

**City of Dearborn**  
***www.cityofdearborn.org***

**Community Development Block Grant**

**Neighborhood Stabilization Program  
Dodd-Frank Act (NSP3)  
Substantial Amendment  
2010 Annual Action Plan**

**Original Submission: February 24, 2011**

**Revision No. 1:**

**Revision No. 2:**

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## Neighborhood Stabilization Program

The third round of US Department of Housing and Urban Development (**HUD**) Neighborhood Stabilization Program (**NSP3**) funding was authorized under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) for the purpose of assisting in the redevelopment of abandoned and foreclosed homes.

This NSP3 application is considered to be a substantial amendment to the City of Dearborn's 2010-11 Annual Action Plan and its 2010-2015 Housing & Community Development Consolidation Plan.

### A. Areas of Greatest Need

Table 1

Percent 80 AMI (Moderate-Income)	Percent 120 AMI (Middle-Income)	Census Tract	NSP3 Needs Score	USPS Vacant 90+ Days	Estimated Delinquent Mortgages	USPS Vacant or No Status	USPS Addresses
<b>NSP3-East</b>							
60.0%	77.0%	<b>573300</b>	<b>19</b>	9.6%	16.8%	10.2%	1089
73.3%	89.1%	<b>573800</b>	<b>19</b>	8.5%	17.7%	9.5%	1554
75.4%	85.3%	<b>573600</b>	<b>19</b>	8.5%	16.6%	9.8%	2183
69.4%	85.2%	<b>574000</b>	<b>18</b>	10.6%	14.5%	11.2%	1926
58.4%	82.4%	<b>573400</b>	<b>18</b>	8.9%	15.0%	12.0%	2029
70.1%	84.2%	<b>573900</b>	<b>18</b>	7.7%	15.3%	8.7%	1535
65.4%	82.8%	<b>574100</b>	<b>18</b>	7.2%	14.8%	7.9%	1463
81.7%	92.0%	<b>573500</b>	<b>18</b>	6.0%	14.6%	6.4%	1072
62.0%	79.8%	<b>573700</b>	<b>18</b>	5.0%	15.5%	5.3%	2347
43.1%	64.9%	<b>574300</b>	<b>18</b>	3.1%	15.5%	3.1%	1367
<b>NSP3-West</b>							
32.4%	53.9%	<b>575500</b>	<b>17</b>	3.5%	13.0%	3.7%	1736
35.4%	64.6%	<b>575200</b>	<b>17</b>	3.2%	13.4%	3.3%	1950
36.3%	58.4%	<b>575400</b>	<b>17</b>	0.9%	13.5%	0.9%	1503
31.2%	53.3%	<b>575300</b>	<b>17</b>	0.8%	13.8%	0.8%	1586
29.8%	61.3%	<b>575100</b>	<b>17</b>	0.6%	13.4%	1.0%	1258
<b>Below Michigan Minimum Threshold</b>							
26.3%	49.6%	<b>574700</b>	16	1.9%	12.2%	2.1%	1797
37.9%	60.5%	<b>575000</b>	16	1.6%	12.2%	1.7%	2264
24.5%	49.1%	<b>575600</b>	16	0.3%	12.0%	0.3%	731
29.5%	48.1%	<b>574200</b>	15	5.1%	11.1%	5.3%	1765
21.5%	47.0%	<b>574600</b>	15	1.8%	11.4%	1.9%	2040
41.0%	58.1%	<b>574900</b>	14	2.4%	10.1%	2.8%	1163
15.2%	35.3%	<b>574800</b>	14	1.4%	10.3%	1.5%	1641
18.7%	34.7%	<b>574500</b>	14	1.0%	10.1%	1.2%	1268
33.6%	49.2%	<b>574400</b>	13	3.7%	9.7%	4.1%	832
81.7%	92.0%	<b>High</b>	19	10.6%	17.7%	12.0%	
15.2%	34.7%	<b>Low</b>	13	0.3%	9.7%	0.3%	
51.0%	51.0%	<b>Threshold</b>	17				
48.5%	63.3%	<b>Midpoint</b>		5.5%	13.7%	6.2%	
65.1%	77.7%	<b>Qtrpoint</b>		8.0%	15.7%	9.1%	

The data presented in **Table 1** was obtained from the HUDUSER *Foreclosure Need Map Targeting Widget* at [www.huduser.org](http://www.huduser.org). The table presents data for all City of Dearborn census tracts and is sorted by NSP3 Needs Score (column 4), US Postal Service 90-Day Vacancy data (column 5) and Estimated Delinquent Mortgages (column 6).

Geographically, census tracts 573300 through 574300 are located east of the Southfield Freeway (M39); and census tracts 574400 through 575600 are located west of the Southfield Freeway. All east Dearborn census tracts have an NSP3 Needs Score at or exceeding the Michigan minimum threshold of 17, excluding census tract 574200 (Springwells) which has a score of 15. Five census tracts in west Dearborn, 575100 through 575500, have an NSP3 Needs score of 17.

The City of Dearborn has identified three target areas, each with an NSP3 Needs Score at or exceeding the State of Michigan minimum threshold of 17:

**NSP3-East.** Census Tracts 573300-574100 and 574300. Needs Score 18.30.

**EDDDA** (East Dearborn Downtown Development Authority). A downtown redevelopment area which is a subset of the NSP3-East target area. Needs Score 18.

