

City of Niles



PY 2013

(October 1, 2013– September 30, 2014)

Community Development Block Grant

Annual Action Plan

Including Proposed Substantial Amendment

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ACTION PLAN – 91.220(a) – Standard Form 424 and Certifications

ACTION PLAN – 91.220(b)- Executive Summary

Currently, the City of Niles expects to receive \$273,173 in funding from the U.S. Department of Housing and Urban Development under the fiscal year 2013 Community Development Block Grant Program. The funds from this program are expected to be available for the period October 1, 2013 through September 30, 2014. It is estimated that an additional \$40,000 of funds will be reprogrammed from PY11 and PY12 for distribution and use during PY13.

Like many communities, Niles has been affected by economic stagnation and decreasing revenues. The City of Niles intends to use funds to primarily support for municipal projects including administration of the CDBG grant and projects, an analysis of impediments to fair housing, infrastructure (road resurfacing) projects, low income homeowner support through emergency rehabilitation and repairs, spot and/or emergency blight removal, code enforcement activities and public services.

The preferred outcome for this submission of the City of Niles, Michigan's Annual Action Plan focuses on creating a safe, decent and suitable living environment for the citizens of Niles – particularly for low and moderate-income persons living within a designated LMA in the City.

As detailed herein, the purpose of this Plan is to establish and define projects and programs to be supported by Community Development Block Grant funds. The following is a summary of said projects:

Goal: Public Safety and Support

Activity: Public Services to Low/Moderate Income Citizens

Goal: Arrest or Limit Neighborhood Decay

Activity: Code Enforcement

Activity: Emergency/Spot Blight Removal

Activity: Owner-Occupied Housing Assistance Emergency Rehabilitation/Repair

Activity: Code Enforcement Software Upgrade (includes GIS mapping function)

Activity: Chapin Mansion Museum Renovation

Goal: Improve Public Infrastructure

Activity: Street Resurfacing

Activity: Code Enforcement Software Upgrade (includes GIS mapping function)

Goal: Administration

Activity: CDBG Program Administration

Activity: Analysis of Impediments to Fair Housing

ACTION PLAN – 91.200 and 91.220(b)- Citizen Participation

Last year the City worked with an internally created and appointed Community Development Citizens Committee (CDCC), to review projects and make a final recommendation to the City Council. However, during this current program year, the CDCC as described in our approved Consolidated Plan dissolved due to alternative commitments and concerns about conflict of interest. Rather than quickly assembling another group without appropriate due diligence and planning, the City of Niles will follow the HUD standards for Citizen Input as described in 24 CFR Part 91 Sec. 91.105: Citizen Participation Plan; Local Governments.

These steps were taken to ensure that any City of Niles resident wishing to comment on the Annual Action Plan will have that opportunity.

On July 22, 2013 City of Niles Community Development staff will ask the City Council to schedule a public hearing on August 12, 2013.

On July 26, 2013 City of Niles Community Development Staff publish a summary of the Annual Action Plan Notice and make it available at the following locations:

Internet/City Website-
Main Library
City Hall
Ferry Street Resource Center

The public will be notified and encouraged to make comments on the summary of the proposed Annual Action Plan for no less than 15 days beginning on July 26, 2013 and ending on August 10, 2013. All comments will be considered by the Community Development Director, the City Administrator and the CDBG Administrator. A written summary of the City's official response to all comments will be drafted.

A public hearing will be held at the Niles Fire Station/Council Chamber on August 12, 2013 to approve the final PY13 Action Plan

On August 16, 2013 the PY13 Annual Action Plan will be submitted to HUD for review and approval.

Summary of public comments

Comments received were from currently (PY12) funded City departments questioning whether their departments would be receiving allocation.

Departments were told that due to funding restraints, that no funds would be allocated to their departments during PY13 (October 2013 – September 2014). These departments would be eligible for PY14 dependent on Consolidated and Annual Action Planning goals.

Summary of comments or views not accepted and the reasons for not accepting them

Not applicable.

Based on estimated costs associated with the approved Chapin Mansion Museum Restoration Project, the City of Niles has formally initiated the Substantial Amendment Process through the update and posting of this document, the City of Niles, Michigan 2013 Annual Action Plan.

The City of Niles approved Citizen Input Plan requires the that staff develop and notify the community at-large of the City's intention to amend the approved Annual Action Plan. Specifically, the approved Citizen Input Plan states that a substantial amendment will be undertaken in the following circumstances:

- Addition of a new activity or project not previously described in its Consolidated or Action Plan;
- Deletion of an activity or project previously described in its Consolidated or Action Plan;
- A change in the purpose, scope, location, or beneficiaries an activity or project previously described in its Consolidated or Action Plan;
- Change in the use of CDBG funds from one eligible activity or project to another previously described in its Consolidated or Action Plan;
- Change in an activity or project (previously described in its Consolidated or Action Plan) total dollar amount allocated or budgeted by more than 15 percent

The approved Citizen Input Plan requires the following Public Notice and Publication Requirements:

- In the case of a proposed substantial amendment the City will publish a public notice in a local newspaper with general circulation describing the project and the amount to be spent and establishing a 15 public comment period. The published public notice will set a date for a public hearing, which will occur at least 10 days prior to the City Council meeting at which the proposed substantial amendment will be slated for adoption.
- The notice will include a summary of the proposed plan and list the locations where copies of the substantial amendment may be examined. These locations include the office of the Niles City Clerk and the City's website, www.ci.niles.mi.us.

In accordance with the above requirements, Community Development staff prepared the following schedule:

- **Monday, March 24, 2014:**
Request and schedule public meeting to approve substantial amendment to the annual action plan
- **Wednesday, March 26, 2014:**
Publish notice of intent to substantially amend annual action plan in the Niles Daily Star and post at City Hall on the public notice board for a minimum of 10 days (posting removed on or after April 9, 2014)
- **Monday, April 14, 2014:**
Public hearing, (2) approval of substantial amendment by Council, (3) approval of bid award/contract by Council

The following Public Notice was submitted for publication in the Niles Daily Star on March 27, 2014:

CITY OF NILES
NOTICE OF PUBLIC HEARING REGARDING
A SUBSTANTIAL AMENDMENT TO THE PROGRAM YEAR 2013 ANNUAL ACTION PLAN FOR THE CITY'S
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

A public hearing will be held on April 14, 2014 at 5:55 p.m., at the City of Niles Fire Department and Council Chambers, 1345 E Main Street, Niles, MI, to obtain the views of citizens concerning the approval of a substantial amendment to the City's 2013 Community Development Block Grant (CDBG) Program Annual Action Plan.

On August 13, 2012, the City Council approved the Program Year 2012 CDBG Action Plan, which describes various goals and activities for the City's CDBG program. Among the CDBG-funded projects listed in the PY 2012 Action Plan is a \$100,000 project to restore the windows at the former Niles City Hall at 508 East Main Street, Niles, MI (current Chapin Mansion – Niles History Center). This project was extended into the Program Year 2013 CDBG Program Year that began on October 1, 2013.

The City solicited bids for the project on February 21, 2014. To perform work that is critical to properly maintain the Chapin Mansion, which includes repair of all the clear glass windows and restoration/repair of six art glass sections, an additional \$27,671 will be required. The City is proposing a *substantial amendment* of its PY 2013 CDBG Action Plan by transferring \$27,671 programmed for slum and blight removal, to the Chapin Mansion project.

An electronic version of the 2013 Annual Action Plan may be viewed on the City's homepage at www.ci.niles.mi.us or a hard copy may be viewed at the first floor of City Hall, 333 N. 2nd Street, Niles, MI.

PLEASE BE NOTIFIED that you are invited to attend the hearing and to present your opinions or position concerning the subject of this hearing. If you are unable to attend the hearing, you may send a letter stating your opinions or position to the City of Niles (Attn. CDBG Administrator), 333 N. 2nd Street, Niles, MI 49120, or email sphillips@nilesmi.org.

The City of Niles will provide necessary reasonable auxiliary aids and services to those individuals with disabilities who wish to attend its public meetings upon receiving at least three days notice. Any such individual requiring such aids or services should contact the City by writing or calling the following: City of Niles ADA Coordinator, 333 N. 2nd Street, Niles, MI, phone (269) 683-4700 or 683-1313 to access the TDD (a non-voice terminal device) for individuals with hearing or speech impairment.

