

**Neighborhood Stabilization Program 3 Substantial Amendment
to the 2010 Consolidated Plan**

**State of Michigan
Rick Snyder, Governor**

**Submitted to:
The U. S. Department of Housing and Urban Development**

**Michigan State Housing Development Authority
Gary Heidel, Executive Director**

28 February 2011

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1. NSP3 GRANTEE INFORMATION

NSP3 Program Administrator Contact Information

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2. AREAS OF GREATEST NEED

MAP Submission (See Attachment 1)

HUD Mapping Data (See Attachment 2)

Data Sources Used to Determine Areas of Greatest Need

MSHDA used HUD's NSP3 Mapping Tool and HUDUSER.org, US Federal Housing Finance Agency, and the US Bureau of Labor Statistics as data sources.

Determination of Areas of Greatest Need

MSHDA determined rental housing development is the best NSP3 program design given the limited funding, \$5 million allocation, and the State's weak homeowner market conditions. The limited funding and the short timelines made it difficult to do a quality Request for Proposals (RFP). MSHDA invited eligible projects under its NSP1 funding round. The resultant NSP1 pipeline has three multi-family foreclosed properties that were either under or unfunded in the NSP1 round. MSHDA has made an initial determination that these three projects will meet the NSP3 eligibility, geographical targeting and rental preference.

MSHDA has chosen these three projects in which to invest NSP3 funding. They are all acquisition/rehabilitation projects involving foreclosed properties. Since they are relatively large projects, they have a strong impact on their surroundings. Their improvement is necessary for the maintenance of their surrounding neighborhoods, and the use of NSP3 funding in each case is pivotal in the revitalization process.

Three neighborhoods were chosen to reflect the effect of these projects on their surroundings. The Village Park neighborhood is roughly seven blocks large, and is bounded by St. Paul Street to the north, Seminole Street to the east, Lafayette Street East to the south and Seyburn Street to the west. The neighborhood is

located northeast of Detroit's Central Business District, and about two blocks north of the Detroit River waterfront.

The Benjamin Manor complex's neighborhood is in the city of Highland Park. It is bounded by Pitkin, 3rd and Sears Streets to the north, Woodward Avenue to the east, Grand Street West to the south and Hamilton Avenue to the west. The area contains about nine residential blocks, as well as older commercial and manufacturing buildings north of the property. It is near a number of new commercial outlets along Woodward Avenue, and is well-connected to other parts of the Detroit area by its proximity to the Davison Freeway (MI-8), which is just to the south of the neighborhood.

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

HUD requirements call for a number of data points to be presented about the target neighborhoods. The table below describes these values, and compares them to state averages to show the depth of the housing and neighborhood development problem in each. The data shows that all of the neighborhoods have been severely impacted by both the bursting of the housing bubble and the Great Recession of the past decade. All of the neighborhoods have been hit harder than the state in general, as measured by the higher percentages of vacant units, high-cost loans, foreclosures and REO units present in them. In fact, some of the percentages are at least twice the state's average.

Neighborhood	NSP3 Score	State Threshold	Total Housing Units	Area Benefit Eligibility		USPS Vacancy Estimate			
				120% AMI	80% AMI	Residences	90+ Days Vacant	NoStat	% Vacant/ NoStat
Village Park	20	17	661	70.2	50.1	575	57	4	10.6
Benjamin Manor	20	17	940	94.1	88.2	1,091	111	20	12.0
Madison Square	17.3	17	255	94.4	80.0	233	35	0	15.0
State of Michigan	14.41	17	4,487,353	64.2	42.2	4,540,290	175,155	168,132	7.6

Neighborhood	Mortgages		Foreclosures and Delinquencies					Unemployment		
	Units Receiving Mortgage 2004-07	% High Cost Mortgages	% Foreclosed or Delinquent	Foreclosure Starts	% of Units with Foreclosure Starts	REO	% of Units REO	Fall in Housing Value since Peak	June '05	June '10
Village Park	78	52.8	22.2	9	11.5	8	10.3	-34	13.5	22.9
Benjamin Manor	41	75.6	25.4	6	14.6	4	9.8	-34	18.1	29.4
Madison Square	65	48.0	14.3	5	7.7	4	6.2	-14.7	8.2	14.6
State of Michigan	1,323,633	26.5	12.04	82,776	6.3	70,206	5.3	-27	6.8	13.2

