, along with the adjacent property to which it was attached, to a new income-eligible (120% AMI) owner-occupant household during the 10-year assistance term, the terms and conditions of the assistance may be assumed by the new property-owner.

Note: this section is only applicable to the resale or transfer of properties that were acquired with HUD-NSP funding.

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

Definition #4. Rehabilitation Standards.

Whenever City of Dearborn HUD-NSP funds are utilized for housing rehabilitation the following standards will apply:

Assistance Limitation. The City of Dearborn will limit per housing unit rehabilitation assistance to an amount that does not exceed the Department of Assessment True Cash Value (TCV) less the property acquisition cost, or the Department of Assessment State Equalized Value (SEV), whichever is higher. Exceptions to this limitation will be allowed for required standards and unforeseen contingencies only.

Required Standards.

(1) Local Code. Upon completion, the housing unit will meet Building and Safety Department Residential Certificate of Occupancy (C of O) requirements.

(2) Lead Paint Hazard Reduction requirements (HUD 24 CFR Part 35 and Michigan Public Act 368 of 1978, as amended).

Optional Standards.

(3) Energy Efficiency or Conservation upgrades. EnergyStar.gov and the State of Michigan Weatherization Program priorities list will be used as aids to select cost effective measures. [Note: whenever possible/practical, all required or optional improvements shall be implemented in a manner that will promote increased energy efficiency.]

(4) Exterior improvements (siding, trim, landscaping, etc.) to address aged or "eyesore" conditions and designed to enhance the desirability and property values of the surrounding neighborhood.

(5) Replacement of aging household equipment, fixtures or structural components, such as roof, furnace, central air, water heater, stove, refrigerator, electrical or plumbing service, flooring and cabinets.

(6) Barrier-Free Access or Visitability Improvements when requested by an identified eligible homebuyer or in 20% of the assisted units in a multi-unit structure with more than four units.

(7) Changes to the dwelling unit floor plan to more closely accommodate modern use patterns (such as, sufficient closet space, master bedroom, first floor bathroom, kitchen open to family living areas).

(8) Energy efficient clothes washer and dryer. (NSP policy revision posted 3/8/2010)

Optional Standards (Buyer's Equity).

CDBG-assisted rehabilitation generally prohibits the cost of equipment, furnishings, or other personal property that is not an integral structural fixture. (Stoves and refrigerators are required minimum housing quality standard components and are an exception to this rule.)

LMMI-eligible homebuyers who acquire (utilizing private financing and/or personal funds for down payment costs) rehabilitated property for use as their primary residence may request that the following optional items be installed and included in the purchase price:

(9) First floor window treatments (limited to shades and blinds) to provide privacy or enhance energy efficiency.

Definition #5. Land banking.

The City of Dearborn has engaged in "land banking" activities for many years. Most notably, the City's "Operation Eyesore" has been functioning since 1960. In its almost 50 years of operation, this program has purchased and removed more than 1,200 temporary and substandard structures. The cleared land has been redeveloped to provide more than 500 single family dwellings, 486 units of senior housing, three apartment buildings, a condominium development, a fire station, three parks, and various other public uses.

The in-house expertise of several city departments is essential to the success of the city's land banking activities. The City Plan Department, as guided by the City of Dearborn Master Plan, identifies neighborhood needs and redevelopment opportunities presented by land bank property acquisitions. The Legal Department ensures that property acquisitions and dispositions meet public purpose requirements and comply with City Charter and City Code of Ordinance provisions. The Residential Services Department (formerly known as Building & Safety) takes the lead on property demolition activities and also manages maintenance activities for certain city-owned properties. The Department of Public Works manages maintenance activities for unimproved city-owned properties (vacant land). The Administration and the City Council provide direction, establish policy, and authorize all property acquisitions and property dispositions. In-house team members (including the City Planner, City Assessor, Corporation Counsel, and Residential Services Director) periodically review the status of each land banked property and recommend disposition actions. This review typically occurs on an annual basis. Recommendations may include redevelopment for public use, hold for additional land assembly, hold pending change in market conditions, resell as side-yard for neighboring property owners, resell in accordance with City Code of Ordinances, or resell in accordance with an alternate program approved by City Council.

