



Legislation Text

File #: 10-0255, **Version:** 1

Resolution to Amend Resolution R-09-425 to Allocate \$245,000 in Neighborhood Stabilization Funds to Community Housing Alternatives (\$245,000 NSP Funds)

On October 19, 2009, Council approved the attached resolution (R-09-425). Historically, the City receives HUD funds directly from HUD as an entitlement community. However, under the Neighborhood Stabilization Program ("NSP"), the Michigan State Housing Development Authority (MSHDA) received an NSP allocation from HUD, and sub-granted the funds to the City. NSP, like many stimulus programs, was adopted by Congress quickly and without final administrative program guidelines. Both HUD and MSHDA are still adopting program guidelines for its sub-grantees, like the City of Ann Arbor.

At the time that Council adopted the following resolution, Community Development thought that implementation of the NSP program would be similar to its implementation of HUD funds received directly from HUD. When the City of Ann Arbor receives funds directly from HUD, the City can contract with developers, like Community Housing Alternatives, to develop affordable housing. All proceeds from mortgages on properties funded with HUD funds are repaid back to the City to be used on future HUD eligible projects. Community Development's implementation plan was also consistent with the City's application to MSHDA for NSP funding.

MSHDA has recently made a decision that the City of Ann Arbor is a pass-through entity, and as such, all mortgage repayments will be paid back to MSHDA instead of the City. As a consequence, the City may contract directly with Community Housing Alternatives to develop affordable housing, however, the mortgage will be between MSHDA and the homebuyer, not the City and the homebuyer. The City will no longer receive any proceeds from this transaction as all proceeds from the homeowner mortgage will be paid directly to MSHDA. The following resolution (R-09-425) has been amended in track changes to reflect this change in MSHDA's program guidelines.

Community Development recommends that Council adopt this amended resolution to enable Community Housing Alternatives to develop affordable housing.

Prepared by: Jennifer Hall, Housing Manager

Reviewed by: Mary Jo Callan, Community Development Manager and Sumedh Bahl, Interim Community Services Administrator

RESOLVED, That Resolution R-09-425 is amended to read as follows:

Resolution to Allocate \$245,000.00 in Neighborhood Stabilization Funds to Community Housing Alternatives for Homebuyer Acquisition of Affordable Housing (\$245,000.00 NSP)

Whereas, An application was received in January, 2009 from Community Housing Alternatives for funding to assist low-mod income homebuyers acquire and rehabilitate affordable housing;

Whereas, The homebuyer will leverage cash and a private mortgage; and

Whereas, This project will provide affordable housing for households between 60% AMI and 120% AMI, which is consistent with the City's Consolidated Strategy and Plan;

RESOLVED, That City Council approve the allocation of \$245,000.00 in NSP Funds to Community Housing Alternatives to assist low-mod income homebuyers to acquire and rehabilitate affordable housing, contingent upon environmental review, completion of homebuyer education, and verification that the buyer is income qualified; with the homebuyer's loan, based on a formula approved by MSHDA;

RESOLVED, That as a condition of loan disbursement, Community Housing Alternatives and the homebuyer will execute a Housing Affordability Agreement for each house acquired, 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 a Housing Affordability Agreement with Community Housing Alternatives and the homebuyer, 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 be authorized to take necessary administrative actions to execute any documents necessary to complete this transaction and to implement this resolution.