CITY OF LANSING
CONSOLIDATED PLAN
NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): Lansing, MI

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More information on the Neighborhood Stabilization Program (NSP) is available at www.hud.gov

Please send comments on this plan to NSPcomments@lansingmi.gov.

Please Note

NSP funds cannot be used for foreclosure prevention.

If you need foreclosure prevention assistance, call 211 or go to www.holdontoyourhome.org

11/26/2008

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Purpose of this Document

This document is a proposed amendment to the City of Lansing's approved Consolidated Plan and 2008-2009 FY Action Plan for the use of Community Development Block Grant (CDBG), HOME and Emergency Shelter Grant (ESG) funds. The approved 2008 Plan describes the housing programs the City operates with its annual allocation of HOME and CDBG funds. (See Exhibit B for a summary of the current Action Plan)

In response to the growing problems in communities related to the foreclosure crisis, Congress passed the Housing and Economic Recovery Act of 2008 (HERA). Title III of Division B of the act established the Neighborhood Stabilization Program (NSP) for the purpose of redeveloping abandoned and foreclosed homes and properties. The City of Lansing has been allocated $5,992,160 in emergency NSP assistance to address the problem of abandoned and foreclosed homes. NSP is to be generally construed as a supplemental allocation of CDBG funding using the Disaster Recovery Grant Reporting (DRGR) system.

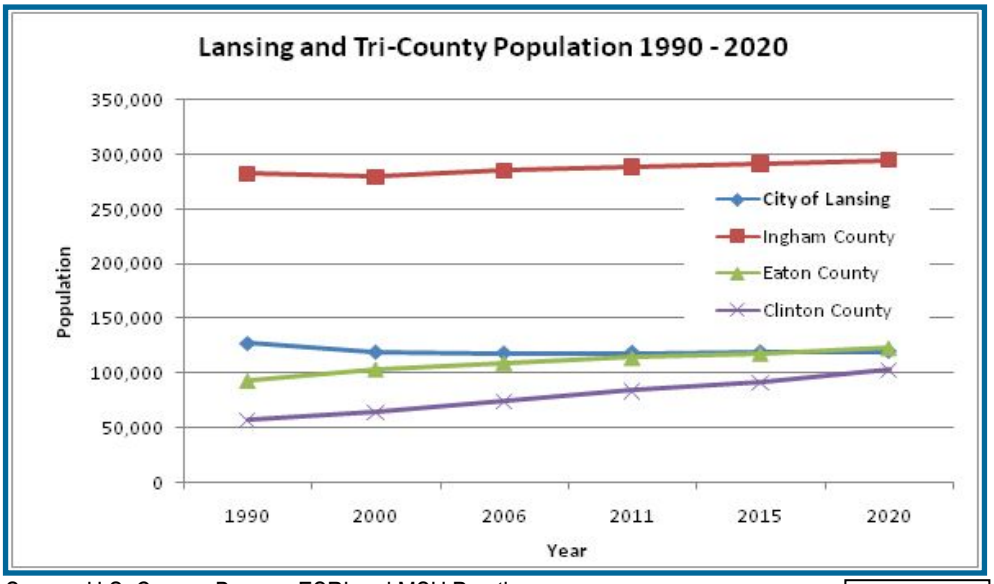
NSP is a new program that funds a set of activities - housing acquisition, rehabilitation, demolition, home financing assistance and others, related to foreclosed and vacant property. These activities are also permitted under the CDBG program without limitation to foreclosed and vacant property.

This proposed amendment has been prepared to describe how NSP funding will be used to address the current foreclosure problem in Lansing in accordance with HERA and NSP rules. It was posted for public review and comment before being submitted to HUD on November 26, 2008. Questions or additional comments regarding implementation may be sent by e-mail to NSPcomments@lansingmi.gov or by mail to NSP Comments, 316 N. Capitol, Lansing, MI 48933.

Community Profile

The City of Lansing is part of the mid-Michigan region and is the urban hub of the Greater Lansing Area, which includes the counties of Ingham, Eaton and Clinton. The local economy has historically been developed around three major anchors – automobile manufacturing, state government and Michigan State University. Of late, manufacturing has been declining in prominence, with health care and insurance emerging as a growing source of local employment. While this transition takes place, unemployment has increased steadily and now amounts to about 10% city-wide. Just as the city is in the midst of grappling with this economic transition, it has been hit with a spike in foreclosures, falling property values and a dramatic increase in vacant property.

The 2000 Census tabulated Lansing's total population at 119,128. Population within the City of Lansing has been declining steadily for two decades, although it has been rising slowly in the region. As of 2006, according to the Census Bureau's American FactFinder, total population in Lansing had dropped 7% to 110,619. The number of vacant housing units almost doubled from 3,654 to 6,451 during the same period. By 2007, the last year for which census estimates are available, 7,164 units were vacant, comprising almost 13% of the city's housing stock. Population within the City of Lansing is expected to continue to decline slightly through about 2010 and then stabilize during the next decade. (See Figure 1)



Source: U.S. Census Bureau, ESRI and MSU Practicum

Figure 1

According to census data, 54% of Lansing's housing units were built prior to 1960. Another 43% were built during the rapid expansion period from 1960 through 1989 and only 3% were added between 1990 and 2000. Despite declining population during the period 2000 to 2006 the total number of dwelling units in Lansing increased by 1,694 units (or 3.2%) from 53,159 to 54,753 dwelling units. As the housing stock ages it requires renewal and reinvestment to remain attractive to a new generation of buyers. Even in a market where there is an oversupply of units, buyers can be found who are interested in purchasing new housing with up-to-date features. The addition of new units helps to motivate owners of existing units to upgrade and renovate their property in order to make it attractive in the marketplace. Beyond the obvious effect of causing prices to decline, oversupply of housing units can result in prolonged vacancy, abandonment and eventual demolition of less desirable units. This process of renewal and replacement is characteristic of normal functioning in the housing market, which intensifies during periods of decline in employment and population. With the convergence of current trends - declining population, growing supply of housing and dramatically increasing vacancy due to foreclosure - sales prices for existing homes have dropped. Lansing can make good use of the emergency allocation of NSP funds toward improving the quality of housing choices and rebalancing the supply of housing to better fit the demand that exists now.

Geographic Targeting and Existing Programs

All CDBG and HOME funds the City receives are used to support low and moderate income persons and neighborhoods. Most of the block groups within the city are predominately populated with families at or below 80% of area median income and are eligible areas for CDBG assistance. Many housing and community development programs funded in the 2008 Plan are available to eligible households city wide. However, five focus areas are prioritized for new infill housing construction and full rehabilitation of distressed properties. (See Figure 2 and Exhibit D.)

NSP funds are significantly different from HOME and CDBG in that they can be used to assist households and neighborhoods at or below 120% of median income, adjusted for family size. This new group of eligible households is termed "middle income" and includes a family of four with income up to $77,900 per year. Nearly all of the block groups in the entire city are eligible for the use of NSP funds. (See Figure 16.)

NSP will be administered within the context of the existing CDBG and HOME programs that already serve a segment of the NSP eligible population. The City also administers the Lead Safe Lansing program that removes lead paint hazards in housing. The Federal Emergency Management Agency (FEMA) recently awarded a Pre-Disaster Mitigation Grant to the City to eliminate housing at the greatest risk from flood. The impact of all funding available for similar activities will be considered in planning for the use of NSP funds.

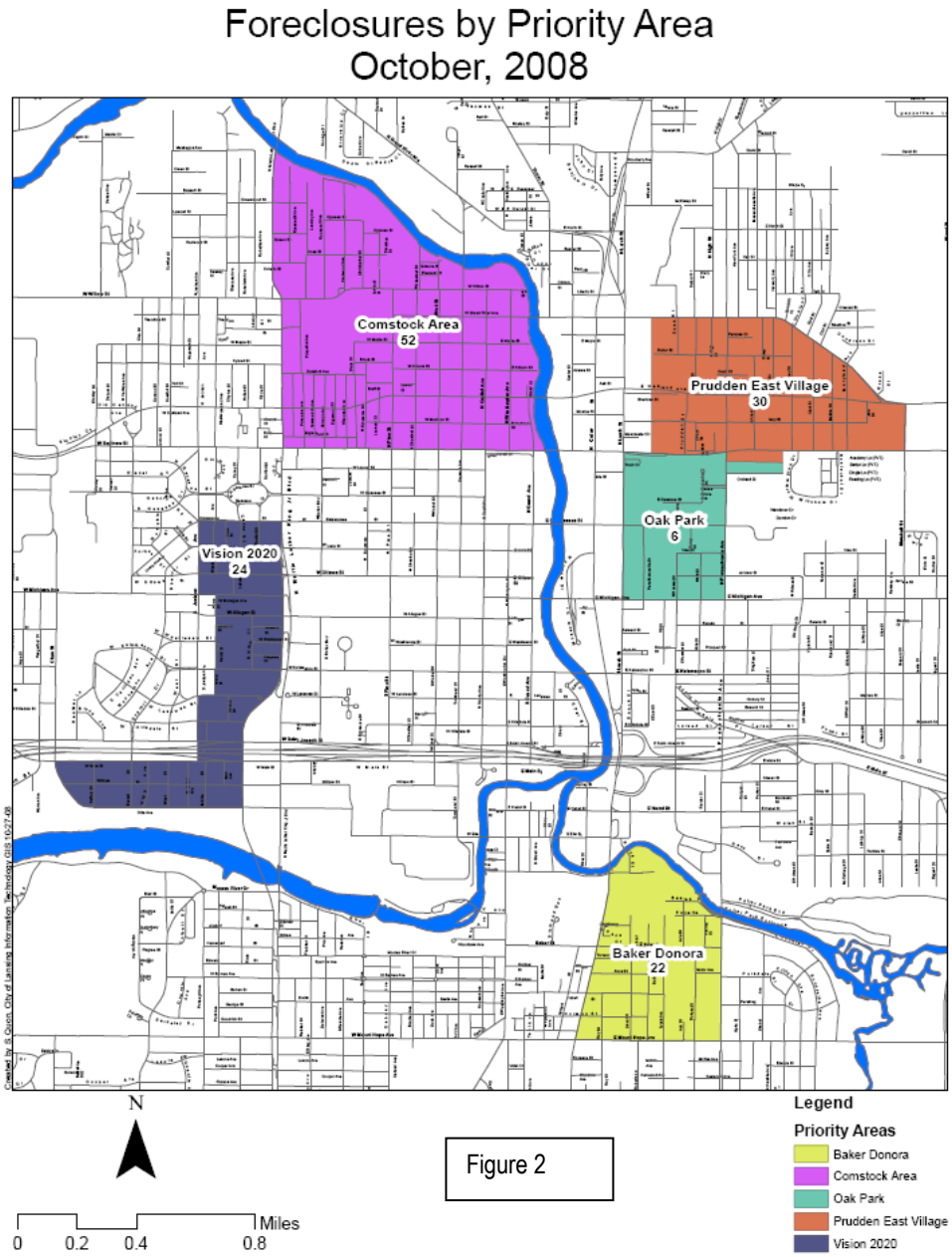


Figure 2

A. Areas of Greatest Need for NSP Assistance

HUD requires that the City target its NSP allocation to those areas in greatest need of assistance based on the concentration of foreclosure activity, the concentration of subprime lending, the estimated risk of future foreclosure activity and other local factors.

Mortgage Foreclosure

Mortgage foreclosure activity in Ingham County and Lansing has risen steadily each calendar year from 2004 through 2007. Foreclosures more than doubled for the period 2005-2007 and are on track to increase further by the end of 2008, although the rate of increase within the City of Lansing appears to be slowing. City of Lansing foreclosures amount to approximately 85% of county wide foreclosure activity. For the 2008 year-to-date period ending August 31, 2008, foreclosures were occurring at about 110% of the foreclosure rate experienced in 2007. (See Figure 3. Please note: 2008 data is for a *partial year* period January – August 2008.)

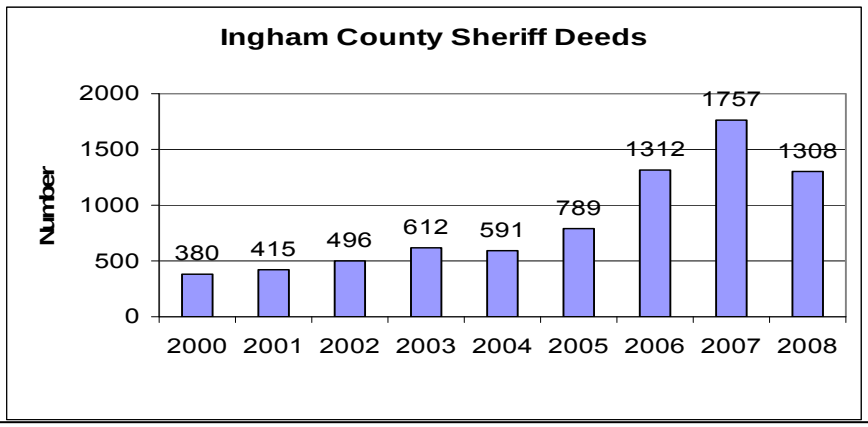


Figure 3 (Data Source Ingham County Register of Deeds) NOTE: 2008 is partial year

Mortgage foreclosures are increasing in all geographic areas of the city, but some census block groups have been hit harder than others. (See Figure 4.) Note: Figure 4 does not include foreclosures in the portion of the City of Lansing that is located in Eaton County. Based on data from the City Assessor's Office, the foreclosure density in the portion of the City located in Eaton County is believed to be similar to that in the adjacent Ingham County neighborhoods. (See Figures 6 and 9.)

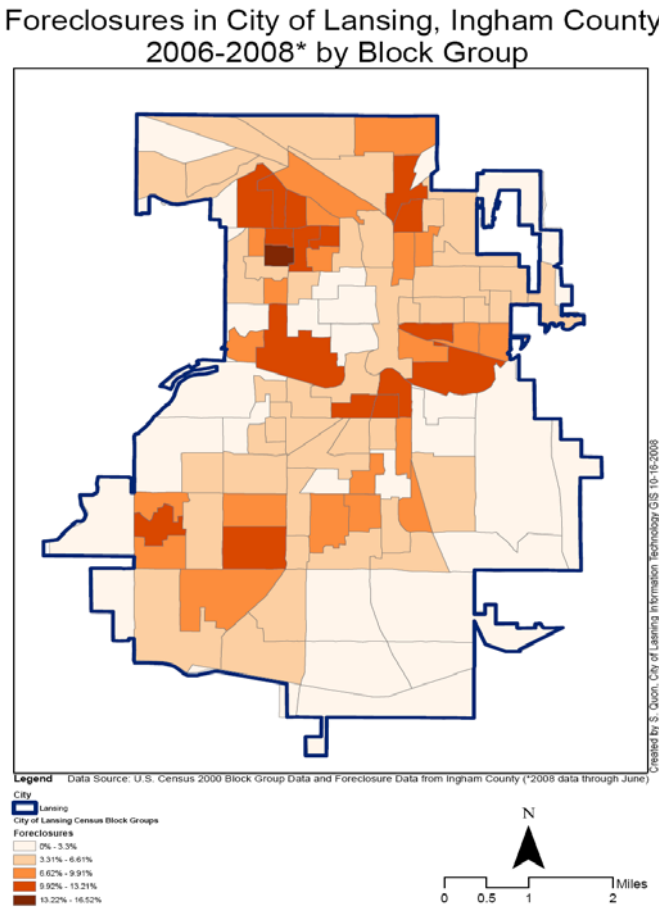


Figure 4 (Data source: Sheriff's Deeds recorded January 1, 2006-June 30, 2008 at Ingham County Register of Deeds)

Data on Sheriff's Deeds during the 2 ½ year period ending June 30, 2008 show that foreclosed properties have been widely distributed throughout the City. Within the overall pattern of wide distribution, clusters of foreclosed properties are apparent. Each of the five focus areas identified in the current consolidated plan has experienced a comparatively high rate of foreclosure. The east side neighborhoods of Urbandale and Potter Walsh have also been hit with a high concentration of foreclosures. (See Figure 5 and Figures 5A-C)

City of Lansing Foreclosures January 2006 through June 2008

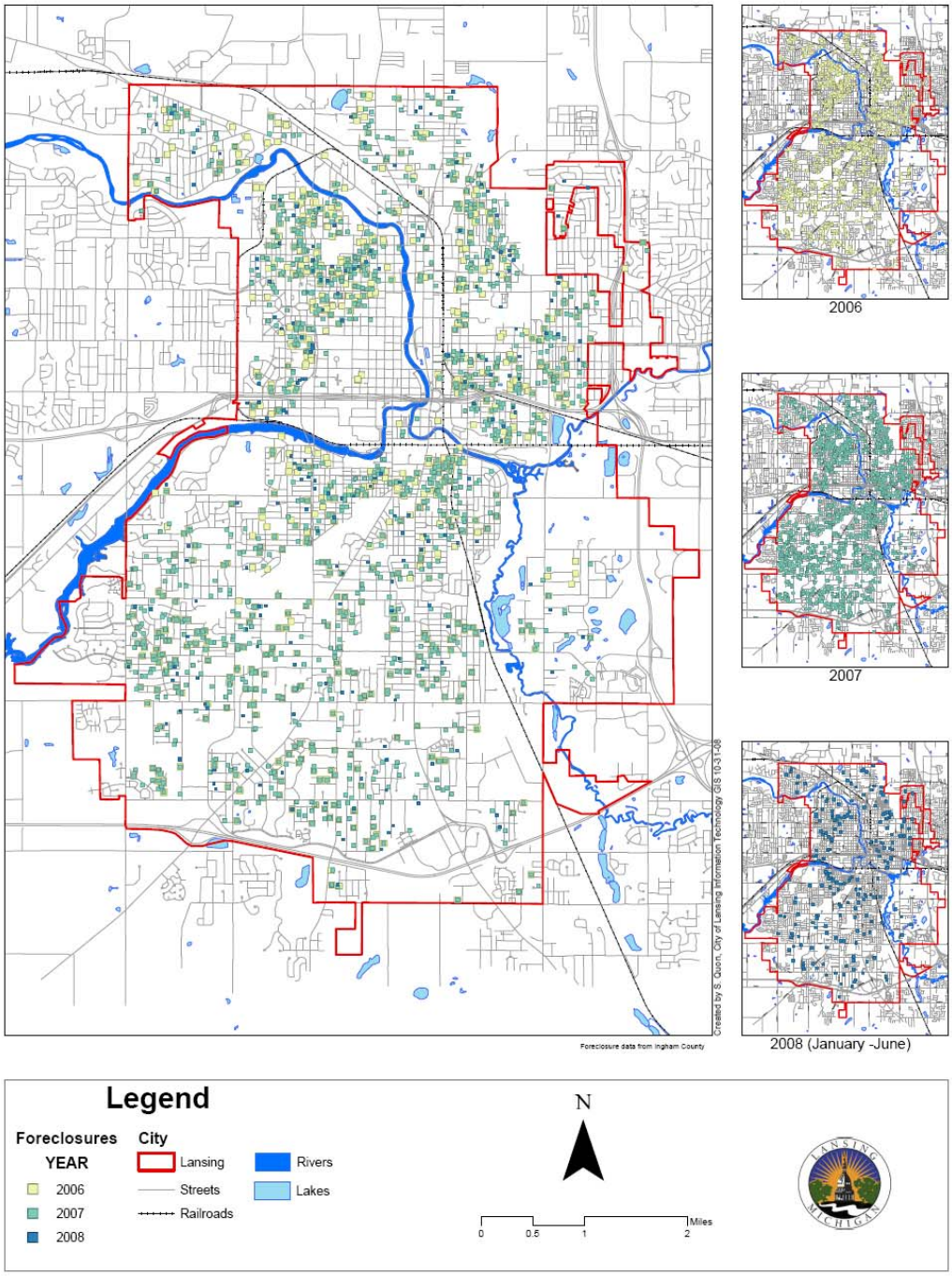
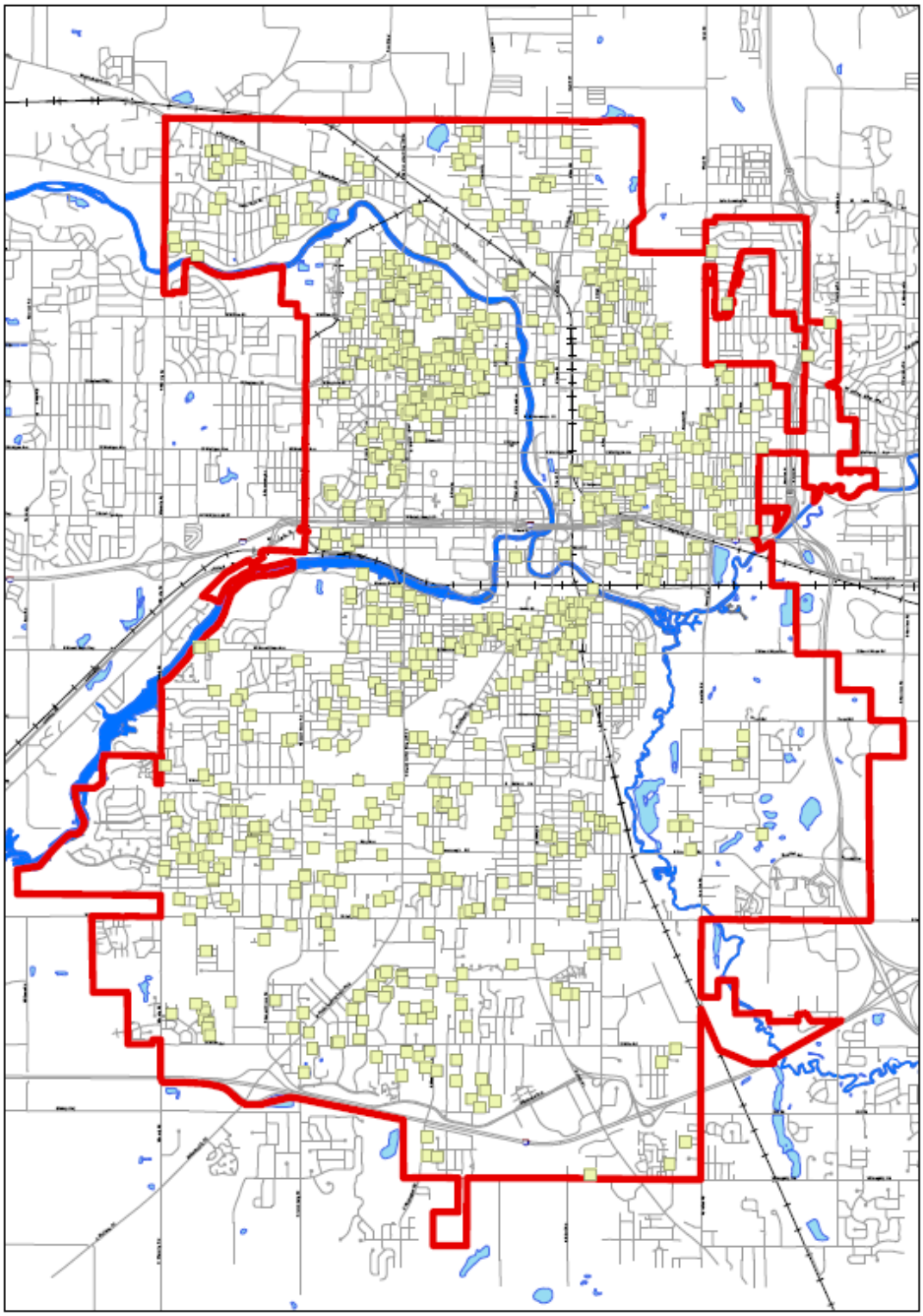
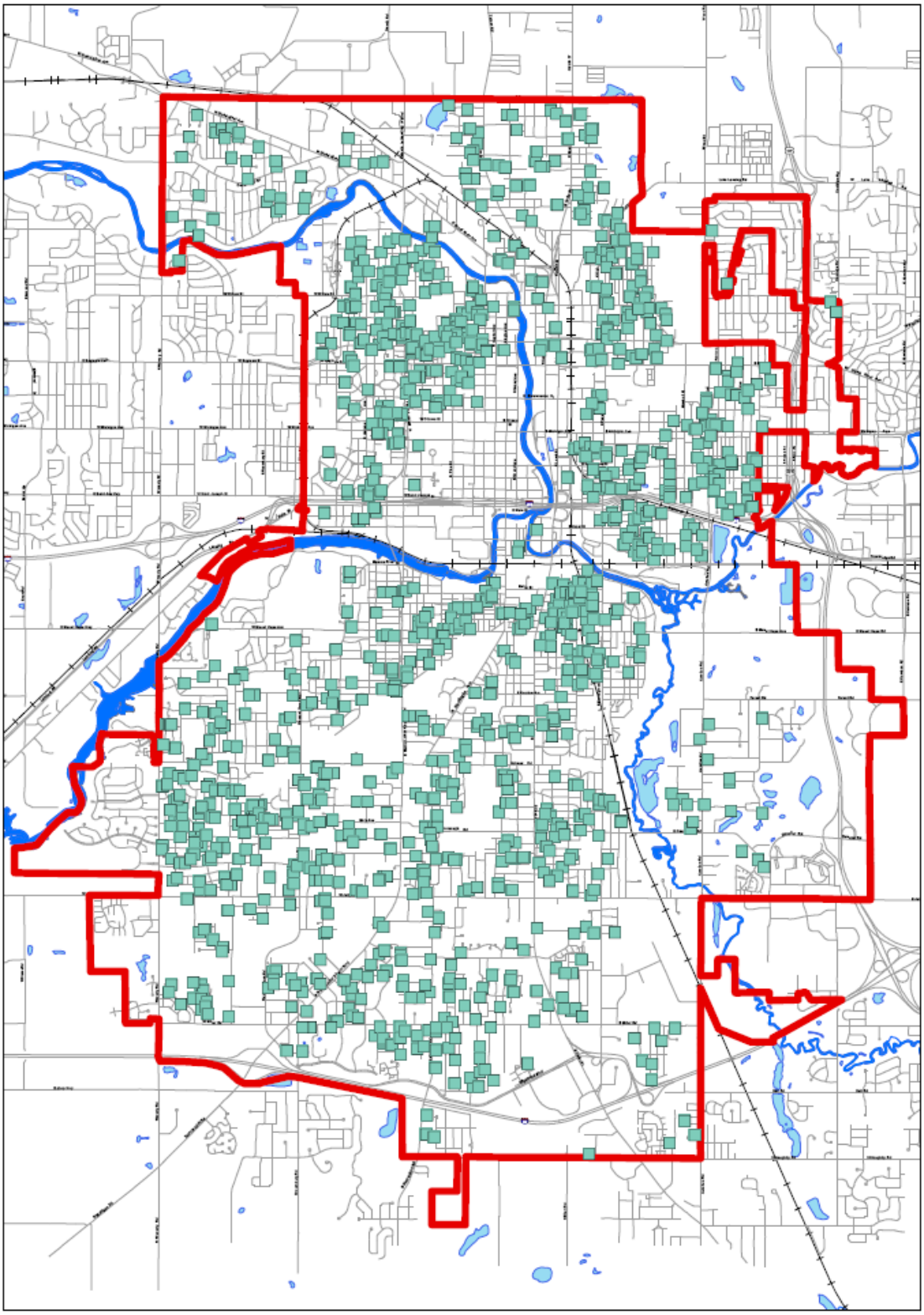


