

WASHTENAW URBAN COUNTY EXECUTIVE COMMITTEE MEETING
Wednesday, April 7, 2021 - 2:00pm – 3:30pm
Location: Virtual Meeting using Zoom (details below)

Pursuant to Washtenaw County Board of Commissioners Resolution #21-050, this Committee will meet remotely, and the public participate by joining via:
<https://washtenawcounty.zoom.us/j/95432757442?pwd=c0sxNFdSZDh5NnVlNlI0RnErL0pxUT09> or by calling 1.312.626.6799, using Webinar ID: 954 3275 7442. These Instructions are also posted on the OCED calendar [here](#).

A link to Urban County Executive Committee roster with members' contact information is available [here](#).

- I. Roll Call** - Each member state name and physical location (I.e. City or Township)¹
- II. Public Comment**
- III. Announcements**
- IV. Minutes**
 - A. 3-3-21 Meeting Minutes – Review & Approval (ACTION)**
- V. General Administration**
 - A.** County Health Officer's COVID-19 Update (Jimena Loveluck, WCHD)
 - B.** Fair Housing Training (Pam Kisch, Fair Housing Center of Southeast & Mid Michigan)
 - C.** Summary of FY 2021-22 Draft Annual Action Plan (Tara Cohen, OCED)
 - D.** Schedule of Public Hearings on the FY 2021-22 Draft Annual Action Plan (Tara Cohen, OCED)
 - E.** Public Hearing: Draft 2021-22 Action Plan for Washtenaw Urban County
 - F.** Housing Program Guidelines Updates – **(DISCUSSION ONLY)** (Sharde Crutchfield, OCED)
 - G.** OCED Program Updates/Status of COVID-19 Response (Teresa Gillotti, OCED)
 - 1) CDBG-CV Round 3 Funding
 - 2) Update on COVID Emergency Rental Assistance (CERA) Program
 - H.** General Updates
 - 1) Community Announcements/updates (All)
- VI. Adjournment**

Next Meeting: Wed., May 5, 2021, 2:00 – 3:30pm, Location: TBD

¹[MCL 15.263 Sec.3](#) guideline also applies under the BOC Local State of Emergency: *For each member of the public body attending the meeting remotely, a public announcement at the outset of the meeting by that member, to be included in the meeting minutes, that the member is in fact attending the meeting remotely. If the member is attending the meeting remotely for a purpose other than for military duty, the member's announcement must further identify specifically the member's physical location by stating the county, city, township, or village and state from which he or she is attending the meeting remotely.*

WASHTENAW URBAN COUNTY EXECUTIVE COMMITTEE (UCEC) MEETING
Wednesday, April 7, 2021 2:00pm- 3:30pm

AGENDA SUMMARY

County Health Officer's COVID-19 Update (Jimena Loveluck, Washtenaw County Health Department)

Washtenaw County's Health Officer, Jimena Loveluck, will provide a brief update on the state of COVID-19 and vaccination rollout in Washtenaw County.

Fair Housing Training (Pam Kisch, Fair Housing Center of Southeast & Mid-Michigan)

Pam Kisch, Executive Director of [The Fair Housing Center of Southeast & Mid Michigan](#) (FHC), will provide a fair housing training to Urban County members consisting of a brief presentation on basic fair housing law and the role of The Fair Housing Center, followed by time for Q & A. Fair housing training is offered by FHC annually as specified in one of the goals stated in the Washtenaw Urban County's [Assessment of Fair Housing \(AFH\)](#) – *to provide ongoing education and advocacy around fair housing.*

Summary of 2021-22 Draft Action Plan (Tara Cohen, OCED)

HUD released information to Washtenaw County regarding the FY2021-22 entitlement allocations on February 28, 2021. The Draft Action Plan and Summary of Planned Activities Table posted online reflects the actual allocations. Washtenaw Urban County will be receiving a slight increase in CDBG funds, whereas HOME and ESG funds decreased slightly. The following table shows the change in allocations from the current fiscal to upcoming fiscal year.

HUD Annual Allocations			
Program	2020-21	2021-22	Change
CDBG	\$ 2,155,422	\$ 2,196,208	1.9%
HOME	\$ 1,276,912	\$ 1,258,791	-1.4%
ESG	\$ 186,587	\$ 183,820	-1.5%
TOTAL	\$ 3,618,921	\$ 3,638,819	0.5%

CDBG Allocation/Summary Table of Planned Activities – 2021 Annual Action Plan

A simplified version of the Draft Action Plan's Summary of Planned Activities is shown below. The more comprehensive version is also included in your packet, and can be found on our website [here](#) under **Urban County Plans & Reports**. Included are the following: Single Family Rehab/Home Improvement Programs makes up approximately 21% of CDBG funding (\$464,726); this budgeted amount represents the standard 15% (\$329,431) plus all project funds forfeited by the member jurisdictions without a 2021 project application (\$135,294). Single Family Rehab/Home Improvement Programs Service Delivery is 6%; Human Services funding is 15%; and CDBG Administration is 20%. Community infrastructure and facilities projects are included based on actual jurisdictional allocations and according to the 2021 CDBG project applications submitted by members (or designees) and reviewed by staff for eligibility.

2021 Community Development Block Grant (CDBG)			
Activity	Agency	Jurisdiction	Allocation
Single Family Rehab/Home Improvement Programs	OCED	All	\$464,726
Single Family Rehab/Home Improvement Programs - Service Delivery	OCED	All	\$140,000
Russell Street Paving/Stormwater Improvements (adjacent AAHC property - Maple Meadows)	City of Ann Arbor	Ann Arbor City	\$245,184
Community Based Development Organization (CBDO)	Peace Neighborhood Center	Ann Arbor City	\$88,500
Community Based Development Organization (CBDO)	Community Action Network	Ann Arbor City	\$91,500
ADA Curb Cuts	City of Dexter	City of Dexter	\$9,200
Solar Roof Project	City of Ypsilanti	City of Ypsilanti	\$40,201
ADA Curb Cuts	City of Ypsilanti	City of Ypsilanti	\$50,000
NE Pittsfield Green Corridors Phase I – Design/Engineering/Construction	Pittsfield Township	Pittsfield Township	\$81,484
Cherrywood Lane Group Home – Siding Installation (CMH)	Washtenaw County Community Mental Health	Scio Township	\$16,000
Pedestrian Improvements – TBD (MacArthur Boulevard OR within Community Park)	Superior Township	Superior Township	\$35,456
Washtenaw Ave Sidewalk Infill Phase 2 – Design/Engineering/Construction	Ypsilanti Township	Ypsilanti Township	\$165,275
Human Services Funding	Interfaith Hospitality Network of Washtenaw County	OCED	\$118,595
Human Services Funding	SafeHouse Center	OCED	\$95,535
Human Services Funding	Shelter Association of Washtenaw County (Residential and Non-Residential Programs)	OCED	\$52,709
Human Services Funding	SOS Family Shelter	OCED	\$36,237
Human Services Funding	Unified - HIV Health and Beyond	OCED	\$26,354
CDBG Administration	OCED	All	\$439,242
TOTAL			\$2,196,208

HOME Allocation – 2021 Annual Action Plan

An overview of the County's **Affordable Housing Request for Proposals (RFP #8020)** process, proposals, and OCED's funding recommendations were presented at the last UCEC meeting on March 3, 2021 and can be found in the March meeting packet [here](#). Proposal scoring and award recommendations occurred prior to OCED receiving the actual FY21-22 allocations and thus were based on estimated funding. To account for the \$18,121 decrease in HOME funding from 2020 funding levels, Avalon Housing's Hickory Way Phase III award has been reduced by \$18,121, bringing their new award to \$197,765. This project was identified for a reduction due to it being the furthest from implementation of Avalon's three projects receiving awards through RFP 8020. In addition, HOME Admin (10%) and CHDO Operating Costs (5%) were adjusted based on the actual HOME allocation. An updated version of the funding award recommendations table included in the March agenda packet is shown below. Changes to the March version are shown in dark red.

RFP 8020 2021 Affordable Housing Final Funding Awards

Developer	Project Name	2021 HOME Funds	2020 HOME Funds Carry Over	HOME Program Income	Total Award
HOME Admin	N/A	\$125,879	\$0	\$0	\$125,879
Avalon Housing CHDO Operating	N/A	\$62,939	\$0	\$0	\$62,939
Avalon Housing Inc.	Hickory Way II	\$147,208	\$10,289	\$42,503	\$200,000
Avalon Housing Inc.	Hickory Way III	\$197,765	\$0	\$0	\$197,765
Avalon Housing Inc.	The Grove at Veridian	\$725,000	\$0	\$0	\$725,000

ESG Allocation – 2021 Annual Action Plan

The 2021 Emergency Solutions Grant (ESG) allocation was reduced slightly from 2020 funding levels – by 1.5% or \$2,767. As reflected in the Planned Activities Table, program funding to be awarded to homeless service providers is being kept flat from 2020 at \$174,459, with only \$9,361 (5.1%) going to ESG administration. Please note that ESG funds are awarded through the Continuum of Care's (CoC) Funding Review Team in the summer following the Action Plan approval and submission. UCEC delegates the awarding of HUD ESG funds to the CoC.

Schedule of 2021-22 Action Plan Public Hearings & Comment Period (Tara Cohen, OCED)

The Annual Action Plan identifies the specific projects and programs that the County intends to implement with CDBG, HOME and ESG funding during the period July 1, 2021 – June 30, 2022. Today's public hearing is the first of three (3) public hearings inviting participation and/or written comments on the Annual Action Plan from any person having an interest, or their duly appointed representative, in the Urban County's 20 participating jurisdictions.

Public Notice for the public hearings and 30-Day Comment Period for the FY2021-22 Draft Annual Action plan were published in the Sunday Classifieds of the Ann Arbor News on March 21st, posted on OCED's Facebook on March 25th, and published under Public Notices on OCED's website on March 26th.

The 30-day comment period began Wednesday, March 25th and will conclude April 23rd, to solicit input on the draft 2021 Action Plan. During this 30-Day Comment period, residents and interested parties can obtain the draft plan by contacting Tara Cohen at cohent@washtenaw.org or by downloading the plans from <https://www.washtenaw.org/603/Urban-County-Plans-Reports>.

In addition to today's public hearing (next on the agenda), two additional public hearings will be held as follows:

Tuesday, April 8 at 6:30PM

Ann Arbor Housing and Human Services Advisory Board

Participate via Zoom:

<https://a2gov.zoom.us/j/91975125449?pwd=cnpCWnZLWmtiSFllUmxsL2dZR3lNUT09>

Participate via Phone: dial 1 (888) 788 0099, Meeting ID: 91975125449

Wednesday, April 21 at 6:45PM

Washtenaw County Board of Commissioners

Participate via Zoom: <https://washtenaw.me/BOCZoom>, passcode: 576150

Participate via Phone: dial 1 (312) 626-6799, Webinar ID: 924 4462 0326

Public Hearing on FY 2021-22 DRAFT Action Plan

This public hearing invites participation and/or written comments on the Annual Action Plan from any person having an interest, or their duly appointed representative, in the following Urban County jurisdictions: City of Ann Arbor, City of Dexter, City of Saline, City of Ypsilanti, Ann Arbor Township, Augusta Township, Bridgewater Township, Dexter Township, Lima Township, Manchester Township, Northfield Township, Pittsfield Township, Salem Township, Saline Township, Scio Township, Superior Township, Sylvan Township, Webster Township, York Township, and Ypsilanti Township.

Housing Program Guidelines – Updates (DISCUSSION ONLY) (Sharde Crutchfield, OCED)

OCED has been in the process of reviewing the Urban County's Housing Program Guidelines, with a primary focus on updating the homebuyer underwriting standards. Housing & Infrastructure Manager Sharde Crutchfield will review the proposed changes in a PowerPoint. A redlined copy of the current policy with proposed changes is attached.

OCED Program Updates/Status of COVID-19 Response (Teresa Gillotti, OCED)

Please note that OCED has submitted the Urban County's funding application to HUD to receive the Round 3 CDBG CARES Act funds (CDBG-CV funds) in the amount of \$1,608,347. As a reminder these funds have not been programmed yet, however HUD has urged us to complete the required paperwork to guarantee the funds will be available once the best use of funding has been determined. As shown in your packet, the previously amended 2019 Summary of Planned Activities lists these Round 3 CDBG-CV funds, but under the Activity description column, it has been updated from "TBD – reserved for 2021" to "COVID-19 Response & Recovery Activities." As additional programming needs have been identified for these funds, we will provide a recommended process for the Urban County. At that time we anticipate another substantial amendment to the 2019 Action Plan for UCEC approval.

OCED Director Teresa Gillotti will provide updates on the much-awaited COVID Emergency Rental Assistance (CERA) Program.

WASHTENAW URBAN COUNTY EXECUTIVE COMMITTEE MEETING

Wednesday, March 3, 2021 - 2:00pm – 3:30pm

Location: Virtual Meeting using Zoom

Members in Attendance:

Supervisor Diane O’Connell (Ann Arbor Township); Councilperson Elizabeth Nelson (City of Ann Arbor); Jessica West (Director of Community Development, Pittsfield Township); Supervisor Ken Dignan (Northfield Township); Supervisor Ken Schwartz (Superior Township); Trustee Linda Adams (Augusta Township); Mayor Lois Richardson (City of Ypsilanti); Michael Radzik (Office of Community Standards Director, Ypsilanti Township); Mike Greene (Assistant City Manager, City of Saline); Trustee Sandie Schulze (Sylvan Township); Supervisor Will Hathaway (Scio Township).

Communities Absent: City of Dexter; Bridgewater Township; Dexter Township; Lima Township; Manchester Township; Salem Township; Saline Township; Webster Township; York Township.

Facilitator: Commissioner Sue Shink

OCED Staff Present: Heather Mooney; Sharde Crutchfield; Tara Cohen; Teresa Gillotti

Guests: Chris Brown (Habitat for Humanity of Huron Valley); County Health Officer Jimena Loveluck (Washtenaw County Health Department); Lamar Weir (Office of Congresswoman Debbie Dingell); Brandyn Walker & Wendy Carty-Saxon (Avalon Housing).

Meeting called to order: 2:02 PM

Pursuant to [MCL 15.263 Sec.3](#), Chair Shink took roll call during which each member stated their name and physical location (I.e. City or Township, Washtenaw County, State of Michigan). Supervisor Dignan of Northfield Township was not present for roll call; he joined the meeting on Zoom around 2:30pm.

Commissioner Shink asked that a member move to approve the agenda as written.

Moved by Schwartz. Support by West.

Ayes – 10; Nays – 0; **Motion carried unanimously.**

I. Public Comment

- Wendy Carty-Saxon of Avalon Housing stated she appreciates the Committee’s consideration of Avalon’s proposals coming before them today (in response to the 2021 Affordable Housing RFP). She introduced Bradyn Walker, a new member on Avalon’s staff.
- Brandyn Walker of Avalon Housing reintroduced herself, noting that she is a Wayne State graduate and happy to have joined the team at Avalon.
- Lamar Weir introduced himself from Congresswoman Dingell’s office, noting that he is in attendance to listen for important updates.
- Chris Brown of Habitat for Humanity congratulated Avalon for their multiple award recommendations coming before the Committee, and noted that – as mentioned in the meeting packet agenda summary – Habitat was not comfortable submitting a proposal to this year’s Affordable Housing RFP while the County is still reviewing its Housing Program Guidelines. He then noted progress toward two of Habitat’s primary goals – first, increasing African American homeownership, and second, improving environmental impact and energy efficiency.

II. Announcements

- A. Introductions – Each member state name and physical location (I.e. City or Township): *See above under roll call at the outset of meeting.*

III. Minutes

- A. 2-3-21 Meeting Minutes – Review & Approval (**ACTION**)

Moved by Hathaway. Support by Radzik.

Ayes – 10; Nays – 0; **Motion carried unanimously.**

IV. General Administration

- A. County Health Officer's COVID-19 Update (Jimena Loveluck, WCHD)

Jimena Loveluck gave a verbal update on COVID 19 and the status of vaccinations in Washtenaw County. She explained that due to the brand new epidemic order coming down from MDHHS, the Health Department is busy working to update all its current processes and materials related to COVID. Loveluck directed everyone to refer to the following websites for the latest information related to COVID data and vaccination registration process:

- Health Department vaccine information <https://www.washtenaw.org/3269/COVID-19-Vaccination>
- MDHHS vaccine prioritization/eligibility guidance https://www.michigan.gov/documents/coronavirus/MI_COVID-19_Vaccination_Prioritization_Guidance_2152021_716344_7.pdf
- MDHHS vaccine dashboard https://www.michigan.gov/coronavirus/0,9753,7-406-98178_103214_103272-547150--,00.html

- B. OCED Program Updates/Status of COVID-19 Response (Teresa Gillotti, OCED)

1) Eviction Diversion and Prevention Program and upcoming Rental Assistance Program

Gillotti stated that she hopes to have the new rental assistance program operational by the end of March, noting that the **\$20 million grant** (U.S. Treasury funds to be passed through MSHDA) to Washtenaw County is coming in much slower than originally expected. The state had still not appropriated the funds but Gillotti said she expects this delay to be resolved within the week. She stated that she plans to share out more information in the coming 2-3 weeks. She also hopes to have more information to share soon on an extension of the Centers for Disease Control (CDV) eviction moratorium currently set to expire March 31st.

- C. 2021 Non-Housing Community Needs Assessment: Participation Summary (Tara Cohen, OCED)

Tara Cohen stated that a total of 581 people from a cross-section of all 20 Urban County jurisdictions participated in this year's survey. She noted the table included in the meeting packet showing a breakdown of participation numbers by survey language (English, Spanish, Korean) and jurisdiction. Cohen shared that the data analysis combining responses from 3 different languages is requiring additional time, however she does still plan to share the disaggregated data for each jurisdiction for whom at least 10 respondents identified as living in that particular City/Township as soon as she is able to complete the data analyses. She mentioned that a full reporting of the aggregate data, including open-ended responses, will be included as part of the Draft 2021 Action Plan.

D. Project Planning for Fiscal Year 2021-22 (Tara Cohen, OCED)

- 1) Reminder of Action Plan Timeline/Key Dates - Cohen reviewed key dates for the Action Plan cycle. She also noting that OCED had just received the 2021 allocation information from HUD, and all 3 grants will be close to 2020 amounts, and that she will be sharing final allocations for the 20 jurisdictions as soon as possible by emailing the UCEC when the information is posted online under the [Urban County "Apply for Funding" section](#) of the OCED website.
- 2) Guidance for completing 2021 CDBG Project Application – Cohen reviewed where to find the current project application and pre-application guide online, and encouraged members to contact her as soon as possible if they still have questions about a project they are considering submitting by the March 11th deadline.
- 3) Tiered System for Reserving CDBG Allocations: Proposed Amendments to *Policies & Procedures for CDBG Allocations to Local Units* (**ACTION**)

Cohen reviewed the background and context for considering a tiered CDBG allocation system that would allow banking (now shifting to the term “reserving”) of CDBG funds over a longer period of time for those jurisdictions that receive less than \$20,000 annually through the CDBG allocation formula. Cohen directed the group’s attention to the tracked changes version of the Policies & Procedures document in the agenda packet – while screen sharing the same to walk the group through the key policy changes being proposed.

Members were offered a chance for discussion but there was none. Radzik asked for clarification on the criteria for reserving CDBG funds, i.e. how specific of a project must the jurisdiction have in order to be able to reserve for X number of years before utilizing the funds. Cohen responded that the project can be in a preliminary stage, but the type of project should be clear even if exact location/use is yet to be confirmed. She also explained that jurisdictions will be required to submit at least an abbreviated CDBG project application each year they wish to reserve the funds toward XYZ project, for reasons of accountability as well as to communicate any important changes to project scope, etc. that OCED will need to know for environmental review purposes as well as basic project eligibility. Cohen noted that more details on the paperwork requirements will be available for next year’s application cycle, underscoring that the jurisdiction will be forfeiting their 2021 CDBG dollars if they do not submit an application this cycle.

Motion: *UCEC approves the proposed revisions to the Policies & Procedures for CDBG Allocations to Local Units as outlined in the March 3, 2021 meeting packet, with changes to take effect July 1, 2021.*

Moved by: Radzik; Supported by: Adams
Ayes – 11; Nays – 0. **Motion carried unanimously.**

E. Affordable Housing RFP #8020 Award recommendations (Heather Mooney, OCED)

OCED’s Community Development Specialist Heather Mooney provided background on 2021 Affordable Housing RFP’s application and scoring process. She stated that OCED received a total of 3 proposals, all 3 being from Avalon Housing to support development of affordable rental housing. Mooney directed the group to the detailed descriptions for each project proposal provided in the agenda packet. Mooney went on to state the award recommendations, noting that while Hickory Way II and The Grove at Veridian projects are being fully funded for the requested amount (\$200,000 and \$725,000 respectively), whereas Hickory Way III will be funded at a lower amount than requested due to that project being the furthest out for implementation (recommended for \$213,167 whereas Avalon requested \$310,000). The following table was shared to outline the breakdown of recommended funding awards per project by source.

RFP 8020 2021 Affordable Housing Estimated Funding Awards

Developer	Project Name	2021 HOME Funds	2020 HOME Funds Carry Over	HOME Program Income	Total Award
HOME Admin	N/A	\$127,691	\$0	\$0	\$127,691
Avalon Housing CHDO Operating	N/A	\$63,846	\$0	\$0	\$63,846
Avalon Housing Inc.	Hickory Way II	\$147,208	\$10,289	\$42,503	\$200,000
Avalon Housing Inc.	Hickory Way III	\$213,167	\$0	\$0	\$213,167
Avalon Housing Inc.	The Grove at Veridian	\$725,000	\$0	\$0	\$725,000

F. General Updates

1) Community Announcements/updates (All)

V. Adjournment

Schwartz moved to adjourn. Support from Radzik.

Motion carried unanimously.

Adjourned: 3:00 PM

Next Meeting: Wed., April 7, 2021, 2:00 – 3:30pm, Location: TBD



COVID-19 Updates Washtenaw County

Washtenaw County Health Department
April 7, 2021



1

Michigan Interim Vaccine Strategy

- 70% of Michiganders age 16 and up vaccinated by the end of 2021.
- 90% of doses received are administered within 7 days of arrival.
- 95% of people get their second dose of vaccine within the expected timeframe.
- There is no disparity in vaccination rates across racial and ethnic groups or by social vulnerability index.
- No Michigander should have to drive more than 20 minutes to reach a vaccination site

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2



**Everyone 16
and up, it's time
to sign up.**

Michigan.gov/COVIDvaccine

MDHHS
Michigan Department of Health & Human Services

3

Initial Vaccine Distributors

Pharmacies

- Federal partnerships
- Meijer, Rite Aid & now Kroger vaccinating individuals
- Walgreen's, CVS in long-term care settings

Hospitals & Health Systems

- Their frontline health care workers
- Patients eligible by age
- Capacity to support distribution of available vaccine with Health Department

Health Department

- Health care workers not affiliated with hospitals
- Adults eligible by age
- Eligible workers
- Vulnerable & priority populations

4

WCHD Vaccination Strategy

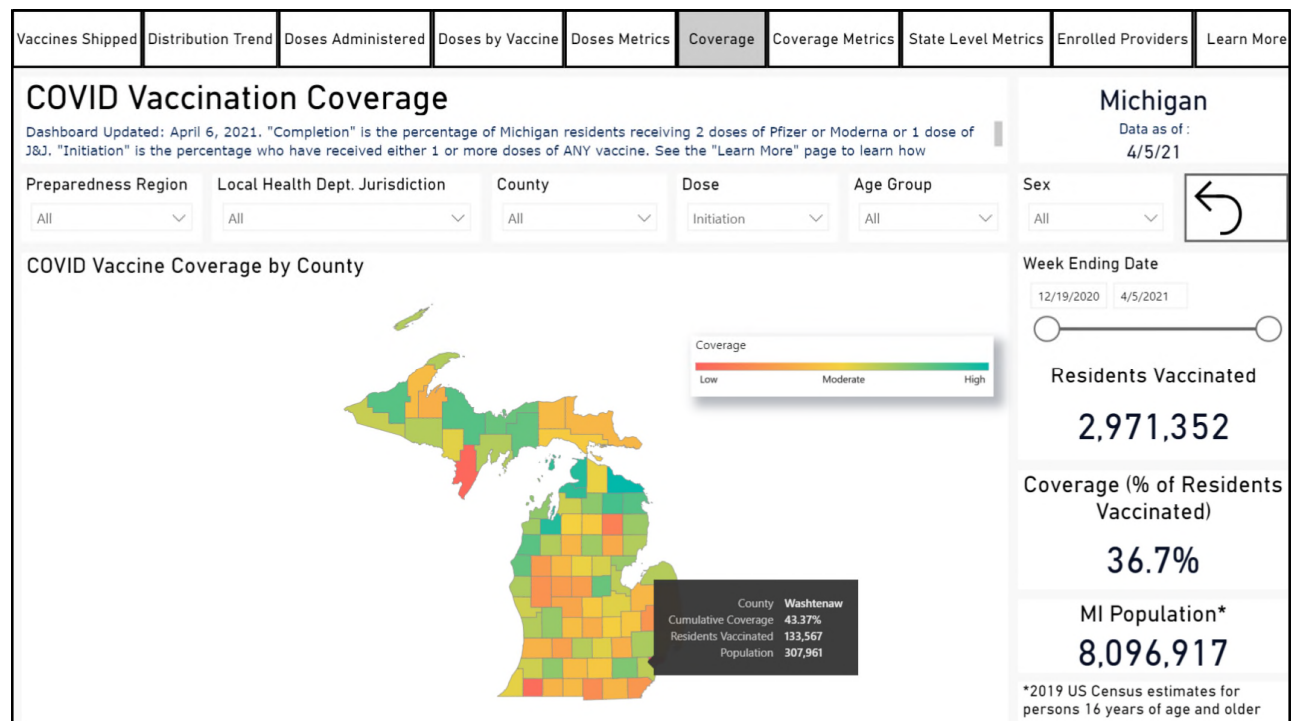
- Mass vaccination
 - Central, accessible locations (2)
 - Each side of county
 - No cost transportation
 - Self-scheduling
- Mobile team “Nurse on the Run”
 - Vulnerable, less mobile settings or individuals
- Pop-up community vaccination clinics



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5



6

Current Surge in Cases

151 confirmed cases, 5 hospitalizations, and 0 deaths reported in the last 24 hours (as of 4/6/21 at 9:30 am)

Two-week Snapshot (Confirmed cases diagnosed from 3/19 to 4/1), updated weekly

Note: This snapshot is intended to provide information on areas of highest risk/concern.

Number of cases	1284
Weekly test positivity rate (from MI Safe Start)	3.8%
% hospitalized	4%
Number of Deaths	1
% Asian	4%
% Black or African American	12%
% White	63%
% Other or Unknown Race	21%
% Hispanic or Latino (all races)	5%

- 5.5% positivity rate
- 246.3 cases per million
- Highest risk level on MI Safe Start map
- 14-day quarantine guidance from MDHHS (no longer 10 days)

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7



NEWS RELEASE

STATE EMERGENCY OPERATIONS CENTER

MDHHS identifies first Michigan case of new COVID-19 variant, B.1.1.7, in Washtenaw County

New virus variants that spread more easily could lead to a rapid rise in COVID-19 cases

NOW, more than ever, it is important to slow the spread

In the U.S.

- ⚠ New cases are the highest ever and rising
- ⚠ Some health care systems are at or near capacity
- ⚠ New variants are emerging that spread more easily

MORE SPREAD

MORE CASES

MORE DEATHS



Wear a mask



Stay at least 6 feet apart



Avoid crowds



Get vaccinated when available to you

CDC.GOV

bit.ly/MMWR11521

MMWR

8



COVID-19

MDHHS EPIDEMIC ORDER

EFFECTIVE MARCH 22 THROUGH APRIL 19







Limits on attendance at residential gatherings.

- Face masks are required at all times, unless eating or drinking. Fully vaccinated individuals (persons for who at least two weeks has passed after receiving the final dose of a FDA-approved or authorized COVID-19 vaccine) may remove their mask as long as not exhibiting symptoms of COVID-19.
- Residents should follow MDHHS [guidelines for safe social gatherings](#) and are encouraged to form a "pod" of people to socialize with consistently.

INDOORS: UP TO 15 PERSONS FROM 3 HOUSEHOLDS
OUTDOORS: UP TO 50 PERSONS

Limits on attendance at non-residential gatherings.

