



Action Minutes

City Council

October 17, 1994

..Title

EXECUTIVE SESSION - OCTOBER 17, 1994

..Body

Council - October 17, 1994 1

The executive session of the Ann Arbor City Council was called to order at 7:10 p.m. by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

Present: Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Peter Fink, Jane Lumm, Ulrich Stoll, Haldon Smith, Peter Nicolas, Christopher Kolb, David Stead, Mayor Ingrid Sheldon, 10

Absent: 0

The purpose of the executive session was to discuss pending litigation.

There being no further business, Councilmember Nicolas moved that the executive session be adjourned.

On a voice vote, the Mayor declared the motion carried unanimously and the meeting was adjourned at 7:35 p.m.

Winifred W. Northcross

Clerk of the Council

Linda J. Wise

Recording Secretary

REGULAR SESSION - OCTOBER 17, 1994

The regular session of the Ann Arbor City Council was called to order at 7:35 p.m. by Mayor Ingrid Sheldon.

Council stood for a moment of silence.

Mayor Sheldon led the Pledge of Allegiance.

2 Council - October 17, 1994

ROLL CALL OF COUNCIL

Present: Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Peter Fink, Jane Lumm, Ulrich Stoll, Haldon Smith, Peter Nicolas, Christopher Kolb, David Stead, Mayor Ingrid Sheldon, 10

Absent: 0

INTRODUCTIONS

GOLDEN TROWEL AWARDS PRESENTATION

Park Advisory Commission Chairperson Anne Heise, PAC member Phyllis Timmer and Mayor Sheldon presented the annual Park Advisory Commission Golden Trowel Beautification Awards. The awards were presented to commercial organizations and individuals for their outstanding efforts in beautifying portions of public land in the City of Ann Arbor.

PUBLIC COMMENTARY - RESERVED TIME

ANDY GULVEZAN - SWEETEST DAY SONG AND MISCELLANEOUS SUBJECTS

Andy Gulvezan, Woodland Meadows, sang a Sweetest Day song for the Mayor and commented on the police chief selection process, jobs for Ann Arbor residents, and the

hearing impaired.

AUDREY JACKSON - NON-PROFITS ORGANIZATIONS

Audrey Jackson, 2557 Sandalwood Circle, expressed concern that the money that is received by non-profit agencies be used to serve people who are poor, hungry, homeless or otherwise afflicted, rather than supplement salaries and benefits. (Written comments were placed on file with the City Clerk.)

PUBLIC HEARINGS

ORDINANCE NO. 58-94 - ADD INDIVIDUAL HISTORIC PROPERTIES

A public hearing was conducted on Ordinance No. 58-94, Amendment to Chapter 103, Sections 9:1, 9:2 and 9:3 of Title IX of the Ann Arbor Register of Historic Places - Add Individual Historic Properties.

Council - October 17, 1994 3

The following persons spoke:

Dale Bell, 2020 Winsted, appeared on behalf of his father-in-law, Tom Clark, who owns property in the downtown area on Division, Thompson, an entire block of Liberty, including the parcel in question at 303 S. Division Street. The attempt by the Historic District Commission to control a portion of these properties would diminish the value of the remaining properties. Economically speaking, the historical designation would require his family to maintain a crumbling structure which is due for replacement, and may deprive the City of a possible larger tax base.

Nancy Schewe, 428 Spring Street, spoke on behalf of the First Unitarian Church, located at 1917 Washtenaw, one of the sites on the list to be designated. She said that the Church is in favor of the historical designation. However, a months delay in the approval of the ordinance was requested in order to give the church time to inform its congregation of the proposed designation.

Mary Culver, 1840 Brookfield Dr., member of the Historic District Commission, reiterated the importance of historic preservation. The designations provide for the public good, but will not violate private owner property rights. To emphasize the importance of preservation, she cited the many changes that have taken place in the two block radius of State Street within the last two years.

David Cahill, 1418 Broadway, supported the individual historic properties amendment which includes his residence. He urged that the ordinance be approved intact. He said that notice to property owners has been more than adequate and asked that the ordinance be approved this date.

Carey Terrell, 2095 Stratton Court, representing the New Grace Apostolic Church, requested a delay in the historic designation of the property at 632 N. Fourth Ave., per reasons outlined in a communication to Councilmembers. (This communication was not filed with the City Clerk.)

G. Hatem, owner of 313 Braun Court, said that he was just recently notified of consideration of his property for individual historical designation. He asked for a delay in the vote to determine if all of the Braun Court owners know of the action. He objected to the designation because he feels it would be restrictive and hamper efforts for further improvements.

Omar Hamden, owner of 317 Braun Court, said that he was not notified of the proposed historical designation of his property. He said that the building was built in 1920 and has undergone extensive renovations since then. He can see nothing in the building that would cause it to be viewed as historical.

4 Council - October 17, 1994

Susan Wineberg, 712 E. Ann Street, Chair of the Individual Historic Properties Historic District Study Committee, said that most of the owners fear that they will be

restricted in doing what they want with their property. The actual act of designation is not a "taking" and has been upheld consistently in the courts. The enactment of this ordinance will be for the benefit of all of the citizens.

Mark Davalos, 621 S. Forest Street, operates a business at 303 S. Division Street, and spoke on behalf of the building's owner, Tom Clark. He asked that Council exclude 303 S. Division Street, 404 and 406 E. Liberty Street from the ordinance.

These two structures clearly have no historic significance and the fundamental guidelines used to select these buildings are very vague. The property is in a commercial zoning district, designated for development. The useful life of the structure is almost at an end and would be costly to maintain or reconstruct.

Sabra Briere, 1418 Broadway, said that she was pleased that her property is to be designated historic. She presented a brief history of the house, which was built in 1853. She said that all that is affected by the designation is that the people who own the buildings have to think about what the outside of the house will look like when changes are made. She encouraged a vote on the ordinance this date.

Roger Manela, owner of 1029 Pontiac Trail, an historical house built by Anson Brown, briefly described the history of the house and the grounds on which it was built. Mr. Manela said that he is excited about the historic designation of the house, and hoped that Council would vote on the ordinance this date.

Tom Porter, 6 Shipman Circle, owner of 300 W. Huron Street, said that there is a distinction between residential property and commercial property, especially as it pertains to historical designation. He said that he would like to know who will compensate the commercial property owner for subsidizing the public good?. Who will pay for changing the rules on the individual property owner who has purchased the property under one assumption and finds that he must operate under another? He asked that the property at 300 W. Huron Street be exempted from the designation.

Carol Mull, 1111 Fair Oaks Parkway, said that she was very pleased and honored to be on the list for historical designation of her property. She said that designation will afford the homeowners the services of experts to advise on improvements and upkeep.

Piotr Michalowski, 451 S. Fourth Avenue, spoke in support of the proposed ordinance and said that he is happy to live in his own home and to know that when he is gone the house will not change. The rules governing historic properties only pertain to certain details on the outside of the house and are very minor. The record of the Commission in dealing with historic property owners is very reasonable and

Council - October 17, 1994 5

convenient because he can seek the advice of experts on maintenance and improvements.

Robert Riley, 723 Moore Street, said that he received a letter in the mail informing him of the proposed historic designation of his property. He said that beside the letter received from the Historic District Commission approximately 1 month ago, he has received no communication. He said that the house is in terrible disrepair and if he is added to the registry he does not know where the money will come from to fix the outside of the house. Further, he cannot fix the outside until much needed repair is done on the inside of the house. He requested a postponement of the ordinance until he can determine what his rights and obligations would be under the ordinance.

Lori Ward, member of the Historic District Commission who served on the Individual Historic Properties Study Committee as well, said that she and her husband were attracted back to the community and to the Old West Side from Washington D.C.

because of the community, the character of the neighborhood and the general upkeep of the area surrounding them. She said that preservation, planning and economic development can occur in a compatible manner. People have some misconception about the review process and how it applies to commercial properties. Numerous commercial properties have been reviewed over the years and very few have been rejected. She cited commercial historic buildings that have been successfully expanded.

Griffith Dick, 600 Westwood, asked for a delay on the vote of the ordinance for further deliberation and to provide further opportunity for input by those whose property may be affected. He said that the Council may be adopting an unenforceable ordinance.

Rosemarion Blake, 840 Wickfield Ct., member of the Individual Historic Properties Historic District Study Committee, and past member of the Historic District Commission, said that it is not true that property values will deteriorate or that the owners will lose control of their properties. All persons who were considered were contacted by the Historic District Commission and told of the proposed action, and of tax credits and help that may be available in restoring these properties.

Raymond Detter, chair of the Downtown Development Authority Advisory Development Area Citizens Council, supported approval of the ordinance. He said that there is a lot of apprehension because of the proposed change. However, the historical character of Ann Arbor's downtown is an essential element of its success and an integral part of the plans for development of the downtown area. The historical sites are not scattered sites and were not selected arbitrarily. Owners who have attained national register status, also receive all of the financial benefits of that designation. He specifically expressed his approval for inclusion of the property located at 619 E. University Ave.

6 Council - October 17, 1994

Peter Long, representing Ann Arbor Realty, requested that the properties located at 1127 East Ann and 619 East University not be included in the Ann Arbor Register of Historic places. He requested that the properties be excluded because it is unclear why the properties were included. Also, because the properties are businesses, operated as multi-family residential properties, on-going costs of replacements, repairs and maintenance are critical considerations and could result in higher costs. The mentioned tax credits are not available nor desired by the owners and, finally, the selections were made without any prior discussions or notification to the owners. (A complete written communication was filed with the City Clerk.)

The following communications were received and filed with the City Clerk:

Thomas Clark, P.O. Box 7322, appealing to Council that 303 South Division, 404 East Liberty and 406 East Liberty not be designated as historic sites.

Peter Thompson and Lisa Thompson, proprietors of Past Presence Antiques, voicing opposition to the designation of 303 South Division as historical because they feel that it would impede planned expansion to their business.

James K. Delaney, whose historic property is at 214-216 W. Ann Street, expressing concern regarding the designation because it may narrow the market for resale, and requesting that his property be dropped from the registry.

Keith Orr, Office Manager for La Casita De Lupe, requesting that his business be dropped from the designation list because of the potential of making doing business more difficult for the merchants, and because the buildings are not in their original conditions.

There being no one else to speak at this public hearing, the Mayor declared the hearing

closed.

TURNBERRY VILLAGE SITE PLAN

A public hearing was conducted on the Turnberry Village Site Plan, 8.87 acres, south side of Packard Road between US-23 and Ailsa Craig.

There being no one to speak at this public hearing, the Mayor declared the hearing closed.

APPROVAL OF AGENDA

AGENDA APPROVED AS AMENDED

Councilmember Nicolas moved that the agenda be approved with the following changes:

Council - October 17, 1994 7

CONSENT AGENDA

Revised Cover Letter: Resolution to Approve Purchase Order with Floyd's Rigging and Machinery Moving for the Water Treatment Division <(\$21,950)>

(\$19,000)

Revised: Resolution to Approve Purchase Order to Repair Sewage Bar Screens at the Wastewater Treatment Plant <(\$2,000)> **(\$22,950)**

MOTIONS AND RESOLUTIONS

Add Sponsor; Resolution Regarding Ann Arbor Human Rights Commission Essay Please Note Contest on Human Rights (Councilmembers Hanna-Davies, **STEAD**, Vote Requirement: Vereen-Dixon) **(REQUIRES 8 VOTES)**

COMMUNICATIONS FROM THE CITY ADMINISTRATOR

Add: Response to #R-482-10-94 - Release of Police Chief Candidate

Resumes to Public

CLERK'S REPORT OF COMMUNICATIONS, PETITIONS AND REFERRALS

The following communications were received:

Add: Thomas Clark - Historic Designation at 303 S. Division, 404 E. Liberty and 406 E. Liberty - **Filed**

Add: Peter Thompson and Lisa Thompson - Historic Designation at 303 S. Division St. - **Filed**

Add: James K. Delaney - Historic Designation at 214-216 W. Ann - **Filed**

Add: Keith Orr - Historic Designation of Braun Court - **Filed**

On a voice vote, the Mayor declared the motion carried.

APPROVAL OF COUNCIL MINUTES

MINUTES APPROVED AS PRESENTED

Councilmember Nicolas moved that the regular session minutes of October 3, 1994 be approved as presented.

8 Council - October 17, 1994

On a voice vote, the Mayor declared the motion carried unanimously.

CONSENT AGENDA

CONSENT AGENDA APPROVED

The following Consent Agenda was considered:

R-483-10-94 APPROVED

RESOLUTION TO APPROVE A-1 RENTAL INC. ANNEXATION

A communication was received from the City Planning Commission transmitting its recommendation of approval (9 yeas and 0 nays) of the A-1 Rental, Inc. Annexation, 3.3 acres, 2285 West Liberty Street.

RESOLUTION TO APPROVE A-1 RENTAL ANNEXATION

Whereas, The territory hereinafter described is located in the Township of Ann Arbor and is adjacent to the corporate limits of the City of Ann Arbor;

Whereas, Lydia A. Onderdonk is the owner of said property; and
Whereas, It is the desire of Lydia A. Onderdonk to annex said territory
to the City of Ann Arbor, pursuant to the provisions of Act 279 of the Public
Acts of the State of Michigan for the year 1909, as amended;
RESOLVED, that the following described lands and premises situated
and being in the Township of Ann Arbor, Washtenaw County, Michigan, be
detached from said Township of Ann Arbor and annexed to the City of Ann
Arbor, subject to the combination of the two parcels, to-wit:
Westerly Parcel

Commencing at the iron pipe in the centerline of West Liberty
Road 300 feet northeasterly from the intersection of said
centerline with the west line of Section 30, T2S, R6E, Meridian
of Michigan; thence northeasterly in the center of said road,
104 feet to an iron pipe; thence south, parallel to the west line
of said Section 30, 626.1 feet to an iron pipe in the north line of
land conveyed to the late J. Martin Schaeberle, by deed
recorded in Liber 241, on Page 550; thence westerly,

Council - October 17, 1994 9

deflecting 89 degrees 40' 40" to the right in the north line of
said J. Martin Schaeberle's land, 100.88 feet to an iron pipe;
thence north, parallel to the west line of Section 30, 601.4 feet
to the place of beginning, being a part of the southwest 1/4 of
Section 30, Ann Arbor Township, Washtenaw County,
Michigan.

