

**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application		2. DATE SUBMITTED 2/25/2011	Applicant Identifier B-11-MN-26-0014
<input type="checkbox"/> Construction	<input type="checkbox"/> Pre-application	3. DATE RECEIVED BY STATE	State Application Identifier
<input checked="" type="checkbox"/> Non-Construction	<input type="checkbox"/> Construction	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
<input type="checkbox"/> Non-Construction			

5. APPLICANT INFORMATION	
Legal Name: City of Warren, a Michigan Municipal Corporation	Organizational Unit: Department: Community, Economic, and Downtown Development
Organizational DUNS: 106637569	Division: Office of Community Development
Address: Street: One City Square, Suite 210	Name and telephone number of person to be contacted on matters involving this application (give area code)
City: Warren	Prefix: MS.
County: Macomb	First Name: Rosemarie
State: MI	Middle Name: C.
Zip Code: 48093	Last Name: Furlong
Country: USA	Suffix:
	Email: rfurlong@cityofwarren.org

6. EMPLOYER IDENTIFICATION NUMBER (EIN): [3][8]-[6][0][0][6][9][3][1]	Phone Number (give area code) (586) 574-4686	Fax Number (give area code) (586) 574-4685
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8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) <input type="checkbox"/> <input type="checkbox"/>	7. TYPE OF APPLICANT: (See back of form for Application Types) C-Municipality Other (specify)
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10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: [1][4]-[2][1][8]	9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development
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11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Neighborhood Stabilization Program 3	12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): City of Warren, Macomb County, Michigan
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13. PROPOSED PROJECT Start Date: 4/1/2011	Ending Date: 3/31/2014	14. CONGRESSIONAL DISTRICTS OF: a. Applicant 12th	b. Project 12th
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15. ESTIMATED FUNDING:	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
a. Federal \$ 1,735,633. ⁰⁰	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:
b. Applicant \$. ⁰⁰	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372
c. State \$. ⁰⁰	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
d. Local \$. ⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
e. Other \$. ⁰⁰	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No
f. Program Income \$ 270,000. ⁰⁰	
g. TOTAL \$ 2,005,663. ⁰⁰	

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative	
Prefix Mr.	First Name James
Last Name Fouls	Middle Name R.
b. Title Mayor, City of Warren	Suffix
d. Signature of Authorized Representative	c. Telephone Number (give area code) (586) 574-4520
	e. Date Signed 2/25/2011

NSP3 SUBSTANTIAL AMENDMENT

CITY OF WARREN 2010-2011 HOUSING AND COMMUNITY DEVELOPMENT ACTION PLAN

1. INTRODUCTION AND GRANTEE INFORMATION

Jurisdiction(s): <u>City of Warren, Michigan</u> Jurisdiction Web Address: <u>cityofwarren.org</u> <i>(URL where NSP3 Substantial Amendment materials are posted)</i>	NSP3 Contact Person: <u>Rosemarie Furlong</u> Address: <u>Office of Community Development</u> <u>One City Square, Ste. 210</u> <u>Warren, MI 48093</u> Telephone: <u>(586) 574-4686</u> Fax: <u>(586) 574-4685</u> Email: <u>rfurlong@cityofwarren.org</u>

The City of Warren anticipates receiving \$1,735,633 in NSP3 Funds from the federal government. NSP3 is round three of the Neighborhood Stabilization Program administered by the U.S. Department of Housing and Urban Development (HUD).

Funding for NSP3 is provided under the Dodd-Frank Act of 2010. NSP3 funds are considered Community Development Block Grant (CDBG) funds and, unless specifically addressed by statute, all of the rules and regulations covering CDBG apply to NSP3. Other regulations that apply to NSP3 are included in Section 2301(b) of the Housing and Economic Recovery Act of 2008 (HERA) as amended and in Title XII of Division A of the American Recovery and Act of 2009 (ARA) as amended.

These funds are provided to stabilize neighborhoods whose viability have been, and continue to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. Households occupying NSP3 assisted properties must have incomes less than or equal to 120 percent of Area Median Income (AMI). In addition, 25 percent of all NSP3 funds must be spent on housing for households whose income does not exceed 50 percent of AMI. Attachment A is a schedule showing NSP3 income data.

For the purpose of administering NSP3 funds eligible households are divided into three income groups as follows:

- Low Income (Low) < 50% AMI
- Moderate Income (Mod) > 50% AMI and ≤ 80% AMI
- Middle Income (Mid) > 80% AMI and ≤ 120% AMI

Anticipated revenues and proposed activities are summarized in tables below.

TABLE 1. NSP3 REVENUES

<u>Anticipated NSP3 Revenues</u>	<u>Amount</u>
Entitlement	\$1,735,633.00
Estimated Program Income (from sale of 9 Rehab Resale Homes)	270,000.00
Total	\$2,005,633.00

