



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

THROUGH: Robert E. Guenzel
County Administrator

FROM: Mark Roby
Community Development

DATE: November 1, 2000

SUBJECT: Affordable Housing Agreement with Ypsilanti Gateway
Community and Economic Development Corporation

BOARD ACTION REQUESTED

It is requested that the Board of Commissioners authorize the County Administrator to sign the Affordable Housing Agreement with Ypsilanti Gateway Community and Economic Development Corporation for a recoverable grant for purchase of four vacant lots on Worden and Orchard Streets in Ypsilanti in the amount of \$10,000 each for a total project cost of \$40,000.

BACKGROUND

The Ypsilanti Gateway Community and Economic Development Corporation was formed in 1997 and became a 501(c)(3) in 2000. The Ypsilanti Gateway Community and Economic Development Corporation is collaborating with the City of Ypsilanti and Washtenaw County to implement the Gateway Neighborhood Preservation Program. The Ypsilanti Gateway Corporation is currently in the process of applying for Community Housing Development Organization (CHDO) status from HUD.

DISCUSSION

The vacant lots are currently privately owned and being offered for sale by Keller Williams Real Estate. The lots are located in census tract 4107 on Worden and Orchard Streets in Ypsilanti. The Gateway Corporation is using a "buy and hold" strategy to secure these lots at favorable prices, to ensure they will subsequently be available for the Corporation's affordable housing initiatives.

The Gateway Corporation anticipates building single-family homes on these lots, to be sold to qualified low to moderate-income families. The selling of these homes to the qualified buyers will include the provision that they can only be resold to other low-

moderate-income families in the future, thus maintaining the affordability of these units. This provision will also prohibit the property from being converted to a rental unit.

Washtenaw HomeBuyers has agreed to pre-qualify candidates for these units. The Gateway Corporation has also met with a developer (Archcon Management Inc.), two banks, Fannie Mae, and Kadushin Associates to discuss development of these properties.

This action is for the acquisition of the property. The Gateway Corporation will seek alternative funding opportunities for the construction phase of this project. The County will be reimbursed for a total of \$40,000 (\$10,000 for each lot) upon the sale of the home.

IMPACT ON HUMAN RESOURCES

There would be no impact on Human Resources.

IMPACT ON THE BUDGET

Forty thousand (\$40,000) of the County Housing Acquisition Fund, fund 167, would be used for this project. There would be no impact on any County department funds. These funds will be returned to Fund 167 upon closing of sale of this property to a qualified family. The Gateway Corporation is pursuing other funding opportunities to cover construction costs.

IMPACT ON INDIRECT COSTS

There is no impact on indirect costs.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES

This project represents a collaborative effort of several members, including Ypsilanti Gateway Community and Economic Development Corporation, the City of Ypsilanti, Habitat for Humanity, Washtenaw Homebuilders Association, ~~and~~ Washtenaw HomeBuyers, the ETCS Group, Archcon Management Inc., Kadushin Associates, Fannie Mae and the Washtenaw County Community Development program.

CONFORMITY TO COUNTY POLICIES

This request conforms to County policies.

ATTACHMENTS

Affordable Housing Agreement with Ypsilanti Gateway Community and Economic Development Corporation

HOUSING AFFORDABILITY AGREEMENT WITH
Ypsilanti Gateway Community & Economic Development Corporation
FOR
Vacant lots # 53, 54 (Worden Street) and #81, 82 (Orchard Street) all of which are located in
Ypsilanti

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 Ypsilanti Gateway Community & Economic Development Corporation, hereinafter called OWNER, a Michigan non-profit corporation whose address is 555 Towner, Ypsilanti, Michigan 48197.