**NSP3-West.** Census Tracts 575100-575500. Needs Score 17.

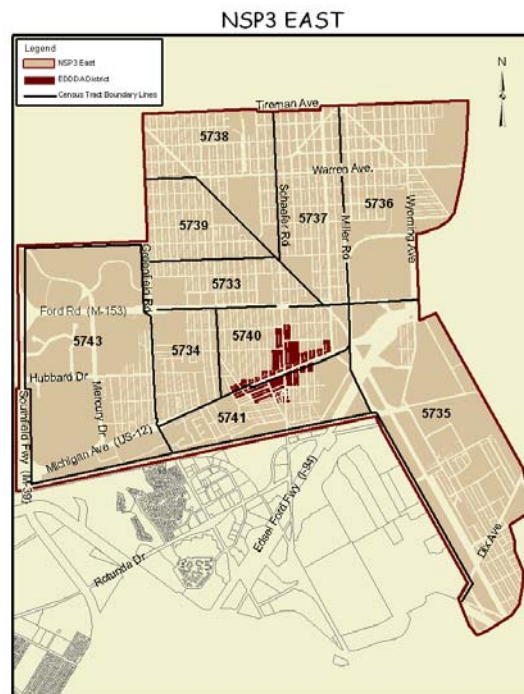
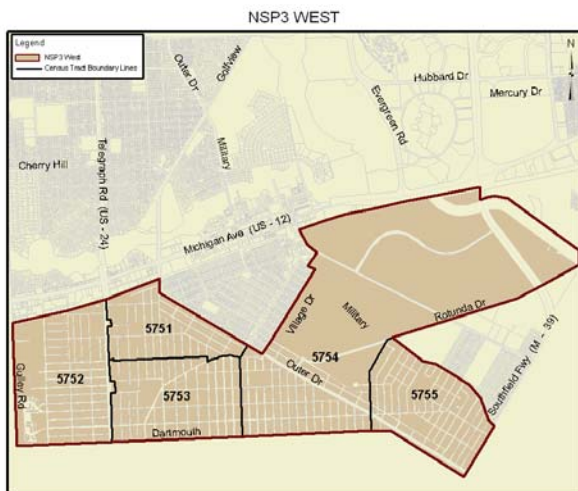


Table 2

Neighborhood Name: Neighborhood ID:	Dearborn 6368743	NSP3-East 1605346	EDDDA 4682617	NSP3-West 5010559
Neighborhood NSP3 Score	16.92	18.30	18	17
Minimum Threshold (Michigan)	17	17	17	17
Total Housing Units in Neighborhood	39,659	18,190	429	8,216
Percent Persons with Income < 120% AMI	66.72	83.08	84.83	58.32
Percent Persons with Income < 80% AMI	46.85	66.35	70.23	33.26
USPS Residential Addresses in Neighborhood	38,103	16,566	403	8,026
Residential Addresses Vacant 90 Days or More (March 2010)	1,707	1,251	39	161
Residential Addresses, No Status (March 2010)	181	159	2	8
Housing Units Receiving a Mortgage, 2004-2007	13,635	6,652	151	2,873
Percent of Housing Units with a High Cost Mortgage, 2004-2007	24.33	32.67	31.6	22.65
Percent of Housing Units in Foreclosure or 90+ Days Delinquent	13.69	15.64	14.57	13.4
Number of Foreclosure Starts in Past Year	988	549	12	199
Number of Real-Estate Owned Units, July 2009-June 2010	839	466	10	169
Estimated Number of Properties to Make an Impact (20% of REO in Past Year)	195	111	3	38

**Table 2** presents selected HUDUSER Foreclosure Needs data for the City of Dearborn as a whole and for each of the three identified target areas.

## **B. Distribution and Uses of Funds**

As presented in Table 2 (above), all three of the identified NSP3 target areas have concentrations ( $\geq 51\%$ ) of middle-income persons (income at or below 120% of the Area Median Income). Both East Dearborn target areas also have a concentration of moderate-income persons (income at or below 80% AMI).

The NSP3-East target area experiences high cost (subprime) mortgages at a rate of 32.67% and has housing units in foreclosure or 90+ days delinquent at a rate of 15.64%. 55.6% of the foreclosure starts in the past year are located in this target area.

The estimated number of properties to make an impact (see Table 2) in the **NSP3-East** target area is 111. The City of Dearborn has already made significant efforts in this area through its Operation Eyesore and Neighborhood Stabilization Programs, including 58 properties assisted or in progress through HUD-NSP1. NSP3 funding will enable the City to continue its efforts in this area. Activities in this target area may include: acquisition and renovation of foreclosed properties for resale to low-middle income homebuyers and/or the demolition of blighted properties.

The estimated number of properties to make an impact in the **NSP3-West** target area is 38. The City of Dearborn has also made significant locally funded efforts in this area. The *needs* (vacancy, foreclosures/delinquencies, concentration of low-middle income persons) for this target area are not as significant as those in NSP-East. Therefore, NSP3 assistance in this target area will be limited to the demolition of blighted properties. Blight removal provides the greatest positive impact to surrounding properties; while, the failure to address blight would contribute to further decline.

The estimated number of properties to make an impact in the **EDDDA** target area is three. The East Dearborn Downtown Development Authority utilizes tax increment funding and other resources to implement its long-range downtown development plan. NSP3 funding will support housing development on the site of the former Montgomery Ward property. The introduction of a multi-family housing project in this location will provide additional foot traffic and disposable income to this important downtown area. This additional activity is also expected to spark the development of a two-story retail/office structure that is planned for this site.

## C. Definitions and Descriptions

1. Blighted structure, a property that is either:

- a. Condemnable and “unfit for human habitation” as defined at Section 11-227 of the Housing Chapter (Chapter 11) of the Dearborn Code of Ordinances; and, measured as a property for which the estimated cost of improvements exceeds
  - i. The State Equalized Value (SEV) of the property or
  - ii. The current appraised value of the property, whichever is less.

OR

- b. A property for which the estimated cost of improvements exceeds 50% of the State Equalized Value (SEV) of the property or 50% of the current appraised value of the property, whichever is less; and exhibits one or more of the following substantial deviations from code:
  - i. Structure is located less than 10 feet from structures on adjacent properties;
  - ii. Structure has an inadequate or temporary foundation;
  - iii. Structure provides less than 750 square feet of usable floor space;
  - iv. Structure is not connected to the public water and/or sewer system;
  - v. Property does not provide the required front or rear yard setback and the front setback provided is not compatible with that of adjacent properties.
  - vi. Lot is less than 40 feet in width does not provide all of the required individual and combined side yard setbacks.
  - vii. Structural integrity compromised (examples: supporting wall removed, ceiling/floor joist severed).
  - viii. Structure damaged by fire.
  - ix. Structure damaged by water or mold.

2. Affordable rents

The City of Dearborn utilizes the Detroit Metropolitan Area Fair Market Rent Schedule (DET-FMR) and HOME Program Rent Schedules as published by the US Department of Housing and Urban Development (HUD) in its Community Development Block Grant (CDBG) and HOME Program funded housing rehabilitation assistance programs.

The DET-FMR is a gross rent figure that includes utilities. Any utilities that are required to be paid by the tenant must be subtracted from the FMR to determine the maximum “affordable rent” rate. MSHDA’s Region I Utility Schedule may be used for this calculation.

