

# City of Niles



PY 2014

## (October 1, 2014– September 30, 2015) Community Development Block Grant Annual Action Plan

Approved August 11, 2014

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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 \$271,585 in funding from the U.S. Department of Housing and Urban Development under the program year 2014 Community Development Block Grant Program. Funds from this program are expected to be available for the period October 1, 2014 through September 30, 2015. It is estimated that an additional \$70,000 of funds will be reprogrammed from PY13 for distribution and use during PY14.

Like many communities, Niles continues to be affected by economic stagnation and decreasing revenues. The City of Niles intends to use its CDBG allocation for sidewalk repair, home rehabilitation, code enforcement activities, public services and administration of the CDBG program.

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 Low-Moderate Income Area (LMA) within 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: Owner-Occupied Housing Assistance Emergency Rehabilitation/Repair

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

*Goal: Improve Public Infrastructure*

Activity: Sidewalk Repair Program

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

*Goal: Administration*

Activity: CDBG Program Administration

Activity: Consolidated Planning

Activity: Analysis of Impediments to Fair Housing

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

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 14, 2014 City of Niles Community Development staff will ask the City Council to schedule a public hearing on August 11, 2014.

On July 10, 2014 City of Niles Community Development Staff published a summary of the Annual Action Plan Notice and made it available at the following locations:

Internet/City Website (nilesmi.org)

Niles District Library

City Hall

Niles-Buchanan YMCA

The public will be notified and encouraged to make comments on the summary of the proposed Annual Action Plan for no less than 30 days beginning on July 11, 2014 and ending on August 11, 2014. All comments will be considered by the Community Development Director, the City Administrator and CDBG Administrator. A written summary of the City's official response to all comments will be drafted and presented to the City Council.

A public hearing will be held at the Niles Fire Station/Council Chamber on August 11, 2014 prior to approval of the PY14 Action Plan, subject to any changes or modifications.

On August 12, 2014 the PY14 Annual Action Plan will be submitted to HUD for review and approval.

**Summary of public comments**

The Executive Director from the Ferry Street Resource Center questioned the decrease in the agency's public services funding allocation. The City's CDBG Administrator explained the agency's decrease in funding was associated with the Public Services allocation cap coupled with an increased need and demand for transportation and homeless assistance.

The Coordinator for the Niles Community Gardens asked if the Gardens would receive any funding during this program year. The City's CDBG Administrator explained that all funds were allocated but that during the coming Consolidated Planning period that the team from NCG would be targeted for input on needed public facilities, public services and other local needs.

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

Not Applicable

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

This year the City began consultation in preparation for the consolidated plan. After consultation with numerous social services providers, religious groups, and area stakeholders in preparation for consolidated planning, it was determined that further consideration should be given to upcoming FY14 CDBG work plans versus strategic consolidated planning. These groups and City department heads have raised concerns that there are a number of alarming trends facing area residents that should receive immediate attention including: failing sewer systems, decaying housing stock, lack of transportation, widespread code violations, increased numbers of street people without local resources, abandoned homes, a lack of locally based social support and/or welfare programs, high unemployment rates coupled with high transportation costs. Based on these issues it was determined that the City needed to carefully consider fund usage and therefore has asked and been granted a one year extension on the submission of its consolidated plan.

In an effort to meet the requirements listed at (91.215(l)), the City met with the following public and private entities to seek input.

- |                                             |                                     |
|---------------------------------------------|-------------------------------------|
| United Way                                  | City of Niles DART                  |
| Chamber of Commerce                         | City of Niles Dept. of Public Works |
| Ferry Street Resource Center                | City of Niles Code Enforcement      |
| Downtown Development Authority              | City of Niles Fire Department       |
| Southwest Michigan Economic Growth Alliance | City of Niles Police Department     |
| Niles Community Schools                     | City of Niles Buildings Department  |
| Niles Buchannan YMCA                        | Lakeland Health Systems             |
| Homeless Resource Network                   | Niles Housing Commission            |
| Multiple and varied religious groups        |                                     |

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

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

**Table 1 - Expected Resources – 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	\$271,585	\$0	\$70,000	\$341,585

The City of Niles will receive \$271,685 in CDBG funds for PY 2014 based on the information supplied to the City of Niles, MI by the US Department of Housing and Urban Development (HUD). An estimated \$70,000 in remaining funding will be reprogrammed and used during the 2014 Program Year.

