



## Legislation Text

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**File #:** 11-1429, **Version:** 1

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### Resolution to Amend the Operating Agreement between the City of Ann Arbor and Washtenaw County for Community Development Activities

The City of Ann Arbor joined the Urban County in 2009 and since then, all new HUD funds have been administered by the County on behalf of the City. The County also administers City general funds for Community Development activities through an annual Operating Agreement.

At the time that the City joined the Urban County, the City still had funding available and open contracts for housing and human service activities that needed to be spent and completed. In addition to these original grant funds that are under contract, the City continues to receive program income from pay-offs from loans when people sell their home. HUD requires the City to spend its program income before it can spend its original grant funds. The City receives approximately \$100,000/year in program income. The City will not be able to close out its HUD grant until it stops receiving program income. By authorizing the County to deposit future program income generated from City liens into the County's HUD grant, the City will be able to close its HUD grant by the end of the City's current fiscal year.

The County will code and report on all program income received from City liens as City of Ann Arbor program income to ensure that the funds will be spent exclusively within the City of Ann Arbor in future years.

Community Development recommends that Council amend its Operating Agreement and authorize Washtenaw County to deposit City HUD program income from CDBG, HOME, and NSP funds into the County's HUD grant as of January 1, 2012. Once the City's old grant is closed with HUD, the City will no longer need to conduct an audit of these funds. The City will still need to execute all legal documents that may arise related to existing City liens such as lien discharges.

Prepared By: Jennifer Hall, Housing Manager Community Development

Reviewed By: Sumedh Bahl, Community Services Administrator and Mary Jo Callan, Community Development Director

Approved By: Steven D. Powers, City Administrator

Whereas, The City of Ann Arbor joined the Urban County in 2009 and since then, all new HUD funds have been administered by the County on behalf of the City;

Whereas, Washtenaw County also administers City general funds for Community Development activities through an annual Operating Agreement;

Whereas, The City continues to receive program income from loan pay-offs from liens which it must spend before it can spend its original HUD grant funds;

Whereas, The City will not be able to close out its HUD grant until it stops receiving program income;

Whereas, By authorizing the County to deposit future program income generated from City liens into

the County's HUD grant, the City will be able to close its HUD grant during the City's current fiscal year; and

Whereas, The County will code and report on all program income received from City liens as Ann Arbor program income so that the funds will be spent within the City of Ann Arbor in future years;

RESOLVED, That Council approve an amendment to the City of Ann Arbor and County of Washtenaw Operational Agreement for the Office of Community Development to authorize Washtenaw County to deposit City HUD program income from CDBG, HOME, and NSP funds into the County's HUD grant as of January 1, 2012, and to report how these funds are used within the City of Ann Arbor;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said amendment after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take necessary administrative actions to implement this resolution.