The City of Dearborn will continue to rely on these same published rates for its Neighborhood Stabilization Program projects. *Affordable Rent* shall be defined as:

- a. For assisted households with income at or below 120% of the area median income—the Detroit Metropolitan Area Fair Market Rent (DET-FMR).
- b. For households receiving assistance under activities targeting individuals and families with income at or below 50% of the area median income—the Low HOME Rent, defined as the rent affordable at 50% AMI or DET-FMR, whichever is less.
- c. Affordable rents may change over the life of a project, but shall not be reduced below the affordable rent established at the time of project commitment.

Based upon DET-FMR rates published in October 2010 and HOME Program Rents published in May 2010 the following table describes the current schedule (as may be amended) of affordable rents. Adjustments will be applied for housing units with more than 4 bedrooms.

		1	2	3	4
	Efficiency	Bedroom	Bedroom	Bedroom	Bedroom
DET-Fair Market Rent	594	676	809	968	997
50% Rent Limit	611	655	786	907	1,012
<b>DBN-NSP Rent Limit</b>	<b>594</b>	<b>676</b>	<b>809</b>	<b>968</b>	<b>997</b>
<b>DBN-Low HOME Limit</b>	<b>594</b>	<b>655</b>	<b>786</b>	<b>907</b>	<b>997</b>

### 3. Ensuring Continued Affordability

- a. **Homebuyer purchase transactions** will be subject to the City of Dearborn HUD-NSP Assisted Acquisition & Rehabilitation Homebuyer Assistance Guidelines adopted by Council Resolution #6-393-10, as may be amended. Homebuyer transactions will be secured by a recorded document that will require either:
- i. Resale of the property to LI or LMMI-income homebuyers at a purchase price that does not exceed current market value (certified appraisal provided by lender or Department of Assessment value) or the FHA 203 B mortgage limit, whichever is lower, during an established affordability period. Resale transaction must include all appliances that were provided by the program. Subsequent LI or LMMI-income homebuyers must agree to program terms and conditions for the remainder of the affordability period. OR,
  - ii. If the home is resold to an unqualified purchaser during the affordability period, repayment of certain proceeds will be required. After repayment, there will be no further obligations to the program.

The Affordability Period for homebuyer purchase transactions shall be:

- iii. 10 years for purchase transactions with *total homebuyer assistance* of \$15,000 or less.
  - iv. 15 years for purchase transactions with *total homebuyer assistance* of \$15,000-\$40,000. Or,
  - v. 20 years for purchase transactions with total homebuyer assistance greater than \$40,000.
- b. **Assisted Rental Property** transactions will be subject to terms and conditions enumerated in an executed development agreement. The NSP3 rental subsidy will be secured by a recorded document that requires either:
- i. Rental of assisted units to LI or LMMI-income qualified tenants at affordable rents throughout the affordability period.
    - Rents must not exceed “affordable rents” for the full term of the affordability period.
    - Tenants must be income qualified at the time they move in, but do not have to be re-certified annually. A tenant’s income may increase over time without displacement from the project, but any new tenant moving into an assisted unit must be income qualified.
  - ii. Or, repayment of certain assistance amounts.

The Affordability Period for rental property transactions shall be:

- iii. 5 years if per unit rental subsidy is \$15,000 or less.
- iv. 10 years if per unit rental subsidy exceeds \$15,000 but does not exceed \$40,000.
- v. 15 years if per unit rental subsidy exceeds \$40,000.
- vi. 20 years if project is new construction.

If the City of Dearborn or its Housing Commission acquires or retains ownership of an assisted rental property, a recorded document shall not be required. Default and recapture payments shall be limited to the amount of net resale proceeds. All other applicable terms and conditions of this section shall be fully enforced.

#### 4. Housing Rehabilitation Standards

Whenever City of Dearborn NSP3 funds are utilized for housing rehabilitation the following standards will apply:

- a. Local Code. Upon completion, housing units will meet local Residential Certificate of Occupancy (C of O) requirements.
- b. Lead Paint Hazard Reduction requirements (HUD 24 CFR Part 35 and Michigan Public Act 368 of 1978, as amended).
- c. Energy Efficiency.
  - i. All gut rehabilitation projects will be designed to meet the standard for Energy Star Qualified New Homes.
  - ii. Mid-high rise new construction of multi-family housing will be designed to meet the Energy Star standard for multi-family building piloted by the Environmental Protection Agency and the Department of Energy.
  - iii. Other rehabilitation projects will meet these standards to the extent applicable to the rehabilitation undertaken (example, replace older/obsolete products and appliances with Energy Star labeled products).
- d. Exterior improvements (siding, trim, landscaping, etc.) to address aged or “eyesore” conditions and designed to enhance the desirability and property values of the surrounding neighborhood. (Optional)
- e. Barrier-Free Access or Visitability Improvements when requested by an identified eligible homebuyer or in 20% of the assisted-units in a multi-unit structure with more than four units.

