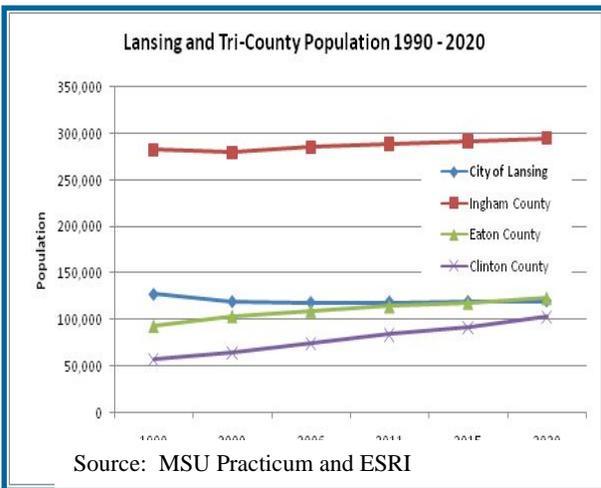
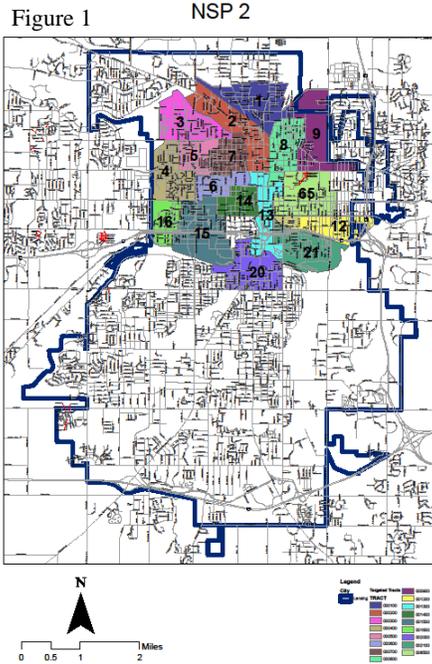


City of Lansing Neighborhood Stabilization Program 2 (NSP 2) Application Summary

NSP 2 funding is available on a competitive basis for qualifying census tracts that are affected by high vacancy and abandonment due to foreclosure. Lansing is proposing to apply for NSP 2 funds from HUD for 17 census tracts in the heart of the City surrounding downtown and Old Town. This area is termed Lansing Legacy Neighborhoods. (See Figure 1.)

Factors Leading to Decline

Population in the City of Lansing has been declining steadily for two decades, despite slow gains in the surrounding region. Notwithstanding the loss in people to live in them, the number of housing units increased by about 3% in the 1990s and another 3.2% from 2000 to 2006. From 2000 to 2006, Lansing's population declined by 7% and vacant units nearly doubled to 7,164 or 13% of available housing stock. Recent occupancy rate has declined due to increased foreclosure and unemployment. Modest population decline is projected to continue to 2020. (See figure 2.) Newly built units are mostly occupied although marketing times can be lengthy. Older units tend to have higher vacancy. They are more often in deteriorated condition and



commonly need plumbing, heating or electrical upgrades. Units built before 1940 are likely to be affected by safety issues such as lead paint or asbestos or be subject to flood risk. They lack modern amenities such as first floor bedrooms and bathrooms, energy efficiency, open and flexible floor plans and other features that buyers and renters expect in today's market. Of Lansing's 54,753 dwelling units, 12,039 or 24% were built before 1940. Much of the pre-1940 housing is located in the proposed NSP 2 area. The target area

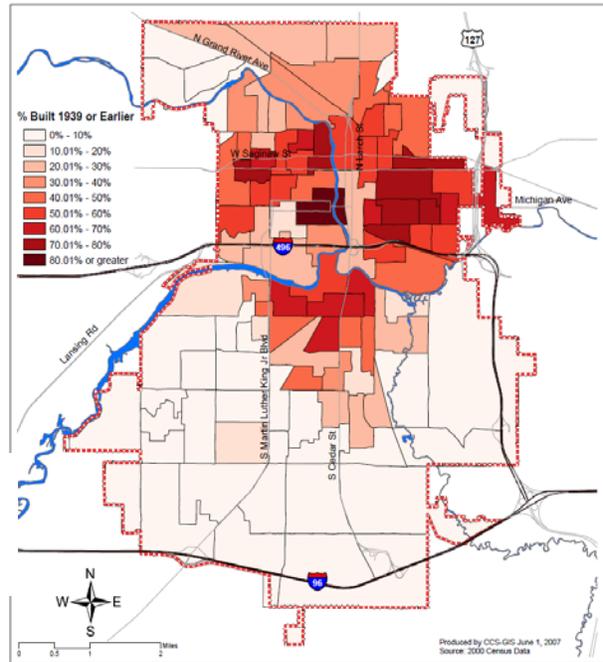
has seen a high concentration of foreclosures and high vacancy. It includes much of Lansing's housing built in the flood plain. (See Figure 3.)

