

1. City Council Regular Meeting Agenda

Documents:

[1-21-14 REVISED FINAL AGENDA.PDF](#)

2. City Council Packet Revision 2

Documents:

[01-21-14 CURRENT FINAL REVISION 2 COUNCIL PACKET.PDF](#)

3. City Council Packet Revision 3

Documents:

[01-21-14 REVISION 3 COUNCIL PACKET.PDF](#)

4. Prospect Road Packet

Documents:

[REVISED PROSPECT ROAD PACKET.PDF](#)

5. Water Street Development Packet

Documents:

[CURRENT REVISED LOI WATE STREET DEVELOPMENT PACKET.PDF](#)

6. YHC Presentation

Documents:

[YHC PRESENTATION.PDF](#)



Revised – 1/21/14

**CITY OF YPSILANTI
COUNCIL MEETING AGENDA
CITY COUNCIL CHAMBERS – ONE SOUTH HURON ST.
YPSILANTI, MI 48197
TUESDAY, JANUARY 21, 2014
7:00 p.m.**

I. CALL TO ORDER –

II. ROLL CALL –

Council Member Jefferson	P A	Council Member Robb	P A
Council Member Moeller	P A	Council Member Vogt	P A
Council Member Murdock	P A	Mayor Schreiber	P A
Mayor Pro-Tem Richardson	P A		

III. INVOCATION –

IV. PLEDGE OF ALLEGIANCE –

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

V. INTRODUCTIONS –

VI. AGENDA APPROVAL –

VII. PRESENTATION –

1. Prospect Street Project – City Manager Ralph Lange, Public Services Director Stan Kirton and Mark McNamara, OHM
2. **Water Street Multi-Family Development Project – Community Development Director Teresa Gillotti and Michael Rodriguez of Herman and Kittle Properties, Inc. (Added)**

VIII. ORDINANCES – FIRST READING –

Ordinance No. 1209

1. An ordinance entitled, "An ordinance to enter into an option to purchase agreement with the New Parkridge LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Parkridge Homes)".
 - A. Resolution No. 2014-014, determination
 - B. Open the public hearing.
 - C. Resolution No. 2014-015, close public hearing

- Ordinance No. 1210
2. An ordinance entitled, "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)".

- A. Resolution No. 2014-016, determination
- B. Open the public hearing.
- C. Resolution No. 2014-017, close public hearing

- Ordinance No. 1211
3. An ordinance entitled, "City of Ypsilanti Tax Exemption Ordinance – Parkridge".

- A. Resolution No. 2014-018, determination
- B. Open the public hearing.
- C. Resolution No. 2014-019, close public hearing

- Ordinance No. 1212
4. An ordinance entitled, "City of Ypsilanti Tax Exemption Ordinance – Scattered Site".

- A. Resolution No. 2014-020, determination
- B. Open the public hearing.
- C. Resolution No. 2014-021, close public hearing

- Ordinance No. 1213
5. An ordinance to amend Ypsilanti Code relative to litter and dumping.

- A. Resolution No. 2014-022, determination
- B. Open the public hearing.
- C. Resolution No. 2014-023, close public hearing

- Ordinance No. 1214
6. An ordinance to amend Chapter 70 "Municipal Civil Infractions" of the Ypsilanti City Code, Article II, "Municipal Ordinance Violations Bureau", Section 70-38, "Schedule of Civil Fines Established".

- A. Resolution No. 2014-024, determination
- B. Open the public hearing
- C. Resolution No. 2014-025, close public hearing

IX. AUDIENCE PARTICIPATION –

X. REMARKS BY THE MAYOR –

XI. MINUTES –

Resolution No. 2014-026, approving the minutes of January 21, 2014

XII. RESOLUTIONS/MOTIONS/DISCUSSIONS –

1. Resolution No. 2014-027, approving Letter of Intent (LOI) for Water Street multi-family development.

2. Resolution No. 2014-028, directing city staff and OHM to take all necessary steps to proceed with and improve Prospect Road from Holmes Road to Grove Road.
3. Resolution No. 2014-029, approving CDBG two-year work plan.
4. Resolution No. 2014-030, amending the FY2013-2014 Fee Schedule to create an "Administrative Hearings Bureau Cost, for costs associated with filing a lien.

XIII. LIASON REPORTS –

- A. SEMCOG Update
- B. Washtenaw Area Transportation Study
- C. Washtenaw Metro Alliance
- D. Urban County
- E. Freight House

XIV. COUNCIL PROPOSED BUSINESS –

XV. COMMUNICATIONS FROM THE MAYOR –

Nominations:

Ypsilanti Zoning Board of Appeals
Eric Seymour (open)
611 Pearl St. Apt. #5 Ypsilanti, MI 48197
Ypsilanti, MI 48197
Term Expires: 5/1/2016

Ypsilanti Historic District Commission
Anne Stevenson-Less (reappointment)
707 Collegewood
Ypsilanti, MI 48197
Term Expires: 1/31/2017

Ypsilanti Historic District Commission
Michael Condon (reappointment)
313 Maple
Ypsilanti, MI 48198
Term Expires: 1/31/2017

Ypsilanti Historic District Commission
Henry Prebys (reappointment)
301 N. Grove
Ypsilanti, MI 48198
Term Expires: 1/31/2017

XVI. COMMUNICATIONS FROM THE CITY MANAGER –

XVII. AUDIENCE PARTICIPATION -

XVIII. REMARKS FROM THE MAYOR -

XIX. ADJOURNMENT –

Resolution No. 2014-031, adjourning the City Council meeting.



Revised – 1/21/14

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XVI. COMMUNICATIONS FROM THE CITY MANAGER –

XVII. AUDIENCE PARTICIPATION -

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XIX. ADJOURNMENT –

Resolution No. 2014-031, adjourning the City Council meeting.



REQUEST FOR LEGISLATION
January 21, 2014

From: John Barr and Dan DuChene, City Attorney's Office
Teresa Gillotti, Community and Economic Development

Subject: **Ypsilanti Housing Commission request for property transfers and PILOT changes to further redevelopment and rehabilitation of Ypsilanti Housing Commission properties**

The Ypsilanti Housing Commission, in partnership with the Chesapeake Community Partners, is pursuing a pilot program through Housing and Urban Development department's Rental Assistance Demonstration (RAD) project to providing low-income housing that guarantees rental assistance to families through project-based (site specific) housing vouchers, allows ownership to transfer to a public/private partnership, and provides the opportunity for private investment to assist in rehabilitation, or as in this proposal, redevelopment of quality affordable housing.

This program marks a change for HUD, who has traditionally supported Housing Commissions with operating funds and improvement grants at various times. The change would allow for the public/private ownership of the parcels, which would allow for private investment in the form of regular loans as well as competitive Low Income Housing Tax Credits (LIHTC), a similar financing arrangement used for the Hamilton Crossing project.

