

Genesee County

NEIGHBORHOOD STABILIZATION PROGRAM

**Substantial Amendment
2008 Annual Action Plan
February 2009, Revised**

Genesee County
Neighborhood Stabilization Program (NSP)
Substantial Amendment
2008 Annual Action Plan
February 2009, Revised

Jurisdiction: Genesee County
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Program Summary

Genesee County has been designated to receive \$7,506,343 under the Neighborhood Stabilization Program. The program was created under the Housing and Economic Recovery Act of 2008 and was signed into law on July 30, 2008. The goals of the program include purchase and redevelopment of foreclosed homes and properties, purchase and rehabilitation of homes and properties for rent and redevelopment, demolition of blighted structures, redevelopment of demolished or vacant properties.

The Neighborhood Stabilization Program regulations require that an application be submitted to the Department of Housing and Urban Development by December 1, 2008. Funds must be committed to specific activities within an 18 month timeframe and all funds must be spent in four years.

The program has specific income eligibility requirements. Twenty five percent of the funds must benefit households at 50% of median income or below. The remaining funds must benefit households at 120% of median income or below.

FY 2008 Income Limits HUD Area Median Income				
	1 person household	2 person household	3 person household	4 person household
50% Income Limits	\$ 20,250	\$ 23,100	\$ 26,000	\$ 28,900
120% Income Limits	\$ 48,550	\$ 55,500	\$ 62,400	\$ 69,350

A. Areas of Greatest Need

Neighborhood Stabilization Program guidance indicates that areas of greatest need are those areas with the greatest percentage of home foreclosures, highest percentage of homes financed by subprime mortgage loans, and areas likely to face a significant rise in the rate of home foreclosure.

Genesee County contains many areas that have experienced widespread housing foreclosures. The approach utilized to determine areas of greatest need, included an analysis of data provided by HUD, as well as local foreclosure data. The following data was analyzed (maps attached as Exhibit A, B, C, D). That data includes (A) Estimated Foreclosure Abandonment Risk Scores, (B) Predicted 18-month foreclosure rate increase, (C) Low/Moderate Income Areas less than 120% of Area Median Income, (D) Local Bank Mortgage Foreclosures, HUD-owned properties, and Land Bank owned property data, collected from the Genesee County Register of Deeds.

All of the data was evaluated at the Census Tract and Block Group level. This data provides information about high risk areas, as well as those areas that are currently experiencing the effects of foreclosures. The data was evaluated and prioritized utilizing the information listed in the chart below. Areas containing high abandonment risk scores (6-10) and areas with predicted increases in foreclosure rates over the next 18 months (7-14%) were given priority. In addition, areas with more than 51% low/moderate income households below 120% of area median income were placed at a priority level. Utilizing local data regarding current foreclosed properties, areas with double the County average of 4 foreclosed homes per census tract were focused upon. By combining the information contained in the

mapping data, areas were evaluated to determine whether they fell into the high risk categories. Those meeting the criteria were identified as the areas having the greatest need.

Several neighborhoods in areas with high foreclosures are at risk of becoming destabilized due to the number of abandoned homes in those areas. The Neighborhood Stabilization Program provides funding to address the impacts of vacant foreclosed properties within a neighborhood. Upon determining the areas of greatest need, Genesee County intends to provide funding to best address vacant property issues through acquisition, rehabilitation, demolition, redevelopment and disposition. Included in the process of identifying the areas of need in Genesee County was a review of community demographics, number of foreclosures per block group in each community, and economic information. Genesee County has many areas of high risk for future foreclosures, as well as a 9% average unemployment rate. Based upon the data collected and reviewed, with much emphasis placed on the current local information, the following areas were identified as having the greatest need for assistance under the NSP funding.

GENESEE COUNTY AREAS OF GREATEST NEED

Census Tract	Foreclosure Abandonment Risk Score	Predicted 18 Month Foreclosure	Low/Mod% (Less than 120% AMI)
101.10	9-10	7-10%	51-100
103.04	9-10	14-18%	75-100
103.05	9-10	11-14%	51-75
123.10	9-10	11-14%	51-75
105.01	9-10	11-14%	64-100
105.04	9-10	11-14%	43-64
108.11	9-10	7-10%	76-100
108.12	9-10	11-14%	76-100
109.10	9-10	11-14%	51-75
112.10	9-10	3-6%	51-75
113.01	9-10	10-14%	64-100
113.02	9-10	10-14%	64-100
114.01	9-10	7-10%	51-75
115.08	9-10	7-10%	51-75
122.02	9-10	10-14%	64-100
132.02	6-8	7-10%	51-75

A census tract map showing the areas is attached as Exhibit E.