**Leveraging/Use of Non-federal Funds:** While no indirect costs are specifically applied to the

CDBG expense 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.

**City of Niles, MI PY 2014 CDBG Project Budget**

<b>FY14 Projects</b>	<b>FY14 Allocation</b>	<b>Reprogrammed Funds</b>	<b>Total FY14 Funding Recommendations</b>
Infrastructure-Sidewalks	\$50,000	\$25,000	\$75,000
Code Enforcement	40,000	10,000	50,000
HAP	50,000	10,000	60,000
Public Services	40,000	0	40,000
BS&A Software Upgrade	0	20,000	20,000
Consolidated/AI Planning	20,000	5,000	25,000
Administration	40,000	0	40,000
<b>Total</b>	<b>\$240,000</b>	<b>\$70,000</b>	<b>\$310,000</b>
Anticipated Remaining Funds	\$47,585	\$0	\$47,585

**Annual Objectives 91.220(c) (3)**

<b>Decent housing</b>
Retaining 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
<b>Suitable living environment</b>
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 2014 program year (October 1, 2014b- September 30, 2015) will meet underserved needs, improve housing, provide a suitable living environment and foster a higher quality of life.

The City of Niles received approval from CPD Director Keith Hernandez in June, 2014 to continue utilizing the 2009-2013 Consolidated Plan for one additional year. Therefore, 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.

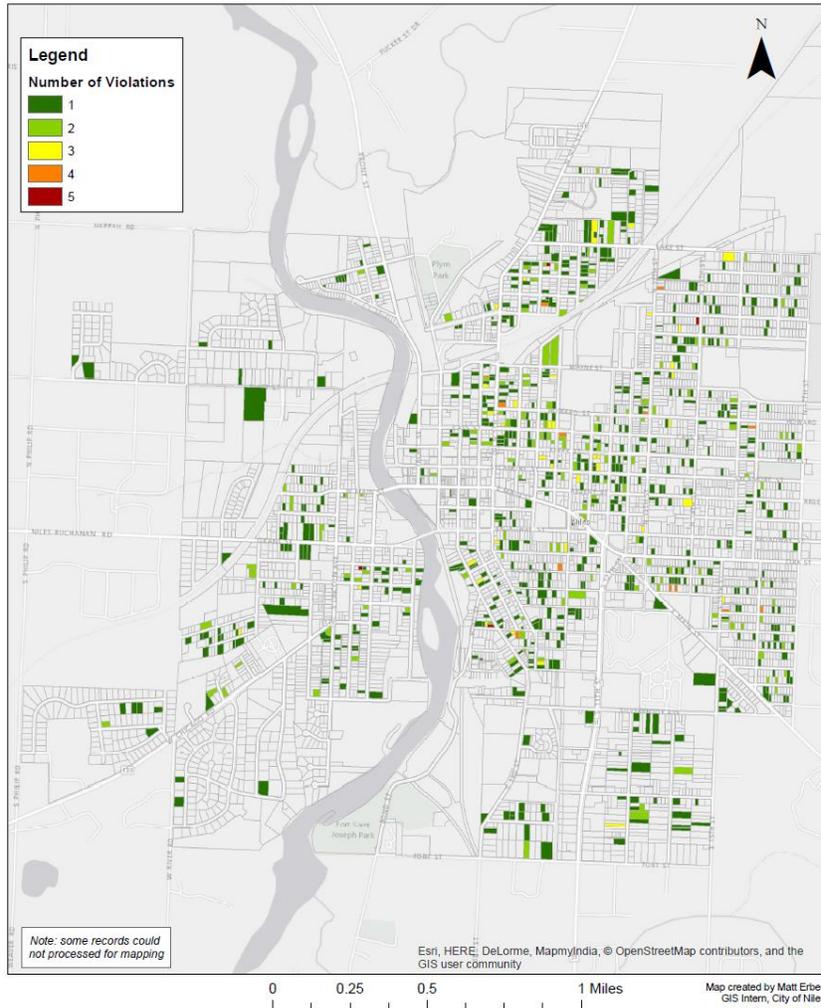
#	PROJECT NAME
1	Infrastructure - Sidewalk Repair Program
2	Code Enforcement
	A. Code Enforcement Program
	B. BS&A Software Upgrade
3	Homeowner Assistance Program
	A. Homeowner Rehab/Repair
	B. Smoke and Carbon Monoxide Detector Program
	C. Environmental Review
4	Public Services
	A. Ferry Street Resource Center
	B. Niles Homeless Assistance Program
	C. DART Transportation Program
5	Administration
	A. Program Administration
	B. Project Administration
6	Planning
	A. Consolidated Plan and Analysis of Impediments to Fair Housing