DATED: March 26, 2014

Juan Ganum
Community Development Director

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

Careful coordination of services and fund use has been a primary topic of conversation and planning. It is expected that two broader plans will be developed for use during the next ConPlan cycle beginning during the 2014 Program Year. These include a comprehensive economic revitalization plan that centers on sustainable/green market products and services as well as a comprehensive neighborhood revitalization plan that focuses on efforts to make local LMAs more livable through targeted Code, Infrastructure and Homeowner support projects.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

To date, the City has worked to bring the following public and private entities together to discuss and plan for the upcoming ConPlan cycle:

- Ferry Street Resource Center
- Downtown Development Authority
- Southwest Michigan Economic Growth Agency
- Niles Community Schools
- Niles YMCA
- Niles Community Gardens
- City of Niles Dept. of Public Works
- City of Niles Code Enforcement
- City of Niles Fire Department
- City of Niles Buildings Department
- Lakeland Health Systems
- Niles Housing Commission
- Berrien County Community Development
- Benton Harbor Community Development

ACTION PLAN – 91.220(c)(1) and (c)(2) – Federal and Other Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			
			Annual Allocation:	Program Income:	Prior Year Resources:	Total:
CDBG	public - federal	See project table below	\$273,173	\$480	\$40,000	\$313,653

Table 1 - Expected Resources – Priority Table

The City of Niles will receive \$273,173 in CDBG funds for PY 2013 based on the information supplied to the City of Niles, MI by the US Department of Housing and Urban Development (HUD). An estimated \$40,000 in remaining funding will be reprogrammed and used during the 2013 Program Year.

Leveraging/Use of Non-federal Funds: While no indirect costs are specifically applied to the CDBG expense
 Original Approved by City Council: 8.12.2013

budget, it should be understood that the City incurs costs associated with the delivery of its CDBG program. Specifically, the City’s General Fund underwrites the salaries of City leaders and department heads charged with overall administration, project execution and financial oversight of the CDBG program, Code Enforcement officer transportation and vehicle upkeep, salaries and benefits as well as overhead costs like insurance, occupancy, audit fees and other costs. The City has determined that due to the cost and administrative burden of creating an indirect cost allocation plan, no indirect costs will be charged to the CDBG budget.

Amended City of Niles, MI PY 2013 CDBG Project Budget

Project	Budget	Reprogrammed Funds	Total Funding Recommendation
Chapin Mansion Museum Restoration*	\$85,700	\$27,471	\$113,171
Infrastructure- Road Resurfacing	\$110,000		\$110,000
Code Enforcement	\$30,000		\$30,000
Homeowner Assistance Program	\$20,000	\$40,000	\$60,000
Public Services	\$40,000		\$40,000
BS&A Software	\$19,173		\$19,173
Analysis to Impediments to Fair Housing	\$5,000		\$5,000
Spot Blight Removal/Demolitions		\$49,430.00	\$49,430
Administration	\$49,000		\$49,000
Total	\$358,873	\$116,901	\$475,774

*PY 2013 Chapin Mansion Museum budget does include the \$14,300 paid out during prior year funding.

Annual Objectives 91.220(c)(3)

Decent housing
Retaining the affordable housing stock
Increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability

Suitable living environment
Improving the safety and livability of neighborhoods
Eliminating blighting influences and the deterioration of property and facilities
Increasing the access to quality public and private facilities

AP-35 Projects – 91.220(d)

CDBG funded activities for the 2013 program year (October 1, 2013 - September 30, 2014) will meet underserved needs, improve housing, provide a suitable living environment and foster a higher quality of life. As identified within the 2009 - 2013 Consolidated Plan, a majority of planned activities will take place within the City's low and moderate income LMA Target Area, which is shown in section 91.220(d) of this Action Plan.

#	Project Name
1	Road Resurfacing
2	Homeowner Assistance Program
3	Ferry Street Resource Center
4	Code Enforcement
5	Emergency/Spot Blight Elimination
6	Program Administration
7	Chapin Mansion Museum Restoration

1. Road Improvement Project- Road Resurfacing

Residents have indicated that there are some basic infrastructure improvements that are critical to neighborhood safety and beautification. Community residents cited potholes, broken curbs, broken and damaged sidewalks, nonfunctional lighting, and other infrastructure and maintenance issues that need to be addressed to enhance the appearance of the neighborhood and help restore hometown pride. While the City already focuses on more mundane issues such as street light replacement, this project seeks to continue the previous infrastructure improvements that will benefit residents by creating sustainable neighborhoods. Repairing sidewalks is a high priority activity as identified by the 2009 *Community Needs Assessment Survey*.

Outcome: In **PY 2013** the City will allocate \$110,000 to improve road condition within its LMA. Project locations will be selected by the Department of Public Works based on road condition, vehicular traffic and mobilization efficiency. Total quantities of improved roadwork will depend on unit cost obtained during the spring of 2014, however, at current market rates, it is estimated that the City will be able to resurface streets 2570 linear feet of its local roadways.

2. Homeowner Assistance Program (HAP).

While housing remains generally affordable in Niles, poor housing quality, lack of equity and poor credit are negatively impacting prospective low and moderate income home buyers and existing homeowners. To address housing quality the City of Niles established a CDBG-funded Homeowner Assistance Program in 2004. The program works by providing rehabilitation assistance for income eligible homeowners (similar to a program which was funded in Niles by the Michigan State Housing Development Authority in 1995). The HAP addresses single items within a home (e.g. roof, furnace, electrical systems, etc.). Previous versions of the program addressed multiple items within a single home. The 2013 HAP seeks to assist homeowners by limiting funds to the most critical needs within a particular home. The HAP has also been modified to avoid the disturbance of any surface with the potential for lead based paint. Thus, the need to conduct lead assessments will be negated as part of the Homeowner Assistance Program.

The HAP is a *deferred and forgivable program*, which has loan terms that include zero interest and no monthly payments. In order to avoid full repayment homeowners must reside in their home for at least five years. After a period of five years the loan is forgiven in its entirety and the mortgage is discharged. The deferred and forgivable aspect of this program is an excellent incentive to low-income homeowners who lack the Original Approved by City Council: 8.12.2013

financial means of making physical improvements to their homes. The HAP will be available throughout the entire City of Niles, but only to those households whose low and moderate income status is qualified. In deploying the HAP, the City has turned to a variety of administrators over the years, with varying degrees of success. The City actively administers the HAP program internally.

Further, under approved Homeowner Assistance Program guidelines, all homeowner rehabilitation assistance projects will be under \$5,000; as such the City agrees to adhere to the following HUD lead-based paint standard and document “de minimis” or compliance of lead safe work practices and clearance of worksite as required/necessary:

Up to \$5,000 per unit: “Do no harm” approach. Lead safety requirements cover only the surfaces being disturbed. Program participants can either test these surfaces to determine if they contain lead-based paint or presume they contain lead-based paint. Work which disturbs painted surfaces known or presumed to contain lead-based paint is done using lead safe work practices, and clearance of the worksite is performed at the end of the job (unless it is a very small “de minimis” scale project) to ensure that no lead dust hazards remain in the work area. Training that meets the EPA’s RRP Rule requirements is sufficient for this work.

There is also a lead based paint provision in every contract and/or agreement in which CDBG dollars are used to fund any project and the following Lead Based Paint Certification with this Annual Action Plan:

***Lead-Based Paint** -- Its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K and R, of title 24;*

Outcome: In PY 2013, the City proposes to fund the HAP at \$60,000 and make emergency repairs to a minimum of eight (8) homes owned by City of Niles low/moderate income homeowners in accordance with the City of Niles Homeowner Assistance Program Guidelines, all HUD rehabilitation regulations and rules, including LPD regulations and current income guidelines for our community. The City of Niles Homeowner Assistance Program Guidelines is included within this plan as **Attachment A**.

3. Ferry Street School Neighborhood Resource Center.

Opened in June of 2005, the Resource Center is providing an invaluable service to the Ferry Street neighborhood and the community at large. Ferry Street has been referred to as an “advocacy and enrichment center” with a mission that involves “empowering residents and restoring pride”.

The renovated historic building is indeed functioning as a resource center by housing neighborhood advocacy activities and providing a home base for a number of organizational events within the Target Area. Most importantly, the Resource Center has developed into a one-stop referral center for residents that would not normally seek information or assistance. The Center is an important focal point for residents that view it as a preferred alternative to dealing with City Hall.

