

City of Detroit  
Kenneth V. Cockrel, Jr. Mayor

Planning and Development Department  
**Neighborhood Stabilization Program Plan**



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**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM**

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**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM**

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**Executive Summary**

In response to the national foreclosure and subprime lending crisis, in July 2008, Congress enacted the Housing and Economic Recovery Act of 2008. Primarily designed to address the impacts of foreclosure in communities hardest hit by the crisis, this legislation aims to foster market recovery and stabilize neighborhoods. States, cities and counties will receive a total of \$3.92 billion to acquire, rehabilitate, demolish, and redevelop foreclosed and abandoned residential properties. With the realization that while these funds empower state, county and local governments to provide some level of response and relief in their respective communities, the funds allocated are by no means a comprehensive remedy to the larger crisis.

As the city with the highest home foreclosure rate among the nation's 100 largest metropolitan areas, the city of Detroit has suffered tremendous impacts as a result of this crisis. With over 67,000 foreclosed properties, 65% of which remain vacant, the City of Detroit recognizes that the \$47 million allocation must be implemented in a manner that is strategic, efficient and yields great results. Noting that Detroit faced several challenges prior to this crisis, including a shrinking population still spread across a large land mass, a market where the supply of housing exceeded the demand, a declining tax base, older housing stock, and an old infrastructure system to name a few, we recognize the need to strategically utilize these funds to stabilize neighborhoods hardest hit by the foreclosure crisis, devise proactive remedies for anticipated future foreclosure activity, and foster market recovery for enhanced quality of life.

It is important to note the strong focus on demolition activity in the plan, which accounts for approximately 30% of the total award amount. Due to the number of vacant properties, duration of vacancy and the market conditions, eliminating blighted structures in the target neighborhoods for future development or alternative land uses will have a tremendous stabilizing impact. Priorities for demolition will include structures adjacent to development projects nearing completion, and concentrations of blighted, vacant properties.

This plan details the City of Detroit's strategy for utilizing these funds to achieve the goals for which the program was designed. While the foreclosure problem is widespread, touching almost every neighborhood in the city, investing these funds on a citywide basis will not yield the impact or results needed. As such, we have used the data to determine a targeted approach, focusing on nine neighborhoods. By targeting the allocation, the opportunity for sustained impact is significantly higher. Once implemented, this plan will result in stabilization of neighborhoods most severely impacted by foreclosure and abandonment, reversal of the decline of

neighborhood housing values, significant elimination of blighted and abandoned structures, and stimulation of other investment in and around the target neighborhoods.

The Planning & Development Department convened meetings with key stakeholders including Community Development Advocates of Detroit, City Planning Commission, Michigan State Housing Development Authority, Office of Foreclosure Prevention, LISC, Wayne County and financial institutions. Opportunities to leverage the Detroit NSP award amount and engage partners in implementation was discussed and will be further detailed once the plan is submitted.

**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM  
INTRODUCTION TO PLAN**

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The Neighborhood Stabilization Program plan is a substantial amendment to the City of Detroit's 2008-2009 Annual Action plan, which is part of the overall Consolidated Plan submitted to the Department of Housing and Urban Development. Detroit's Neighborhood Stabilization Program (NSP) is designed to compliment and strengthen the City's overall development strategy to reinforce, revitalize and rebuild targeted neighborhoods. *Reinforce* strategies are designed to strengthen neighborhoods that have a steady tax base, a high percentage of home ownership and requires minimal investment to continue stability. *Revitalize* neighborhoods require an infusion of private, non-profit and governmental resources to implement intervention strategies that reverse negative social and economic trends impacting otherwise stable neighborhoods. *Redevelop* neighborhoods consist of extreme blight and a significant amount of abandoned structure and requires large capital investments and alternative land use strategies to achieve transformation.

The foreclosure problem in Detroit is complex, daunting and dramatically undermining Detroit's revitalization progress. The enormity of Detroit's foreclosure crisis will require resources beyond those awarded through the Neighborhood Stabilization Program. Consequently, NSP funds must be deployed strategically to ensure the highest possible level of impact and leverage are achieved. Detroit will use state of the art data analysis to guide strategic decisions regarding where and when to invest. The data will also be used to plan a strategic phased approach so as not to overwhelm the market from a demand or capacity perspective.

The City held several stakeholder input sessions with the City Planning Commission, Office of Foreclosure Prevention, Community Development Advocates of Detroit, Local Initiative Support Corporation (LISC), private foundations, financial institutions and others to ensure an inclusive planning process. Critical to the success of NSP, will be collaborating with these partners to implement NSP strategies, prevent future foreclosures and proactively prepare for the next wave of foreclosure activity to minimize further decline and devaluation in Detroit neighborhoods. To that end, the goals of Detroit's NSP are to:

- Continue to implement the City's Master Plan to reinforce, revitalize and rebuild targeted neighborhoods
- Reduce the vast numbers of vacant properties causing blight and undermining the vitality of neighborhoods
- Reverse the decline of neighborhood housing values
- Stabilize neighborhoods negatively impacted by foreclosure and abandonment
- Eliminate blighted structures to enhance public safety and improve quality of life

- Invest in select neighborhoods to achieve greater impact with limited resources especially neighborhoods targeted by LISC, Skillman, the Community Foundation and NDNI
- Protect recent investments by public and private partners
- Attract other public/private financing to leverage NSP funds minimally on a 2:1 basis
- Create new jobs and stimulate small business development
- Demolish existing structures to accommodate future development or alternative uses.

### **Foreclosure Problem**

As evidenced by Detroit's NSP award amount, which was allocated under a formula developed by the Department of Housing and Urban Development taking into account the numbers of foreclosures, subprime loans and defaults in each jurisdiction, Detroit has the highest home foreclosure rate among the nation's 100 largest metropolitan areas, making it one of the cities hardest hit by the national foreclosure and sub-prime lending crisis. The impact of not dealing aggressively with this crisis would have tremendous implications for the economic survival and social viability of the city. Moreover, the toll on Detroit citizens and families will be devastating as once stable neighborhoods are faced with increased blight, vacant properties and diminished housing values. Thus, it is imperative that we strategically focus our resources to achieve the greatest outcomes and thwart further decline.

Statistics on local foreclosure activity speak volumes about the crisis in Detroit. From 2004 to 2006, there were approximately 330,000 mortgages originated in Detroit. During the same time, 38,000 new mortgages were sold representing 11% of total mortgages. About 27,500 or 73% of new mortgages were high cost loans defined as loans with interest rates at least 3% above Treasury securities. Refinances accounted for 15% of new mortgage loans. As of 2006, about 29,000 adjustable rate mortgages or 9% of all existing mortgages reset, triggering higher payments for loan recipients. An additional 16,000 mortgages are scheduled to reset from 2008 to 2010. These statistics clearly demonstrate that additional resources will be needed to prevent future foreclosures and the number of Detroit homeowners that are expected to be impacted by the nearing reset activity.

The result of the exorbitant numbers of high cost loans in Detroit is disturbing. From 2005 to 2007, Detroit experienced an astounding 67,000 foreclosures, more than 20% of all household mortgages. There were 4,600 tax foreclosures in the first six months of 2008 with over \$25 million in taxes due on these properties. Early estimates indicate that at least two-thirds of tax or mortgage foreclosed properties stand vacant causing tremendous problems for Detroit on many levels.

A foreclosed property that stays on the market for an extended period of time can become an administrative and economic drain on a city; a study by the Homeownership Preservation Foundation found that a city can lose about \$20,000 per home in lost property taxes, unpaid utility bills, property upkeep, sewage and maintenance. High foreclosure rates also causes disinvestment by nearby residents, which contributes to neighborhood decline, affects surrounding property values, and leads to population loss and increased crime.

## **Market Conditions**

Detroit's real estate market is one of the country's weakest, compared to other large cities. Housing values continue to plummet as mortgage holders sell homes at bargain prices to rid portfolios of vacant property. The current credit crisis and further tightening of lending standards will further depress home sales. High unemployment rates and additional job losses in Michigan are predicted to exacerbate an already crisis situation. Vacant properties are expected to constitute one fourth of the city's housing stock within the next three years, far outstripping the resources available to deal with this growing problem.