Easterly Parcel

Commencing at an iron pipe in the centerline of West Liberty
Street, 404 feet northeasterly from the intersection of the
centerline of Liberty Street and the west line of Section 30, Ann
Arbor Township, Washtenaw County, Michigan; thence south
parallel to the west line of the Section 626.1 feet to the north
line of J.M. Schaeberle's land; thence east deflecting 90
degrees 19' 20" to the left and in the north line of said land,
135 feet to an iron pipe; thence north deflecting 90 degrees 19'
to the left, 657.1 feet to an iron pipe in the centerline of Liberty
Street; thence southwesterly in the centerline of West Liberty
Street 131.1 feet to the place of beginning, containing 1.929
acres of land, more or less.

R-484-10-94 APPROVED

RESOLUTION TO APPROVE WILLIAMS
ANNEXATION

A communication was received from the City Planning Commission transmitting its
recommendation of approval (9 yeas and 0 nays) of the Williams Annexation, 0.14 acre,
west side of Westover Avenue.

RESOLUTION TO APPROVE WILLIAMS ANNEXATION

Whereas, The territory hereinafter described is located in the
Township of Scio and is adjacent to the corporate limits of the City of Ann
Arbor;

Whereas, Gerald and Marianne Williams are the owners of said
property; and

Whereas, It is the desire of Gerald and Marianne Williams to annex

10 Council - October 17, 1994

said territory to the City of Ann Arbor, pursuant to the provisions of Act 279 of the Public Acts of the State of Michigan for the year 1909, as amended.

RESOLVED that the following described lands and premises situated and being in the Township of Scio, Washtenaw County, Michigan, be detached from said Township of Scio and annexed to the City of Ann Arbor, to-wit:

Lot 65 of Westover Hills, a subdivision of part of the NW 1/4 of Section 25, Scio Township, Washtenaw County, Michigan, as recorded in Liber 5 of Plats, page 32, Washtenaw County.

R-485-10-94 APPROVED

RESOLUTION TO APPROVE ASSUMPTION
AGREEMENTS WITH AVALON HOUSING, INC.
REGARDING 532 AND 618 N. MAIN STREET

Whereas, City Council approved funding to the Shelter Association of Washtenaw County for the acquisition/rehabilitation of the properties at 532 and 618 N. Main Street in June, 1992; and

Whereas, As part of the project understanding, a separate nonprofit "spin-off" was to be established by the Shelter Association of Washtenaw County and all property would eventually be transferred to this new nonprofit; and

Whereas, Avalon Housing Inc. was created and received its 501(c)3 status in August, 1993 and will assume the mortgages and notes currently held by the Shelter Association relating to Housing Trust Fund and HOME Program funds for properties at 532 and 618 N. Main Street:

RESOLVED, That City Council approves the following Assumption Agreements which provide that Avalon Housing Inc. will assume the obligations of the Shelter Association of Washtenaw County in the notes and mortgages set forth below:

Housing Trust Fund Note and Mortgage - June 8, 1992 - \$55,000 - 532 N. Main Street

HOME Program Note and Mortgage - June 8, 1992 - \$47,500 - 532 N. Main Street

Housing Trust Fund Note and Mortgage - June 8, 1992 - \$30,000 - 618 N. Main Street

HOME Program Note and Mortgage - November 2, 1992 - \$42,569 - 618 N. Main Street

RESOLVED, That City Council authorize the Mayor and City Clerk to execute the Assumption Agreements and any other documents necessary to implement this

Council - October 17, 1994 11

transaction substantially in the form on file in the office of the City Clerk.

R-486-10-94 APPROVED

RESOLUTION TO APPROVE HOUSING
REHABILITATION AGREEMENT WITH
JOHN R. SMITH AND LEOLA A. SMITH
(\$28,768)

Whereas, An application was received from John R. Smith and Leola A. Smith for rehabilitation assistance for their home located at 466 Skydale, Ann Arbor; and

Whereas, The homeowners meet the City's criteria for participation in the Housing Rehabilitation Program; and

Whereas, Two bids were received on September 29, 1994 and Mr. and Mrs. Smith will be executing an agreement with the lowest acceptable bidder to complete the rehabilitation work; and

Whereas, On Wednesday, October 5, 1994 the Waiver and Review Board

approved the waiver of the \$22,000 maximum financing:

RESOLVED, that City Council approve the Housing Rehabilitation Agreement with John R. Smith and Leola A. Smith in the amount of \$28,768 as a 0% interest deferred payment loan and authorize the Mayor and City Clerk to execute the necessary documents substantially in the form on file in the office of the City Clerk.

R-487-10-94 APPROVED AS AMENDED
RESOLUTION TO APPROVE AMENDMENTS
TO HOUSING PROGRAM GUIDELINES

Councilmember Hanna-Davies moved that the guidelines be amended as follows:

C. Program Authorization (fifth listed action):

- negotiating and processing contracts between eligible homeowners and private contractors for rehabilitation work after City or City Administrator

12 Council - October 17, 1994

approval **IN COMPLIANCE WITH CITY PROCUREMENT POLICY**

On a voice vote, the Mayor declared the motion carried unanimously.

Councilmember Nicolas moved that the Guidelines be amended as follows:

B. Terms and Conditions:

1. Civil Rights: The loan/deferred loan recipient agrees not to discriminate upon the basis of race, color, creed, sex, ethnic background, national origin, or religious preference in sale, lease, rental, use of occupancy, **VETERAN STATUS OR SEXUAL PREFERENCE.**

On a voice vote, the Mayor declared the motion carried unanimously.

Following is the resolution and guidelines as approved by Council:

R-487-10-94

RESOLUTION TO APPROVE AMENDMENTS
TO HOUSING PROGRAM GUIDELINES

Whereas, The Community Development Department operates the City's housing programs following the Housing Program Guidelines and Department of Housing and Urban Development regulations; and

Whereas, The Community Development Department staff has evaluated the average increases to the bid amounts for rehabilitation assistance and recommends increasing the maximum loan amount from \$22,000 to \$25,000 (including a 10% contingency) for rehabilitation of single family units with an annual increase based on the Detroit Consumer Price Index; and

Whereas, The Guidelines would change the property security interest terms for households who have received a waiver of the maximum amount of financing; and

Whereas, The Guidelines will establish a corrective action budget item for special unanticipated cases; and

Whereas, The Guidelines would also establish a threshold for review by the Housing Policy Board of rental rehabilitation cases based on number of units and/or dollar amount of project, and establish eligibility priority based on the income levels of proposed tenants; and

Council - October 17, 1994 13

Whereas, The Community Development Waiver and Review Board has reviewed and recommended approval of the proposed amendments at its meeting on June 8, 1994; and

Whereas, The Housing Policy Board at its meeting on September 21, 1994 reviewed the proposed amendments contained in Chapter III of the Guidelines and

recommended approval:

RESOLVED, That City Council approve the proposed amendments to the City of Ann Arbor Housing Program Guidelines substantially in the form on file in the office of the City Clerk.

CITY OF ANN ARBOR

COMMUNITY DEVELOPMENT DEPARTMENT

HOUSING PROGRAM GUIDELINES

JANUARY, 1991

CHAPTER I

HOUSING PROGRAM OVERVIEW

A. Program Goals

The goals of the Ann Arbor Housing Program include:

Provide for elimination of slums, blight, and conditions detrimental to health, safety, and welfare by coordinating and supporting housing assistance and other programs, consistent with the approved city Housing Policy, designed to conserve, maintain, and expand housing stock for all residents but primarily for lower income owner and renter households, handicapped or disabled individuals, senior citizens, and the homeless.

1. Assist low-income homeowners to eliminate code violations through financial assistance programs of loans.
2. Ensure that rehabilitation work completed meets Section 8 Housing Quality Standards.
3. Assist housing efforts to prevent homelessness.
4. Support rehabilitation of cooperative housing developments.
5. Assist multi-family and rental property owners in leveraging funds to acquire and/or rehabilitate substandard housing through a financial assistance program of loans and deferred payment loans.

14 Council - October 17, 1994

6. Reduce excessive energy consumption in owner and rental dwellings.
7. Promote homeownership by low and moderate income households.
8. Coordinate the housing rehabilitation program with other Community Development activities.
9. Provide support to non-profit organizations in the acquisition, development and rehabilitation of housing for low income people.
10. Support special projects relating to housing efforts for low and moderate income people.

B. Program Components

The City of Ann Arbor's Housing Program shall consist of the following components:

1. Rehabilitation of:
 - a. Owner occupied housing units (1 to 4 dwelling units)
 - b. [Single\multi-unit](#) rental units to include:
 - 1) Privately owned rental units
 - 2) Housing cooperatives
 - 3) Public housing units
 - 4) Single room occupancy structures
 - 5) Other
 - c. Other structures such as loft conversions, barrier free improvements, emergency shelters.

Council - October 17, 1994 15

2. Planning and Technical Assistance for:

- a. Assistance to non-profit organizations involved in housing service delivery.
- b. Joint partnership arrangements for the development or redevelopment of housing.
- c. Special projects as directed by City Council or the City Administrator

C. Program Authorization

The Community Development Department is authorized, upon approval of the Housing Program Guidelines by City Council, to administer the Housing Rehabilitation Program and to make decisions relating to the allocation of resources in a non-discriminatory, nondiscretionary fashion based upon applicable federal, state, and local laws, regulations and procedures. This includes actions such as:

<- issuing commitment letters for the Rental Rehabilitation Program after City Council approval>

- implementing eligibility criteria for the various housing programs
- processing and approving homeowner application forms
- preparing work orders and bid documents
- negotiating and processing contracts between eligible homeowners and private contractors for rehabilitation work after City Council or City Administrator approval in compliance with City procurement policy
- preparing security interest agreements and other loan documents relating to properties undergoing rehabilitation
- preparing and executing subordination agreements for property owners who continue to meet the eligibility criteria of the program
- preparing and forwarding to the Accounting Division for processing, certificates of payment on behalf of homeowners or property owners
- preparing certificate of completion forms
- other work as necessary to complete housing program processing

Procedures identified in these guidelines may be updated and noted based upon any changes in federal, state, or local regulations or procedures.

16 Council - October 17, 1994

D. Program Budget

The budget for the City's Housing Programs shall be appropriated from Community Development Block Grant funds, program income and HOME funds received by the City from the Department of Housing and Urban Development and any other General Funds approved by City Council. As part of the annual budget process, an amount equal to 5% of the new entitlement Community Development Block Grant Single Family Rehabilitation funds or \$15,000, whichever is smaller, shall be established in a "Corrective Action" line item. These funds shall be used only in cases when the Rehabilitation Specialist determines that unanticipated work or call-back work is needed in order to correct a problem caused neither by contractor nor homeowner negligence or abuse, or to avoid the expense of litigation. Approval by the Department Director is required. These funds shall be limited to a maximum of \$2500 per household and shall not be secured by a lien. An annual listing of "Corrective Action" cases shall be prepared by CD staff and submitted to the Waiver and Review Board for review.

CHAPTER II

HOMEOWNER PROGRAMS

A. General

There are two types of loans available for homeowners - deferred loans and low interest loans. These loans are intended to provide financing assistance for eligible property improvements for very low, low and moderate income households. Deferred loans will only be used to finance work which is necessary to bring dwelling units in compliance with the

city code, to meet Housing Quality Standards, to make energy improvements and to complete other work specified in Chapter VII. Homeowner loan programs which are determined from applicant's household income utilize available federal, state and local financing determined most appropriate for the individual case by the Community Development Department.

B. Eligibility

1. The applicant must have owned and occupied the 1-4 unit residential dwelling to be rehabilitated for at the least one year immediately prior to application for rehabilitation assistance and be able to show clear title to the property. The unit must be located in the city of Ann Arbor. Residents of the Ann Arbor Housing Commission's Homebuyer program successful in securing a mortgage for their unit are also eligible for assistance.

2. The applicant's household income must fall within the guidelines for eligibility
Council - October 17, 1994 17

according to current Community Development income limits as published by the Department of Housing and Urban Development. In addition, the applicant's household personal assets can not exceed \$25,000.

3. Except in emergency situations, applications will not be accepted from individuals who have received a prior city-sponsored rehabilitation loan on the same property until a period of seven years from the date of completion of work. All emergency assistance and first-time applicants will receive higher priority.

4. Loans will be recommended only for applicants who have the debt carrying capacity to repay the loan.

5. All mortgage loans, land contract, real estate taxes, and special assessment payments must be current.

6. When the property of the applicant is held under a land contract, the land contract must be a written, legally binding instrument which has been recorded with the Register of Deeds. The fee title holder will be required to sign all security instruments.

7. Current city employees and/or city officials are ineligible to receive loans. Former employees are ineligible for one year after termination of employment.

8. Each case will be reviewed by a staff panel to determine eligibility and appropriate financing with decisions made in a non-discretionary fashion.

9. The Waiver and Review Board may waive any of the above eligibility criteria in hardship cases upon petition to the board by the owner. No statutory requirements of the Department of Housing and Urban Development will be waived.

10. The Community Development Department reserves the right to cancel financial assistance at any time during the rehabilitation process.

11. In addition to the above eligibility requirements, at least one of the following criteria must be met by the applicant in order to qualify for assistance:

a. Applicants must be elderly and/or;

b. Applicants must have dependent minors residing in the dwelling unit to be rehabilitated, and/or;

c. Applicants must be physically handicapped or disabled.

12. The City will subordinate its lien to other financing if the property owner continues to meet the eligibility criteria and the financing is in the best interest of the

18 Council - October 17, 1994

property owner. This provision is intended to facilitate refinancing to take advantage of lower interest rates and to reduce housing costs and not to reduce

equity in the property.