How will NSP 2 funds help stabilize Lansing Legacy Neighborhoods?

To address the over-supply of units and remove units that are unsafe or no longer viable, Lansing proposes to acquire and demolish 258 units. Priority will be placed on removing units prone to flooding, affected by lead paint hazards, in deteriorated condition or

otherwise least desirable in the current market. The City has been awarded \$1,358,000 in FEMA grant funds to acquire and demolish 33 properties in the flood plain. This activity will complement NSP 2. A second FEMA grant is being prepared to add approximately \$1.3 million more for flood plain acquisition and demolition. Home owners who sell their flood plain property to the City will be provided incentives to move to vacant housing elsewhere in the City. Vacant parcels will be used for flood control, urban farming, added to park or nature areas or held for redevelopment. To stabilize units that are key to restoring neighborhood marketability, Lansing proposes to acquire and rehabilitate 98 units. Of these, 52 will be rented as permanent supportive housing for families with children at scattered locations in the target area. (This homeless subgroup is a priority because affordable rental units with 4 bedrooms are hard to find. Large families are costly to serve and draw heavily on scarce emergency resources.) The remaining 46 units will be sold to owner occupants. Down payment assistance will be used to assist at least 17 home buyers in purchasing foreclosed homes. Four new units will be constructed at key locations to demonstrate the type of energy efficient, well located, attractive infill development the City seeks for vacant parcels in the target area. Brownfield funds will be available through the Land Bank to make improvements in neighborhood amenities such as side walks, lighting, driveway approaches, rear alleys, landscaping and other urban design elements that will enhance marketability of newly constructed and rehabilitated units.

Percentage of Housing Built in 1939 or Earlier by Census Block Group



Marketability, handicap accessibility, energy efficiency and building standards

NSP 2 projects will use the same rehabilitation standards established for NSP 1 which include upgrades to 200 amp electrical service, additional outlets, energy efficient furnace and water heater, plumbing and fixture upgrades, addition of a second bath or half-bath and basement waterproofing systems where needed. Work may include walks, drives, fences, landscaping, gutters, downspouts, porch improvements, new cabinets, new doors, flooring, windows, roofing, siding and insulation, accessory structures or garage. Safety improvements will be made including lead paint hazard reduction, asbestos abatement, radon testing, carbon monoxide detectors and fire extinguishers. Work will be designed to address historic preservation issues, to maintain attractive neighborhood

character and enhance curb appeal. Unit layout, amenities, site design, interior and exterior finishes and color selections will be designed to enhance marketability and provide flexible use of space to appeal to a wide range of household types - young singles, empty nesters, young families, families with teenagers or young adults living at home etc. New homes will achieve a 5 star energy rating and may be designed to LEED standards. Rehabilitated homes will achieve at least a 4 star rating. On a case by case basis, units will provide barrier free accessibility or visitability improvements such as accessible entry, wide doorways, accessible kitchens and bathrooms, first floor bedroom and bath and accessible or adaptable fixtures, cabinets, appliances, outlets and switches. The goal for NSP2 will be to provide accessibility improvements for 10% of units based on feasibility within the constraints of existing building and site conditions. Units that are fully compliant with barrier free design guidelines will be constructed or rehabilitated where qualified buyers who have signed purchase agreements request full barrier free accessibility.

Why does the Lansing Legacy Area have good prospects for becoming stabilized and how will it be marketable to new residents?