## 5. Rental Housing Preference

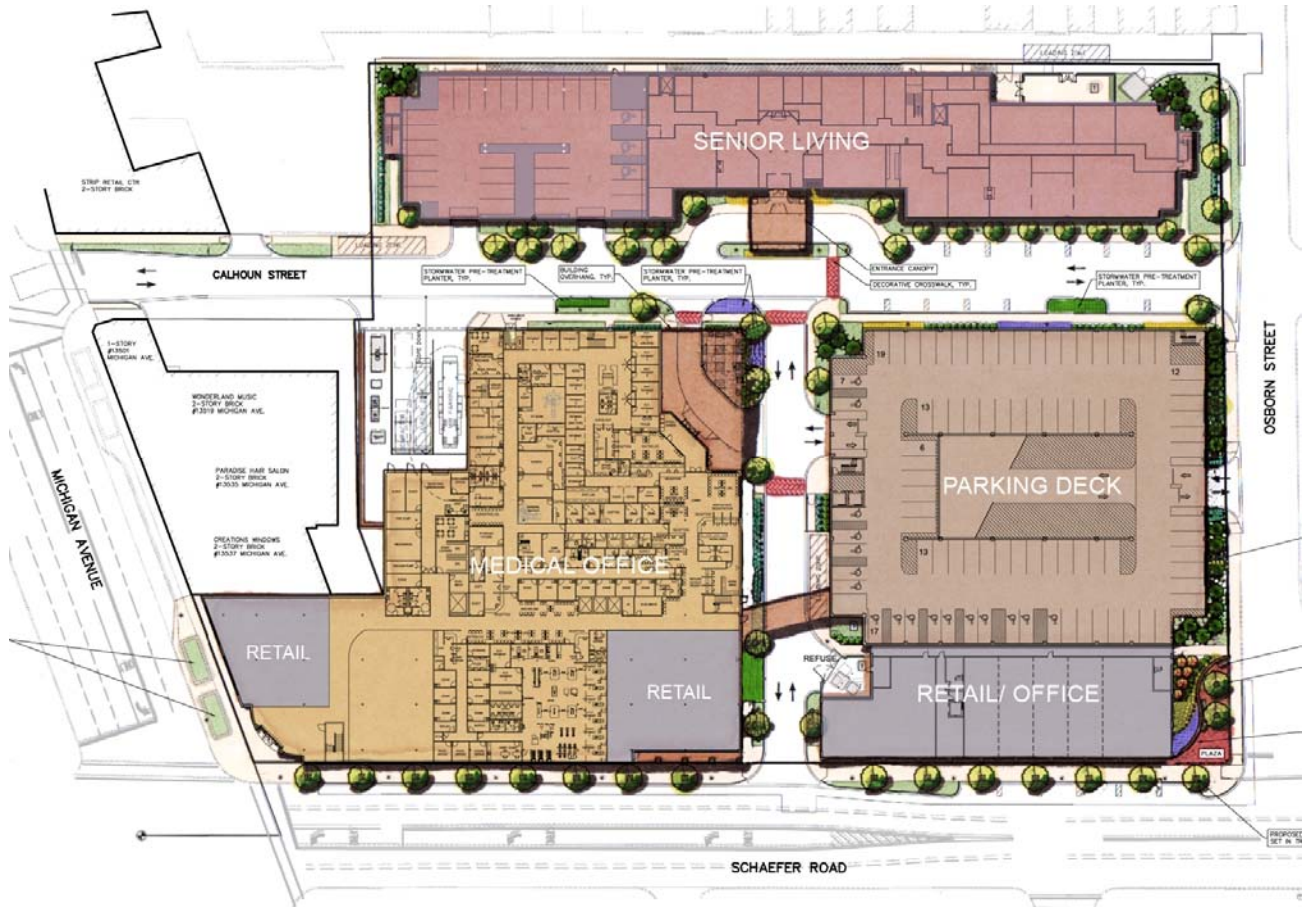
The NSP3-East target area (which includes the Fordson-East, Fordson-West, Salina and eastern half of the Fairlane Master Plan Communities) is predominantly zoned for single-family housing.

According to the City of Dearborn's 2010-2015 Consolidated Plan (which relied upon 2000 US Census data and 2009 CHAS data), 26.5% of Dearborn's occupied housing is rental-occupied. This concentration is disproportionately higher in the NSP3-East target area: Fordson-East, 36.5%, Fordson-West, 37.6%, Salina, 62.4%, and Fairlane, 48.2%.

2010 US Census data is expected to reveal a sharp increase in the percentage of rental-occupied housing. Due to recent economic conditions, homes that are unable to resell to owner-occupants are converted to investment properties or remain vacant.

Therefore, the City of Dearborn's rental housing preference will be limited to multi-family projects in the mixed-use zoning, downtown EDDDA target area.

More specifically, the City of Dearborn plans to provide NSP3 resources to support the **Redico-Senior Living multi-family housing development** at the site of the former Montgomery Ward department store. The senior housing project is phase two of a planned mixed-use project at the southeast corner of Michigan Avenue and Schaefer.



Redico (owner/developer) purchased the vacant property from the City of Dearborn after an extensive Request for Development Partner (RFDP) process that commenced in February 2006. The planned mixed-use redevelopment project includes three phases.

Phase one included the development of a medical office building and a public parking structure. Oakwood Hospital (the long-term tenant of the medical facility) began its operations at this site on January 3, 2011.

Phase two will provide the residential component of the mixed-use project along the eastern edge of the site (abutting and providing a buffer for the adjacent single-family neighborhood).

Phase three plans a two-story retail/office structure to be located to the west of the public parking structure, with Schaefer road frontage. The new activity and disposable income resulting from the completion of phase one and phase two is expected to provide the economic synergy necessary to obtain financing for this final development phase.

If a viable rental housing project cannot be initiated in compliance with NSP3 expenditure requirements (50% within two-years and 100% within four-years), NSP3 funding will be reallocated to eligible homeownership and/or demolition projects.

## 6. Vicinity Hiring Requirement

NSP3 regulations require that grantees “shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity ... or contract with small businesses that are owned and operated by persons residing in the vicinity of” assisted projects.

If a new hire opportunity shall occur among the City of Dearborn Economic and Community Development Department staff assigned to administer any portion of this NSP3 grant, the posting for that position shall be outreached/forwarded to non-profit agencies serving area residents, such as ACCESS, SEMCA-Michigan Works!, JVS Detroit, Henry Ford Community College, the University of Michigan-Dearborn, and Dearborn Section 8 Voucher holders. The application, testing, interview and ranking process shall be dictated by current Dearborn Civil Service procedures. Once ranked, the names of the top-rated candidates (top three) are forwarded to the hiring department. Vicinity applicants appearing on this listing of top-rated applicants may be given extra consideration by the hiring authority.

Similarly, any subrecipient engaged to administer NSP3 activities or any developer receiving more than \$100,000 in NSP3 assistance, shall be expected to outreach and “provide for the hiring of employees who reside in the vicinity” whenever a new hire opportunity arises within the performance of their subrecipient or developer agreement.

For contract opportunities with an estimated cost of \$25,000 or greater, the City of Dearborn (and NSP3 subrecipients, if any) shall follow its Purchasing Ordinance, City Code of Ordinances Section 2-568A “Preference for local bidders / Dearborn-based businesses.”