Source: HUD NSP3 Mapping Tool and HUDUser.org, US Federal Housing Finance Agency, US Bureau of Labor Statistics

According to HUD estimates, the Village Park neighborhood contains 661 housing units, and has a NSP3 needs score of 20, the maximum possible. In addition, most of its population meets the 120% AMI and 80% AMI criteria for area benefit eligibility; 70.2% of its households earn less than the 120% AMI income level, while a small majority earn less than 80% of AMI.

Vacancy is a problem in this neighborhood. Of the roughly 575 residences in the area, 61 are classified by the United States Postal Service (USPS) as being either vacant for more than 90 days, or NoStat. This works out to a vacancy rate of about 11%. Foreclosures are certainly adding to this problem. About 53% of the 78 home loans generated between 2004 and 2007 in this neighborhood were high-cost, and about 22% of the new loans there are either foreclosed upon or 90 days delinquent. HUD found that nine units started foreclosure proceedings in the past year, and that eight units were Real Estate Owned (REO). These proportions are very high compared with the state's.

The situation in the Benjamin Manor neighborhood is similar in many ways to Village Park, but there are some key differences. First, a considerably higher percentage of its population earns less than either 120% of AMI or 80% of AMI. Second, over three quarters of home purchase loans made between 2004 and 2007 were high cost; by far, this is the highest proportion among the three target neighborhoods. As a result of this, the Benjamin Manor neighborhood has the highest foreclosure/delinquency rate and the highest rate of new foreclosures.

Finally, the Madison Square neighborhood also displays indicators of housing stress. There, about half of mortgages originated between 2004 and 2007 were high cost, and foreclosures, foreclosure starts and REO percentages are higher than state averages. This neighborhood has the highest vacancy rate among the three target areas.

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

3. DEFINITIONS AND DESCRIPTIONS

Term: Blighted Structure

Definition: Definition of "blighted structure" in context of state or local law.

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

- Declared a public nuisance in accordance with local housing, building, plumbing, fire, or other related code or ordinance.

- Attractive nuisance because of physical condition or use.
- Fire hazard or is otherwise dangerous to the safety of persons or property.
- Has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use.
- Has a subsurface structure or demolition debris that renders the property unfit for its intended use.

Term: Affordable Rents

Definition: MSHDA will adopt the following definitions of “affordable rents” based on the mix of funding sources within specific transactions:

For NSP assisted housing units that are also subject to the income and rent restrictions of Sections 42 or 142 of the Internal Revenue Code, respectively relating to Low Income Housing Tax Credits and Tax-Exempt Bond financing, MSHDA will adopt as “affordable rents” the rents required by Section 42 and/or Section 142.

For NSP assisted units meeting the Low Income Set Aside that are also subject to the income and rent restrictions of Sections 42 or 142 of the Internal Revenue Code, respectively relating to Low Income Housing Tax Credits and Tax-Exempt Bond financing, MSHDA will adopt as “affordable rents” the rents required by Section 42 and/or Section 142 for 50% AMI units.

(Generically, combined these provisions will result in a gross rent limit equal to either the 60% AMI tax credit rent, or, for units designated within the NSP Low Income Set Aside, the 50% AMI tax credit rent.)

For NSP assisted housing units income restricted at or below 80% of the area median income and not otherwise assisted with Low Income Housing Tax Credits or Tax-Exempt Bond Financing, MSHDA will adopt the HOME definition of “affordable rents” at 24 CFR 92.252 (a)(2), (c), and (f).

For NSP assisted housing unit income restricted at or below 120% of the area median income and not otherwise assisted with Low Income Housing Tax Credits or Tax-Exempt Bond Financing, MSHDA will adopt as “affordable rents” a rent limit, without consideration of tenant paid utilities, calculated to be one-twelfth (1/12th) of 30% of the 100% area median income limit, as determined HUD, with adjustments for the number of bedrooms in unit.

