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**Amendment To  
Flint Fiscal Year 2008  
CDBG Annual Action Plan  
Neighborhood Stabilization Program (NSP)**



DONALD J. WILLIAMSON  
Mayor

<b>THE NSP SUBSTANTIAL AMENDMENT – FINAL VERSION (2/13/09)</b>	
<p><b><u>Jurisdiction:</u></b>      <b>City of Flint, Michigan</b></p> <p><b><u>Jurisdiction Web Address:</u></b>  <a href="http://www.cityofflint.com/DCED/Amendment_Narrative.pdf">http://www.cityofflint.com/DCED/Amendment_Narrative.pdf</a>  <i>(URL where NSP Substantial Amendment materials are posted)</i></p>	<p><b>NSP Contact Person(s):</b>  <b>Suzanne Wilcox/  Karen Morris</b>  <b>Address: 1101 S. Saginaw St.  Flint, MI 48502</b></p> <p><b>Telephone: (810) 766-7426</b>  <b>Fax:           (810) 766-7351</b>  <b>Email:</b>  swilcox@cityofflint.com  kmorris@cityofflint.com</p>

## **A. Program Background**

The Housing and Economic Recovery Act (HERA) of 2008 was approved by Congress on July 30, 2008 with regulations for the program issued on September 29, 2009. The program is being administered by the U.S. Department of Housing and Urban Development (HUD). The overall purpose of the program is to assist in the redevelopment of abandoned or foreclosed homes under the portion of HERA entitled *Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes*. The program has been titled the *Neighborhood Stabilization Program (NSP)*. On the national level, the bill appropriates \$3.92 billion for the program.

In order to be able to distribute the funds as quickly as possible to meet identified needs, HUD has, in the regulations for the program, determined that an amendment to the CDBG Annual Action Plan for Fiscal Year 2008 will be the most efficient method. The \$3.92 billion has been allocated to CDBG recipients on a formula basis contained in the HERA. For a CDBG recipient to receive a direct allocation of funds, the application of the formula had to result in the recipient being allocated a minimum of \$2,000,000.

Flint has received an allocation of \$4,224,621. The NSP regulations require that an application describing the use of the funds be submitted to HUD no later than December 1, 2008. After review and approval of the application by HUD, Flint will have 18 months to commit the funds to program purposes described in the application with all funds expended within four years.

### **1. Income Eligibility**

Similar to the CDBG program, the use of NSP funds must benefit households or areas which meet specified income limits. However, whereas the CDBG defines eligible households as those earning less than 80% of median income, households earning less than 120% of median income are eligible to benefit under the NSP. There is a second requirement that 25% of the NSP funds benefit households earning less than 50% of median income. The applicable incomes for Flint are as follows:

#### **FY 2008 Income Limits for 50% of HUD Area Median Income**

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
20,250	23,100	26,000	28,900	31,200	33,500	35,850	38,150

#### **FY 2008 Income Limits for 120% of HUD Area Median Income**

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
48,600	55,440	62,400	69,360	74,880	80,400	86,040	91,560

The specific benefit to these income groups can be achieved if the NSP assisted activity accomplishes one of the following:

- Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH);
- Serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMH);
- Creates or retains jobs for persons whose household incomes are at or below 120 percent of median income (JMMJ); or
- Serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).

## **B. Areas of Greatest Need and Distribution of Funds**

HERA requires that NSP funds be distributed to the areas of greatest need. The law and regulations define such areas as follows:

- Areas with the greatest percentage of home foreclosures
- Areas with the highest percentage of homes financed by a subprime mortgage related loan
- Areas identified as likely to face a significant rise in the rate of home foreclosures.

In order to provide guidance to communities and counties, HUD has calculated levels of distress on a Census Block Group basis. One calculation has resulted in an Abandonment Rate Score on a scale of 1 to 10 with 10 being the most distressed. The second calculation is the Predicted 18-Month Problem Foreclosure Rate which is represented as a percentage of all mortgages. HUD does not provide any guidance as to the relative seriousness of levels within these rates. This decision is left to the grant recipient to determine within the overall requirement of distribution of NSP funds to the areas of greatest need.

