

Washtenaw County, Michigan and Ann Arbor, Michigan Consortium Application
Neighborhood Stabilization Program 2 funds (NSP 2)

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THRESHOLD REQUIREMENT: PROGRAM SUMMARY

Washtenaw County, Michigan is applying for NSP 2 funds as the lead applicant for a Consortium with the City of Ann Arbor. Washtenaw County and the City of Ann Arbor Offices of Community Development merged in 2004. The City of Ann Arbor and Washtenaw County are applying as a Consortium because although the City and County have effectively acted as one entity, they have officially been two separate grantees of HUD up until July 1, 2009, and their performance has been reported as separate grantees. Together, the County and City have administered federal CDBG, HOME, NSP I and McKinney-Vento funds since the inception of the programs at HUD. The City of Ann Arbor officially joined the Urban County of Washtenaw on July 1, 2009, which increased the Urban County membership to 12 municipalities.

Washtenaw County is applying for a total of \$19,975,000 to address blighted, abandoned and foreclosed properties in 16 census tracts that have been impacted the greatest by vacancies and foreclosures. The goal of the program is to arrest decline, stabilize neighborhoods and revitalize the community. This request is building on existing programs, partners and resources as well as thoughtfully and judiciously creating new programs to address the rapidly changing market.

The four cornerstones of the County's NSP 2 program include increasing home ownership in single-family neighborhoods; improving and increasing rental properties; acquiring, maintaining and disposing of properties through land bank activities and demolishing blighted properties. Within the NSP 2 target census tracts, as of March 2009, there were 1583 vacant residential structures and 225 vacant businesses.¹

The first cornerstone of the program is to increase homeownership. Washtenaw County is requesting \$100,000 to contract with Washtenaw Housing Education Partners (WHEP) to provide homebuyer education to at least 600 potential buyers. Community Development and WHEP worked collaboratively to design the educational program and homebuyer program guidelines for the County's homebuyer loan programs. WHEP provides realtor and lender trainings about our programs. WHEP issued a request for qualification to develop a pool of preferred lenders to reduce closing delays and increase programmatic success. The County has found that for every 5-6 households that enter the program, 1 will purchase a home. All potential buyers who wish to access NSP 2-subsidized programs will attend a 6-hour orientation session, a 2-hour home maintenance class, and 1 – 10 hours of one-on-one counseling, depending on the needs of the buyer. Some potential buyers will also be required to attend an 8-week financial literacy course, depending on their financial history. Any household whose income is 50% AMI or less will automatically be referred to Habitat for Humanity of Huron Valley and Habitat buyers will attend an alternative orientation session. WHEP's budget includes reimbursements from other federal, state and local resources. The buyers who have completed their educational requirements will be "released to purchase", and Community Housing Alternatives (CHA), Habitat and Community Development will work with the buyers, lenders, realtors and title companies to access appropriate loan products and close on the houses.

The County is requesting \$2,400,000 to contract with Habitat to acquire and rehabilitate a minimum of 40 houses. The County currently contracts with Habitat to acquire, rehabilitate and resell (ARR) homes. Habitat is working within the NSP-eligible census tracts to target a cluster of properties to maximize the impact of their program. Habitat's typical development cost is \$106,000/house. Habitat will leverage \$46,545 for every \$60,000 in NSP 2 funds received. The County will also provide Weatherization funds to

¹ USPS data www.huduser.org/datasets/usps.html

eligible properties. The County will acquire all salvageable HUD \$1 homes in NSP 2 eligible areas and sell them to Habitat for \$1. This program will reduce the total development cost and enable Habitat to acquire even more houses. Most HUD-foreclosed homes are purchased by the private sector, and therefore, the County rarely has an opportunity to purchase HUD \$1 homes. Habitat will sell the rehabilitated home to a pre-qualified buyer who has contributed 300 hours of sweat equity. Habitat provides a 15 to 30-year, amortized, 0% interest mortgage lien on the property and the County's NSP 2 funds will have a 20-year, non-amortized, 0% interest mortgage lien on the property with an equity-sharing clause upon sale or transfer.

The County is requesting \$2,500,000 to contract with Habitat as the lead nonprofit to acquire and rehabilitate a moving target of approximately 100 vacant and foreclosed owner units in a 151 unit condominium complex on Grove Road in Ypsilanti Township. The property is a high priority because most of the units are vacant and in a hazardous condition and it is a hot spot of criminal activities. Most of individual condominium units are owned by less than 5 investors and are in various stages of abandonment, tax and mortgage foreclosure. Habitat will purchase 25 units with NSP 2 funds and partner with other developers to purchase a minimum of 75 units, rehabilitate the units, install security devices, and sell or rent the units to households with a mixture of eligible incomes.

The County is requesting \$2,675,000 to contract with CHA and Community Development to enable a minimum of 100 buyers to purchase and if needed, rehabilitate their homes. The County currently contracts with CHA to provide down payment assistance to homebuyers and CHA oversees the rehabilitation work. Community Development also provides direct down payment assistance and manages a rehabilitation program. This program will leverage other down payment assistance programs such as the Michigan State Housing Develop Authority (MSHDA), Individual Development Accounts (IDA), and the USDA's rural housing program. The County will also provide Weatherization funds to eligible properties. In addition, CHA and Community Development will work with clients to access the best mortgage product available for the individual circumstances of the buyer, including MSHDA, Federal Home Loan Bank, FHA, VA, and traditional mortgage products. The County's NSP 2 funds will have a 20-year, non-amortized, 0% interest mortgage lien on the property with an equity-sharing clause upon sale or transfer.

The County is requesting \$1,200,000 in financing mechanisms to create a loan loss reserve program to provide loans to at least 100 households. Community Development is working with five local lenders and the Neighborhood Housing Services of America (NHSA) to create an additional product in the lending toolbox. Credit is tightening, and borrowers who successfully purchased homes through our program a year ago, are having difficulty getting mortgages if their credit scores are below 680. NHSA is a secondary market purchaser that will purchase non-recourse loans initiated by the participating lenders as long as the loans meet NHSA's lending criteria. By creating a loan loss reserve program (targeted at 10% of the loan value) with NSP 2 funds, NHSA can serve many of those borrowers who have stable jobs but are being squeezed out of the market. The local lender will initiate the loan and manage the loan loss reserves for its own loans. The interest rate is based on Fannie Mae's rates. Homebuyers who participate in this program may also receive down payment assistance and rehabilitation, if needed.

The County is requesting a total of \$7,300,000 for the development of a minimum of 175 rental housing units as described below, which is the second cornerstone of the program. The rental housing development program will target the most difficult properties on the market, because the private sector has redeveloped a number of foreclosed rental properties that were in relatively healthy neighborhoods and in decent

condition. The County has identified 3 alternative rental properties if the properties below are unavailable when awarded NSP 2 funds.

The County will contract with CHA, a local non-profit housing developer, for \$800,000 to redevelop a foreclosed and abandoned partially built 32-unit project on Valencia, in the City of Ann Arbor. This property was approved as a LIHTC project in 2004. The developer began construction, experienced financial difficulties, and went into foreclosure. The lender and equity investor approached the County, looking for a new general partner to develop the property. The site is a high priority to redevelop due to 10 partially finished buildings causing a safety hazard and blight to the neighborhood.

The County is requesting \$2 million to contract with Avalon Housing, Inc. to acquire and rehabilitate a 43-unit property on Michigan Ave in Ypsilanti Township. Avalon has secured \$740,000 in NSP I funds from the County, \$420,000 in private funds from the Federal Home Loan Bank, and the County has committed Weatherization. This property is a high priority because the property is run down, tax delinquent and behind on its mortgage payments and the property is highly visible, located on one of the main entrances into the City of Ypsilanti. The current owner is contracting with Avalon Housing to manage the units and Avalon is working with the lender to take a deed in lieu of foreclosure, to facilitate the transfer of the property at the lowest cost to the lender and least disruption to the tenants.

The County is requesting \$2 million to contract with a developer to redevelop rental housing on a brownfield site owned by the City of Ypsilanti that has vacant and blighted buildings that are being demolished through NSP I funds. The City of Ypsilanti is currently negotiating with several developers to redevelop the 38-acre site with a mixture of uses, including a senior housing developer for a minimum of 100 affordable units. The NSP 2 funds would be used to redevelop a portion of the site for rental housing. To date, the City of Ypsilanti has invested nearly \$22 million in the site on acquisition, demolition, feasibility studies, and brownfield assessment and remediation activities. Redevelopment of this abandoned formerly industrial and commercial site will have a critical impact on the revitalization of the downtown.

The County is requesting \$2,500,000 to contract with the Washtenaw County Land Bank and Community Development to acquire, maintain and dispose of a minimum of 75 foreclosed properties. The Land Bank was created in 2009 and is administered through the Washtenaw County Treasurer's office. The Treasurer will work with the NSP 2-eligible municipalities to identify properties for acquisition and follow its program policies and the needs of the neighborhood to determine the appropriate disposition plan. The disposition could include demolition, redevelopment, rehabilitation, urban gardening, and/or side lot sales.

The County is requesting \$1,900,000 for the demolition of blighted properties, the fourth and final cornerstone of the NSP 2 program. The County will contract with the City of Ann Arbor, City of Ypsilanti, Charter Township of Ypsilanti and the Washtenaw County Land Bank to manage the demolition of properties in their jurisdictions and/or that they own. A minimum of 100 residential properties will be demolished and the remaining funds will be used to demolish blighted commercial and industrial buildings.

The County is requesting \$1,900,000 to administer the NSP 2 program. The cost of administering the program includes planning, contract creation and management, oversight of construction projects, compliance with regulations, financial management, executing and recording of liens, community outreach, legal review, internal auditing, HUD reporting and contractor monitoring.

APPLICATION REVIEW CRITERIA

Factor 1: Need/Extent of the Problem (40 points)

a. Target Geography (10 points)

Washtenaw County includes 28 cities, villages and townships and is home to about 352,000 citizens. Only 3 municipalities have eligible NSP 2 census tracts: The City of Ann Arbor, the City of Ypsilanti and the Charter Township of Ypsilanti. These municipalities have common regional characteristics economically but different demographic and housing characteristics within the region, particularly within the NSP 2 targeted census tracts. All of the NSP 2 targeted Census tracts except two were ranked an 18, 19 or 20 by HUD on the level of need. The two census tracts in the City of Ann Arbor (4054 & 4056) were selected because they are tipping point neighborhoods, have some of the highest foreclosure and vacancy rates in the City, and the City of Ann Arbor is already investing significant resources in these neighborhoods to stabilize them. The chart below shows HUD's foreclosure and vacancy scores as well as other relevant data.

Municipality	Census Tract	Total House holds	HUD Foreclosure Score	HUD Vacancy Score	HUD Estimated Foreclosure Rate	HUD % of High Cost Loans	HUD Vacancy Rate
City & Twp of Ypsi	4102	1,166	12	19	10.9%	7.2%	10.8%
Ypsilanti Twp	4105	1,170	17	15	15.4%	17.4%	3.1%
City of Ypsilanti	4106	971	18	20	17.7%	10.7%	18.2%
City of Ypsilanti	4107	793	17	19	16.4%	10.4%	9.0%
City of Ypsilanti	4108	789	15	19	13.2%	10.0%	10.0%
City of Ypsilanti	4110	1,481	14	17	12.5%	1.4%	6.8%
Ypsilanti Twp	4115	953	13	19	11.6%	8.3%	11.3%
Ypsilanti Twp	4116	1,268	16	18	14.5%	11.8%	6.3%
Ypsilanti Twp	4121	1,637	16	18	14.4%	11.1%	6.5%
Ypsilanti Twp	4122	1,331	17	19	16.8%	13.0%	9.2%
Ypsilanti Twp	4123	1,157	19	20	19.5%	15.3%	10.2%
Ypsilanti Twp	4127	2,049	17	11	11.2%	6.5%	1.2%
Ypsilanti Twp	4130	1,654	17	18	15.4%	12.9%	7.0%
Ypsilanti Twp	4134	1,951	20	12	11.0%	7.8%	1.5%
City of Ann Arbor	4054	1,091	12	16	10.2%	4.3%	5.9%
City of Ann Arbor	4056	1,635	13	9	11.5%	6.8%	0.6%

According to a Pew Center study, 1 out of 36 homeowners in Michigan are projected to be foreclosed on.² Although every municipality in Washtenaw County is impacted, the explosion of mortgage foreclosures and significant increase in tax delinquencies leading to foreclosure has had a geographically concentrated effect. Fourteen of the sixteen NSP 2 targeted census tracts are urban neighborhoods (see attached map),

² "Defaulting on the Dream: States Respond to America's Foreclosure Crisis", The Pew Charitable Trusts, p.10

and the two suburban Ypsilanti Township neighborhoods are adjacent to the urban NSP 2 neighborhoods. This pattern is consistent with research by Dan Immergluck³ who found that “subprime lenders achieve greater market penetration in metropolitan areas with less educated residents, and that higher-risk lending is more prevalent where housing prices are high and increasing.” The NSP 2 targeted census tracts fall into both these categories. Most are in areas with the highest poverty levels, lowest educational attainment, and lowest median incomes in the County. For example, Census tract 4106 on the south side of Ypsilanti City has the highest vacancy rate (18.2%), the 2nd highest foreclosure rate (17.7%), highest poverty rate (43%), fewest college graduates (2%) and lowest median household income (\$22,868) in the County.

Washtenaw County is one of the highest cost housing markets in Michigan. The County was a hot market for many years until the recent national housing market collapsed. Between 1950 and 2000, the County's population more than doubled, with the greatest growth occurring in suburban areas. High growth rates and high demand placed pressure on the housing market, leading to increased prices, and affecting housing availability, particularly for those with low to moderate incomes. The two suburban Ypsilanti NSP 2 census tracts exemplify this problem. Both have seen an explosion of moderate and high priced subdivisions in the last 15 years. The market is now overbuilt in those price ranges and new homes that were previously selling in the low \$300,000's are now selling in the mid-\$100,000's. The new construction may have kept pace with demand if not for the national housing crisis, which led to an increase in foreclosures. New homebuyers are able to purchase fairly new distressed homes for less than the price of similar newly built spec homes. A number of newer subdivisions have partially built abandoned homes that are now eyesores and hazards that need to be demolished. For example, Census tract 4134 in Southwest Ypsilanti Township has a foreclosure score of 20 and yet it has a 2009 household adjusted median income of \$98,000, compared to \$68,000 for the rest of the County. This Census tract had a 96% homeownership rate in the 2000 Census. Census tract level data is not available for 2009, but local real estate professionals and homeowners have noted a significant increase in conversions to rental properties in these neighborhoods because homeowners who have relocated due to job losses, are either unable to sell their homes or are so far upside down on their mortgages that the loss is too high to sell and so they are renting their homes.

Michigan has been particularly hard hit by a drying up of credit. Housing values are plummeting so quickly, that appraisers are having difficulty properly valuing homes and lenders are afraid to underwrite the loans due to uncertainty that the homes will hold their value. In some NSP targeted neighborhoods, it is getting more difficult to find non-distressed sales as appraisal comparisons. Therefore, renters who have stable jobs that are considering becoming homeowners are having a harder time accessing credit. The County's housing education partners have reported that families with credit scores of 630 used to qualify for loans just a year ago and are not able to anymore. During a 20 month period from October 2007 to June 2009, the Washtenaw Housing Education Partners provided homebuyer education to 250 households interested in purchasing a home. Only 63 of those households finished the program and were able to qualify for a loan. Even though the County provides down payment and closing cost assistance to help with the loan to value ratios and mortgage interest rates are below 6%, lenders need additional support to provide loans to our target low and moderate income buyers.

The inability of some first-time homebuyers to purchase housing, combined with homeowners losing their homes, has put pressure on the rental housing market. Vacancy rates are hovering around 4%, which

³ “From the Subprime to the Exotic: Excessive Mortgage Market Risk and Foreclosures”, Dan Immergluck, Journal of the American Planning Association, Vol. 74, No. 1, Winter 2008

indicates a healthy demand for rental housing⁴. On the rental development side, National Equity Fund (NEF), a national low-income housing tax credit investor affiliated with Local Initiative Support Corporation (LISC), reported that they will only close on one LIHTC property in southeast Michigan in 2009. NEF and LISC have invested in several projects in Washtenaw County in the past and the County contracts with LISC to provide capacity-building assistance to local non-profits to develop affordable housing. Even the market rate developers are impacted. Market-rate housing and mixed-use developers are reporting that developers in Michigan are unable to secure loans. In the past three years, the City of Ann Arbor has given site plan approval to over 10 market-rate housing projects, with over 1000 units, that have not been able to secure financing for construction.

Michigan's May 2009 unemployment rate was the highest in the U.S. at 14.1%⁵. Michigan residents are bracing for the impact of further automotive industry plant and ancillary automotive business closings. Washtenaw County's unemployment rate of 9.1% is lower than the Michigan average, but similar to the National average of 9.4%. In 2006, The County's unemployment rate was 4.5%. According to the US Department of Labor, between January 2006 and May of 2009, 21,444 fewer people were employed in Washtenaw County. Companies such as Pfizer Inc., General Motors Willow Run plant, Pall Corporation, CitiGroup, Automotive Components Holdings Inc, ProQuest, TCF Bank and Flint Ink Corp left or downsized before the collapse of the national housing market. Since then companies of all sizes and types, including General Motors and St. Joseph Mercy Hospital, have announced lay-offs and closings, which has impacted all communities in Washtenaw County.

