



Legislation Text

File #: 08-0353, **Version:** 1

Resolution to Allocate \$152,000.00 in HOME Funds to Habitat for Humanity of Huron Valley for the Land Acquisition and Construction of 1718, 1720 and 1724 Enclave Lane and to Approve the Affordable Housing Covenant (\$152,000.00 HOME Funds)

Attached for your review and approval is a resolution to allocate \$152,000.00 in HOME Funds to Habitat for Humanity of Huron Valley to acquire three vacant lots and construct three units of housing for low-income homebuyers. The allocation will be divided evenly among the three lots. Habitat has joined the Washtenaw Homebuyer Education Partnership and will provide financial literacy and home maintenance classes to the homebuyers. Habitat has agreed to place a resale restriction on the property to preserve the property as permanently affordable and thereby, also reducing the annual property tax burden on the homebuyers.

The total budget is \$552,974.00. The request for City funds constitutes 27% of the total project costs. Habitat has secured a \$30,000.00 SHOP grant, \$9,000.00 Michigan Energy Grant, and the remaining funds will be donated by sponsors. Consistent with all Habitat projects, the homebuyers and volunteers will provide the labor and many donated materials will come from local businesses.

The project is consistent with the City's Consolidated Strategy and Plan. The targeted owners are 30% - 60% AMI. The City Attorney's office will review the legal and contractual documents to ensure that Habitat will comply with the requirements in the HOME regulations. It will be the responsibility of the Office of Community Development to monitor agency compliance with these regulations.

The Office of Community Development recommends City Council approve the \$152,000.00 HOME loan as a 0%, five-year loan to be converted to a grant upon sale to an income-qualified homebuyer. Effective April 1, 2008, the HOME budget reflects \$416,044.00 in uncommitted and available funds. Consistent with HOME Program requirements, an in perpetuity covenant will be placed on the property to preserve the affordability of these units.

Habitat for Humanity of Huron Valley received Human Rights and Living Wage approval on January 4, 2008.

Prepared by: Jennifer Hall, Housing Program Coordinator

Reviewed by: Mary Jo Callan, Community Development Director

Jayne Miller, Community Services Administrator

Whereas, An application was received in September 2007 from Habitat for Humanity of Huron Valley for financial assistance to acquire three vacant lots and build three units of affordable housing for low-income households;

Whereas, Of the total estimated project cost of \$552,974.00 Habitat has leveraged \$30,000.00 from a SHOP grant, \$9,000 from a Michigan Energy Grant and \$361,974 from sponsors and in-kind donations; and

Whereas, This project will provide housing for low-income homebuyers, which is a priority in the

City's Consolidated Strategy and Plan;

RESOLVED, That City Council approve the allocation of \$152,000.00 in HOME Funds to Habitat for Humanity of Huron Valley for the acquisition of three vacant lots to construct three units of affordable housing at 1718, 1720 and 1724 Enclave Lane as a 0%, five-year deferred payment loan, to be converted to a grant upon sale to an income-qualified homebuyer, contingent on an Environmental Review;

RESOLVED, That as a condition of grant disbursement, Habitat for Humanity of Huron Valley will execute an Affordability Agreement, Mortgage, and Promissory Note consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney;

RESOLVED, That the Mayor and City Clerk are hereby authorized and directed to sign an Affordability Agreement, and an Affordable Housing Covenant with a resale formula to ensure permanent affordability consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney with funds to be available until expended without regard to fiscal year; and

RESOLVED, That the City Administrator, or his designee, is authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.