Figure 5 (Data source: Sheriff's Deeds recorded January 1, 2006-June 30, 2008 at Ingham County Register of Deeds)



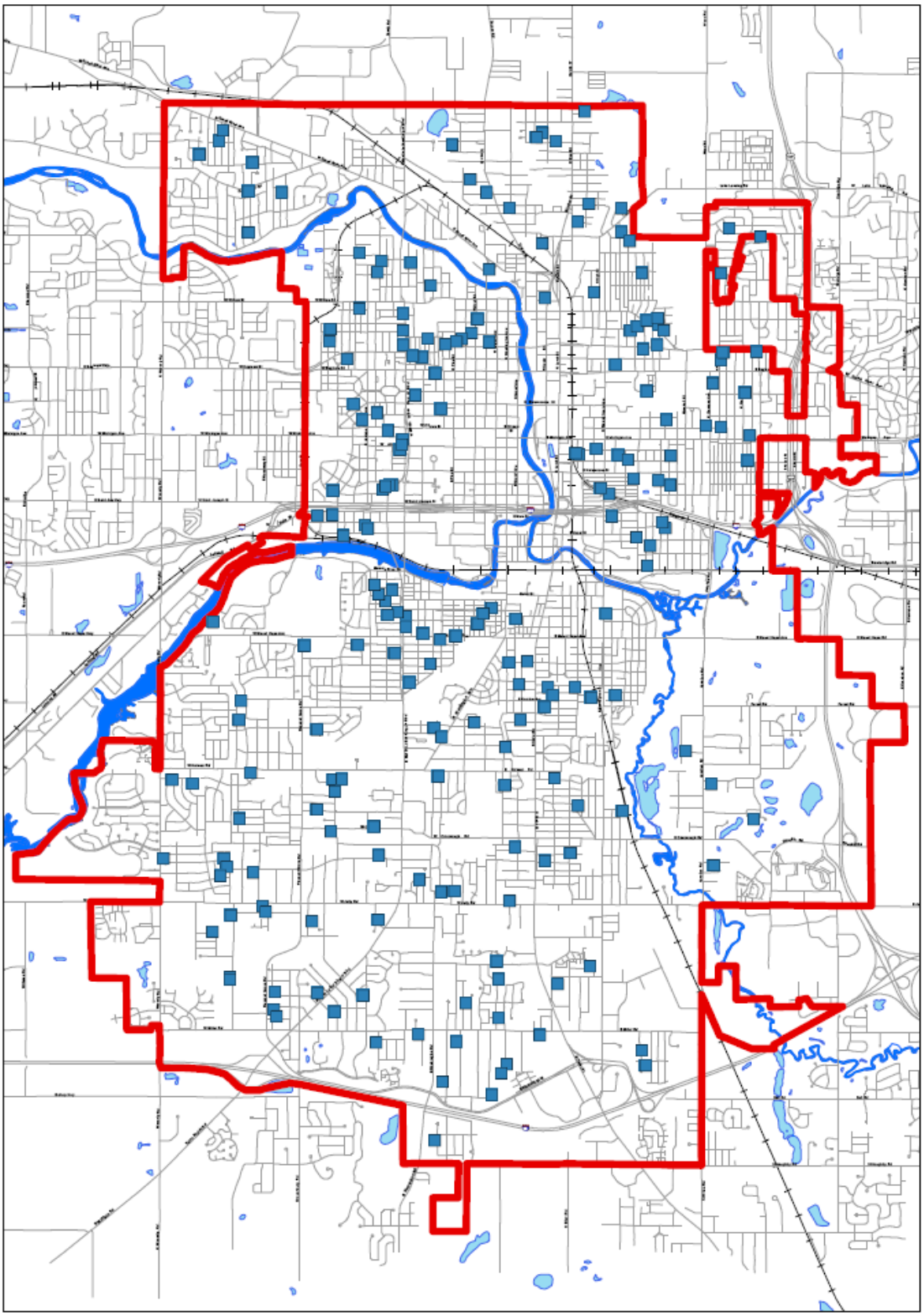
2006

Figure 5A



2007

Figure 5B



2008 (January -June)

Figure 5C

Based on the City Assessor's records, current foreclosure activity continues to be heavy in the areas noted above where early concentrations developed. Recent data shows how increased foreclosure density is now spreading in some south Lansing neighborhoods. (See Figure 6.)

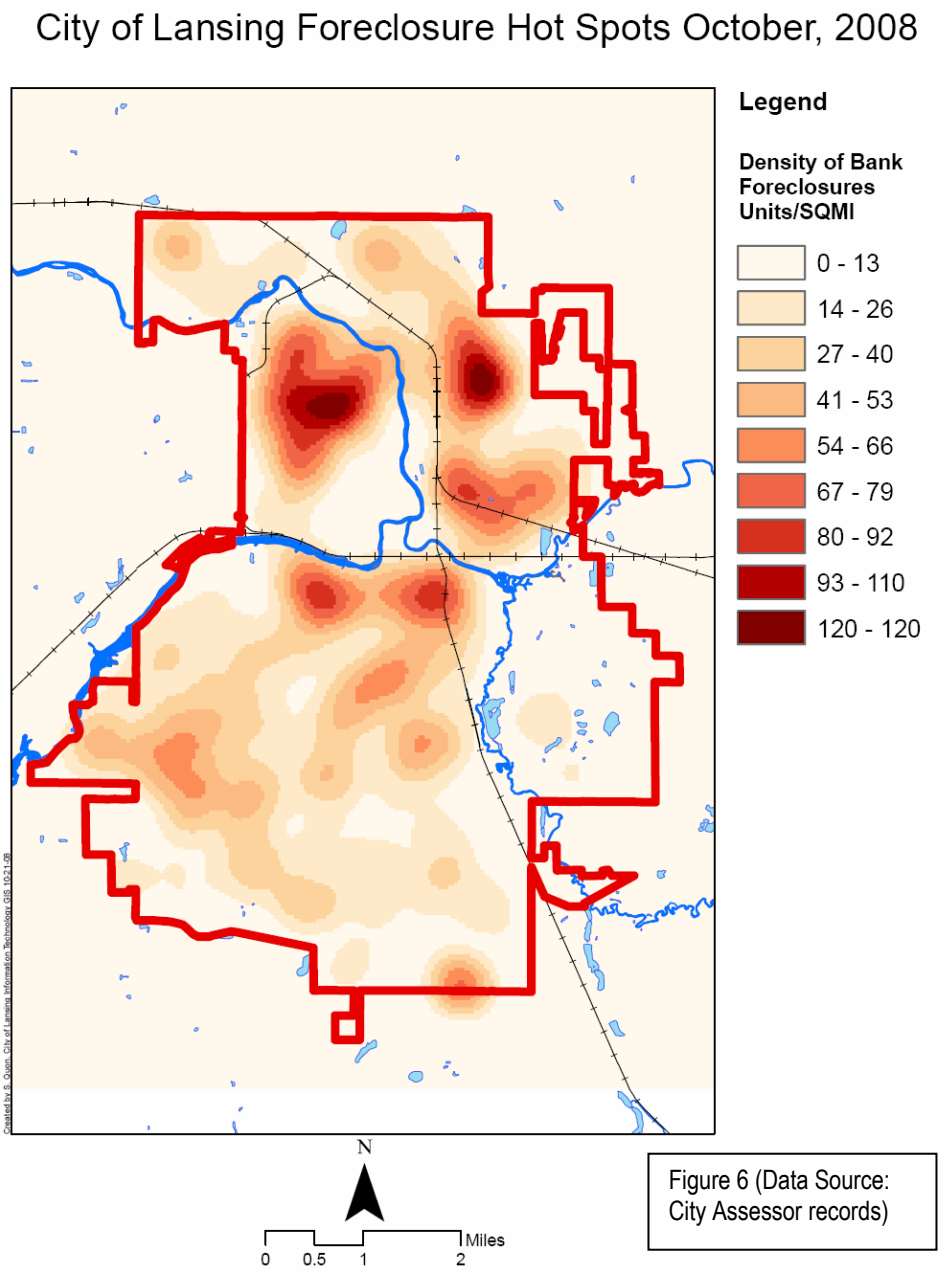


Figure 6 (Data Source: City Assessor records)

Impact of Foreclosure on Lansing Real Estate Market Activity

The increased rate of foreclosure is causing a large number of distressed sales. Real estate prices have been falling steadily in the Lansing market area for more than two years. The average sales price for a single family home dropped 39% from $98,297 in the third quarter of 2006 to $59,697 in the third quarter of 2008. (See figures 7 and 8)

Average sales prices have decreased fairly uniformly in each quadrant of the city during this two year period. Home prices are lowest in Lansing's northwest quadrant. Home prices on the south side are higher than the average price city wide. This price differential correlates to the relative age of housing and the historical progression of development in the City.

Early development occurred in the north and central portion of the City. Homes there are older and tend to be in greater need of repair. Homes in the north central part of the city are generally one and one-half or two-story structures, usually with front porches and detached garages (if present.) In many neighborhoods the style is predominately four-square, farm house or craftsman, sometimes mixed with bungalows and cape cods. Older homes in north central neighborhoods more often are approaching obsolescence due to deferred maintenance, the lack of upgrades and weak market demands.

Most post-war and late century development occurred in south Lansing and in the far northwest and far northeast parts of the City. Homes there tend to be newer and in comparatively better repair. Newer subdivisions in the southwest quadrant, especially those south of Holmes Rd. and west of Martin Luther King Jr. Blvd. are predominately characterized by ranch style housing features: rectangular footprint with the wide side facing the street, low roof pitch, modest size, single story.

Lansing Real Estate Market Activity
3rd Quarter 2008 compared to 3rd Quarter 2007

	7/1/08 - 9/30/08 3rd Quarter	7/1/07 - 9/30/07 3rd Quarter	% Difference
LANSING - 01 NW			
Total Active Residential Listings	313	395	-21%
Average List Price	$84,031	$92,453	-9%
# Sales	86	92	-7%
Average Sale Price	$55,586	$70,271	-21%
Average Market Time	65	58	Plus 7 Days
LANSING - 03 NE			
Total Active Residential Listings	286	304	-6%
Average List Price	$81,818	$96,976	-16%
# Sales	86	83	4%
Average Sale Price	$60,172	$80,677	-25%
Average Market Time	78	62	Plus 16 Days
LANSING - 05 SW			
Total Active Residential Listings	458	479	-4%
Average List Price	$94,718	$105,973	-11%
# Sales	138	106	30%
Average Sale Price	$61,288	$84,514	-27%
Average Market Time	69	56	Plus 14 Days
LANSING - 07 SE			
Total Active Residential Listings	363	394	-8%
Average List Price	$83,820	$92,843	-10%
# Sales	105	89	18%
Average Sale Price	$61,740	$81,573	-24%
Average Market Time	78	84	Less 6 Days
LANSING SUMMARY			
Total Active Residential Listings	1420	1572	-10%
Average List Price	$86,097	$97,061	-11%
# Sales	415	370	12%
Average Sale Price	$59,697	$79,259	-25%
Average Market Time	73	65	Plus 8 Days

Figure 7 (Source Coldwell Banker)

Lansing Real Estate Market Activity
3rd Quarter 2007 compared to 3rd Quarter 2006

	7/1/07 - 9/30/07 3rd Quarter	7/1/06 - 9/30/06 3rd Quarter	% Difference
LANSING - 01 NW			
Total Active Residential Listings	395	330	20%
Average List Price	$92,453	$100,785	-8%
# Sales	93	86	8%
Average Sale Price	$70,925	$91,272	-22%
Average Market Time	58	72	Less 14 Days
LANSING - 03 NE			
Total Active Residential Listings	304	250	22%
Average List Price	$96,976	$108,267	-10%
# Sales	81	106	-24%
Average Sale Price	$80,675	$103,063	-22%
Average Market Time	63	64	Stable
LANSING - 05 SW			
Total Active Residential Listings	479	392	22%
Average List Price	$105,973	$117,621	-10%
# Sales	103	136	-24%
Average Sale Price	$84,694	$102,075	-17%
Average Market Time	56	70	Less 14 Days
LANSING - 07 SE			
Total Active Residential Listings	394	316	25%
Average List Price	$92,843	$102,733	-10%
# Sales	88	116	-24%
Average Sale Price	$81,539	$96,485	-15%
Average Market Time	84	70	Plus 14 Days
LANSING SUMMARY			
Total Active Residential Listings	1572	1288	22%
Average List Price	$97,061	$107,352	-10%
# Sales	365	444	-18%
Average Sale Price	$79,458	$98,224	-19%
Average Market Time	65	69	Less 4 Days

Figure 8 (Source Coldwell Banker)

Bank Owned Real Estate

The Lansing City Assessor's office lists 842 properties in the Real Estate Owned (REO) asset portfolios of thirty different lenders as of October 20, 2008. A map of REO assets shows broad distribution of these properties throughout the city. Again, as might be expected, the Assessor's data confirms clusters of REO units in the five focus areas, as well as in Urbandale and Potter Walsh. (See Figure 9.)

The lenders holding the largest number of foreclosed units are Deutsche Bank National Trust Co. (128), HUD (127), Federal National Mortgage Association (87), Wells Fargo Bank (70), U.S. Bank National Association (65) and Bank of New York (49).

Eighty-seven of these bank owned properties are also red-tagged by the City's Office of Code Compliance.

City of Lansing Foreclosures by Lender October, 2008

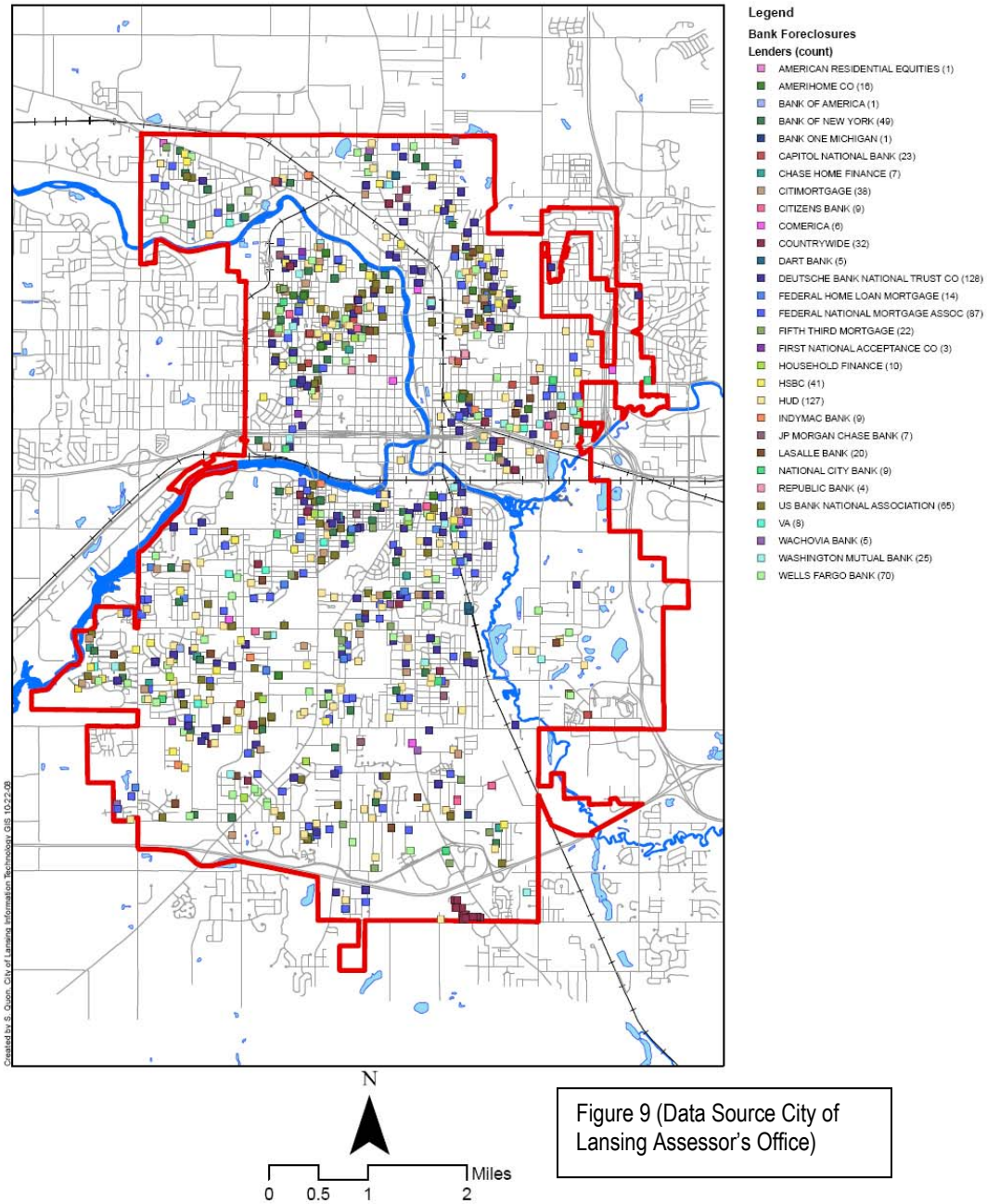
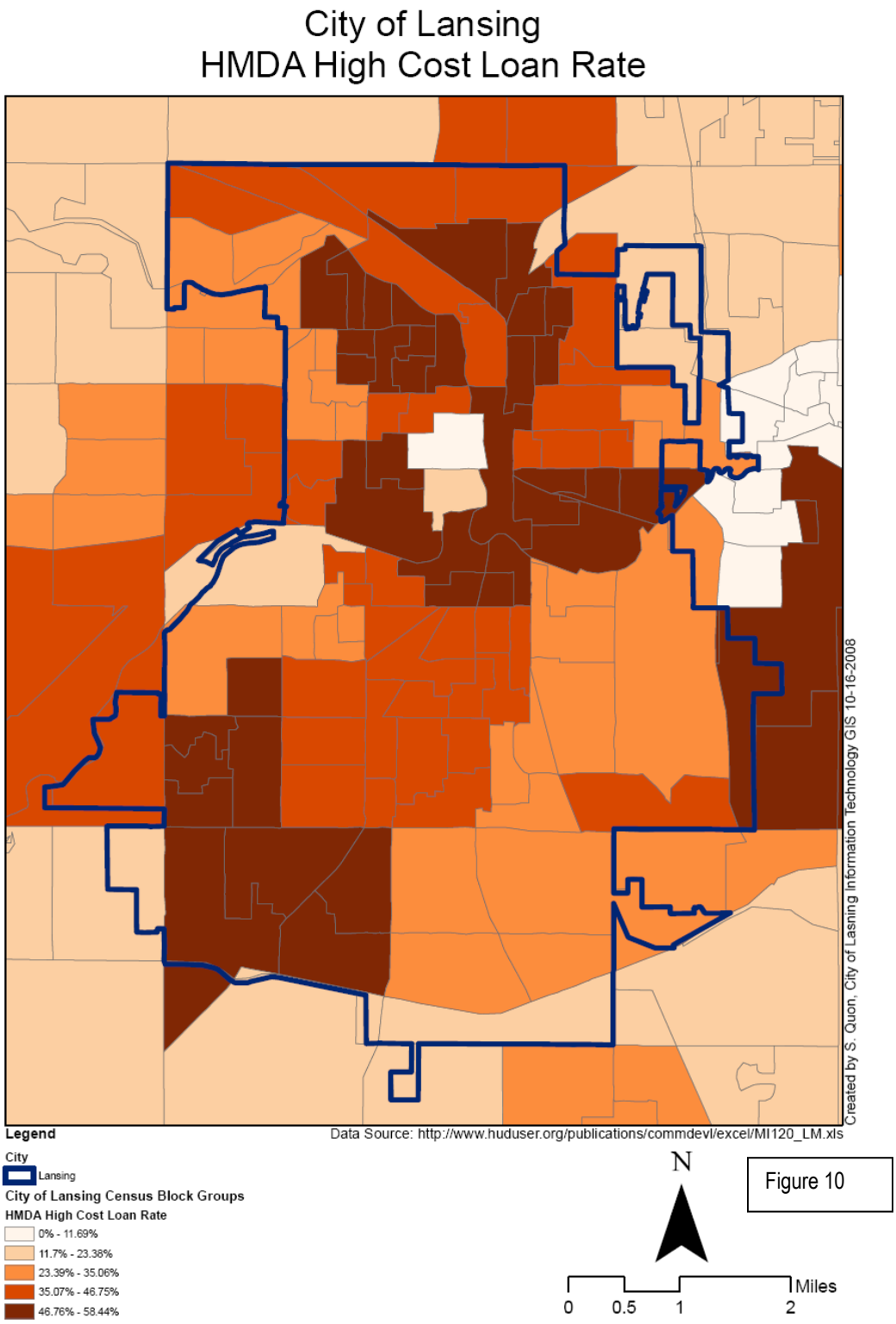


Figure 9 (Data Source City of Lansing Assessor's Office)

Subprime Lending

During the period 2004 – 2006 the Lansing area experienced a growing saturation of subprime lending. Initially this activity was most intensely focused in the older areas of the central city and in the southwest corner of the southwest quadrant. Subprime loans amounted to more than 27% of all home loans in those areas in 2004, and were present in the rest of the city only to a modest extent. In 2005 the prevalence of subprime lending expanded to a larger territory and intensified to more than 40% of all loans in the central city and southwest. By 2006 the saturation of subprime lending activity deepened to more than 43% of all loans in these areas of concentrated subprime lending. Subprime loans now amount to at least 23% of all new loans in most neighborhoods citywide and up to 50% in many neighborhoods. (See Figure 10)



Note: This map is compiled using data collected from lenders as required by the Home Mortgage Disclosure Act (HMDA.)