Between May 2008 and May 2009, Washtenaw County's Manufacturing Employment declined by 20%. In 2000, the NSP 2 census tracts comprised 14% of the County's total employment, while also comprising 18% of the County's total manufacturing employment. Several manufacturing plants have closed since 2000 in these NSP 2 census tracts. The continuing decline of the automotive industry and other manufacturing industries in Southeast Michigan will impact the NSP 2 Census tracts, as further job losses will likely lead to additional foreclosures.⁶

In summary, Washtenaw County's target geography includes census tracts in the City of Ann Arbor, City of Ypsilanti and Ypsilanti Charter Township with the highest foreclosure and vacancy rates in their respective municipalities. On a global level, the subprime lending and collapse of the derivatives market which lead to the national housing crisis has had a concentrated impact on 16 census tracts targeted with NSP 2 funds. As job losses increase and families are forced to leave their homes to seek work elsewhere, homes are being foreclosed on, rented, or abandoned. Although housing prices are dropping, credit tightening is keeping would-be buyers from purchasing these distressed homes. NSP 2 funds are needed to loosen up the credit market, provide financial assistance to homebuyers, provide construction financing for rental developers and to demolish blighted properties.

b. Market conditions and demand factors (30 points)

⁴ www.nationalrelocation.com/real-estate/Michigan/Washtenaw%20County.aspx

⁵ State of Michigan, Dept of Energy, Labor, and Economic Growth

⁶ Terry Brinkman, Principal Planner, Washtenaw County

(1) Absorption Rate: Despite state and regional job losses, Washtenaw County is well-positioned to stabilize the local economy in the next three to five years without NSP 2 funds for most County neighborhoods. Ann Arbor SPARK, the local economic development corporation, has aggressively courted

INSERT NSP 2 MAP

and invested over \$25 million since 2006 in new and expanding businesses. SPARK has leveraged over \$925 million, created over 7,000 new jobs and retained nearly 6,000 jobs.⁷ Washtenaw County has one of the most highly educated workforces in the United States, and is home to two major universities: the University of Michigan and Eastern Michigan University as well as Washtenaw Community College and several other private colleges. According to an April 2008 labor assessment, Washtenaw County has the strongest employment environment in Michigan, particularly in the knowledge-based industries and technology sector.⁸ The County is in the top 5 metropolitan areas for young, well-educated workers. The educational attainment is higher than average, with 47.8% of residents with a 4-year degree compared to 22% for the state and 24.6% nationally. Economically, Washtenaw County is a good investment for NSP 2 funds because there is a high likelihood of regional success, but that success is dependent on a comprehensive approach that addresses the needs of people who are low-income, not highly educated and in neighborhoods that are the most severely impacted by abandonment and foreclosures. NSP 2 funds are critical to stabilize neighborhoods with the greatest challenges and disinvestment.

Due to the net job losses in Washtenaw County, the current supply of housing exceeds the demand. The May 2009 absorption rate was 86 days⁹. However, about 700 listings are added every month and the County currently has 1,583 vacant residential structures. Data does not exist to track the absorption rate specifically for abandoned and foreclosed homes. In May 2009, there were 233 residential sales of all property types in the Ann Arbor Metropolitan area. Code enforcement officials are reporting that housing in the NSP 2 target neighborhoods are not selling in 86 days, and many of the properties are taking over 8 months to sell. Based on discussions with local realtors and code enforcement officials, it would take about two years for the market to absorb the habitable 1,583 vacant residential structures if no other foreclosed and/or abandoned homes came on the market. New jobs are being created, but investments such as NSP 2 funds are needed to address the immediate needs in these neighborhoods, especially for blighted properties. Incentives including down payment assistance and rehabilitation funds will be offered to home buyers to encourage the purchase of abandoned and foreclosed homes in the NSP 2 target areas. Unfortunately, many abandoned and foreclosed homes will not find buyers and if the cost to bring them up to code far exceeds the value of the homes, they will need to be demolished to prevent a blighting influence on the neighborhood. NSP funds will not be used for the new construction of owner units, until the market reverses and demand begins to exceed supply. NSP 2 funds will be used for new rental housing where there is market demand for the target population, such as seniors and very low income households.

(2) Critical Factors: As mentioned previously, over-building of housing, over-valuation of housing and loss of employment were all critical factors causing abandonment and foreclosure in the target census tracts. Employment loss was the most critical factor for all of the NSP 2 targeted census tracts. In addition, the two suburban census tracts (4127 & 4134) in Ypsilanti Township were impacted by over-building of housing.

⁷ www.annarborusa.org

⁸ "Labor Market Assessment, Washtenaw County Michigan", April 2008 by Wadley-Donovan GrowthTech

⁹ Ann Arbor Area Board of Realtor data www.aaabor.com

Over-valuation of housing was a more significant critical factor for these two Ypsilanti Township census tracts plus the two census tracts in the City of Ann Arbor (4054 & 4056) than the other NSP-targeted census tracts. Values are dropping in all neighborhoods, but not necessarily due to over-valuing. The values are dropping due to lower demand and the deteriorating condition of the housing stock. According to information from the Washtenaw County Equalization Department, between 2007 and 2008, residential property in the targeted NSP 2 census tracts lost an average of 2.4% of its State Equalized Value, with some individual properties losing over 25% of its value.

However, subprime high-interest loans; relaxed down payment, income verifications and debt-to income requirements; and adjustable rate mortgages¹⁰ were also critical factors contributing to the foreclosure and abandonment crisis. As long as Washtenaw County's housing values continued to increase, borrowers' were able to refinance loans to pay for emergency needs due to job losses or medical problems. The Washtenaw County Treasurer's Office and Register of Deeds has tracked Sheriff Deed sales and in 2002 there were 231 Sheriff Deeds compared to 1,439 in 2008 and 526 as of May 2009. The spike began in 2006, which reflected the first wave of resetting Adjustable Rate Mortgages. As homebuyer's interest rates increased, many were unable to pay the higher monthly payments. Moving into 2007 and 2008, the housing market started collapsing, and as sales prices decreased, homeowners were no longer able to refinance their loans because they owed more on their homes than they were worth. The County Treasurer's office has noticed a trend that tax delinquencies are an indicator of future mortgage foreclosure. In 2007 and 2008 the tax delinquencies and mortgage foreclosures were concentrated on the urbanized eastern end of the County, as reflected in this NSP 2 application.

(3) Income & Housing Cost Burden: Housing costs have outpaced the increase in median income since the 1970's. Between 1990 and 2000 the median housing values in Washtenaw County increased by 77.2% while the median household income only increased by 43.2%.¹¹ According to the 2000 Census, 18% of owner-households and 40% of renter households were cost-burdened, which are households that are paying more than 30% of their income on housing. The chart below was included in the County's 2007 Affordable Housing Needs Assessment¹². Data was not available at the 120% AMI level, but it was available for the 30% AMI level. A second analysis of affordable rental housing mismatch by income range showed that units that are affordable to very low-income households are being occupied by higher income households, which is displacing lower-income households and causing them to rent units that are unaffordable and a cost-burden. The policy implication is that the rental vacancy rate is not the only indicator for a demand for rental housing. Rental cost burden data shows that vacancies can exist in high cost rental units that are unaffordable and therefore there is still a high demand for additional units of rental housing for very low-income households. Another indicator is that the two public housing authorities in

¹⁰ "State of the Nation's Housing 2009", Joint Center for Housing Studies of Harvard University, 2009, p. 1

¹¹ Washtenaw County Affordable Housing Needs Assessment, Chart 3.1

¹²http://www.ewashtenaw.org/government/departments/community_development/index.html

Washtenaw County have a combined waiting list of over 800 households for public housing and over 700 households for section 8 vouchers.

	OWNER			RENTAL		
	City of Ann Arbor	City of Ypsilanti	Ypsilanti Township	City of Ann Arbor	City of Ypsilanti	Ypsilanti Township
0-30% AMI Households	832	230	897	7,197	2,357	1,830
# with Cost Burden >30%	665	175	653	5,635	1,770	1,336
% with Cost Burden	79.90%	76.10%	72.90%	78.30%	75.10%	73.00%
30-50% AMI Households	1,022	267	936	4,444	1,243	1,468
# with Cost Burden >30%	608	132	357	3,315	580	834
% with Cost Burden	59.50%	49.40%	49.50%	74.60%	46.70%	56.80%
50-80% AMI Households	2,084	526	2,019	4,649	1,131	1,958
# with Cost Burden >30%	967	172	569	1,590	94	219
% with Cost Burden	46.40%	32.70%	19.80%	34.20%	8.30%	11.20%
Over 80% AMI Households	16,648	1,781	8,193	8,714	996	2,804
# with Cost Burden >30%	1,681	119	459	349	15	20
% with Cost Burden	10.10%	6.70%	4.30%	4.00%	1.50%	0.70%
Total Households	20,586	2,804	12,045	20,356	4,596	6,103
# with Cost Burden >30%	3,921	598	2,038	13,948	3,496	4,147
% with Cost Burden	19.00%	21.30%	16.90%	68.50%	76.10%	68.00%

Ann Arbor Primary Metropolitan Statistical Area 2009 HUD Income Limits

Household Size	1	2	3	4	5	6
120% Median	\$71,600	\$81,800	\$92,000	\$102,200	\$110,400	\$118,600
Median income	\$59,600	\$68,200	\$76,700	\$85,200	\$92,000	\$98,800
Low income (80% / 75%) ¹³	\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250
Low income (60%)	\$35,800	\$40,900	\$46,000	\$51,100	\$55,200	\$59,300
Very low income (50%)	\$29,800	\$34,100	\$38,350	\$42,600	\$46,000	\$49,400
Extremely low income (30%)	\$17,900	\$20,450	\$23,000	\$25,550	\$27,600	\$29,650

(4) *Other Contributing Factors:* The foreclosure and abandonment crisis has disproportionately affected low-income minority neighborhoods in the County. The homeownership rate for white households is 66% in

¹³ 80% median income level may not exceed the U.S. median income level, consequently it is actually 75% of median.

Washtenaw County, 39% for black households, and 31% for Asian and Pacific Islanders. Nationally, “as of 2008, 74.9% of whites owned homes, compared with 59.1% of Asians, 48.9% of Hispanics and 47.5% of blacks.”¹⁴ According to the Pew Hispanic Center, “blacks and Latinos remain far more likely than whites to borrow in the subprime market.”¹⁵ Although individual household source data was not available, there is a strong correlation between neighborhoods with either a high proportion of minority households or a high proportion of households without higher education and lower median incomes that had high cost loans.

Washtenaw County’s 2007 racial and ethnic composition was 77.2% White, 13.5% Black, 9.1% Asian, 1% American Indian and Alaska Natives, .2% Native Hawaiian or Pacific Islander, and 1.6% other races. 3.4% of the population is Hispanic. In terms of racial concentration, over 60 percent of the total populations in the southern Ypsilanti, eastern Ypsilanti Township, and southern Superior Township were African-American. Seven out of 16 NSP target neighborhoods have higher percentages of minorities than the County average.

Municipality	Census Tract	HUD Estimated Foreclosure Rate	HUD % of High Cost Loans	% Minority 2000 Census	Poverty Level 1999	Household Median Income adj 2009 ¹⁶	% wner 2000 Census	4 years of College 2000 Census
Ypsi City & Twp	4102	10.9%	7.2%	26%	15%	\$57,890	50%	60%
Ypsilanti Twp	4105	15.4%	17.4%	53%	18%	\$39,822	32%	31%
City of Ypsilanti	4106	17.7%	10.7%	96%	43%	\$22,868	35%	2%
City of Ypsilanti	4107	16.4%	10.4%	62%	18%	\$29,479	33%	19%
City of Ypsilanti	4108	13.2%	10.0%	42%	22%	\$38,538	41%	19%
City of Ypsilanti	4110 ¹⁷	12.5%	1.4%	29%	35%	\$26,676	5%	40%
Ypsilanti Twp	4115	11.6%	8.3%	24%	12%	\$48,092	37%	21%
Ypsilanti Twp	4116	14.5%	11.8%	16%	8%	\$52,054	59%	16%
Ypsilanti Twp	4121	14.4%	11.1%	28%	14%	\$45,709	48%	13%
Ypsilanti Twp	4122	16.8%	13.0%	11%	17%	\$46,680	77%	9%
Ypsilanti Twp	4123	19.5%	15.3%	70%	17%	\$59,200	77%	9%
Ypsilanti Twp	4127	11.2%	6.5%	32%	5%	\$77,107	61%	40%
Ypsilanti Twp	4130	15.4%	12.9%	44%	11%	\$56,914	62%	16%
Ypsilanti Twp	4134	11.0%	7.8%	23%	2%	\$98,050	96%	45%
City of Ann Arbor	4054	10.2%	4.3%	16%	3%	\$69,364	84%	64%
City of Ann Arbor	4056	11.5%	6.8%	51%	8%	\$48,065	14%	34%
City of Ann Arbor	all			25%	10%	\$59,263	46%	69%
City of Ypsilanti	all			39%	28%	\$36,621	32%	35%
Ypsilanti Twp	all			32%	5%	\$59,469	60%	27%

¹⁴ “Through the Boom and Bust: Minorities, Immigrants and Homeownership”, Pew Hispanic Center, May 2009, p i

¹⁵ Ibid

¹⁶ 2000 census income data adjusted to 2009 levels calculated as a 28% increase

¹⁷ The Census Bureau incorrectly geo-coded 3,554 persons in college dormitories in Census tract 4110 that should have been in 4111

Washtenaw County	all			33%	11%	\$66,559	60%	48%
State of MI	all			25%	11%	\$57,174		22%
US	all			20%	12%	\$53,752		24%

A second relevant demographic trend is the increase in seniors in the County, which mirrors the national trend. Between 1990 and 2000, the total population in these Combined NSP 2 Census tracts for the age group 25 to 34 lost 4.8% of its population. Meanwhile during that same time period, the age groups 75 to 84 years of age and 85+ years gained 33.4% and 43.2%, respectively. Additionally, the age groups of 45 to 54 years of age and 55 to 64 years of age gained 48.3% and 13.3% respectively. In the last 9 years, a number of the 55 to 64 years age group have entered the 65+ category and some of the 45 to 54 years of age, age group are within a couple of years of reaching the 65+ age categories. Residential dwelling units will be increasingly occupied by people that are retired or nearing retirement in this area. This population could have more limited incomes compared to the working age population, and as a result of a declining younger-working age population (25 to 34), these census tracts could be vulnerable for increasing housing affordability issues and foreclosures.¹⁸ There is a high demand for additional senior rental housing and assisted living. This proposal includes the redevelopment of one site into at least 100 units of affordable senior housing.

(5) NSP 2 Stabilizing Activities: The four cornerstones of the County's NSP 2 program include increasing home ownership in single-family neighborhoods, improving and increasing rental properties, land banking activities and demolishing blighted properties. All of these activities are needed to varying degrees for each NSP 2 target census tract. Within the NSP 2 target census tracts, as of March 2009, there were 1583 vacant residential structures. Of these 1,583 properties, the affected municipalities have identified over 100 that are candidates for immediate demolition.

The County is requesting enough funding to help eligible homebuyers acquire 340 residential units. The County is building on an existing homebuyer program to provide down payment assistance, closing costs and rehabilitation as needed, particularly for energy efficiency improvements. In addition, the County is working with NHSA and five local lenders to create a loan loss reserve program to mitigate the risk to lenders and stimulate local lending. Many residents who are facing foreclosure are moving into rental housing. As discussed above, there is a need for additional rental housing for very low-income households. The County is requesting funding to acquire and rehabilitate 43 units of rental housing and construct a minimum of 132 units of rental housing targeted primarily to very low-income households. The County expects the volume of abandoned and foreclosed homes to exceed the capacity and funding of the County and its contractors to find buyers and therefore the County is requesting funding for land banking activities to acquire a minimum of 75 properties.

The County is requesting funding to demolish at least 100 residential units and 10 – 20 commercial properties. The City of Ann Arbor, City of Ypsilanti and Ypsilanti Township all have active code enforcement divisions. The demolition process is time consuming and includes multiple code enforcement measures that if not addressed, will result in demolition of the properties. These activities, along with non-NSP 2

¹⁸ Terry Brinkman, Principal Planner, Washtenaw County

funded activities such as foreclosure prevention, economic development, neighborhood organizing, improved infrastructure and market forces will stabilize these target neighborhoods.

Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff (40 points)

a. Past Experience of the Applicant (30 points)

Washtenaw County, Michigan is applying for NSP 2 funds as the lead applicant for a Consortium with the City of Ann Arbor. The County is contracting with municipalities, non-profits, lending institutions and for-profit developers. The municipalities include the City of Ypsilanti, Charter Township of Ypsilanti and City of Ann Arbor. Washtenaw County and the City of Ann Arbor's Offices of Community Development merged in 2004. Together, the County/Ann Arbor City have administered federal CDBG, HOME, NSP 2 I and McKinney-Vento funds since the inception of these programs at HUD. The City of Ann Arbor officially joined the Urban County of Washtenaw in FY 09/10, which brought together their HUD funds into one HUD grant. The 2009/10 HUD allocation is \$2,220,242 in CDBG and \$1,685,812 in HOME funds. The combined 2008 CDBG-Recovery funds were \$595,865 and the combined 2008 NSP 2 I funds were \$3,874,719. In addition, the Office of Community Development annually administers \$2,750,000 in general funds.

Community Development currently has a Director with over 15 years experience managing non-profit organizations, an HMIS administrator, a Financial Management Analyst with 20 years experience, two Program Managers with over 20 years combined experience that supervise 3 Rehabilitation Inspectors, an Intake Specialist, a Compliance Analyst, two Management Analysts, two Administrative Assistants and three interns. Community Development added the full-time Compliance Analyst, a full-time Management Analyst, and a half-time Financial Administrative Assistant in the past 6 months, in order to manage the additional HUD funding the County has received through NSP I and CDBG-R. If awarded NSP 2 funds, the County will evaluate the need for additional staff or independent contractors. The Office of Community Development currently manages the following programs in-house: single family rehabilitation, energy efficiency improvements, manufactured housing, ramp installation, HMIS, and down payment assistance. The Office of Community Development currently contracts with developers and sub-recipients for the following programs: multi-family acquisition and/or rehabilitation, multi-family new construction, owner new construction, owner acquisition and/or rehabilitation, public services, public infrastructure, demolition, public facilities, and code enforcement, In all cases, Community Development is responsible for managing the contracts, ensuring compliance with federal regulations, monitoring and reporting to HUD.

The County will contract with the City of Ann Arbor (population 114,000), City of Ypsilanti (population 22,000), and Township of Ypsilanti (population 67,000) to provide code enforcement and manage demolition contracts with NSP 2 funds. These municipalities all have code enforcement divisions. Between them, they have demolished over 25 properties. These municipalities all have a back-log of properties that are blighted and condemned and need to be demolished, but lack the funding to demolish the buildings. All of these municipalities have managed millions of dollars in federal funds for a variety of purposes including transportation, water, sewer, police, fire, parks, parking structures, and solar energy. The demolition process is handled similarly by each municipality. Code enforcement officials complete the initial code enforcement investigation and reports. Code officials consult with the attorney's office, planning, and police services and a decision is made that demolition is the appropriate abatement tool. The legislative body

authorizes staff to litigate, work with the attorneys to prepare the complaint for filing in circuit court, appear in court and provide testimony. Community Development inspects the property and approves funding and approves the RFP. An RFP is issued to pre-qualified demolition contractors and bids are reviewed and awarded. Staff coordinate with the utility companies on shut-offs, coordinate and supervise the demolition contractor activities, and communicate with affected neighbors if necessary. Municipal Staff and Community Development conduct site inspections and approve payments. Municipal staff execute a judicial lien when appropriate. The City of Ann Arbor's Zoning Administrator manages the demolition contract with the City Attorney's Office. Ypsilanti Township's project team includes the Director of the Office of Community Standards, Building Code officials, and the Township Attorney. The City of Ypsilanti's Planning Manager, MSU Extension Urban Collaborator, and City Attorney's Office will manage the demolition contracts.

