

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)

**NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
2009 APPLICATION FOR MSHDA ELIGIBLE NON-NSP CITIES**

Postmarked by January 23, 2009

Mail original completed signed application (Sections I - IV), required attachments, and 4 copies to:

Michigan State Housing Development Authority
Attn: Shawne Haddad
735 E. Michigan Avenue
Lansing, MI 48912

I. APPLICANT INFORMATION	
Applicant: City of Ann Arbor with Washtenaw County as the Fiduciary	
Address: PO Box 8645	
City, State: Ann Arbor MI	Zip: 48107-8645
MSHDA Org #: 381	Federal ID #: 38-6004534
Main Contact: Jennifer Hall, Housing Manager	Phone: 734 622-9006 Email: hallj@ewashtenaw.org
Department: Community Development	
Division: n/a	
Eligible Activities for which funding is being requested, choose as many as apply:	
<input checked="" type="checkbox"/> Financing Mechanisms <input checked="" type="checkbox"/> Redevelopment of Abandoned and Foreclosed Properties <input type="checkbox"/> Displacement Prevention for Foreclosed Households <input type="checkbox"/> Land Banks <input checked="" type="checkbox"/> Demolition of Blighted Structures <input type="checkbox"/> Redevelopment of Demolished or Vacant Properties	
II. AUTHORIZED SIGNATORY (Signed by the highest elected official, or their designee, for the jurisdiction.)	
Signature:	Phone: 734 794-6161
Printed Name: John Hieftje	
Title: Mayor	
III. APPLICATION REQUEST AMOUNT	
TOTAL NSP REQUEST: \$ 850,000	

SECTION I. PROJECT / PROGRAM DESCRIPTION

A. Areas of Greatest Need

Jurisdictions that receive MSHDA NSP funds must give priority emphasis to the areas of greatest need within their jurisdictions, including those:

1. with the greatest percentage of foreclosures,
2. with the highest percentage of homes financed by subprime mortgage related loans, and
3. identified as likely to face a significant rise in the rate of home foreclosures.

Applicants need to assess which neighborhoods within their community are particularly distressed due to foreclosures. Applicants should coordinate with their local lenders, property tax offices and courts to obtain information on foreclosures, subprime mortgagees and predicted future mortgages.

HUD has provided 120% AMI data, foreclosure data and risk abandonment ratings on a census tract level at the following site:

http://www.huduser.org/datasets/excel/MI120_LM.xls

Other HUD data sets you may find useful are at the following site:

<http://www.huduser.org/datasets/nsp.html>

Provide summary needs data, using the factors noted above, identifying which geographic area/neighborhoods are areas of greatest need within your jurisdiction. **Attach map.**

Response: The City of Ann Arbor mortgage and tax foreclosure starts and completions continue to escalate. According to the County Treasurer, tax delinquencies are typically a prelude to foreclosure, and Ann Arbor's tax delinquencies were up 43% in 2008 compared to 2007. Ann Arbor turned 1,261 tax delinquent properties over to the County in 2005, 1,411 in 2006, 1,625 in 2007, and 2,324 in 2008. Mortgage Foreclosures have doubled between 2006 and 2008. There were 703 sheriff's sales in 2006, 1,151 in 2007 and 1,439 in 2008.

The hardest hit areas are in the far Southeast and the Northwest near downtown. These neighborhoods are shown as a 7 risk score on the attached map. The Southeast neighborhood is characterized primarily by modest ranch homes built in the 1950's through the 1970's. The Northwest near downtown neighborhood is characterized by modest-sized century old homes, with scattered modest-sized infill housing and higher end tear-downs and rebuilds.

The next greatest risk areas, receiving a 6 risk score, are also in the Northwest and Southeast. The Northwest neighborhoods are mixed. Some areas have century old homes next to modest ranch style homes and large executive-style homes. The

Southeast is also a mixture of home ages, styles, and cost. The Office of Community Development has concentrated reinvestment in all of these neighborhoods through homeowner rehabilitation and down payment assistance over the past 15 years.

NSP funds will be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and areas that are most likely to face a significant rise in the rate of home foreclosures. In addition, all of these Census Block Groups are in Low-Mod-Middle Income Census Block Groups, which means that 51% or more of the household's income is at 120% of Area Median Income or less. Based on the HUD data below, which correlated with local data, the City has determined that NSP funds will be targeted to the following census tracts and block groups:

Census Tract	Block Group	HUD Risk Score	Estimated % Foreclosure	% of High Cost Loans	Predicted % Foreclosure	Vacancy Rate
4007	01, 02, 03	7	4.9%	14.4%	5.0%	6.1%
4051	01, 02	7	5.3%	16.0%	5.3%	4.4%
4054	01, 02, 03	7	5.0%	14.4%	5.0%	7.0%
4056	01, 02, 03, 04	7	7.1%	26.9%	7.1%	1.2%
4032	01, 03	6	4.2%	9.8%	4.2%	2.7%
4038	01, 02	6	5.0%	14.3%	5.0%	1.5%
4046	01, 02, 03, 04	6	4.1%	9.6%	4.1%	3.1%
4055	01, 02	6	5.5%	17.4%	5.5%	1.9%

Data Source: HUD

B. Distribution and Uses of NSP Funds

1. Describe the geographic area/neighborhoods this proposal is targeting, list boundaries and property types, and area/neighborhood's strengths and weaknesses.
2. Describe why this area/neighborhood was chosen as a priority area of greatest need.
3. Identify the eligible NSP activities to be conducted in the selected neighborhoods.
4. Identify how the selected activities will address the identified needs.