Subprime loans are characterized by things like low or no down payment, loan-to-value ratios that equal or exceed fair market appraised value of the property, adjustable interest rates with teaser rates that are in effect for a short time before going dramatically higher, interest only mortgages, hefty pre-payment penalties, no documentation of borrower's income and balloon payments. They are often associated with mortgage broker origination. At first subprime mortgages were used mostly for refinancing, but later they increasingly came to be used for purchase mortgages.

Many borrowers who would qualify for prime mortgages opted for subprime loans. According to a study recently completed by the University of North Carolina at Chapel Hill, Center for Community Capital, and the Center for Responsible Lending, subprime mortgages are associated with a greater risk of default and foreclosure because of the nature of the loan product itself. This conclusion is based on comparison of default, delinquency and foreclosure rates for subprime and prime borrowers with similar credit scores and risk profiles. A copy of the study is located at www.ccc.unc.edu/documents/RiskyBorrowers_RiskyMortgages_1008.pdf.

In general subprime mortgages are based on an expectation of appreciation in the value of the property used to secure the mortgage. Most people entered into subprime mortgages anticipating that they could refinance before the mortgage interest escalated to an unaffordable level. This assumption has proven faulty. The decline in existing home sale prices combined with escalating payments on a mortgage that has already become higher than the value of the property leaves borrowers with few options for avoiding foreclosure.

Areas at Risk of Foreclosure

Areas predicted to face the highest risk of foreclosure are those where subprime lending has been concentrated, where there is a high rate of unemployment and where home prices are falling. The unemployment rate in Lansing as of June 2008 was approximately 10% city wide, higher than any of the surrounding jurisdictions in the Lansing Metropolitan Statistical Area (MSA.) Not surprisingly, large areas of the city are predicted to be at the highest risk for foreclosure problems. The distribution of the risk of foreclosure coincides closely with the highest saturation of subprime loans. Once again the five existing target areas and nearby blocks adjacent to them, along with Urbandale, Potter Walsh and southwest Lansing face the highest risk of concentration of foreclosures. (See Figure 11.)

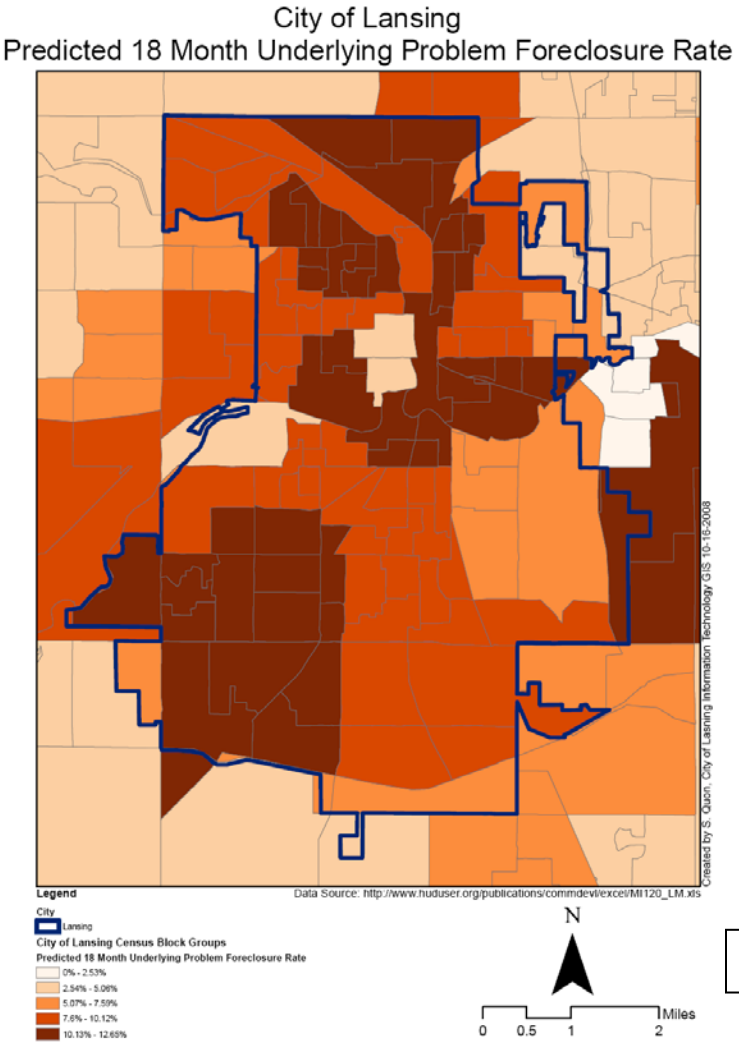


Figure 11

Areas Reported Vacant by USPS

The United States Postal Service (USPS) reports addresses that appear to be vacant and where mail is not picked up for 90 days. HUD believes that if a Census Tract is found to have a higher rate of foreclosures and it has a high rate of homes 90-days or more vacant, abandonment risk (vacancy due to foreclosure) associated with the foreclosure crisis is higher in those neighborhoods. The highest vacancy rates reported by USPS are in or near the five target areas, as well as the Urbandale and Potter Walsh neighborhoods and Lansing-Eaton area west of Waverly in southwest Lansing. (See Figure 12.)

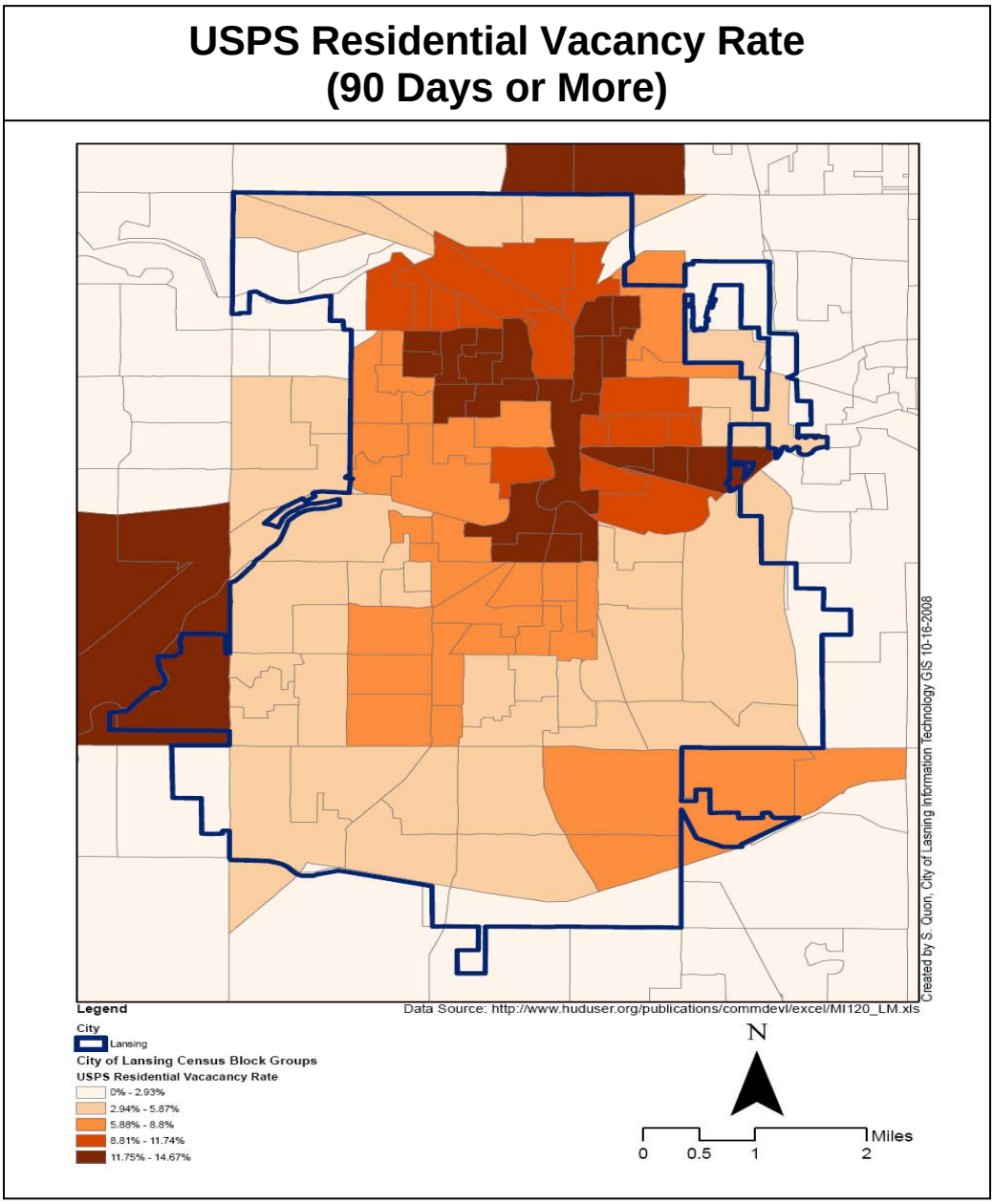


Figure 12

Areas at Risk of Abandonment Due to Foreclosure

HUD defines abandonment as where "mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days AND the property has been vacant for at least 90 days." The greatest risk of abandonment exists in areas where there is a higher estimated rate of foreclosure and where there is also a high rate of homes reported by USPS 90-days or more vacant. The estimated risk of foreclosure abandonment is very high throughout much of the city. (See Figure 13.)

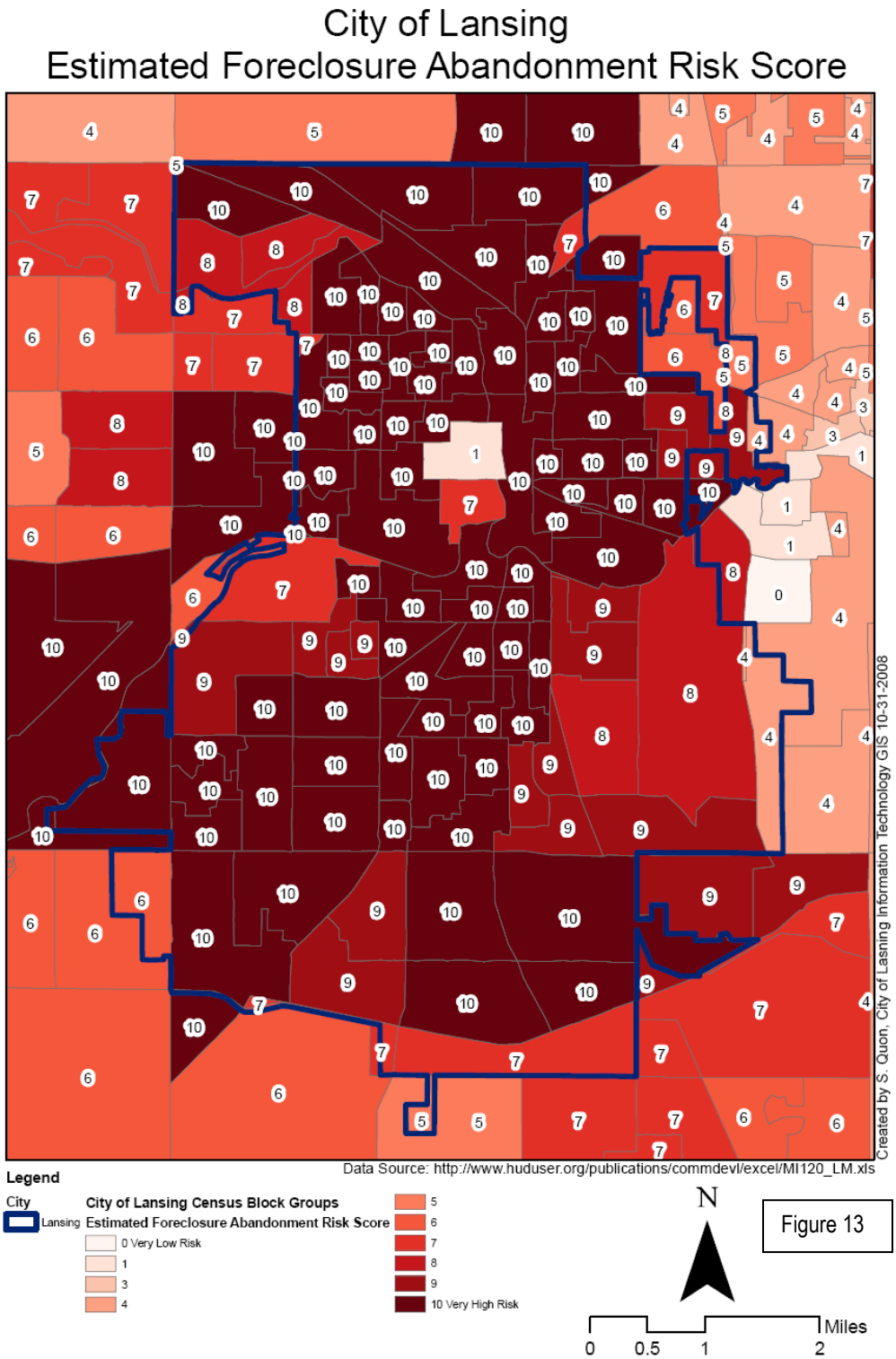


Figure 13

NOTE: Numbers indicate the relative foreclosure risk for each census tract on a scale of 0-10 with 10 being the highest risk.

B. Distribution and Uses of Funds

Based on the foregoing analysis the City has determined that the existing five target areas identified in the Consolidated Plan demonstrate a high incidence of bank owned foreclosed properties, a high concentration of subprime lending, high current foreclosure activity and a high risk of future foreclosure and abandonment. (See Figure 2.) Therefore, NSP funds will also be targeted to these areas as currently identified in the Consolidated Plan.

Analysis revealed that the Urbandale and Potter Walsh areas likewise have a high percentage of home foreclosures, high concentration of subprime lending and are at high risk of future foreclosure and abandonment. Therefore, these areas will also be targeted for the use of NSP funds.

Southwest Lansing south of Holmes and West of Martin Luther King Jr. Blvd. has a high percentage of subprime loans, a high number of foreclosures, a moderately high percentage of foreclosures and a high risk for future foreclosure and abandonment. Therefore this area will be targeted for the use of NSP funds.

Figure 14 shows the boundaries for these NSP target areas and the number of bank owned properties in each area. Housing rehabilitation, infill new construction and demolition activities will be prioritized in these areas. (See Exhibit D for more detailed maps of each area.) Figure 15 shows the alignment of the NSP target areas with the areas predicted to be at greatest risk for foreclosure during the next 18 months.

Because the entire City is at high risk of future abandonment due to foreclosure (See Figure 13) home buyer assistance and some other NSP funded activities will be available in any NSP eligible area. (See Figure 16.)

Foreclosures by Priority Area and NSP
October, 2008

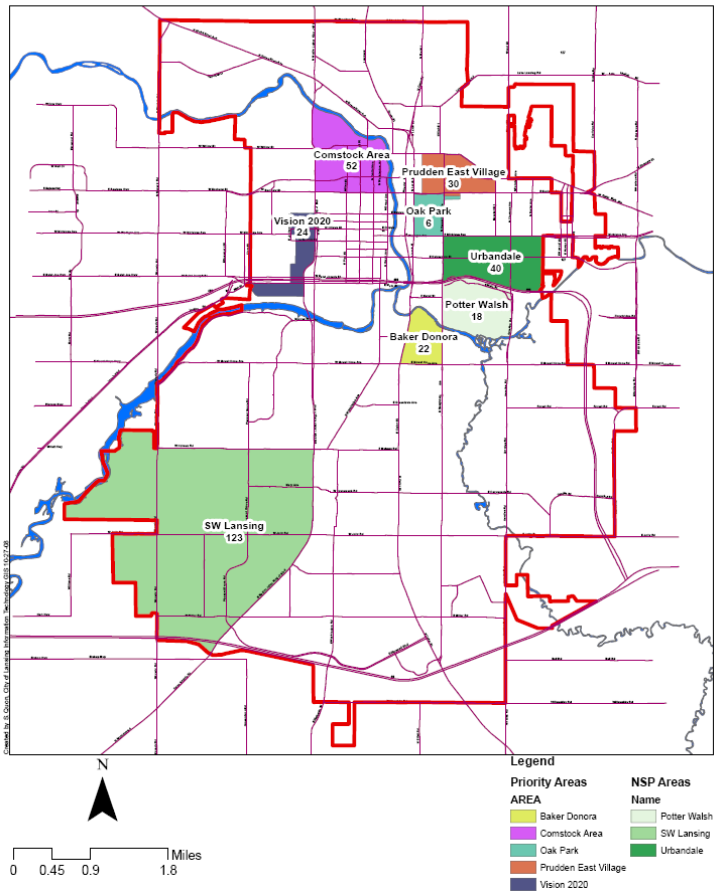


Figure 14 (Data Source City of Lansing)

Predicted 18 Month Underlying Problem Foreclosure Rate
by Block Group with Foreclosure Counts and
Priority-NSP Areas, October, 2008

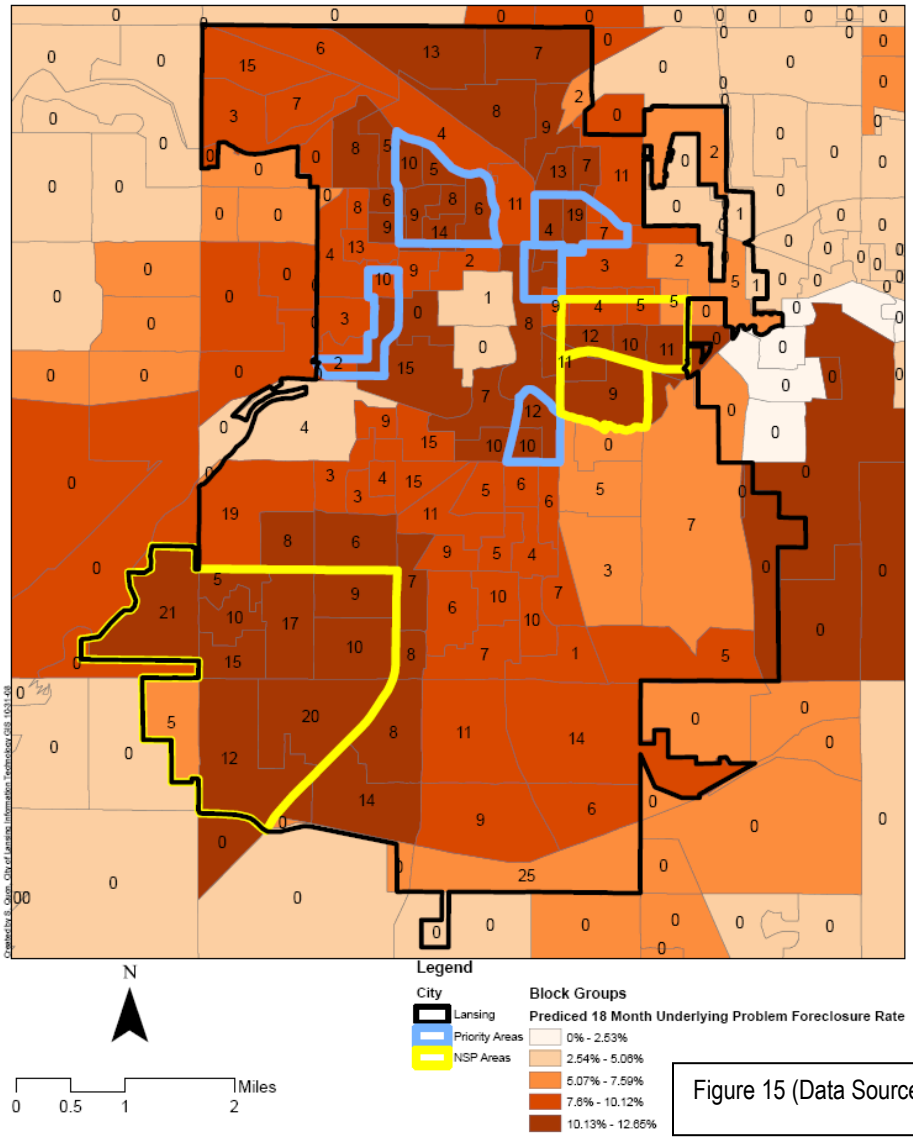


Figure 15 (Data Source HUD)

Acquisition, Rehabilitation and Resale

Based on a drive-by survey of lender owned properties many of them would appear to be suitable candidates for rehabilitation. The City's recent experience with rehabilitation leads to a more cautionary outlook. Vacant properties have been found to be stripped of copper piping and/or damaged by water infiltration during August 2008 flooding in Lansing. A large number of older properties are in need of lead based paint remediation and energy efficiency upgrades. Many properties are fitted with plumbing, heating and electrical systems that are so far outdated and inefficient that they are not suitable for continued use. When these costs are added to the cost of acquisition and other necessary work, rehabilitation is often infeasible at current market property values.

Moreover, fully rehabilitated properties have been taking months to sell – even at bargain prices - and have been vandalized one or more times while sitting vacant on the market. The cost of holding, marketing, and repairing damage makes rehabilitation more expensive. These excessive costs and lengthy marketing periods threaten the stability of the organizations doing the work. Single family detached homes with two bedrooms and only one bathroom market very slowly and appeal to so few buyers that they are almost functionally obsolete in the current market, making them rarely suitable for rehabilitation. In short, rehabilitation projects intended for resale will be selected carefully and pre-sold wherever possible.

Demolition

In view of the growing surplus of housing units, declining population, low property values and high rehabilitation costs, it is inevitable that some of the worst housing units will need to be demolished. The approved 2008 Action Plan includes some demolition activity for houses located in those areas of the flood plain that are most at risk for severe damage in case of flood. Additional flood plain demolition is planned as part of NSP, as well as strategic removal of blighted homes. Demolition of blighted property has been shown to improve surrounding property values based on a recent MSU Land Policy Institute study of land bank activity in Genesee County. The study is available online at www.geneseeinstitute.org/downloads/LPI_Genesee.pdf.