TABLE 2. Proposed NSP3 Activities

Activity No.	Activity Title/ Description	Proposed Allocation	Accomplishments/ Beneficiaries/ Location	Anticipated Start/ Completion Date
NSP3-01	Acquisition New Construction (Entitlement) – New homes will be constructed by City or a developer such as Macomb Habitat for Humanity on demolished or vacant properties or in place of blighted abandoned or foreclosed homes that are unsuitable for rehabilitation. The homes will be sold to households whose income does not exceed 50 percent of AMI who will occupy the home as their primary residence. Downpayment and closing cost assistance will be paid with proceeds from sale. It is estimated 90% of these funds will be spent on projects and 10% on activity delivery.	\$459,000 entitlement	Estimate 3 homes/ 3 Low, 0 Mod, 0 Mid income households/ All will be built in NSP3 Target Areas*, anticipate – 2 homes in “Van Dyke 3” and 1 home in “Fitzgerald 3”	07-01-2011/ 03-31-2014
NSP3-02	Rehabilitation Resale (Entitlement and 90% of Estimated Program Income) - City will acquire abandoned or foreclosed homes in NSP3 Target Areas. The homes will be rehabilitated and resold to NSP3 eligible households who will occupy them as their primary residence. Downpayment and closing cost assistance will be paid with proceeds from sale. It is estimated 90% of these funds will be spent on projects and 10% on activity delivery.	\$988,070 entitlement; \$243,000 estimated program income; (\$1,231,070 total)	11 homes/ anticipate 0 Low, 5 Mod, 6 Mid income households/ All homes will be in NSP3 Target Areas*, anticipate – 6 homes in “Van Dyke 3” and 5 homes in “Fitzgerald 3”.	07-01-2011/ 03-31-2014
NSP3-03	Demolition of Blighted Residential Structures – City will demolish blighted residential structures. All will be in NSP3 Target Areas. It is estimated 85% of these funds will be spent on projects and 15% on activity delivery.	\$115,000 entitlement	25 blighted residential structures/ All will be in NSP3 Target Areas*, anticipate – 15 structures in “Van Dyke 3” and 10 in “Fitzgerald 3”	07-01-2011/ 03-31-2014
NSP3-04	NSP3 Administration (Entitlement and 10% of Estimated Program Income)	\$173,563 entitlement; \$27,000 estimated program income; (\$200,563 total)	NA	NA
	Total Entitlement	\$1,753,633		
	Total Program Income (Estimated)	\$270,000		

* NSP3 Target Areas are described in Section 2 below and shown on Map 1.

2. AREAS OF GREATEST NEED/TARGET AREAS

Because of the overwhelming need and the limited monies available, the NSP3 regulations require the City to limit the expenditure of funds to defined Target Areas. The regulations also require the selection of Target Areas where the need is great and the number of properties that will be addressed will make an impact on the neighborhood. Attachment B contains NSP3 Planning Data for each Target Area as provided by HUD. This data must be used to assess area need and estimate the number of properties that must be addressed to make an impact.

The NSP3 Target Areas identified by the City are “Van Dyke 3” bound by Van Dyke Avenue on the west, I-696 to the north, Hoover Road on the east and Toepfer Road to the South (except for the portion of this area inside the City of Center Line) and “Fitzgerald 3” bound by Dequindre Road on the west, Stephens Road to the north, Mound Road on the east and Toepfer Road to the South (see Map 1 attached). “Van Dyke 3” has an NSP3 (need) Score of 19.44 out of 20 and “Fitzgerald 3” has an NSP3 (need) Score of 19 out of 20. Eligible NSP3 Target Areas must have an NSP3 (need) Score of at least 17. In addition, HUD has estimated the number of abandoned or foreclosed properties that must be addressed either thorough demolition, rehabilitation, or redevelopment to have an impact is 27 in “Van Dyke 3” and 24 in “Fitzgerald 3”. The proposed activities would address 23 properties in “Van Dyke 3” and 16 in “Fitzgerald 3”.

In addition to meeting HUD’s Target Area requirements, the City’s NSP3 Target Areas were selected because the investment of NSP3 funds will build on the investment of other resources in these areas. In the “Van Dyke 3” area, NSP1 and HOME funds were used to: rehabilitate or build 10 homes on abandoned or foreclosed properties, demolish 11 blighted residential properties, acquire and demolish North Bay Machinery a blighted industrial building adjacent to the City’s Owen Jax Recreation Center, and fund the construction of a new park and parking lot at Owen Jax. In the “Fitzgerald 3” area: NSP1 and HOME funds were used to rehabilitate or build 10 homes on abandoned or foreclosed properties, and demolish 1 blighted residential property. In addition, Van Dyke School District’s main campus which includes Lincoln High, Lincoln Middle, and Lincoln Elementary schools is in the “Van Dyke 3” area and the Fitzgerald School District High School is in the “Fitzgerald 3” area. The investment of NSP3 funds in these areas compliments the significant expenditures the school districts have made on these facilities in recent years.

Finally, the Target Areas contain sustainable, environmentally friendly neighborhoods. Both areas include residential neighborhoods laid out in a grid pattern with commercial development on the major east – west and north –south roads located at one mile intervals. Both areas have at least one full service grocery store with other retail facilities located along the major roads. Both areas have community resources that include churches; public schools; and city operated libraries, parks, and community centers. City sidewalks present along every street connect residents to community resources and retail facilities. Both areas are transit accessible with reasonable proximity to bus routes operated by SMART or the Detroit Department of Transportation (DDOT) providing scheduled service every 20 minutes during rush hour along Eight Mile, Nine Mile, John R, Van Dyke, Gratiot and Schoenherr.

3. **DEFINITIONS AND DESCRIPTIONS FOR NSP3**

A) *Abandoned* – A home or residential property is abandoned if either (a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or (b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or (c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law or otherwise meets a state definition of an abandoned home or residential property.

B) *Blighted Structure* – A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. More specifically, a blighted structure must be a dangerous building as defined in Chapter 9, Article VI, Section 9-165 of City of Warren Ordinance 80-625. In addition, the estimated cost to rehabilitate the structure in compliance with the City’s Property Maintenance Code must be greater than 50 percent of the estimated cost to build a new 980 sq. ft. one story single family residence without a basement, where construction cost is estimated as \$100.95/sq. ft. \$100.95/sq. ft. is the average square foot construction cost for group VB single family residences published by the International Code Council August 2010. 980 sq. ft. is the minimum size single family dwelling allowed by the City of Warren Zoning Ordinance on lots less than 60 feet in width which were in existence on July 21, 1960.