C. Processing Steps

The following steps have been identified for the City's [Single Family](#) Housing Rehabilitation Program:

1. **Pre-application.** Applicants will complete and return a pre-application form. The applicant will be contacted to verify the information and discuss the nature of the housing rehabilitation needs.
2. **Preliminary Assessment.** The Rehab Specialist will schedule a visit to inspect the home and make a brief preliminary written recommendation regarding scope of work needed and cost estimates.
3. **Application.** Applicants will complete a full application form which will be used by Housing staff to determine program eligibility. Applicant must provide copies of ownership documents, insurance, property taxes paid, income, utilities, and other information as noted and sign application forms. Staff will verify information and provide a copy of the *Housing Rehabilitation Program Processing Steps* and an explanation of the rehabilitation program.
4. **Waiting List.** Homeowners will be placed on the waiting list with first priority to homeowners with work deemed as emergency by the Rehabilitation Specialist. All others will be placed in the order of applications received. Priority may also be extended to new applicants over recipients of previous assistance.
5. **Work Order.** The Rehab Specialist arrange with the homeowner for a reinspecting of the home and prepare a written work order for work to be completed. All work items shall be clearly spelled out and be in general conformity with the *City of Ann Arbor's Master Specifications*. The work is reviewed with the homeowner and he/she signs the work order giving approval to the Housing staff to solicit bids.
6. **Cost Estimates.** The Rehab Specialist shall also prepare a cost estimate for the proposed work. The estimate will be used as a guideline when reviewing bids received.
7. **Bidding Process, Contractor Selection.** The Housing staff notifies contractors on its pre-qualification list of the availability of the work order and establishes a date for return of bid packets. Bids are opened at the designated time and a bid tabulation is prepared. The lowest reasonable bid will generally be recommended to the homeowner for acceptance. A 10% contingency amount will usually be added to the bid amount in order to establish the contract amount.
8. **Preparation of Contract Documents.** The Housing staff prepares owner/city and owner/contractor agreements as well as appropriate lien and note and disclosure documents and contacts homeowner to obtain signatures. Contracts above \$10,000 are then forwarded to City Council for its next session for approval. Contracts below \$10,000 are circulated to the Community Development Director and City Administrator for approval.
9. **Notice of Right to Cancel.** The homeowner is provided a *Notice of Right to Cancel* form for signature after approval of contracts and has three days to cancel the project.
10. **Pre-construction Meeting.** A pre-construction meeting may be arranged between the homeowner, the contractor and the Rehab Specialist to explain any issues relating to the work. The homeowner is notified of contractor's estimated work schedule.
11. **Construction.** The contractor is responsible for completing all items identified in

the work as bid and approved. Any changes to the work, including additions to work, deletions, cost changes or time extensions will be noted on a "Change Order" form to be prepared by the Rehabilitation Specialist and approved by the homeowner, contractor, Rehabilitation Specialist, and Housing Program Manager. Once the project has begun, the Rehabilitation Specialist shall have the ability to authorize work which is discovered by the contractor and determined to be necessary for the completion of the project. This additional work shall be reflected in a "Change Order."

12. Payments. The contractor shall submit requests for payment of work to the Rehabilitation Specialist. An inspection will be made by the Rehabilitation Specialist of items completed and payment processed through the Community Development Department (CDD). The homeowner shall sign off on payments to the contractor upon satisfactory completion of work. The CDD shall withhold 10% of each draw request until satisfactory completion of project, when it shall be released. Final waiver of liens must be on file before release of final payment. The Rehabilitation Specialist shall have the ability to authorize payment for work completed by the contractor pending satisfactory completion of such work.

13. Finalize Documents. Upon completion of the work, the final lien and security document shall be prepared if any changes to the dollar value of the contract have occurred. These documents will be signed by the homeowners and then filed with the Washtenaw County Register of Deeds.

20 Council - October 17, 1994

14. Complaint Resolution. At any time during the rehabilitation process, the owner or contractor shall have the right to contact the Waiver and Review Board in reference to complaint resolution procedures, as outlined in Chapter IX of the Housing Program Guidelines.

***Note:** Emergency assistance may need to be completed before all required information is submitted. Before final completion of case, all necessary information must be submitted.

CHAPTER III

SINGLE\MULTI-UNIT RENTAL REHABILITATION PROGRAM (RRP,HOME)

A. General

The **Single\Multi-unit** Rental Rehabilitation Program is a component of the Community Development Department's Housing Programs. It is intended to provide safe, decent, and energy-efficient housing which meet Housing Quality Standards for lower-income rental households. The program is designed to support housing serving special residential needs and promote increased utilization of the housing stock. Additionally, it is intended that the program act in support of other Community Development housing and neighborhood conservation efforts.

The program will utilize <RRP> **CDBG**, funds which are directly allocated by the Department of Housing and Urban Development in participation with **other funds**. <private loans (local lenders, MSHDA and/or owner cash). > **Rental projects of 4 or less units or with an estimated project cost of \$45,000 or less shall be reviewed by Community Development Housing staff and forwarded to City Council for final approval. Rental projects consisting of 5 units or more or those with estimated project costs greater than \$45,000 shall be reviewed by Community Development staff, forwarded to the Housing Policy Board and its Project Review Subcommittee, and then to City Council for final approval.** <The Rehabilitation Fund Agreement between the city and participating lenders provides a mechanism for owner/developers to assist securing required financing. The participation mix will be determined in accordance with this chapter, and as mutually agreed upon by the

parties involved. A staff panel will review each application and make an eligibility determination with an appropriate financing package.>

B. Eligibility/Priorities

The following priorities have been established for projects to be assisted with [Single\multiunit Rental Rehabilitation Program](#) funds:

1. Rent Levels

Council - October 17, 1994 21

a. First Priority - Projects with [gross](#) rent levels (rent + utilities) <at or below existing> [equal to or less than 75% of Fair Market Rents](#) as determined by HUD; (current rent levels available from Community Development Department)

b. Second Priority - [projects with gross rent levels \(rent + utilities\) equal to Fair Market Rents as determined by HUD](#) < where rents are up to 120% of Fair Market Rents;>

< c. Third Priority - projects where rents are above 120% of Fair Market Rents;>

2. Income Levels of Tenant Occupants

a. First Priority - projects where <70% or more of the current tenants [100% of the proposed tenants](#) have incomes at or below HUD standards for lower income; (current income levels available from Community Development Department)> [less than 50% of the City's median income and 50% of the proposed tenants have incomes less than 30% of the City's median income.](#)

b. Second Priority - projects where <50 to> 70% of current tenants [and proposed tenants](#) have income <at or below HUD standards for lower income;> [at or below 50% of the City's median income.](#)

<c. Third Priority - projects where less than 50% of current tenants have income at or below HUD standards for lower income: >

< 3. Size of Units

a. First Priority - projects where all units in building have 2 or more bedrooms;

b. Second Priority - projects where 50% or more of the units in the building have 2 or more bedrooms;

c. Third Priority - projects where 50% or less of the units in the building have 2 or more bedrooms;>

Additionally, the project must also satisfy the following requirements:

1. The property must be located within the city limits.

2. There must be a commitment by the owner to comply with the City's Affirmative Marketing Policy available in the Community Development Department.

22 Council - October 17, 1994

3. All property taxes and other City fees must be paid "up to date" on the property to be rehabilitated.

4. Generally, the project must exhibit a positive cash flow after rehabilitation. [The owner must](#) exhibit <characteristics of economic feasibility as determined by staff.> [the capacity to repay City funds.](#)

C. Terms and Conditions

In addition to terms and conditions specified for federal and state loan programs including Fair Housing and Equal Opportunity, all [single\multi-unit property](#) owners shall be subject to the following additional terms and conditions:

1. Relocation Assistance - The property owner agrees to comply with any relocation requirements pursuant to the Uniform Relocation Act, as amended, for all tenants temporarily or permanently displaced by the rehabilitation. (Available for review in the Community Development Department).

2. Affirmative Marketing - The owner must acknowledge receipt of the city's RRP Affirmative Marketing Plan and agree to affirmatively market the available units within the project in accordance with the established plan. (Available for review in Community Development Office).

3. Financing - The owner shall be required to provide financing for her/his portion of the <rehabilitation construction> project. In the event the project is only feasible if refinanced, the owner</developer> will assume full responsibility for the refinancing. Community Development staff will assist, if requested, in negotiations with local lending institutions.

4. Contracting/Procurement - The owner shall be required to follow contracting and procurement procedures in accordance with City and federal guidelines.

D. Subsidy Type

<City financing will be in the form of a deferred payment loan secured by a 10 year security interest lien to eligible property owners which accumulates no interest and does not need to be repaid unless the terms of the property security interest are not met. The intent of RRP is to keep rents affordable by reducing pressure put on cash flow as a result of any increased debt.>

<The Community Development Department will enter into a Commitment contract specifying all terms and conditions. All projects require a minimum expenditure based on Council - October 17, 1994 23

current HUD RRP guidelines. Projects are coordinated through the Community Development Department, however either the property owner or the Community Development Department will direct the needed work. If the property owner directs the improvements, the owner finances the entire cost of the work, and the City provides a deferred payment loan for up to fifty (50%) percent of the cost of rehabilitation after completion of work. All applicable paperwork (eg. tenant surveys, affirmative marketing statement, lead based paint certificates) must be submitted prior to release of payment(s) to property owner.

If the project is coordinated through the Community Development Department, 50% of the estimated rehabilitation costs must be placed in an escrow account with the city and payments will be made directly by the city to the contractor. Upon completion of the work, payment(s) shall be released to the owner/developer upon the Rehab Specialist's approval of work. The owner's final cost shall not exceed the approved job estimate by more than ten (10%) percent. >

Single\multi-unit rental rehabilitation funds can be awarded in any form and amount determined advisable by the City 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.

Whenever funds are awarded for acquisition or rehabilitation, the owner shall agree to an enforceable requirement relating to the long term affordability of the unit, for a period of twenty years or to be determined by mutual agreement. Annual reporting shall also be required.

Repayments to the City will be reused for other eligible single\multi-unit rental rehabilitation projects.

The property owner <may seek> shall leverage other <private> financing for the <improvements> project and may ask the Community Development <to assist in completing the necessary loan applications after a bid has been accepted.> Department for assistance. The city will provide <a commitment contract that> information which includes

the amount, terms, and conditions with regard to the city loan. Drafts of <the construction contract and> any agreements between the city and the owner are also prepared at this time.

E. Processing Steps

The following steps have been identified for the Single\multi-unit Rental Rehabilitation Program:

1. Pre-application Review. Applicants will contact Community Development

24 Council - October 17, 1994

Department Housing staff to discuss the proposed project and establish processing steps.

2. Application. Applicants will complete an application form. Projects of 4 units or less will be processed in a manner similar to the Single Family Rehabilitation procedures with information collected and reviewed by the Housing Services Assistant. Applicants for projects with 5 units or more must provide information as appropriate to the project and other information as noted on the Housing Trust Fund form and sign the form. The Housing staff will verify the information and complete a Project Assessment form (for projects of 5 units or more) with input from other staff.

3. Waiting List. Applicant will be placed on the waiting list and undertaken as overall rehabilitation case load allows.

4. Work Order. For rental projects with 4 or less units, the Rehab Specialist shall inspect the unit(s) and prepare a written work order for work to be completed. All work items shall be clearly spelled out and be in general conformity with the *City of Ann Arbor's Master Specifications*. The work is reviewed with the property owner and he/she signs the work order giving approval to the Housing staff to solicit bids. For rental projects consisting of 5 units or more, the work order and cost estimate may be prepared by the property owner's representative (architect) based on the CD staff's assessment of the applicant's ability to comply with federal requirements and procedures.

5. Cost Estimates. For rental projects with 4 or less units, the Rehab Specialist shall also prepare a cost estimate for the proposed work. The estimate will be used as a guideline when reviewing bids received. For rental project consisting of 5 units or more, the property owner's representative (architect) shall prepare cost estimates.

6. Bidding Process, Contractor Selection. The Housing staff notifies contractors on its pre-qualification list of the availability of the work order and establishes a date for return of bid packets. Bids are opened at the designated time and a bid tabulation is prepared. The lowest reasonable bid will generally be recommended to the property owner for acceptance. A 10% contingency amount will usually be added to the bid amount in order to establish the contract amount. For rental project consisting of 5 units or more, the property owner's representative (architect) may solicit bids and recommend a contractor based upon the bids received.

7. Preparation of Contract Documents. The Housing staff prepares owner/city and owner/contractor agreements as well as appropriate lien and note and disclosure documents and contacts for signatures. Contracts above \$10,000 are

Council - October 17, 1994 25

then forwarded to City Council for its next session for approval. Contracts below \$10,000 are circulated to the Community Development Director and City Administrator for approval. For rental project consisting of 5 units or more, the

property owner's representative (architect) may prepare the contract documents.

8. **Notice of Right to Cancel.** The property owner is provided a *Notice of Right to Cancel* form for signature after approval of contracts and has three days to cancel the project.

9. **Pre-construction Meeting.** A pre-construction meeting may be arranged between the property owner, the contractor and the Rehab Specialist to explain any issues relating to the work. The property owner is notified of contractor's estimated work schedule.

10. **Construction.** The contractor is responsible for completing all items identified in the work as bid and approved. Any changes to the work, including additions to work, deletions, cost changes or time extensions will be noted on a "Change Order" form to be prepared by the Rehabilitation Specialist and approved by the property owner, contractor, Rehabilitation Specialist, and Housing Program Manager. Once the project has begun, the Rehabilitation Specialist shall have the ability to authorize work which is discovered by the contractor and determined to be necessary for the completion of the project. This additional work shall be reflected in a "Change Order." For rental project consisting of 5 units or more, the property owner's representative (architect) shall prepare any change orders and shall review work as completed.

11. **Payments.** For all projects, the contractor or the property owner shall submit requests for payment of work to the Rehabilitation Specialist. An inspection will be made by the Rehabilitation Specialist of items completed and payment processed through the Community Development Department (CDD). The property owner shall sign off on payments to the contractor upon satisfactory completion of work. The CDD shall withhold 10% of each draw request until satisfactory completion of project, when it shall be released. Final waiver of liens must be on file before release of final payment. The Rehabilitation Specialist shall have the ability to authorize payment for work completed by the contractor pending satisfactory completion of such work. For rental project consisting of 5 units or more, the property owner's representative (architect) may authorize payment for work completed.

12. **Finalize Documents.** Upon completion of the work, the final promissory note and mortgage document shall be prepared if any changes to the dollar value of the contract have occurred. These documents will be signed by the property owner and then filed with the Washtenaw County Register of Deeds.

26 Council - October 17, 1994

13. **Complaint Resolution.** At any time during the process, the property owner or contractor shall have the right to contact the Waiver and Review Board in reference to complaint resolution procedures, as outlined in Chapter IX of the Housing Program Guidelines.

F. Contract Documents and Bidding

If the Community Development Department participates in all aspects of the project a formal advertisement for bids may occur. All bidding will conform to applicable federal and/or state standards and follow procedures outlines in other sections of these guidelines. Otherwise the owner/developer provides a list of preferred contractors and/or uses those on the Community Development Department's list of Rehabilitation Contractors. The owner</developer> is permitted to do the work if they have the capability to do so. All general contractors must meet requirements set by the City of Ann Arbor. General contractors are asked to submit bids for completion of the work as described in the work order and/or other pertinent documents. The low bid is usually selected for the work.