Foreclosed homes will be selected carefully for demolition observing the goals of preserving property values, maintaining attractive neighborhoods and preserving opportunity for infill development.

Values and Assumptions

In carrying out the NSP program, work will be guided by the following assumptions:

- The foreclosure crisis is eroding property values in our city; every citizen has a stake in maintaining or improving housing investment and correcting disinvestment.
- Subprime lending is a driving factor in increased foreclosure activity, but other factors – unemployment, declining population, restructuring of the local economy – are contributing.
- The current environment is challenging, but healthier market activity can be cultivated.
- Renewal of the housing stock is a healthy process which includes renovating older housing, culling economically obsolete units and strategically adding new structures that are attractive to a new generation of buyers.

The following overarching values will guide work carried out with NSP funds:

- Lansing neighborhoods have attractive design features; they offer a good quality of life to residents who live in them and these characteristics should be preserved and enhanced.
- People who choose to live in our city will be welcomed and supported to move here or stay here.
- Responsible ownership and long term investment in housing will be promoted and supported.
- Organizations that invest in housing and assist people by making good housing options available will be valued and supported.
- Lenders who work with borrowers to adjust mortgages and avoid foreclosure will be encouraged to amplify those efforts.

Summary

The amount of NSP funding allocated to the City of Lansing will help address critical housing needs related to foreclosure and abandonment, but will not be sufficient to achieve full correction. The City will prioritize the use of funds where it will encourage other investment and instill confidence in neighborhoods. Some neighborhoods will rebound more quickly once the market turns around.

NSP programs will be targeted to neighborhoods where they are likely to work best. Programs like Down Payment Assistance (without rehabilitiation) and Homebuyer Purchase Rehabilitation (HPR) (with modest rehabilitation) will work better in neighborhoods where property needs less rehabilitation and market values are stronger. Acquisition, Development and Resale (ADR) is better suited to neighborhoods where the housing stock needs complete renovation to appeal to current buyers.

Detailed maps for each of the target areas are found at Exhibit D.

A table summarizing initial allocations to NSP programs is displayed below. (See next page.)

Key to abbreviations

ADR – Acquisition, Development and Resale
DPA – Down Payment Assistance
HPR – Homebuyer Purchase Rehabilitation
LMA – Low-Moderate (income) Area
LMH – Low-Moderate (income) Housing
SF – Single Family

Allocation	HUD Matrix Code & Program	Measure	Location	Income Target	Notes
Activity #1 $1,500,000	14G– Development of SF units for Affordable Rental Housing (Permanent Supportive Housing)	LMH - 15 housing units	Scattered in NSP eligible block groups with income ≤ 120% AMI	≤50% area median income (AMI)	Satisfies the HUD requirement that at least 25% of NSP grant be used for housing those at 50% or less of AMI.
Administration 599,216	21A – General Program Administration	Exempt	Exempt	Exempt	Funds used to cover program planning and administration costs.
Activity #2 500,000	03E - Public Improvement – Neighborhood Facility	LMA – 1 public facility	Comstock Area target area Census tract: 0005.00	≤120% AMI	Neighborhood Empowerment Center to be located within Comstock Park target area. Area benefit.
Activity #3 400,000	14A – Rehabilitation of SF Homes (Homebuyer Purchase Rehab-HPR)	LMH – 8 housing units	Priority for target areas including SW Lansing, but may be used in NSP eligible areas citywide	≤120% AMI	$42,000/unit for down payment assistance, closing costs and rehab. Plus, $8,000/unit in activity cost paid for counseling and development assistance to individual buyers assisted with NSP funds.
Activity #4 300,000	04 – Clearance & Demolition	LMA – 60 housing units	Priority for flood plain areas in, Comstock Area, Potter Walsh, Baker Donora & Urbandale also available in NSP eligible block groups.	≤80% AMI	Area benefit. Utilize NSP 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 #5 800,000	14A – Rehabilitation of SF homes (ADR model w/o acquisition included)	LMH – 10 housing units	Comstock Park and other target areas where rehabilitated homes are likely to sell.	≤120% AMI	Work 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 #6 250,000	12 – New Construction	LMH – 2 housing units	Priority for Comstock Area, Prudden, Oak Park; may be used for other target area.	≤120% AMI	May be used for financing mixed-income housing with Ingham County Land Bank or new SF homes on Land Bank lots. Some sale proceeds should return as program income.
Activity #7 90,000	13 – Direct Homeownership Assistance – (DPA)	LMH – 6 housing units	Target areas or citywide	≤120% AMI	$15,000 in down payment assistance. May be forgiven after 10 years. Homebuyer does not need to be first time homebuyer.
Activity #8 1,552,944	01 – Acquisition (including property management costs)	LMA – 70 housing units	Target areas	≤120% AMI	Area benefit. Agreement with Ingham County Land Bank for acquisition and property maintenance. 60 of these units will be demolished. 10 used for Acquisition Rehab projects with non-profits.
$5,992,160	Total				

C. Definitions and Descriptions

The following definitions will apply to NSP assisted activities:

1. Blighted Structure

Background

State Statute

"Blighted property" is defined under the Blighted Area Rehabilitation Act 344 of 1944, at MCL 125.72 as follows:

> "(b) "Blighted property" means property that meets any of the following criteria:
>
> (i) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
>
> (ii) The property is an attractive nuisance because of physical condition or use.
>
> (iii) The property is a fire hazard or is otherwise dangerous to the safety of persons or property.
>
> (iv) The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use.
>
> (v) The property is tax reverted property owned by a municipality, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a municipality, a county, or this state shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
>
> (vi) The property is owned or is under the control of a land bank fast track authority under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774. The sale, lease, or transfer of the property by a land bank fast track authority shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
>
> (vii) The property is improved real property that has remained vacant for 5 consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
>
> (viii) The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within 1 year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later."

International Property Maintenance Code

The International Property Maintenance Code is adopted by reference in the Michigan State Construction Code. The Michigan State Construction Code is enforced by the City of Lansing Building Safety Office. Chapter 3, Sections 301 General, 302 Exterior Property Areas and 304 Exterior Structure, of the International Property Maintenance Code establish exterior conditions of structures that need to be addressed so as not to cause a blighting problem. (See Exhibit A.)

Local Ordinance

The term "blighted deteriorated or deteriorating area" is defined in Chapter 1217 of Lansing Codified Ordinances at 1217.02 as follows:

> "…blighted, deteriorated or deteriorating area" means a portion of the City, developed or undeveloped, improved or unimproved, characterized by obsolescence, physical deterioration of structures therein, incompatible land uses, improper division or arrangement of lots, streets and other open spaces, mixed character and uses of structures, or any other similar characteristics which endanger the health, safety, morals or general welfare of the City and its residents, which may include any buildings or improvements not in themselves obsolescent, and any real property, residential or nonresidential, whether improved or unimproved.

The term "blighted structure" is not defined in City ordinance.

NSP Definition of Blighted Structure: A Blighted Structure is any structure that meets the definition of blighted property under state law or a structure with one or more housing code violations where the estimated cost to correct the violation(s) and rehabilitate the structure to meet NSP Housing Rehabilitation Standards exceeds 50% of the post rehabilitation market value of the property.

Blighted Structures may be considered for demolition, especially if they are contributing to an overall perception of blight in the area. For each unit considered for demolition, the city's code enforcement officer will prepare a list of code violations. Development Office staff will determine the estimated cost of rehabilitation based on the most recent experience with bids submitted for similar work. This estimate will be compared to the most recent appraisals and/or assessed values for comparable properties. This comparison will be used to determine the cost of rehab as a percent of the estimated post rehabilitation market value of the property.

(2) Definition of "affordable rents" for use with NSP assisted rental properties

Rents will be considered affordable for NSP assisted properties if they meet requirements for HOME assisted units at 24 CFR 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 method.)

(3) Requirements for continued affordability for NSP assisted housing.

HOME affordability periods at 24 CFR 92.252e will apply to NSP assisted rental housing.

HOME affordability periods at 24 CFR 92.254 will apply to NSP assisted homeownership. The city will use the recapture method for ensuring affordability.

NSP assisted housing that is for acquisition by home buyers must meet the sales price limitations contained in Section 2301(d)(2) of HERA and described in Section J of the NSP regulations published in the Federal Register on October 6, 2008.

(4) The following Housing Rehabilitation Standards will apply to NSP funded activities. These NSP Rehabilitation Standards will also apply to HOME funded rehabilitation activity in for sale housing.

NSP HOUSING REHABILITATION STANDARDS

Code Compliance & Rehabilitation Standards: Title 6 of the City of Lansing Codified Ordinances Chapter 1460 Lansing Housing and Premises Code establishes minimum requirements for all existing residential buildings within the City of Lansing. Section 8 Housing Quality Standards (HQS) establish minimum guidelines for housing assisted by Section 8 and HOME funds. Together, these are to be utilized as the minimum guidelines for all residential rehabilitation work to be undertaken with NSP funds.

OBJECTIVES OF THE NSP REHABILITATION PROGRAM

The objective of the NSP Rehabilitation Standards is to provide better housing along with increased energy efficiency or conservation of such homes and properties, or to provide a renewable energy source or sources for such homes and properties, and to stabilize neighborhoods and strategically incorporate modern, green building and energy-efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. Consideration will be given to preservation or enhancement of existing physical housing characteristics that define and contribute to the overall neighborhood design, streetscape and historic or other unique characteristics of housing and neighborhoods.

NSP REHABILITATION REQUIREMENTS

1. Repairs Required to Meet Code: All repairs deemed necessary by the Building Official and/or his or her authorized representative in order to correct violations of the Lansing Housing and Premises Code. These shall consist of:

    A. Structural Repairs. All repairs necessary to assure that the construction of the building will provide:

        1. Sufficient structural strength and rigidity.
        2. Necessary resistance to the elements.
        3. Adequate protection against decay, insects, rodents, and other destructive forces.

    B. Mechanical, Electrical & Plumbing Repairs. All repairs necessary to provide adequate facilities in the dwelling that will meet the needs of the intended occupants, and be of a quality and condition which will assure:

        1. Safety of operation.
        2. Adequate capacity for its intended use.
        3. Protection from moisture, corrosion, or other destructive elements.

    C. Environmental Actions. All actions necessary to protect life, limb, health, property, safety, and welfare of the general public, and the property owners, and residents of the area to assure:

        1. Safety from fire.
        2. Security from health hazards.
        3. Conformance with the Zoning Code.

2. Rehabilitation Standards. These standards shall consists of:

    A. Cellars & Basements.

        1. Basis. In every dwelling, cellars and basements shall be free of potentially hazardous or unsafe conditions, and maintained reasonably free from dampness to prevent conditions conducive to decay or deterioration of the structure.

2. Solutions.

   a. Existing concrete floors that are severely pitted, cracked, broken-up, or otherwise defective or deteriorated shall be repaired.
   b. Cellars or basements where an excessive amount of water accumulates, sump pumps, drain tile, waterproofing of interior wall surfaces, or other acceptable methods of correction shall be provided.

B. Gutters & Downspouts.

1. Basis. Each dwelling shall be provided with approved receptacles to carry away water to prevent damage to the property, and to prevent roof drainage from causing dampness in walls, or interior portions of the dwelling.

2. Solution. All dwellings shall have gutters and downspouts with discharge directed away from dwelling. Discharge extensions and/or splash blocks shall be provided to prevent soil erosion.

C. Site Improvements.

1. Basis. All premises shall be maintained in good order to enhance the overall appearance of the premises and neighborhood, and to provide for their safe use.

2. Solutions.

   a. Fill dirt shall be provided where required in order to facilitate drainage of water away from the foundation walls.
   b. Openings in accessory structures shall be secured by providing adequate doors and windows.
   c. All existing fences shall be repaired in accordance with acceptable standards, removed, or replaced.
   d. Trees adjacent to dwellings and accessory structures shall be trimmed so that no portion of them contacts the building in any manner.
   e. Existing concrete, blacktop, and gravel driveways and parking areas shall be brought up to acceptable conditions. Improved driveways and parking areas shall consist of concrete, blacktop, vehicular bricks, gravel or a combination of these materials. Gravel may be used only in accord with Lansing Zoning Code provisions regarding required parking areas and front yard parking (see particularly Section 1284 and 1286 of the Lansing Code of Ordinances).
   f. Approach walks and steps for all-weather access to the dwelling shall be provided as required, and shall be of materials approved for that purpose. All approach walks or steps that run from the city sidewalks to the dwelling shall be of poured concrete.
   g. Landscape materials shall be provided as required to prevent soil erosion. These materials shall consists of:
      1. Sod and/or seed, bushes, and shrubs in front yard areas.
      2. Seed in rear and side yard areas.
      3. Retaining walls as required preventing soil erosion. The possible construction of retaining walls along the riverbank must be authorized on a case-by-case basis.
      4. Removal of trees that inhibit the growth of ground cover may be removed.
      5. Dead trees and shrubs may be removed.

D. Security.

1. Basis. To provide for basic security within a housing unit.

2. Solution. Security measures for doors and windows as recommended by the City of Lansing's Police and/or Fire Departments shall be provided.

F. Energy Efficiency:

1. Basis: To increase the energy efficiency of the housing unit to a minimum confirmed Home Energy Rating of 4 Stars. A Home Energy Audit shall be performed prior to the start of rehabilitation.

2. Solutions: Recommendations from the Home Energy Audit will be chosen on the basis of their impact to energy usage and their simple payback rating, and may include:

a. Light fixtures may be replaced with new Energy Star Qualified fixtures.
b. Light switches may be replaced with motion sensor switches that automatically turn out when no movement is detected.
d. Inefficient and/or aging furnaces may be replaced by new models with a minimum of 90% efficiency to meet Energy Star standards.
e. Inefficient and/or aging water heaters may be replaced by new high efficiency models to meet Energy Star standards, and may include tankless on-demand models.
f. Air infiltration may be reduced through recommended sealing methods.
g. Insulation may be installed or increased.
h. Programmable thermostat may be installed.
i. Windows and doors may be weatherstripped or replaced.
j. Inefficient Air conditioning equipment may be replaced with new high efficiency models to meet Energy Star standards.
k. Inefficient or missing Kitchen appliances may be replaced with new models to meet Energy Star Standards. These appliances may include range or cook top, oven, dishwasher and combination microwave oven/range hood.
l. Other recommendations per the Home Energy Audit.

G. Indoor Environmental Quality:

1. Basis: Each dwelling shall be reasonably free of potentially hazardous and unsafe environmental conditions.

2. Solutions:

a. In properties built before 1978, a lead-based paint Risk Assessment shall be performed. All lead-based paint hazards shall be remediated.
b. Carbon Monoxide Detectors shall be installed in each unit.
c. Fire Extinguishers of a Type 2A: 40BC rating shall be provided.
d. Radon testing will be performed, and if levels are found to be above the recommended threshold per professional analysis, remediation of radon gas will be performed.
e. If potentially asbestos containing materials are observed, testing will take place and abatement of hazardous asbestos containing material will be performed.

H. Interior Renovations:

1. Basis: To improve the indoor environment, provide for efficient and contemporary use, and increase the marketability of the housing unit:

2. Solutions:

a. Kitchen: Renovating kitchen area to include new kitchen cabinets and countertops, restoration of floor, walls, and ceiling. Sink and garbage disposal, may be provided if built in.
b. Bathroom: Renovate bathroom areas to include restoration of floor, walls, and ceiling. Bathtub, water closets, sinks, and vanities may be provided.
c. Interior Restoration: Renovate interior surfaces.
d. Electrical: Upgrade of electrical service panel to 200 amp service is allowable. Additional electric convenience outlets may be provided in each habitable room, not to exceed those required by the National Electrical Code.
e. Water distribution systems that are entirely or partially made of galvanized pipe may have that portion replaced.
f. Plumber-installed water services maybe repaired.
g. First floor bathrooms maybe installed in two-story units presently having a bathroom only on the second floor.
h. Poured concrete floors maybe installed.
i. Interior surfaces of existing foundation walls maybe waterproofed.
j. Barrier-free or visitable improvements such as wide doorways, barrier free bathrooms and barrier free kitchens maybe provided. Any barrier-free adjustment would be considered on a case-by-case basis.

H. Exterior Renovations:

1. Basis: Improvements to increase sustainability, and the attractiveness of the neighborhoods.

2. Solutions:

a. Porch repair or replacement, to include painted wood elements that match the style and character of neighboring structures.
b. Shutters of metal or other approved types maybe provided for exterior windows.
c. Barrier-free and/or visitable entrances maybe provided. Any barrier-free or visitable adjustment would be considered on a case-by-case basis.

I. Accessory Structures.

1. Basis: Accessory structures shall be provided for each dwelling.

2. Solutions:

a. Accessory structures shall be repaired as required in accordance with the Lansing Housing and Premises Code, or demolished and replaced.
b. New and replacement garages shall include electrically operated garage door openers.

D. LOW INCOME TARGETING

Background and Context

The approved Consolidated Plan and 2008 Action Plan describes housing and community development activities that are funded with HOME and CDBG funds. All of these funds are restricted to low and moderate income households or neighborhoods (those at or below 80% of area median income.) Most of Lansing's block groups are eligible for assistance under the HOME and CDBG income limits. The city implements many of its housing and community development activities citywide. However, five focus areas are given priority under the current Consolidated Plan for new infill housing construction and full rehabilitation of distressed properties. (See Figure 2.) These areas are primarily low income (51% of households are at or below 50% of area median income) and will continue to be targeted for NSP funds.

NSP funds may be used to assist families at or below 120% of area median income, which is substantially higher than for other federal housing and community development programs. With the addition of the NSP eligible group with income at or below 120% of area median income, a new term "middle income" is used to describe the eligible group between 81%-120% of area median income. Almost the entire City is eligible under the NSP income limits. Ineligible NSP areas (developed with housing) are limited to the Moores River Dr., Tecumseh River Dr., Lindberg Dr. and Grosbeck areas. (See Figure 16)

The following terminology is used to describe the eligible income groups under HOME, CDBG and NSP.

Program	Income Limits	Terminology	Abbreviations
HOME and CDBG	≤30% Area Median Income	Very Low Income	VLI or LMI
HOME,CDBG and NSP	≤50% Area Median Income	Low Income	LMI
HOME,CDBG and NSP	>50% ≤80% Area Median Income	Moderate Income	LMI
NSP	> 80%≤120% Area Median Income	Middle Income	LMMI

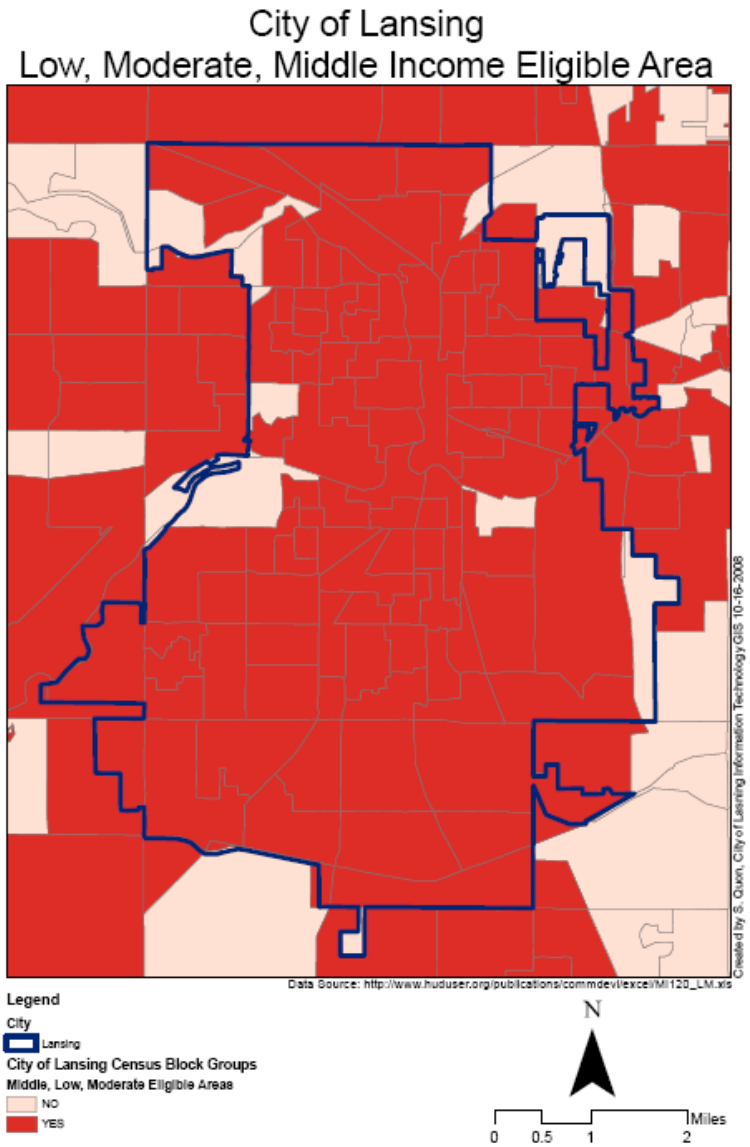
The Income limits that apply to these groups vary by family size. The chart below shows the applicable limits by family size.

Income Limits by Family Size				
Household Size	Very Low 30%	Low 50%	Moderate 80%	Middle 120%
1	$13,625	$22,700	$36,350	$ 54,500
2	$15,575	$25,950	$41,500	$ 62,300
3	$17,525	$29,200	$46,700	$ 70,100
4	$19,475	$32,450	$51,900	$ 77,900
5	$21,025	$35,050	$56,050	$ 84,100
6	$22,587	$37,650	$60,200	$ 90,350
7	$24,137	$40,250	$64,350	$ 96,550
8	$25,700	$42,850	$68,500	$102,800

NSP Funds for Housing Assistance to Low-Income Households

NSP requires that 25% of a grantee's allocation be used to directly benefit low-income households, i.e. those with income at or below 50% of area median income. To meet this requirement, the City of Lansing plans to use $1.5 million in NSP funds for purchase and sale or rehabilitation of foreclosed homes for occupancy by households at or below 50% area median income. The primary target population expected to benefit from this allocation is homeless families with children. Funds may also be used for housing for persons with special needs.

Figure 16



The FY 2008-2009 Consolidated Plan describes the ongoing community planning process led by the Greater Lansing Homeless Resolution Network (GLHRN) to resolve and prevent homelessness. As outlined in the Plan, creation of Permanent Supportive Housing units for families with children in single family dwellings at scattered locations throughout the City is a key strategy for providing housing and human services for homeless families. This activity is carried out through coordinated participation by Ingham County Land Bank, the City's Human Relations and Community Services and Planning and Neighborhood Development Departments, faith-based organizations, Ingham County Housing Authority and public and private human service providers.

NSP funds will be used to acquire and renovate foreclosed, bank-owned homes to expand the number of Permanent Supportive Housing units available for lease to homeless families with income at or below 50% of area median income. Notwithstanding the high rate of vacant units in Lansing, well located, good quality, affordable units suitable for large families are scarce. At present, homeless families are housed for too long in costly emergency housing waiting to find appropriate housing.

Foreclosed homes, with special priority on units with 4 or more bedrooms, will be acquired and rehabilitated with NSP funds for use as permanent supportive housing. Acquisitions may occur in any NSP eligible area of the City. Families will be linked with support services provided by public or private human service agencies. Each homeless family will be also be offered assistance from a faith-based group willing to help with activities of daily living and to be available for a mentoring relationship and positive role modeling .

Homes that are rehabilitated will be required to meet the City's rehabilitation standards for NSP. The scope of work will include lead paint remediation as needed, radon testing and remediation as needed and other safety improvements. Renovations will be designed to achieve the highest energy star rating that is reasonably possible (4 or 5) in order to reduce the cost for utilities.