**1. Sidewalk Repair Program.**

Area business owners and City 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 previous infrastructure improvements to 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 2014** the City will allocate \$75,000 to improve sidewalk conditions within its LMA. Project locations will be selected by the Department of Public Works based on condition, pedestrian traffic and mobilization efficiency. Total quantities of improved sidewalks will depend on unit cost obtained during the spring of 2015, however, at current market rates it is estimated that the City will be able to resurface 1250 linear feet of local sidewalks that do not require ADA ramps.

2014 Code Violations Through June 2014



## 2. 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 partially 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. To facilitate effective code enforcement activities, the City intends to use a

portion of its CDBG funding to purchase updated BS&A software that includes GIS mapping/reporting functionality, including LMA overlays. The City had originally intended to utilize funding from PY13 to purchase the software but due to the requirements for maintaining the software the City must update its server hardware technology first.

**Outcome:** In PY14 the City of Niles intends to allocate \$70,000 for code enforcement activities throughout the City's low and moderate income areas and purchase updated code enforcement software. The following page depicts current code enforcement activities throughout the City. The map displays every lot within the City and shows the location of code violations. This map, created utilizing third party GIS vendor, would be available 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.

### 3. 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 by the Michigan State Housing Development Authority in Niles 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 2014 HAP seeks to assist homeowners by utilizing funds to repair/replace their most critical needs.

In program year 2014 the City will expand the program so that homeowners are able to obtain larger loans to repair their homes. Advanced decay and household poverty has been furthering the already constrained HAP and as such, program staff have recommended that increased grants/loans be provided to income qualified homeowners needing repairs in excess of the \$5,000 program cap. While it is understood that increasing the cap will trigger expanded environmental review and interim control requirements, the City has contracted a firm to conduct lead risk assessments and environmental review training and support to the City's HAP team. The firm has been educating City staff on environmental requirements. The City now has 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;*

The Homeowner Assistance Program is a *deferred and or forgivable program with zero interest loan terms*. There are two tiers of support:

**Tier One:** (\$5,000 and less) - Forgivable Loan Program

**Tier Two:** (\$5,001 to \$24,999) Up to \$5,000 will be forgivable and the remaining loan balance will be only captured upon sale of the home.

In order to avoid full repayment all homeowners, regardless of the loan tier, must reside in their home for at least five years. Those clients receiving a \$0 - \$5,000 loan can expect their loans to be forgiven their entirety and the mortgage to be discharged. Those clients receiving a \$5,001+ loan can expect that after five years \$5,000 of the loan is forgiven in its entirety and the remaining loan will only become due upon the sale of the home. The deferred and forgivable aspect of this program is an excellent incentive to low-income homeowners who lack the 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 verified. In deploying the HAP the City has turned to a variety of

administrators over the years, with varying degrees of success. The City now administers the HAP program internally.

**Outcome:** In **PY 2014**, the City proposes to fund the HAP at \$60,000 and make priority repairs to a minimum of three (3) 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.

#### **4. Public Services**

##### **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 those who seek social services within the City. 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.

**Outcome:** In **PY 2014** it is estimated that the Resource Center will provide support to 200 unduplicated low/moderate income City of Niles residents.

##### **Bus Pass Program.**

This year the City will allocate up to \$5,000 for the purchase of bus passes and/or fare vouchers for low income residents to access for transportation needs. This program has been developed based on input from local employers, social service providers, churches and medical professionals whom have received repeated requests for such a program.