### **1. Criteria Used To Define Areas of Greatest Need**

In order to identify the areas of greatest need in Flint, several sources of data were utilized. This included the HUD supplied calculations as well as other sources. These sources and the results of analysis of the data are as follows. Appendix A contains the various maps referenced in the following narrative. Appendix B Contains supporting data tables.

In accordance with the NSP regulations, Flint has identified areas of greatest need based upon data provided by HUD. Specifically, the Abandonment Risk Score and Predicted 18-Month Problem Foreclosure Rate data has been used to select the areas. The overall level of distress in Flint is evidenced by the fact that every Census Block Group in Flint with the exception of the central business district and the airport has an Abandonment

Risk Score of 10 on a scale of 1 to 10 with 10 being the highest (see attached map labeled “Abandonment Risk Score”). Since the Abandonment Risk Score provides no basis for the selection areas of greatest need within the context of Flint, the second measure of need – the Predicted 18-Month Problem Foreclosure Rate was analyzed. In order to provide a basis for comparison among areas of the city, all Census Block Groups in Flint were distributed on a quartile basis ranging from a rate of 3.27% as the lowest rate to 18.1% as the highest rate. The highest quartile includes Block Groups with a rate between 15.23% and 18.1%. The distribution was both mapped and entered into an Excel spread sheet (see below). Based on this analysis, Flint has selected all Block Groups in the highest quartile as areas of greatest need. This includes 5 areas of the city as shown on the attached map and listed on the attached table.

For all five areas selected as target areas, the Predicted 18-Month Problem Foreclosure Rate is above 15.23%. The table below describes the Predicted 18-Month Foreclosure Rate for all census tracts in each of the five areas.

<b>Target Area</b>	<b>Census Block Group</b>	<b>Predicted 18-Month Foreclosure Rate</b>
Target Area #1	1400.1	15.36%
Target Area #1	1400.2	15.36%
Target Area #1	1400.3	15.36%
Target Area #1	1400.4	15.36%
Target Area #1	1500.1	16.53%
Target Area #1	1500.2	16.53%
Target Area #1	1500.3	16.53%
Target Area #2	0800.1	18.13%
Target Area #2	0800.2	18.13%
Target Area #2	2000.1	16.02%
Target Area #2	2000.2	16.02%
Target Area #2	2000.3	16.02%
Target Area #2	2000.4	16.02%
Target Area #3	0200.1	17.31%
Target Area #3	0200.2	17.31%
Target Area #3	0200.3	17.31%
Target Area #3	0200.4	17.31%
Target Area #4	0500.1	15.41%
Target Area #4	0500.2	15.41%
Target Area #4	0500.3	15.41%
Target Area #4	0500.4	15.41%
Target Area #4	0700.1	16.40%
Target Area #4	0700.2	16.40%
Target Area #4	0700.3	16.40%

Target Area #4	0700.4	16.40%
Target Area #4	0700.5	16.40%
Target Area #4	0700.6	16.40%
Target Area #4	0900.1	16.83%
Target Area #4	0900.2	16.83%
Target Area #4	0900.3	16.83%
Target Area #4	0900.4	16.83%
Target Area #4	0900.5	16.83%
Target Area #5	1800.1	15.41%
Target Area #5	1800.2	15.41%

In conclusion, Flint believes that the selection of these areas is in compliance with both Housing and Economic Recovery Act of 2008 and the NSP regulations.

## **2. Eligible Uses of NSP Funds**

The NSP regulations list the eligible uses of NSP funds within overall categories. These categories of uses are further correlated with the uses eligible under the CDBG program. These categories of eligible uses are as follows:

- A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- 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.
- C. Establish land banks for homes that have been foreclosed upon.
- D. Demolish blighted structures.
- E. Redevelop demolished or vacant properties.