Among the programs that are being coordinated by or offered through the Center:

- **Job Training and Placement**
 - Working directly with area employers
 - Connecting unemployed with job opportunities
 - Mock interviews
 - Resume workshop
 - Skills assessment
- **Rite of Passage Program**
 - Established national program
 - Girls (Daughters of Imani) and boys (Young Lions)
 - 10 - 20 year olds
 - Training program to help adolescents transition to adulthood
 - Teach respect, responsibility, integrity and build character
- **Literacy program**
 - Adult (16+)
 - Teeny Bop (4 & 5)
 - Tutoring program - fills in gap for all ages (work with Mt. Cavalry Baptist Church)
 - Develop love of reading and strengthen language skills
- **Dance Team**
 - Girls
 - March, stomp, dance
 - Helps challenged youth
- **Girl Scout Group**
- **Recreational Basketball League**
 - 3 age groups 11-13, 14-17, 18+
- **Basic Computer Training**
 - Bridges to Excellence program

In PY 2013, the director will continue to oversee the development and operation of the Resource Center. Working with her board of directors and the City of Niles, the director will also seek to expand and strengthen the public service programs that are currently offered. The organizational structure of the Center changed dramatically in 2008 when a board of directors was formed and the Center obtained 501(c)(3) tax exempt status. Since then, the Resource Center has been successful in obtaining other grant revenues, but remains a key component of the City’s CDBG strategy.

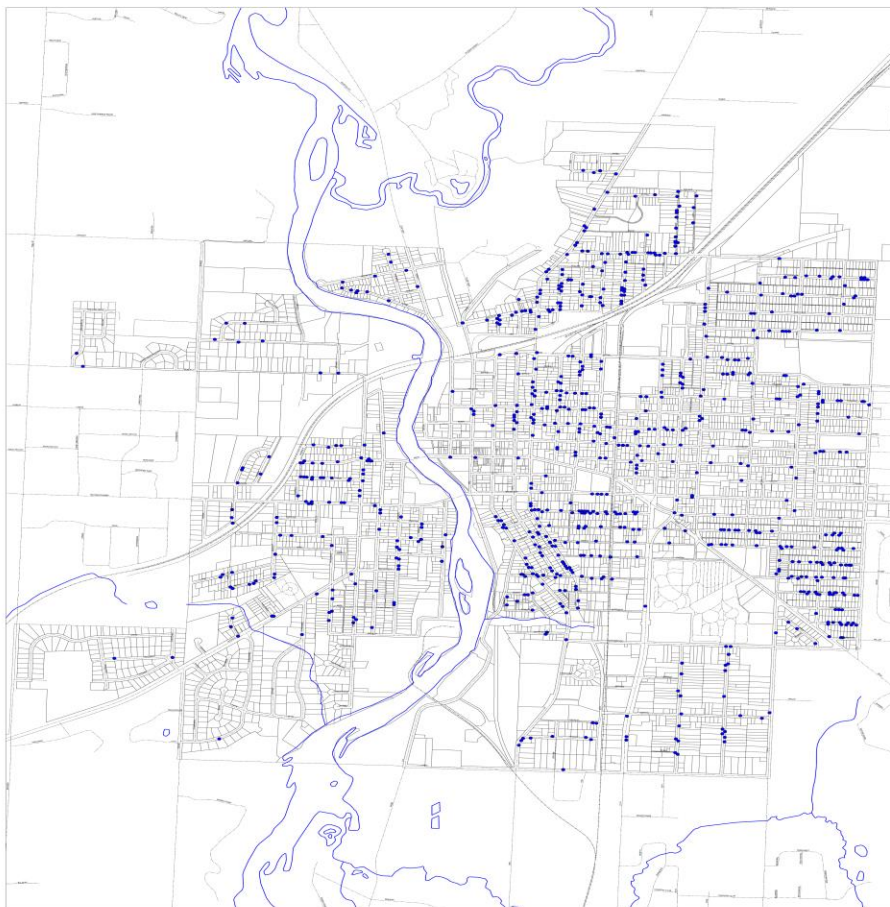
Outcome: In **PY 2013** programming is likely to evolve with the changing needs and desires of Center customers. Because the Resource Center constitutes the only public service program in the City’s PY 2013 CDBG budget, a maximum of \$40,000 (~15% of \$273,173) has been allocated per Title 42, Section 5305(a)(8). It is estimated that the Resource Center will provide support to the following activities to 375 unduplicated low/moderate income City of Niles residents:

Activity:	# Unduplicated Individuals /Month	# Unduplicated Individuals /Year	# Unduplicated Families /Month	# Unduplicated Families /Year
Assistance with DHS functions	7	84	25	300
Computer Lab academic/work programs	15	180	20	240
Meeting place	0	0	2	24
Assistance with the needs of the homeless and hungry	4	48	6	72
Mentoring young people to reduce crime/drugs	1	12	3	36

4. Code Enforcement.

CDBG funds may be used for code enforcement only in deteriorating or deteriorated areas where such enforcement, together with public or private improvements, rehabilitation, or services to be provided, may be expected to arrest the decline of the area. (Reference: §570.202(c)). The City will fund its Code Enforcement Division of its Fire Department to eliminate and reduce blighted conditions. Current Code Enforcement software used to input and track all properties in Niles is in need of updates and upgrades. The City intends to use a portion of Code Enforcement funding to purchase updated BS&A software that includes GIS mapping/reporting functionality including LMA overlays.

Outcome: In PY13, the City of Niles intends to allocate \$49,173 for code enforcement activities throughout the City's LMAs and the purchase of the updated BS&A software. Below is a representative example of the current code enforcement activities throughout the City. Each blue dot represents specific instances of code enforcement activities. This map, created utilizing third party GIS vendor, would be available inherently within the updated software, allowing for regular review of code efforts, decay/enforcement patterns and other helpful guides that will allow the City to more effectively and efficiently respond to the maintenance of a suitable and sustainable living environment.



5. Spot/Emergency Blight Elimination

If unspent funds are available in PY13, the City of Niles intends to allocate them for Spot/Emergency Blight Elimination, specifically, the demolition of up to 3 condemned and/or abandoned homes within the City's LMA. (Reference: Section 101(c), Section 104(b)(3), Section 105(c), 570.208(b)). These demolitions will be carried out in an effort to address one or more of the conditions which have contributed to the deterioration of the LMA. The focus of this activity is a change in the physical environment of a deteriorating area.

Specific condemned and/or abandoned homes have been preliminarily identified; however, due to ongoing attempts to work with the property owners, the City will publish the specific addresses upon seeking bids for the demolition projects.

Outcome: Dependent on unspent funds upon closeout of the current and active PY12 CDBG funding cycle, the City will allocate up to \$25,000 in funds towards the demolition of up to three (3) condemned and/or abandoned homes within the City's LMA. Because of the potentially unsafe conditions, the City has determined that these demolitions may be regarded as meeting an urgent need within the community. As such, PY13 Certifications included the following certification:

Emergency/Spot Blight Removal:

The grantee hereby certifies that the Annual Plan includes one or more specifically identified CDBG- assisted activities, which are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

6. Program Administration.

This project funds CDBG program administration activities. The City employs part-time CDBG Administrator using CDBG Program Administration funding to manage program operations, including public noticing and project monitoring, funding requests and reviews, data entry, project closeout reports and procedures, technical assistance to applicants and to subrecipients, and Citizen input facilitation, as well as the preparation and oversight of all CDBG program reporting to the Niles City Council, to the citizens of Niles, and to HUD. This year, the City will conduct an Analysis to Impediments to Fair Housing (AI) as part of its administrative responsibilities to HUD and the community at large. Support to conduct the AI will be sought from local university professors and graduate students.

Outcome: In accordance with HUD CDBG regulations regarding Administrative expense caps the City will allocate 18% of the entire allocation, or a total of \$49,000 for the general administration of the City's CDBG program. Up to \$5,000 of the total Administration line will be specifically set aside to conduct the Analysis to Impediments to Fair Housing. The City will conduct an RFQ for the AI, targeting university professors specializing in a related field.

Activity Warranting Substantial Amendment to the Approved 2013/2014 CDBG Action Plan

7. Chapin Mansion Museum Restoration

On August 13, 2012, the City Council approved the Program Year 2012 CDBG Action Plan, which allocated \$100,000 to restore the windows at the former City Hall (current Chapin Mansion – Niles History Center). During PY12, \$14,300 of the original project budget was allocated and paid out for Architectural Services (awarded to Kil Architecture after an extensive Request for Qualifications using approved procurement methods), leaving \$85,700 in unspent project funding. The project timeline extended into the current program year (PY13) and as such, the project was later included, discussed and reapproved for the 2013 CDBG Program Year that began on October 1, 2013 and approved by Council on Monday, August 12, 2013.

Following extensive review of the bids submitted to the City for the restoration project Kil Architecture and Community Development Department staff are recommending that the original project budget be increased by \$27,471 to \$127,471 (Original Architectural Fees: \$14,300; Rehabilitation Construction: \$113,171). This amount will exceed the original project budget by approximately \$27,471. As no new funding is available to increase the project budget, CD staff are recommending that the additional funding be shifted from the Spot Blight Removal/Demolitions project budget which was funded solely using reallocated funds from the last CDBG program year.