Response:

The strengths and weaknesses of all of the identified neighborhoods below are similar. The strength is that Ann Arbor's economy is relatively strong compared to the rest of the County and State. While lower than other local and state communities, Ann Arbor's unemployment rate is higher than it has been in sixty years. Housing prices have declined precipitously over the past 2 years in every neighborhood, which has had devastating impact on existing homeowners who are now upside down on their mortgages. This has however, made Ann Arbor a more affordable place to live for new buyers. So far, there has not been widespread abandonment of homes in any single neighborhood but the ones that have been abandoned are impacting the condition of the surrounding neighborhood and further lowering the housing values. The weakness of these neighborhoods is the economy. There are more places to live than people to live in them. Ann Arbor is better positioned to attract new employers than most communities in the State. For example, the University of Michigan

recently announced that they will purchase the Pfizer complex, which Pfizer closed more than a year ago. The loss of Pfizer severely exasperated the housing problem in Ann Arbor due to the loss of an estimated 4,000 jobs. U-M is expected to replace approximately half of these jobs over the next two to five years.

The goal of NSP funding is to preserve the character of the neighborhoods, stabilize housing prices and prevent blight. Consequently, Ann Arbor's NSP strategy is primarily focused on scattered homeowner acquisition & rehabilitation in all of the identified neighborhoods. On its own, Ann Arbor's allocation of \$850,000 is too small to make a significant impact on more than one neighborhood. Therefore, the strategy is to combine these funds with existing HOME and CDBG funded homeowner rehabilitation and new homebuyer programs in the same neighborhoods. Ann Arbor has been working with local nonprofit housing providers to increase their capacity to handle an increase in homebuyers. The requests for homebuyer assistance has far exceeded funding in the last 5 years, so we believe there is a pent-up demand for low-income homebuyers who need assistance purchasing their home. NSP-funded buyers will be purchasing homes that are not selling through normal market forces.

Ann Arbor has also started to see an increase in the foreclosure of commercial properties. Several existing small subsidized rental properties in foreclosure have been identified as a high priority for NSP funds. These projects will require more resources than the City of Ann Arbor has been allocated, and therefore, the developers will need to request additional funding directly from MSHDA. The Office of Community Development will work with MSHDA to administer these funds jointly. If resources allow, Ann Arbor will explore utilizing NSP funds with MSHDA to acquire and redevelop larger commercial properties, that the private market is not able to absorb. A small amount of funding has also been budgeted for demolition, as there are less than ten homes scattered throughout these neighborhoods that are appropriate for demolition. A Land Bank will be created with Washtenaw County to help acquire properties as a last resort when no other buyers are interested. No funds have been budgeted in this request for the Land Bank because it is anticipated that it will not be needed in Ann Arbor in this first round of funding for \$850,000.

The following chart shows selected demographic data from the 2000 Census for the target NSP census tracts. A description of each neighborhood's characteristics follows.

Census Tract	Total Households	Total & % Homeowner	Percent 65+ Age	Total & % Families	Family Median Income	Percent Minority
Ann Arbor	47,934	22,221/46.4%	13.3%	23,276/48.6%	\$71,293	24.9%
4007	1,313	380/29.4%	18.7%	365/27.8%	\$51,958	23.5%
4051	1,031	471/44.2%	11.4%	526/51.0%	\$43,611	33.7%
4054	1,091	884/84.2%	12.3%	570/52.2%	\$70,455	17.5%
4056	1,635	228/13.9%	5.5%	1,044/63.9%	\$38,636	49.9%
4032	1,380	1,136/82.4%	18.4%	925/67.0%	\$75,424	19.1%
4038	1,210	587/50.9%	11.0%	774/64.0%	\$61,000	45.6%
4046	2,314	1,051/46.6%	14.5%	1,146/49.5%	\$71,875	21.3%
4055	1,114	666/59.9%	11.5%	745/66.9%	\$59,132	38.2%

Data Source: 2000 Census

SOUTHEAST ANN ARBOR

Arbor Oaks/Bryant School Neighborhood (Census Tract 4056)

The highest priority is the Arbor Oaks/Bryant Elementary School Neighborhood (Census Tract 4056). 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. This effort is focused on preventing foreclosures, housing rehabilitation, improving infrastructure, safety, and youth recreational opportunities. This neighborhood has the highest risk factors in the City for foreclosures. 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 those in progress, and will include rental acquisition & rehabilitation, homeowner acquisition and rehabilitation, demolition.

Arbor Oaks is in Block Group 2. Arbor Oaks Neighborhood is the largest low-income neighborhood in the City. 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 slab foundations. 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. At least one vacant home will be demolished due to arson caused fire damage. About 50% of these houses have received rehabilitation assistance from the Office of Community Development over the past 30 years. Block Group 2 also includes a 12-unit Low-Income Housing Tax Credit project that is facing foreclosure, fronted by a vacant parcel with 8 partially completed basements that is also in foreclosure. Both of these properties are potential NSP-funded rental properties. Recent reinvestment in this area includes two condominiums built in 2002 - 2004. Stone School Townhomes is a 55-unit mixed income community that includes a mixture of market rate and income-restricted units. Cloverly Village is a 76 unit complex of moderately-priced 2 & 3 bedroom townhomes with detached garages.