C) *Current Market Appraised Value* – The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with either (1) the appraisal requirements of the Uniform Relocation Act (URA) at 49 CFR 24.103, or (2) the Uniform Standards of Professional Appraisal Practice (USPAP), or (3) the appraisal requirements of the Federal Housing Administration (FHA) or a government sponsored enterprise (GSE); and the appraisal must be completed or updated within 60 days of a final offer made for the property by a grantee, subrecipient, developer, or homebuyer. However, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.

D) *Foreclosed* – A home or residential property “has been foreclosed upon” if any of the following conditions apply: (a) the property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified; (b) the property owner is 90 days or more delinquent on tax payments; (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed; or (d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, subrecipient, developer, or end user.

E) *Affordable Rents* - At the present time the City does not propose undertaking any activities that will produce units of rental housing. If the City did undertake such an activity, HOME Investment Partnership Program (HOME) monthly rent limits for affordable rents will be used. For households with an income at or above 50 percent of Area Median Income (AMI) renting NSP3 assisted units, the maximum contract rent plus tenant paid utilities will be the High

HOME rent. High HOME rent is the lesser of the HUD Fair Market Rent (FMR) or 30 percent of the adjusted income of a household whose annual income is 65 percent of AMI.

For households with an income less than 50 percent of AMI renting NSP3 assisted units, the maximum contract rent plus tenant paid utilities will be the Low HOME rent. Low HOME rent is the lesser of the HUD Fair Market Rent (FMR) or 30 percent of the adjusted income of a household whose annual income is 50 of AMI.

FMR, High HOME rent and Low HOME rent are established by HUD for units of varying sizes (by number of bedrooms). The rent limits currently in effect are listed in the table below.

Monthly Rent Limits (Contract Rent plus Tennant Paid Utilities)*							
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
FMR	\$584	\$665	\$796	\$952	\$981	\$1128	\$1275
High HOME Rent	\$594	\$676	\$809	\$968	\$997	\$1147	\$1296
Low HOME Rent	\$594	\$665	\$798	\$923	\$997	\$1135	\$1242
*Effective May 2010							

For the purpose of determining the maximum allowed rent, the value of tenant paid utilities will be calculated using the Michigan State Housing Development Authority (MSHDA) Region I Utility Schedule.

Affordable rent limits will be enforced through deed restrictions and a lien, in the amount of the total NSP3 investment in the project, during a period of affordability. The period of affordability will be based on the average per unit investment of NSP3 funds according to the schedule in Table 3.

Table 3 Affordability Period for Rental Units	
Affordability Period	Average Amount of NSP3 Funds Invested Per Rental Unit
5 years	Less than \$15,000
10 years	\$15,000 - \$40,000
15 years	Greater than \$40,000

During the period of affordability, the NSP3 assisted units must be rented to households at or below 120 percent AMI. During the period of affordability, the contract rent plus tenant paid utilities must not exceed the monthly limits defined above. Finally, during the affordability period, the NSP3 assisted units must be maintained in compliance with the City's Property Maintenance Ordinance. The owner must allow the City or its representative to make on site inspections to determine compliance with this requirement. These inspections shall be made not less frequently than once every five years during the affordability period.

During the affordability period, interest at a rate set forth in policies adopted for the administration of this activity will accrue. These policies and the interest rate may be changed from time to time. During the affordability period, no payments will be due. At the end of the affordability period, if there has been compliance with the above requirements, the deed restrictions will be removed and the lien discharged. Owners failing to comply with the above requirements must repay the entire amount of the NSP3 assistance plus accrued interest.

F) *NSP3 Downpayment Assistance and Continued Affordability*

NSP3-01 Acquisition New Construction

Each home will be sold at the lesser of market value or activity costs to an NSP3 eligible homebuyer whose household income does not exceed 50% AMI. A schedule of NSP3 income limits can be found in Attachment A. The homebuyer must use the home as their primary residence. Each buyer will receive NSP3 funds for downpayment and closing cost assistance. The minimum amount of downpayment and closing cost assistance provided to the homebuyers will be \$1,000 and the maximum amount will be 20 percent of the sales price. Buyers must obtain mortgage financing to cover the balance of the purchase. The amount of assistance will be set forth in policies adopted for the administration of the activity. These policies may be changed from time to time. The proceeds from the sale will be returned to the City unless Warren City Council approves a contract allowing the developer to retain the proceeds. Proceeds returned to the City or restricted proceeds retained by the developer must be used for additional NSP3 eligible activities in the City of Warren.

To ensure the continued affordability of the NSP3 assisted home, the amount of the NSP3 funds provided for downpayment and closing cost assistance will be a loan subject to recapture during an affordability period. The loan will be secured by a second lien on the property purchased. Payments on the loan will be deferred and the loan will be forgiven at the end of the affordability period. If the homebuyer sells the home or ceases to use it as a principal residence during the affordability period, the NSP3 funds provided for downpayment and closing cost assistance will be recaptured. The recaptured funds will be used for additional NSP3 eligible activities. The length of the affordability period will be based on the total amount of downpayment and closing cost assistance received and determined according to the schedule in Table 4.