Budget Analysis:

Line Item	PY12	PY13	Funding Increase
Architecture Services	\$ 14,300	\$ -	
Rehabilitation/Construction	\$ 85,700	\$ 113,171	\$ 27,471
Total Budget	\$ 100,000	\$ 113,171	\$ 27,471

Total Project Budget:

Line Item	Total Budget
Architecture Services	\$ 14,300
Rehabilitation/Construction	\$ 113,171
Total Budget	\$ 127,471

On Monday March 24, 2014 during the regularly scheduled City Council meeting, the Community Development Director recommended that the City Council approve an amendment to the PY 2013 CDBG Action Plan to increase the Chapin Mansion Museum Restoration budget and perform work that is critical to properly maintain the Chapin Mansion, which includes repair of all the clear glass windows and restoration/repair of six art glass sections.

Substantial Amendment Public Notice, Public Meeting and Public Comment Period Timeline

- Monday, March 24, 2014:**
 Request and schedule public meeting to approve substantial amendment to the annual action plan
- Wednesday, March 26, 2014:**
 Publish notice of intent to substantially amend annual action plan in the Niles Daily Star and post at City Hall on the public notice board for a minimum of 10 days (posting removed on or after April 9, 2014)
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 Public hearing, (2) approval of substantial amendment by Council, (3) approval of bid award/contract by Council

AP-50 Geographic Distribution – 91.220(f)

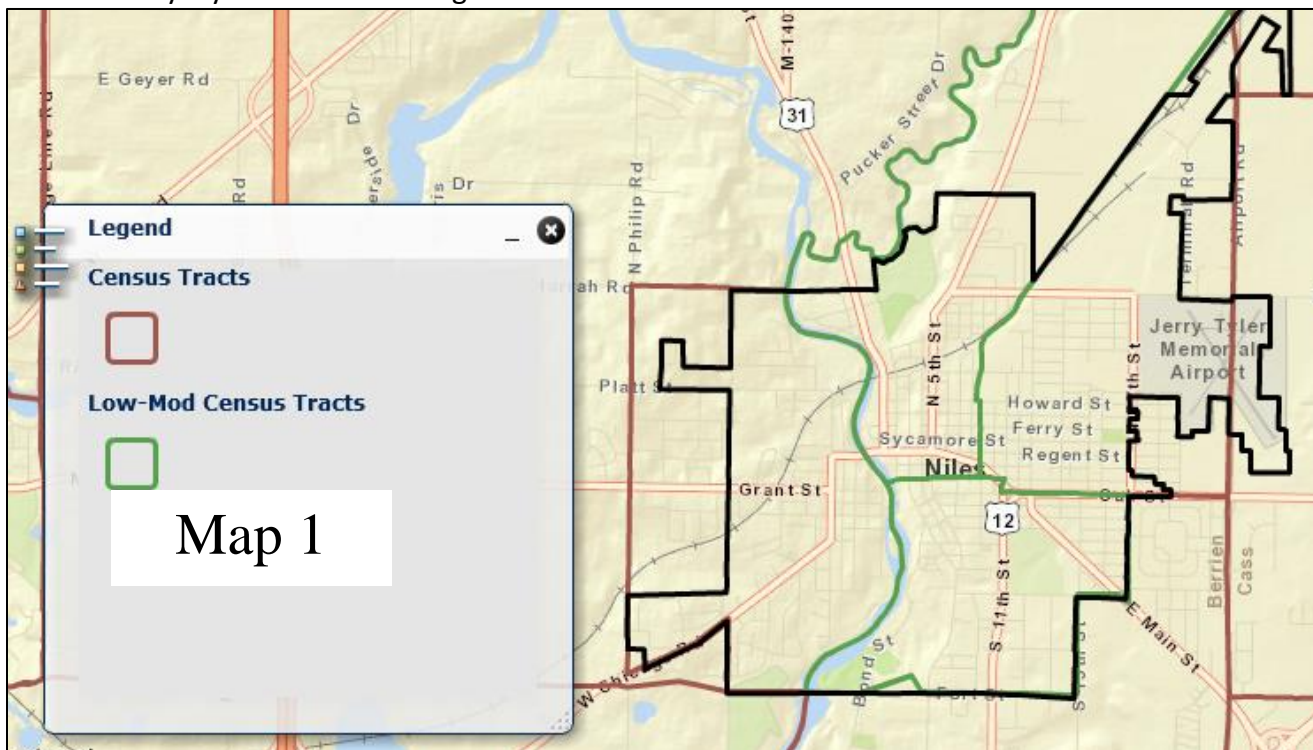
Geographic Distribution

Target Area	Percentage of Funds
Downtown Niles - DDA District	5
City of Niles Low and Moderate Income Area	90
Citywide Eligibility Area	5

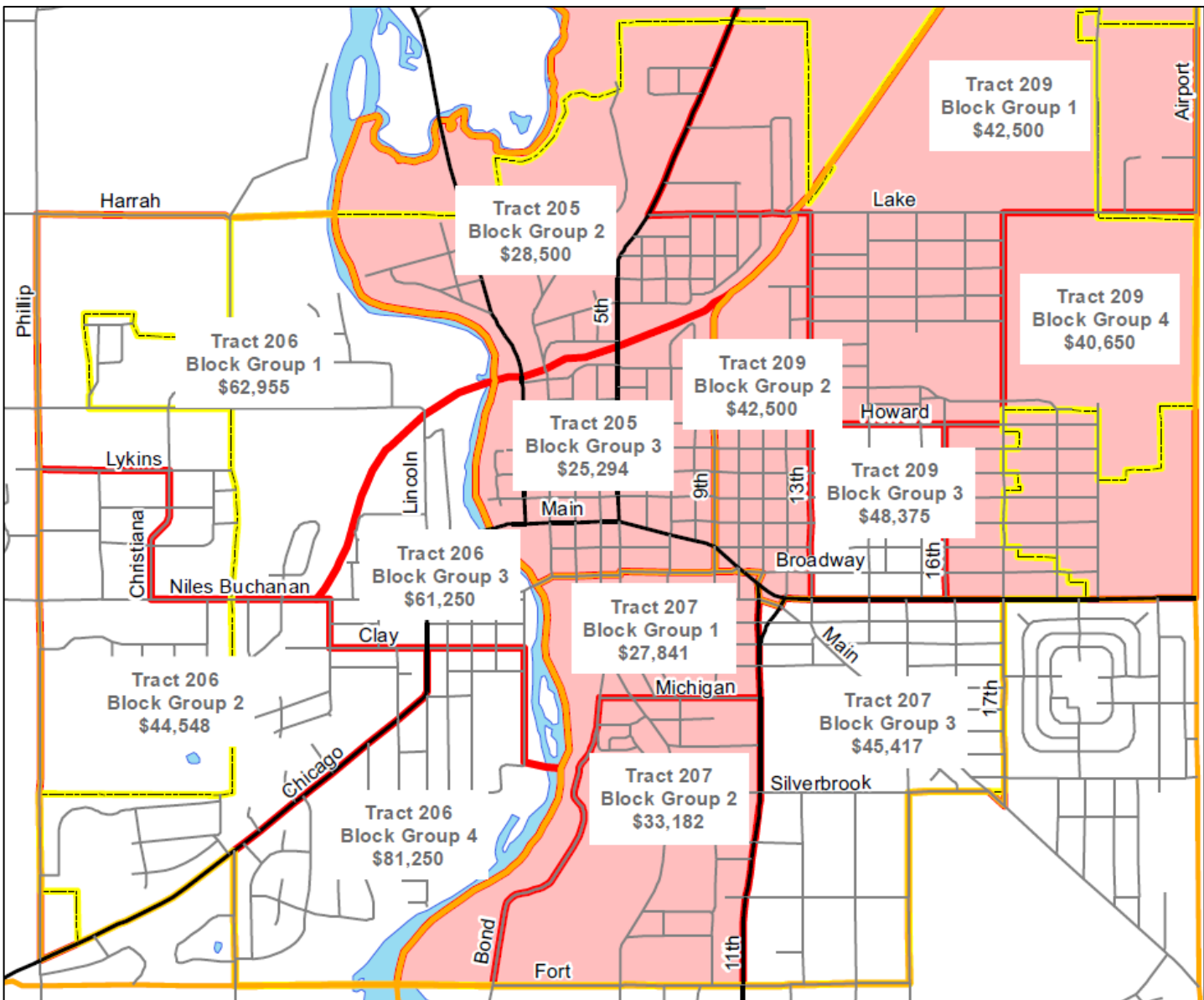
Rationale for the priorities for allocating investments geographically

The City of Niles uses the majority of its Community Development Block Grant funds to assist low and moderate income residents, either through direct or indirect assistance. Indirect assistance occurs when the City deploys its CDBG funds in its designated Low and Moderate Income Area (LMA). To document low and moderate income areas the City has used two sources, the 2010 American Community Survey conducted by the U.S. Census Bureau and Community Planning and Development Map Tool provided by HUD.

