



COUNTY ADMINISTRATOR  
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TO: Al Robinson, Chair  
Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Mark Roby  
Community Development Manager

DATE: September 6, 2000

SUBJECT: Affordable Housing Agreement with Michigan Ability Partners for  
the Ability Systems Prototype Project

### **BOARD ACTION REQUESTED**

It is requested that the Board of Commissioners authorize the County Administrator to sign the Affordable Housing Agreement with Michigan Ability Partners for a recoverable grant for acquisition and construction of 3870 Packard Road, Lot #12, Ann Arbor, site of the Ability Systems Prototype project, in the amount of \$60,000 for a total project cost of \$300,000.

### **BACKGROUND**

Michigan Ability Partners (MAP), a local non profit, has a long-standing history of project collaboration with Washtenaw County. In September 1999 MAP and Washtenaw County signed a Housing Affordability Agreement for \$20,000 for the Home Zone project, a project that, in collaboration with the Veterans Administration, allowed for the acquisition and rehabilitation of a 6-bed rooming house for homeless, disabled veterans.

Currently 3870 Packard Road, Lot #12 is vacant and owned by HelpSource, a local non-profit. A purchase agreement is in place for MAP to purchase Lot #12, pending rezoning and site plan approval from the City of Ann Arbor. Zoning approval was given by the City of Ann Arbor on August 21, 2000. Site plan approval is anticipated at the September 21, 2000 meeting of City Council.

## **DISCUSSION**

This project proposes to build four units of permanent affordable housing for homeless, very low-income individuals with a disability. The housing would be configured within two duplexes. The Ability Systems “Gateway Prototype” is designed to test a new participatory building method that employs future residents and volunteers in building the units. If successful, this project will serve as a prototype for future housing projects in the County.

The site identified for this construction is ideally located for access to public transportation, employment, shopping, and health services for persons with a disability. All basic service needs are within walking distance to this site. The Ann Arbor Planning Commission has approved the application for rezoning and the site plan for the project.

Because the Ability Systems Prototype is a participatory building project, persons with disabilities will be working to assist in building the duplexes. A list of interested participants will be developed through an open application process and candidates will be selected based on criteria of low income, current housing status of homeless or threatened homelessness, and disability. MAP will provide ongoing housing supports to the tenants to prevent eviction and offer treatment resources needed to maintain housing.

This project is consistent with the Housing Plan in that it addresses the Homeless Strategy and creates affordable permanent supportive housing for very low income persons with a disability. Approval for four Section 8 vouchers has been given by the Plymouth Housing Commission to ensure residents will not pay more than 30% of their income for rent. In addition, the vouchers allow the project to receive Fair Market Rent for each unit, ensuring the operating viability of this project.

The total cost of the Home Zone project is \$300,000. MSHDA has committed \$141,000 for design and construction, and HUD has awarded the project \$99,000 for construction and site acquisition. An additional \$151,000 has been awarded from HUD for project specific support services.

## **IMPACT ON HUMAN RESOURCES**

There would be no impact on Human Resources.

## **IMPACT ON THE BUDGET**

Sixty thousand dollars (\$60,000) of the County Housing Acquisition Fund, fund 167, would be used for this project. There would be no impact on any County department funds.

## **IMPACT ON INDIRECT COSTS**

There is no impact on indirect costs.

## **IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES**

The Ability Systems Prototype project represents the collaborative effort of several members, including MAP, HelpSource, the City of Ann Arbor, the Plymouth Housing Commission, MSHDA, HUD, and the Washtenaw County Community Development program.

## **CONFORMITY TO COUNTY POLICIES**

This request conforms to County policies.

## **ATTACHMENTS**

Affordable Housing Agreement with Michigan Ability Partners

HOUSING AFFORDABILITY AGREEMENT WITH  
**Michigan Ability Partners**  
FOR  
**3870 Packard Road, Lot #12, Ann Arbor, Michigan**

This AGREEMENT dated the \_\_\_\_\_ day of \_\_\_\_\_ 2000, between the COUNTY OF WASHTENAW, a Michigan municipal corporation ("COUNTY"), whose address is 220 N. Main, Ann Arbor, Michigan and **Michigan Ability Partners**, hereinafter called OWNER, a Michigan non-profit corporation whose address is **3810 Packard Road, Suite 200, Ann Arbor, Michigan 48108**.