Descriptions

Term: Long-Term Affordability

Definition: MSHDA will adopt the HOME programs standards for ensuring continued affordability as defined at 24 CFR 92.252 (e) and CFR 92.254.

MSHDA will primarily use the recapture provisions but reserves the right to use the reuse provision at its discretion. All projects assisted with NSP funds will be subject to the following affordability restrictions:

Investment per Unit Minimum Length of the Affordability Period

Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years

Term: Housing Rehabilitation Standards

Definition: Definition of housing rehabilitation standards that will apply to NSP3 assisted activities.

MSHDA will require that all NSP3 funded rehabilitation activities be completed in compliance with the *2006 State of Michigan Rehabilitation Code for Existing Buildings, Incorporating the 2006 Edition of the International Existing Building Code*, published by the Michigan Department of Energy, Labor, and Economic Growth, Bureau of Construction Codes and Fire Safety. MSHDA will require, to the extent feasible, that NSP3 housing construction meet Green Building Standards.

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

Specifically, all new construction undertaken with NSP3 will meet the HIGHER of the following standards:

- A 5-star Energy Star or better rating. By 2011 it is anticipated that the proposed "third generation" guidelines for energy star qualified homes. These standards will be adopted and used for NSP3 projects initiated after the adoption and publication of these standards
- The requirements of the Michigan Uniform Energy Code promulgated in 2003 but held up in court until October 24, 2008. The code is published at:

http://www.michigan.gov/documents/dleg/dleg_bcc_muec_print_version_102408_254281_7.pdf

All moderate rehabilitation and energy retrofits of multifamily properties will purchase only Energy Star products appliances.

4. LOW-INCOME TARGETING

Low Income Set-Aside Amount

Total low income set-aside percentage: 25.00%

Total Funds set aside for low income individuals/households = \$1,250,000

Meeting Low-Income Target

MSHDA has identified three acquisition/rehabilitation projects involving foreclosed properties. One or more of these projects will receive NSP3 funding depending on the level of funding needed to fill the feasibility gap. These are all multi-family rental properties. MSHDA will assure low-income targeting through a Regulatory Agreement (i.e. a covenant running with the land), along with additional documents including but not limited to a mortgage and note, identifying the number of units targeted as low income units commensurate with the NSP3 funding level.

5. ACQUISITION AND RELOCATION

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low and moderate-income dwelling units? No

6. CITIZEN PARTICIAPTION AND PUBLIC COMMENT

The NSP3 Substantial Amendment was posted to MSHDA's website on Thursday, February 9, 2011, with comments taken through the close of business Thursday, February 24, 2011. Notices of the availability of the amendment for comment were placed in six major newspapers throughout the State, including

the Detroit Free Press and Detroit News, Alpena News, Grand Rapids Press, Lansing State Journal, Marquette Mining Journal, and the Traverse City Record Eagle.

In addition, MSHDA sent out mass e-mailing through our trade group partners, Michigan Community Development Association and the Community and Economic Development Association of Michigan. These organizations have a combined membership list of over 500 organizations and individuals who are potential stakeholders in the NSP3 Substantial Amendment, advising them about the availability of and the comment period on the draft NSP3 amendment to the 2010 Consolidated Plan Annual Action Plan. These outreach efforts informed the public that they could submit comments on the draft Substantial Amendment in writing via either traditional or e-mail. A summary of the comments received and MSHDA's response are included in Attachment 3.

7. NSP INFORMATION BY ACTIVITY

Activity Name: Redevelopment of Abandoned and Foreclosed properties

NSP Eligible Use

- B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

CDBG Eligible Activities

- 570.201 (a) Acquisition
- 570.201 (b) Disposition
- 570.201 (i) Relocation
- 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties

National Objective: The activity will assist households with incomes less than or equal to 120 percent of area median income.

Activity Description: MSHDA has identified three foreclosed multi-family rental projects within the designated areas of greatest need. Please see the above Section 2: Determination of Areas of Greatest Need for description of how the activity will address local housing conditions. MSHDA will provide gap financing with NSP3 funding to the project developer. MSHDA will inspect to assure rehabilitation is conducted to the extent necessary to assure (a) marketability and (b) conformity with the State NSP3 rehabilitation standard.