In addition to the demolition contract, the City of Ypsilanti will manage the redevelopment of the Water Street property, which includes over 40 vacant, abandoned and blighted parcels acquired by the City primarily through tax foreclosure. The NSP 2 application includes a request for funding to redevelop a portion of the site with a minimum of 100 units of affordable senior rental housing. The City of Ypsilanti project team includes a Project Manager, Project Financial Manager, Planning Manager, and MSU Extension Urban Collaborator. The project manager has over 12 years experience in municipal government and is the Assistant City Manager for the City of Ypsilanti. Her main work function is to oversee the Water Street Redevelopment Project and associated funding. She has written, received, and managed multiple state recreation grants and Juvenile Justice and Delinquency Prevention Department grants. The Finance Director has assisted with the financial management and accounting for the project. Her experience with the EPA Pilot and other Federal grants received by the City has adequately prepared her for financial oversight of the requested funding. The Planning Manager and MSU Extension Urban Collaborator have been engaged in the development of the current Master Plan and proposed zoning for the site, as well as coordination with the City's broker, consultants, and prospective developers. They have also overseen the development of the City's current economic development work plan, housing policy, non-motorized transportation plan, and parks and recreation plan.

The County will contract with a consortium of homebuyer education providers called the Washtenaw Housing Education Partners (WHEP) which includes Community Housing Alternatives (CHA), Habitat for Humanity of Huron Valley (Habitat), POWER Inc., MSU Extension (MSU-E), Housing Bureau for Seniors (HBS), and the Washtenaw County Treasurer's office. WHEP has provided housing counseling, financial literacy, credit repair, and home maintenance classes to residents by counselors certified by HUD and/or the Michigan State Housing Development Authority (MSHDA) since 2001. The WHEP partners have signed a Memorandum of Understanding outlining the roles and responsibilities of each member. In the past 2 years, WHEP has provided homebuyer orientation for 250 households, one-on-one housing counseling to 229 households, financial literacy to 190 households, and maintenance classes to 30 households. In 2009, MSU-Extension won a "Housing Counseling Agency of the Year" award from the Michigan State Housing Development Authority. The County currently has a contract with WHEP to provide homebuyer education to 320 County residents. In addition, WHEP members work closely with or are members of a foreclosure prevention and intervention collaborative that provides community workshops and one-on-one counseling to homeowners facing foreclosure.

The Washtenaw County Treasurer's Office formed and is the lead administrator of the Washtenaw County Land Bank. The philosophy of the Washtenaw County Treasurer's Office is to work with tax foreclosed

property owners through every creative means to enable the owner to stay in their home. Although there have been hundreds of tax delinquent properties in the past 2 years, the Treasurer's office has only needed to acquire less than 20 properties, including 6 that were demolished and 4 that are in the process of being demolished. The vast majority of foreclosed properties in the County are mortgage foreclosed. The County and City of Ann Arbor provide \$240,000/year in general funds to the County Treasurer, MSU Extension, Housing Bureau for Seniors and Legal Services of Southeast Michigan to provide foreclosure prevention and intervention services. This collaboration has provided counseling to over 800 households in the last two years, primarily for mortgage foreclosures. The County Treasurer is in her fourth term. The Treasurer's Office staff includes two Tax Specialists with over 12 years combined experience, and a Property Tax Intern who are responsible for all aspects of property disposition.

The County will contract with CHA and Habitat to develop homeowner housing. CHA has developed 16 units (10 acquisitions and 6 acquisitions with rehabilitation) of owner housing and Habitat has developed 15 units (10 new construction and 5 acquisitions with rehabilitation) in the past 2 years. CHA has added a Financial Assistant and Habitat has added a Director of Neighborhood Development in the past year to increase their development capacity for NSP I funds. The County is currently contracting with CHA to develop 20 units of owner housing and 12 units of rental housing. The County currently has a contract with Habitat to develop 20 units of owner housing. The Office of Community Development has directly provided down payment assistance to 6 households and rehabilitated 55 houses in the past 2 years.

CHA's key development team members include the Executive Director of 11 years who works with the homebuyers, lenders and realtors to close the transactions; and the Associate Director, who is a licensed Real Estate agent and has 12 years experience developing housing and managing construction contacts. CHA has added a Financial Assistant and Administrative Assistant in the past 6 months to increase their development capacity for NSP I funds. Since its inception, CHA has developed and manages a waiting list for 10 permanent supportive housing units, developed 67 units of owner housing and provided down payment assistance to 35 households.

Habitat's key development team members include both staff and volunteer Board Committees. The Executive Director has over 10 years experience managing non-profit organizations. Habitat has created a new position, Director of Neighborhood Redevelopment, who is responsible for working with the Board's Site Development Committee to acquire properties, preparing the scope of work, creating a budget, and monitoring projects. The Construction Coordinator is responsible for working with the Board's Construction Committee to oversee all construction activities including writing specifications, bidding out work, securing in-kind material donations, and overseeing contractors and volunteers. The Director of Business Development is responsible for overseeing deconstruction activities. Habitat's Director of Finance manages all accounting and budgeting functions. The Housing Grants Manager is responsible for securing and managing all grants, including HOME, NSP I and NSP II funds. And, finally, the Family Services Director works with the Board's Family Selections Committee to market Habitat's programs and work with applicants to determine eligibility.

On the rental side, the County will contract with Avalon Housing, Inc., a non-profit housing developer that currently owns and manages 316 rental housing units that it developed. Avalon Housing specializes in providing permanent supportive housing units for homeless and special needs residents. Avalon was founded 17 years ago by its current Co-Directors who supervise a staff of 20 people. Avalon is currently

developing a 39-unit new construction project in partnership with a for-profit developer. The County is currently contracting with Avalon to rehabilitate over 100 units, and acquire and rehabilitate 114 units, all of which are in foreclosure. In the past two years, Avalon has acquired and rehabilitated 37 rental units, and rehabilitated 14 rental units. Since its inception, Avalon has secured over \$50 million in operating and investment capital - \$2 million was secured in the past 2 years. Avalon manages a waiting list of over 300 households.

Washtenaw County is working with Neighborhood Housing Services of America (NHS) and local lending institutions (Ann Arbor State Bank, Bank of Ann Arbor, Midwest Financial Credit Union, United Bank and Trust and University Bank) to create local lending products and programs including a loan loss reserve program, down payment assistance and down payment assistance with rehabilitation program to serve low and moderate-income households. These lending institutions have secured hundreds of millions of dollars in investment capital over the last 2 years.

The County will also contract with CHA to redevelop the property at Valencia in Ann Arbor. CHA will partner with a for-profit housing developer, P.S. Equities, Inc. Since its inception 16 years ago, P.S. Equities has developed 35 properties with over 2,300 units in Michigan as well as 8 commercial properties.¹⁹ P.S. Equities specializes in affordable multi-family rental properties including senior housing and LIHTC-financed properties. P.S. Equities has developed 82 units in the past 2 years. P.S. Equities has secured over \$200 million dollars in operating and investment capital since its inception.

In the past two years, Washtenaw County and/or its contractors have successfully completed:

- 250 household counseling sessions
- 15 homebuyer down payment assistance units
- 11 homebuyer acquisition and rehabilitation units
- 53 homeowner rehabilitations
- 10 homebuyer new construction units
- 55 homeowner rehabilitation units
- 48 rental acquisition and rehabilitation units
- 14 rental rehabilitation units
- 92 rental new construction units
- 31 demolished units
- 10 acquisition and disposition of foreclosed properties

Washtenaw County is a national leader in many areas including addressing the housing and service needs of homeless and low-income people and developing an economically and environmentally sustainable community. Washtenaw County has a reputation of working collaboratively, as such, all of the programs in this application were developed with our consortium partners and other community members. Washtenaw County, the City of Ann Arbor, City of Ypsilanti, and Ypsilanti Township are leading or participating in too many City and Regional Planning activities to list, but the following is a brief sampling: Washtenaw County Comprehensive Plan, Five regional plans, a Municipal Plan for each community, including an Ann Arbor Downtown Rezoning Plan, Eastern Leadership Group, Ypsilanti 2020 Task force, Washtenaw Area Transportation Plan, Non-motorized Plan for Washtenaw County, Blueprint to End Homelessness, Human

¹⁹ <http://psequities.com>

Services Collaborative Council, Ann Arbor Regional Success Strategy, Washtenaw Avenue Talent Center Action Plan, Mortgage and Tax Foreclosure Task Force, Washtenaw Wind Project, Washtenaw Metro Alliance, Brownfield Redevelopment Authority, Washtenaw and Livingston Line Plan (train), 800 Mhz Consortium, Middle Huron River Watershed Plan, and the Allen Creek Stormwater Initiative.

b. Management Structure (10 points)

(1) Management Structure: The Office of Community Development for the City of Ann Arbor and Washtenaw County is managing the NSP 2 funds. The Office of Community Development is a joint office housed at the County with 3.5 employees from the City and 10 employees from the County. The City has managed HUD funds since its inception in the 1970's. The County formed an Urban County Consortium in 2002. In 2004, the two offices co-located and became a joint office, operating under the supervision of one Director, but operating with two sets of staff, budgets, legislative approval processes, contracting and reporting requirements. In 2009, the City of Ann Arbor officially joined the Urban County and starting in 2009, all federal CDBG, HOME, ESG, and NSP funds are administered by Washtenaw County on behalf of the 12 Urban County member jurisdictions. City of Ann Arbor general funds are still administered by Community Development through the City's legislative, budgetary and contracting processes. The City and County have a joint operating agreement that outlines the roles and responsibilities of each jurisdiction, attached to this application. The Urban County has an Executive Committee that approves HUD plans, budgets, programs and policies. The Executive Committee (UCEC) is composed of 1 designee from each jurisdiction (typically the highest elected official) and the entire membership votes on all projects. The jurisdiction that the project is located in has veto power over that project. The UCEC has so far voted unanimously on all project funding.

The City of Ann Arbor and Washtenaw County are applying as a Consortium because although the City and County have effectively acted as one entity, they have officially been two separate grantees of HUD up until July 1, 2009, and their performance has been reported as separate grantees. The organizational chart below is the same for the City and County because the Office of Community Development is one office for both organizations.

Mary Jo Callan, Director: Ms. Callan has over 15 years experience in non-profit administration, previously as the Executive Director of a local non-profit agency for homeless youth. Ms. Callan is ultimately responsible for all administrative, programmatic, budgetary and staffing issues. She is the lead liaison with legislative bodies, local businesses, educational institutions and the community. Her role is to share information, seek input, and build coalitions to implement Community Development initiatives.

Jennifer Hall, Housing Manager: Ms. Hall has over 15 years experience working in the non-profit and governmental sector and 7 of those years managing HUD grants. She is responsible for managing the HOME program including multi-family housing and homeowner housing development. She is responsible for writing the Annual Plan, completing the CAPER, Environmental Reviews, housing Requests for Proposals, managing the Ann Arbor Housing Trust Fund, and staffing the Housing and Human Services Advisory Board. She supervises the Public Service program staff, demolition program staff and Compliance Specialist. She has primary responsibility for writing the NSP 2 application, ensuring compliance with NSP 2 regulations, DRGR, land banking activities, and creating NSP 2 programs such as the loan loss reserve program. She will be the contract manager and underwriter for all multi-family rental properties.

Damon Thompson, Operations Manager: Mr. Thompson has over 8 years experience working in municipal government and 6 of those years managing HUD grants. He is responsible for internal operations including human resources, technology, and office procedures. He manages the single family rehabilitation, energy efficiency, manufactured housing, accessibility ramps, sidewalk repair, and emergency housing repair programs. Mr. Thompson supervises the Rehabilitation Specialists, Intake Specialist, and Administrative Support Specialist. He has taken on responsibility for the Annual Plan and provides staffing to the Urban County Executive Committee. He is the contract manager for all public facility and public infrastructure contracts. He is the back-up for ensuring compliance with NSP 2 regulations and approving draws in IDIS and DRGR.

Anita Mure, Financial Analyst: Ms. Mure has over 20 years experience in municipal finance, and 10 of those years managing HUD grants. She is responsible for managing all budget and financial processes including accounts payable and accounts receivable. She provides financial checks and balances by approving transactions entered by the administrative assistant. She works directly with the auditors and finance departments at the City and County to set up financial accounts and ensure regulatory compliance. Ms. Mure is the DRGR and IDIS administrator and can approve all draws in IDIS and DRGR. Ms. Mure tracks program income and completes all quarterly HUD financial reports. Ms. Mure is responsible for the financial monitoring of contractors.

Alvin Nunn, Rehabilitation Specialist II: Mr. Nunn has over 15 years experience in the construction and inspection business, and 9 of those years managing HUD grants. He is responsible for managing the contractor process including training and pre-qualifying contractors for the Housing Rehabilitation Programs. He is the administrator of One Roof, a program designed to track housing rehabilitation projects from the intake to the draft work specifications and bidding to loan repayment. Mr. Nunn works with all multi-family developers and developers of owner housing to approve specifications, complete inspections, and approve construction payments. He is responsible for ADA, Section 504, Davis-Bacon and Section 3 compliance. He also manages the code enforcement contract with Ypsilanti Township and provides back-up for public infrastructure and facility contracts. He will continue these responsibilities with the NSP 2 funded projects.

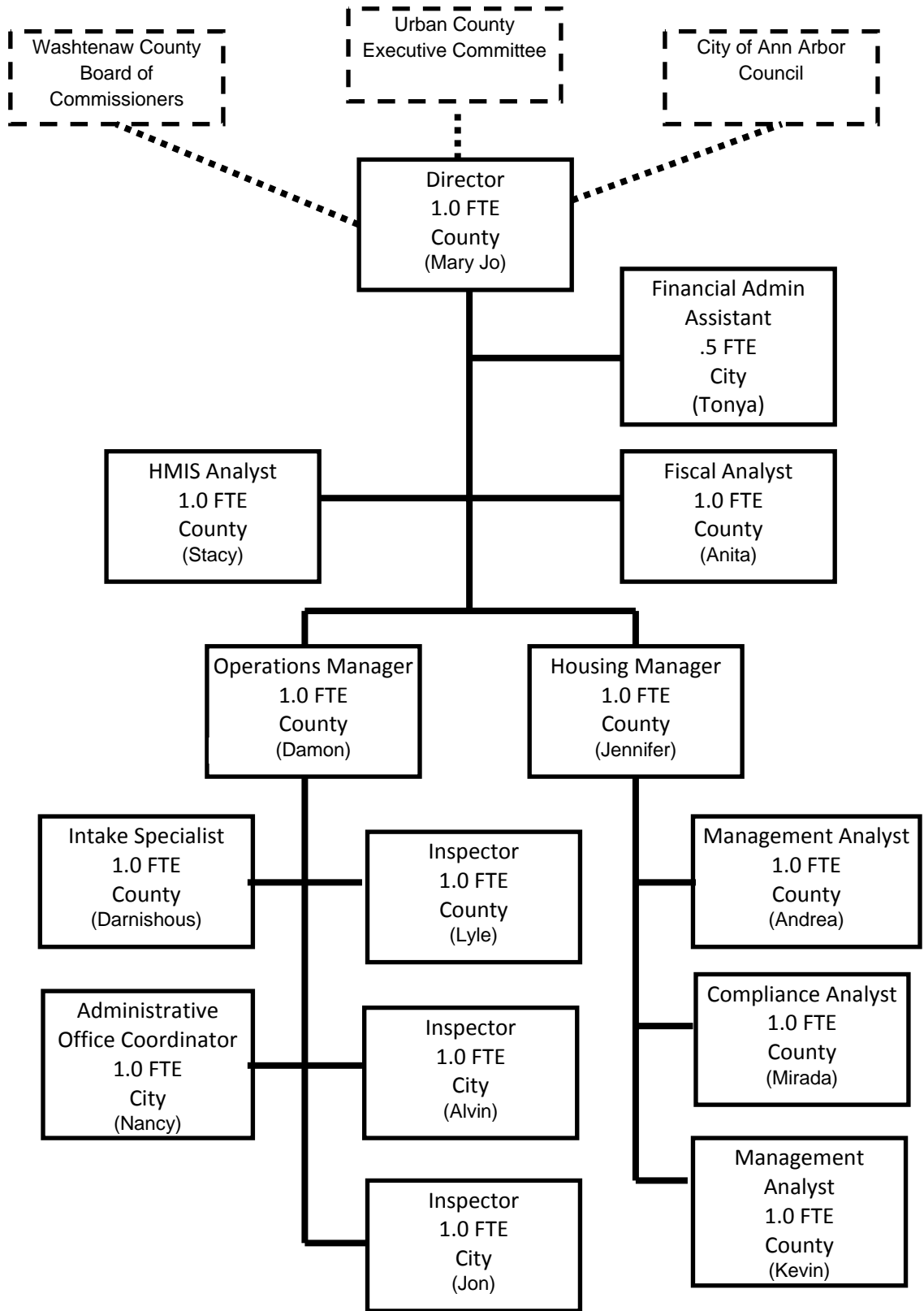
Jon Van Eck, Rehabilitation Specialist I and Lyle Rice, Rehabilitation Inspector: Mr. Van Eck and Mr. Rice have over 20 years combined experience in the construction and inspection industries and 10 years managing HUD grants. They are both primarily responsible for the construction contractor oversight for all the housing rehabilitation programs offered by Community Development. However, both will take on contractor management for developers of owner housing under the NSP 2 program, including approving specifications, completing inspections, and approving construction payments. They will also provide assistance with the NSP 2 demolition program. Mr. Van Eck is responsible for monitoring the department's W/MBE compliance.

Nancy Christopher, Administrative Support Specialist: Mrs. Christopher has over 15 years experience in municipal government and 4 years managing HUD grants. She is responsible for setting up purchase orders, paying invoices and entering project data into the financial management systems. Mrs. Christopher also provides administrative support to the office. She will continue to process requests for reimbursement from NSP contractors and troubleshoot financial issues.

