

# WASHTENAW COUNTY HOMEOWNERSHIP ASSISTANCE PROGRAMS

## Funding Types

Home Investment Partnerships Program (HOME)  
American Dream Down Payment Initiative (ADDI)

## Funding Source

U.S. Department of Housing & Urban Development

## Administrator of Funds

Washtenaw County Office of Community Development  
110 N. Fourth Avenue, Suite 300  
Ann Arbor, MI 48107

## Contact Person

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## Program Names/Descriptions

- **HOME Down Payment Assistance:** Forgivable grants up to \$15,000 from Washtenaw County for first-time, low-income<sup>1</sup> homebuyers purchasing housing units within the Washtenaw Urban County/ HOME Consortium<sup>2</sup> areas. These grants can be used for down payment assistance and closing costs.
- **ADDI Down Payment Assistance/ Rehabilitation:** Forgivable grants up to \$10,000 from Washtenaw County for first-time, low-income<sup>3</sup> homebuyers purchasing housing units within the Washtenaw Urban County/ HOME Consortium<sup>4</sup> areas. These grants can be used for down payments, closing costs, and minor rehabilitation of the unit to bring it up to housing code.
- **HOME Homebuyer Purchase Program:** Community Housing Alternatives and Ypsilanti Gateway Community & Economic Development Corporation are working to increase homeownership opportunities in the Urban County/ HOME Consortium areas by purchasing and rehabilitating and homes that are in need of repair and/or constructing new homes using funding provided by the HOME Consortium and Urban County. Those homes are then re-sold to families at below market prices allowing families that otherwise would not be able to buy a home the opportunity to buy a home affordably.

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<sup>1</sup> Households with incomes under the most current HUD income limits (~80% of Area Median Income)

<sup>2</sup> Urban County Jurisdictions: Ypsilanti Township, Ann Arbor Township, Salem Township, Superior Township, Northfield Township, Bridgewater Township, and Pittsfield Township. HOME Consortium: City of Ypsilanti.

<sup>3</sup> Households with incomes under the most current HUD income limits (~80% of Area Median Income)

<sup>4</sup> Urban County Jurisdictions: Ypsilanti Township, Ann Arbor Township, Salem Township, Superior Township, Northfield Township, Bridgewater Township, and Pittsfield Township. HOME Consortium: City of Ypsilanti.

### **Terms of Affordability**

A minimal term of affordability for projects is required by HUD. Beginning with the 2003-2004 funding period for HOME, ADDI, and CDBG, the Washtenaw Urban County/ HOME Consortium's terms of affordability shall be based upon the amount of funds invested per unit, but shall be a minimum of:

- Less than \$15,000 per unit- 5 years**
- \$15,000- \$40,000 per unit - 10 years**
- Greater than \$40,000 per unit - 15 years**
- New construction or acquisition of newly constructed housing- 20 years**

### **Recapture Provisions**

There are two types of financial assistance that are available to homebuyers. The terms of recapture for each are defined below and will be detailed in a mortgage and note, which will be recorded for each instance of property assistance.

Homebuyer Down Payment Assistance – Decreasing Principal Formula: The homebuyer may sell the property at any time to any willing buyer. A five-year restriction will be placed on the property in the form of a mortgage and note with the following terms: Starting from the time the subsidy is initially provided or from the date of the property closing, the amount of funds provided shall be repaid, if the property is sold, using a formula which reduces the amount by one-fifth for each full year that the homeowner occupies the unit. At the end of a five-year period from this initial date, the entire amount shall be forgiven and no further repayment is required and no further restrictions will be in force on the property. In the case of American Dream Down Payment Initiative projects only, this recapture formula will only be applied to the down payment assistance funding and the minor rehabilitation assistance will be forgiven at the time of sale.

Homebuyer Purchase Program – Decreasing Principal/Shared Appreciation Formula: The homebuyer may sell the property at any time to any willing buyer. A restriction<sup>5</sup> will be placed on the property in the form of a mortgage and note starting from the time the subsidy is initially provided or from the date of the property closing with the following terms:

- One third of the amount of funds provided shall be forgiven at the time of the closing and shall require no repayment;
- One third of the amount of funds provided shall be repaid out of the net proceeds, if the property is sold, using a formula which reduces the amount by one-fifteenth for each full year that the homeowner occupies the unit. At the end of a fifteen year period, this one third amount shall be forgiven and no further repayment of this amount shall be required;
- One third of the amount of funds provided shall be in the form of a 0% interest, recoverable grant which shall be repaid in full out of the net proceeds at the time the property is sold.

In addition, a share of the appreciation shall also be repaid to Washtenaw County (as HOME, CDBG, or ADDI program income), based upon the proportion of the project subsidy assistance provided to the total cost of the project. The net appreciation, after deducting the seller's cost of the sale and any mortgage pay-offs, is to be shared between Washtenaw County and the seller based upon this proportion.



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<sup>5</sup> The subsidy amount (difference between the appraised value of the unit and what the homebuyer actually pays) will determine the period of affordability. Typically, the subsidy will be over \$40,000 and the period of affordability will be 15 years, so that length of time used for this narrative.