Tenure: Projects will be rental in tenure for households with incomes up to 120% of area median. In most cases, MSHDA expects these properties to include other financing sources that impose more restrictive income and rent restrictions such that a large majority of these units will be available to households at or

below 60% of area median income, and many will be restricted at or below 50% area median income.

Expected benefit to income qualified persons or households: The assisted rental projects will provide affordable housing opportunities for income qualified tenant.

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

Duration or term of assistance: Acquisition and rehabilitation assistance will be provided to assure that units are developed as rental property in accordance with applicable affordability requirements.

Discount rate: MSHDA will require a discount rate of 1% across all the properties acquired under this activity.

Range of Interest Rates: NSP funds will be provided as subordinate or gap financing. Standard terms impose a 3% simple interest rate with payments limited to 25% of annual cash flow and deferred for up to 12 years if there is a deferred developer fee. Subordinate loans, including those funded with NSP, are due upon sale or refinancing of the property, any change in use that impinges upon the income and rent restrictions, or 50 years after closing.

How the design of the activity will ensure continued affordability: MSHDA will require that the NSP3 assisted projects be managed by a professional management entity approved by MSHDA. Affordability will be assured by a regulatory agreement which will assure compliance with the affordability requirements and terms of affordability set forth in the relevant sections of 24 CFR 92.252.

Preference for the development of affordable rental housing: MSHDA determined that its NSP3 allocation is best used for rental housing and has selected three multi-family developments from its NSP1 pipeline for processing.

Budget:

\$5,000,000 including the \$500,000 reserved for administrative expenses.

Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

MSHDA projects that 75 units will be redeveloped in this manner, serving the following income groups:

- <50% AMI: \$1,250,000
- 51-80% AMI: \$2,750,000
- 81-120% AMI: \$500,000

Projected Start Date: June 1, 2011

Projected End Date: September, 2014

Responsible Organization: (Include name and address)

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



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GARY HEIDEL
EXECUTIVE DIRECTOR

Certifications

Certifications for State and Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or

Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) Use of funds. The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) The jurisdiction certifies:

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) Compliance with lead-based paint procedures. The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.

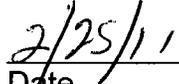
(16) Vicinity hiring. The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded

projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will be abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.