In part, this section provides that:

*“The person or business submitting the lowest responsive, responsible bid, according to the requirements of the bidding documents, shall be deemed the lowest bidder. If the lowest bidder is not a Dearborn-based business, a Dearborn-based business with a bid within five percent of the lowest bid shall be deemed the lowest bidder if it agrees to reduce its bid to match the bid of the lowest bidder. A lowered bid by a Dearborn-based business which is premised upon, in whole or in part, changes to or variances to the bid specifications, contract requirements, or scope of work shall be considered nonresponsible and will not be considered.” [Sec 2-568A (d) (1)]*

Vicinity preferences shall not apply to:

1. Purchases resulting from exigent emergency conditions;
2. Purchases from sole source vendors;
3. Purchases made through the state’s extended program or other cooperative agreement;
4. The procurement of goods or services utilizing an award process that is based upon criteria other than lowest cost.

## 7. Pre-Award Costs.

This NSP3 Substantial Amendment contemplates the expenditure of funding for eligible activities prior to the effective date of the grant agreement.

In compliance with 24 CFR 570.200(h) these expenditures shall be limited to general planning and administrative costs, or other costs and activities that are in compliance with the Environmental Review Procedures stated in 24 CFR 58.

These pre-award costs will be limited to not more than 25% of the NSP3 allocation (\$256,838.50.50) and may be used for general planning, administration, and property acquisition activities only. All other activities will commence on or after the date of the grant agreement.

These pre-award costs are not anticipated to have any affect on future grants.

## 8. Future amendments and opportunities for public comment.

Dearborn's Neighborhood Stabilization Program anticipates the generation of program income (net proceeds from resale/development transactions). Programming and reuse of that program income for any of the activities already described in this document are contemplated by this program and therefore shall not be considered to be an amendment to this plan and shall not be subject to further public comment requirements.

Due to the emergency nature of this funding and the desire to implement and complete projects and activities as rapidly as possible, the reallocation of program funding between activities is also contemplated by this plan. Therefore, such reallocations shall not be considered to be an amendment to this plan and shall not be subject to further public comment requirements.

The addition of activities not already described in this plan or changes to NSP3 target areas shall be treated as a substantial amendment to this plan and shall be the subject of a 15-day public comment period.

Any plan amendment, with or without a required public comment period as described above, shall be subject to any applicable local and federal requirements, reviews and approvals.

## 9. Anti-Displacement and Relocation.

The City of Dearborn's Anti-Displacement and Relocation Policy, as contained in its 2010-2015 Housing & Community Development Consolidated Plan and related Action Plans is:

*“To the extent practical, the City of Dearborn shall avoid the involuntary displacement of any residential household. However, if an involuntary displacement should occur, the City will provide housing referral assistance and will, if required, make relocation assistance payments in accordance with local, state and federal law.”*

For the purposes of this Neighborhood Stabilization Program, the City of Dearborn will ensure compliance with this policy through the purchase of abandoned or foreclosed properties that are vacant.

NSP3 financed acquisition of property shall be a voluntary transaction (without threat of eminent domain); and, the offer to purchase shall contain information and notice as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). Furthermore, the seller shall attest to and confirm their compliance with the provisions of the Protecting Tenants at Foreclosure Act (Title VII of the Helping Families Save Their Homes Act of 2009), and will indemnify and hold the City of Dearborn harmless for any costs related to failure to comply with provisions of the Act.

## 10. Property Acquisition.

The acquisition of an abandoned or foreclosed upon home or residential property under this NSP3 plan shall be at a discount from the current-market appraised value of the property. Dearborn's NSP will negotiate the maximum reasonable purchase discount, taking into consideration the likely “carrying cost” savings to the seller and the current condition of the property. The minimum purchase discount for any NSP-assisted acquisition shall be 1%.

Current-market appraised value will be determined by an independent appraiser certified by the State of Michigan and in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days of the final purchase offer.

However, if the anticipated value of the proposed acquisition (as indicated by the current asking price) is \$25,000 or less, the current-market appraised value may be established by:

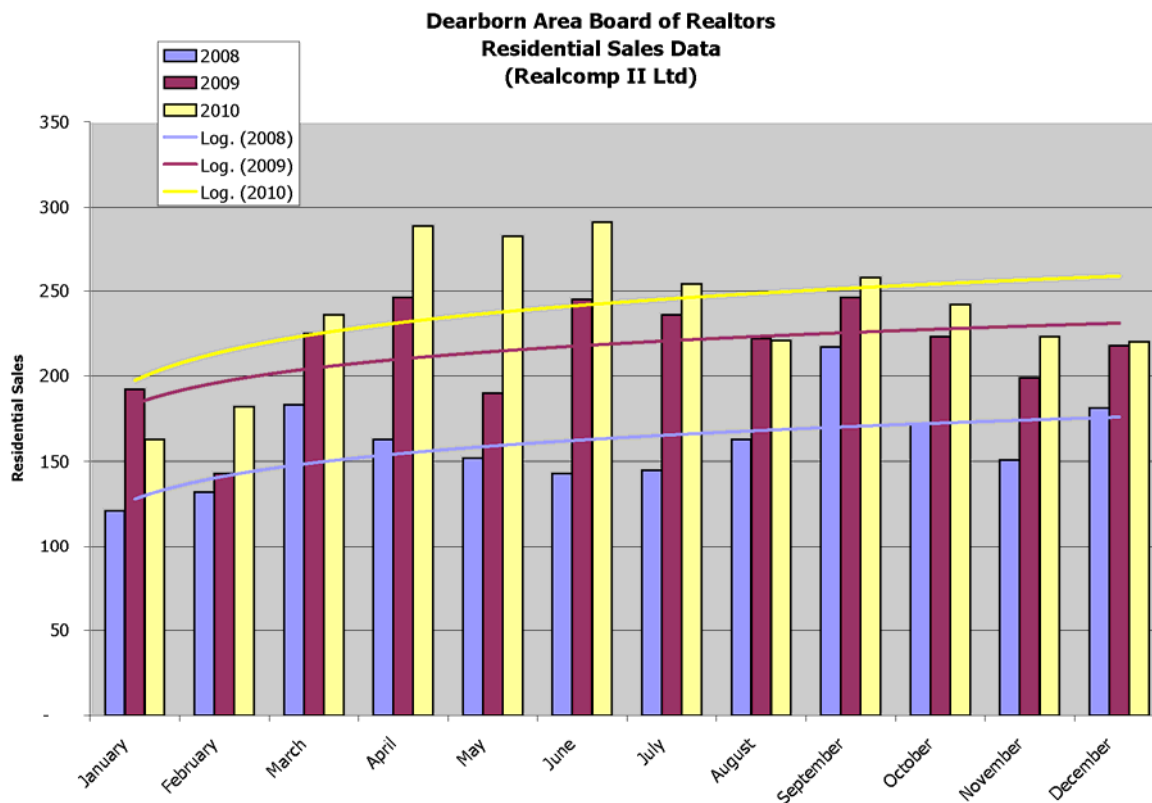
- a. An independent current market appraisal as previously described;
- b. An independent appraisal that is not more than 120-days old or the property land value as determined by the Department of Assessment, whichever is lower; or,
- c. The mid-value of the current property value range as determined by the Department of Assessment.