Mirada Jenkins, Compliance Analyst: Ms. Jenkins has over 5 years experience working with HUD affordable housing programs, including HUD grant management. She will be the primary contract

administrator for the owner housing process, including homebuyer education, foreclosure prevention, and owner housing development. She is responsible for working with developers of owner housing to ensure that homebuyers are qualified, an affordability analysis is completed, a 1% appraisal discount is achieved, affirmative marketing and fair housing regulations are followed. She reviews appraisals, completes environmental reviews and ensures that mortgage liens are filed. She is also responsible for relocation. She will continue these responsibilities with NSP 2 projects.

Kevin Mitchell, Management Analyst: Mr. Mitchell has over 5 years experience managing government contracts. He is responsible for the contract management and contractor oversight for the NSP demolition program. Mr. Mitchell will be working directly with municipalities and the Land Bank to strategize on property disposition. He will also manage a property tracking database to track ownership, eligibility, foreclosure status and the condition of properties.



(2) References:

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Ratings Factor 3: Soundness of approach (45 points)**a. Proposed Activity (15 points)**

(1) *Overall Program:* Washtenaw County is applying for a total of \$19,975,000 to address blighted, abandoned and foreclosed properties in 16 census tracts that have been impacted the greatest by vacancies and foreclosures. The goal of the program is to arrest decline, stabilize neighborhoods and revitalize the community. This request is building on existing programs, partners and resources as well as thoughtfully and judiciously creating new programs to address the rapidly changing market.

The four cornerstones of the County's NSP 2 program include increasing home ownership in single-family neighborhoods, improving and increasing rental properties, Land Bank activities and demolishing blighted properties. The ownership and rental programs are expanding upon existing programs run by the County. Land Banking is a new activity in response to the tremendous increase in foreclosures. Demolition is not new, but had been rarely used in the past, and it is a response to the dramatic increase in abandoned and blighted properties. This section will expand upon the program summary section by focusing on the coordinated activities occurring in each jurisdiction. All three jurisdictions have a rental housing inspection program, nuisance abatement program, and general code enforcement programs.

Although it cannot be funded from the NSP II application, a critical component to neighborhood stabilization is foreclosure prevention. Washtenaw County and the City of Ann Arbor provide \$245,000/year in general funds to a collaborative of non-profits that provide education, counseling, advocacy, legal services and emergency loan services to residents facing foreclosure. However, not every resident can be helped and therefore this application will address the impact of homeowners, businesses, and landlords that lose their property.

City of Ann Arbor: The City of Ann Arbor's foreclosure problems are less severe than in the City of Ypsilanti and Township of Ypsilanti. Census tract 4054's HUD ranking of "16" is the highest risk score of any other Ann Arbor census tract. This neighborhood is located by Pittsfield Elementary School. This neighborhood has one of the highest homeownership rates (84%) in the City and the median household income is slightly higher than the City average of \$59,000. Homeowner acquisition and rehabilitation will be the primary NSP activity. Demolition will be considered if necessary. The neighborhood is anchored by the Village Cooperative, a market-rate cooperative that recently voted to become market-rate condominiums. This 422 unit cooperative built in 1943 for Ford Willow Run Plant employees, includes smaller 1 & 2 bedroom split-level homes with expansive park-like yards. The City just created a down payment assistance program to help low-income residents purchase their homes from the cooperative. Due to the drop in housing values, and a complicated legal structure, over 100 cooperative owners owe more to pay off their cooperative membership than the same units are appraising at as condominiums. The City allocated \$100,000 in HOME funds as a PILOT down payment assistance program and can only loan up to 105% of the housing value. The City is very concerned that a significant number of households will not be able to close the gap and will be foreclosed on, walk away from the units or become renters. If enough resources are available to help buyers purchase these units, the housing market should stabilize within 2 years.

To the east and west of the Cooperative are 1200 -1500 sq ft homes built in the 1950's – 1960's. This neighborhood also includes a site-plan approved for a 120 unit tax credit project of 1-3 bedroom apartments on Burton Road that the City is contributing \$430,000 in Ann Arbor Housing Trust Funds and \$120,000 in fee waivers and reductions. This neighborhood is well served by grocery, services, jobs, bus service and easy access to US-23.

Census tract 4056 in Bryant/Arbor Oaks Neighborhood has a HUD need score of 13 but has long been a focus of City efforts to stabilize the neighborhood. This neighborhood has one of the highest ratios of families, one of the highest ratios of minorities, and the lowest median incomes in the City. The NSP activities will complement will include rental redevelopment, homeowner acquisition and rehabilitation, and demolition. Arbor Oaks is a subdivision of cul-de-sacs centered around Bryant School, Bryant Community Center and Arbor Oaks Park. The 200+ circa 1970's houses are 3-4 bedroom, 1 bath, ranches, under 1,000 sq feet, built on a crawl space. Some areas of Arbor Oaks were previously a wetland and therefore many of the homes are experiencing drainage issues. The Office of Community Development is working with the Engineering and Utility Departments to address the drainage problem. Some of the cul-de-sacs are not connected to the City's storm drain. About 50% of these houses have received rehabilitation assistance from the Office of Community Development over the past 30 years. The neighborhood also includes a 12-unit Low-Income Housing Tax Credit project that is facing foreclosure, fronted by a vacant parcel with 10 partially completed basements that is also in foreclosure. The City has allocated \$240,000 in HOME funds to the 12-unit LIHTC property to stabilize the property. The front parcel is included in this NSP 2 application for redevelopment. A neighborhood revitalization effort was initiated in 2008 by Community Action Network (CAN), a non-profit that is contracting with the City to manage Bryant Community Center for \$145,000 in general funds annually. CAN is conducting a community needs survey and is focused on preventing foreclosures, housing rehabilitation, improving infrastructure, safety, and youth recreational opportunities.

This neighborhood includes two HUD financed limited equity cooperatives. Forest Hills (306 units) is in the Bryant school district while University Townhomes (611 units) is in the Allen school district. These cooperatives provide the largest source of affordable housing units in the City. These units are 2-4 bedroom townhomes with basements and 1-2 baths. The City has allocated \$50,000 in HOME funds as a

PILOT program to help households at 50% AMI or less purchase membership fees to the Cooperative. The Census characterizes the cooperative units as rental, although the occupants own a share of the cooperative and pay monthly carrying costs to live in the units. The monthly carrying costs are very affordable at \$425-\$550/month. Consequently, this Census tract appears to have one of the lowest homeownership rates in the City but, it is actually very high.

City of Ypsilanti: The City's 5 target NSP 2 census tracts can be divided into two areas – northern and southern Ypsilanti. The Southern part of Ypsilanti includes census tracts 4106, 4107, and 4108. These neighborhoods are characterized by turn of the century historic homes. Ypsilanti is Washtenaw County's oldest city, and its large historic district is listed in the National Register of Historic Places and the Michigan Register of Historic Sites. During the late 19th century and throughout the 20th century, Ypsilanti was the industrial center for Washtenaw County and the largest industrial center in southeast Michigan outside the Detroit metropolitan area. As was typical for city planning during the late 19th and early 20th centuries, industrial facilities were often located near downtown areas and on waterways, and workers' residential neighborhoods were built up around them. The boom in automotive industrialization in the mid-20th century spawned a massive migration of workers, particularly impoverished African-Americans, from the South who moved into predominately minority residential neighborhoods. The large numbers of brownfields in the City are concentrated in these neighborhoods, which have minority populations ranging from 42% to 96%. Therefore, negative health and welfare impact of these brownfields disproportionately affects minority residents.²⁰

The Water Street redevelopment project that is included in this NSP 2 application is in the heart of this area, on a 38-acre brownfield site adjacent to downtown Ypsilanti. For 20 years the redevelopment of the Water Street area has been a goal for the city council and the community at large. Historically, the Water Street Redevelopment area had a mix of land uses, with residential, vacant, commercial, and industrial uses commingling haphazardly. Those buildings are all currently vacant and blighted and will be demolished with NSP I funds. The potential for redevelopment will have a large impact upon the Downtown and Michigan Avenue corridor and accordingly, the City of Ypsilanti. Redevelopment of the area is now possible due to unified land control and the completion of environmental assessment of the site, as well as partial remediation and demolition performed to date. Ypsilanti has been working with the community on design issues and will incorporate many green and sustainable features. The property is located on the Huron River and a linear park will be developed, connecting the site to other parks located along the river. The City has amended its master plan to restate the goals of the project to include a mixture of uses, expand public access to the river, ensure compatibility with adjacent land uses, incorporate urban design standards, create effective transportation connections and adhere to environmental best practices.

The NSP 2 activities are building on existing activities in these neighborhoods and are expected to have a stabilizing impact on these neighborhoods in 3-4 years. Over \$1.6 million in CDBG and HOME funds have been spent on homeowner rehabilitation, public infrastructure, public facilities, and owner acquisitions in these census tracts since 2002. The Community Policing Action Council (CoPAC) is a federation of neighborhood, business and community groups in the City of Ypsilanti that act as an advisory council to guide the long-term community policing philosophy of the Ypsilanti Police Department. Through explicit collaboration with police, CoPAC has helped neighborhoods previously known for loitering and illegal activity become ripe for new business ventures and property renovations. Developers are now not only

²⁰ Teresa Gillotti, MSU Extension Urban Collaborator

seeing a return on investment, but they are renovating historic properties back to their original splendor. Statistics confirm a significant reduction of crime within the City of Ypsilanti since the formation of this collaboration. A Citizens' Police Academy and the Volunteer Service Corp (VSC) provide extra "eyes and ears" and visibility during special city events, such as parades and the Heritage Festival. CoPAC won second place in the 2008 MetLife Foundation Community-Police Partnership Award Winners for their long-term collaboration²¹. Ypsi PRIDE Day brings out more than a thousand volunteers throughout Ypsilanti to work on more than 35 public clean up and beautification projects.

The following investments have either been made in the past 2 years or are currently committed in these three census tracts (4106, 4107, and 4108): Ypsilanti Communities Utility Authority (\$3,540,500 for water main, pump station and sewer improvements), local street millage (\$300,000), Water Street redevelopment general funds (\$604,615), Water street redevelopment bond financing (\$2,181,046), CDBG (\$50,000 to demolish 6 blighted properties) CDBG (\$165,000 ADA curb cuts), CDBG (\$348,000 community center), and private investment by local businesses (\$11 million).

The northern NSP 2 census tracts (4102 & 4110) in the City of Ypsilanti are in the shadow of Eastern Michigan University and have a different demographic history and challenges. A large majority of residents are 18-25 years old, living in rental complexes and historic homes that have been divided up into apartments. These census tracts also include single family neighborhoods that are at a tipping point between owner occupancy and rental occupancy. Census tract 4102 is 50% owner-occupied and 4110 is erroneously characterized as 5% owner occupied due to a geocoding error but is actually similar to 4110. Community Development is working with the Eastern Leadership Group, including EMU leaders to create a homeownership program for EMU employees to purchase foreclosed homes in these two neighborhoods. This program expands on the existing homeownership program. Demolition will be used when appropriate. It is expected that these two neighborhoods will stabilize within 2-3 years.

The following investments have either been made in the past 2 years or are currently committed in these two census tracts (4102 & 4110): Ypsilanti Communities Utility Authority (\$1,229,500 for water main, pump station and sewer improvements), EMU and Washtenaw County Parks (\$450,000 for bike and pedestrian trail construction), Private and brownfield funds (\$4,250,000 for adaptive reuse of an elementary school into photography studio and offices), CDBG (\$105,000 bike lane), and MDOT & local match (\$1,010,000 streetscape enhancement).

Ypsilanti Township:

Ypsilanti Township includes two distinct NSP 2 eligible areas, an urbanized area (census tracts 4105, 4115, 4116, 4121, 4122, 4123, and 4130) and a suburban area (4127 & 4134).

The urban census tracts are primarily modest-sized ranch homes built in the 1930's to 1970's. Ypsilanti Township has focused on these neighborhoods for the past 7 years. Over \$1.5 million in CDBG and HOME funds have been spent on code enforcement activities, homeowner rehabilitation, public improvements and new owner acquisitions in these neighborhoods since 2002. The NSP 2 funds will be spent on homeowner acquisition and rehabilitation, demolition, and land bank activities. The demolition activities will include several blighted commercial properties on the main commercial corridors. These commercial properties are hindering private reinvestment. Housing demolition will only occur on properties that are too costly to

²¹ http://www.lisc.org/section/goals/healthy/safety/awards/2008_metlife/

salvage. These properties will be sold to neighbors or converted into public spaces such as gardens or parks whenever possible. The remaining properties will be land banked until demand for new owner housing increases.

The West Willow neighborhood (census tract 4123) has the highest HUD foreclosure (19) and vacancy (20) score in the County. The percent of minorities is higher than average (70%), homeownership is higher than average (77%), income is somewhat lower than average (\$59,000) and the percent of college graduates is one of the lowest (9%) in the County. The neighborhood has a very active homeowner's association that is working with the County and Township on safety, recreational, and neighborhood revitalization efforts. Over the last two years, the Office of Community Development has worked in association with the New West Willow Neighborhood Association (NWWNA) to implement the recommendations from the County-funded neighborhood revitalization plan completed in 2006. Between 2007 and 2008, the Michigan Department of Transportation completed improvements to the intersection at US-12 and Dorset Avenue (West Willow Crossing). The improvements included: lengthening the walk indications for both crosswalks, installing pedestrian warning signs on US-12 with reflective strips on the posts, replacing the existing 6 inch crosswalk markings with "Special Emphasis" crosswalk markings ("12 inch Zebra"), installing a pedestrian warning sign with reflective strips on Southbound Dorset, and installing a reduced speed ahead warning sign on Eastbound US-12. Washtenaw County Parks and Recreation has used non-federal funds over the last 2 years to provide summer recreation activities for the youth in West Willow, including "Ballin' In The Willow" and the West Willow Summer Youth Program. The County also provided general funds to Growing Hope for a community garden that was completed in August 2008.

The following investments have either been made in the past 2 years or are currently committed in these seven census tracts (4105, 4115, 4116, 4121, 4122, 4123, 4130): Ypsilanti Communities Utility Authority (\$20,200,000 for water main, pump station, road and sewer improvements), CDBG (\$199,000 code enforcement) CDBG (\$203,000 road improvements), CDBG (\$318,203 park, community center improvements) CDBG (\$71,000 to rehab 8 homes), HOME (\$775,000 for 19 owner acquisitions and rehabilitation projects).

The final two census tracts (4127 and 4130) are the only suburban census tracts included in this NSP 2 application. The housing and neighborhood characteristics are very different than the urban census tracts. These neighborhoods are primarily subdivisions built since the 1970's and about half since the 1990's. One of the largest problems is overbuilding of homes between 1800 – 3000 ft² costing \$250,000 to \$350,000 up until the housing market crash. The newest subdivisions have abandoned partially built homes that need to be demolished. In 2000, these census tracts had significantly higher than average incomes at \$77,107 and \$98,050 and higher than average owner occupancy rates at 61% and 96%. Since 2007, housing prices have plummeted and a significant number of homes have converted to rental housing because owners were either unable to sell their homes or unwilling to sell their homes at a significant loss. Owner acquisition and rehabilitation is the primary NSP 2 strategy for these neighborhoods. However, the County's current NSP I guidelines limit the sales price to \$160,000. Some homes are appraising at \$160,000 but as these neighborhoods stabilize, the home prices will start to increase and become unaffordable for our target homebuyers. These neighborhoods are expected to stabilize in 1-2 years with an initial NSP 2 investment to provide a boost to market forces.

(2) Use of funds and firm commitments

Program	Developer/Contractor	Property Types	Project	Municipality	Amount	Residential Units	50% AMI Set-aside (25% min)
FINANCIAL MECHANISMS							
	NHSA/local lenders	Foreclosed	loan loss reserve	All	\$1,200,000	100 units	NO
PURCHASE AND REHABILITATE							
	Habitat	Foreclosed or Abandoned	Acquisition, Rehab, and Resale to Owner	All	\$2,400,000	40 - \$60K ea	YES – 80% (32 units)
	CHA	Foreclosed or Abandoned	Homebuyer Purchase and Rehab	All	\$1,800,000	30 - \$60K ea	NO
	CHA/CD	Foreclosed or Abandoned	Owner Down Payment Assistance	All	\$875,000	70 - \$12,500K average	NO
	WHEP	n/a	Homebuyer education	All	\$100,000	600 households	N/A
	Avalon	Foreclosed	Gateway Rental Acquisition & Rehab	Ypsilanti Twp	\$2,000,000	43 units	YES – 100%
	Habitat lead developer	Foreclosed or Abandoned	Grove Road Owner or Rental Acquisition & Rehab	Ypsilanti Twp	\$2,500,000	100 units	YES – 50%
LAND BANK							
	Land Bank	Foreclosed	TBD	All	\$2,500,000	75 units	N/A
DEMOLITION							
	City of Ann Arbor, City of Ypsilanti, Ypsilanti Township, Land Bank	Blighted (vacant or occupied)	TBD	All	\$1,900,000	100 x \$10K resid, rest commercial	N/A
REDEVELOP							
	CHA/PS Equities , Inc.	Vacant	Valencia Rental Acquisition & Redevelopment	Ann Arbor City	\$800,000	32	25% Min.
	Senior Housing Developer	Vacant	Water Street Rental Acquisition and Redevelopment	Ypsilanti City	\$2,000,000	100	25% Min.
ADMIN	None		10% of total		\$1,900,000	n/a	N/A
TOTAL					\$19,975,000	690	\$5,870,000

(b) Activity terms and beneficiaries:

Financing Mechanism:

The County is requesting \$1,200,000 in financing mechanisms to create a loan loss reserve program to provide loans to at least 100 households with incomes between 50% AMI and 120% AMI. Households with incomes less than 50% AMI will automatically be referred to Habitat and Habitat will provide the homebuyer loan. Community Development is working with five local lenders and the Neighborhood Housing Services of America (NHTSA) to create this loan loss reserve program. NHTSA purchases the loan from the initiating lender based on Fannie Mae's rates and terms. Homebuyers who participate in this program may also receive down payment assistance and rehabilitation, if needed. Rental Housing developers may also participate in this program, as a secondary user. The terms will be the same except the beneficiaries will include households under 50% AMI. Addresses are dependent on eligible properties.