The target area surrounds Lansing's core downtown. It is well served by public transportation and is accessible by foot or bicycle to major employers including Sparrow Hospital (both east and west campus), State Government, Michigan State University, and Lansing Community College as well as new and expanding companies - Accident Fund, Niowave, Neogen, and remaining manufacturing firms like Demmer. The Old Town commercial district in the heart of the target area has been redeveloped according to Main Street principles. It offers shopping, restaurants, entertainment and small businesses venues. Old Town is within walking distance of a large portion of the target area and is also accessible by public transportation. The target area is fully developed at moderate density including standard urban amenities - paved streets, curbs and sidewalks in a traditional grid pattern with established tree canopy, street lighting, natural gas, electricity, public water, and sewer and storm sewers. It is served by 35 established neighborhood organizations, 4 neighborhood outreach centers 3 city operated community centers and 2 nonprofit community development organizations. New, market rate housing development has already attracted new residents to live in the core downtown. This trend is contributing to a social and cultural vibrancy that, together with Old Town, acts as an anchor for the more traditional urban neighborhoods in the target area surrounding the core of the City. Additional market rate development is planned for downtown, subject to financing. Two multifamily rehabilitation projects in the target area have been awarded tax credits. These are also waiting for complete financing commitments. The target area retains an attractive urban residential character and includes a significant portion of the historic architecture that exists in central Lansing. The Red Cedar and Grand Rivers run through the target area and offer a significant natural amenity. The river trail along these waterways, together with other parks in the target area, provide recreational opportunities which include biking, hiking, fishing, boating, organized sports, play grounds and space for community events.

How will the NSP 2 requirement be addressed so that 25% funds are used to assist households at or below 50% of area median income (adjusted for family size)?

The City of Lansing plans to use \$5,980,000 to purchase and rehabilitate 52 units for use as permanent supportive housing for homeless families with children with household income at or below 50% of AMI. Funds may also be used for housing for persons with special needs. Scattered site supportive housing has been identified by the Greater Lansing Homeless Resolution Network as a key strategy to resolve and prevent homelessness. Details of the strategy are outlined in the City's 2008-2009 Consolidated Plan and the NSP 1 Plan. First priority will be to acquire and renovate foreclosed homes with 4 or more bedrooms. Support services will be coordinated through the GLHRN and the City's Human Relations and Community Services Department.

Summary of Proposed NSP2 Grant Budget

| Allocation | HUD Matrix Code & Program | Measure | Income Target | Notes |
|----------------------------|---|--------------------------------------|-------------------------------|---|
| Activity #1 \$5,980,000 | 14G– Development of SF units for Affordable Rental Housing (Permanent Supportive Housing) | LMH – 52 housing units | ≤50% area median income (AMI) | Acquisition and rehab for rental. Satisfies the HUD requirement that at least 25% of NSP grant be used for housing those at 50% or less of AMI. |
| Activity #2 194,000 | 12 – New Construction) | LMH – 4 housing units | ≤120% AMI | May be used for financing mixed-income housing or demonstrating the type of attractive, energy efficient, infill housing desired by the City for Land Banked vacant parcels. \$50,000 per unit subsidy to meet appraised value. |
| Activity #3 2,146,000 | 04 – Clearance & Demolition | LMA – 258 housing units | ≤80% AMI | Utilize NSP2 funds as FEMA Pre-Disaster Mitigation Grant match for demo of foreclosed or abandoned homes located within flood plain, and to clear vacant blighted structures for redevelopment. |
| Activity #4 2,231,000 | 14A – Rehabilitation of SF homes (ADR model w/o acquisition included) | LMH – 46 housing units | ≤120% AMI | Land bank rehabilitation and/or projects w/non-profits for acquisition, rehab and resale to income qualifying households. Investment should generate some program income at sale which can be reused. |
| Activity #5 354,140 | 13 – Direct Homeownership Assistance – (DPA) | LMH – 20 housing units | ≤120% AMI | Up to \$20,000 in down payment assistance. May be forgiven after 10 years. Homebuyer does not need to be first time homebuyer. |
| Activity #6 9,857,000 | 01 – Acquisition (including property management costs) | LMA – 420 parcels 60 lots, 360 homes | ≤120% AMI | Ingham County Land Bank will acquire and handle property maintenance. 258 of these units will be demolished. 46 will be rehabilitated and 4 will be built new for sale to home owners. 60 parcels will be banked. |
| 20,762,140 | Total | | | |