In response to market conditions, realistic levels of demand and the backlog of existing vacant property inventory, Detroit will initially focus on designing and implementing lease-to-own, land contract and rental strategies to deal with foreclosed properties. If market conditions do not improve, this may be the primary strategy during the life of the neighborhood stabilization program. Aggressive sales strategies will be pursued in certain targeted neighborhoods such as East English Village, Boston-Edison and North Central, complimented with lease-to-own or land contracts that ultimately lead to homeownership.

Detroit is most certainly suffering additional population loss caused by foreclosures. The Foreclosure Prevention Office will conduct an analysis to determine the magnitude of out-migration and help to devise strategies to place dislocated families in vacant homes. The foreclosure crisis is also impacting suburban neighborhoods. Families looking to downsize may find neighborhoods in Detroit as an attractive alternative. Detroit also plans to use NSP funds to demolish properties on a concentrated, limited basis in more stable neighborhoods to rid communities of problem properties, but on a larger basis in neighborhoods such as Brightmoor where a housing revitalization strategy is unlikely to be successful in the short term.

## **NSP Strategy**

The City of Detroit will form partnerships with a variety of stakeholders to maximize capacity and resources. A key partner is the Detroit Office of Foreclosure Prevention which was established earlier this year to coordinate a rapid response to Detroit's growing foreclosure crisis and to lead the development of Detroit's foreclosure response strategy. The City will also work closely with financial institutions, non-profits, government agencies, foundations, financial intermediaries and others to implement the following strategies to achieve NSP goals:

- Establish and operate a Land Bank authority to acquire, manage, assemble properties and leverage resources
- Acquire and rehabilitate foreclosed, vacant and abandoned properties for sale, land contracts, lease to own and rental
- Utilize financing mechanisms to discount properties, provide down payment assistance, subsidize closing costs and offer loan guarantees

- Demolish vacant, blighted and substandard properties for in-fill development, new construction, land assembly and alternative land uses such as green space or industrial parks, etc.
- Coordinate NSP activities with the City’s pilot program designed to acquire, rehabilitate and sell foreclosed HUD properties
- Collaborate with the public and private sectors including the Office of Foreclosure Prevention, LISC, the Michigan State Housing Development Authority, Wayne County, Financial Institutions, Foundations, Non-profit organizations and For-profit developers
- Leverage NSP funds with other financing initiatives to achieve greater outcomes and create additional homeownership opportunities
- Create joint governmental agreements and memorandums of understanding with the State of Michigan, Wayne County and other government entities to increase the purchasing power and leverage combined resources
- Encourage green building standards and conservation practices
- Boost small business development by contracting with Detroit based minority firms

**Allocation of NSP funds:**

**City of Detroit  
Neighborhood Stabilization Program  
Allocation of Funds**

Acquisition	\$4,000,000	8.49 %
Administration	4,713,769	10.00 %
Demolition	14,000,000	29.70%
Disposition	4,200,000	8.91%
New Construction	4,250,000	9.02%
Public Improvements	2,000,000	4.24%
Rehabilitation	13,973,921	29.64%
<b>Total</b>	<b>\$47,137,690</b>	<b>100 %</b>

## **City of Detroit Neighborhood Stabilization Program**

### **Land Bank Authority**

Acquisition of property, particularly in weak housing markets, will require that properties be held for some length of time depending on market conditions, condition of properties, funding availability and reuse plans. The City of Detroit will utilize a Land Bank Authority to acquire, hold, manage, and develop land and property in keeping with the goals of the surrounding community and long-term residents.

The Detroit City Council recently passed a resolution authorizing the creation of a Detroit Land Bank. The Board of the Michigan land bank approved execution of an agreement between the City of Detroit and the Michigan Land Bank Fast Track Redevelopment Authority in September 2008. As provided for in the program, a significant portion of NSP's administrative dollars will be used to establish and operate a Land Bank Authority in the City of Detroit. The City Planning and Development Department is responsible for setting up the land bank which includes convening the Board, establishing City Council approved by-laws, hiring staff, and other operating functions. The Mayor and Council are expected to name Board members by year-end 2008. This plan anticipates that the Land Bank will be operational by the second quarter of 2009.

Management of vacant properties held in the Land Bank will be an important but challenging responsibility. A business plan is needed for the Land Bank based on the anticipated number and type of properties likely to be held in its inventory and the maintenance requirements of that inventory. NSP funds will be used for this purpose along with other resources that can be leveraged through partnerships. Investments in technology will be made to schedule maintenance and deal with administrative aspects of property management to organize and work efficiently.

### **Foreclosure and Housing Data System**

The City of Detroit and the Land Bank will work closely with the Office of Foreclosure Prevention to use data to drive NSP decision-making and investment strategies. Social Compact, an initiative of the Brookings Institute, and Property Advisors have developed a highly innovative Foreclosure and Housing Data/Neighborhood Health Indicator system, a state-of-the-art information management platform uniquely designed for Detroit. The system is a sophisticated foreclosure and neighborhood analysis tool that will help analyze how to deal with over 78,000 market and foreclosure transactions that have resulted in a \$1 billion economic loss to the city. The system has several distinctive features:

- The system will allow for block-level analysis. Currently, most communities and organizations can only analyze information by zip code;

- The system allows community decision-makers to have a preventative focus and can identify hot spots as early as 14 days in arrears. With this approach, a “tipping point analysis” could occur so that neighborhoods can receive intervention before significant problems arise;
- It has an integrated geographic information system (GIS) interfaced with advanced gaming technology to allow for a visual analysis of problem properties and neighborhoods.

Other economic, health and social data can be layered with the system to help design a comprehensive approach for targeted neighborhoods. Psychographic data is integrated into the tool that identifies patterns of economic activity within neighborhoods based on the buying habits of the 12 major market groups in Detroit. The system is transformative in nature and will be used to dramatically improve decision-making for not only foreclosures but land-use alternatives and economic development. The system will be critical for Detroit to develop a comprehensive foreclosure response and take neighborhood revitalization work to the next level.

### **Targeted Neighborhoods:**

Based on the criteria identified by HUD for determining Areas of Greatest Need and the reality that impact is diminished and limited with citywide implementation of the total allocation, nine neighborhoods were selected for targeted NSP investment. Some neighborhoods will require minimal NSP investments to reinforce just a few streets in stable neighborhoods. Other investment tools such as tax credits and private financing will be used to leverage and revolve NSP funds. Some neighborhoods, especially those that fall in the Rebuild category, will require significant NSP investments to achieve impact. The following criteria were used to select the target neighborhoods:

- Funds must be targeted to Census Block Groups that qualify as an area of low-moderate and middle income (LMMH) benefit, where more than 51 percent of the people in the area had incomes in 2000 less than 120 percent of Area Median Income (AMI).
- In addition, as per the NSP statute, grantees must target funds to give priority emphasis and consideration to areas with greatest need, including those (1) with the greatest percentage of home foreclosures; (2) with the highest percentage of homes financed by sub-prime mortgage related loan; (3) identified as likely to face a significant rise in the rate of home foreclosures.
- The Planning and Development Department has gathered a substantial set of data including Wayne County Tax foreclosures, mortgage foreclosures, vacancy rates, and number of high cost loans.
- To insure that efforts are aligned with other local stabilization and development efforts, consideration was given to targeting areas with (1) significant private sector investment; (2) allocation of CDBG activity, including minor home repair and other rehabilitation and redevelopment activity; (3) Federally designated Empowerment Zone and Renewal Community Activity; (4) Planning and Development Departments current redevelopment

activity (5) Need for stabilization as identified in the City's revised Master Plan of Policies; and (6) Investment by foundations such as LISC, Skillman Foundation and the Community Foundation.

### **Brightmoor**

The Brightmoor area extends to the western City limit, just north of Grand River, east to the neighborhoods along Evergreen and south along the Jeffries Freeway. The area has been the focus of recent planning and infill housing efforts. It is immediately west of some of the city's most stable residential areas, including Rosedale Park.