Acquisition and Rehabilitation:

NSP-funded financial activities will include the purchase and redevelopment of foreclosed upon homes and residential properties. The benefit to income-qualified persons is to increase accessibility to affordable housing to households that may not otherwise be able to purchase these homes or rent these units. The following housing programs will be included under this activity:

1. Owner Down Payment Assistance
 - a. Administered by Community Development and Community Housing Alternatives (CHA)
 - b. Maximum of \$15,000 per household
 - c. Household income between 50% AMI and 120% AMI
 - d. Soft second shared equity loan
 - e. 0% interest, 20 year term
 - f. Budget includes 20% developer fee
 - g. Addresses TBD
2. Homebuyer Purchase and Rehabilitation
 - a. Contract with Community Housing Alternatives to administer
 - b. \$50,000 maximum including up to \$15,000 DPA
 - c. Household income between 50% AMI and 120% AMI
 - d. Soft second shared equity loan
 - e. 0% interest, 20 year term
 - f. Budget includes 20% developer fee
 - g. Addresses TBD
3. Owner Acquisition Rehabilitation and Resale
 - a. Contract with Habitat for Humanity of Huron Valley
 - b. \$1 FHA foreclosed homes, and
 - c. Foreclosed homes acquired and rehabbed by Habitat then sold to buyer
 - d. \$50,000 Maximum including up to \$15,000 DPA
 - e. Household income between 30% AMI and 60% AMI
 - i. 80% of household are expected to be under 50% AMI

- f. Soft second shared equity loan
 - g. 0% interest, 20 year term
 - h. Budget includes 20% developer fee
 - i. Addresses TBD
4. Acquisition and Rehabilitation of Rental properties
- a. Contract with Avalon Housing and CHA
 - b. Household income up to 120% AMI
 - i. Permanent Supportive Housing will be 50% AMI or less for all units
 - ii. All other housing will include a minimum of 25% at 50% AMI or less
 - c. Maximum of \$50,000 per unit
 - d. Soft Second loan
 - e. 0% to 4% interest, 20 year minimum term
 - f. Budget includes 15% developer fee
 - g. Addresses: W Michigan Ave, Grove Road, Water Street and Valencia
 - i. Alternative addresses TBD

Land Bank

Land Bank activities will include acquisitions by the Washtenaw County Land Bank and the Office of Community Development. The interest rate, term, and tenure are not applicable and the addresses are to be determined based on eligibility.

Demolition

Demolition activities will be conducted by the City of Ann Arbor, City of Ypsilanti, Ypsilanti Township, Community Development and the Washtenaw County Land Bank. The interest rate, term, and tenure are not applicable and the addresses are to be determined based on eligibility.

(c) Non-federal Committed Funds

Financial Mechanisms

n/a

Acquisition and Rehabilitation

Habitat for ARR & Grove	\$3,025,425 in donations and grants
Avalon for Gateway	\$420,000 Federal Home Loan Bank
City of Ann Arbor	\$300,000 Ann Arbor Housing Trust Funds
Washtenaw County	\$200,000 Housing Contingency Funds

Land Bank

Firmly Committed by ETCS	\$25,000 in local funds
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Demolition

n/a

Redevelopment	
City of Ypsilanti Water St project	\$350,000 general funds
Total Commitments:	\$4,320,425

(d) Demolition and preservation

Community Development has developed program guidelines which prohibit the demolition of a residential property unless the cost of rehabilitation exceeds 75% of the value of the home. The intent is to preserve existing housing whenever it is financially feasible. Demolition will be a required activity because many of the residential units have been vacated for a long time, vandalized, stripped of mechanical systems, and/or deteriorated to the level of a condemned property. Demolition is a vital component of the County's NSP 2 activities in order to remove blighting influences in the community. There is currently a back-log of eligible units for demolition because communities do not have the capital to pay for these demolitions. NSP 2 funds will enable these communities to demolish the homes and commercial structures, place liens on the properties, and recapture part of this investment for future NSP 2 eligible uses. As the other NSP 2 activities are fully utilized, and the worst properties are demolished, demolitions will diminish. All residential dwelling units demolished with NSP 2 funds will be unoccupied and vacant. The County does not expect to demolish or convert any low- and moderate-income dwelling units. The County is not asking for an exception to the 10% limitation on demolition activities.

b. Project Completion Schedule (5 points)

The completion schedule below shows milestones by quarter, which is 3 months. All projects will have Environmental Reviews completed and Community Development will monitor all contracts for the normal compliance activities such as Davis-Bacon, Section 3, Fair Housing, Affirmative Marketing, and Lead Paint.

Project Completion Schedule, The chart below is divided into 3 month intervals.

Year 1					
Project	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total Funds Drawn
<i>Financing Mechanisms</i>					
Loan Loss Reserve	Finalize Program Guidelines Advertise Program	5 households close \$60,000	15 households close \$180,000	15 households close \$180,000	\$420,000
<i>Acquisition and Rehabilitation</i>					
Homebuyer Education	Contract Executed Advertise Program Orientation 60 households One-on-One 40 hslds Maintenance 30 hslds \$10,000	Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Advertise Program Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Orientation 60 hshlds One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	\$40,000
Habitat ARR	Contract Executed Buyer orientation completed	5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	\$900,000
CHA HPR	Contract Executed	4 households close 4 units rehabbed \$240,000	4 households close 4 units rehabbed \$240,000	4 households close 4 units rehabbed \$240,000	\$720,000
CHA/CD DPA	Contract Executed	5 households close \$62,500	10 households close \$125,000	10 households close \$125,000	\$312,500
Avalon Gateway	Contract Executed Specs finalized, Bid issued \$100,000	General Contractor selected Rehab initiated \$500,000	Rehab \$700,000	Rehab completed \$700,000	\$2,000,000
Habitat Grove Rd	Project planning, design, community meetings	Contract Executed Unit inspections	100 Units Purchased \$600,000	General Contractor Selected	\$600,000
<i>Land Bank</i>					
Land Bank	Contract Executed	Acquire 10 units 5 units disposed, 5 maintained \$330,000	Acquire 10 units 5 units disposed, 10 maintained \$330,000	Acquire 10 units 5 units disposed, 15 maintained \$330,000	\$990,000
<i>Demolition</i>					
Demolition	Execute Contracts	10 units demolished \$100,000	20 units demolished \$200,000	20 units demolished \$200,000	\$500,000
<i>Redevelop</i>					
CHA/P.S. Equities Valencia	Execute Contracts	Property Acquired \$400,000	Finalize design Site Plan Approved	General Contractor Selected	\$400,000
Water Street	Execute Contracts	Property Acquired \$500,000	Finalize design Site Plan Approved	General Contractor Selected	\$500,000
Administration	\$158,333	\$158,333	\$158,333	\$158,333	\$633,332
Totals					\$8,015,832

Year 2					
Project	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total Funds Drawn
<i>Financing Mechanisms</i>					
Loan Loss Reserve	10 households close \$120,000	10 households close \$120,000	10 households close \$120,000	10 households close \$120,000	\$480,000
<i>Acquisition and Rehabilitation</i>					
Homebuyer Education	Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Orientation 60 hshlds One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	\$40,000
Habitat ARR	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	\$1,200,000
CHA HPR	3 households close 3 units rehabbed \$180,000	3 households close 3 units rehabbed \$180,000	3 households close 3 units rehabbed \$180,000	3 households close 3 units rehabbed \$180,000	\$720,000
CHA/CD DPA	10 households close \$125,000	5 households close \$62,500	10 households close \$125,000	5 households close \$62,500	\$375,000
Avalon Gateway Habitat Grove Rd	Rehab \$500,000	Rehab 20 units occupied \$500,000	Rehab 30 units occupied \$500,000	Rehab 30 units occupied \$400,000	\$1,900,000
<i>Land Bank</i>					
Land Bank	Acquire 10 units 5 units disposed, 20 maintained \$330,000	Acquire 10 units 5 units disposed, 25 maintained \$330,000	Acquire 10 units 5 units disposed, 30 maintained \$330,000	Acquire 10 units 5 units disposed, 35 maintained \$330,000	\$1,320,000
<i>Demolition</i>					
Demolition	10 units demolished \$100,000	10 units demolished \$100,000	10 units demolished 2 commercial \$500,000	10 units demolished 2 commercial \$500,000	\$1,200,000
<i>Redevelop</i>					
CHA/P.S. Equities Valencia	Construction \$200,000	Construction \$200,000	Construction	Construction	\$200,000
Water Street	Construction \$500,000	Construction \$500,000	Construction	Construction \$500,000	\$1,000,000
<i>Administration</i>	\$158,333	\$158,333	\$158,333	\$158,337	\$633,336
				86% of funds Totals	\$9,068,336

Year 3					
Project	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total Funds Drawn
<i>Financing Mechanisms</i>					
Loan Loss Reserve	10 households close \$120,000	10 households close \$120,000	5 households close \$60,000		\$300,000
<i>Acquisition and Rehabilitation</i>					
Homebuyer Education	Advertise Program Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000	Orientation 60 households One-on-One 40 hslds Financial Mgmt 15 hslds Maintenance 30 hslds \$10,000			\$20,000
Habitat ARR	5 Habitat homes sold 5 units purchased by Habitat 5 units rehabilitated \$300,000	5 Habitat homes sold			\$300,000
CHA HPR	3 households close 3 units rehabbed \$180,000	3 households close 3 units rehabbed \$180,000			\$360,000
CHA/CD DPA	10 households close \$125,000	5 households close \$62,500			\$187,500
Avalon Gateway					
Habitat Grove Rd	20 units occupied				
<i>Land Bank</i>					
Land Bank	5 units acquired 5 units disposed, 35 maintained \$150,000	5 units disposed, 30 maintained \$20,000	5 units disposed, 25 maintained \$10,000	5 units disposed, 20 maintained \$10,000	\$190,000
<i>Demolition</i>					
Demolition	10 units demolished 1 commercial \$200,000				\$200,000
<i>Redevelop</i>					
CHA/P.S. Equities Valencia	Construction	Construction	Units occupied \$200,000		\$200,000
Water Street	Construction	Construction	Units occupied \$500,000		\$500,000
<i>Administration</i>	\$158,333	\$158,333	\$158,333	\$158,333	\$633,332
				Totals	\$2,890,832

(c) Income targeting for 120 percent and 50 percent of median (5 points)

Please refer back to the table and narrative under “Use of funds and firm commitments” for a breakdown of income targeting by activity. In summary, the 120% AMI income threshold will be met by certifying the incomes of all occupants of owner and rental housing. WHEP, the homebuyer education partners, currently certify the income of all potential homebuyers prior to giving the homebuyer a “Release to Purchase” certificate. If the potential homebuyer was income certified more than 6 months prior to closing, the developer will recertify the buyer’s income prior to closing.

The total NSP 2 request is \$19,975,000. A 25% minimum set-aside for 50% AMI households is \$4,993,750. The minimum total funds targeted to 50% AMI households in this application is \$5,870,000 or 29%.

OWNER

Habitat for Humanity ARR	32 units (\$1,920,000)
Grove Road	50 units (\$1,250,000)

RENTAL

Avalon’s Gateway	43 units (\$2,000,000)
CHAP.S. Equities’ Valencia	8 units (\$200,000)
The Water street	25 units (\$500,000)

(d) Continued Affordability (5 points)**HOMEOWNERSHIP PROGRAMS**

- a) A 20-year 0% interest, deferred lien shall be placed on the property in the amount that the homeowner borrowed (“Subsidy Amount”). If the OWNER sells or transfers Property or an interest therein or discontinues use of Property as a primary residence on or before the 20 year term, the Subsidy Amount shall be repaid according to the following:
- i) County Appreciation Percentage. The County Appreciation Percentage shall be determined by taking the Subsidy Amount and dividing it by the After Rehab Value. The County Appreciation Percentage shall then be multiplied times the total amount of Appreciation; and
 - ii) Appreciation. Appreciation of Property shall be the difference between the Owner’s original After Rehab Value and the appraised value at the time Owner sells, transfers, or discontinues using Property as a primary residence. Owner expenses such as after acquired liens, equity liens, or other encumbrances shall not be considered in computing appreciation; and
 - iii) County Repayment Amount. The County Appreciation Percentage shall be multiplied times the Appreciation to determine the amount that must be repaid to County (“County Repayment Amount”). In the event that the County Repayment Amount is equal to or greater than the County lien, then that amount shall be repaid to the County. In the event that the County Repayment Amount is less than the lien, then the Owner shall be responsible for the balance of the Subsidy Amount at the time of closing. In the event that the total amount available to the Owner at the time of closing after paying the first mortgage, closing costs, realtor commissions, and recovering the initial owner cash

- investment is less than the Subsidy Amount, then that amount shall be paid to County and Owner shall be relieved of any further obligation under the terms of this Lien Agreement.
- iv) Forgiveness of Subsidy Amount. In the event Owner retains and resides in the Property continuously for a period of twenty (20) years, all obligations to repay the Subsidy Amount shall be forgiven and this Lien shall be discharged.

Recapture Formula:

Initial Appraised After Rehab Value (IARV)	\$90,000
Initial Purchase Price (IPP)	\$75,000
NSP investment (\$15K DPA & \$20K Rehab)	\$35,000
NSP investment as percent of IARV	39%

Sold 10 years later with significant increase in value

Appraised Value (AV)	\$200,000
Increase in Appraised Value (IARV - IAV)	\$110,000
39% of Increase in Value	\$42,900

\$42,900 is greater than \$35,000, so the homeowner repays \$42,900

Sold 10 years later with moderate increase in value

Appraised Value (AV)	\$150,000
Increase in Appraised Value (IARV - IAV)	\$60,000
39% of Increase in Value	\$23,400
Net proceeds	\$80,000

\$23,400 is less than \$35,000 and the net proceeds are greater than \$35,000, so the homeowner repays \$35,000

Sold 10 years later with decrease in value

Appraised Value/Sales Price	\$85,000
Owner Private Mortgage Lien repayment	-\$60,000
Owner initial cash investment	-\$1,000
Closing Costs and Realtor	<u>-\$6,000</u>
Balance	\$19,000

\$19,000 is repaid instead of \$35,000

RENTAL PROGRAMS

A minimum of a 20-year lien will be placed on all NSP funded rental housing projects. The interest rate will range from 0% to 4%. The interest rate and term will be determined during the underwriting process and will be based on a cash-flow analysis. The lien will be equal to the amount of assistance provided to the buyer (acquisition and rehabilitation). At the time of sale or transfer of the property or discontinuation as a rental property, the lien must be repaid in full or based on a formula, whichever is greater. The formula is based on a shared increase in the appraised value at the time of sale or transfer. At the time of initial

purchase, the percent of NSP funds as a percent of the appraised value will be calculated. At the time of sale or transfer, the same percent of increase in the appraised value between the initial purchase and the new appraised value will be repaid to Washtenaw County. The greater of this formula and the actual lien amount will be repaid out of net sales proceeds (after paying all liens, closing costs, realtor fees and deducting the initial owner cash investment).

If the property remains a rental property for 20 years, then the lien will be forgiven. NSP funds can be applied to the entire project cost or designated to specific units. At least 25% of the units funded with NSP funds will be occupied by households at 50% AML or less at the time of the tenants' initial occupancy.

(e) Consultation, outreach, communication (5 points)

(1) *Consultation with local jurisdictions and State.* The County Office of Community Development met with elected officials and employees of the three jurisdictions impacted: the City of Ann Arbor, the City of Ypsilanti and the Charter Township of Ypsilanti. These jurisdictions have identified current properties that are foreclosed, blighted, vacant, or abandoned in the NSP 2 eligible areas. These jurisdictions helped identify priorities, budgets, and developers for all of the projects in this NSP 2 application. Community Development will continue to work with building officials, assessors, planners, attorneys, and financial staff in the jurisdictions as well as the County Treasurer's office to research the eligibility of properties under the NSP 2 program. The CD will work with the impacted jurisdictions and neighborhood associations to prioritize projects and plan for future redevelopment of vacant sites.

Community Development meets monthly with the Michigan State Housing Development Authority to discuss projects in the pipeline and under consideration. The purpose is to coordinate funding and determine when technical assistance is needed for non-profit developers. For example, MSHDA is paying for consultants to provide technical assistance to two non-profit housing providers to acquire LIHTC foreclosed properties with NSP I funds. Under the NSP I funding round, the County received funds directly from HUD and the City of Ann Arbor received funds from MSHDA because Ann Arbor's NSP I allocation was less than \$2 million.

(2) *Outreach and Affirmative Marketing.*

The NSP 2 program will be an expansion of the County's homebuyer program. The County created a marketing plan for our HOME and NSP I program that includes advertisements on public transportation, public service announcements on radio and local cable, brochures, flyers, door hangers, and the County is developing a twitter account. The brochures, flyers and door hangers are distributed by our housing education partners and municipalities at public buildings, workshops, community events, churches, and local businesses in all of the jurisdictions that are eligible for funding, and particularly low-income and minority neighborhoods. Our education partners participated in over 30 community events in the past 2 years. The county's website also includes the Annual Plan, NSP I plan, NSP 2 application, program guidelines and contact information.

The success of the homebuyer program is completely dependent on our partnership with the Washtenaw Housing Education Partners (WHEP). The County has funded WHEP with general funds for 5 years. Community Development and WHEP worked collaboratively to design the educational program and homebuyer program guidelines for the County's homebuyer loan programs. The County has found that for every 5-6 households that enter the program, 1 will purchase a home. All potential buyers who wish to

access NSP 2-subsidized programs will attend a 6-hour orientation session and 1 – 10 hours of one-on-one counseling, depending on the needs of the buyer, as well as a 2-hour home maintenance class. Some potential buyers will be required to attend an 8-week financial literacy course, depending on their financial history. Any household whose income is 50% AMI or less will automatically be referred to Habitat and Habitat buyers will attend an alternative orientation session. WHEP's budget also includes reimbursements from other federal, state and local resources. The buyers who have completed their educational requirements will be "released to purchase", and CHA, Habitat and Community Development will work with the buyers, lenders, realtors and title companies to access appropriate loan products and close on the houses.