WHEREAS, **Michigan Ability Partners** desires to acquire and rehabilitate property in the City of **Ann Arbor**, Washtenaw County, Michigan described as follows:

.9 acres Lot 12 on Supervisor's Plat Number 1 in east ½ of Southeast corner of Section 2, Town 3 South (T3S) R65 range, 6 east as recorded in the liber of Plats, page 49 Washtenaw County Records.

commonly known as **3870 Packard Road, Lot #12, Ann Arbor, Michigan 48108**.

WHEREAS, **Michigan Ability Partners** has made an application to the COUNTY for Housing Acquisition funds in the amount of **\$60,000** for the acquisition and rehabilitation as defined in the proforma dated **August, 2000** of said property for the purpose of using it as affordable housing; and

WHEREAS, **Michigan Ability Partners** and Washtenaw County have agreed that the COUNTY will give **\$60,000** as a recoverable grant for acquisition and related development costs as defined in the proforma dated **August, 2000** to convert the above-referenced property into housing for low income individuals; and

WHEREAS, **Michigan Ability Partners** desires to have one document to facilitate all program requirements relating to the management and reporting for the project;

*THE PARTIES AGREE AS FOLLOWS:*

1. **SCOPE:** The OWNER agrees to use the funds for the acquisition and rehabilitation of the property formally described in the above legal description.
2. **BUDGET:** The COUNTY agrees to pay to OWNER the sum of **\$60,000** as a recoverable grant to be repaid when the OWNER sells the property.
3. **TERM:** This agreement shall commence on the **1st** day of **October 2000** and shall terminate on the **1st** day of **October 2005** as to services performed and payments made.
4. **COMPLIANCE WITH LAWS:** The OWNER agrees to comply with all appropriate federal, state and local laws applicable to services required by this contract, including, program requirements where appropriate under the CDBG, and the Community Development Act, Public Law 93-838 and the regulations issued thereunder, now or hereafter, including but not limited to 24 CFR, and the regulations, policies, guidelines, and requirements of Office of Management and Budget circulars A-110, A-122, A-87 and

A-133 as they relate to the application, acceptance and use of federal funds for this program as well as the Uniform Relocation Act and Section 104(d). Incorporated by reference are Title VI of the Civil Rights Act of 1964, Executive Order 11246, Section 3, Federal Labor Standards set forth in 24 CFR 570-605 and the Americans with Disabilities Act.

The COUNTY agrees to assist the OWNER to comply with requirements of the U.S. Department of Housing and Urban Development (HUD) where appropriate and if the need arises, the COUNTY will provide technical assistance to maintain affordability for the project.

5. REPORTS, MONITORING AND EVALUATION: The OWNER agrees to cooperate fully with the Community Development Manager, the COUNTY, and its officials to evaluate and monitor the requirements and performance of programs financed with funds identified in this agreement for a period of five (5) years. The OWNER agrees to provide the COUNTY information and reports, oral or written, as may reasonably be required or requested during the term of this Agreement on matters relating to program activities, performance, contract compliance and evaluations of programs receiving COUNTY Housing Acquisition funds.

The OWNER agrees to maintain documentation sufficient to evidence compliance with rent and occupancy restrictions and tenant income certifications in this agreement. The OWNER shall provide copies of such documentation, including but not limited to a certification of income form and annual report form for the preceding fiscal year period of the project on or before July 15 of each year to the COUNTY. The OWNER agrees to complete and submit to the Community Development Department in a timely manner a quarterly performance report. The report forms are to be provided by the COUNTY. Reports are due to the CITY and COUNTY no later than 15 days after the end of the reporting period.