NSP3-02 Rehabilitation Resale

Each home will be sold at the lesser of market value or activity costs to an NSP3 eligible homebuyer whose household income is at or below 120% AMI. A schedule of NSP3 income limits can be found in Appendix A. The homebuyer must use the home as their primary residence. Each buyer will receive NSP3 funds for downpayment and closing cost assistance. The minimum amount of downpayment and closing cost assistance provided to the homebuyers will be \$1,000 and the maximum amount will be 20 percent of the sales price. Buyers must obtain mortgage financing to cover the balance of the purchase. The amount of assistance will be set forth in policies adopted for the administration of the activity. The policies may be changed from time to time. The

proceeds from the sale will be returned to the City and will be used for additional NSP3 eligible activities.

The amount of the NSP3 funds provided for downpayment and closing cost assistance will be a loan subject to recapture during an affordability period. The loan will be secured by a second lien on the property purchased. Payments on the loan will be deferred and the loan will be forgiven at the end of the affordability period. If the homebuyer sells the home or ceases to use it as a principal residence during the affordability period, the NSP3 funds will be recaptured. The recaptured funds will be used for additional NSP3 eligible activities. The length of the affordability period will be based on the total amount of downpayment and closing cost assistance received and determined according to the schedule in Table 4.

General

The amount of downpayment and closing cost assistance that will be provided to a homebuyer is also subject to restrictions that may be imposed by the homebuyer’s lender. Some buyers may also receive HOME funded downpayment and closing cost assistance. The affordability period for buyers receiving both NSP3 and HOME funded downpayment and closing cost assistance will be based on the total amount of assistance received. The length of all affordability periods will be determined according to the schedule in Table 4.

Table 4
 Affordability Period for Homeownership Units

Affordability Period	Amount of Combined NSP3 and HOME Funded Downpayment and Closing Cost Assistance
5 years	Less than \$15,000
10 years	\$15,000 - \$40,000
15 years	Greater than \$40,000

G) *Vicinity Employment* – To the maximum extent practical, the City will provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses owned and operated by persons residing in the vicinity of such projects. The City will send a notice to all residents of the NSP3 areas informing them that opportunities to bid on City work are publicly advertised on the Michigan Inter-governmental Trade Network Purchasing System (MITN). MITN is a group of 70 agencies (local units of government and regional authorities) that have joined forces to create a Regional Bid Notification System. All of the participants’ bid opportunities (invitations to bid, requests of proposals, requests for quotes, requests for qualifications, etc.) are made available to vendors who access MITN online. Vendors interested in obtaining information about these opportunities need to register with MITN.

The notice mailed to vicinity residents will include instructions on how to register with MITN. The City of Warren Office of Community Economic and Downtown Development will host an informational session on opportunities to contract with the City of Warren. The Van Dyke – Eight Mile Gateway Collaborative (V-8) will assist with promotions. V-8 is a collaborative of business, government, and nonprofit members interested in the promotion and development of the Van Dyke Corridor extending through Warren from Six Mile Road in Detroit to Ten Mile Road in Center Line.

The notice will also ask residents of the Target Areas who are laborers, tradesmen or subcontractors qualified to work on housing demolition, rehabilitation or construction projects to register with the City. Information contained in this registry will be shared with contractors bidding on NSP3 housing demolition, rehabilitation and construction projects. These residents will also be encouraged to register with the Michigan Works Job Bank.

Contractors awarded NSP3 work will be encouraged to find vicinity residents who might be qualified to provide goods or services by using the registry the City provides and contacting the Michigan Works Job Bank and other local job training programs such as the Van Dyke Public Schools building trades program or Leaps and Bounds Family Services adult learning programs.

City ordinances require bids be awarded to the lowest qualified bidder. City ordinances do not allow preferences to be given to vicinity residents.

H) *NSP3 Housing Rehabilitation Standards & Energy and Water Efficiency*

At a minimum, all homes assisted under the Rehabilitation Resale activity will be brought into compliance with the City's Property Maintenance Code. All work completed will comply with the City's Building Code. Lead Based Paint hazards will also be addressed as required by HUD regulations.

In addition, to the maximum extent practical, obsolete products such as windows, doors, lighting, hot water heaters, furnaces, boilers, and air conditioning units will be replaced with Energy Star labeled products. If appliances such as refrigerators, clothes washers and dishwashers are installed as part of the rehabilitation, they will be Energy Star labeled. All toilets, showers and faucets in homes rehabilitated with NSP3 funds will be replaced with water efficient WaterSense labeled products.

All new construction homes will be designed to meet the standard for Energy Star Qualified Homes.

I) *Local Housing Market Conditions* – The Target Areas selected have traditionally had a high percentage of owner occupants living in moderate priced housing that was constructed using conventional building techniques. This housing is generally suitable for rehabilitation. According to the City Assessor, home values in these areas have dropped an average of 40 percent since 2007. The collapse of the residential mortgage market is further depressing prices to levels buyers with cash are willing to pay. Unfortunately, most cash purchasers are investors who make minimal improvements before renting the homes or lower income families without

access to the capital needed to make necessary improvements. Stabilization of these neighborhoods requires activities that encourage homeownership.

The demolition activity will remove the homes that remain vacant because the extent of the repairs needed to make the homes habitable makes them economically unattractive to investors. Removing these homes will also protect lower income families who might have enough cash to purchase, but not enough to complete repairs required for occupancy.

The rehabilitation resale activity will encourage owner occupants to return to these areas by providing a selection of high quality housing that is mortgagable and for sale at prices close to that of unimproved foreclosed properties. It will also encourage renters to seek homeownership, contributing to neighborhood stability.

