

Macomb Urban County
Application for Neighborhood Stabilization Program 2 Funding

HUD Need Factor Number 329624718

PART 1, APPLICATION OVERVIEW

Threshold Requirements

1. *Eligible Applicant:* Macomb County is a Michigan Municipal Corporation, duly incorporated under the laws of the State of Michigan, and has tax-exempt status. It is recognized as a unit of general local government by the U.S. Department of Housing and Urban Development, and, as such, been awarded CDBG and HOME funding since 1982. It has also received funding under other Federal programs as well. The County's Employee Identification Number and its DUNS number are provided on the SF 424, which precedes this narrative.

Macomb County will partner with Home Renewal Systems, LLC, a subsidiary of Crosswinds Communities, to implement this program. A development agreement is provided in Appendix B. A description of roles and responsibilities is contained below in Selection Factor 2, B.

The County is in compliance with the Civil Rights Threshold requirements as per Section 3, III, 2, c of the Funding Notice.

2. *Amount:* Macomb County requests \$15,785,000 to implement its NSP 2. These funds will be used to return 400 homes to viability and to demolish another 150 properties that are no longer viable and which threaten public safety and neighborhood stability. All tolled, 550 properties will be affected by the County's NSP 2.

Program Summary: The Macomb County NSP 2 program will share many features with NSP 1, including an emphasis on matching vacant and foreclosed homes with qualified buyers who will own and occupy them as their principal residence for a long time. Long-term homeownership is central to the County's NSP 2, as it offers the best means of ensuring viable neighborhoods over a long period of time. This program therefore proposes three major activities:

- 1) *Acquisition, Repair, and Resale* - It will return 400 homes to viability through a program of acquisition, repair, and resale. We have partnered with Home Renewal Systems, LLC (HRS), a subsidiary of Crosswinds Communities, to implement the program. HRS will acquire properties, repair and then resell them to qualified homebuyers. HRS will also ensure compliance with applicable Federal and State law and regulation, marketing the program and securing and qualifying eligible households, and ensuring requisite homebuyer counseling. The County will generally administer, monitor, and audit the program to ensure

that progress meets stated targets and that the program is implemented in compliance with applicable statute and regulation. This use is authorized under eligible use A.

- 2) *Demolition* - Despite the emphasis on restoring properties to viability, the County recognizes that vacant and foreclosed homes pose a threat to sustainable neighborhoods. It will therefore demolish blighted homes that are either dilapidated and beyond repair, or that are deemed to be hazards by municipal government, once the municipality institutes and completes condemnation proceedings under State of Michigan law, and its own codes and ordinances. Once authorized, HRS will demolish the affected properties using qualified demolition contractors and complying with applicable law and regulation. The properties demolished will be used for a designated community purpose such as a neighborhood park or community garden. The exact use cannot be known until specific properties have been identified. This use is authorized under eligible use D.
- 3) *Administration* – The County will reserve funds for program administration, primarily to hire additional staff to audit and monitor implementation and to pay for reasonable administrative costs such as travel and training, developing and implementing management controls and systems, and to pay for related office supplies and expenses. This use is authorized under eligible uses A and D.

The Urban County of Macomb is comprised of 21 communities that participate in its CDBG program. It is not congruent with Macomb County, which has 27 communities. The remaining municipalities directly receive HUD CPD formula program funding and were not therefore considered for inclusion in this application. The Urban County evaluated the level of foreclosure-related distress in each of its census tract areas, using the HUD mapping tool and was surprised to learn how much of its geography qualifies as being distressed by HUD. It decided to target 10 communities and to select the area (census tract) with the highest distress score as determined by the tool, as the focus for this application. All areas fit into the objectives outlined by HUD as will be seen later in the application.

There are several differences between NSP 1 and NSP 2 and these follow:

- 1) The County is directly implementing NSP 1, but will rely on Home Renewal Systems, LLC to do so in NSP 2. Given the large number of special programs operative at this time, it was decided that partnering with an organization which has extensive knowledge and experience in developing and rehabilitating residential property, as well as in-depth knowledge of Federal law and regulation, will allow each partner to focus on what it does best. HRS will therefore implement NSP 2 on behalf of the County, in addition to serving as developer, while the County will focus on general program administration, oversight, monitoring and auditing. This arrangement will allow the application of staff and other resources to maximum effect with as little cost as possible. This will save funds for the intended beneficiaries: the properties, the families that will buy them, and the neighborhoods that will be preserved as a result.
- 2) HRS will acquire and redevelop the properties in NSP 2. This much remains the same with respect to The County's NSP 1. The County does not wish to own or manage property at any time and it has avoided that option.
- 3) The programs authorize different levels of funding for specific projects. In NSP 1, the homebuyer may receive up to a deferred payment loan of up to 49% of the cost of acquiring and rehabilitating the property, for homes valued up to \$226,100. In NSP 2, the funds will be

used to finance the gap, limited to \$35,000 per home, between the developer's costs (including a 15% developer's fee) and the sales price for the property. This arrangement should be economical and result in assistance to more properties and an increased impact on the areas served.

The County and Home Renewal Systems, LLC have executed a binding Development Agreement (see Appendix 2) to implement the NSP 2.

3. Eligible Fund Use: Each of the uses described above, and further elaborated upon below are eligible pursuant to the Funding Notice, and cited in item # 2 above.

4. Income Targeting: The County of Macomb certifies that all NSP 2 beneficiaries will have incomes at or below 120% AMI (LMMH) and, further, that at least 25% of the NSP 2 grant will benefit households with incomes at or below 50% AMI (LMMH), and that it will limit demolition to areas where 51% or more of the residents have incomes at or below 120% AMI (LMMA).

5. Citizen Participation: This application was prepared in conformance with the requirements outlined in Paragraph B, 3, Appendix 1 of the Funding Notice. A public notice appeared in the Macomb Daily on July 2, 2009, and the application was posted at the Macomb County website, www.macombcountymi.gov/MCPED/Documents.html, on the same date. All participating and peer communities were contacted by e-mail, phone, and/or through personal meeting during the development of this application. No comments were received, although useful ideas surfaced through discussion with peer communities.

6. Definitions:

- 1) *Blighted Structure:* A structure is blighted when 1) it has deteriorated to the point where it constitutes a threat to human health, safety, and public welfare (as determined by the municipal building official) and the estimated cost of repair to correct those deficiencies exceeds 50% of the structure's State Equalized Value (SEV), 2) it constitutes a nuisance to the public, or 3) it is structurally and/or functionally obsolete and therefore no longer has a useful purpose.
- 2) *Affordable Rents:* The County's priority is to provide homebuyer assistance. It does not therefore intend to undertake rental projects at this time. If it did, however, the County would adhere to the term "affordable rent" as outlined in HOME Regulation 24CFR 92.252 (a), which limits rents to the lesser of the Fair Market Rents established for the area, or 30% of annual income for households whose incomes do not exceed 65% of Area Median Income.
- 3) *Housing Rehabilitation Standards:* All homes assisted through the NSP will meet FHA housing standards, the State's Residential Building Code as applied to existing residential structures, and municipal ordinance and, when applicable, HQS standards. They will also meet Federal Accessibility standards as contained at 24CFR Part 8 and achieve Energy Star Standards as prescribed in the Funding Notice. Other homes requiring a lesser amount of

repair will also have energy efficiency enhancements applied, but it may not be feasible to achieve the energy star rating.

Macomb County NSP Definitions: The following terms are provided by the County to govern the NSP 2.

- 1) *Macomb Urban County:* The term “Urban County” is defined by CDBG regulation. The Macomb Urban County is comprised of 21 participating jurisdictions, excluding Clinton Township, and the Cities of Roseville, St. Clair Shores, Sterling Heights, and Warren. For purposes of this application and NSP 2 implementation, unless otherwise noted, the terms Macomb County and Macomb Urban County are interchangeable.
- 2) *Macomb County Neighborhood Stabilization 2 Program:* A program to be funded by the U.S. Department of Housing & Urban Development to provide emergency assistance to acquire and redevelop foreclosed or abandoned properties, in high foreclosure distressed areas within the Urban County’s jurisdiction, that might otherwise become sources of abandonment and blight. The County’s NSP 2 will focus on those communities with the highest degree of foreclosure distress.
- 3) *Abandoned Home:* A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, when no mortgage or tax payments have been made by the property owner for at least 90 days, and the property has been vacant for 90 days.
- 4) *Continuing Affordability:* Macomb County will apply a 15-year period of affordability to each property assisted through this program. It will not assist renter households. Implementation of this definition follows:

The County will reimburse the developer for reasonable and legitimate costs incurred to acquire, repair the property (including energy enhancements), deliver services for the project, and reasonable fees and other related project costs. At the time of Mortgage Closing, the County will impose a second mortgage, subordinate to the bank loan, on the property.

This Mortgage will carry no interest and payments will be deferred until Mortgage Default, as defined below, occurs. The Mortgage will be completely forgiven, if the property is owned and occupied by the household as its principal residence for 15 years. It will be repaid in full, however, if the 15 year threshold is not achieved.

- 5) *Current Appraised Market Value (CMAV):* is the value of property reported on a Uniform Residential Appraisal Report. The appraisal must be professionally and objectively performed (and signed and dated) by a Certified Residential Real Estate Appraiser, and be no older than 60 days from the date of a purchase offer for that property. For purposes of mortgage repayment only, if the homeowner does not provide an appraisal, CMAV can be established at an amount equal to two times the current State Equalized Value, as substantiated by property tax records.
- 6) *Development Costs:* The sum of Hard Costs plus Soft Costs.