6. SECURITY: The OWNER agrees that it shall execute all appropriate documents to secure and to provide for the repayment of all funds advanced by the COUNTY, as well as to enforce the provisions of this agreement. The OWNER shall not incur additional debt secured by this property without written approval of the COUNTY. The COUNTY and the FUND agree to the initial debt secured on the property by mortgages given to Washtenaw County.
7. CONTRACT AMENDMENT: This Agreement may be amended only by a written instrument approved by the County Board of Commissioners and the OWNER. Line item budget transfers which do not affect the Scope of Services or amendment of the termination date must be requested in advance in writing by the OWNER and approved in advance in writing by the County Administrator or his/her designee.
8. POLITICAL ACTIVITIES: None of the funds, materials, property, or services provided directly or indirectly under this Agreement shall be used for any partisan political activities or to further the election or defeat of any candidate for public office.
9. CONFLICT OF INTEREST: No employee, agent, consultant, officer or elected or appointed official of the *County* or *Owner*, as defined in 24 CFR §570.611(c), who engages in or has engaged in any of the functions or activities described in 24 CFR §570.611(b), and no immediate relative (spouse, parent, sibling, or child) of any such

person, has or shall have any financial interest in this Agreement, or in any other contract, subcontract or agreement with respect to a Housing Acquisition Fund-assisted activity or with respect to the proceeds of the Housing Acquisition Fund-assisted activity.

10. INSURANCE COVERAGE: The OWNER shall secure and maintain such insurance policies, including those set forth below, as will protect itself, its subcontractors and, unless otherwise specified, the COUNTY, from all claims for bodily injuries, death or property damage which may arise under this Contract; whether the acts were made by the OWNER or by any subcontractor or anyone employed by them directly or indirectly. The following insurance policies are required:
  - a. Statutory Worker's Compensation in accordance with the provisions of the Michigan Worker's Compensation Act;
  - b. Public Liability Insurance in an amount not less than \$1,000,000 for injuries, including accidental death to any one person;
  - c. Property and Casualty insurance

Insurance certificates shall be filed with the COUNTY giving satisfactory evidence of insurance as stipulated above before the work under this Contract is begun. The certificates shall be maintained during the life of the Contract and shall also name the COUNTY as an insured party. All insurance certificates shall contain the following language: "The company agrees that it will give the County of Washtenaw ten (10) days prior written notice of its intent to cancel or materially change the described policy." Any disclaimer or any other language which negates company responsibility for the 10-day notice will not be acceptable. The insurer must be satisfactory to the COUNTY.

11. INDEMNIFICATION: The OWNER shall indemnify, defend and hold the COUNTY, its officers and employees harmless in the event of liability claims arising out of the OWNER'S activities undertaken in connection with this Agreement.
12. FINANCES, AUDITS, AND INSPECTIONS: The OWNER shall supply documentation of all expenditures relating to acquisition and rehabilitation costs to the COUNTY, where appropriate, upon request. Documentation shall include payments for purchases, vouchers, and other official documentation that show in proper detail the nature and propriety of such expenditures. All documents must be clearly identifiable and readily accessible. The OWNER agrees to securely maintain these records for a period of three (3) years after the COUNTY'S final disbursement to the OWNER pursuant to this Agreement. The OWNER shall inform the COUNTY and permit examination by the COUNTY, prior to destruction of any of these records. The COUNTY may cause an audit of the records of the OWNER at a reasonable time after reasonable notice. The Owner shall comply with OMB circular A-133 relating to audit requirements.

The OWNER maintains full responsibility and liability for the acceptance of workmanship and materials relating to any rehabilitation work completed on this project. All work is to be completed according to plans and specifications and applicable building, plumbing, electrical and housing codes and Section 8 Housing Quality Standards. All work is to conform to requirements set forth by the Building Department of the municipality in which the project is located.

13. AFFIRMATIVE MARKETING/EQUAL OPPORTUNITY: The OWNER shall comply with the COUNTY'S equal opportunity and affirmative action policies found in Volume 2 of the

County Policies and Procedures Manual. The OWNER shall establish an affirmative marketing strategy for the unit including procedures for advertising vacancies, accepting referrals, and record keeping.

14. **BOARD OF DIRECTORS:** The OWNER warrants that it has supplied the COUNTY with current copies of its Charter, Articles of Incorporation, by laws and/or other documents designating the method of electing or appointing the members of its Board of Directors. The OWNER shall also keep on file with the Community Development Manager a current list of its Board members, its officers, and their addresses. Any changes in membership shall be promptly reported to the Community Development Manager.

The OWNER shall maintain a Board of Directors, which includes minority membership, clients, and representatives from diverse elements of the community, and other criteria relating to the HOME Program Community Housing Development Organization (CHDO) requirements, as appropriate.