The housing stock in these neighborhoods is almost entirely 50 plus years old with a maximum of three bedrooms and one bathroom. Replacing demolished homes will help maintain the City's tax base and diversify the age and style of the housing stock. To the extent practical, the new homes will be constructed with 4 bedrooms and 2 bathrooms to encourage owner occupants.

J) *Preferences for the Development of Affordable Rental Housing* – At this time the City has an abundant supply of affordable rental housing both single family and multifamily. The limited amount of NSP3 funds the City will receive is not sufficient to undertake the development of additional multifamily rental housing. As discussed above in Section I Local Housing Conditions, many of the single family homes being foreclosed upon are being converted from homeowner to rental units. This is compounding the destabilizing impacts foreclosures and vacancies are having in single family neighborhoods.

Encouraging homeownership is the neighborhood stabilization strategy the City is following. Homes that are owner occupied are generally better maintained and the owner occupants have a greater sense of belonging to the community. The City will consider lease purchase as an option if the ownership units developed with NSP3 funds cannot be sold.

4. LOW INCOME TARGETING

In compliance with the NSP3 regulation that 25% of the NSP3 funds must be expended to produce housing that will benefit households whose income does not exceed 50% AMI (low income); the City is allocating \$459,000 to Activity NSP3-01 Acquisition New Construction. These funds will be used to construct new housing on demolished or vacant properties or in place of blighted abandoned or foreclosed homes that are unsuitable for rehabilitation. The new homes will be reserved for sale to low income households. It is estimated that 3 new homes will be constructed with this allocation.

5. **ACQUISITION & RELOCATION**

The City anticipates using NSP3 funds to demolish 25 blighted low and moderate income single family dwelling units that are vacant and unsuitable for rehabilitation. The City anticipates acquiring 11 units of affordable housing that will be rehabilitated or redeveloped. The anticipated distribution among low, moderate, and middle income households, along with the anticipated commencement and completion date is presented in Table 2 above.

6. **PUBLIC COMMENT**

A draft NSP3 Plan was published on the City's website and placed in the City Clerk's Office, City Council Office, Office of Community Development and City Libraries where it was available for public review during a 15 day period extending from January 11, 2011 through January 25, 2011. Notice that public comments were being accepted was published on the web site and in Warren Weekly on January 12, 2011. The public was invited to submit comments to the Office of Community Development, Warren City Hall, Suite 210, One City Square, Warren 48093. No comments were received.

7. **NSP3 INFORMATION BY ACTIVITY**

(1) Activity Name: **NSP3-01 Acquisition New Construction**

(2) Activity Type: This is an NSP3 eligible activity type E. Acquisition is an eligible CDBG activity under 24 CFR 570.201(a). Downpayment Assistance is an eligible CDBG activity under 24 CFR 570.201(n) Direct Homeownership Assistance. NSP regulations expand the scope of CDBG eligible activities to include new construction of housing as part of the redevelopment of demolished or vacant properties.

(3) National Objective: As participation is limited to households at or below 120% of Area Median Income this activity will meet the national objective.

(4) Projected Start Date: It is anticipated that funds will be obligated for construction of the first homes no later than July 1, 2011.

(5) Projected End Date: It is anticipated that construction will be completed by September 30, 2013. It is anticipated that these homes will be sold by March 31, 2014.

(6) Responsible Organization: It is anticipated this activity will be implemented by the developer, Macomb County Habitat for Humanity, 130 N. Groesbeck Hwy, Mount Clemens, MI 48043 under a contract administered by the City of Warren Office of Community Economic and Downtown Development, One City Square, Suite 210. Administrator Contact: Rosemarie Furlong – (586) 574-4686.

(7) Location Description: It is anticipated that two of the homes constructed under this activity will be in NSP3 Target Area "Van Dyke 3" and the third will be in NSP3 Target Area "Fitzgerald 3". The Target Areas are identified on Map 1.

(8) Activity Description:

This activity will consist of the redevelopment of demolished or vacant residential properties or residential properties that have been abandoned or foreclosed upon. Funds allocated to this activity will be used to acquire the property, demolish homes remaining on the property that are unsuitable for rehabilitation, and construct new single family residences.

If any property is acquired with NSP3 funds, the purchase price will be at least one percent below the current market appraised value. The properties acquired will either be vacant or occupied by blighted residential dwellings as defined above. All property will be acquired either by donation or purchase from willing sellers. In no case will the City use its power of condemnation to obtain building sites. If the dwellings are neither vacant nor owner occupied, the tenants will be provided with relocation assistance as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and Section 104(d) of the Housing and Community Development Act of 1974, as amended.

The residences constructed will all be built in compliance with the City's building code and zoning ordinance. The residences will be between 980 and 1,500 square feet and will have 3 bedrooms, 1 bathroom, and a basement, at a minimum. They will be constructed to meet the standard for Energy Star Qualified New Homes. To the maximum extent practical other energy efficient or health home materials will be used for the construction.

Labor may be provided by individuals enrolled in a building trades program or other volunteers. These residences may be constructed on property owned by the City or the developer. In all cases, the residences will be sold to NSP3 eligible buyers whose income does not exceed 50 percent of Area Median Income. Nonprofits acting as developers may further limit participation based on income.

(9) Continued Affordability:

How this activity has been designed to ensure continued affordability is discussed above in Section 3 Definitions and Descriptions. The construction of homes that meet the standard for Energy Star Qualified New Homes and the use of energy efficient or health home materials to the maximum extent practical will also ensure the continued affordability of the homes.

(10) Local Housing Market Conditions

This activity as it relates to the local housing market is discussed above in Section 3 Definitions and Descriptions.