The City of Dearborn's HUD-NSP will use the same in-house expertise and process to land bank foreclosed properties in the designated target area (previously defined in Section B). "Land banking" includes any and all activities and holding costs from the time of acquisition through the time of final disposition. The final disposition of HUD-NSP land-banked properties will comply with NSP eligibility and benefit requirements or CDBG "change of use" provisions at 24 CFR 570.505(b), as applicable.

This City of Dearborn HUD-NSP Amendment does not treat land banking as a separate activity, but rather, includes land banking as a possible component of other primary activities (such as Acquisition & Clearance or Acquisition & Rehabilitation).



While the City of Dearborn intends to resell cleared or rehabilitated property as soon as possible, we recognize that economic conditions and individual property traits may suggest a different course of action. In accordance with HUD-NSP regulations, land banked properties will not be held for more than 10 years without obligating the property for a specific eligible re-use.

Since HUD-NSP grant funds must be obligated within 18-months and fully expended within four years, the City of Dearborn will rely on program income generated by grant activities as the primary resource for land banking activities when grant funding is no longer available.

Definition #6. Side-Yard Disposition Program.

The City of Dearborn is a built out community with an aging housing stock. According to 2000 U. S. Census data, 75.8% of Dearborn's housing stock was built before 1960. The age of the housing stock in the four census tracts targeted for HUD-NSP assistance is somewhat older; 82.3% built before 1960 (CT 573300, 81.9%; CT 573600, 83.1%; 573800, 84.2%; and CT 573900, 79.6%).

More significantly, the HUD-NSP targeted census tracts also have a higher incidence of pre-1940 housing construction (33.6%) than the city-wide rate of pre-1940 construction (22.4%).

In the target neighborhoods, it is very common for this pre-1940 housing to be situated on a lot that is just 30 feet or 35 feet wide. These narrow lot widths do not meet modern housing, zoning, or fire safety standards.

Rehabilitating homes that are situated on these narrow lot will certainly provide benefit to the new occupant; and will provide neighborhood relief from the current impacts of foreclosed and abandoned housing. However, due to the age and condition of many of these same homes, the City of Dearborn believes that the whole neighborhood will realize a more substantial, longer-term stabilizing benefit from the removal of these structures and reuse of the cleared land to increase the lot widths of neighboring properties.

For example, a cleared 30-foot lot may be combined with an adjacent 30-foot lot to create one 60-foot lot; or, split and combined with two neighboring lots, creating two 45-foot lots. These new wider lots will provide greater open space in the neighborhood, reduce fire safety hazards, decrease the number of vehicles parked on and congesting neighborhood streets, and inspire new private investments in the remaining housing stock.

The City of Dearborn is developing a side lot disposition program and policy to govern the resale of cleared city-owned residential properties throughout the city (not limited to our designated HUD-NSP target area). The program is expected to establish a nominal fee or deeply discounted sale price for eligible properties. The nominal fee or reduced sale price reflects the city's desire to promote neighborhood stability and homeownership, return properties to the tax rolls, decrease property maintenance expenses, and reflects current economic conditions on land valuation ("current market value" for side yards).

Once adopted by the Administration and City Council, the policies of the city's side lot disposition program will be incorporated into this HUD-Neighborhood Stabilization Program Substantial Amendment, with the intention that side lot resales of properties that were acquired with HUD-NSP funding will provide an equivalent or greater benefit to the target neighborhoods and adjacent property owners, while adhering to federal regulations and guidelines.

Adoption of the city's side yard disposition program is unlikely to result in the need for a further revision of this NSP Amendment, unless it results in a change to the continuing affordability standards for the resale or transfer of cleared property.

Definition #7. Eligible Homebuyer/Household Selection Process.