Block Group 1 is characterized by a large apartment complex, a few modest single family homes and commercial buildings. The remainder of Census Tract 4056 (Block Group 3 & 4) include 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, along with Arrowwood Cooperative (350 units) in Census Tract 4038, 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 units are in good condition and have low vacancy rates. 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. Consequently, this Census Tract appears to have one of the lowest homeownership rates in the City.

Mary Beth Doyle Park Neighborhood (Census Tract 4051)

This neighborhood is characterized by a variety of relatively affordable housing options. Homeowner acquisition and rehabilitation will be the primary NSP activity. Demolition will be considered if necessary. The median family income of \$43,611 is much lower than the city average of \$71,293. The homeownership rate of 44.2% is lower than average, particularly for a non-campus neighborhood. Block Group 1 students attend Bryant Elementary, while Block Group 2 students attend Mitchell Elementary. Block Group 1 includes a mixture of newer condominiums, older rental housing, public housing, manufactured housing and

modest single-family homes. Mill Creek Townhouses, a 281 unit complex built in 1975 that was previously low-income housing and is currently affordable market-rate rental, dominates the southern half of Block Group 1. Mulberry Row Apartments includes 120 1 & 2-bedroom unit apartments built in 1972. Two small and newer condominium projects are nestled into the community, including Forest Creek, a 64 unit condominium built in 1998. This census tract also includes the only manufactured housing park in the city, Sunnyside Park, with 53 lots. Hikone Housing, a 29 unit public housing site is also in this neighborhood. Two fairly secluded streets include about 30-50 moderate sized ranch homes built in the 1940's and 1950's. Brookside and Shady Lane were recently annexed into the city from Pittsfield Township. The City and Township worked together to help pay for the water and sewer connection costs of the low-income households in the Brookside neighborhood.

Block Group 2 is a self-contained neighborhood characterized by affordable single-family homes with a mixture of housing styles and ages that backs up to the 80-acre Mary Beth Doyle Park and 35-acre Swift Run Marsh. The neighborhood is well served by small ethnic grocery stores and service industries and is a short drive to several large grocery stores and pharmacies.

Esch Park and Woodbury Park Neighborhoods (Census Tract 4046)

Census Tract 4046 is bordered by State Street, Stadium, Packard, Stone School and Eisenhower. It is characterized by a mix of modest single-family homes, a 1960's subdivision, multi-family housing and industrial and commercial buildings. Homeowner acquisition and rehabilitation will be the primary NSP activity. Demolition will be considered if necessary. This Census Tract aligns closely with the City's median income, percent of homeowners, percent of elderly and has slightly fewer minorities. Students primarily attend Bryant Elementary School. The single-family detached homes are primarily owner-occupied, except for a small area near U-M's athletic campus. This neighborhood is well served by 3 grocery stores, public transportation, service industries and jobs.

Block Group 1 is dominated by a 538 unit multi-family housing complex of apartments and townhomes called Woodbury Gardens. This area also includes turn of the century homes converted to rental properties to serve U-M students and homes built in the early 1900's to 1960's that range from 800 sq ft ranches to 2000 sq ft colonials.

Block Group 2 is characterized by a mixture of modest-sized homes in a variety of styles and age. While Block Group 3 is a 1960's subdivision of 1800 sq foot homes surrounding Esch Park. Two 1 & 2 bedroom apartment buildings, 164 unit Pine Valley Apartments and 48 unit Ivanhoe Apartments provide moderately priced rental opportunities. Georgetown Condominiums, an 82-unit complex of 2 - 4 bedroom units, was recently converted from rental to owner-occupied. Georgetown Mall, a 4-acre commercial complex is currently in foreclosure for over \$2 million that may be considered for NSP funding. This site would be ideal for a mixed-use commercial and elderly residential housing. The site currently includes a grocery store and a recently vacated pharmacy.

Census Tract 4046 includes S. Industrial Highway, featuring a mile of industrial and commercial buildings as well as landmark office buildings, such as the 777 Building on the corner of State and Eisenhower. Block Group 4 is entirely commercial and industrial buildings. This area also includes one of the newest large office complexes in the City.

Mitchell/Scarlett School (Census Tract 4055)

Census Tract 4055 is dominated by the Mitchell/Scarlett Campus which includes an elementary school for K-5th grade, a middle school for 6th - 8th grade, and a large nature area used by local schools for environmental education trips. Homeowner acquisition and rehabilitation will be the primary NSP activity. Demolition will be considered if necessary. This Census Tract includes a higher than average percent homeowners (66.9%) and minorities (38.2%). Block Group 2 includes Turnberry, a 210 home subdivision of 2500 sq ft homes built in the mid-1990's. It also includes Colonial Square Cooperative, a 427 unit market-rate cooperative that recently converted from a Section 221(d)3 limited equity cooperative. These 2-4 bedroom townhomes provide affordable owner housing. Block Group 1 includes a mixture of affordable and moderately priced homes, several small rental housing complexes fronting a commercial area on Packard and several smaller public housing sites and subsidized rental housing fronting Platt Road. This neighborhood is well-served by small ethnic grocery stores and other service businesses. The Salvation Army's family shelter is also on Packard.

Pittsfield Elementary School Neighborhood (Census Tract 4054)

This neighborhood has one of the highest homeownership rates (84.2%) in the City and the median family income is close to the City median income of \$71,293. 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 is currently voting on whether 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. These units have historically been very affordable. This neighborhood includes a neighborhood pool and swim club. Pittsfield Elementary is located near the pool. The neighborhood is bordered by the busiest commercial strip in the City, Washtenaw Avenue, to the North and US-23 to the East. It is well served by grocery, services, jobs and easy access to US-23. Homeowner acquisition and rehabilitation will be the primary NSP activity. Demolition will be considered if necessary.