The CPD Map is a more generalized map that reveals which Census Tracts are LMA designated. The LMA is comprised of areas within the City of Niles which have a majority of residents whose incomes are less than 80 percent of the area median family income as established by HUD. The CPD Map of Niles, MI shows that a large portion of the City lays within LMA designated Census Tracts.



To create a more refined LMA map the City has utilized the services of a consultant to prepare a map that depicts Block Group data. Block Groups are smaller than Census Tracts as evidenced by comparing the map on the preceding page with the one below. Each of the City’s four Census Tracts is divided into either three or four block groups. The Block Groups shown in pink below have a majority of residents whose incomes are 80% of the Median Family Income in Berrien County. The MFI in Berrien County is \$54,751, and 80% of the MFI is \$43,801.



AP-55 Affordable Housing - 91.20(g)
 The mission of the City of Niles' Community Development

t Block Grant program is to address the needs of low and moderate income residents by pursuing the development of decent and affordable housing, a suitable living environment, and where applicable, expanded economic opportunities. The City's Affordable Housing goal includes the number of households to be provided affordable housing through the rehabilitation of existing owner-occupied units.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	7
Special-Needs	1
Total	8

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0

One Year Goals for the Number of Households Supported Through	
Rehab of Existing Units	8
Acquisition of Existing Units	0
Total	8

AP-60 Public Housing – 91.220(h)

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families. In the United States, there are approximately 1.2 million households living in public housing units, managed by about 3,300 housing authorities (HA).

The Niles Housing Commission is one these housing authorities, having been created by agreement between the City of Niles and HUD in 1972. Today, the Niles Housing Commission manages a total of 180 units – 50 single family homes scattered throughout the City and 130 apartment units located within a six story high rise in downtown Niles

The Niles Housing Commission does not have a current strategic plan for addressing the needs of low and moderate income families and improving their living environment, as well as improving the management and operation of public housing. However, following a long period of political upheaval and managerial changes, the Housing Commission expects to complete a new strategic plan in the near future.

The Niles Housing Commission has been designated as “troubled” by HUD. As such, the City Administrator, Finance Director/City Treasurer and Community Development Director have been working with the interim director to shore up NHC’s bottom line.

ACTION PLAN – 91.220(e) – Homeless and Other Special Needs Populations

The current City of Niles five year Consolidated Plan does not adequately address homeless needs, but recent data compiled by the Homeless Resource Network in Berrien County and publicized within the Niles Daily Star demonstrates how much the problem of homelessness has grown in recent years. The following excerpts are from an article written by Aaron Mueller was published in the February 17, 2011 edition of the Niles Daily Star:

This year the Homeless Resource Network, in conjunction with Emergency Shelter Services in Benton Harbor, counted 594 homeless people in Berrien County — the highest number since the network began the count several years ago.

For this study, homelessness was broadened to include not just those living on the street but also people in unsafe or temporary housing.

There were 21 homeless adults counted in the Niles and Buchanan area, while Brandywine High School and Niles High School has 35 and 23 homeless students respectively.

The count took place January 26 (2011) and was done throughout the county. The statistics were then forwarded to the federal Department of Housing and Urban Development to be used to determine funding for area agencies.

The Emergency Shelter’s executive director, Alysia Babcock, said the total number of homeless people is significantly up from 2008 when they counted 257 and 2009 and 2010 when there were fewer than 100 counted.

This year the agency used area law enforcement, schools and churches to better locate those without homes or in temporary housing.

“We spread out and had a more concentrated effort in outlying areas,” she said.

Jan Nowak-Lumm, the director of caring ministries and social services at the Niles Salvation Army, said she was not at all surprised by the statistics in south county.

“People want to think there aren’t many homeless in this area, yet there are,” she said. “They are the invisible needy. They are not waving flags, saying ‘Hey, I’m homeless.’”

Nowak-Lumm said the community is seeing more multiple generation families living in the same house. She recently met two families living in the same small house.

“That’s 12 people in one house,” she said.

Nowak-Lumm said the stereotype of a homeless person needs to be forgotten, as she is seeing more people without permanent housing out of circumstance, not negative decision making.

“I cringe when I read the news, corporations scaling back, exhausting unemployment benefits,” she said. “What are people to do?”

While The Salvation Army doesn’t have the resources to directly combat homelessness, it does help the homeless through programs like “Feeding His Sheep” and offering free meals and clothing to the needy in the community.

Currently, there are no homeless shelters in Niles or Buchanan. The closest ones are in South Bend, Decatur and Three Rivers. Babcock said the Emergency Shelter in Benton Harbor also services people from south county.

“But we’re trying to put shelters out of business,” she said. “It’s more about homelessness prevention. If we can prevent someone from being homeless, it saves everybody money.”

The article serves to capture the scope of the problem of homelessness in South County, but a concerted effort to address the situation must be implemented. The city of Niles is willing to assist in this effort but is not in a position to take the lead. Other organizations like Emergency Shelter Services have the capacity and skill sets to lead such efforts.

Barriers to Affordable Housing- 91.220 (j)

Housing affordability in Niles is not perceived to be a problem. Generally, those seeking homeownership opportunities find affordable units. It is not known, however, whether the rents in the community are acting as a barrier for those unable or uninterested in homeownership. Upon execution of this Annual Action Plan, Niles Code Enforcement staff will have increased capacity in creating maps, reports and other documents that will aid City planners in recognizing and addressing any barriers to affordable housing.

In an effort to understand these and other barriers in our community, Niles Community Development staff understand that in assembling the upcoming Consolidated Plan and the Analysis of Impediments to Fair Housing that possible barriers will be identified and a plan to address them will need to be created.

ACTION PLAN – 91.220(g) – Program Specific Requirements

- The City of Niles does not receive HOME funds
- The City of Niles does not receive ESG funds

Attachment A

City of Niles, Michigan

Homeowner Assistance Program Guidelines

The unavoidable process of aging often adversely affects individual homes, the vitality of neighborhoods and the entire City. Consistent reinvestment of capital and labor is needed to preserve housing, neighborhood quality, and the safety, health and general welfare of City residents.

Continuing increases in the cost of living make it increasingly difficult for some homeowners to finance needed repairs and improvements of their properties.

Section 1 General**A. Purpose and Description of the Homeowner Assistance Program (HAP)**

1. HAP is a forgivable loan program that offers assistance to low and moderate income owners of single family occupied homes within the City of Niles.
2. Assistance is provided on a “first come- first served” basis and is designed to provide one-time assistance to qualified homeowners with emergency housing problems that pose a serious or immediate threat to the health, safety, or welfare of the household.
3. Up to \$5,000 of assistance may be granted to correct emergency conditions or accessibility needs as stated in Eligible Costs for Rehabilitation Assistance of these guidelines.
4. Assistance through this program is provided to correct immediate safety or accessibility concern(s) only.
5. This program will assist homeowners in making conventional emergency or accessibility repairs to their home. Funds may be used to correct code violations, replace or upgrade major housing systems and make a limited amount of general property improvements

B. HAP Program Goals-

1. Maintenance and improvement of privately owned residential properties through minor and major rehabilitation.
2. Correct identified construction and property maintenance code violations where violations exist and where they are not in compliance.
3. Provide monetary and technical assistance to very low income, low income, and moderate income owner occupants, for residential property maintenance, rehabilitation, and improvements;
4. Conserve the City's housing stock and provide a suitable living environment for very low, low income, moderate income persons;
5. Support other neighborhood improvement activities designed to improve the quality of neighborhood life;
6. Stimulate private capital investment and initiative to maintain and improve privately owned residential properties.

- C. **Source of Funds-** HAP is funded through a grant to the City of Niles made possible by the United States Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program.

D. **Complying with the CDBG National Objectives-** The authorizing statute of the CDBG program requires that each activity funded utilizing CDBG funding must meet one of three national objectives.

