

**Neighborhood Stabilization Program
Action Plan**

**State of Michigan
Jennifer M. Granholm, Governor**

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

**Michigan State Housing Development Authority
Keith Molin, Executive Director**

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THE NSP SUBSTANTIAL AMENDMENT

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| Jurisdiction(s): <u>State of Michigan/Michigan State Housing Development Authority</u> Jurisdiction Web Address: http://www.michigan.gov/mshda/0,1607,7-141-7559_9643_9727-202883--,00.html <i>(URL where NSP Substantial Amendment materials are posted)</i> | NSP Contact Person: Mr. Keith Molin Address: 735 E. Michigan Avenue Lansing, Michigan 48912 Telephone: (517) 373-6022 Fax: (517) 373-7657 Email: molink@michigan.gov |
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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

***Note:** An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.*

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, in developing this section of the Substantial Amendment.

Response:

Under Title III of Division B of the Housing and Economic Recovery Act (HERA), the Congress has appropriated \$3.94 billion for an initiative which HUD has called the Neighborhood Stabilization Program (NSP). Title III provides that:

...any State or unit of general local government that receives amounts pursuant to this section shall in distributing such amounts give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate income areas, and other areas with the greatest need, including those—

- (A) with the greatest percentage of home foreclosures;
- (B) with the highest percentage of homes financed by a sub-prime mortgage related loan; and
- (C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

HUD published NSP regulations on September 29, 2008, along with allocations to State and general local governments. In these regulations HUD specified that an application for NSP funds will include:

- a. General information about needs, distribution, use of funds, and definitions:
 - i. Summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction. (A state must include the needs of the entire state and not just the areas not receiving an NSP allocation...)

MSHDA's determination of priority for funding includes three critical variables, all based on HUD's data:

(1) **Foreclosure and risk of future foreclosure.** The projected foreclosure rate for the county or local unit, computed as an average of the rate for each census tract in the unit projected by the HUD model. This combined projected foreclosure rate includes data on the number of foreclosures and the rate of subprime lending.

(2) **Housing vacancy.** In order to implement the legislative intent of using these funds to address foreclosed and abandoned housing, MSHDA has included the local vacancy rate based upon the average of census tracts as reported by HUD from U. S. Post Office survey data.

(3) **Low-income population.** To address the foreclosure problem nationwide, HUD has based its allocation on local population at or below 120 percent of area median income; indeed, the foreclosure problem nationwide is a result of a mix of (a) the loss of homes by low-income owners affected by job loss and predatory lending, and (b) the loss of homes by upper-middle and upper-income families who stretched their household budgets to be able to afford a home and who are now being displaced because of resetting adjustable rates and the drop in housing values which has limited their refinancing options. In Michigan, however, the generally affordable housing market has typically provided a range of options for families above median income; fewer upper-income families have been over-extended to buy homes, and the neighborhood impacts of foreclosure are far more deeply felt in low and moderate income neighborhoods. Disinvestment resulting from the recent downturn in the housing market is most acutely felt in neighborhoods which have suffered decades of abandonment from the loss of manufacturing jobs—and the consequent loss of residents who could afford to move elsewhere, leaving behind expanding areas that are challenged to attract new residents. Generally, these areas include and surround Michigan's lowest income census tracts. As a result, MSHDA has applied a factor based on the population at or below 50 percent of poverty level, in order to assure that sufficient resources are targeted at neighborhoods characterized by foreclosure and abandonment.

In summary, the low-income population data, foreclosure rate projections and projected vacancy rates are combined to result in a relative share of funding compared to other regions of the state. The net effect of these steps was to prioritize funding for high poverty communities with high projected foreclosure rates and high vacancy rates relative to other communities.

In order to create manageable funding targets on a statewide basis, these dollar amounts are then aggregated into totals for various regions. These totals represent relative funding targets for NSP-funded projects in all parts of the State.

A Note on the Development of Michigan's Model for Identifying Areas of Greatest Need

MSHDA retained Public Policy Associates (PPA) of Lansing to provide data analysis to develop its strategy to prioritize resources for areas of greatest need, using factors that are both consistent with HUD requirements and reflective of Michigan housing markets and the economic conditions described above. PPA began working with data sets supplied by HUD to state and local grantees to support the distribution of NSP funds. While the data supplied with this spreadsheet was less complete than that supplied for the 22 direct grantees with tentative NSP awards of \$2.0 million or greater, PPA was able to work with it to develop an allocation model for Michigan's counties and selected smaller units of government.

PPA's model includes three critical variables:

(1) The projected foreclosure rate for the county or local unit, computed as an average of the rate for each census tract in the unit projected by the HUD model, incorporating foreclosure history and risk of future foreclosure.

(2) The vacancy rate for the unit based upon the average of census tracts as reported by HUD from U. S. Post Office survey data.

(3) The population in the county or unit of government at less than 50 % of poverty as reported in the 2000 Census detail (Special Files 3, Table P88)

In simple terms, the poverty rate data was multiplied by the foreclosure rate projection and then both were multiplied by the projected vacancy rate. The net effect of these steps was to direct funds to high poverty communities with high projected foreclosure rates and high vacancy rates relative to other communities. This multiplier was then multiplied times the available funding for distribution under NSP guidelines.

Some specific modifications were made to these general guidelines. First, the poverty rates for three communities were adjusted based upon PPA staff expert judgment to reflect the high degree of reported versus actual poverty in those areas due to extreme concentrations of college students relative to the rest of the population. Those communities were Ann Arbor in Washtenaw County, East Lansing in Ingham County, and Isabella County (Mt. Pleasant).

Second, the specific amounts reported by HUD as the allocations for those 22 communities with direct reported funding allocations from HUD were hard-entered into the data base in lieu of formula calculations.

Third, in order to treat directly funded CDBG-entitlements consistently, specific allocations for an additional 17 large CBDG communities eligible under HUD guidelines for allocations between \$500,000 and \$2.0 million (plus Muskegon Heights and Benton

Harbor—Michigan’s two non-CDBG entitled Cities of Promise were estimated outside of the general formula and also directly entered into the database.

The result of these calculations was the generation of “relative need” totals for Michigan’s counties and CDBG entitlement cities that reflect the requirements of the legislation and the Michigan housing market.

However, MSHDA acknowledges that the use of aggregated data from different sources and timeframes is unable to reflect fine distinctions among local markets, differences in local capacity, or strategic projects that may have substantial potential for positive impact. As a result, these calculations are intended to provide the essential strategic framework to support MSHDA and its partners in prioritizing areas for investment where the neighborhood stabilization needs are most critical.

To mitigate any unintended negative effects from the rigid application of statewide data, MSHDA has grouped these counties and cities into 13 regional groupings reflecting:

- MSHDA’s responsibility to extend the reach of NSP resources statewide in an equitable manner;
- The need for flexibility throughout the duration of the NSP program to allow resources to follow capacity;
- An intent to treat various regions of the state which share general market conditions equitably.

Furthermore, it should be noted that these regional targets establish neither a floor nor a ceiling for the expenditure of NSP resources in each part of the state. MSHDA expects to prioritize funding for NSP projects in various regions of the state until their region’s relative need—based on the funds available and the formula targets—has been reached. Regions will still be eligible to apply, and be funded for, projects in excess of these targets, based on the funding remaining available and the capacity of various parts of the State to implement projects commensurate with their relative need.

These regional targets reflect MSHDA’s commitment to prioritize access for NSP funds up to these amounts, to track the deployment of resources throughout the life of the program, and take affirmative steps to support all parts of the state to undertake successful programs in the public interest to address their neighborhood stabilization needs.