(11) Vicinity Hiring

This activity as it relates to vicinity hiring is discussed above in Section 3 Definitions and Descriptions.

(12) Total Budget: \$459,000 entitlement.

(13) Performance Measures: Three homes will be produced that will be sold to NSP3 eligible families whose income does not exceed 50 percent of Area Median Income.

(1) Activity Name: **NSP3-03 Rehabilitation Resale**

(2) Activity Type: This is an NSP3 eligible activity type B – Purchase and Rehabilitation of abandoned or foreclosed homes. Acquisition is an eligible CDBG activity under 24 CFR 570.201(a). Rehabilitation of single family homes is an eligible CDBG activity under 24 CFR 570.202(a)(1). Downpayment Assistance is an eligible CDBG activity under 24 CFR 570.201(n) Direct Homeownership Assistance.

(3) National Objective: As participation is limited to households at or below 120% of Area Median Income, this activity meets the national objective.

(4) Projected Start Date: It is anticipated that funds will be obligated for acquisition of the first home no later than July 1, 2011.

(5) Projected End Date: It is anticipated that rehabilitation of the last home will be completed by July 1, 2013. It is anticipated that these homes will be sold by March 31, 2014.

(6) Responsible Organization: This activity will be implemented directly by the City of Warren – NSP3 operating out of the Office of Community Economic and Downtown Development, One City Square, Suite 210. Administrator Contact: Rosemarie Furlong – (586) 574-4686.

(7) Location Description: All of the homes acquired and rehabilitated under this activity will be located in the NSP3 Target Areas identified on Map 1.

(8) Activity Description:

Funds allocated for Rehabilitation Resale will be used to acquire abandoned or foreclosed homes located in NSP3 Target Areas. The purchase price will be at least one percent below the current market appraised value. Following acquisition, the City will perform substantial rehabilitation including but not limited to correction of all violations of the property maintenance code and abatement of lead-based paint and asbestos hazards. In addition, to the maximum extent practical obsolete products such as windows, doors, lighting, hot water heaters, furnaces, boilers, and air conditioning units will be replaced with Energy Star labeled products. If appliances such as refrigerators, clothes washers or dishwashers are installed as part of the rehabilitation, they will be Energy Star labeled. All toilets, showers and faucets in homes rehabilitated with NSP3 funds will be replaced with water efficient WaterSense labeled products.

The rehabilitated homes will then be sold to NSP3 eligible families who don't currently own a home.

NSP3 income eligible buyers are often excluded from purchasing abandoned or foreclosed homes because they do not have access to the financial resources needed to make the homes safe for occupancy. This activity will address that need. It will also help stabilize neighborhoods by encouraging owner occupants to purchase abandoned and foreclosed homes.

(9) Continued Affordability:

How this activity has been designed to ensure continued affordability is discussed above in Section 3 Definitions and Descriptions. The use of energy efficient or health home materials to the maximum extent practical will also ensure the continued affordability of the homes.

(10) Local Housing Market Conditions

This activity as it relates to the local housing market is discussed above in Section 3 Definitions and Descriptions.

(11) Vicinity Hiring

This activity as it relates to vicinity hiring is discussed above in Section 3 Definitions and Descriptions.

(12) Total Budget: \$988,070 entitlement and \$243,000 estimated program income.

(13) Performance Measures: It is estimated that 11 single family housing units will be produced with entitlement funds and estimated program income. It is anticipated that 5 will be sold to moderate income and 6 to middle income households.

(1) Activity Name: **NSP3-03 Demolition of Blighted Residential Structures**

(2) Activity Type: This is an NSP3 eligible activity type D – Demolition of blighted structures. Clearance of blighted structures is an eligible CDBD activity under 24 CFR 570.201(d).

(3) National Objective: As all structures demolished will be located in NSP3 Target Areas, which are all in LMMI areas, this activity will meet the national objective.

(4) Projected Start Date: It is anticipated that funds will be obligated for demolition of the first structure no later than July 1, 2011.

(5) Projected End Date: It is anticipated that all demolition activity will be completed by of by March 31, 2014.

(6) Responsible Organization: This activity will be implemented directly by the City of Warren – NSP3 operating out of the Office of Community Economic and Downtown Development, One City Square, Suite 210. Administrator Contact: Rosemarie Furlong – (586) 574-4686.

(7) Location Description: All the structures demolished will be located in NSP3 Target Areas.

(8) Activity Description:

Funding is allocated under this activity for the demolition of blighted vacant one to four unit residential dwellings and associated residential structures. Blighted structures are defined above in Section 3 Definitions and Descriptions

Owners will retain their interest in the property after the demolition.

Through this activity the City is working to stabilize neighborhoods by removing blighting influences. The City is benefiting NSP3 income eligible households by demolishing unsafe structures that might otherwise be rented or sold to households in need of affordable housing without the resources to determine the home cannot be economically repaired and/or the financial means to make the basic repairs that are needed to make the structure safe and sanitary.

(9) Continued Affordability:

Not applicable to this activity as no housing will be produced.

(10) Local Housing Market Conditions

This activity as it relates to the local housing market is discussed above in Section 3 Definitions and Descriptions.

(11) Vicinity Hiring

This activity as it relates to vicinity hiring is discussed above in Section 3 Definitions and Descriptions.

(12) Total Budget: \$115,000 entitlement

(13) Performance Measures: It is anticipated the 25 blighted residential structures will be demolished.