Exhibit A

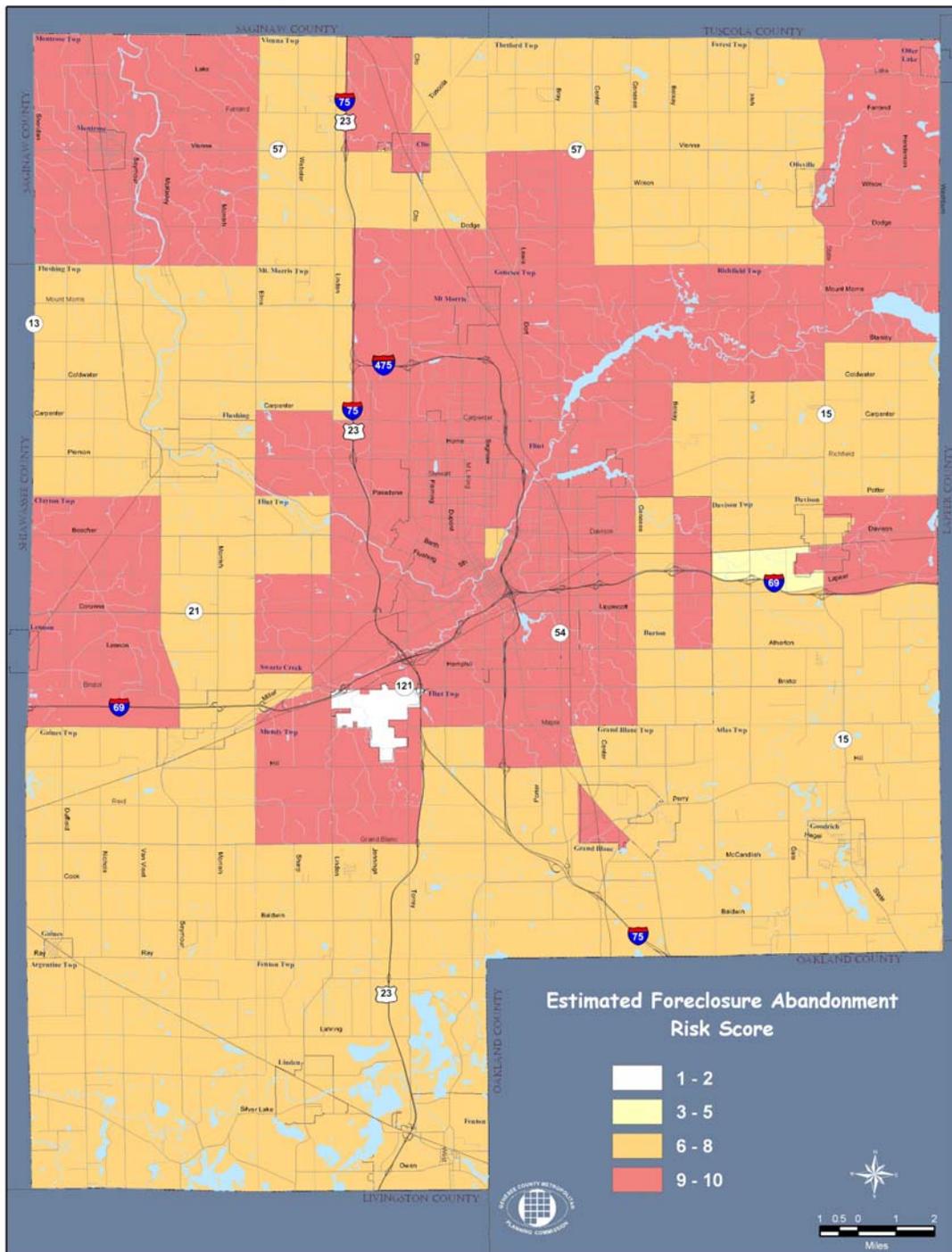


Exhibit B