Foreclosed homes may also be acquired and made available for purchase by service providers who will renovate them for use as housing for low income people with special needs.

E. Acquisitions & Relocation

One-for One Replacement:

The City does not intend to demolish or convert any dwelling units intended for low- and moderate-income (i.e. units restricted to occupancy by households at or below 80% of area median income)

F. Public Comment

The City of Lansing formed a NSP Planning Subcommittee, including stakeholders, members of the public and advisors to review the requirements of the NSP application and provide consultation during the preparation of the draft plan. Subcommittee members were invited to represent community service organizations, neighborhood groups, nonprofit housing groups, MSU, the faith-based community, homeless service providers, real estate brokers, Ingham County Land Bank, and lenders. LSL Planning, consultant to the City for its Master Plan project, was also invited to assist the City in preparation of this plan. Five meetings were held to review NSP requirements, analyze data, provide additional information, review proposed plan elements and make comments. This plan reflects input from NSP Planning Subcommittee participants.

COMMITTEEE CONSULTATION COMMENTS

Meeting of October 21, 2008
The committee was provided an overview of the Neighborhood Stabilization Program, timeline for submission of the application and maps of the profile of the City of Lansing including maps of foreclosed properties. Several questions and suggestions were offered regarding data collection.

Meeting of October 24, 2008
Vince Villagas, Lansing Resident asked about the possibility of selling foreclosed properties to developers to rehab and offer to low-to-moderate income persons. He stated that if the city could purchase 60% of a neighborhood and rehab, this would provide an opportunity to change an entire community over the next couple of years and which would have a huge impact on a neighborhood. Vince interested in taking a laser point rather than a flashlight approach to targeting future impact areas

Aaron Seybert, Great Lakes Capital Fund Corporation stated that leveraging funds for foreclosed properties may stretch HUD funding further, Although the timeline is too short to do this before December 1, 2008. If lenders are skeptical about lending in neighborhoods, establish a 20% loan loss reserve for them to participate in or supplement interest rate. Aaron would like to use NSP funds for a loan loss reserve to get lenders to provide more mortgage funding to those buying in these areas.

Mary Ruttan said that "blight" is contagious and rehabbing a couple of properties in a blighted neighborhood could stabilize the neighborhood.

Meeting of October 28, 2008
Carmine Avantini and Sara Schillinger of LSL Planning Consultants informed the group that they have been looking at the neighborhoods and created an inventory of the foreclosed properties identified by the city to determine the priority properties. Informal criteria were developed for prioritizing properties for acquisition. A profile of the physical targeted areas of foreclosed properties was provided to help the committee understand the inventory of bank owned property:

Vision 2020
Boundaries: N – Shiawassee, S – Olds Ave., E – M. L. King Jr. Blvd., W- Jenison
The Vision 2020 area has 24 foreclosed properties. The foreclosed properties along M. L. King Blvd. are a good opportunity for acquisition. It is a sound neighborhood with some disinvestments. There is opportunity here for improvements such as urban style row houses or townhouses to support the downtown; also identified 5-6 properties for potential infill to support the neighborhoods.

Comstock Park
Boundaries: N – the Grand River, S – Saginaw, E – Grand Ave., W- M. L. King Jr. Blvd
Comstock Park is a large area with close proximity to downtown, and Old Town. It is bordered by the river on the north and east and is somewhat impacted by the flood plain. There is an opportunity to build off success of neighboring Old Town and to create distinctive new urban housing on the old School for the Blind site. Problems include poor maintenance in neighborhoods, lots of structures with poor roofs, no pride apparent in neighborhoods, large number of rental properties with absentee ownership; suggest selected demos, land banking and rehabs.

Oak Park
Boundaries: N – Saginaw, S – Michigan Ave., E – Pennsylvania, W- Larch
Oak Park area has the Pennsylvania corridor; urban housing type is ideal along corridor.

Prudden Hall/East Village
Boundaries: N – E. Grand River, S – Saginaw, E – Marshall, W- RR tracks
Prudden area has five foreclosed properties in front of a park, high priority area – good candidate for demolition. More stable area than north part of Comstock Park; maintenance is more consistent.

Urbandale
Boundaries: N – Michigan, S – I- 496, E – Mifflin, W- Pennsylvania
Urbandale is a "neat" area, great character, some stability, flood plain area. It doesn't feel like city - seems more rural, lots of vacant properties, and code compliance issues.

Potter Walsh
Boundaries: N – I- 496, S – River, E – Aurelius, W- Pennsylvania
Potter Walsh is a neat neighborhood with lots of open space, nice charm, and some flood plain issues. Suggest acquisition, rehab and demolition as needed for both Potter Walsh and Urbandale.

Baker Donora
Boundaries: N – the Grand River, S – Mt. Hope, E – Pennsylvania, W- Cedar
Baker Donora has had lots of investment and progress over the past few years, but continued work is needed. The area is a mixed bag of properties, some flood plain issues. Most property improvement relies on public funds to assist, not seeing lot of private money going into neighborhood. Suggest selected rehab, land banking and demolition. Concentrations of foreclosed properties are along two streets: Donora and Isbell.

Southwest Area
Boundaries: N – Holmes, S – City limits, E – M. L. King Jr. Blvd., W- City limits
Southwest Area has 95% of households with income levels meeting NSP requirements and has been highly targeted for subprime lending. SW area has newer housing in better condition, higher property values and a healthier market than the other target areas. Suggest prioritizing foreclosed housing for acquisition by home owners, light rehab and limited demolition in this area.

There was further discussion regarding the neighborhood observations and foreclosed properties. Rex Lamore expressed the need to reinforce "good" behavior especially among those bankers and organizations investing in homeownership opportunities. Leveraging resources was mentioned. The LSL consultants stated that the City of Lansing want to make the most effective use of funds. Since HUD programs have never before reached families at 80%-120% of MFI, this is an opportunity to do something with the HUD funds that has never been done before. Some committee members expressed concerns with demolition of several properties. Staff and the consultants agreed that demolition is a sensitive matter and all factors will be considered prior to any decision regarding demolition. Rex Lamore suggested including a statement of values in the plan to help guide decision-making in sensitive matters. Other issues discussed were the state of the economy and factors leading to the foreclosure crisis.

Meeting of October 31, 2008
A draft of the substantial amendment of the Neighborhood Stabilization Program Plan was presented to the committee. A discussion regarding the areas of greatest need, concentration of foreclosure, and subprime vs. prime loans ensued. Targeted areas were discussed. An observation was noted that a separate sheet should be prepared that explains the administrative costs and how they will be allocated during the multi-year term of the program. Suggestions were offered for adjusting proposed allocations to NSP activities. There was discussion about how to best focus NSP strategically within the context of other programs and funding and with respect to the performance capacity of grantees.

Meeting of November 4, 2008

The committee reviewed an updated draft of the NSP Plan document and was informed that the checklist was applied to assure that all of the items required in the document were addressed. The information will be posted on the City of Lansing's website this week and a couple of neighborhood meetings are projected within the next two weeks to address any additional comments. Committee members expressed their support for the proposed NSP Plan.

PUBLIC COMMENT PERIOD

Notice of the pending public comment on the Neighborhood Stabilization Program Plan was advertised in the City Pulse on October 29, 2008.

The NSP Draft Plan was posted on the City's website at 3:30 p.m. on November 6, 2008. Two public meetings were held during the 15 day comment period from November 7, 2008 – November 22, 2008. Following is a summary of those meetings. Copies of the NSP Draft Plan were also available to the public for review at the City of Lansing Planning and Neighborhood Development Office and at the Lansing Public Library. Lansing City Council received comments in support of the NSP Plan during its review before the Committee of the Whole on November 20, 2008 and prior to its passage of a resolution approving the NSP Substantial Amendment on November 24, 2009.

Public Meeting - November 17, 2008 – Hill Vocational Ctr., 5815 Wise Road, Lansing, MI
The public meeting was held to inform the community about the Neighborhood Stabilization Program. A power point presentation summarizing the plan was provided. There was discussion regarding misleading mortgages and this and other problems leading to foreclosures in the city. Advertisement of the plan could be done using administrative dollars.

Public Meeting - November 18, 2008 – Gier Hill Community Ctr., 2400 Hall St., Lansing, MI
The public meeting was held to inform the community about the Neighborhood Stabilization Program. No comments were received.

PUBLIC COMMENTS RECEIVED DURING THE 15-DAY COMMENT PERIOD (See Exhibit E for comments.)
Comments were received in support of providing NSP funding to GLHC and Habitat to develop housing for homeless, at-risk and very low income populations. The City highly values its ongoing partnership with both GLHC and Habitat. GLHC is expected to play a primary role in carrying out NSP activities. Habitat for Humanity is funded under the current Action Plan for housing development with HOME funds. Habitat was not included for NSP funding because additional HOME funding remains available for Habitat if it is able to expand its development activity. The City also needs to use its HOME allocation, and the HOME program is a good fit for funding housing development for the low income homeowners Habitat serves. HOME resources should be fully utilized for low income families before allocating funding from NSP.

Comments were received in support of the plan to create 15 units of supportive housing and encouraging additional funds to increase these numbers where possible. The City will consider reallocating additional NSP funds to supportive housing during the program implementation phase, depending on relative production and fund availability.

Comments were received recommending close coordination with neighborhood groups in implementing NSP and questioning continued funding in existing target areas. The City highly values its relationship with the 59 neighborhood organizations and will continue to communicate closely with them in implementing NSP. In selecting its existing target areas, the City recognizes that rebuilding distressed neighborhoods takes time. Many years of sustained efforts are often required to yield desired results. Moving on too soon can undermine progress and sacrifice gains that have already been made, so existing target areas will continue to be prioritized for NSP funding.

With regard to the comment to use NSP funds for multifamily development, data show foreclosed single family properties to be the greatest need. The City has targeted NSP funding accordingly. With regard to the suggestion to allocate more funds for down payment assistance, HOME funds are already available for this purpose and have been used slowly due to the downturn in the economy. NSP allocations for DPA are targeted for families between 80% and 120% of AMI and can be adjusted if necessary in response to program activity during the implementation phase. With regard to the suggestion to strengthen the plan for supportive housing services, that plan is described within the community's Continuum of Care documents and is only briefly summarized here. Comment to use DPA property standards for HPR has been incorporated in the final plan.

Comment was received to include the commercial area along E. Michigan near Frandor as part of the Urbandale target area to permit commercial development in support of the residential neighborhood. Comment was received to include assistance to Baker Donora nonprofit for construction of a neighborhood center and NSP related services. These comments are being considered for possible incorporation at a later time using program income. Several other technical comments were received which are mostly related to implementation activities and new comments were received after the end of the comment period. These will be evaluated and incorporated in operation as appropriate.

G. NSP INFORMATION BY ACTIVITY

(1) Activity Name: Activity #1 Supportive Housing

(2) Activity Type: Acquisition and rehabilitation of foreclosed homes for use as permanent supportive housing for families or persons with special needs.

NSP eligible use: (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.

CDBG eligible activity: 24 CFR 570.201 (a) and 24 CFR 570.202

(3) National Objective: Individual benefit to low income persons, as defined in the NSP Notice i.e., ≤ 50% of area median income.

(4) Activity Description: Foreclosed homes will be acquired and rehabilitated for use as permanent supportive housing. This activity will benefit neighborhoods by rehabilitating and occupying homes that would otherwise be likely to remain in vacant and deteriorated condition. The expected benefit to low income households who are homeless or who have special needs is affordable rental opportunities. Funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: Foreclosed homes that are suitable for rehabilitation and meet the needs of homeless families or individuals with special needs will be acquired in any NSP eligible block group.

(6) Performance Measures: 15 units of housing will be acquired and rehabilitated for households with income at 50 percent of area median income and below.

(7) Total Budget: $1.5 million in NSP funds

(8) Responsible Organization:

For acquisition:
Ingham County Land Bank
422 Adams
Lansing, MI 48906
Mary Ruttan, Executive Director
Phone: 517-267-5221

For rehab and rental:
OCOF, Nonprofit Housing Corporation
422 Adams
Lansing, MI 48906
Eric Schertzing, President
517-676-7233

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 12-1-08

(10) Projected End Date: 3-1-13

(11) Specific Activity Requirements: Individual acquisitions of individual foreclosed properties will not exceed 95% of current appraised value or an average of 90% for all acquisitions (using deduction for carrying costs.) NSP funds will be provided in the form of 0% interest non-amortizing loans with escrows for taxes and insurance. Properties placed in service as supportive housing rental units will remain affordable rental units for a period of 20 years, with possible extensions to a total of 35 years. Affordability will be secured by deed restriction and mortgage.

(1) Activity Name: Activity #2 Rehabilitation of former Michigan School for the Blind Library

(2) Activity Type: Public facility improvement

NSP eligible use (E) Redevelop demolished or vacant properties

CDBG eligible activity 24 CFR 570.201 (c) Public facilities and improvements

(3) National Objective: Area benefit to low, moderate and middle income persons, as defined in the NSP Notice i.e., ≤ 120% of area median income).

(4) Activity Description:
NSP funds will be used to rehabilitate a 17,000 square foot building for use as a one-stop Housing and Community Resource Center/Neighborhood Empowerment Center. The Center will house a variety of services including housing counseling, foreclosure prevention counseling, home repair classes, a tool bank, a senior home repair service, and Head Start classrooms. Funds used for this activity will not be used to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: Corner Maple St. and Pine St. in the Comstock Area priority area, census tract 0005.00.

(6) Performance Measures: One Public facility for use as a Housing and Community Resource Center/Neighborhood Empowerment Center. The Resource Center is expected to provide area benefit to all NSP eligible groups: low, moderate and middle income persons.

(7). Total Budget: $500,000 NSP funds, $1.1 million total budget.

(8) Responsible Organization: Greater Lansing Housing Coalition
1017 W. Lapeer
Lansing, MI 48915
Lynne Martinez, Executive Director
517-372-5980

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: Spring 2009

(10) Projected End Date: Spring 2010

(11) Specific Activity Requirements: Permanent financing will be at 0% interest for 20 years.

(1) Activity Name: Activity #3 Homeowner Purchase Rehabilitation (HPR)

(2) Activity Type: Assist homebuyer in acquiring foreclosed property and rehabilitating it.

NSP eligible use (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

CDBG eligible activity: 24 CFR 570.206, 24 CFR 570.201 (n), 570.202

(3) National Objective: Individual benefit to low, moderate and middle income persons, as defined in the NSP Notice, i.e., ≤ 120% of area median income).

(4) Activity Description: GLHC will counsel and assist eligible home buyers in selecting and acquiring foreclosed properties that fit their needs and finding affordable fixed-rate mortgages. GLHC will also assist home buyers in rehabilitating their properties to meet applicable code requirements and HUD Housing Quality Standards as required for HOME and NSP Down Payment Assistance. NSP assistance for HPR rehabilitation financing is expected to benefit middle income-qualified persons. GLHC already offers HPR assistance for low and moderate income households using HOME funds. This NSP activity will supplement HOME funds allocated for HPR buyers at ≤80% area median income. NSP assistance will be prioritized for families with income between 80% and 120% area median income.

(5) Location Description: HPR assistance with NSP funds will be marketed and prioritized for use in southwest Lansing, however if sufficient buyers do not select homes in that area to fully utilize allotted NSP funds for HPR, buyers may select foreclosed homes in any NSP eligible block group.

(6) Performance Measures: 8 units acquired and rehabilitated for households with income at ≤120% of area median income.

(7) Total Budget: $400,000 NSP funds, $500,000 affordable fixed rate first mortgages.

(8) Responsible Organization:

Greater Lansing Housing Coalition
1017 W. Lapeer
Lansing, MI 48915
Lynne Martinez, Executive Director
517-372-5980

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 3-1-09

(10) Projected End Date: 3-1-13

(11) Specific Activity Requirements: Home buyers must purchase a foreclosed home at or below 95% of its appraised value. NSP funds will be provided in the form of a soft second mortgage at 0% interest. NSP assistance will be subject to a deed restriction to assure affordability using the HOME affordability requirements and the recapture method. Buyers must be approved for an affordable fixed rate first mortgage which includes escrows for taxes and insurance and including at least $1,000 in Down Payment Assistance. The lender must agree to comply with the bank regulator's guidance for non-traditional mortgages.

(1) Activity Name: Activity #4 Demolition

(2) Activity Type: Demolish blighted foreclosed homes. Demolition of blighted property has been shown to improve surrounding property values based on a recent MSU Land Policy Institute study of land bank activity in Genesee County. The study is available online at www.geneseeinstitute.org/downloads/LPI_Genesee.pdf.

NSP eligible use (D) Demolish blighted structures

CDBG eligible activity; 24 CFR 570.201(d)

(3) National Objective: Area benefit for low, moderate and middle income persons, as defined in the NSP Notice, i.e., ≤ 120% of area median income.

(4) Activity Description: Priority will be given to acquiring and demolishing blighted foreclosed or vacant properties in the 100 year flood plain. Wherever possible, NSP funds will be used to match or supplement FEMA grant funds already awarded to the City or that may be awarded in the future to acquire and demolish structures in the flood plain. Vacant lots in the flood plain acquired with FEMA funds must be maintained as open space, but may be used for urban farming, community gardens, recreational space or nature areas. Lansing has approximately 1900 residential properties and 4500 people living in the 100 year flood plain, including some of the city's poorest residents. Properties that are subject to the deepest flooding levels and those that are in the floodway (which poses the greatest danger to occupants during a flood event) are targeted for voluntary acquisition. Flood insurance rates are expected to decline for all property owners in the flood plain citywide as a result of demolition of these structures.

Funds may also be used to demolish blighted foreclosed properties elsewhere in the below described locations. Demolition will be used strategically to eliminate blighting influence. In these cases, vacant lots may be sold, transferred to adjacent property owners, transferred to new ownership for redevelopment or held for future development.

(5) Location Description: Blighted foreclosed homes or blighted vacant properties that are located in the flood plain or that are located elsewhere but are not feasible for rehabilitation will be selectively acquired for demolition in the Urbandale, Baker Donora, Potter Walsh, Comstock Area, Prudden and Oak Park target areas and in southwest Lansing.

Vacant parcels will be maintained by the Land Bank until transferred to new ownership.

(6) Performance Measures: 60 units

(7) Total Budget: $300,000 in NSP funds, $1.3 million FEMA funds

(8) Responsible Organization:

Ingham County Land Bank
422 Adams
Lansing, MI 48906
Mary Ruttan, Executive Director
Phone: 517-267-5221

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 3-1-09

(10) Projected End Date: 3-1-13

(11) Specific Activity Requirements: Each individual foreclosed property acquired with NSP funds will be purchased at a cost that is equal to or less than 95% of current appraised value. Parcels will be acquired at not more than 90% of appraised value in the aggregate (using deduction for carrying costs.)

(1) Activity Name: Activity # 5 Acquisition, Rehabilitation and Resale

(2) Activity Type: Acquisition of foreclosed homes for rehabilitation or future development and resale through the Ingham County Land Bank and others.

NSP eligible use: (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.

CDBG eligible activity: 24 CFR 570.201(a) Acquisition and (n) Direct homeownership assistance and 24 CFR 570.202

(3) National Objective: Individual benefit to low, moderate and middle income persons, as defined in the NSP Notice i.e., ≤ 120% of area median income.

(4) Activity Description:

Acquisition of foreclosed properties will be centralized to occur primarily through the Ingham County Land Bank in order to facilitate the most efficient negotiation for bank owned properties. After acquisition, properties will be distributed to CHDOs and other non-profits for rehabilitation and sale to home owners with income at or below 120% of area median income. Rehabilitation will be completed to meet NSP Rehabilitation Standards. Buyers will be provided at least 8 hours of pre-homeownership counseling and they will be assisted in finding affordable, fixed rate financing.

Program income from sale proceeds will be reinvested in acquiring and rehabilitating additional foreclosed properties. This NSP activity will supplement HOME funds allocated for this purpose; HOME assistance is available to borrowers with income ≤80% area median income.

(5) Location Description:

Comstock Area, Oak Park, Prudden, Vision 2020, Baker Donora, Urbandale, Potter Walsh or southwest Lansing.

(6) Performance Measures: 10 units

(7) Total Budget: $800,000

(8) Responsible Organization:

For Acquisition and rehabilitation:

Ingham County Land Bank Fast Track Authority
422 Adams St.
Lansing, MI 48906
Mary Ruttan, Executive Director
Phone: 517-267-5221

For rehabilitation:

GLHC
1017 W. Lapeer
Lansing, MI 48915
Lynne Martinez, Executive Director
517-372-5980

Franklin St. Community Housing Corporation
618 Seymour St.
Lansing, MI 48933
Bill Acheson, Executive Director
517-482-8708

Canaan Community Development Non-Profit Housing Corporation
Rev. David Foreman
5628 Wise Rd.
Lansing, MI 48911
Phone: (517) 887-8185

Cristo Rey Community Center
John Castillo
1717 N High St
Lansing, MI 48906
Phone: (517) 372-4700

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 3-1-2009

(10) Projected End Date: 3-1-2013

(11) Specific Activity Requirements: Individual properties will be acquired at a cost not to exceed 95% of the current appraised value and rehabilitated with NSP funds. NSP assistance to home owners will be provided in the form of a 0% interest non amortizing loan. Buyers must be approved for an affordable fixed rate first mortgage which includes escrows for taxes and insurance and must use at least $1,000 in Down Payment Assistance. A deed restriction will be used to assure NSP affordability restrictions are met. The lender must agree to comply with the bank regulator's guidance for non-traditional mortgages.

(1) Activity Name: Activity # 6 New Construction

(2) Activity Type: Construction of new homes on vacant parcels

NSP eligible use: (E) Redevelop demolished or vacant properties

CDBG eligible activity: 24 CFR 570.201(n) as modified by HERA to permit new construction

(3) National Objective: Individual benefit to low, moderate and middle income persons, as defined in the NSP Notice i.e., ≤ 120% of area median income.

(4) Activity Description: Construction of new housing for sale to home buyers will be undertaken strategically and will model the energy efficiency, design and amenities that characterize the type of future new housing development that best fits Lansing's urban neighborhoods. Construction will occur as an infill activity on vacant lots to complement other redevelopment, or as part of a larger private redevelopment project for new owner occupied housing. Properties will be available for purchase by households with income at or below 120% of area median income using at least $1,000 in Down Payment Assistance. Buyers must participate in at least 8 hours of pre-purchase counseling. This NSP activity will be targeted to middle income buyers and will supplement HOME funds allocated for this purpose for borrowers with income ≤80% area median income.

(5) Location Description: Comstock Area, Oak Park or Prudden.

(6) Performance Measures: 2 new homes, ≤120%AMI

(7) Total Budget: $250,000

(8) Responsible Organization: New construction will be undertaken by one or more of the following:

Ingham County Land Bank Fast Track Authority
422 Adams St.
Lansing, MI 48906
Mary Ruttan, Executive Director
Phone: 517-267-5221

GLHC
1017 W. Lapeer
Lansing, MI 48915
Lynne Martinez, Executive Director
517-372-5980

Franklin St. Community Housing Corporation
618 Seymour St.
Lansing, MI 48933
Bill Acheson, Executive Director
517-482-8708

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 3-1-2009

(10) Projected End Date: 3-1-2013

(11) Specific Activity Requirements: NSP assistance will be provided in the form of a soft second mortgage at 0% interest during construction. New Construction projects will be available for purchase by home owners. NSP assistance will be subject to a deed restriction to assure affordability according to the HOME affordability requirements and using the recapture method.

(1) Activity Name: Activity # 7 Down Payment Assistance (DPA)

(2) Activity Type: Home buyer assistance for the purchase of foreclosed upon homes.