## D. Housing Market Conditions

Real estate professional members of the Dearborn Area Board of Realtors (DABOR) provide residential home sale services throughout Dearborn and Dearborn Heights.

DABOR residential sales data, as provided through Realcomp II Ltd, reflect a positive but leveling trend in the number of homes sales over the period from January 2008 to December 2010.

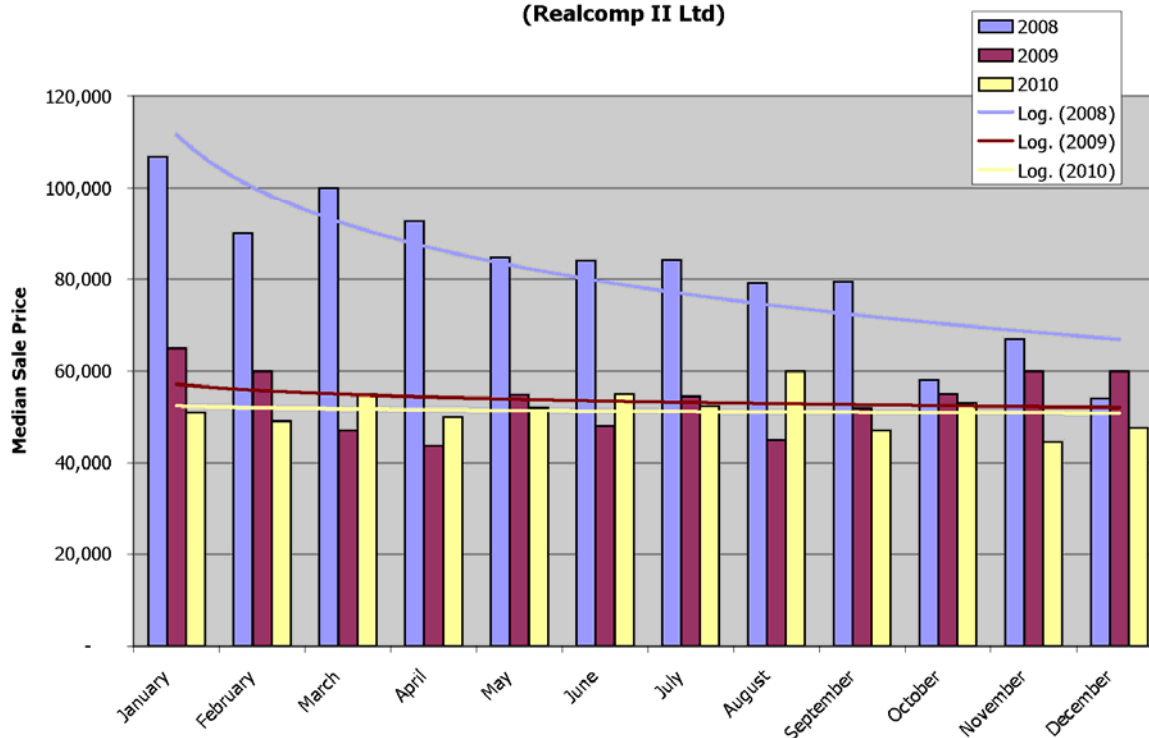
The spikes in the number of home sales in mid-2010 may be attributed to the homebuyer tax credit that was authorized by the “Homebuyers Assistance and Improvement Act of 2010.”



The improving number of sales is only one indicator of the health of the housing market. The trend in housing sale prices (depicted in the chart below) is of equal or greater importance.

The chart depicts a continuing decline in median home sale prices, from a high of \$106,800 in January 2008 to \$47,600 in December 2010. The most significant declines occurred in 2008. Median sales figures for 2009 and 2010, while declining, appear to be leveling out.

**Dearborn Area Board of Realtors  
Median Sale Price  
(Realcomp II Ltd)**



Although the charts above display improvement (housing sales) and stabilization (sale price), there is still much work to be done. Without continued effort, the market improvements realized through the homebuyer tax credit program will not be sustained.

DABOR data does not track sales data by transaction type (investor-owner vs. owner-occupant). Declining median sale prices are attracting significant investment from rental housing developers/managers. The increasing numbers of rental housing units in our already stressed, single-family housing neighborhoods is reducing the appeal and demand for owner-occupied housing in those same neighborhoods.

To address the trend toward rental housing, NSP3 funding in our single-family neighborhoods will be limited to demolition activities or acquisition and renovation for resale to owner-occupants. Blighted properties have a considerable negative impact on adjacent property values. Demolition activities will not only help to stabilize property values, but will also keep those substandard properties out of investor hands. Homebuyer activities will help to increase the number of owner-occupied units, while ensuring that those renovated units set a new, higher standard for neighborhood housing conditions.

Rental housing preference activities (as previously described in the “Definitions and Descriptions” section) will be limited to multi-family housing projects in the downtown target area.

## **E. Low-Income Targeting**

Not less than 25% of NSP3 grant funding (\$256,838.50) shall be used to provide housing for individuals or families whose income does not exceed 50% of area median income.

This substantial amendment proposes to achieve this goal through a multi-family rental housing development activity in the EDDDA target area (Redico-Senior Living, multi-family housing development).

If the actual NSP3 investment in the Redico project or other similar downtown rental development project is insufficient to meet this target, low-income homebuyer's will receive preference in the resale of renovated single-family properties until the goal is achieved.

The City of Dearborn may engage its Public Housing Authority (PHA), members of the Out-Wayne County Homeless Services Coalition (the continuum of care agency for our area), and other local housing and social service providers to identify special needs populations that may be underserved by current availability of affordable housing.