However, the owner has the right to reject any and all bids, or select a contractor of his/her choice.

G. Construction Commencement

1. Notice to Proceed - When **the project is approved and** all the documents are signed, the city <and the owner/developer> **will** issue a notice of commencement <to the contractor. Construction> **Work is to** begin as soon as possible but must be within 90 days of date of commitment of funds.
2. <Construction - After the Notice of Commencement is issued, the contractor begins the actual construction. A maximum of 180 days will be allowed for construction except when weather is a determinant factor. > **Inspections - The work is inspected by the city as the job progresses.**
3. Completion - Upon completion, a final inspection is made, and all paperwork must be submitted in order to receive final payment. Final documentation is processed for HUD, owner and file to close-out project.

CHAPTER IV

OTHER HOUSING PROGRAMS

Depending upon the availability of funding, the Community Development Department may oversee programs and projects which function according to federal, state or locally approved guidelines. Some of these programs may be described in the City of Ann Arbor Housing Policy approved by City Council in July, 1989. Program Descriptions can be **Council - October 17, 1994 27**

reviewed in the Community Development Department. These include:

1. Relocation - governed by the Uniform Relocation Act and/or State regulations for the relocation of persons or businesses as a result of governmental action or activity.
2. HOME Program- governed by the National Affordable Housing Act of 1990.
3. Housing Trust Fund - governed by guidelines under review by the Housing Policy Board and City Council as of January, 1991. These funds are designed to promote, retain, and create long term affordable housing for very low, low, and moderate income residents of the City.
4. Technical Assistance - provided to City Council or other city departments on projects such as house moving, facility rehabilitation or demolition, projects identified in the Housing Policy, or other projects as they arise.
- < 5. Creation of Barrier-Free Units - an incentive program to owner/developers to complete barrier-free improvements to units. Cost will be forgiven for completion plus up to \$1,500 per unit to be applied toward additional rehabilitation costs.
- 6>5. Nonprofit Housing Cooperatives - annually, proposals will be requested from chartered nonprofit housing cooperatives to meet their housing rehabilitation needs.
6. Acquisition - housing projects involving acquisition by a public or private nonprofit entity for occupancy low income households where no other federal assistance is provided.
7. Homeownership Program - a program to provide homeownership opportunities to low income families.

CHAPTER V

HOUSING REHABILITATION SERVICES-SUBRECIPIENTS

A. General

This chapter outlines Guidelines For subrecipients who are proposing to carry out housing rehabilitation services to Ann Arbor residents.

B. Program Guidelines

28 Council - October 17, 1994

If a subrecipient intends to offer rehabilitation assistance to Ann Arbor residents, other than a designated cooperative or public housing residents, program guidelines must be developed and submitted for review by the Community Development Department, prior to expenditure of any project funds. At a minimum such guidelines shall include the following items:

1. Assurance that housing rehabilitation is provided to eligible low and moderate income households (as defined by HUD standards).
2. Assurance that reasonable public notice is developed for the program explaining its availability to potential recipients. A statement of criteria for eligibility and/or application for assistance shall be developed.
3. A ranking criteria for eligible applicants to assure that priority for assistance is made on a non-discretionary basis.
4. A description of types of available rehabilitation assistance including terms, conditions and other variables offered.
5. Property inspection policies which comply with HUD standards.
6. Statements relating to compliance with all appropriate HUD requirements (available for review in the Community Development Department)

C. Work Orders, Specifications, Plans, Estimates, and Schedules

Detailed "work orders" describing all work to be performed shall be prepared prior to bidding or starting construction on any work. This work order shall reference a standard specification for materials and workmanship. Such standard specifications and work orders shall require that all rehabilitated dwelling units meet Section 8 Housing Quality Standards upon completion of rehabilitation.

A detailed cost estimate for each project, based on that project's work order shall be prepared for each individual project prior to bidding or start of work. An optimal project completion schedule shall also be prepared for each project.

Work orders, standard specifications and estimates for each project shall be available for review and approval prior to bidding or starting work on such projects. Plans and/or drawings shall also be prepared and provided if a project requires them. Detailed sealed plans prepared by a registered architect or engineer will be accepted in lieu of the noted work order if such plans are accompanied by a detailed cost estimate prepared by an architect or engineer. This information must be available for review by the Community Development Department.

Council - October 17, 1994 29

If the subrecipient intends to serve as a "general contractor", then individual work orders and estimates must be provided for each portion of the work which is to be subcontracted.

D. Contracting

1. Unless work is to be performed by bonafide employees of the subrecipient, all projects involving work totaling in excess of \$5,000 shall be bid. At least three legitimate bids shall be obtained. Any project involving work totaling \$25,000 or more shall be advertised for at least one day in The Ann Arbor News or other pre-approved publication at least 10 days prior to the bid opening date.
2. A contract between the subrecipient and the contractor, referencing the previously noted work orders, specifications, and plans must be prepared and agreed to for any rehabilitation work. Written change orders must be prepared and approved by subrecipient for any additions or subtractions to or changes in such contracts.
3. A detailed invoice from the contractor shall be provided to the subrecipient for any reimbursement requested. A final waiver and release of liens from all

contractors shall be provided for all work prior to final release of payment for any project.

4. Applications for Payments and Certificate of Payments signed by an authorized representative of the subrecipient with supporting documentation (invoices, waivers, permit approvals, etc), shall be provided before any request for payment will be processed.

E. Program Financial Management

Prior to expenditure or commitment of any CDBG funds, a written description of the subrecipients' financial management system shall be developed. This system shall specifically identify any source and use of CDBG program income. ("Program Income" includes loan repayments etc., received by subrecipients following initial use of CDBG funds).

The financial management system shall be in conformity with HUD regulations. Such system shall be maintained in a condition acceptable to the Community Development Department for the duration of the applicable funding contract, and should program income be received, such system shall be maintained until final disposition of all program income.

F. Compliance Responsibility

The subrecipient shall be fully responsible for certifying that all work has been completed in
30 Council - October 17, 1994

accordance with its Guidelines and the previously noted work orders, specifications, plans and contracts and applicable city, state and federal guidelines and laws. The subrecipient shall maintain full responsibility for becoming familiar with such requirements (including Historic Preservation, Equal Opportunity, and Federal Labor Standards) and with maintaining compliance with such standards. The Community Development Department may review the subrecipient's certifications and records on a periodic basis and retains the right to withhold payment until compliance with standards occurs.

CHAPTER VI

LOAN INFORMATION - TERMS AND CONDITIONS

A. General

This chapter outlines the requirements for all single family rehabilitation loans, including the terms, conditions and assurances to which an applicant must agree in order to obtain financial assistance and references the income limits for eligibility.

B. Terms and Conditions

Upon approval, the applicant will be required to sign documentation stipulating the following:

1. Civil Rights: The loan/deferred loan recipient agrees not to discriminate upon the basis of race, color, creed, sex, ethnic background, national origin, or religious preference in sale, lease, rental, use of occupancy, [veteran status or sexual preference](#).
2. Use of Proceeds: The loan/deferred loan recipient agrees to use the proceeds only to pay for costs of services and materials necessary to carry out the rehabilitation work.
3. Ineligible Contractors: The loan/deferred loan recipient agrees to award all contracts for rehabilitation work to be paid in whole, or in part, with the proceeds of a city loan or deferred loan only to the contractors who are listed as eligible by the city.
4. Inspection: The loan/deferred loan recipient agrees to permit inspection by the city of the property, the rehabilitation work, and all contracts, materials, equipment, payrolls and conditions of employment pertaining to the work.
5. Records: The loan/deferred loan recipient agrees to keep such records as may

be required by the city with respect to the rehabilitation work for a period of five years.

Council - October 17, 1994 31

6. Interest of Certain Officials: The loan/deferred loan recipient agrees not to permit any governmental official to share in any proceeds or benefits of the loan or deferred loan.

7. Bonus, Commission or Fee: The loan/deferred loan recipient agrees not to pay any bonus, commission, or fee for the purpose of obtaining the city's approval of the loan/deferred loan application, or any other approval or concurrence, required by the city to complete the rehabilitation work, financed in whole or in part, with the rehabilitation loan/deferred loan.

8. Competitive and Negotiated Bid for Construction Work: The loan/deferred loan recipient agrees to allow the city to obtain competitive bids or negotiated bids (in cases of an emergency) for the rehabilitation work which meet the best interest of the project.

9. Completion of Owner Work (Sweat Equity): The loan/deferred loan recipient assures that the rehabilitation work performed by the owner shall be carried out promptly, efficiently, and in a workmanship-like manner according to specifications and to a schedule agreed upon with the city and any contractors doing work on the subject property. If the owner fails to complete the work required by contract, then the owner agrees to repay the entire loan or deferred loan upon demand if so determined by the Waiver and Review Board.

10. Equal Employment Opportunity: The loan/deferred loan recipient agrees to abide by the provisions of the city of Ann Arbor's Human Rights Ordinance governing equal employment opportunity.

11. Escrow Accounts: The loan/deferred loan recipient agrees to deposit all funds in escrow for city management of the rehabilitation contract. If the owner decides not to select the lowest acceptable competitive bid, he/she may be required to place in escrow the difference between this bid amount and the bid selected.

12. HIP/CHIP Loans: Recipients of HIP/CHIP loans agree to the additional conditions as specified in MSHDA's guidelines, as amended, and in the Improvement Certificate. These documents are available in the Community Development Office for review.

13. 312 Loans: Recipients of Section 312 loans agree to the additional conditions for Section 312 loans as specified in the Rehabilitation Financing Handbook RHA 7375. 1 Rev., as amended, published by the U.S. Department of Housing and Urban Development.

14. Due on Sale: The loan recipient agrees to repay the loan balance in full upon any change of ownership of said property including transfer by gift, mortgage,

32 Council - October 17, 1994

sale, sale by land contract or inheritance if change occurs prior to the expiration of any security interest agreements. The recipient agrees to notify the city of intent to sell the property.

15. Preservation of the Security: The loan/deferred loan recipient agrees to maintain the property and permit the city to inspect the property during the term of the loan.

16. Hazards Insurance: The loan/deferred loan recipient agrees to maintain fire and hazard insurance on the property for the term of the note and to provide annual evidence of such insurance upon city request.

17. City Arbitration: The loan/deferred loan recipient agrees to allow the city to

arbitrate disputes between the recipient and all rehabilitation contractors.

18. Litigation: Properties affected by any litigation or legal disputes (such as foreclosures, partnership dissolutions, divorce, probate, etc.) shall not be eligible for financial assistance. Upon the final resolution of litigation, the application may be reconsidered.

19. Loan Structure: The term of the CDBG Rehab loans shall range from three (3) years to fifteen (15) years depending upon the borrower's loan servicing capacity. In no case shall the term of a loan exceed fifteen (15) years.

20. Maximum Financing: The maximum amount of CDBG financing shall be <\$22,000> **\$25,000** with <\$20,000> **\$22,500** for contracted work and up to <\$2,000> **\$2,500** for project contingency for the first dwelling unit, and \$7,500 for each additional dwelling unit. Financing shall be based upon the needs of the unit as determined by Community Development staff. **This amount shall be adjusted each July 1 based upon the Consumer Price Index (CPI) annual average change from previous year using the Detroit Area figure.**

21. Interest Rates: The interest rate of CDBG Rehab loans shall reflect current MSHDA guidelines. (Available for review in the Community Development Office.)

22. Special Conditions: All deferred loans shall be subject to the following conditions.

a. Property Security Interest: Prior to the initiation of work, the deferred loan recipient will agree to and will sign an initial property security interest document for the full amount of the rehabilitation work order and agreement. The first \$4,500 of the loan shall be forgiven upon completion of work and shall require no repayment; Any amount above \$4,500 shall be repaid in full at the time of change in ownership either by sale, mortgage, gift, sale by land contract, or inheritance.

Council - October 17, 1994 33

b. Inheritance: If a property should be inherited by a household meeting low and moderate income guidelines, the city, acting through Community Development Waiver and Review Board or other review process designated by the city, may further defer repayment of this loan or may establish a repayment schedule at an interest rate determined by the city in accordance with the loan structure identified. (Chapter VI, Item 21).

c. Cancellation: The deferred loan recipient agrees to release all unexpended deferred loan proceeds with no right, interest or claim if the deferred loan is cancelled before the rehabilitation work is completed.

d. The following shall serve as the property security interest terms for **either** individuals whose income is above 50% of median but below 80% of median, the established maximum but have been approved for a waiver in order to receive a deferred payment loan; **<as well as> or** for reapplicants approved for additional assistance; **or for those who have received a waiver of the maximum amount of financing**

34 Council - October 17, 1994

Property Security Interest: Prior to the initiation of work, the deferred loan recipient will agree to and will sign an initial property security interest document for the full amount of the rehabilitation work order and agreement. The entire amount shall be repaid in full at the time of change in ownership either by sale, mortgage, gift, sale by land contract, or inheritance.

C. Income Limits

1. The definitions for low and moderate income are based on the income data provided to the city and adjusted periodically by the Department of Housing and

Urban Development for the Ann Arbor Metropolitan Statistical Area. Income limits are available for review in the department office.

2. Temporary Poverty: It is not the intent of the rehabilitation program to financially assist those families who, due to extraordinary circumstances, temporarily meet the very low-income criteria. Cases of temporary poverty may arise due to an extraordinarily "poor year" for a family whose income is subject to wide annual variations or may arise due to a head-of-household receiving advanced professional training but can be reasonably expected to be receiving substantial income in the near (1-5 years) future.

a. Income Variation: If an applicant is in temporary poverty resulting from an extraordinary "poor year" and whose income is subject to wide variations then the annual gross income may be averaged over the five (5) years prior to the date of application. The computed average annual income shall be used to determine the applicant's eligibility for assistance.

b. Advanced Training: If an applicant has very-low income and in temporary poverty resulting from a full or part-time advance training (e.g., university attendance) then the applicant may be eligible for a deferred loan with a short term (1-4) years maximum. After the term, the deferred loan shall become due and payable.