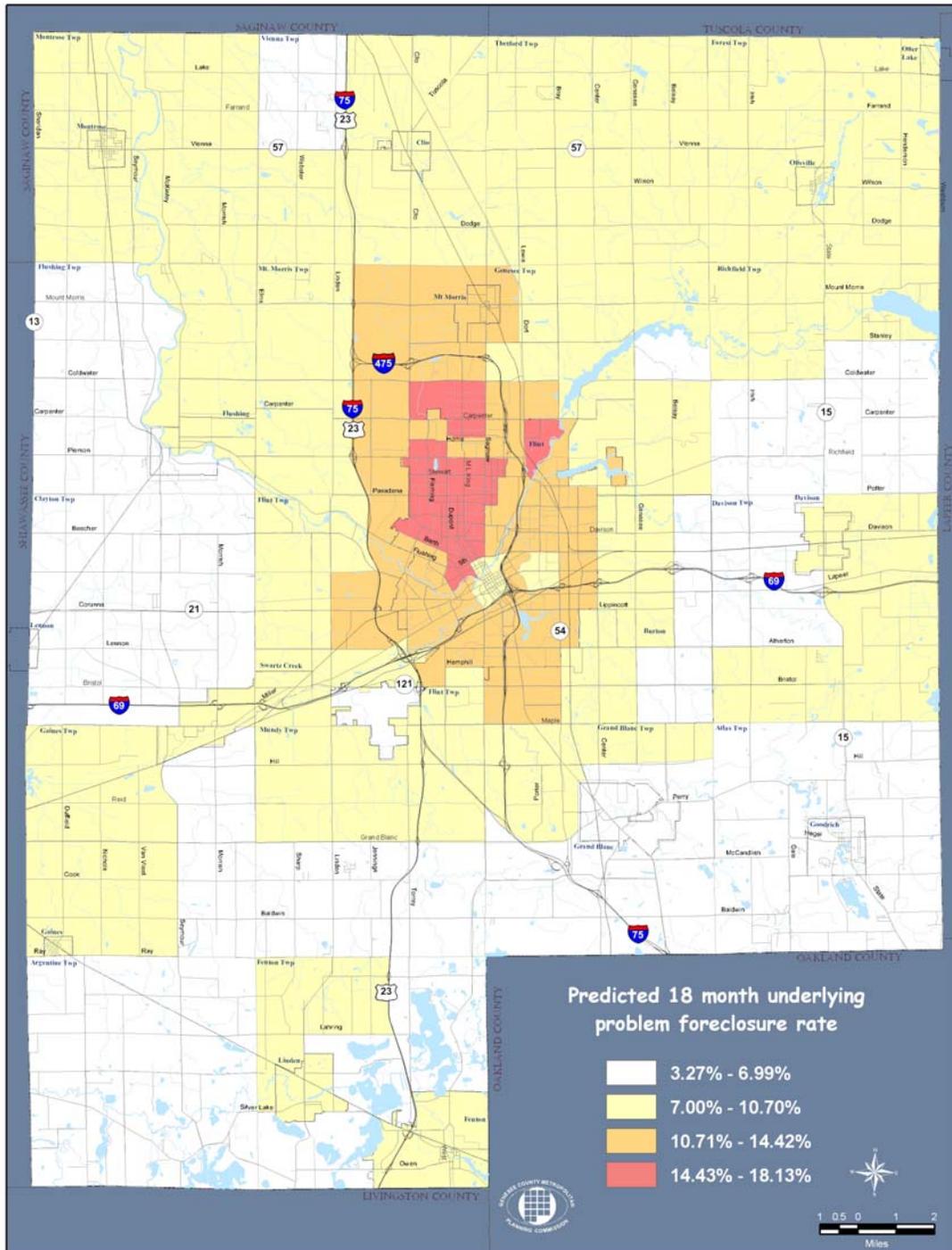


Exhibit C