Community Development is working with local lenders, realtors, and homebuyer education partners to quickly identify REO properties, market those properties to eligible buyers, and provide appropriate financing to the buyers. WHEP provides realtor and lender trainings about our programs. WHEP issued a request for qualification to develop a pool of preferred lenders to reduce delays and increase programmatic success. The County currently has a publicly accessible web-based GIS site that was designed to facilitate housing development. The website includes map templates to conduct environmental and Section 6 reviews. The user inputs the address and can print a map identifying the address and potential environmental issues such as wetlands, floodplains, railroads, and historic property districts. The site also includes useful features to help a developer or buyer assess the site such as public transportation routes, school districts, healthcare facilities, and property taxes. The site also includes a map layer identifying whether a property is eligible for HOME funds, NSP 1 funds and NSP 2 will be added.²² The map also identifies the property owner and a new feature is under development to look-up REO properties.²³

Community Development sent out an e-mail notice to our developer contact list notifying developer's of the opportunity to utilize NSP 1 and NSP 2 funds, and requesting proposals. In addition, Community Development announced the intention to apply for NSP 2 funds at 3 community meetings with non-profit housing and service providers and requested proposals. Each rental housing developer has an approved Affirmative Marketing Plan and the County verifies that the plan has been followed. The County also contracts with the Fair Housing Center of Southeastern Michigan on Impediments to Fair Housing. The Fair Housing Center provides investigative services, testing, advice, advocacy, attorney referrals and community education to eliminate illegal housing discrimination based on race, color, religion, national origin, sex, disability, and/or familial status.

(3) *Communication:* The County communicates program design, progress, opportunities and results through several methods. The website and public notices in the local newspaper and at public buildings are the primary sources of communication with the general public. Community Development communicates with key stakeholders primarily through face-to-face meetings. Community Development meets monthly with the Urban County Executive Committee, WHEP, the Housing and Human Services Citizen Advisory Board and MSHDA. Community Development is in continual communication with all of our developers and contractors by phone, e-mail and in person. In addition, as mentioned previously, Community Development and WHEP make presentations and have booths at community events. The County has an adopted Citizen Complaint Procedure that requires a response by the Director of Community Development to respond

²² http://www.ewashtenaw.org/government/departments/community_development/index.html

²³ <http://gisapp.ewashtenaw.org/comdev/map.aspx>

within 15 days of receiving the complaint. If the complaint is not resolved satisfactorily, the citizen can request a response from the County Administrator, who also has 15 days to respond.

(f) Performance and monitoring (10 points)

(1) Monitoring Plan: On the program side, the Office of Community Development holds an annual mandatory housing developer meeting each year. Housing developers must attend the training in order to apply for and receive federal funds. Community Development compiled all of the federal regulations, reference materials and forms into two 3 inch binders for the developers. In addition, Community Development holds a mandatory construction contractor meeting twice a year. Contractors must attend the training and get certified as a qualified contractor to be eligible to bid on construction projects. Contractors are provided a Contractor Manual and copies of all forms that will be used. Instructions relating to reporting requirements, grant draw procedures, and applicable federal regulations are explained with an opportunity to ask questions.

The Office of Community Development monitors multi-family rehabilitation and new housing developments through the coordination with planning, building, engineering, utility and public safety staff from local units of government during the site approval and construction phases. Before funds are committed to a new housing project, environmental reviews are conducted by CD staff, legal due diligence is performed, the financial capacity of the organization is assessed and the long-term project feasibility is assessed. Affirmative marketing plans, human rights and living wages practices are reviewed for compliance. In addition, the CD determines whether other federal regulations such as Davis-Bacon, Section 3, and Section 504 will apply. The Rehabilitation Inspectors also provide technical assistance and support to non-profit housing developers and homeowners who are receiving assistance for repairs to their housing unit. The Rehabilitation Inspectors conduct on-site inspections, lead-based paint assessments, and monitor the progress of construction and rehabilitation completed by contractors and subcontractors. On-going monitoring occurs through annual Housing Quality Standard (HQS) inspections, income verifications, rent monitoring, financial and programmatic auditing, and site visits.

Community Development monitors the homeownership program by conducting environmental reviews, coordinating with lenders, requiring homeownership education certification, analyzing the debt capacity of potential homeowners, and prohibiting buyers from participating with predatory lenders. The Rehabilitation Specialists conduct on-site inspections and lead-based paint assessments before the home is purchased. Community Development monitors the demolition program by conducting site visits with the contractor, requiring proof of authority to demolish the property, approving specs, and site visits.

Compliance to regulations is also ensured by staff attending HUD-sponsored trainings and conferences, subscribing to several community development publications, regular use of the HUD Office of Community Planning and Development website and consultation with local HUD District representatives. The Michigan State Housing Development Authority (MSHDA) has been instrumental in providing technical assistance to train new staff, develop criteria for reviewing affordable housing proposals and assisting non-profit developers to create sustainable developments. Local Initiative Support Corporation (LISC) has also provided technical assistance to non-profit housing developers and has established a part-time local office to increase its ability to provide support. Community Development coordinates with the other funding sources for housing projects to increase efficiencies and increase consistency of monitoring procedures.

On the financial side, all federally-funded non-profit organizations are required to provide independent audits and management letters that detail when fiscal and administrative controls are in need of improvement. Board of Director meeting minutes, financial reports and Federal 990 tax forms are also required. This information is used to monitor board oversight and administrative controls.

The Washtenaw County Budget Office provides assistance with setting up new accounts, budget amendments and budget projections. The Finance Department provides day to day review of payable submissions, approves journal entries and conducts year end review of all accounts. The Finance Department also compiles a bi-annual Cost Allocation Plan for the County. Both agencies provide guidance, as needed, to ensure compliance with GAAP, GASB and OMB A-87, A-102 and A-133 with supplements.

All invoices and requests for reimbursement are reviewed for compliance by the program staff, the department head and departmental financial staff. The Washtenaw County Finance Department reviews payables and processes payments to vendors and contractors. All payables require a minimum of two approval signatures. At no time, does staff submitting requests for payment process the actual payment. All receivables are submitted to the County Treasurer for deposit on a daily basis. Receipt of funds drawn from federal sources are received directly into the County's bank by ACH. CD staff notifies the Treasurer of pending ACH deposits and the appropriate accounts for deposit.

(2) *Internal Audit.* The Director, Finance Analyst, Operations Manager and Housing Manager meet weekly to identify problems with existing operations and management, problem solve, and implement solutions. If funded with NSP 2 funds, Community Development will contract with an outside agency to conduct an internal audit of our programs, beyond what the auditors, HUD and Community Development staff already do, in order to get an outsider's perspective on whether we have any risky management practices or ineffective internal controls.

Ratings Factor 4: Leveraging other funds, or removal of substantial negative effects (10 points)

(a) *Leverage.*

Habitat	\$3,025,425 in donations and grants – state & private
Avalon Gateway project	\$420,000 Federal Home Loan Bank - private
City of Ann Arbor	\$300,000 Ann Arbor Housing Trust Funds - local
Washtenaw County	\$200,000 Housing Contingency Funds - local
ETCS	\$25,000 in local funds
City of Ypsilanti Water St project	\$350,000 general funds
Total Commitments:	\$4,320,425
Total Request:	\$19,975,000
Ratio of Leverage	22%

(b) Rubric for Addressing Vacant Properties

The residential vacancy data was provided by the US Postal Service at <http://www.huduser.org/datasets/usps.html>

The total number of residential vacant properties is 1583.

1.5 x 383 (acquired & rehabbed) = 575

Vacant properties to be demolished = 100

675/1583 = 43%

Ratings Factor 5: Energy efficiency improvements and sustainable development factors (10 points)

(a) Transit Accessibility (4 points)

The following analysis of local bus service was provided by the County's planning department based on local bus service every 20 minutes during rush hour, and regular bus services within ¼ mile of every house in the census tract. All of the census tracts with 50% accessibility within ¼ mile are fully accessible within ½ mile. There are no commuter rails, light rails, subways or street cars in Washtenaw County

Census tracts with 100% transit service accessibility	Census tracts with transit service accessibility to 50% of the houses	Census tracts with transit service accessibility to 5% or less
4107	4054	4127
4108	4056	4134
4110	4102	
4115	4105	
4116	4106	
	4121	
	4122	
	4123	
	4130	

(b) Green Building Standards (3 points)

Since 2007, the Washtenaw County Office of Community Development has maintained a database of over 300 construction specifications addressing energy efficient, green, and/or, environmentally friendly improvements to provide for long-term affordability, increased sustainability and increased attractiveness of homes in the neighborhoods we work in.

Each residential property receives a pre- and post-energy audit to assist our efforts in certifying and/or qualifying rehabilitated properties as energy star. Energy Star-labeled appliances and products are required as well as WaterSense labeled water-efficient toilets, showers and faucets. 90% efficient heating and cooling systems are required and on-demand water heating is recommended to the owners.

When cost effective, sustainable and green construction materials are used such as recycled or composite materials for roofing, flooring, and siding. When cost effective, the Washtenaw Urban County Office of Community Development shall incorporate the following elements into all NSP 2 funded activities:

New Construction: Sustainable Design, LEED standards and Energy Star Qualified New Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy)

Gut rehabilitation up to three stories (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls): Energy Star Qualified, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

Gut Rehabilitation over 3 stories: Energy Star Qualified, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

Rehabilitation: Energy Efficiency, Water Conservation, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

The County is in the process of adopting the Enterprise Foundation's Green Communities standards located at <http://www.greencommunitiesonline.org/>.

(c) Re-use of cleared sites (1 point)

All demolition sites that are under ownership of one of the County's contractors, such as a municipality or a Land Bank, will be redeveloped as housing or used as a community resource such as community gardens, rain gardens, pocket parks or floodplain impoundment areas within the term of the NSP 2 grant. Some of the properties that will be demolished will not be owned by the County or its contractors and the County cannot guarantee that the owner will redevelop the site as housing or a public purpose within the term of the NSP 2 grant.

(d) Deconstruction (1 point)

The County is working with Habitat for Humanity to deconstruct all of the demolition properties first. Habitat will either sell materials in its Reuse Store or recycle the materials.

(e) Sustainable development (1 point)

The following green sustainable practices will be incorporated into the NSP 2 projects in this application:

Water Street Redevelopment: passive solar orientation, located in the heart of dozens of community and retail facilities, three separate connections to surrounding neighborhoods, environmental resources will be protected, EPA erosion and sedimentation control best management practices will be used, sustainable landscaping, efficient irrigation, durable materials, heat absorbing materials, and all healthy home requirements.

CHA Valencia Redevelopment: located within ½ mile of four community and retail facilities, environmental resources will be protected, EPA erosion and sedimentation control best management practices will be used, sustainable landscaping, energy efficient landscaping, efficient irrigation, durable materials, heat absorbing materials, and all healthy home requirements.

All rental acquisition & rehabilitation projects: located within ½ mile of four community and retail facilities, three connections to surrounding neighborhoods, environmental resources will be protected, EPA erosion and sedimentation control best management practices will be used, durable materials, heat absorbing materials, and all healthy home requirements.

All homeowner Acquisition & Rehabilitation projects will meet the healthy home requirements.

Ratings Factor 6: Neighborhood transformation and economic opportunity (5 points)

(1) & (2) *Certify Consistency and increase Effectiveness with Other Plans.* There are many elements in various master and comprehensive plans that are congruent with the goals and programs outlined in this NSP 2 application. Washtenaw County's Comprehensive Plan has an extensive chapter regarding the goals of objectives of housing. The goal for housing in Washtenaw County is "to provide safe, decent and affordable housing for the County residents focusing on the needs of lower income, work force and special need populations."²⁴ The plan includes 5 objectives: maintain the existing affordable housing stock in the County, increase the private sector production of affordable housing, increase lower income residents ability to obtain and remain in affordable housing units, ensure housing for special populations and homeless, and achieve affordable housing goals in the most efficient, and cost effective manner by coordinating community resources.

The activities in this application will maintain existing affordable housing through the acquisition and rehabilitation activities, increase private sector production through the redevelopment of the Water street and Valencia street sites, increase low income residents ability to obtain and remain in affordable housing units by providing financial assistance to homebuyers and keeping people housed in the rental properties at Gateway and Grove road, ensure housing for special populations and homeless by providing permanent supportive housing at Gateway and Valencia and senior housing at Water street, and achieve affordable housing goals efficiently and coordinated through the collaborations outlined in this application.

Washtenaw County and the City of Ann Arbor conducted an Affordable Housing Needs Assessment in 2007²⁵ and the NSP 2 activities are entirely consistent with the recommendations in the Needs Assessment. The needs assessment was the impetus for the County and City of Ann Arbor to begin addressing the foreclosure crisis that was just developing in 2007. Although it cannot be funded with NSP funds, a critical component to neighborhood stabilization is foreclosure prevention. As a result of the Needs Assessment, Washtenaw County and the City of Ann Arbor provide \$245,000/year in general funds to a collaborative of non-profits that provide education, counseling, advocacy, legal services and emergency loan services to residents facing foreclosure. The Needs Assessment provided over 100 pages of recommendations and all of the NSP 2 activities are consistent with and support these recommendations.

²⁴ A Comprehensive Plan for Washtenaw County, 7-3.

http://www.ewashtenaw.org/government/departments/planning_environment/comp_plan/

²⁵

http://www.ewashtenaw.org/government/departments/community_development/plans_reports_data/index.html#AHN
A

Appendix 1 Definition of Blighted Structure

For the NSP 2 program, the County will use the definition of “blighted” property approved in the State of Michigan House Bill 6638 of 2008, with 3 additions at the bottom. A blighted property must meet one of the following conditions:

- The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- The property is an attractive nuisance because of physical condition or use.
- The property is a fire hazard or is otherwise dangerous to the safety of persons or property.
- The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for at least one year so that the property is unfit for its intended use.
- The property is tax reverted property owned by a qualified local governmental unit, by a county, or by the state. (The property would retain its “blighted” status, after a sale, lease, or transfer of tax reverted property by a local governmental unit, county, or the state.)
- The property is owned or under the control of a Land Bank Fast Track Authority, whether located within a qualified local governmental unit as that term is defined in the Brownfield Redevelopment Financing Act. (The property would retain its “blighted” status, after a sale, lease, or transfer of the property by the Land Bank Fast Track Authority for purposes of the statute.)
- The property is improved real property that has remained vacant for five consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.
- The existence of any structure or part of such structure which, because of fire, wind or other natural disaster or physical deterioration, is no longer habitable as a dwelling, nor useful for any other purpose for which it may have been intended or lawfully used.
- The existence of any vacant dwelling, garage or other accessory building, unless the same is securely locked, with windows intact or neatly boarded up, and otherwise protected to prevent entrance thereto by unauthorized persons.
- The existence of any partially completed structure, unless such structure is in the course of construction in accordance with a valid and subsisting building permit issued by the township and unless such construction is completed within the time specified by existing ordinances.

Appendix 2 Definition of Affordable Rents

The HOME definition of affordable rents at 24 CFR 92.252 (a), (b), (c), (d) and (f) will be adopted for the NSP 2 program.

The NSP 2-assisted units in a rental housing project must be occupied only by households that are eligible as low-mod income families and must meet the following requirements to qualify as affordable housing. The affordability requirements also apply to the NSP 2-assisted non-owner-occupied units in single-family housing purchased with NSP 2 funds in accordance with Sec. 92.254.

(a) Rent limitation. HUD provides the following maximum NSP 2 rent limits. The maximum NSP 2 rents are the lesser of:

- (1) The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
- (2) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will be used for NSP 2 and will include average occupancy per unit and adjusted income assumptions.

(b) Additional Rent limitations. In rental projects with five or more NSP 2-assisted rental units, twenty-five (25) percent of the NSP 2-assisted units must be occupied by very low-income families and meet one of following rent requirements:

- (1) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions and will be used for NSP 2. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph (a) of this section, then the maximum rent for units under this paragraph is that calculated under paragraph (a) of this section.
- (2) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

(c) Initial rent schedule and utility allowances. The participating jurisdiction must establish maximum monthly allowances for utilities and services (excluding telephone). The participating jurisdiction must review and approve rents proposed by the owner for units subject to the maximum rent limitations in paragraphs (a) or (b) of this section. For all units subject to the maximum rent limitations in paragraphs (a) or (b) of this section for which the tenant is paying utilities and services, the participating jurisdiction must ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.

(d) Nondiscrimination against rental assistance subsidy holders. The owner cannot refuse to lease NSP 2-assisted units to a certificate or voucher holder under 24 CFR part 982--Section 8 Tenant-Based Assistance:

Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

(f) Subsequent rents during the affordability period.

(1) The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions, which will be used for NSP 2. Regardless of changes in fair market rents and in median income over time, the NSP 2 rents for a project are not required to be lower than the NSP 2 rent limits for the project in effect at the time of project commitment.

(2) The participating jurisdiction must provide project owners with information on updated NSP 2 rent limits so that rents may be adjusted (not to exceed the maximum NSP 2 rent limits in paragraph (f)(1) of this section) in accordance with the written agreement between the participating jurisdiction and the owner. Owners must annually provide the participating jurisdiction with information on rents and occupancy of NSP 2-assisted units to demonstrate compliance with this section.

(3) Any increase in rents for NSP 2-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.

2009 Fair Market Rent Levels (includes Washtenaw, and Lenawee Counties)

	FMR (40th Percentile)
SRO	\$517
Efficiency	\$689
1 bedroom	\$773
2 bedroom	\$940
3 bedroom	\$1,183
4 bedroom	\$1,217

*Note: FMR is calculated by HUD as the rental rate in the 40th percentile for units rented in past 15 months not including public housing and units less than 2 years old. Published 10/2008. Data Location: <http://www.huduser.org/dataset/fmr.html>

2009 HOME program High and Low rent rates

	HIGH	LOW
SRO*	\$517	\$517
Efficiency	\$689	\$689
1 bedroom	\$773	\$773
2 bedroom	\$940	\$940
3 bedroom	\$1,183	\$1,107
4 bedroom	\$1,217	\$1,217

Note: A HOME-assisted unit's rent and utilities cannot exceed the HIGH rent rate. A project with 5 or more HOME-assisted units must rent 20% of the units at the LOW rent rate or below families with incomes at 50% AMI or below. *SRO= 75% of Efficiency.

Appendix 3 Housing Rehabilitation Standards

Energy Efficiency, Green, and Sustainability

Since 2007, the Washtenaw County Office of Community Development has maintained a database of over 300 construction specifications addressing energy efficient, green, and/or, environmentally friendly improvements to provide for long-term affordability, increased sustainability and increased attractiveness of homes in the neighborhoods we work in.