The City of Dearborn and/or its subrecipients and developers shall establish written policies for the identification and selection of households to be directly assisted.

At a minimum, written selection policies shall identify:

- The method of income eligibility determination (Section 8, Census Long Form, or IRS 1040 method);
- Waiting list or prioritization procedures—first-come, first-served; first-qualified, first-served; bid process; preference point system; random process; etc.; and,
- Outreach methods.

If a selection policy establishes a preference for a class of households with a financial relationship to the City, the subrecipient, or the developer (income qualified city employees, for example), that preference shall be subject to the review of the City of Dearborn's Board of Ethics.

Prioritization and outreach procedures shall be established and administered in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and implementing regulations.

Subrecipients and developers may adopt selection policies established by the City of Dearborn for projects/activities of a similar nature or may adopt unique policies and procedures, subject to the review and approval of the City of Dearborn.

### **Low Income Targeting:**

No less than \$610,000 of the "Acquisition & Rehabilitation" activity shall be used to provide housing for individuals or families whose income does not exceed 50% of area median income.

This targeted assistance may be provided as rental housing, lease-to-purchase, or homebuyer assistance. If the targeted assistance is offered to low-income homebuyers, closing cost and down payment assistance may also be included in the assistance package.

The City of Dearborn will engage its Public Housing Authority (PHA), members of the Out-Wayne County Homeless Services Coalition (the continuum of care agency for our area), and other local housing and social service providers to identify special needs populations that may be underserved by current availability of affordable housing.

These same agencies may also be engaged to provide rental housing management and resident support services, if the need and opportunity arises.

### **Acquisition and Relocation:**

The City of Dearborn is a built out community with an aging housing stock. According to 2000 U. S. Census data, 75.8% of Dearborn's housing stock was built before 1960.

The age of the housing stock in the four census tracts targeted for HUD-NSP assistance is somewhat older; 82.3% built before 1960 (CT 573300, 81.9%; CT 573600, 83.1%; 573800, 84.2%; and CT 573900, 79.6%).

More significantly, the HUD-NSP targeted census tracts also have a higher incidence of pre-1940 housing construction (33.6%) than the city-wide rate of pre-1940 construction (22.4%).



In the target neighborhoods, it is very common for this pre-1940 housing to be situated on a lot that is just 30 feet or 35 feet wide. These narrow lot widths do not meet modern housing, zoning, or fire safety standards.

Rehabilitating homes that are situated on these narrow lots will certainly provide benefit to the new occupant; and will provide neighborhood relief from the current impacts of foreclosed and abandoned housing. However, due to the age and condition of many of these same homes, the City of Dearborn believes that the whole neighborhood will realize a more substantial, longer-term stabilizing benefit from the removal of these structures and reuse of the cleared land to increase the lot widths of neighboring properties.

For example, a cleared 30-foot lot may be combined with an adjacent 30-foot lot to create one 60-foot lot; or, split and combined with two neighboring lots, creating two 45-foot lots. These new wider lots will provide greater open space in the neighborhood, reduce fire safety hazards, decrease the number of vehicles parked on and congesting neighborhood streets, and inspire new private investments in the remaining housing stock.

The City of Dearborn has a long and successful history of removing eyesore properties and reusing the cleared land as described above. It is therefore our intention to invest a portion of this HUD-NSP funding to the acquisition and clearance of "blighted" properties.

Revision 1: Since the original submission of our HUD-NSP amendment in November 2008, the City of Dearborn has been researching and tracking foreclosure activity in its designated target area. Target area foreclosed properties that are in reasonably sound condition are attracting private market homebuyers without program assistance. On the other hand, target area foreclosed properties that are in poor/blighted condition, are not attracting buyers and remain vacant, unattended, and are an attractive nuisance for vandals. This revision therefore redirects additional HUD-NSP resources for the clearance of "blighted" properties.

