



COUNTY ADMINISTRATOR
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TO: Martha Kern, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Mark Roby
Community Development Manager

DATE: April 4, 2001

SUBJECT: Affordable Housing Agreement with Washtenaw Affordable
Nonprofit Housing Corporation for 1100-1148 W. Michigan
Avenue in Ypsilanti

BOARD ACTION REQUESTED

It is requested that the Board of Commissioners authorize the County Administrator to sign the Affordable Housing Agreement with Washtenaw Affordable Nonprofit Housing Corporation (WAHC) for a recoverable grant for development of apartments at 1100-1148 W. Michigan Avenue, Ypsilanti in the amount of \$50,000 for a total project cost of \$1,380,000.

BACKGROUND

WAHC was established in 1986 and has been a tax-exempt 501©3 organization since 1987. It has been involved in single family, duplex, and multi-family renovation and new construction, dedicating all units to families at or below 50% of area median income adjusted for family size.

DISCUSSION

WAHC acquired the apartments at 1100-1148 W. Michigan Ave. (formerly "Essex House") from the U.S. Bankruptcy Court for the purpose of ridding the community of a deteriorating, crime rampant housing complex and providing completely renovated units, 100% dedicated to families at or below 50% of area median income.

The combination of hidden defects, an unresponsive Title company, the construction loan oversight transferred to three different lenders, and the stop/start history of the renovations due to unreliable progress payments caused unanticipated delays in

completing the project. As a result, cash flow has been significantly diminished, as the units scheduled for rental are not yet ready.

Further the two loans used to acquire the project are now fully amortizing and therefore additional project development will not be possible without additional support. WAHC is currently in the process of refinancing the completed project, with the goal of assuring long-term viability as well as maintenance of below market rents to achieve long-term affordability for the target families.

The total cost of the refinancing project is \$1,380,000, with \$50,000 in assistance provided by the County, \$330,000 in assistance provided by LISC, and the remaining \$1,000,000 provided by a conventional lender, Citizens Bank.

WAHC will repay the County in full at the time WAHC obtains refinancing. Refinancing is anticipated within six (6) months of this agreement.

IMPACT ON HUMAN RESOURCES

There would be no impact on Human Resources.

IMPACT ON THE BUDGET

Fifty thousand (\$50,000) of the 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 refinancing of this property.

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 Washtenaw Affordable Nonprofit Housing Corporation, LISC and the Washtenaw County Community Development program.

CONFORMITY TO COUNTY POLICIES

This request conforms to County policies.

ATTACHMENTS

Housing Affordability Agreement with WAHC

HOUSING AFFORDABILITY AGREEMENT WITH
Washtenaw Affordable Nonprofit Housing Corporation
FOR HOUSE LOCATED AT
1100-1148 W. Michigan Avenue, Ypsilanti, Michigan 48197

This AGREEMENT dated the ____ day of ____ 2001, between the COUNTY OF WASHTENAW, a Michigan municipal corporation ("COUNTY"), whose address is 220 N. Main, Ann Arbor, Michigan and Washtenaw Affordable Nonprofit Housing Corporation, hereinafter called OWNER, a Michigan non-profit corporation whose address is 123 N. Ashley, Suite 12, P.O. Box 3940, Ann Arbor, MI 48106-3940.

WHEREAS, Washtenaw Affordable Nonprofit Housing Corporation has made an application to the COUNTY for Housing Acquisition funds in the amount of \$50,000 for the rehabilitation as defined in the proforma of said property for the purpose of using it as affordable housing; and

WHEREAS, Washtenaw Affordable Nonprofit Housing Corporation and Washtenaw County have agreed that the COUNTY will give \$50,000 as a recoverable grant for rehabilitation as defined in the proforma to convert the above-referenced property into housing for low income individuals; and

WHEREAS, Washtenaw Affordable Nonprofit Housing 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 rehabilitation of the property as described more fully above.
2. BUDGET: The COUNTY agrees to pay to OWNER the sum of \$50,000 as a recoverable grant to be repaid when the OWNER refinances the property within six months of this agreement.
3. TERM: This agreement shall commence on the 1st day of May, 2001 and shall terminate when the owner sells the house and repays the COUNTY.
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 §70.611(c), who engages in or has engaged in any of the functions or activities described in 24 CFR §70.611(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 shall ensure all funds under this agreement shall be returned to the COUNTY upon refinancing of this unit.

B. The OWNER shall insure that the unit continues to meet City Housing Code and HUD Housing Quality Standards for the duration of the agreement and allow for annual inspections on request of the COUNTY with notice to assess compliance.

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

Washtenaw Affordable Nonprofit Housing Corporation

Alan Dailey Date

A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO SIGN THE AFFORDABLE HOUSING AGREEMENT WITH WASHTENAW AFFORDABLE NONPROFIT HOUSING CORPORATION FOR A RECOVERABLE GRANT FOR DEVELOPMENT COSTS FOR APARTMENTS AT 1100-1148 W. MICHIGAN AVENUE IN YPSILANTI IN THE AMOUNT OF \$50,000 FOR A TOTAL PROJECT COST OF \$1,380,000.

WASHTENAW COUNTY BOARD OF COMMISSIONERS

APRIL 18, 2001

WHEREAS, Washtenaw Affordable Nonprofit Housing Corporation (WAHC), a local non-profit, has requested a recoverable grant in the amount of \$50,000 from the Housing Acquisition fund (fund 167) for the development costs of apartments located at 1100-1148 W. Michigan Avenue, Ypsilanti; and

WHEREAS, the property (formerly "Essex House") was acquired by WAHC from the U.S. Bankruptcy Court; and

WHEREAS, WAHC wishes to complete the rehabilitation of the Michigan Avenue property; and

WHEREAS, this project will provide an additional 43 units of permanent affordable housing to low income individuals and families within Ypsilanti Township; and

WHEREAS, with the combination of hidden defects, construction loan oversight transfers, and the stop/start history of the renovations due to unreliable progress payments, the cash flow has been significantly diminished since units scheduled for rental are not yet ready; and

WHEREAS, the two loans used to acquire the project are now fully amortizing and additional construction will not be possible without additional support; and

WHEREAS, WAHC is currently in the process of refinancing the completed project to assure long term viability and maintenance of below market rents to achieve long-term affordability; and

WHEREAS, WAHC will repay the County in full at such time refinancing occurs, currently anticipated to be within the next six months; and

WHEREAS, applications for LISC funds (\$330,000) and conventional lenders (\$1,000,000) have been submitted; and

WHEREAS, this project is consistent with the Consolidated Housing Plan; 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 Washtenaw Affordable Nonprofit Housing Corporation for development costs of apartments located at 1100-1148 W. Michigan Avenue, Ypsilanti in the amount of \$50,000 for a total project cost of \$1,380,000, upon review of Corporation Counsel to be filed with the County Clerk.

Washtenaw County Metropolitan Housing Commission
Housing Contingency Fund
Business Unit 16702000

	Current	Revised	Variance
80000 Other Services and Charges	\$ -	\$50,000	\$50,000
98000 Reserves	\$210,000	\$160,000	(\$50,000)