## **3. Geographic Concentration**

The Flint Consolidated Plan for CDBG, HOME and other funds contains a Strategic Plan for addressing neighborhood revitalization needs. In addition, Flint is a Renewal Community participant which places a further focus on revitalization. Within this framework of the Consolidated Plan and the Renewal Community, numerous studies and strategies have been prepared and are in varying stages of implementation. These include renewal areas designated and approved under state law, State of Michigan Renaissance Zones, and a federal Homeownership Zone (HOZ). In addition, the City of Flint was designated by Governor Jennifer Granholm as one of eight communities in Michigan to participate in the Cities of Promise (COP) program. Cities of Promise is an initiative that aims to re-develop communities and reduce poverty in cities like Flint that are

experiencing devastating conditions due to declining population, extreme poverty, loss of industry and jobs, crumbling infrastructure and blighted neighborhoods. Also, the City of Flint Renewal Community was recently selected as one-of-seven partners for HUD's Resurgent Neighborhoods Partnership, which is a pilot program to support local efforts to prevent mortgage foreclosure; promote housing redevelopment; and generally encourage economic prosperity in Renewal Communities (RC) and Empowerment Zones (EZs). The strategies outlined above were developed with the participation of institutions, for-profit, and not-for-profit organizations. Many of the same neighborhoods are targeted for redevelopment.

Since NSP is an amendment to the Fiscal Year 2008 CDBG Annual Action Plan which is part of the City's Consolidated Plan, the use of NSP funds consistent with established strategies is the logical approach. The Consolidated Plan contains specific housing objectives for Flint under various programs. This material establishes both numerical goals for housing production as well as a geographic concentration of programs in the Smith Village and Third Avenue Corridor / Carriage Town area. This strategy has been followed in the recent allocation of housing and other resources in the CDBG, HOME and other programs. For example, the RFP process used for allocation of CDBG and HOME housing funds specifies that activities must be located in one of the following areas:

- Near downtown in Homeownership Zone
- Flint River District
- Carriage Town

These funds are made available to both non-profit and for-profit housing organizations. The process for the FY2008-2009 period made available approximately \$2 million from these two funding sources.

- Based upon an analysis and mapping of the various distress factors presented earlier, this strategy of concentration of resources is still sound. To address the purposes of NSP, the areas of concentration have been expanded into other highly distressed Block Groups. *Map 5* shows the areas within which the use of NSP funds will be targeted.

The target areas further described below are designated for investment of NSP funds to leverage other funds to create sites for housing rehabilitation and development which combine foreclosed properties with properties previously acquired through foreclosures and now held by the Genesee Land Bank. Descriptive information about the five target areas follows:

**Area 1** consists of Census Tracts 14 and 15 and contains the Smith Village Urban Renewal Project and a portion of the Flint Homeownership Zone. The area also contains the Carriage Town and River District revitalization area. Hurley Medical Center is a major land use in the area providing significant employment and the opportunity to

attract residents wishing to live near their place of employment. The area is generally bounded by N. Saginaw, E. Fifth, Stone, the Flint River, Dupont and Welch.

**Area 2** consists of Census Tracts 8 and 20. The area is bisected by N. Saginaw Street which is the major commercial and institutional corridor within the Renewal Community. The area is adjacent to the site of the former Buick City assembly plant. The plant has been demolished by General Motors and is available for future economic development activities. The area is generally bounded by Andrew, Industrial, Leith, W. Pasadena, Dupont and W. Stewart.

**Area 3** is comprised of Census Tract 2 and is located in the northern most portion of the Renewal Community. This area is generally bounded by N. Saginaw, E. Russell, W. Russell, Dupont and Mount Morris Township line.

**Area 4** is comprised of Census Tracts 5, 7, and 9, and is located on the northwest side of the city. This area is generally bounded on the north by West Pierson Rd, on the east by Dupont St., on the south by Welch Boulevard, and on the west by Clio Rd. The Flint Park Lake Redevelopment area is located in this target area.

**Area 5** consists of Census Tract 18, and is located in the far northeast section of the City. The area is generally bounded by Carpenter Rd., I-475 on the west, and the Flint River on the east. Portions of the Northeast Village Redevelopment Area are located in Area 5.

As noted above, these five areas have the city's highest predicted 18-month foreclosure rates as provided by HUD. In addition, the areas have high concentrations of Land Bank owned properties.