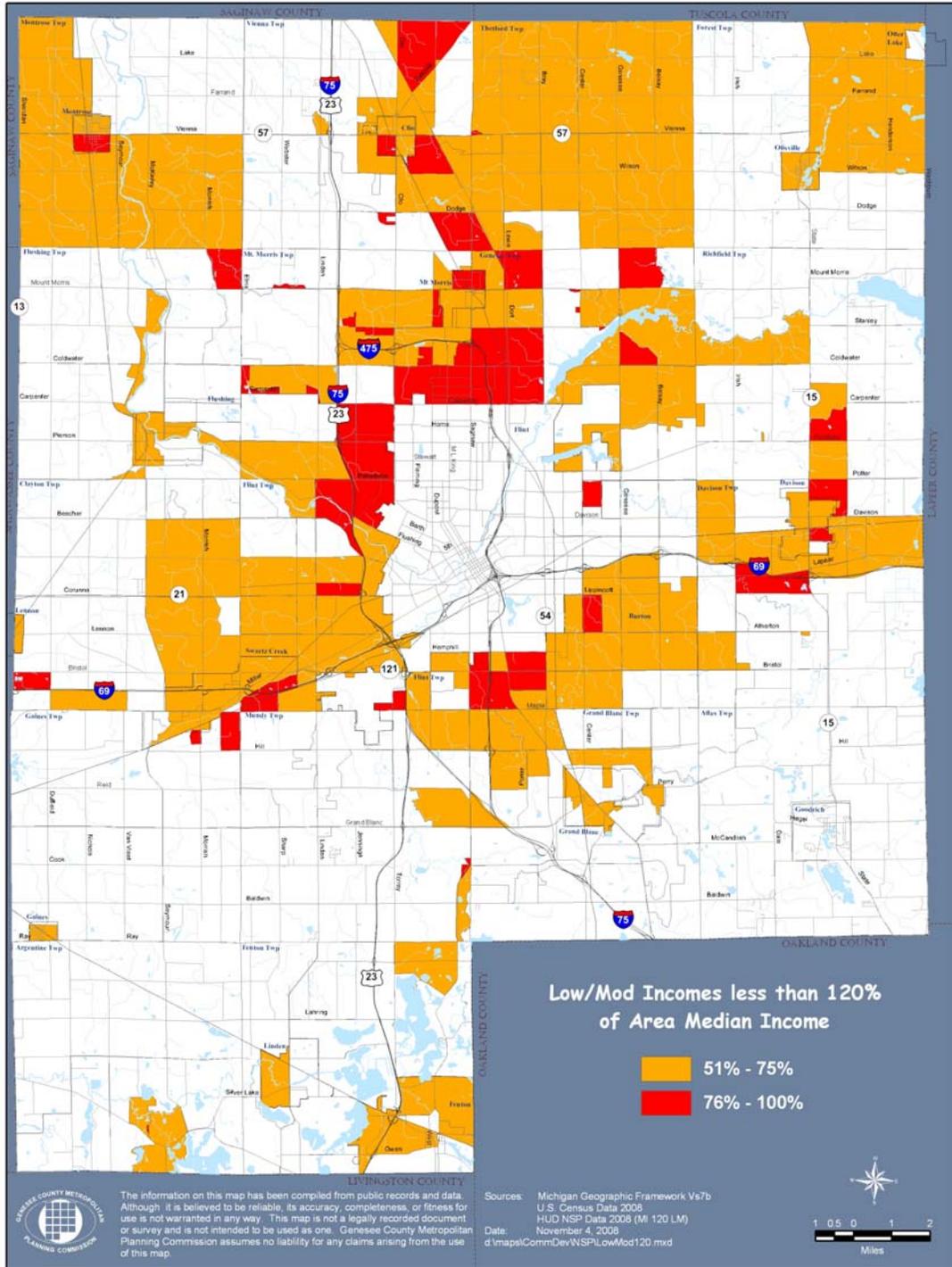


Exhibit D