3. Gross Income for All Loans: Determination of eligibility shall include the gross annual income for all persons eighteen years of age or older. Those persons having fixed incomes shall be based upon annualized weekly or monthly income as of the date of application. For persons other than those on fixed income, annual income is the anticipated annual earnings of the applicant as of the date of application.

a. Gross annual income includes salary, commissions, bonuses, interest dividends, tips, gains or sales of securities, annuities, pensions, farm rental, partnership, estate or trust income, child support payments, alimony, social

Council - October 17, 1994 35

security and miscellaneous income.

b. Gross annual income from self-employment shall be deemed to be the net profit from said self-employment as declared by the applicant in Schedule C, F, or E, Part III, as appropriate, of the United States Internal Revenue Service Form 1040. Income from tax returns for two years will be averaged to determine eligibility.

c. Additionally, the following criteria shall be applied in determining Gross Income:

1) Projected Bonus and/or Overtime will be determined by contacting an employer. The amount may be based on prior year's figures or average amounts awarded to other employees with the same status.

2) Income from Rental Properties shall be included in gross income.

Expenses allowable for deduction include mortgage interest payments, utilities, taxes, insurance and maintenance. In no case shall such deductions exceed gross rental income. Any losses resulting from rental properties may not be deducted from income generated from other sources. The applicant will be required to fully document these items.

3) Business losses may not be deducted from the income generated from other sources. Under no circumstances will a negative income be considered.

CHAPTER VII

ELIGIBLE AND INELIGIBLE WORK

A. General

Deferred loans shall be made to owner occupants in order to eliminate code violations, make energy improvements, eliminate barriers to handicapped occupants, correct safety problems and improve liveability.

Other rehabilitation assistance shall be made to property owners for those purposes for which deferred loans may be made as well as for certain general improvements.

Upon completion of work, all owner occupied units shall substantially comply with the city's Housing Code and shall meet Section 8 Housing Quality Standards. Rental units shall also comply with the Housing Code and meet Section 8 Housing Quality Standards.

B. Eligible Work - Deferred Loans

36 Council - October 17, 1994

The following work items shall be eligible for deferred loans. Such work shall be noted and prioritized as: Hazardous, Code, Other or Incipient.

1. Code Work: All work, including permit charges, necessary to eliminate violations of the Housing Code as cited by the Rehabilitation Specialist.

a. Hazardous Violations - 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.

b. Other Violations - Examples include blistered or peeling exterior paint; peeling interior paint exposing bare wood and lack of general repair described in Section 8:509 of the Housing Code.

c. Incipient Violations - Conditions which, in the determination of the Rehabilitation Specialist, 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.

2. Energy Conservation Work: Reasonable or necessary to eliminate excessive energy consumption. Reasonable work shall generally be defined as those items identified as "Program Measures" by the Michigan Residential Conservation Service Program (RCS), having a cost recovery or "payback" period of seven years or less, subject to the rehabilitation specialist's determination that such installation is reasonable, workable and practical. Eligible work shall include items such as:

- ☐ caulking
- ☐ weatherstripping
- ☐ furnace efficiency modifications and replacement
- ☐ flue opening modifications
- ☐ electrical or mechanical ignition systems
- ☐ ceiling insulation
- ☐ wall insulation
- ☐ floor insulation
- ☐ duct insulation
- ☐ pipe insulation
- ☐ water heater insulation
- ☐ storm windows/thermal windows

Council - October 17, 1994 37

- ☐ storm doors
- ☐ clock thermostats

Owners may also be referred to the Ecology Center's Energyworks Program where appropriate.

3. Barrier-Free Improvement: 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.

4. Correct Safety Problems: Examples include roof over an open porch, installation of sidewalk leading to primary entrance, etc. Cosmetic changes or remodeling are not eligible work.

5. Site Work: Examples include repairs to walk, drives and other paved surfaces, replacement of lawns, shrubs, and trees and provision of fill dirt, top soil and grading required as a part of other eligible work.

C. Prioritization of Eligible Work:

In cases where costs of eligible work exceed the level of financing available, the Rehab Specialist shall prioritize based on the structure's and household's needs. The priority shall be established as in part B. 1. above.

D. Demolition

If, in the opinion of the Rehabilitation Specialist, a single family dwelling unit is beyond reasonable repair, demolition may be recommended. In such cases, notification of appropriate city departments and the Historic District Commission will be completed and all appropriate City and HUD procedures will be followed prior to a final decision being made on any demolition. Relocation assistance may also be provided according to the conditions of the Uniform Relocation Act.

E. Ineligible Work or Expenses - Deferred Loans:

1. No work will be financed or performed where there is evidence that homeowner abuse, malicious destruction or willful neglect created the need for such work.

2. No work will be financed or performed where the general condition of the property indicate that the homeowner has not or will not take reasonable action to preserve the value of the existing property and proposed improvements or

38 Council - October 17, 1994

where the homeowner has not maintained the property in conformance with applicable city housing, zoning and nuisance codes.

3. In cases of reapplication, no work previously financed through this program will be contracted for again unless the rehabilitation specialist determines that the need to redo the work was not the fault of the owner.

4. Other work described in applicable state and federal program guidelines as ineligible shall be ineligible.

5. No general improvements will be completed unless deemed appropriate by the Rehab. Specialist.

6. New construction expenses unless allowable under H.U.D. regulations.

7. Materials, fixtures, equipment or landscaping of a type or quality which exceeds that customarily used in the locality for properties of the same general type as the property to be rehabilitated.

8. Appliances not required by city code.

9. Purchase, installation, or repair of furnishings.

10. Land or property acquisition.

11. Owner labor may not be charged as an expense.
12. Delinquent taxes, penalties or special assessments.
13. Commercial structures, with the exception of code related improvements in mixed use, rental structures.
14. Patios, general landscaping and air conditioning.
15. Any work otherwise eligible but substantially completed prior to the date of approval.

Council - October 17, 1994 39

F. Eligible Work - Other Homeowner Loans

All work described above as eligible under deferred loans as well as the following items shall be eligible for other homeowner loans:

1. Solar Energy Equipment - Costs of items necessary to meet applicable state, federal and local standards.
2. Architectural Fees - Not exceeding ten (10%) percent of total loan amount.
3. Application, Processing, Survey and Recording Fees Including Credit Reports, Recording Fees, Inspection Fees, Surveys, Title Insurance, etc.
4. Conversions - A homeowner loan may provide funds for conversion from one residential use category to another providing that work can be completed within the financial limits of the funding source and provided that conversion is deemed appropriate by Community Development staff and is in accordance with requirements of the Housing Code and Zoning Ordinance. (Note: Certain Conversions might be more appropriately financed through the Rental Rehabilitation Program).
5. General Improvements - A homeowner loan may also provide funds for general improvements including additions, alterations, and renovations which protect or improve the livability and utility of the structure. Eligible work may include new garages, driveways, sidewalks, remodeling of kitchens, finishing of unfinished spaces, porches and porch enclosures, subject to the determination of Community Development staff as to appropriateness of such work. General improvements may not include materials, fixtures, or landscaping which exceed in quality those generally and customarily used in structures of the same type, in the same area.
6. Other Eligible Items - Other items included as eligible by applicable state, federal or local guidelines may be eligible unless specifically excluded from eligibility by this chapter.

G. Ineligible Work - Homeowner Loans

1. Any work described as ineligible in the deferred loan section except those items specifically noted as eligible for homeowner loan funding in the previous section.
2. Additional ineligible items as may be described by applicable state, federal or local guidelines for specific funding sources, shall be ineligible.

40 Council - October 17, 1994

H. Homeowner Sweat Equity

1. General. Sweat Equity is the term that represents the potential savings realized on rehab costs by substituting owner labor for contractor labor. Since housing rehabilitation is a labor intensive form of construction, these savings can significantly reduce the amount of rehabilitation financing required and allow for more work to be completed within a deferred loan or loan limit. A rehabilitation deferred loan or loan may include payment for the materials required for the completion of eligible work.
2. City Authorization. Before any material purchases can be authorized, a Sweat

Equity Contract must be properly executed. Each situation must be reviewed for possible inclusion of additional clauses to the contract which may help in completion of the work in a smooth and timely manner. No Sweat Equity Contracts may be written for a period exceeding twelve (12) months from notice to proceed to completion in cases where exterior work is required.

3. Eligibility/Work Order/Authorization. An applicant must demonstrate experience and ability to the satisfaction of the Rehab Specialist in order to qualify for Sweat Equity work. All Sweat Equity work must be performed and will be inspected on the basis of the same material standards and installation procedures as contracted work. The Rehab Specialist will complete a work order itemizing Sweat Equity items which shall be included with the contractor's bid documents. The Rehab Specialist can authorize sweat equity work for any period up to 12 months.

The Rehab Specialist should insure that sufficient funds are reserved within the loan limit amount so that in the event the Sweat Equity Contract expires or is terminated before all code violations are corrected, a general contractor can be contracted with to complete the work within the approved loan amount.

4. Bill of Materials/Supplies. Upon City authorization of sweat equity, the owner must prepare a Bill of Materials which includes each material required within a work item, its quantity, unit cost, and total cost, including taxes, for the material. The Rehabilitation Specialist will determine the appropriateness of the materials selected and the cost.

In addition to providing for the cost of materials, for eligible work to be performed by the homeowner, the costs of rental of certain equipment and purchase of certain supplies may be eligible for inclusion in a deferred loan. Such items may include rental of equipment such as floor sanders, spray guns, reciprocating saws, etc. Reimbursement for paint may not exceed \$25 per gallon or a total of \$700. A labor subsidy of up to \$300 may be made available for individuals who

Council - October 17, 1994 41

are handicapped, disabled and/or 62 years of age or older.

5. Payments. All payments shall be made to the owner on a reimbursement basis. Under certain circumstances when the owner does not have sufficient resources to make an initial payment, a maximum determined by Community Development staff may be advanced against the final payment on the contract so that an owner can begin the purchasing of materials.

The owner is expected to have installed all materials for which he/she has been reimbursed before approval of additional payment can be approved.

No payment shall be made on materials without proper receipts. Receipts must be noted as to the material purchased. Copies of all receipts shall be submitted with the corresponding Application for Payment.

At the time of submission of the final Application for Payment, a final Change Order will be prepared to adjust for any discrepancies between estimated and actual costs.

CHAPTER VIII

WORK AUTHORIZATION

A. General

It is intended that rehabilitation work be carried out in a timely manner, be of acceptable workmanship and be fairly priced.

B. Policy

All contractors shall be subject to the following requirements:

1. Pre-qualification - For projects under \$25,000 all general contractors must be prequalified by the Community Development Department prior to bidding rehabilitation work. Applications are available at the Community Development Office. The minimum requirements for approval are:

- a. The general contractor must be a licensed builder with a satisfactory record with the Department of Licensing and Regulation. Sub-contractors shall be licensed in their trade, if required.
- b. All contractors must provide proof of workers compensation and liability insurance up to the limits specified in the General Conditions of the contract.
- c. All contractors must be able to demonstrate to the satisfaction of the

42 Council - October 17, 1994

Community Development staff that their workmanship is of adequate quality to carry out rehab work in compliance with the Master Specifications. Prior work with the program or subgrantees will be considered.

- d. The contractor must be approved by the Human Rights Office and comply with the City's Human Rights Ordinance.
- e. The contractor must have satisfactory credit.

2. Bidding Procedures - Projects up to \$5,000 may be negotiated when an emergency exists whereas all contracts over \$5,000 shall be competitively bid. Projects where estimates total over \$25,000 shall be advertised. The procedures for both types of bidding are as follows:

3. Negotiated Projects (emergencies up to \$5,000) - A prequalified contractor or contractors will be asked to submit proposals on rehab emergency work. The rehab specialist's cost estimate will form the basis of negotiation. The contractor will submit any proposals with all prices subject to negotiation. If the proposal is within 10 percent of the cost estimate and under the \$5,000.00 limit, the staff panel may recommend authorization to proceed.

4. Competitive Bids - Projects Estimated at Less Than \$25,000.00 - At the discretion of the Community Development Department, one of the following procedures will be used to select prospective bidders from the list of prequalified contractors:

- a. Five contractors will be selected from the list of pre-qualified contractors on an equally apportioned, rotating basis to bid on a job.
- b. All contractors on the list of prequalified contractors shall be allowed to bid on a job.

5. Projects Estimated at Greater Than \$25,000 - Any licensed contractors shall be allowed to bid on the project. These jobs will be advertised and bids will be submitted by any contractor. If a low bid is received from a contractor who is not on the list of prequalified contractors, the contractor shall be required to meet the department's qualification requirements prior to the award of a contract.

6. The Contract - The contract is composed of the agreement between the owner and contractor which includes the contract price, construction schedules, inspection, and payment, the work order, drawings, the general conditions and the Master Specifications and any change orders issued after the execution of the contract.

Council - October 17, 1994 43

7. Payments - Provision for payment for completed work is set out in the General Conditions of the contract. Only completed work is eligible for payment and only after the work has been inspected and approved by the Rehabilitation Specialist. A retainer of ten percent of the work completed to date shall be held on all partial

progress payments.

8. Inspections - As previously stated, inspections are scheduled to review completed work before payment authorization, or on a regular basis to insure progress is being made on the contract. These inspections are to ensure quality control and spot checks for program administration consistency and integrity.

9. Bonding - Contractors may be required to provide a labor, material and performance bond on any rehabilitation contract at the discretion of the Community Development Department

CHAPTER IX

WAIVER and REVIEW BOARD

A. General

The Waiver and Review Board is responsible for reviewing the activities, policies, and administration of all Community Development Department housing programs. This responsibility includes hearing individual complaints and granting waivers from program guidelines for hardship cases. A guideline waiver is formal approval of a request to set aside guidelines in the case of extenuating hardship circumstances. No statutory guideline may be waived.

B. Complaint and Guideline Waiver Procedure

Complaints and Waiver requests shall be put in writing, and submitted to the Community Development Department. Community Development staff will attempt to resolve the concern within a reasonable period of time. If no resolution is reached, the complaint or waiver request shall be submitted to the Waiver and Review Board at its next meeting.

Notice of and invitation to the meeting shall be provided to the applicant.

Decisions of the board are based on actions taken by a majority of members present when there is a quorum or by polling the members. Waiver and Review Board decisions may be appealed to the Department of Housing and Urban Development.

APPENDIX A

44 Council - October 17, 1994

DEFINITIONS

The following definitions shall be used with respect to the housing programs:

Adjusted Income: Gross income less allowable deductions computed pursuant to current MSHDA Guidelines.

City Code Standards: Includes city of Ann Arbor housing, building, fire, zoning, health codes, rehabilitation and energy standards, as well as other pertinent local ordinances which seek to protect healthy, safe and sanitary residential conditions.