(1) Activity Name: **NSP3-04 Administration**

(2) Activity Type: NA

(3) National Objective: NA

(4) Projected Start Date: Immediately

(5) Projected End Date: NA

(6) Responsible Organization: NSP3 administration will be the responsibility of City of Warren – NSP3 operating out of the Office of Community Economic and Downtown Development, One City Square, Suite 210. Administrator Contact: Rosemarie Furlong – (586) 574-4686.

(7) Location Description: NA

(8) Activity Description:

General NSP3 administration

(9) Continued Affordability:

Not applicable to this activity as no housing will be produced.

(10) Local Housing Market Conditions - NA

(11) Vicinity Hiring - NA

(12) Total Budget: \$173,563 entitlement, \$27,000 estimated program income

(13) Performance Measures: NA

8. CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of Jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with Plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan if applicable.
- (6) **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.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen Participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following Plan.** The jurisdiction certifies that it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
- (11) **The jurisdiction certifies:**
 - a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of Area Median Income; and

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

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

a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

b. A policy of enforcing applicable State and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

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

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

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent practical, provide for the hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

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

Signature/Authorized Official

Date

James R. Fouts, Mayor City of Warren
Title

Attachment A

NSP3 Income Data: Percent Area Median Income (AMI) Adjusted for Household Size

Household Size	50% AMI	120% AMI
1	\$24,450	\$58,600
2	27,950	67,080
3	31,450	75,480
4	34,900	83,760
5	37,700	90,480
6	40,500	97,200
7	43,300	103,920
8	46,100	110,640

City of Warren NSP3 Plan
Submitted for City Council Approval February 22, 2011

ATTACHMENT B
NSP3 PLANNING DATA

Neighborhood ID: 3733123

NSP3 Planning Data

Grantee ID: 2662520E

Grantee State: MI

Grantee Name: WARREN

Grantee Address: One City Square, Suite 210 Warren Michigan 48093

Grantee Email: rfurlong@cityofwarren.org

Neighborhood Name: Van Dyke 3

Date:2011-02-02 00:00:00

NSP3 Score

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

Neighborhood NSP3 Score: 19.07

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 4518

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 80.36

Percent Persons Less than 80% AMI: 58.33

Neighborhood Attributes (Estimates)

Vacancy Estimate

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

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

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

USPS Residential Addresses in Neighborhood: 4559

Residential Addresses Vacant 90 or more days (USPS, March 2010): 357

Residential Addresses NoStat (USPS, March 2010): 22

Foreclosure Estimates

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

Total Housing Units to receive a mortgage between 2004 and 2007: 1550

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 40.12

Percent of Housing Units 90 or more days delinquent or in foreclosure: 18.2

Number of Foreclosure Starts in past year: 150

Number of Housing Units Real Estate Owned July 2009 to June 2010: 128

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

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 32

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -31.1

Place (if place over 20,000) or county unemployment rate June 2005*: 7.9

Place (if place over 20,000) or county unemployment rate June 2010*: 15.9

*Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

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

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

Latitude and Longitude of corner points

-83.016300 42.491593 -83.006344 42.492226 -83.005486 42.456268 -83.026600 42.455634 -83.026772
42.469818 -83.015785 42.470577

Blocks Comprising Target Neighborhood

260992626001000, 260992626001002, 260992626001011, 260992626001010, 260992626001009,
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260992639008012, 260992639008011, 260992639008010, 260992639008009, 260992639008008,
260992639008018, 260992639008017, 260992639008006,

Neighborhood ID: 1399078

NSP3 Planning Data

Grantee ID: 2662520E

Grantee State: MI

Grantee Name: WARREN

Grantee Address: One City Square, Suite 210 Warren Michigan 48093

Grantee Email: rfurlong@cityofwarren.org

Neighborhood Name: Fitzgerald 3

Date:2011-02-02 00:00:00

NSP3 Score

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

Neighborhood NSP3 Score: 19

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 3637

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 77.57

Percent Persons Less than 80% AMI: 54.61

Neighborhood Attributes (Estimates)

Vacancy Estimate

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

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

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

USPS Residential Addresses in Neighborhood: 3589

Residential Addresses Vacant 90 or more days (USPS, March 2010): 210

Residential Addresses NoStat (USPS, March 2010): 60

Foreclosure Estimates

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

Total Housing Units to receive a mortgage between 2004 and 2007: 1268

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 38.99

Percent of Housing Units 90 or more days delinquent or in foreclosure: 18.08

Number of Foreclosure Starts in past year: 120

Number of Housing Units Real Estate Owned July 2009 to June 2010: 102

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

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 24

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -31.1

Place (if place over 20,000) or county unemployment rate June 2005^{*}: 7.9

Place (if place over 20,000) or county unemployment rate June 2010^{*}: 15.9

^{*}Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

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

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

Latitude and Longitude of corner points

-83.084278 42.469311 -83.044968 42.469691 -83.044796 42.455254 -83.083248 42.454748