To the east of the Cooperative, in Census Tract 3, are a subdivision of 1200 sq ft ranches built on slab with 1 car garages in the 1950's, and a subdivision of 1500 sq ft ranch and bi-level homes built in the early 1960's with 2-car garages and basements. This neighborhood also includes a site-plan approved for a 120 unit tax credit project of 1-3 bedroom apartments on Burton Road. To the west of the Cooperative, in Census Tract 1 & 2, is a neighborhood of modest sized homes varying in style and age. All of the homes in this Census Tract are affordable for Ann Arbor - typically \$70,000 to \$180,000 homes.

NORTHWEST ANN ARBOR

Kerrytown & West Park (Census Tract 4007)

The highest priority neighborhood in the Northwest is in the near downtown neighborhoods around Kerrytown, West Park and Summit. This neighborhood was historically a black neighborhood through the 1960's. Most near downtown, century-old neighborhoods around city cores have deteriorated and become the lowest cost housing in the City. However, in Ann Arbor portions of these neighborhoods have gentrified and become some of the most desirable places to live. This is true for the area around Wheeler Park, Kerrytown and Summit Avenue. As multi-generational black families moved out of the neighborhood, its role

as the hub of the black community has lessened. The percent of minorities in this census tract is slightly below the city average but the percent of black families is actually 18.1% compared to the City average of 8.4%. Community High, currently the alternative High School was previously Jones school, attended by the children in the neighborhood. The percent of owner housing (29.4%) is far below the City average of 46.4%. This area does not include any large multi-family rental projects, therefore, single family homes have been converted to rental housing. The median family income is about \$20,000 less than the City average. The NSP priority will be the acquisition and rehabilitation of owner housing and the acquisition and rehabilitation of existing low-income rental housing. The City will not provide funding to convert owner housing to rental housing. Demolition will be considered if necessary.

This neighborhood is characterized by a mixture of ornate and simple homes built at the turn of the century and through the 1930's. The homes tend to be on small lots, most have porches and sidewalks which lends itself to an active and friendly neighborhood. Many of the homes closest to downtown have been converted to offices and rental units. A recent trend has been the tear down of smaller homes which are replaced by high-cost larger homes. The neighborhood is well served by parks, recreational opportunities, jobs and services but not by a grocery store or pharmacy. Block Group 1 is about 25% residential and 75% commercial and offices as it crosses main street in the downtown and includes Kerrytown Marketplace and the Farmer's Market. This area includes the Ann Arbor Community Center, a proposed 39-unit affordable housing project, and several high-end condominiums.

Block Group 2 is primarily residential as described above, while Block Group 3 is dominated by West Park. Block Group 3 also includes Miller Manor, a 105 unit public housing high-rise as well as a 23-unit affordable rental property that is being considered for NSP funding. This area also includes a 50-bed homeless shelter and a mixture of industrial buildings converted to retail and office space.

Hunt Park Neighborhood & Forsythe School Neighborhood (Census Tract 4032)

This Census Tract is characterized by a higher than average percent of elderly households (18.4%), a much higher homeownership rate (82.4%) and a high percentage of families (67%). The family income is the highest of the target NSP neighborhoods with a slightly higher than average income of \$75,424, keeping in mind that five Ann Arbor Census Tract's median family income exceeded \$100,000. Homeowner and rental acquisition and rehabilitation will be the primary NSP activities. Demolition will be considered if necessary. Hunt Park neighborhood (Block Group 1) transitions from the century old homes in Census Tract 4007 to a mixture of modest duplexes and ranches built in the 1960's to increasingly statelier homes as the neighborhood rises in height to the crest of a steep hill. The homes around Sunset are some of the more expensive homes in the city and they overlook the Huron River Valley to the north. This neighborhood does not include any significant multi-family rental housing or condominium projects. It is within walking distance of the downtown and includes the main street corridor as it enters M-14. This section of Main street includes industrial and office space along the Huron River and following the railroad tracks.

The Forsythe Middle School and Wines Elementary School neighborhoods (Block Group 3) is bordered by M-14, Newport, Miller and Maple Road. It includes several subdivisions of primarily ranch style homes of small and moderate-size built in the 1950's. It also includes a neighborhood off Maple Road with a mixture of small homes on large lots built in the early

1900's mixed with newer homes built in the 1990's. This area is well-served by public transportation, retail and commercial.

Pontiac Trail and Traver Neighborhoods (Census Tract 4038)

This Census Tract is comprised of many different neighborhoods with students primarily attending Northside Elementary. This Census Tract has one of the highest percent of minorities in the city (45.6%) and the highest percent of black families in the city (32.9%). Grocery and other services are only accessible by vehicle. The Census Tract partially overlaps Plymouth Rd, a busy commercial strip, but Plymouth is largely undevelopable within this Census Tract. Homeowner and rental acquisition and rehabilitation will be the primary NSP activities. Demolition will be considered if necessary.

Block Group 1 to the east of Pontiac Trail includes Northside Glen and Northside Ridge, a 112 unit and 52 unit condominium project built in 2003 that includes 14 affordable housing units. Arrowwood Hills Cooperative, a 350 unit limited equity cooperative whose students attend Thurston Elementary, provides the largest number of affordable housing units in the neighborhood. Leslie Park Circle is a higher-cost subdivision of about one-hundred 2,800 sq ft homes built in the mid 1990's. Rounding out the mix is a neighborhood of affordable ranches and cape cods north of Northside School. This block group includes many parks and natural areas including Leslie Park and Golfcourse, the Leslie Science Center and Black Pond Woods Nature area. Traver road is a linear neighborhood with a mixture of affordable duplexes and single family homes.