The Ypsilanti Housing Commission is pursuing this pilot program in an effort to rehabilitate and redevelop all of its properties. There are two projects proposed:

- 1- Redevelopment of Parkridge Homes – The existing 80 Parkridge block-style units would be demolished and replaced primarily with duplex units, three 4-plexes and four townhomes (row-houses). The site would also be reconfigured to provide improved vehicular and pedestrian connections to the neighborhood, and will function more like a neighborhood than a separate housing development. Six units would be added to this site from the Scattered Site project below.
- 2- Scattered site housing – The additional 106 units of Housing Commission properties are located at Paradise Manor, Hollow Creek, Towner, Bell, Maus, S. Washington, S. Adams, Madison, First, and Monroe Streets. These units would be gutted and rehabbed providing needed updates to all units. Six units in the Towner area would be relocated to the Parkridge Homes project above.

To participate in the RAD program and pursue the LIHTC and ultimate rehabilitation of Scattered Sites and redevelopment of Parkridge Homes, the Ypsilanti Housing Commission is requesting that City Council approve an option to sell the City-owned public housing units to the Partnership. Any sale is subject to the projects being approved by HUD's RAD program, as well as to both projects receiving LIHTC. It's possible that pending these requirements one, both, or none of the projects may be approved and proceeds to construction.

A second set of approvals being sought is a change to the proposed Payment in Lieu of Taxes (PILOT) that is currently being paid by the Ypsilanti Housing Commission to the City of Ypsilanti. If the properties transfer ownership, the PILOT would need to be connected to any new or future owners of the properties. The PILOT is not proposed to change from its current amount (see below). Attached are two ordinances for the PILOT change, one for the Scattered sites and one for Parkridge Homes.

Proposed Parkridge Homes Redevelopment Project

The attached option would allow for the sale of a portion of the existing Parcel ID # 11-11-39-468-010 or 601-699 Armstrong Dr and 501-577 First Court. The entire parcel is approximately 12.5 acres and includes portions of Parkridge Park in addition to the Ypsilanti Housing Commission building. However, the Ypsilanti Housing Commission is requesting the option to sell approximately 7.4 acres which is considered the project area located between First Avenue and Armstrong south of Harriet Street. This would require a lot split. As well, any sale should consider dedicating the right-of-way once redefined by the proposed redevelopment project. This proposed project area and area to be considered in the option is illustrated below with the project area shown in yellow, and the parcel shown in aqua.



As mentioned, the Parkridge Homes project would involve demolition of the existing 20 block housing dwellings (80 units), some reconfiguration of the street network to reflect more of nearby grid structure of the adjacent neighborhoods, and construction of 86 units, primarily duplexes. The

site plan was presented to Planning Commission on Wed., Jan. 15 and received conditional approval. A conceptual version of the site plan is below. Paper copies of the approved site plan are available for review in the Planning Department.



Proposed option for Parkridge Homes

Parkridge Homes have not undergone any major renovations since their original construction more than half a century ago. After review with architectural and construction professionals, the YHC has determined that demolition and reconstruction is the best scenario for this area. Based on the lack of value in the constructed improvements and the desire to support the provision of quality affordable housing staff is recommending that the option be granted for \$10 and subsequent purchase price for the premises be \$10.

As noted above, the option is conditional on acceptance into HUD's RAD program as well as the approval of LIHTC. If the approvals are not granted, the option expires. Also note that if the project proceeds, City council will review the terms and conditions that result from subsequent negotiations including the deed to transfer title to the property and any related memorandum of understanding entered into by the parties. These approvals can be achieved by resolution.

Expected impacts of proposed ownership change.

As noted, the change in ownership would be out of public ownership to that of a public/private partnership. The Ypsilanti Housing Commission Board would be the General Partner responsible for hiring and supervising MSHDA certified management company. Affordability levels will mimic existing levels as Project-based Section 8 vouchers will be available to all residents. At minimum these affordability requirements will be required for 30 years and possible up to 45 years.

Proposed PILOT for Parkridge Homes

The current Payment in Lieu of Taxes (PILOT) for the site is calculated as 10% of collected rent minus utility costs. The chart at right shows the payments provided for all the units, not just the Parkridge units over the last 11 years.

A provision of the ordinance does indicate that if the property is not part of the LIHTC project, the agreement shall terminate and full taxes would be required.

At the second reading a Memorandum of Understanding will be presented to address any additional concerns/needs of City Council as part of the property transfer. This would be similar to the MOU executed with the YHC acquisition of Hamilton Crossing.

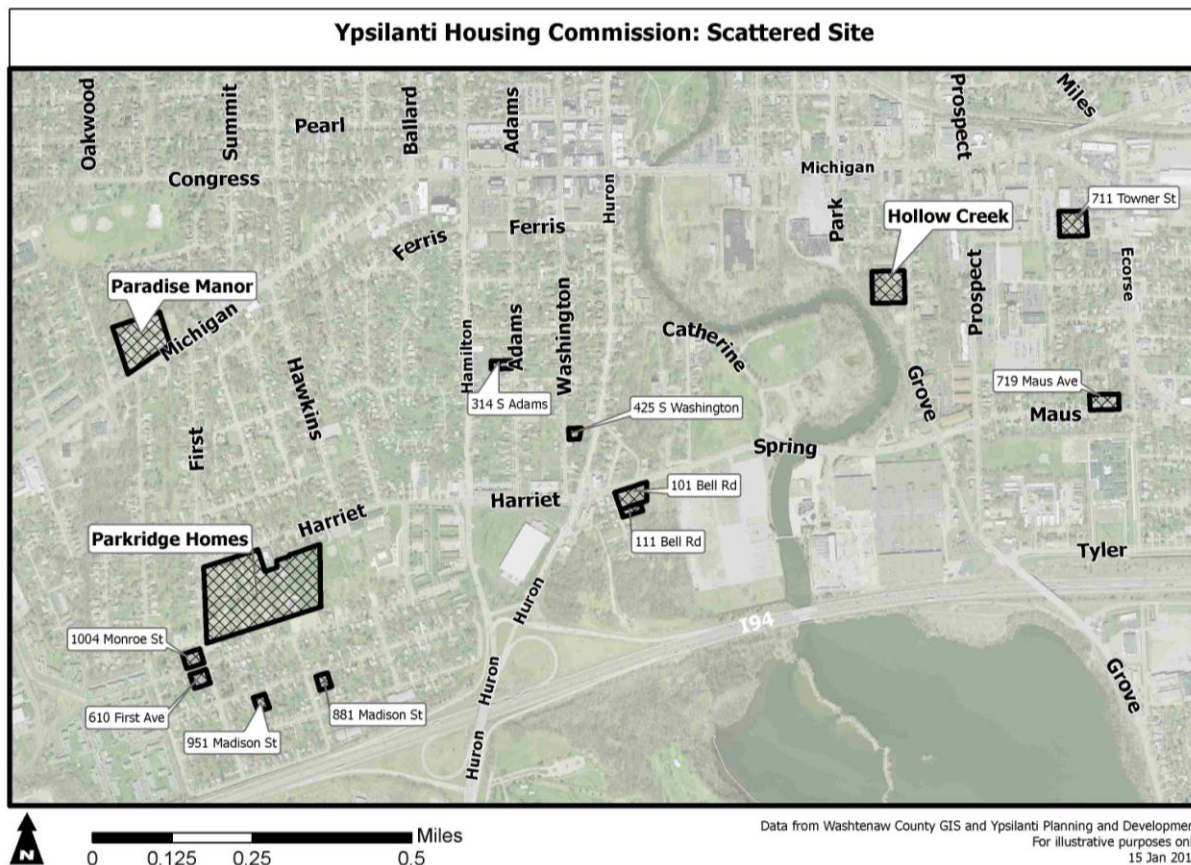
	Fiscal Year	YHC properties (191 units)
PILOT rate		10% of rent minus utilities
	2002	\$4,000 (back pay)
	2003	\$4,000 (back pay)
	2004	\$4,000 (back pay)
	2005	\$6,160 (3%)
	2006	\$9,607.20 (10%)
	2007	\$9,442.70 (10%)
	2008	\$12,055.70 (10%)
	2009	\$6632.90 (10%)
	2010	*\$20,540 (10%)
	2011	\$4,269 (10%)
	2012	\$9,913 (10%)
	2013	\$12,419.40 (10%)