Based upon conservative cost estimates, the City of Dearborn will use its HUD-NSP funding to acquire 45 abandoned or foreclosed housing units. Thirty-five of those units may be cleared (as described above) and the remaining ten units will be rehabilitated for sale, lease-to-purchase, or rental to LMMI individuals and families. Eight blighted residential properties will receive financial assistance for demolition.

The housing unit estimates presented above are based upon the original allocation of HUD-NSP funding and the assumption that acquisition and clearance will cost approximately \$50,000 per property, demolition activities will average \$11,500 per property, and acquisition and rehabilitation will cost approximately \$100,000 per property. These housing unit estimates are expected to increase as the net proceeds from property resales are reinvested into similar activities.

It is estimated that blighted properties acquired for the purpose of demolition will be cleared within six months of purchase. Cleared properties may be land banked, for a period not to exceed 10-years, until a final disposition has been determined. Refer to Section C(5) for more information.

It is estimated that properties acquired for the purpose of rehabilitation will be available for resale or transfer (to owner-occupant, rental housing manager, etc.) twelve to fifteen months after purchase, depending upon the complexity of the rehabilitation project.

The acquisition of a foreclosed upon home or residential property under this HUD-NSP plan shall be at a discount from the current-market appraised value of the property. Dearborn's NSP will negotiate the maximum reasonable purchase discount, taking into consideration the likely "carrying cost" savings to the seller and the current condition of the property. The minimum purchase discount for any NSP-assisted acquisition shall be 1%.

Current-market appraised value will be determined by an independent appraiser certified by the State of Michigan and in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days of the final purchase offer. However, if the anticipated value of the proposed acquisition (as indicated by the current asking price) is \$25,000 or less, the current-market appraised value may be established by:

- An independent current market appraisal as previously described;
- An independent appraisal that is not more than 120-days old or the property land value as determined by the Department of Assessment, whichever is lower; or,
- The mid-value of the current property value range as determined by the Department of Assessment.

The City of Dearborn's Anti-Displacement and Relocation Policy, as contained in its 2005-2010 Housing & Community Development Consolidated Plan and related Action Plans is:

"To the extent practical, the City of Dearborn shall avoid the involuntary displacement of any residential household. However, if an involuntary displacement should occur, the City will provide housing referral assistance and will, if required, make relocation assistance payments in accordance with local, state and federal law."

For the purposes of this Neighborhood Stabilization Program, the City of Dearborn will ensure compliance with this policy through the purchase of abandoned or foreclosed properties that are vacant.

### Public Comment:

The City of Dearborn included the HUD Neighborhood Stabilization Program (HUD-NSP) as a topic at its annual Housing & Community Development Needs and Priorities public hearing on October 22, 2008. A notice announcing the public hearing was published in the October 8, 2008 edition of the Dearborn Press & Guide and was also mailed to members of our Citizen Participation Plan (CPP) mailing list.

Covenant House of Southeast Michigan, a non-profit provider of shelter and services for displaced youth, commented that there is a need for transitional and permanent housing for displaced youth after they leave the shelter. They also commented that this population is likely to require substantial supportive and financial services to be successful homeowners or tenants. The commenter did not believe that Covenant House has the current capacity or resources to fill these needs.

The Office of the Mayor and Economic and Community Development Department request for City Council authorization to prepare and submit this amendment provided three additional opportunities for public input: 1) Mayor's Briefing Session, October 28, 2008; 2) Council Committee of the Whole, October 29, 2008; and, 3) regular Council Meeting, November 3, 2008.

Council members commented that there is a disproportionately high volume of rental housing in the proposed target areas due to recent conversions of formerly owner-occupied single-family structures. Therefore, it is essential that rehabilitated properties be made available primarily, if not solely, to homebuyers. This comment was incorporated into the proposed substantial amendment: the disposition of rehabilitated properties to LMMI households (120% AMI) will be resales to homebuyers; the disposition of rehabilitated properties to low-income households (50% AMI) to meet the 25% income targeting requirement of the HUD-NSP funding will be primarily resales to homebuyers or lease-purchase transactions, rental transactions (if any) will be limited and will require careful selection and monitoring of responsible landlords.