NSP eligible use: (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

CDBG eligible activity: 24 CFR 570.206, 24 CFR 570.201 (n), 570.202

(3) National Objective: Individual benefit to low, moderate and middle income persons, as defined in the NSP Notice i.e., ≤ 120% of area median income.

(4) Activity Description: Down payment assistance up to $15,000 will be available as a 0% interest second mortgage for home buyers with income at or below 120% of area median income. Assistance is not limited to first time home buyers. Funds may be used for down payment and normal closing costs. Buyers may purchase foreclosed, newly constructed or other vacant homes. Buyers must be approved for an affordable fixed rate first mortgage which includes escrows for taxes and insurance. The lender must agree to comply with the bank regulator's guidance for non-traditional mortgages. .

The property must meet the City's code requirements and HUD Housing Quality Standards (HQS). This NSP activity will supplement HOME funds allocated for this purpose and directed to borrowers with income ≤80% area median income. HOME DPA will also be available up to a maximum of $15,000

(5) Location Description:

Priority will be given for home buyers purchasing in Comstock Area, Oak Park, Prudden, Vision 2020, Baker Donora, Urbandale, Potter Walsh, Southwest Lansing, however buyers may be assisted to purchase any foreclosed home in a block group where 51% of households have income at or below 120% of area median income.

(6) Performance Measures: 6 units

(7) Total Budget: $90,000

(8) Responsible Organization: City of Lansing Development Office
316 N. Capitol Ave.
Lansing, MI 48933
Carla Eno, Real Estate Services Supervisor
517-483-4040

Other responsible organizations may be added during initial term of NSP assistance 2009-2010.

(9) Projected Start Date: 3-1-2009

(10) Projected End Date: 3-1-2013

(11) Specific Activity Requirements: Home buyers who use NSP down payment assistance to purchase a foreclosed property must acquire it at or below 95% of its current appraised value. NSP funds are available as a 0% interest non-amortizing mortgage. A deed restriction will be used to enforce the NSP affordability restrictions using the recapture method.

(1) Activity Name: Activity # 8 Land Bank Acquisition, Disposition and Property Maintenance

(2) Activity Type: Acquisition of foreclosed homes for demolition, rehabilitation or future development and related property maintenance activities through the Ingham County Land Bank (existing entity established under state Land Bank Fast Track Authority statute.).

NSP eligible use: (C) Establish Land Banks for homes that have been foreclosed upon.

CDBG eligible activity: 24 CFR 570.201(a) Acquisition and (b) Disposition

(3) National Objective: Area benefit to low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income.

(4) Activity Description:

Acquisition of foreclosed properties will be centralized to occur primarily through the Ingham County Land Bank in order to facilitate the most efficient negotiation for bank owned properties. After acquisition, properties will be distributed to CHDOs and other non-profits for rehabilitation, sold to purchasers, demolished or held for future development depending on the condition of the property acquired and its suitability for sale or rental.

(5) Location Description: Comstock Area, Oak Park, Prudden, Vision 2020, Baker Donora, Urbandale, Potter Walsh, southwest Lansing or for foreclosed, blighted property needing demolition at any location in a block group where 51% of households have income at or below 120% of area median income.

(6) Performance Measures: 70 units acquired

(7) Total Budget: $1,552,944

(8) Responsible Organization: Ingham County Land Bank Fast Track Authority
422 Adams St.
Lansing, MI 48906
Mary Ruttan, Executive Director
Phone: 517-267-5221

Other responsible organizations may be added during initial term of NSP assistance during 2009-2010.

(9) Projected Start Date: 3-1-2009

(10) Projected End Date: 3-1-2019

(11) Specific Activity Requirements: Properties will be acquired at an average cost not to exceed 90% of the current appraised value (using deduction for carrying costs.) NSP assistance for banked properties will be provided in the form of 0% interest non-amortizing loans. Assistance will be subject to NSP affordability restrictions enforced by deed restriction and using the recapture method.

Exhibit A: Excerpts from International Property Maintenance Code

The following excerpts are related to blight and conditions necessary to avoid blight.

SECTION 301

GENERAL

301.1 Scope. The provisions of this chapter shall govern the minimum conditions and the responsibilities of persons for maintenance of structures, equipment and exterior property.

301.2 Responsibility. The owner of the premises shall maintain the structures and exterior property in compliance with these requirements, except as otherwise provided for in this code. A person shall not occupy as owner-occupant or permit another person to occupy premises which are not in a sanitary and safe condition and which do not comply with the requirements of this chapter. Occupants of a dwelling unit, rooming unit or housekeeping unit are responsible for keeping in a clean, sanitary and safe condition that part of the dwelling unit, rooming unit, housekeeping unit or premises which they occupy and control.

301.3 Vacant structures and land. All vacant structures and premises thereof or vacant land shall be maintained in a clean, safe, secure and sanitary condition as provided herein so as not to cause a blighting problem or adversely affect the public health or safety.

SECTION 302

EXTERIOR PROPERTY AREAS

302.1 Sanitation. All exterior property and premises shall be maintained in a clean, safe and sanitary condition. The occupant shall keep that part of the exterior property which such occupant occupies or controls in a clean and sanitary condition.

302.2 Grading and drainage. All premises shall be graded and maintained to prevent the erosion of soil and to prevent the accumulation of stagnant water thereon, or within any structure located thereon.

> **Exception:** Approved retention areas and reservoirs.

302.3 Sidewalks and driveways. All sidewalks, walkways, stairs, driveways, parking spaces and similar areas shall be kept in a proper state of repair, and maintained free from hazardous conditions.

302.4 Weeds. All premises and exterior property shall be maintained free from weeds or plant growth in excess of ten (10") inches. All noxious weeds shall be prohibited. Weeds shall be defined as all grasses, annual plants and vegetation, other than trees or shrubs provided; however, this term shall not include cultivated flowers and gardens.

Upon failure of the owner or agent having charge of a property to cut and destroy weeds after service of a notice violation, they shall be subject to prosecution in accordance with Section 106.3 and as prescribed by the authority having jurisdiction. Upon failure to comply with the notice of violation, any duly authorized employee of the jurisdiction or contractor hired by the jurisdiction shall be authorized to enter upon the property in violation and cut and destroy the weeds growing thereon, and the costs of such removal shall be paid by the owner or agent responsible for the property.

302.5 Rodent harborage. All structures and exterior property shall be kept free from rodent harborage and infestation. Where rodents are found, they shall be promptly exterminated by approved processes which will not be injurious to human health. After extermination, proper precautions shall be taken to eliminate rodent harborage and prevent reification.

302.6 Exhaust vents. Pipes, ducts, conductors, fans or blowers shall not discharge gases, steam, vapor, hot air, grease, smoke, odors or other gaseous or particulate wastes directly upon abutting or adjacent public or private property or that of another tent.

302.7 Accessory structures. All accessory structures, including detached garages, fences and walls, shall be maintained structurally sound and in good repair.

302.8 Motor vehicles. Except as provided for in other regulations, no inoperative or unlicensed motor vehicle shall be parked, kept or stored on any premises, and no vehicle shall at any time be in a state of major disassembly, disrepair, or in the process of being stripped or dismantled. Painting of vehicles is prohibited unless conducted inside an approved spray booth.

> **Exception**: A vehicle of any type is permitted to undergo major overhaul, including body work, provided that such work is performed inside a structure or similarly enclosed area designed and approved for such purposes.

302.9 Defacement of property. No person shall willfully or wantonly damage, mutilate or deface any exterior surface of any structure or building on any private or public property by placing thereon any marking, carving or graffiti.

It shall be the responsibility of the owner to restore said surface to an approved state of maintenance and repair.

SECTION 304

EXTERIOR STRUCTURE

304.1 General. The exterior of a structure shall be maintained in good repair, structurally sound and sanitary so as not to pose a threat to the public health, safety or welfare.

304.2 Protective treatment. All exterior surfaces, including but not limited to, doors, door and window frames, cornices, porches, trim, balconies, decks and fences shall be maintained in good condition. Exterior wood surfaces, other than decay-resistant woods, shall be protected from the elements and decay by painting or other protective covering or treatment. Peeling, flaking and chipped paint shall be eliminated and surfaces repainted. All siding and masonry joints as well as those between the building envelope and the perimeter of windows, doors, and skylights shall be maintained weather resistant and water tight. All metal surfaces subject to rust or corrosion shall be coated to inhibit such rust and corrosion and all surfaces with rust or corrosion shall be stabilized and coated to inhibit future rust and corrosion. Oxidation stains shall be removed from exterior surfaces. Surfaces designed for stabilization by oxidation are exempt from this requirement.

304.3 Premises identification. (Reserved)

304.4 Structural members. All structural members shall be maintained free from deterioration, and shall be capable of safely supporting the imposed dead and live loads.

304.5 Foundation walls. All foundation walls shall be main_- 7tained plumb and free from open cracks and breaks and shall be [1]kept in such condition so as to prevent the entry of rodents and other pests.

304.6 Exterior walls. All exterior walls shall be free from holes, breaks, and loose or rotting materials; and maintained weatherproof and properly surface coated where required to prevent deterioration.

304.7 Roofs and drainage. The roof and flashing shall be sound, tight and not have defects that admit rain. Roof drainage shall be adequate to prevent dampness or deterioration in the walls or interior portion of the structure. Roof drains, gutters and downspouts shall be maintained in good repair and free from obstructions. Roof water shall not be discharged in a manner that creates a public nuisance.

304.8 Decorative features. All cornices, belt courses, corbels, terra cotta trim, wall facings and similar decorative features shall be maintained in good repair with proper anchorage and in a safe condition.

304.9 Overhang extensions. All overhang extensions including, but not limited to canopies, marquees, signs, metal awnings, fire escapes, standpipes and exhaust ducts shall be maintained in good repair and be properly anchored so as to be kept in a sound condition. When required, all exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather-coating materials, such as paint or similar surface treatment.

304.10 Stairways, decks, porches and balconies. Every exterior stairway, deck, porch and balcony, and all appurtenances attached thereto, shall be maintained structurally sound, in good repair, with proper anchorage and capable of supporting the imposed loads.

304.11 Chimneys and towers. All chimneys, cooling towers, smoke stacks, and similar appurtenances shall be maintained structurally safe and sound, and in good repair. All exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather-coating materials, such as paint or similar surface treatment.

304.12 Handrails and guards. Every handrail and guard shall be firmly fastened and capable of supporting normally imposed loads and shall be maintained in good condition.

304.13 Window, skylight and door frames. Every window, skylight, door and frame shall be kept in sound condition, good repair and weather tight.

304.13.1 Glazing. All glazing materials shall be maintained free from cracks and holes.

304.13.2 Openable windows. Every window, other than a fixed window, shall be easily openable and capable of being held in position by window hardware.

304.14 Insect screens. During the period from [DATE] to [DATE], every door, window and other outside opening required for ventilation of habitable rooms, food preparation areas, food service areas or any areas where products to be included or utilized in food for human consumption are processed, manufactured, packaged or stored, shall be supplied with approved tightly fitting screens of not less than 16 mesh per inch (16 mesh per 25 mm) and every swinging door shall have a self-closing device in good working condition.

Exception: Screens shall not be required where other approved means, such as air curtains or insect repellent fans, are employed.

304.15 Doors. All exterior doors, door assemblies and hardware shall be maintained in good condition. Locks at all entrances to dwelling units, rooming units and guestrooms shall tightly secure the door. Locks on means of egress doors shall be in accordance with Section 702.3.

304.16 Basement hatchways. Every basement hatchway shall be maintained to prevent the entrance of rodents, rain and surface drainage water.

304.17 Guards for basement windows. Every basement window that is openable shall be supplied with rodent shields, storm windows or other approved protection against the entry of rodents.

304.18 Building security. Doors, windows or hatchways for dwelling units, room units or housekeeping units shall be provided with devices designed to provide security for the occupants and property within.

304.18.1 Doors. Doors providing access to a dwelling unit, rooming unit or housekeeping unit that is rented, leased or let shall be equipped with a deadbolt lock meeting specifications set forth herein. Such deadbolt locks shall be operated only by the turning of a knob or a key and shall have a lock throw of not less than 1-inch. For the purpose of this section, a sliding bolt shall not be considered an acceptable deadbolt lock. Such deadbolt locks shall be installed according to manufacturer's specifications and maintained in good working order. All deadbolt locks required by this section shall be designed and installed in such a manner so as to be operable inside of the dwelling unit, rooming unit or housekeeping unit without the use of a key, tool, combination thereof or any other special knowledge or effort.

304.18.2 Windows. Operable windows located in whole or in part within 6 feet (1828 mm) above ground level or a walking surface below that provide access to a dwelling unit, rooming unit or housekeeping unit that is rented, leased or let shall be equipped with a window sash locking devices.

304.18.3 Basement hatchways. Basement hatchways that provide access to a dwelling unit, rooming unit or housekeeping unit that is rented, leased or let shall be equipped with devices that secure the units from unauthorized entry.

Exhibit B Summary of Consolidated Plan and FY 2008-2009 Action Plan

The City's five year Consolidation Plan contains background information including demographic breakdown of the population, data on the supply of housing, housing conditions and affordability. A brief summary of that information is as follows:

The 2000 U.S. Census Bureau data showed the city with a total population of 119,128. The 2006 population estimate for Lansing was 110,619. This represents a -7% population change from April 2000 to July 2006. 2000 U.S. Census Bureau information shows that Lansing residents claiming to be of one race were: 65.3% white, 21.9% black, .8% American Indian & Alaskan native, 2.8% Asian, and .1% Native Hawaiian & Other Pacific Islander. Those indicating they were two or more races were 4.6% with 10% of the population claiming a Hispanic or Latino ethnicity.

Census information indicated a total of 49,505 households with a total of 53,159 housing units available in 2000. There was a 7.2% rental vacancy rate and a 2% homeowner vacancy rate. Of the 49,505 households, 57.5% were owner-occupying and 42.5% renter-occupying. The average owner-occupied household size was 2.49 and the average renter-occupied household was 2.26.

54% of the city of Lansing's housing units were built prior to 1960; with 42.6% built between 1960 and 1989, and 3.4% built between 1990 and 2000.

2008 Action Plan Activities

The City's 2008 Action Plan contains activities similar to those activities proposed for NSP funds. The primary differences are that NSP activities are limited to foreclosed and vacant property, they are targeted to different areas and they will be available to households with income between 80% and 120% or area median income.

The City's 2008 Action plan includes the projects shown in the table below. (For an explanation of the terms used in the table – objective, goal, indicator and outcome, see the Performance Measurement section of this summary.)

Project	Budget	Objective	Goal	Indicator	Outcome
Project #1: CDBG Owner Rehab Program	$757,226 PI: 350,000 $1,107,226	Decent Housing	Increase number of safer, healthier houses	Number of houses made lead safe.	Sustainability
Project #2: Weather-ization	65,000	Decent Housing	Increase number of energy efficient homes	Number of units provided energy assistance.	Sustainability
Project #3: Acquisition	256,000	Suitable Living Environment	Acquisition and property maintenance	Work to promote development of properties.	Sustainability
Project #4: Public Services	377,128	Suitable Living Environment	Improve neighborhood stability, beautification and safety	Number of people affected by improved safety.	Sustainability
Project #5: Economic Development	150,000	Economic Opportunity	Increase job and business opportunities	Number of people trained. Number of businesses assisted.	Availability/Accessibility
Project #6: CDBG General Administration	502,838	Decent Housing	Improve code enforcement.	Track the number of paybacks recaptured during the year.	Sustainability
Project #7: CDBG Rental	0	Decent Housing	Safer, healthier, affordable housing.	Increase number of safe, healthy, affordable rental units.	Sustainability
Project #8: Public Improve-ments	56,000	Suitable Living Environment	Improve public improvement activities.	Number of people provided assistance with special assessments.	Sustainability
Project #9: HOME Owner	70,000	Decent Housing	Increase number of safer, healthier homes.	Number of loans provided to homeowners.	Sustainability

Rehab Program					
Project #10: Down Payment Assistance	100,000	Decent Housing	Increase number low low/mod income first-time homebuyers	Number of loans provided to new homeowners.	Affordability
Project #11: New Construction	100,000	Decent Housing	Increase supply of affordable new homes.	Number of new homes produced.	Availability/Accessibility
Project #12: HOME Development Program	316,627	Decent Housing	Increase supply of decent housing.	Number of units produced.	Availability/Accessibility
Project #13: CHDO Operating	41,901	Decent Housing	Increase the supply of affordable decent housing.	Number of units produced.	Affordability
Project #14: CHDO Set-aside	125,705	Decent Housing	Increase supply of affordable new homes.	Number of homes produced.	Availability/Accessibility
Project #15: HOME General Admin.	83,803	Exempt			
Project #16: ESG	95,772	Suitable Living Environment	Reduce number of homeless in city.	Number of homeless persons attaining housing.	Availability/Accessibility

Geographic Targeting

The Plan also contains information on geographic targeting that is summarized on page 2 of the amendment as follows:

> All CDBG and HOME funds the City receives are used to support low and moderate income persons and neighborhoods. Most of the block groups within the city are predominately populated with families at or below 80% of area median income and are eligible areas for CDBG assistance. Many housing and community development programs are available to eligible households city wide. However, five focus areas are prioritized for new infill housing construction and full rehabilitation of distressed properties. (See Figure 2.)

The target areas contained in the current approved 2008 Action Plan are shown in more detail on the City's website at http://www.lansingmi.gov/pnd/development/priority_areas.jsp

These areas will continue to be targeted for NSP funds, but three new target areas will be added as described in the NSP Substantial Amendment.

Performance Measurement

In accordance with HUD Performance Measurement requirements and based on the intent of the activities considered for funding under the Action Plan, the city has determined which of three **objectives** best describes the purpose of each activity. The objectives also appear on an Integrated Disbursement Information System (IDIS) screen and the city chooses from the options presented. The three objectives are:

1. Suitable Living Environment – In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

2. Decent Housing – The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, HOPWA or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.

3. Creating Economic Opportunities – This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

The city then chooses from one of the three **outcome** categories that best reflects what the city is seeking to achieve by funding that activity, and then enters the outcome on the appropriate IDIS screen. The three outcome categories are:

1. Availability/Accessibility – This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people where they live.

2. Affordability - This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It may include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

3. Sustainability (Promoting Livable or Viable Communities) – This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Finally, each outcome category is connected to each of the overarching objectives, resulting in a total of nine groups of outcome/objective statements under which the city reports the activity or project date to document the results of the activities or projects. Each activity provides one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

The Outcome Framework matrix is shown below.

HUD Performance Measurement Outcome System Outcome Framework			
	Outcome 1: Availability/Accessibility	**Outcome 2**: Affordability	**Outcome 3**: Sustainability
Objective 1: Suitable Living Environment	Accessibility for the purpose of creating suitable living environments	Affordability for purpose of creating suitable living environments	Sustainability for the purpose of creating suitable living environments
Objective 2: Decent Housing	Accessibility for the purpose of providing decent affordable housing	Affordability for the purpose of providing decent affordable housing	Sustainability for the purpose of providing decent affordable housing
Objective 3: Economic Opportunity	Accessibility for the purpose of creating economic opportunities	Affordability for the purpose of creating economic opportunities	Sustainability for the purpose of creating economic opportunity

Based on the objectives and outcomes selected, and, in the case of CDBG activities the National Objective selected, IDIS identifies the specific indicators for each activity. Only the specific indicators appropriate for that activity will be available for the city to report. Thus, the process of identifying and selecting indicators is minimized. The objective and outcomes will combine with the

activity indicator data to produce statements of National significance regarding the results of the activity.

There are certain data elements commonly reported by all programs, although each of the city's programs (CDBG, HOME and ESG) may require different specificity or may not require each element listed below. The city reports the information required for each program as currently required, including:

- Amount of money leveraged (from other Federal, State, County, and private sources) per activity;
- Number of persons, households, units, or beds assisted, as appropriate;
- Income levels of persons or households by: 30%, 50%, 60^, or 80% of area median income, per applicable program requirements. However, if a CDBG activity benefits a target area, that activity will show the total number of persons served and the percentage of low/mod persons served. Note that this requirement is not applicable for economic development activities awarding funding on a "made available" basis";
- Race, ethnicity, and disability (for activities in programs that currently report these date elements).

Exhibit C Integration of NSP into the Action Plan for HOME and CDBG

Following is a description of how key aspects of the current Action Plan will apply to NSP.

Housing Activities
Only those households meeting income eligibility requirements will be assisted with NSP funds. Below are the maximum gross annual household income limits by income level, effective October 2008.

Household Size	Low 50%	Moderate 80%	Middle 120%
1	$22,700	$36,350	$ 54,500
2	$25,950	$41,500	$ 62,300
3	$29,200	$46,700	$ 70,100
4	$32,450	$51,900	$ 77,900
5	$35,050	$56,050	$ 84,100
6	$37,650	$60,200	$ 90,350
7	$40,250	$64,350	$ 96,550
8	$42,850	$68,500	$102,800

Definition of Income
The city utilizes the annual income definition found at 24 CFR Part 5 for determining eligibility of participants in CDBG and HOME funded housing programs and will extend that practice to NSP. The city has in place clear procedures to ensure that these definitions are implemented consistently and accurately.

Period of Affordability
As with its HOME program, the city will be utilizing HOME program affordability requirements at 24 CFR 92.254 for NSP funded home ownership projects. The period of affordability will be based on the amount of NSP home owner assistance provided for the property, regardless of source (i.e. City, MSHDA). The applicable periods of affordability are as follows:

Amount of NSP Homeownership Assistance	Minimum Period of Affordability
<$15,000	5 years
$15,000 to $40,000	10 years
>$40,000	15 years

For NSP funded Permanent Supportive Housing or other housing for persons with special needs, the HOME rental housing affordability rules at 24 CFR 92.252 will apply. The applicable periods of affordability are as follows:

Acquisition or Rehabilitation Activity and Amount of NSP Assistance	Minimum Period of Affordability
Under $15,000	5 years
$15,000-40,000	10 years
Over $40,000 or rehabilitation involving refinancing	15 years
New Construction or acquisition of newly constructed housing	20 years

Deed Restriction

As with its HOME program, the city will place deed restrictions on homebuyer and permanent supportive rental properties purchased with NSP funds to ensure affordability requirements.

Recapture Provisions
The city will utilize the recapture option for NSP funds, which is consistent with its HOME program. A 0% interest, non-amortizing second mortgage and promissory note secure the city's position of interest in the property.

If the assisted homebuyer sells the home during the applicable period of affordability, the city shall recover NSP funds from the net proceeds of sale, as specified in HOME regulations 92.254(a)(5)(ii). Recapture of NSP funds will be handled as follows:

The amount of NSP assistance covered under the mortgage and promissory note will be reduced by 50% at the expiration of the applicable affordability period. The remainder of the NSP assistance will remain as a non-amortizing 0% loan with repayment due at sale. In the event the home owner sells the property after the expiration of the affordability period in order to purchase another home within the City of Lansing, the remainder of the NSP assistance will be forgiven.

In hardship cases where the sale of the property prior to the expiration of the affordability period is documented to be involuntary (a sale due to foreclosure, loss of income, job transfer or similar circumstances), and where repayment of the full amount Down Payment Assistance due to be repaid exceeds the net proceeds available from the sale, the City will prorate the amount to be forgiven according to the following schedule: (up to the amount of net proceeds available)

Affordability Period	Pro-Rated Amount
5 Years	1/60 per month
10 Years	1/120 per month
15 Years	1/180/per month

In those cases where a homebuyer violates the terms and conditions of the second mortgage and/or promissory note, (e.g., sells the property on a Land Contract without the prior approval of the city or uses the property for rental purposes), the city reserves the right to require the full repayment of the pro-rated amount of NSP assistance.