- 7) *Foreclosed Home*: is a home upon which title for the property has been transferred from the former homeowner under a foreclosure proceeding or transfer in lieu of foreclosure, authorized by, and conducted in accordance with, state law.
- 8) *Hard Costs*: The sum of the Purchase Price and the Rehabilitation Costs, and excluding activity charges and other soft costs, for a property. The maximum of Hard Costs (including private investment) for a home receiving NSP assistance is \$226,100.
- 9) *Mortgage Default*: Mortgage Default occurs when or if...
- the mortgaged property ceases to be the primary residence of one or all of the NSP borrower listed on the Mortgage.
 - the home is rented, sold, or title transferred in any way, or if the borrower fails to pay property taxes in a timely manner, or s/he fails to maintain adequate fire and hazard insurance to cover all outstanding mortgages.
 - the homeowner refinances the mortgaged property and the new mortgage does not meet County standards to allow mortgage subordination to the new mortgage.
- 10) *NSP Mortgage*: A mortgage will be given to an NSP beneficiary to ensure continuing affordability as defined above.
- 11) *Purchase Price*: The amount needed to acquire a home, including reasonable closing costs. The purchase price is limited to an amount at least 1% below Current Market Appraised Value.
- 12) *Rehabilitation Costs*: Amount of costs for repair, plus contingency costs, to make the home decent, safe and habitable (including unforeseen and validated repairs discovered during the course of rehabilitation) and in compliance with the State of Michigan Building Code for Existing
- 13) *Reimbursable Costs*: Are costs paid from NSP 2 for legitimate program purposes. The NSP 2 will reimburse costs equal to the gap (the difference between the developer's cost to acquire and rehabilitate the property, soft costs associated with the project, and the 15% developer's fee, and the sales price to the homebuyer). The amount to be reimbursed may not exceed \$35,000 per property.
- 14) *Soft Costs*: Costs incurred to finance and implement distribution of NSP funds on a particular property. These include, but are not limited to, appraisals, homebuyer counseling, housing inspections, lead based paint inspections and clearances, costs of staff time involved in activity delivery, office expenses, necessary mileage charges, and other costs necessary to the administer and complete a project. These amounts will be financed with NSP funds but will not be charged to the homebuyer and will not require repayment.

7. Demonstrated Organizational Capacity: Both Macomb County and Home Renewal Systems, LLC are capable and experienced.

- Macomb County has planned and administered the CDBG program since 1982, and has administered the Rental Rehabilitation and, later, HOME programs since the 1980's. It has rehabilitated over 1,200 homes, with 100 of those properties repaired since July 2007. Its administration of the CDBG, HOME and ADDI programs has been successful. It has led in creating innovative approaches to housing and community development by streamlining programs and processes, taking the lead role in creating the Macomb HOME Consortium, and developing close working relationships with contractors, sub-recipients, and peer communities. There are no pending audit or monitoring findings at this time.
- Home Renewal Systems, LLC has a long and varied history of housing development and program administration, including over 750 units in the following projects undertaken between May 2007 and the current time:

City of Inkster, Wayne County

Used Wayne County HOME Town Advantage (HOME) Program to acquire 28 foreclosed, abandoned homes, complete renovations of 4 homes, 24 homes currently under renovation, closed three homes with low income buyers, 30 low-income buyers currently in the process of mortgage approval. Time: July, 2008 – April 2009

Romulus, Wayne County

Used Wayne County HOME Town Advantage (HOME) Program to acquire 28 foreclosed to acquire 1 foreclosed, abandoned home in process of rehabilitation. 1 low income buyer in mortgage approval process. Time: March - May 2009

NSP1 – City of Ferndale, Oakland County

1 Million contract awarded April 27, 2009 to acquire, rehabilitate and resell 30 single family residences. Ten homes are under acquisition contract, 27 low- to moderate-income home buyers are in the mortgage approval process, over 60 low to moderate income buyers are wait listed

Annapolis Pointe, City of Inkster, Wayne County

Development Agreement with the City of Inkster to use Community Development Block Grant funds as a source of funding for site work on a new 107 unit single family home project, 36 completed to date, with 23 closed, 3 are sold but not closed. 71 yet to build.

Brush Park 1 - Detroit

Community Development Block Grant funds-site work for 179-unit Town Home project of acquisition, demolition, for new construction and sale. All are complete, 176 have closed, with 3 remaining as models

Terraces on Brush - Detroit

Community Development Block Grant funds-site work for an 8 attached-unit, historic rehabilitation project. Eight units are complete and all have been sold and closed.

Brush Park 2 – Detroit

Community Development Block Grant funds-site work for new 68 unit Town Home project, which involved acquisition, demolition, new construction and sales. Thirty-seven units have closed, 19 are available, and 12 are under construction.

Brush Park 3 – Detroit

Community Development Block Grant funds-site work on a new 232-unit development with 34 Town Homes and 198 Lofts. The project involves acquisition, demolition, new construction and sales.

- For the Town Homes there are 34 new units, 27 complete, 25 closed, 7 under construction and 4 have been sold.
- For the Loft Residences there are 198 new units, with 46 complete and 20 under construction. Thirty-three have closed, 3 are under contract, and 132 have yet to be built.

Jefferson Village - Detroit

Community Development Block Grant funds-site work for a project involving new construction & sales of 171 single-family homes. Of those 124 are complete, 105 have closed, 3 have sold but are not closed, and 47 have yet to be built.

This offers ample evidence of both partners ability to perform the work and manage the project.

8. Geographic Need: The County selected the 10 areas (census tracts) with the highest degree of foreclosure distress within its jurisdiction. Each area has a minimum distress factor rating of 18, but most have scores of 19 or 20, as evinced in the attached foreclosure distress printout. The needs score for the target areas is 19.1. The County’s ID is 329624718.

9. Threshold Submission Requirement: To be determined by HUD upon review. Macomb County and its Partner, Home Renewal Systems, LLC both have the capacity to undertake the proposed program. Either and or both have completed more than 75 units for each activity proposed in this application: 1) housing acquisition, repair, and resale, and 2) demolition. Both organizations have the requisite administrative and management capacity to successfully complete the NSP 2. More detail can be found in Selection Factor 2.

10. Other Requirements: Macomb County has addressed, and submitted, all requirements, including an executed copy of the required Appendix 4 Certification of the Funding Notice.

PART 2, NARRATIVE STAEMENTS

Selection Factor #1 – Need and Extent of Problem

Sub-Factor 1, A

The Macomb Urban County is comprised of 21 of 27 units of general local government in the County of Macomb, Michigan, and has one of the highest foreclosure rates in the nation. Two factors have contributed to this unfortunate reality:

1. Tectonic shifts in the global economy, and particularly in heavy manufacturing, have hit Southeast Michigan hard, and have materially weakened Macomb County's employment base. Many households (engineers and advertising, accounting, entertainment professionals, and persons working in other tertiary businesses) as well as assembly line workers once held well-paying manufacturing, or manufacturing-dependent, jobs. Many of these households also had two wage-earners who earned high salaries, and may have augmented their incomes with overtime pay. This all added to very comfortable incomes, and an extremely high standard of living in the region. That is until the economy began to soften. Many of middle- and even upper-middle-income families saw their incomes decline and their lifestyles erode. Some have lost their jobs entirely and have little hope for gainful employment. As a result, many have lost their homes and others are at risk of doing so.
2. The County was also plagued by the lending practices leading to the financial meltdown last fall. Many families who bought homes found, especially as the economy deteriorated, it difficult to maintain their mortgage payments. Others purchased homes with sub-prime mortgages, and became unable to maintain their payments as the terms changed.

There are 60 census tracts in the Urban County. Of these, 39 census tracts in 10 communities, or 65% of the universe, show HUD foreclosure-distress scores of 18 to 20 and were identified as potential NSP2 treatment areas. In order to focus resources, the County will use NSP 2 funds in one census tract in each community. These are identified in Attachment A.

The State of Michigan, in May, recorded the nation's highest unemployment, at 14.1%. This is the highest unemployment rate recorded in 25 years. More can be expected as a result of restructuring within the automotive industry. As can be seen from the following data for May 2009, Macomb County, bears a disproportionate share of this impact:

Entity	May 2009 Unemployment
Macomb County	14.5%
National Average	08.9%
Michigan Average	14.1%

**Sources: Michigan Dpt. Of Career Development/Employment Service Agency
U.S. Department of Labor, Bureau of Labor Statistics**

Selection Factor 1, B – Market Conditions and Demand Factors

Sub-factor #1 – Market Absorption: Population growth projections prepared by the Southeast Michigan Council of Governments (SEMCOG) show a 33,688 increase in population for the entire County, from 829,547 in 2005 to 863,235 in 2015. Roughly half of this growth, or 16,844 residents, is attributable to communities in the Urban County, over 10 years and 1,684 annually. Projecting the annual increase into 2012, (1,684 x 7 years) there will be 11,788 more Urban County residents. With an average household size of 2.41, an estimated 4,891 housing units could be absorbed in this area over the next 36 months, slightly over 136 units per month.

