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November 24, 2008

HONORABLE DETROIT CITY COUNCIL

RE: Neighborhood Stabilization Program (NSP) Plan comments (DEPARTMENTAL REPORT)

On November 17, 2008, Your Honorable Body held a discussion on the status of the Neighborhood Stabilization Program Plan (the Plan). At that discussion, numerous comments were made by City Council, City staff, interested non-profits, and citizens.

Many of the concerns can be summarized as follows:

1. Too much funding is allocated for demolition.
2. A plan is needed to manage and redevelop vacant lots created from demolition – this activity falls under disposition.
3. Additional funding is needed to support urban agriculture initiatives.
4. Funding is needed for needy areas outside the selected nine areas.
5. Job creation should be a priority.
6. Funding should be increased for rehabilitation of houses and apartment buildings.
7. The City needs to work with nonprofit community development corporations to implement the program.
8. Additional funding is needed for housing counseling.
9. Funds are needed for supportive housing for homeless persons.

Since the November 17, 2008 discussion, CPC staff understands the Administration has agreed to revise the distribution of funds by taking \$500,000 from demolition to fund urban farming initiatives referred to as public improvements.

Based on the feedback from the discussion, CPC staff recommends as an alternative the following revised NSP distribution of funds:

Activity	Administration	CPC staff Recommended Amount
Acquisition	\$3,000,000	\$4,000,000
Administration	\$4,713,769	\$4,713,769
Demolition	\$23,123,921	\$14,000,000
Disposition	\$3,200,000	\$4,200,000
New Construction	\$4,000,000	\$4,000,000
Public Improvements	\$500,000	\$2,000,000
Rehabilitation	\$8,600,000	\$13,723,921
*Housing Counseling	\$0	\$500,000
Total	\$47,137,690	\$47,137,690

CPC staff recommends \$14,000,000 for demolition which represents 29.7% of the budget rather than 49.1%. The freed up \$9.1 million dollars could be used for other priorities, such as acquisition, disposition, urban agriculture, and rehabilitation as reflected in our proposed distribution of funds in the chart above. CPC staff is particularly in support of creating affordable rental housing through the rehabilitation of vacant apartment buildings. Also, CPC staff is recommending a separate allocation for housing counseling (*).

Attached to this report is a revised resolution for Your consideration.

Respectfully submitted,

Marcell R. Todd, Jr., Director

**City Planning Commission Revised NSP Approval Resolution
Monday, November 24, 2008 2:00 pm Discussion**

Detroit City Council Resolution

Seeking Authorization and Approval for the City of Detroit to Receive 2008 Federal Neighborhood Stabilization Program (NSP) Funds and the Approval to Submit an Amended Annual Action Plan to HUD by December 1, 2008, Granting Planning & Development Department (P&DD) the Authority to Implement and Administer Eligible NSP Funds, Projects and Activities.

By Honorable City Council Member Collins:

Whereas, the Department of Housing and Urban Development (HUD) received approval by Congress in July 2008 to enact the Housing and Economic Recovery Act (HERA) of 2008. Title III of HERA appropriated \$3.92 billion for the Neighborhood Stabilization Program (NSP) to state and local governments;

Whereas, the City of Detroit has been designated to receive an allocation of \$47,137,690 to provide "emergency federal grant funding assistance" for neighborhood stabilization and the redevelopment of abandoned, vacant and foreclosed homes;

Whereas, HUD requires the City of Detroit to submit a substantial amendment application to its annual Action Plan, in order to qualify to receive the \$47,137,690 funding award;

Whereas, the Planning & Development Department (P&DD) is the lead agency developing and coordinating the substantial amendment/application, which is due to HUD by **December 1, 2008**;

Whereas, NSP funds must be obligated within an 18-month period and expended within a four (4) year period from the date of application approval. In addition, the City must adhere to stringent quarterly reporting requirements that identify performance benchmarks and time sensitive commitments and disbursements;

Whereas, NSP funds are to be essentially targeted to "areas of greatest need" and 25% of the funds are to benefit individuals and families that are at or below 50% of the area median income (AMI). In addition, all funds must benefit individuals and families that are at or below 120 % of AMI;

Whereas, P&DD has identified nine (9) targeted areas of "greatest need" that include areas where there is a high number of home foreclosure activities, abandonment and blighted structures that add to the declining property values, that also negatively impact, once viable neighborhoods and City of Detroit development areas;

Whereas, the City of Detroit will utilize the Detroit Land Bank Authority to serve as the main entity to acquire, manage, assemble properties and leverage resources;

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Whereas, P&DD has met with and received feedback and input from various stakeholders, including local community development organizations, City Planning Commission, Wayne County and State of Michigan governments, Detroit Office of Foreclosure Prevention, Social Compact, Community Legal Resources, Detroit LISC, various financial institutions and foundations, in the development of this Action Plan amendment and application;

Whereas, P&DD has sought collaborative partners in an effort to leverage program funds and to develop programs and initiatives to efficiently expend these program funds that target Detroit households and properties for resource assistance;

Whereas, eligible NSP activities include: a) demolition of blighted properties and structures, b) acquisition, disposition and redevelop of vacant foreclosed abandoned properties, c) redevelopment of vacant, foreclosed and abandoned properties for sale to eligible low and moderate income homebuyers and renters, d) down payment assistance and closing costs to eligible low and moderate income for new home buyers, e) establishment of a Detroit Land Bank Authority;

Whereas, P&DD will encourage the participation of local, Detroit-based, qualified rehabilitation contractors, appraisers and property management companies, needed to meet the NSP program implementation requirements;

Whereas, the City of Detroit, through P&DD, is respectfully requesting approval and support from this Honorable Body to receive the \$47,137,690 HUD allocation of NSP funds and to act as the lead agency coordinating the disposition of funds and the development of programs, projects and initiatives that are eligible under the NSP guidelines;

Whereas, this Honorable Body supports the NSP submitted by P&DD with the total allocation divided into the following activities and corresponding budget amounts: **Acquisition \$4 million, Administration \$4,713,769 million, Demolition \$14 million, Disposition \$4.2 million, New Construction \$4 million, Home ownership counseling \$500,000, Public Improvements (specifically urban farming) \$2 million and Rehabilitation \$13,723,921, for a grand total of \$47,137,690 million.**

Now therefore be it resolved, that P&DD on behalf of the City of Detroit, is hereby granted full authorization to administer and coordinate the federal NSP funding allocation in accordance with the above mentioned budget to provide quarterly reports to this Honorable Body that reflects program performance and the achievement of program goals,

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Be it further resolved, that P&DD is hereby granted approval by this Honorable Body to formally submit an amended Action Plan application to HUD, prior to the December 1, 2008 deadline to grant the P&DD's Director or his designee, the authorization to execute any and all documents required in connection with the administration and implementation of the Neighborhood Stabilization Program, projects and activities.

Be it finally resolved, that any amendment to the NSP should be coordinated with the staff of the City Planning Commission and approved by this Honorable Body.