*Awaiting confirmation from YHC

Scattered Site Rehabilitation Project

The proposed Scattered Site rehabilitation project would include a full gut and rehab of all units listed below. This would include Paradise Manor and Hollow Creek as well as smaller units integrated in existing neighborhoods. The only change from the rehabilitation proposed would be on Towner streets where several smaller studio units would be combined into larger 1 bedroom units. This would result in the loss of 6 scattered site units. Those 6 units would be added to the Parkridge Home redevelopment project above.

118-124 S GROVE ST	Parcel ID: 11-11-09-170-023 (Hollow Creek)
936-960 W MICHIGAN AVE	Parcel ID: 11-11-39-145-029 (Paradise Manor)
711-745 TOWNER ST	Parcel ID: 11-11-10-267-003
314, 318 S ADAMS ST	Parcel ID: 11-11-39-414-005
111 and 113 BELL RD	Parcel ID: 11-11-37-100-001
610 and 614 FIRST AVE	Parcel ID: 11-11-37-202-001
881 and 885 MADISON ST	Parcel ID: 11-11-37-152-010
719-733 MAUS AVE	Parcel ID: 11-11-10-355-037
951 and 955 MADISON ST	Parcel ID: 11-11-37-153-007
1004-1016 MONROE ST	Parcel ID: 11-11-37-201-001
425 and 427 S WASHINGTON ST	Parcel ID: 11-11-39-481-010
101 -109 Bell Rd	Parcel ID: 11-11-39-484-001



Proposed option for Scattered Site properties

The attached option would allow for the sale of additional Scattered Site housing operated by the Ypsilanti Housing Commission. After review by architectural and construction professionals, it is thought that there is residual value in the vertical improvements on the properties, indicating rehabilitation preference over demolition and redevelopment. Based on this residual value, staff is suggesting an option amount of \$10 and a purchase price of \$980,000 to be repaid through a long-term promissory note with an interest rate of 2 % with a 30-year term. A sample promissory note is included as an attachment to the ordinance as reference.

As noted above, the option is conditional on acceptance into HUD's RAD program as well as the approval of LIHTC. If the approvals are not granted, the option expires. Also note that if the project proceeds, City Council will review the terms and conditions that result from subsequent negotiations including the deed to transfer title to the property and any related memorandum of understanding entered into by the parties. These approvals can be achieved by resolution.

Expected impacts of proposed ownership change and PILOT change

These are the same as those for the Parkridge Homes listed above. The Ypsilanti Housing Commission Board would be the General Partner responsible for hiring and supervising MSHDA certified management company. Affordability levels will mimic existing levels as Project-based Section 8 vouchers will be available to all residents. At a minimum, these affordability requirements will be required for 30 years and possible up to 45 years. The proposed PILOT would be identical to that of Parkridge Homes as described above.

Please contact John Barr or Dan DuChene if you have any questions regarding this proposal at 734-483-9642. Please note that all ordinances are at first reading so additional information can be provided at the second reading.

RECOMMENDED ACTION: Approval of all ordinances.

Attachments: Ordinance – option to purchase Parkridge
Ordinance – PILOT for Parkridge Homes
Ordinance – option to purchase Scattered Site
Ordinance – PILOT for Scattered Site
1966 Cooperation Agreement
RAD Toolkit

Council Agenda Date: January 21, 2014

Council Agenda Item No. _____

City Manager Approval: _____

City Manager Comments:

Finance Director Approval: _____

Ordinance No. 1209

An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)

WHEREAS the City of Ypsilanti created the Ypsilanti Housing Commission by the authority invested in it by the Michigan Legislature pursuant to MCL 125.652, et seq, to administer the low income public housing and Section 8 programs within the City; and

WHEREAS the City of Ypsilanti owns certain properties that are administered by the Ypsilanti Housing Commission; and

WHEREAS the Ypsilanti Housing Commission has applied to U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program, which provides the opportunity to convert public housing to units subsidized with Project Based Rental Assistance; and

WHEREAS the Ypsilanti Housing Commission and/or its assigns intends to apply for Low-Income Housing Tax Credits from the Michigan State Housing Development Authority to raise capital to renovate or replace current units; and

WHEREAS the Ypsilanti Housing Commission must show that they, or their assigns, have site control in order for its application to be approved; and

WHEREAS the current plan is to create two separate projects consisting of the Parkridge Site in one project and all other existing sites in another project, called the Scatter Site; and

WHEREAS the City, in its 2012 Master Plan has defined its guiding values to include, "Anyone, no matter what age or income, can find a place to call home in Ypsilanti: Housing options should match the needs of the people. Those needs will change as residents age and move. The need for safe, quality, affordable homes for all should be factored into decisions."; and

WHEREAS the City desires to sell such properties to further these goals; and

WHEREAS the anticipated procedure would be to eventually transfer both projects to separate limited partnerships jointly owned by three entities: a limited liability company wholly owned by the Chesapeake Community Advisors; a limited liability company wholly owned by the Ypsilanti Washtenaw Housing Corporation; a nonprofit corporation wholly owned by Ypsilanti Housing Commission; and a LIHTC limited partner; and

WHEREAS this limited partnership would be a limited dividend housing association, pursuant to MCL 125.1491, and exempt from ad valorem taxes; and

WHEREAS the option to purchase agreement drafted by the City Attorney fulfills the requirements for the Ypsilanti Housing Commission's application, relative to the Parkridge Site, and the anticipated procedure while still making any sale by the City contingent on MSHDA's approval of the LIHTC and HUD's approval of the application to RAD;

NOW THEREFORE:

1. THE CITY OF YPSILANTI ORDAINS:

- A. The Mayor and City Clerk are authorized to enter into the option to purchase agreement with New Parkridge LDHA Limited Partnership relative to the Parkridge Site, in conjunction with and subject to the review and approval of the City Attorney;
- B. The City Manager is further authorized to enter into any negotiations with New Parkridge LDHA Limited Partnership for the ultimate transfer of the land;
- C. City Council shall review the terms and conditions that result from such negotiations, including the deed to transfer title to the property and any memorandum of understanding entered into by the parties, and may approve such by resolution.