Population in-migration must be weighed against employment trends and one finds that, despite a drop in employment between 2005 and 2015, and even with projected severe declines in heavy manufacturing, there are growth sectors, evinced by the following data:

Employment by Sector	Macomb County		
	2005	2010	2015
Total Employment:	380,964	374,561	379,326
Employment in Growth Sectors			
Professional, Scientific, & Technical Services:	33,023	36,990	37,671
Administrative	31,418	32,876	35,435
Education Services:	25,712	26,074	26,685
Health Care & Social Assistance:	37,117	43,853	50,698
Leisure & Hospitality:	32,964	34,611	35,908
Anticipated Employment Growth- Sectors	160,234	174,404	186,397

Source: May 2009 SEMCOG Regional Forecast Report

This data does not account for the uncertainties surrounding automotive restructuring. For example during the week of June 22, 2009, General Motors announced the layoff of an additional 4,000 white-collar jobs, and another 4,000 anticipated white-collar layoffs on July 10. Many of these jobs are located in the Region and in Macomb County. On June 26, however, General Electric announced the transfer of advanced technology development research to neighboring Wayne County, and GM selected its Orion Township Assembly Plant to build a new small vehicle. These announcements will bring or maintain 2,600 well-paying jobs in the area. Although there is a net loss of 1,600 jobs in one week, the GE and GM actions ensure continued economic activity into the future. It is likely that some of these employees will choose to, or already, reside in Macomb County. Other employers will also choose to locate in the area, albeit on a smaller scale. There will therefore be some market absorption of available units, but it will most likely be insufficient to absorb all available units. A housing surplus challenge will therefore exist into the near and intermediate future.

In order to calculate the absorption rate, the number of buyers must be considered against the number of available units (foreclosed properties). There were 2847 foreclosures (defined as Sheriff's Sales) in the Urban County in 2008. Conservatively assuming that 80% went unredeemed, 2278 properties were taken back by the lender and are now vacant, or were purchased by another party. Of those, 2,014 properties are found within the 10 areas targeted in this application for treatment.

Sub-factor 1B, #2 – Over-Building, Over-Evaluation, and Employment Loss: The University of Michigan 2010 RSQE Forecast estimates that the State of Michigan will have lost over 950,000 jobs between 2000 and 2010. This is almost 20% of the State's total workforce in 2000. Extrapolations made using Bureau of Labor Statistics data reveal that 60%, or 574,354 of these jobs were located in Metropolitan Detroit and, of those, many were in Macomb County. Although the County was not overbuilt for the pre-crash era, the actual and impending losses of large numbers of jobs may lead to significant population out-migration to other regions of the country. Residential out-migration may, retroactively, therefore make this statement true. The number of vacant, available homes, as just indicated, is likely to grow due to an anemic economy. This threatens our communities and our way of life, if not addressed. Effective strategies must therefore be found.

Sub-factor 1B, #3 – Income Characteristics and Extent of Housing Cost Burden: The following data is taken from the County’s 2009 Consolidated Plan, in itself based on 2000 Census data, which remains official. It is reasonable to assume, however, that the needs identified have increased since the economic crash and the foreclosure crisis emerged. There were 222,741 resident households in the Consortium’s jurisdiction. Of these 49,264 rent and 173,477 own. Of the total, 77,259 households, slightly over 1 in 3, have incomes \leq 80% MFI, and could require some form of housing assistance.

Tenure/Type HH	Total #	% of Tenure Total	% Substandard Housing	% Cost Burdened	% Severely Cost Burdened
ELI Renter	9,228	20.1%	70%	67%	50%
LI Renter	7,646	15.5%	65%	62%	15%
Mod Income Renter	11,655	23.7%	23%	20%	2%
Mid Income Renter	20,035	40.7%	N/A	N/A	N/A
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ELI Owner	8,985	5.1%	72%	75%	55%
LI Owner	12,029	6.9%	< 50%	< 50%	<25%
Mod Income Owner	26,016	15.0%	33%	33%	7%
Mid Income Owner	126,357	73.0%	N/A	N/A	N/A

**Source: 2006 Macomb County Consolidated Plan, updated 2009
Taken from 2000 Census and HUD CHAS data**

Although the data are almost 10 years old, they still provide a valuable indication of housing need. Although incomes have declined or, in some cases, disappeared, there are families who need and want housing, and are positioned to obtain it at today’s reduced prices. They can be found across income levels, and are willing to buy at all price ranges. Owners already own homes, but there are numbers of renters who could buy housing in the right circumstances. Renters constitute the County’s NSP target market .

Sub-factor 1B, #4 – Other Relevant Factors Contributing to Foreclosures in Macomb County:

a. Social and demographic change: Macomb County has historically been rather homogenous in a racial sense. This is changing as the County is rapidly becoming more diverse. As recently as 1990, minorities of any type comprised only 3% of all County residents. By 2000 that figure more than doubled, to 7%, and further growth is expected¹. The 2010 census will undoubtedly show further and significant growth in the minority population. Increases have also occurred within distinctive ethnic groups as well, with noticeable numbers of Arabic and Albanian residents in areas of the County. Two discernable trends deserve mention:

- The number of minority residents is spreading across the entire County. African-, Asian-, and Hispanic-Americans can be found in virtually all communities, including upper-end

¹ Source, Macomb County Consolidated Plan for 2009-2013, p. 13.

developments in the mid- and northern-sections of the County. This trend bodes well for the future. These very areas, however, are threatened due to the large number of home foreclosures resulting from declining family incomes. There are, for example, large numbers of homes that sold for \$400,000 or \$500,000 in the pre-crash era that now sell for half that amount. There are too few buyers for them. There are, moreover, significant numbers of properties in various stages of development, which are delayed, or may never be completed, due to a lack of demand. Although this outcome was unplanned, such developments now blight their communities.

- There is a significant influx of minority (principally African-American) residents into the older communities bordering the City of Detroit. The affected communities are mature, with development dating from the 1930's, but most from immediate post-war period. Housing conditions in these communities vary considerably, with large and well-constructed housing juxtaposed with smaller, more modest housing created for blue-collar employees. The latter units may be considered functionally obsolete and present a sales challenge even in a better economic climate.

Evaporating employment opportunities have resulted in decreased demand for units in these communities, particularly those deemed to be functionally obsolete, and less desirable to the buying public. Prices have plunged and properties have been purchased by investors for use as rental units, or have been purchased by families that may lack the means of maintaining them. This has resulted in challenges in maintaining neighborhood viability for the host communities. Other long-time residents may find it in their interest to move, compounding the problem. This stresses the community and destabilizes the neighborhood.

b. Effects on Government: Government has been harmed in several ways; through long-term trends that pre-date the current crisis, and through the fallout of the current economic and foreclosure crises. Combined these factors have eroded the tax base and, with it, the government's ability to function effectively. The following chart documents significant decreases in State Equalized Value between 2007 and 2008. Lesser property values mean less tax income for communities and decreased ability to provide essential services.

Percent change in SEV, 2007-2008 Residential Property Macomb County Target Communities				
Community	2007	2008	Change	Percent Change
Centerline	155,052,560	139,756,544	-15,296,016	-2.4
Chesterfield	1,566,259,968	1,469,874,944	-96,385,024	-6.4
Eastpointe	787,756,288	732,715,968	-55,040,320	-1.3
Harrison	1,061,471,616	1,029,639,616	-31,832,000	-7.2
Mt. clemens	353,513,792	339,222,528	-14,291,264	-4.3
Macomb Twp.	3,438,491,904	3,291,351,040	-147,140,864	-6.6
New Balt	456,304,832	410,688,832	-45,616,000	-6.6
New Haven	228,037,920	221,313,088	-6,724,832	-6.6
Shelby	3,222,014,976	2,992,796,672	-229,218,304	-6.6
Wash Twp.	1,264,479,360	1,218,434,176	-46,045,184	-6.6
Total	12,533,383,216	11,845,793,408	-687,589,808	-5.49%

Long term, a cycle of growth, maturity, and decline is at play throughout the country. It is particularly evident in metropolitan Detroit. In it, communities develop rapidly with an influx of housing and businesses. This period is followed by a period of maturity and equilibrium, where the community is fully developed and there is balance between the public and private sectors, with residents and businesses benefiting from good services and local government, which is fully supported by tax revenues. Gradually, however, the buildings and infrastructure begin to age and private investors begin to see better opportunities elsewhere. Prices and tax revenues begin to fall, while service demands begin to increase. The local government finds it more difficult to provide services and begins to adjust accordingly. This accelerates movement away from the community and economic decline becomes apparent. This pattern has been repeated throughout the region, and signs are increasingly evident in several Macomb County communities. We intend to address this problem.

The recent and continuing economic dislocation and financial meltdown has accelerated this phenomenon in newer and more affluent communities, which were, until 2 years ago, booming. Prices have declined, and the affected (new) communities are, in effect, experiencing premature aging. At best this will be temporary; worse, a protracted condition; and, worst, permanent.

Sub-factor 1, #5 – Description of NSP Activities to Stabilize the Target Geography: The County proposes, through its for-profit development partner, Home Renewal Systems, Inc. (HRS), a subsidiary of Crosswinds Communities, to acquire and rehabilitate 400 homes in 10 high-foreclosure census tract areas within 11 foreclosure distressed areas. The areas had a total of 794 foreclosed homes in 2008. The return of 400 foreclosed homes into productive use would be a 70 % overall improvement in the target areas. This would materially improve both the extent of foreclosure and will encourage others to buy homes, thereby furthering the extent of improvement. HRS has successfully re-created value in urban (City of Detroit) by redeveloping vacant, unused property into new housing; and in suburban neighborhoods (Clinton Township, Inkster, and Royal Oak to name a few) by building new or by purchasing and redeveloping large numbers of housing units.

HRS seeks to create the mass necessary to change public perceptions of an area and promote a willingness to buy. It starts with a locus (a school, church or, when applicable, an area within walking distance of the central business district or neighborhood shopping area) and buys properties within that locus. It then renovates the homes and makes them energy-star rated. This creates the critical mass necessary to enhance neighborhood stability, and raise prices.