Each residential property receives a pre- and post-energy audit to assist our efforts in certifying and/or qualifying rehabilitated properties as energy star. Energy Star-labeled appliances and products are required as well as WaterSense labeled water-efficient toilets, showers and faucets. 90% efficient heating and cooling systems are required and on-demand water heating is recommended to the owners.

When cost effective, sustainable and green construction materials are used such as recycled or composite materials for roofing, flooring, and siding. When cost effective, the Washtenaw Urban County Office of Community Development shall incorporate the following elements into all NSP 2 funded activities:

New Construction: Sustainable Design, LEED standards and Energy Star Qualified New Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy)

Gut rehabilitation up to three stories (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls): Energy Star Qualified, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

Gut Rehabilitation over 3 stories: Energy Star Qualified, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

Rehabilitation: Energy Efficiency, Water Conservation, Healthy Homes, ASHRAE Standard 90.1-2004, Appendix G plus 20 percent

ELIGIBLE AND INELIGIBLE WORK

A. General

The purpose of the housing rehabilitation programs is to eliminate code violations, make energy improvements, eliminate barriers to handicapped occupants, and correct safety problems. Upon completion of work, the property shall comply with federal, state, and local codes. It is not the policy of the housing rehabilitation programs to undertake cosmetic rehabilitation. All work will be completed according to Housing Quality Standards and local code.

B. Eligible Rehabilitation Work

The following work items are eligible and are prioritized as follows:

- 1) Code Violations: Conditions which present an immediate danger to the occupants and violate the local Housing Code. Examples include exposed bare wiring, leaking gas lines, furnaces with cracked heat exchangers, inoperable furnaces, severely leaking roofs, missing handrails, broken steps, severely deteriorated structural members and doors, windows which cannot be secured, and flaking or peeling lead based paint.
- 2) Lead-Hazard Reductions: All work associated with the control of lead-based paint hazards.
- 3) Incipient Code Violations: An incipient violation exists if at the time of inspection there is an element in the dwelling which, due to age, deterioration, wear, or normal usage will deteriorate within the life of the loan period and become a code violation. Costs to correct these potential violations are eligible. Conditions which, in the determination of the Rehabilitation Staff, could reasonably be expected to deteriorate into code violations within twelve months. Examples include roofs known to be at least fifteen years old with missing granules, paint which is beginning to chalk but where no bare wood is exposed, plumbing which provides barely adequate water pressure but which is of such an age that it will soon necessitate replacement.
- 4) Accessibility Improvements: The property must meet the accessibility standards at 24 CFR part 8. Examples include ramps, grab bars, chair lifts and remodeling of kitchens, bathrooms, doors and entries to provide accessibility for handicapped persons as well as provision of additional bathrooms or storage facilities on the first floor or grade level for household members with limited mobility.
- 5) Energy Efficiency/Conservation Work: Reasonable or necessary work to eliminate excessive energy consumption. Eligible costs include energy audits, Energy Star™ appliances; energy efficient lighting, windows, doors, heating and cooling systems; air sealing; insulation; and water saving devices. Green materials will be used when cost effective.
- 6) General Property Improvements: As approved by the Rehabilitation staff

C. Ineligible Work:

- 1) Where the general condition of the property indicates that the owner has not or will not take reasonable action to preserve the value of the existing property and proposed improvements or where the owner has not maintained the property in conformance with applicable city housing, zoning and nuisance codes.
- 2) In cases of reapplication, no work previously financed through this program will be contracted for again unless the rehabilitation staff determines that the need to redo the work was not the fault of the owner.

- 3) General improvements, unless deemed appropriate by the Rehabilitation Specialist. Housing developers may include general improvements in the scope of work if the developer utilizes non-CD funds to pay for the general improvements.
- 4) The difference in cost to upgrade materials in the specifications will be the responsibility of the property owner.
- 5) Appliances other than those required by federal, state, and local code.
- 6) Enclosing of open areas, such as porches and decks
- 7) Purchase, installation, or repair of furnishings.
- 8) Any work otherwise eligible but substantially completed prior to the start of Community Development contract work.

DEMOLITION/DECONSTRUCTION

The Washtenaw Urban County Office of Community Development shall include in each contractual agreement for demolition provisions for the deconstruction of recyclable and or reusable fixtures and building materials in accordance with section 6002 of the Solid Waste Disposal Act.

Application for Federal Assistance SF-424

Version 02

*1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	*2. Type of Application <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s) *Other (Specify) _____
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3. Date Received:	4. Applicant Identifier: MI269161 Washtenaw County
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5a. Federal Entity Identifier: MI 269161	*5b. Federal Award Identifier:
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State Use Only:

6. Date Received by State:	7. State Application Identifier:
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8. APPLICANT INFORMATION:

*a. Legal Name: Washtenaw County

*b. Employer/Taxpayer Identification Number (EIN/TIN): 386004894	*c. Organizational DUNS: 02-01-11969
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d. Address:

*Street 1:	110 N Fourth Ave, Ste 300
Street 2:	PO Box 8645
*City:	Ann Arbor
County:	Washtenaw
*State:	MI
Province:	
*Country:	US
*Zip / Postal Code	48104

e. Organizational Unit:

Department Name: Community Development	Division Name:
---	-----------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____	*First Name: Jennifer _____
Middle Name: Lynn _____	
*Last Name: Hall _____	
Suffix: _____	

Title: Housing Manager

Organizational Affiliation:

*Telephone Number: 734 622-9006

Fax Number: 734 622-9022

*Email: hallj@washtenaw.org

OMB Number: 4040-0004

Expiration Date: 01/31/2009

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

B

Type of Applicant 2: Select Applicant Type:

C

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency: Housing and Urban Development**

11. Catalog of Federal Domestic Assistance Number:

14.256

CFDA Title:

Neighborhood Stabilization Program

***12 Funding Opportunity Number:**

FR-5321-N-01

*Title:

NOFA for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

City of Ann Arbor, City of Ypsilanti and Ypsilanti Township in Washtenaw County Michigan

***15. Descriptive Title of Applicant's Project**

Neighborhood stabilization through housing development, demolition, and land bank activities

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

*a. Applicant: 7 & 15

*b. Program/Project: 7 & 15

17. Proposed Project:

*a. Start Date: 1/1/2010

*b. End Date: 12/31/2012

18. Estimated Funding (\$):

*a. Federal	<u>\$21,000,000</u>
*b. Applicant	<u>\$500,000</u>
*c. State	<u>\$500,000</u>
*d. Local	<u>\$2,500,000</u>
*e. Other	_____
*f. Program Income	_____
*g. TOTAL	<u>\$24,500,000</u>

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on _____
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

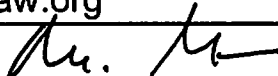
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Mr. *First Name: Robert
Middle Name: E
*Last Name: Guenzel

Suffix: _____	
*Title: County Administrator	
*Telephone Number: 734 622-9006	Fax Number: 734 622-9022
* Email: guenzelb@ewashtenaw.org	
*Signature of Authorized Representative: 	*Date Signed: 7/10/09

Authorized for Local Reproduction

Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102

Application for Federal Assistance SF-424 Version 02

*1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	*2. Type of Application <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s) *Other (Specify) _____
--	---	--

3. Date Received:	4. Applicant Identifier:
--------------------------	---------------------------------

5a. Federal Entity Identifier:	*5b. Federal Award Identifier:
---------------------------------------	---------------------------------------

State Use Only:

6. Date Received by State:	7. State Application Identifier:
-----------------------------------	---

8. APPLICANT INFORMATION:

***a. Legal Name:** City of Ann Arbor

*b. Employer/Taxpayer Identification Number (EIN/TIN): <u>386004534</u>	*c. Organizational DUNS: <u>004-913-166</u>
---	---

d. Address:

*Street 1:	<u>100 N 5th Ave</u>
Street 2:	<u>PO Box 8647</u>
*City:	<u>Ann Arbor</u>
County:	<u>Washtenaw</u>
*State:	<u>MI</u>
Province:	_____
*Country:	<u>US</u>
*Zip / Postal Code	<u>48107-9647</u>

e. Organizational Unit:

Department Name: <u>Community Development</u>	Division Name:
--	-----------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____	*First Name: <u>Jennifer</u>	
Middle Name: <u>Lynn</u>		
*Last Name: <u>Hall</u>		
Suffix: _____		

Title: Housing Manager

Organizational Affiliation:

*Telephone Number: 734 622-9006

Fax Number: 734 622-9022

*Email: hallj@ewashtenaw.org

OMB Number: 4040-0004

Expiration Date: 01/31/2009

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

C

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency:** Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.256

CFDA Title:

Neighborhood Stabilization Program

***12 Funding Opportunity Number:**

FR-5321-N-01

*Title:

NOFA for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

City of Ann Arbor, City of Ypsilanti and Ypsilanti Township in Washtenaw County Michigan

***15. Descriptive Title of Applicant's Project:**

Neighborhood stabilization through housing development, demolition, and land bank activities

OMB Number: 4040-0004

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Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

*a. Applicant: 7 & 15

*b. Program/Project: 7 & 15

17. Proposed Project:

*a. Start Date: 1/1/2010

*b. End Date: 12/31/2012

18. Estimated Funding (\$):

*a. Federal	<u>\$21,000,000</u>
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*c. State	<u>\$500,000</u>
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*e. Other	
*f. Program Income	
*g. TOTAL	<u>\$24,500,000</u>

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***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Mr.

*First Name: Roger

Middle Name: W

*Last Name: Fraser

Suffix: _____	
*Title: City Administrator	
*Telephone Number: 734 794-6110	Fax Number: 734 994-8297
* Email: RFraser@a2gov.org	
*Signature of Authorized Representative: <i>Ray Fraser</i>	*Date Signed: <i>7/10/09</i>

Authorized for Local Reproduction

Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102

Washtenaw County, Michigan Consortium Agreement
Neighborhood Stabilization Program II Application

Whereas, The federal Department of Housing and Urban Development (HUD) has issued a Notice of Funding Availability for Neighborhood Stabilization Program II funds under the American Recovery and Reinvestment Act of 2009 to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon or abandoned;

Whereas, Washtenaw County, Michigan has experienced an increase in mortgage and tax foreclosures, leading to an increase in abandoned and blighted properties and a decrease in property values; and

Whereas, Washtenaw County municipalities, developers, non-profits, educational institutions and businesses are working collaboratively to coordinate planning, eliminate destabilizing influences, revitalize neighborhoods, increase economic activity, increase sustainability and leverage resources;

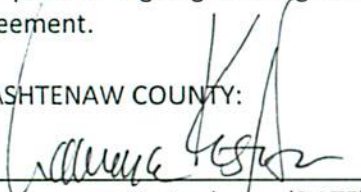
Whereas, The approach will include homebuyer outreach and education, financing to acquire and rehabilitate owner-occupied and rental housing, demolition of blighted structures, acquisition and disposition of properties by the Land Bank, and redevelopment of residential properties.

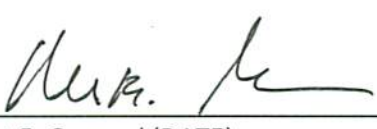
Therefore, The undersigned agree to submit a single application to HUD for Neighborhood Stabilization Program II funding. The undersigned agree that Washtenaw County shall act as the lead applicant. Washtenaw County will submit the application, and if selected for funding, will execute the NSP II agreement with HUD and assume responsibility for the grant on behalf of the consortium for compliance with all program requirements. The County's internal auditor is authorized to carry out an internal audit of any NSP II-assisted activities. The Consortium will cooperatively carry-out the NSP II program.

If funded by HUD, a Consortium Funding Agreement will be executed between Washtenaw County and each consortium member by December 1, 2009. The Consortium Funding Agreement will describe the consortium member's specific activities under the NSP II program, including timetables for completion, budgets, and program activities.

The persons signing this Agreement hereto certify by said signatures that they are duly authorized to sign this Agreement.

WASHTENAW COUNTY:

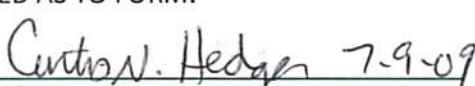
By:  7/9/09
Lawrence Kestenbaum (DATE)
County Clerk/Register

By: 
Robert E. Guenzel (DATE)
County Administrator

APPROVED AS TO CONTENT:

By:  7/9/09
Mary Jo Callan, Director (DATE)
Office of Community Development

APPROVED AS TO FORM:

By:  7-9-09
Curtis N. Hedger (DATE)
Office of Corporation Counsel

CITY OF ANN ARBOR:

Signed: 
Roger W. Fraser, City Administrator

Date: 7/10/09

PARTNERSHIP AGREEMENT
FOR COMMUNITY DEVELOPMENT OFFICE

WHEREAS, in 2004 the County of Washtenaw ("Washtenaw") and the City of Ann Arbor ("Ann Arbor") agreed to jointly operate their respective Community Development Departments; and

WHEREAS, in October 2004 the County and City entered into a Community Development Manager Service Agreement ("2004 Community Development Manager Service Agreement") that provided that the County would provide a Manager for the combined Department, with both sides sharing the cost of the Manager; and

WHEREAS, the 2004 Community Development Manager Service Agreement also specifically stated the duties for both the County and City concerning the Manager position and the operation of the Combined Community Development Department; and

WHEREAS, it may be desirable during the daily operation of the Combined Department for employees of one governmental unit to work on the projects of the other governmental unit; and

WHEREAS, the City and County now desire to execute this Partnership Agreement specifically addressing issues arising from operating a Combined Community Development Department.

In consideration of the promises below, the parties agree as follows:

I. Community Development Manager

The 2004 Community Development Manager Service Agreement provides for one individual, referred to as the "Community Development Manager" ("Manager") to be responsible for the daily supervision of both City and County employees in the Combined Community Development Department. The parties acknowledge that to fulfill this duty of managing the Department in the most efficient means possible, the Manager must, on occasion, assign the employees of one governmental unit to work on a project for the other governmental unit. The parties agree that the Manager shall have the sole authority to make these assignments at his/her discretion as the need arises, provided that the Manager shall not assign work normally done by a member of a City collective bargaining unit to a County employee without prior written agreement from the union representing that unit, and provided that the Manager shall not assign work normally done by a County employee to an employee who is a member of a City collective bargaining unit without prior written agreement from the union

representing that unit without prior written agreement from the union representing that unit.

II. Other Joint Positions

The parties agree that they may enter into agreements similar to the 2004 Community Development Manager Service Agreement for other positions in the Combined Community Development Department as the need arises.

III. Assignments Outside Governmental Unit, Timekeeping and Payment

A. The Manager may, from time to time, assign an employee of one governmental entity to perform a work assignment or work on a project for the other governmental entity, provided that such assignments are within the approved budgetary allocations for each governmental entity. The Manager may do so only if one of the two following circumstances has been met:

1. The employee to whom the work is assigned is not a member of a collective bargaining unit of the governmental entity for which the employee works and the work being assigned is not work normally performed exclusively by an employee who is a member of a collective bargaining unit of the governmental entity for which the work is being done;

or

2. Either the employee to whom the work is assigned is a member of a collective bargaining unit of the governmental entity for which the employee works, the work being assigned is work normally performed exclusively by an employee who is a member of a collective bargaining unit of the governmental entity for which the work is being done or both, and the City and/or County, as appropriate, enters into an authorized written agreement with the collective bargaining unit representative(s) to allow the assignment of work.

On those occasions when it is necessary for the Manager to assign an employee of one governmental entity to work on a project for the other governmental entity, the Manager shall establish a system or use an existing system to keep time records reflecting how much time was spent by that particular employee performing work for the other governmental entity. Compensation for these employees shall be at their existing pay rates. Reimbursement for the pay for the employee may be drawn down on funds of either governmental

entity, as appropriate, within the budgetary allocation for the governmental entity. At the end of every three months, the Manager shall review the employee time records to determine if any time that has been spent by employees of one governmental entity working on projects for the other governmental entity has not been or is not in the process of being reimbursed from funds of the other governmental entity and shall invoice the other governmental entity for reimbursement for such time. The governmental entity that has received assistance shall pay the billing governmental entity for such time within 30 days after receipt of the invoice.

IV. Indemnity

The County shall indemnify and hold the City harmless from and against all actions, liabilities, demands, costs and expenses, including court costs and attorney fees, which may arise due to the negligent, grossly negligent and/or intentional acts committed by County employees working on City projects.

The City shall indemnify and hold the County harmless from and against all actions, liabilities, demands, costs and expenses, including court costs and attorney fees, which may arise due to the negligent, grossly negligent and/or intentional acts committed by City employees working on County projects.

This section is not intended, and shall not be construed, to waive or limit any immunity defense which the respective governmental entity may have including, but not limited to, governmental immunity.

V. Insurance

The parties acknowledge that each party is insured or self-insured. Each party agrees to maintain insurance or self-insurance reserves or excess insurance policies at its own expense during the term of this Agreement and any future partnership agreements into which the parties enter with one another, in the type and amounts below:

- A. Workers' Compensation Insurance with Michigan statutory limits and Employers Liability Insurance with a minimum limit of \$100,000 each accident for any employee.
- B. Comprehensive/Commercial General Liability Insurance with a combined single limit of \$1,000,000 each occurrence for bodily injury and property damage. Each party shall name the other party as "additional insured" on the general liability policy with respect to the services provided under this Agreement.

- C. Automobile Liability Insurance covering all owned, hired and non-owned vehicles with Personal Protection Insurance and Property Protection Insurance to comply with the provisions of the Michigan No Fault Insurance Law, including residual liability insurance with a minimum combined single limit of \$1,000,000 each accident for bodily injury and property damage.

Insurance companies, named insureds and policy forms shall be subject to the approval of the City Attorney and County Administrator. Such approval shall not be unreasonably withheld. Insurance policies shall not contain endorsements or policy conditions which reduce coverage provided to either the City or the County. Each party shall be responsible to the other party for insurance companies insuring each party for all costs resulting from both financially unsound insurance companies selected by either party and their inadequate insurance coverage. Each party shall furnish the other party with a letter of self-insurance and/or satisfactory certificates of insurance or a certified copy of the policy, if requested by the City Attorney or County Administrator.

VI. Term and Termination

The term of this Agreement shall begin on July 5, 2006, and shall remain in full force and effect so long as 2004 Community Development Manager Service Agreement remains valid, replaced with an updated Community Development Manager Services Agreement, or until terminated by written notice from either party to the other. In the event of this agreement's termination, any money owed by one governmental entity to the other prior to the date of termination pursuant to Article III must still be paid.

