



COUNTY ADMINISTRATOR

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TO: Barbara Levin Bergman, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Mark McFadden, Director
Washtenaw County Metropolitan Planning Commission

DATE: September 2, 1998

SUBJECT: Washtenaw Affordable Housing Corporation Property Acquisition and Rehability Project

Board Action Requested

Approval of a recoverable grant to Washtenaw Affordable Housing Corporation for assistance in acquisition and rehabilitation of two single family homes in Ann Arbor. The loan would be \$10,000 for 2185 Hemlock and \$10,000 for 2156 Hemlock, for a total of \$20,000 and would be recoverable at the time these properties are sold to qualified buyers. Sale is projected to be no later than July 2002.

Background

This request is consistent with the Washtenaw County Abbreviated Consolidated Housing Plan. It also responds to the Board of Commissioners Priorities for 1997-99 in the area of *Homelessness and Housing*.

Washtenaw Affordable Housing Corporation (WAHC) has been in existence for ten years. WAHC has increased creation of affordable housing, with Board of Commissioner support, from one to two units per year in 1994 to the current number of 110 units.

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Discussion:

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Washtenaw Affordable Housing Corporation (WAHC) has a history of successful acquisitions of single family and multi-family housing that are leased, sold or leased with option, for purposes of adding to the stock of affordable housing in Washtenaw County. WAHC currently has approximately 110 units, serving families at an average of 38% of area median income. According to the U.S. Department of Housing and Urban Development, area median income is \$61,300.

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The properties in this request are 2185 and 2156 Hemlock in the Arbor Oaks neighborhood, near Bryant Elementary School. They are three bedroom, single bath homes, with 864 square feet per house. Each is 25 years old, having been built in 1971. Both houses have private owners and are currently vacant. Both houses will be very similar upon completion of renovation.

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Total acquisition and rehabilitation costs for both properties is \$150,000 of which the County is granting \$20,000, the City of Ann Arbor is granting \$20,000 and the Michigan Housing Trust Fund is granting \$110,000. For 2185 Hemlock the acquisition cost is \$64,000 and rehabilitation is \$11,000. For 2156 Hemlock the acquisition cost is \$48,000 and rehabilitation is \$27,000.

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Prospective buyers will be families at 50% of median income (\$61,300) or \$30,650. Houses will be leased with option to purchase within three years. Prospective buyers will complete the Washtenaw Homebuyers Program, and be qualified for a mortgage. Projected annual rental costs are \$8,640 (\$720 per month), or 28% of 50% of median income (\$8,640 is 28% of \$30,650). Housing affordability is defined as the cost of housing being no more than 30-33% of total household income.

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Impact on Human Resources:

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None

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Impact on Budget:

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Total cost is \$20,000, and will come from Fund 168, the Housing Acquisition fund established by the Board of Commissioners for purposes of acquisition and rehabilitation of affordable housing. These funds will be recovered at the time the properties are sold to a low-moderate income buyer on or about July 31, 2002. This loan will be managed through an Affordability Agreement between WAHC and Washtenaw County.

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Impact on Indirect Costs:

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None

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Impact on Other County Departments or Outside Agencies:

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This loan will be consistent with similar Affordability Agreement-based loans made to WAHC, and other non-profit housing developers.

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This project will enhance collaboration between the county, WAHC, City of Ann Arbor and the Washtenaw Homebuyers program.

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Conformity to County Policies:

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This loan is consistent with BOC Priorities for 1997-1999 in the area of *Homelessness and Housing*.

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Attachments/Appendices:

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None

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A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO SIGN THE AFFORDABLE HOUSING AGREEMENT FOR A RECOVERABLE GRANT TO WASHTENAW AFFORDABLE HOUSING CORPORATION IN THE AMOUNT OF \$20,000

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WASHTENAW COUNTY BOARD OF COMMISSIONERS

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SEPTEMBER 16, 1998

WHEREAS, Washtenaw Affordable Housing Corporation (WAHC) has requested a recoverable loan of \$20,000 for the acquisition and rehabilitation of two single family homes, 2185 and 2156 Hemlock, in the Arbor Oaks neighborhood of Ann Arbor; and

WHEREAS, this loan would be drawn from the county housing acquisition budget line item (fund 167), and is consistent with previous actions of the Board of Commissioners to increase the availability of affordable housing for low and moderate income citizens of Washtenaw County; and

WHEREAS, this loan would increase the stock of affordable housing by two units; and

WHEREAS, Washtenaw County, the City of Ann Arbor and the Washtenaw Homebuyers Program have collaborated with WAHC in the past on similar affordable housing projects, and in the process have increased the number of affordable housing units in Washtenaw County; and

WHEREAS, this loan is consistent with the strategies stated in the Washtenaw County Consolidated Housing Plan of 1997-2001; and

WHEREAS, the loan will be managed through an Affordability Agreement; and

WHEREAS, the loan will be recovered upon sale of these properties by Washtenaw Affordable Housing Corporation to low or moderate income buyers by July 2002; and

WHEREAS, this matter has been reviewed by Corporation Counsel, Finance, Human Resources, the County Administrator's Office and the Ways and Means Committee

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the County Administrator to sign the affordable housing agreement for a recoverable grant to the Washtenaw Affordable Housing Corporation in the amount of \$20,000 for the acquisition and rehabilitation of

2185 Hemlock and 2156 Hemlock upno review of Corporation Counsel to be filed with the County Clerk

[Return to September 2, 1998 Board of Commissioners Ways and Means Agenda](#)