- Everyone must wear a face mask at all times, unless eating or drinking while seated in a designated area.
- Consumption of food or beverages is permitted only while seated in a designated area with a group of no more than 6 people.
- While eating or drinking, each group must be at least 6 feet apart and may not intermingle.

INDOORS: UP TO 25 PERSONS
OUTDOORS: UP TO 300 PERSONS

"Gathering" means any occurrence where two or more persons from more than one household are present in a shared space. Incidental gatherings (where people do not mingle with others outside their group) are excepted. For more information on gathering rules, please see the FAQs.

9

Where To Find COVID-19 Updates

- www.washtenaw.org/covid19vaccine
- [Facebook](#), [Twitter](#), [Instagram](#), [NextDoor](#) (@wcpublichealth)
- Regular COVID-19 Vaccine Video Updates
 - Available in [English](#) and [Spanish](#)
- COVID-19 update email list
 - Sign up here: www.bit.ly/WCHD555
- Contact L-wchdcontact@washtenaw.org or 734-544-6700

10

Additional COVID-19 Vaccine Resources

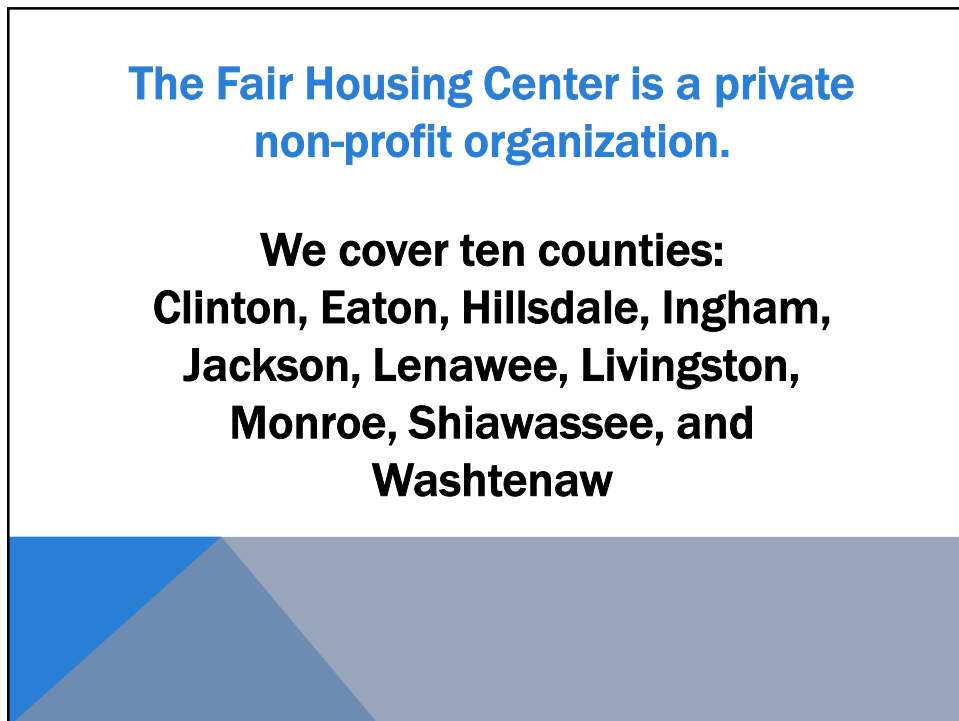
- [Vaccine Providers in Washtenaw County](#)
- [Vaccine Data: Who has been vaccinated in Washtenaw County?](#)
- [WCHD Vaccine Distribution and Strategy](#)
- [Michigan COVID-19 Vaccination Interim Prioritization Guidance](#)
- [Michigan COVID-19 Vaccines Frequently Asked Questions](#)
- [Michigan COVID-19 Vaccine Dashboard](#)
- [Michigan COVID-19 Vaccine Website](#)

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1



2

Fair housing laws are not self-enforcing.

The NAACP-Ypsilanti/Willow run, NAACP-Ann Arbor, and the Housing Law Reform Project, along with community members concerned with civil rights, began work in 1989 to start an organization that actively protects the civil rights of those who are discriminated against in the rental, sale, or financing of housing. **We opened in 1992**

3

Why a Fair Housing Center?

- **We take and resolve complaints of illegal housing discrimination.**
- **We fill the “evidence gap”**

4

**We take over 160 complaints every year.
The most common complaints are based on**

- **Disability**
- **Race**
- **Familial Status**

5

Fair Housing Laws

Federal Fair Housing Act

Michigan Elliott-Larsen Civil Rights Act

Michigan Persons with Disabilities Civil Rights Act

Various Local Ordinances

6

Federal Fair Housing Act bans
discrimination based on **race, color,
religion, national origin, sex,
disability, and familial status.**

7

The Michigan Elliott-Larsen Civil Rights Act
adds **age and marital status.**

8

Fair Housing Law covers the **rental, sale and financing of housing**; and “otherwise make housing unavailable”

9

Local ordinances cover **sexual orientation, gender identity, source of income, student or non-student status and criminal background.**

10

Fair Housing Services/Intake

We encourage people to contact us if they think a situation **is** or **might be** housing discrimination.

11

Fair Housing Services

- Testing
- Investigations
- Reasonable Accommodations

12

Testing

FHC, Ngalle v Grad Apartments



13

TESTING EVIDENCE

White Tester	Black Tester
Told white tester about 3 available apartments. Showed white tester all 3 apartments. Told the white tester that the phone screening was the application process.	Told Black tester about 1 available apartment that was in “total chaos.” Showed Black tester 0 units. Told the Black tester that he would have to “follow up” with where she lived before.

14

Investigation

Yoder v Havens



15

REASONABLE ACCOMMODATION

As a reasonable accommodation, the FHC asked an apartment complex to accept her government voucher.



16

**HUD Guidelines ban blanket
“no felony” policies for
those who have criminal
records.**

17

**Because the criminal justice
system in the United States leans
so heavily on people of color,
people with felony and arrest
records are more likely to be
Black or Latino.**

18

NEW

Sex Discrimination includes Sexual Orientation and Gender Identity

Because the U.S. Supreme Court held that Title VII's prohibition on discrimination "because of . . . sex" covers discrimination on the basis of gender identity and sexual orientation, **the Fair Housing Act now prohibits discrimination on the basis of gender identity or sexual orientation.**

19

Complainant Options

- **Conciliation**
- **HUD or MDCR administrative complaint**
- **Litigation**

20

Race
FHC, Tester, Ngalle
\$20,000



21

Race, Trafficante
NAACP v Adrian Manor
\$15,000



22

Race:
**Pattern &
Practice**
FHC v
Ivanhoe/Acme
\$82,500

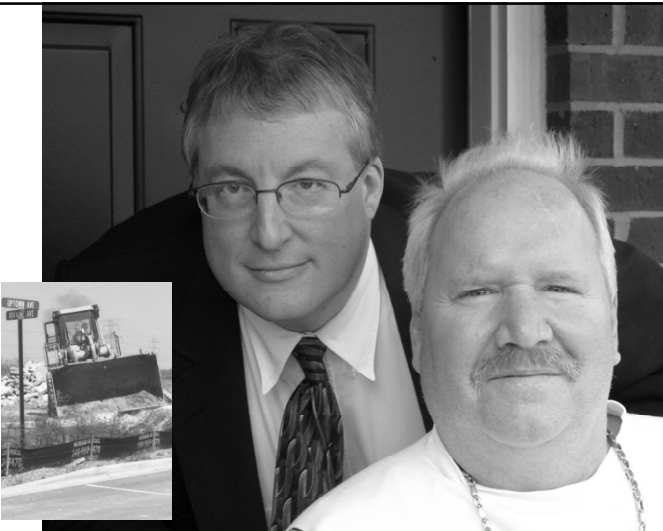
23

Investigation
FCOGIC v
Scio Township
\$35,000

24

**New
Construction**
Lowrey v Uptown
\$227,500

FHC v Uptown
\$49,000



25

Retaliation
Tyus v
Fairway Trails
\$50,000



26

**Sexual
Harassment**
***Coats et al v
Meyers***
\$166,200



27

Familial Status
Pippens v Trkula
\$20,000



28

Evictions & Fair Housing

A woman evicted because she is the victim of domestic violence, due to assailant's damage of the unit, or because she "calls the police too much."

A family evicted after the birth of a child, because the unit is "over occupied."

A white family evicted after it becomes clear they have friends who are Black, Asian, Latinx.

A Black family or tenant who is evicted after a conflict with a white tenant, while the white tenant is not evicted.

A person with a disability is evicted for noise or behavior related to their disability.

A tenant evicted after she refuses the landlord's repeated requests for sexual favors.

A tenant who is evicted for making a fair housing complaint to a civil rights organization.

A tenant who is evicted after new management discovers an old felony record.

29

Signs of Discrimination Based on Race

"I just rented the last unit"

"I lost your application"

"Your credit isn't perfect"

Agent that strings you along until you are forced to find other housing

Racial harassment, racial comments

Employees fired for refusing to discriminate

Racially motivated eviction

Failure to do repairs

30

Signs of Discrimination Based on

Disability

"We only rent to working people"

"We don't take third party payments"

"Can she or he live independently?"

"If I rent to you my other tenants would move out"

"We cater to students"

"Maybe a group home would better suit you"

"We don't allow co-signers"

REFUSAL TO MAKE A REASONABLE ACCOMODATION

31

Signs of Discrimination Based on

Familial Status

"We aren't set up for children"

"brother and sister can't share a bedroom"

"we keep children on the first floor, in the children's building etc."

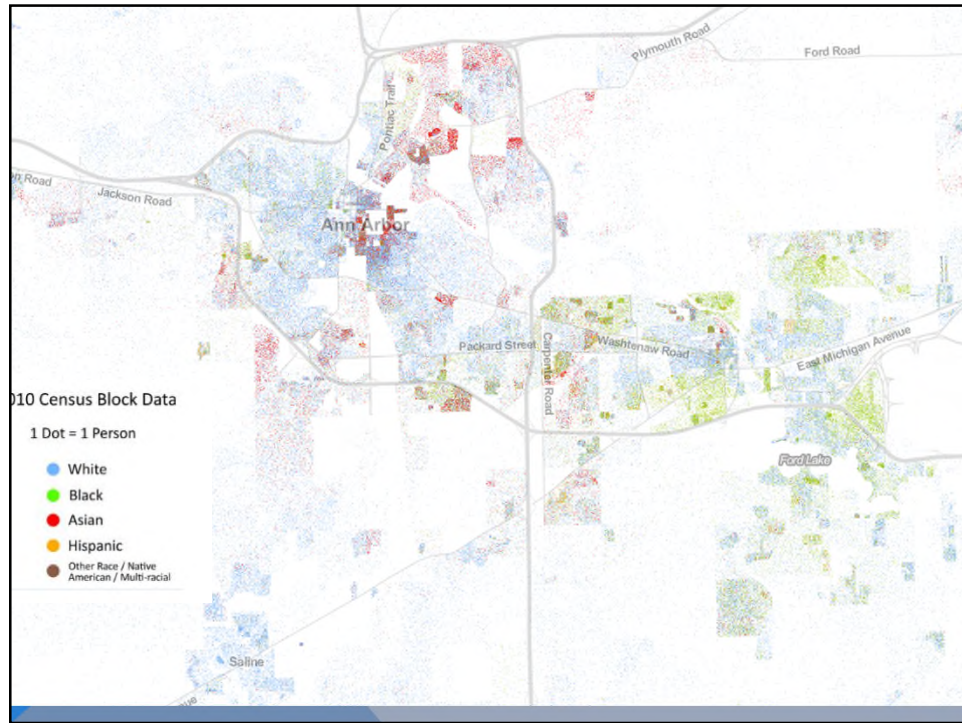
"The unit isn't safe for children"

"We only allow one person per bedroom plus one."

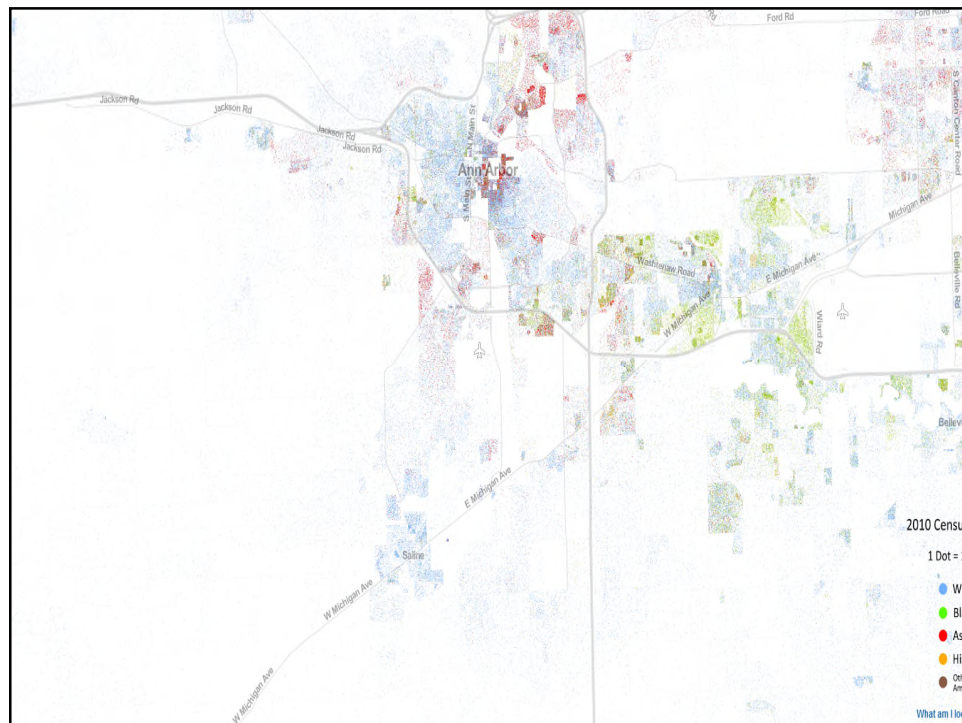
"We cater to students, you wouldn't be happy here"

UNREASONABLE OCCUPANCY STANDARDS

32



33



34

Stay connected to the FHC @fhcmichigan



The Fair Housing Center of Southeast & Mid Michigan

P.O. Box 7825, Ann Arbor, MI 48107

1-877-979-FAIR (3247)

fax: 734-340-6598

www.fhcmichigan.org

info@fhcmichigan.org

NOTICE OF PUBLIC HEARINGS & COMMENT PERIOD

Public Hearings on Washtenaw Urban County Draft 2021 Program Year Annual Action Plan

Pursuant to U.S. Department of Housing & Urban Development regulations, notice is hereby given by the Washtenaw County Office of Community and Economic Development (OCED) that three public hearings will be held to solicit citizen input on the Draft Washtenaw Urban County 2021-2022 Annual Action Plan. The Annual Action Plan identifies the specific projects and programs that the County intends to implement with CDBG, HOME and ESG funding during the period of July 1, 2021 – June 30, 2022.

Beginning on March 25, 2021, residents and interested parties can obtain the draft plan by contacting Tara Cohen at (734) 544-3056 or cohent@washtenaw.org or by downloading the plans from www.washtenaw.org/urbancounty

These hearings invite participation and/or written comments on the draft plan from any person having an interest, or their duly appointed representative, in the following Urban County jurisdictions: City of Ann Arbor, City of Dexter, City of Saline, City of Ypsilanti, Ann Arbor Township, Augusta Township, Bridgewater Township, Dexter Township, Lima Township, Manchester Township, Northfield Township, Pittsfield Township, Salem Township, Saline Township, Scio Township, Superior Township, Sylvan Township, Webster Township, York Township, and Ypsilanti Township. The public hearings will be held on:

Wednesday, April 7, 2021 at 2:00PM
Urban County Executive Committee Meeting

Thursday, April 8, 2021 at 6:30PM
City of Ann Arbor Housing and Human Services Advisory Board

Wednesday, April 21, 2021 at 6:45PM
Washtenaw County Board of Commissioners

For information on meeting locations, please check the OCED website at:
www.washtenaw.org/oced

A public comment period for the draft plan will begin on March 25, 2021 and end on April 23, 2021. If you would like to submit comments or request additional information, contact Tara Cohen at cohent@washtenaw.org or (734) 544-3056.

Teresa Gillotti, Director
Office of Community and Economic Development

The County of Washtenaw will provide the necessary auxiliary aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon seven (7) days' notice to the County of Washtenaw. Individuals with disabilities requiring auxiliary aids or services should contact the County of Washtenaw by calling the following: Phone (734) 222.6850, TDD (734) 994.1733.

Actual 2021-22 Allocations	
Community Development Block Grant (CDBG)	\$2,196,208
HOME Investment Partnership Program (HOME)	\$1,258,791
Emergency Solutions Grant (ESG)	\$183,820
TOTAL	\$3,638,819

Project	Activity	Agency	CDBG	HOME	HOME Program Income	HOME 2020-21 Carry over	ESG	Goal Outcome Indicator	Quantity	Measure
CDBG Admin	CDBG Administration	OCED - Urban County wide	\$439,242					Other	1	Other
Public Facilities & Infrastructure	Russell Street Paving/Stormwater Improvements (adjacent AAHC property - Maple Meadows)	City of Ann Arbor	\$245,184					Public Facilities & Infrastructure Improvements	40	Households Assisted
Public Facilities & Infrastructure	ADA Curb Cuts	City of Dexter	\$9,210					Public Facilities & Infrastructure Improvements	700	Households Assisted
Public Facilities & Infrastructure	Solar Roof Project	City of Ypsilanti	\$40,201					Homeowner Housing Rehabilitated	100	Households Assisted
Public Facilities & Infrastructure	ADA Curb Cuts	City of Ypsilanti	\$50,000					Public Facilities & Infrastructure Improvements	2000	Households Assisted
Public Facilities & Infrastructure	NE Pittsfield Green Corridors Phase I - Design/Engineering/Construction	Pittsfield Township	\$81,484					Public Facilities & Infrastructure Improvements	9,318	Persons Assisted
Public Facilities & Infrastructure	Cherrywood Lane Group Home - Siding installation	Washtenaw County Community Mental Health (Scio Township)	\$16,000					Public Facilities & Infrastructure Improvements	6	Persons Assisted
Public Facilities & Infrastructure	Pedestrian Improvements (MacArthur/Harris OR Community Park)	Superior Township	\$35,456					Public Facilities & Infrastructure Improvements	450	Households Assisted
Public Facilities & Infrastructure	Washtenaw Ave Sidewalk Infill Phase 2 - Design/Engineering/Construction	Ypsilanti Township	\$165,275					Public Facilities & Infrastructure Improvements	4,000	Persons Assisted
TBD	CDBG Program income spent in R/ECAPs - <i>details pending community engagement process</i>	City of Ypsilanti and Ypsilanti Township	\$105,509					TBD	TBD	TBD
CDBG Home Improvement Programs	Single Family Rehab/Home Improvement Programs	OCED - Urban County wide	\$464,726					Homeowner Housing Rehabilitated	50	Household Housing Unit
CDBG Home Improvement Programs - Service Delivery	Single Family Rehab/Home Improvement Programs - Service Delivery	OCED - Urban County wide	\$140,000					Homeowner Housing Rehabilitated	45	Household Housing Unit
CDBG Community Based Development Organizations (CBDO)	Community Based Development Organization	Peace Neighborhood Center (City of Ann Arbor)	\$88,500					Public Service activities for low/mod income housing benefit	70	Persons Assisted
CDBG Community Based Development Organizations (CBDO)	Community Based Development Organization	Community Action Network (City of Ann Arbor)	\$91,500					Public Service activities for low/mod income housing benefit	180	Persons Assisted
CDBG Public Services	Human Services Funding - Interfaith Hospitality Network of Washtenaw County	Interfaith Hosptality Network of Washtenaw County	\$118,595					Tenant-based rental assistance / Rapid Rehousing	130	Persons Assisted
CDBG Public Services	Human Services Funding - SafeHouse Center	SafeHouse Center	\$95,535					Emergency housing/Transitional Housing/Homeless Outreach	300	Persons Assisted
CDBG Public Services	Human Services Funding - Shelter Association of Washtenaw County Residential and Non-Residential Programs	Shelter Association of Washtenaw County Residential and Non-Residential Programs	\$52,709					Homeless Prevention	1,025	Persons Assisted
CDBG Public Services	Human Services Funding - SOS Family Shelter	SOS Family Shelter	\$36,237					Emergency housing/Transitional Housing/Homeless Outreach	100	Persons Assisted
CDBG Public Services	Human Services Funding - Unified-HIV Health and Beyond: Mobile Health Program	Unified-HIV Health and Beyond	\$26,354					Homeless Prevention	1,000	Persons Assisted
Home Administration	HOME Administration	OCED		\$125,879				Other	1	Other
HOME Rental Development	Hickory Way Apartments Phase II New Construction (Ann Arbor)	Avalon Housing		\$147,208	\$42,503	\$10,289			36	Household Housing Unit
HOME Rental Development	Hickory Way Apartments Phase III Acquisition/New Construction (Ann Arbor)	Avalon Housing		\$197,765					14	
HOME CHDO Reserve (15%)	Veridian at County Farm North Acquisition/New Construction (Ann Arbor)	Avalon Housing		\$725,000				New Units Constructed	50	Household Housing Unit
HOME CHDO Operating Costs (5%)	HOME CHDO Operating	Avalon Housing		\$62,939				Other	1	Other
HESG21 Washtenaw County	Homeless Prevention, Shelter & Rapid Re-Housing	<i>Awarded to nonprofit service providers through Funding Review Team (FRT) process in Summer 2021</i>					\$174,459	Tenant-based rental assistance / Rapid Rehousing	TBD	TBD
HESG21 Washtenaw County	ESG Administration						\$9,361	Homelessness Prevention	1	Other

Draft 3-29-2021 (Based on actual allocations)



HOUSING PROGRAM GUIDELINES DRAFT CHANGES

URBAN COUNTY EXECUTIVE MEETING

4-7-21

HOUSING IMPROVEMENT PROGRAM APPROVAL CHANGES

- All appeals and waivers changed to reflect multiple layers of approval to enhance check and balances
- Any household that has received rehabilitation assistance within 15 years **IS** permitted to receive additional assistance **WITH** approval from the OCED Director
- Rehab projects in the 100-year flood zone **ARE** permissible with proper insurance and waiver approved by the Housing & Infrastructure manager
- Manufactured homes may receive rehabilitation assistance after specialist deems conditions of the structure feasible

HOUSING IMPROVEMENT PROGRAM ELIGIBILITY

- Elimination of program priority order and inclusion of households' income below 30%AMI: reflected as such
 - *Households with disabilities*
 - *Households with an elderly member (62 years of age or older)*
 - *Single parent households*
 - *Households with children*
 - *Length of time on waiting list*
 - *Households with income below 30% AMI*

HOMEBUYER UNDERWRITING CHANGES

- Assistance for all down payment elements should not exceed \$15k. If no gap exists, no County DPA subsidy shall be provided.
- Assistance for all Acquisition, Development, and Resale (ADR) Program should not exceed 15% total development costs in developer fees with maximum subsidy per house being \$45k
- NOT all buyers will qualify for maximum assistance.

HOMEBUYER UNDERWRITING CHANGES

- Buyer's front-end ratio does not exceed 30% and back-end ratio does not exceed 42% of underwritten income. Notwithstanding, when a buyer's senior mortgage is limited by the maximum loan to value ratio applied by the mortgage lender, the minimum 24% front-end ratio will not apply
- **WITH** possible exceptions available when existing consumer debt may reduce some households' ability to qualify for and afford the full target payment of 28% of underwritten income
- *For example, for a buyer with \$4,000 a month in underwritten income and no consumer debt, the County would expect the buyer to qualify for and take a first mortgage loan with a payment of \$1,120/month (28% of \$4,000). If that would result in a back-end ratio above 42%, the mortgage payment expected could be reduced to bring the back-end ratio down to 42% (but not artificially below) provided buyer can still qualify for a mortgage payment of at least \$960/month (24% of \$4,000). A buyer whose existing debt reduced their housing payment ability to only \$900, for example, would not qualify.*

HOMEBUYER UNDERWRITING CHANGES

- For buyers below 40% AMI the projected total monthly mortgage payment cannot exceed their existing rent payment by more than 10%. For example, for a buyer at 35% AMI whose rent is currently \$800, the projected mortgage payment must fall within the minimum and maximum debt to income ratios and not exceed \$880.
- Purchase price cannot exceed HUD's current Maximum Purchase Price
- All income calculations will be determined by the Part 5 definition. Eligibility is always determined using the household's gross income (i.e. without deductions for payroll or income taxes, insurance premiums, etc.) projected over the next 12 months.

DEVELOPER COMPLIANCE COMMITMENT

INITIAL PROJECT COMMITMENT		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Evidence of site control - Appraisal/tax record documenting reasonableness of purchase price - URA disclosures (voluntary sale) - Environmental review documents as appropriate (e.g. site-specific items if a tiered review approach is used) - Plans & specifications - Construction cost estimate(s) - Subject to completion appraisal (may be combined with appraisal for Habitat purchase price purposes) - Initial Project Setup Proforma Sheet - Evidence of other funding commitments for development period cash needs	- Inspect property (assess adequacy of plans/specs, affirm cost estimate(s)) - Draft project-specific agreement - Enter into IDIS	For now, assume County only reimburses costs at completion; otherwise process should include construction note/mortgage
BUYER MATCHED TO UNIT		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Buyer income determination package, including all source documents and calculation of both gross income and any adjustments to income for underwriting purposes - Evidence of pre-purchase counseling completion - Buyer Prequal Proforma Sheet	Review and provide preliminary approval	Key is expected monthly payment; mortgage amount could change based on updated tax or insurance figures, interest rate changes, etc.
CONSTRUCTION COMPLETION		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Final Development Costs Proforma Sheet, including updated splits on SHOP funding (buyer credit v dev subsidy) and final donation figures - LBP clearances, HERS rating, etc. - Appraisal update as needed	Review and approve proforma	- Only shift in gross development subsidy at this point should be due to updates for actual HFH closing costs - Could reasonably process development subsidy cost reimbursement

HIGH LEVEL GOALS

- The Housing Program Guidelines is a policy guiding document to preserve, maintain, and expand housing stock for lower income owner-occupied households at or below 80% of the Washtenaw County AMI
- New language clarifies what may have been suggested as buyers must purchase as “much home” as necessary or to shorten the term of the first mortgage solely to increase the monthly payment. Neither of those are those were the intent.
- *For example, if the purchase price of a home is \$150,000 and the mortgage product is limited to 97% LTV, the maximum mortgage based on LTV is \$145,500. If the payment on such a mortgage only yields a 20% front-end ratio, that is acceptable since the mortgage was limited by the LTV and not the buyer’s payment ability.*

**THE OFFICE OF COMMUNITY AND ECONOMIC
DEVELOPMENT**

**HOUSING PROGRAM GUIDELINES
For the
Washtenaw Urban County**

City of Ann Arbor, City of Dexter, City of Saline, City of Ypsilanti, Ann Arbor Township, Augusta Township, Bridgewater Township, Dexter Township, Lima Township, Manchester Township, Northfield Township, Pittsfield Township, Salem Township, Saline Township, Scio Township, Superior Township, Sylvan Township, Webster Township, York Township, and Ypsilanti Township



**Amended and Approved by Urban County Executive Committee
Draft April 2021**

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CHAPTER I

HOUSING PROGRAMS OVERVIEW

A. Program Goals

The goals of the Office of Community and Economic Development (OCED) Housing Programs include:

Eliminate blight and conditions detrimental to the health, safety, and/or welfare of residents. Preserve, maintain, and expand housing stock for lower income owner-occupied households at or below 80% of the Washtenaw County Area Median Income (AMI), adjusted for household size, as published by U.S. Department of Housing and Urban Development (HUD) each year. Priority has been established for disabled individuals, the elderly, families with children, and the homeless.

- 1) Assist homeowners in correcting code violations, correcting environmental hazards such as Lead-based paint, and improving accessibility.
- 2) Ensure that when required and as funding allows completed rehabilitation work, meets current local codes including but not limited to the Michigan Building Code, Michigan Residential Building Code and the International Property Maintenance Code.
- 3) Assist housing efforts to prevent homelessness.
- 4) Support cooperative housing developments through rehabilitation and ownership assistance.
- 5) Assist developers and rental property owners in leveraging funds to acquire and/or rehabilitate substandard housing and bring the units up to applicable building codes.
- 6) Increase energy efficiency in owner-occupied and rental dwellings.
- 7) Promote homeownership by lower income households.
- 8) Provide financial and technical support to non-profit organizations, multi-family developers, public housing agencies and other affordable housing developers to acquire, refinance and rehabilitate owner and rental housing.
- 9) Assist non-profit organizations, multi-family developers, public housing agencies and other affordable housing developers in leveraging funds to support development of new affordable housing units.