NSP funds will be used primarily to demolish vacant units to clear and assemble land for future development. Acquisition and rehabilitation activities, supported by financing mechanisms, will be used in stable residential pockets that abut the more stable Grandmont Rosedale neighborhood.

### **Far East/East English Village**

The Far East/East English Village area is north of Mack and south of the Ford Freeway between Conner and the eastern City limits. The area includes the stable neighborhood of East English Village, which has been threatened by many foreclosures, and the Far East side project area, which has been the site of a lot residential infill activity.

Acquisition and rehabilitation strategies supported by financing mechanisms will be deployed strategically in this community where a modest investment can have a major impact.

### **Grand River/Greenfield**

The Grand River/Greenfield area is south of Seven Mile, to the Jeffries freeway, east to Livernois, and west of Greenfield. The area has been targeted for commercial investment along Grand River and near McNichols and Livernois.

NDNI targeted the Grand River/Greenfield commercial corridor for revitalization and is working in surrounding residential streets to stabilize the housing stock that supports the business district. NSP funds will be used for spot demolition, acquisition/rehabilitation and financing mechanisms to reduce vacancy rates and reverse the decline in housing values.

### **Herman Gardens**

The Herman Gardens area surrounds the former Herman Gardens public housing site, which is also the location for the proposed Garden View Estates. Stabilization of the surrounding area will ensure the success of the proposed phased-development and improve the neighborhoods surrounding the site.

### **Kettering**

The Kettering area is north of Vernor to the Ford Freeway, west to Dequindre and east to McClellan. This is a diverse area with some of the City's most stable areas to the south including Indian Village and West Village. In the Southwest corner is the McDougall/Hunt urban renewal area.

NSP funds will be used primarily for concentrated demolition to eliminate the blight surrounding the stabilized neighborhoods. Vacant land will then be assembled for future new housing development and/or alternative land uses.

### **North Central**

The North Central area is bounded by McNichols to the south, Outer Drive to the North, Ryan to the East and Woodward to the West. The area is located near the proposed retail development located at Eight Mile and Woodward. The commercial areas along Seven Mile, Eight Mile and Van Dyke are the focus of stabilization and improvement efforts.

NSP funds will be used on a limited but strategic basis to acquire and rehabilitate vacant homes. Financing mechanisms will be used creatively to attract homebuyers to the area and leverage NSP funds with private equity and loans.

### **North End**

The North End area is located south of Highland Park, west of Hamtramck, north of East Grand Boulevard and extends west to Linwood. The area has a mix of neighborhood conditions with plans that complement each area and can ensure the success of a diversified area of the city. The stable historic areas of Boston Edison have been severely impacted by the numerous foreclosures and the abandonment property. In the area to the east, there are current and planned infill housing projects.

NSP funds would be used for demolition and land assembly for major redevelopment. Strategic acquisition/rehabilitation investments will be made in the Boston Edison historic district to stabilize the area and protect existing homeowner investments.

### **Osborn**

The Osborn area is south of the city limits to I-95/Whittier, between Outer Drive and east to the City limits. This area has experienced a large amount of foreclosures within the past two years. The area is also one of the few in the City that has experienced population growth, especially youth population.

NSP funds will be used for spot demolition and significant acquisition/rehabilitation to stem the major decline in housing values, stabilize a troubled community and protect the large numbers of disadvantaged children in the area.

### **Southwest**

The Southwest area is bounded by Junction to the west, Tireman to the north, Trumbull to the east and Vernor to the south. The area includes the historic Woodbridge area to the east. To the southwest are the Michigan Avenue and Vernor commercial corridors. These corridors have seen commercial growth due to the increasing immigrant population in the area.

NSP funds will be used for broad demolition in targeted sections of Southwest supplemented with spot acquisition/rehabilitation activities to maintain stability in one of the few growth areas in Detroit.

### **Implementation**

The City will develop an implementation strategy immediately upon City Council approval of the plan. First and foremost will be the development of a business plan for the Land Bank Authority so that Detroit is in a position to start as quickly as possible. Additional data analysis sessions will be held with the Office of Foreclosure Prevention and Social Compact to guide staging decisions, identify quick wins and recommend places where immediate intervention will net a great return on investment.

# THE NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): City of Detroit, Michigan</p> <p>Jurisdiction Web Address: <i>www.DetroitMI.gov</i></p>	<p>NSP Contact Person:          Douglass J. Diggs, Director          Planning and Development Department          Address: 2300 Cadillac Towers          65 Cadillac Square          Detroit, MI 48226          Telephone: (313) 224-2570          Fax: (313) 224-1629          Email: DDiggs@detroitmi.gov</p>
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## A. Areas of Greatest Need

*Provide summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction. Please provide baseline information for the non-NSP areas of the city of Detroit.*

### **Response:**

The Neighborhood Stabilization Program (as per section 2301(c)(2) of HERA) requires 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 subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of foreclosures. The grantee’s narrative must address the three need categories in the NSP statute, but the grantee may also consider other need categories.” The baseline information for the non-NSP areas are also attached in the attached Table 1. Outlined below are the factors considered when determining the target areas.

#### *A. Low/Moderate/Middle Income Area*

Funds must be targeted to Census Block Groups that qualify as an area of low-, moderate, and middle-income (LMMH) benefit, where more than 51 percent of the people in the area had incomes in 2000 less than 120 percent of Area Median Income.

#### *B. Neighborhood Stabilization Program Data*

In addition, as per the NSP statute, grantees must target funds to give priority emphasis and consideration to areas with greatest need, including those:

1. With the greatest percentage of home foreclosures
2. With the highest percentage of homes financed by a subprime mortgage related loan
3. Identified as likely to face a significant rise in the rate of home foreclosures

### C. Foreclosure Data

To more accurately define those areas with the highest percentage of home foreclosures, the City's Planning and Development Department staff gathered data on Wayne County Tax foreclosures. Social Compact, Inc. provided data on mortgage foreclosures for 2006 and 2007. Data was also provided on adjustable mortgages that have reset or are scheduled to reset. This data indicates those areas that may be facing foreclosure due to the resetting of adjustable rate or pay option arm mortgages.

### D. Local Target Areas

To insure that efforts aligned with other local stabilization and development efforts, consideration was given to targeting areas with:

1. Significant private sector investment (by analyzing building permit activity)
2. Current allocation of Block Grant activity, including demolition, minor home repair and other rehabilitation and redevelopment activity
3. Urban renewal activity
4. Local designation such as the Next Detroit Neighborhood Initiative areas
5. Federally designated Empowerment Zone and Renewal Community activity
6. Other Planning and Development Department redevelopment activity
7. Need for stabilization as identified in the City's revised Master Plan of Policies
8. Investment by foundations such as LISC, Skillman and the Community Foundation

### E. City Wide Policies

In addition to the consideration of the City's Master Plan policies for each of the target areas (see item D-6 above), consideration will also be given to the Master Plan's citywide policies, especially those that pertain to vacant land and open space (listed below).

1. Establish an inter-connected open space system throughout the City (Environment and Energy: Policy 4.1).
2. Work with communities to convert vacant properties into neighborhood parks and natural habitat areas (Environment and Energy: Policy 4.2).
3. Encourage and support urban agriculture (Environment and Energy: Policy 4.3).
4. Encourage large-scale developments and developments in high-density areas to incorporate open space (Environment and Energy: Policy 4.6).
5. Investigate the feasibility of expanding participants involved in operation of existing parks and recreational facilities such as local community organizations, larger non-profit organizations, or regional public/quasi-public agencies (Parks, Recreation and Open Space: Policy 1.2).
6. Expand the collaborative planning of parks and recreational facilities and programs with the Detroit Public Schools and other city agencies (Parks, Recreation and Open Space: Policy 1.3).
7. Educate property owners about the benefit of early repair and preventive maintenance of their property (City Design: Policy 3.1).

8. Promote cooperative efforts on part of residents, businesses and the city to share responsibility for care and maintenance of abandoned lots and structures (City Design: Policy 3.2).
9. Provide survey and inventory of vacant land and vacant structures in order to identify their potential for future development (City Design: Policy 3.3).
10. Encourage public and private initiatives to develop interim uses for vacant buildings and spaces (City Design: Policy 3.4).