Council members commented that there may be public needs that could be accomplished by retaining cleared properties (tot parks, community gardens, expansion of neighborhood facilities). This comment was incorporated into the proposed substantial amendment by allowing blighted, LMMI eligible properties that have been cleared, to be retained for public purposes. The proposed substantial amendment does not currently contemplate the use of HUD-NSP resources to develop or construct those public uses. Any reallocation of HUD-NSP



resources for public or neighborhood facility development will be treated as a substantial amendment to this plan.

The Administration commented that cleared properties, or portions thereof, could be sold or donated to neighboring parcels with the stipulation that the property be used to substantially increase that property's compliance with zoning, building, or fire safety codes. If the cleared property is located in an LMMI-eligible area, the clearance activity itself meets the objective of the HUD-NSP. Disposition of that property must either be a market rate transaction, or must also meet an objective of the HUD-NSP. HUD will be consulted to determine whether less than market rate disposition to a neighboring property, owned by a LMMI household will meet these objectives. If so, these less than market rate dispositions will be allowed and offered when appropriate.

The Administration also commented that there is an opportunity for collaboration with the Michigan Works! JET Program (Jobs, Education & Training), particularly for the HUD-NSP funding that is targeted to low-income (50% AMI) households. JET is a fundamental change in the way families move off welfare and become self-sufficient. Under the JET approach, local workforce boards, Michigan Works! Agencies, the Michigan Rehabilitation Services, and the Michigan department of Labor and Economic Growth and Human Services county offices work together to remove barriers to work and connect Michigan families with the kinds of jobs, education and training that lead to long-term self-sufficiency. Collaboration with JET will provide a linkage to and partnership with our local colleges as well. JET collaboration will be explored, and is likely to result in a significant, beneficial partnership in the implementation phase of this HUD-NSP plan.

The draft HUD-NSP Substantial Amendment was published for a 15-day comment period beginning November 5, 2008 and ending November 19, 2008. Publication included a notice in the November 5, 2008 edition of the Dearborn Press & Guide, a mailing to members of the CPP mail list, and availability of the draft document at all Dearborn Public Library branches, the Office of the Mayor, the Economic and Community Development Department and online at [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml).

No additional comments received.

Prior to submitting this Substantial Amendment, the City of Dearborn also sought or received clarification from the U. S. Department of Housing and Urban Development on several issues. Clarifications that resulted in a change to our Proposed Substantial Amendment are summarized here:

Certain equipment and fixtures that are not permanently affixed to the property and that are not required to meet minimum housing quality standards (such as washers, dryers, or window coverings) are generally not considered to be eligible rehabilitation measures (energy-efficiency measures may be an exception). Since such items are portable and will not necessarily remain available to future homeowners during the affordability period, it should be stipulated that any such items provided are attributed to the buyer's equity or private financing and not to the program or development subsidy. The City of Dearborn's HUD-NSP Rehabilitation Standards have been revised to incorporate the guidance above.

At the same time, based upon further staff research and comment, the related rehabilitation standard requiring a Home Energy Rating Standards (HERS) audit to guide optional energy efficiency upgrades, was replaced with reliance on information readily available on EnergyStar.gov and the State of Michigan Weatherization Program priorities list. City of Dearborn rehabilitation personnel are already familiar with and capable of implementing these energy standards.

Revision No. 1 was published for a 15-day comment period beginning April 15, 2009 and ending April 29, 2009. Publication included a notice in the April 15, 2009 edition of the Dearborn Press & Guide and online availability at [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml). As required by the City of Dearborn's Citizen Participation Plan, notices were also mailed to members of our mailing list who may be affected by this revision.

No comments received.

Revision No. 2 was published for a 15-day comment period beginning August 19, 2009 and ending September 2, 2009. Publication included a notice in the August 19, 2009 edition of the Dearborn Press & Guide and online availability at [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml).

As required by the City of Dearborn's Citizen Participation Plan, notices are also mailed to members of our mailing list who may be affected by the revision.