## **F. Demolition or Conversion of Low-Moderate Income Units**

A housing unit is considered to be a low-moderate income unit if it is:

- a. In standard condition suitable for occupancy, with an affordable rental or mortgage value; or
- b. Legally occupied by a low-moderate income household.

NSP3 financed demolition activities will be limited to vacant, blighted/substandard structures. Therefore, the demolition of low-moderate income units is not contemplated. [Demolition activity is expected to finance the clearance of 7-10 blighted properties.]

NSP3 financed acquisition-rehabilitation of single-family homes (1-2 unit structures), could include the conversion/loss of low-moderate income units in certain circumstances. If funded, the acquisition-rehabilitation activity will occur in the NSP3-East target area. Due to small lot frontages, this target area is very densely populated and congested. Density reduction is one of the primary stabilization tools in use in this area. [Activity not currently funded. If funds are reallocated, the activity is estimated to provide one housing unit per \$120,000 invested.]

If a two-family structure is selected and acquired for NSP3 rehabilitation assistance, renovation plans may include conversion to a one-family structure. In the unlikely circumstance that both of the units are in standard condition at the time of acquisition, one of the two standard, low-moderate units may be lost.

## **G. Public Comment**

The City of Dearborn included the HUD Neighborhood Stabilization Program (**HUD-NSP**) as a topic at its annual Housing & Community Development Needs and Priorities public hearing on October 27, 2010. A notice announcing the public hearing was published in the October 13, 2010 edition of the Dearborn Press & Guide and was also mailed to members of our Citizen Participation Plan (**CPP**) mailing list.

The Economic and Community Development Department request for City Council authorization to prepare and submit this amendment provided four opportunities for input: (1) Agenda Item Meeting (internal), December 28, 2010; (2) Mayor's Briefing Session (public), December 28, 2010; (3) Council Committee of the Whole, December 29, 2010; and, (4) regular Council Meeting, January 4, 2011.

The draft NSP3 Substantial Amendment was published for a 15-day comment period beginning February 9, 2011 and ending February 23, 2011. Publication included a notice in the February 9, 2011 edition of the Dearborn Press & Guide, a mailing to members of the CPP mail list, and availability of the draft document at all Dearborn Public Library branches, the Economic and Community Development Department and online at [www.cityofdearborn.org](http://www.cityofdearborn.org).

[Enter Comments Here]

## H. NSP3 Information by Activity

### 1. Downtown Rental Housing Development

<b>Uses</b>	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment	
<b>CDBG Activity or Activities</b>	570.201(a), Acquisition 570.202, Rehabilitation	570.201(b), Disposition Special Activities (New Construction)
<b>National Objective</b>	Low-Income Housing to Meet 25% Set-Aside (LH25) and Low Moderate Middle Income Housing (LMMH)	
<b>Activity Description</b>	New construction of multi-family rental housing as part of the redevelopment of demolished or vacant properties. Or, acquisition and rehabilitation of abandoned or foreclosed upon multi-family residential rental properties.	
<b>Location Description</b>	EDDDA (downtown) target district—Needs Score 18.0	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3-LI Housing (LH25)	\$256,838.50 (minimum)
	NSP3-LMMI Housing (LMMH)	\$565,045.50
	Michigan Business Tax Credits Developer Financing Other	(to be determined)
<b>Total Budget for Activity</b>	<b>\$821,884.00</b>	
<b>Performance Measures</b>	2-3 housing units for rental to LI households 3-5 housing units for rental to LMMI households	
<b>Projected Start Date</b>	April 1, 2011	
<b>Projected End Date</b>	March 31, 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Dearborn Economic & Community Development
	<b>Location</b>	13615 Michigan Ave, Dearborn 48126
	<b>Administrator Contact Info</b>	Barry S. Murray, Director <a href="mailto:bmurray@ci.dearborn.mi.us">bmurray@ci.dearborn.mi.us</a> 313-943-2195

2. Acquisition-Rehabilitation for Resale to Qualified Homebuyers

<b>Uses</b>	Select all that apply:	
	<input checked="" type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
	<input type="checkbox"/>	Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	570.201(a), Acquisition                      570.201(b), Disposition 570.201(n), Homeownership              570.202, Rehabilitation 570.206, Activity Delivery Costs	
<b>National Objective</b>	Low-Income Housing to Meet 25% Set-Aside (LH25) and Low Moderate Middle Income Housing (LMMH)	
<b>Activity Description</b>	Acquisition and rehabilitation of abandoned or foreclosed single-family residential properties, for resale to qualified LI or LMMI homebuyers.  Homebuyer financial assistance may be provided in the form of subsidized mortgage principal amounts, reasonable closing costs, and up to 50% of required down payment amounts. Homebuyer financial assistance shall be subject to adopted guidelines and procedures as may be amended. Current adopted guidelines provide that the assistance is provided in the form of a zero-interest, deferred loan.	
<b>Location Description</b>	NSP3-East Target Area—Needs Score 18.30	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3-LI Housing (LH25)	\$0 (initial allocation)
	NSP3-LMMI Housing (LMMH)	\$0 (initial allocation)
	<i>Funding may be reallocated to this activity if it is no longer needed in other approved activities.</i>	
<b>Total Budget for Activity</b>	<b>\$0.00</b> (initial allocation)	
<b>Performance Measures</b>	Housing units for LI/LMMI Households (average \$120,000 per unit)	
<b>Projected Start Date</b>	April 1, 2012	
<b>Projected End Date</b>	March 31, 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Dearborn Economic & Community Development
	<b>Location</b>	13615 Michigan Ave, Dearborn 48126
	<b>Administrator Contact Info</b>	Michelle DaRos, Deputy Director <a href="mailto:mdaros@ci.dearborn.mi.us">mdaros@ci.dearborn.mi.us</a> 313-943-4150