Monitoring
NSP grantees will be monitored according to the monitoring plan the City has in place for its CDBG, HOME and ESG grantees. The plan includes technical assistance to Community Housing Development Organizations (CHDOs), program monitoring, required single audits, spending and performance reviews, on-site property inspections, biannual on-site grantee monitoring, project reviews for compliance with program requirements and necessary documentation, and yearly verification of tenant income at rental properties still within their affordability period. As necessary, letters of deficiencies to ensure corrective actions will be sent to grantees.

Housing Developers
Housing developers who are undertaking acquisition and/or rehabilitation/construction activities under a homeownership program would be assisted with NSP funds for both development subsidy and homebuyer assistance to the end purchaser. The total NSP assistance would be secured by a mortgage and promissory note prior to the housing developer's use of NSP funds for acquisition and/or rehabilitation/construction. The sale price to the borrower will be the lesser of the cost of acquisition and rehab or appraised value. Upon sale to a homebuyer, this development subsidy mortgage and promissory note would be discharged, and the NSP funds distributed as follows:

1. Development subsidy (amount of project cost that exceeds appraised value)
2. Homebuyer assistance (covered under a new silent second mortgage and promissory note from the homebuyer to the city), and
3. Repayment to the city's NSP program.

The exact distribution of funds would be determined by the terms of the Agreement between the city and the housing developer, although the homebuyer assistance would be a minimum of $1,000.

The homebuyer assistance may be in the form of a buy-down on the mortgage to make it more affordable, down-payment/closing cost assistance, or another eligible form of assistance, and would be described in the Agreement between the city and the housing developer. The homebuyer assistance would be secured by a 0% interest non-amortizing second mortgage and promissory note from the homebuyer to the city or where applicable, a convent running with the land, deed restriction or other similar mechanism for the applicable period of affordability. Recapture provisions would apply if the assisted homebuyer sells the home or otherwise does not continue to occupy the home as their principal place of residence during the applicable period of affordability.

MBE/WBE
The city continues its minority outreach efforts by encouraging the use of minority and women's business enterprises. Every effort is made to locate such firms, apprise them of City programs and invite them to be included on the contractor list. The list of MBE/WBE contractors is maintained and provided as a reference source.

Program Income
For any NSP program income generated by activities carried out pursuant to Section 2301(c)(3)(B) and (E). a) Program income received before July 30, 2013 will be retained by the city of Lansing and treated as additional CDBG funds and used in accordance with the requirements of Section 2301. b) NSP program income received on or after July 30, 2013 will be returned to the U.S. Treasury.

The city recognizes that no profit can be earned from the sale of an abandoned or foreclosed-upon home or residential property to an individual as a primary residence; as provided under Section 2301(c)(3), the sale must be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate the home or property up to a decent, safe, and habitable condition as defined in the rehabilitation standards for NSP.

An example of this is: City acquires a foreclosed-upon multi-family residential property for $100,000. Spends $100,000 to redevelop the property, and sells the property for $225,000. If the sale occurs on or after July 30, 2013, the amount to be remitted to HUD is $200,000 if HUD authorizes the profit of $25,000 to be used for other NSP purposes or $225,000 if HUD does not authorize such use.

Any revenue received by a private individual or other entity that is not a subrecipient must be provided to the city and treated as program income.

All agreements with subrecipients and other entities will incorporate such provision as are necessary in the agreement to ensure compliance with these requirements.

Principal Residence
The city will be utilizing HOME program requirements for NSP funded homebuyer projects. Property assisted under a homeownership program must be used as the homebuyer's principal residence during the affordability period.

Rental Program (Permanent Supportive Housing)
NSP funding will be used to acquire and rehabilitate properties for use as permanent supportive housing. Units will be rented to households that are ≤50% of area median income. It is a requirement of the NSP funding that 25% of the city's allocation must be used for housing occupied by households ≤50% of area median income.

As described in the approved 2008 Action Plan, The city of Lansing's Continuum of Care is the Greater Lansing Homeless Resolution Network (GLHRN). GLHRN's mission is to resolve and prevent homelessness through the promotion of partnerships and programs that create housing opportunities, build life skills and provide integrated supportive services to individuals and families in need. The Continuum relies on its Homeless Management Information System (HMIS) for monthly point in time and need data. HMIS is a statewide computer system capable of gathering comprehensive data about the clients being served and the services being provided, while maintaining client privacy. With this data, GLHRN has recognized a priority need for permanent supportive housing in the Lansing area. The majority of this housing is needed for large low-income families that are unable to find affordable rental housing with enough bedrooms to accommodate their family size.

GLHRN has several subcommittees that meet on a monthly basis to address the needs of the homeless.

The city will utilize at least $1.5 million of its NSP funds to acquire foreclosed, bank-owned properties for use as permanent supportive housing or housing for persons with disabilities for qualifying households' ≤50% of area median income.

All properties will be brought up to state and local codes and shall comply with lead-based paint hazard reduction requirements. Completed units will be made available to households with income at or below 50 percent of area median income.

All projects will be required to comply with program requirements for a specified period of affordability, which will be enforced through deed restriction placed on the property.

The city will utilize HOME Affordability requirements, High HOME rent schedule, and HOME rehab standards.

HUD High HOME Rents effective April 2008 for Lansing are as follows:

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
$550	$597	$739	$936	$1,015	$1,167	$1,320

Rent limits are determined on a yearly basis by HUD. Landlords are notified of income and rent increases when changes are made.

Affirmative Marketing

In an effort to affirmatively market various city programs offering funding for the development of decent, affordable residential rental properties and homeownership opportunities, and to inform property owners of availability of assistance through said programs, the city of Lansing will utilize any or all of the following marketing techniques, as well as other methods that may be deemed appropriated:

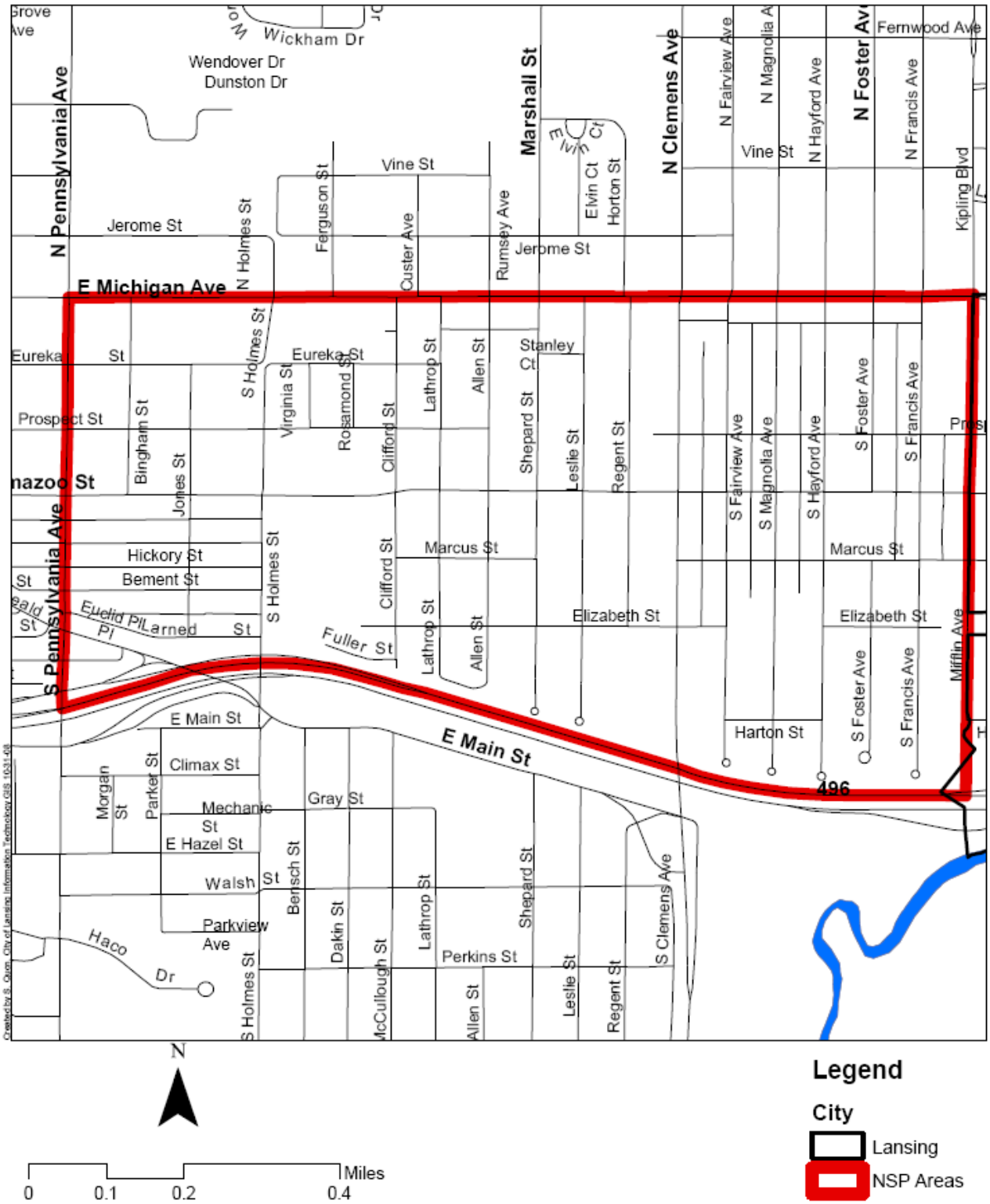
1. Advertisements placed in local publications of general circulation, and publications designed to appeal to protected groups.
2. Notices provided to both city and county elected officials.
3. Speaking engagements; news releases; public service announcements; communications with realtors, contractors, and other segments of the population who would have direct interest in funding availability; radio advertisements; as well as other methods of communication which may be determined effective methods for marketing housing programs.

Anti-Displacement Plan

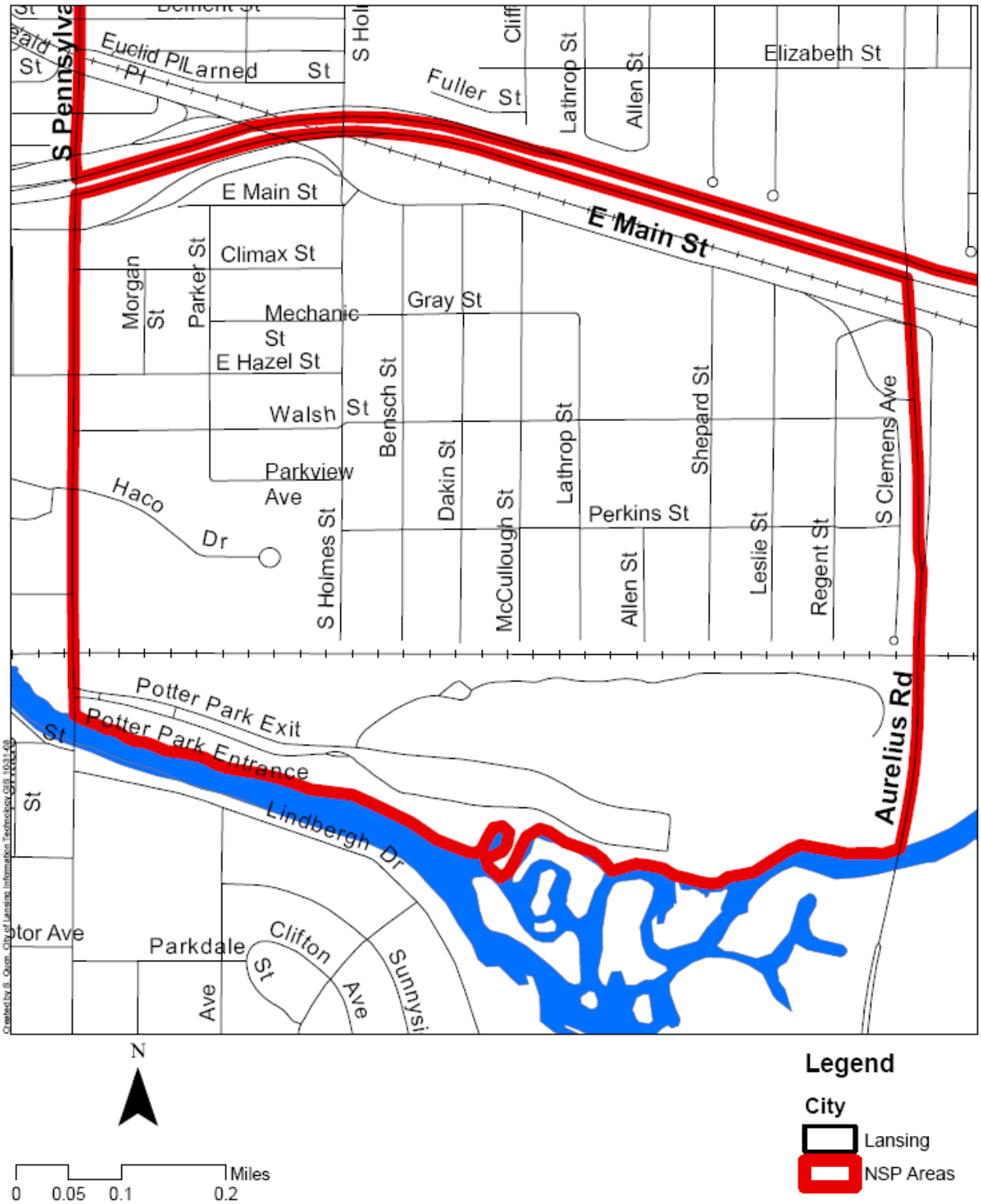
It is the policy of the city of Lansing that NSP funds will not be utilized for the demolition of a low/mod dwelling unit.

Exhibit D Target Area Maps

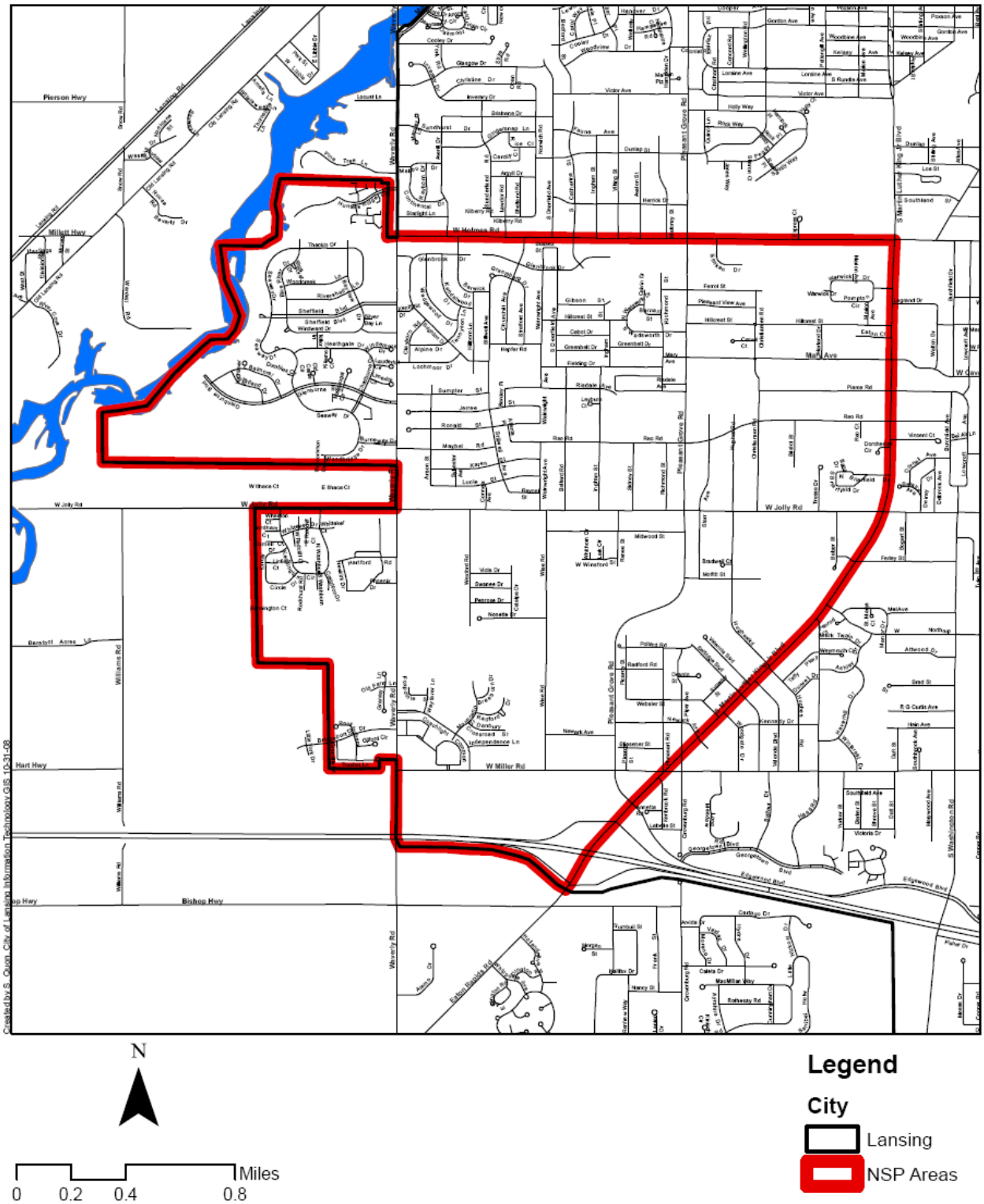
NSP Area
Urbandale



NSP Area
Potter Walsh



NSP Area
SW Lansing



N

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Legend

City

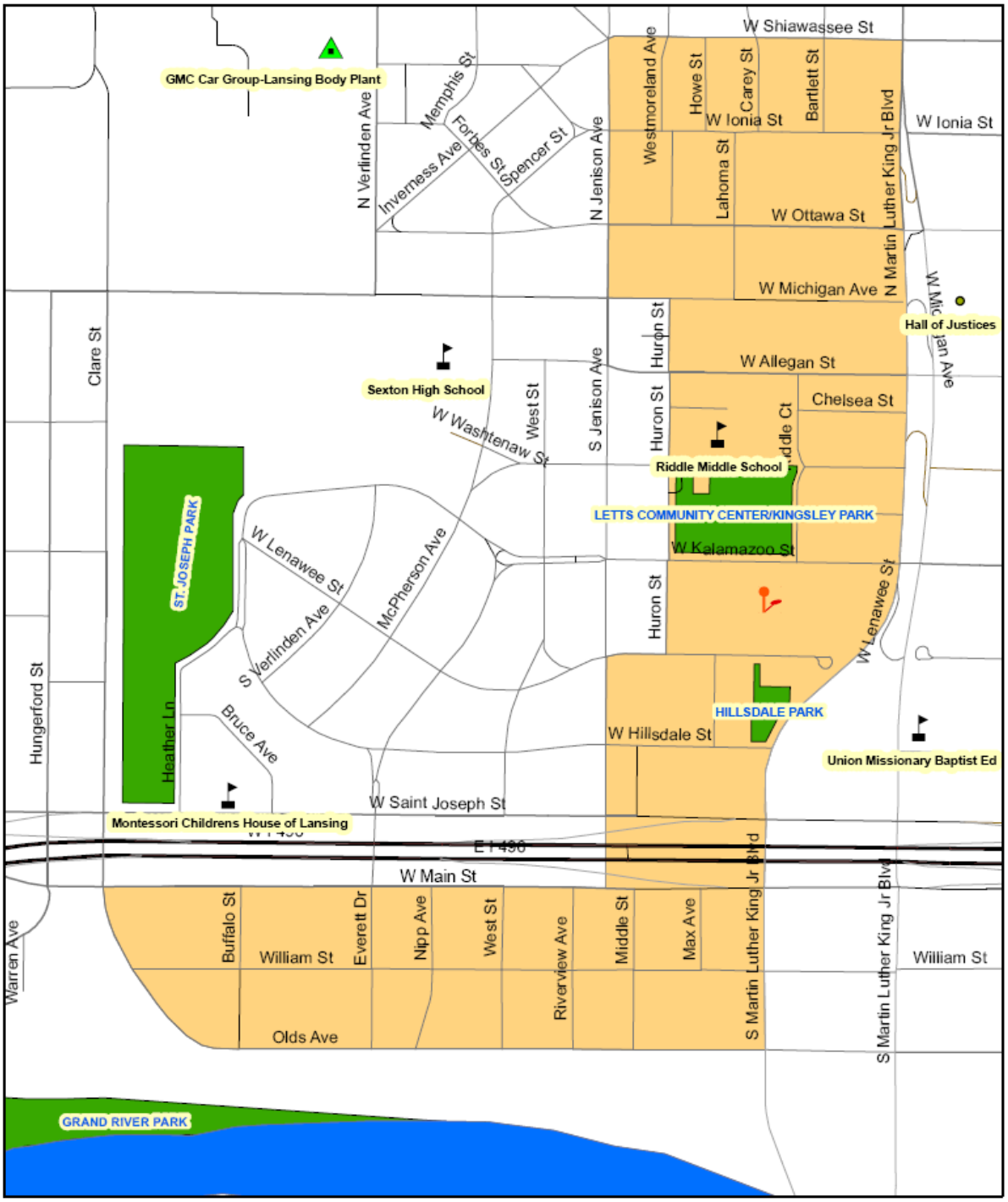
Lansing

NSP Areas

BAKER DONORA

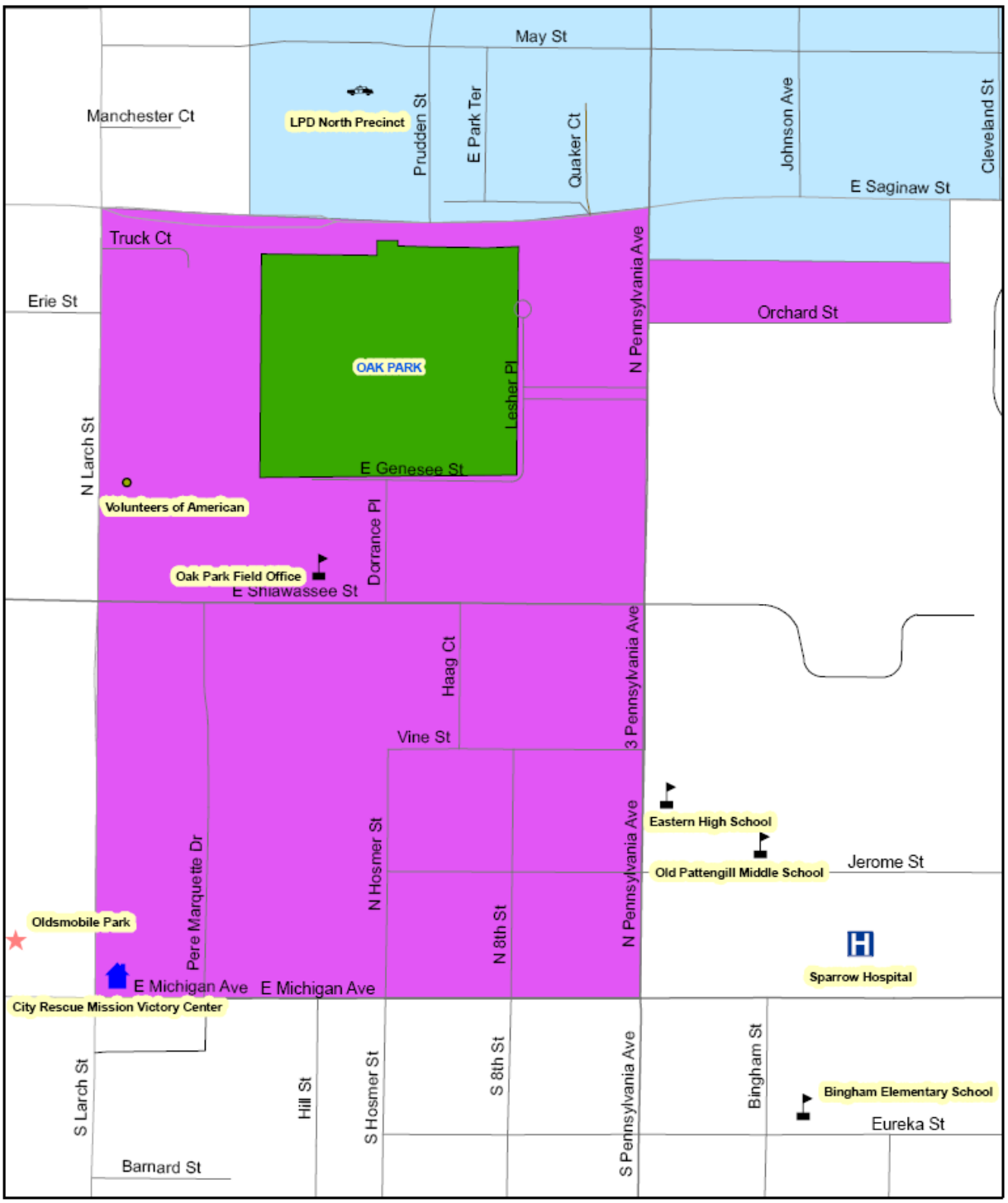
Created by City of Lansing GIS-IT 12/08/06