No comments received.

Revision No. 3 was published for a 15-day comment period beginning November 4, 2009 and ending November 18, 2009. Publication included a notice in the Wednesday, November 4, 2009 edition of the Dearborn Press & Guide and online availability at [www.cityofdearborn.org/nsp/hud-nsp.shtml](http://www.cityofdearborn.org/nsp/hud-nsp.shtml).

As required by the City of Dearborn's Citizen Participation Plan, notices are also forwarded to members of our mailing list who may be affected by the revision.

No comments received.

Revision No. 4 was published for a 15-day comment period beginning June 9, 2010 and ending June 23, 2010. Publication included a notice in the Wednesday, June 9, 2010 edition of the Dearborn Press & Guide.

As required by the City of Dearborn's Citizen Participation Plan, notices are also forwarded to members of our mailing list who may be affected by the revision.

No comments received.

Future amendments and opportunities for public comment.

Dearborn's Neighborhood Stabilization Program, as described in this document anticipates the generation of program income (net proceeds from resales). Programming and reuse of that program income for any of the activities already described in this document are contemplated by this program and therefore shall not be considered to be an amendment to this plan and shall not be subject to further public comment requirements.

Due to the emergency nature of this funding and the desire to implement and complete projects and activities as rapidly as possible, the reallocation of program funding between activities, or cost categories within activities already described in this document is also contemplated by this plan. Therefore, such reallocations shall not be considered to be an amendment to this plan and shall not be subject to further public comment requirements.

The Office of the Mayor and the Economic and Community Development Department are identified as the responsible parties in each of the activities described in this plan. The subsequent engagement of other city departments, non-profit service providers, contractors, or subrecipients is possible and contemplated during the life of this plan. These engagements, if any, shall not be subject to public comment requirements.

The addition of activities not already described in this plan or changes to the Dearborn HUD-NSP target area defined in Section B shall be treated as a substantial amendment to this NSP plan as shall be the subject of a 15-day public comment period.

Any plan amendment, with or without a required public comment period as described above, shall be subject to any applicable local and federal requirements, reviews and approvals.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,936,246.00
Total Budget	\$49,700.17	\$2,936,246.00
Total Obligated	\$49,700.17	\$2,484,129.21
Total Funds Drawdown	\$0.00	\$2,429,938.41
Program Funds Drawdown	\$0.00	\$2,368,838.24
Program Income Drawdown	\$0.00	\$61,100.17
Program Income Received	\$0.00	\$166,473.68
Total Funds Expended	\$0.00	\$2,368,838.24
Match Contributed	\$0.00	\$28,013.13

## 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	\$28,013.13
Limit on Public Services	\$365,436.90	\$0.00
Limit on Admin/Planning	\$243,624.60	\$72,603.38
Limit on State Admin	\$0.00	\$72,603.38

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$609,061.50	\$675,000.00

## Overall Progress Narrative:

439 foreclosed, target area residential properties were reviewed.

58 properties approved/in-progress including: 41 acquisition/clearance; 9 acquisition/rehabilitation; and 8 demolition only.

41 blighted properties have been demolished. 2 of those cleared properties have been sold to adjacent property owners as side yard.

8 properties have been completely renovated for resale. 3 properties have been sold to qualified first-time homebuyers (2 low-income, 1 moderate-middle income).

Changes to First-Time Homebuyer Program guidelines and marketing methods under consideration to increase program participation and sale of remaining properties. Mayor O'Reilly is expected to highlight neighborhood stabilization program efforts in his 2012 State of the City Address.

\$2,633,742.31 has been set aside for specific projects (108.1% of NSP1 grant funding); \$2,575,813.08 is obligated (105.7%); and \$2,482,748.10 has been expended (101.9%).

Additional project support will come from anticipated program income, which is estimated and budgeted in the

amount of \$500,000. \$166,473.68 program income and \$53,221.61 deferred revenue (homebuyer assistance loans) has been realized to-date.