*F. Target Areas*

Data from each of the elements listed above (items A through D) were cross-referenced to determine the areas with the greatest need. The target areas as identified are based on Census Block groups, but the boundaries are not intended to be limited to the specified Block Groups but may include adjacent areas.

## ***BRIGHTMOOR***

The Brightmoor area extends to the western City limit, just north of Grand River, east to the neighborhoods along Evergreen and south along the Jeffries Freeway. The area has been the focus of recent planning and infill housing efforts. It is immediately west of some of the City's most stable residential areas, including Rosedale Park.

### **HUD Indicators**

Within the block groups in the area, anywhere from seventy-one to ninety-eight percent of the population earns 120 percent of the Area Mean Income or less; the highest levels are in the area southeast of Lyndon between Trinity and Evergreen and also southeast of Puritan and Lahser. The percent of high cost loans for block groups in this area range from sixty-four to eighty-five percent; the area with the highest percentage is southeast of Lyndon and W. Outer Drive. The vacancy rate ranged from ten to twenty-eight percent, with the highest amount of vacancies south of Fenkell between Parkway W. and Kentfield and Outer Drive. The Eighteen-Month Foreclosure Problem rate ranges from fifteen to nineteen percent, the area with the highest risk is concentrated south of Lyndon between Lamphere and Evergreen.

### **Local Indicators**

249 new construction permits have been issued in the area since 1999. Most were concentrated southeast of Puritan and West Parkway and in the area southwest of Fenkell and Outer Drive. There were 288 tax foreclosures in 2007, compared to 367 in 2006. Mortgage foreclosures for 2007 and 2006 were 2,040 and 1,815 respectively. The majority of foreclosures were concentrated in the southern section near Schoolcraft. Prior to June 2008, over 2,400 adjustable rate mortgages reset; there is a concentration in the area southwest of Puritan and Fielding. Since June 2008, over 1,500 are scheduled to reset. There is a concentration in the area southeast of Grand River and Blackstone.

CDBG residential activity included fifty demolitions in 2006 and 140 in 2007. The highest number occurred in the area between Telegraph and Lahser, north of Fenkell. There were fourteen minor home repair projects in 2006 and twenty-three in 2007. These were scattered throughout the area with a concentration south of McNichols between Evergreen and Outer Drive.

### **Local Target Areas**

The area includes the Brightmoor Next Detroit Neighborhood Initiative (NDNI) area. And, both the Skillman Foundation (Brightmoor) and LISC (Northwest Strategic Investment Area) have targeted this area for investment. The Office of Neighborhood and Commercial Revitalization has targeted the commercial area along Grand River, east of Evergreen.

### **Master Plan of Policies**

The revised Master Plan's Neighborhood and Housing policies for the area are to:

- Use code enforcement as a tool to maintain neighborhoods south of the Jeffries Freeway and east of Telegraph) (Brightmoor: Policy 1.1).
- Encourage rehabilitation and infill housing development in the area east of Outer Drive and south of Fenkell (Brightmoor: Policy 2.1).
- Develop medium density housing near Fenkell, east of Telegraph, to strengthen the adjacent commercial corridor (Brightmoor: Policy 3.1).
- Develop medium density housing at the northeast corner of Eliza Howell Park and in the area south of the Jeffries Freeway (Brightmoor: Policy 3.2).
- Use code enforcement as a tool to maintain the stability of the area south of Grand River and east of Lahser (Rosedale: Policy 1.1).
- Use code enforcement as a tool to maintain the stability of the area south of Eight Mile and east of the City limits (Redford: Policy 1.1).
- Encourage rehabilitation and infill housing in the central area south of Puritan (Redford: Policy 2.1).

## ***FAR EAST / EAST ENGLISH VILLAGE***

The Far East / East English Village area is north of Mack and south of the Ford Freeway between Conner and the eastern City limits. The area includes the stable neighborhood of East English Village, which has been threatened by many foreclosures, and the Far East side project area, which has been the site of a lot of residential infill activity.

### **HUD Indicators**

Within the various block groups, anywhere from 80 to 100 percent of the population earns 120 percent of Area Median Income or less. The highest percentage of high cost loans exists near the southeast intersection of Conner and the Ford Freeway. Most residential vacancies are in the area northeast of Warren and Dickerson. Between 55 and 80 percent of the residents had high-cost loans.

### **Local Indicators**

There were 140 tax foreclosures in this area in 2006. Half of these foreclosures occurred south of Warren and west of Nottingham. There were 121 tax foreclosures in this area in 2007. The foreclosures in 2007 were spread throughout the area with slightly more than half located south of Warren. There were 1,199 mortgage foreclosures in 2006 and an additional 1,452 mortgage foreclosures in 2007. Prior to June 2008, 1,361 adjustable rate mortgages reset, and since June 2008, 875 are scheduled to reset.

In 2006, CDBG residential activity included 24 demolitions, 1 rehabilitation project and 20 minor home repairs. Whereas in 2007, CDBG residential activity in the area included 46 demolitions, 17 rehabilitation projects and 18 minor home repairs. This activity was spread throughout the area. Two hundred and forty-six new construction permits were issued in this area since 1999. Most of the new development has occurred in the southwest corner, generally bounded by East Warren, Eastlawn, Mack, and Conner.

### **Local Target Areas**

This area contains part of the Far East Side Project Area, which the Planning and Development Department has targeted for significant investments in infrastructure, residential units and commercial/retail space. Additionally, the Office of Neighborhood and Commercial Revitalization has targeted two areas, along Mack and along Warren. The area contains the East English Village Next Detroit Neighborhood Initiative and is part of the LISC Far East Strategic Investment Area.

### **Master Plan of Policies**

The Master Plan's Neighborhood and Housing policies for this area are to:

- Maintain the stability of the area north of Warren through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Chandler Park: Policy 1.1).

- Develop large-scale infill in the area south of Warren and ensure housing reinvestment includes owner- and renter- occupied units, and a mix of affordable and market rate housing (Chandler Park: Policy 2.1).

## ***GRAND RIVER / GREENFIELD***

The Grand River/Greenfield area is south of Seven Mile, to the Jeffries freeway, east to Livernois, and west of Greenfield. The area has been targeted for commercial investment along Grand River and near McNichols and Livernois.

### **HUD Indicators**

Between 52 to 99 percent of the residents in the area's block groups have incomes of 120 percent of the Area Median Income or less. The percentage of high-risk loans in this area ranges from 60 percent to 88 percent, with the highest percentage in the Schoolcraft / Meyers area. The vacancy rate ranges from 4 percent to 22 percent, the highest rate in block groups south of Grand River and Greenfield.

### **Local Indicators**

In 2006 there were 378 tax foreclosures in this area, while there were 258 in 2007. These foreclosures were scattered throughout, with most just south of Lyndon between Greenfield and Wyoming. There were 2,157 mortgage foreclosures in 2006, and 2,600 in 2007. The highest concentrations were in the northeast (McNichols-Livernois), and widely scattered in the southwest area. The total number of adjustable rate mortgages reset prior to June 2008 was 3,226. Since June 2008, the number of scheduled resets is 1,764. The resets were highest in the Greenfield-Fenkell, and Seven Mile-Outer Drive areas.

There were 55 new residential construction permits in the area since 1999. Most new construction has occurred in the area of Fullerton and Meyers and in the area southeast of Fenkell and Wyoming. CDBG residential activity was scattered throughout the area, this included a total of 81 demolitions in 2006 and 2007, and 129 minor home repairs during the same period. Demolitions were scattered. Minor home repairs were concentrated west of Schaefer between Fenkell and Plymouth.

### **Local Target Areas**

The area includes the Grand River/Greenfield and Seven Mile Livernois Next Detroit Neighborhood Initiative (NDNI) areas. The commercial area along McNichols, between Wyoming and Livernois is a target area of the Office of Neighborhood and Commercial Revitalization.

### **Master Plan of Policies**

The revised Master Plan's Neighborhood and Housing policies for the area include:

- Maintain the stability of the area through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Bagley: Policy 1.1).
- Improve the stability of the area near Schoolcraft, east of Greenfield through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Cerveney/Grandmont: Policy 1.1).