Conversion: An alteration of a property so as to change either its number of dwelling units, or to eliminate a non-conforming use.

Cooperative: An organization, legally constituted as a cooperative for the purpose of providing housing to its members.

Dependent: A person under the age of eighteen (18) years or enrolled full-time in school.

Director: The Director of the Community Development Program of the city of Ann Arbor, Michigan, or his/her designee.

Duplex: A property of two (2) units used primarily for residential purposes.

Dwelling Unit: A self-contained unit, containing at a minimum sleeping, cooking and bathroom facilities as defined by the City Housing Code.

Elderly Household: Household of one or more persons with the head of the household sixty (60) years or older.

Emergency Conditions: Housing conditions which present an immediate hazardous threat to the building or its occupants, including, but not limited to failure of heating, domestic hot water, electrical, roofing or structural systems and other conditions

deemed as emergency as the result of an inspection by the Rehabilitation Specialist.

Energy Assistance: Financial assistance provided to eligible building owners for energy improvements as defined in the Energy Loan Pool Guidelines.

Fixed Income: Income derived from social security, pensions, ADC or support payments.

Gross Income: Anticipated annual earnings of the applicant, based on annualized weekly or monthly income as of the date of application.

Council - October 17, 1994 45

Handicapped, Disabled: A person who is permanently disabled as defined by the Michigan State Homestead Property Tax Credit Forms CR2 and CR3 and/or as certified by the Social Security Administration.

Household: An individual, or a group of two or more persons related by blood, marriage, adoption, and living together as a single housekeeping unit in a dwelling unit. Note: In the case of unrelated individuals residing in a dwelling unit all income will be counted toward total household income unless rent is being paid. If rent is being paid then that residential income is counted toward the total.

Hazardous Violation: A violation of the city code standards which presents an immediate danger to the life and/or safety of the building occupants.

Housing Expenses: Will include principal and interest on a recorded mortgage or a land contract; hazard insurance; real property taxes; special assessments; reasonable maintenance costs and utility expenses, including gas, electricity, and water.

Incipient Violation: A condition that exists that could deteriorate within a year to an actual violation.

Land Sales Contract: A transaction in which the purchaser/occupant obtains fee title only if he completes a series of installment payments over a term of years.

Low Income: Household with incomes less than eighty (80%) percent of median income for the Ann Arbor Metropolitan Statistical Area, as determined by the U.S. Department of Housing and Urban Development.

Master Specifications: The construction specifications promulgated by the city which governs material, labor and workmanship for residential rehabilitation.

46 Council - October 17, 1994

Moderate Income: Household with an income between 80 and 95 percent of median income for the Ann Arbor Metropolitan Statistical Area as determined by the U.S. Department of Housing and Urban Development.

Multi-family Dwelling: A property of three (3) or more units used primarily for rental residential purposes.

Owner: One or more persons who hold title to a property including those purchasing through a mortgage or land sales contract.

Owner/Occupant: An owner(s) of a 1-4 unit property who occupies and uses the property primarily for residential purposes.

Personal Assets: Cash, cash deposits, negotiable bonds, stocks or other financial instruments, business equity, or equity in real estate other than property being considered for rehabilitation.

Rehabilitation Cost: The total cost of work necessary to bring a property up to city code and energy standards, plus any additional costs specified as part of the work order.

Rehabilitation Fund: Consolidated funds for the City's various financial assistance programs. It is operated under provisions of the Federal Administrative regulations governing the CDBG Program (24 CFR570).

Relocation: Assistance provided to individuals as defined under the Uniform Relocation Act.

Renter: The lessee or tenant of residential property.

Security Interest Lien: A document to be recorded with the Washtenaw County Register of Deeds which describes the terms and conditions of the loan.

Single\multi-unit: A single family unit, two-family unit, or multi-family units which are renter occupied and qualify for housing assistance.

Subrecipient: A legally organized entity receiving funding from the City under an agreement defining services to be provided.

Substandard: Housing which lacks basic plumbing and/or is physically dilapidated, and does not meet housing quality standards.

Sweat Equity: Rehabilitation work performed by qualified homeowners under contract with the city through the Housing Rehabilitation program.

Council - October 17, 1994 47

Two Family Dwelling: Detached building containing only two residential units.

Very Low Income: Household with incomes less than fifty (50 %) percent of median income for the Ann Arbor MSA, as determined by the U.S. Department of Housing and Urban Development.

Waiver and Review Board: A citizen board appointed by the Mayor and approved by City Council to review rehabilitation program complaints, program guidelines, and grant waivers of Housing Rehabilitation Guidelines.

Work Order: The document prepared by the Rehabilitation Specialist itemizing work to be done on the property to be used by the contractor through the bid submission and contract process.

APPENDIX B DOCUMENTS

1. Agreement between City of Ann Arbor and Homeowner (single family rehabilitation)
2. Agreement between Homeowner and Contractor (single family rehabilitation)
3. Agreement between City of Ann Arbor and Property Owner (rental rehabilitation)

R-488-10-94 APPROVED
RESOLUTION TO APPROVE PURCHASE
ORDER TO MOTOR CITY FORD FOR
DUMP TRUCK - BID NO. 2643
(\$71,785)

Whereas, The Fleet Services Division of the Public Services Department purchases new dump trucks for the City of Ann Arbor; and

Whereas, Motor City Ford was the lowest responsible bidder, bid number 2643, for 71,785; and

Whereas, Motor City Ford received Human Resources approval on June 21, 1994;
RESOLVED, That City Council approves the issuance of a purchase order to Motor City Ford for \$71,785;

48 Council - October 17, 1994
R-489-10-94 APPROVED
RESOLUTION NO. 1 - PREPARE PLANS
AND SPECIFICATIONS - PENBERTON
DRIVE SIDEWALK (\$1,000)

Whereas, Council deems it necessary to acquire and construct the following improvement:

SIDEWALK, DISTRICT NO. 28; FILE NO. 94073; described as Penberton Drive Sidewalk between Fox Hunt Drive and Waldenwood Drive;

RESOLVED, THAT

1. The City Administrator is directed to have prepared plans and specifications for said improvement project, and an estimate of the cost thereof;
2. The City Administrator is directed to file a report of same with the City Clerk, including a recommendation as to what proportion of the cost should be paid by special assessment and what part, if any, should be a general obligation of the City, the number of installments in which the assessments may be paid, and the land which should be included in the special assessment district;
3. The City Clerk shall present said report to the Council and make it available for public examination;
4. The sum of \$1,000.00 is appropriated for the planning and design of said project, such sum being advanced from the 1991 Street Resurfacing Fund (062) pending the sale of appropriate bonds;
5. Any unspent portion of said sum is re-appropriated and re-advanced as above for said project for succeeding fiscal years until bonds are sold and the 1991 Street Resurfacing Fund (062) reimbursed, or until said project is officially closed; and
6. Council declares its intent to issue bonds to pay all or part of the cost of such improvement project, funding reserves, paying for credit enhancement, and the cost of issuance of such bonds (either initially or ultimately), provided that such bonds are issued in conformity with applicable State statutes and all documents, provisions, and details pertaining to such bonds are acceptable to and approved by this Council and provided, further, that such bonds can be sold.

Council - October 17, 1994 49

R-490-10-94 APPROVED
RESOLUTION REGARDING HURON
PARKWAY BIKEPATH GAP

Whereas, The City has received a request to eliminate a gap in the bike path on the west side of Huron Parkway north of Washtenaw Avenue, between the Huron Chase Condominiums and the Barnes & Noble Bookstore; and

Whereas, This request has been made by a physically challenged individual so as to provide uninterrupted wheelchair access from the Huron Chase Condominiums to Washtenaw Avenue;

RESOLVED, That the owner of the parcel of land adjacent to this existing gap, with assessor's code no. 09-35-302-009, be directed by the Public Services Director to construct an eight-foot wide asphalt path in accordance with the City Standard Specifications across the parcel frontage eliminating this gap;

RESOLVED, That if the owner of this parcel does not complete this construction by November 1, 1994, the Public Services Director shall have this path constructed and the cost thereof shall be assessed upon parcel no. 09-35-302-009 as a single-lot special assessment, in accordance with Section 1:292 of Chapter 13 of the City Code.

R-491-10-94 APPROVED
RESOLUTION AUTHORIZING SOFTWARE
MAINTENANCE SUPPORT WITH COLE-

LAYER-TRUMBLE COMPANY (\$35,251)

Whereas, The City of Ann Arbor entered into a License Agreement with American Management Systems, Inc. in 1981 for the purchase of the Online Appraisal and Statistical Information System (OASIS) software, and

Whereas, American Management Systems, Inc. entered into an operating agreement with Cole-Layer-Trumble Company in 1992 to provide OASIS software maintenance,

Whereas, The City's real and personal property tax assessment and property tax billing has been structured around the OASIS software package for the past 12 years, and

50 Council - October 17, 1994

Whereas, Under the License Agreement the City is entitled to purchase maintenance support at the prevailing rate of \$35,251, and

Whereas, Cole-Layer-Trumble Company received human rights approval on September 24, 1994

Whereas, Funding for the software maintenance support will be obtained from the FY94-95 Information Services budget, now therefore be it

RESOLVED, That the Mayor and City Clerk are authorized and directed to sign a contract on forms approved as to form by the City Attorney, and approved as to substance by the City Administrator, and

RESOLVED, That the City Administrator is authorized to issue a purchase order to Cole-Layer-Trumble Company for the sum of \$35,251 for software maintenance support.

Source of Funds: 010-013-3300-2660

R-492-10-94 APPROVED**RESOLUTION TO APPROVE A CONTRACT****TO AWARD BID NO. 2647 FOR****IMPROVEMENTS TO GALLUP PARK****(\$28,603.70)**

Whereas, The FY 94/95 budget includes funds for improvements to Gallup Park from the 1989-94 Park Rehabilitation and Development Millage and the Park Maintenance and Repair Millage,

Whereas, K & V Contractors submitted the lowest responsible bid for improvements to Gallup Park Project (Bid #2647) in the amount of \$28,603.70,

Whereas, Human Rights approval for the company was received on June 1, 1994,

RESOLVED, That the Mayor and Council approve a contract awarding Bid #2647 to K & V Contractors in the amount of \$28,603.70 and authorize the Mayor and City Clerk to sign the agreement between the City and K & V Contractors substantially in the form on file with the City Clerk.

RESOLVED, That Mayor and City Council approve a construction contingency in the amount of \$2,860.00 to cover potential contract change orders to be approved by the

Council - October 17, 1994 51

City Administrator and to approve a total project budget of \$31,463.70 for the life of the project.

R-493-10-94 APPROVED**RESOLUTION TO APPROVE AGREEMENT****FOR PROFESSIONAL SERVICES FOR****BANDEMERE PARK ACCESS BRIDGE****ENGINEERING - RFP 349****(\$15,000)**

Whereas, Proposals were solicited for professional engineering services associated with the construction of pre-fabricated vehicular and pedestrian bridges to replace the exiting deteriorated bridge needed to provide public and service access to Bandemer Park; and

Whereas, The services to be provided are beyond the capabilities of current City staff; and

Whereas, Four proposals were received in response to RFP# 349 - Bandemer Park Access Bridge

Engineering with Snell Environmental Group, Inc. receiving the highest rating of the submittals (contract quote:\$15,000); and

Whereas, Snell Environmental Group, Inc. has obtained Human Rights approval as of 10-7-94;

RESOLVED, That the Mayor and Council approve of the "Agreement for Professional Services" contract between Snell Environmental Group, Inc. and the City for Bandemer Park Access Bridge Engineering (RFP #349) in the amount of \$15,000; and

RESOLVED, That the Mayor and City Clerk are authorized and directed to sign said Agreement

(substantially in the form on file with the City Clerk) and the City Administrator is authorized to take the administrative actions necessary to implement this resolution.

R-494-10-94 APPROVED

RESOLUTION TO APPROVE SERVICE

CONTRACT WITH PROJECT GROW

52 Council - October 17, 1994

COMMUNITY GARDENS (\$21,960)

Whereas, The City of Ann Arbor has approved a budget for Project Grow Community Gardens to provide gardening and other services to Ann Arbor residents during FY 94/95 budget year;

Whereas, Project Grow Community Gardens has contracted with the City in the past to provide gardening services to Ann Arbor residents;

Whereas, Twenty-one Thousand Nine Hundred Sixty (\$21,960) Dollars has been appropriated to Project Grow Community Gardens to provide gardening and other services to Ann Arbor residents during FY 94/95;

Whereas, Project Grow Community Gardens fulfilled the conditions of its FY 93/94 contract with the City; and

Whereas, Human Rights approval was approved on October 7, 1994;

RESOLVED, That the Mayor and City Council approve a service contract with Project Grow Community Gardens in the amount of \$21,960 and authorize the Mayor and Clerk to sign the agreement in the form substantially on file with the City Clerk.

RESOLVED, That the Mayor and Council direct the City Administrator to allocate Twenty-one Thousand Nine Hundred and Sixty (\$21,960) Dollars from the approved FY 94/95 budget to Project Grow Community Gardens.

Council - October 17, 1994 53

R-495-10-94 APPROVED AS REVISED

RESOLUTION TO APPROVE PURCHASE

ORDER WITH FLOYD'S RIGGING AND

MACHINERY MOVING FOR THE WATER

TREATMENT DIVISION (\$19,000)

Whereas, In order to perform repairs on the Superior Hydropower, rigging, moving

and transporting heavy machinery services are necessary to remove and replace the powerhouse roof, the gear box, the generator and the shaft on the Superior hydro unit; Whereas, These services are best done by those most qualified and familiar with rigging and moving machinery;

Whereas, Floyd's Rigging and Machinery Movers specialize in these services and, in addition, has satisfactorily provided such services in the past;

Whereas, The Personnel/Human Rights Department has approved Floyd's Rigging and Machinery Movers to perform this service for the city on September 28, 1994.

RESOLVED, That the City Administrator is directed to issue a purchase order in the amount of \$19,000.00 to Floyd's Rigging and Machinery Movers to perform this work.

