

ANN ARBOR AFFORDABLE HOUSING FUND

PREFACE

The Ann Arbor Affordable Housing Fund was first proposed in the City of Ann Arbor Housing Policy adopted by City Council in July, 1989. The Affordable Housing Fund guidelines were developed by the Community Development Department and approved by the Housing Policy Board in February, 1991 and by the Ann Arbor City Council in April, 1991. Since its inception, the Housing and Human Services Advisory Board (HHSAB) has recommended and City Council has approved a range of housing projects with the vast majority targeted for residents with the lowest incomes. There have been very few projects approved which are targeted toward residents whose incomes fall within the range of 50% to 80% of median income because of the intent of the HHSAB to serve those with the greatest needs.

STATEMENT OF PURPOSE

The Ann Arbor Affordable Housing Fund is established for the promotion, retention and creation of long term affordable housing for households with incomes less than 60% of the City's median income. Further, the Fund is established to improve housing conditions for City of Ann Arbor residents, with priority given to those whose income is at or below 30% of the median household income.

It is the goal of the City to provide a full range of housing opportunities to all its citizens. It is the intent of the City to administer this fund in a flexible manner in order to best meet the housing needs of the City.

The Ann Arbor Affordable Housing Fund is established to provide and distribute financial support in the form of loans, grants or other forms of financial assistance to individuals, organizations or projects that create, retain, rehabilitate or preserve long term affordable housing.

ESTABLISHMENT OF FUND

The Mayor and City Council established by resolution a special revenue account under the name "Ann Arbor Affordable Housing Fund" with revenues specifically dedicated to the Affordable Housing Fund by City Council, any donations from public and private sources, and any federal, state or other funds so designated. It is the intention of the City Council that the Affordable Housing Fund be a dedicated fund in perpetuity for the purposes set out above. Principal and interest from loan repayments, proceeds from grant repayments, forfeitures, reimbursements, and all other income from Fund activities are deposited in the fund. Funds repaid to the City from any of the above sources shall be administered subject to applicable federal, state and city requirements. All funds in the account earn interest at least at the same rate as the City's pooled investments managed by the City Treasurer. All interest earnings from the account are reinvested and dedicated to the account. All appropriated funds in the Affordable Housing Fund are available for

eligible program expenditures.

DISTRIBUTION AND USES OF FUNDS

Funds in the Affordable Housing Fund are used to meet the housing needs of individuals and families with incomes less than 60% of the City's median income. Projects to be funded may include pre-development feasibility analysis, rental assistance, technical assistance to nonprofit housing providers, administration of affordable housing programs, new construction, rehabilitation, conversion of housing for use by lower income residents, or acquisition of land or property for use as low income housing.

It is the City's intent that the terms of its loans and grants be established so that the deepest City subsidies go to housing targeted to the lowest income households.

All distributions of principal, interest and other assets of the Affordable Housing Fund are made in furtherance of the purposes set out above, including disbursements from interest earnings necessary to support the Affordable Housing Fund's operations.

ELIGIBILITY REQUIREMENTS FOR PROJECTS UNDER \$25,000

Project applications are available from the Washtenaw County Office of Community & Economic Development (OCED) and may be submitted at any time during the program year. OCED will review and approve these proposals as an administrative function and will follow the City's procurement guidelines.

ELIGIBILITY REQUIREMENTS FOR PROJECTS \$25,000 OR GREATER

OCED will make an application available to any entity interested in financial support from the Ann Arbor Affordable Housing Fund. OCED may periodically issue a Request for Proposals for Ann Arbor Affordable Housing funds and other housing funds as they become available. Applications should

normally follow that process, although emergent need applications may be considered at any time during the year. OCED and the Housing and Human Services Advisory Board (HHSAB) will review all applications, regardless of how they are submitted. A recommendation will be made to the Mayor and City Council, which will make the final decision to approve the proposal.

Disbursements may be made to non-profit corporations, municipal corporations, for-profit corporations, partnerships, limited equity cooperatives, or to individuals. All projects must be decent, safe and sanitary and meet the Housing Quality Standards as established by the Department of Housing and Urban Development, and the local Code. The City has a priority on using Affordable Housing Fund dollars on projects within the City limits, but will allow for Fund dollars to be used outside the City limits.