Finally, within these targets, all applicants for NSP funding will be accountable for identifying the areas of greatest need that they intend to address through their projects and programs, as well as establishing that their projects are an appropriate, cost-effective strategy for addressing those needs.

B. DISTRIBUTION AND USES OF FUNDS

*Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee’s narrative*

must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

Section A. above identifies the methodology MSHDA used to identify the areas of greatest need using the three stipulated need criteria. Targeted distribution amounts were identified for 1) Non-NSP Entitlement Cities, 2) Set-aside for Innovative Projects and/or Projects Addressing Greatest Need, 3) Balance of the State of Michigan, and 4) Michigan Land Bank Fast Track Authority.

1. Non-NSP CDBG Entitlement Cities. CDBG entitlement cities nationwide with NSP allocations under the HUD formula of less than \$2 million were not awarded NSP funds directly from HUD. Instead, those areas amounts were added to the “balance of state” allocation and awarded to the state government. The State of Michigan has determined that it will allow fifteen (15) CDBG entitlement cities with NSP allocations between \$500,000 and \$2 million, plus Michigan’s two non-entitled Cities of Promise (Muskegon Heights and Benton Harbor), to apply to MSHDA for an award of NSP funds up to the amount determined by HUD’s method. These cities must in their applications:

- Give priority consideration to their areas of greatest need, based on the criteria for states and localities listed above. The amounts for which these 17 cities are eligible to apply are shown in Table 1 (see page 7)
- Propose activities which are consistent with this plan and with the NSP regulations as published by HUD on September 29, 2008.

Upon approving an application for NSP funds from these cities, MSHDA will issue an award for an appropriate portion of this maximum amount, along with conditions for timely expenditure of funds on activities consistent with the approved proposal. As the locality meets these conditions, it will be eligible to request that this award incrementally increased, up to the full eligible amount. MSHDA is allocating up to \$21.75 million from its \$98.6 million allocation of NSP funding for these communities.

While MSHDA will fund additional activities in these communities, MSHDA does not expect to award funds directly to these local governmental units until (a) their initial awards from MSHDA are fully committed, (b) MSHDA has reviewed these activities to determine that they are in compliance with NSP regulations, and (c) progress made on these activities assures eventual completion.

A Note on HUD NSP Entitlements

HUD awarded NSP funding to CDBG Entitlement communities whose allocations were more than \$2 million. In Michigan, twenty-three (23) communities were funded as NSP Entitlements, including the State of Michigan. The communities along with their NSP funding amounts are identified in Table 2(A).

HUD is requiring a very short timeframe (18 months) to commit NSP funds and has also acknowledged that capacity may well be an issue given the level of funding and the complexity of eligible uses under the NSP regulations. MSHDA, after consideration of funding levels, timeframes and capacity, determined that NSP Entitlement cities and counties will not be directly funded at this time. MSHDA will award funds within these communities through local partners, such as nonprofit organizations, CHDOs, land banks and for-profit developers under the statewide funding priorities identified in Table 2.

MSHDA reserves the right to fund NSP Entitlement communities at a later point. MSHDA will regularly review its program performance and if, after ten months, there are sufficient funds uncommitted, will consider funding requests from NSP Entitlements under the conditions set forth above for additional funding to Non-NSP Entitlement communities.

2. **Innovative Projects and/or Projects Addressing Greatest Needs.** In order to assure that a provision is made for the development of new revitalization strategies and the flexibility to address emerging needs over the 18 month NSP grant period, \$10 million is set aside to fund projects anywhere in two areas:
 - Innovative projects. Such projects will demonstrate extraordinary innovation in the area of affordable housing development and/or neighborhood stabilization. Such projects may include extraordinarily cost-effective strategies or projects which serve multiple objectives, such as the incorporation of workforce development components.
 - Projects addressing greatest need. Such projects may be funded to address an NSP eligible need for which the applicant documents an inadequate provision in both the HUD and MSHDA deployment of resources. Such a determination is likely to be made only after both the HUD and MSHDA amounts otherwise allocated for these areas are fully awarded.
3. **Balance of the State of Michigan.** The balance of the State of Michigan not addressed above includes (a) the CDBG-entitlement cities with HUD-calculated NSP amounts under \$500,000 and (b) the non-CDBG entitled areas comprising the balance of the State. For these areas, MSHDA has determined a geographic priority for the distribution of funds according to the criteria for states and localities, using the criteria described above in Section A.

These areas and the measure of their relative need as determined above are indicated in Table 2. These amounts reflect the amount of relative unmet need under MSHDA's calculations that is unmet taking into account any direct allocation already made to NSP-entitlements directly from HUD. Up to the amount of funds listed in this table, MSHDA will prioritize these areas for funding where:

- The local applications identify the greatest unmet needs according to the criteria described above for states and localities and address them appropriately.

- Propose activities which are consistent with this plan and with the NSP regulations as published by HUD on September 29, 2008.
- The application is made by an eligible local partner other than an NSP-entitled unit of local government. (Note: this restriction may not apply if the unit of local government has met the following requirements: (a) their initial awards from MSHDA are fully committed, (b) MSHDA has reviewed these activities to determine that they are in compliance with NSP regulations and the city’s NSP application for funding, and (c) sufficient progress has been made on these activities which to assure eventual completion.

The method for this prioritization will be explained in the Request for Proposals to be issued by MSHDA, but it is expected that MSHDA will make these areas eligible for a “bonus point” mechanism until relative need is met.

Example: If an area defined in Table 2 has a MSHDA identified need for \$1 million in funding, applications for funding from other local partners for that area may be eligible for bonus points for their application until this additional need has been addressed through NSP funded projects from MSHDA.

Funding for these activities may be provided through any of the following:

- Competitive proposals submitted by local community development partners, such as nonprofit organizations, units of local government, and land banks under funding rounds conducted by MSHDA.
- Individual projects proposed by nonprofit organizations (including nonprofit developers and homeownership counselors) and for-profit developers.
- Fees paid to homeownership counseling organizations in the existing LINKS counseling network with NSP funds
- Transfers of multiple parcels to state and local land banks and other local development partners.

4. **Michigan Land Bank Fast Track Authority (MLBFTA).** The MLBFTA has a portfolio of NSP eligible properties that require demolition, site clearance and maintenance for the allowable 10 year holding period as well as properties suited for rehabilitation and resale. These properties are located throughout the state however; a majority is located in Detroit and Out Wayne County. As demonstrated by HUD’s NSP funding allocation to Detroit and Wayne County, this area is among the highest need area for the state. MSHDA is awarding up to \$10 million to the MLBFTA from the \$59.21 million prioritized for the unmet needs in the balance of sate.

Summary of priority for resources. In order to assure that NSP funds are expended in a timely manner, MSHDA is not “allocating” resources to eligible activities within specific geographic areas. MSHDA is prioritizing resources according to the following methodology:

| | |
|--|---------------------|
| NSP allocation to the State of Michigan | \$98,653,915 |
| Priority for 17 CDBG Entitlement Cities not receiving a direct NSP HUD allocation (includes 10 percent admin), See Table 1 | <u>\$21,750,000</u> |

| | |
|--|---------------------|
| Balance | \$76,903,915 |
| 10 percent administrative costs | <u>\$ 7,690,391</u> |
| Balance | \$69,213,524 |
| Set-aside for projects demonstrating innovation or Addressing urgent need | <u>\$10,000,000</u> |
| Balance to allocate under MSHDA determination of needs, See Table 2 | \$59,213,524 |

Distribution and Uses of Funds. MSHDA has identified eligible end uses under the eligible NSP Use which are described in more detail in the following section of this grant submission. MSHDA has also determined the eligible applicants by eligible end use and the associated unit counts (see Table 3 on page 9). The final determination is dependant on the applications received in response to the NSP Request for Proposals and from direct activities administered by MSHDA and the MLBFTA.