B. Program Components

The OCED Housing Programs shall consist of the following components:

- 1) Rehabilitation consisting of:
 - a) Owner occupied housing units (1 to 4 dwelling units)
 - b) Housing cooperatives
 - c) Single/multi-unit rental units to include:
 - i) Privately owned rental units
 - ii) Public housing units
 - d) Other structures such as emergency shelters, manufactured homes

- 2) Acquisition consisting of:
 - a) Down Payment Assistance for first-time home buyers
 - b) Housing Cooperatives
 - c) Single/multi-unit rental units to include:
 - i) Privately owned rental units
 - ii) Public Housing
 - d) Other structures such as emergency shelters
- 3) New Construction: Due to market conditions, new construction projects are a low priority. If feasible, projects consisting of:
 - a) Down Payment Assistance for first-time home buyers
 - b) Housing cooperatives
 - c) Single/multi-unit rental units to include:
 - i) Privately owned rental units
 - ii) Public housing units
 - d) Other structures such as emergency shelters
- 4) Planning and Technical Assistance for:
 - a) Non-profit organizations involved in housing service delivery.
 - b) Joint partnership arrangements for the development or preservation of housing.
 - c) Special projects as directed by local municipalities.
 - d) Property owners to determine the repairs needed and to select contractors to perform the work.

C. Program Administration

The Housing Programs are funded by federal funds awarded to Washtenaw County by the U.S. Department of Housing and Urban Development (HUD). OCED is authorized by the Washtenaw Urban County to administer the housing programs and is responsible for executing all program activities in compliance with the adopted policies, procedures, and applicable state, federal, and local regulations. OCED is responsible for general oversight of the programs which includes the allocation of resources, policy development/oversight, and community relations issues associated with the programs. This includes actions such as:

- 1) Implementing eligibility criteria for the various programs;
- 2) Processing and approving program applications;
- 3) Preparing work orders and bid documents;
- 4) Negotiating and processing contracts between eligible property owners and private contractors for rehabilitation work in compliance with procurement procedures;
- 5) Oversight of work and conducting progress inspections during construction;
- 6) Preparing security documents including mortgages and notes , and servicing recoverable grants where appropriate;
- 7) Preparing and executing subordination agreements for property owners who continue to meet the subordination requirements of the housing programs;

- 8) Preparing and executing affordability agreements, contractor/owner/municipality agreements, covenants and inter-creditor agreements.

These guidelines may be amended based upon any changes in federal, state, or local regulations or administrative requirements.

Uniform Physical Condition Standards (UPCS) For projects that use HOME funding that begin on or after January 24, 2015 or until HUD issues additional guidance and provides technical assistance on UPCS to Participating Jurisdictions, the federal UPCS will replace the Property Standard Inspection (PSI) and the federal Housing Quality Standards (HQS). All inspections for projects that use HOME funding that begin on or after this date will follow UPCS and any guidance on the implementation of UPCS standards issued by HUD. UPCS standards apply to all inspections for projects that are funded by HOME. Any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI,” and “Housing Quality Standards inspections” or “HQS inspections” will be replaced with UPCS inspection(s) for HOME funded projects that begin on or after January 24, 2015. As of the date of these Housing Guidelines, HUD has not issued additional guidance and provided technical assistance to Participating Jurisdictions on the UPCS Standards. Until HUD issues this additional guidance and provide this technical assistance to Participating Jurisdictions, Property Standards Inspections (PSI) and the federal Housing Quality Standards will apply and any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” will only refer to Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” or “draw inspections” and not to “Uniform Physical Condition Inspection” or “UPCS Inspections.”

D. Program Budget

The budget for the Housing Programs shall be appropriated from Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds or program income received by OCED from the U.S. Department of Housing and Urban Development (HUD); General Funds approved by local units of government; and any other funding that is awarded for this purpose.

CHAPTER II

HOMEOWNER REHABILITATION PROGRAMS

A. Purpose

OCED administers a number of Housing Programs using CDBG, HOME funds. The goal of the rehabilitation programs is to assist low to moderate income homeowners with the rehabilitation and preservation of the County’s housing stock. The program provides a mechanism for property owners to bring their properties into compliance with applicable building and housing codes and provide safe, decent housing for lower income individuals. The program is designed to bring the eligible property owner’s dwelling into compliance with applicable, locally adopted housing standards and rehabilitation standards to reduce ongoing and future maintenance costs, promote energy efficiency, and to preserve decent affordable homeowner occupied housing. The program eligibility criteria restrict assistance to low-income homeowners in the jurisdictions of the Urban County. The program has five (5) major components: (1) Housing Rehabilitation Program, (2) Critical Repair Program (formerly known as “Emergency Repair program”), (3) Accessibility Ramp

Program, (4) Roof Replacement Program and (5) Energy Efficiency Improvement Program. When feasible, any work will be conducted in a manner to maximize the energy efficiency impacts of the work.

OCED is responsible for executing all program activities in compliance with the adopted guidelines, procedures, and applicable HUD and other regulations. OCED is responsible for the general oversight of the program, which include policy oversight. All policies contained herein became effective on the date of adoption by the Urban County Executive Committee (UCEC) and apply to current and future applicants.

Due to the nature of the programs, it is expected that there will be more applicants than funding available for projects. There is one waiting list for the Housing Rehabilitation, Accessibility Ramp and Roof Replacement programs for applicants who are not selected for the current cycle of funding. There is no waitlist for the critical repair program. All programs will provide assistance to low- and moderate-income households regardless of race, religion, age, national origin, sexual orientation, marital status or disabilities.

B. Program Assistance Categories

A project may be deemed infeasible if the cost to complete all of the needed repairs exceed the respective program limits outlined below. The cost would be determined either from estimates determined by program staff and/or from contractor bids received on a project.

I. Housing Rehabilitation Program

- Deferred zero interest loans are available up to \$25,000 to rehabilitate/repair low-income, owner-occupied homes throughout the jurisdictions of the Urban County for families earning 80% or less of the Area Median Income.
- The Housing Rehabilitation program provides the general rehabilitation necessary to bring the structure into compliance with applicable building codes, rehabilitation standards, and lead-based paint regulations.
- The program addresses actual and incipient building, health, and safety code violations, accessibility improvements, energy improvements, which may also be performed as part of any housing rehabilitation project authorized under this program. This program is covered by a deferred, zero interest loan that becomes due and payable upon sale, rental, refinance, and transfer of the property. The loan will be forgiven if the owner resides in the property for thirty years, and may be partially forgiven as specified in the loan documents after a ten and twenty year period.
- There is no monthly pay back provision for Housing Rehabilitation loans.

II. Critical Repair Program

- This program offers grant funding for urgent repairs up to \$5,000. Projects over \$5,000 shall be in the form of a zero interest deferred payment loan to low-income, owner-occupied households within the jurisdictions of the Urban County. Critical repair loans shall be in the form of a deferred, zero interest loan that is forgiven at a rate of one-fifth per year for the five year period after project

completion.

- Critical repair grants or loans may be made to pay for construction work to correct items that are determined by the Rehabilitation Specialist to be of an immediate and necessary nature and which can have an imminent effect on improving the health and/or safety of the occupants and meets the following definition: A critical repair is a situation or condition that develops without warning, concerning heating, water heater or sewer lines that is detrimental to or a threat to life, health, or safety, of resident(s) and requires immediate action.
- This program covers critical repairs for sewer lines, home heating¹ and domestic water heater issues. This program is not intended to address problems which would be considered routine maintenance.
- Critical repair grants and loans will be limited to a one-time assistance during a five-year period regardless of whether a grant or loan was received originally.

III. Accessibility Ramp Program

- This program offers loans for the installation of exterior ramps to homes occupied by very low income persons (up to 80% AMI), adjusted for family size, in order to improve their accessibility. Manufactured homes are eligible for this program on a case-by-case basis.
- The program provides the funding for the material and labor cost incurred to install a ramp for any homeowner throughout the jurisdictions of the Urban County earning less 80% or less of the Area Median Income.
- All accessibility projects shall include a property lien. The terms of the property lien for the Accessibility program shall be in the form of a deferred, zero interest loan that is forgiven at a rate of one-fifth per year for the five year period after project completion. Accessibility ramp grants will be limited to a one-time assistance per dwelling during a five-year period.

IV. Roof Replacement Program

- This program offers assistance for the replacement of roofs to homes occupied by qualified program applicants. All Roof Replacement projects are covered by the standard thirty year loan. Manufactured homes are eligible for this program on a case-by-case basis.

V Energy Efficiency Improvement Program

- This program will offer energy efficiency related home improvements to participants of the Homeowner Rehabilitation program, the Emergency Repair Program and the Accessibility Ramp Program. The income threshold is 80% AMI.
- Work offered through this program will be determined by the Weatherization Assistance Program energy audit. Air conditioning is not an allowable

¹ Central air conditioning units may be covered under this program, where medically necessary and prescribed by a medical doctor.

measure for this program.

- The work offered through this program will be in the form of a grant.
- If a client is eligible for the standard Weatherization program they will be directed to apply for Weatherization. Work under this program is not intended to displace participation in the weatherization program.

Annual Program Goals

In recognition of the competing demands of the various housing programs, the Homeowner Rehabilitation program has set annual goals for each type of assistance.²

Single Family Rehabilitation	4-6 projects
Roof Replacement	18-22 projects
Accessibility Ramp	8-10 projects
Critical Repair	25-35 projects

C. Eligibility Requirements – Applicant

Qualification of applicants for the Housing Rehabilitation Programs described in this document is determined by program staff according to the following criteria:

1. **Housing Type:** The applicant must have owned and occupied the 1-4 unit residential dwelling to be rehabilitated as his/her primary residence for at least one year at the date of application for assistance through any housing rehabilitation program. The owner must reside in the property at least nine (9) months out of the year. The home receiving assistance must be within the jurisdictions of the Urban County. Program assistance is made only to the legal owners of the property to be rehabilitated. The Housing Program Manager may grant a waiver of the legal ownership requirement where the resident has resided in the residence for one year or longer and is a devisee or heir of the recently deceased legal owner. If a project is approved for a non-owner occupied applicant the work shall be provided as a grant.
2. **Proof of Ownership:** The applicant must provide documentation showing fee simple title, a surviving spouse's homestead interest, a life estate in the property or other evidence which demonstrates the applicant has an equitable ownership interest in the residence. For owners of manufactured homes, the following type of ownership verification is required: a certificate of title for the manufactured home; or a mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments.
3. **Citizenship:** The applicant must be a U.S. citizen or a legal resident alien.

² Project goals may change on an annual basis as dictated by funding and resources. Annual goals shall be established by the Housing Program Supervisor and Housing and Infrastructure Manager.

4. **Legal Issues:** Properties affected by any litigation or legal disputes (such as foreclosures, judgments, tax liens, mechanical liens, partnership dissolutions, divorce, probate, etc.) are not eligible for financial assistance. Upon the final resolution of litigation, the applicant may apply for rehabilitation assistance. In most cases, program assistance will not be provided to recipients of a reverse mortgage. Applicants with a reverse mortgage seeking assistance to the OCED Critical Repair Program will be considered on a case by case basis for the grant program only.
5. **Insurance:** Homeowners are required to carry current property liability insurance (with coverage adequate to cover the County's lien position) at the time of application. When a deferred loan is provided, the homeowner shall maintain the required liability insurance coverage for the duration of the deferred loan, as outlined in the applicable security documents. The insurer must identify the County as Loss Payee for the amount of the deferred loan(s). All properties located in a 100-year floodplain must be covered by flood insurance prior to receipt of grant and loan funds. Waivers to this requirement may be granted by the Housing
~~as Loss Payee for the amount of the deferred loan(s). All properties located in a 100-year floodplain must be covered by flood insurance prior to receipt of grant and loan funds. Waivers to this requirement may be granted by the Housing and Infrastructure Manager~~
6. **Previously Assisted Households:**
 - a. Applications will not be accepted from households who have previously received rehabilitation assistance on the same property until a period of fifteen (15) years from the date of completion of rehabilitation work has elapsed. A waiver to the fifteen year time frame for the single family rehabilitation assistance program must be approved by the OCED Director.
 - b. Applications will not be accepted from households who have previously received critical repair assistance for a period of five (5) years from their first receipt of critical repair assistance. Assistance provided outside the range of this timeframe must be approved by the Housing Program Supervisor. Under no circumstances shall a household receive critical repair assistance more than one additional time for another type of assistance within five years from their first receipt of assistance.
7. **Housing Equity:** The ability of the homeowner to repay the loan will be evaluated at the time of application. There must be sufficient equity in the home to be rehabilitated to secure the first mortgage (if applicable) and the OCED lien. The total outstanding mortgage debt on the house, including the rehabilitation loan cannot exceed 100% of the value of the home. The value will be determined as the current SEV (State Equalized Value) multiplied by 2.

For example: If the SEV is \$50,000, then the value of the home is \$100,000. If the homeowner has a \$70,000 lien on the property from a mortgage, then the maximum rehabilitation loan is \$30,000. $\$70,000 + \$30,000 = \$100,000$, which is 100% of

\$100,000.

8. **Suitability for Rehabilitation:** In cases where it appears that it is economically infeasible to rehabilitate the house, an economic analysis will be done. To determine the economic feasibility of the rehabilitation project, the total amount spent on the home cannot exceed 75% of the after-rehabilitation appraised value of the property. For example, if the property is valued at \$100,000, the rehabilitation project cannot exceed \$75,000, from all sources. Properties that are near the 75% threshold will be evaluated on a case-by-case basis. After rehabilitation value will be determined by adding 25 percent of the rehabilitation loan (RL) amount to the Assessor's market value (MV). $[MV + (.25 \text{ of } RL)] = ARV * 50\% = RL$.
9. **Manufactured Home Determination:** Rehabilitation may be completed on manufactured homes if it is determined that the home meets established criteria. The blue book value of the manufactured home may be used and can be found in the N.A.D.A. Manufactured Housing Appraisal Guide. The following additional criteria will be considered when evaluating a manufactured home application for assistance: 1) No manufactured home will be assisted that is located in a park community facing foreclosure or whose operational viability is in question. 2) No home will be assisted where the rehabilitation specialist judges that conditions in the home make rehabilitation work infeasible.
10. **After-Rehabilitation Value for HOME funds:** An after-rehabilitation value must be calculated to determine if the property is eligible for HOME funds. For HOME funded projects, the after-rehabilitation property value shall not exceed 95% of the median home value for Washtenaw County, as determined by HUD. The formula will be the SEV multiplied by two (2) which will be compared to three (3) comparable homes in the neighborhood. HUD publishes maximum after-rehabilitation values for the HOME program.
11. **Payments Not in Default:** Any jurisdiction within the Urban County is prohibited from conducting business with any entity (including applicants) that is in default. Therefore, all municipal taxes and/or municipal, fees, and penalties (for example, parking tickets, citations, etc.) must be paid in full prior to executing agreements for rehabilitation assistance with the contractor and homeowner. In addition, all private mortgage payments and land contracts must be current at the time of application. Applicants residing in manufactured home parks must be current on lot rent at the time of application.
12. **Property Taxes:** In order to be determined eligible for the housing rehabilitation programs, the applicant's property taxes must be current. Property taxes must not be delinquent for any tax year unless the homeowner has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding by the written agreement. Proof of the payment plan with the taxing authority must be submitted at the time of application.

13. **Mortgage:** The homeowner must be current with his/her mortgage (the payments due and payable to the mortgage company may not be more than 30 days past due) in order to receive housing rehabilitation assistance.
14. **Land Contracts:** 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 land contract seller must be a co-signer on the housing rehabilitation security documents.
15. **Conflict of Interest:** Washtenaw County and/or Urban County jurisdiction employees, contractors, elected officials and their immediate family members and business associates are ineligible to participate in programs administered by OCED. Former employees of the Urban County member jurisdictions are ineligible for one year after termination of employment. No official, employee, agent of Washtenaw County and the Washtenaw Urban County who exercises policy and/or performs decision-making functions or responsibilities in connection with the planning and/or implementation of the Housing Rehabilitation Programs shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the program ends. Any other employee, officer, or board member may be eligible, but will be treated without preference in the determination of applications accepted for funding. A waiver process shall be available to allow for the previously identified ineligible persons to be considered for participation in the Housing Rehabilitation Programs. This waiver process will consist of request for HUD approval. Each person requesting a waiver must describe their need for participation in the Housing Rehabilitation Programs and, if approved, agree to disassociate themselves from any decision-making that directly affects them. However, this prohibition can be waived on a case-by-case basis if approved by the OCED Director, the County Attorney and HUD. In particular, if an employee of the county or an Urban County jurisdiction is not involved in the decision-making or approval process for HOME or CDBG funds, an exception can be made, if approved by HUD. A public notice stating the nature of the conflict of interest must be published in a general circulation newspaper.
16. **Program Priorities:** After considering factors such as funding availability and the property's suitability for rehabilitation. ***OCED has established the following priorities (in no particular order) for the housing rehabilitation, roof replacement and accessibility ramp programs:***
- *Households in Urban County jurisdictions that have not been served during the current year*
 - *Households with disabilities*
 - *Households with an elderly member (62 years of age or older)*
 - *Single parent households*
 - *Households with children*
 - *Length of time on waiting list*
 - *Households with income below 30% AMI*
17. **Critical repairs and Weatherization collaboration clients**

~~Consistent with the program goals, and to prevent conditions immediately detrimental to the health, safety, and/or welfare of Washtenaw County residents, critical repair and current weatherization clients shall not be added to the housing rehabilitation program's waitlist, but shall be served as soon as practically possible.~~ Consistent with the program goals, and to prevent conditions immediately detrimental to the health, safety, and/or welfare of Washtenaw County residents, critical repair and current weatherization clients shall not be added to the housing rehabilitation program's waitlist, but shall be served as soon as practically possible.

18. **Income Eligibility**

- a. **Definition:** Households at or below 80% of the Area Median Income are eligible for assistance, based on annual income data provided by HUD. Applicants for the Accessibility Ramp Program may not exceed 80% of the Area Median Income.
- b. **Household Size:** Income limits are adjusted by household size, therefore, one of the first steps in determining eligibility is to determine the size of the household. Some households may have members whose income, if any, is not considered when calculating annual income. Do not count the following household members when determining family size or annual income:
 - Foster Children
 - Live-in Aides
 - Children of Live-in Aides
 - Unborn Children
 - Children of non-custodial parents (i.e. time with parent is less than 50%)
 - Children being pursued for legal custody or adoption who are not currently living within the household
 - Roommates who pay rent

Note: If a member of the household is 18 years or older, and not working, a notarized statement to that effect is needed. If the household has children eligible for child support and the applicant does not receive child support, a notarized statement to that effect is required.

- c. **Income Limits:** Applicants must have gross annual household incomes at or below the applicable income limits, adjusted for household size, established by HUD for Washtenaw County. The applicable income limits for determining program eligibility are published by HUD, and updated annually. The income limits in place at the time of applicant approval will apply when determining eligibility. The homeowner will be required to provide income documentation at the time of application.
- d. **Income Qualification Criteria:** Projected annual gross income of the household will be used to determine whether the applicant meets the published income limits. Income will be verified by using the following information including but not limited to: tax returns, pay stubs, subsidy checks, bank statements and third party

verification of employment forms sent to employers. Also, a homeowner's overall debt-to-income ratio may not exceed (50%) percent, including any monthly payments for a housing rehabilitation loan (if applicable).

- e. **Included Income:** OCED will **include** any income from the following sources when determining program eligibility: ***gross*** earned income of all adults (18 years of age and older) residing in the household, unless they are a full-time student, adoption assistance payments (up to \$480 per adopted child), alimony, annuities, net business income (gross income less allowable expenses), child support, gifts & contributions, death benefits, dependent income, disability compensation, insurance, interest & dividends, military pay and benefits, pensions, periodic payments, rental property income, rent paid by roommates, retirement funds, self-employment income, severance pay, social security (SS, SSI, and SSA) benefits, Department of Human Services (DHS) assistance, unemployment benefits, veterans' benefits, & worker's compensation.
- f. **Excluded Income:** OCED will **exclude** any income from the following sources when determining eligibility: adoption assistance that in excess of \$480 per adopted child, foster care payments, holocaust reparations, home care payments, income specifically excluded by federal statute (see list), inheritances (lump sum payments only), insurance payments (lump sum only), live-in aide or chore provider, medical reimbursements, military pay for individuals exposed to hostile fire, non-recurring income, reimbursement from public programs (back pay, etc.), resident service stipend, sporadic income, state or local tax credits, student financial assistance, income in excess of \$480 for full-time students, temporary income, and income from training programs.
- g. **Assets:** The assets for your household may not exceed \$30,000 for non-seniors and \$50,000 for seniors (age 62 and up). Assets include money in savings and/or checking accounts, cash values of life insurance policies available to the applicant before death, certificates of deposit, stocks, bonds, money markets, and other investment accounts, lump sum receipts (i.e. lottery winnings, inheritances, victims restitutions, insurance claims and settlements, etc.) real estate other than the property you occupy and other capital investments, business assets, and personal property held as an investment (i.e. gem or coin collection, paintings, antique cars, etc.). Excluding retirement funds held in a pension account, retirement fund, 401K plans, 403b plan trust fund that are not available for liquidation are exempt from the asset test.

19. **Waiver Requests:** If applicant does not meet these eligibility requirements, a waiver of eligibility requirements can be requested. See Chapter 13 for waiver requests.

20. **Assumption of Loan:** In the event that a homeowner sells, transfers title, converts the home to a rental property or discontinues residence in the rehabilitated property for any reason during the loan compliance period, the loan becomes due and payable unless:

- a) The homeowner who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as his/her principal residence.
- b) Upon approval from OCED, the heir may be permitted to assume the loan at the rate and terms the heir qualifies for under current participation guidelines.
- c) If the heir does not meet applicable eligibility requirements, the loan is due and payable.
- d) However, if the heirs sell the property, or if the property is sold by any actions of a court to settle outstanding claims or settle the estate, the loan must be repaid to Washtenaw County.
- e) If a buyer agrees to accept the property with the existing lien and is deemed income eligible as per the funding source guidelines the lien or liens may be assumed by the new owner.
- ~~d)-~~
- ~~e) If a buyer agrees to accept the property with the existing lien and is deemed income eligible as per the funding source guidelines the lien or liens may be assumed by the new owner.~~

F. Other Terms and Conditions

- 1) **Deferred Loan Structure:** Assistance for the Owner-Occupied Housing Rehabilitation program is offered in the form of a zero interest, thirty (30) year deferred payment forgivable loan. The loan recipient agrees to repay the balance upon any change of ownership of said property including but not limited to: transfer by gift, mortgage, sale, and sale by land contract, inheritance, conversion to rental property, or change of homeowner's primary residence. The recipient agrees to immediately notify OCED of any of the above changes. If all conditions are met for the duration of the loan, it will be forgiven at the end of the loan term. The loan may be partially forgiven as specified in the loan document after a ten (10) year and 20 year period.

Specific Loan Terms for each Housing Rehabilitation Program:

- a) Participants in the Homeowner Housing Rehabilitation Program shall agree to the thirty year zero percent interest lien terms. One third of this lien is forgiven after ten years, two thirds of the lien is forgiven after twenty years and the entire lien is forgiven after thirty years.
- b) Participants in the Critical Repair Program shall agree to the five year zero percent interest lien if the cost of the repairs exceed \$5,000. The terms of this lien state that the lien is forgiven by one fifth each year and fully forgiven after five years. Critical Repairs which are under \$5,000 in cost are offered as a grant.
- c) Participants in the Accessibility Ramp Program shall agree to the five year zero percent interest lien. The terms of this lien state that the lien is forgiven by one fifth each year and fully forgiven after five years.
- d) Participants in the Roof Replacement Program shall agree to the thirty year zero percent interest lien terms. One third of this lien is forgiven after ten years, two thirds of the lien is forgiven after twenty years and the entire lien is forgiven after thirty years.

- 2) **Lien Position:** Washtenaw County will only accept a first or second lien position. In a case where the second lien is due to participation in a down payment assistance program to secure the initial purchase of the property, the County may consider a third lien position.

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- 3) **Termination of Contract:** OCED reserves the right to cancel program assistance at any time during the process for cause.
- 4) **Subordination of Liens:** OCED may consider a request to subordinate liens to other financing if the property owner continues to meet the eligibility criteria and the financing is in the best interest of the property owner. See Chapter 9 for more details.
- 5) **Maximum Program Assistance:** The maximum and minimum loan or grant amounts available for the rehabilitation program are different and are described below. Participants approved to receive these types of funds **DO NOT** automatically qualify for the maximum amounts.
 - a) **Owner-Occupied Housing Rehabilitation Program:** The standard amount of assistance shall be up to \$25,000. Assistance totaling over \$25,000 must be approved by OCED Director. Assistance totaling over \$40,000 must be approved by Urban County.
 - b) **Critical Repair Program:** The standard amount of assistance shall be up to \$5,000 in the form of a grant. Projects above \$5,000 shall be in the form of a 5 year deferred loan.
 - c) **Accessibility Ramp Program:** All ramp projects shall be in the form of a loan. Assistance totaling over \$15,000 must be approved by OCED Director.
 - d) **Roof Replacement Program:** The standard amount of assistance shall be up to \$15,000. All roof projects regardless of costs shall be in the form of a loan. Assistance totaling over \$15,000 must be approved by OCED Director.

Projects exceeding the standard program amounts must be approved by the OCED Director who will report such exceptions to the Urban County Executive Committee as determined.

- 6) **Prior Homeowner Rehabilitation Deferred Loans:** All existing Homeowner Housing Rehabilitation Program Deferred loans are forgiven after thirty years. This includes all previous versions of loans created by the City of Ann Arbor and Washtenaw County. All previous loans are forgiven after thirty years even where such forgiveness is not specifically specified in the lien/mortgage document.

G. Processing Steps

- 1) **Housing Rehabilitation, Accessibility Ramp and Roof Replacement Waitlist:** Applicants will complete a waitlist application form found on by mail or on-line. As a reasonable accommodation to applicants with a disability or limited internet access, OCED will accept waitlist applications via telephone during normal business hours or in person.

- 2) **Critical Repair and Weatherization Client Collaboration Program:** Applicants will complete an online application or by mail. As a reasonable accommodation to applicants with a disability or limited internet access, OCED will accept waitlist applications via telephone during normal business hours or in person.
- 3) **Waitlist Management:** The waitlist for the Housing Rehabilitation, Accessibility ramp and Roof replacement programs will be maintained in accordance with policies established in this manual. The applicant will be required to complete a written waitlist application form to register his/her interest in participating in the aforementioned programs. The waitlist application form requests basic information about the applicant, the applicant's property, and the occupants. Applicants will be pulled from the waitlist and asked to apply based on yearly project goals, established priorities and on their waitlist application date. Refer to Program Goals and Program Priorities (Section C16) for additional information. Placement on the waitlist is not a guarantee of programmatic eligibility.
- ~~3) Placement on the waitlist is not a guarantee of programmatic eligibility.~~
- 4) ~~OCED will limit the number of applicants to be placed on the waitlist to the estimated number of jobs that can be completed for the particular program (e.g. Accessibility ramp, Roof replacement)~~ OCED will limit the number of applicants to be placed on the waitlist to the estimated number of jobs that can be completed for the particular program (e.g. Accessibility ramp, Roof replacement and the Housing Rehabilitation programs) for one year, one year, plus an additional factor of 50%, ie. if the target is 10 applicants we will add 15 to the waitlist. Once the waitlist has reached the anticipated number, it will be closed. ~~Once the waitlist has reached the anticipated number, it will be closed~~ for the year. The Waitlist for each program will reopen on the third Monday of January at noon.. OCED will announce the reopening of the waitlist at least 45 calendar days prior to the date that written waitlist applications will be made available. OCED will give notice by publishing relevant information on OCED's website.
- 5) Applicants will be contacted and sent an application as they reach the top of the waitlist. Applicants must complete and submit the application with all required documentation within 30 days of OCED's mailing of the application. One 30 day extension may be granted to applicants to complete and submit all documentation. If an applicant does not respond or submit all the required documentation within the 30 or 60 day timeframe the applicant will be removed from the wait list. The applicant may reapply to the waitlist at a later date.
- 6) **Application Management:**
The applicant must complete an application which will be used by the Intake Coordinator to determine program eligibility. Applicants must provide the following information including but not limited to: ownership documents, property insurance, property tax payment verification, sources and amounts of income, utility bills, and other information as noted in the Application checklist/cover letter. The application

must be signed by the applicant(s) and all supporting documentation must be submitted. The Intake Coordinator will verify all information submitted. Eligibility is determined based on household income and the guidelines in Section E “Applicant Eligibility”. The applicant will sign a Consent to Release Information, which gives the Intake Coordinator permission to verify all information provided in the application.

