



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734) 222-6850
FAX (734) 222-6715

TO: Martha Kern, Chair
Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: April 17, 2002

SUBJECT: Washtenaw County seeking Urban County Status

BOARD ACTION REQUESTED:

The County Administrator requests the Board of Commissioners authorization to pursue an Urban County Status as defined by the U. S. Department of Housing and Urban Development (HUD) for Washtenaw County.

BACKGROUND:

An Urban County is a County that is eligible to receive annual funding from HUD in the form of Community Development Block Grants (CDBG) and sometimes Home Investment Partnership Program funds (HOME) if they qualify as Participating Jurisdictions. Urban Counties are CDBG entitlement communities. To qualify for this designation, there must be a minimum threshold population of 200,000 located outside all entitlement cities with the particular county. In Washtenaw County, the City of Ann Arbor is the only entitlement city. Washtenaw County currently has a population over 200,000 excluding the City of Ann Arbor's population.

An Urban County enters into cooperation agreements with those municipalities (cities, villages, and townships) that elect to participate in the program. This Agreement authorizes the County to undertake or assist in undertaking of essential community development and housing activities.

Municipalities with populations less than 50,000 may elect to participate in the Urban County Program for a three-year period, or alternatively, they may apply for grants, on a competitive basis, under the State's Small Cities Program. Municipalities over 50,000 may choose to become an "entitlement community" and run their own program or may elect to participate in an Urban County. Once the threshold population of 200,000 is reached, a combined population of at least 100,000 must exist in all the communities that elect to participate in the Urban County Program before the County can be designated as an Urban County.

Community Development Block Grants (CDBG) provide eligible Metropolitan Cities and Urban Counties (entitlement communities) with annual direct grants that can be used to revitalize neighborhoods, expand affordable housing opportunities, expand economic development opportunities, and/or improve community facilities and services, principally to benefit low and moderate-income persons. States also receive these funds, which provide "non-entitlement communities" (called Small Cities Program) on a competitive grants-in-aid basis. Community Development Block Grants are multi-purpose, as many activities are eligible. The program also leverages a significant amount of additional funds. For instance, under the CDBG Entitlement Program, the average housing program leverages \$2.31 for every CDBG dollar.

At least 70 percent of all CDBG funds received by a grantee must be used for activities that principally benefit persons of low- and moderate-income over a period up to 3 years. Low-moderate income persons have income levels at or below 73% of Area Median Income (AMI). (The Ann Arbor Area AMI, which covers Washtenaw, Livingston and Lenawee Counties, for a family of three is \$68,000)

There are **5 Federal Purposes** of the Community Development Block Grant, these 5 purposes are:

1. Housing and Homeless
2. Economic Development and Job Training
3. Neighborhood and Community Revitalization
4. Public Facilities and Infrastructure
5. Public and Human Services

Basic eligible activities under the CDBG program:

- Reconstructing and Rehabilitating Housing
- Construction of New Housing
- Housing Services (such as Housing Counseling)
- Homeownership Assistance
- Housing and Building Code Enforcement
- Public Facilities, Infrastructure Construction and Improvements
- Job Training
- Micro-enterprise Assistance
- Commercial and Industrial Building Rehabilitation and Infrastructure
- Brownfield Redevelopment
- Public/Community/Human Services (not to exceed 15% of total)
- Historic Preservation
- Neighborhood Revitalization
- Assistance to Institutions of Higher Education
- Acquisition and Disposition of Real Property
- Relocation Assistance due to a Another CDBG Activity
- Lead-Based Paint Hazard Evaluation and Reduction
- Comprehensive Plans including Municipal-wide, Neighborhood, and Functional Plans
- Administration Costs (up to 20% of total CDBG allocation)

These eligible activities can be carried out as long as they satisfy at least one of the **Three National Objectives**, which include:

1. *Principally benefiting low and moderate income persons;*
2. *Aid in the prevention or elimination of slums and blight; or*
3. *Meet other particularly urgent community development needs.*

The County must prepare a 5-year Consolidated Strategy and Plan, with a 1-year annual Action Plans for Housing, Homeless and Community Development activities. An annual Progress Report (CAPER) must be submitted, during the term of the 5-year Consolidated Strategy and Plan. The Cooperation Agreement designates the County as lead entity, as well as outlining the governing and decision-making process to be used.

DISCUSSION:

If Washtenaw County becomes an Urban County there will be guaranteed annual revenue from HUD. Currently local jurisdictions can apply to either the Michigan Economic Development Council (MEDC) or to the Michigan Supportive Housing Development Authority to receive CDBG funding on a state wide competitive basis, where the State sets the priorities for how the money is spent. Currently, the States priorities are 75% on economic development activities and 25% on housing issues. If Washtenaw County becomes an Urban County the Consolidated plan will set the priorities for how the money is spent.

Washtenaw County must qualify as an Urban County under one of three Thresholds according to HUD.

1. A total combined population of 200,000 or more excluding metropolitan cities (Like the City of Ann Arbor)
2. A total combined population of at least 100,000 but less than 200,000 if those areas include the majority of the county's low and moderate income residents
3. Met with specific requirements of the Housing and Community Development Act 1974

Washtenaw County wishes to pursue Threshold 2. This Threshold could potentially concentrate the use of CDBG funds in the lowest income areas of the county. This approach would require negotiations with 5-6 units of government. With the first threshold, a cooperation agreement must be negotiated with 28 units of government.

The HOME consortium area will be folded into the Urban County. Once Washtenaw County becomes an Urban County, the HOME Consortium will be dissolved and the new Urban County will receive an increased annual HOME allocation that reflects the larger sized Urban County. HOME funds will then be available for all units of government who belong to the Urban County. HOME and CDBG funds can be used together on housing related projects.

Becoming an Urban County will benefit all the participants through sharing of local resources, expertise and a unified commitment to World Class Service.

IMPACT ON HUMAN RESOURCES:

None

IMPACT ON BUDGET:

None

IMPACT ON INDIRECT COSTS

None.

IMPACT ON OTHER COUNTY DEPARTMENTS OR AGENCIES:

Will provide a partnership and collaboration between Washtenaw County and local units of government as well local agencies.

CONFORMITY TO COUNTY POLICIES:

ATTACHMENTS: Study Group Packets

A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO TAKE THE NECESSARY ACTIONS TO INITIATE THE PROCESS OF BECOMING AN URBAN COUNTY

WASHTENAW COUNTY BOARD OF COMMISSIONERS

April 17, 2002

WHEREAS, Washtenaw County Community Development would like to explore the opportunity to seek Urban County Status from the U. S. Department of Housing and Urban Development (HUD); and

WHEREAS, Washtenaw County held Study Groups with members of the Board of Commissioners which outlined the necessary steps to become an Urban County, and

WHEREAS, in order for Washtenaw County to qualify as an Urban County under one of HUD's three Thresholds it must meet one of the following criteria.

1. Have a total combined population of 200,000 or more excluding metropolitan cities (Like the City of Ann Arbor)
2. Have a total combined population of at least 100,000 but less than 200,000 if those areas include the majority of the county's low and moderate income residents
3. Have met the specific requirements of the Housing and Community Development Act 1974; and

WHEREAS, the outcome of the Study Groups is a recommendation to seek Threshold 2 as defined by HUD, and

WHEREAS, Washtenaw County Government will need to contact all the local units of government to proceed with seeking an Urban County Status; and

WHEREAS, Washtenaw County must submit to the HUD Field Office all qualification documentation as outlined in the Activities and Timeline document, and

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners directs the Administrator to take the necessary actions to initiate the process to become an Urban County.