Home Renewal Systems will initially use its own resources as seed money, to facilitate the redevelopment of properties, and will recapture those funds through the subsequent draws through the County's NSP. The NSP 2 will therefore fill the gap between project cost and sales price. The Urban County of Macomb will use NSP 2 to implement this program of acquisition and rehabilitation of abandoned and foreclosed homes; demolition of dilapidated properties; housing counseling and administrative costs. The program emphasizes homebuyers who do not currently own their home and will live in a NSP 2-assisted unit as their primary residence. A more detailed activity description and budget is found in Selection Factor #3 below.

Although the target geographies are not contiguous, all would substantially benefit from the concentration of private and NSP 2 resources brought to bear on the problem. Even in a severely depressed economy there is a sufficient number of homebuyers to reach the performance target, which, in turn, would improve the overall quality of life in each.

Rating Factor 2 – Demonstrated Capacity of Applicant and Relevant Organizational Staff

Sub-factor 2A, Past Experience:

Macomb County has successfully administered housing and community development programs since 1982 and has expertise necessary for success in the NSP 2.

Home Renewal Systems, LLC was formed to address the needs of communities threatened by destabilization from excessive home foreclosures. Its principal has more than five decades of building, rehabilitation and development experience within urban areas and communities throughout Southeast Michigan and numerous states across the country. Responsible for building over 1,500 residential units within the City of Detroit and over 15,000 housing units in the State of Michigan, the Home Renewal Systems team offers the highest level of expertise in housing construction and understanding of homeowner needs.

1. City and Regional Planning: The County has highly competent and experienced planners, and, with them, a finely honed planning function. Under State law, the County cannot directly engage in community planning. It can, however, assist communities by preparing studies, model ordinances, and implementation policies, which are then forwarded for community consideration and adoption. Macomb County for example...

- recently completed a study of the needs of the County's rapidly increasing elderly population, identifying aging trends, needs and proposing building and zoning enhancements to enable senior residents to remain in their homes, independent of help, for longer periods of time than would otherwise be possible.
- became active in international economic development and saw a need, and an opportunity, to promote awareness of racial and cultural diversity as a business development tool. Its planners prepared a series of brochures focusing on the distinctive racial and ethnic groups in the County to promote the benefits of diversity by providing insights into cross-cultural interaction as a way to enhance intercultural cooperation.
- is also a long-time and active member of SEMCOG. Several County Commissioners have recently served as SEMCOG officers and committee heads.
- regularly attends, and contributes to, SEMCOG initiatives, such as the Gratiot Avenue Traffic Access Revitalization project, and promoting improvements to GIS foreclosure data and mapping capabilities.
- has also contributed to quality of life projects including the expansion of regional non-motorized trails, air and water quality maintenance and improvements, and long-term transportation planning.

2. Acquisition/Disposition of Foreclosed Property: The County, as a matter of policy, does not take property for non-payment of taxes, if owned by a family. It has however, sold several abandoned tax-foreclosed properties to municipalities for back taxes, in accordance with State of

Michigan law. Some will be demolished under NSP 1 and, if this proposal is approved, NSP 2 in order to remove public nuisances and threats to public health and safety.

Home Renewal Systems team has:

- worked with the City of Inkster, and has acquired over 30 homes which have been restored or are in the process of restoration, and are currently moving-in new, low to moderate income families, into these newly rehabilitated and Energy Star efficient homes. Three have been sold to qualified buyers, and 30 other families are in process.
- Used Wayne County's HOMEtown Advantage (HOME) Program grants as well as home counseling programs, to the benefit of the City of Inkster and its new homeowners.
- has been active in NSP 1, working with the City of Ferndale in Oakland County. In just eight weeks, 14 homes have been purchased and are being readied for repair.

Details can be found in the threshold narrative on pp. 5-7 of this application.

3. Housing Rehabilitation: Macomb County has substantially rehabilitated homes, making them decent, safe, and sanitary since 1982. Over the past 24 months, it has substantially rehabilitated 100 homes, and has undertaken partial repairs to address emergency situations with CDBG funds in 10 others to help families in extreme need. HRS has, as already mentioned, tackled aging, deteriorating, and abandoned homes in several suburban communities and returned them (and their neighborhoods) to viability.

4. Redevelopment of Vacant Property: HRS is a pioneer (re) developer in the City of Detroit, constructing more than 750 row houses and condominiums in the immediate downtown area; the first such activity in decades. It acted when others said that it would be suicidal to do so. Its' first developments were extremely successful, and although the last project completed, a large condominium development was completed just before the housing market collapsed, sales are still occurring, with 8 units sold in June alone. This success has led to similar activity in Inkster, Clinton Township and Royal Oak. Each development enhances its respective community.

5. Program Marketing and Management of Waiting Lists: The County has marketed its housing rehabilitation, ADDI, and now NSP 1 programs with targeted marketing strategies, using its own resources, including the internet and relying on our municipal partners to distribute promotional materials, the news media and, on occasion, marketing agencies. As a result, more than 1,200 families have benefited from housing repairs, motivated homebuyers have been assisted through ADDI, and there has been a rush to participate in NSP 1. In fact, there were more than 200 applicants two weeks after NSP 1 launch, with additional applications received every day.

High demand has generated a waiting list, particularly in NSP 1 that requires careful monitoring and attention so that all applicants receive fair and equitable treatment. Applications were (and are) numbered in order of receipt, and each is reviewed in the order received. Modifications have occurred as necessary to speed implementation, but each change has retained the elements of fairness and equity necessary to engender and maintain public trust.

Affirmative Marketing: HRS will use its expertise to market the program in the following ways:

- through extensive outreach to area churches, schools, and social service organizations offering educational materials and seminars on homeownership opportunities. These

organizations have grassroots contacts within their respective communities and they will be a primary vehicle to reach populations which might not otherwise be inclined to apply for, or benefit from, the NSP 2.

- through more traditional media outlets and will also distribute information to municipal offices and other public buildings such as libraries.
- through public appearances at community events and public service announcements.

County staff will also promote the program at community conferences and meetings.

6. *Accessing Operating and Investment Capital:* HRS has obtained a line of credit worth \$1,000,000 for the NSP. This funding is firmly committed and is available for use upon approval. It should be noted that the developer will use a \$1,000,000 line of credit as a revolving fund to start projects and, upon sale, receive repayment which will make additional capital available for new projects. The letter committing these funds can be found in Attachment B.

7. *Working Productively with Other Organizations:* Both partners in this venture attribute their success to an ability to forge effective and long-standing partnerships.

- In 2006, the County initiated, and led, in creating the Macomb HOME Consortium, which has successfully initiated several projects that would not have been possible but for its existence. These include a transitional housing facility, providing affordable rental housing for developmentally-disabled persons, and new housing in partnership with Habitat for Humanity. Each project is a successful example of partnership with like-minded organizations for mutual benefit. Each, moreover, is an “eyes-open” business transaction that restricts participation to activities which help both parties, e.g. each sub-recipient has received HOME funding, but only after they proved 1) capability to efficiently and successfully complete the project and, 2) to provide the HOME Match that allows the Consortium to further its’ affordable housing objectives.
- The County administers its CDBG program in partnership with 21 communities, and has established effective working relationships with each community, with the result that several innovative projects have been undertaken. The degree of mutual trust is such that there is virtually no negative feedback when unpopular administrative actions occur.
- The County has collaborated with the United Way for Southeast Michigan in several projects. Two County (and one Consortium member) staff reviewed applications implementing the United Way’s Agenda for Change; and United Way staff reviewed CDBG applications from private non-profit applicants seeking CDBG service funding. We hope to expand the collaboration and use data to make improved funding decisions based on shared considerations.
- The MCPED Community Development and Business Counseling and Development functions have collaborated time and time again, providing technical assistance to nascent non-profit organizations, helping them to develop the requisite expertise to effectively operate, and then, to obtain CDBG and/or HOME funding. This model applied in creating the previously mentioned transitional housing, helping agencies serving the homeless, and agencies providing other services to low-income and special needs populations.
- This application is a partnership between Macomb County and a private, for-profit entity, Home Renewal Systems, Inc. We hope that it can be expanded and mutually beneficial in the future.

Key Staff and Their Roles - MCPED:

Stephen Cassin – DPED Executive Director, directs and administers all MCPED functions, and ensures an appropriate allocation of staff and other resources necessary to implement the program. He will provide general oversight and management direction in the NSP 2.


Michael Rozny – Manager of Community Development, developed the NSP 2 program with our for-profit partner. He will provide administrative oversight for the NSP 2 on behalf of Macomb County, by ensuring the creation and implementation of management systems and controls, and by obtaining additional staff to directly monitor and audit the program’s implementation.

Staff to be Named – Internal Audit and Management for NSP 2 – A significant portion of the administrative budget will be used to obtain additional auditing and monitoring capacity on a continuing basis to ensure appropriate and compliant implementation. Additionally, HRS has developed transparent financial and management control systems to increase the effectiveness, and enhance the County’s ability to monitor, this function.

Staff TBD, or Karen Hengehold [Associate Planner] - account for and manage financial duties for Community Development programs, including NSP 2. Ms. Hengehold has developed excellent internal management systems and controls to ensure timely and accurate accounting. She also commits funds for the program and makes draw requests under IDIS and DRGR, depending on the program. The County will add staff for this purpose if NSP 2 is approved.

Jennifer Belch – Senior Accounts Clerk, serves as the intermediary between Federal draw requests and the County’s Financial Department, and maintains documentation of all draws made and checks issued by the County. She will continue to serve in this capacity with NSP 2.