It is the responsibility of the applicant on the waitlist to notify OCED of any changes in occupancy, household income, family composition, or any other information on the waitlist application. An applicant must meet all applicable eligibility requirements as described in these policies, at the time his/her name is selected from the waiting list. If the homeowner cannot meet the requirements for eligibility, the homeowner will be informed of the determination of ineligibility. An applicant’s eligibility for assistance is based on HUD requirements and the approved policies and procedures that are in effect at the time the applicant is selected for processing from the waiting list.

Decisions regarding approval of an application for assistance will be completed and rendered within 20+ business days of submission of all required information.

- 7) **Ownership:** The intake specialist shall confirm ownership with On-Line Assessment and Property Tax data system (BS&A).
- 8) **Lead Based Paint:** This program must comply with federal and HUD regulations regarding lead-based paint hazards. All houses built prior to 1978 (the year that lead-based paint was outlawed in residential structures) will be screened for lead-based paint hazards. An initial inspection will be conducted of deteriorated paint to determine if surfaces with lead-based paint will be disturbed during renovation. The Rehabilitation Specialist must determine whether the rehabilitation calls for lead hazard control measures. This may involve hiring a risk assessor or lead inspector who will determine whether lead hazards exist and what methods must be used to control them. After the work is completed, a clearance test of the construction area may be conducted to confirm the absence of lead hazards. The Contractor and Rehabilitation Specialist will work closely ensure the safety of the occupants as well as to minimize the need to displace occupants during the rehabilitation work. After the applicant has shown that s/he meets the program eligibility requirements, they will be given a pamphlet developed by the Environmental Protection Agency entitled *Protect Your Family from Lead in your Home*. The applicant will be asked to sign a form acknowledging receipt of the pamphlet.
- 9) **Environmental Review:** Once the application has been approved by the Housing Program Supervisor an environmental review will be conducted to ensure that the property is eligible for federal funding. The following are potential environmental conditions that may impact eligibility:

a) ~~Properties located in a 100-year floodplain must be covered by flood insurance prior to receipt of grant and the property must carry flood insurance for the life of the recoverable grant. Waivers to this requirement may be granted by the Housing~~

and Infrastructure Manager. Properties located in a 100-year floodplain must be covered by flood insurance prior to receipt of grant and the property must carry flood insurance for the life of the recoverable grant. Waivers to this requirement may be granted by the Housing and Infrastructure Manager.

- a)b) Properties that are in a floodway are not eligible. Properties that are in a historic district may require approval from the Historic District Commission and/or the State Historic Preservation Office (SHPO) before work may commence. Properties which have potential historical significance must be rehabilitated in accordance with the requirements of the SHPO.
- b)c) Properties that exceed the federal noise guidelines due to close proximity to railroads, major streets, and/or airports, may require noise mitigation work as part of the rehabilitation work.

- 10) **Work Specifications (Work Write-up):** Once the completed application is approved and an environmental review has been completed the Rehabilitation Specialist shall conduct an inspection of the unit and prepare work specifications describing in detail the work to be completed and cost estimate. All work items shall be clearly explained and be in general conformity with *the Contractor's Manual and All Trades Master Specifications for the Office of Community and Economic Development Housing Programs*. The Master Specifications do not supersede local building codes. The work specifications will be reviewed with the applicant and he/she has to sign off on the work specifications authorizing to the Rehabilitation Specialist to solicit bids. If a home is 50 years or older, the Rehabilitation Specialist will provide notice to the State Historic Preservation Office (SHPO) with a narrative outlining the proposed work specifications along with a current picture of the home. If the site is of historical significance, the Rehabilitation Specialist may request SHPO to approve the work specifications or make recommendations to modify the work specifications. The homeowner must understand that "general property improvements" or "cosmetic" improvements are not eligible for funding. Only work that is directed toward correcting a code violation, meeting a code requirement or is an eligible activity can be funded. The work specifications will provide a clear, detailed understanding of the nature and scope of the work to be done because it serves as a basis for bids from contractors. The homeowner should have a clear understanding of the nature and scope of the work to be done and any limitations that may exist. General improvements are not eligible for housing rehabilitation assistance unless approved by OCED Rehabilitation staff.

OCED Rehabilitation staff will inquire with appropriate city or township staff where the property is located to determine if the local building official has documented any building violations that would be important to be aware of or address during the project.

- 11) **Cost Estimates:** The Rehabilitation Specialist shall prepare a cost estimate for the proposed work order. The estimate will be used as a guideline when reviewing bids received from contractors.

12) **Bidding Process, Contractor Selection:**

- a) The Rehabilitation Specialist will notify active contractors on its approved list of the availability of work and establish a date for the return of bid packets. The applicant must allow potential contractors to conduct a mandatory pre-bid site inspection with the Rehabilitation Specialist to enable the contractors to submit accurate bids.
- b) Bids are opened at the designated time and bid tabulation is prepared for review with the homeowner. The lowest responsive, responsible bid will generally be recommended to the property owner for acceptance, unless the contractor appears to have a low bid due to an incomplete response. However, the owner has the right to reject any and all bids, or select a contractor of his/her choice, provided the difference in costs are paid by the owner. The property owner may select any eligible bid, as long as the price quoted is within 15 percent (15%) lower or 15 percent (15%) higher than the cost estimate prepared by the Rehabilitation Specialist and does not exceed the maximum dollar limits of the program. If none of the bids solicited are within 15 percent (15%) lower or 15 percent (15%) higher of the work write-up, the proposals may be rejected and other proposals may be obtained that are within the specified cost limits. The owner has the option to reject all bids not within 15 percent (15%) of the cost estimate. Bid costs are compared to the Hometech Estimator cost book to verify cost reasonableness.
- c) A 10% contingency amount for unforeseen items will be added to the bid amount in order to establish the total contract amount *which shall not exceed maximum funding allowed by program guidelines*.

13) **Contract Documents:** Contract documents to be executed by the property owner and contractor will be prepared by the Intake Coordinator for review and approval at the pre-construction meeting. The contract documents include the *owner/contractor agreements as well as the appropriate mortgage and promissory note*. The Intake Specialist and Rehabilitation Specialist will set up a pre-construction meeting with the Homeowner and Contractor to explain the documents and to obtain necessary signature(s). The mortgage and note security documents will include all hard project costs..

14) **Approval Process:** All bids will adhere to County Procurement policies and bids for rehabilitation projects over \$25,000 must be reviewed and approved by the OCED Director. All contracts are signed by the OCED Director, Corporation Counsel, the County Administrator, and the County Clerk. All parties shall receive a copy of the contract with the original signatures.

15) **Pre-construction Meeting:** A pre-construction meeting will be arranged between the homeowner, the contractor, the Intake Specialist, and Rehabilitation Specialist to cover the following items:

- Review work write-up, making sure both the Homeowner and Contractor understand that only items in the work write-up will be accepted and paid

with the financial assistance from OCED (unless there is an approved “change order”).

- Review payment schedule and contractor project schedule.
- Review change order procedure; emphasize no “extra” work to be performed without an approved change order.
- Discuss security documents including the mortgage and note.
- Discuss contractor responsibility for purchasing permits and calling for inspections with the appropriate Building Department and Rehabilitation Specialist.
- A *Notice of Right to Cancel* will be given to the homeowner.
- A *Notice to Proceed* will be given to the contractor. The homeowner will be given a copy of the *Property Owner’s Manual*.
- The *contracts* will then be executed with the homeowner and contractor.

Federal regulations regarding lead-based paint will be discussed with each applicant during the pre-construction meeting. The roles of the Risk Assessor, Rehabilitation Specialist and Contractor will be explained by the rehabilitation staff as they relate to the correction of any lead-based paint problems. Upon completion of the inspection/risk assessment process, the homeowner will be given a copy of the lead inspection report by the Rehabilitation Specialist and a copy of the report will be maintained in the homeowner’s case file.

An executed copy of the contracts and the pre-construction checklist shall be furnished to the homeowner and maintained in the project files.

- 16) **Notice of Right to Cancel:** After approval and signature of all contracts, the homeowner is provided two copies of the *Notice of Right to Cancel* form. The homeowner has three (3) business days from the signature date on the contract to cancel the project without any penalty or repayment. After the rescission date has passed, a purchase order will be set up with the Purchasing Department on behalf of the homeowner for the rehabilitation work to be completed. The Contractor cannot begin work until this 3-day rescission period is over.
- 17) **Notice to Proceed:** Upon execution of the contract documents by the property owner and the general contractor, a *Notice to Proceed* will be issued by the Rehabilitation Specialist. Work must begin within twenty-one (21) calendar days of receipt of the *Notice to Proceed* and be completed within ninety (90) calendar days of receipt of the *Notice to Proceed*. Work performed prior to the start date on the *Notice to Proceed* is not reimbursable under the program.
- 18) **Time For Completion:** Any contractor who does not begin or complete the work within the time specified in the contract may be assessed liquidated damages of \$100.00 per day for each day he/she runs over the established completion date as identified on the *Notice to Proceed* and/or does not start within 21 calendar days of the *Notice to Proceed*. The contractor is expected to staff the project each working day of the week. Contractors must notify both the property owner and Rehabilitation

Specialist to request an extension of the completion date and state the reasons for such extension. If approved by program staff, based on an inspection of ongoing work, the new completion date must be approved by the property owner and documented in the project file. Contractors will not be granted more than two time extensions, unless extraordinary circumstances (as determined by the Rehabilitation Specialist and his/her supervisor) justify a further request. This provision is contingent upon labor disputes, accidents, Acts of Government, or Acts of Nature.

- 19) **Access to Premises:** The homeowner will provide the contractor full access to the premises between the hours of 7:00 a.m. and 6:00 p.m. on weekdays unless additional and/or alternative times are approved by the homeowner. Prior to any work being done, the homeowner will remove all personal property from the designated work areas. Items left in the work area will be limited to normal amounts of furniture and appliances and personal property which can be stored in closets, dressers or cabinets. The homeowner will permit the contractor to use, at no cost, existing utilities such as light, heat, power, water, and electricity necessary to carry out and complete the work. Failure to comply may cause the project to be discontinued at the homeowner's expense. It is the homeowner's responsibility to secure all pets during the inspection, write-up and rehabilitation process.
- 20) **Change Orders:** The contractor is responsible for completing items identified in the work specifications 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/or the Operations Manager. Once the project has begun, the Rehabilitation Specialist shall have the ability to authorize work which is discovered in the course of construction and determined to be necessary for the completion of the project. This additional work shall be reflected in a change order. The change order must contain:
- Description of modifications
 - Change in contract price
 - Description of how additional costs (if any) will be covered
 - Quantities and measurements of the modifications
 - Certification of the cost estimate(s) by the Rehabilitation Specialist
- 21) **Inspections:** Housing rehabilitation work will be monitored by the Rehabilitation Specialist for compliance with specifications set forth in the work write-up. The project file narrative will include a record of all inspections.
- 22) **Payments:** Payments will consist of three (3) draw requests against the total sum of the contract. Payments will be based on the amount of work completed as described in the work specifications. The contractor shall submit requests for payment of completed work to the Rehabilitation Specialist. Upon receipt of a Contractor's request for payment, the Rehabilitation Specialist and the Homeowner must inspect the work and determine if it is acceptable. Please note that payments will not be authorized by the Rehabilitation Specialist until the items identified on the request for payment by the

Contractor have been inspected and approved. Work that is cited by the Rehabilitation Specialist as not meeting the specifications will not be approved for payment. The homeowner must sign off on payments to the Contractor upon satisfactory completion of the work, and inspection by the Rehabilitation Specialist. Payment requests will be processed within 21 calendar days of receipt by OCED. Payments shall be made to the Contractor in three (3) draws as work is **completed, inspected and approved** by the Homeowner and Rehabilitation Specialist in accordance with the following ***Draw Schedule***:

- First Draw: 40% of the contract amount upon completion of work
- Second Draw: 40% of the contract amount upon completion of work
- Third (Final) Draw: remaining balance of the contract upon completion of work

23) **Project Close Out:**

- **Final Inspection:** After completion of all rehabilitation work in the write-up and change orders, a final inspection will be conducted by the Rehabilitation Specialist. The Rehabilitation Specialist and the contractor should make the final inspection together. If additional work, clean-up, or corrections need to be accomplished, a written punch list is developed by the Rehabilitation Specialist. The punch list is simply a detailed itemized list of all items remaining to be completed. The contractor is provided this list with instructions that upon completion of all punch list items, a certificate of completion and final inspection is prepared and signed by the Rehabilitation Specialist.
- **Contract Close-Out:** Once the rehabilitation work is completed, and the final project cost is determined, if the amount has changed, new security documents (i.e. mortgage and note) will be prepared by the Intake Specialist and to be signed by the homeowner. The security documents will be filed with the Washtenaw County Register of Deeds office.
- **Closing Statement/Survey:** Upon completion of the rehabilitation work the Intake Specialist will provide the homeowner with a closing statement that serves as a summary of the project including contractor and warranty information. In addition, a survey will be sent allowing the homeowner(s) an opportunity to provide feedback on the housing rehabilitation program and work completed by the contractor.

24 Complaint Resolution: Complaints from the homeowner concerning the housing program shall be in writing and addressed to the OCED Director (or his/her designee). In the event concerns or problems arise between the Homeowner and Contractor, OCED rehabilitation staff will attempt to resolve the dispute prior to the release of final payment. See Chapter 13 for additional information on the complaint resolution process.

Warranties: The general contractor shall furnish a limited one (1) year warranty on labor and materials from the date of the recorded notice of completion of all work performed under the contract. Manufacturers' and suppliers' written guarantees and warranties, covering materials and equipment, furnished under the contract shall be furnished to the

homeowner. In instances where the living environment, lack of maintenance or damaged covered by homeowners insurance during the rehabilitation of the home, the warranty coverage will not apply. An example is where a pet has caused damage to door frames or siding.

Where materials or subcontracted work are covered by an extended warranty, copies of the warranty must be provided to the Homeowner during project closeout. The homeowner is responsible to notify the contractor first of any warranty claims during the contractor's one-year limited warranty. The homeowner shall notify the contractor directly, and explain the problem to him/her and schedule a date and time for the contractor to correct the problem. If the contractor fails to honor or respond to a warranty claim, the homeowner may contact OCED for assistance.

H. Property Maintenance Standards

When public funds are made available to correct serious health and safety deficiencies in a home, it is expected that your property will be maintained in a safe and sanitary condition, as well as being in compliance with any ordinance in effect in the municipality in which you reside.

At the time of your intake interview you will be asked to review and sign a maintenance agreement regarding blight conditions, stating that you will comply with this agreement, and that you understand no work will be initiated until such time as your property is found to be in accordance with this policy. If during the conduct of work it is determined that a Homeowner has failed to comply with the agreement, rehabilitation work can be terminated at the discretion of the Rehabilitation Specialist.

I. Temporary Relocation

OCED has chosen to provide relocation assistance to low and very low income persons displaced from their homes because of rehabilitation of the home under a program funded by the County. This relocation assistance is beyond the scope of assistance required by the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894; 42 U.S.C. 4601 et seq.; Pub. L 91-646) as amended by the Uniform Relocation Act Amendments of 1987 (Title IV of Public Law 100-17), and will establish a mechanism for provision of assistance to low and very low income persons with no other financial resources, who must relocate from their residences in order to allow for rehabilitation work to proceed. This policy is intended to meet the requirements of the Community Development Block Grant (CDBG) regulations, 24 CFR 570.606 (d) (Optional Relocation Assistance), which state "The grantee...must adopt a policy that describes the relocation assistance that the grantee...has elected to provide...", in order to use CDBG funds for relocation beyond the requirements of the Uniform Relocation Act.

Housing rehabilitation can create health and safety hazards, or temporarily render a dwelling unit uninhabitable, making the temporary relocation of the occupant necessary. The Rehabilitation Specialist will be responsible for recommending temporary relocation assistance to the homeowner on an as needed basis and to be coordinating placement with housing developer, if applicable. The Rehabilitation Specialist will determine if the repairs or rehabilitation work will impose a hardship on the homeowner and/or detrimental to an existing medical condition.

Services provided:

1. **Temporary Housing In A Motel/Hotel:** Up to fifteen (15) days lodging, preferably in a room(s) with kitchenette accommodations, at the lowest costs for appropriate accommodations. The OCED Director must approve an extension for any hotel/motel assistance that exceeds the allowable time frames. If the temporary housing does not have kitchen facilities, food allowances will be allowed on a per diem basis, not to exceed the state per diem rate per person per day. The per diem shall be adjusted based on the number of individuals within the family unit receiving assistance.
2. **Moving Expenses:** Actual cost of moving personal property to the client's new location may be paid on behalf of the client to the moving company, up to a maximum expense per household unit to be determined by OCED rehabilitation staff.
3. **Storage Costs:** Should it be necessary to place some portion of the client's possessions in storage during the rehabilitation period in order to clear the way for construction activity, this expense may be paid as a part of the moving costs.
4. **Housing Inspection:** The Rehabilitation Specialist shall conduct an inspection of the unit to be used as temporary housing, and certify that the unit meets local code standards, at a minimum. This service will be provided to the client to ensure County funds are used appropriately.

Eligibility Criteria:

Income: Benefits shall be made available to low and very low income persons participating in the homeowner housing rehabilitation program(s) as defined by OCED, using income guidelines published annually by HUD and incorporated here by reference. These guidelines identify the median family income for the County and define low and very low income in relation to the median family incomes, with adjustments for family size. The income guidelines in force shall be provided by OCED rehabilitation staff as they are issued by HUD.

Insurance restrictions: If the household being relocated has insurance coverage that will pay for any portion of the benefits available from OCED, the insurance shall take precedence and the relocation benefits shall not be paid with OCED funds for that portion.

Repetition of Benefits: A person who has been a household receiving temporary relocation assistance as a participant in the housing rehabilitation programs shall not be eligible for relocation assistance under this policy until all liens resulting from previous rehabilitation liens have been satisfied.

Method of Payment: All payments shall be made directly to the vendor, on behalf of the client.

Grievance Procedures: Any person who disagrees with the determination of their eligibility for assistance under this program may appeal the decision to the OCED Director. Appeals may be handled according to grievance procedures set up by OCED to assure a fair hearing for all parties.

OCED may first establish if the homeowner has relatives or friends that the homeowner can reside with during the time of work. As a last resort, OCED may place the homeowner in a moderately priced motel/hotel located in the same geographical area. The accommodations for temporary relocation shall be comparable facilities. It is imperative that the Rehabilitation Specialist makes sure the rehabilitation work is completed on schedule in an effort to keep relocation costs at a minimum. In no case shall a grant for temporary relocation exceed \$3,000 for any one owner occupant. OCED allowing for sufficient budget and availability of the services (reviewed on a case-by-case basis) may utilize CDBG funds to provide temporary relocation assistance.

When necessary, the Rehabilitation Specialist will work with the contractor to design the scope of work to allow for occupancy during rehabilitation in order to prevent temporary relocation. The contractor shall minimize disruption if possible. The Rehabilitation Specialist will consider temporary relocation and/or financial assistance for the following reasons:

1. Health and/or safety of the occupants;
2. Water closet and hand washing facilities are not available for three full days or more;
3. Kitchen facilities are not available for more than three days.

OCED rehabilitation staff will be responsible for making arrangements for and paying the expenses of relocation as listed in the Temporary Relocation Statement. These costs will not be included as part of the dollar amount secured against the Property. The homeowner 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.

J. Forms

General forms and specifications used in the administration of the housing rehabilitation programs are subject to periodic change. The documents do not require Board of Commissioner, City Council, or Urban County Executive Committee review or adoption and therefore may be modified without approval of the above referenced bodies.

K. Variances from Policies

Variances from these policies and procedures shall only be granted by the Washtenaw Urban County Executive Committee (UCEC), under extraordinary and extenuating circumstance and, upon recommendation of the OCED Director and/or his/her designee. The Washtenaw Urban County Executive Committee will consider a variance to the existing policies that document specific hardship on the part of the property owner or other

parties involved in the project, and that granting a variance will further the goals, purposes, and effectiveness of the Housing Programs and will conform to all applicable HUD guidelines.

Some factors that the UCEC may wish to consider when making a determination to grant a variance to existing policies include:

- 1) Medical and/or health reasons specific to the homeowner(s))
- 2) Financial impact on the sustainability of the Rehab Program (i.e. how large is the lien amount in question, lien amount relative to total funding for Rehab Program)
- 3) Client's overall utilization of OCED's homeowner Rehab Programs (i.e. total number and dollar amount of loans over time)

The Washtenaw Urban County Executive Committee grants a variance to these guidelines when needed to utilize funding sources other than CDBG and HOME funds in order to leverage Urban County funds and maximize resources available to residents.

CHAPTER III

HOUSING SERVICES: DEVELOPERS

General: This chapter outlines guidelines for developers who are proposing to carry out housing construction on properties owned by the developer as owner of rental housing or recently purchased by a homeowner. A periodic Request for Proposal (RFP) will be issued by the Office of Community and Economic Development (OCED) outlining the priorities and evaluation process to determine which projects will receive funding. A developer can be a for-profit or non-profit entity. The developer must follow the County's procurement and contractor selection guidelines outlined in Chapter VIII. If a developer has previously violated guidelines without satisfactory resolution, funds will not be considered for the projects affiliated with said developer.

Funding Sources: OCED has the responsibility to ensure adherence to federal regulations. Prospective applicants should review federal rules and regulations governing HOME and CDBG (as applicable) for additional terms, conditions, restrictions and/or requirements that may apply. The Office of Community and Economic Development will provide assistance as needed through technical support and monitoring.

A. HOME Investment Partnership Funds

a. REGULATORY AUTHORIZATION

- i. Federal HOME Investments Partnership Program pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. §12701 et seq. ("Program") and the HOME Investment Partnership Program Rule, 24 C.F.R., all as may be amended from time to time.
- ii. Copies of the federal regulation can be downloaded at: <https://www.hudexchange.info/programs/home/>

b. NATIONAL GOAL

- i. To expand the supply of decent, permanently affordable housing, with primary attention to rental housing, for very-low and low income Americans;
- ii. To mobilize and strengthen the abilities of states and units of general local government throughout the United States to design and implement strategies for achieving an adequate supply of decent, safe, sanitary and affordable housing;
- iii. To provide participating jurisdictions, on a coordinated basis, with the various forms of Federal housing assistance needed to expand the supply of decent, safe, sanitary and affordable housing.

c. GENERAL REQUIREMENTS

- i. Minimum Affordability Period: is based on the per unit subsidy amount. The County's lien may exceed the minimum affordability period but must

not be less than the HUD minimum affordability period. (see p. 45 – 46 for the County’s Affordability period and terms)

1. 5 years – under \$15,000/unit
 2. 10 years - \$15,000 to \$40,000/unit
 3. 15 years – Over \$40,000/unit and all refinancing of rental projects
 4. 20 years for all new construction projects
 - a. Due to market conditions, new construction projects are a low priority
- ii. Household Income: Subsidies are only available for units that are affordable to households that are at or below **80% of Area Median Income (AMI)**.
 - iii. Enterprise Community Partners Green Communities Criteria: These criteria will apply to all Housing Developer Projects. Projects submitted through the annual Affordable Housing RFP process are required to follow these green criteria as outlined in the annual Affordable Housing RFP and must adhere to all applicable mandatory Enterprise Green Criteria and all Enterprise Green Criteria points that were committed to by the Developer in the RFP process and are allowed one exception per project for Enterprise Green Criteria that they were not able to meet. If during the construction or rehab work it is desired by the Developer to exchange Enterprise Green Criteria for points for another Enterprise Green Criteria that is at least equal to the originally committed points, the Developer can request this exchange of points by request of OCED staff. For any Enterprise Green Criteria related to the sizing of heating and cooling equipment another option to providing a Manual J and S Calculation per the Air Conditioner Contractors of America (ACCA) requirements or ASHRAE Handbooks, if the Developer follows the recommendation for heating and cooling equipment by the energy auditor or the energy inspection report then that will also be acceptable for meeting that Enterprise Green Criteria. For projects that are not submitted through the annual Affordable Housing RFP process-are required to meet applicable green criteria for only the work that is included in the scope of work. Washtenaw County OCED will determine the applicable green criteria.
 - iv. are required to meet applicable green criteria for only the work that is included in the scope of work. Washtenaw County OCED will determine the applicable green criteria.
- d. **RENTAL**: Specific Project Requirements
- i. 90% of the County’s annual HOME allocation funds for HOME-assisted rental units must be rented to families that are 60% or less of Area Median Income.
 - ii. In projects of 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must be occupied by families at or below 50% of AMI and must not exceed the HOME Low Rent limit. All rents must not exceed the HOME High Rent limits.

- iii. The HOME subsidy may be applied as gap financing to the entire cost of the project or to subsidize/buy down the cost of a specific number of units
- iv. The County will enforce a minimum of 30 year affordability period, but HOME funds can be reinvested after the HOME affordability period (see above) has ended.
- v. Housing Choice (formerly Section 8) Vouchers may not be refused as a payment method.
- vi. Tenant information and income verification forms shall be provided to the County and must be completed and submitted to the County before tenant leases are signed. Annual income re-certifications and housing inspections will be required for the life of the contract.

e. **HOMEOWNERSHIP: Specific Project Requirements**

- i. Homebuyer eligibility information and income verification documentation must be provided to the County via approved forms and approved timelines to ensure eligibility
- ii. *Does not have to be a first time homebuyer to use HOME funds.*
- iii. Must be occupied by homebuyer as primary residence for the full affordability period. If the property is no longer the primary residence, the mortgage lien must be repaid in full.
- iv. Owner-occupied units shall be subject to long-term lien and resale restrictions to ensure continued housing availability for low-income households for a period of 20 years.
- v. The County is requiring the homebuyer to take a minimum of 8 hours homeownership counseling through a HUD home counseling-approved program, including a home maintenance class. Classes can be found at www.washtenaw.org/homeownership

B. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

a. **REGULATORY AUTHORIZATION**

- i. Federal Community Development Block Grant pursuant to Title I of the Housing and Community Act of 1974, and the Code of Federal Regulations at 24 CFR Part 570, as may be amended from time to time.
- ii. Copies of the federal regulation can be downloaded at: <https://www.hudexchange.info/programs/cdbg/>

b. NATIONAL OBJECTIVE

- i. Provide decent, safe, and sanitary housing
- ii. Provide a benefit to low and moderate-income persons

c. GENERAL requirements

- i. Minimum Affordability Period: none under the CDBG program
- ii. Household Income: All CDBG funds shall be used to benefit individuals and families whose income does not exceed 80 percent of area median income,
- iii. Enforcement: Affordability shall be implemented through the execution of mortgage and note and shall be filed with the Washtenaw County Register of Deeds.
- iv. Enterprise Community Partners Green Communities Criteria: These criteria will apply to all Housing Developer Projects. For projects submitted through the annual Affordable Housing RFP process are required to follow these green criteria as outlined in the annual Affordable Housing RFP. For projects that are not submitted through the annual Affordable Housing process Housing Developers are required to meet applicable green criteria for only the work that is included in the scope of work. Washtenaw County OCED will determine the applicable green criteria.

d. HOMEOWNERSHIP: Specific Project Requirements

- i. Owner-occupied units shall be subject to long-term recapture or resale restrictions to ensure continued housing availability for low-income households.
- ii. The County will enforce an affordability period of 20 years.
- iii. The homebuyer must take a minimum of 8 hours homeownership counseling through the Washtenaw Housing Education Partners (WHEP), or equivalent HUD-approved program, including a home maintenance class. Classes can be found at www.washtenaw.org/homeownership
- iv. Applicant does NOT have to be first time homebuyer

e. RENTAL: Specific Project Requirements

- i. Rehabilitation of existing subsidized affordable rental housing
- ii. At least 50% of the CDBG-assisted units must be occupied by families at or below 50% of AMI and must not exceed the HOME Low Rent limit. (See Appendix A).
- iii. The County will enforce a minimum of a 30 year affordability period, but CDBG funds can be reinvested during the 30-year affordability period.
- iv. Section 8 Vouchers may not be refused as a payment method.
- v. The County has adopted the HOME rent standards for CDBG rents, which must not exceed HUD's HOME High Rent limits.
- vi. Tenant Information and income verification forms shall be provided to the County and must be completed and submitted to the County before tenant

leases are signed. Annual income re-certifications and housing inspections will be required for the life of the contract.