15. **BREACH:** In the event the OWNER breaches this agreement or any of the loan documents to be executed, whether through a material financial or non-financial default, the COUNTY shall have full remedies consistent with the purpose of this Agreement and as set forth in the loan documents. The COUNTY in its discretion may or may not exercise these remedies, which include but are not limited to: meeting with and providing direction to the OWNER in the management of the project; appointing a receiver to manage the project according to the terms of this Agreement; taking possession of the project and managing it for the purposes of this Agreement; and all remedies set forth in the parties' loan documents and assignment of rent document, if applicable. It is the intent of the parties that these remedies be exercised in a manner appropriate in light of the breach and to the end that this project shall continue to provide housing for the target population of low income people. In the event of any breach, each lender shall be responsible for enforcement of its own loan/grant documents.
16. **TERMINATION:** The OWNER shall develop criteria and procedures relating to selling this property to a qualified low income family and provide copies to the COUNTY. When the OWNER proposed to transfer title and sell the property to an approved, qualified homebuyer, the Owner shall notify the COUNTY. Any funds received by the COUNTY pursuant to a repayment defined in this Agreement shall be deposited in the Washtenaw County Housing Acquisition Fund.
17. **ENFORCEMENT:** It is the parties' intent that the obligations created by this document be enforceable by all parties to this agreement. This agreement is binding upon the parties to this agreement and upon their successors, heirs and assigns, except as prohibited by this agreement.
18. **SPECIAL CONDITIONS - AFFORDABILITY:** The OWNER shall insure that unit is rented to individuals with an annual household income less than approximately 50% of area median as defined by HUD for the term of the mortgage.
  - A. The OWNER has provided the COUNTY with pro forma estimating monthly rents for the project. The COUNTY has relied on these statements in approving these funds. The OWNER shall not charge any rents over 110% of the amount listed in the pro forma without prior written approval of the COUNTY. Any COUNTY



A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO SIGN THE AFFORDABLE HOUSING AGREEMENT WITH MICHIGAN ABILITY PARTNERS FOR A RECOVERABLE GRANT FOR ACQUISITION AND CONSTRUCTION ON 3870 PACKARD ROAD, LOT #12, ANN ARBOR, SITE OF THE ABILITY SYSTEMS PROTOTYPE PROJECT, IN THE AMOUNT OF \$60,000 FOR A TOTAL PROJECT COST OF \$300,000.

WASHTENAW COUNTY BOARD OF COMMISSIONERS

SEPTEMBER 20, 2000

WHEREAS, Michigan Ability Partners (MAP), a local non-profit, has requested a recoverable grant in the amount of \$60,000 from the Housing Acquisition fund (fund 167) for acquisition and construction at 3870 Packard Road, Lot #12, Ann Arbor, known as the Ability Systems Prototype project; and

WHEREAS, the Ability Systems Prototype project proposes to build four units of permanent affordable housing for homeless, very low income persons with a disability; and

WHEREAS, the identified site has received City of Ann Arbor Planning Commission approval for rezoning and site plan approval on August 21, 2000; and

WHEREAS, the site plan approval for this site is expected at the September 21, 2000 City of Ann Arbor Council meeting; and

WHEREAS, tenants will be selected based on criteria of low income, current housing status of homelessness or threatened homelessness, and disability, with MAP providing ongoing housing supports to the tenants; and

WHEREAS, Plymouth Housing Commission has allotted four Section 8 vouchers to ensure residents will not pay more than 30% of their income for rent, in addition to ensuring the project will receive Fair Market Rent for the duration of the project; and

WHEREAS, MSHDA has committed \$141,000 for design and construction, and HUD has awarded the project \$99,000 for construction and site acquisition; and

WHEREAS, an additional \$151,000 has been awarded from HUD for project specific support services; and

WHEREAS, this project is consistent with the Consolidated Housing Plan and Board of Commissioners Priorities; 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 Michigan Ability Partners in the amount of \$60,000 from the Housing Fund 16702000 for the acquisition and construction at 3870 Packard Road, Lot #12, Ann Arbor, known as the Ability Systems Prototype project, for a total project cost of \$300,000, contingent upon final site plan approval by the City of Ann Arbor Council, to be filed with the County Clerk.