Home Renewal Systems, LLC,

 <p>HOME RENEWAL SYSTEMS LLC</p> <p>ORGANIZATIONAL CHART</p>											
	<table border="1"> <tr> <td colspan="3" style="text-align: center;">General Manager Bernard Gliberman</td> </tr> </table>			General Manager Bernard Gliberman							
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Environmental Insp. & Remediator											
Home Counseling Agencies											

Key Staff and Their Roles HRS:

Bernard Glieberman, General Manager, Home Renewal Systems, LLC – is the lead person in HRS to seek private equity sources for acquisition and rehabilitation of vacant homes. He also works with national representatives to improve and refine critical housing programs. He will provide general oversight and direction pertaining to HRS operations in NSP 2.

Larry Wilkinson, Vice President, Program Development, HRS, LLC - Mr. Wilkinson directs and coordinates the home acquisition and rehabilitation process. He interprets housing law and program regulations for staff and partner organizations, thereby ensuring effective and compliant program implementation. He will serve as the direct point of contact with Macomb County during the time of program implementation.

Bernard Ackerman, Director of Acquisitions, HRS – LLC – Mr. Ackerman identifies subject homes for acquisition within the identified census tracts, and completes all acquisition action steps including the initial rehabilitation checklist and estimated budget. He also schedules requisite environmental reviews and inspections, including filing document with the State’s Office of Historic Preservation. He will fulfill these functions for the Macomb County NSP 2.

Pete Davey, Project Manager, HRS – LLC – Mr. Davey supervises all construction activities including environmental inspections and (as applicable) remediation, tear outs, general construction; and superintends skilled trades and city inspections, homebuyer orientation, and warranty service calls. He will continue to serve in this capacity for the County’s NSP 2.

Colleen Bellars, Controller, HRS – LLC – Ms. Bellars is responsible for the construction bid process, trade contracts, the invoice payment system, and the management of all financial records on the project which are tracked through a sophisticated software system, that allows for complete auditing and tracking. She will serve in this capacity for the County’s NSP 2.

Cathy Doig, Sales and Marketing Director, HRS – LLC – Ms. Doig plans and executes all marketing activities, including outreach to income eligible, and otherwise qualified, buyers. Marketing efforts include community outreach through churches, social organizations, and municipal offices through printed literature, signage and informational seminars. Extended marketing efforts are conducted through the company’s website: www.homkerenewalmi.com/, signage, press releases, and advertisements in local media. She will continue to serve in this capacity for the County’s NSP 2.

Shannon Morgan, NSP Sales Manager, HRS – LLC – Ms. Morgan supervises a team of new home specialists who identify potentially eligible low- and moderate-income homebuyers, offer them a selection of homes that meet their needs and price ranges (based on family size and income), directs these households to home buyer counseling offered by qualified HUD-approved counseling agencies, thereby preparing each for homeownership. Ms. Morgan is also responsible for maintaining all required homebuyer forms and documentation, and for the storage of such in a locked and secure office. She will continue to serve in this capacity for the County’s NSP 2.

Terri Desselles, Mortgage Specialist, HRS – LLC – Ms. Desselles assists each homebuyer to identify stable and affordable mortgage programs, directs the homebuyer to reputable credit counseling services as needed, and assists the homebuyer in preparing for the mortgage process. In addition, Ms. Desselles assists homebuyers with their application for available non-NSP homebuyer assistance, mostly available through local, state and federal programs. She will continue to serve in this capacity for the County’s NSP 2.

Mary Jo Morgan, Closings Manager, HRS – LLC – Ms. Morgan uses a well-developed processing and control systems to track and document each home, from acquisition through closing with the new homeowner; she coordinates all necessary paperwork, and actions with the title company and mortgage lenders to ensure loan closing and a positive experience for the homebuyer. She will continue to serve in this capacity for the County’s NSP 2.

References for Home Renewal Systems, LLC:

NSP 1 Pilot Program – Habitat for Humanity
Dr. Ken Benson, CEO, Habitat for Humanity of Michigan
618 Creyts, Suite C
Lansing, MI 48917 ph: 517/485/1006 x 17, cell 517/819/7511,
e-mail: kbensen@habitatmichigan.org

NSP 1 City of Ferndale, Oakland County
Ms. Marsha Scheer, Community Development Director
City of Ferndale
300 E. Nine Mile Rd.
Ferndale, MI 48220 ph: 248/546/2366

Selection Factor #3 – Soundness of Approach

Sub-Factor 3A, Proposed Activities: As previously indicated, metropolitan Detroit and Macomb County, can be described as the epicenter of massive economic dislocation and foreclosure crises that are also affecting other areas of the nation. Virtually nowhere, however, is either as severe as in Southeast Michigan, where foreclosure rates and potentially long-term economic dislocation (and structural unemployment) cloud the future. This is a veritable perfect storm of economic malaise and decline, and it is unique to Southeast Michigan. NSP 2 funding could substantially alleviate these crises.

Sub-Factor 3A, 1: Our NSP 2 proposal would significantly reduce problems stemming from foreclosure and abandonment in each area identified. As mentioned on p.4, Selection Factor #1 B, Sub-Factor 5, the County expects to obtain a 69% reduction in the number of vacant and foreclosed properties within the target geographies. The proposal, moreover, builds on NSP 1, which focuses on three communities identified in this application. NSP 2 will therefore expand the reach and effectiveness of foreclosure mitigation effort in these three communities. Data on a community-by-community basis should highlight the nature of the challenge and identify expectations resulting from program implementation.

Evaluation of NSP on Target Geographies

Community	Census Tract	# F/C Homes²	NSP 2 Target	Demo-Target	Total Impact Number /%³	
Center Line	2680	58	40	15	55	95
Chesterfield	2221	110	40	15	55	50
Eastpointe	2584	229	40	15	55	24%
Harrison Twp	2472	49	40	15	55	> 100%
Lenox/New Haven	2180	45	40	15	55	> 100%
Macomb Twp	2238	55	40	15	55	100%
Mt. Clemens	2453	65	40	15	55	85%
New Baltimore	2200	92	40	15	55	71%
Shelby Twp	2254	35	40	15	55	> 100%
Washington Twp	2152	56	40	15	55	98%
Totals		794	400	150	550	69%

Sub-Factor 3A, 2, Uses of Funds and Firm Commitments:

This proposal, as indicated, builds upon the basic design of NSP 1, but with a significantly modified method of delivery. The County directly administers NSP 1, with County staff managing the program, assisted by professional contractors. This will change in NSP 2 with major program components directly implemented by HRS. The County will provide general administrative oversight, with significant additional monitoring and audit responsibilities. A detailed description of the program activities, and a detailed budget follow. The required funds are firmly committed. See Development Agreement and Letter of Commitment, Appendix B.

2a. Uses of Funds: NSP 2 Budget

Activity	Budgeted Amount	Performance Indicators	Responsible Entity	Eligibility Reference
Acquisition & Rehabilitation	\$14,000,000.00	400 Homes ⁴	HRS.	A
Demolition	\$1,000,000.00	150 Structures ⁵	HRS	D
Program Administration	\$785,000.00	Well-Executed Program	County	B,D
Budget Totals	\$15,785,000.00			

Houses are selling in Macomb County. Indeed, our experience with NSP 1 reveals that interested parties can compete for select properties, particularly those in central and northern parts of the County, thereby driving up the prices. Given the NSP discount restrictions, qualified NSP buyers lose out. We do not know, however, who the successful buyers are, but assumed

² Number of sheriff’s deeds in 2008, prorated by population in Census Tract compared with community as a whole.

³ Number is total of purchases and demolitions divided by # foreclosed homes.

⁴ Costs projected @ average \$35,000 gap financing, including net 15% developer’s fee.

⁵ Costs projected @ \$6,000 with the budget residual paying for activity delivery charges.

that cash sales transactions are likely to represent investors, who have available cash to buy properties and use them for rental purposes. The results were startling.

Year to date sales data was obtained for 9 of the 10 NSP 2 target communities [Center Line, Eastpointe, Harrison Township, Mt. Clemens, New Baltimore, New Haven, Macomb Township, Shelby Township, and Washington Township], and evaluated. It shows an extremely strong correlation between low sales price and cash sales. As prices increase cash sales decline. It was observed that lower cost communities were hardest hit by cash sales, although no community and, indeed, no price range went unaffected. At some levels and in some communities well over 90% of the sales went for cash. Many, even most, are investor purchases for rental purposes.

It is critical that the owner care for the property over time, and that s/he be invested in the community. Families purchasing to own and occupy the property as their primary residence are more likely to do this, and it is important that they are the ultimate purchasers. Purchase by investors for speculative purposes, on the other hand, can lead in some instances, to lower levels of commitment and maintenance, and can therefore consequently contribute to neighborhood instability and, ultimately, further deterioration. The County therefore finds it beneficial to support the purchase of homes by single-buyer households.

This proposal would save 400 foreclosed and abandoned homes, and, as demonstrated on the preceding page, would have a significant impact on the targeted geographic areas. Approval and implementation of NSP 2 will therefore promote long-term community viability. The effect, particularly if the NSP forestalls large numbers to investors, could be profound.

2b. Narrative of Proposed Activities: The program would include the following activities:

Activity #1, Acquisition / Rehabilitation of Abandoned / Foreclosed Housing, Eligible Use A

National Objective: LMMI, with minimum 25% of Grant to benefit \leq 50% AMI

Responsible Organization: Home Renewal Systems, Inc., 41050 Vincente Court, Novi, MI 48375, Larry Wilkinson, Vice-President for Development.

Projected Start Date: Within 3 months of grant approval.

Projected Completion Date: Within 3 years of grant approval.

Activity Description: The developer will buy and rehabilitate abandoned and foreclosed homes with its own resources and use NSP 2 funds as gap financing between its investment and the property's sales price to the homebuyer. These costs would include a 15% developer's fee. The developer's duties would include:

- inspecting properties and repairing them to applicable code⁶ and energy star standards,

⁶ The properties will comply with FHA, municipal, and the State's Building Code, the latter as applied to existing residential properties.