2. Copies to be available. Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

3. Publication and Effective Date. The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS _____ DAY OF _____, 2014.

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. _____ was published in the Ypsilanti Courier on the _____ day of _____, 2014.

Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of _____, 2014.

Frances McMullan, City Clerk

Notice Published: January 8, 2014

First Reading: January 21, 2014

Second Reading: _____

Published: _____

Effective Date: _____



Resolution No. 2014-014
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That an ordinance entitled "An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)" be approved on First Reading.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:



Resolution No. 2014-015
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the public hearing on an ordinance entitled "An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)" be officially closed.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:

OPTION TO PURCHASE LAND
PARKRIDGE

This option agreement (the Agreement) is entered into as of this ____ day of _____, 2014, between the City of Ypsilanti, a Michigan home rule city having an address of 1 S. Huron Street, Ypsilanti, MI 48197, (Seller), and New Parkridge LDHA Limited Partnership, a Michigan limited partnership. having an address of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Buyer), on the terms and conditions set forth below:

1. **Grant of the option.** In consideration of \$10 paid by Buyer to Seller, receipt of which Seller acknowledges, Seller grants Buyer an exclusive option to purchase the real property described on the attached exhibit A, with all easements, rights, and appurtenances (the Premises) for a period of one year from date of this agreement on the terms and conditions set forth below.
2. **Purchase price.** The purchase price for the Premises under this option is \$10. The purchase price shall be paid in full at the closing with certified funds. The consideration for this Agreement shall be credited to the purchase price for the Premises at the closing if Buyer exercises the option.
3. **Condition Precedent.** This Agreement is being entered into on the condition that both Buyer's application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and Buyer's application with the Michigan State Housing Development Authority for an allocation Low-Income Housing Tax Credits be approved. This is a condition precedent to this Agreement, and Buyer's option is not enforceable until Buyer's application is approved and good and sufficient evidence of the same is provided to Seller in writing.
4. **Exercise of the option.** Buyer may exercise the option by giving written notice to Seller at its address stated above. The notice must be sent by certified mail and received by Seller before this option expires.
5. **Failure to exercise the option.** If Buyer fails to properly exercise the option before this Agreement expires, the option shall terminate, and Seller may retain the consideration and shall have no further obligation to Buyer.
6. **Closing.** This sale shall be by quitclaim deed and closed within 10 days after all the

closing documents are prepared but no later than 45 days after Seller receives the notice that Buyer is exercising the option.

7. Inspections. Buyer may visit the Premises to make inspections of the site. Buyer shall restore the Premises to the condition it was in before any inspection by Buyer.

8. The closing and preparations for the closing. If Buyer exercises the option, the following obligations shall be performed before or at the closing:

- a. The law firm of Barr, Anhut & Associates, P.C. shall prepare the necessary conveyance documents to transfer title to Buyer, unless the parties mutually agree on some other title company.
- b. The closing shall be held at the Seller's offices as stated in this Agreement unless the parties mutually agree on some other location.
- c. Buyer shall pay the real estate transfer taxes, if any.
- d. Buyer shall pay the recording fees.

9. Binding effect. This Agreement shall bind and benefit the parties' successors and assigns. Buyer may assign its interest under this Agreement only with Seller's written consent.

10. Construction and venue. This Agreement shall be governed by Michigan law. Exclusive jurisdiction and venue shall in Washtenaw County, Michigan. Any disputes under this Agreement shall be brought in Washtenaw County, Michigan.

11. Entire agreement. This Agreement contains the entire agreement of the parties with respect to the transaction described in this Agreement, and this Agreement may not be amended or released, in whole or in part, except by a document signed by both parties.

12. Exhibits. The following exhibit is attached to and a part of this Agreement: Exhibit A—Legal Description of the Premises

13. Time of the essence. Time is of the essence in the performance of this Agreement.

14. Effective date. This Agreement shall be effective when all the parties listed below have signed it.

CITY OF YPSILANTI

Paul Schreiber
Mayor of the City of Ypsilanti

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

Frances McMullan
Ypsilanti City Clerk

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

NEW PARKRIDGE LDHA LIMITED PARTNERSHIP

By:
Its:

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____,

2014, by _____, who being duly sworn, did say that he is the
_____ of New Parkridge LDHA Limited Partnership and did
represent that he was duly authorized to execute this document on behalf of said commission.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

Drafted by and when recorded return to:
John M. Barr
Ypsilanti City Attorney
105 Pearl Street
Ypsilanti, MI 48197

BARR, ANHUT & ASSOCIATES, P.C.

DESCRIPTION OF PREMISES

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan:

A portion of parcel 11-11-39-468-010 and commonly known as 601 Armstrong Drive. The City of Ypsilanti reserves all public right-of-ways, including Armstrong Drive, Armstrong Court, and First Court, and public utility easements as agreed upon by the parties before closing. The City of Ypsilanti further reserves the offices of the Ypsilanti Housing Commission and its surrounding property; the Parkridge Community Center and its surrounding property; and all land that makes up Parkridge Park, including the tennis and basketball courts located on the southwestern portion of the park and its surrounding property, as well as the two access points to the park from Monroe Street on the southern portion of the park. The following legal description is temporary and subject to change based on the agreement of the parties at the time of closing:

Beginning at the intersection of the easterly line of First Avenue, as it now exists 66 feet wide with the southerly line of French Claim 690; thence along said easterly line of First Avenue, North $1^{\circ} 31' 30''$ West 639.16 feet to the southerly line of Harriett [sic] Street, as same now exists, 66 feet wide; thence along said southerly line of Harriett [sic] Street North $72^{\circ} 20'$ East 476.07 feet; thence South $17^{\circ} 40'$ East 185.82 feet; thence North $72^{\circ} 20'$ East 100.19 feet; thence North $1^{\circ} 4' 5''$ West 68.77 feet; thence North $72^{\circ} 20'$ East 165.74 feet; thence North $72^{\circ} 25'$ West 190.94 feet; thence South $2^{\circ} 2' 17'$ East 517.45 feet to a point in the Southerly line of French Claim 690; thence along said Southerly line of French Claim 690 South $72^{\circ} 36' 5''$ West a distance of 990.8 feet to the point of beginning.