VII. General Provisions

This Agreement may not be altered or amended except by written agreement, signed by the City Administrator or designee and the County Administrator or designee. All amendments to this Agreement are subject to the approval of the City Administrator and the County Administrator.

- A. The provisions of this Agreement shall be binding upon the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.
- B. This Agreement may be executed in several counterparts, each of which shall be deemed original. Such counterparts shall together constitute but one and the same Agreement.

- C. The headings of the paragraphs of this Agreement are inserted solely for the convenience of reference. They shall in no way define, limit, extend or aid in the construction of the scope, extent or intent of this Agreement.
- D. In the event that any provision contained in this Agreement is held unenforceable by a court of competent jurisdiction, the remaining provisions shall continue. In the event that a portion of any provision is held unenforceable, the remaining portion of such provision shall nevertheless be carried into effect.
- E. The Agreement shall be construed in accordance with the laws of the State of Michigan. The parties agree that Washtenaw County, Michigan is the proper forum for any litigation arising out of this Agreement.
- F. The failure of a party to enforce at any time the provisions of this Agreement shall not be construed as a waiver of any provision or of the right of such party thereafter to enforce each and every provision of this Agreement.
- G. Neither party shall transfer or assign the Agreement without the written consent of the other party.
- H. Any notice, request, demand, or other communication required or permitted thereunder shall be deemed properly given when received. All notices and submissions required under this agreement shall be by personal delivery, overnight delivery service, or by first-class mail, postage prepaid, to the address set forth above or such other address or method of delivery as either party may designate by prior written notice to the other.

WASHTENAW COUNTY,
A Michigan Municipal Corporation

Attested to:

By: Lawrence Kestenbaum 10/17/06
Lawrence Kestenbaum (DATE)
County Clerk/Register

By: Robert E. Guenzel
Robert E. Guenzel (DATE)
County Administrator

Approved as to Form:

By: Curtis N. Hedger 10-13-06
Curtis N. Hedger (DATE)
Office of Corporation Counsel

CITY OF ANN ARBOR,
A Michigan Municipal Corporation

By: *John Hieftje* 7/24/06
John Hieftje (DATE)
Mayor

By: *Jacqueline Beaudry* 7/25/06
Jacqueline Beaudry (DATE)
City Clerk

Approved as to substance:

By: *Roger W. Fraser* 7/21/06
Roger W. Fraser (DATE)
City Administrator

By: *Jayne Miller* 7/24/06
Jayne Miller (DATE)
Community Services Administrator

Approved as to form:

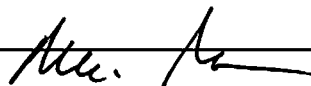
By: *Stephen K. Postema*
Stephen K. Postema
City Attorney

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB
0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Washtenaw County, Office of Community Development, 110 N 4th Ave, Ste 300, Ann Arbor MI 48104 Congressional District, if known: 4c 7 & 15	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency: Housing and Urban Development, Office of the Secretar	7. Federal Program Name/Description: Neighborhood Stabilization Program 2 CFDA Number, if applicable: <u>14.256</u>	
8. Federal Action Number, if known: n/a	9. Award Amount, if known: \$ n/a	
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): USA Works!, Inc ONE Massachusetts Ave, NW, Suite 310 Washington DC, 20001	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): Bradley, David	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: <u></u> Print Name: <u>Robert E. Guenzel</u> Title: <u>County Administrator</u> Telephone No.: <u>734 222-6782</u> Date: <u>7-14-09</u>	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing
and Urban Development

OMB Approval No. 2510-0011 (exp. 8/31/2009)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

Indicate whether this is an Initial Report or an Update Report

1. Applicant/Recipient Name, Address, and Phone (include area code): Washtenaw County, Office of Community Development, 110 N Fourth Ave, Suite 300, PO Box 8645, Ann Arbor MI 48107-8645, (734) 622-9025	2. Social Security Number or Employer ID Number: 386-00-4894
3. HUD Program Name Neighborhood Stabilization Program 2, FR-5321-N-01	4. Amount of HUD Assistance Requested/Received \$19,975,000.00
5. State the name and location (street address, City and State) of the project or activity: Washtenaw County Michigan, 110 N Fourth Ave, Suite 300, Ann Arbor MI 48107 for activities under FR-5321-N-01	

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3). <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No.
--	---

If you answered "No" to either question 1 or 2, Stop! You do not need to complete the remainder of this form. However, you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds
Housing and Urban Development 451 Seventh Street, SW, Washington DC 20410	CDBG/HOME	\$500,000.00	Housing Development

(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)
Avalon Housing Inc. 1327 Jones Dr, Ste 102, Ann Arbor MI 48105, Michael Appel	383-08-6920	developer	\$2,000,000 10%
Community Housing Alternatives, 1851 Washtenaw Ypsilanti MI 48197, Rhonda McGill	383-21-3803	developer	\$2,675,000 13% see additional pages

(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature: 	Date: (mm/dd/yyyy) 7/10/09
--	-------------------------------

Additional Page for HUD -2880 Form

Part III Interested Parties

Habitat for Humanity of Huron Valley 170 Aprill Drive, Ste A, Ann Arbor MI 48103, Sarah Stanton	382-87-4694	Developer	\$4,900,000	25%
POWER Inc, 3810 Packard, Suite 250, Ann Arbor MI 48108, Denese Brown	383-21-3803	Homebuyer education	\$100,000	1%

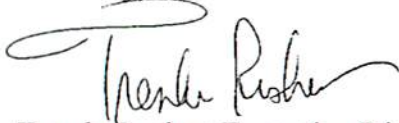
July 8, 2009

NSP II NOFA Review Committee
Dept of Housing and Urban Development
451 Seventh Street, SW
Washington DC 20410

Dear NSP II NOFA Review Committee:

This letter is to verify that the Employment Training & Community Services (ETCS) Department of Washtenaw County is committing \$25,000 of non Federal funds in support of the operations of the Washtenaw County Land Bank. The establishment of the Washtenaw County Land Bank is a critical component of the community economic development actions needed by our community as we work to address the issues resulting from the current economic situation that are impacting the stability of our community and its neighborhoods.

Sincerely,



Trena Rusher, Executive Director
ETCS

301 W. Michigan Ave. Suite 400, Ypsilanti, Michigan 48197
(p) 734.544.3053 (f) 734.544.6730

Washtenaw County **etcs** is a unique government department that recognizes that community action and workforce development are essential to economic development.

Michigan Works! Is an Equal Opportunity Employer/Program that is supported by the State of Michigan. Auxiliary aid services are available on request for individuals with disabilities.

The Office of
Community Development



July 13, 2009

RE: HUD NSP II NOFA Application from Washtenaw County and the City of Ann Arbor, Michigan

To Whom It May Concern:

The Office of Community Development for the City of Ann Arbor and Washtenaw County commit a total of \$500,000 in local general funds from the Community Development budget. The City of Ann Arbor is committing \$300,000 from the local Ann Arbor Housing Trust Fund and Washtenaw County is committing \$200,000 from the local Housing Contingency Fund in support of NSP II activities.

Sincerely,

Mary Jo Callan
Director
Office of Community Development

July 13, 2009

Re: NSP II Application from Washtenaw County and Ann Arbor, Michigan

To Whom It May Concern:

If awarded NSP II funding, Habitat for Humanity of Huron Valley will provide affordable homeownership housing for households earning 30% - 50% of area median income and will provide the following leveraged resources in the development of its units.

<u>Source</u>	<u>Amount Per Unit</u>	<u>Type</u>
Donated Materials & Professional Labor	\$12,000	Private
MSHDA HOME Down Payment Assistance*	\$10,000	Federal
House Sponsorships	\$18,545	Private
General Fundraising (mailings, events)	\$ 3,000	Private
ReStore Revenue	<u>\$ 3,000</u>	Private
Total	\$46,545	

*MSHDA = Michigan State Housing Development Authority

Habitat anticipates developing 40 single-family homeownership units through the acquisition, rehab, resale program and 25 of the 100 units for Grove Road for a total of 65 units. This would result in a total commitment of leveraged resources from Habitat for Humanity of Huron Valley of \$3,025,425.00.

Sincerely,



Sarah Stanton
Executive Director



City of Ypsilanti

Office of the Mayor

July 13, 2009

RE: City of Ypsilanti support for the HUD NSP II NOFA Application from Washtenaw County and the City of Ann Arbor, Michigan

To Whom It May Concern:

The City of Ypsilanti is committing a total \$350,000 in local general funds to the affordable housing component of the Water Street Redevelopment Project over the next two years (including fiscal year 2010/2011). The Water Street Redevelopment Project is one of the elements of the joint Washtenaw County, City of Ann Arbor, Michigan HUD NSP II NOFA Application.

Sincerely,

A handwritten signature in cursive script that reads 'Paul J. Schrelber'.

Paul Schrelber
Mayor
City of Ypsilanti, Michigan



AVALON HOUSING inc.

1327 Jones Drive, Suite 102, Ann Arbor, MI 48105 • 734-663-5858 • Fax 734-663-4857

July 13, 2009

RE: HUD NSP II NOFA Application from Washtenaw County and the City of Ann Arbor,
Michigan

To Whom It May Concern:

Avalon Nonprofit Housing Corporation, dba Avalon Housing, Inc. was awarded a \$420,000 Federal Home Loan Bank Affordable Housing Program grant for Gateway Apartments in Ypsilanti Township. This is private funding. A copy of the approval letter from Federal Home Loan Bank is included.

Avalon Housing, Inc. commits to use this funding in support of the Office of Community Development for the City of Ann Arbor and Washtenaw County's NSP II activities.

Sincerely,

Michael Appel
Executive Director





FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

Monday, June 22, 2009

Mr. Jonathan Bowdler
Bank of Ann Arbor
125 S. Fifth Avenue
Ann Arbor, MI 48104

Project #:	2009A0608
Sponsor Name:	Avalon Nonprofit Housing Corporation
Cosponsor:	Washtenaw Affordable Housing Corp
Project Name:	Gateway Apartments
Subsidy Request:	\$420,000

Congratulations! The FHLBI Board of Directors approved your application for Affordable Housing Program funds on June 19, 2009. Please take a moment to thoroughly review the information contained in this letter.

Project Number

Please note your project number above. This is our means of identifying your project so it is important to include it on all forms and correspondence to the FHLBI.

AHP Agreements/Terms and Conditions Statement

The approval of your application was based on the project's compliance with the regulation (12 CFR Part 1291) and the commitments made in your application. This information is summarized in the Schedule which is attached to the Affordable Housing Program Agreement (sent to Member only; upon receiving and signing, the Member forwards to the Sponsor/Owner). The Agreement will need to be properly executed (by Member and Sponsor/Owner) and returned to the FHLBI by August 30, 2009, and prior to any disbursements.

Contingency Letters

If required for the awarded project, a Contingency Letter is attached and requests any additional information/documentation needed for your specific project that was not provided at the time of application. Please note that the Contingency items must be returned by August 30, 2009 - or as stated on the contingency letter.

Project Modifications and Ongoing Compliance

It is very important that you inform us immediately if any project details change. Keep in mind that changes affecting scoring, project feasibility, development budgets, or other significant changes must be approved by the FHLBI. Please send a Modification Request form explaining changes and the reason for changes. Upon review, we will advise if the changes are approved and/or if a formal modification procedure will be necessary. Please keep in mind that in accordance with the Implementation Plan, feasibility analysis and need for subsidy must be analyzed prior to the disbursement of any AHP subsidies; within the first year of completion of the project and in the course of processing modifications to the project. The award is conditional upon meeting these requirements.

Reporting and Monitoring

Both the Member and the project Sponsor/Owner should expect to provide documentation supporting these commitments during the AHP retention period for the project (15 years from completion for rental; no long-term monitoring for homeownership projects). Please refer to the Implementation Plan for specific monitoring and reporting information. Completion of a series of reports and certifications should be considered standard procedure.

For ease of compliance, we strongly suggest that you set up a separate file for this project immediately (such as the Award Kit). Keep all documents relating to this project, including the original application, correspondence from the FHLBI and all other pertinent information. It is a good idea to include documentation of empowerment services, as it will be requested at some future date.

All AHP projects are required to fulfill reporting and monitoring obligations during the project development phase and during the retention period once the project is completed. Failure to comply with any reporting or monitoring requirement is grounds for de-commitment of any subsidy not yet disbursed, or the recapture of previously disbursed funds. These obligations include, but are not limited to the following:

1. Submission of fully completed semi-annual project certifications no later than June 1 and December 1 of each year until the project is reported complete.
2. Submission of documentation that a) demonstrates financial need for subsidy, b) validates the costs of the project, and c) supports the use of subsidy funds for qualified purposes.
3. Maintaining income documentation for families benefiting from AHP subsidy and affordability documentation for AHP housing units.
4. Submission of documentation supporting the income targeting and other commitments made in the application for subsidy.
5. Site inspections by the FHLBI or appointed representative as required per the Implementation Plan.

Time Limits for Use of Subsidies

With this approval the clock to complete this project has started. Please refer to the Implementation Plan for additional information and definitions of a "completed" project. If delays in completing the project within these timeframes become apparent, you must advise us immediately in writing. Specific requirements for this project are listed below.

- ▶ 1st Disbursement must be taken before July 31, 2010.
- ▶ Utilization of ALL AHP funds by July 31, 2011.
- ▶ Entire Project must be completed by July 31, 2012.

Training for Administering AHP and Drawing Disbursements


Dates and times for web seminars for new users, disbursement and project monitoring training will be announced at a later date. If you have received an award in the past, it is recommended but not required to participate again. Please visit: <http://www.fhlbi.com/housing/conf.asp> to register and obtain more information.

HelpMail on FHLBI.com

HelpMail is an online form that allows you to submit questions and requests for information anytime and directs your requests immediately to the right person.

The FHLBI and community investment staff looks forward to assisting you to a successful completion of this project. If we may be of assistance, please contact Trish Lewis, AHP Compliance Manager, at 800-688-6697. Again, congratulations on your award!

Sincerely,

A handwritten signature in black ink that reads "Mary Beth Wott". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Mary Beth Wott
VP/ Community Investment Officer

cc: Ms. Wendy Carty-Saxon, Avalon Nonprofit Housing Corporation

Unit of Local Government Certifications

In accordance with the applicable statutes and the regulations governing the Neighborhood Stabilization Program, Washtenaw County certifies that:

1. **Affirmatively furthering fair housing.** The applicant certifies that it will affirmatively further Fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
2. **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
3. **Anti-lobbying.** The applicant must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
4. **Authority of applicant.** The applicant certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
5. **Acquisition and relocation.** The applicant certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP2 program published by HUD.
6. **Section 3.** The applicant certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
7. **Citizen participation.** The applicant certifies that it is carrying out citizen participation in accordance with NSP2 requirements.
8. **Use of funds.** The jurisdiction certifies that it will comply with Title III of Division B of the

Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by sending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

9. The applicant certifies:

- a. That all of the NSP2 funds made available to it will be used with respect to individuals and Families whose incomes do not exceed 120 percent of area median income; and
- b. The applicant will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low-and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

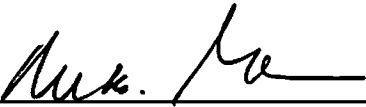
10. Excessive force. The applicant, if an applicable governmental entity, certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

11. Compliance with anti-discrimination laws. The applicant certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

12. Compliance with lead-based paint procedures. The applicant certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

13. Compliance with laws. The applicant certifies that it will comply with applicable laws.

 Date: 7/10/09

Robert E. Guenzel
County Administrator

220 N Main Street,
PO Box 8645
Ann Arbor MI 48107-8645
734 222-6782

Citizen Comments

A draft plan was published on the County's website at

http://www.ewashtenaw.org/government/departments/community_development/index.html

The following public notice was published in the Ann Arbor News on July 4, 2009.

WASHTENAW COUNTY OFFICE OF COMMUNITY DEVELOPMENT

Notice is hereby given that Washtenaw County, pursuant to the U.S. Department of Housing and Urban Development Notice of Funding Availability for Neighborhood Stabilization Program II funds is seeking public comments on the County's application for funds. The County is applying as the lead applicant for a consortium of governmental entities, lending institutions, educators, and developers for funds to revitalize the following Census Tracts that have been impacted by foreclosures: City of Ann Arbor (Census Tract 4056 Bryant School), (CT 4054 Pittsfield School); Ypsilanti City (CT 4102 College Heights), (CT 4105 Normal Park), (CT 4106 Gateway), (CT 4107 Huron/Michigan Ave), (CT 4108 Grove Rd), (CT 4110 Cross St); Ypsilanti Township (CT 4115 Adams Elementary), (CT 4116 Forest School), (CT 4121 Clark Rd), (CT 4122 Michigan Ave), (CT 4123 Willow Run), (CT 4127 South Ford Lake), (CT 4130 Kettering School), (CT 4134 Stony Creek/Textile).

The County is requesting \$800,000 to acquire a foreclosed property and construct 32 units of rental housing on Valencia Drive in Ann Arbor; \$2,000,000 to acquire and rehabilitate 43 foreclosed units of rental housing at 1100 W Michigan Avenue, Ypsilanti; \$4,000,000 in financing mechanisms to acquire and rehabilitate a minimum of 100 units of foreclosed rental housing in the census tracts above; \$6,375,000 in financing mechanisms to help a minimum of 150 households purchase and rehabilitate foreclosed or abandoned homes in the census tracts above, \$500,000 for Land Bank acquisitions and dispositions in the census tracts above, \$1,600,000 to demolish blighted buildings in the census tracts above, and \$1,600,000 for administration for a total of \$16,875,000.

All interested persons are invited to comment on the County NSP Application. The 10-day comment period begins on July 5, 2009 and ends on July 14th, 2009 at 5pm. Comments should be sent to Jennifer Hall, Housing Manager at hallj@ewashtenaw.org or Office of Community Development, 110 N. 4th Ave, Suite 300, Ann Arbor MI 48104. The plan and maps are available at www.ewashtenaw.org/government/departments/community_development/index.html or contact Jennifer Hall at 734 622-9006 to receive a copy.

One public comment was received from the City of Ypsilanti after the publication. Ypsilanti requested that the County increase its NSP 2 funding request from \$4,000,000 to acquire and rehabilitate rental housing to \$4,500,000; from \$500,000 for land bank activities to \$2,500,000; from \$1,600,000 in demolition to \$1,900,000; and from \$1,600,000 to \$1,900,000 in administration. The NSP 2 application was modified to reflect the budget above.

No other public comments were received.