

**Grantee: State of Michigan**

**Grant: B-11-DN-26-0001**

**July 1, 2011 thru September 30, 2011 Performance Report**

**Grant Number:**

B-11-DN-26-0001

**Obligation Date:****Grantee Name:**

State of Michigan

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

\$5,000,000.00

**Contract End Date:**

03/10/2014

**Grant Status:**

Active

**Review by HUD:**

Submitted - Await for Review

**QPR Contact:**

No QPR Contact Found

## Disasters:

**Declaration Number**

NSP

## Narratives

**Summary of Distribution and Uses of NSP Funds:**

MSHDA originally chose three projects in which to invest NSP3 funding. The Benjamin Manor project may be financed with other funding sources and is therefore not shown within the projects or activities identified within the action plan at this time. The two projects that have been added into the system are preservation projects involving foreclosed properties. Since they are relatively large projects, they have a strong impact on their surroundings. Their improvement is necessary for the maintenance of their surrounding neighborhoods, and the use of NSP3 funding in each case is pivotal in the revitalization process.

The Village Park neighborhood is roughly seven blocks large, and is bounded by St. Paul Street to the north, Seminole Street to the east, Lafayette Street East to the south and Seyburn Street to the west. The neighborhood is located northeast of Detroit's Central Business District, and about two blocks north of the Detroit River waterfront.

The Madison Square project is located in the City of Grand Rapids. The neighborhood is bounded by Umatilla Street SE to the north, Paris Avenue to the east, Oakdale Street SE to the south and Madison Avenue SE to the west. It encompasses about five city blocks, and has a mix of land uses, from multifamily residential to neighborhood commercial along both Hall Street and Madison Avenue.

**How Fund Use Addresses Market Conditions:**

Michigan's NSP3 allotment will engage two neighborhoods with vacancy and foreclosure rates far in excess of Michigan's averages. Without this aid, the decay that would result from not rehabilitating these two multifamily projects will increase the level of future vacancy in these neighborhoods.

**Ensuring Continued Affordability:**

MSHDA will adopt the HOME programs standards for ensuring continued affordability as defined at 24 CFR 92.252 (e) and CFR 92.254. MSHDA will primarily use the recapture provisions but reserves the right to use the reuse provision at its discretion. All projects assisted with NSP funds will be subject to the following affordability restrictions:

Investment per Unit Minimum Length of the Affordability Period

Less than \$15,000 - 5 years

\$15,000 - \$40,000 - 10 years

More than \$40,000 - 15 years

New construction of rental housing - 20 years

**Definition of Blighted Structure:**

A blighted property is a blighted/abandoned/uninhabitable property that meets any of the following criteria:

- Declared a public nuisance in accordance with local housing, building, plumbing, fire, or other related code or ordinance.
- Attractive nuisance because of physical condition or use.
- Fire hazard or is otherwise dangerous to the safety of persons or property.
- Has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use.
- Has a subsurface structure or demolition debris that renders the property unfit for its intended use.

**Definition of Affordable Rents:**

MSHDA will adopt the following definitions of "affordable rents" based on the mix of funding sources within specific transactions: For NSP assisted housing units that are also subject to the income and rent restrictions of Sections 42 or 142 of the Internal Revenue Code, respectively relating to Low Income Housing Tax Credits and Tax-Exempt Bond financing, MSHDA will adopt as "affordable rents" the rents required by Section 42 and/or Section 142. For NSP assisted units meeting the Low Income Set Aside that are also subject to the income and rent restrictions of Sections 42 or 142 of the Internal Revenue Code, respectively relating to Low Income Housing Tax Credits and Tax-Exempt Bond financing, MSHDA will adopt as "affordable rents" the rents required by Section 42 and/or Section 142 for 50% AMI units. (Generically, combined these provisions will result in a gross rent limit equal to either the 60% AMI tax credit rent, or, for units designated within the NSP Low Income Set Aside, the 50% AMI tax credit rent.) For NSP assisted housing units income restricted at or below 80% of the area median income and not otherwise assisted with Low Income Housing Tax Credits or Tax-Exempt Bond Financing, MSHDA will adopt the HOME definition of "affordable rents" at 24 CFR 92.252 (a)(2), (c), and (f). For NSP assisted housing unit income restricted at or below 120% of the area median income and not otherwise assisted with Low Income Housing Tax Credits or Tax-Exempt Bond Financing, MSHDA will adopt as "affordable rents" a rent limit, without consideration of tenant paid utilities, calculated to be one-twelfth (1/12th) of 30% of the 100% area median income limit, as determined HUD, with adjustments for the number of bedrooms in unit.