VISION 2020



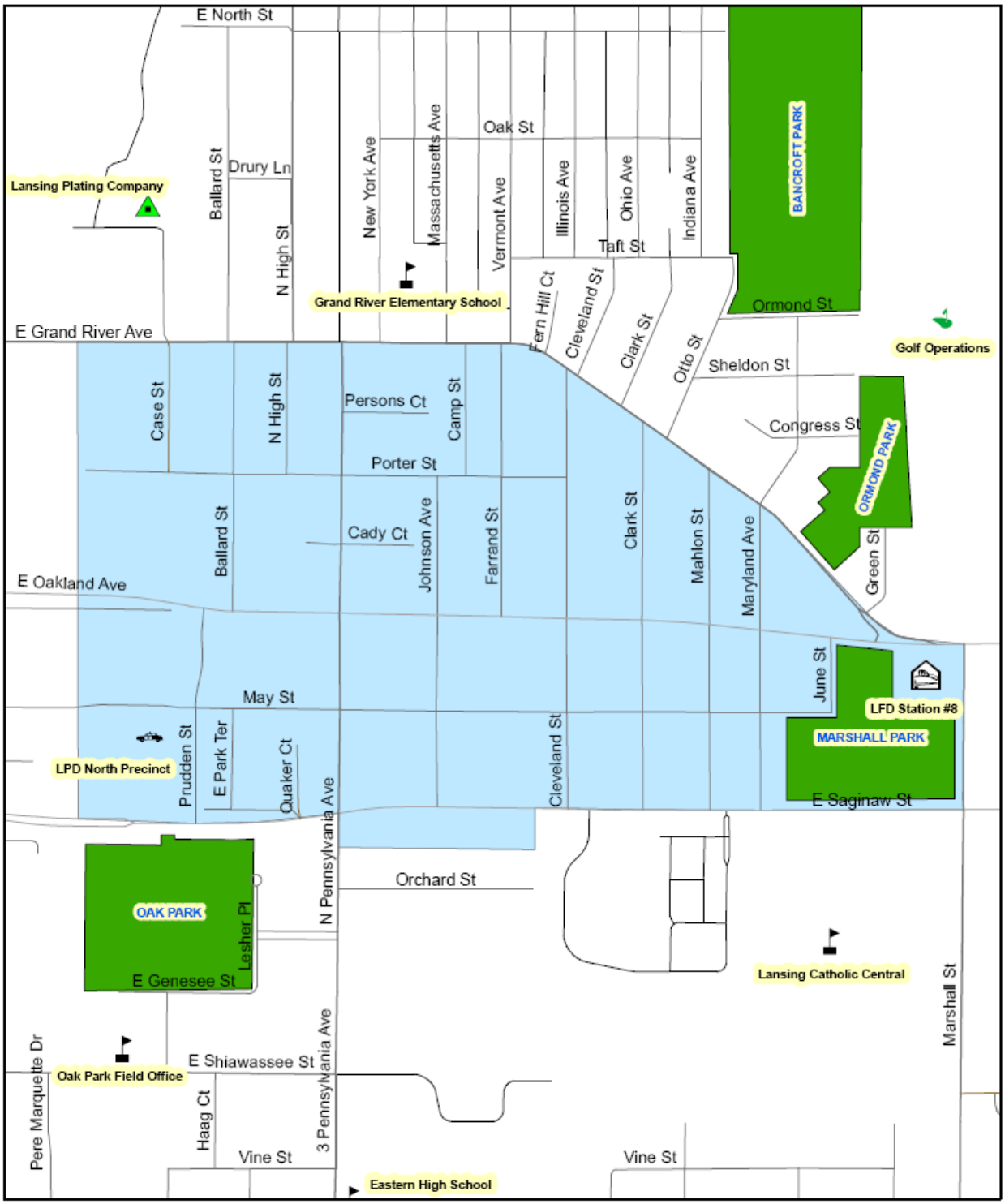
Created by City of Lansing GIS-IT 12/08/06

OAK PARK



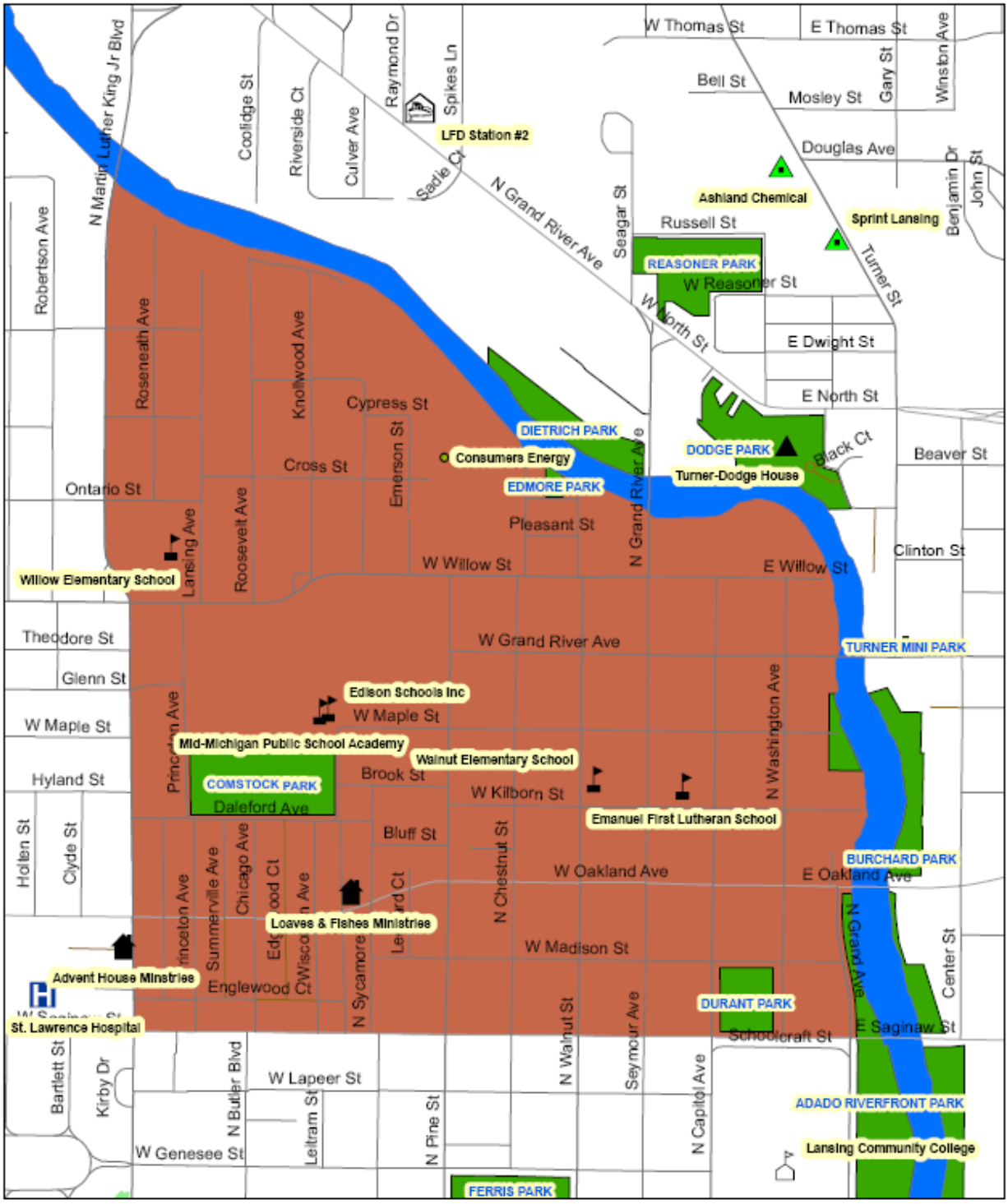
Created by City of Lansing GIS-IT 12/08/06

PRUDDEN EAST VILLAGE



Created by City of Lansing GIS-IT 1/05/07

COMSTOCK AREA



Created by City of Lansing GIS-IT 11/04/08

Greater Lansing Homeless Resolution Network
121 Whitehills Dr.
P.O. Box 961
East Lansing, MI 48826

November 4, 2008

Re: Neighborhood Stabilization Program

City of Lansing
Dept. of Planning and Development
Attn: Doris Witherspoon
316 N. Capitol Avenue
Lansing, MI 48933

Dear Ms. Witherspoon:

This is a recommendation from the Greater Lansing Homeless Resolution Network regarding the Neighborhood Stabilization Program (NSP). The GLHRN supports the efforts of federal, state, and local government in coordinating with other organizations already existing at the community level with the goal of preventing and ending homelessness. It is the opinion of the GLHRN that this can best be accomplished through better funding existing programs that have a proven commitment and understanding of the problem of housing in the Lansing area.

Two local organizations that have historically purchased, rehabilitated, financed, and redeveloped houses are the Greater Lansing Housing Coalition and Habitat for Humanity. As a 10 Year Plan community, both of these organizations have committed time, resources, and expertise that are aligned with these strategic goals and have been contributing to a more stable, sustainable, and competitive community by targeting homeless, at-risk, and very low income populations. Both of these organizations have proven track records and have, over time, developed systems that support positive outcomes for their clients and the community at large.

It is imperative that the NSP Program funds are used in an efficient, responsible, and transparent manner so that this community does not fall further into poverty. Lansing has been struggling with a major shift from a historically industrial center to a dynamic and diversified economy; a transition period in which unemployment and poverty rates have greatly increased. During the calendar year 2007 there were 3,237 people or 1.6% of the metropolitan population that were homeless. This NSP Program is an opportunity to halt deteriorating neighborhoods and increased homelessness, and this can best be done by supporting existing successful programs that are already acutely aware of the challenges facing the homeless and those at-risk in Lansing. This is also an opportunity to forge powerful and lasting partnerships between all levels of government and the nonprofit community working together for a common goal.

Thank you for your consideration,

Angela Mayeaux
Chair, Greater Lansing Homeless Resolution Network

RE: CSH comments on Neighborhood Stabilization Program Plan

To: City of Lansing:

Corporation for Supportive Housing (CSH) appreciates the opportunity to comment on the Neighborhood Stabilization Plan.

Background:
CSH was created in 1991 with a mission to *help communities create permanent affordable housing with supportive services to prevent and end homelessness*. With staff deployed throughout the state of Michigan and offices in Detroit, Grand Rapids and Brighton, CSH is the only intermediary that is dedicated to ending homelessness through the creation of supportive housing.

Corporation for Supportive Housing has played a critical role in providing technical assistance, capacity building support, and consultation to nonprofits and for-profits in Michigan. The long term commitment made by CSH to each group ensures that they will be partners with the nonprofit and assist them long after the project is completed, with issues such as asset management, target marketing, financial stability, board development and funding and sustaining supportive services.

Plan:
We recognize that through this very critical pot of funding to purchase and redevelop foreclosed properties and to redevelop demolished or vacant properties, there is an opportunity to meet multiple goals and objectives, including the creation of supportive housing. While the creation of 15 units of Supportive Housing are outlined in your plan, we hope additional funds may be used to increase these numbers where possible. As we expect to see an increase in homelessness in neighborhoods adversely affected by the housing and financial crisis, supportive housing should be at the forefront of strategies aimed at stabilizing these communities.

- CSH suggests that in forthcoming guidance to fund awardees, cities, counties and other partners, supportive housing for people who are homeless with special needs be mentioned as a priority and possible use of funding.
- As you have stated, foreclosed or vacant property can be used for supportive housing, funded with NSP. Foreclosed properties in a scattered site area lend themselves to SH for family housing- particularly in the catchment area of an existing service provider experienced with this model.
- CSH recommends potential uses of the funds should include operating deficit reserves and services coordination. If not specifically, then potentially as a part of an increased developer fee, which could be reserved for these purposes.

- CSH strongly suggests that these funds be targeted as deeply as possible, serving the neediest, most at risk people (those below 50% of Area Median Income), even going beyond the HUD mandated minimum of 25%.

Potential ways CSH could be helpful:

- Assistance in creating bundling strategies for developing multiple properties for SH.
- Assistance in the identification of developers, property managers and service providers to develop, own and operate the housing.
- Assistance in drafting RFPs to select and engage developers and service providers.
- Customize and Deliver training for developers, service providers and property managers in scattered site single family SH models; financing of SH, blended management, etc.
- Provide technical assistance to developers and service providers on a project basis as they develop and begin operating the housing; and
- Access to CSH's national library of supportive housing publications, evaluations, toolkits and resource materials.

Please contact our office at 810.229.7712 with your thoughts on the above comments or with questions/ideas on how CSH may be helpful.

November 20, 2008
MMM

From: Denise Kelley <abcneighborhood@sbcglobal.net>
To: <NSPcomments@lansingmi.gov>
Date: 11/10/2008 10:42 AM
Subject: comments on the grant application

Hi there!

I have no overall problems with the grant applications. I do however hope that you will make sure that you are helping people and neighborhoods that want to be helped. I feel that this will make our neighborhoods much nicer and the residents proud to live there instead of ashamed. I live in one of these areas that have been marked for assistance. I am an active leader in this neighborhood and the entire city for that matter.

I also would encourage you to work every closely with the neighborhood leaders to find what houses and such they know about. The leaders are your first and quite often your best contact within an area.

I do have a questions regarding the Baker/Donora area. Why are they getting more assistance? I read in the GLHC newsletter that they have just wrapped up a very long project with them. If I am not mistaken it was an extreme makeover type items for many homes and streets there. I feel that the money should be put more towards areas in the city that have not had as much work in them to this point.

Thanks for all you do for Lansing!

Sincerely
Denise Kelley
President of the Association for the Bingham Community

From: mary levine <mpl4000@hotmail.com>
To: <nspcomments@lansingmi.gov>
Date: 11/13/2008 1:16 PM
Subject: RE: NSP Amendments

CC: <lynne@glhc.org>

Dorothy - after further research and discussion with a friend at Habitat and MSHDA I now realize that foreclosure prevention is not fundable. However, Congress did make funds available to NeighborhoodWorks to do foreclosure prevention. It would be wonderful if we could get them involved as well as a complementary service. I don't know if they are set up in the State or not. Also, Lynn Martinez informs me that GLHC has done new construction in the past, so I stand corrected.

From: mpl4000@hotmail.comTo: nspcomments@lansingmi.govSubject: NSP AmendmentsDate: Tue, 11 Nov 2008 16:44:41 -0500

Dorothy - I have the following comments regarding the Amendments to the City's Consolidated Plan. 1. The Plan should contain funding for foreclosure prevention - that is a key the the NSP - NSP is not about doing deals. There are some neighborhoods that should be targeted for this that are closer to market recovery or to put it another way, are on the fringe of being destabilized. Think of neighborhoods such as Colonial Village or even Groesbeck, you need to create a barrier to block further erosion into neighborhoods that can be easily saved v. plowing funds into neighborhoods that might already be beyond the pale. You need to identify using some funds to keep people in their homes. NSP allows you to do that - something like what Neighborhood Works does would be appropriate. You need to have something to sustain at-risk owners through a workout process. 2. Have you considered approaching banks and have them bundle up their REO's to you at a discounted price - I assume so? 2. Banking property is not a bad idea but you can only hold it for 10 years and then HUD will come knocking, what is the end strategy? Can you use the NSP funds for the FEMA acquisitions without being caught out by HUD. You should check to make sure you are solid on that one. 3. You can do multi-family development and you should consider that doing a couple of smaller multi-family developments or taking over some failed developments and renovating might be a better approach for permanent supportive housing. Your plan is pretty light on the supportive services side of the SF rental for permanent supportive housing and it would be a lot easier to have staff go to one or two developments then run around from house to house. 4. Have you considered partnering with Habitat (maybe even Habitat Michigan) to do the new construction. GLHC has never done totally new construction and Habitat might be interested. 5. I think you need more funds set aside for home-ownership down payment assistance. You also need to explore if NSP permits down-payment assistance for 2nd time homeowners. Why restrict your pool of buyers. 6. Demolition of homes should be part of a greening plan for the city in order to reduce public service costs especially in those FEMA areas. 7. You should consider historic preservation of key homes, if possible. If you had owners who would be willing and otherwise qualified, they can get a state credit. That might help for homes at risk of being lost to foreclosure. 8. I would reduce the LURA requirements down to no more than 15 years and thats it. It is too much to think out farther than that. 9. CHDO's are starving right now; the City and State need to assist in sustaining them until this NSP gets off the ground or the City will have no CHDO's to do the heavy lifting for it. I would see if you can use some of the NSP for CHDO operating, call it overhead, or whatever, to get them through this rough patch. 10. You should think about using some of the funds for rent subsidy - NSP permits that. It would help with the permanent supportive housing if you can't get your hands on vouchers or project-based vouchers. 11. You should survey brokers active in both REO sales and sales in your target neighborhoods - what do they think - is this doable or a pipe dream, what would they recommend. Have them give you their insights into what the market and submarkets are really doing - so you don't go throwing good money after bad. 12. In some of your target neighborhoods, you need more than just brick and mortar - what will the City do to eliminate crime, deal with code violations, etc. You don't set aside any funds for the "social issues" facing these neighborhoods. If all you do is tear down houses or rehab houses but you don't start to deal with some basic underlying issues in the neighborhood, the funds will be wasted. Did you overlay crime stats on the neighborhoods. What about code violations? 13. Did you consider or maybe you are already talking to adjoining jurisdictions -say E. Lansing, Lansing Twp, Delhi, etc. - they can apply for funds too from the State, how will what you are doing complement them - how can you join forces with them where neighborhoods but up to each other - that would be 2 for the price of one. Thank you for allowing me to comment. Mary LevineThe Parmenter Group517-347-0927

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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.

_____ _____
Signature/Authorized Official Date

_____
Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): City of Lansing Lead Agency City of Lansing Jurisdiction Web Address: www.lansingmi.gov *(URL where NSP Substantial Amendment materials are posted)*	NSP Contact Person: Dorothy Boone Address: 316 N. Capitol Lansing, MI 48933 Telephone: (517) 483-4050 Fax: (517) 483-6036 Email: dboone@lansingmi.gov

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. Areas of Greatest Need

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes x☐ No☐. Verification found on page __5___.

B. Distribution and Uses of Funds

Does the submission contain 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?

Yes x☐ No☐. Verification found on page __19___.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. Definitions and Descriptions

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
  Yes x☐ No☐. Verification found on page __24___.

- a definition of "affordable rents,"
  Yes x☐ No☐. Verification found on page __24___.

- a description of how the grantee will ensure continued affordability for NSP assisted housing,
  Yes x☐ No☐. Verification found on page __24___.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

  Yes x☐ No☐. Verification found on page _25____.

D. Low Income targeting

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
  Yes x☐ No☐. Verification found on page _29____.

- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will 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% of area median income?
  Yes x☐ No☐. Verification found on page __29___.
  Amount budgeted = $__1.5M___.

E. ACQUISITIONS & RELOCATION

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?
Yes☐ No x☐. (If no, continue to next heading)
Verification found on page _31____.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
  Yes☐ No☐. Verification found on page _____.

- The number of NSP affordable housing units made available to low- , moderate-, and middle-income households—i.e., ≤ 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)?
  Yes☐ No☐. Verification found on page _____.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
  Yes☐ No☐. Verification found on page _____.

F. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction's usual methods and on the Internet for no less than 15 calendar days of public comment?
Yes x☐ No☐. Verification found on page _31____.

Is there a summary of citizen comments included in the final amendment?
Yes x☐ No☐ Verification found on page __31-33___.

G. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
  Yes x☐ No☐. Verification found on page _34-42____.

- correlated eligible activity under CDBG,
  Yes x☐ No☐. Verification found on page _34-42____.

- the areas of greatest need addressed by the activity or activities,
  Yes x☐ No☐. Verification found on page _34-42____.

- expected benefit to income-qualified persons or households or areas,
  Yes x☐ No☐. Verification found on page _34-42____.

- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
  Yes x☐ No☐. Verification found on page _34-42____.

- appropriate performance measures for the activity,
  Yes x☐ No☐. Verification found on page _34-42____.

- amount of funds budgeted for the activity,
  Yes x☐ No☐. Verification found on page __34-42___.

- the name, location and contact information for the entity that will carry out the activity,
  Yes x ☐ No☐. Verification found on page __34-42___.

- expected start and end dates of the activity?
  Yes x☐ No☐. Verification found on page _34-42____.

- <u>If the activity includes acquisition of real property</u>, the discount required for acquisition of foreclosed upon properties,
  Yes x ☐ No☐. Verification found on page _34, 37-39, 41-42____.

- <u>If the activity provides financing</u>, the range of interest rates (if any),
  Yes x☐ No☐. Verification found on page 34-36, 38-42_____.

- <u>If the activity provides housing,</u> duration or term of assistance,
  Yes x☐ No☐. Verification found on page _34, 36, 38-42____.

- tenure of beneficiaries (e.g., rental or homeownership),
  Yes x☐ No☐. Verification found on page _34, 36, 38-42____.

- does it ensure continued affordability?
  Yes x☐ No☐. Verification found on page _34, 36, 38-42____.

H. CERTIFICATIONS

The following certifications are complete and accurate:

(1)	Affirmatively furthering fair housing	Yes x☐	No☐
(2)	Anti-lobbying	Yes x☐	No☐
(3)	Authority of Jurisdiction	Yes x☐	No☐
(4)	Consistency with Plan	Yes x☐	No☐
(5)	Acquisition and relocation	Yes x☐	No☐
(6)	Section 3	Yes x☐	No☐

(7) Citizen Participation	Yes x☐	No☐
(8) Following Plan	Yes x☐	No☐
(9) Use of funds in 18 months	Yes x☐	No☐
(10) Use NSP funds ≤ 120 of AMI	Yes x☐	No☐
(11) No recovery of capital costs thru special assessments	Yes x☐	No☐
(12) Excessive Force	Yes x☐	No☐
(13) Compliance with anti-discrimination laws	Yes x☐	No☐
(14) Compliance with lead-based paint procedures	Yes x☐	No☐
(15) Compliance with laws	Yes x☐	No☐