Contract: OCED will prepare a contract with the developer which will include the scope of work, contract amount, timeline, HUD Form 4010 Federal Labor Standards Provisions if the project is a Davis-Bacon covered project, and the Section 3 Clause if the project is a Section 3 covered project. The developer will be responsible for preparing a contract with its prime/general construction contractor, subject to OCED approval. At a minimum, the following information will be required from the developer before a contract is signed:

- a. General Liability, Worker's Compensation, Auto Insurance & Property Insurance in compliance with specifications
- b. Living Wage Compliance
- c. Financial audit for nonprofits
- d. DUNS Report, Credit Report or annual financial statements from for-profits
- e. Cure all defaults with the local jurisdiction and Washtenaw County (as applicable)
- f. Federal ID and DUNS Number
- g. Certification that Developer is not Suspended or Debarred from receiving federal funds

RENTAL PROPERTIES

- A. **Property Eligibility Review:** Developer will contact OCED staff to discuss the proposed project and establish the estimated scope of work before the Request for Proposal due date to determine whether a property is eligible and appropriate. If eligible and appropriate OCED staff will give written approval to proceed. The following information will be provided by the developer in response to the RFP at a minimum:
- B. **Relocation:** If the property to be acquired is currently occupied, the developer will provide a list of all current residents, including names, addresses, phone numbers, unit address, lease expiration date, contract rate, subsidy (e.g. voucher), utilities, and security deposit amount.
 - a. If project receives Urban County Approval and relocation is required, developer must submit copies of each resident's current lease. Developer must submit copies of each resident's current lease to OCED staff. The developer will indicate whether the occupant owns or rents the units. For rental units, the developer will provide lease information, including current rents, the utilities included in the rent and lease expiration dates. Compliance with the Uniform Relocation Act shall be the responsibility of the Developer, and accordingly, costs should be incorporated into any project budget. OCED staff will provide oversight and technical assistance to ensure that relocation benefits are appropriately provided.
- C. **NEPA Environmental Review:** A federal Environmental Review will be conducted by the developer and provided to OCED to ensure that the property is eligible for federal funding. The developer will follow the *Washtenaw County*

OCED Environmental Review Guidelines for the completion of the environmental review. The developer will use OCED's **Affordable Housing GIS** Website at: <https://gisappsecure.ewashtenaw.org/commdev> and federal, state and other websites as identified in the *Washtenaw County OCED Environmental Review Guidelines* to review whether environmental issues may be problematic. If a purchase agreement or option to purchase is signed before an Environmental Review is completed, the Purchase Agreement must include a contingency on approval of the Environmental Review. The following are potential Environmental Review conditions that may impact eligibility:

- i. Properties that are in a floodway are not eligible. Properties in a floodplain are discouraged, but if funded, must carry flood insurance for the life of the recoverable grant and provide evidence of flood insurance to OCED.
- ii. Properties that are in a historic district may require approval from a Historic District Commission and State Historical Preservation Office (SHPO) before work may commence.
- iii. Properties that exceed the federal noise guidelines due to close proximity to railroads, major streets, and/or other nearby uses that create substantial noise and/or airport clearance zones, may require noise mitigation work as part of the construction work.
- iv. Properties that are in close proximity to hazardous materials may not be eligible.
- v. For pre-development costs, an exempt or a categorically excluded not subject to 24 CFR 58.5 environmental review may be done in advance of any construction work, but is required prior to pre-development work being conducted if the developer is seeking reimbursement for pre-development activities. These include but are not limited to:
 1. Environmental or other site condition or feasibility studies
 2. Professional services such as legal or accounting
 3. Market study
 4. Building or other inspections
- vi. The Environmental Review must be completed before activity occurs on a site. Any acquisition, construction or demolition activity that occurs before an Environmental Review is completed could become ineligible from reimbursement. The following activities are the ONLY activities that may be reimbursed by the County before the Environmental Review is completed:
 1. Earnest money for a purchase option or purchase agreement
 2. Relocation costs

Additional Documents for Acquisition & Rehabilitation OR New Construction- a comprehensive list will be provided to developer prior to contract award.

i. Purchase Agreement or Option

- ii. Title Search
- iii. Phase I Environmental Site Assessment (for properties that have 5 or more residential units) is required and Phase II Environmental Site Assessment, if applicable
- iv. Appraisal
- v. Survey
- vi. Affirmative Marketing Plan
- vii. Zoning Compliance/Approval
- viii. Market Study (24 units or more)
- ix. Development Pro Forma
- x. Operating Pro Forma
- xi. Development Team Credentials
- xii. Property Inspection by a qualified 3rd party contractor (acquisition)
- xiii. Lead Based Paint Inspection/Risk Assessment
- xiv. Asbestos Inspection Report (if applicable)
- xv. Pre-construction or pre-rehab radon test (for new construction projects, the radon test will be completed at post-construction)
- xvi. Property Management Plan
- xvii. Relocation Plan (if applicable)
- xviii. Green Criteria Checklist as found in the RFP
- xix. Subsidy Layering Review Memorandum

Rehabilitation Only

- i. Title Search
- ii. Affirmative Marketing Plan
- iii. Development Pro Forma
- iv. Operating Pro Forma
- v. Development Team Credentials
- vi. Lead Based Paint Inspection/Risk Assessment (if applicable)
- vii. Asbestos Inspection Report (if applicable)
- viii. Pre-construction or pre-rehab radon test
- ix. Energy Audit by 3rd party contractor
- x. Subsidy Layering Review Memorandum

D. Work Order & Cost Estimates

- a. **Pre-Inspection:** Prior to funding recommendations, the Developer will provide OCED will receive a Capital Needs Assessment from qualified independent 3rd party contractor. Rehabilitation Staff to complete a pre-inspection of the property to assess the need for rehabilitation or suitability for new construction. Rehabilitation staff will send a copy of the inspection report to the developer.
- b. **Energy Audit:** An Energy Audit will be performed by qualified 3rd party contractor. The recommendations from the energy audit will be incorporated into the work order and cost estimate so that the unit will

meet the minimum Energy Star Qualified Rating 4* Plus, which is the equivalent to a Home Energy Rating Certificate of 90-85. A draft or final HERS certificate or an Energy Star Qualified Home Certificate will be required as evidence.

- c. **Architectural Drawings and Site Plan:** For new construction projects, architectural drawings and site plan drawings will be submitted through the Request for Proposal (RFP) application process. .
- d. **Work Order/Specifications:** The final scope of work will be based on the priorities set forth by OCED in Chapter VIII “Eligible and Ineligible Work”. The developer will prepare an itemized written work order for work to be completed. If the developer requires assistance from the Rehabilitation Staff, that request for technical assistance needs to be submitted in writing at the eligibility review stage. If OCED determines that the developer does not have expertise on staff, technical assistance will be required. All work items shall be clearly spelled out and be in general conformity with the OCED’s *Contractor’s Manual and All Trades Master Specifications for the Office of Community & Economic Development Housing Programs*. The rehabilitation staff will review and approve the work order within 5 business days.
 - i. It is the responsibility of the developer to have the work order approved by other funding sources, as applicable.
 - ii. If the developer intends to serve as a “general contractor,” then individual work order/specifications and estimates must be provided for each portion of the work which is to be sub-contracted.
- e. **Cost Estimates:** The developers must prepare an accurate cost estimate for the proposed work. Developers can have an independent contractor prepare cost estimates to submit to our office through the Request for Proposal (RFP) application process. The estimate will be used as a guideline when reviewing proposals
- f. A structural 3rd party inspection by a qualified structural engineer may be required upon request of OCED for certain types of work or projects. A copy of the structural inspection report shall be provided to OCED and recommendations incorporated into the work order. Examples of when a structural engineer would be required would include:
 - i. Any modification or significant repair or modification to structural components of a building. i.e. Walls, Joists, Trusses, internal walls
 - ii. Foundations showing significant signs of deterioration
 - iii. Work involving new underpinning of floors.
 - iv. Provide recommendations as to priority and recommended timeframes for addressing structural issues.

Bidding Process, Contractor Selection: The developer will follow the County’s procurement guidelines as well as its own procurement guidelines, as approved by the

OCED. *Projects will not be bid out* until the Rehabilitation Staff have given written approval of the work order and cost estimates.

- g. The developer will be responsible for maintaining and providing these documents to OCED upon request:
 - i. Copy of all bid advertisements
 - ii. List of contractors that bids were sent to
 - iii. Bid walk-through sign-in sheet
 - iv. Bid tabulation
- h. **Approved Contractors (Projects w/ Total Development Costs >\$500,000):** Prior to bidding, the developer will solicit a qualified General Contractor according to the standard federal, HOME and/or CDBG and County procurement guidelines. Federal procurement requirements are stated in 24 CFR 85. In general, standards set forth in 24 CFR Part 85 may be viewed as "safe harbor" for satisfying the federal requirements
- i. **Approved Contractors (Projects w/ Total Development Costs ≤\$499,999):** Prior to bidding, OCED will provide a list of approved general contractors to the developer. If the developer wishes to bid a project with a contractor that is not pre-approved by OCED, due to the size of the project or the specialty of the work to be done, the contractor must apply for approval by OCED before the contract is awarded. Approval of contractors not on the active bidder list is at the discretion of OCED.
- j. **Contractor prohibited from Bidding:** OCED will review all contractors with 3 open OCED-funded projects (excluding emergencies) or \$100,000 in combined contracts, whichever threshold is reached first and reserve the right to reject bids based on contractor workload and performance.
- k. **Contracts under \$5,000:** The developer is not required to solicit bids or quotes for work under \$5,000.
- l. **Contracts between \$5,000 and \$25,000:** The developer must solicit and document a minimum of 3 quotes for contracts between \$5,000 and \$25,000. Quotes must itemize work specifications.
- m. **Contracts over \$25,000:** At a minimum, the developer shall seek bids from three qualified contractors for all projects over \$25,000 through a sealed bid process. ***PLEASE NOTE:*** Although HOME regulations do not require CHDO's to comply with federal procurement regulations under Section 85.36(d), the OCED office is requiring all CHDO's to follow federal and local procurement regulations outlined in these guidelines.
- n. **Bid Award:** With the exception of Section 3 certified contractors, the bid will generally be awarded to the lowest responsive and responsible bidder. On a case-by-case basis if the developer determines the lowest bidder is not responsive and responsible, a written request along with supporting documentation must be provided to OCED for a final determination on the bid award. If the developer selects a contractor that

is not the lowest responsive and responsible bid, the developer must document the reason for not selecting the lowest bidder and will be responsible for paying the difference in the bids.

Preference may be given to a documented Section 3 Business Concern with the lowest responsive bid among Section 3 Business Concerns if the bid is within the maximum total contract price in the project budget and the bid is not more than “X” higher than the total bid price of the lowest responsive bid from any responsible bidder (non-Section 3 Business Concern). “X” is determined as follows:

X = lesser of:

When the lowest responsive bid is:

	Less than \$100,000	10% of that bid or \$9,000
	At least \$100,000, but less than \$200,000	9% of that bid or \$16,000
	At least \$200,000, but less than \$300,000	8% of that bid or \$21,000
	At least \$300,000, but less than \$400,000	7% of that bid or \$24,000
	At least \$400,000, but less than \$500,000	6% of that bid or \$25,000
	At least \$500,000, but less than \$1 million	5% of that bid or \$40,000
	At least \$1 million, but less than \$2 million.	4% of that bid or
\$60,000		
	At least \$2 million, but less than \$4 million.	3% of that bid or
\$80,000		
	At least \$4 million, but less than \$7 million.	2% of that bid or
\$105,000		
limit.	\$7 million or more	1.5% of the lowest responsive bid, with no dollar

Any application of these standards shall be based on the submission of a complete Section 3 Plan along with the proposed bid.

- o. **Pre-Construction Meeting:** The developer will schedule a pre-construction meeting with OCED and the selected contractor to review contract documents, the work order specifications, timelines, and program compliance requirements.
- j. **Contract with Prime/General Construction Contractor:** The developer will be responsible for preparing a contract with the selected prime/general construction contractor. At a minimum, the contract will include:
 - i. Language requiring permits to be acquired when required by state and local building code with copies of permit applications provided to the developer
 - ii. Applicability of all requirements to subcontractors
 - iii. Environmental Compliance, when applicable
 - iv. Section 3 if applicable, including Section 3 Clause and OCED approved Section 3 Plan.
 - v. Davis-Bacon if applicable, including the HUD Form 4010 Federal Labor Standards Provisions inserted in the Developer’s contract with the prime/general construction contractor and the Final Wage Determination issued either issued by OCED or another HUD Local

Contracting Agency who has HUD funding on the project that is covered by Davis-Bacon and the Final Wage Determination is inserted in the Developer's contract with the prime/general construction contractor. All subcontractors who have a contract with the prime/general construction contractor and all lower tiered subcontractors who have a contract with a subcontractor must also include a copy of HUD Form 4010 Federal Labor Standards Provisions in their contracts.

- vi. Enterprise Communities Green Criteria Commitments and Mandatory Criteria based on Housing RFP for the project.
- vii. Scope of work with specifications and drawings
- viii. Fixed-price contract
- ix. Construction timeline with milestones and draw schedule
- x. Time of Commencement and Completion Clause
- xi. Notice to Proceed

E. Construction:

- a. **Notice to Proceed:** When all the documents are signed, the developer will issue a notice to proceed with a specified commencement and completion date. A copy of the notice to proceed must be issued to OCED.
- b. **Construction Oversight:** The developer is responsible for monitoring the project and ensuring that all items as signed off on in the work specifications are completed. Any changes to the specifications, including additions, deletions, and changes in costs or time extensions will be noted on a "Change Order" form to be prepared by the developer. For additions to the contract, the developer must prepare an internal specification and cost to determine if the cost is reasonable. For changes in cost, the developer must prepare a cost estimate to determine if the cost is reasonable. ***OCED will approve the Change Order prior to the developer and contractor signing the Change Order.*** Once the project has begun, the developer shall have the ability to authorize emergency work which is discovered by the contractor and requires immediate action necessary for the completion of the work item. This additional work shall be photo-documented and reflected in a "Change Order" and the OCED Rehabilitation staff will be notified before approval is given.
- c. **Permit Inspections:** All work requiring permits shall be inspected and approved by the local building authorities.
- d. **Radon Tests:** Prior to, during or after the construction work is completed the developer is required to submit radon tests that meet the required EPA standard for radon of less than 4.0 pCi/l. The radon tests are required prior to final payment.
- e. **Progress Payments:** For all projects, the developer shall submit requests for payment of completed construction work to the Rehabilitation Staff and attach supporting documentation including

itemized invoices, permits, lien waivers (contractors and sub-contractors) and final inspections. The rehabilitation staff will inspect the work and then authorize payment **for the completed work only**. The developer shall sign off on payments to the contractor upon inspection and satisfactory completion of work. Payment requests shall be submitted by the developer based on meeting or exceeding the approved work completion schedule determined at the pre-construction meeting. The developer will create a draw schedule and provide a copy to the assigned OCED staff of draw inspections. OCED must confirm receipt of the draw schedule and approved.

- f. Payment requests will be processed within 21 calendar days of receipt by OCED. Developers must pay the contractor within 5 business days of receipt of OCED payment **Advances:** The developer may request an advance on a case by case basis with pre-approval by OCED management. If an advance is permissible and then granted, the next draw request must include the back-up documentation and proof of payment for the advance from the previous request. The advance will be deducted from the new draw request.

- i. **Final Payment/Inspection:** Upon completion, a Property Standard Inspection (PSI) is made, and all supporting documentation including itemized invoices, permits, sworn statements, lien waivers and inspections must be submitted in order to receive final payment. Final waiver of liens and sworn statements must be on file before release of final payment. A copy of the PSI will be provided to the developer. **Note:** **Uniform Physical Condition Standards (UPCS)** For projects that use HOME funding that begin on or after January 24, 2015 or until HUD issues additional guidance and provides technical assistance on UPCS to Participating Jurisdictions, the federal UPCS will replace the Property Standard Inspection (PSI) and the federal Housing Quality Standards (HQS). All inspections for projects that use HOME funding that begin on or after this date will follow UPCS and any guidance on the implementation of UPCS standards issued by HUD. UPCS standards apply to all inspections for projects that are funded by HOME. Any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI,” and “Housing Quality Standards inspections” or “HQS inspections” will be replaced with UPCS inspection(s) for HOME funded projects that begin on or after January 24, 2015. As of the date of these Housing Guidelines, HUD has not issued additional guidance and provided technical assistance to Participating Jurisdictions on the UPCS Standards. Until HUD issues this additional guidance and provide this technical assistance to Participating Jurisdictions, Property Standards Inspections (PSI) and the federal Housing Quality Standards will apply and any

reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” will only refer to Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” or “draw inspections” and not to “Uniform Physical Condition Inspection” or “UPCS Inspections.”

- ii. **New Construction Project:** Upon completion a Certificate of Occupancy is required.

F. Developer Fee: For new construction or acquisition/refinance and rehabilitation, 50% of the developer fee may be drawn at closing, thirty percent when the construction is 80% completed and 20% with the final construction draw. For rehabilitation projects only, the developer fee will be drawn at the same ratio as the construction draws.

- a. **New Construction or Acquisition and Rehabilitation:** The developer fee will not exceed 20% of the total development costs for new construction or acquisition and rehabilitation projects.
- b. **Rehab Services Delivery/Construction Management:** The time the developer’s staff is managing the procurement and construction process of outside contractors, will be included in the developer fee. If the developer is also acting as a general contractor, a construction management fee, not to exceed 5% of the rehabilitation budget, may be charged in addition to the developer fee. However, the construction management fee must be deducted from the total development costs before the developer fee is calculated. If the developer is completing all or some of the construction work, the developer’s staff must track the time spent on the project and may charge prevailing wages or actual wages for staff time.
- c. **Rehabilitation Only:** For rehabilitation projects that are already owned by the developer at the time of application for funds, the developer fee will not exceed 15% of the total development costs.
- d. **Refinance and Rehabilitation:** For projects that are already owned by the developer at the time of application for funds, that the developer is both refinancing and rehabilitating the project, the developer fee will not exceed 15% of the total development costs

G. Lien: A 30-year lien will be placed on all rental housing projects. The lien will be equal to the amount of assistance provided to the buyer (acquisition and rehabilitation). At the time of sale or transfer of the property or discontinuation as a rental property, the lien must be repaid in full or based on a formula, whichever is greater. The formula is based on a shared increase in the appraised value at the time of sale or transfer. At the time of sale or transfer, the same percent of increase in the appraised value between the initial purchase and the new appraised value will be repaid to Washtenaw County. The greater of this

formula and the actual lien amount will be repaid out of net sales proceeds (after paying all liens, closing costs, realtor fees and deducting the initial owner cash investment).

- H. **Complaint Resolution:** See Chapter XIII of the Housing Program Guidelines for more information.

HOMEBUYER PROGRAMS

The County subcontracts with developers to provide the following homebuyer programs. The developer will be responsible for ensuring that the homebuyer attends homebuyer education to ensure that the buyer is eligible, qualified and able to purchase a home that is affordable. The developer will execute a contract for a fixed amount to develop a proposed number of owner units. Funds for individual projects will be drawn down from this master contract.

Down Payment Assistance & Closing Costs (DPA):

- ~~1. **Down Payment Assistance & Closing Costs (DPA) Program:** The County will evaluate all down payment requests pursuant to a pro-forma. This analysis will be used to calculate any gap in assistance and the corresponding direct subsidy provided by the County. In the event that no gap exists, no County DPA subsidy shall be provided. Maximum direct subsidy provided shall not exceed \$15,000 per transaction (this amount must not exceed 50% of the required down payment), and shall continue to abide by all other policy requirements). Not all buyers will qualify for the maximum assistance. The assistance available to any given buyer is based on the County's assessment of the buyer's need, taking into account the additional criteria outlined below. An example follows:~~
- ~~2. Maximum subsidy per house, \$15,000 in direct down payment assistance (for closing costs/ fees and up to 50% of the down payment), reflecting the gap in assistance needed for the buyer.~~
- ~~3. Note: If the gap analysis determines the amount needed is less than \$15,000, e.g. \$5,000, then the maximum down payment assistance for that house would be \$5,000.~~

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- a. Maximum subsidy per house, \$15,000 in direct down-payment assistance (for closing costs/ fees and up to 50% of the down payment), reflecting the gap in assistance needed for the buyer.

Note: If the gap analysis determines the amount needed is less than \$15,000, e.g. \$5,000, then the maximum down payment assistance for that house would be \$5,000.

4.2. Acquisition, Development, and Resale (ADR) Program: The County will provide up to \$37,500 in direct subsidy to a developer to purchase and development or rehabilitate a home and resell it to a qualified homebuyer. The County will provide as follows

- a. Up to \$15,000 (for closing costs/ fees and up to 50% of the down payment), acquisition and/or rehabilitation assistance, reflecting the gap in assistance needed for the buyer.
- b. Up to \$30,000 for a combination of the following eligible expenses:
 - a. acquisition and/or rehabilitation assistance
- c. acquisition and/or energy efficiency and green products
- d. Developer fee to not exceed 15% of total development cost. Total subsidy is the aggregate limit of OCED investment per unit despite funding source
- e. Maximum subsidy per house is \$45,000

Acquisition & Construction Process

1. **Property Eligibility Review:** Developer will contact OCED to discuss and assess the proposed project address and to schedule an on-site pre-inspection.
 - a. **Eligible properties:** single family detached homes, cooperatives, and attached or detached condominiums.
 - i. **DPA Program Only:** Manufactured housing less than 10 yrs. old on a fee simple lot (i.e. a manufactured house on a leased lot is ineligible).
 - ii. **Housing Value:** Houses may not exceed the Ann Arbor MSA median housing value as published by HUD.
 - b. **Required Documents from Developer to Determine Address Approval:** The following information will be provided by the developer at a minimum to determine whether a property is eligible. OCED will give preliminary approval within 5 business days of receipt of all of the following documentation by the developer. If the property requires approval by SHPO, OCED will give approval upon receipt of SHPO

approval.

- i. **Affordability Analysis: (DPA programs only)** see Chapter 4 (B).
- ii. A federal **Environmental Review** will be conducted by the developer and provided to OCED to ensure that the property is eligible for federal funding. The developer will follow the *Washtenaw County OCED Environmental Review Guidelines* for the completion of the environmental review. The developer will use OCED's Environmental Review Website at: <https://gisappsecure.ewashtenaw.org/commdev> and federal, state and other websites as identified in the *Washtenaw County OCED Environmental Review Guidelines* to review whether environmental issues may be problematic. If a purchase agreement or option to purchase is signed before an Environmental Review is completed, the Purchase Agreement must include a contingency on approval of the Environmental Review. **The following are potential Environmental Review conditions that may impact eligibility:**

1. Properties that are in a floodway are not eligible.
2. All projects All projects located in a 100-year floodplain must be covered by flood insurance prior to receipt of grant and loan funds and must provide proof of coverage of flood insurance to OCED annually throughout the life of the structure in the case of a grant and throughout the term of the loan in the case of a loan.
3. Properties that are in a historic district or older than 50 years, may require approval from a Historic District Commission and State Historical Preservation Office (SHPO) before work may commence.
4. Properties that exceed the federal noise guidelines due to close proximity to railroads, major streets, and/or airports, may require noise mitigation work as part of the rehabilitation work.
5. Properties that are in close proximity to hazardous materials may not be eligible.
6. For pre-development costs, an exempt or a categorically excluded not subject to 24 CFR 58.5 environmental review may be done in advance of any construction work, but is required prior to pre-development work being conducted if the developer is seeking reimbursement for pre-development activities. These include but are not limited to:
 - a. Environmental or other site condition or feasibility studies
 - b. Professional services such as legal or accounting

- c. Market study
 - d. Building or other inspections
 - 7. The Environmental Review must be completed before activity occurs on a site. Any construction or demolition activity that occurs before an Environmental Review is completed could become ineligible from reimbursement. The following activities are the ONLY activities that may be reimbursed by the County before the Environmental Review is completed:
 - a. Earnest money for a purchase option or purchase agreement
 - b. Relocation costs
 - iii. **Homebuyer Education:** Certification of completion and readiness to purchase
 - iv. **Proposed Scope of Work:** Rehabilitation projects only
 - v. **New construction** projects must provide the following information, at a minimum, to determine if the project is feasible.
 - 1. **Zoning Compliance/Approval**
 - 2. **Preliminary Site Plans and Drawings**
 - vi. **Estimated Budget**
 - vii. **BS & A general sales and building pages**
 - viii. **Census Tract:** To determine project funding eligibility
 - ix. **Lead – Based Paint Inspection:** (for pre-1978 rehab projects only) The Lead-Based Paint inspection will determine the presence of lead-based paint hazards. For further information see 24 CFR Part 35, Section K
 - x. **Energy Audit (except DPA):**
2. **Purchase Agreement:** The purchase agreement must include a minimum of a 21-day contingency period for the following contingencies:
- a. **Preliminary Property Assessment:** Rehabilitation staff will visit the property to conduct a preliminary property assessment within 5 business days of notification by the developer. A copy of the assessment will be sent to the developer within a total of 7 business days. (ADR)
 - b. **Funding Approval**
 - c. **Home Inspection:** A qualified third party home inspector will complete a third party inspection of the property.
 - d. **Lead-Based Paint:** This program must comply with federal and HUD regulations regarding lead-based paint hazards. All houses built before 1978 (the year that lead-based paint was outlawed) will be screened for lead-based paint hazards. An initial inspection will be conducted of deteriorated paint to determine if surfaces with lead-based paint will be disturbed during renovation. The rehabilitation staff must determine whether the rehabilitation calls for lead hazard control measures. This may involve hiring a risk assessor or lead inspector who will determine

whether lead hazards exist and what methods must be used to control them. After the work is completed, a clearance test of the construction area may be conducted to confirm the absence of lead hazards. The Contractor and Rehabilitation staff will work closely ensure the safety of the occupants as well as to minimize the need to displace occupants during the rehabilitation work.

- e. **Appraisal:** The purchase price cannot exceed the appraised value. An appraisal of the as-is value as well as the projected after-rehab value will be provided to the OCED at least 10 business days before the close date.

3. **Property Standards Inspection:** Rehabilitation staff will visit the property to conduct a property standards inspection within 5 business days of notification by the developer. A PSI report will be sent to the developer within a total of 7 business days from notification by the developer. (ADR, DPA)

- a. **Note:** **Uniform Physical Condition Standards (UPCS)** For projects that use HOME funding that begin on or after January 24, 2015 or until HUD issues additional guidance and provides technical assistance on UPCS to Participating Jurisdictions, the federal UPCS will replace the Property Standard Inspection (PSI) and the federal Housing Quality Standards (HQS). All inspections for projects that use HOME funding that begin on or after this date will follow UPCS and any guidance on the implementation of UPCS standards issued by HUD. UPCS standards apply to all inspections for projects that are funded by HOME. Any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI,” and “Housing Quality Standards inspections” or “HQS inspections” will be replaced with UPCS inspection(s) for HOME funded projects that begin on or after January 24, 2015. As of the date of these Housing Guidelines, HUD has not issued additional guidance and provided technical assistance to Participating Jurisdictions on the UPCS Standards. Until HUD issues this additional guidance and provide this technical assistance to Participating Jurisdictions, Property Standards Inspections (PSI) and the federal Housing Quality Standards will apply and any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” will only refer to Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” or “draw inspections” and not to “Uniform Physical Condition Inspection” or “UPCS Inspections.”
- b. **Occupancy:** Before the property is occupied it must meet the standards of the current International Property Maintenance Code. All rehabilitated property must also meet the current Michigan Residential Rehabilitation Code
- c. **Down Payment Assistance Only:**
 - i. **Approved:** If the property meets the PSI inspection requirements and the buyer is eligible and approved, the OCED

contract staff will notify the developer that the project is approved.