Block Group 2, west of Pontiac Trail is entirely residential and open space. The Huron Highlands neighborhood includes affordable and moderately-priced homes ranging from 1000 - 2200 sq feet homes built in the 1950's through the 1970's. Barton Drive to the south is a corridor of higher end homes as it enters M-14 and into Barton Hills. Just north of this neighborhood is a proposed new development that has site plan approval for 200+ new condominiums that has been slowed due to the downturn in the economy. Bateson Court off Dhu Varren includes higher-end 2800 sq ft homes built in the 1980's. These homes are consistent with the newer neighborhoods being built off Dhu Varren since the 1990's.

C. Low Income Targeting

At least 25% of NSP funds must be used for housing individuals and families whose income does not exceed 50% of area median income. Identify the amount of NSP funds requested that will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and/or families whose incomes do not exceed 50% of area median income: **\$ 250,000**

D. Acquisition & Relocation

Note: The Section 104(d) one for one unit replacement requirements are waived for NSP. However, the applicant must describe its demolition and conversion plans.

Indicate whether the jurisdiction intends to demolish or convert any low and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income.)

Yes No

If yes, identify:

- o The number of low and moderate-income dwelling units reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- o The number of NSP affordable housing units made available to low, moderate, and middle-income households (i.e., $\leq 120\%$ of area median income), reasonably expected to be produced by activity and income level, by each proposed NSP activity providing such housing.
- o The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of area median income.

Response: not applicable

- E. Briefly describe any activities conducted by other partners from other funding sources which will be coordinated with this project.

Response: The City of Ann Arbor has issued a Request for Proposal to developers with at least 3 years experience with HOME or CDBG funds to apply for rental and owner NSP funds. The RFP is due February 5, 2009. Developers will be selected by the end of February for owner housing development. Rental property applicants will submit preliminary responses by February 5, 2009 and have until May 13th to submit a full application. A non-profit will be applying for NSP funds for a 23-unit rental property and another non-profit will be applying for funds for a 12-unit rental property. Both non-profits will need to apply for additional NSP funds directly from MSHDA as well as private financing. In addition, the RFP includes HOME & CDBG funds for owner and rental housing, and the Office of Community Development manages a single-family homeowner rehabilitation program that will be coordinated with the NSP projects.

- F. Will your NSP activities include new construction of housing?

Yes No

If yes, answer the following questions.

If no, go to G.

If NSP funds are used as a construction period loan, a bridge loan, or other temporary financing for residential structures providing housing for 1-3 families (such as a single-family home), the unit must either meet the visitability requirements of the Inclusive Home Design Act, P. A. 182 of 2006, or be exempted for cause.

New construction projects for 1-3 families will meet the requirements of the Inclusive Home Design Act, or be exempted for cause. **Yes**

The applicant understands that the new construction of housing is subject to a review and approval of market documentation for the type and income of households for which the project is intended. The applicant understands that single family housing newly constructed must document an adequate market of ready, willing and able prospective owner-occupants between 50 and 120% AMI. (The effect of this provision is that MSHDA expects to prohibit (a) the new construction of scattered-site single family housing intended for long-term rental occupancy and (b) sales to owner-occupants who cannot qualify for first mortgage financing at conventional rates with ratios lower than 30/42.) **Yes**

G. Will energy efficiency standards be incorporated into the project design?

Yes **No**

H. Will green building standards be incorporated into the project design?

Yes **No**

I. Will you have a workforce development component incorporated into your program?

Yes **No**

J. Information by NSP Activity (**Complete a separate sheet for each activity and attach.**)

(1) Activity Name:

(2) Activity Type: (include MSHDA NSP eligible use & CDBG eligible activity.)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., \leq 120% of area median income.)

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%.)

(7) Total Budget: (Include public and private components.)

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information.)

(9) Projected Start Date:

(10) Projected End Date:

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

SECTION II. IMPLEMENTATION AND CAPACITY

1. Describe your jurisdiction's capacity to administer the proposed activities; include a description of examples over the past two years of any similar projects, grants, and developments.

Response: The Office of Community Development is a combined office between the City of Ann Arbor and Washtenaw County. The City of Ann Arbor voted to join the Urban County beginning July 1, 2009, and the County will act as fiduciary for this grant. Attached is the Cooperation Agreement and the Partnership Agreement between the City of Ann Arbor and Washtenaw County. The CD office currently has 11 full time staff and has hired 1 new staff person to work on the NSP program. Washtenaw County has received a direct allocation of \$3.2 million in NSP funding. Between the City and the County, the CD office annually administers about \$1.7 million in HOME funds, \$2.3 million in CDBG funds and \$2 million in general funds. The CD office has 2 staff devoted to managing housing projects, 1 compliance person, 1 intake specialist, 2 finance staff, and 3 rehabilitation inspectors.