Funding Source: Utilities - Hydro System FY 1994/95 Approved Budget

R-496-10-94 APPROVED

RESOLUTION TO APPROVE PURCHASE

ORDER TO REPAIR SEWAGE BAR SCREENS

AT THE WASTEWATER TREATMENT PLANT

(\$22,950)

Whereas, The Wastewater Treatment Plant has two sewage bar screens for the preliminary treatment which require maintenance; one bar screen currently is out of service and requires repair; the other has experienced similar wear and needs preventive maintenance;

Whereas, The bar screens are vital to ensure continued effective preliminary treatment; to effectively treat wastewater and maintain compliance with discharge permit limitations;

54 Council - October 17, 1994

Whereas, Three quotations for the required repair and preventive maintenance work have been obtained;

Whereas, Titus Welding Company furnished the least cost quotation at \$20,954.00 to perform these repairs;

Whereas, Titus Welding Company is well qualified to provide this service to the City and it is recommended that Council accept their quotation to perform this work, and;

Whereas, On October 3, 1994, the Human Resources Department approved Titus Welding Company to provide these services to the City.

RESOLVED, That Council accepts the quotation of \$20,954.00 and directs the Mayor and City Clerk to sign a contract with Titus Welding Company to perform the repair and preventive maintenance work on the bar screens at the Wastewater Treatment Plant, and this contract is substantially in a form on file with the City Clerk, and;

RESOLVED, That Council approves a contingency for this work in the amount of \$1,996.00 to finance change orders to be approved by the City Administrator.

Funding Source: Approved FY 94/95 Operations and Maintenance Wastewater Treatment Plant Budget

R-497-10-94 APPROVED

RESOLUTION TO APPROVE EXPENDITURE OF

FUNDS FOR NEW YEAR JUBILEE (\$500)

Whereas, The City of Ann Arbor supports community efforts which promote alcohol and drug free activities in accordance with the City's Substance Abuse Prevention Policy; and

Whereas, The New Year Jubilee is an alcohol and drug free New Year's Eve celebration supporting community substance abuse prevention efforts and featuring a

variety of continuous entertainment throughout the evening offered at 8 sites in the Ypsilanti Riverside Park area; and

Whereas, The City provided \$500 in support of New Year Jubilee 92 and 93, successful events attended by thousands of people; and

Whereas, The City is an active member of the Community Partnership, one of the
Council - October 17, 1994 55

sponsoring organizations involved in the Jubilee; and

Whereas, Funding for the event will come from a combination of public and private contributions, fundraisers, and revenues from the sale of admission buttons; and

Whereas, The New Year Jubilee steering committee is requesting financial support again this year from the City of Ann Arbor to be made payable to Life Enhancement, acting as fiscal agent for the Jubilee.

RESOLVED, That the Mayor and City Council authorize the expenditure of Five Hundred (\$500) Dollars from the Community Events budget for support of the New Year Jubilee 94.

R-498-10-94 APPROVED AS AMENDED
RESOLUTION APPROVING STREET CLOSINGS
FOR THE UNIVERSITY OF MICHIGAN
HOMECOMING PARADE (\$1,420)

Councilmember Stead moved that the resolution be amended by adding the following paragraph:

**RESOLVED, THAT \$360. FOR POLICE SERVICES BE
APPROPRIATED FROM THE COMMUNITY EVENTS FUND.**

On a voice vote, the Mayor declared the motion carried.

Following is the resolution as approved:

RESOLUTION APPROVING STREET CLOSINGS
FOR THE UNIVERSITY OF MICHIGAN
HOMECOMING PARADE (\$1,420)

Whereas, The University of Michigan will be sponsoring the 1994 Homecoming Parade on Friday, October 28, 1994;

Whereas, It is necessary to close certain City streets for the parade to proceed in a safe and orderly manner;

Whereas, The street closures will be signed and barricaded by representatives of the University of Michigan homecoming committee, and properly supervised by both

56 Council - October 17, 1994

the sponsor and the Ann Arbor Police Department;

Whereas, The sponsor will obtain all necessary permits and be responsible to comply with all procedures, rules and regulations and to pay all costs and fees required by the City to stage such an event; and

Whereas, The sponsor has requested that the City support this event by waiving these Transportation Division fees:

meter bag deposit \$1420

RESOLVED, That City Council authorize the closing of South University from Church to State, North University from State to Fletcher, East William from Maynard to State, Tappan from Monroe to S. University, Thayer from E. Washington to N. University and South State from Madison to North University between the hours of 4:00 p.m. and 5:15 p.m. on Friday, October 28, 1994 for the University Homecoming Parade;

RESOLVED, That S. University from Church to E. University and E. University

from Willard to S. University be closed at 3:30 p.m. to allow adequate time to stage the parade;

RESOLVED, That Council agrees to waive the parking meter bag deposit fees; and

RESOLVED, That \$360 for police services be appropriated from the Community Events Fund.

R-499-10-94 APPROVED

RESOLUTION RECOGNIZING THE UNIVERSITY
OF MICHIGAN DUGOUT CLUB AS A
NONPROFIT ORGANIZATION

Whereas, The University of Michigan Dugout Club is a nonprofit organization; and

Whereas, The State of Michigan - Department of Commerce has recognized The Dugout Club as a nonprofit organization by granting nonprofit status; and

Whereas, The Dugout Club needs the City to recognize it as a nonprofit organization in the community in order to conduct fundraising activities with State approval,

Council - October 17, 1994 57

RESOLVED, that the Mayor and City Council recognize The Dugout Club as a nonprofit organization in the City of Ann Arbor.

Councilmember Kolb moved that the Consent Agenda be approved as amended.

On a voice vote, the Mayor declared the motion carried unanimously.

ORDINANCES - SECOND READING

48-94 POSTPONED

WOODCREEK DEVELOPMENT REZONING

AN ORDINANCE TO AMEND THE ZONING MAP BEING A PART OF CHAPTER 55 OF
TITLE V OF THE CODE OF THE CITY OF ANN ARBOR.

This is an amendment to Chapter 55, the rezoning of 47.9 acres from TWP
(Township District) to R1B (Single-Family Dwelling District), Woodcreek
Development, east side of Chalmers Drive, north of Arborland Mall.

Councilmember Smith moved that the ordinance be approved at second reading.

Councilmember Smith moved that the ordinance be postponed until November 7, 1994 because the ordinance was referred to the Planning Commission to explore the need and opportunity for a study of the circulation and transportation plan in the area. Planning Commission at its last meeting established a working group which met and prepared a recommendation for the Planning Commission. The Planning Commission will meet on Tuesday, October 18, to act on the recommendations of the group. Also, to be included in the postponing request is a request to the County Road Commission to advise what, if anything, needs to be done to Chalmers to support the Woodcreek subdivision, and Woodcreek only, in its current state (Councilmember Fink); Request from the Planning Commission an outline of the timing of the three phases as noted by the Planning Task Force, and the anticipated timeline of the study (Councilmember Lumm); and results of discussion of property transfers and related issues (Stead).

On a voice vote on the motion to postpone, the Mayor declared the motion carried unanimously.

58-94 POSTPONED

ADD INDIVIDUAL HISTORIC PROPERTIES

AMENDMENT TO CHAPTER 103, SECTIONS 9:1, 9:2 AND 9:3 OF TITLE VIII OF THE
CODE OF THE CITY OF ANN ARBOR.

This is a proposal to add 73 properties to the Individual Historic Properties

58 Council - October 17, 1994

Historic District and to change the preservation review standards which apply to all the properties in this district.

Councilmember Kolb moved that the ordinance be approved at second reading.
Councilmember Fink moved that the ordinance be postponed until November 7, 1994, and in the interim, to look at all of the properties, specifically those whose owners have communicated with the Council; so that Council may consider the comments of speakers, in particular those applied to commercial buildings and to learn more about the process for review and outline of procedures for review, the inducements and incentives (Councilmember Smith); to gain answers to how the criteria were applied (Stead); to determine whether adequate due process was provided and how the ordinance change will affect the process of review (Councilmember Lumm); and for a working session to be scheduled on October 24, 1994, at 8:00 p.m. (Mayor Sheldon)
On a voice vote, the Mayor declared the motion carried unanimously and the ordinance postponed.

57-94 APPROVED

SOLICITORS AND PEDDLERS

AN ORDINANCE TO AMEND SECTION 7:63 OF CHAPTER 79 OF TITLE VII OF THE CODE OF THE CITY OF ANN ARBOR.

This amendment will delete the provision allowing group licenses to make it consistent with Section 7:36 and 7:37 of Chapter 77.

Councilmember Nicolas moved that the ordinance be approved at second reading.

On a voice vote, the Mayor declared the motion carried unanimously.

Council - October 17, 1994 59

ORDINANCES - FIRST READING

60-94 APPROVED

CHILD AND FAMILY SERVICE OF WASHTENAW, INC. REZONING

AN ORDINANCE TO AMEND THE ZONING MAP BEING A PART OF CHAPTER 55 OF TITLE V OF THE CODE OF THE CITY OF ANN ARBOR.

This is an amendment to Chapter 55, the rezoning of 0.89 acre from R1C (Single-Family Dwelling District) to O (Office District), Child and Family Service of Washtenaw, Inc., 3879 Packard Road (Planning Commission recommendation: 9 yeas and 0 nays)

Councilmember Nicolas moved that the ordinance be approved at first reading.

On a voice vote, the Mayor declared the motion carried.

MOTIONS AND RESOLUTIONS

POSTPONED

RESOLUTION TO APPROVE WOODCREEK AREA PLAN

A communication was received from the City Planning Commission transmitting its recommendation of approval (6 yeas and 0 nays) of the Woodcreek Area Plan, 47.9 acres, east side of Chalmers Drive, north of Arborland Mall.

Whereas, Riverhill Associates has requested area plan approval in order to develop single-family detached dwellings under condominium ownership; and

Whereas, The Ann Arbor City Planning Commission, at its meeting of July 19, 1994, recommended approval of said request;

RESOLVED, That the Woodcreek Area Plan be hereby approved.

Councilmember Smith moved that the resolution be approved.

Councilmember Smith moved that the resolution be postponed until November 7, 1994 because the ordinance was referred to the Planning Commission to explore the need and opportunity for a study of the circulation and transportation plan in the area. Planning Commission at its last meeting established a working group which met and prepared a recommendation for the Planning Commission. The Planning Commission will meet on Tuesday, October 18, to act on the recommendations of the group. Also, to be included in the postponing request is a request to the County Road Commission to advise what, if anything, needs to be done to Chalmers to support the Woodcreek subdivision, and Woodcreek only, in its current state (Councilmember Fink); Request from the Planning

60 Council - October 17, 1994

Commission an outline of the timing of the three phases as noted by the Planning Task Force, and the anticipated timeline of the study (Councilmember Lumm); and results of discussion of property transfers and related issues (Stead).

On a voice vote, the Mayor declared the motion carried unanimously and the resolution postponed.

R-500-10-94 APPROVED

**RESOLUTION TO APPROVE HILLSIDE TERRACE SITE PLAN
AND SITE DEVELOPMENT AGREEMENT**

A communication was received from the City Planning Commission transmitting its recommendation of approval (6 yeas and 0 nays) of the Hillside Terrace Site Plan and Site Development Agreement, 6.37 acres, 1939 Jackson Road.

Whereas, Hillside Terrace has requested site plan approval in order to construct a three-story, 64-unit addition to the existing 92-resident convalescent home. A site development agreement has been prepared to address public improvements, a sidewalk along Glendale Drive, park contribution for improvements to Virginia Park, and a street tree planting escrow.

Whereas, The Ann Arbor City Planning Commission, on August 16, 1994, recommended approval of said request. The Zoning Board of Appeals, on September 21, 1994, granted necessary variances.

RESOLVED that the Mayor and City Council hereby approve the Hillside Terrace Site Plan, Site Development Agreement, and modification of the conflicting land use buffer requirements of Chapter 62 (Landscape and Screening Ordinance).

Councilmember Nicolas moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

Council - October 17, 1994 61

R-501-10-94 APPROVED

RESOLUTION TO APPROVE TURNBERRY VILLAGE SITE PLAN

A communication was received from the City Planning Commission transmitting its recommendation of approval (9 yeas and 0 nays) of the Turnberry Village Site Plan, 8.87 acres, south side of Packard Road between US-23 and Ailsa Craig.

Whereas, Kime Brothers, Inc. has requested site plan approval in order to construct 90 townhouse units in 13 buildings.

Whereas, The Ann Arbor City Planning Commission, at its meeting of October 4, 1994, recommended approval of said request.

RESOLVED by the Mayor and City Council that the Turnberry Village Site Plan is hereby approved.

Councilmember Nicolas moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

R-502-10-94 APPROVED AS REVISED

RESOLUTION TO FORM TRAIN WHISTLE TASK FORCE

Whereas, On June 6, 1994 the Ann Arbor City Council repealed the ordinance prohibiting the sounding of locomotive whistles within the Ann Arbor City limits, in order to comply with state and federal law;

Whereas, As a result many residents in the vicinity of railroad crossings are awakened by the sounding of locomotive whistles at those crossings;

Whereas, State, federal and local authorities and the railroad industry endorse the use of whistles to increase the safety of crossings; and

Whereas, Council desires to identify methods that will mitigate the detrimental effects of this repeal, while still making the crossings safer;

RESOLVED, That Council establish a "Train Whistle Task Force" composed of the following:

One representative of the City's Risk Management Department

One representative of the City Attorney's Office

One representative of Ann Arbor Railroad

One representative of the Public Services Department

62 Council - October 17, 1994

Three (minimum) City Councilmembers

Four to eight (minimum) residents of the affected area(s)

whose charge shall be to investigate possible alternatives to eliminate or mitigate the effects of the repeal of this ordinance so that the needs of the residents, the railroad and the City are met;

RESOLVED, That a report of their findings be made to City Council and the community within 120 days.