Application process: MSHDA expects to employ the following application mechanisms for releasing NSP funds.

Non-HUD-NSP CDBG Entitlements (cities for which HUD calculated an allocation between \$500,000 and \$2,000,000) *plus Michigan's two non-entitled Cities of Promise* (Muskegon Heights and Benton Harbor).

Immediately upon HUD approval of the Michigan NSP Substantial Amendment, these cities may apply for an amount of NSP funds up to the HUD-calculated amount. MSHDA will issue guidance to these communities to help them submit funding applications. MSHDA expects to review:

- The identification and description of areas of greatest need
- The proposed activities, including the relative targeting of funds for the areas of greatest need.
- The targeting of at least 25 percent of funds for households at or below 50 percent of area median income
- Documentation of market conditions
- Documentation of local capacity

MSHDA expects to assess:

- The data support for identified areas of greatest need
- The allowability of the proposed activities under NSP
- Appropriateness of activities to:
 - Identified needs
 - Market conditions
 - Local capacity

Based on this assessment, MSHDA will either approve the application or ask for additional information, clarification, or corrections. Once the application is approved, MSHDA will award some portion of the total maximum grant, along with benchmark timelines for the commitment and expenditure of funds that will be required in order to amend the grant to award additional funds toward the total maximum grant.

Requests for proposals. MSHDA will issue one or more application forms for various types of NSP-eligible projects, along with deadlines for applications for funding, to local partners throughout the state. While any type of activity might be submitted for funding, this process is especially appropriate for targeted neighborhood stabilization projects involving sites that may not all be identified at the time of application, but which impact the entire neighborhood. MSHDA expects to review:

- The identification and description of areas of greatest need;
- The proposed activities, including the relative targeting of funds for the areas of greatest need;
- Documentation of market conditions; and
- Documentation of local capacity

MSHDA expects to assess:

- The data support for identified areas of greatest need for the proposed project, including
 - The extent to which NSP funds have not yet been awarded or committed by MSHDA and/or the Michigan Land Bank in that region up to the amounts prioritized in Table 2 of this NSP Substantial Amendment
- The extent to which the activities may be expected to have positive impact on overall neighborhood stabilization. MSHDA expects successful applications to address one of the following questions: Specifically, how will intervention to redevelop foreclosed, abandoned, blighted or vacant property:
 - Improve the balance in the local housing market between supply and demand (e.g., by reducing oversupply and/or increasing demand)?
 - Reduce the negative impact on property owners of depressed housing values resulting from a high incidence of foreclosure in a neighborhood market?
 - Reduce the negative impact of blighted property on housing units in the immediate neighborhood?
- The allowability of the proposed activities under NSP
- Appropriateness of activities to:
 - Identified needs
 - Market conditions
 - Local capacity
- Additional factors to promote innovation and excellence including
 - Efficient use of funds on cost-effective projects
 - Incorporation of energy efficiency and green building techniques
 - Incorporation of workforce development and/or job training elements
 - Alignment of projects in target areas with previous investment by MSHDA, other state funders, and local governments

Applications will be scored against the criteria above, or as modified and published with the application form. MSHDA will rank applications and award funding, crediting each funded application against the target amounts published in

Table 2. Once this target has been reached in a given area, scores of the other applications for that region may be adjusted to reflect a lower need for that application compared to other area of the state where these goals have not been reached. MSHDA may limit the amount of funds awarded in an initial round based on an overall amount of funds to be awarded or a cut-off score to be determined.

Once an application is approved, MSHDA will award the entire grant or some portion of a total maximum grant. If the latter, MSHDA will provide benchmark timelines for the commitment and expenditure of funds that will be required in order to amend the grant to award additional funds toward the total maximum grant.

Direct Funding. In addition to a competitive application process described above, MSHDA may maintain an open application process for direct funding for individual projects. These would be specific individual projects (i.e., specific addresses or project sites) that would be funded on a first-come, first-served basis based on an assessment in accordance with thresholds based on the factors listed above. These projects would include:

- Projects where timely site control or other factors make delay until an RFP round problematic;
- Complex projects that may require a commitment of funds for a limited period of time while elements such as site conditions, other funding sources, or local approvals are resolved (such as multifamily development projects);
- Specific projects that may be less targeted but require immediate intervention, such as the proposed displacement prevention activity to assist foreclosed homeowners.

TABLE 1**MSHDA ELIGIBLE NON-NSP ENTITLEMENT CITIES**

| Entitlement City | County | Available to Award |
|-------------------------|------------------|---------------------------|
| Ann Arbor | Washtenaw | \$ 850,000 |
| Battle Creek | Calhoun | \$ 1,950,000 |
| Bay City | Bay | \$ 550,000 |
| Benton Harbor | Berrien | \$ 200,000 |
| Dearborn Heights | Wayne | \$ 1,800,000 |
| Farmington Hills | Oakland | \$ 1,300,000 |
| Jackson | Jackson | \$ 1,700,000 |
| Kalamazoo | Kalamazoo | \$ 1,700,000 |
| Livonia | Wayne | \$ 1,450,000 |
| Muskegon | Muskegon | \$ 1,450,000 |
| Muskegon Heights | Muskegon | \$ 400,000 |
| Port Huron | St. Clair | \$ 1,250,000 |
| Roseville | Macomb | \$ 1,450,000 |
| Royal Oak | Oakland | \$ 1,000,000 |
| Saginaw | Saginaw | \$ 1,600,000 |
| St. Clair Shores | Macomb | \$ 1,750,000 |
| Wyoming | Kent | \$ 1,350,000 |
| TOTAL | | \$21,750,000 |

TABLE 2

REGIONS PRIORITIZED FOR NSP INVESTMENT

The following regions of the state will receive priority for MSHDA funding under NSP (in addition to the CDBG entitlement city funding direct from HUD or MSHDA as described elsewhere in this plan) up to the following amounts. CDBG entitlements receiving funding from HUD, or invited to apply to MSHDA in Table I, are not eligible for funding from these amounts, except as specified in the plan. Funding for local projects may be greater or less than the amounts specified below in each region.

| Counties | Amount |
|--|---------------------|
| Upper Peninsula: Gogebic, Ontonagon Houghton, Baraga, Keweenaw, Iron, Dickinson, Menominee, Delta, Schoolcraft, Marquette, Alger, Luce, Mackinac, Chippewa | \$ 1,796,277 |
| Northern Lower Peninsula: Charlevoix, Emmet, Cheboygan, Presque Isle, Antrim, Otsego, Montmorency, Alpena, Leelanau, Benzie, Grand Traverse, Kalkaska, Crawford, Oscoda, Alcona, Manistee, Wexford, Missaukee, Roscommon, Ogemaw, Iosco, Mason, Lake, Arenac | \$ 2,700,567 |
| Mid-Central: Osceola, Clare, Gladwin, Mecosta, Isabella, Midland, Gratiot | \$ 1,697,441 |
| West-Central: Oceana, Newaygo, Muskegon, Ottawa, Kent, Montcalm, Ionia, Allegan, Barry | \$ 5,653,288 |
| Capital Area: Clinton, Shiawassee, Eaton, Ingham, Livingston | \$ 2,961,846 |
| Bay-Saginaw-Genesee | \$ 4,706,434 |
| Thumb: Huron, Tuscola, Sanilac, Lapeer, St. Clair | \$ 1,469,994 |
| Southwest: Berrien, Van Buren, Cass, Kalamazoo, St. Joseph | \$ 2,520,871 |
| South: Calhoun, Jackson, Washtenaw, Branch, Hillsdale, Lenawee, Monroe | \$ 3,221,089 |
| Oakland | \$ 3,657,535 |
| Macomb | \$ 2,324,056 |
| Wayne (excluding City of Detroit) | \$ 5,442,241 |
| City of Detroit | \$21,061,885 |
| TOTAL | \$59,213,524 |