### 3. Demolition of Blighted Structures

<b>Uses</b>	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input checked="" type="checkbox"/>	Eligible Use D: Demolition
<input type="checkbox"/>	Eligible Use E: Redevelopment	
<b>CDBG Activity or Activities</b>	570.201(d), Clearance (for blighted structures only)	
<b>National Objective</b>	Low Moderate Middle Income Area Benefit (LMMA)	
<b>Activity Description</b>	Demolition only of blighted structures.	
<b>Location Description</b>	NSP3-East Target Area—Needs Score 18.30 NSP3-West Target Area—Needs Score 17.00	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3-LMMA	\$102,735.00 (10% Maximum)
	<i>For city-owned (acquired with local funding) blighted properties that receive this NSP3 assistance, a pro-rata portion of any resale revenue shall be treated as NSP3 program income.</i>	
<b>Total Budget for Activity</b>	<b>\$102,735.00</b>	
<b>Performance Measures</b>	Clearance of 7-10 blighted properties NSP3-East, 83.08% LMMI Benefit Area NSP3-West, 58.32% LMMI Benefit Area	
<b>Projected Start Date</b>	April 1, 2011	
<b>Projected End Date</b>	March 31, 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Dearborn Economic & Community Development
	<b>Location</b>	13615 Michigan Ave, Dearborn 48126
	<b>Administrator Contact Info</b>	Michelle DaRos, Deputy Director <a href="mailto:mdaros@ci.dearborn.mi.us">mdaros@ci.dearborn.mi.us</a> 313-943-4150

4. Planning and Administration

<b>Uses</b>	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input type="checkbox"/>	Eligible Use E: Redevelopment	
<b>CDBG Activity or Activities</b>	570.206, General Program Administration	
<b>National Objective</b>	Not Applicable	
<b>Activity Description</b>	Grant administration and planning activities	
<b>Location Description</b>	Not Applicable	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$102,735.00 (10% Maximum)
<b>Total Budget for Activity</b>	<b>\$102, 735.00</b>	
<b>Performance Measures</b>	Timely administration of grant activities	
<b>Projected Start Date</b>	April 1, 2011	
<b>Projected End Date</b>	March 31, 2015	
<b>Responsible Organization</b>	<b>Name</b>	City of Dearborn Economic & Community Development
	<b>Location</b>	13615 Michigan Ave, Dearborn 48126
	<b>Administrator Contact Info</b>	Michelle DaRos, Deputy Director <a href="mailto:mdaros@ci.dearborn.mi.us">mdaros@ci.dearborn.mi.us</a> 313-943-4150

# I. SF-424 Application for Federal Assistance

Application for Federal Assistance SF-424		Version 02
<b>*1. Type of Submission:</b> <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		<b>*2. Type of Application</b> * If Revision, select appropriate letter(s) <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision  *Other (Specify) _____
<b>3. Date Received:</b>		<b>4. Applicant Identifier:</b>
<b>5a. Federal Entity Identifier:</b>		<b>*5b. Federal Award Identifier:</b> B-10-xx-26-0001
<b>State Use Only:</b>		
<b>6. Date Received by State:</b>		<b>7. State Application Identifier:</b>
<b>8. APPLICANT INFORMATION:</b>		
<b>*a. Legal Name:</b> City of Dearborn		
<b>*b. Employer/Taxpayer Identification Number (EIN/TIN):</b> 38-6004605		<b>*c. Organizational DUNS:</b> 142420798
<b>d. Address:</b>		
<b>*Street 1:</b> <u>Economic &amp; Community Development Department</u>		
<b>Street 2:</b> <u>13615 Michigan Avenue, Suite 9</u>		
<b>*City:</b> <u>Dearborn</u>		
<b>County:</b> <u>Wayne</u>		
<b>*State:</b> <u>Michigan</u>		
<b>Province:</b> _____		
<b>*Country:</b> <u>USA</u>		
<b>*Zip / Postal Code</b> <u>48126-3582</u>		
<b>e. Organizational Unit:</b>		
<b>Department Name:</b> Economic & Community Development		<b>Division Name:</b> N/A
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>		
<b>Prefix:</b> <u>Ms.</u>		<b>*First Name:</b> <u>Michelle</u>
<b>Middle Name:</b> <u>M.</u>		
<b>*Last Name:</b> <u>DaRos</u>		
<b>Suffix:</b> _____		
<b>Title:</b> Deputy Director		
<b>Organizational Affiliation:</b> Economic & Community Development		
<b>*Telephone Number:</b> 313-943-4150		<b>Fax Number:</b> 313-943-2776
<b>*Email:</b> mdaros@ci.dearborn.mi.us		

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:** C. City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:** U. S. Department of Housing and Urban Development**11. Catalog of Federal Domestic Assistance Number:** 14.218

CFDA Title: Community Development Block Grant (Entitlement)

**\*12 Funding Opportunity Number:** n/a

\*Title:

**13. Competition Identification Number:** n/a

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

City of Dearborn, NSP Target Areas: NSP3-East, NSP3-West, and EDDDA

**\*15. Descriptive Title of Applicant's Project:**

HUD Neighborhood Stabilization Program (Dodd-Frank)

**16. Congressional Districts Of:**\*a. Applicant: 14<sup>th</sup>/15<sup>th</sup> Michigan\*b. Program/Project: 14<sup>th</sup>/15<sup>th</sup> Michigan**17. Proposed Project:**

\*a. Start Date: April 1, 2011

\*b. End Date: March 31, 2015

**18. Estimated Funding (\$):**

\*a. Federal \$ 1,027,354

\*b. Applicant

\*c. State

\*d. Local

\*e. Other tbd

\*f. Program Income tbd

\*g. TOTAL \$ 1,027,354

**\*19. Is Application Subject to Review By State Under Executive Order 12372 Process?** a. This application was made available to the State under the Executive Order 12372 Process for review on \_\_\_\_\_ b. Program is subject to E.O. 12372 but has not been selected by the State for review. c. Program is not covered by E. O. 12372

**\*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)** Yes       No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

 \*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

**Authorized Representative:**

Name: Mayor John B. O'Reilly, Jr.

\*Title: Mayor, City of Dearborn

\*Telephone Number: 313-943-2300

Fax Number: 313-943-3070

\* Email: mayororeilly@ci.dearborn.mi.us

\*Signature of Authorized Representative: (CR# 1-13-11)

\*Date Signed:

## J. Certifications for Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it 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-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that 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.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it 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.
- (7) **Section 3.** The jurisdiction certifies that it 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.
- (8) **Citizen participation.** The jurisdiction certifies that it 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.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]
- (10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. 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; and
- b. 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:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. 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 nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that 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 jurisdiction certifies that its 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 certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

Mayor John B. O'Reilly, Jr.  
Name/Title