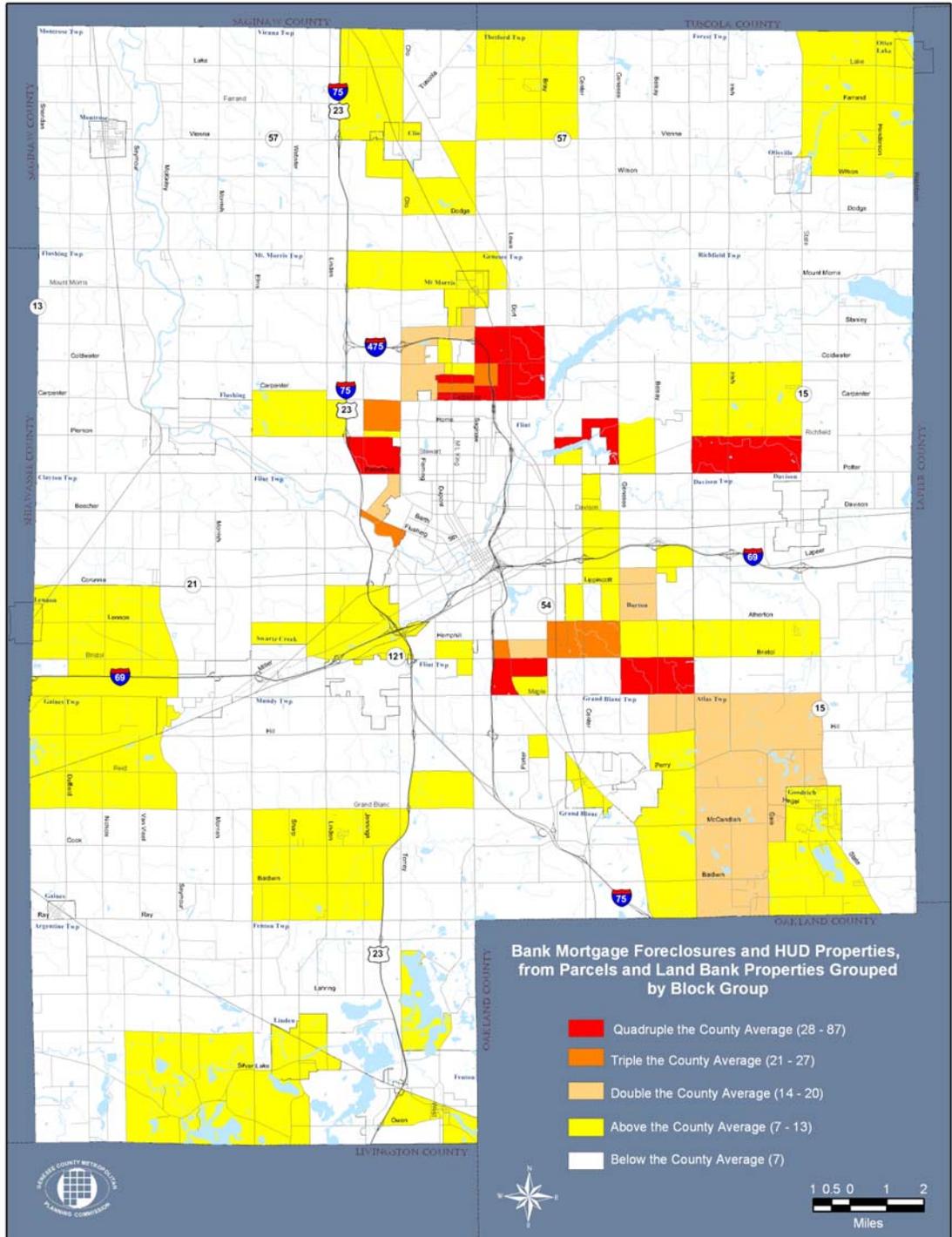
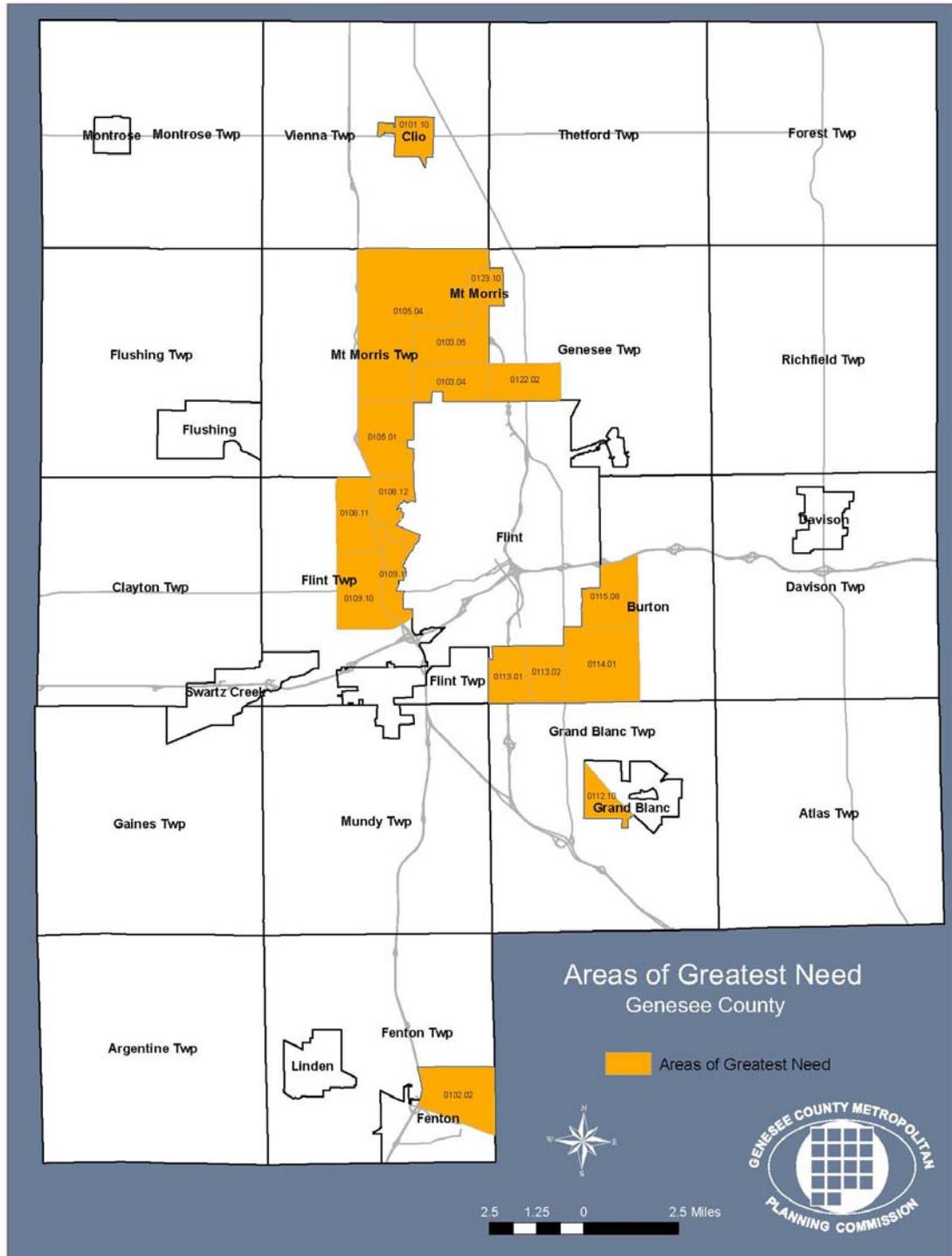