- coordinating with municipal inspectors during repair,
- developing marketing strategy and materials and then implementing that strategy,
- applicant in-take, screening and qualification,
- ensuring that at least 25% of the NSP 2 grant benefits households \leq 50% AMI,
- arranging homebuyer counseling through HUD-approved counseling agencies,
- helping the homebuyer obtain a mortgage through a private lender and closing the loan,
- maintain all program and project documents required by HUD and have them ready for inspection by County, HUD, independent auditors, and the general public,
- ensure compliance with Federal law and regulation, and with other Program requirements, including Davis Bacon, NEPA, Fair Housing and Equal Opportunity, and Section 3. The following specifics will apply to the NSP 2.

Potential homebuyers, once determined eligible, must obtain private financing consistent with their ability to borrow and the home's appraised value. They will identify the property from among those held and repaired by the developer.

The lender evaluates the homebuyer's credit-worthiness and, once pre-approved for a mortgage, the homebuyer will complete 8 hours of homebuyer counseling from a HUD-approved counseling agency. The loan must carry a fixed rate of interest, at or near the best available conventional rate, and could include FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years. The HUD-approved counseling agency is also expected to provide the homebuyer initial guidance concerning his/her credit-worthiness. No home receiving NSP assistance may cost more than \$226,100.

Additional Costs: The activity would also provide for homebuyer counseling and incidental activity delivery charges that may be incurred by the County.

Tenure of beneficiaries: NSP 2 will promote homeownership, and is therefore limited to households that do not own homes and intend, after purchase, to own and occupy their homes as their primary residence indefinitely. The County does not intend to assist renter households with NSP 2 funding.

Financing Terms: The NSP will provide a no-interest, deferred payment loan, which may not exceed the lesser of \$35,000 or the gap financing, as defined previously, required to make an affordable and sustainable mortgage for the homebuyer.

Loan Duration, and Terms: NSP 2 assistance would be a zero interest, deferred payment loan, secured by a second and subordinate mortgage on the property, and payable to the County of Macomb. In order to ensure continuing affordability, the NSP 2 loan would remain in effect for 15 years until the home is sold or no longer occupied by the homebuyer, with the loan repaid from sales proceeds. The loan would be completely forgiven if the household owns and occupies the property as its primary residence for 15 years.

Program Income: Any proceeds would be program income and re-used for other eligible activities.

Activity # 2: Property Demolition NSP Eligible Use (D), CDBG Regulations 570.201 (d)

National Objective: LMMA – Limited to target areas with 51%+ population \leq 120% AMI.

Projected Start Date: Three months after execution of grant agreement with HUD.

Projected End Date: Three years after execution of grant agreement with HUD.

Responsible Organization: Home Renewal Systems, Inc., 41050 Vincente Court, Novi, MI 48375, Larry Wilkinson, Vice-President for Development.

Location Description: It is too early to provide specific addresses, but demolition is restricted to blighted properties whose rehabilitation and resale is not financially feasible, and blighted properties deemed to be public nuisances and/or health hazards by their municipal government. Such properties must be located within the qualified target geographical areas listed above.

Activity Description: The County expects that some vacant and abandoned housing units will be dilapidated and beyond repair, and require intervention to preserve public safety and/or neighborhood integrity, under state law and/or local ordinance, and which will be demolished under local dangerous building procedures. Consultation and cooperation with municipal authorities, is therefore essential. The estimated cost of demolition is \$6,000 per unit. Activity delivery charges have also been identified. The properties will be re-used for a community purpose based on the characteristics of the properties acquired.

Tenure of beneficiaries- The properties to be demolished could be any nuisance and/or hazardous structure contributing to blight and neighborhood instability.

Duration or term of assistance; This activity will be implemented under contract with private companies. It also includes ancillary activity delivery costs by administrative staff. No repayment will be required. Program income is neither expected nor projected.

Continued affordability. The activity will not ensure continuing affordability, but will stabilize and enhance the quality of life for neighborhood residents.

<i>2a. Budget:</i>	NSP	PRIVATE
Demolition of Blighted Properties	\$1,000,000	\$0.00

Performance Measures: Number of Units to be demolished: 150

Activity 3: Program Planning & Administration, NSP Uses, B & D, CDBG Rule 570.206

National Objective: Presumed Benefit

Projected Start Date: Within 3 Months of Grant Award

Projected End Date: Within 3 Years of Grant Award

Responsible Organization: Macomb County, One S. Main St., Mt. Clemens MI, 48043, Michael Rozny, Manager of Community Development

Activity Description: Funds will be used to pay reasonable costs incurred to implement and monitoring program implementation, and otherwise ensure that program objectives are achieved in an efficient and compliant manner. If approved, the County will be required to add at least one staff and contractors on an as-needed basis to monitor the program, submit required reports to HUD and the County Board of Commissioners, and report to the public. Administrative funds will also be incurred for travel, mileage and other reasonable office-related expenses.

Tenure of beneficiaries: Not Applicable

Duration or term of assistance: Not applicable

How Activity Affects Continued Affordability: This activity is not directly applicable, although it is essential to have additional trained, competent staff to ensure effective program auditing and monitoring, and to pay for other reasonable administrative expenses. This will ensure compliant and effective program implementation, and attainment of program objectives.

<i>2a. Budget:</i>	NSP	PRIVATE
Planning & Administration	\$785,000.00	\$0.00

Performance Measures: A well-planned and executed program.

2c – Firm Commitment of Funds: Home Renewal Systems, LLC is committed to implementing the Macomb County NSP 2 program. It has established a \$1,000,000 line of credit, see Appendix B, and will invest these resources as shown on the following pro forma (also found in Appendix B. NSP 2 funds will, as mentioned, be used as gap financing between development costs and the sales price when the property is sold to the homebuyer. A copy of the development agreement between Macomb County and HRS is found in Appendix B.

2d – Demolition and Preservation:

Sub-factor 2, Selected Mix of Demolition: The County has a large number of well-designed and constructed homes at varying price ranges and styles. It wants to preserve as much of this heritage as is possible. Realistically, however, the convergence of job loss due to unprecedented economic restructuring, and the large number of vacant and abandoned homes will dictate that homes will be abandoned and deteriorate to the point where demolition is warranted. This will be necessary to preserve those remaining. In anticipation of this need, the County has programmed funds to demolish 150 structures in the targeted areas. As indicated previously, demolition would be limited to dilapidated properties which cannot be repaired, and other blighted properties deemed to be a public nuisance and/or safety hazard by the municipality.

Sub-factor 2 ii, Applicability of Section 104 (d) to Demolition: Some properties to be demolished either were, or are now, affordable to lower-income families, but are no longer habitable. The foreclosure crisis has created an oversupply of owner and renter housing, as

already mentioned, and there will be no loss of available housing in either tenure category. The proposed demolition would not, therefore, reduce the stock of affordable housing and Section 104 (d) does not apply.

Sub-factor 2 iii, Exception Based on Market Conditions: The demolition budget is \$1,000,000, or 6.3% of the grant requested. This is below the 10% allowed, and no exception is requested.

Factor 3 B: Project Completion Schedule – Home Renewal Systems, LLC

Rehabilita- tion	# Cases Acquired	bid/ environ	rehab/ closing	Total		Demolition	Identify Units	re-use/ recycle	Environ /demo
Month	30 days	30 days	60 days	120 days		Month	5	10	15
1 - 3	set-up					1	set-up		
4	10			15		4	2	2	2
5	15	10		25		5	2	2	2
6	20	20	15	60		6	3	3	3
7	20	25	20	70		7	3	3	3
8	20	25	25	75		8	3	3	3
9	20	25	25	75		9	3	3	3
10	20	25	25	75		10	3	3	3
11	20	25	25	75		11	4	4	4
12	20	25	25	75		12	4	4	4
13	20	25	25	70		13	4	4	4
14	15	20	25	65		14	4	4	4
15	15	20	20	60		15	4	4	4
16	15	20	20	60		16	4	4	4
17	15	20	20	60		17	4	4	4
18	15	20	20	60		18	4	4	4
19	15	20	20	60		19	4	4	4
20	15	20	20	60		20	4	4	4
21	15	20	20	60		21	5	5	5
22	10	20	20	55		22	5	5	5
23	10	15	20	50		23	5	5	5
24	10	15	20	50		24	5	5	5
2 Yr. Total	335 units					2 Yr. Total	79		
25	15	15	15	45		25	6	6	6
26	15	15	15	45		26	6	6	6
27	15	15	15	45		27	7	7	7
28	10	15	15	40		28	7	7	7
29	10	10	15	35		29	7	7	7
30		10	15	25		30	7	7	7
31			10	10		31	7	7	7
32			10	10		32	7	7	7
33						33	7	7	7
34						34	6	6	6
35-36						35	4	4	4
3rd Yr. Total	65 units					TOTAL	71		
3 Yr Total	400 units					3 Yr. Total	150		

Factor 3 C: Income Targeting: Macomb County will use at least \$3,950,000 to benefit households \leq 50% AMI, and the remaining funds to benefit households with incomes \leq 120% AMI. It is possible that a higher amount than that identified could benefit very-low-income households. The income limits for households \leq 50% AMI and 120% AMI, based on household size, follow⁷:

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
50% AMI	\$24,850	\$28,400	\$31,950	\$35,500	\$38,350	\$41,200	\$44,000	\$46,850
120% AMI	\$59,640	\$68,160	\$76,680	\$85,000	\$92,040	\$98,880	\$105,600	\$112,440

The County’s NSP 2 is intended to re-create stable communities of homeowners by matching eligible homebuyers with decent and energy-efficient housing and ensuring affordable mortgages and operational sustainability. HRS staff will verify the income-eligibility of all potential NSP homebuyers and work with lenders to obtain affordable financing rates. The County, for its part, will monitor the developer’s progress in meeting the income targeting objectives, and make any necessary adjustments. Should compliance become doubtful, the County would investigate root cause, and adjust its activities accordingly. The County does not intend to change its program after approval, but would, of course, obtain HUD’s approval if it became necessary to do so.