Less any lands in the above description lying to the East of the following described line. Beginning at the intersection of the easterly line of First Avenue with the southerly line of French Claim 690. Thence northerly along the east right of way line of First Avenue 639.16 feet to the southerly line of Harriet Street; thence easterly along the southerly right of way line of Harriet Street 431.41 feet to the point of beginning of said line; thence southeasterly to the southerly line of French Claim 690 at a point 615.97 feet East of the intersection of the South line of French Claim 690 and the East right of way line of First Avenue, being the point of ending of this line.

The following graphic is for demonstration purposes only and is no way intended to accurately reflect actual boundary lines and is not to scale. The final property

description and boundary lines will be determined by agreement of the parties at the time of closing. The green portions of the graphic represent the land that is currently considered Parkridge Park and the Ypsilanti Housing Commission offices. The blue line represents the current boundaries of the parcel. The yellow line represents the portion of the parcel herein described and intended to be subject to this instrument.



Ordinance No. 1210

An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)

WHEREAS the City of Ypsilanti created the Ypsilanti Housing Commission by the authority invested in it by the Michigan Legislature pursuant to MCL 125.652, et seq, to administer the low income public housing and Section 8 programs within the City; and

WHEREAS the City of Ypsilanti owns certain properties that are administered by the Ypsilanti Housing Commission; and

WHEREAS the Ypsilanti Housing Commission has applied to U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program, which provides the opportunity to convert public housing to units subsidized with Project Based Rental Assistance; and

WHEREAS the Ypsilanti Housing Commission and/or its assigns intends to apply for Low-Income Housing Tax Credits from the Michigan State Housing Development Authority to raise capital to renovate or replace current units; and

WHEREAS the Ypsilanti Housing Commission must show that they, or their assigns, have site control in order for its application to be approved; and

WHEREAS the current plan is to create two separate projects consisting of the Parkridge Site in one project and all other existing sites in another project, called the Scatter Site; and

WHEREAS the City, in its 2012 Master Plan has defined its guiding values to include, "Anyone, no matter what age or income, can find a place to call home in Ypsilanti: Housing options should match the needs of the people. Those needs will change as residents age and move. The need for safe, quality, affordable homes for all should be factored into decisions."; and

WHEREAS the City desires to sell such properties to further these goals; and

WHEREAS the anticipated procedure would be to eventually transfer both projects to separate limited partnerships jointly owned by three entities: a limited liability company wholly owned by the Chesapeake Community Advisors; a limited liability company wholly owned by the Ypsilanti Washtenaw Housing Corporation; a nonprofit corporation wholly owned by Ypsilanti Housing Commission; and a LIHTC limited partner; and

WHEREAS this limited partnership would be a limited dividend housing association, pursuant to MCL 125.1491, and exempt from ad valorem taxes; and

WHEREAS the option to purchase agreement drafted by the City Attorney fulfills the requirements for the Ypsilanti Housing Commission's application, relative to the Scattered Site, and the anticipated procedure while still making any sale by the City contingent on MSHDA's approval of the LIHTC and HUD's approval of the application to RAD;

NOW THEREFORE:

1. THE CITY OF YPSILANTI ORDAINS:

- A. The Mayor and City Clerk are authorized to enter into the option to purchase agreement with Strong Future LDHA Limited Partnership relative to the Scattered Site, in conjunction with and subject to the review and approval of the City Attorney;
- B. The City Manager is further authorized to enter into any negotiations with Strong Future LDHA Limited Partnership, for the ultimate transfer of the land;
- C. City Council shall review the terms and conditions that result from such negotiations, including the deed to transfer title to the property and any memorandum of understanding entered into by the parties, and may approve such by resolution.

2. Copies to be available. Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

3. Publication and Effective Date. The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS _____ DAY OF _____, 2014.

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. _____ was published in the Ypsilanti Courier on the _____ day of _____, 2014.

Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of _____, 2014.

Frances McMullan, City Clerk

Notice Published: January 8, 2014

First Reading: January 21, 2014

Second Reading: _____

Published: _____

Effective Date: _____



Resolution No. 2014-016
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That an ordinance entitled "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)" be approved on First Reading.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:



Resolution No. 2014-017
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the public hearing an ordinance entitled "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)" be officially closed.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:

OPTION TO PURCHASE LAND
SCATTER SITE

This option agreement (the Agreement) is entered into as of this ____ day of _____, 2014, between the City of Ypsilanti, a Michigan home rule city having an address of 1 S. Huron Street, Ypsilanti, MI 48197, (Seller), and Strong Future LDHA Limited Partnership, a Michigan limited partnership having an address of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Buyer), on the terms and conditions set forth below:

1. Grant of the option. In consideration of \$10 paid by Buyer to Seller, receipt of which Seller acknowledges, Seller grants Buyer an exclusive option to purchase the real property described on the attached exhibit A, with all easements, rights, and appurtenances (the Premises) for a period of one year from date of this agreement on the terms and conditions set forth below.

2. Purchase price. The purchase price for the Premises under this option is \$980,000.00 (nine-hundred-eighty-thousand dollars). The purchase price shall be paid at the closing with a purchase money promissory note, which shall be delivered to Seller by Buyer at closing and be in a form substantially similar to the note attached hereto as exhibit B. The outstanding principal balance of such note shall bear an annual interest at the rate of 2 percent. All payments under such note shall be made applied first to costs and expense required to be paid, then to accrued and unpaid interest, and then to the outstanding principal. Buyer shall pay the outstanding balance of the note together with any unpaid interest thereon in full to Seller upon any sale or transfer of any portion of the Premises.

Such note shall be secured by a security instrument which shall also be delivered to Seller by Buyer at the closing and be in a form substantially similar to the instrument attached hereto as exhibit C. The terms and conditions of such security instrument and such note shall be agreed to by the Parties and drafted by Seller.

The consideration for this Agreement shall be credited to the purchase price for the Premises at the closing if Buyer exercises the option.

3. Condition Precedent. This Agreement is being entered into on the condition that both Buyer's application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and Buyer's application with the Michigan State Housing Development Authority for an allocation Low-Income Housing Tax Credits be approved.

This is a condition precedent to this Agreement, and Buyer's option is not enforceable until Buyer's application is approved and good and sufficient evidence of the same is provided to Seller in writing.

4. Exercise of the option. Buyer may exercise the option by giving written notice to Seller at its address stated above. The notice must be sent by certified mail and received by Seller before this option expires.

5. Failure to exercise the option. If Buyer fails to properly exercise the option before this Agreement expires, the option shall terminate, and Seller may retain the consideration and shall have no further obligation to Buyer.

6. Closing. This sale shall be by quitclaim deed and closed within 10 days after all the closing documents are prepared but no later than 45 days after Seller receives the notice that Buyer is exercising the option.