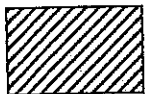
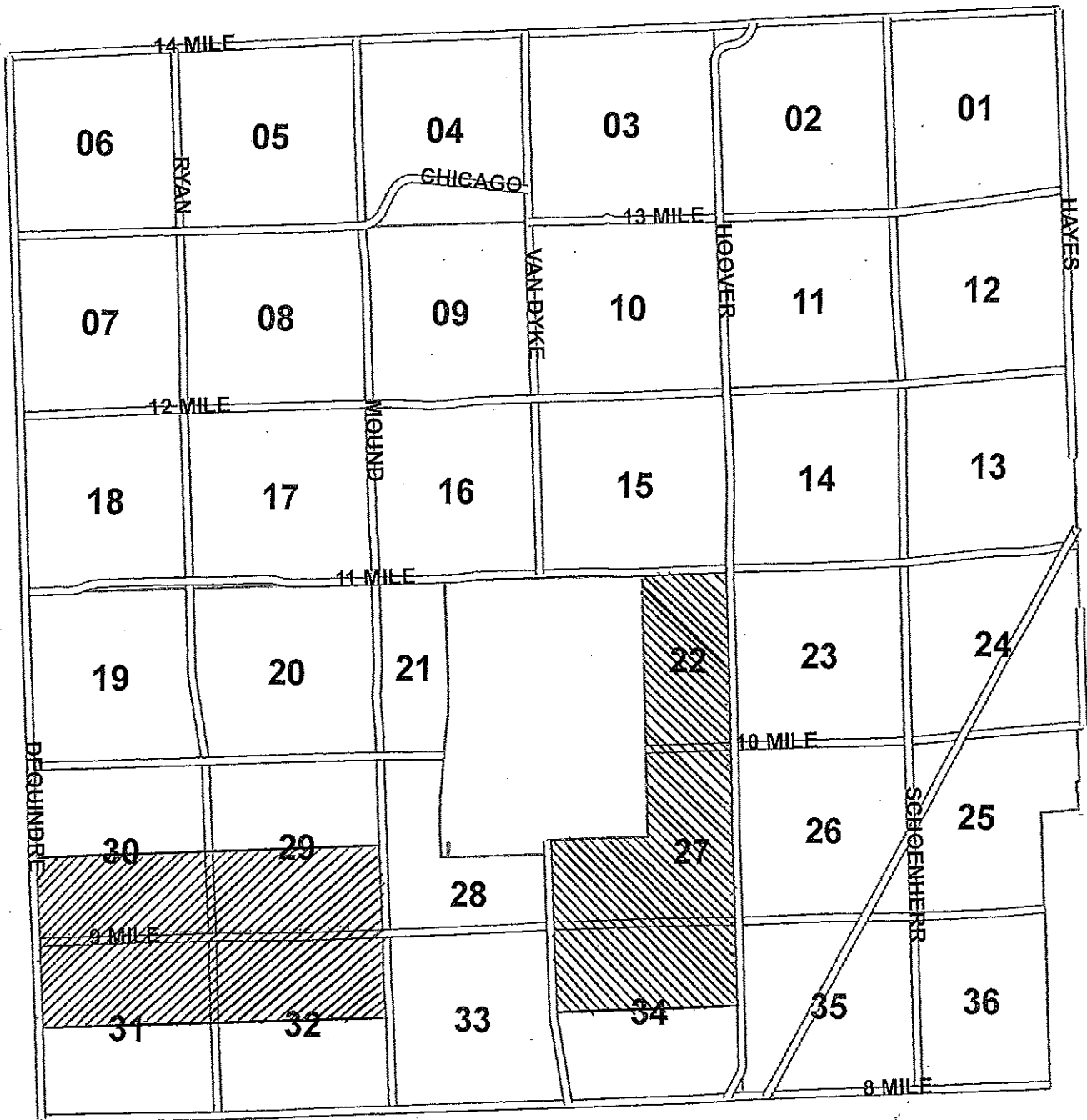
Blocks Comprising Target Neighborhood

260992634001007, 260992634001006, 260992634002003, 260992634002004, 260992634002005, 260992634002006, 260992634003004, 260992634003005, 260992634004011, 260992634004010, 260992634004009, 260992634004008, 260992634004013, 260992634004012, 260992635001007, 260992635002000, 260992635002001, 260992635002002, 260992635002004, 260992635002013, 260992635002012, 260992635002011, 260992635002010, 260992635002009, 260992635002008, 260992635002007, 260992635002006, 260992635002005, 260992635002014, 260992635002003, 260992635003000, 260992635003003, 260992635003001, 260992635003002, 260992635003004, 260992635003006, 260992635003011, 260992635003010, 260992635003009, 260992635003008, 260992635003007, 260992635003005, 260992635004000, 260992635004002, 260992635004011, 260992635004010, 260992635004009, 260992635004008, 260992635004007, 260992635004006, 260992635004005, 260992635004004, 260992635004003, 260992635004017, 260992635004016, 260992635004015, 260992635004014, 260992635004013, 260992635004012, 260992635004001, 260992636001000, 260992636001007, 260992636001006, 260992636001005, 260992636001004, 260992636001003, 260992636001002, 260992636001001, 260992636002000, 260992636002010, 260992636002009, 260992636002008, 260992636002007, 260992636002006, 260992636002005, 260992636002004, 260992636002003, 260992636002002, 260992636002012, 260992636002011, 260992636002001, 260992636003000, 260992636003001, 260992636003002, 260992636005000, 260992636005001, 260992636005002, 260992636005003, 260992636005005, 260992636005009, 260992636005008, 260992636005007, 260992636005006, 260992636005004, 260992637004000, 260992637004003, 260992637004004, 260992637004002, 260992637004001, 260992637004005, 260992637004007, 260992637004010, 260992637004009, 260992637004008, 260992637004006, 260992637005000, 260992637005001, 260992637005004, 260992637005005, 260992637005003, 260992637005002, 260992637005006, 260992637005008, 260992637005016, 260992637005015, 260992637005014, 260992637005013, 260992637005012, 260992637005011, 260992637005010, 260992637005009, 260992637005007,

MAP 1

NSP3 TARGET AREAS

MAP 1 CITY OF WARREN NSP3 TARGET AREAS



FITZGERALD 3



VAN DYKE 3