Factor 3 D: Continued Affordability: As indicated previously, the acquisition and repair of abandoned and foreclosed homes would not exceed the lesser of \$35,000 or the gap financing, calculated by subtracting the amount of the bank loan to the homebuyer from the development costs, required to make the deal financially feasible and sustainable for the assisted homebuyer. This level of assistance, coupled with low anticipated sales prices and favorable financing rates, combined with a home that is fully rehabilitated and which meets energy star standards, would create a level of sustainable affordability over the life of the mortgage, by reducing utility bills over time.

This loan, moreover, would carry no-interest with payment deferred until the home is sold, or no longer occupied by the homebuyer as its principal residence. This loan, secured by a second and subordinate mortgage on the property, would remain in effect for 15 years. If sold within 15 years, the NSP 2 loan would be repaid from sales proceeds. It would, however, be completely forgiven if the household complies with its terms after 15 years. This would ensure affordability over time and encourage long-term ownership by the assisted household.

Factor 3, E Consultation, Outreach, and Communications: Macomb County has worked hard to ensure that the NSP 2 application was developed with as much input from municipalities and the general public as possible, given the time constraints involved in its development.

Sub-factor 1, Consultation with Municipalities and States within Jurisdiction:

The County has consulted with municipalities during the development of this application through

⁷ Source: U.S. Department of Housing and Urban Development, 2009 HUD Section 8 Income Limits for the Detroit-Warren-Livonia metro area.

(1) Community Outreach:

- discussed general approach with the 21 units of government in its jurisdiction, and provided the HUD distress data to those communities which qualify as being foreclosure distressed. These communities were asked to identify their priorities as to target geography.
- Met and discussed general approach with peer communities, including Oakland and Wayne Counties, and with Clinton Township, Roseville, St. Clair Shores, Sterling Heights, and Warren in Macomb County.
- The application was posted on the County's website, and several e-mails were issued to each of the 21 urban county communities to keep them apprised of program requirements and opportunities.
- The application will be presented to the communities, in a more formal manner, at the July 20, 2009 CDBG implementation workshop, with the intention of reviewing program objectives and requirements in detail.

(2) Affirmative Marketing: HRS will be responsible, and use its expertise to, market the program to the public and to specific sub-populations which may not ordinarily seek to benefit from it. It has a seasoned marketing arm and has developed materials over time and will implement them in the following ways. HRS will...

- Engage in extensive outreach to area churches, schools, and social service organizations offering educational materials and seminars on homeownership opportunities. These organizations have grassroots contacts within their respective communities and they will be a primary vehicle to reach populations which might not otherwise be inclined to apply for, or benefit from, the NSP 2.
- Use more traditional media outlets and will also distribute information to municipal offices and other public buildings such as libraries.
- Market through public appearances at community events and public service announcements.

The County will also promote the program at conferences and meetings held in the communities.

(3) Communicating Program Design, Progress, and Opportunities: The County and its partner will, on a quarterly basis, report NSP progress to HUD. These documents will be posted on the County's NSP worksite. Should a complaint arise, the County would investigate the matter by first contacting its partner, evaluating the result of that contact, and then responding to the complainant. Staff responsible for the auditing and monitoring function would be responsible for addressing all complaints in a timely and effective manner, i.e. within 15 days of complaint receipt.

Sub-factor 3 f, Performance and Monitoring: As indicated, the County will be required to add staff capacity to monitor and audit program performance, both internally, with our partner, and among the contractors. We will add a new staff member whose sole function it would be to monitor compliance through a number of methods. This person must be immediately effective and will therefore preferably have CDBG administrative experience and/or have an auditing background. The duties would include:

Internal Monitoring, to be performed upon receipt of documentation in support of invoices, prevailing wage and other labor compliance requirements (if applicable), and receiving, evaluating and responding to calls and written correspondence from municipalities and the general public concerning their perceptions of the program. This information will be used to create, and amend, as necessary, planned external monitoring of our partner and contractors.

External Monitoring, a minimum of 6 annual monitoring reviews will be performed for the life of the program, based on an evaluation of risk. The monitor will use external data and documentation received (i.e. citizen or municipal inquiries and/or complaints, HUD inquiries) and, using concepts promoted by HUD, will identify areas of risk based on program design and cost. The risk assessment will weigh and assign emphasis to those areas most at-risk of fraud, waste, abuse, and mismanagement.

Internal Auditing, the County will audit its NSP 2 Program to measure progress in achieving program objectives, the effectiveness of results obtained, the efficacy of management systems and controls, and compliance with Program and other Federal requirements, as well as State and local law and regulation. Areas of particular attention will include:

- financial management, to ensure data accuracy and consistency, documentation supporting invoices to ensure cost eligibility. This will include monitoring of County, in addition to, the developer's financial management systems and controls.
- environmental compliance, including healthy homes and historic preservation, to ensure safety and habitability
- the demolition process to ensure compliance with State law and local ordinances.
- progress towards stated performance objectives and milestones, and correcting identified roadblocks and other obstacles.
- continuing capacity of the developer and the County to effectively manage the NSP 2, in addition to other housing and community development programs.

The monitoring and audit reports and findings will be shared with management and recommendations made, when and where necessary to correct problems identified and/or simply to enhance program performance.

Rating Factor 4, Leveraging Other Funds or Removal of Substantial Negative Effects:

Sub-Factor 4A – Leverage: Although the County does not expect to leverage significant amounts of additional investment that would be recognized as such by HUD, it should be noted that the developer brings a continuing line of credit that will be drawn upon to acquire and rehabilitate properties. This investment will be recaptured at the time of sale to an eligible homebuyer, with NSP funding filling the gap. In unusual circumstances, the NSP commitment could reach \$35,000, including the developer's fee. In general, however, the subsidy is expected to be less. This is an economical arrangement and should extend the reach of the program to more properties and more homebuyers than might otherwise be expected.

The developer has also indicated that it will seek additional funding from the Federal Home Loan Community Investment Program to provide additional funding for the following project components: extended gap financing, mortgage principal reductions, additional rehabilitation or

new construction, down payment and/or closing costs, preserving affordable housing, soft costs associated with the NSP projects, and acquisition.

Sub-Factor 4B – Removal of Substantial Negative Effects: There are vacant and foreclosed homes on the market in the communities targeted for assistance. In order to focus on those census tracts with the highest degree of foreclosure distress, the County will limit NSP 2 assistance for the acquisition, repair and resale of 400 single-family residential properties and the demolition of 150 homes to the following census tract areas. This will significantly improve those areas, as shown in the following table.

Evaluation of NSP on Target Geographies

Community	Census Tract	# F/C Homes⁸	NSP 2 Target	Demo-Target	Total Impact Number /%⁹	
Center Line	2680	58	40	15	55	95
Chesterfield	2221	110	40	15	55	50
Eastpointe	2584	229	40	15	55	24%
Harrison Twp	2472	49	40	15	55	> 100%
Lenox/New Haven	2180	45	40	15	55	> 100%
Macomb Twp	2238	55	40	15	55	100%
Mt. Clemens	2453	65	40	15	55	85%
New Baltimore	2200	92	40	15	55	71%
Shelby Twp	2254	35	40	15	55	> 100%
Washington Twp	2152	56	40	15	55	98%
Totals		794	400	150	550	69%

Source: HUD Mapping Tool, MCPED – 2008 Sheriff’s Sales in Macomb County

It is extremely difficult to drill down to the census tract level and obtain current and reliable foreclosure numbers. The estimates are based on the best data available, 2008 Sheriff’s Deeds records, and are therefore imprecise. In three of the areas, if the numbers were exact, the projected accomplishments would exceed availability. We believe, however, that the actual numbers, due to current and projected foreclosures are higher and we should be able to direct the projected assistance into each area.

The projected property improvements and demolitions are also targets, and not firm commitments. We note that demolition may not be permitted in some target areas, which may not meet the NSP’s requirements that area benefit activities serve areas where 51%+ of the residents have incomes at or under 120% AMI.. Consequently the County would requests permission to adjust its activity allocations between target areas as necessary to address actual conditions encountered during the Program’s implementation.

Using the HUD Rubric, we applied these characteristics against program projections to obtain the following multiplier.

⁸ Number of sheriff’s deeds in 2008, prorated by population in Census Tract compared with community as a whole.

⁹ Number is total of purchases and demolitions divided by # foreclosed homes.

HUD Rubric Calculation

A	B	C	D	E	F
# Properties Assisted	Properties Demolished	Total Assisted A & B	# Vacant Properties	C / D	Product (E) x 1.5 Multiplier
400	150	550	794	.69	1.04

Rating Factor 5, Energy Efficiency Improvement / Sustainable Development Factors

Sub-factor 5A – Transit Accessibility: Metropolitan Detroit is not known for being transit friendly and, compared to cities like New York, Chicago, Washington DC, or San Francisco, it’s not. It does, however, have a regional bus system, SMART, and ridership has been growing for several years. Macomb County therefore emphasized transit accessibility in selecting its NSP 2 target areas.