Gary Heidel
Signature/Authorized Official



Date

Title: Executive Director

ATTACHMENT 1
MAP SUBMISSION



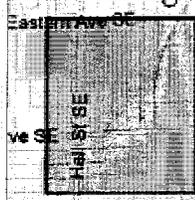
Map Terrain

SE

Eastern Ave SE

Hall St SE

Adams St SE



Oak Hill Cemetery

Linden Ave SE

Union Ave SE

Hall St SE

Oakdale St SE

Evergreen St SE

Evergreen

Union Ave SE

Paris Ave SE

Paris Ave SE

SE

Woodlawn St SE

Umatilla St SE

Hall St SE

Crawford St SE

Gilbert St SE

Adams St SE

Oakdale St SE

College Ave SE

Cottage Grove St SE

Godwin Ave

Ave SE

Madison Square Library

Madison Ave SE

Madison Ave SE

Prospect Ave SE

Madison Square Christian M. Reformed

Madison Square Grand Rapids, MI

Lafayette Ave SE

Lafayette Ave SE

Cottage Grove St SE

South Field

Cass Ave SE

Hall St SE

Cass Ave SE

Cass Ave SE

Garden St SE

+ |

Jefferson Ave SE

Jefferson Ave SE

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Mad

Umatilla St SE

Hall St SE



Crawford St SE

Gibert St SE

Madison Ave SE

Paris Ave SE

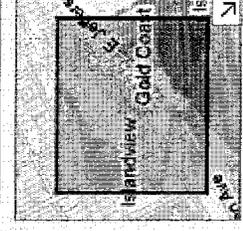
Adair

Oakdale



Map Terrain

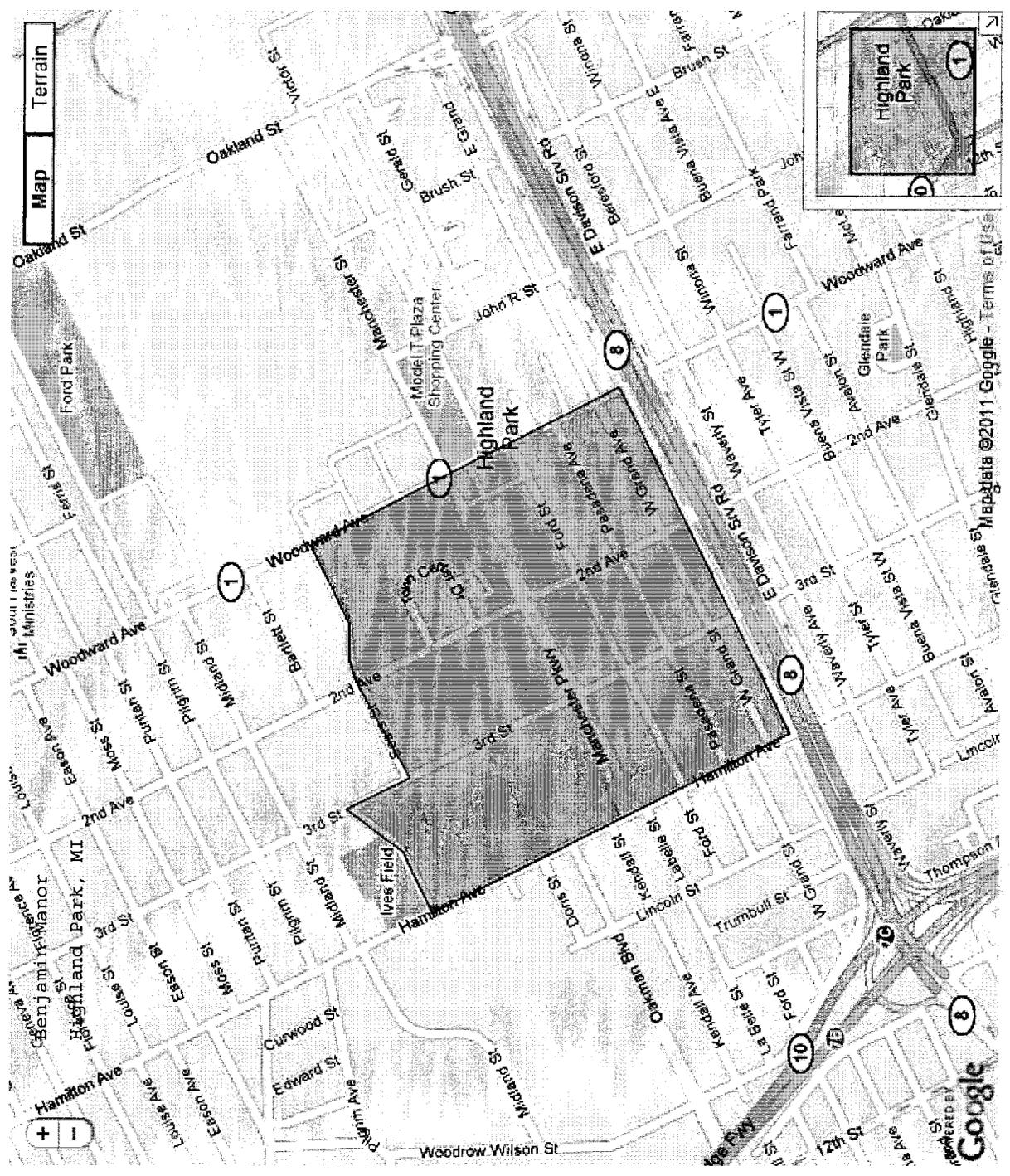
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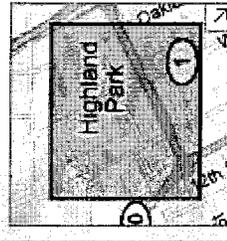
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Highland Park