1. The two national objectives that the City of Niles HAP intends to address are:
 - a. Benefit to low- and moderate- income (LMI) persons
 - b. Aid in the prevention or elimination of slums or blight

E. **Definitions**

1. **CDBG Funds** - Community Development Block Grant Funds, including funds received in the form of grants under Subpart D, F, or Sec. 570.405 of 24 CFR 570, funds awarded under Section 108(q) of the Housing and Community Development Act of 1974, and program income as defined in Sec. 570.500(a).
2. **Code Required Repairs** - Repairs that are required to be done according to the locally adopted Building, Housing, Electrical, Plumbing and Mechanical Codes.
3. **Covered Persons:** In relation to the Conflict of Interest the definition of covered persons includes any person who is an employee, agent, consultant, officer, or elected or appointed official, of the grantee who exercises, or have exercised, any functions or responsibilities with respect to the CDBG housing activities, or who are in a position to participate in a decision-making process or gain inside information with regard to housing activities, either for themselves or those with whom they have family or business ties, during their tenure in the position or for one year thereafter.
4. **Emergency Repairs** - Repairs to items or conditions that involve safety and health conditions, including but not limited to furnaces, water heaters, leaky roofs, electrical hazards, etc.
5. **Health Related Repairs** - Doctor required, or physical limitations requiring placement, repairs, or additions (not necessarily code-related).
6. **Household** - All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.
7. **Income** - For the purpose of determining whether a household is low-income, annual income is as defined under the Section 8 Housing Assistance Payments Program at 24 CFR 813.106 (except that the value of the homeowner's primary residence will be excluded from the calculation of net assets).
8. **Very Low Income** - 30 percent of the median income for the area as determined by HUD, with adjustments for smaller and larger families.
9. **Low Income** - 50 percent of the median income for the area as determined by HUD, with adjustments for smaller and larger families.
10. **Moderate Income** – 80 percent of the median income for the area as determined by HUD, with adjustments for smaller and larger families.
11. **Net Assets** - Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items of personal property such as furniture and two (2) automobiles shall be excluded.
12. **Safety Related Repairs** - Repairs that are necessary to keep the Building Safety Division from posting the residence as unsafe to occupy, or to lift the posting.

SECTION 2 HOMEOWNER ASSISTANCE PROGRAM-
PARTICIPANT ELIGIBILITY REQUIREMENTS FOR GRANT ASSISTANCE

General Eligibility Requirements for Homeowners-

- A. **Income** Qualifications - To qualify a household must be income eligible. The total household income may not exceed 80% of the Area Median Income (AMI) as shown below.
- B. **Location of Property** - The home must be located within the City of Niles, Michigan
- C. The home must be the household's primary residence and the household must have lived in their home for a minimum of twelve months prior to assistance.
- D. **Habitability** - The home must be habitable prior to and following repair(s).
- E. **Property Taxes** – The applicant shall have all property taxes and special assessments paid to date before any rehabilitation work can begin.
- F. **Insurance**- The applicant must have property insurance which covers damage from fire and must have federal flood insurance if applicable and retain adequate insurance coverage to cover the property improvements after rehabilitation.
- G. **Mortgage Verification**- A report shall be obtained to provide evidence to the Program Administrator of mortgages, payment history and/or liens on the property, including the amount still due.
 - 1. The applicant shall not be more than 30-days behind on their mortgage payments or in default on mortgage
 - 2. The Program Administrator shall review the evidence of the mortgage and lien amounts to determine that there is sufficient mortgage-free investment by the owner to insure payment of the loan.
- H. **Previous Participation** – Homeowners will not be eligible to reapply for additional funds until previous or prior HAP lien has been released from the property by the City of Niles.
 - 1. Participants who have previously received funding from the City of Niles cannot use CDBG funds make the same repairs
 - 2. Participants cannot use CDBG funds to make the same repairs in the future.
- I. **Work Completed Prior to Application Approval**- No work undertaken, whether completed or incomplete, no materials ordered, and no contracts entered into prior to the approval of the loan application by the City, will be eligible for payment with CDBG funds.
- J. **Ownership** – An eligible homeowner must be an individual or family who owns and occupies as a principal residence, a permanent year-round residential property within the City.
 - 1. Single-family dwellings must have been occupied as a principal residence for at least 12 months.
 - 2. Rental, vacation, second, and mobile homes as well as trailers will not qualify for assistance.
 - 3. The applicant must provide evidence of ownership interest in the property in one of the following forms:
 - a. Individual fee simple ownership (with a recorded deed);
 - b. Individual fee simple ownership subject to a mortgage or other lien securing the debt;
 - c. Life Estate Persons occupying a dwelling unit under a life estate agreement are eligible for a CDBG rehab loan under the following conditions:
 - d. The person(s) occupying the dwelling to receive CDBG rehab must be LMI.
 - e. A recorded life estate must be traced back to a recorded deed and the life estate agreement terms must be written, signed and recorded.
 - f. ALL parties of the life estate (occupants AND owners) must sign the mortgage and the note.
 - 4. The owners of the dwelling must agree, in writing, prior to the initiation of the rehabilitation, to repay the loan when the dwelling ceases to be the principal place of occupancy of the current occupant.
 - 5. An individual may obtain a loan for improvements to a condominium unit. However, the improvements must be for the portion of the unit not owned in common by the condominium association. (Generally, areas owned in common including but are not limited to the roof and siding.)

- K. **Conflict of Interest**¹- Elected/appointed officials, municipal employees or consultants involved in the decision-making processes of the program are not eligible to receive housing rehabilitation assistance through the program either for themselves, or for those with whom they have family or business ties, during their tenure or for one year after. For purposes of the CDBG housing program "family" means:
1. Spouse
 2. Fiancée/Fiancé
 3. Domestic Partners
 4. Children and Children-in-Law
 5. Brothers and Brothers-in-Law
 6. Sisters and Sisters-in-Law
 7. Parents and Parents-in-Law
 8. Anyone who receives more than 50% of their support from the person (e.g., adopted child, foster child)

Income Limits

- A. An applicant for this program shall not have an annual gross income of more than the amounts identified below.
- B. These income limits may change as HUD provides periodic updates.
- C. Updated information for the State of Michigan is available on the internet at: [State of Michigan Income Guidelines](#)

Size of Household	1	2	3	4	5	6	7	8
Gross Income	\$32,600	\$37,250	\$41,900	\$46,550	\$50,300	\$54,000	\$57,750	\$61,450

Determining Gross Income

- A. Income Limits – Persons eligible for a CDBG Homeowner Assistance Program must meet income limits as set by the U. S. Department of Housing and Urban Development (HUD), based upon household size.
- B. Income is determined using the most recently published Section 8 income guidelines.
- C. The homeowner's annual gross income 12 months into the future must not exceed the income limits to be eligible.
- D. Gross income means all income earned by all household members over 18 years of age (Income of members between 18 and 25 will not be included if they are full-time students).
- E. Low Income- For the purposes of determining whether a family or household is low-income, the City of Niles shall apply the definition of income as defined under the Section 8 Housing Assistance Payments Program at 24 CFR 813.106 (except that the value of the homeowner's primary residence will be excluded from any calculation of net family assets).
- F. The family size adjustment factors required by statute are intended to provide higher income limits for larger families and lower income limits for smaller families.
- G. Self-employment- Self-employed persons must submit business and personal IRS tax returns (including any depreciation schedules) for the previous two years.
- H. The city shall determine gross income on an annual basis by averaging the yearly income.
- I. If an individual (or family) operates a business at a loss, this loss may not be deducted from the income generated from other sources.
- J. A negative income will be considered zero income.

¹ 24 CFR Part 570.489 (h) specifies the requirements for CDBG grantees with respect to Conflict of Interest.

- K. Where the family has net assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. (24 CFR 813.106(b)(3))
- L. Marital Separation- Individuals involved in a marital separation may be eligible for a loan.
 - 1. Separation status and income/support payments must be verified by a legal separation agreement or a notarized affidavit signed by the borrower.
 - 2. An affidavit is acceptable only if the separated spouse has not lived in the property for at least six (6) months prior to the date of the credit application.
 - 3. If a loan is secured by a mortgage, all parties with a legal interest in the property must sign the Deferred Payment Loan Mortgage.

Included Income- Income shall be calculated by including²:

- A. The gross amount, before any payroll deduction, of wages and salaries, all overtime pay, commissions, fees, tips, bonuses, gambling winnings, and prizes won except for Michigan Lottery winnings and prizes paid in a lump sum (not periodically), which are considered assets.
- B. Overtime earnings must be based upon the average of the year to date and projected over the next 12 months. Variations in the previous year's overtime earnings must be noted.
- C. The net income from the operation of a business or profession or from the rental of real or personal property. For this purpose, if said operation results in a loss, such loss may not be used to offset income generated from other sources.
- D. All dividends and interest income, including otherwise tax-exempt interest and interest from land contract payments.
- E. The full amount of periodic payments received from Social Security (including Medicare premium), worker's compensation, housing assistance payments, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic income.
- F. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay.
- G. Periodic and determinable allowances, such as alimony and separate maintenance payments received, housing allowances received, and regular contributions or gifts received from persons not residing in the dwelling, where such sums are received on a recurrent basis and which may be reasonable expected to continue.
- H. The distributive share of partnership income.
- I. All capital gains that are recurring. In order to be excluded, the disposition of one-time capital gains must be fully explained.
- J. Child support payments received by an applicant for the benefit of the applicant's child or children.
- K. Income earned off assets.
- L. Public assistance. The full amount of public assistance payments; and/or if the public assistance payment includes an amount specifically designated for shelter and utilities, which is subject to adjustment by the public assistance agency, in accordance with the actual cost of shelter and utilities, the amount to be included as income shall consist of:
 - M. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - N. The maximum amount, which the public assistance agency could in fact, allow the household for shelter and utilities;
 - O. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the household) who is the head of the household or that person's spouse.