#### **4. Use of Funds**

Flint proposes to use NSP funds for eligible activities in targeted areas for an expansion of housing and neighborhood revitalization activities consistent with its Consolidated Plan Strategy. Increasing the number of households who can benefit due to the raising of the income limits for participation in the program to 120% of median from the current 80% of median in effect for the CDBG and HOME programs will support several positives for neighborhood stabilization:

- Households previously not eligible for programs can be attracted into Flint to purchase homes.
- A larger percentage of employees at the medical and educational institutions which are major employers in Flint will be eligible to participate.
- The costs of building new housing can be better supported by people within the 120% of median-income limit which could attract larger housing development organization to Flint.

The program does not propose to demolish or convert any housing units occupied or available to low- and moderate-income persons as a result of these activities.

### C. NSP Information By Specific Activities

The proposed use of NSP funds as an amendment to the FY2008 CDBG Annual Action Plan are as follows:

#### 1. Activities

##### a. Acquisition and Rehabilitation

Acquisition: NSP reference: (B)

CDBG reference: 24 CFR Part 570.201 Acquisition

Rehabilitation: NSP reference: (B)

CDBG reference: 24 CFR Part 570.202

Projected Start Date: April 1, 2009

Projected End Date: March 31, 2013

83 units @ \$25,000

\$2,077,159

The City, through the Department of Community and Economic Development, will identify specific foreclosed properties and development partners through a request for development proposal process. This process will specify criteria for selection of proposals. The criteria will include, but not be limited to the following:

- The property must be located within an identified target area.
- The development proposal must identify non-NSP funds to be leveraged by NSP funds and the status of commitment of the funds.
- The development proposal must provide for compliance with NSP long term affordability requirements.
- The development group must provide evidence of previous successful housing production activities.

This process will encourage a mix of homeownership and rental units with households earning 120% of median-income as well as those earning less than 50% of median-income. It is anticipated households earning less than 50% of median income will benefit primarily from the provision of rental units. However, with the severely depressed housing prices in Flint, there is a possibility that ownership opportunities will be possible for these households. Priority within the program will be given to development proposals where foreclosed and abandoned properties can be combined with Land Bank properties to maximize neighborhood stabilization benefits. This program component will be focused on the five target areas shown on *Map No. 5*. NSP funds will be used as a financing mechanism to leverage other funds. Opportunities for housing development will be provided for both for-profit and not-for-profit organizations in a public/private partnership. It is anticipated that the interest rate on NSP funded loans will range from 0 to 5% based on the specifics of the project.

### **Set Aside For Income Targeting**

The NSP regulations require that 25% of the funds benefit households earning less than 50% of median income. In order to meet this requirement as well as to provide for a mix of housing in the targeted areas, 25% OR \$1,056,155 of the NSP funds allocated for acquisition and rehabilitation will be used to produce rental housing units for individuals and families earning less than 50% of Area Median Income. The income limits for a four person household at 50% of median is \$28,900. This set aside will be accomplished by reserving funds in support of a specific request for development proposals. These funds will not be expended for any activity which does not meet the 50% of Area Median Income requirement. Of the approximate 75 rental and owner-occupied units to be completed within the category of acquisition and rehabilitation, approximately 40 units will be made available for individuals and families at or below 50% of AMI.

#### **b. Soft Second Mortgages In Support of the Purchase and Rehabilitation of REO Properties**

NSP reference: (A)

CDBG reference: 24 CFR Part 570.201(n) Homeownership Assistance

Projected Start Date: April 1, 2009

Projected End Date: March 31, 2013

75 units @ \$20,000 \$1,500,000

The City, through the Department of Community and Economic Development, currently operates a Down Payment Assistance Loan Program to assist income eligible households to purchase existing houses. These transactions are generally taking place in the private marketplace. The City proposes to expand this program to work with REO properties held by banks and other finance agencies. In the inventory of 554 REO properties shown on *Map No. 6*, Federal Home Loan Bank owns 39, FannieMae owns 16 and Michigan State Development Authority owns 16. An additional 151 properties are owned by four banks: Chase; Citimortgage; Citizens and Wells Fargo. With the increased income limits for eligibility of the use of NSP funds, this program activity has the potential to attract purchasers into Flint and to stabilize neighborhoods where abandonment is not as prevalent as some areas of the City. The income limit for households participating in this activity shall be 120% of median income.