- Develop medium density residential to complement the mixed use node at the intersection of Grand River and Greenfield (Cervený/Grandmont: Policy 2.1).
- Greenfield is a solid, well-maintained residential area with only isolated pockets of housing in need of repair (Greenfield: Issue).
- Improve the stability of the Fenkell and Schaefer area through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Harmony Village: Policy 1.1).
- Encourage rehabilitation and infill housing in residential areas north and south of Fenkell (Harmony Village: Policy 2.1).
- Maintain the stability of the area through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Pembroke: Policy 1.1).
- Use code enforcement as a tool to maintain neighborhoods in the south (Mackenzie: Policy 1.1).
- Encourage rehabilitation and infill housing in the central area around Plymouth and Meyers and the area north of the Jeffries Freeway (Mackenzie: Policy 2.1).

## ***KETTERING***

The Kettering area is north of Vernor, to the Ford Freeway, west to Dequindre and east to McClellan. This is a diverse area with some of the City's most stable areas to the south, including Indian Village and West Village. In the southwest corner is the McDougall / Hunt urban renewal area.

### **HUD Indicators**

Within the various block groups, anywhere from 82 to 96 percent of the population earns 120 percent of the Area Medium income or less. The predicted 18-Month Foreclosure problem rate for this area ranges from 17 to 20 percent, with the highest concentration located southeast of Warren and McDougall. Within the area's block groups, 73 to 92 percent have high-risk loans, with the highest concentration located just southeast of Warren and Chene. The vacancy rate for block groups in this area range from 20 to 29 percent, with the highest concentration located just northeast of Vernor and Chene.

### ***Local Indicators***

More than 75 new residential construction permits were reported in this area since 1999, with the highest concentration located southwest of Warren and McClellan. There were more than 350 tax foreclosures in 2006 and 300 in 2007, with the highest concentration located southwest of I-94 and McClellan. In 2006, there were more than 400 mortgage foreclosures and 500 in 2007, with the highest concentration located northeast of Vernor and Mt. Elliott. Prior to June 2008, the interest rates for 540 adjustable rate mortgages were reset. The highest numbers were along the eastern edge of the area. Since June 2008, over 200 adjustable rate mortgages are to reset. Most of these are in the area to the south, including the neighborhoods along Jefferson.

In 2006, CDBG residential activity included more than 63 demolitions and 30 minor home repairs, with the highest concentration located southwest of I-94 and McClellan. In 2007, CDBG residential activity included almost 50 demolitions and 30 minor home repairs. The highest concentration of activity is located southwest of I-94 and McClellan.

### **Local Target Areas**

This area contains the McDougall-Hunt Urban Renewal Area. The area includes portions of the Federally designated Empowerment Zone and Renewal Community. The area has also been targeted by LISC (Lower East Neighborhood) and the Community Foundation's Good Neighborhood program.

### **Master Plan of Policies**

The revised Master Plan's Neighborhood and Housing policies for this area are to:

- Maintain stable neighborhoods around Pingree Park (at Warren and Burns) through housing conservation techniques such as home repair programs and scattered-site infill development (Kettering: Policy 1.1).

- Demolish vacant and/or dangerous structures and encourage infill and rehabilitation efforts along the streets west of McClellan and in the residential areas northeast of the Gratiot and Grand River intersection (Kettering: Policy 2.1).
- Demolish vacant and/or dangerous structures and implement rehabilitation programs and infill housing northeast of E. Vernor and Mt. Elliott (Butzel: Policy 1.1).
- East of St. Aubin, demolish vacant and/or dangerous structures and encourage large-scale infill residential development with a mix of affordable and market rate housing (Middle East Central: Policy 1.1).
- Develop Gratiot with mixed-use development including high density residential (Middle East Central: Policy 2.1).

## ***NORTH CENTRAL***

The North Central area is bounded by McNichols to the south, Outer drive to the north, Ryan to the east and Woodward to the west. The area is near the proposed retail development at Eight Mile and Woodward. The commercial areas along Seven Mile, Eight Mile and Van Dyke are the focus of stabilization and improvement efforts.

### **HUD Indicators**

Anywhere from 81 to 97 percent of the population in the area's block groups earn 120 percent of the Area Median Income or less. Between 73 and 84 percent of residents had high cost loans, and between 18 and 26 percent the residential structures in the area are vacant. The highest percentage of high cost loans and residential vacancies are in the southern area.

### **Local Indicators**

Wayne County recorded 278 tax foreclosures in this area in 2006 and 193 tax foreclosures in 2007. There were 703 mortgage foreclosures in this area in 2006 and an additional 799 mortgage foreclosures in 2007. Both tax and mortgage foreclosures are spread throughout. Prior to June 2008, 861 adjustable rate mortgages reset the interest rate. The number of adjustable rate mortgages that are to reset since June 2008 is 421.

In 2006, CDBG residential activity included 43 demolitions, 13 minor home repairs and 1 rehabilitation project. Whereas in 2007, CDBG residential activity included 50 demolitions and 11 minor home repairs. Seventy-two of the ninety-three demolitions between these two years occurred west of I-75. Eighteen of the twenty-four minor home repair projects between these two years occurred east of I-75. Seventy-eight new construction permits were issued in this area between 1999 and 2007. Almost all residential construction activity is located west of I-75.

### **Local Target Areas**

The area along Seven Mile Road between John R and Woodward is a commercial target area of the Office of Neighborhood and Commercial Revitalization.

### **Master Plan of Policies**

The revised Master Plan's Neighborhood and Housing policies for the area are to:

- Maintain the stability in the central area through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Nolan: Policy 1.1).
- Demolish vacant and/or dangerous structures and encourage rehabilitation and infill housing along the Chrysler Freeway and the area south of Nevada (Nolan: Policy 2.1).
- Demolish vacant and/or dangerous structures and encourage rehabilitation and infill housing in the central area north of Seven Mile, and the area east of John R (State Fair: Policy 2.1).

## ***NORTH END***

The North End area is located south of Highland Park, west of Hamtramck, north of East Grand Boulevard and extends west to Linwood. The area has a mix of neighborhood conditions with plans that complement each area and can ensure the success of a diversified area of the City. The stable historic areas of Boston Edison have been severely impacted by the numerous foreclosures and the abandonment of property. In the area to the east, there are current and planned infill housing projects.

### **HUD Indicators**

The area's block groups range between 28 to 98 percent of the population earning 120 percent of Area Median Income or less. The Predicted 18-Month Foreclosure Problem Rate for this area ranges from 12 to 19 percent, with no one section having a concentration of this problem. Block groups in the area have high-risk loan rates that vary from 47 percent to 84 percent. The vacancy rate ranges from 11 to 37 percent.

### **Local Indicators**

One hundred and thirty-five tax foreclosures were reported in the area by Wayne County in 2007, a decline from the 231 foreclosures reported in 2006. Roughly half of the tax foreclosures occurred east of Woodward over the two-year period. With regard to mortgage foreclosures, a nearly equal amount occurred during each of the two years, with 602 occurring in 2006 and 615 in 2007. The number of adjustable rate mortgages that are to reset since June 2008 is 427, compared with 919 prior to June 2008.

Eighty new residential construction permits have been issued since 1999. Most were concentrated in the southeast corner and in the northeast corner. CDBG residential activity included 47 demolitions and 20 minor home repairs in 2007, as compared to 20 demolitions and 22 minor home repairs in 2006, with the bulk of the activity occurring east of Woodward during the two-year period.

### **Local Target Areas**

This area includes the North End Next Detroit Neighborhood Initiative (NDNI) located east of Woodward. LISC (North End Neighborhood) and Skillman (Central Neighborhood) have targeted this area. The Virginia Park urban renewal area is to the southwest. The eastern portion is part of the Federally-designated Empowerment Zone.

### **Master Plan of Policies**

The revised Master Plan of Policies Neighborhood and Housing policies for this area are to:

- Maintain the stability of the Boston-Edison area through home repair programs, and scattered-site infill development of similar scale and character to the existing housing stock (Middle Woodward: Policy 1.1).
- In the area between Boston-Edison and New Center, monitor the establishment of adult foster care homes to prevent a concentration (Middle Woodward: Policy 1.2).