As a pilot program we expect that during program year 2014 about roughly 100 persons will receive a monthly bus pass good for 10 trips/week on the City’s owned and operated bus services (Dial-A-Ride Transportation). It is expected that this program will be highly supportive of individuals needing to get to and from work, school, and/or appointments. Eligibility will be limited to those individuals with an income at or below 50% of the area median income for the Niles-Benton Harbor, MI MSA without alternative means of transportation. It is undetermined what documentation (other than income eligibility documentation) will be required in order to participate in the program.

### **Homeless Assistance Program.**

This year, the Niles Police Department has noticed an increase in the number of individuals and families lacking permanent housing. While there are very few local people living on the streets, (Niles Police Department indicates 1-5 people at any given time lack any residence within the City limits) there is a small number of local people in desperate need of permanent accommodations. Area homeless are only able to seek shelter accommodations in communities outside of the City (including South Bend, Indiana, Benton Harbor, Michigan or Kalamazoo, Michigan).

This program year the City will allocate \$5,000 to provide support for one to two homeless persons/families. The funds will be used to pay any combination of the following expenses:

- a. Hotel accommodations for up to 7 days at the Comfort Inn in Niles. It is expected that during this time, the family will work with the appropriate agency and/or City Department to obtain shelter entrance and/or permanent accommodations as able. This will include \$15/day for meals for households without food stamps or access to alternative nutritional options.
- b. Transportation to an area homeless shelter.
- c. Rental deposit and/or mobile home lot deposit (up to \$1,000)
- d. Utility deposits (heating, water/sewage, electric, and/or garbage service only) (up to \$1,000)

Participants will be required to submit a referral notice from the Niles Police Department, an area church/worship site, or area service providers in order to access funding.

### **5. Program/Project Administration.**

This project funds CDBG program administration activities. The City employs a 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.

**Outcome:** In accordance with HUD CDBG regulations regarding administrative expense caps the City will allocate 14.7% of the entire allocation, or a total of \$40,000 for the general administration of the City's CDBG program, of which \$3,000 will be made available to public service providers to administer their projects.

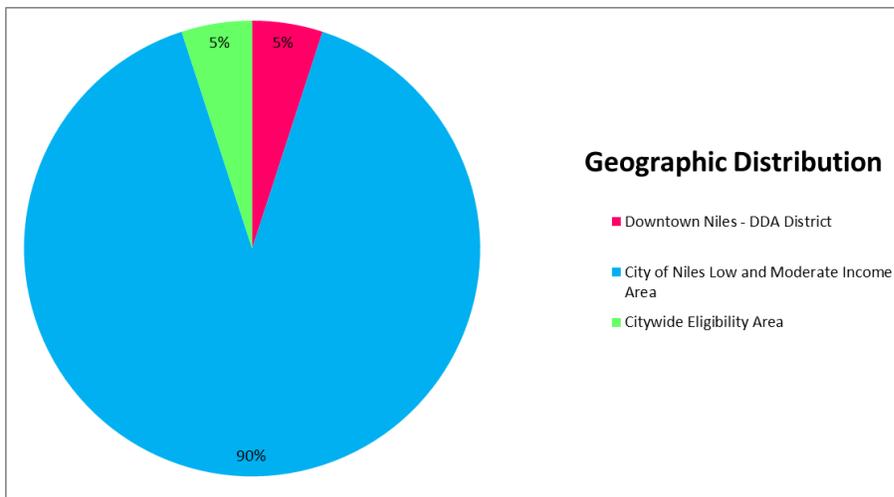
### **6. Planning.**

The City began consultation in preparation for its third consolidated plan during PY13. After consultation with numerous social services providers, religious groups, and area stakeholders in preparation for consolidated planning, it was determined that further consideration should be given to upcoming FY14 CDBG work plans versus strategic consolidated planning.

The aforementioned groups and City department heads have raised concerns that there are a number of alarming trends facing area residents that should receive immediate attention including: failing sewer systems, decaying housing stock, lack of transportation, widespread code violations, increased numbers of street people without local resources, abandoned homes, a lack of locally based social support and/or welfare programs, high unemployment rates coupled with high transportation costs. Based on these issues the City needed to carefully consider fund usage and therefore has asked and been granted a one year extension on the submission of the consolidated plan.

**Outcome:** In accordance with HUD CDBG regulations regarding consolidated planning and Fair Housing Analysis (AI), the City will allocate up to \$25,000 towards conducting the Analysis of Impediments to Fair Housing and the Consolidated Plan. Support to conduct the Consolidated Plan and AI will be sought from Michigan consultants with experience undertaking such studies.