² <http://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol1/xml/CFR-2012-title24-vol1-sec5-609.xml>

- P. Child support, alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse or that is made by an applicant for the benefit of the applicant's child or children.

Deductions or Excluded Income- Income shall be calculated by excluding:

- A. Casual, sporadic, or irregular gifts.
- B. Amounts which are reimbursement for medical expenses.
- C. Additions to household assets, such as inheritances and insurance payments under health and accident insurance, and settlements for personal losses. (However, the income earned or imputed on these lump-sum assets is included as income.)
- D. Scholarships and financial assistance paid to students, and Veterans Administration schooling benefits.
- E. State home care payments to families with developmentally disabled members, foster childcare payments, or adoption support subsidies.
- F. The value of food stamps.
- G. Payments to volunteers under the Domestic Volunteer Service Act of 1973.
- H. Payments received under programs funded in whole or in part under the Job Training Partnership Act or received from HUD-assisted training programs that lead to self-sufficiency.
- I. Payments received from programs funded under Title V of the Older Americans Act of 1965.
- J. Relocation payments made pursuant to the Uniform Relocation Act and payments or allowances made under the Department of Health and Human Service's Low-Income Home Energy Assistance Program.
- K. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes, income derived from the disposition of funds of the Grand River Band of Ottawa Indians, the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of the interior, or payments received under the Alaska Native Claims Settlement Act.
- L. Child support, alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse or that is made by an applicant for the benefit of the applicant's child or children.

Disallowable Deductions- Gross Income shall be computed without deduction for the following:

- A. Funds paid into a tax shelter retirement account.
- B. Losses attributable to a farming syndicate as described in Section 464 of the Internal Revenue Code.
- C. Losses attributable to any type of corporation or partnership engaged in the exploring for, or exploiting of, oil and gas resources.
- D. Losses attributable to any type of corporation or partnership engaged in equipment leasing.
- E. Losses attributable to any type of corporation or partnership engaged in holding, producing, or distributing motion picture films or video tapes.

Grant/Loan Processing and Loan Application Process

- A. Property owners interested in obtaining a loan to rehabilitate their property may obtain an application form and information concerning the program from the City of Niles CDBG Program Administrator.

- B. There will then be an informal inquiry by telephone or in person, regarding the recipient's financial abilities, to do a preliminary determination of eligibility. During the initial interview, the prospective applicant will be informed of financial, insurance, and other information needed.
- C. If there is a waiting list and it is currently open, the individual will be placed on the waiting list.
- D. No application will be mailed until that individual's name comes up on the waiting list.
- E. If no waiting list exists, the individual will be sent an application.
- F. Once the prospective applicant receives the HAP application, he and/or she will make an appointment for the formal interview with the CDBG Program Administrator.
- G. The Program will be explained in detail and the prospective applicant will be furnished written information concerning the requirements for a housing rehabilitation loan.
- H. The CDBG Program Administrator will assist property owners, as necessary, in completing applications.
- I. The property owners shall submit the application and supporting documentation and/or information to the Program Administrator. All personal and financial information shall be kept confidential.
- J. The prospective applicant will authorize requests for eligibility verification.
- K. Applications will be accepted any time during the year on a first-come, first-served basis; although priority is given to projects falling within Priorities 1 or 2.
- L. All applications that are approved will be given the opportunity to receive a loan unless there are more applications than funds available.
- M. All applications for assistance with CDBG funds must include at a minimum:
 - 1. Applicant's name and address
 - 2. Income documentation for every person over the age of 18 living in the house whether related or not
 - 3. Occupant's name and address
 - 4. Rehab address
 - 5. Requested rehab
 - 6. Age of property
 - 7. Number of other adults and/or children in the household; their names, applicable income information and demographics and their ages
 - 8. Marital property statement
 - 9. Racial, ethnic, and gender characteristics of the head of household - or option not to answer
 - 10. Conflict of interest question
- N. After the initial interview has been held, the Program Administrator will verify the information provided regarding the applicant's income, and nature and extent of ownership interest in the property for which the loan is being sought.
- O. Applications will be handled based on the date the completed application is received, except in cases where there is an imminent threat to health or safety. A completed application includes:
 - 1. A completed Credit Application for a Home Improvement Loan
 - 2. Verification of income: Income information will be required for all members of the household, age 18 and older.
 - 3. If a house is deeded jointly, income information will be required from all parties.
 - 4. No land contract properties will be accepted.
 - 5. Year-to-date pay stub and/or 4 quarter earnings printout
 - 6. A letter from their employer containing:
 - a. a statement of their dates of employment including that they are currently employed
 - b. current rate of pay and any anticipated changes

- c. the number of hours worked each week for each of the last 4 pay periods
7. If they receive public assistance, verification from their caseworker must be obtained as to the current benefits received (Medicaid, SSI, etc.)
8. If they receive social security, a copy of the statement from the Social Security Administration as to their current benefit
9. Verification of alimony and child support payments
10. A complete copy of the latest Federal and Michigan Income Tax forms (two years if self-employed), including all schedules and W-2 forms
11. Proof of home ownership
12. Current mortgage statement indicating balance due on mortgage (if applicable)
13. Proof of homeowner's insurance
- P. Applications will be considered valid for six months from the date of the completed application.
- Q. If a Mortgage and Promissory Note is not signed within six (6) months of application, the applicant must reapply.
- R. If the project has not been started within six months of the date of approval or if information provided as part of the application is more than six months old, application information must be updated and income re-verified.
- S. Based on the homeowner's equity in the house, the city will determine if they are eligible for the repair following an inspection by City staff
- T. The City will maintain a record of all applicants and beneficiaries of CDBG funds.

Security of Deferred and Forgivable Loans

- A. All assistance shall result in a lien being placed against the property.
- B. HAP is a City administered loan program and is treated as an owner-occupied loan.
- C. The full amount of that loan shall be repaid in full to the city if within the first five years the following events should occur:
 1. The property is sold,
 2. The property is transferred or otherwise conveyed voluntarily or involuntarily either while the applicant is living or by reason of death, except when a possibility of assumption exists for income eligible heirs intending to use the property as their principal residence.
 3. The property ceases for any reason to be the applicant's principal place of residence,
 4. If the applicant defaults in the terms or payment of any other lien existing against the property or hereafter incurred.
- D. Refinance of existing liens (repayment may be waived for reason of refinance for rate reduction upon approval of review board on a case by case basis).
- E. After five years from the date of the note, the full amount of the loan obligation shall be forgiven and the applicant shall owe nothing to the City.
- F. The interest rate on all loans shall be zero (0) percent.
- G. The contract amount plus the cost of any change orders or additional work orders shall be secured by a Deferred Payment Loan Mortgage and Promissory Note.
- H. The mortgage is recorded with the Berrien County Register of Deeds as a lien against the property until the loan is paid in full.
- I. The Homeowner has the option to make payments toward the principal of their zero-interest, deferred payment loan at any time.
- J. Zero-interest, deferred payment loans shall become due and payable in full at the time of any of the following:
 1. Property sale;

2. Any other form of property ownership conveyance/transfer;
3. Cessation of occupancy by the maker or makers of the mortgage.