- In the area immediately south of Highland Park, demolish vacant and/or dangerous structures, and rehabilitate existing homes by constructing new infill homes in a manner consistent with the existing housing stock (Middle Woodward: Policy 2.1).
- Develop East and West Grand Boulevard, and Woodward as a high-density mixed use area, with housing and ground-floor commercial (Middle Woodward: Policy 3.1).
- Construct infill housing in the area around Central High School and west of the Lodge Service Drive (Durfee: Policy 2.1).
- Redevelop and preserve the architecturally significant apartments on Glynn Street (Durfee: Policy 3.1).
- Encourage the use of code enforcement as a tool to maintain historic neighborhoods such as Boston Edison and Atkinson (Rosa Parks: Policy 1.1).
- Preserve and rehabilitate the existing housing stock and construct new affordable and market rate housing in the Virginia Park Urban Renewal Area, northwest of the Lodge Freeway and West Grand Boulevard (Rosa Parks: Policy 2.2).
- Redevelop West Grand Boulevard with mixed-use development including high density residential (Rosa Parks: Policy 3.1).

## ***OSBORN***

The Osborn area is south of the City limits to I-94/Whittier, between Outer Drive and east to the city limits. This area has experienced a large amount of foreclosures within the past two years. The area is also one of the few in the City that has experienced population growth, especially youth population.

### **HUD Indicators**

Between 54 and 100 percent of the population in the block groups included in this area earn 120 percent of the area's Average Mean Income or less. Between 65 and 91 percent of the households have high-risk loans, with the highest percentage in the areas east and west of Gratiot, between State Fair and Houston-Whittier. The vacancy rate as reported by the Postal Service ranged from 10 to 44 percent. The highest vacancy rate was east of Gratiot between Seven Mile and Houston-Whittier.

### **Local Indicators**

In 2006 there were 367 tax foreclosures in this area, while there were 304 in 2007. These foreclosures were concentrated east and west of Gratiot, between Seven Mile and Houston-Whittier. There were 3,318 mortgage foreclosures in 2006, and 3,759 in 2007 within the Osborn area. The highest concentrations were within the northwest sectors. The total number of adjustable rate mortgages that reset prior to June 2008 was 3,640. The number of adjustable rate mortgages that are to reset since June 2008 is 3,759. Most of the resets are clustered east of Gratiot.

One hundred new residential construction permits were issued in this area since 1999. The majority of this new construction was located in two areas: southeast of Seven Mile and Chalmers and southwest of Chalmers and Houston-Whittier. CDBG residential activity was scattered throughout the area, this included a total of 201 demolitions in 2006/2007, and 58 minor home repairs during the same period. Demolitions were concentrated near the intersection in the area of Gratiot and Houston-Whittier. Minor home repairs were concentrated west of Gratiot between McNichols and Seven Mile.

### **Local Target Areas**

The Osborn area includes the Osborn Next Detroit Neighborhood Initiative (NDNI) and the Van Dyke ONCR commercial revitalization areas. The Skillman Foundation (Osborn) has also targeted this area. The area is also within the federally designated Renewal Community.

### **Master Plan of Policies**

The Master Plan's Neighborhood and Housing policies for this area include:

- Maintain the stability of the neighborhoods in the northern portion, near Hayes north of Seven Mile through housing conservation techniques such as home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Burbank: Policy 1.1).

- Encourage minor home repair and increased maintenance in the area east of Crusade, between State Fair and Seven Mile (Burbank: Policy 1.2).
- Encourage rehabilitation and infill housing development south of Seven Mile east of Gratiot. Focus activity along the blighted residential streets surrounding the intersection of Chalmers and Spring Garden (Burbank (Policy 2.1).
- Encourage the use of code enforcement as a tool to maintain neighborhoods along Outer Drive and in the northwest portion near Gunston, south of McNichols (Conner: Policy 1.1).
- Target infill housing in the area surrounding the Gratiot and Houston-Whittier intersection and along residential streets between Harper and Outer Drive (Conner: Policy 2.1).
- Encourage code enforcement and home rehabilitation as a deterrent to the continued deterioration of marginal neighborhoods east of Conner between Outer Drive and Harper (Conner: Policy 2.2).
- Maintain the stability throughout the area, but especially in the area immediately north and south of Nevada, through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Grant; Policy 1.1).
- Maintain the stability of the northern portion at Groesbeck Hwy. near Outer Drive through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Mt. Olivet: Policy 1.1).
- Encourage infill and rehabilitation in the areas east of Schoenherr between, Seven Mile and State Fair, and the area south of Greiner (Mt. Olivet: Policy 2.1).

## ***SOUTHWEST***

The Southwest area is bounded by Junction to the west, Tireman to the north, Trumbull to the east and Vernor to the south. The area includes the historic Woodbridge area to the east. To the southwest are the Michigan Avenue and Vernor commercial corridors. These corridors have seen commercial growth due to the increasing immigrant population in the area.

### ***HUD Indicators***

Eighty-four to ninety-seven percent of the population of the block groups in the area earns 120 percent of the Area Mean Income or less. The highest percentages are in the area southeast of West Grand Blvd and Warren. The Predicted 18-Month Foreclosure Problem Rate for this area ranges from 15 to 19 percent. The percent of high cost loans in the area range from 63 to 84 percent, and the vacancy rate ranged from a 14 to 36 percent. The highest percentage in all these categories is in the area just northeast of I-94 and Epworth.

### ***Local Indicators***

There were more than 110 new residential construction permits in the area since 1999; the highest concentration is southwest of I-94 and I-96. In 2006, there were more than 200 tax foreclosures; most were within a half-mile north and south of I-94 near West Grand Blvd. In 2007 there were more than 165 tax foreclosures; most were within a half-mile north and south of I-94 near West Grand Blvd. In 2006, there were more than 317 mortgage foreclosures, most in the area southwest of I-94 and I-96. In 2007, there were more than 308 mortgage foreclosures, most in the area southwest of I-94 and I-96. Prior to June 2008, the interest rates for over 300 adjustable rate mortgages were reset. The highest numbers were in the neighborhoods north of I-94. Since June 2008, over 180 adjustable rate mortgages are to reset.

In 2006, CDBG residential activity included more than 56 demolitions and 18 minor home repairs, most in the area southwest of Tireman and Grand River. In 2007, CDBG residential activity included more than 60 demolitions, most in the area southwest of Tireman and Grand River.

### **Local Target Areas**

The Hubbard-Richard Urban Renewal Area is to the south. The area is within the Federally designated Empowerment Zone. LISC (Southwest Neighborhood) and Skillman (Chadsey / Condon Neighborhood) have targeted this area for investment.

### **Master Plan of Policies**

The revised Master Plan's Neighborhood and Housing policy's for this area include:

- Maintain the stability of the areas southeast of the Jeffries Freeway and Livernois; and southwest of Livernois and Tireman through housing repair programs and scattered-site

infill development of similar size and character to the existing housing stock (Tireman: Policy 1.1).

- Demolish vacant and/or dangerous structures and encourage infill and rehabilitation in blighted areas northwest of Livernois and Joy and east and west of West Grand Boulevard (Tireman: Policy 2.1).
- Encourage rehabilitation and infill housing development throughout most of the area, especially north of Michigan (Condon: Policy 1.1).
- Near Michigan and West Grand Boulevard, encourage the conversion of vacant industrial buildings into residential lofts (Condon: Policy 2.1).
- Maintain the stability of the Woodbridge neighborhood through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock (Jeffries: Policy 1.1).
- Target the area southwest of Grand River for construction of affordable and market rate single-family homes and townhouses in a manner consistent with the scale and character of the existing housing stock (Jeffries: Policy 2.1).
- Redevelop Grand River with mixed-use development, including high-density residential (Jeffries: Policy 3.1).