## 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	\$0.00	\$2,485,946.17	\$2,368,838.24



## 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

**Benefit Type:**

Area Benefit (Census)

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2013

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of Dearborn - Economic & Community Development

Overall	Oct 1 thru Dec 31, 2011	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$1,650,000.00
<b>Total Budget</b>	\$0.00	\$1,650,000.00
<b>Total Obligated</b>	\$0.00	\$1,228,600.00
<b>Total Funds Drawdown</b>	\$0.00	\$1,230,885.27
<b>Program Funds Drawdown</b>	\$0.00	\$1,219,485.27
<b>Program Income Drawdown</b>	\$0.00	\$11,400.00
<b>Program Income Received</b>	\$0.00	\$11,400.00
<b>Total Funds Expended</b>	\$48,310.48	\$1,267,795.75
City of Dearborn - Economic & Community Development	\$48,310.48	\$1,267,795.75
<b>Match Contributed</b>	\$0.00	\$24,250.00

**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:

Acquisition of foreclosed and blighted properties completed in prior reporting periods. Two properties were transferred to this activity after determination that the properties were not feasible to renovate. Program to date: 41 residential properties. 2 properties demolished this quarter (33 cumulative). Demolished properties are "land banked" and will be reported as complete upon future redevelopment and resale. Current status of identified properties: all utility disconnections are complete; all asbestos surveys are complete; 5 out for demolition bidding/award; 3 under contract for demolition; 31 demolished awaiting resale and 2 cleared and resold as side yard. 2 properties (0 this report period) sold as side yard under CDBG change of use regulations (570.505b). LMMI Area Benefit Statistics: all households located in the same census tract/block group (neighborhood) as a cleared property are presumed to benefit from this activity. Cumulative LMMI benefit for the 2 cleared/resold properties: 1,354 LMMI households (90.9%) out of 1,490 total households benefitted. Projected total budget needs for the 41 identified properties total \$1,351,853.73. Additional properties may be identified in the future, as anticipated program income is realized.

### Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	37/24
# of Public Facilities	0	0/0

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

### Beneficiaries Performance Measures

	Beneficiaries - Area Benefit Census Method			
	Low	Mod	Total Low/Mod%	
# of Households	0	0	0	0
# of Persons	20795	9159	45439	65.92

### Activity Locations

Address	City	County	State	Zip	Status / Accept
			Michigan	-	Not Validated / N

### 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

**Benefit Type:**

N/A

**National Objective:**

N/A

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2013

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of Dearborn - Economic & Community Development

**Overall**

**Total Projected Budget from All Sources**

**Total Budget**

**Total Obligated**

**Total Funds Drawdown**

**Program Funds Drawdown**

**Program Income Drawdown**

**Program Income Received**

**Total Funds Expended**

City of Dearborn - Economic & Community Development

**Match Contributed**

**Oct 1 thru Dec 31, 2011**

N/A

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$3,592.81

\$3,592.81

\$0.00

**To Date**

\$142,666.17

\$142,666.17

\$123,766.34

\$72,603.38

\$72,603.38

\$0.00

\$0.00

\$76,196.19

\$76,196.19

\$0.00

**Activity Description:**

Funding for general grant administration and planning activities.

**Location Description:**

Not applicable.

**Activity Progress Narrative:**

General program planning and administration.

**Accomplishments Performance Measures**

No Accomplishments Performance Measures found.

**Beneficiaries Performance Measures**

No Beneficiaries Performance Measures found.