The interest rate for loans under this activity will range from 0 to 5%. Based upon past experience, it is anticipated that most loans will be 0% interest with principle payment due only upon resale to a household earning more than 120% of Area Median Income at the time of resale. Resale to an income eligible household will not require principle payment.

This program will be offered in conjunction with the banking community, and will provide financing for downpayment and property rehabilitation necessary to address

building code issues. The downpayment assistance will be at a maximum of \$7,500 and rehabilitation assistance at a maximum of \$15,000.

*Definition of Rehabilitation Standards:* As part of this program, NSP funds may also be used for rehabilitation necessary to meet the standards of the International Property Maintenance Code.

c. Acquisition and Demolition of Abandoned, Blighted Properties

NSP reference: (D)

CDBG reference: 24 CFR Part 570.201(d)

Projected Start Date: April 1, 2009

Projected End Date: March 31, 2013

45 units @ \$5,000 \$ 225,000

It is anticipated that there will be situations where foreclosed / abandoned properties are creating a blighting influence on surrounding properties with a destabilizing impact on the neighborhood. NSP funds will be used to acquire the property and demolish the blighted structure. This demolition activity will be complementary to other program components. The cleared property will be made available to adjacent property owners. As an alternate, the property will be transferred to the Land Bank. There is no plan to demolish or convert any low- and moderate-income dwelling units. This activity will be limited to the 4 target areas.

*Definition of Blight:* For purposes of this program component, a blighting property will be defined in accordance with Michigan Law under P.A. 27 of 2002.

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

- √ Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- √ Is an attractive nuisance because of physical condition or use.
- √ Is a fire hazard or is otherwise dangerous to the safety of people or property.
- √ Has the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for at least one year so that the property is unfit for its intended use.
- √ Is improved real property that has remained vacant for five consecutive years and is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- √ Has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one year after the receipt of notice to

rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.

- √ Is tax reverted property owned by a municipality, a county, or the State.
- √ Is owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act.

d. Program Administration

These costs are necessary to implement the various program components outlined above.

NSP reference: Section II Part H 4

CDBG reference: 24 CFR Part 570.206

Projected Start Date: October 1, 2008

Projected End Date: March 31, 2013

10% of Allocation      \$ 422,462

**2. Plan to Purchase Properties at a Discount**

The NSP regulations require that when the acquisition of foreclosed upon properties is proposed, such properties shall be acquired at a discount off appraisal value. This requirement is proposed to be met by purchasing properties in bulk from the Land Bank as well as banks and GSEs holding REO properties. As cited earlier, the Land Bank holds over 2,500 properties in the City and there are 554 REO properties foreclosed upon since May 1, 2008. Of these 554 properties, 222 are owned by 7 banks or GSEs. Implementation of the NSP will rely on consultation with these entities for the following purposes:

- Agreement on a “first look” policy for involvement in the NSP program.
- Selection of properties which will have the greatest impact on neighborhood stabilization.
- Agreement on a minimum 5% discount off appraisal value on any one property with an overall 15% discount on all properties acquired.

Flint proposes to pursue participation in the National Community Stabilization Trust program recently created through a partnership of Enterprise Community Partners, Inc.; Housing Partnership Network; Local Initiatives Support Corporation and NeighborWorks America. The NCST has agreements in place with national financial institutions holding large numbers of foreclosed properties to enter into bulk sales. The agreement provides for a minimum 15% discount off appraised value. The Trust intends to transfer these properties to participating communities for purchase with NSP funds.

**3. Performance Measures**

The Flint Consolidated Plan contains a goal of 900 housing units to be provided through new construction, home purchase assistance and rehabilitation over the 2005 to 2010 time period. In accordance with the provisions of HERA, NSP funds must be committed within 18 months or by June of 2010 and expended within four years. Therefore, the establishment of NSP performance measures in relation to the Consolidated Plan goal is a logical approach. Based upon the amount of NSP funds available to Flint, past experience with housing programs in the City and program guidelines, the performance benchmarks and budget allocations have been established in the following section. These benchmarks shall be achieved within the four year time period established for the expenditure of funds. The time period shall begin upon the approval of the NSP Amendment by HUD.