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**B. Distribution and Use of Funds**

*Provide 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.*

**Response:**

While the foreclosure problem is widespread, touching almost every neighborhood in the City, investing NSP funds on a citywide basis will not yield the impact or results needed. As such, we have used the data, as described in Section A, to determine a targeted approach, focusing on nine neighborhoods. By targeting the allocation, the opportunity for sustained impact is significantly higher. Once implemented, this plan will result in stabilization of neighborhoods most severely impacted by foreclosure and abandonment, reversal of the decline of neighborhood housing values, significant elimination of blighted and abandoned structures, and stimulation of other investment in and around the target neighborhoods.

Contingent upon the implementation plan for each target area, the NSP funds will be used exclusively in designated NSP areas and allocated to the following eligible activities:

**CITY OF DETROIT  
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Allocation of Funds**

<b>Activity</b>	<b>Total Amount</b>	<b>Percentage</b>
Acquisition	\$4,000,000	8.49%
Administration	4,713,769	10.00%
Demolition	14,000,000	29.70%
Disposition	4,200,000	8.91%
New Construction	4,250,000	9.02%
Public Improvements	2,000,000	4.24%
Rehabilitation	13,973,921	29.64%
<b>TOTAL</b>	<b>\$47,137,690</b>	

Demolition activity will accounts for approximately 30% of the total award amount. Due to the number of vacant properties, duration of vacancy and the market conditions, eliminating blighted

structures in the target neighborhoods for future development or alternative land uses will have a tremendous stabilizing impact. Priorities for demolition will include structures adjacent to development projects nearing completion, and concentrations of blighted, vacant properties.

The City of Detroit will utilize a Land Bank Authority to acquire, hold, manage, and develop land and property in keeping with the goals of the surrounding community and long-term residents. Acquisition of property, particularly in weak housing markets, will require that properties be held for some length of time depending on market conditions, condition of properties, funding availability and reuse plans.

Detroit will initially focus on designing and implementing lease-to-own, land contract and rental strategies to deal with foreclosed properties in response to market conditions.

### **C. Definitions and Descriptions**

*(1) Definition of “blighted structure” in context of state or local law.*

#### **Response:**

#### **1. Definition of “Blighted Structures” in context of state or local law.**

**According to State of Michigan Act 344 of 1945, Section 125.72, “Blighted property or structures,”** means property that meets any of the following criteria:

- (a) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- (b) The property is an attractive nuisance because of physical condition or use.
- (c) The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of one (1) year or more so that the property is unfit for its intended use.
- (d) 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.
- (e) 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.

- (f) The property is improved real property that has remained vacant for five (5) consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- (g) The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one (1) year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.

*(2) Definition of “affordable rents.” Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.*

**Response:**

**2. Definition of “Affordable Rents”**

For the purpose of the NSP grant, affordable rents will be defined as follows: “The rent does not exceed 30% of the annual income of a family, whose income equals 50% of the median income of the area as determined by HUD, with adjustments for smaller and larger families. (The City of Detroit is adopting its’ HOME Program Rent Limits)

*(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.*

**Response:**

The City of Detroit, as part of the NSP requirement, for the “for- sale” property, “rental units” and “lease-to-own” properties will require a “deed restriction” and/or “affordable housing restriction” that will mandate and require compliance during the continued period of affordability, described in the City of Detroit’s NSP requirements, policies and procedures. In addition, the continued affordability compliance will be a part of any Development Agreement implemented between the City and the Developer/Non-profit owner.

*(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.*

**Response:**

The City of Detroit, Planning and Development Department (P&DD) continually upgrades and enhances its’ contractor rehabilitation “Performance Standards”. The most recent revision was completed October 2008, which incorporated “Green Building” communities recommendations and standards and “Energy Star” specifications and standards. In addition, the rehabilitation standards must address lead based paint, environmental standards and all local code requirements. Energy Star specifications and standards exceed the Model Energy

Codes (MEC), published by the Council of American Building Officials. (Each Developer will be provided a copy of the revised 2008 Contractor Performance Standards and it will also be listed on the P&DD's website.)

**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM**

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**Affordable Housing Programs and Financing Opportunities**

1. ***Down Payment Assistance & Closing Costs (Collaboration with Detroit Banks & Financing Institutions):*** As part of the City’s financing contribution to targeted low income households and families who are eligible to qualify for a mortgage to purchase a home, the City will make available funding assistance through providing down payment assistance and closing costs, up to a maximum of \$30,000, per qualified program applicant. The City, under its’ currently operational American Dream Down-Payment Initiative, (ADDI), has Operating Agreements with nine (9) local participating banks and financial institutions, utilizing federal HOME program funding. The down payment and closing costs assistance will be in the form of zero (0)% interest, five (5) year forgivable loans to those qualified homebuyers who purchase and reside in a home within the City of Detroit.
2. ***HOME Program:*** The City will make available HOME funding assistance to augment NSP project dollars in order to leverage program dollars and make available affordable housing units. Recognizing that HOME funds are limited, the City will publish a Notice of Funding Availability (NOFA) in an effort to attract projects that are “ready to go” and meet the NSP criteria and are also located within one of the selected targeted project areas. This funding will also provide needed gap funding for those projects that have been recently approved with the State of Michigan’s low-income housing tax credits program, (LIHTC).
3. ***“Pilot Program”, Foreclosed, Vacant Property, Rehabilitation, & Sales Program:*** The Detroit City Council recently approved a pilot program between the City of Detroit and twelve (12) local participating Non-profit housing/faith-based corporations. The City’s proposed “Use Plan” is currently being reviewed by HUD’s Home Ownership Center, (HOC) in Philadelphia. This is a joint collaboration with Detroit LISC.LISC will make available some administrative overhead cost assistance and rehabilitation/ construction. Under this program design, HUD will make available, to local governmental entities, these homes at a price of \$1. These properties are formally HUD FHA foreclosed vacant homes. The City of Detroit will be allowed to purchase and acquire these properties for \$1, where properties have been on HUD’s list and website, unsold, for a minimum of 180 days. The City in turn will simultaneously transfer these properties to the selected non-profits for them to rehabilitate and offer for-sale or lease purchase to qualified low-income homebuyers. The selected non-profit organizations are restricted to purchasing HUD foreclosed properties within their targeted service boundaries, many of these targeted service areas will overlap into the nine (9) newly identified NSP target areas. In addition, all selected homebuyers must attend home ownership counseling and training, performed by a HUD certified counselor. The City will also make available federal

HOME and NSP funding assistance, for down payment assistance and closing costs, to targeted qualified income households. The City will also insure that new home buyers or lease purchase program participants attend the mandatory home buyers counseling and training to be provided by certified HUD approved counselors and organizations.

4. ***Rental Program/ “Lease to Own”***: The City, under the NSP program, in conjunction with the HOME program will publish a NOFA in order to solicit qualified, for-profit and non-profit entities who are interested in providing affordable rental housing or lease purchase housing to our targeted household incomes. The City is interested in receiving proposals that have properties that are “ready to go”, that also have been foreclosed, vacant or abandoned. The City will also provide some subsidy assistance to offset construction/rehabilitation costs, as well as down payment assistance for targeted household incomes. Section 8 certificates may also be available to targeted low-income rental households.
5. ***“Gap Funding” LIHTC Detroit Projects (Joint Venture with MSHDA)***: There are several affordable housing projects that have recently been approved for State of Michigan Low Income Housing Tax Credits, (LIHTC). However, due to the severe economic downturn many of these projects are presently stalled with a funding gap that NSP subsidy may be eligible to fill. These projects, however, must offer rental or lease purchase assistance to NSP eligible targeted households. We are working with the State of Michigan’s Housing Authority, MSHDA to identify eligible project opportunities. The City will issue a public Notice of Funding Availability (NOFA) to eligible for-profit and non-profit developers and sponsors to submit projects that are “ready to go” for NSP consideration and funding approval. The City will provide gap financing for those projects that are “ready to go” and have been negatively impacted by the lost and value of tax credits and are located within one of the targeted NSP project areas. These projects will include both New Construction and Rehabilitation projects that provide rental and lease–purchase opportunities for targeted households
6. ***New Program Initiatives with Participating Banks and Foundations & Community Partners***: The City will continue its negotiations and discussions with local financial institutions, foundations, governmental entities, etc. in an effort to develop additional financing tools and initiatives that will leverage NSP funding in order to provide assistance to additional targeted households. We are also working with collaborative partners, such as Detroit LISC, the Office of Foreclosure Prevention, Community Development Advocates of Detroit (CDAD), Community Legal Services and other local partners in an effort to identify additional financing opportunities that will qualify under the NSP guidelines. We hope to report on this progress under the second quarter, performance benchmarks.
7. ***Loan Guarantee and Mortgage Assistance*** – The City is reviewing the possibility of structuring some form of “loan guarantees” that will be provided, on a case-by-case basis,

to developers and projects that are approved for NSP participation. This loan guarantee will help support private sector lending investments, through offering a guaranteed insurance in the event of mortgage or loan default.