## Activity Locations

Address	City	County	State	Zip	Status / Accept
			Michigan	-	Not Validated / N

## 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-LI

**Activity Title:** RHB-LI

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Project Number:**

DBN-NSP

**Projected Start Date:**

01/01/2009

**Benefit Type:**

Direct Benefit (Households)

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2013

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of Dearborn - Economic & Community Development

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2011</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$675,000.00
<b>Total Budget</b>	\$35,432.62	\$675,000.00
<b>Total Obligated</b>	\$35,432.62	\$669,883.51
<b>Total Funds Drawdown</b>	\$0.00	\$666,908.51
<b>Program Funds Drawdown</b>	\$0.00	\$631,475.89
<b>Program Income Drawdown</b>	\$0.00	\$35,432.62
<b>Program Income Received</b>	\$0.00	\$108,954.27
<b>Total Funds Expended</b>	\$41,942.03	\$673,417.92
City of Dearborn - Economic & Community Development	\$41,942.03	\$673,417.92
<b>Match Contributed</b>	\$0.00	\$3,763.13

**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:

6 properties have been acquired for this activity.

Renovation of 6 properties complete (0 this quarter): These properties have been inspected for re-occupancy, appraised, and made available for resale.

9 potential low-income homebuyers have fulfilled all of the requirements (income determination, homebuyer counseling, mortgage pre-approval) for the First-Time Homebuyer Home Sales Assistance Program.

2 resale transactions (0 this quarter) to eligible low-income homebuyer are complete, 0 additional sales are in progress.

Projected total budget needs for the 6 identified properties total \$672,804.85 (110.5% of the required low-income set aside of \$609,062). \$674,597.92 is obligated and \$673,417.92 is expended.

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-\$25,000 per property.

The two (2) properties resold in prior report periods generated \$108,954.27 in program income along with deferred mortgage (long term notes) receivables in the total amount of \$30,065.08.

## Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	8/6
# ELI Households (0-30% AMI)	0	0/0

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	2/6
# of Singlefamily Units	0	2/6

## Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households	0	0	0	2/6	0/0	2/6	100.00
# Owner Households	0	0	0	2/6	0/0	2/6	100.00

## 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

**Project Number:**

DBN-NSP

**Projected Start Date:**

01/01/2009

**Benefit Type:**

Direct Benefit (Households)

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Dearborn HUD-NSP

**Projected End Date:**

09/30/2013

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of Dearborn - Economic & Community Development

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2011</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$385,000.00
<b>Total Budget</b>	\$14,267.55	\$385,000.00
<b>Total Obligated</b>	\$14,267.55	\$378,299.53
<b>Total Funds Drawdown</b>	\$0.00	\$375,961.42
<b>Program Funds Drawdown</b>	\$0.00	\$361,693.87
<b>Program Income Drawdown</b>	\$0.00	\$14,267.55
<b>Program Income Received</b>	\$0.00	\$46,119.41
<b>Total Funds Expended</b>	\$20,064.54	\$381,758.41
City of Dearborn - Economic & Community Development	\$20,064.54	\$381,758.41
<b>Match Contributed</b>	\$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:

5 property acquisitions were completed in prior report periods.

2 properties (Tireman and Kendal), originally acquired for purpose of renovation and resale to qualified homebuyers were determined to be infeasible and have been transferred to the ACQ-DEMO activity. Costs incurred prior to the determination (acquisition, inspection, and rehabilitation costs) remain in this activity category.

2 of the remaining 3 properties have been completely renovated (0 this quarter): These properties have been inspected for re-occupancy, appraised, and are available for resale.

The phase one rehabilitation contract for the remaining property is complete. Phase two specifications are in final draft form and will be bid out soon. NSP3 resources will be utilized for phase two renovations.

Projected NSP1 budget needs total \$382,837.73; \$382,348.81 is obligated and \$381,758.41 is expended.

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-\$25,000 per property.

12 potential homebuyers (9 low-income and 3 moderate-income) have fulfilled all of the requirements (income determination, homebuyer counseling, mortgage pre-approval) for the First-Time Homebuyer Home Sales Assistance Program.

The one (1) property resold in a prior report period generated \$46,119.41 in program income along with deferred mortgage (long term notes) receivables in the total amount of \$23,186.53

### Accomplishments Performance Measures

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

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	1/3
# of Singlefamily Units	0	1/3

### 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	1/3	1/3	100.00
# Owner Households	0	0	0	0/0	1/3	1/3	100.00

### 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	