In the past 2 years, the Ann Arbor and Washtenaw County Office of Community Development has contracted with 3 different non-profit housing providers to complete 34 owner units with HOME funds. The owner programs included new construction; acquisition rehabilitation and resale; homebuyer purchase and rehabilitation; and down payment assistance. CD has contracted with 4 non-profit housing providers to complete the addition of 59 rental housing units at 6 different addresses and to complete the rehabilitation of 46 existing rental units. In addition to these projects, the rehabilitation and intake staff have completed 75 rehabilitations of single family homes and \$1.8 million worth of public facility and public infrastructure projects. In addition, the CD office has contracted with a coalition of 8 nonprofits to provide homeowner education to over 200 clients in the past 2 years.

2. Work Plan Time Frames. Complete the work plan below. Indicate activities and production targets which, when accomplished, will complete the project or program.

Activities / Production Targets. In the first column, list the activities and production targets relevant to achieving the activities proposed in this application. Include the following activities below if relevant to the proposal. Add production targets to this list as appropriate (example: projected dates for completion of units throughout the grant period, dates for accomplishment of key local program objectives, etc.)

- Environmental Review
- Outreach and Public Information
- Processing Applications for Assistance
- Selecting Property to be Acquired
- Performing Property Inspections
- Supervising Construction Activities
- Awarding Project Bids
- Processing Mortgage/Lien Documents
- Homeownership Counseling
- Proposed Development Team
- Other activities necessary to achieve the desired results identified by the applicant

Responsible Individual. Indicate the person primarily responsible for accomplishing the activity or production target

“**X or R or C**” column. Simply indicate “**X**” if the Responsible Individual has worked on previous similar CDBG or HOME funded projects. *MSHDA will consider the track record of these individuals, based on previous HUD grants, in evaluating this proposal.* Indicate “**R**” if the individual has no prior experience with HUD-funded grants in this capacity. Check “**C**” if individual is a contractor for the jurisdiction. Where “R” has been indicated, please **attach** a resume or statement of qualifications for these persons. Indicate below how these documents will be submitted.

Beginning and ending dates. Indicate when the activity begins and ends, or the dates by which listed production targets will be met.

Activities / Production Targets	Responsible Individual	X or R or C	Begin	End
Administer NSP program	Jennifer Hall	X	10/1/08	03/01/10
Issue RFP and Select Contractors	Jennifer Hall, Damon Thompson, Mary Jo Callan	X	12/1/08	5/31/09
Execute Contracts with Developers of Owner Housing	Damon Thompson	X	2/15/08	4/30/09
Outreach and Public Information	Damon Thompson & Kimberly Mortsen	X	12/1/08	12/31/09
Execute Contract with Homebuyer Education Provider	Jennifer Hall	X	2/15/08	4/30/09
Execute Contracts & Liens with Rental Property Developers	Jennifer Hall	X	5/30/09	7/31/09
Environmental Review of Owner Properties as projects are identified	Damon Thompson reviews, developer completes	X	3/30/09	09/30/09
Environmental Review of Rental Properties before contract signed	Jennifer Hall	X	3/1/09	5/30/09
Processing Applications by from Developers for Buyers and Identify Properties. Execute Lien with Homebuyer	Damon Thompson final approval of developer submissions and executes liens	X & C	3/30/09	09/30/09
Property Inspections of Owner & Rental Housing and Demolitions	Lyle Rice, Jon Van Eck and Contractors	X & C	3/30/09	03/01/10
Supervising Bid Process and Procurement	Lyle Rice and Jon Van Eck	X	3/30/09	03/01/10
Managing Construction Process	Contractors	C	3/30/09	03/01/10
Homeownership Counseling	Contractors	C	1/01/09	09/30/09
Managing Demolition Process	Mirada Jenkins and Lyle Rice	X	3/1/09	12/31/09

3. If program administrative activities will be contracted out; identify who the contractor(s) will be.

Response: n/a

4. Do you have any outstanding HUD Monitoring compliance issues?

Yes No

If yes, explain and attach all correspondence related to resolution of the issue:

Response: The most recent City HUD monitoring visit occurred in 2006 and is attached. There were no findings. The County's most recent HUD monitoring occurred in September 2008 and had 1 finding and 1 concern. The finding corrective action is included in the monitoring letter and the resolution to the concern is to date stamp all audits as they are received. The Monitoring letter was just received on January 22nd and a letter of response has not yet been sent to HUD.

5. **Attach** the last two years HUD monitoring letters for you jurisdiction.

SECTION III. PROPOSED BUDGET

1. Give a detailed budget for the each proposed Eligible Activity, including leveraged funds.

ELIGIBLE ACTIVITY	NSP FUNDS REQUESTED	PROPOSED NUMBER OF NSP UNITS	PROPOSED NUMBER OF NON-NSP UNITS	LEVERAGED FUNDS
Financing Mechanisms				
Reduced interest rates on multifamily rental projects	200000	35	6	\$1,840,000
Homebuyer Assistance	490000	12	4	\$1,420,000
Sub-Total	690000	47	10	\$3,260,000
Redevelopment of Abandoned and Foreclosed Properties				
Acquisition				
Disposition				
Relocation				
Direct homeownership assistance				
Rehabilitation & preservation				
Counseling	25000	36	12	\$8,300
Sub-Total	25000	36	12	\$8,300
Displacement Prevention for Foreclosed Households				
Acquisition				
Disposition				
Relocation				
Direct homeownership assistance				
Rehabilitation & preservation				
Counseling				
Sub-Total				
Land Banking				
Acquisition				
Disposition				
Sub-total				
Demolition of Blighted Structures				
Demolition	50000			
Sub-Total	50000	4	0	0
Redevelopment of Demolished or Vacant Properties				
Acquisition				
Disposition				
Public Facilities				
Housing Counseling				
Relocation				
Direct Homeownership Assistance				
New Construction				
Sub-Total				
TOTAL	765000	87	22	\$3,268,300

- 2. Indicate** over what time period the funds will be committed and expended. Note: Grantees have **12 months** to use NSP funds. HUD has defined “use” as being obligated for eligible activities. NSP funds are obligated when orders are placed, contracts awarded, or services received for a specific address.