Exhibit E



The number of areas identified is currently very broad and specific areas of focus will be narrowed down to a neighborhood level in these communities. Local units of government will evaluate and identify those neighborhoods in which stabilization is most needed and final funding decisions will be based upon that information. GCMPC staff will work closely with the local units of government to determine those neighborhoods in which stabilization efforts will have the most positive effect.

Genesee County will utilize its NSP funding to help local communities address the following priorities:

1. Target areas with the highest percentage of home foreclosures.
2. Highest percentage of homes financed by sub prime mortgage related loans.
3. Local units of government likely to face a significant rise in the rate of home foreclosures.

B. Distribution and Uses of Funds

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

Response:

The HERA requires that Neighborhood Stabilization funds be distributed to the areas identified as having the greatest need. In order to meet this requirement an evaluation and merging of foreclosure/risk data was utilized.

Using the data that was utilized to identify NSP target areas, a process of identifying specific neighborhoods/properties eligible for acquisition, rehabilitation, and demolition within those target areas, will be coordinated between Planning Commission staff, Genesee County Land Bank Authority, local unit officials, inspectors and assessors. Communities with areas of need but that may not have contain large scale areas of foreclosures will be eligible to submit, through a separate process, applications for properties within their target areas.

Genesee County will work in partnership with the Genesee County Land Bank Authority, as a subrecipient, in targeted areas. In neighborhoods, homes will be

purchased, at a minimum discounted rate of 10% per structure, from HUD or banks and held by the Land Bank until any necessary rehabilitation is completed and the home is sold to an eligible homebuyer. Clearance of titles, appraisals, and marketing of properties will be completed in cooperation with the Land Bank. The Land Bank will receive an allocation of funds to assist in the demolition or redevelopment of properties currently in their ownership.

Funding provided through the Genesee County HOME Program, Downpayment Assistance will assist with downpayment and closing costs for eligible households. Twenty-five percent of the properties will be revitalized for rental or rent to own situations to households at 50% of area median income. Title clearance and management of these properties will also take place through the Genesee County Land Bank Authority.

It is anticipated that NSP funding will be used as a mechanism for leveraging other funding that could include State NSP funding, tax increment financing, and private resources.

NSP Eligible Use	Activity Funds
Demolition of Blighted Structures	\$1,162,342.00
Acquisition/ Rehab/ Resale	\$5,593,367.00
Administration	\$750,634.00
TOTAL	\$7,506,343.00

C. Definitions and Descriptions

Blighted structure:

(1) A structure that is a potential safety hazard for residents in the community, is an economic and aesthetic liability to a community, does not meet local housing code, is dilapidated and abandoned will be considered a blighted structure. GCMPC will work with local building code officials to determine that the local standard for blighted structures is followed in determining properties for demolition.

(2) Affordable Rents

Genesee County will define affordable rent as a household paying a maximum of 30% of their Adjusted Gross Income for rental costs.

(3) Continued Affordability

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

Response:

Genesee County will ensure continued affordability of rents through an annual monitoring process. The agency made responsible for oversight of any rental housing developed under the NSP program will keep records pertaining to annual rent charged to each renter. An annual re-evaluation of income will be required of each tenant to ensure that rents do not exceed affordability requirements and income guidelines continue to be met. The HOME Program affordability periods will be followed for the Neighborhood Stabilization Program. Affordability periods for the HOME Program are based upon the amount of funding invested and will range between 5 and 15 years.