Councilmember Kolb moved that the revised resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

R-503-10-94 APPROVED AS REVISED

**RESOLUTION EXPLORING AND IMPLEMENTING AN
ALTERNATIVE REVENUE SOURCE**

Whereas, The City of Ann Arbor should be looking for alternative revenue sources that do not negatively impact its residents;

Whereas, The revenues of the General Fund are not increasing at an equal or greater rate as the expenditures;

Whereas, Several other municipalities have instituted and/or explored the possibility of "affinity" credit cards, namely the Village of South Orange, New Jersey and the City of New York, New York, to raise revenue and promote economic growth at no cost to the municipalities and their residents;

Whereas, An affinity card program would be a partnership between a commercial bank, thrift institution, credit union or any other financial institution which issue credit cards and an organization (i.e. the municipality) issuing to a select or qualified group a credit card with certain term and conditions enabling the organization to share in the profits. Typically, 1% of all purchases charged to the card will be given back to the organization as an Administrative Fee; and

Whereas, The organization would be the City of Ann Arbor and the card would be made available, most likely, to Residents; Property Owners; Persons employed by the City or Board of Education; Persons employed by a business in the City of Ann Arbor; and, Students enrolled in the University of Michigan;

RESOLVED, That the City of Ann Arbor explore the possibility of an "Affinity Credit Card" program for qualified applicants;

Council - October 17, 1994 63

RESOLVED, That the City Attorney review the constitutional and legal aspects of the "Affinity Credit Card" Program;

RESOLVED, If the City Attorney approves the concept of the affinity card program, the City Administrator shall negotiate an affinity card proposal with a local or national commercial bank, thrift institution, credit union or any other financial institution which issue credit cards that maximizes the benefits to the City of Ann Arbor and has the lowest cost and highest benefits to the qualified participants;

RESOLVED, That the revenue generated by the affinity card program be designated to the City of Ann Arbor General Fund; and

RESOLVED, That the City Administrator bring to City Council, within 180 days, the selected affinity credit card program for its approval and adoption.

Councilmember Kolb moved that the resolution be approved.

On roll call the vote was as follows: Yeas, Councilmembers Hanna-Davies, Vereen-Dixon,

Fink, Lumm, Stoll, Smith, Kolb, Stead, Mayor Sheldon, 9
Nays, Councilmember Nicolas, 1
The Mayor declared the motion carried.

**R-504-10-94 APPROVED AS REVISED
RESOLUTION TO PRESENT 1994-1995 CITY BUDGET
BY PROGRAMS/SERVICES PROVIDED**

Whereas, To align revenues and expenditures, Council is committed to evaluate all areas of possible program/cost reductions as well as potential revenue enhancements; Whereas, A thorough review of programs/services requires a knowledge of the full cost, both direct and indirect, of providing that program service; Whereas, The City budget is appropriately prepared on a departmental basis, but in that form is not conducive to program by program analysis;
RESOLVED, That by March 1995, the City Administrator present the 1994/1995 budget on a program or service provided basis; and

64 Council - October 17, 1994

RESOLVED, That the expected output of this effort is a fully allocated cost, including all relevant direct and indirect costs, for each program. All City costs should be allocated to programs or services. Further, the Administrator is authorized to make any simplifying assumptions he believes necessary that would facilitate meeting the intent of this resolution, with a reasonable amount of staff time/effort.

Councilmember Lumm moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

**R-505-10-94 APPROVED
RESOLUTION TO APPROVE THE AMENDMENT OF THE
ANNUAL CONTRIBUTIONS CONTRACT FOR DEVELOPMENT
PROJECT M128-P064-008A (\$2,279,550)**

Whereas, The City of Ann Arbor through its Housing Commission has been in the process of developing 23 new units of public housing and toward that end previously amended the Annual Contributions Contract to fund this development with a grant of \$2,204,550.00;

Whereas, The Department of Housing and Urban Development (HUD) had determined through revised Total Development Cost (TDC) limits that a project with a maximum development cost of \$2,204,550 for 23 units is insufficient to complete the project; and Whereas, HUD is increasing the Development Grant Authority by \$75,000 for a total new Development Cost of \$2,279,550.00; and

Whereas, HUD requires the Ann Arbor Housing Commission and the City of Ann Arbor to approve an amendment to the ACC to incorporate the additional funding;

RESOLVED, That the City Council approve entering into an amendatory agreement with the Department of Housing and Urban Development, modifying the terms of the ACC to include \$2,279,550.00 as a Total Development Cost for public housing new development project M128-P064-008A.

Councilmember Kolb moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried with Councilmember Fink dissenting.

**R-506-10-94 APPROVED
Council - October 17, 1994 65**

RESOLUTION FOR PAY INCREASE BUDGET TRANSFERS (\$63,223)

Whereas, On October 3, 1994 a resolution authorizing the transfer of Appropriation from the Contingency-Pay Increases account was approved, and

Whereas, An error was made in the data that was used to calculate the amount of the transfer from 4 departments by not converting the Payroll Department number, and

Whereas, There is a need to adjust the budget of these Departments for the error.
RESOLVED, That the Appropriations for the Departments listed below be increased as shown by a transfer from the Contingency-Pay Increase account.

Non Union AFSCME Total

Administrative Services 17,969 3,820 21,789

Finance 17,004 13,895 30,899

Fire 1,352 1,352

Parks & Recreation 4,914 4,269 9,183

Total 41,239 21,984 63,223

Councilmember Kolb moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

POSTPONED

RESOLUTION TO APPROVE SUMMARY PUBLICATION OF
ORDINANCE NO. 58-94 - HISTORIC DISTRICT CODE
REVISIONS TO ADD INDIVIDUAL HISTORIC PROPERTIES

Whereas, The City Charter, Section 7.4, authorizes the publication by summary of ordinances over 500 words in length;

RESOLVED, That the publication of ordinance 58-94 shall be by the following summary:

Ordinance 58-94 revises the regulations in Chapter 103, the Ann Arbor Historic District Code. The revisions add 71 new subsections and revise one existing subsection in Title IX, Section 9:2, Individual Historic Properties to include 73 additional properties. Ordinance 58-94 also revises Section 9:1 and 9:3 of the same Title to permit Historic District Commission review of landscape features for Individual Historic Properties.

66 Council - October 17, 1994

The complete text of this ordinance is available at the office of the City Clerk.

Councilmember Nicolas moved that the resolution be approved.

Councilmember Nicolas moved that the resolution be postponed until November 7, 1994 when second reading of the ordinance is to be considered.

On a voice vote, the Mayor declared the motion carried unanimously and the resolution postponed.

R-507-10-94 APPROVED

RESOLUTION REGARDING ANN ARBOR HUMAN RIGHTS
COMMISSION ESSAY CONTEST ON HUMAN RIGHTS

Whereas, On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights, which states that "recognition of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world;"

Whereas, The Ann Arbor Human Rights Commission has chosen to commemorate International Human Rights Day, December 10, 1994, by holding an essay contest on "Civil Rights/Human Rights", open to all students attending Ann Arbor public, private and parochial schools; and

Whereas, The Human Rights Commission will be raising prize money for the essay contest and needs City Council approval to spend the funds for that purpose;

RESOLVED, That the Ann Arbor City Council appropriates the funds collected by the Ann Arbor Human Rights Commission, as they are received to be spent for the purpose of prize money for an essay contest on "Civil Rights/Human Rights" in commemoration of International Human Rights Day 1994.

Councilmembers Hanna-Davies, Stead, Vereen-Dixon

October 17, 1994

Councilmember Hanna-Davies moved that the resolution be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

REPORTS FROM COUNCIL COMMITTEES

None.

Council - October 17, 1994 67

COUNCIL PROPOSED BUSINESS

None.

COMMUNICATIONS FROM THE MAYOR

Mayor Sheldon alerted the public to the availability of whistles through the Mayor's Office and the Police Department. These whistles were made available in response to the recent violent attacks on women.

Mayor Sheldon extended appreciation and thanks to the City Hall staff and to the community for opening up their homes and businesses and for their spirit of hospitality to the visiting delegation from Hikone, Japan.

Mayor Sheldon said that as of October 17, 1994 the following proclamation was issued by the Mayor's Office: *Make a Difference Day - October 22, 1994*

APPOINTMENTS APPROVED

The following appointments were placed in nomination at the last Council meeting. Mayor Sheldon asked for confirmation of those appointments this date.

Councilmember Stead moved that Council concur in the recommendation of the Mayor.

Councilmember Stoll moved that the nominations be voted on separately.

DOMESTIC VIOLENCE COORDINATING BOARD

Lori Coates (to fill vacancy as County Prosecutor's Office representative)

Domestic Violence Coordinator

Washtenaw County Prosecutor's Office

P.O. Box 8645

Ann Arbor, MI 48107-8645

Term: 10-03-94 to 10-02-97

On a voice vote, the Mayor declared the motion carried unanimously.

DOWNTOWN DEVELOPMENT AUTHORITY

Robert Gillett (to fill vacancy, at-large member)

Legal Services of SE Michigan

420 N. Fourth Avenue

Ann Arbor, MI 48104

Term: 10-17-94 to 07-31-98

On a voice vote, the Mayor declared the motion carried unanimously.

SOLID WASTE COMMISSION

Wendy Woods (replacing John Hochrein as citizen-at-large)

1035 Newport Road

68 Council - October 17, 1994

Ann Arbor, MI 48103

Term: 10-17-94 to 04-30-96

On a voice vote, the Mayor declared the motion carried unanimously.

APPOINTMENT POSTPONED

AIRPORT ADVISORY COMMITTEE

Thomas J. O'Keefe (to fill vacancy created by resignation)

3075 Overridge

Ann Arbor, MI 48104

Term: 10-17-94 to 09-06-97

Councilmember Stoll moved that the appointment be postponed until November 7, 1994 to obtain more information on Airport issues and the candidate.

On roll call on the motion to postpone, the vote was as follows: Yeas, Councilmembers Hanna-Davies, Vereen-Dixon, Fink, Stoll, Smith, Nicolas, Kolb, Stead, Mayor Sheldon, 9

Nays, Councilmember Lumm, 1

The Mayor declared the motion carried and the appointment postponed.

COUNCIL COMMITTEE ASSIGNMENTS APPROVED

Mayor Sheldon requested confirmation of the following Council committee assignments:

Board of Insurance Administration - Peter Fink

Downtown Marketing Task Force - Christopher Kolb

Library Director Search Committee - Jane Lumm, Haldon Smith

Councilmember Nicolas moved that the Council Committee assignments be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

Council - October 17, 1994 69

APPOINTMENTS NOMINATED

Mayor Sheldon placed the following names on the table for consideration at a later date:

HISTORIC DISTRICT COMMISSION

Joseph R. Creal (replacing George Dodd on term expiration)

3020 Whisperwood, #309

Ann Arbor, MI 48105

Term: 11-07-94 to 11-06-97

ANN ARBOR BUILDING AUTHORITY

Allen D. Moore (to fill vacancy)

City Finance Director

Term: 11-07-94 to 06-30-2000

ANN ARBOR HOUSING COMMISSION

Olga Paz (to complete the unexpired term)

727 Miller, Apt. 715

Ann Arbor, MI 48103

Term: 11-07-94 to 11-16-97

COMMUNICATIONS FROM THE CITY ADMINISTRATOR

Assistant City Administrator Robert Bauman, on behalf of City Administrator Alfred Gatta, presented the following information memorandums:

! Status Report regarding proposed Revisions to Chapter 57 and Land Development Regulations

! Status Report regarding Woodcreek Rezoning and Area Plan

! Michigan Municipal League Certificate of Achievement to the Ann Arbor Police Department for its community policing initiative

! Fiscal year 1995-1996 Consolidated Strategy and Plan

! Pollution Prevention Report Update

! Report Regarding Individual Historic Properties Designation

! Platt Road Status Report

! Response to R-482-10-94 - Release of Police Chief Candidate Resumes to Public

These memorandums were filed with the City Clerk.

Assistant City Administrator Bauman received requests from Council for information on other

70 Council - October 17, 1994

subjects.

COMMUNICATIONS FROM THE CITY ATTORNEY

None.

COMMUNICATIONS FROM COUNCIL

Councilmember Stoll stated his objection to and disagreement with Mayor Sheldon's reasons for Veto of the *Resolution Warranting a No Left Turn Intersection Design at Junction of Fuller Road/Fuller Court (East), Revised Fuller Road/Oak Way Alignment*.

Councilmember Vereen-Dixon said that 1994 is the year of co-operatives and October is cooperative month and that it was nice to see two housing cooperatives receive a Golden Trowel Award.

Councilmember Vereen-Dixon complimented City employees and Ann Arbor citizens and organizations for their role in helping to effect the *Community Banking Act*.

Councilmember Vereen-Dixon said that it is unfortunate that the "*No Left Turn*" resolution was

vetoed by the Mayor.

Councilmember Kolb said that December 1 is World AIDS Day and that he was asked to invite the Mayor to speak at that event.

Councilmember Lumm said that she was wearing a pink ribbon to signify National Breast Cancer Month.

Councilmember Smith said it was his understanding that the power of the veto was used in matters where there are serious legal, fiscal or safety problems. The veto of the "No Left Turn" resolution was not warranted.

Councilmember Fink continued the discussion on the Fuller/Oak Way resolution and subsequent Mayor's veto message. He supported the Mayor's veto and said that the best interests of the City were served in allowing a left turn at the intersection.

CLERK'S REPORT OF COMMUNICATIONS, PETITIONS AND REFERRALS

The following communications were received:

! Mayor Sheldon - Veto - 'Resolution Warranting a No left Turn Intersection Design at Junction of Fuller Road/Fuller Court (East), Revised Fuller Road/oak Way Alignment" approved october 3, 1994 - Ann Arbor City Council meeting - **Filed**

! Thomas Clark - Historic Designation at 303 S. Division, 404 E. Liberty and 406 E. Liberty Street - **Filed with the Public Hearing held October 17, 1994)**

Council - October 17, 1994 71

! Peter Thompson and Lisa Thompson - Historic Designation at 303 S. Division St. - **Filed with the Public Hearing held October 17, 1994)**

! James K. Delaney - Historic Designation at 214-216 W. Ann - **Filed with the Public Hearing held October 17, 1994)**

! Keith Orr - Historic Designation of Braun Court - **Filed with the Public Hearing held October 17, 1994)**

The following minutes were received and filed with the City Clerk:

! Ann Arbor Energy Commission - September 8, 1994

! Housing Board of Appeals - July 12, 1994

! Housing Board of Appeals - August 2, 1994

! Housing Board of Appeals - September 13, 1994

! Human Rights Commission - August 17, 1994

Councilmember Stead moved that the Clerk's Report be approved.

On a voice vote, the Mayor declared the motion carried unanimously.

PUBLIC COMMENTARY - GENERAL

ANDREW WRIGHT - CAMPUS WALK-THROUGH

Andrew Wright, Michigan Student Assembly Liaison, delivered a resolution congratulating the City Administration on the installation of four new lights on Washtenaw Avenue. In addition, Council was invited to participate in a Campus Walk-Through, sponsored by the Campus Safety Task Force, on Wednesday, October 26 at 11:00 p.m.

5-end

ADJOURNMENT

There being no further business, the Mayor declared the meeting adjourned at 12:40 a.m.

Winifred W. Northcross

Clerk of the Council

Linda J. Wise

Recording Secretary