Response: Funds for homeowner and rental housing will be committed within 6 months and expended within 12 months. Funds for demolition will be committed and expended within 8 months.

SECTION IV. CERTIFICATIONS

The following Certifications are to be signed by the highest elected official, or their designee, for the jurisdiction.

- (1) **Affirmatively furthering fair housing.** The jurisdiction 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-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction 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.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction 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 NSP program published by HUD.
- (6) **Section 3.** The jurisdiction 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 jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 12 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 12 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120% of area median income.
- (11) **Assessments.** The jurisdiction 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.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) 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 non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** 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.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Date: December 27, 2009

Signed by: John Hieftje
Title: Mayor

(1) Activity Name:

FINANCIAL MECHANISMS

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP eligible Use: Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers;

CDBG eligible Activity:

- Reduced interest rates financing on multi-family housing developments
- Homebuyer Assistance

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

This activity will directly benefit low, moderate and middle income persons as defined as households with incomes less than 120% of the area median income.

FY 2008 Income Limits for 120% of HUD Area Median Income in Ann Arbor PMSA

<u>1 person</u> <u>household</u>	<u>2 person</u> <u>household</u>	<u>3 person</u> <u>household</u>	<u>4 person</u> <u>household</u>	<u>5 person</u> <u>household</u>	<u>6 person</u> <u>household</u>	<u>7 person</u> <u>household</u>	<u>8 person</u> <u>household</u>
69,200	79,100	89,000	98,900	106,800	114,700	122,600	130,500

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

NSP-funded financial activities will include the purchase and redevelopment of foreclosed upon homes and residential properties. The units will be occupied by eligible households in the areas of greatest need as identified on the map in Section A. 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. Down Payment Assistance
 - a. RFP issued to select a non-profit organization to administer
 - b. Maximum of \$15,000 per household
 - c. Household income between 50% AMI and 120% AMI
 - d. Soft second shared equity loan
2. Homebuyer Purchase and Rehabilitation
 - a. RFP issued to select high capacity non-profit organizations to administer
 - b. \$37,500 Maximum including up to \$15,000 DPA
 - c. Household income between 50% AMI and 120% AMI

- d. Soft second shared equity loan
3. Acquisition Rehabilitation and Resale
 - a. \$1 FHA foreclosed homes
 - b. Acquired by Washtenaw County
 - c. House is acquired and rehabbed by Habitat then sold to buyer
 - d. \$37,500 Maximum including up to \$15,000 DPA
 - e. Household income between 30% AMI and 60% AMI
 - f. Soft second shared equity loan
 4. Acquisition and Rehabilitation of Rental properties
 - a. RFP issued to select high capacity non-profits to purchase and rehabilitate multi-family rental properties that are in foreclosure
 - b. Household income at 50% AMI or less
 - c. Permanent Supportive Housing for homeless and special needs populations
 - d. Maximum of \$25,000 per unit
 - e. Soft Second loan

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Location is limited to the census block groups identified on the map in Section A

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Homeowner Units with NSP funds		HOME funds Acq	CDBG rehab
0 – 50% AMI	2 units	2 units	10 units
51% AMI to 80% AMI	6 units	2 units	6 units
81% AMI to 120% AMI	4 units	0 units	0 units
Rental Units with NSP funds		HOME rehab	
0 – 50% AMI	35 units	6 units	
51% AMI to 80% AMI	0 units	0 units	
81% AMI to 120% AMI	0 units		

(7) Total Budget: (Include public and private components)

Homeowner Units	
NSP funds	\$490,000
HOME funds	\$60,000
CDBG funds	\$300,000
Private Mortgage	\$1,000,000
<u>Private Donations/In-Kind</u>	<u>\$60,000</u>
TOTAL	\$1,910,000

Rental Units	
NSP Funds Ann Arbor	\$200,000
NSP MSHDA direct application by nonprofit	\$900,000
HOME Ann Arbor	\$240,000
Ann Arbor DDA	\$200,000
<u>Private Financing</u>	<u>\$500,000</u>
TOTAL	\$2,040,000

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Washtenaw County
Community Development
PO Box 8645
Ann Arbor MI 48107-8645

NSP Contact Person: Jennifer Hall
Telephone: 734 622-9006
Fax: 734 622-9022
Email: hallj@ewashtenaw.org

(9) Projected Start Date:

March 1, 2009

(10) Projected End Date:

March 1, 2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- *discount rate*

15% average discount rate, with a minimum of a 10% discount rate

For financing activities, include:

- *range of interest rates*

0% to 3%

For housing related activities, include:

- *duration or term of assistance;*
- *tenure of beneficiaries--rental or homeownership;*
- *a description of how the design of the activity will ensure continued affordability*

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 (as the fiduciary for the City) 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 30-year lien will be placed on all NSP funded rental housing projects. 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 30 years, then the lien will be forgiven. NSP funds can be applied to the entire project cost or designated to specific units. At least 50% of the units funded with NSP funds will be occupied by households at 50% AMI or less at the time of initial occupancy.