COMBINED HUD AND MSHDA NSP FUNDING

TABLE 2A

| | HUD Direct | Total HUD | MSHDA Target | Total MSHDA | Total |
|---------------------------|-------------------|------------------|---------------------|--------------------|---------------|
| Upper Peninsula | | | \$1,796,277 | \$1,796,277 | \$1,796,277 |
| Northern Lower Peninsula | | | \$2,700,567 | \$2,700,567 | \$2,700,567 |
| Mid-Central | | | \$1,697,411 | \$1,697,411 | \$1,697,411 |
| West-Central | | | \$5,653,288 | | |
| Grand Rapids | \$6,187,686 | | | | |
| Kent County | \$3,912,796 | | | | |
| Wyoming | | | \$1,350,000 | | |
| Muskegon | | | \$1,450,000 | | |
| Muskegon Heights | | | \$400,000 | | |
| West-Central Total | | \$10,100,482 | | \$8,853,288 | \$18,953,770 |
| Capital Area | | | \$2,961,846 | | |
| Lansing | \$5,992,160 | | | | |
| Capital Area Total | | \$5,992,160 | | \$2,961,846 | \$8,954,006 |
| Bay-Genesee-Saginaw | | | \$4,706,434 | | |
| Flint | \$4,224,621 | | | | |
| Genesee County | \$7,506,343 | | | | |
| Bay City | | | \$550,000 | | |
| Saginaw | | | \$1,600,000 | | |
| Total Bay-Genesee-Saginaw | | \$11,730,964 | | \$6,856,434 | \$18,587,398 |
| Thumb | | | \$1,470,024 | | |
| Port Huron | | | \$1,250,000 | | |
| Total Thumb | | | | \$2,720,024 | \$2,720,024 |
| Southwest | | | \$2,520,871 | | |
| Benton Harbor | | | \$200,000 | | |
| Kalamazoo | | | \$1,700,000 | | |
| Total Southwest | | | | \$4,420,871 | \$4,420,871 |
| South | | | \$3,221,089 | | |
| Battle Creek | | | \$1,950,000 | | |
| Jackson | | | \$1,700,000 | | |
| Washtenaw County | \$3,024,719 | | | | |
| Ann Arbor | | | \$850,000 | | |
| Total South | | \$3,024,719 | | \$7,721,089 | \$10,745,808 |
| Oakland | \$17,383,776 | | \$3,657,535 | | |
| Pontiac | \$3,542,002 | | | | |
| Southfield | \$3,241,457 | | | | |
| Waterford Twp | \$2,014,489 | | | | |
| Farmington Hills | | | \$1,300,000 | | |
| Royal Oak | | | \$1,000,000 | | |
| Total Oakland | | \$26,181,724 | | \$5,957,535 | \$32,139,259 |
| Macomb | \$9,765,375 | | \$2,324,056 | | |
| Clinton Twp | \$2,147,608 | | | | |
| Sterling Heights | \$2,454,961 | | | | |
| Warren | \$5,829,447 | | | | |
| Roseville | | | \$1,450,000 | | |
| St. Clair Shores | | | \$1,750,000 | | |
| Total Macomb | | \$20,197,391 | | \$5,524,056 | \$25,721,447 |
| Wayne | \$25,909,153 | | \$5,442,241 | | |
| Canton Twp | \$2,182,988 | | | | |
| Dearborn | \$2,436,246 | | | | |
| Lincoln Park | \$2,417,688 | | | | |
| Redford | \$3,041,364 | | | | |
| Westland | \$2,061,722 | | | | |
| Taylor | \$2,495,056 | | | | |
| Dearborn Heights | | | \$1,800,000 | | |
| Livonia | | | \$1,450,000 | | |
| Total Wayne | | \$40,544,217 | | \$8,692,241 | \$49,236,458 |
| Detroit | \$47,137,690 | \$47,137,690 | \$21,061,885 | \$21,061,885 | \$68,199,575 |
| State of Michigan | \$98,653,915 | \$98,653,915 | | | |
| Total | \$263,563,262 | \$263,563,262 | \$80,963,524 | \$80,963,524 | \$245,872,871 |
| Innovative/Emerging Needs | | | \$10,000,000 | | \$10,000,000 |
| Unallocated Admin | | | \$7,690,391 | | \$7,690,391 |
| Total | | | \$98,653,915 | | \$263,563,262 |

TABLE 3

DISTRIBUTION AND USES OF NSP FUNDS

| NSP ELIGIBLE USE | ELIGIBLE APPLICANTS (METHOD OF APPLICATION) | ELIGIBLE END USE | # NSP UNITS/\$ |
|--|---|---|--|
| 1. Financing mechanisms-interest reduction on MSHDA direct lending mortgages. (Eligible Use A) | Multifamily Nonprofit or For-Profit (FP) Developers (Direct) Nonprofits and local units of government (RFP) | Rental (MF Developments) Homebuyer Assistance (Downpayment assistance & closing costs) | 400 units total \$25 million |
| 2. Acquisition,/rehabilitation, redevelopment of abandoned and foreclosed homes and residential properties. (Eligible Use B) | Nonprofits (RFP) Local Units of Government (LUGs) (RFP) Nonprofit (NP) and For-Profit Developers (Direct) Land Banks (RFP or Direct) | Rental (SF and MF) Homeownership | 244 units total \$11 million |
| 3. Displacement prevention for foreclosed properties. (Eligible Use B) | Nonprofits (RFP) LUGs (RFP) Homeownership Counseling Agencies (RFP) | Rental/Homeownership | 160 units total \$7.7 million |
| 4. Land Banks (Eligible Use C) | Existing or newly formed land banks under Michigan law (RFP or Direct) | Acquisition and disposition or maintenance of property | 33units total \$4 million |
| 5. Demolition of blighted structures. (Eligible Use D) | Nonprofits (RFP) LUGs (RFP) Nonprofit/ For-Profit Developers (Direct) Land Banks (Direct) | Site clearance for future (within 10 years) redevelopment | 2,000 units total \$20 million |
| 6. Redevelopment of demolished or vacant properties. (Eligible Use E) | Nonprofits (RFP) LUGs (RFP) Nonprofit/ For-Profit Developers (Direct) Land Banks (RFP or Direct) | Rental (SF and MF) Homeownership Public Facilities | 311 units & 3 pub facilities \$21 million |
| Administration | MSHDA and Grantees | Administrative Costs | \$9.9 million |
| Total | | | \$98.6 million |

LUGs = Local units of government

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

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.

(2) Definition of “affordable rents.” Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program – specific requirements such as continued affordability.

Response:

MSHDA will adopt the HOME definition of “affordable rents” at 24 CFR 92.252 (a), (c), and (f).

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

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:

| <u>Investment per Unit</u> | <u>Minimum Length of the Affordability Period</u> |
|------------------------------------|---|
| 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 |

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

MSHDA will require that all NSP funded rehabilitation activities be completed in compliance with the State of Michigan Rehabilitation Code. MSHDA will strongly encourage grantees to use NSP funds to strategically incorporate modern, green building and energy efficiency improvements in all NSP activities.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$4.37 million.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

MSHDA will meet the above requirement through several different but primarily rental activities. Rental activities will include both single family and multifamily housing. Due to market conditions in Michigan at this time the majority of activities performed by our local partners will be rental in nature.