**Housing Rehabilitation/New Construction Standards:**

MSHDA will require that all NSP3 funded rehabilitation activities be completed in compliance with the 2006 State of Michigan Rehabilitation Code for Existing Buildings, Incorporating the 2006 Edition of the International Existing Building Code, published by the Michigan Department of Energy, Labor, and Economic Growth, Bureau of Construction Codes and Fire Safety. MSHDA will require, to the extent feasible, that NSP3 housing construction meet Green Building Standards. NSP3 housing construction will meet the accessibility standards at 24 CFR part 8, and will be energy efficient and incorporate cost effective green improvements. All gut rehabilitation (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation of mid -or high-rise multifamily housing will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy). Other rehabilitation will meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed. Where relevant, the housing will be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires); specifically, MSHDA will not approve new construction or rehabilitation of properties within a 100-year floodplain. Specifically, all new construction undertaken with NSP3 will meet the HIGHER of the following standards:

- A 5-star Energy Star or better rating. By 2011 it is anticipated that the proposed "third generation" guidelines for energy star qualified homes. These standards will be adopted and used for NSP3 projects initiated after the adoption and publication of these standards.
  - The requirements of the Michigan Uniform Energy Code promulgated in 2003 but held up in court until October 24, 2008. The code is published at: [http://www.michigan.gov/documents/dleg/dleg\\_bcc\\_muec\\_print\\_version\\_102408\\_254281\\_7.pdf](http://www.michigan.gov/documents/dleg/dleg_bcc_muec_print_version_102408_254281_7.pdf)
- All moderate rehabilitation and energy retrofits of multifamily properties will purchase only Energy Star products appliances.

**Vicinity Hiring:**

MSHDA has an existing Section 3 policy and protocol for federally assisted projects. These provisions are stated in the developer agreement/mortgage loan documents. MSHDA will incorporate the additional requirement of vicinity hiring, to the maximum extent possible, into the hiring provisions of the developer agreement/mortgage loan documents.

**Procedures for Preferences for Affordable Rental Dev.:**

MSHDA determined that its NSP3 allocation is best used for rental housing and has selected two multi-family developments from its NSP1 pipeline for processing.

**Grantee Contact Information:**

Steve Lathom  
Michigan State Housing Development Authority  
735 E Michigan Avenue, P.O. Box 30044  
Lansing, MI 48909

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$5,000,000.00

Program Funds Drawdown	\$292,084.88	\$292,084.88
Program Funds Obligated	\$623,866.04	\$623,866.04
Program Funds Expended	\$0.00	\$292,084.88
Match Contributed	\$0.00	\$17,632,512.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

## 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	\$17,632,512.00
Limit on Public Services	\$750,000.00	\$0.00
Limit on Admin/Planning	\$500,000.00	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$500,000.00	\$0.00

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,250,000.00	\$5,000,000.00

## Overall Progress Narrative:

The State of Michigan is utilizing the NSP3 dollars for two multi-family preservation projects. The Madison Square Senior project is underway. To date, a total of \$2,322,637.93 has been expended. It is anticipated that the Village Park project will be closing within the next quarter.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
3425, Madison Square Senior Apartments	\$292,084.88	\$9,466,946.00	\$292,084.88
693-2, Village Park Apartments	\$0.00	\$266,527.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

## Activities

<b>Grantee Activity Number:</b>	<b>Madison Square - 3435</b>
<b>Activity Title:</b>	<b>Madison Square Senior Apartments - 3435</b>

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Project Number:**

3425

**Projected Start Date:**

06/01/2011

**Benefit Type:**

Direct Benefit (Households)

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Under Way

**Project Title:**

Madison Square Senior Apartments

**Projected End Date:**

12/31/2012

**Completed Activity Actual End Date:**

**Responsible Organization:**

State of Michigan - Michigan State Housing Development

<b>Overall</b>	<b>Jul 1 thru Sep 30, 2011</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$4,733,473.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$4,733,473.00
<b>Program Funds Drawdown</b>	\$292,084.88	\$292,084.88
<b>Program Funds Obligated</b>	\$623,866.04	\$623,866.04
<b>Program Funds Expended</b>	\$0.00	\$292,084.88
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

All NSP3 funds will be directed at financing the preservation of 30 units for Seniors at or below 50% AMI.

**Location Description:**

500 Hall Street SE in the City of Grand Rapids, Kent County

**Activity Progress Narrative:**

**Accomplishments Performance Measures**

	<b>This Report Period</b>	<b>Cumulative Actual Total / Expected</b>
	<b>Total</b>	<b>Total</b>
<b># ELI Households (0-30% AMI)</b>	0	0/0

	<b>This Report Period</b>	<b>Cumulative Actual Total / Expected</b>
	<b>Total</b>	<b>Total</b>
<b># of Housing Units</b>	0	0/60
<b># of Multifamily Units</b>	0	0/60

## Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/30	0/30	0/60	0
# Renter Households	0	0	0	0/30	0/30	0/60	0

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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