7. Inspections. Buyer may visit the Premises to make inspections of the site. Buyer shall restore the Premises to the condition it was in before any inspection by Buyer.

8. The closing and preparations for the closing. If Buyer exercises the option, the following obligations shall be performed before or at the closing:

- a. The law firm of Barr, Anhut & Associates, P.C. shall prepare the necessary conveyance documents to transfer title to Buyer, unless the parties mutually agree on some other title company.
- b. The closing shall be held at the Seller's offices as stated in this Agreement unless the parties mutually agree on some other location.
- c. Buyer shall pay the real estate transfer taxes, if any.
- d. Buyer shall pay the recording fees.

9. Binding effect. This Agreement shall bind and benefit the parties' successors and assigns. Buyer may assign its interest under this Agreement only with Seller's written consent.

10. Construction and venue. This Agreement shall be governed by Michigan law. Exclusive jurisdiction and venue shall vest in Washtenaw County, Michigan. Any disputes under this Agreement shall be brought in Washtenaw County, Michigan.

11. Entire agreement. This Agreement contains the entire agreement of the parties with respect to the transaction described in this Agreement, and this Agreement may not be amended or released, in whole or in part, except by a document signed by both parties.

12. Exhibits. The following exhibits are attached to and a part of this Agreement:

- Exhibit A—Legal Description of the Premises
- Exhibit B—Promissory Note Form
- Exhibit C—Security Interest Form

13. **Time of the essence.** Time is of the essence in the performance of this Agreement.

14. **Effective date.** This Agreement shall be effective when all the parties listed below have signed it.

CITY OF YPSILANTI

Paul Schreiber
Mayor of the City of Ypsilanti

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

Frances McMullan
Ypsilanti City Clerk

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public

_____ County, Michigan
My commission expires: _____

STRONG FUTURE LDHA LIMITED PARTNERSHIP

By: _____
Its: _____

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by _____, who being duly sworn, did say that he is the _____ of the Strong Future LDHA Limited Partnership and did represent that he was duly authorized to execute this document on behalf of said commission.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

Drafted by and when recorded return to:
John M. Barr
Ypsilanti City Attorney
105 Pearl Street
Ypsilanti, MI 48197

BARR, ANHUT & ASSOCIATES, P.C.

DESCRIPTION OF PREMISES

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan:

Commonly known as	Legally described as	Parcel Number
118 S GROVE ST	*OLD SID - 11 11-040-239-00 YP CITY 2E-70 LOTS 239, 240, 241 & 242 ORIGINAL PLAT.	11-11-09-170-023
936 W MICHIGAN AVE	*OLD SID - 11 11-054-026-00 YP CITY 6-W-25 LOT 26 EXC A 30' STRIP OFF THE E SIDE & EXC A 50' STRIPOFF THE N SIDE ASSESSOR'S PLAT NO. 4	11-11-39-145-029
711-719, 721-729, and 731-745 TOWNER ST	*OLD SID - 11 11-190-035-00 YP CITY 7E-37 LOTS 35 & 36 DAVIS ADDITION.	11-11-10-267-003
314 S ADAMS ST	OLD SID - 11 11-010-077-00 YP CITY 1-W58 N 66 FT OF S 132 FT OF E 165FT OF A PARCEL OF LD AT THE NW COR ADAMS AND BUFFALO STS.	11-11-39-414-005
111 and 113 BELL RD	*OLD SID - 11 11-150-016-00 YP CITY 18W-10 LOT 16 PLAN OF CLARKSVILLE.	11-11-37-100-001
101 – 109 BELL RD	*OLD SID - 11 11-340-021-00 YP CITY 37W-22 E. 41' OF LOT 20 & ALL OF LOTS 21, 22, & 27 A. LAZELIER'S ADDITION.	11-11-39-484-001
610 FIRST AVE	*OLD SID - 11 11-475-408-00 YP CITY 48W-295 LOTS 408,409 & E 40' OF LOT 410, PARK RIDGE.	11-11-37-202-001
881 MADISON ST	*OLD SID - 11 11-475-263-00 YP CITY 48W-177 LOTS 263 & 264 PARK RIDGE	11-11-37-152-010
719, 721, 723, 725, 727, 729, 731, 733 MAUS AVE	*OLD SID - 11 11-750-073-00 YP CITY 32E-36 LOTS 73 - 80 INCL VOLKENING & CO'S SUBDIVISION	11-11-10-355-037
951 MADISON ST	*OLD SID - 11 11-475-273-00 YP CITY 48W-185 LOTS 273 & 274 PARK RIDGE.	11-11-37-153-007
1004 and 1008 MONROE ST	*OLD SID - 11 11-475-437-00 YP CITY 48 W-307 LOTS 437,438&439 PARK RIDGE	11-11-37-201-001
425 S WASHINGTON ST	*OLD SID - 11 11-010-068-00 YP CITY 1-W49A LAND COM 376.3' SLY OF SE COR WASH- INGTON & BUFFALO STREETS, TH EAST 105.9', TH S 10 DEG 49' E 90.76', TH W 88.2', TH NLY ON WASHINGTON STREET TO BEG.	11-11-39-481-010

PROMISSORY NOTE

\$980,000.00 (nine-hundred-eighty-thousand dollars)

Dated:

Due Date:

FOR VALUE RECEIVED, Strong Future LDHA Limited Partnership, a Michigan limited partnership (Borrower), at 101 N. Main Street Suite 555, Ann Arbor, MI 48104, promises to pay to the order of the City of Ypsilanti, a Michigan home rule city (Lender), at 1 S. Huron Street, Ypsilanti, MI 48197 or another place Lender designates in writing, the principal sum of \$980,000 (nine-hundred-eighty-thousand dollars), plus interest as provided in this note on all amounts outstanding, all in lawful money of the United States of America as stated below.

1. **Interest rate.** The principal amount outstanding under this Promissory Note (the Note) shall bear interest on a basis of a year of 360 days for the actual number of days amounts are outstanding at the rate of 2 percent (2%) per annum.

2. **Payment.** This Note shall be paid in consecutive annual payments of half of the remaining cashflow waterfall after the PILOT, the investor services fee, and the partner management fee, as determined in the annual audit from the previous year. Such payments are to be made beginning on the ____ day of _____, 20____, and continuing on the same day of each consecutive year after that. A final payment will be due on the Due Date in an amount equal to the then unpaid principal and accrued interest. All payments required to be paid shall first be applied to costs and expenses required to be paid, then to accrued interest, and then the balance against the principal. Borrower understands that the installment payments of principal may not be sufficient to fully amortize the outstanding principal balance of this Note by the Due Date and that, in that case, the final payment due on the Due Date will be a payment of all then outstanding principal and accrued interest.