WHEREAS, Ypsilanti Gateway Community & Economic Development Corporation desires to acquire and rehabilitate property in the City of Ypsilanti, Washtenaw County, Michigan described as follows:

Lots #53, #54 (Worden Street) and Lots #81, #82 (Orchard Street) all of which are located in the Worden Garden Subdivision

WHEREAS, Ypsilanti Gateway Community & Economic Development Corporation has made an application to the COUNTY for Housing Acquisition funds in the amount of \$40,000 for the acquisition as defined in the proforma of said property for the purpose of using it as affordable housing; and

WHEREAS, Ypsilanti Gateway Community & Economic Development Corporation and Washtenaw County have agreed that the COUNTY will give \$40,000 as a recoverable grant for acquisition as defined in the proforma to convert the above-referenced property into housing for low income individuals; and

WHEREAS, Ypsilanti Gateway Community & Economic Development Corporation 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 \$40,000 as a recoverable grant to be repaid when the OWNER sells the property.
3. TERM: This agreement shall commence on the 15th day of November, 2000 and shall terminate when OWNER makes its final repayment to the COUNTY as required by Section 18.B.
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 and the OWNER.
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 when undertaking any action under this contract. 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 proposes 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 ensure that each unit built on these lots shall be sold to qualified low to moderate income buyers in accordance with the terms defined by HUD.
 - A. The OWNER will insure that housing developed on any of the properties purchased through this agreement will be for low to moderate income households, with incomes at or below 80% of Area Median Income.
 - B. The OWNER shall repay the COUNTY an amount of \$10,000 per lot upon closing of the sale of said property to a low- to moderate-income household.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

ATTESTED TO

WASHTENAW COUNTY

Peggy M. Haines Date
Clerk/Register

Robert E. Guenzel Date
County Administrator

APPROVED AS TO CONTENT

APPROVED AS TO FORM

Mark Roby Date
Community Development

Curtis N. Hedger Date
Corporation Counsel

Ypsilanti Gateway Community & Economic Development Corporation

Lefiest Galimore Date

A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO SIGN THE AFFORDABLE HOUSING AGREEMENT WITH YPSILANTI GATEWAY COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION FOR A RECOVERABLE GRANT FOR PURCHASE OF FOUR VACANT LOTS (LOTS 53, 54, 81 & 82) ON WORDEN AND ORCHARD STREETS IN YPSILANTI IN THE AMOUNT OF \$10,000 EACH FOR A TOTAL PROJECT COST OF \$40,000.

WASHTENAW COUNTY BOARD OF COMMISSIONERS

NOVEMBER 15, 2000

WHEREAS, the Ypsilanti Gateway Community and Economic Development Corporation, a local non-profit, has requested a recoverable grant in the amount of \$40,000 from the Housing Acquisition fund (fund 167) for purchase of four vacant lots on Worden and Orchard Streets, Ypsilanti (census tract 4107); and

WHEREAS, these lots are currently privately owned and being offered by Keller Williams Real Estate; and

WHEREAS, the Gateway Corporation is using a "buy and hold" strategy to ensure availability of sites suitable for development of affordable housing; and

WHEREAS, the Gateway Corporation has met with Archcon Management, Inc., a developer, as well as Fannie Mae, banks, and Kadushin Associates to pursue development of these properties; and

WHEREAS, buyer selection will result from collaboration between the Ypsilanti Gateway Community and Economic Development Corporation and Washtenaw HomeBuyers; and

WHEREAS, resale of the homes will be limited to low- to moderate-income families in order to preserve the affordability of the homes; and

WHEREAS, the recoverable grant will provide four additional units of permanent affordable housing to low or moderate income families within the Gateway Community; 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 Ypsilanti Gateway Community and Economic Development Corporation for the purchase of four vacant lots on Worden and Orchard Streets in Ypsilanti in the amount of \$10,000 each for a total project cost of \$40,000, upon review of Corporation Counsel to be filed with the County Clerk

Washtenaw County Metropolitan Planning Commission
Housing Contingency Fund
Business unit 16702000

	<u>Current Revised</u>		
	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>
72600 Other Services & Charges	\$191,000	\$231,000	\$40,000
98000 Reserves	\$356,041	\$316,000	(\$40,000)