Genesee County will adopt the HOME program's *affordable rents* at 24 CFR 92.252 (a), (c), and (f). The 2008 Fair Market Rents for Genesee County are listed below:

Final FY 2008 FMRs By Unit Bedrooms					
	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Final FY 2008 FMR	\$495	\$522	\$627	\$777	\$801

Properties acquired with NSP funding and sold to qualified homebuyers will require a specific affordability period. Affordability requirements will be attached through a forgivable lien process over a 15-year period. A lien in the amount of 50 percent of the NSP funds would be placed against the property. If the property is sold within the first five years, the entire lien amount must be paid back to the County. For the remaining 10 years, 10% would be forgiven annually.

Qualified homebuyers whose income does not exceed 80% of Area Median, who purchase a home assisted with NSP funding will be eligible to receive downpayment assistance (DPA) through the Genesee County HOME Program funding. A lien will be placed on the property. The lien will be in the amount of the DPA and will be held on the property for five years and forgiven at the end of the end of five-year

affordability period. The liens will be held on the property and will require payback if the homes are sold or disposition occurs during the affordability period.

(4) Housing Rehabilitation Standards

Response:

Genesee County will require that all NSP funded rental properties, identified to be in need of rehabilitation, meet the Section 8 Housing Quality Standards. Properties sold to homebuyers must meet the Michigan Residential Code Standards. Energy efficiency standards will be incorporated into rehabilitation activities to assist with long-term affordability and sustainability.

D. Low Income Targeting

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

Response:

The amount of funding to be appropriated to purchase and redevelop abandoned or foreclosed upon homes for households whose incomes do not exceed 50% of area median income will be a minimum of \$1,876,586, or 25% of the NSP allocation. Housing that is priced in a range that would be affordable to households at 50% or below area median income will be identified for rental or rent-to-own situations. In specific cases, where properties are sold at a price that would not exceed 30% of a low-income households Adjusted Gross Income, homes may be sold to these qualified households. Genesee County will ensure that 25% of the NSP funds will be utilized to rehabilitate vacant or foreclosed properties for recipients at or below 50% of area median income.

E. Acquisition and Relocation

Indicate whether grantee intends to demolish or convert any low and moderate-income dwelling units (i.e., \leq 80% of area median income). If so, include:

1. The number of low and moderate income dwellings-i.e., \leq 80% of area median income-reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
2. The number of NSP affordable housing units made available to low, moderate, and middle income households-i.e., \leq 120% of area median income-reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such

housing (including a proposed time schedule for commencement and completion).

3. The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

Genesee County will expend 50% of the NSP funding for demolition or conversion of low and moderate income dwelling units. Approximately 100 units of housing will be assisted as a result of the funding. The number of affordable housing units that will be made available for households at income levels \leq 120% of area median income is expected to be 80 housing units. A minimum of 20 of those housing units will be targeted to those at 50% of area median income or below.

In order to stabilize the areas identified as having the greatest need for assistance, acquisition of property will be necessary for purchase and/or demolition. It is expected that the process of acquisition will begin by March of 2009. The properties will be held by the Genesee County Land Bank Authority until disposition of the property is achieved. The homes or properties will be purchased at a 10% discount from the current market-appraised value. Funding will be utilized to make any necessary repairs and sold for an amount less than or equal to the costs of acquisition and rehabilitation. Any program income received from the sale will be put back into the NSP fund.

Relocation will not be carried out under this program. Homes that are occupied will not be considered for assistance in order to avoid required payment of relocation assistance, as required by federal law.

F. Summary of Public Comments

Provide a summary of public comments received to the proposed NSP Substantial Amendment. *Note:* Proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

No public comments were received during the period November 9 thru November 25, 2008.

G. NSP Information by Activity

Genesee County proposes to use funding for eligible activities in target areas to reduce blight and revitalize neighborhoods that have been impacted by foreclosures and vacant properties.

Activity Name: **DEMOLITION OF BLIGHTED STRUCTURES**

Activity Type: NSP eligible use (D); CDBG eligible activity: Clearance (24 CFR 570.201).

National Objective: LMMA (Low/Moderate/Middle Income Area Benefit): serves an area in which at least 51% of the residents have incomes at or below 120 percent of area median income.

Activity Description: Funds will be utilized to pay for demolition of identified blighted vacant structures meeting local criteria. It is expected that the Genesee County Land Bank Authority will be under contract to assist in carrying out the demolition process. Properties to be demolished will be identified through the Land Bank inventory as well as being identified with the local units of government. All properties will be located in targeted areas of greatest need. Work will include asbestos and lead survey, capping water and gas lines, removal of foundations, and removal of all demolition debris for proper disposal.

Location Description: Targeted areas within Genesee County

Funding: \$1,162,342.00

Projected Start Date: March 2009

Projected End Date: March 2013

Responsible Organization: Genesee County Metropolitan Planning Commission
1101 Beach Street Room 223
Flint, MI 48502

Genesee County Land Bank Authority
452 S. Saginaw Street, Second Floor
Flint, MI 48502

Estimated Number of Units: 200

Performance Measurement: Objective: Clearance of blighted properties to assist in stabilizing neighborhoods in target areas throughout Genesee County.

Outcome: Demolition of 200 blighted housing structures

Activity Name: **ACQUISITION/REHABILITATION**

Activity Type: NSP eligible use (B); CDBG eligible activity: Acquisition (24 CFR 570.201). NSP eligible use (B) CDBG eligible activity: Rehabilitation and preservation activities (24 CFR 570.202)

National Objective: LMMH (Low/Moderate/Middle Income Housing benefit): 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. LMMH (Low/Moderate/Middle Income Housing benefit). Rehabilitate properties and bring up to code for resale to income eligible households.

Activity Description: In cooperation with local units of government and the Genesee County Land Bank Authority, GCMPC will identify vacant properties and demolished properties using local records and data. Structures will be identified in neighborhoods of greatest need and will be vacant single-family properties or vacant commercial properties having a negative impact on neighborhood stability. Properties will be acquired at a minimum 10% discounted rate from the fair market value for single structures and up to 15% for multiple property purchases. Properties will be purchased from lenders and HUD, rehabilitated and brought up to local and state safety standards, and resold through an eligible realtor. Acquired properties will be assessed to determine if rehabilitation funding is needed to bring homes up to local or state standards. The Genesee County Home Improvement Program will be the responsible organization for bidding and overseeing rehabilitation work. After rehabilitation, the homes will be resold to households making no more than 120% of area median income. At least 25% of the properties will be marketed to those households at or below 50% of area median income for rental or rent-to-own situations.

Properties will be suitable for purchase to be resold, redeveloped or rented to assist households at 50% and 120% of median income or below. Households interested in purchase must qualify for financing through a conventional or FHA mortgage and must attend at least eight hours of homeownership counseling. Households not qualifying for a mortgage will be considered for a rental unit or rent to own situation. Downpayment Assistance will be offered to households to assist in paying downpayment and closing costs, with a lien placed on the property to ensure affordability for a minimum of five years. The Downpayment Assistance will be a 0% loan with no interest accruing during the affordability period. Housing Counseling services will be required of all NSP eligible recipients throughout the Genesee County targeted areas. All income eligible clients must attend a minimum of eight hours up to a maximum of 40 hours of counseling before homes are purchased.

Any program income generated by the resale of properties will be paid to the County for redistribution back through the Neighborhood Stabilization Program for continued acquisition activities.

It is estimated that the funding for this activity will assist in the following manner:

25% to households at 50% of area median income or less

25% to households between 50 and 80% of area median income

50% to households between 80 and 120% of area median income

Location Description: Targeted areas in Genesee County

Funding: \$5,593,367.00

Projected Start Date: March 2009

Projected End Date: March 2013

Responsible Organization: Genesee County Metropolitan Planning Commission
1101 Beach Street Room 223
Flint, MI 48502

Genesee County Land Bank Authority
452 S. Saginaw Street, Second Floor
Flint, MI 48502

Estimated Number of Units: 80

Performance Measurement: Objective: Purchase of vacant foreclosed single-family properties for rehabilitation/resale.

Outcome: Sustainability for the purpose of acquiring vacant foreclosed properties to provide decent affordable housing for eighty (80) eligible households.

Activity Name: **PROGRAM ADMINISTRATION**

Activity Type: NSP eligible use: CDBG eligible activity: 24 CFR 570.206 (a) General management, oversight and coordination.

National Objective: Not applicable

Activity Description: Program administration costs associated with implementation and monitoring of the Genesee County Neighborhood Stabilization Program.

Funding: \$750,634.00

Projected Start Date: March 2009

Projected End Date: March 2013

Responsible Organization: Genesee County Metropolitan Planning Commission
1101 Beach Street, Room 223
Flint, MI 48502

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital

costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

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

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

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

Woodrow Stanley, Chairperson
Genesee County Board of Commissioners

Date