3. **Prepayment.** Borrower may prepay all or part of the principal of this note at any time. Any partial prepayment will be applied to the installment or installments last falling due under this note, and a partial prepayment shall not affect the amount or time of payment of succeeding required installments.

4. **Interest rate limited to maximum provided by law.** Nothing in this Note or any transaction relating to it shall be construed or operate to require

Borrower to pay or be charged interest at a rate greater than the maximum allowed by the applicable law relating to this Note. If any interest or other charges charged, paid, or payable by Borrower in connection with this Note or any other document delivered in connection with this Note result in the charging, compensation, payment, or earning of interest in excess of the maximum allowed by applicable law, the excess shall be waived by the holder, and the excess paid shall be automatically credited against and in reduction of the principal due under this Note. If Lender reasonably determines that the interest rate (together with all other charges or payments that may be deemed interest) stipulated under this Note is or may be usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the highest rate permitted to be charged by stipulation in writing between Lender and Borrower, at the option of Lender, shall immediately become due and payable.

5. Events of default. Borrower, without notice or demand of any kind, shall be in default under this Note on the occurrence of any of the following Events of Default:

- (a) if any amount due and owing on this Note, any fees due Lender, any expenses incurred by Lender under this Note, or any and all other liabilities and obligations of Borrower to Lender are not paid within 10 days of when due;
- (b) default or breach of any condition under any mortgage, security agreement, assignment of lease, or other agreement securing or otherwise relating to any collateral, which continues beyond any applicable notice and cure provisions;
- (c) failure to furnish the Lender within 5 days of a written request with financial information about, or to permit inspection by the Lender of any books, records, and properties of, the undersigned;
- (d) any Obligor generally not paying its debts as they become due;
- (e) dissolution, termination of existence, insolvency, appointment of a receiver or other custodian of any part of the property or, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency law by or against, on any change in control of, any Obligor provided, however that an Obligor shall have 90 days from the commencement thereof to dismiss any such bankruptcy or insolvency proceedings not commenced by an Obligor; or
- (f) material change in the condition of affairs (financial or otherwise) of any Obligor or in the value or condition of any collateral securing this Note which in the reasonable opinion of the Lender will impair its security or increase its risk.

6. Remedies. On the occurrence of any Event of Default, Lender may, without notice, declare the entire unpaid and outstanding principal balance

under this Note and all accrued interest, together with all other indebtedness of Borrower to Lender, to be immediately due and payable in full, without presentment, demand, or notice of any kind, all of which Borrower expressly waives. Lender shall then have and may exercise any one or more of the rights and remedies provided in this Note or in any loan agreement, mortgage, guaranty, security agreement, assignment, or other document relating to this Note. The remedies provided for under this Note are cumulative to the remedies for collection of the amounts owing under this Note as provided by law or by any loan agreement, mortgage, guaranty, security agreement, or other document relating to this Note. Nothing in this Note is intended or should be construed to preclude Lender from pursuing any other remedy for the recovery of any other sum to which Lender may be or become entitled for breach of the terms of this Note or any loan agreement, mortgage, guaranty, security agreement, or other instrument relating to this Note.

7. Costs of collection. Borrower agrees, in case of an Event of Default under the terms of this Note or under any loan, security, or other agreement signed in connection with this Note, to pay all Lender' costs for collection of this Note and all other liabilities of Borrower to Lender and enforcement of its rights under this Note, including reasonable attorney fees and legal expenses, including participation in bankruptcy proceedings.

8. Default rate of interest. During any periods that an Event of Default has occurred and is continuing, after the Due Date, or after acceleration of maturity, the outstanding principal amount shall bear interest at a rate equal to 2 percent per annum greater than the interest rate otherwise charged under this Note.

9. Late charges. If any required payment is not made within 10 days after the date it is due (other than the total payment of principal due on the Due Date), at the option of Lender, a late charge in the amount of 5 percent of the overdue payment may be charged.

10. No waiver of default. Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default. On any Event of Default, neither the failure of Lender promptly to exercise its right to declare the outstanding principal and accrued unpaid interest to be immediately due and payable nor the failure of Lender to demand strict performance of any other obligation of Borrower or any other person who may be liable shall constitute a waiver of any such rights or a waiver of such rights in connection with any future

default on the part of Borrower or any other person who may be liable under this Note.

11. **General.** Borrower and all endorsers and guarantors of this Note, if any, jointly and severally waive presentment for payment, demand, notice of nonpayment, notice of protest or protest of this Note, and diligence in collection or bringing suit and consent to any and all extensions of time, renewals, waivers, or modifications that Lender may grant with respect to payment or any other provisions of this Note and to the release of any collateral or any part of it, with or without substitution. Borrower's liability shall be absolute and unconditional, without regard to the liability of any other party to this Note. This Note shall be deemed to have been executed in, and all rights and obligations shall be governed by, the laws of the State of Michigan. Venue for all actions and disputes under this Note shall lie in Washtenaw County, Michigan.

12. **Other documents.** This Note has been signed pursuant to, or is secured or supported by, the following documents:

- Commercial mortgage dated **[date]**

Borrower and Lender may also have signed other documents in conjunction with providing for security for this Note or other matters. Reference is made to the above documents for additional terms relating to the transaction giving rise to this Note or the security or support given for this Note and additional terms and conditions under which this Note matures or may be accelerated or prepaid.

BORROWER

By

Its

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

Subscribed and sworn to before me a Notary Public on this ____ day of _____, 20__ by the above named _____, who has read the foregoing and says it is true to the best of his/her knowledge.

, Notary Public

Washtenaw County, Michigan
My commission expires: _____

DRAFT

COMMERCIAL MORTGAGE

This mortgage (the Mortgage) is made on this ____ day of _____, 20__ between Strong Future LDHA Limited Partnership, a Michigan limited partnership, of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Borrower), and the City of Ypsilanti, a Michigan home rule city (Lender), of 1 S. Huron Street, Ypsilanti, MI 48197, on the terms and conditions set forth below.