Michigan is assuring that a minimum of \$24,675,000 in NSP funds will be used to develop housing that will meet the requirement that 25% of funds be used to serve households with incomes at or below 50% of area median income. Table 3 shows estimated activities providing up to \$36,720,000 or 37 percent of funds potentially benefiting this target population. *All units counted as benefiting households under 50 percent AMI will be implemented under the NSP low-income housing objective.*

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

If so, include:

- *The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.*
- *The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).*
- *The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.*

Response:

MSHDA is using an RFP method of distribution for the majority of the NSP funding. It is impossible to accurately determine how many low- and moderate-income dwelling units will be demolished or converted. However, if HUD considers blighted, uninhabitable and unsuitable for rehabilitation units as “low/mod”, then we anticipate demolishing approximately 2,000 units through Activities B, C and D. It is believed approximately 715 units will be made available to households whose income does not exceed 50 percent of area medium income.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

The NSP substantial amendment was posted to MSHDA’s website on Tuesday, November 4, 2008, with comments taken through the close of business Wednesday, November 19, 2008. 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 NSP Plan amendment, advising them about the availability of and the comment period on the draft NSP amendment to the Action Plan. These outreach efforts informed the public that they could submit comments on the draft Plan in writing via either traditional or e-mail. A summary of the comments received and MSHDA’s response follow:

Comment: Several commenters requested that funding be directed to foreclosure prevention.

Response: Use of NSP funds for foreclosure prevention activities are prohibited by NSP statute and regulation.

Comment: Several commenters requested that the historical significance of buildings be considered prior to demolition or rehabilitation.

Response: All NSP assisted activities must go through federal environmental clearance procedures which includes review of historical significance by the State Historical Preservation Office.

Comment: One commenter objected to the encouragement of favoring projects that served multiple objectives, specifically the inclusion of workforce development components.

Response: The intent of including workforce development components into the program is to respond to Section 3 federal requirements and a need, given unemployment rates in Michigan, to collaborate to the extent feasible with local workforce employment. NSP monies will not be used for training or developing the workforce but will provide opportunity for employing workers from such local workforce development programs.

Comment: Commenters requested that single family homeownership assistance be included as an eligible finance mechanism and that low interest funding pools be allowed.

Response: Single family homeownership assistance is now included as an eligible finance mechanism. Low interest funding pools will not be allowed; it would not meet the HUD defined requirement that funds be committed within 18 months.

Comment: Commenters requested the inclusion of green energy or energy efficiency standards in the program.

Response: Energy efficiency and green standards are now specifically encouraged for inclusion in all NSP activities.

Comment: One commenter requested that more funding be used with respect to households with incomes below 50% of AMI and that affordable rents be limited to 30% of 65% of AMI.

Response: The NSP regulations allow for serving households up to 120% with 25% of the funds being targeted to households below 50% of AMI. MSHDA put this into the plan as a safe harbor. MSHDA fully expects to target a greater percentage of funds to households at or below 50% of AMI and will use that criterion in scoring applications submitted for funding. Likewise, it is expected that deeper subsidy will allow for rents affordable to 30% of 65% of AMI.

Comment: One commenter requested that displacement prevention and fair housing apply to the NSP.

Response: NSP is a federal program which falls under federal cross-cutting regulations, including requirements for uniform relocation and displacement rights and furthering fair housing.

Comment: One commenter requested that MSHDA include supportive housing as a possible use of funds under NSP.

Response: Supportive housing can be applied for under Eligible categories A, B, and E.

Comment: Several commenters requested clarification on the allocation methodology and eligible applicants.

Response: We have added information on the methodology and the eligibility requirements for applicants by eligible Use in Table 3.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

Response:

**NSP SPECIFIC ACTIVITY INFORMATION
1. FINANCING MECHANISMS**

A. Activity Name: Financing Mechanisms

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- NSP Eligible Use: A. Financing mechanisms
- CDBG Eligible Activities:
 - Reduced interest rates financing on multifamily housing developments
 - Homebuyer Assistance

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., $\leq 120\%$ of area median income)

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

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections I. A. and B. above.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity #1: Development of multifamily housing in neighborhoods which are more stable but at-risk, as a deterrent to further disinvestment through nonprofit or for-profit developers with identified capacity. MSHDA will provide interest rate buy downs or gap financing to borrowers seeking direct funding from MSHDA's Multifamily Lending

programs to acquire, rehabilitate and/or redevelop NSP eligible properties including those that are abandoned, foreclosed or vacant due to previous demolition and located in greatest need neighborhoods impacted by foreclosure.

Discount Rate: Where acquisition is required, properties will be acquired at a discount from the appraised market value in their as-is condition. MSHDA will seek to achieve a discount rate of 10% across all the properties assisted under this activity, with a minimum discount of 5%.

Range of Interest Rates: NSP funds will be used to buy down the offered interest rate by up to 200 basis points, increasing the mortgage that can be supported by the assisted property. The upfront cost of the interest rate reduction will be calculated using net present value of the reduction in the monthly payment for a period of up to 25 years. Because loans are underwritten based on a 35 year amortization, for every \$1 in NSP funds used to buy down the interest rate, developments will be able to amortize approximately \$1.20 in additional debt.

Duration or term of assistance: NSP funds used to provide interest rate buy downs will be secured as soft financing within a project repayable without interest upon sale or refinancing of the development or forgiven upon successful completion of the affordability period of up to 35 years. Rent payments received will be used for the normal costs associated with rental property or commercial property ownership, including debt service, utilities and insurance, management costs, operating and replacement reserves, and payment of reasonable and approved limited dividend distributions as approved under state law after audit. Rent revenues not used for these purposes will be considered program income; rent revenues received 60 months or more after the inception of the program will be returned to HUD unless otherwise approved by the Secretary.

For housing activities, how the design of the activity will ensure continued affordability:

MSHDA will require that units developed for rental is managed by a management entity approved by MSHDA for the management of these properties. The management entity will be familiar with HOME rental affordability requirements. 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.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 100 percent of the funds under this activity will be used to assist households at or below 50 percent of area median income.

Activity #2: Provision of homebuyer assistance to eligible purchasers who will become owner-occupants of NSP assisted housing. Provision of assistance with down

payment assistance, closing costs, and prepayments, under a lien, promissory note and/or other obligation may be provided under this eligible use for properties developed with NSP funds, especially under Eligible Uses B or E; MSHDA may also conduct this activity under Eligible Use B or E. (MSHDA will determine the specific eligible use to which this activity will be charged in order to maximize its ability to provide homeownership opportunities under the HUD regulations.)

Discount Rate: Where acquisition is required, properties will be acquired at a discount from the appraised market value in their as-is condition. MSHDA will seek to achieve a discount rate of 10% across all the properties assisted under this activity, with a minimum discount of 5%.

Range of Interest Rates: NSP funds will typically be provided as zero interest deferred loans. Loans may be forgiven in a manner consistent with the affordability requirements of 24 CFR 92.254.

Duration or term of assistance: NSP funds used to provide homebuyer assistance until the property is sold or refinanced for cash out, or until the affordability requirements in the loan, consistent with 24 CFR 92.254 are satisfied.

For housing activities, how the design of the activity will ensure continued affordability:

MSHDA will require that first mortgage loans meet appropriate loan quality and affordability standards. MSHDA expects to use the first mortgage guidelines developed by its Office of Community Development, modified as need for the NSP. Affordability will be assured by a lien, promissory note or other obligation which assure compliance with the requirements and terms of affordability set forth in 24 CFR 92.254.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 20 percent of the funds under this activity will be used to assist households at or below 50 percent of area median income.

I. Budget:

\$20,000,000, for multifamily interest rate write-downs not including the revenue generated by the repayment of program income resulting from rental revenue over and above operational requirements.

\$5,000,000, for homebuyer assistance, not including the repayment of assistance to the extent possible on the resale of units. Repayments prior to July 30, 2013, and repayments after July 30, 2013 to entities other than subrecipients will be treated as program income.