The ten target areas identified in this proposal are densely populated and have retail service located nearby. Eight 8 have access to major SMART lines (Jefferson, Gratiot, and Van Dyke Avenues). Six are accessible to the Gratiot Avenue line, which is the most extensively used in the system, and has the most frequent schedules. All have regular service to downtown Detroit and economic activity centers en route, and many residents use this service to jobs in Detroit and elsewhere. It should be noted that the project will focus on building outward from community focal points such as community downtown areas, schools and churches to enhance opportunities for pedestrian traffic.

Sub-factor 5B – Green Building Standards: Given a large supply of vacant available housing and the potential for significant additions to this inventory in the near future, Macomb County does not intend to build new homes as part of NSP 2. It will, instead, focus on the substantial rehabilitation of existing housing units and making them more economical to operate. This will require energy efficiency enhancements leading to an Energy Star rating.

As already noted, Home Renewal Systems, LLC is an experienced and successful residential builder with more than 50 years experience. It has performed an extensive level of rehabilitation in addition to its new builds. Capable HRS staff is available and will thoroughly inspect each home for deficiencies and energy savings potential. They prepare an inspection report and bid documents, which are used to select contractors to perform the work. To the extent possible local contractors are used. Each property will meet applicable rehabilitation standards as defined in Part 1, Threshold factors. The energy enhancements include the following:

- Improved ceiling insulation (to R-40), and wall insulation (to R-13).
- Replacement windows will be argon gas thermo-pane (for a high R factor)
- Replacement roofing
- New energy-efficient hot water tanks
- New 90%+ efficient furnace
- New energy star appliances
- Energy-efficient light bulbs for interior and exterior lighting

These are high-quality improvements that not only lower operating costs and maintenance requirements, but also directly increase the property's value and, indirectly, the values of surrounding properties. This would have the effect of raising property values in the community, thereby stabilizing the neighborhood, and increasing municipal tax assessments, thereby enhancing the ability of local government to deliver needed services to residents.

Sub-Factor 5 C, Re-Use of Cleared Sites: Macomb County, as indicated, will limit demolition to properties which cannot be economically repaired or those determined to be nuisances and/or public safety hazards by the municipality pending completion of condemnation proceedings under the municipality's dangerous buildings ordinance. Once cleared, these properties will be reused primarily as community gardens and pocket parks. The specific nature of re-use, however, depends on the nature and location of the properties demolished.

Sub-Factor 5D, Deconstruction: Home Renewal Systems, LLC, our NSP 2 partner, will consider re-use and recycling at two distinct levels:

1. HRS identifies interior components, e.g. cabinetry, doors, lighting and plumbing fixtures, that can be re-used. It has established a partnership with Habitat for Humanity, which accept these materials for resale at various Re-Store outlets in the area. Please refer to Appendix B, which contains a letter of cooperation between HRS and Habitat for Humanity.
2. HRS recycles all metal materials, e.g. copper piping and aluminum siding for recycling.

Demolition does not start until these two steps have been completed.

Sub-Factor 5E, Sustainable Development Practices:

Suitable Site Design - Transportation Choices: Please refer to Factor 5 A for a general description of how transit factors into the selection of the NSP 2 targets as being sustainable. In addition, however, a description of how specific localities fit this model is warranted.

Specific mention is made of the following:

Center Line – is named for the main road, Van Dyke Avenue, bisecting itself and the City of Warren, which completely surrounds Center Line. This roadway defines the shopping and business characteristics of the City and many people can walk to its stores and businesses. Van Dyke also serves as a major SMART route, providing easy access to points north, into Shelby Township and South, in to the Central Business District in downtown Detroit. Every home within Center Line is located within ½ mile of Van Dyke Avenue and strengthening the City's neighborhoods will enhance transit and pedestrian opportunities for residents.

Chesterfield Township – until recently was a burgeoning suburb in East-Central Macomb County. It is well served by the Gratiot Avenue line of the SMART bus system, which provides riders access to the City of New Baltimore, further north and east, to the City of Detroit Central Business District, and to shopping and business opportunities along points in between. These include the Cities of Mt. Clemens, Clinton Township, and Eastpointe, as well as shopping located in the Township itself.

Eastpointe – The City of Eastpointe is located mid-way between downtown Detroit and the City of Mt. Clemens which is the seat of Macomb County. It is a mature community with an established business district along Gratiot Avenue. It has its own, substantial, central business district in the area of Gratiot and Nine Mile Road. This area has been substantially upgraded in the recent past, and the NSP 2 activity in the target neighborhood will both 1) further strengthen the City Central Business District and 2) provide a variety of goods and services within an easy walk or bus ride of assisted families.

Harrison Township – sits along the eastern edge of Macomb County (and Lake St. Clair), and offers numerous recreational opportunities for its residents and residents of other communities. The targeted geography is proximate to Jefferson Avenue, a major roadway leading into downtown Detroit. This area is served by SMART service during the rush hour and residents can therefore get to jobs in Detroit and St. Clair Shores. The Township, moreover, is expanding a system of non-motorized trails along major corridors to provide safe and convenient recreational, and alternative commuting opportunities to residents. One such trail, paralleling Metropolitan Parkway and running for miles, already exists and is heavily used. Another, planned trail will run for 1.3 miles along Jefferson Avenue and will connect two Township parks, and will be used by residents for recreation and by bicyclists and others for commuting purposes.

Mt. Clemens – as mentioned, is the seat of Macomb County government. It, too, is served by the Gratiot Avenue SMART line, which is the most heavily used route in the regional system. Residents and commuters use this line to get to jobs in the City and in downtown Detroit. The City is planning a non-motorized path paralleling Gratiot Avenue and the Clinton River, in order to capitalize on the need for safe transportation and expanded recreational opportunities. The NSP 2 target area is proximate to this corridor and residents have ready access to it.

New Baltimore – sits in the far east-Central edge of Macomb County. It has a mature downtown area that existed well before suburbanization began. It is served by the Gratiot Avenue SMART line, although not as frequently as are more close in communities. Still, especially with increased ridership causing expanded bus operations, residents have access to business and employment opportunities in communities all the way to downtown Detroit. The City, moreover, has begun to aggressively promote its downtown, with an enhanced public beach and park access, and with a comprehensive downtown improvement plan. The targeted geography is within an easy walk of both transportation and the business district, and the NSP 2 investment will enhance sustainability.

New Haven/Lenox Township – the Village of New Haven is a well-established community located in the east-Central part of the County. It is proximate to Gratiot Avenue and SMART has recently begun routing busses into the Village in order to meet an increasing demand for service. The target geography extends into Lenox Township, but the housing stock is centered in the Village and the immediately adjacent part of the Township. It is within a walk of the bus line and the services offered in the Village's business district.

Shelby and Washington Townships – respectively located in West-Central and West-Northern Macomb County were, until the real estate debacle, booming communities. Many of their stylish and upscale homes now sit empty and must be re-sold. Although they are more suburban in nature, both are traversed by the Macomb Orchard Trail, a non-motorized transportation artery that extends from Oakland County to the eastern edge of Macomb County, and which will eventually connect to several other regional trails that will serve the entire region. Both areas are also served by parks, particularly Washington Township, where the Macomb Orchard Trail feeds directly into a pocket part, and where the target area abuts Stoney Creek Metro Park, a major regional recreation destination.

Suitable Site Design - Sustainable Landscaping: Replacement landscaping will include native trees and plants that are appropriate to the soils and micro-climate in the area. Watering will be managed with soaker hoses.

Suitable Site Design - Connections to Surrounding Neighborhoods: Please see the immediately preceding discussion of transit access, which also described the interconnectedness between the target geographies and other communities. Please note the preceding narrative which cited selection strategy to be employed by the developer. HRS will start with a focal point in each target area. This could be a school, a church, or a neighboring shopping district that serve as anchors for the neighborhoods to be served in this program.

Suitable Site Design - Healthy Homes: Carpets are not installed in the basement, laundry, baths, kitchen, or entryways to the home, since they are subject to dirt and water intrusion. The flooring in them is therefore covered with wood or vinyl, which tends to be impervious to water and easily cleanable. New tub and shower enclosures are made of one-piece fiberglass to prevent moisture infiltration and the development of potentially hazardous problems.

Suitable Site Design - Green Maintenance Guide: Each new homeowner receives a home orientation by the HRS Construction Superintendent, who explains the efficient use, operation, and maintenance of the home's mechanical systems and appliances. The Construction Superintendent also presents ideas for environmentally-friendly cleaning products and readily available recycling and re-use services at this time.

Rating Factor 6, Neighborhood Transportation and Economic Opportunity:

Item (1): Macomb County is a long-standing member of SEMCOG, and has signed on to the SEMCOG Long Range Transportation Plan, and Short Range Transportation Improvement Program, both of which may be reviewed at <http://www.semco.org/Long-RangeTransportationPlan.aspx>.

Item (2): As indicated, 8 of 10 NSP 2 target areas are transit accessible, and encouraging families to live in close proximity to regional transportation can only strengthen this system, especially if fuel and fixed costs for private transportation escalate.

Disclosures:

SF-LLL – immediately following page

HUD 2880 – immediately following SF-LLL

Appendix A – Macomb County Code of Conduct

Appendix B – Leveraging Documentation

Letter of Commitment – Line of Credit

Development Agreement between Macomb County and Home Renewal Systems, LLC

Letter of Commitment between Home Renewal Systems, LLC and Habitat for Humanity

Appendix C – Signed Certifications

Appendix D – Calculation of Removal of Negative Effects

HUD Rubric Calculation

A	B	C	D	E	F
# Properties Assisted	Properties Demolished	Total Assisted A & B	# Vacant Properties	C / D	Product (E) x 1.5 Multiplier
400	150	550	794	.69	1.04

Appendix E – Summary of Citizen Comments

No comments pertaining to this application were submitted by citizens or other parties.