### AP-50 Geographic Distribution – 91.220(f) Geographic Distribution



#### 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.

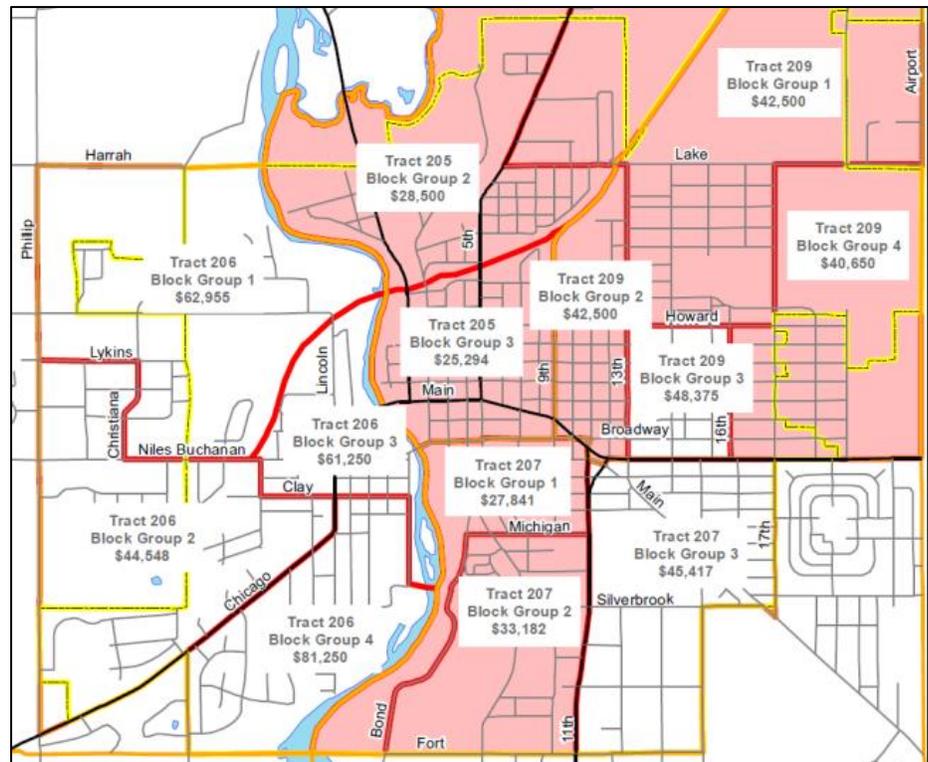


To create a more refined LMA map the City has utilized the services of a consultant to prepare a map that depicts block group data. Block Groups are smaller than Census Tracts as evidenced by comparing the map on the preceding page

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 – 91.220(g)**

The mission of the City of Niles' Community Development 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	1
Non-Homeless	3
Special-Needs	1
Total	5

**One Year Goals for the Number of Households Supported Through**

Rental Assistance	1
The Production of New Units	0
Rehab of Existing Units	3
Acquisition of Existing Units	0
Total	4

**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 Commissioners to meet the requirements set by HUD.

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

The current City of Niles' Consolidated Plan does not adequately address homeless needs. This year, the Niles Police Department has noticed an increase in the number of individuals and families lacking permanent housing. While there are very few local people living on the streets (Niles Police Department indicates 1-5 people at any given time lack any residence within the City limits), there is a small number of local people in desperate need of permanent accommodations. Area homeless are only able to seek shelter accommodations in communities outside of the City (including South Bend, Indiana, Benton Harbor, Michigan or Kalamazoo, Michigan).

The City is allocating funding to support 1-2 households in obtaining shelter and/or permanent housing. The City will seek out a qualified project administrator but also has the ability to appropriately and effectively manage this small program in house. Additionally, the City and it's CDBG administrator have been approached by MSHDA and the Homeless Resource Network to act as HMIS poweruser and trainer. Currently, the City and HRN are discussing the needs and is very willing to support these efforts as they will help develop a more accurate portrait of homelessness in Niles as well as Berrien County at large.

**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.

In an effort to understand these and other barriers in our community, Niles Community Development staff understands that in preparing 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