J. 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 estimates that \$20 million for multifamily development will be used to develop 400 housing units, serving the following income groups:

- <50% AMI: 400 units
- 51-80% AMI: 0 units
- 81-120% AMI: 0 units

MSHDA estimates that the \$5 million for homebuyer assistance will be used to provide homebuyer assistance to 500 housing units developed under Eligible Uses B and E, serving the following income groups:

- <50% AMI: 100 units
- 51-80% AMI: 300 units
- 81-120% AMI: 100 units

NSP SPECIFIC ACTIVITY INFORMATION
2. REDEVELOPMENT OF ABANDONED AND FORECLOSED PROPERTIES

A. Activity Name: Redevelopment of Abandoned and Foreclosed properties

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- 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
 - 570.201 (n) Direct homeownership assistance
 - 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties (may include counseling for those seeking to take part in this activity)

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., \leq 120% of area median income)

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

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections I. A. and B. above. MSHDA expects to strategically invest these funds:

- In established target areas served by high-capacity local partners, including nonprofit organizations, CHDOs units of local government and local land banks
- To respond quickly to redevelop individual properties in neighborhoods which are more stable but at-risk, as a deterrent to further disinvestment through local partners with identified capacity.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity Description: MSHDA and its local partners will identify foreclosed and abandoned properties using lists of tax and mortgage foreclosures, local records, and neighborhood research. Properties may be single-family or multi-family properties. Properties will be acquired at a discount from the appraised market value in their as-is condition, and may be acquired by MSHDA, local grantee partners of MSHDA, or by eligible NSP beneficiaries with incomes less than 120 percent of area median income. Properties will be inspected and rehabilitation will be conducted to the extent necessary to assure (a) marketability and (b) conformity with the state rehabilitation code.

Rental or homeownership: Projects may be rental (such as foreclosed multifamily structures or single family homes occupied as rentals) or homeownership, especially single-family homes.

For homeownership projects, eligible occupants will be evaluated by local partners, including HUD-approved counseling agencies and local lenders. Evaluation criteria will be based on the qualification of households for financing at conventional rates, including conventional, FHA and MSHDA mortgages may purchase redeveloped units; NSP funds may be used to provide down payment assistance or other financing mechanisms to help participating households meet these criteria.

The first priority for the disposition of single-family homes will be for owner-occupancy. Prospective buyers who cannot immediately qualify for financing at conventional rates may be permitted to rent NSP-assisted single-family homes; such households will agree to work with ongoing homeownership counseling to enable the household to be eligible for conventional financing in no more than three years. Costs of such counseling may be paid out of this activity.

Duration or term of assistance: Acquisition and rehabilitation assistance will be provided to assure that units may be developed either as owner-occupied or rental property in accordance with applicable affordability requirements. Proceeds of an affordable resale will be repaid as program income; a minimum of \$1000 of homebuyer assistance toward equity for the homebuyer, subject to recapture, will be provided to assure affordability for the period described for the amount of homebuyer assistance provided under 24 CFR 92.254. Rent payments received will be used for the normal costs associated with rental property ownership, including debt service, utilities and insurance, management costs, operating and replacement reserves, and/or deposit of rent into a separate account for NSP-eligible homebuyers to subsequently use these funds to purchase the NSP-assisted unit. Rent revenues not used for these purposes will be considered program income; rent revenues received 60 months or more after the inception of the program will be returned to HUD unless otherwise approved by the Secretary.

Discount rate: MSHDA will seek to achieve a discount rate of 15% across all the properties assisted under this activity, with a minimum discount of 5%.

Range of Interest Rates: MSHDA may approve sales to assisted households under the existing mortgage standards of the Office of Community Development. These standards require fix-rate financing at or near the best available conventional rate, including FHA-insured mortgages, RD mortgages, and MSHDA mortgages.

For housing activities, how the design of the activity will ensure continued affordability:

Homebuyers will receive a zero interest deferred or forgivable mortgage that reflects the amount of the owner's equity that is unencumbered by an affordable mortgage. Any mortgages forgiven will be in effect during the periods of affordability described in 24 CFR 92.254.

MSHDA will require that units developed for rental be managed by central management entities approved by MSHDA for the management of NSP properties for that market. These property managers will be selected by MSHDA through a request for proposals, taking capacity, existing resources, past performance and successful experience with subsidized housing programs into account. These management entities may be private property management companies, high-capacity nonprofit organizations, or local housing commissions, which are familiar with NSP program income and HOME rental affordability requirements. 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.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 20 percent of the funds under this activity will be used to assist households that are at or below 50 percent of area median income.

I. Budget:

\$11,000,000, not including the revenue generated by the repayment of program income resulting from the sale of properties

J. 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 244 units will be redeveloped in this manner, serving the following income groups:

- <50% AMI: 20 percent of funds or \$2,200,000
- 51-80% AMI: 60 percent of funds or \$6,600,000
- 81-120% AMI: 20 percent of funds or \$2,200,000

NSP SPECIFIC ACTIVITY INFORMATION
3. DISPLACEMENT PREVENTION FOR FORECLOSED HOUSEHOLDS

A. Activity Name: Displacement Prevention for Foreclosed Households

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- 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
 - 570.201 (n) Direct homeownership assistance
 - 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties (may include counseling for those seeking to take part in this activity)

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., ≤ 120% of area median income)

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

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections I. A. and B. above.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity Description: MSHDA will work with local partners and use available data to identify households for whom foreclosure cannot be prevented or avoided. HUD-approved counseling agencies will evaluate these households to identify needed support to be successful rental tenants in their current home, including the amount of monthly rent they can afford. Households approved for participation will be given the option of deeding deed their home back to their lender in lieu of foreclosure under the following conditions:

- The lender has agreed to sell the unit to a participating nonprofit organization at a pre-determined discount from appraised value;
- Any necessary repairs have been identified and will be implemented by the nonprofit owner.
- The non-profit will rent to the current occupants for an affordable rent (a portion of the rent may be set-aside in a home purchase account)

Rental or homeownership: Assisted households will be evaluated by a HUD-approved counseling agency to develop a plan to enable the household to move toward repurchase of their home. Households which purchase must qualify for financing at conventional rates, including conventional, FHA and MSHDA mortgages may purchase redeveloped units.

Participations will be subject to pre-qualification review by the local nonprofit owner and/or homeownership counseling agency to determine the cause of the foreclosure; participation will be limited to those who have generally demonstrated responsible homeownership, have lost their home through extenuating circumstances such as job loss or other loss of income, medical emergencies, or sub-prime loan or other unreasonable/unrealistic initial underwriting by the lender at the time of the purchase. Prospective participants must agree to work with ongoing homeownership counseling to enable the household to be eligible for conventional financing in no more than three years. Costs of such counseling may be paid out of this activity.

Duration or term of assistance: Term of assistance will terminate when one of the following occurs:

- Eventual sale of the home to the originally assisted household or another homebuyer (if a non-NSP eligible household eventually purchases the unit, the proceeds must be repaid as program income under any rules and interpretations then in effect by HUD). NSP-eligible buyers may receive a minimum of \$1000 of homebuyer assistance toward equity for the homebuyer, subject to recapture to assure further affordability for the period described for the amount of homebuyer assistance provided as specified in 24 CFR 92.254.
- The end of the applicable rental affordability period under 24 CFR 92.252. Rent payments received will be used for the normal costs associated with rental property ownership, including debt service, utilities and insurance, management costs, operating and replacement reserves, and/deposited into a separate account that may be used by the tenants or other eligible purchasers for the purchase of that NSP-assisted unit. Rent revenues not used for these purposes will be considered program income. All properties so assisted are expected to be owner

occupied within five years; however, if required by HUD, any rent revenues received 60 months or more after the inception of the program will be returned to HUD unless otherwise approved by the Secretary.