1. **Uniform Physical Condition Standards (UPCS)** For projects that use HOME funding that begin on or after January 24, 2015 or until HUD issues additional guidance and provides technical assistance on UPCS to Participating Jurisdictions, the federal UPCS will replace the Property Standard Inspection (PSI) and the federal Housing Quality Standards (HQS). All inspections for projects that use HOME funding that begin on or after this date will follow UPCS and any guidance on the implementation of UPCS standards issued by HUD. UPCS standards apply to all inspections for projects that are funded by HOME. Any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI,” and “Housing Quality Standards inspections” or “HQS inspections” will be replaced with UPCS inspection(s) for HOME funded projects that begin on or after January 24, 2015. As of the date of these Housing Guidelines, HUD has not issued additional guidance and provided technical assistance to Participating Jurisdictions on the UPCS Standards. Until HUD issues this additional guidance and provide this technical assistance to Participating Jurisdictions, Property Standards Inspections (PSI) and the federal Housing Quality Standards will apply and any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” will only refer to Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” or “draw inspections” and not to “Uniform Physical Condition Inspection” or “UPCS Inspections.”
- ii. **Approved with Conditions:** If the property does not pass the PSI inspection, the property must be brought up to code by the seller prior to the closing date. Or for non-life threatening repairs, the buyer may escrow the cost of repairs with the developer or Title Company at the time of closing and complete the repairs within 30 days of occupancy.
- d. **Energy Audit:** An Energy Audit will be performed by a licensed 3rd party contractor approved by OCED. The recommendations will be incorporated into the work order and cost estimate.

4. **Work Order & Cost Estimates**

- a. **Architectural Drawings and Site Plan:** For new construction projects,

architectural drawings and approved site plan drawings, if applicable, will be submitted to rehabilitation staff to review and approve.

- b. **Work Order:** The final scope of work will be based on the priorities set forth by OCED in Chapter VIII “Eligible and Ineligible Work”. The developer will prepare a written work order for work to be completed. If the developer requires assistance from the rehabilitation staff, that request for technical assistance needs to be submitted in writing at the eligibility review stage. If OCED determines that the developer does not have expertise on staff, technical assistance will be required. All work items shall be clearly spelled out and be in general conformity with the OCED’s *Contractor’s Manual and All Trades Master Specifications for the Office of Community & Economic Development Housing Programs*. The rehabilitation staff will review and approve the work order within five (5) business days.
 - i. It is the responsibility of the developer to have the work order approved by other funding sources, as applicable.
 - ii. If the developer 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 sub-contracted.
 - c. **Cost Estimates:** The developers shall prepare an accurate cost estimate for the proposed work, which will be approved by the rehabilitation staff. The estimate will be used as a guideline when reviewing bids received. The developer may request technical assistance from the rehabilitation staff to prepare cost estimates.
5. **Approved Contractors:** Prior to bidding, OCED will provide a list of approved contractors to the developer. If the developer wishes to bid a project with a contractor that is not pre-approved by OCED, the contractor must apply to al OCED for approval before the contract is awarded. Approval of contractors not on the active bidder list is at the discretion of OCED.
- a. **Contractor prohibited from Bidding:** The Office of Community and Economic Development will review all contractors with 3 open OCED-funded projects (excluding emergencies and ramps) or \$100,000 in combined contracts, whichever threshold is reached first and reserve the right to reject bids based on contractor workload and performance.
 - b. **Contracts under \$5,000:** The developer is not required to solicit bids or quotes for work under \$5,000.
 - c. **Contracts between \$5,000 and \$25,000:** The developer must solicit and document a minimum of 3 quotes for contracts between \$5,000 and \$25,000.
 - d. **Contracts over \$25,000:** At a minimum, the developer shall seek bids from three qualified contractors for all projects over \$25,000 through a sealed bid process. PLEASE NOTE: Although HOME regulations do not require CHDO’s to comply with federal procurement regulations under Section 85.36(d), the OCED office is requiring all CHDO’s to follow federal and local procurement regulations outlined in these

guidelines.

- e. **Bid Award:** With the exception of a Section 3 certified contractor, the bid will generally be awarded to the lowest responsive and responsible bidder. On a case-by-case basis, if the developer determines that the lowest bidder is not responsive and responsible; a written request along with supporting documentation must be provided to OCED for a final determination on the bid award. If the developer selects a contractor that is not the lowest responsive and responsible bid, the developer will be responsible for paying the difference in the bids.
 - f. **Pre-Construction Meeting:** The developer will schedule a pre-construction meeting with OCED and the selected contractor to review contract documents, the work order, specifications, timelines, and program compliance requirements. The developer will notify OCED of the pre-construction meeting so that the OCED staff can attend.
 - g. **Contract with Contractor:** The developer will be responsible for preparing a contract with the selected contractors. At a minimum, the contract will include:
 - i. Language requiring permits to be acquired when required by state and local building code with copies of permit applications provided to the developer
 - ii. Environmental Compliance, when applicable
 - iii. Scope of work with specifications, and drawings
 - iv. Fixed-price contract
 - v. Construction timeline with milestones
 - vi. Time of Commencement and Completion Clause
6. **Bidding Process, Contractor Selection:** The developer will follow the County's procurement guidelines as well as its own procurement guidelines, as approved by OCED. Projects will not be bid out until the Rehabilitation Staff have approved the work order and cost estimates.
- a. The developer will be responsible for maintaining:
 - i. Copy of all bid advertisements
 - ii. List of contractors that bids were sent to
 - iii. Bid walk-through sign-in sheet
 - iv. Bid tabulation
 - b. These documents will be made available to OCED upon request
7. **Construction**
- a. **Notice to Proceed:** After all the documents are signed at the pre-construction meeting, the developer will issue a notice to proceed with a specified commencement and completion date. A copy of the notice to proceed must be issued to OCED.
 - b. **Construction Oversight:** The developer is responsible for monitoring the project and ensuring that all items signed off on in the work specifications are completed. Any changes to the specifications, including additions, deletions, and changes in costs or time extensions

will be noted on a "Change Order" form to be prepared by the developer. For additions to the contract, the developer must prepare an internal specification and cost to determine if the cost is reasonable. For changes in cost, the developer must prepare a cost estimate to determine if the cost is reasonable. ***OCED will approve the Change Order prior to the developer and contractor signing the Change Order.*** Once the project has begun, the developer shall have the ability to authorize emergency work which is discovered by the contractor and requires immediate action necessary for the completion of the work item. This additional work shall be photo-documented and reflected in a "Change Order" and OCED Rehabilitation staff will be notified to receive approval of the change order.

- c. **Permit Inspections:** All work requiring permits shall be inspected and approved by the local building authorities.
- d. **Radon Test:** Prior to, during or after the construction work is completed the developer is required to submit a radon test that meets the required EPA standard for radon of less than 4.0 pCi/l. The radon test is required prior to final payment.
- e. **Progress Payments:** For all projects, the developer shall submit requests for payment of completed construction work to the rehabilitation staff and attach supporting documentation including itemized invoices, permits, lien waivers (contractors and sub-contractors) and final inspections. The rehabilitation staff will inspect the work and then authorize payment ***for the completed work only.*** The developer shall sign off on payments to the contractor upon inspection and satisfactory completion of work. Payment requests shall be submitted by the developer based on meeting or exceeding the approved work completion schedule determined at the pre-construction meeting. **The standard payment schedule** to the Contractor is a minimum of three (3) draws as construction work is **completed, inspected and approved** by the Developer and Rehabilitation Specialist in accordance with the following ***Draw Schedule:***
 - First Draw: at least 40% of the construction contract amount
 - Second Draw: at least 80% of the construction contract amount
- f. **Third (Final) Draw:** remaining balance of construction contract amount of Payment requests will be processed within 21 calendar days of receipt by OCED. Developers must pay the contractor within 5 business days of receipt of OCED payment.
- g. **Advances:** The developer may request an advance on a case by case basis. If an advance was granted, the next draw request must include the back-up documentation and proof of payment for the advance from the previous request. The advance will be deducted from the new draw request.
- h. **Final Payment/Post-Construction Inspection:** Upon completion, a

Property Standard (PSI) and post-construction inspections are made to ensure that the entire scope of work is completed, and all supporting documentation including itemized invoices, final permit inspections, sworn statements, lien waivers and warranties must be submitted in order to receive final payment. Final waiver of liens and sworn statements must be on file before release of final payment. A copy of the PSI and post-construction inspection reports will be provided to the developer.

- i. Uniform Physical Condition Standards (UPCS) For projects that use HOME funding that begin on or after January 24, 2015 or until HUD issues additional guidance and provides technical assistance on UPCS to Participating Jurisdictions, the federal UPCS will replace the Property Standard Inspection (PSI) and the federal Housing Quality Standards (HQS). All inspections for projects that use HOME funding that begin on or after this date will follow UPCS and any guidance on the implementation of UPCS standards issued by HUD. UPCS standards apply to all inspections for projects that are funded by HOME. Any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI,” and “Housing Quality Standards inspections” or “HQS inspections” will be replaced with UPCS inspection(s) for HOME funded projects that begin on or after January 24, 2015. As of the date of these Housing Guidelines, HUD has not issued additional guidance and provided technical assistance to Participating Jurisdictions on the UPCS Standards. Until HUD issues this additional guidance and provide this technical assistance to Participating Jurisdictions, Property Standards Inspections (PSI) and the federal Housing Quality Standards will apply and any reference in this document to “inspection,” such as “draw inspections,” “Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” will only refer to Property Standards Inspections,” or “PSI” and “Housing Quality Standards inspections” or “HQS Inspections” or “draw inspections” and not to “Uniform Physical Condition Inspection” or “UPCS Inspections.”
- i. **Developer Fee: ADR & New Construction:** Up to 20% of County Direct Subsidy
- j. **Developer Draws – rental:** For new construction or acquisition and rehabilitation, 50% of the developer fee may be drawn at closing, thirty percent when the construction is 80% completed and 20% with the final construction draw. For rehabilitation projects only, the developer fee will be drawn at the same ratio as the construction draws. The final developer fee draw will be at the time of project completion. The rehabilitation must be complete and the homebuyer must own the home.

- k. **Developer Draws – homeowner** - For new construction or acquisition and rehabilitation, 25% of the developer fee may be drawn at closing, fifty-five percent when the construction is 80% completed and 20% with the final construction draw. For rehabilitation projects only, the developer fee will be drawn at the same ratio as the construction draws. The final developer fee draw will be at the time of project completion. The rehabilitation must be complete and the homebuyer must own the home.
 - l. **Rehab Services Delivery/Construction Management:** The time the developer’s staff is managing the procurement and construction process of outside contractors will be included in the developer fee. If the developer is also acting as a general contractor, a construction management fee, not to exceed 5% of the rehabilitation budget, may be charged in addition to the developer fee. However, the construction management fee must be deducted from the total development costs before the developer fee is calculated. If the developer is completing all or some of the construction work, the developer’s staff must track the time spent on the project and may charge prevailing wages or actual wages for staff time.
8. **Complaint Resolution:** See Chapter XIII of the Housing Program Guidelines for more information.

CHAPTER IV

UNDERWRITING OF HOMEBUYER ASSISTANCE

General

Washtenaw County is a Participating Jurisdiction (PJ) under the federal HOME Investments Partnership Program, receiving an allocation of HOME funds from the US Department of Housing and Urban Development (HUD) that is used to support affordable housing activities in the community. As part of the local HOME Program, the County provides assistance to low income homebuyers. This assistance can be used toward an eligible buyer's down-payment or closing costs or can be used as direct financing that reduces the size of a buyer's primary loan (i.e. first mortgage) to a level that is affordable.

In providing homebuyer assistance, the County has to balance potentially competing perspectives. First, the County wants to ensure that participating buyers will be successful homeowners, so the program should target households who are ready for homeownership and provide enough assistance to make the home affordable. At the same time, buyers should only be provided with the assistance they "need" so that the program can serve as many households as possible with limited HOME funds. Finally, the County seeks to ensure that assisted buyers are informed consumers and avoid the use of risky lending products.

To balance these priorities, the County has developed these underwriting guidelines, which are based on the following key principles.

- - Assisted buyers should have good credit and qualify for competitive lending products on par with those offered to credit-worthy unassisted buyers in the local market. Buyers who can only qualify for subprime loans are not only less likely to sustain homeownership but also require larger subsidies, reducing the impact of the County's HOME program.
 - Assisted buyers should make reasonable and meaningful contributions to their home purchase in terms of both up-front investments and monthly payment without being overburdened by their monthly payment or left without cash reserves after closing. HOME assistance should not be used to artificially reduce buyers' payments, particularly when a buyer's ability to qualify for a loan is the result of excessive consumer debt.

Applicability & Exceptions

This policy is applicable to all homebuyer units supported by the County's HOME program. This includes situations where HOME funds are being used to provide direct buyer assistance (e.g. downpayment and closing costs) supporting a buyer's purchase of a home for sale by a private seller. It also applies to the sale of any home built or rehabilitated by a developer participating in the County's HOME program whether or not the ultimate

sale to the buyer includes direct assistance.

- While there may be individual cases where these requirements may be waived, program participants should request specific exceptions in writing **prior to** making any commitments to prospective buyers who cannot qualify within these criteria. The County's HOME partners are reminded that they will be responsible for representations and/or commitments made to prospective buyers without prior approval by the County.

Maximum Homebuyer Assistance

- The maximum HOME-assistance available for a buyer is \$15,000. Not all buyers will qualify for the maximum assistance. The assistance available to any given buyer is based on the County's assessment of the buyer's need, taking into account the additional criteria outlined below.

Income Determination

- By regulation, buyers purchasing homes with HOME and CDBG funds must have a household income at or below 80% of the Area Median Income (AMI). Those purchasing City of Ann Arbor Developer/Covenant units must have an income at or below the income established in the unit's covenant. While the County is concerned about the housing needs of lower income households, it also recognizes that homeownership requires buyers to have sufficient discretionary income to maintain their homes over time, absorb increases in taxes and insurance, and otherwise address unexpected expenses. As a result, the County focuses its homebuyer assistance on buyers with incomes in excess of 30% AMI and applies additional underwriting standards to buyers with incomes below 40% AMI.

- In all cases, income eligibility will be determined using the "Part 5" definition of income delineated at 24 CFR 5.609. The Part 5 definition of annual income contains income "inclusions" – types of income to be counted – and "exclusions" – types of income that are not considered (for example, most earned income of minors). Eligibility is always determined using the household's gross income (i.e. without deductions for payroll or income taxes, insurance premiums, etc.) projected over the next 12 months. For eligibility purposes, the income of all household members is included.

However, for underwriting purposes (that is to determine the appropriate level of assistance), the following adjustments will be made:

- - The income of adults who will not have an ownership interest in the property will be excluded. For example, in a circumstance where an elderly parent is part of the household but is neither being listed on title to the property nor included on the loan documents, that individual's income will not be included in calculations of the income available to make the mortgage payment.
-

However, this exclusion for “non-purchasing” adults is not intended to artificially exclude the income of a household member with marginal credit. In the case of married couples, the income of both spouses will always be included for underwriting purposes.

- Significant sources of income such as social security benefits, child support payments, alimony, or the like that will not reasonably be expected to continue for three (3) years will be excluded. For example, while alimony received is included in the Part 5 income definition, if under the divorce decree the alimony will be ending in 12 months, it should not be counted on in sizing the buyer’s mortgage.

Buyer Expectations

To ensure that buyers are likely to sustain homeownership, assisted buyers must:

- Be purchasing the home for a reasonable price that does not exceed the fair market value as determined by an independent appraisal. In the case of home developed with HOME funding, the County will require an appraisal be used to establish the sales price of the home. In most cases of homebuyer assistance for units otherwise for sale in the private market, the County will coordinate with the buyer’s senior lender to obtain a copy of the lender’s appraisal. Additionally, the home must have a sales price less than or equal to the applicable HOME Homeownership Value limit for the type (new or existing) and location of the home. These limits are updated annually by HUD and can be obtained from the County.
- Contribute at least \$1,000 toward down payment and closing costs. Additionally, buyers should have sufficient cash resources (including savings, checking, money market, or other similar non-retirement accounts) such that after closing they have savings of at least three (3) times their total monthly payment, including principal, interest, taxes, insurance, and any association fees.

Buyers with liquid assets in excess of \$25,000 will be required to invest assets above \$25,000 toward their purchase before receiving HOME-assistance. For purposes of this requirement, liquid assets are those readily convertible to cash (including but not limited to savings or checking accounts, certificates of deposit, stocks and bonds, etc.). Liquid assets, however, exclude life insurance policies and any savings held in a tax-preferred retirement account (e.g. pension, 401(k), IRA, etc.), college savings plan (e.g. 529 account), or health savings account (HSA) recognized by the Internal Revenue Service.

- Obtain a senior mortgage loan that meets the Responsible Lending policy below for which the buyer’s front end ratio does not exceed 30% and back end ratio does not exceed 42% of underwritten income.
- Obtain a senior mortgage that reasonably maximizes the buyer’s purchase power. Initially all buyers will be expected to make monthly payments equal to 28% of the

household's underwritten income. The County does not intend to artificially reduce front-end ratios below this target but recognizes that existing consumer debt may reduce some households' ability to qualify for and afford the full target payment of 28% of underwritten income. In such cases, and only to the extent that the payment is reduced to keep the back-end ratio at 42% of income, the County will allow a lower monthly payment. In no case however will the County approve a buyer whose projected monthly mortgage payment is less than 24% of underwritten income.

For example, for a buyer with \$4,000 a month in underwritten income and no consumer debt, the County would expect the buyer to qualify for and take a first mortgage loan with a payment of \$1,120/month (28% of \$4,000). If that would result in a back-end ratio above 42%, the mortgage payment expected could be reduced to bring the back-end ratio down to 42% (but not artificially below) provided buyer can still qualify for a mortgage payment of at least \$960/month (24% of \$4,000). A buyer whose existing debt reduced their housing payment ability to only \$900, for example, would not qualify.

Notwithstanding, when a buyer's senior mortgage is limited by the maximum loan to value ratio applied by the mortgage lender, the minimum 24% front-end ratio will not apply. For example, if the purchase price of a home is \$150,000 and the mortgage product is limited to 97% LTV, the maximum mortgage based on LTV is \$145,500. If the payment on such a mortgage only yields a 20% front-end ratio, that is acceptable since the mortgage was limited by the LTV and not the buyer's payment ability.

- In addition to meeting the front and back end ratio expectations above, for buyers below 40% AMI the projected total monthly mortgage payment cannot exceed their existing rent payment by more than 10%. For example, for a buyer at 35% AMI whose rent is currently \$800, the projected mortgage payment must fall within the minimum and maximum debt to income ratios and not exceed \$880.
- Complete Pre-Purchase Homeownership Counseling as required below.
- Obtain a mortgage or senior loan that meets the requirements outlined below.

Pre-Purchase Counseling Requirement

In December 2016, HUD published the Final Rule for Housing Counseling Certification which applies to homeownership counseling required by the HOME program. That rule, the final effective date of which has been extended to August 1, 2021, requires that HOME-assisted buyers receive counseling from HUD-certified counselors employed by HUD-approved Housing Counseling Agencies.

Every buyer of a HOME-assisted unit must receive counseling, regardless of the manner in which the unit was assisted with HOME. Each buyer must receive housing counseling

prior to executing the written agreement for HOME assistance.

To ensure that buyers are informed consumers, the County requires attendance within the past 12 months at a County-approved pre-purchase homeownership counseling course by all adult household members who will hold title and be party to the senior loan.

A list of local Housing Counseling Agencies may be obtained from the County upon request.

Primary Loan Expectations

To ensure that buyers receive high quality loans that are sustainable over time, the County requires that any buyer receiving HOME assistance towards closing costs, downpayment, or a portion of the purchase price receive a senior loan (i.e. first mortgage) meeting the following criteria:

- The loan must be a “Qualified Mortgage” under the requirements of the Consumer Protection Financial Bureau (CFPB) outlined at 12 CFR 1026.43(e). Qualified Mortgages, among other features, limit total points and lender fees to reasonable levels. Qualified Mortgages also strictly limit pre-payment penalties and contain many other features intended to protect consumers.
 - Federal regulations exempt state housing financing agencies from the Qualified Mortgage standard. So, Michigan State Housing Development Authority (MSHDA) Mortgage Revenue Bond loans are not, per se, “Qualified Mortgages” as defined by CFPB. However, MSHDA loans are otherwise subject to strong consumer protections, including limitations on excessive fees and clear underwriting standards that ensure consumers have a reasonable ability to repay the loans. Consequently, MSHDA loans are acceptable first mortgage products despite not technically meeting the Qualified Mortgage definition.
- Interest rates must be competitive with those generally available in the market. In no case may the rate, as of the date of the rate lock, exceed the current national average as published weekly Freddie Mac’s Primary Mortgage Market Survey by more than 100 basis points (i.e. must be within 1.00%).
- Lending products must be fully amortizing 30-year fixed rate loans. While some buyers may prefer shorter (e.g. 15 year) loans, the County will only consider such loans on an exception basis if it determines that the buyer’s payment is sustainable and that the use of a shorter-term product does not require additional HOME assistance compared to a 30-year loan. Balloon loans or adjustable rates will not be approved.
-

- Loan products used must generally allow loan-to-value (LTV) ratios of at least 95%. While assisted buyers are not required to be approved for loan amounts equal to 95% of the purchase price, buyers who use more restrictive lending products (such as those limiting the LTV to 80%) will not receive HOME assistance toward their purchase if they could otherwise afford the monthly payment on a larger loan. In short, buyers should obtain the largest loan they can reasonably afford, and the County will not subsidize purchases more deeply just to avoid mortgage insurance on higher LTV lending products.

Subordination of HOME-Funded Liens

After providing assistance to eligible homebuyers the County has ongoing interests in the success of those buyers from the standpoint of both the HOME program and as a local government concerned about the impact of foreclosures on its residents and neighborhoods. To help prevent future foreclosures and to protect the County's financial investment in assisted units, subordination of HOME-funded liens to future refinancing by assisted buyers will only be considered under the following circumstances. This policy will also apply to HOME-funded liens resulting from homeowner rehabilitation programs and to any of the County's subrecipients, developers, or CHDOs who hold secondary liens securing HOME direct assistance provided to buyers or homeowners.

- The new loan must be for the sole purpose of improving the rate and/or extending the term of the existing loan and must result in a lower monthly payment for the owner. The County (including any of its partners who hold secondary liens securing HOME direct assistance provided to buyers) will not subordinate for "cash out" refinancing

For purposes of this requirement, the new loan may allow the assisted homeowner to finance their closing costs without being considered cash out. Additionally, nominal cash back at closing of less than \$500 resulting from last-minute adjustments to payoff figures, closing costs, tax/insurance escrows and the like will not be considered "cash out."

- The proposed new loan must meet all requirements in the Primary Loan Expectations section above.

Template of Project Commitment & Timeline

INITIAL PROJECT COMMITMENT		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Evidence of site control - Appraisal/tax record documenting reasonableness of purchase price - URA disclosures (voluntary sale) - Environmental review documents as appropriate (e.g. site-specific items if a tiered review approach is used) - Plans & specifications - Construction cost estimate(s) - Subject to completion appraisal (may be combined with appraisal for Habitat purchase price purposes) - Initial Project Setup Proforma Sheet - Evidence of other funding commitments for development period cash needs	- Inspect property (assess adequacy of plans/specs, affirm cost estimate(s)) - Draft project-specific agreement - Enter into IDIS	For now, assume County only reimburses costs at completion; otherwise process should include construction note/mortgage
BUYER MATCHED TO UNIT		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Buyer income determination package, including all source documents and calculation of both gross income and any adjustments to income for underwriting purposes - Evidence of pre-purchase counseling completion - Buyer Prequal Proforma Sheet	Review and provide preliminary approval	Key is expected monthly payment; mortgage amount could change based on updated tax or insurance figures, interest rate changes, etc.
CONSTRUCTION COMPLETION		
<i>Developer Submissions</i>	<i>County Actions</i>	<i>Notes</i>
- Final Development Costs Proforma Sheet, including updated splits on SHOP funding (buyer credit v dev subsidy) and final donation figures - LBP clearances, HERS rating, etc. - Appraisal update as needed	Review and approve proforma	- Only shift in gross development subsidy at this point should be due to updates for actual HFH closing costs - Could reasonably process development subsidy cost reimbursement

Sample Inial Profroma

Homeownership Programs

- a) Housing that provided direct subsidy through HOME and/or CDBG funds will either have a recapture formula or a resale formula to ensure that the units remain affordable for a designated period of time.
- b) **LIEN TERMS:** A 20-year 0% interest, deferred lien shall be placed on the property in the amount that the homeowner borrowed (“Direct Subsidy Amount”). If the OWNER sells or transfers Property or an interest therein or discontinues use of Property as a primary residence on or before the 20 year term, the Direct Subsidy Amount shall be repaid according to the following:
 - i) County (as the fiduciary for the City) Appreciation Percentage. The County Appreciation Percentage shall be determined by taking the Subsidy Amount and dividing it by the After Rehab Value. The County Appreciation Percentage shall then be multiplied times the total amount of Appreciation; and
 - ii) Appreciation. Appreciation of Property shall be the difference between the Owner’s original After Rehab Value and the appraised value at the time Owner sells, transfers, or discontinues using Property as a primary residence. Owner expenses such as after acquired liens, equity liens, or other encumbrances shall not be considered in computing appreciation; and
 - iii) County Repayment Amount. The County Appreciation Percentage shall be multiplied times the Appreciation to determine the amount that must be repaid to County (“County Repayment Amount”). In the event that the County Repayment Amount is equal to or greater than the County lien, then that amount shall be repaid to the County. In the event that the County Repayment Amount is less than the lien, then the Owner shall be responsible for the balance of the Subsidy Amount at the time of closing. In the event that the total amount available to the Owner at the time of closing after paying the first mortgage, closing costs, realtor commissions, and recovering the initial owner cash investment is less than the Subsidy Amount, then that amount shall be paid to County and Owner shall be relieved of any further obligation under the terms of this Lien Agreement.
 - iv) Forgiveness of Subsidy Amount. In the event Owner retains and resides in the Property continuously for a period of twenty (20) years, all obligations to repay the Subsidy Amount shall be forgiven and this Lien shall be discharged.
- c) **Special Cases (Covenant Properties):**
The Urban County acknowledges that for sales in high-cost neighborhoods in the City of Ann Arbor, special resale provisions will be applied to ensure affordability, as markets in the county perform differently over time.

In some cases, a resale formula will be used for high cost neighborhoods in the City of Ann Arbor and for units that are required to be permanently affordable

through a development agreement. If a unit has an existing permanent resale formula through a Covenant, then a buyer who is also approved for down payment assistance, will have a 20-year lien for the down payment assistance, however, the equity sharing formula will not apply because the unit already has a resale restriction. The recipient will only be required to pay back the principal, from net proceeds of the sale, if the recipient sells the unit within the 20-year term.

Sample Homeowner Recapture Formula:

	Direct Subsidy
Amount	\$15,000
Initial Appraised After Rehab Value (IARV)	\$120,000
County Appreciation Percentage (\$15,000/ \$120,000)	12.5%

d) Resale Provisions

The Office of Community and Economic Development defines the Fair Return on Investment as one that provides a percentage of equity to the seller in line with Historic sales activity and historical HUD income trends. That has been further defined as 25% of equity. Details on the calculation are included below. An Appraisal-based formula is utilized to determine the final return, if any.

- i) Appraisal-based Formula: The Washtenaw Urban County plans to utilize resale provisions to preserve the long-term affordability of assisted homeownership units for particular types of projects, which will generally occur in the higher housing cost areas of the Urban County. The resale formula will maintain affordability and provide a fair return to the seller. In practice, the formula will operate as follows:
- ii) An independent appraisal of the building is conducted at the time of the initial purchase or investment;
- iii) An independent appraisal is conducted of the building at the time the owner wishes to sell the unit;
- iv) The difference between the new and the old appraisal determines the increase in appraised value;
- v) The seller retains 25% of the increase in the appraised value (see sample below);
- vi) An initial sales price (for new construction) or an initial resale price is determined based on the market conditions to determine what is affordable to the target income household.
- vii) Please note that the appraised value and the initial sales price (based on the subsidy required) are determined by two different processes and are not necessarily the same.
- viii) The local municipality secures permanent affordability through a deed restriction. Every time the property is transferred or sold, the municipality

must ensure that the new buyer is income qualified and the sales price is affordable, and the seller receives their fair return. There are 3 benefits:

- The owner has an affordable monthly housing cost because the County subsidizes the property to an affordable rate.
- The Municipality's assessor is allowed under state law, to assess the property based on the restricted sales price, rather than the market value. The result is taxes are significantly decreased for the low-income owner.
- The unit is permanently affordable.