**4. Budget Summary and Performance Goals**

Acquisition and Rehabilitation	83 units @ \$25,000	\$2,077,159
Soft Second Mortgages for REO Properties	75 units @ \$20,000	\$1,500,000
Spot Acquisition and Demolition Program	45 units @ \$5,000	\$ 225,000
Program Administration	Ten Percent of Alloc.	<u>\$ 422,462</u>
<b>TOTAL</b>		<b>\$4,224,621</b>

**PROGRAM INCOME**

It should be noted that some of the NSP funds will be repaid as various loans are repaid. Under HERA, the City will be able to revolve these funds for NSP program purposes through 2013.

**5. Interest Rates and Terms for Program Components**

The interest rates and terms to be established for the use of NSP funds will depend on the specifics of the reuse proposal and overall conditions at the time of closing. These rates will range between 0 and 5%. However, in both the Acquisition and Rehabilitation and the Purchase of REO properties components, NSP funds will be used for gap financing in combination with other funds. This approach is intended to maximize housing production with available NSP funds as well as to provide an incentive for investment in Flint. The anticipated public/private partnership will also provide for an underwriting of the project by other entities in addition to the City.

**6. Continued Affordability**

Continued affordability for both renter and owner households will be established through the use of this maximum of 30% of income for housing costs and made part of all financing agreements for a minimum of five (5) years and with a maximum of twenty (20) years. All agreements for financing shall contain covenants which ensure continued affordability. These covenants will be modeled on those currently being used by Flint in the administration of the HOME Program. The following chart presents applicable affordability periods.

**Minimum Period of Affordability**

<b>Rental Housing Activity</b>	<b>Minimum Period of Affordability in Years</b>
Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New Construction or acquisition of newly constructed housing (24 CFR 92.252.e)	20

<b>Homeownership NSP Assistance Including Rehabilitation Amount Per Unit</b>	<b>Minimum Period of Affordability in Years</b>
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

**D. Public Comment**

The draft NSP Amendment was available for public comment for a fifteen (15) day period between November 5, 2008 and November 20, 2008. The availability of the draft was advertised in the Flint Journal and posted on the City of Flint website. In addition, a public informational meeting was held on November 17, 2008 and an NSP Blog was created.

Several comments were received on the Draft NSP Substantial Amendment. These comments were received from the various sources listed above including written communications, verbal comments made at a public forum held on November 17, 2008, Flint Journal articles and an editorial and comments posted on the Flint Journal website. The comments are attached hereto as Exhibit B.

The comments received focused on four common themes:

1. The amount of NSP funds allocated for demolition is inadequate to address the extent of abandoned, dilapidated structures in Flint.
2. Assistance should be given to people still in their homes who are in danger of foreclosure to help them stay in their homes.
3. Considering the number of homes available for sale in Flint, it is not logical to use NSP funds for the development of new housing.
4. The areas where NSP funds will be targeted should be more clearly defined.

The following responses are organized in accordance with these areas of concern.

1. The Amount of NSP Funds For Demolition Is Inadequate

It is recognized that the presence of abandoned, dilapidated structures in our neighborhoods has a serious destabilizing impact and is a disincentive to investment. This has been the situation for a number of years. In many ways, conditions in Flint reflect problems now being faced by communities throughout the United States. An article published in the New York Times on November 23, 2008 discusses how Michigan has suffered problems of declining housing values, out-migration and community distress caused by major declines in its economic base.

The City of Flint has addressed these issues with every available tool and approach. The City formed a partnership with the Genesee County Land Bank in 2000. Since that time, over 1,500 structures have been demolished in Flint by the City Development Division and the Land Bank. HUD has cited the Genesee County Land Bank as a model to be used nationwide by communities establishing land banks with NSP funds. In the selection of activities for inclusion in the Flint NSP program, it is assumed that the City of Flint and the Genesee County Land Bank will continue to demolish structures. The opportunity exists that NSP funds from the State of Michigan allocation will also be available for this purpose if the City submits an application for funds. In addition, the City of Flint currently has over \$1 million available for demolition from non-NSP sources. The City is also applying for new Blight Elimination Grant funding from the Michigan Cities of Promise program for the 2009 round. The City will provide a 1-for-1 match for these funds. Up to \$2 million is available.