Discount rate: MSHDA will seek to achieve a discount rate of 10% across all the properties assisted under this activity, with a minimum discount of 5%.

Range of Interest Rates: MSHDA may approve sales to assisted households under the existing mortgage standards of the Office of Community Development. These standards require fixed-rate financing at or near the best available conventional rate, including FHA-insured mortgages, RD mortgages, and MSHDA mortgages.

For housing activities, how the design of the activity will ensure continued affordability:

Homebuyers will receive a zero interest deferred or forgivable mortgage that reflects the amount of the owner's equity that is unencumbered by an affordable mortgage. Any mortgages forgiven will be in effect during the periods of affordability described in 24 CFR 92.254.

MSHDA will require that units developed for rental be managed by central management entities approved by MSHDA for the management of NSP properties for that market. These property managers will be selected by MSHDA through a request for proposals, taking capacity, existing resources, past performance and successful experience with subsidized housing programs into account. These management entities may be private property management companies, high-capacity nonprofit organizations, or local housing commissions, which are familiar with HOME rental affordability requirements. 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.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 10 percent of the funds under this activity will be used to assist households at or below 50 percent of area median income.

I. Budget:

\$7,700,000, not including the revenue generated by the repayment of program income resulting from the sale of properties

J. 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 estimates that 135 units will be redeveloped in this manner, serving the following income groups:

- <50% AMI: 10 percent of funds or \$770,000
- 51-80% AMI: 60 percent of funds or \$4,620,000
- 81-120% AMI: 30 percent of funds or \$2,310,000

NSP SPECIFIC ACTIVITY INFORMATION
4. LAND BANKS

A. Activity Name: Land Banking

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- NSP Eligible Uses: (C) Establish land banks for homes that have been foreclosed upon.
- CDBG Eligible Activities:
 - 570.201 (a) Acquisition
 - 570.201 (b) Disposition

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., $\leq 120\%$ of area median income)

The activity will assist LMMI neighborhoods, as defined by HUD using the applicable area median income levels for the community.

OR

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

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections I. A. and B. above.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity Description: Michigan Land Bank Fast Track Authority and locally established land banks will identify foreclosed homes within targeted neighborhoods meeting the LMMI area benefit requirements. The land banks will acquire and dispose of the

property by 1) holding and maintaining the home in its portfolio for future redevelopment (within 10 years) or 2) demolish the home if it is blighted and maintain the property in its portfolio or 3) sell the cleared site to a developer for redevelopment or 4) rehabilitate the home and either sell to an eligible homeowner or to a local partner as rental property.

The MLBFTA will develop a strategic approach to these projects in collaboration with the State of Michigan workforce development programs, providing job training for displaced workers and neighborhood residents.

The determination on eligible properties for demolition will be based on the following:

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.

Homeownership: Eligible homebuyers will be referred by local partners, including HUD-approved counseling agencies and local lenders. Households which qualify for financing at conventional rates, including conventional, FHA and MSHDA mortgages may purchase redeveloped units.

Duration or term of assistance: Acquisition and rehabilitation assistance will be provided to assure that units may be redeveloped either as owner-occupied or rental property in accordance with applicable affordability requirements. Proceeds of an affordable resale will be repaid as program income; a minimum of \$1000 of homebuyer assistance toward equity for the homebuyer, subject to recapture, will be provided to assure affordability for the period described for the amount of homebuyer assistance provided under 24 CFR 92.254. Rent payments received will be used for the normal costs associated with rental property ownership, including debt service, utilities and insurance, management costs, operating and replacement reserves, and/or a savings account that may be used by the tenants for future purchase of a home. Rent revenues not used for these purposes will be considered program income; rent revenues received 60 months or more after the inception of the program will be returned to HUD unless otherwise approved by the Secretary.

Discount rate: MSHDA will seek to achieve a discount rate of 15% across all the properties assisted under this activity, with a minimum discount of 5%.

For housing activities, how the design of the activity will ensure continued affordability:

Homebuyers will receive a zero interest deferred or forgivable mortgage that reflects the amount of the owner's equity that is unencumbered by an affordable mortgage. Any mortgages forgiven will be in effect during the periods of affordability described in 24 CFR 92.254.

MSHDA will require that units developed for rental are managed by a management entity familiar with HOME rental affordability requirements. 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.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 10 percent of the funds under this activity will be used to assist households at or below 50 percent of area median income.

I. Budget:

\$4,000,000, not including the revenue generated by the repayment of program income resulting from any sale of properties.

J. 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 estimates that \$2.5 million will be used to redevelop 33 housing units, serving the following income groups:

- <50% AMI: 10 percent of funds or \$250,000
- 51-80% AMI: 70 percent of funds or \$1,750,000
- 81-120% AMI: 20 percent of funds or \$500,000

MSHDA estimates that \$1.5 million will be used to acquire, demolish and maintain 175 units.

NSP SPECIFIC ACTIVITY INFORMATION
5. DEMOLITION OF BLIGHTED STRUCTURES

A. Activity Name: Demolition of Blighted Structures

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- NSP Eligible Uses: (D) Demolish blighted structures
- CDBG Eligible Activities:
 - 570.483 (b) Activities benefitting low and moderate income persons

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., $\leq 120\%$ of area median income)

Area wide LMMI benefit: The activity will assist LMMI neighborhoods, as defined by HUD using the applicable area median income levels for the community.

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections A. and B. above.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity Description: MSHDA and its local partners will identify blighted structures within targeted neighborhoods meeting the LMMI area benefit requirements. The determination on eligible properties for demolition will be based on the following:

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.

Priority will be given to tax reverted property owned by a municipality, a county, or the state **OR** owned or under control of a land bank fast track authority. Privately owned properties will also be considered for demolition.

Once the blighted structure(s) is identified, the local partner or land bank fast track authority will contract and/or perform eligible activities. Eligible activities are costs directly associated with:

- Deconstruction and demolition (includes utility shut-off and hazardous materials testing and removal)
- Clearance, removal and disposition of materials
- Site restoration (grading, seeding, and curb replacement)

The MLBFTA will develop a strategic approach to these projects in collaboration with the State of Michigan workforce development programs, providing job training for displaced workers and neighborhood residents.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

No, this activity will produce cleared sites that alleviate the negative impact of blight on the LMMI neighborhood resulting in positive area wide benefit.

I. Budget:

\$20,000,000, not including the revenue generated by the repayment of program income resulting from any sale of properties.

J. 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 estimates that 2,000 units will be cleared in this manner.

NSP SPECIFIC ACTIVITY INFORMATION
6. REDEVELOPMENT OF DEMOLISHED OR VACANT PROPERTIES

A. Activity Name: Redevelopment of Demolished or Vacant Properties

B. Activity Type: (include NSP eligible use & CDBG eligible activity)

- NSP Eligible Use:
 - E. Redevelop demolished or vacant properties
- CDBG Eligible Activities:
 - 570.201 (a) Acquisition
 - 570.201 (b) Disposition
 - 570.201 (c) Public facilities and improvements
 - 570.201 (e) Public services for housing counseling, but only to the extent that the counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties
 - 570.201 (i) Relocation
 - 570.201 (n) Direct homeownership assistance
 - 570.204 New construction, under modifications to the community based development organization (CBDO) and/or 105(a)(15) nonprofit requirements incorporated in the NSP

C. National Objective: (Must be a national objective benefiting low and moderate income persons, as defined in the HERA—i.e., $\leq 120\%$ of area median income)

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

OR

The activity will assist LMMI neighborhoods (area wide benefit), as defined by HUD using the applicable area median income levels for the community.