Reggie
McKonzie
Field

2nd Ave



Highla

Doris St

Oakman Blvd

Lincoln St

Labarre St

Ford St

Hamilton St

Ford St

Hamilton St

W Davison

Davison

Ser Dr Waverly St

W Davison

Ford St

St

ATTACHMENT 2
HUD MAPPING DATA

Neighborhood ID: 2275512

NSP3 Planning Data

Grantee ID: 2625440E

Grantee State: MI

Grantee Name: GRAND RAPIDS

Grantee Address:

Grantee Email: allend1@michigan.gov

Neighborhood Name: Revised Madison Square

Date:2011-01-24 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 17.3

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 255

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 94.42

Percent Persons Less than 80% AMI: 79.96

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 233

Residential Addresses Vacant 90 or more days (USPS, March 2010): 35

Residential Addresses NoStat (USPS, March 2010): 0

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

- Total Housing Units to receive a mortgage between 2004 and 2007: 65
- Percent of Housing Units with a high cost mortgage between 2004 and 2007: 47.95
- Percent of Housing Units 90 or more days delinquent or in foreclosure: 14.32
- Number of Foreclosure Starts in past year: 5
- Number of Housing Units Real Estate Owned July 2009 to June 2010: 4

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 1

Supporting Data

- Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -14.7
- Place (if place over 20,000) or county unemployment rate June 2005: 8.2
- Place (if place over 20,000) or county unemployment rate June 2010: 14.6
- ^Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-85.659027 42.941816 -85.654092 42.941816 -85.654135 42.941219 -85.655165 42.941187 -85.655036 42.939365 -85.654864 42.938297 -85.655165 42.938297 -85.655079 42.937386 -85.658727 42.937417

Blocks Comprising Target Neighborhood

260810031002008, 260810036001010, 260810036001009, 260810036001008, 260810036001001,

Neighborhood ID: 5678527

NSP3 Planning Data

Grantee ID: 2616980E

Grantee State: MI

Grantee Name: DETROIT

Grantee Address:

Grantee Email: allend1@michigan.gov

Neighborhood Name: Revised Village Park

Date:2011-01-24 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 20

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 661

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 70.15

Percent Persons Less than 80% AMI: 50.07

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 575

Residential Addresses Vacant 90 or more days (USPS, March 2010): 57

Residential Addresses NoStat (USPS, March 2010): 4

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 78

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 52.76

Percent of Housing Units 90 or more days delinquent or in foreclosure: 22.19

Number of Foreclosure Starts in past year: 9

Number of Housing Units Real Estate Owned July 2009 to June 2010: 8

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 2

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -34

Place (if place over 20,000) or county unemployment rate June 2005: 13.5

Place (if place over 20,000) or county unemployment rate June 2010: 22.9

*Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-82.995915 42.357688 -82.993469 42.354294 -82.998319 42.352455 -83.000636 42.355880

Blocks Comprising Target Neighborhood

261635153001003, 261635153001005, 261635153001007, 261635153001009, 261635153001008,
261635153001006, 261635153001004, 261635154002011, 261635154002004,

Neighborhood ID: 1617980

NSP3 Planning Data

Grantee ID: 2616300C

Grantee State: MI

Grantee Name: WAYNE COUNTY

Grantee Address:

Grantee Email: allend1@michigan.gov

Neighborhood Name: Revised Benjamin Manor

Date:2011-01-24 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 20

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 940

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 94.11

Percent Persons Less than 80% AMI: 88.21

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 1091

Residential Addresses Vacant 90 or more days (USPS, March 2010): 111

Residential Addresses NoStat (USPS, March 2010): 20

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 41

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 75.6

Percent of Housing Units 90 or more days delinquent or in foreclosure: 25.4

Number of Foreclosure Starts in past year: 6

Number of Housing Units Real Estate Owned July 2009 to June 2010: 4

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 1

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -34

Place (if place over 20,000) or county unemployment rate June 2005: 18.1

Place (if place over 20,000) or county unemployment rate June 2010: 29.4

Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-83.109512 42.407330 -83.107924 42.407900 -83.106809 42.409009 -83.105993 42.407773 -83.103590
42.408787 -83.102946 42.408946 -83.102002 42.408946 -83.099942 42.409706 -83.095822 42.403781
-83.104835 42.400485