(1) Activity Name:

PURCHASE AND REHABILITATION

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP eligible Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties

CDBG eligible Activity:

- 570.201 (a) Acquisition
- 570.201 (b) Disposition
- 570.201 (i) Relocation
- 570.201 (n) Direct homeownership assistance
- 570.202 Rehabilitation and preservation, including homeownership counseling

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

This activity will directly benefit low, moderate and middle income persons as defined as households with incomes less than 120% of the area median income.

FY 2008 Income Limits for 120% of HUD Area Median Income in Ann Arbor PMSA

<u>1 person household</u>	<u>2 person household</u>	<u>3 person household</u>	<u>4 person household</u>	<u>5 person household</u>	<u>6 person household</u>	<u>7 person household</u>	<u>8 person household</u>
69,200	79,100	89,000	98,900	106,800	114,700	122,600	130,500

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

NSP-funded financial activities will include the purchase and redevelopment of foreclosed upon homes. The units will be occupied by eligible households in the areas of greatest need as identified on the map in Section A. 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. Eight hours of homeowner education is required and will be funded under this activity. A Request for Proposal was issued to select a provider for homeownership education activities. The CD currently contracts with a coalition of 8 non-profits, Washtenaw Housing Education Partners (WHEP) to provide this education. This activity will benefit households at 50% AMI or less but is not an activity that meets the 50% AMI income targeting requirement.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Location is limited to the census block groups identified on the map in Section A

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

From Financial Mechanisms Section - Homeowner Units		HOME acquisition
0 – 50% AMI	2 units	2 units
51% AMI to 80% AMI	6 units	2 units
81% AMI to 120% AMI	4 units	

Past experience indicates that at least 3 potential buyers will need to go through the homeowner education program for every successful purchase. Consequently it is expected that at least 36 homebuyers will receive education through this program. In addition, 12 homebuyers will receive education for HOME-funded housing.

(7) Total Budget: (Include public and private components)

NSP funds	\$25,000
HOME funds	\$8,300
<u>MSHDA Education funds</u>	<u>\$2,000</u>
TOTAL	\$35,300

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Washtenaw County
Community Development
PO Box 8645
Ann Arbor MI 48107-8645

NSP Contact Person: Jennifer Hall
Telephone: 734 622-9006
Fax: 734 622-9022
Email: hallj@ewashtenaw.org

(9) Projected Start Date:

January 1, 2009

(10) Projected End Date:

September 30, 2009

(11) Specific Activity Requirements:
For acquisition activities, include:

- *discount rate*

Not applicable

For financing activities, include:

- *range of interest rates*

Not applicable

For housing related activities, include:

- *duration or term of assistance;*
- *tenure of beneficiaries--rental or homeownership;*
- *a description of how the design of the activity will ensure continued affordability*

Not applicable

(1) Activity Name: **DEMOLITION**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use:
Demolish blighted structures

CDBG eligible Activity:
• 570.201 (d) Clearance for blighted structures only

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

The NSP demolition activity will only occur in the high priority LMMI neighborhoods identified on the map in Section A as an area benefit.

(4) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Properties that are blighted and have no potential re-use will be demolished in the Areas identified in the Map in Section A. Low-income people will not directly benefit, but low-income homeowners near the demolished building will indirectly benefit by removing a structure that is impacting housing prices in the neighborhood. This activity will not meet the requirement for serving households at 50% AMI or less.

For the NSP program, we 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.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Location is limited to the census block groups identified on the map in Section A

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

The activity of demolition will result in a cleared site. Relocation will apply to properties occupied by tenants in a condemned structure, however, there will not be any housing units produced under this activity. 4 units are expected to be demolished under this activity.

(7) Total Budget: (Include public and private components)

NSP Funds	\$50,000
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(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Washtenaw County
Community Development
PO Box 8645
Ann Arbor MI 48107-8645

NSP Contact Person: Jennifer Hall
Telephone: 734 622-9006
Fax: 734 622-9022
Email: hallj@ewashtenaw.org

(9) Projected Start Date:

March 1, 2009

(10) Projected End Date:

March 1, 2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- *discount rate*

Not applicable

For financing activities, include:

- *range of interest rates*

Not applicable

For housing related activities, include:

- *duration or term of assistance;*
- *tenure of beneficiaries--rental or homeownership;*
- *a description of how the design of the activity will ensure continued affordability*

Not applicable

(1) Activity Name: **ADMINISTRATION & PLANNING**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use:
Administration & Planning

CDBG eligible Activity:

- 570.205 Eligible Planning, urban environmental design and policy-planning-management-capacity building activities
- 570.206 Program administration costs

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

Not applicable

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Community Development will administer the NSP funds including planning, environmental reviews, budgets, procurement, program compliance, monitoring, and marketing. Washtenaw County will be the fiduciary for the City of Ann Arbor

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Not applicable

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Not applicable

(7) Total Budget: (Include public and private components)

NSP Funds \$85,000

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Washtenaw County
Community Development

PO Box 8645
Ann Arbor MI 48107-8645

NSP Contact Person: Jennifer Hall
Telephone: 734 622-9006
Fax: 734 622-9022
Email: hallj@ewashtenaw.org

(9) Projected Start Date:

October 1, 2008

(10) Projected End Date:

March 1, 2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- *discount rate*

Not applicable

For financing activities, include:

- *range of interest rates*

Not applicable

For housing related activities, include:

- *duration or term of assistance;*
- *tenure of beneficiaries--rental or homeownership;*
- *a description of how the design of the activity will ensure continued affordability*

Not applicable