D. Projected Start Date: February 1, 2009

E. Projected End Date: June 1, 2010

F. Responsible Organization: (Include name and address)

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

G. Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Activities will be conducted in locations consistent with areas of identified need listed in Sections I. A. and B. above. MSHDA expects to strategically invest these funds:

- In established target areas served by high-capacity local partners, and
- To redevelop properties in neighborhoods or adjacent downtowns which are more stable but at-risk, as a deterrent to further disinvestment through local partners with identified capacity.

H. Activity Description: (Include area of greatest need; expected benefit to income-qualified persons; tenure of beneficiaries--rental or homeownership; duration or term of assistance; discount rate--if includes acquisition of real property; range of interest rates--if any.)

Activity Description: MSHDA and its local partners will identify vacant structures, vacant property and demolished properties using local records and neighborhood research. Vacant structures may be commercial, single-family or multi-family properties. Activities under this section may be limited to acquisition only for blighted structures, with additional activity on these sites to be conducted under “(D) Demolish blighted structures”; i.e., activities under this section may be combined with (D) to permit entities other than land banks to acquire blighted properties for demolition.

It is expected that developers will collaborate with the State of Michigan workforce development programs, providing job training for displaced workers and neighborhood residents.

Properties will be acquired at a *discount* from the appraised market value in their as-is condition, and may be acquired by MSHDA, local grantee partners of MSHDA, or by nonprofit or for-profit developers. Properties will be inspected and redeveloped to the extent necessary to assure (a) marketability and (b) conformity with local codes.

Redeveloped properties may be mixed use commercial, public facilities, rental, or homeownership: For rental and homeowner activities, eligible occupants will be evaluated by local partners, including HUD-approved counseling agencies and local lenders. Households which qualify for financing at conventional rates, including conventional, FHA and MSHDA mortgages may purchase redeveloped units; those who do not qualify may rent redeveloped units.

Duration or term of assistance: Acquisition and redevelopment assistance will be provided to assure that 1) units developed as either as owner-occupied or rental property will be in accordance with applicable affordability requirements and 2) properties redeveloped as mixed use commercial or public facilities will meet the area wide benefit requirements. Proceeds of an affordable resale will be repaid as program income; a minimum of \$1000 of homebuyer assistance toward equity for the homebuyer, subject to recapture, will be provided to assure affordability for the period described for the amount of homebuyer assistance provided under 24 CFR 92.254. Rent payments received will be used for the normal costs associated with rental property or commercial property ownership, including debt service, utilities and insurance, management costs, operating and replacement reserves, and/or deposit of rent into a separate account for NSP-eligible

homebuyers to subsequently use these funds to purchase the unit or another NSP-eligible unit. Rent revenues not used for these purposes will be considered program income; rent revenues received 60 months or more after the inception of the program will be returned to HUD unless otherwise approved by the Secretary.

Discount rate: MSHDA will seek to achieve a discount rate of 15% across all the properties acquired under this activity, with a minimum discount of 5%.

Range of Interest Rates: MSHDA may approve sales to assisted households under the existing mortgage standards of the Office of Community Development (attached). These standards require fix-rate financing at or near the best available conventional rate, including FHA-insured mortgages, RD mortgages, and MSHDA mortgages.

For housing activities, how the design of the activity will ensure continued affordability:

Homebuyers will receive a zero interest deferred or forgivable mortgage that reflects the amount of the owner's equity that is unencumbered by an affordable mortgage. Any mortgages forgiven will be in effect during the periods of affordability described in 24 CFR 92.254.

MSHDA will require that units developed for rental be managed by a one or more management entities approved by MSHDA for the management of NSP properties. These management entities may be private property management companies, high-capacity nonprofit organizations, or local housing commissions, which are familiar with HOME rental affordability requirements. 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.

Are funds used to provide housing for persons whose incomes do not exceed 50% of area median? If so, include the estimated percentage of funds used for this purpose.

MSHDA estimates that 61% percent of the funds under this activity will be used to assist households at or below 50 percent of area median income.

I. Budget:

\$21,000,000, not including the revenue generated by the repayment of program income resulting from the sale of properties

J. 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 estimates that \$17 million will be used to redevelop 311 housing units, serving the following income groups:

- <50% AMI: 59 percent of funds or \$12,500,000

- 51-80% AMI: 16 percent of funds or \$3,500,000
- 81-120% AMI: 4 percent of funds or \$1,000,000

MSHDA estimates that \$4 million will be used to redevelop 3 commercial or public facilities with area or limited clientele benefit at 120 percent AMI or below.

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction 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-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** 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.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction 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.
- (6) **Section 3.** The jurisdiction 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.
- (7) **Citizen Participation.** The jurisdiction 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.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement 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.
- (11) **Assessments.** 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

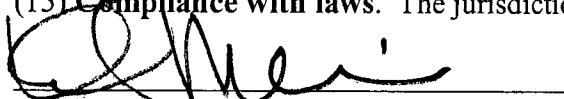
improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public 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: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) 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 non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** 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 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 will comply with applicable laws.



Signature/Authorized Official

November 26, 2008

Date

Executive Director, Michigan State Housing Development Authority

Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

| | |
|--|--|
| Jurisdiction(s): State of Michigan Lead Agency: Michigan State Housing Development Authority Jurisdiction Web Address: http://www.michigan.gov/mshda/0,1607,7-141-7559_9643_9727-202883--,00.html <i>(URL where NSP Substantial Amendment materials are posted)</i> | NSP Contact Person: Mr. Keith Molin Address: 735 E. Michigan Avenue Lansing, Michigan, 48912 Telephone: (517) 373-6022 Fax: (517) 373-7657 Email: molink@michigan.gov |
| | |

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction?

Yes No . Verification found on page 1.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on page 5.

Note: The grantee’s narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of “blighted structure” in the context of state or local law,
 Yes No . Verification found on page 15.

- a definition of “affordable rents,”
 Yes No . Verification found on page 15.

- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 15.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on page 16.

D. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 16.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 16.
Amount budgeted = \$24,675,000.

E. ACQUISITIONS & RELOCATION

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes No . (If no, continue to next heading)
Verification found on page 17.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No . Verification found on page 17.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No . Verification found on page 22, 25, 29, 32, & 37.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No . Verification found on page 22, 25, 29, 32, & 37.

F. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes No Verification found on page 17.

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page 17.

G. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No Verification found on page 19-38.
- correlated eligible activity under CDBG,
Yes No Verification found on page 19-38.
-
- the areas of greatest need addressed by the activity or activities,
Yes No Verification found on page 1.
- expected benefit to income-qualified persons or households or areas,
Yes No Verification found on page 22, 25, 29, 32, &37.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No Verification found on page 22, 25, 29, 32, &37.
- appropriate performance measures for the activity,
Yes No Verification found on page 22, 25, 29, 32, &37.
- amount of funds budgeted for the activity,
Yes No Verification found on page 21, 25, 28, 32, 34, &37.
- the name, location and contact information for the entity that will carry out the activity,
Yes No Verification found on page 1.
- expected start and end dates of the activity?
Yes No Verification found on page 19, 23, 26, 30, 33,&35.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,
Yes No Verification found on page 20, 25, 28, 31, & 37.

- If the activity provides financing, the range of interest rates (if any),
Yes No . Verification found on page 20, 25, 28, 31.
- If the activity provides housing, duration or term of assistance,
Yes No . Verification found on page 20, 24, 27,31.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on page 19, 20, 24, 27, 32.
- does it ensure continued affordability?
Yes No . Verification found on page 21, 25, 28, 32.

H. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds \leq 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |