

CITY OF SOUTHFIELD LEGAL NOTICE
NSP 3 Amendment to Plan
15 Day comment period & notice of Public Hearing

NOTICE IS HEREBY GIVEN that the City of Southfield will be submitting an Amendment to the Neighborhood Stabilization Plan (NSP 3). On February 13, 2012 at 7:00pm in the City Council Chambers located at 26000 Evergreen Road, Southfield MI 48076. City Council will conduct a **Public Hearing** regarding the proposed amendments. This is to inform the general public of a **15-day period for public comment**. The NSP 3 revised plan with amendments is available to be viewed at:

www.cityofsouthfield.com, scroll to center page, select words Neighborhood Stabilization Program

Comments will be taken through Monday, February 6, 2012. Residents and local community groups are encouraged to respond to the Housing Department. Phone calls will be answered at (248) 796-4174. Residents may also submit comments by email to ewilliams@cityofsouthfield.com. Written statements should be mailed to the Housing Department, 26000 Evergreen Road, Southfield, MI 48076. Offices are located on the second floor of the Municipal Building.

Publish Date January 15, 2012

Nancy L.M. Banks
City Clerk



Proposed – Substantial Amendment City of Southfield, Michigan NSP3 Plan Application for NSP3 Funds

Jurisdiction: City of Southfield, Michigan
Jurisdiction web address: Cityofsouthfield.com
NSP Contact name: Erica Williams, Housing Specialist

NSP Contact address: 26000 Evergreen Road
Southfield, MI 48037

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Fax: (248) 796-5135
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Executive Summary

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the Neighborhood Stabilization Program (NSP) that was originally established under the Housing and Economic Recovery Act of 2008. HUD will award grants to 50 states and 220 selected local governments to mitigate the negative impact of the nation's economic decline and housing market collapse and to stabilize and revitalize communities/areas hit the hardest.

The City of Southfield, Michigan anticipates receiving \$1,084,254 in Neighborhood Stabilization Program Three (NSP3) Funds from the U.S. Department of Housing and Urban Development (HUD). To achieve this funding, the City is required to submit an acceptable program plan to the U.S. Department of Housing and Urban Development (HUD) by March 1, 2011.

NSP3 funds were allocated by a formula based on the number of foreclosures and vacancies in the 20% of U.S. neighborhoods (Census Tracts) with the highest rates of homes which were financed by a subprime mortgage, are delinquent, or are in foreclosure. The minimum grant for non-state grantees was \$1 million and the basic allocation is adjusted to ensure that every state receives a minimum of \$5 million. The net result is that these funds are highly targeted to communities with the most severe neighborhood problems associated with the foreclosure crisis.

Under NSP3, grantees have 2 years from the date HUD signed their grant agreements to expend 50% of these funds and 3 years to expend an amount equal to these allocations.

Targeted Neighborhoods

For the purpose of selecting targeted neighborhoods, HUD established guidelines for communities. HUD is funding the Neighborhood Stabilization Program Three (NSP3) to revitalize neighborhoods across the country using the existing housing stock by rehabilitating vacant foreclosed homes. Utilizing the guidelines set by HUD for the NSP3 program the community must outline specific area(s) that have been hardest hit by foreclosure. In HUD's own words:

"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."

In addition to the factors used by HUD to calculate the Index of the neighborhood, the City of Southfield also included others in our decisions, including area census tract data, 2010 quarterly data from the City, proximity to public transportation, and distance from major city employment centers.

Appendix 1 – 4 Titled: Non – Occupied Buildings: March 2010; Non – Occupied Buildings: June 2010; Non – Occupied Buildings: September 2010; Non – Occupied Buildings: December 2010. These appendices provide a quarterly “snap shot” of building vacancies in the City of Southfield.

Appendix 5 Titled: Business in Southfield. This appendix provides an overview of the major employment centers in Southfield, Michigan.

Appendix 6 Titled: SMART & DDOT bus routes in Southfield. This appendix shows the bus routes operated by SMART (Southeastern Michigan Area Regional Transit) and DDOT (Detroit Department of Transportation).

Appendix 7 Titled: NSP3 Target Neighborhood. This appendix identifies the proposed NSP3 target neighborhood. *See NSP1 homes for rehabilitation within NSP3 mapped area.*

Using a mapping tool provided by HUD, Southfield employees have submitted several areas to be checked for compliance with these guidelines, and have received word back. These areas were selected based on data collected from the Building Department and mapped by our GIS team. Included are maps highlighting local business centers, bus stops, and average household incomes by area.

The NSP3 Targeted Neighborhood begins at the northeastern corner of the city at Greenfield and Thirteen Mile. From there it follows Greenfield south all the way to the city's southern border at

Eight Mile which it follows west to Lahser. It follows Lahser North up to Ten Mile which it travels along until it turns north at a point directly south of The Lodge and Civic Center Drive, which it meets. It then follows Civic Center Drive across the Civic Center to Lincoln, the southern border of Lathrup Village, which it follows along to the eastern border where it tracks along north. The border then meets Twelve Mile it briefly follows west to Southfield, where it tracks north to Thirteen Mile. Finally, the border stretches east along Thirteen Mile to meet its beginning at Greenfield.

This neighborhood has good public transportation, local retailing and large employment centers. It also includes the business districts along Greenfield; Southfield; Evergreen; Lahser; The Lodge (US 10); Eight, Nine, Ten, Eleven, Twelve, and Thirteen Mile Roads; and the entire Cornerstone District.

The NSP3 Targeted Neighborhood Score (as scored by HUD) within the City of Southfield is:

Neighborhood NSP3 Score: 19.4
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 14586

Definitions for NSP3

Abandoned – A home or residential property is abandoned if either (a) mortgage, tribal leasehold, or tax payment are at least 90 days delinquent, or (b) a code enforcement inspection has determined that the property is not habitable and the owner has not taken corrective actions within 90 days or 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.

Dangerous Building – A structure is dangerous when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. More specifically, a structure must be a dangerous building as defined in MCL 125.539 section 139.

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. Per City of Southfield Code a blighted structure is defined in Ordinance 1198 per SECTIONS 8.141, 8.142, 8.143 and 8.144 of CHAPTER 100 OF TITLE VIII OF THE CODE OF THE CITY OF SOUTHFIELD.

In addition, the estimated cost to rehabilitate the structure in compliance with the City's Property Maintenance Code must be greater than 50% of the estimated cost to replace the structure.

Current Market Appraised Value – The current market appraised value means the value of the foreclosed upon home or residential property that is established through appraisal mode in conformity with either (1) the appraisal requirements of the Uniform Relocation Act (URA) at

49 CRF 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; and the appraisal must be completed or updated within 60 days of the final offer made for the property by the grantee, sub-recipient, 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 the available data and is made by a person the grantee determines is qualified to make the valuation.

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 Banker 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 initiated or completed; or (d) foreclosure proceedings have been completed and title has been transferred to a intermediary aggregator or servicer that is not an NSP grantee, contractor, sub-recipient, developer, or end user.

Affordable Rents – Rents will be considered affordable for NSP assisted properties if they meet requirements for HOME assisted units at 24 XCFR 92.252(a), (c), (e), and (f). Tenant income shall be determined according to 24 CFR 92.203(a) using the definition of annual income at 24 CFR 5.609 (Section 8 methods).

General NSP3 Client Requirements

The City of Southfield’s NSP3 will be market driven. As the NSP3 funds are limited and available based the customer’s ability to obtain a qualified mortgage plus other conditions listed below. The NSP program is not first-come, first-served. The Client must be able to afford the home. The commitment of NSP3 funds from the City of Southfield will be subject to the following:

1. The subject property must be located within the NSP3 Targeted Neighborhood in the City of Southfield.
2. Purchaser must be able to secure a fixed mortgage with an interest rate consistent with market rates and will be required to have funds of at least 3.5% of the purchase price for the down payment and/or other closing costs.
3. Monthly housing costs (mortgage including taxes and insurance costs) cannot exceed 30% of gross monthly income (based on the initial review of the annual income at \$xx.xxxx monthly income of \$xx.xxx; 30% is \$x.xxx).
4. Subject property must be foreclosed and vacant.
5. Subject property must be acquired at a discount (at least 1% of the appraised price).
6. The subject property must have a qualified appraisal within 60 days of purchase.
7. Purchaser must complete the required eight (8) house of Home Buyer Education/Training provided by a HUD Certified Counselor.
8. Subject property must have the required HUD environmental inspection.
9. Other federal regulations will apply.

Program Household Income Qualifications

The following table details the NSP3 Program Household Income Qualifications as defined by the U.S. Department of Housing and Urban Development (HUD). These income qualifications will periodically change as updated by HUD.

Income Guidelines effective December 2011

Detroit – Warren – Livonia MI HUD Metro Income Limits								
Year 2010								
Area Median = \$64,400								
Income Category	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
Very Low 50% of Area Median	\$22,900	\$26,150	\$29,400	\$32,650	\$35,300	\$37,900	\$40,500	\$43,100
Low 80% of Area Median	\$36,600	\$41,800	\$47,050	\$52,250	\$56,450	\$60,650	\$64,800	\$69,000
Moderate 120% of Area Median	\$54,850	\$62,700	\$70,500	\$78,350	\$84,650	\$90,900	\$97,150	\$103,450

Vicinity Hiring

Through the bidding process, the City of Southfield will adhere to Section 3 of the Housing and Urban Development Act of 1968 as described in 24 CFR, Part 135. Contractors will be required to do due diligence (report required information to Grantee) to obtain employees who reside in the targeted area.

NSP3 Activities

The following is a summary of the City of Southfield's NSP3 Activities.

Activity #1: Acquisition, Rehabilitation, Construction of rental and/or sale, land contract, or lease to own units \$271,064.00 of the entitlement will be allocated for the purpose of acquisition, rehabilitation, construction of rental units. The rental units may be lease to own. This funding amount equals 25% of the total allocation and will be leased to families who are at or below 50% of the area median income. At least 3 units will be developed. The Program income resulting from the rental and possible sale of the properties will be used to acquire and rehabilitate additional units.

For a home which may be a sale, land contract or lease to own, the City, during

rehabilitation, will have the home appraised to determine a fair market value and each home will be sold to an NSP3 eligible homebuyer whose household income is below 50% AMI (Area Median Income). The home will be sold at market value or an amount equal to the project cost, whichever is less. The homebuyer must use the home as their primary residency. The buyer may receive Direct Homeowner Assistance (DHA) in the form of down payment assistance from NSP3 – Activity #4.

All homes assisted under this activity (#1 - Acquisition, Rehabilitation, Construction of rental and/or lease to own units) will be brought into compliance with the City's Property Maintenance Code. In addition, all work completed will comply with the City's Building Code. Environmental hazardous conditions, e.g. lead based paint hazards will also be addressed as required by HUD.

It is anticipated that NSP3 funds may be utilized to facilitate the renovations of properties acquired with NSP1 funds and located within the NSP Target Neighborhood as defined in the attached Appendix 7.

Additionally, it is anticipated that NSP3 funds may also be utilized to provide Direct Homeownership Assistance (DHA) associated with the acquisition of properties acquired with NSP3 Target neighborhood as defined in the attached Appendix 7.

It is anticipated that this activity will start on July 1, 2011 with a completion date March 31, 2014.

NSP3 - Activity #2: Acquisition, Rehabilitation and resale of foreclosed properties \$162,638 will be allocated for the acquisition, rehabilitation and sale of foreclosed properties in the neighborhood target areas. The sale of said properties will be to families and individuals with incomes at or less that 120% of area median income. This funding amount equals 15% of the total allocation, it is estimated that approximately 2 housing units can be rehabilitated and sold to owner-occupants with the initial round of funding. Program income resulting from the sale of said properties may be used to acquire and rehabilitate additional units.

During rehabilitation, the homes will be appraised to determine a fair market value and each home will be sold to an NSP3 eligible homebuyer whose household income is at or below 120% AMI. The home will be sold at market value or an amount equal to the project cost, whichever is less. The homebuyer must use the home as their primary residency. The buyer may receive Direct Homeowner Assistance (DHA) in the form of down payment assistance from NSP3 – Activity #4.

All homes assisted under this activity (# 2 - Acquisition, Rehabilitation and resale of foreclosed properties) will be brought into compliance with the City's Property Maintenance Code. In addition, all work completed will comply with the City's Building Code. Environmental hazardous conditions, e.g. lead based paint hazards will also be addressed as required by HUD.

It is anticipated that NSP3 funds may be utilized to facilitate the renovations of properties acquired with NSP1 funds and located within the NSP Target Neighborhood as defined in

the attached Appendix 7.

Additionally, it is anticipated that NSP3 funds may also be utilized to provide Direct Homeownership Assistance (DHA) associated with the acquisition of properties acquired with NSP3 Target neighborhood as defined in the attached Appendix 7.

The City of Southfield may utilize a land contract financing mechanism if the other financing is not available.

Furthermore, the City of Southfield may elect to utilize a portion of the City's annual Community Development Block Grant (CDBG) allocation for the purpose of supporting all eligible activities in the City's approved NSP1 and NSP3 plan subject to the U.S. Department of Housing and Urban Development (HUD) guidelines and approval process.

It is anticipated that this activity will start on July 1, 2011 with a completion date March 31, 2014.

NSP3 - Activity #3: Direct Homeownership Assistance (DHA) The City will allocate \$542,127 for the purpose of providing assistance for direct homeowner assistance to qualified NSP3 clients. These funds may be used for the following:

- (a) Down payment and/or closing cost not to exceed \$5,000.00
- (b) General modernization of home, e.g., new roof, siding, interior repairs, new floor coverings, bathroom and kitchen upgrades, abatement of hazardous environmental conditions when necessary to complete a particular modernization improvement, etc. The general modernization cannot exceed \$20,000.00
- (c) Purchase of energy efficiency appliances not to exceed \$6,000.00
- (d) Weatherization of the home, e.g., installation of insulation, new windows, new doors, HVAC systems, environmental abatement services associated with a particular weatherization improvement, etc, not to exceed \$15,000.00
- (e) Abatement of hazardous environmental conditions abatement (separate from the above), e.g., removal of septic system, installation of new sewer line, installation of waterline, lead paint abatement, asbestos abatement, mold remediation, etc. The abatement of hazardous environmental conditions cannot exceed \$15,000.00.

The DHA will come in the form of an interest free deferred loan equal to the amount of Direct Homeownership Assistance provided to the purchaser secured by a mortgage on the subject real estate.

The total aggregate of the Direct Homeownership Assistance (DHA) will not exceed 49.5% of the property's purchase price or the appraised value whichever is greater.

Low Income

Upon residing in the home for a period of not less than 15 years the interest free loan may be

forgiven providing that the family's household income is at less than 50% of the AMI.

Low-To-Moderate Income

Upon residing in the home for a period of not less than 15 years, 50% of the interest free loan may be forgiven providing that the family's household income is at or greater than 50% of the AMI but less than 80% of the AMI.

Moderate-To-Middle Income

Upon residing in the home for a period of not less than 15 years, 0% of the interest free loan may be forgiven providing that the family's household income is at or greater than 80% of the AMI.

NSP3 - Activity #4: Administration The City will allocate \$108,425.00 (10% of the grant award) for the administration of the activities associated with the HUD NSP3.

It is anticipated that this activity will start on July 1, 2011 with a completion date March 31, 2014.

Public Comment

This Draft NSP3 Plan will be posted on the City's Web Site (www.cityofsouthfield.com) and placed in the City Clerk's Office, the Housing Office and the City Library where it is available for public review. Written comments can be submitted during a 15 day period extending from January 18, 2012 to February 6, 2012 to the Housing Department, City of Southfield City Hall, 26000 Evergreen Road, Southfield, MI 48076.

Benefits for income-qualified persons, household, area

Some will become first-time homeowners. An opportunity is created through the Grantee's investment for income eligible families to obtain quality housing and build wealth. From a community perspective, the benefit is that blight is minimized through the Grantee's investment in acquiring and rehabilitating vacant/foreclosed properties. The tax base of the community is rejuvenated.

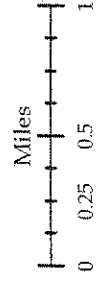
APPENDICES

Appendix 1 Non - Occupied Buildings: March 2010

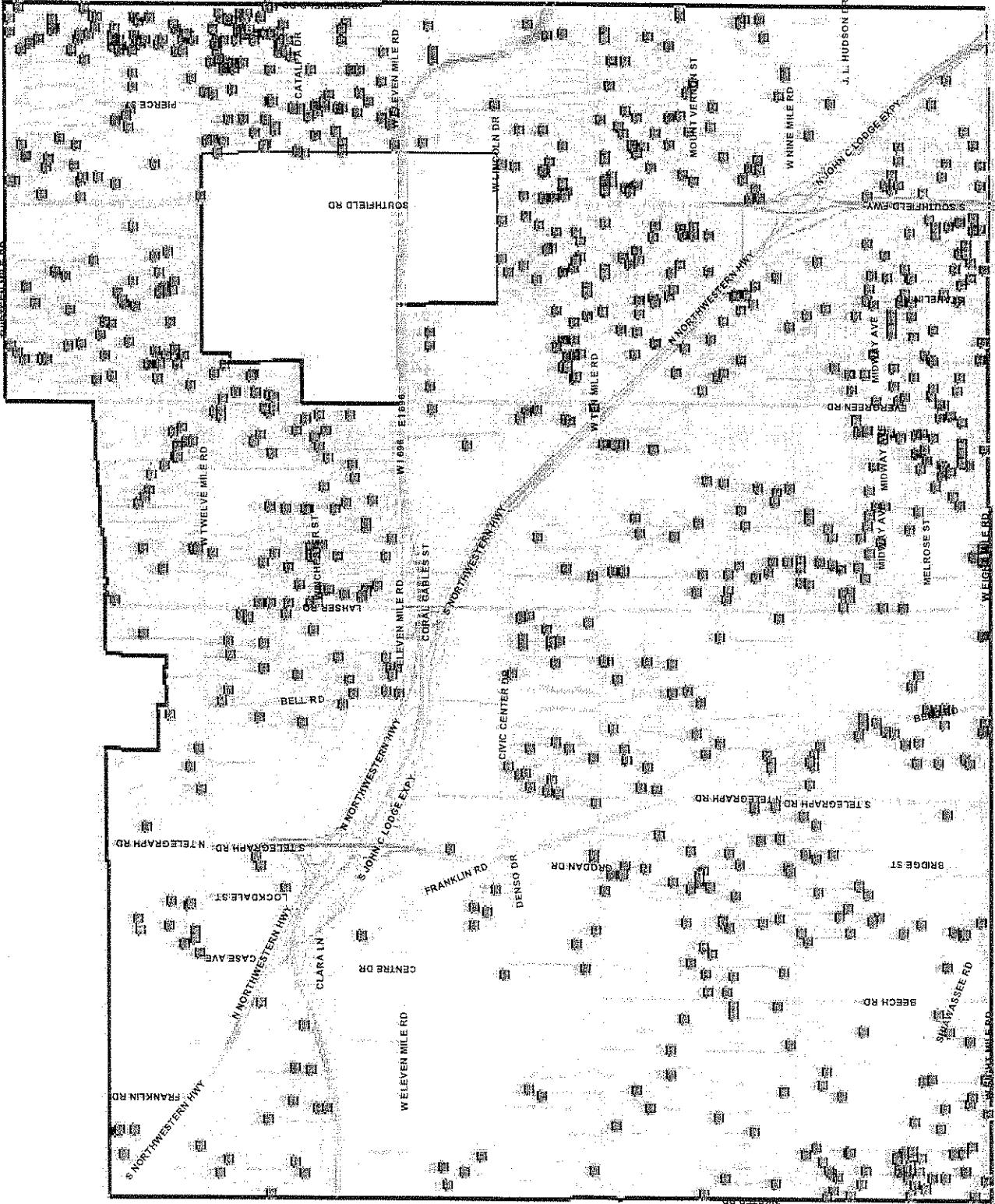


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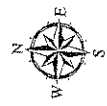
- Non-occupied Bldgs



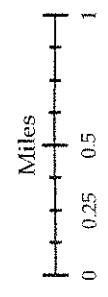
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Last Update: 1/25/2011



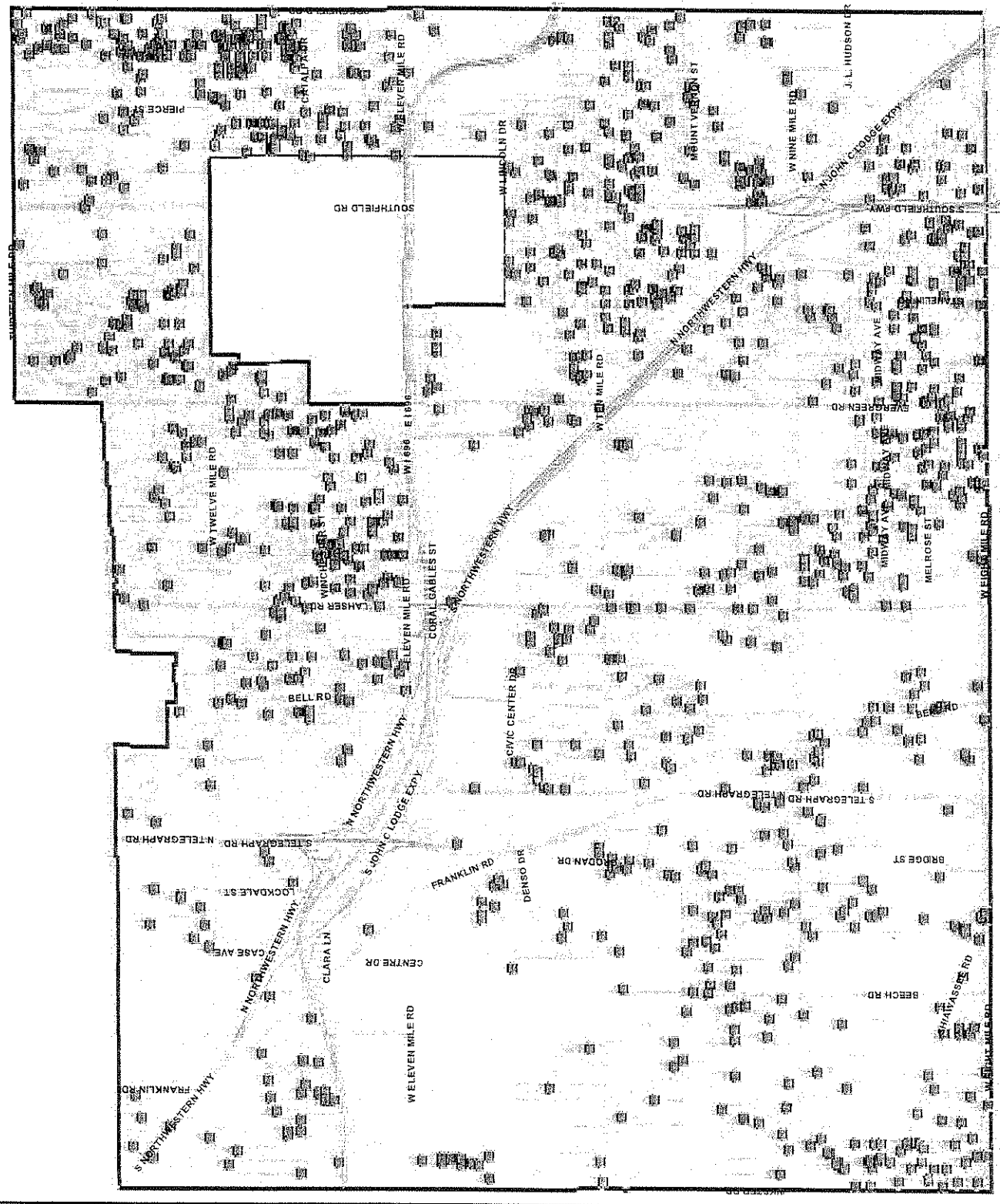
Appendix 3 Non - Occupied Buildings: September 2010



Legend
● Non-occupied Bldgs



Source: City of Southfield
Last Update: 1/25/2011

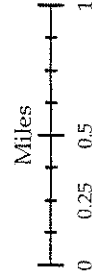


Appendix 4 Non - Occupied Buildings: December 2010

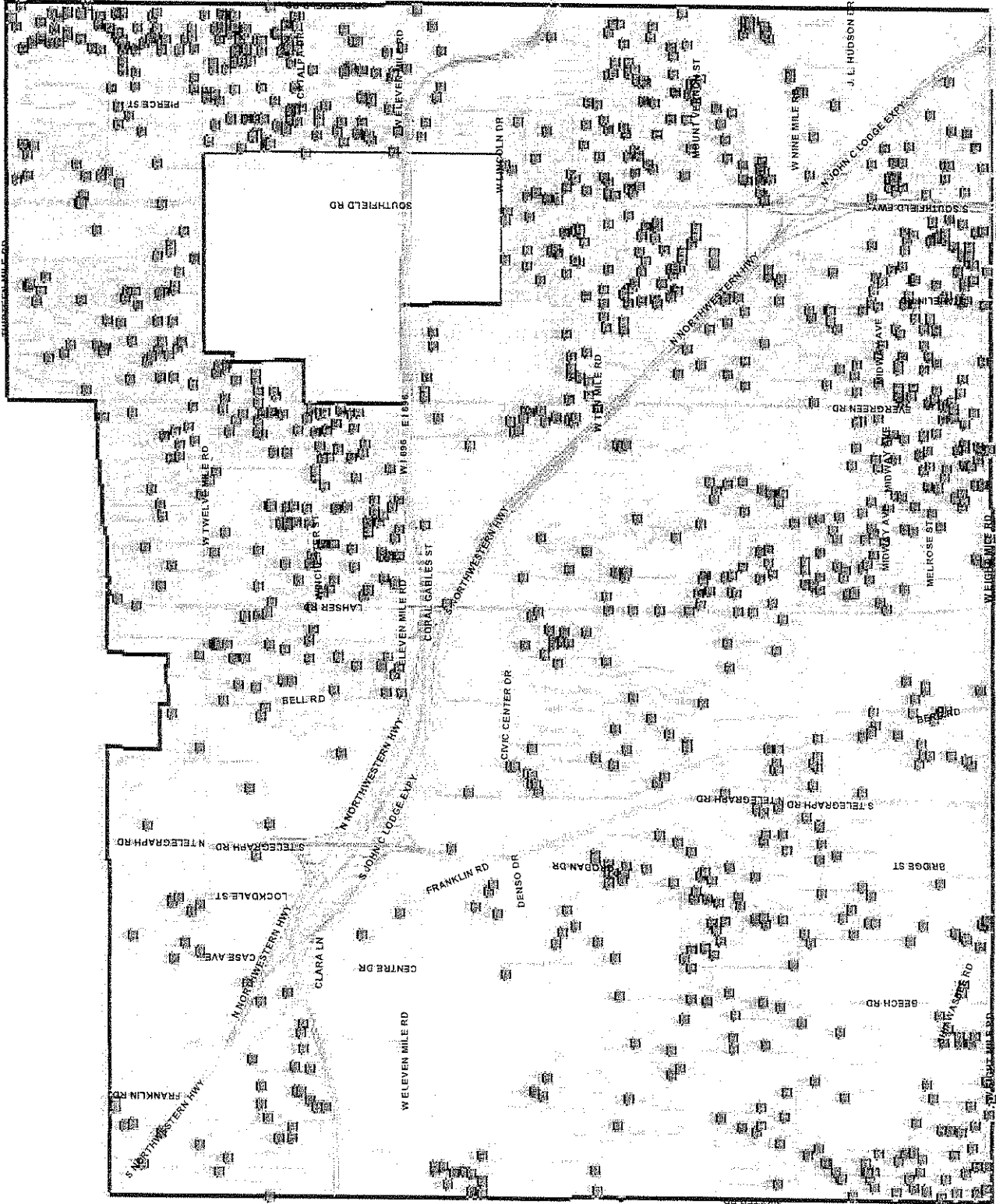


Legend

● Non-occupied Bldgs



Source: City of Southfield
Last Update: 1/25/2011



Appendix 5 Businesses in Southfield



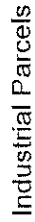
Employee Size

- 100 to 249
- 250 to 499
- 500 to 999
- 1000 to 4999

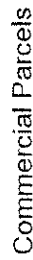


CDA

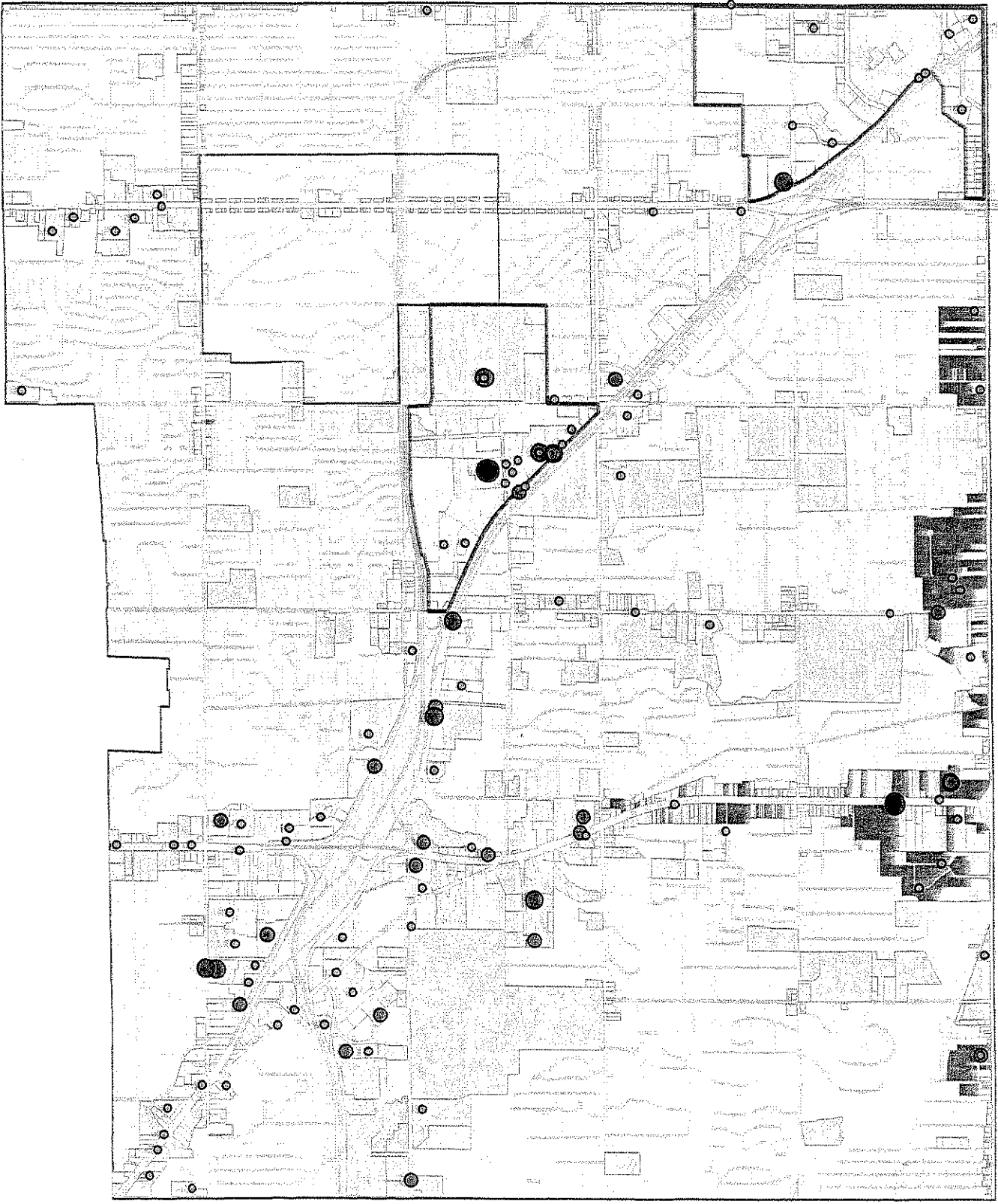
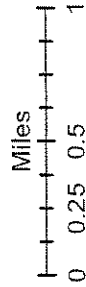
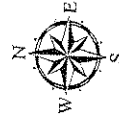
City Centre District



Industrial Parcels

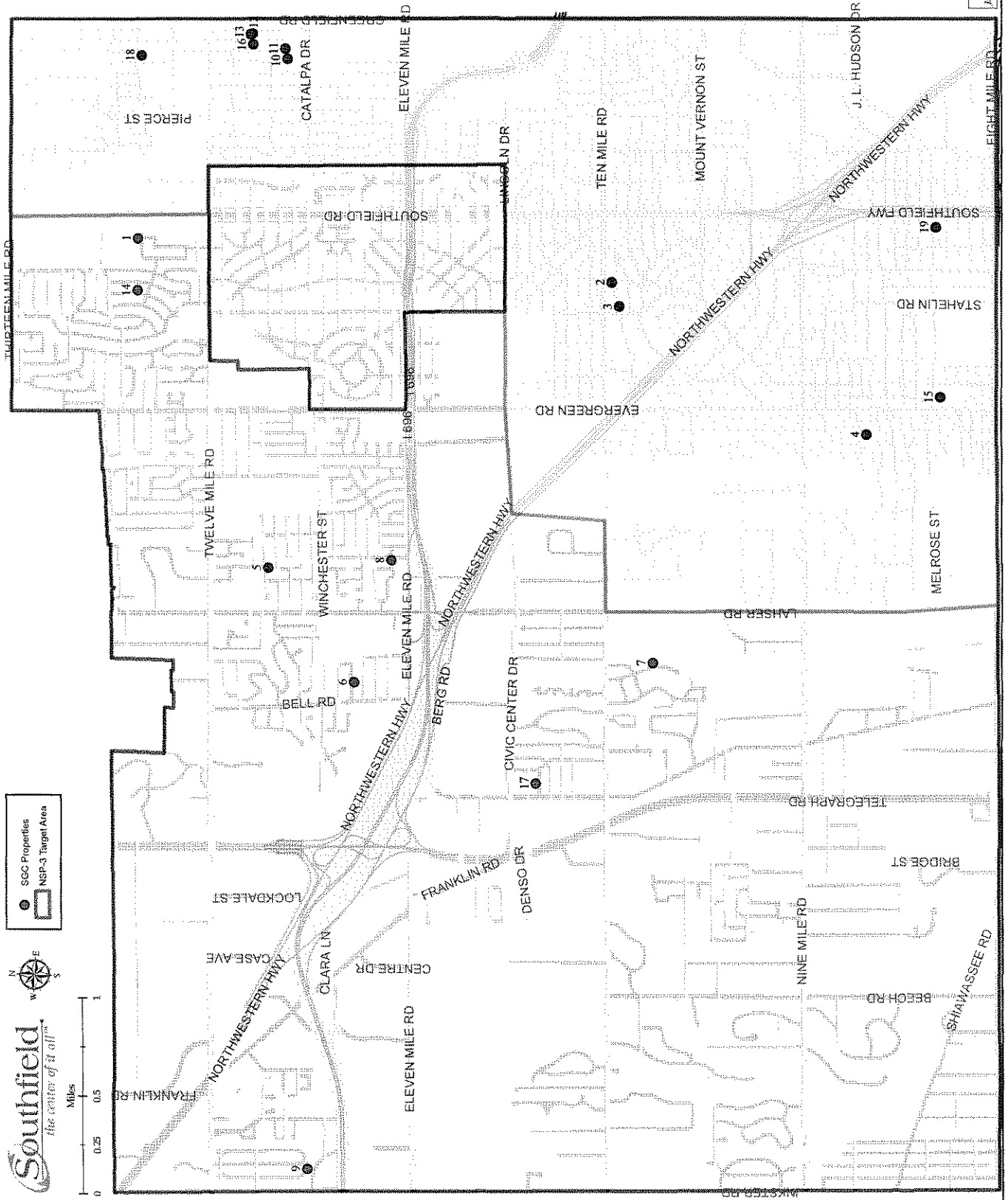
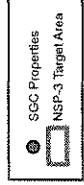


Commercial Parcels



APPENDIX 7

Properties Owned By Southfield Growth Corporation (SGC)



Created
Jan. 17, 2012