The \$225,000 of NSP funds included in the amendment is intended to supplement these other funds as strategic investments. Specifically, the NSP funds will be used to demolish scattered structures located in areas of the city where abandonment has not been prevalent in the past, and where it will complement other proposed NSP activities. This strategic investment will support the \$1,500,000 of NSP funds proposed to be used as soft second mortgages to acquire basically sound REO properties in these same neighborhoods. The second use of demolition funds will be when a housing development financing opportunity emerges wherein standard housing units will be made available. It is anticipated that the majority of such units will be made available by rehabilitation not new construction.

2. Assistance Should Be Given To People Still In Their Homes

The Neighborhood Stabilization Program does not include the assistance to existing homeowners as an eligible activity. However, there is an opportunity for people forced to vacate their home due to foreclosure to occupy a different dwelling unit which is made available as a result of the use of NSP funds. The City will consider giving priority to housing developments using NSP funds which give a priority to people displaced due to foreclosure. A rental component of the Neighborhood Stabilization Program might best achieve this goal particularly for people earning less than 50% of median income. These people may be either homeowners who have been foreclosed upon or renters in a property which has been foreclosed upon. Such rental housing can provide an opportunity for people to recover from financial reversals and stabilize their financial situation to possibly become homeowners again.

3. It Is Not Logical To Use NSP Funds For the Development of New Housing

The NSP Amendment proposes the use of \$2,077,159 for Acquisition and Rehabilitation in targeted areas. This use of NSP funds is consistent with Flint's neighborhood revitalization strategy contained in its Consolidated Plan. During the citizen participation process for the preparation of the Consolidated Plan, numerous people stated that they would like to stay in Flint, but the available housing stock was old, worn out and not comparable to choices in the outlying communities. Now that the wave of foreclosures has penetrated these outlying communities, the choices in these areas have surely increased.

A second strategy that emerged during the Consolidated Plan planning process was to provide decent, affordable housing in neighborhoods where job opportunities exist and other investments are being made. It is recognized that the stabilization and long-term revitalization of Flint's neighborhoods will only be successful if people have the income needed to afford decent housing and coordinated investments are bring made to improve overall quality of life in these neighborhoods. Much of this economic activity presently and in the future will be based on the medical and educational sectors. For this reason, the target areas for housing development with NSP funds are in proximity to these economic sectors. University Park, which is a successful housing development, is an example of this approach wherein an attractive, affordable housing choice has been provided in an area easily accessible to University of Michigan - Flint and the medical complexes.

Lastly, it should be clarified that the definition of housing development used in the NSP amendment includes both rehabilitation and new construction. It is the intention of the program to provide the flexibility to meet the goals of providing the improved housing stock described above. The intention is not to increase the housing stock in terms of the number of units, but rather to strategically increase the type and quality of units. The NSP funds provide a unique opportunity for this targeted investment since households earning up to 120% of median income are eligible to occupy the

housing. No other HUD funded program allows incomes at this level. This is an opportunity to provide for a level of economic diversity important to the stabilization of neighborhoods.

#### 4. Description Of Target Areas

The basis for the selection of target areas and the specific boundaries have been based on several criteria:

- The financing of proposals for new and rehabilitated housing is targeted to those areas which have high levels of distress based on past and projected foreclosure/abandonment rates as supplied by HUD.
- Within the areas where there are high levels of distress, there is a further focus on areas described above where the stabilizing impact of employment opportunities and other investments will support overall neighborhood stabilization.
- The targeted areas contain non-residential corridors such as North Saginaw Street which provide both employment opportunities and goods/services for neighborhood residents. Investment in these corridors must be part of a comprehensive neighborhood stabilization program.

#### **E. Certifications**

Appendix C contains a set of executed certifications.

# Appendix A

## Maps

# Appendix B

## Public Comment Documents

1. Ad announcing public comment period
2. NSP Blog from City's Website
3. Flyer announcing informational meeting
4. Sign-in sheet for informational meeting
5. Informational meeting notes
6. Written comments received on City's NSP plan
7. Flint Journal articles

# Appendix C

## Certifications