SECTION 3 HOMEOWNER ASSISTANCE PROGRAM- PROPERTY ELIGIBILITY, INSPECTION, AND VERIFICATION PROCESS

In order to be determined eligible for the City of Niles CDBG HAP all properties are subject to qualification based on the following requirements:

- A. The property must be located within the City of Niles's municipal limits.
- B. A property with delinquent taxes, or significant liens or judgments encumbering it, is not eligible for the program.
- C. The property must be a permitted and/or conforming use in accordance with the municipal zoning ordinance.
- D. For purposes of environmental review, if the age of the structure is not known, it must be assumed to be over 50 years old.
- E. The City of Niles will not use CDBG funds to rehabilitate mobile homes, land contract properties, and/or any home determined to need lead and/or asbestos remediation. Any application falling into one or more of these categories will be referred to alternate resources.
- F. The City will consider the appropriateness of the improvements in relation to making the housing unit decent, safe, and sanitary.
- G. The dwelling unit must be in need of rehabilitation work as determined by the CDBG Program Administrator in compliance with the procedures set forth in this manual.
- H. All work must be deemed financially feasible, as determined by the property's fair market value (FMV), upon completion of the rehab work.
- I. The value of all liens on the rehabbed property may not exceed 95% of the estimated FMV after rehab.
- J. The property cannot be scheduled for sale, acquisition, or demolition.
- K. Loan applications received for housing units located within the boundaries of a designated floodplain, as shown on Federal Emergency Management Agency (FEMA) floodplain maps, shall be reviewed and approved or denied on a case-by-case basis by the City.
 1. The City must notify the property owner that the unit is located in the floodplain, and flood insurance must be obtained for the duration of the loan in at least the amount needed to cover the CDBG loan.
 2. If the property owner cannot afford to purchase flood insurance, the cost of flood insurance may be added to the CDBG loan depending on the cost and requested amount of assistance as no loan will exceed \$5,000.
- L. If, in conjunction with HUD Field Environmental Officers, it is determined that a housing unit has historical significance, the City will give due consideration to Section 10(b) of the National Historic Preservation Act of 1966, and Executive Order 11593, regarding the preservation of the historic nature of the building.
 1. The owner of a housing unit that is determined to be of existing or potential historical significance will be advised of this fact as early as possible, but, in all cases, before rehabilitation work begins.
 2. The owner will also be advised that the historical significance of the housing unit may affect the ability of the CDBG program to conduct certain rehabilitation activities.
- M. All property will be inspected by at minimum, the CDBG Program Administrator. The CDBG Program Administrator will arrange as appropriate and necessary, with the applicant, for an inspection to be made of the property for which the loan is being sought.

1. It is expected that all inspection reports shall address only the items requested by the homeowner as needing repair(s) and should use, at a minimum, the Housing Quality Standard(s) (HQS) specific to the repair(s) identified during application.
 2. The initial and final inspection reports must include a line specifically noting the presence of smoke and carbon monoxide detectors.
- N. A cost estimate of the work required or proposed to be done will be prepared.
1. The cost estimate will serve as a basis for determining the approximate amount of the loan and then as the basis for determining if the bid or bids for the rehab work are reasonable.
 2. If the total estimated cost of the work exceeds the amount of the loan for which the applicant qualifies, funds available, or the applicant's financial ability to do all the work, the CDBG staff and the applicant will modify or eliminate items of work to reduce the estimated cost. However, items necessary to bring the unit up to a decent, safe and sanitary condition will not be eliminated in favor of unessential rehab items.
- O. After a satisfactory contractor bid has been obtained, an agreement will be reached between the staff and the applicant regarding the extent of the rehabilitation work required and/or proposed to be performed.

Assistance Limitations –

- A. Financial assistance for repairs shall not exceed \$5,000.00.
- B. Eligible repairs shall generally only include furnace/boiler replacement or repairs, electrical repairs, water/plumbing repairs, sanitary/septic sewer repairs, and handicap ramps and accessibility modifications.
- C. The exception to any above categorization of repairs and repair cost exceeding the maximum amounts will be made on a case by case basis in writing by the Community Development Director.
- D. The intent of the program is not to bring houses to full compliance with all applicable codes, but to address the most pressing need facing an eligible homeowner.
- E. The total cost of the repairs and any existing mortgage balances shall not exceed the estimated current fair market value of the home.

Eligible Costs for Rehabilitation Assistance- the City of Niles Homeowner Assistance Program is limited to only the following repairs or accessibility modifications:

- A. **Emergency Home Repair:** A maximum of \$5,000 may be granted to correct emergency conditions including an inoperable furnace or water heater, potentially hazardous plumbing and electrical systems, and roofing failures. This assistance is in the form of a grant and is not required to be repaid. Repairs and/or replacement are limited to the following types of assistance:
 1. Heating/Cooling systems:
 - a. Lack of or inadequate heating (unit shall currently exist)
 - b. Hazardous or defective system
 2. Plumbing systems:
 - a. Lack of hot and cold running water
 - b. Defective sewage system
 - c. Leaking waterlines and gas lines or dangerous conditions in plumbing and gas systems
 - d. Leaking or improperly functioning bathroom plumbing fixtures (toilets, sinks faucets, tubs and showers) when only one bathroom facility exists or when all facilities are inoperable
 - e. Leaking or inoperable water heaters
 3. Electrical systems:

- a. Lack of electricity
- b. Exposed or dangerous electrical wiring
- c. Roofing:
- d. Leaking systems
- e. Severely deteriorated and structurally dangerous
- 4. Carpentry:
 - a. Inoperable door/window locks
 - b. Broken windows or inoperable exterior doors
 - c. Structural deficiencies posing an immediate safety issue
 - d. Perimeter fences not in compliance with city ordinance around yards with pools
- 5. Appliances absolutely limited to replacing inoperable or dangerous cook tops, ranges and refrigerator units
- B. Handicapped/Accessibility Rehab or Improvement:** A maximum of \$5,000 may be granted to qualifying homeowners whose immediate household includes a disabled or elderly family member requiring modifications and/or repairs that will increase their comfort and mobility. Eligible Accessibility modifications (including but not limited to):
 - 1. Wheel chair ramps
 - 2. Widening doorways to accommodate wheelchairs
 - 3. Grab bars, railings, door hardware
 - 4. Bathtub/shower modifications
- C. Smoke Detectors:** All housing units, which are rehabilitated in whole or part using CDBG funds, must have an adequate number of functioning, properly placed smoke detectors and at least one Carbon Monoxide detector.
 - 1. The purchase and installation of smoke detectors is an eligible CDBG expense.
 - 2. Carbon Monoxide detectors will be placed by the appropriate inspector.
 - 3. Smoke detectors must be placed:
 - a. In the basement
 - b. At the head of every open stairway
 - c. At the door on each floor leading to every enclosed stairway; and
 - d. Either in each sleeping area of each living unit or elsewhere in the unit within 6 feet from the doorway of each sleeping area and not within kitchen
- D. Fees:** Many fees charged to the City of Niles and/or the Homeowner are eligible costs associated with the HAP
 - 1. Some fees that may be charged to the client and added to their rehab loan include:
 - a. Water testing,
 - b. Inspections (initial, periodic and final),
 - c. Mortgage and/or other administrative fees and/or filing costs,
 - d. Building permits and their related fees
 - e. All fees related to the inspection, testing, repair or replacement of a septic system
 - f. Any/all fees not listed here that are or would be need to evaluated a rehab project or complete a rehab project that we are working on with any said client.
 - 2. Should an eligible client withdraw from the program at any time after fees, normally added to the clients loan, have been incurred on behalf of that client, the client will be responsible for reimbursing the amount of those fees to the program.

Ineligible Costs for Rehabilitation Assistance- Except as otherwise provided in this section, assistance shall not provide for:

- A. New construction, substantial reconstruction, expansion of the structure, or the finishing of unfinished spaces.
- B. Land contract properties
- C. Mobile homes, trailers or any other type of non-permanent residence
- D. Projects requiring the displacement and/or temporary relocation of any persons.
- E. Projects requiring asbestos and/or lead abatement, remediation, removal and/or any other projects where asbestos and/or lead has/have been identified during the inspection as problematic, needing and/or requiring attention, repair and/or removal.
- F. Materials, fixtures or equipment of a type or quality which exceed that customarily used in the locality for properties of the same general type as the property to be rehabilitated;
- G. Acquisition of land;
- H. Payments for taxes, special assessments, penalties or other property indebtedness;
- I. Out buildings (not garages), including barns, pole barns, silos, tool sheds, storage buildings, etc.
- J. Screened porches
- K. Equipment rental and tool purchase;
- L. Fireplaces (However, emergency repairs to an existing fireplace are eligible);
- M. Wood burning devices;
- N. Work begun or completed prior to application; and
- O. The following as per HUD regulations:
 - 1. Air conditioners, unless prior written proof of medical necessity is provided to the City of Niles
 - 2. Barbeque pits
 - 3. Bath houses
 - 4. Dumbwaiters
 - 5. Exterior hot tubs or saunas, spas, and whirlpool baths
 - 6. Flower boxes
 - 7. Hangers (airplanes)
 - 8. Kennels
 - 9. Kitchen appliances which are designed and manufactured to be free-standing and are not built-in and permanently affixed as an integral part of the kitchen (hard-wired or plumbed)
 - 10. Outdoor fireplaces or hearths
 - 11. Photo murals
 - 12. Sprinkler systems and fire extinguishers
 - 13. Swimming pools
 - 14. Television antennae and satellite discs
 - 15. Tennis courts
 - 16. Tree surgery or removal (unless diseased or hazard and part of overall project, and
 - 17. Waterproofing of structure by pumping or injecting any substance in the earth adjacent to or beneath the basement, foundations, or floors.