Blocks Comprising Target Neighborhood

261635531005009, 261635534001003, 261635534001007, 261635534001009, 261635534001008,
261635534001006, 261635534001004, 261635534001002, 261635534003000, 261635534003003,
261635534003005, 261635534003008, 261635534003007, 261635534003006, 261635534003004,
261635534003002, 261635534003001,

ATTACHMENT 3

SUMMARY OF PUBLIC COMMENTS

COMMENT: I was just reading the release on the NSP3 funds and have a question. The three properties are all MSHDA foreclosures, but are they on the market, or do they already have approved buyers?

REPLY: MSHDA selected three projects from the NSP1 pipeline. At this time they are not on the market; all three have purchase agreements pending.

COMMENT: The map provided with the NSP3 application for the "Revised Village Park" area does not follow census block group lines for the block group 53001. Why is there a discrepancy?

REPLY: MSHDA drew the boundaries around the specific neighborhood we wanted defined as the NSP3 neighborhood. HUD provided the data through the NSP3 mapping tool. There is no requirement that the defined neighborhood boundaries follow block group lines.

COMMENT: I am writing as a concerned citizen and as an advocate for Sustainable, healthy home construction. I know that the NSP3 program is making great strides to makes homes not only affordable but also efficient. Making Energy Star a housing rehabilitation standard for this program is very pertinent. With that said I hope that the decisions makers who put this together will consider instead making the standard at least LEED for Homes Silver Certified. This already will require energy star as a bare minimum but the efficiency will surpass that of energy star's requirements thus saving home owners much more in energy bills. LEED certification also encourages better indoor air quality, helping those to suffer from much less stress and/or sickness. LEED encourages materials to be re used and recycled and most homes greatly reduce the amount of left over building or deconstruction material that is sent to a landfill. LEED for Homes certification requirements include several measures specifically intended to reward efficiencies typical of affordable projects:

- Compact developments (up to 3 points);
- Site selection and close to existing infrastructure (up to 3 points);
- Limit outdoor water use (automatically earned by compact developments —1 point);
- Homes with ready access to community resources and open spaces (up to 3 points);
- Homes that are smaller than the national average (up to 10 points).

The strength of LEED for Homes is third-party verification, accountability and quality assurance. This verification process includes both on-site inspections to ensure that the LEED for Homes features have been installed correctly and performance testing to ensure proper performance. Please consider raising the bar to a level of building that is just much smarter and much more practical. A home is not affordable if it is not energy efficient, healthy and durable.

REPLY: LEED building techniques are definitely on MSHDA's radar however at present time, policies and procedures need to be formulated. When our policies and procedures for LEED are complete, we will most likely begin with multi-family new build projects processed through our Office of Rental Housing and Homeless Initiatives. NSP3 projects are all rehabilitation projects.

COMMENT: I have reviewed the DRAFT of the NSP3 Substantial Amendment; and offer the following comments:

1. Both the Village park and Benjamin Manor neighborhoods are workable in terms of size. The street boundaries provide well defined areas with which residents identify. I am not familiar with the Madison Square community
2. The use of the funds as gap/bridge resources will work and should maximize the impact on rehab and hence the surrounding area.
3. The utilization of an outside agent as project managers must provide direction that is not weighed by other local concerns.
4. As a side note, the NOTICE should have been placed in the MICHIGAN CHRONICLE AND THE MICHIGAN CITIZEN both of which are minority owned papers that serve Detroit and Highland Park.

REPLY: We appreciate your support of the proposed project areas. We did follow the State's Consolidated Plan Citizen participation process by publishing in six of Michigan major newspapers of general circulation. Regardless, your note regarding publication in the Michigan Chronicle and Michigan Citizen is valid given the project specific nature of this application. Our belief is that we did reach many of the readers of both these newspapers through the e-mail notification sent to our trade partners in housing and community development and to the Michigan Annual Affordable Housing list serve.