8. ***Detroit Housing Commission and Section 8 Vouchers:*** The City of Detroit will continue its' collaborative efforts with the Detroit Housing Commission (DHC), in an effort to leverage NSP funds through joint partnership initiatives. The DHC has offered to provide available Section 8-voucher assistance to low-income targeted households who qualify under the NSP eligibility requirements. These vouchers will be utilized in our various program initiatives, to offset rental costs for low-income targeted households.

**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM**

**D. LOW INCOME TARGETING**

*Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose income do not exceed 50% of area median income: **\$ 11,784,422.50***

***Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.*

**Response:**

The City of Detroit will use at least \$11,784,422.50 of the NSP grant and 25% of any program income received to provide subsidy assistance to offset acquisition and construction/rehabilitation costs, of single family and multi-family residential properties for households whose incomes do not exceed 50% of Area Median Income (AMI). The City will issue a public Notice of Funding Availability (NOFA) to eligible for-profit and non-profit developers and sponsors to submit projects that are “ready to go” for NSP consideration and funding approval. Section 8 certificates may also be available to targeted low-income rental households.

**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM**

**E. ACQUISITIONS & RELOCATION**

**Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq$  80% of area median income).**

The City of Detroit is projecting to demolish 1,400 dwelling units that are  $\leq$  80% of area median income

**If so, include:**

- **The number of low- and moderate-income dwelling units—i.e.,  $\leq$  80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.**

**As a projection, we will demolish 1,400 units. units. However, the physical inspection and/ or appraisal will ultimately, determine the actual numbers. The cost to rehabilitate the property and the likelihood of it being sold in the existing market conditions will be the criteria**

**Response:**

**Background**

The NSP program includes two low- and moderate-income requirements at section 2301(f)(3)(A) that supersede existing CDBG income qualification requirements. NSP allows the use of *only* the low- and moderate income National Objective.

All NSP funding will be spent on individuals and families at or below 120 percent of the area median income.

At least 25 percent of appropriated funds must be spent on housing for individuals or families with incomes that do not exceed 50% AMI

For the purposes of NSP an activity may meet the HERA low- and moderate income national objective if the assisted activity:

- provides or improves **permanent residential structures** that will be occupied by a household whose income is at or below 120 percent of area median income abbreviated (LMMH);

- serves an **area** in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA);
- creates or retains **jobs** for persons whose household incomes are at or below 120 percent of median income (LMMJ); or
- serves a **limited clientele** whose incomes are at or below 120 percent of area median income (LMMC).

Property acquisition activities are dependent on the national objective met by the subsequent reuse of the property. Activities identified by the City of Detroit will comply with a national objective as follows:

- Acquisition for rehabilitation structures will meet the LMMH national objective
- Acquisition for demolition possible green spaces or land bank will meet the LMMA national objective
- Acquisition for land bank use will meet the LMMA national objective<sup>1</sup>

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<sup>1</sup> Acquisition and management activities of the land bank may provide sufficient benefit to an area generally to meet a national objective (LMMA) prior to final disposition of the banked property. HUD notes that the grantee must determine the actual service area benefiting from a land bank's activities, in accordance with the regulations. The Land bank may not hold a property for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

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**F. Public Comment**

See attached.



**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM  
2009-2013 NSP AREAS AND ACTIVITIES**

Location/ Neighborhoods	Areas Of Greatest Need	Activities	Location Description	Benefit/Outcomes
<b>Brightmoor</b>	See Attached Maps and Census Data	Acquisition/Rehabilitation  Demolition	<b>Rebuild area:</b> . Major land use redevelopment strategy underway. . Area supported by Skillman, LISC and NDNI. . 50% AMI target area.	Broad demolition to clear and assemble land for alternative uses such as industrial or green space; stabilization of residential pockets
<b>Far East/East English Village (EEV)</b>	See Attached Maps and Census Data	Financing mechanisms for Far East development  Acquisition/Rehabilitation in EEV	<b>Rebuild and Reinforce areas:</b> . Targeted by LISC and NDNI . Major land use redevelopment strategy already under development	Attract homebuyers to Far East project to leverage previous investments.  Stabilize EEV
<b>Grand River/Greenfield</b>	See Attached Maps and Census Data	Acquisition/Rehabilitation  Spot Demolition	<b>Revitalize area:</b> . Targeted by NDNI	Maintain stability of solid housing stock; stem disinvestments in commercial corridor.
<b>Herman Gardens</b>	See Attached Maps and Census Data	Acquisition/Rehabilitation for areas surrounding HOPE IV project supported with financing mechanism  Spot Demolition	<b>Rebuild area:</b> . Targeted for major HOPE VI mixed-income housing development	Protect and leverage \$20 million HOPE VI project that is expected to build 800 mixed-income units; stabilize surrounding area.

In order to address citywide housing needs, neighborhood goals from the Revised Master Plan of Policies were followed, as shown below:

- **Reinforce/Preserve sound neighborhoods**, through improved code enforcement, minor rehabilitation and repair programs and scattered site infill development
- **Revitalize neighborhoods with poor housing conditions**, through more substantial rehabilitation and repair programs and medium to large-scale infill development in areas with contiguous vacant parcels
- **Rebuild neighborhoods**, with a mix of market rate and affordable housing in areas with large amounts of vacant land

**CITY OF DETROIT  
NEIGHBORHOOD STABILIZATION PROGRAM  
2009-2013 NSP AREAS AND ACTIVITIES**

Location/ Neighborhoods	Areas Of Greatest Need	Activities	Location Description	Benefit/Outcomes
<i>Kettering</i>	See Attached Maps and Census Data	Broad Demolition	<b>Rebuild area:</b> .Area targeted by LISC and Community Foundation .New housing development or alternative Land use .50% AMI target area.	Eliminate blight surrounding stable neighborhoods such as Indian Village; prepare and assemble land for new housing development or alternative land use.
<i>North Central</i>	See Attached Maps and Census Data	Acquisition/Rehabilitation Supported with financing mechanism	<b>Revitalize area:</b> .Residential area supports 7 Mile/Livernois targeted by NDNI .Substantial faith based investments planned or underway	Maintain stability of residential areas to support 7 Mile/Livernois business district and to protect strong neighborhoods such as Sherwood Forest and Palmer Woods
<i>North End</i>	See Attached Maps and Census Data	Acquisition/Rehabilitation With financing mechanism  Spot Demolition	<b>Rebuild/Reinforce Areas:</b> .Area targeted by LISC, Skillman and NDNI .Major investments planned/underway east of Oakland .Land use redevelopment strategy west of Oakland .Protect Boston Edison area from further erosion	Assemble/prepare land for major development; protect stability of Boston Edison area.
<i>Osborn</i>	See Attached Maps and Census Data	Acquisition/Rehabilitation supported with financing mechanisms  Spot Demolition	<b>Revitalize area:</b> .Neighborhood targeted by Skillman and NDNI .Supports 8 Mile /Van Dyke business district .Leverage minor home repair dollars .50% AMI target area	Stem the major decline in housing values and neighborhood stability; protect the large number of disadvantaged children in the area.
<i>Southwest</i>	See Attached Maps and Census Data	Acquisition/Rehabilitation supported with financing mechanism  Broad Demolition	<b>Revitalize area:</b> .Area targeted by LISC and Skillman .Leverage current investments	Maintain stability in one of the few growth areas in Detroit