- ix) Fair Return to Seller- The Office of Community and Economic Development used historical sales activity and historical HUD income trends to determine that a 25% share in the equity was appropriate for this market and provided a fair return to the seller by looking at the average residential sale prices, specific addresses, taxes, utilities, turnover costs, condominium fees, Land Trust fees, interest rates, inflation, varying degrees of equity-sharing, income targeting, Private Mortgage Insurance, and sale price of assisted units. It was determined that 25% was the minimum equity-sharing for sellers that would provide a fair return on their investment, while still protecting the affordability of the units.
- x) Future Affordability- As units are sold; there will be a gap between the appropriate sales price based on the target household size and income, and the sales price based on the seller receiving 25% of the appreciated value in the home. When that gap is positive, the additional funds will be used to close the gap when the gap is negative. The Urban County has a homeownership program that helps pay for closing costs and down payment assistance. This program will also be utilized to close the gap if the unit is unaffordable to the future home buyer.

CHAPTER V

DEMOLITION

A. General

This chapter outlines guidelines for the demolition of private property using CDBG funds. Demolition can occur as either a stand-alone activity or with acquisition. Each demolition project will be bid out to at least 3 qualified demolition contractors. The Office of Community and Economic Development (OCED) will administer the demolition program or contract with a Land Bank or Municipality (applicant) to administer the program.

B. Eligible Properties

- 1) **Physical Condition:** The property must meet at least one of the following conditions:
 - a) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
 - b) The property is an attractive nuisance because of physical condition or use.
 - c) The property is a fire hazard or is otherwise dangerous to the safety of persons or property.
 - d) The property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for at least one year so that the property is unfit for its intended use.
 - e) The property is tax reverted property owned by a qualified local governmental unit, by a county, or by the state. (The property would retain its “blighted” status, after a sale, lease, or transfer of tax reverted property by a local governmental unit, county, or the state.)
 - f) The property is owned or under the control of a Land Bank Fast Track Authority, whether located within a qualified local governmental unit as that term is defined in the Brownfield Redevelopment Financing Act. (The property would retain its “blighted” status, after a sale, lease, or transfer of the property by the Land Bank Fast Track Authority for purposes of the statute.)
 - g) The property is improved real property that has remained vacant for five consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
 - h) The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.
 - i) The existence of any structure or part of such structure which, because of fire, wind or other natural disaster or physical deterioration, is no longer habitable as a dwelling, or useful for any other purpose for which it may have been intended or lawfully used.

- j) The existence of any vacant dwelling, garage or other accessory building, unless the same is securely locked, with windows intact or neatly boarded up, and otherwise protected to prevent entrance thereto by unauthorized persons.
 - k) The existence of any partially completed structure, unless such structure is in the course of construction in accordance with a valid and subsisting building permit issued by the township and unless such construction is completed within the time specified by existing ordinances.
- 2) **Economic Condition:** Residential properties that are being considered for demolition must also be economically infeasible to rehabilitate.
- a) **Cost Estimate to Rehabilitate:** A cost estimate to rehabilitate the building to bring it up to local code will either be conducted by OCED staff or by the applicant and approved by OCED staff.
 - b) **Value:** The rehabilitation cost estimate must exceed 75% of the value of the property. The value will be determined by either an appraisal that is less than 6 months old, or by multiplying the State Equalized Value (SEV) by 2.0.

B. Contract Processing Steps

- Contract Administration:** The Office of Community and Economic Development (OCED) will administer the demolition program or contract with an applicant such as a Land Bank or Municipality to administer the program. A municipality must have a condemnation and demolition program that is approved by OCED.
- 1) **Contract:** OCED will prepare a contract (subrecipient agreement) with the Land Bank, if applicable, or Municipality which will include the scope of work, contract amount, program income procedure and a timeline. The applicant will be responsible for preparing a contract with their demolition subcontractor, subject to OCED approval. At a minimum, the following information will be required from the applicant before a contract is signed:
- a) Demolition program guidelines
 - b) General Liability & Property Insurance in compliance with specifications
 - c) Living Wage Compliance
 - d) Copy of the municipality's approved procurement guidelines
- 2) **Property Eligibility Review:** Applicant will contact OCED to discuss the proposed project address and establish the estimated scope of work. The following information will be provided by the applicant at a minimum to determine whether a property is eligible and appropriate:
- a) Evidence of Ownership
 - i) Title Search
 - ii) Deed
 - b) Evidence of Physical Property Condition
 - i) Photos

- ii) Code Violations
- iii) Court Order or legal consent from the property owner to demolish the property
- c) An Environmental Assessment for HUD funded projects will be conducted by OCED to determine potential environmental impacts from demolition activities. In addition, OCED will use Washtenaw County's GIS site at <http://gisapp.ewashtenaw.org/comdev> to create a map indicating potential environmental issues for each proposed property. The map will ensure the property is eligible for federal funding before demolition commences. The Applicant must ensure that the purchase agreement to acquire a property to be demolished must include the following language: ***"The purchase is contingent upon environmental review clearance and funding approval by the Office of Community and Economic Development."*** The following are potential Environmental Review conditions that may impact eligibility:
 - i) **Floodway or Floodplain:** Properties that are in a floodway are eligible for demolition. **Historic:** Properties that are or may be historic will require additional review:
 - i. Properties **that are** eligible for the National Register for Historic Places are ineligible for demolition under this program.
 - ii. Properties that are 50 years old or greater or in a Historic District will require demolition approval from the local Historic District Commission and the State of Michigan's State Historic Preservation Office (SHPO) before work may commence. The following information must be submitted to SHPO and OCED:
 - (a) A SHPO inventory card and photographs of all elevations and significant features;
 - (b) In addition, the following information may be necessary if the property has historic significance:
 - (i) A brief history of the property including a statement of the historic and/or architectural significance of the resource meeting the criteria for listing in the National Register of Historic Places, and a written opinion regarding the historic significance of the building from the Commission staff;
 - (ii) A structural report by a qualified structural engineer with experience with historic building structural systems or a qualified architect meeting the Secretary of the Interior's Historic Preservation Professional Qualification Standards (48 FR 44716, September 29, 1983);
 - (iii) A summary of efforts undertaken by the City to rehabilitate and reuse the property;
 - (iv) A summary of alternatives to demolition that were considered and why they were not feasible;
 - (v) The views of the local community;
 - (vi) Any proposed mitigation measures which shall be forwarded to the SHPO in a "two-party" Memorandum of Agreement (MOA).
 - ii) **Hazardous Material:** Properties that are in close proximity to hazardous

materials may not be eligible for redevelopment but would not prohibit a blighted property from being demolished.

- d) Properties that have hazardous or toxic materials such as asbestos must be removed using EPA standards and guidelines for removal and disposal. All abatement activities of hazardous material must be completed in accordance to 24 CFR part 35 of the Code of Federal Regulations. This includes homeowner and State notifications (NESHAP), removal, disposal, cleaning and testing for hazardous material prior to demolition activities.
 - e) **Lead-Based Paint:** Unoccupied properties that will be demolished are exempt from the federal Lead Based Paint guidelines per 24 CFR Part 35-115.6.
 - f) **Recycling:** Every effort should be made to recycle fixtures and materials from demolition projects. A preliminary assessment of recyclable materials will be made by OCED staff during the pre-inspection of the property.
- 3) **Eligible Work**
- a) Demolition and Removal of Improvements
 - b) Capping Wells
 - c) Pumping and Capping Septic Tanks
 - d) Filling in recreational features and in-ground foundations
 - e) Foundations must be removed if the land will be redeveloped
 - f) Abatement activities for Hazardous material
- 4) **Work Order & Cost Estimates**
- a) **Pre-inspection:** Once a project is selected for funding, the applicant will contact OCED staff to complete a pre-inspection of the property to determine the need for demolition.
 - b) **Work Order:** The applicant will prepare a written work order for work to be completed. If the applicant requires assistance from OCED staff, that request for technical assistance needs to be submitted in writing at the pre-inspection stage. All work items shall be clearly spelled out and be in general conformity with OCED's *Master Specifications*. OCED staff will review and approve the work order within 5 business days.
 - i. It is the responsibility of the applicant to have the work order approved by other funding sources, as applicable.
- 5) **Cost Estimates:** The applicant shall prepare an accurate cost estimate for the proposed work, which will be approved by OCED staff. The estimate will be used as a guideline when reviewing bids received. The applicant may request technical assistance from the rehabilitation staff to prepare cost estimates.
- 6) **Bidding Process, Contractor Selection:** The applicant will follow the County's procurement guidelines as well as its own procurement guidelines, as approved by OCED. Projects will not be bid out until OCED staff have approved the work order and cost estimates.
- a) **Approved Contractors:** Prior to bidding, OCED will provide a list of approved contractors to the developer. If the developer wishes to bid a project with a

contractor that is not pre-approved by OCED, the contractor must apply to OCED for approval before the contract is awarded. Approval of contractors not on the active bidder list is at the discretion of OCED.

- b) **Contractor prohibited from Bidding:** OCED will review all contractors with 3 open OCED-funded projects (excluding emergencies and ramps) or \$100,000 in combined contracts, whichever threshold is reached first and reserve the right to reject bids based on contractor workload and performance.
 - c) **Contracts over \$5,000:** At a minimum, unless work is performed by a qualified employee of the applicant, the applicant shall seek bids from three qualified contractors for all projects over \$5,000 through a sealed bid process.
 - d) **Bid Award:** The bid will generally be awarded to the lowest responsive and responsible bidder. On a case-by-case basis, if the developer determines that the lowest bidder is not responsive and responsible, a written request along with supporting documentation must be provided to OCED for a final determination on the bid award. If the applicant selects a contractor that is not the lowest responsive and responsible bid, the applicant will be responsible for paying the difference in the bids.
 - e) **Pre-Construction Meeting:** The applicant will schedule a pre-construction with the contractor and notify OCED so that OCED staff can attend. At the pre-construction meeting, the applicant, contractor, and OCED will review contract documents, the work order, timeline, and program compliance requirements.
 - f) **Contract with General Contractor:** The applicant will be responsible for preparing a contract with their selected contractor(s). At a minimum, the contract will include:
 - i. Language requiring permits to be acquired when required by state and local building code
 - ii. Fixed-price, prevailing wage, and any applicable pricing standards
 - iii. Commencement and completion date
 - iv. Failure to perform clause
- 7) **Construction**
- a) **Notice to Proceed:** After all the documents are signed at the pre-construction meeting, the applicant will issue a notice to proceed to the contractor. A copy of the notice to proceed must be issued to OCED. Work is to begin as soon as possible, but must be completed within the specified timeframe stated in the Contractor's contract. Copies of permit applications shall be provided to the applicant.
 - b) **Construction Oversight:** The applicant is responsible for monitoring the project and ensuring that all items identified, bid, and approved in the work order are completed. 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 applicant. ***OCED will approve the Change Order before the applicant and contractor sign the Change Order.*** Once the project has begun, the applicant shall have the ability to authorize unforeseen work which is discovered by the contractor and requires emergency action necessary

for the completion of the project. This additional work shall be reflected in a "Change Order" and OCED staff will be notified immediately for approval.

- c) **Permit Inspections:** All work requiring permits shall be inspected by the local building authorities as needed.
- d) **Payments:** For all projects, the applicant shall submit requests for payment of completed construction work to OCED staff and attach supporting documentation including itemized invoices, permits, lien waivers and inspections. Per CDBG regulations, payments are on a reimbursement basis only. OCED staff will inspect the work and then authorize payment ***for the completed work only***. The applicant shall sign off on payments to the contractor upon inspection and satisfactory completion of work. Payment requests shall be submitted by the applicant based on meeting or exceeding a 40%/40%/20% work completion schedule. Applicants must pay the contractor within 5 business days of receipt of OCED payment.
- e) **Post-Construction Inspection:** Upon completion, a final inspection is made by OCED staff, and all supporting documentation including itemized invoices, permits, sworn statements, lien waivers and inspections must be submitted in order to receive final payment. Final waiver of liens and sworn statements must be on file before release of final payment. A copy of the final inspection report will be provided to the applicant.

CHAPTER VI

HOUSING REHABILITATION LOAN - TERMS AND CONDITIONS

A. General

This chapter outlines the requirements for Housing Rehabilitation loans including the terms and conditions to which an applicant must agree in order to obtain financial assistance, as well as references to 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 applicant agrees not to discriminate upon the basis of race, color, creed, sex, ethnic background, national origin, veteran status, sexual orientation or religious preference in sale, lease and use of occupancy.
- 2) **Use of Proceeds:** The applicant agrees to use the proceeds only to pay for costs of services and materials necessary to carry out the rehabilitation work.
- 3) **Inspection:** The applicant agrees to progress inspections by the Rehabilitation Specialist of the property, the rehabilitation work, and all contracts, materials, equipment, payrolls and conditions of employment pertaining to the work.
- 4) **Bonus, Commission or Fee:** The applicant agrees not to pay any bonus, commission, or fee for the purpose of obtaining approval of the application, or any other approval or concurrence, required by OCED to complete the rehabilitation work, financed in whole or in part, with the rehabilitation deferred loan.
- 5) **Equal Employment Opportunity:** The applicant agrees to abide by the provisions of the federal, state or local Human Rights Ordinance governing equal employment opportunity.
- 6) **Preservation of the Security:** The applicant agrees to maintain the property and permit periodic inspections of the property during the term of the deferred loan. The homeowner agrees to the maintenance requirements as outlined in the contractual documents.
- 7) **Property Insurance:** The applicant agrees to secure and maintain, in an amount equal to the replacement value of the structure, property and casualty insurance policies during the term of the lien, naming the applicable municipality as a lien holder.
- 8) **Deferred Loan Structure:** The applicant agrees to repay the deferred loan balance in full upon any change of ownership of said property including but not limited to: transfer

by gift, mortgage, sale, and sale by land contract, inheritance, conversion to rental property, or change of homeowner's primary residence. The applicant agrees to immediately notify OCED of any of the above changes.

- 9) **Cancellation:** In the event that the applicant shall not complete the improvements in accordance with the contract documents, the total amount referenced in the Jurisdiction/*Homeowner agreement* shall become due and payable upon sixty (60) days' notice by the appropriate jurisdiction.
- 10) **Property Security Interest:** Prior to the initiation of work, the applicant will execute an initial Promissory Note and Mortgage for the contracted amount of the rehabilitation agreement. If an emergency contracted amount is less than \$5,000 then there will be no security document filed on the property. Upon completion of the rehabilitation work, if the contracted amount has changed, then the recipient agrees to execute a final Promissory Note and Mortgage for the final amount of the rehabilitation work.

CHAPTER VII

ELIGIBLE AND INELIGIBLE WORK

A. General

The purposes of the housing rehabilitation programs are to eliminate code violations, make energy improvements, eliminate architectural barriers, and correct safety problems. Upon completion of work, the condition of the property shall comply with federal, state, and local codes. It is **not** the policy of the housing programs to undertake cosmetic rehabilitation. All work will be completed according to current local codes including but not limited to the Michigan Building Code, Michigan Residential Building Code and the International Property Maintenance Code. Once the homeowner or homebuyer is accepted into the program, the Rehabilitation Specialist and/or the Developer will discuss the specific repairs and improvements that will be made to the house.

B. Eligible Work Categories

The following work items are eligible and are prioritized as follows:

- 1) **Hazardous Violations:** Conditions which present an immediate danger to the occupants. 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, lead based paint hazard remediation.
- 2) **Existing Code Violations:** All work, including permit changes, necessary to eliminate existing violations of the Housing Codes as cited by the Rehabilitation Specialist.
- 3) **Incipient Code Violations:** An incipient violation is a condition which will, in the opinion of the Rehabilitation Specialist, deteriorate to an actual violation within twelve (12) months.
- 4) **Barrier-Free Improvements:** Examples include ramps, grab bars, and chair lifts 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.
- 5) **Lead-Based Paint:** Examples include all work associated with the control of lead-based paint hazards.

C. Eligible Single Family Rehabilitation Program Home Improvements

The following list includes specific home improvements that may be provided through the Single Family Rehabilitation Program:

Exterior Improvements:

Installation of new windows Approved for installation where existing windows are broken, single pane or severely deteriorated.

Installation of new doors Approved for repair or replacement where existing doors are broken, pose a safety hazard or are severely deteriorated.

Install new exterior siding Approved to help make structure weather tight. Not approved for aesthetic reasons. Fascia and Soffit maybe considered to be wrapped in metal where exposed wood is deteriorated.

Installation of grading Approved for installation where a home has grading issues that directly cause moisture issues such as water intrusion into a structure.

Installation of concrete Approved for installation where a home has drainage issues related to improperly sloped concrete which leads to a moisture issue such as water intrusion into a structure.

Installation of gutters Approved for installation where no gutters exist or existing gutters are deteriorated or have caused a water intrusion problem.

Brick repair or tuck pointing Approved for repair where existing brick is deteriorated and is causing or may soon cause a problem structurally.

Roof replacement or repair: Approved for repair or complete replacement where shingles are deteriorated the home has a roof leak or other structural roofing concerns exist.

General Interior Improvements:

Staircase Handrails: Approved for installation where none exist or existing handrails are deficient.

Floor covering, carpet or vinyl: Approved for installation where existing flooring is severely deteriorated and allowing moisture intrusion into subsurface materials or poses a trip hazard.

Electrical Improvements

Approved Electrical repairs may include correction of code violations, replacement of deteriorated electrical panels, wiring, outlets, switches and fixtures. Installation of hardwired smoke/carbon monoxide detectors.

Plumbing Improvements

Approved plumbing repairs may include correction of code violations, replacement of deteriorated supply or drainage piping, fixtures and faucets.

Mechanical Improvements

Approved mechanical repairs may include correction of code violations, replacement of deteriorated or unsafe gas supply lines, venting, furnaces, boilers or water heaters.

Accessibility Improvements

Approved accessibility improvements may include grab bar, shower bars or entryway improvements related to safety concerns. The program does not provide modifications to structures such as widening doorways etc.

Energy Efficiency Improvements

Approved Energy Efficiency related improvements may include installation of insulation (attic, wall or foundation) air sealing work, high efficiency furnaces. Energy efficiency work shall be justified by an approved program energy audit which documents that eligible improvements have a savings to investment ratio of 1.0 or greater.

Miscellaneous Improvements

Radon Mitigation Systems: Installation of sub-slab radon mitigation systems shall be approved where a radon level above the EPA recommended level is documented.

Plastic Vapor barrier: Installation of 6 mil Visqueen vapor barrier shall be approved where exposed ground is present in a crawlspace.

Dryer Vents: Clothes dryer vents are approved for installation when existing are deteriorated or not present.

Lead based Paint: Remediation of lead based paint is approved per relevant HUD guidelines. Treatment of lead based paint will generally be identified through a Risk Assessment.

Mold remediation: Mold remediation will be approved in cases where low to moderate mold conditions exist. The intent of mold work is to address conditions that may lead to mold growth. The program does not offer 'whole house' mold remediation.

Other possible improvements may be considered on a case by case basis. Critical cases will be covered by the Critical Repair Program. Possible critical cases may include sewer

system collapse, inoperable furnace or a leaking water heater. The Rehabilitation Specialist has the final authority to determine which home improvements are necessary and therefore eligible for the home rehabilitation program as defined by these guidelines.

C. Demolition and Replacement

If, in the opinion of the Rehabilitation Specialist, a structure that is beyond reasonable repair, demolition and possible replacement may be recommended. In such cases, notification of the appropriate local, state jurisdiction and/or the Historic District Commission will be completed and all appropriate 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.

- 1) **Accessory Structure:** Accessory structures such as garages and sheds beyond reasonable repair or are a hazard may require demolition and may not necessarily be replaced.

D. Ineligible Work:

- 1) Where there is evidence that abuse, malicious destruction or willful neglect by the applicant created the need for such work.
- 2) Where the general condition of the property indicates that the owner has not or will not take reasonable action to preserve the value of the existing property and proposed improvements or where the owner 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) General improvements, unless deemed appropriate by the Rehabilitation Specialist. Housing developers may include general improvements in the scope of work if the developer utilizes non-OCED funds to pay for the general improvements.
- 5) The difference in cost to upgrade materials in the specifications will be the responsibility of the property owner.
- 6) Appliances other than those required by federal, state, and local code.
- 7) Enclosing of open areas, such as porches and decks
- 8) Purchase, installation, or repair of furnishings.
- 9) Sweat equity owner labor.

- 10) Delinquent taxes, penalties or special assessments.
- 11) Commercial structures, with the exception of code related improvements in mixed use, rental structures.
- 12) Patios, general landscaping and air conditioning (unless medically necessary).
- 13) Any work otherwise eligible but substantially completed prior to the start of OCED contract work.

E. Utilizing Developer Staff to Complete Rehabilitation Work

For single-family and multi-family projects, the developer may act as the general contractor, oversee the procurement process, inspect the performance of sub-contractors, and/or utilize their maintenance staff to complete rehabilitation work. All work performed by the developer under this section still requires approvals by OCED rehabilitation staff.

- 1) **Oversight of Rehabilitation:** The agency will have oversight of the specification writing, bidding, and procurement process including inspections of work done by sub-contractors and staff. This oversight can include pulling permits and setting up code inspections. All developer staff that performs oversight of rehabilitation must be paid from the developer fee. If the developer hires an outside consultant to oversee the rehabilitation process, the consultant must be paid from the developer fee.
- 2) **Developer as General Contractor:** An applicant must demonstrate considerable experience and ability to the satisfaction of OCED rehabilitation staff in order to act as a general contractor and to utilize staff to complete the work. The scope of work will be determined under the same program guidelines as contracted work. All work must be performed and will be inspected on the basis of the same material standards and installation procedures as contracted work. OCED rehabilitation staff will review and approve all work orders which shall be included with the developer's bid documents. The developer's staff must track their time for each rehabilitation component and may charge the contract for eligible staff cost. Payroll documentation must be provided to determine the hourly cost of each employee.
- 3) **Reservation of Funds:** The rehabilitation staff will insure that sufficient funds are reserved within the loan amount so that in the event the contract expires or is terminated before all code violations are corrected, a general contractor can be contracted to complete the work within the approved recoverable grant amount.
- 4) **Leveraged Funds:** Agencies may leverage OCED contracted funds with additional funds, private or public. The agency may complete rehabilitation beyond the scope of OCED contract with the developer's funds, and under the developer's procurement rules and regulations, after completion of the work OCED has contracted for.

- 5) **Expense Reimbursement:** All payments will be made to the agency on a reimbursement basis *only*. Under certain circumstances when the owner does not have sufficient resources to make an initial payment, a maximum amount determined by OCED staff may be advanced against the final payment on the contract so that an owner can begin the purchasing of materials.
- a) The owner is expected to have installed all materials for which he/she has been reimbursed before approval of additional payment can be approved.
 - b) No payment will be made on materials without proper receipts. Receipts must be noted as to the material purchased. Original receipts will be submitted with the corresponding “Application for Payment.”
 - c) At the time of submission of the final “Application for Payment” and waiver of liens, a final “Change Order” will be prepared to adjust for any discrepancies between estimated and actual costs.

CHAPTER VIII

CONTRACTOR QUALIFICATIONS AND BIDDING PROCEDURES

A. General

It is intended that construction work be carried out in a timely manner, be of acceptable workmanship and be fairly priced. Participation in the housing programs is open to all State licensed building contractors pending approval from OCED staff. An acceptable building contractor must be of good reputation, financially sound, have adequate financial resources to carry out his/her bid proposal and be qualified to do the required work. The term “Contractor” applies to the firm bidding on work or receiving an award. This section sets forth requirements and procedures with respect to contractor qualifications for participation in the housing programs. OCED will maintain a list of contractors eligible to bid on work financed through the housing programs.

B. Policy

All contractors will be subject to the following requirements:

1. **Contractor Qualification:** For all homeowner rehabilitation and developer projects, general contractors must be qualified by OCED rehabilitation staff prior to bidding on rehabilitation projects. OCED will hold an annual training session that is mandatory for potential contractors and active contractors already approved to work with OCED. Application packets will be distributed at the contractor training session. ***The minimum requirements for contractor approval are:***
 - a. The general contractor must be a licensed builder with no violations on file with the Michigan Department of Labor and Economic Growth (DLEG) for a period of 3 years. The status of the contractor’s license will be verified with DLEG by the Operations Manager. Sub-contractors shall be licensed in their trade, if required. OCED rehabilitation staff will verify and document that he/she is not on the list of Federally Debarred Contractors.
 - b. At the time of application, all potential contractors must provide proof of Worker’s Compensation Insurance, General Liability Insurance and Comprehensive Automobile Liability Insurance up to the limits specified in the general contract terms and conditions.
 - c. All potential contractors must be able to demonstrate evidence of his/her rehabilitation/construction experience, ability to complete projects in a workmanlike manner, ability to work with the homeowner and OCED staff, and ability to complete projects on time. The contractor must submit a minimum of four (4) customer references for projects underway and/or completed within twelve (12) months at the time of application.

- d. The contractor must be approved by OCED for Living Wage requirements. The contractor must receive Human Rights and Living Wage approval from the City of Ann Arbor.
 - e. The contractor is required to submit a current 3-in-1 merged credit report, DUNS report, or verification of a line of credit from his/her financial institution with the application.
2. **Bidding Procedures:** Projects up to \$2,000 may be negotiated between the contractor and the Rehabilitation Specialist. All contracts between \$2,000 and \$5,000 require a bid or quote by telephone or in writing. All contracts above \$5,000 will follow the sealed bid process below. Any licensed contractors may be allowed to bid on the project. At the discretion of OCED, one of the following procedures will be used to select prospective bidders from the list of approved contractors.
- a. Qualified contractors will be selected at random from the list of approved contractors to receive an Invitation to Bid (ITB).
 - b. All qualified contractors on OCED list of eligible contractors may receive bid packages.
 - c. All bids must be returned in a sealed envelope to OCED or Purchasing by the specified date and time. Bids received after the deadline will be rejected.
 - d. Bids shall be opened at the specified date and time, reviewed and awarded.
3. **Contractor Restrictions:** Housing rehabilitation contractors are permitted no more than 3 (three) awarded concurrent contracts or a maximum of \$100,000 in rehabilitation contracts, unless it is determined that it is in the best interests of OCED programs, to waive these requirements.
4. **New Contractors:** Newly approved contractors to the Housing Program will be placed under *probation status* meaning they will only be able to have one awarded contract in progress at any time until they have successfully completed at least three (3) contracts. Successful completion of three contracts removes this restriction and the contractor may have more than one construction project at any given time. Removing the contractor from the probation status is at the discretion of OCED rehabilitation staff.
5. **Bonding:** Contractors may be required to provide a labor, material and/or performance bond on any rehabilitation or construction contract at the discretion of OCED.
6. **Performance Standards:** Contractors proven to provide poor service or quality of workmanship and/or exhibit behavior that is not professional in the opinion of OCED will be debarred or suspended from any future work with OCED. Contractors will be

informed of this decision in writing with the opportunity to appeal to the OCED Director or his/her designee.

7. **Permits:** Participating general contractors must obtain all permits that are required to perform the authorized scope of work. The contractor must comply with all the regulations governing the issuance and inspections of any work permitted. Furthermore, all general contractors and subcontractors must possess trade or other professional licenses as may be required by the State of Michigan and Washtenaw County in order to perform such functions that are subject to licensing. Each contract between a contractor and a property owner shall contain language excluding participation to contractors who fail to perform work in a satisfactory manner.

CHAPTER IX

SUBORDINATION POLICY FOR ALL PROGRAMS

General Policy

The subordination of a loan made by OCED under the housing programs is granted at the discretion of OCED and in accordance with the Housing Program guidelines, and only after consideration of a recommendation made by the Operations and/or Housing Manager. Factors considered for subordination include the homeowner's current primary residence, the appraised value of the property for which the mortgage will be subordinated, the outstanding balance of all mortgages, the proposed use of the proceeds of the new mortgage, impact on the housing programs, the need of the applicant, and other pertinent facts.

It is the policy of OCED that each request to subordinate to a refinanced primary loan will be reviewed based on whether the provisions of the request are in accordance with all subordination program criteria. All requests shall be subject to an underwriting review, in accordance with established program guidelines.