Financial assistance shall not be awarded by the Affordable Housing Fund to any corporation, partnership or individual in default according to Section 14.3(e) of the City Charter at the time of final consideration in payment of property taxes, or whose subject property has violations of the City Housing or Building codes or is in violation of the zoning ordinance relating to the subject project. Consideration shall be given to projects which propose correction of the above-mentioned violations. Priority is to be given to projects which address the following:

- X the perpetual affordability of units;
- X projects which serve predominantly individuals and families with incomes less than 30% of the City's median income.

APPLICATION REQUIREMENTS

Applications must be submitted for each project and include the following:

1. Amount of the request; type of assistance requested (i.e. grant, loan)
2. Project narrative that includes:
 - a. the project location
 - b. whether the project is a new or existing structure
 - c. the number of units (both new and replacement)
 - d. percentage of extremely low or very low income benefit (defined as number of households making less than 30% (extremely low) and 50% (very low) and 60% of the current Ann Arbor median income as established by HUD)
 - e. period of time which lower income benefit is guaranteed
 - f. provisions to insure that units will

be occupied by low income individuals initially and throughout the project life

- g. willingness to accept persons holding Section 8 certificates/vouchers
 - h. the project schedule or timeline (which shows the length of time required to complete the project)
 - i. the project's current permitting status
 - j. a description of any supportive services provided by the project
 - k. how the project is consistent with the most recent housing needs assessment goals;
3. Description of organization that includes:
 - a. organization history
 - b. other projects completed
 - c. history in managing other rental property including conditions of buildings
 - d. applicant's performance on other similar projects, or unique or special organizational characteristics which would indicate the capacity to carry out housing activities;
 4. Description of population to be served;
 5. Financial documentation that describes the fiscal health of the organization;
 6. Project pro forma and budget that includes:
 - a. complete financial package
 - b. amount and type of project funding that is committed and secured
 - c. cost effectiveness of project in terms of meeting need (both total cost per unit and total Trust funds per unit)
 - d. utilization of Affordable Housing Funds to leverage other funding sources whenever possible, particularly other subsidized or below market sources;
 7. And/or other information as requested by the HHSAB through application forms as updated from time to time by the Board.

This information shall be reviewed by OCED staff and presented to the HHSAB for consideration. The HHSAB will forward projects to City Council for which it recommends final consideration. The HHSAB may waive provisions of the criteria in order to recommend a project if it is deemed to serve an overriding public purpose.

Reconsideration of a project will be allowed if a new application is submitted with substantially different information from the previous application.

TERMS AND CONDITIONS

Affordable Housing Funds can be awarded in any form determined advisable by the HHSAB, subject to applicable state and federal laws and regulations, including but not limited to: low interest loans with terms determined by the "gap financing" needed to make the project feasible; a deferred loan which requires repayment under conditions defined for the project; or other types of financial assistance determined to be appropriate and necessary for the project. In general, the City has flexibility in how to award funds, either as a grant or as a loan.

When funds from the Affordable Housing Fund are awarded for acquisition, construction, or rehabilitation, the owner must sign an enforceable affordability agreement relating to the long term affordability of the unit, for a period of at least twenty years. Annual reporting is also required.

Repayments to the City are deposited into the Affordable Housing Fund and reused for other eligible Affordable Housing Fund projects.

ADMINISTRATION OF THE FUND

The HHSAB, as appointed by the Mayor and City Council, administers the Affordable Housing Fund

as specified herein. The HHSAB review applications and make recommendations to City Council on the allocation of the Affordable Housing Fund for requests of \$25,000 or greater. The number of members, tenure of office, duties, manner of calling meetings and other tasks of the HHSAB are stated in the Bylaws approved by the HHSAB.

The City Council makes final decisions on the allocation of Affordable Housing Funds of \$25,000 or greater. City Council shall take action on recommendations of the HHSAB. A typical review of an application will take no more than thirty (30) days as long as all of the required information is included in the application. City Council will, in most cases, take action on recommendations of the HHSAB at their next scheduled meeting. The Office of Community & Economic Development provides staff assistance to the HHSAB. This includes: maintaining the financial and other records of the Fund; assisting prospective applicants for Affordable Housing Fund support in the preparation of their applications; monitoring the use of the monies distributed to applicants to assure ongoing compliance with the purpose of the Fund and the conditions under which the monies were granted or loaned; reporting periodically, but not less than every twelve (12) months to the City Council regarding the operation and activity of the Fund.

For a copy of the application form, contact:
The Office of Community & Economic Development
P.O. Box 8645
Ann Arbor, Michigan 48107
Applications are also available through the OCED website at www.ewashtenaw.org or call (734) 544-6748.

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