HOMEOWNER - Permissible Subordinations

- 1) Refinance an existing primary mortgage solely to obtain a reduced (fixed) interest rate resulting in a lower monthly payment for the borrower, without the withdrawal of equity (except for any amount needed to pay settlement costs on the new refinance loan which could include costs for points, recording, an appraisal and a title report).. An exception will be allowed when the purpose of refinancing is to reduce the term of the primary mortgage from 30 to 20, 15 or 10 years, which usually causes an increase in monthly mortgage payments. This would include when a balloon or ARM matures and the client switches to a fixed product.
- 2) Refinance an existing primary mortgage to obtain a comparable (fixed) interest rate and extended payment terms resulting in a lower monthly payment for the borrower (no cash out). This would include when a balloon or ARM matures and the client switches to a fixed product.
- 3) Refinancing that entails the withdrawal of equity, without requiring the repayment of the outstanding loan balance, if the purpose of the refinancing is to undertake home repairs on the property assisted with OCED funding (as distinguished from general improvements or remodeling).
 - a) OCED may approve such a subordination request as a means of protecting the assets on which OCED has a mortgage.
 - b) OCED may approve such requests only under the following conditions:
 - i) The Borrower signs an affidavit stating that he or she will use the proceeds for home repair.

- ii) The Borrower provides OCED with a copy of a contractor's estimate that justifies the withdrawal of equity.
 - iii) The Borrower demonstrates that the repairs are necessary for maintaining the home according to local housing codes.
 - c) As a further condition of approval, OCED will permit a withdrawal of equity only for the amount needed to pay for housing-code related repairs. OCED will determine the reasonableness of the amount requested.
 - d) Withdrawal of equity beyond the reasons listed above will be considered for a home where the loan to value ratio is 40% or lower.
- 4) Refinance an existing mortgage to halt foreclosure proceedings by a lender or halt tax deed foreclosure proceedings.
- 5) Obtain a loan to pay for medical emergencies not covered by insurance.

For any of the above circumstances, actual customary and reasonable costs required to close the new loan may be included in the new principal mortgage.

HOMEOWNER - Non Permissible Subordinations

Subordination requests for purposes other than those stated above are not permitted, unless approved by the Director in writing for good cause. In addition, OCED will not permit subordinations that result in a reverse equity mortgage, home equity loan or line of credit, or that require OCED to subordinate into a third position. As such OCED will not consider requests to subordinate for cash out or the consolidation of consumer debt. (such as credit cards).

OCED will not subordinate in a transaction where the Loan to Value ratio (including outstanding OCED dollars) exceeds 100% of the appraised property value. This requirement may be waived at the Director's discretion for good cause.

HOMEOWNER - Important Subordination Limitations

It is the duty of OCED to manage its housing programs loan portfolio in a responsible manner, not subject federal and taxpayer dollars to unnecessary risk and maintain the integrity of the housing programs intent to assist low income homeowners.

At the time of the subordination request, the premises for which OCED made the original loan must also be and remain the household's primary residence, unless the specific loan documents provide for a lesser period of occupancy as the Borrower's primary residence.

An approved subordination will not change the original terms of the loan being subordinated unless the Director determines that changes are necessary to protect the investment of funds in the property.

OCED will closely scrutinize and may deny a subordination request that reflects excessive closing costs or suggest either a predatory lending practice, or effect.

The new loan amount must not exceed 3% in closing fees and/or 6% in settlement fees. It may not include excessive closing costs or broker's fees.

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Conditions for Consideration

A complete “Request for Subordination” form shall be submitted to OCED directly from the Borrower or new primary mortgage lender or broker with a written authorization from the Borrower. The form must include each of the following documents before OCED will begin the subordination process:

1) For all applicants, an executed commitment letter or similar document showing the following:

- a) Name and address of the lender.
- b) Proposed loan terms.
- c) Expiration of the interest lock-in rate.
- d) Monthly principal and interest payment amount.
- e) Clear statement of any cash out amount and purpose.
- f) Any other conditions imposed by the Lender.
- g) A copy of the borrower’s refinancing loan application that corresponds with information in the commitment letter.
- h) For homeowners, a copy of the HUD-1 Form to be executed at closing.
- i) For homeowners, a copy of the Borrower’s credit report demonstrating the Borrower’s ability to support the proposed debt.
- j) For all rentals and for homeowners if required by the provider of the refinanced mortgage, a complete copy of the appraisal showing the current appraised value of the property by a qualified appraiser (no older than 90 days before the date of application).
- k) Copies of the title report/title commitment (no older than 30 days before date of application).
- l) A copy of the home inspection report or detailed contractor’s estimate (if any).
- m) Evidence that all property taxes and municipal fees have been paid.
- n) If applying for subordination to pay for medical emergencies, copies of medical bills and/or estimates to be paid with loan proceeds, and evidence that expenses are not covered by insurance, such as private insurance, Medicaid, Medicare, etc.
- o) If applying for subordination to halt foreclosure proceedings, evidence from the lender or other lien holder that foreclosure proceedings are threatened or underway.

2) Rental property owners:

- a) Non-refundable \$150 application fee by cashier’s check or money order
- b) Sources and uses statement
- c) 10 year operating pro forma

3) Homeowners:

- a) Household income with supporting documentation and family size.
- b) Non-refundable \$75 application fee by cashier’s check or money order.
- c) Purpose of the subordination and use of new recoverable loan.

Satisfactory Conditions for Subordination

1) Rental Properties

- a) The total secured indebtedness on the subject property, including the City of Ann Arbor or Washtenaw County lien, may not exceed 100% of the appraised value of the property.
 - i) The appraised value will be the sales value, not the value based on income due to the rent restrictions on the property.
 - ii) The purpose must be refinancing due to loan maturation, refinancing for a lower interest rate or better terms, a line of credit and/or additional funds for property improvements on the property requesting subordination.

2) Homeowner

- a) At minimum, a two-year period must have lapsed from the date of execution of OCED's interest in the applicant/subject property, prior to application for subordination. If the loan to be refinanced is less than two (2) years old, the refinance must result in an interest rate reduction of at least two (2) points or a monthly principal and interest savings of \$100.00.
- b) The total secured indebtedness on the subject property, including the City of Ann Arbor or Washtenaw County lien, does not exceed 100% of the appraised value of the property.
- c) The total debt-to-income ratio for the applicant does not exceed 50% of the household income.
- d) If the applicant is no longer income-eligible for the program the applicant will not be eligible for subordination. If the applicant decides to pursue the private loan, the applicant will need to pay off the deferred loan provided by OCED.
- e) OCED will agree to subordination for a refinance no more than once in any 24-month period.

Timeline for Processing

- 1) Application, fee and supporting documentation are received by OCED and materials are reviewed.
- 2) The applicant must allow a physical inspection of the property by the Rehabilitation Specialist to determine the condition of the property.
- 3) The Operations Manager reviews the documentation to determine whether the proposed terms and uses meet the policies stated in the subordination guidelines. The Operations Manager will make a decision within fourteen (14) working days of receiving a complete application. Upon approval, the Operations Manager notifies the Lender of OCED's approval or denial of the request.
 - a) If the conditions meet the policy and the application is approved, the Intake Specialist will prepare a Subordination Agreement and notify the Lender and the

- Intake Specialist will mail the Subordination Agreement to the applicant's title company or loan officer for recording.
- b) The Subordination Agreement must be signed by OCED Director and notarized by the Intake Specialist.
 - c) If the subordination is not approved, the Operations Manager will notify the applicant in writing as to the reason for denial.
 - d) All filing costs associated with the new subordination agreement shall be the responsibility of the borrower.

Subordination Appeals

If the borrower is unsatisfied with OCED staff recommendation, they may request an appeal by writing a letter of appeal to the OCED Director that includes a copy of the subordination determination letter. See Chapter XIII for further details.

Office of Community and Economic Development
415 W. Michigan Avenue, Suite 2200
Ypsilanti, MI 48197
Attn: Homeowner Rehabilitation Program – Subordination Request

CHAPTER X

AFFIRMATIVE MARKETING AND OUTREACH REQUIREMENTS

OCED, or its designee, will administer HOME and CDBG programs in accordance with Affirmative Marketing requirements for all projects over 5 units, including:

- 1) Establish an Affirmative Marketing Plan which details:
 - a) Methods for informing the public and homebuyers of the availability of the program, including the proposed types of commercial media and community contacts to be used. Methods of informing the public should include those that are likely to inform and solicit applications from persons in the housing market (“service”) area who are not likely to apply for the housing assistance without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies).

At a minimum, OCED outreach efforts and selection procedures should include the following:

- b) Publication in a newspaper of general circulation in the area in which housing activities are proposed, notifying potential eligible homebuyers of the opportunity to apply for the homebuyer assistance, and soliciting applications for activities.

The notice should, at a minimum include the following:

- i) Instructions as to with whom and where the applicant must apply.
 - ii) Minimum eligibility criteria, i.e., income restriction, owner-occupancy, value limitation, etc.
 - iii) Maximum assistance available per household.
 - iv) Establish a fixed period of time (for example, 45 days) in which potential eligible homebuyers/tenants should apply.
 - c) Based on applications received by the developers in response to the public notice and other marketing efforts, OCED should prioritize the applications received, based on a written policy they have established for this purpose. Project set-ups should reflect, as closely as possible, the prioritization of applications.
 - d) In the event insufficient eligible homebuyers are identified through this application process to commit and expend all funds available, OCED may elect to re-advertise the public notice, or utilize remaining available funds on a first-come, first-serve basis.
 - i) Records must be retained by OCED regarding all applications received, and application prioritization, approval or denial.
 - ii) OCED’s affirmative marketing policy must include the use of the Equal

Housing Opportunity logo, type or slogan in press releases and solicitations for program participation, and display of fair housing posters in common space(s) of OCED offices. OCED's affirmative marketing policy may further include, but may not be limited to, other forms of advertisements, Public Service Announcements, press releases and informational mailings.

- 2) Annually assess the success of its Affirmative Marketing Plan and take corrective actions where it is determined that affirmative marketing requirements have not met. OCED's Affirmative Marketing Plan and annual assessment conclusions must be retained at the administrative offices, and made available upon request.

CHAPTER XI

APPLICABLE FEDERAL REGULATIONS

The local governing bodies, contractors, sub-contractors, vendors, and applicants for rehabilitation assistance are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance.

- The Civil Rights Act of 1974
- Executive Order 11246 concerning Equal Employment Opportunity
- Standards of Conduct for CDBG Recipients – Conflict of Interest
- Notice of Requirement for Action to Ensure Equal Employment Opportunity
- Standard of Equal Opportunity Construction Contract Specifications
- Certification of Non-Segregated Facilities for Contracts over \$10,000
- Title VI of Civil Rights Act of 1964 Provisions
- Section 109 of Housing and Community Development Act of 1974 Provisions
- Section 3 Compliance Provisions (Housing Act of 1968)
- Age Discrimination Act of 1975 Provisions
- Section 504 Affirmative Action for Handicapped Workers Provisions
- Lead-based Paint Hazard Provisions (Title X)
- Federal and Local Procurement Requirements
- Access to Records/Maintenance of Records Provisions
- Conflict of Interest Provisions
- Davis-Bacon Act Provisions
- Uniform Relocation Act
- National Environmental Policy Act of 1969
- Americans with Disabilities Act of 1990
- Federal and State Fair Housing Laws

Any contractor selected to receive CDBG funds or HOME funds must comply with all requirements of the CDBG regulations issued by HUD under 24 CFR Part 570 or the HOME requirements issued by HUD under 24 CFR Part 92, including but not limited to the following:

- A. **Nondiscrimination and Equal Opportunity.** An entity selected to receive federal funds must comply with the following:

The requirements of Title VIII of the Civil Rights Act of 1968 and Title VI of the Civil Rights Act of 1964 relating to the prohibitions against discrimination in housing and the denial of benefits of federally funded programs because of race, color, religion, sex, national origin, disability, or familial status;

The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973;

The requirements of Executive Order 11246 relating to equal employment opportunity in connection with federally funded programs, as amended by 11375, as supplemented by 41 CFR Part 60.

The requirements of Section 3 of the Housing and Urban Development Act of 1968 relating to the training and employment of individuals and the contracting of businesses from the metropolitan area in which the federally funded program is located. Section 3 of the Housing and Urban Development Act of 1968 shall apply to Rehabilitation Contract. To the greatest extent feasible, the contractor shall give opportunities for employment to lower income persons residing within the County, and shall award contracts for work in connection with the Rehabilitation Contract to business concerns which are located in or owned in substantial part by persons residing in the County.

The requirements of Executive Orders of 11625, 12432, and 12138 relating to the use of minority and women's business enterprises in connection with federally funded programs (Affirmative Action), as specified in Executive Order 11246 and the implementing regulations (41 Code of Federal Regulations, Chapter 60). The contractor shall agree to take affirmative action to insure fair treatment in hiring, employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training and apprenticeship.

- B. **Applicability of Uniform Administrative Requirements.** The entity shall comply with the policies, guidelines, and requirements of 24 CFR 570 and 24 CFR Part 92, as applicable.

- C. **Conflicts of Interest.** In addition to conflict of interest requirements in 24 CFR Part 84, no person who is an employee, agent, consultant, officer, or elected or appointed official of the County and/or Community Development, state recipient or non-profit recipient (or of any designated public agency) that receives federal grant amounts and who exercises or has exercised any functions or responsibilities with respect to assisted activities or who is in position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereof, or the proceeds there under, either for himself or herself

or those with whom he or she has family or business ties, during his or her tenure or one (1) year thereafter.

- D. **Lead Based Paint Notice & Verification(s).** Rehabilitation work must comply with the HUD regulations and Lead Based Paint Procedures, as amended from time to time.
- E. **Debarment and Suspension.** The requirements set forth in 24 CFR Part 5 apply to all OCED programs.
- F. **Section 3 of the Housing and Urban Development Act of 1968.** Bidders shall be required to comply with all applicable provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, and the regulations issued pursuant thereto, as set forth in C.F.R. Part 135, and all applicable rules, directives and orders issued by HUD there under. Section 3 requires that, to the greatest extent feasible, opportunities for training and employment generated by a Section 3 covered contract be given to public housing residents and other low income persons residing in the metropolitan area, and subcontracts in connection with such contracts be awarded to Section 3 covered business concerns which are located in, or owned in substantial part by persons residing in the areas of the project. The successful bidder shall be required to insert in any subcontract resulting from the proposed contract, the Section 3 clause set forth in general terms and conditions of the OCED construction contracts.

CHAPTER XII

DEVELOPER REFINANCING GUIDELINES

Multi-family projects developed by housing organizations that receive HOME or other funds for rehabilitation through the Office of Community and Economic Development may apply for HOME or other funds to refinance existing debt, consistent with the HOME regulations at 24 CFR 92.206(b)(2), if they meet the following guidelines:

- 1) Refinancing is necessary to permit or to continue affordability under 24 CFR 92.252 for HOME funds and if HOME funds are not eligible, then other funds may be used;
- 2) Rehabilitation is the primary eligible activity. A minimum of \$5,000 of rehabilitation per unit is required;
- 3) The grantee must demonstrate management capacity and practices that ensure that the long term needs of the project can be met and the targeted population can be served over an extended affordability period;
- 4) The grantee must demonstrate that the new investment is being made to maintain current affordable units, to create greater affordability in current affordable units; or to create additional affordable units;
- 5) Refinancing will be limited to projects that have previously received an investment of public funds;
- 6) The minimum HOME affordability period shall be 15 years;
- 7) HOME and other funds may be used for refinancing anywhere in the Urban County;
- 8) HOME funds cannot be used to refinance multi-family loans of 5 units or more, made or insured by any Federal program, including CDBG.

CHAPTER XIII

WAIVER and REVIEW GUIDELINES

A. General

Complaints concerning the housing programs should be made to the OCED Director first. The City of Ann Arbor Housing and Human Services Advisory Board and the Washtenaw Urban County Executive Committee are responsible for reviewing the activities, policies, and administration of the OCED housing programs. Complaints and/or waiver requests may be made to the appropriate decision-making body. No federal, state or local statutory guidelines or regulations may be waived. However, the City of Ann Arbor and Washtenaw

County have established complaint and waiver procedures; *please refer to Complaint section of the Washtenaw Urban County Citizen Participation Plan (Effective 3/26/13) (See Appendix 2, page 71 of linked document).*

B. City of Ann Arbor Complaint & Waiver Requests

The Housing and Human Services Advisory Board is responsible for hearing individual complaints and considering waivers about the City of Ann Arbor Housing Programs. A guideline waiver is formal approval of a request to set aside guidelines in the case of extenuating hardship circumstances. Requests must be submitted in writing to the OCED Director (or his/her designee). OCED staff will attempt to resolve the concern(s). If no resolution is reached in a reasonable amount of time as determined by OCED, the request is submitted to the Housing and Human Services Advisory Board at its next scheduled meeting. The applicant will be notified of the meeting. Decisions of the board are based on actions taken by a majority of members present when there is a quorum. Housing and Human Services Advisory Board decisions may be appealed to the City Administrator and the Department of Housing and Urban Development (HUD), when HUD funds are involved.

C. Washtenaw Urban County Complaint & Waiver Requests

Complaints and waiver requests about Washtenaw County Housing Programs shall be put in writing, and submitted to OCED Director (or his/her designee). Program 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 Urban County Executive Committee at their 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. Urban County Executive Committee decisions may be appealed to HUD, when HUD funds are involved.

Variances from the policies and procedures contained within this document shall only be granted by the Washtenaw Urban County Executive Committee (UCEC), under extraordinary and extenuating circumstance and, upon recommendation of the OCED Director and/or his/her designee. The Washtenaw Urban County Executive Committee will consider a variance to the existing policies that document specific hardship on the part of the property owner or other parties involved in the project, and that granting a variance will further the goals, purposes, and effectiveness of the Housing Programs and will conform to all applicable HUD guidelines.

Some factors that the UCEC may wish to consider when making a determination to grant a variance to existing policies include:

- 1) Medical and/or health reasons specific to the homeowner(s)
- 2) Financial impact on the sustainability of the Rehab Program (i.e. how large is the lien amount in question, lien amount relative to total funding for Rehab Program)

- 3) Client's overall utilization of OCED's homeowner Rehab Programs (i.e. total number and dollar amount of loans over time)

D. Dispute Resolution

In the event a dispute arises with the property owner and the contractor; and OCED, the Housing and Human Services Advisory Board, or the Urban County Executive Board are unsuccessful in resolving the dispute; the dispute may be resolved through arbitration with the Washtenaw County Dispute Resolution Center.

CHAPTER XIV

OTHER HOUSING RESOURCES

Depending upon the availability of funding, OCED may oversee programs and projects that function according to federal, state or locally approved guidelines. Full program descriptions can be reviewed in OCED. These include:

- 1) **Ann Arbor Housing Fund:** These funds are designed to promote, retain and create long-term affordable housing for very low, low, and moderate income residents within the City of Ann Arbor.
- 2) **Technical Assistance:** provided for projects such as demolition, acquisition and redevelopment of commercial properties, economic development, housing projects or other projects as they arise.
- 3) **Community Infrastructure:** For an activity to be eligible for Public Facility and Improvements funding, the activity must include the acquisition, construction, reconstruction or the installation of public facilities and improvements. HUD defines "public facilities" and "public improvements" as all improvements and facilities that are either publicly owned or traditionally provided by the government, or owned by a nonprofit and operated to serve the general public, such as a recreation center, library, parking lots, senior center, or day care center. Buildings for the general conduct of government are not eligible. When nonprofit entities or developers own such facilities, they must be open for use by the general public during all normal hours of operation.

APPENDIX A

DEFINITIONS

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

Codes and Standards: Includes local housing codes, the Michigan Residential Building Codes, and federal Uniform Physical Condition Standards (UPCS) and federal Housing Quality Standards (HQS).

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 or as defined by the IRS.

Developer: A legally organized entity receiving funding from the Office of Community and Economic Development under an agreement defining services to be provided.

Development Subsidy: The difference between the total development budget and the appraised value in a homeownership development project. This subsidy is an additional subsidy above and beyond the market value of the property that is invested to improve the neighborhood and/or to purchase long-term affordability (in the case of the use of a resale formula).

Disabled Household: Disabled is defined as a person who has a disability as defined in Section 223 of the Social Security Act (42 U.S.C. 423), or is determined to have a physical, mental, or emotional impairment that is expected to be long of continued and indefinite duration. This disability must substantially impede his/her ability to live independently, and be of such a nature that such ability could be improved by more suitable housing conditions. A disabled person is also defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(5)).

Director: The Director of the Office of Community and Economic Development, and/or his/her designee.

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

Dwelling Unit: A self-contained unit, containing at a minimum sleeping, cooking and bathroom facilities.

Elderly Household: Household of one or more persons with the head of the household sixty two (62) 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, sanitary, domestic hot water, electrical, roofing or structural systems and other conditions deemed as emergency as the result of an inspection by the rehabilitation staff.

Fair Return on Investment: A return that provides a percentage of equity to the seller in line with historic sales activity and historical HUD income trends. That has been further defined as 25% of equity. An Appraisal-based formula is utilized to determine the final return, if any. Details on the calculation can be found on page 45.

Fixed Income: Income derived from social security, pensions, federal, local, or state subsistence funds or support payments.

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

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

Homebuyer Subsidy: The difference between the appraised value and the loan amount of the homebuyer. This is the amount of subsidy that is secured in a recapture lien agreement because it is direct subsidy to the homebuyer to make the housing unit more affordable.

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.

Household Income: The combined income of all persons residing in the household.

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.

Manufactured Homes: Dwelling that is factory build on a permanent, steel frame chassis, constructed in conformance with the National Manufactured Housing

Construction and Safety Standards established by the Department of Housing and Urban Development (HUD).

Master Specifications: The construction specifications promulgated by Washtenaw County OCED which governs material, labor and workmanship for residential rehabilitation. This term is specifically referring to the Washtenaw County Office of Community and Economic Development's *Contractor's Manual and All Trades Master Specifications for the Office of Community & Economic Development Housing Programs* and are intended to meet the requirements of 24 CFR 92.251(b)(1). The following terms for the Master Specifications include not only the complete title outlined in the previous sentence, but also to "Written Rehab Standards", "Rehab Standards", "Methods and Materials Standards", "Contractor's Handbook" and "Contractor's Manual".

Multi-family Dwelling: A property of four (4) or more units used 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.

Primary Residence: It is the residence of that the owner will spend most of his/her time and would use as a residence for tax purposes, driver's license, and other functions.

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

Rehabilitation Fund: Consolidated funds for the Office of Community and Economic Development are 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.

Responsible Bidder: Contractor, supplier, or vendor, qualified on the basis that it (1) has adequate financial resources to perform a contract, (2) is able to comply with the associated legal or regulatory requirements, (3) is able to deliver according to the contract schedule, (4) has a history of satisfactory performance, (5) has good reputation regarding integrity,

(6) has or can obtain necessary data, equipment, and facilities, and (7) is otherwise eligible and qualified to receive award if its bid is chosen.

Responsive Bidder: Responsible bidder whose solicited bid is determined to be in substantial conformance with the conditions, completion or delivery requirements, and specifications detailed in the invitation-to-bid (ITB), request for proposals (RFP), request for quotations (RFQ), or request for tenders.

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

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

Substandard: Housing which lacks basic plumbing and/or is physically dilapidated, and does not meet Uniform Physical Condition Standards (UPCS) or Housing Quality Standards (HQS) as applicable.

Substantial Improvement: Refers to the term found at 24 CFR Part 55.2(10)(i) for Floodplain Management and Protection of Wetlands, which is specifically the following:

- 1) *Substantial improvement* means either:
 - a. Any repair, reconstruction, modernization or improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure either:
 - i. Before the improvement or repair is started; or
 - ii. If the structure has been damaged, and is being restored, before the damage occurred; or
 - b. Any repair, reconstruction, modernization or improvement of a structure that results in an increase of more than twenty percent in the number of dwelling units in a residential project or in the average peak number of customers and employees likely to be on-site at any one time for a commercial or industrial project.
- 2) *Substantial improvement* may not be defined to include either:
 - a. Any project for improvement of a structure to comply with existing state or local health, sanitary or safety code specifications that is solely necessary to assure safe living conditions; or
 - b. Any alteration of a structure listed on the National Register of Historical Places or on a State Inventory of Historic Places.
 - c. Structural repairs, reconstruction, or improvements not meeting this definition are considered “minor improvements”.
- 3) **Substantial Rehabilitation:** Refers to projects that have a total rehab costs of 75% or more of the post-rehab value of the property. This term is applicable for categorizing projects using this term for the purposes of defining

environmental review requirements under 24 CFR Part 58 and related laws and authorities.

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

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 PMSA, as determined by the U.S. Department of Housing and Urban Development.

Urban County: The Urban County is a formal collaboration between local units of government in Washtenaw County to receive federal funding from HUD for affordable housing and community development projects to serve the needs of low- and moderate-income residents. All members of the Urban County have signed cooperation agreements with Washtenaw County to administer this funding.

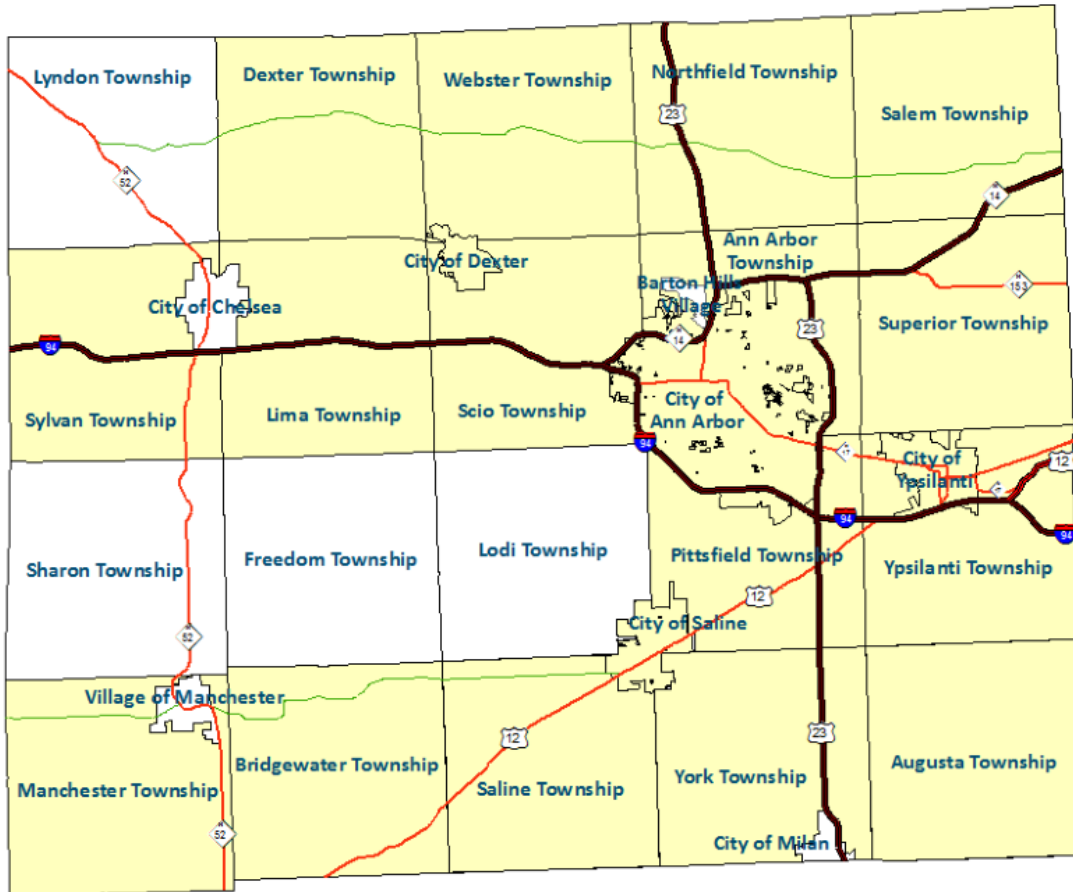
Urban County Executive Committee: The Urban County is governed by the Urban County Executive Committee, which is a board that is comprised of the chief elected official of each member of the Urban County and/or their designee. In partnership with the County, this board makes all decisions about the allocation of funding for the Urban County HUD funding.

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

APPENDIX B

URBAN COUNTY PARTICIPANTS MAP

Washtenaw County, Michigan Urban County Participants



Urban County Participants

Current Members: (Year Joined)

- Ann Arbor Township (2003)
- Bridgewater Township (2003)
- Northfield Township (2003)
- Pittsfield Township (2003)
- Salem Township (2003)
- Superior Township (2003)
- Ypsilanti Township (2003)
- Scio Township (2006)
- York Township (2006)
- City of Ypsilanti (2006)
- City of Ann Arbor (2009)
- Dexter Township (2012)
- Lima Township (2012)
- Manchester Township (2012)
- City of Saline (2012)
- Saline Township (2012)
- Webster Township (2012)
- Augusta Township (2015)
- City of Dexter (2018)
- Sylvan Township (2018)