1. **Definitions.** The following terms shall have the following meanings when used in this Mortgage:

- a. *Leases* means and includes all leases and rental agreements (including, without limitation, oil and gas leases and any specific leases described in an attachment to this Mortgage), written or unwritten, now or later demising the Property in whole or in any part, and all amendments, modifications, extensions, renewals, substitutions, and replacements.
- b. *Note* means a promissory note from Borrower to Lender in the principal amount of \$980,000.00 of the same date as the Mortgage.
- c. *Obligations* means all loans, advances, and other financial accommodations, including any renewals or extensions, from Lender to Borrower and any and all indebtedness, liabilities, and obligations of any kind owing from Borrower to Lender, however incurred or evidenced; whether primary, secondary, contingent, or otherwise; whether arising under the Note and any and all extensions and renewals, this Mortgage or any other security agreements, promissory notes, guaranties, mortgages, leases, letters of credit, interest rate protection agreements, interest rate swaps or other interest rate hedge arrangements (other than an interest rate cap or another similar agreement or arrangement pursuant to which Borrower has no credit exposure to Lender), agreements relating to foreign exchange transactions or any other instruments, documents, contracts, or agreements executed by Borrower and delivered to Lender or to or under which Borrower or any subsidiary or affiliate of Borrower is a party or beneficiary, or by oral agreement or operation of law, plus all

interest, costs, expenses and reasonable attorney fees that may be made or incurred by Lender in the disbursement, administration, or collection of the indebtedness, liabilities, and obligations and in the protection, maintenance, and liquidation of any collateral for the indebtedness, liabilities, and obligations made to Borrower by Lender that are secured by this Mortgage.

d. *Property* means the premises situated in the State of Michigan described in the attached exhibit A, together with

i. all the estate, title, interest, and rights of Borrower in the premises and all buildings and improvements of every kind and description now or later placed on the premises;

ii. all of the rents, profits, and leases of the premises and the tenements, hereditaments, easements, privileges, and appurtenances with respect to the premises, including earlier or later vacated alleys and streets abutting the premises;

iii. all goods (including furniture, fixtures, equipment, and appliances), accounts, books and records, and general intangibles now owned or later acquired by Borrower and now or later related to, affixed to, attached to, placed on, or used in any way in connection with the ownership, use, occupancy, or operation of the premises (except leased equipment and trade fixtures that are readily removable without damaging or reducing the value or utility of the premises or the improvements), including, but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems and machinery, appliances, fixtures, and equipment pertaining to them; awnings; stoves; refrigerators; dishwashers; disposals; incinerators; carpeting and drapes; and all other furniture, fixtures, equipment and appliances of every type;

iv. any and all awards or payments, including interest, and the right to receive them, that may be made with respect to the premises as a result of (A) the exercise of the right of eminent domain, (B) the alteration of the grade of any street, (C) any loss of or damage to any building or other improvement on the premises, (D) any other injury to or decrease in the value of the premises; or (E) any refund due on account of the payment of real estate taxes, assessments, or other charges levied against or imposed on the premises, to the extent of all

amounts that may be secured by this Mortgage at the date of receipt of the award or payment by Lender and of the reasonable counsel fees, costs, and disbursements incurred by Lender in connection with the collection of the award or payment;

v. all of Borrower's rights, title, and interest in, to, and under all present and future land contracts, sales agreements, or option agreements relating to the premises and Borrower's rights under all construction contracts and all plans and specifications relating to the premises; and

vi. all of Borrower's rights, title, and interest in, to, and under all present and future permits; licenses; liquor licenses; authorizations; franchises; management agreements used or intended to be used in connection with the ownership or operation of the premises; and all names, trade names, trademarks, logos, and material used to advertise the premises and all variations.

2. Grant of mortgage. Borrower mortgages and warrants to Lender and its successors and assigns forever the Property and grants to Lender and its successors and assigns a continuing security interest in the Property to secure the timely repayment and performance of the Obligations, to have and to hold the Property, with all of the tenements, hereditaments, easements, appurtenances, and other rights and privileges belonging or in any manner now or appertaining, for the use and benefit of Lender on the conditions set forth below.

3. Covenant to pay obligations. Borrower shall promptly pay and perform all Obligations for which it is liable or obligated in accordance with the terms. Borrower acknowledges and agrees that this Mortgage shall not be extinguished and that the priority of this Mortgage shall not be altered in any way until a Mortgage discharge has been executed by Lender and recorded in the proper county.

4. Covenant of title. At the time of the execution and delivery of this Mortgage, Borrower is the owner of the Property in fee simple, free of any easements, liens, and encumbrances (other than those easements of record as of the date of this Mortgage; the rights of the public in any part of the Property used or taken for road purposes; and any other mortgages, liens, or encumbrances to which Lender has consented in writing), and will forever warrant and defend its title against any and all other claims. The lien created

by this Mortgage is and will be kept as a valid lien on the Property, subject only to these stated exceptions.

5. Maintenance of property. Borrower shall at all times preserve and maintain the Property in good repair and working order and condition and shall make all necessary improvements and repairs so the value and efficiency of the Property is at all times maintained and Lender's security is not impaired. Lender shall have the right to enter on and inspect the Property at all reasonable times. If, on inspection of the Property, Lender determines that the Property requires repair, maintenance, or care of any kind that Borrower, after notice from Lender, fails to perform, Lender may declare Borrower to be in default under this Mortgage and may, at Lender's option, by its agent, enter, repair, and care for the Property, paying whatever amount as Lender deems appropriate; and all costs incurred by Lender shall be added to the Obligations secured by this Mortgage.

6. Payment of Taxes, Liens, and Insurance. Borrower shall pay when due all taxes, assessments, and governmental charges levied on the Property and all claims, liens, encumbrances, levies, judgments, and charges that are at any time levied, recorded, placed on, or assessed against the Property and shall promptly deliver to Lender receipts evidencing such payment. However, Borrower will not be required to pay any tax, assessment, governmental charge, claim, lien, encumbrance, levy, judgment, or charge if Borrower is in good faith contesting the validity and has provided for payment of the entire amount of any contested tax, assessment, governmental charge, claim, lien, encumbrance, levy, judgment, or charge in a cash reserve deposited with Lender or in another manner satisfactory to Lender. Unless Lender and Borrower otherwise agree in writing, Borrower shall pay to Lender with Borrower's payments of principal and interest a pro rata portion of the taxes, assessments, and insurance premiums next to become due, as estimated by Lender, so Lender has sufficient funds on deposit to enable Lender to pay in full all taxes, assessments, and insurance premiums 30 days before the due date. All money so held by Lender will not bear interest, may be commingled by Lender with other funds, and after the occurrence of any default by Borrower may be applied by Lender to the Obligations.

7. Insurance.

a. Until the Obligations are fully satisfied, Borrower will keep the Property continuously insured against loss by fire; windstorm; and other hazards, casualties, and contingencies, including vandalism and malicious mischief, in whatever amounts and for whatever periods Lender requires. Borrower

shall pay promptly when due all premiums for this insurance and deliver to Lender, on request, receipts showing payment. All insurance shall be carried in companies approved by Lender, and the policies and renewals shall be held by and pledged to Lender (unless Lender directs or permits otherwise) as additional security and shall have attached a mortgagee clause acceptable to Lender, making all losses under the policies payable to Lender or its successors and assigns, as its or their interest may appear. In the event of loss or damage to the Property, Borrower shall give immediate notice in writing by mail to Lender, who may make proof of loss if not made promptly by Borrower.

b. If the amount of the loss 30 percent of the principal amount of the Obligations or less, the insurance proceeds shall be released to Borrower on its request. Borrower shall be obligated to use the proceeds to restore or repair the Property unless Lender specifies otherwise in writing.

c. If the amount of the loss is greater than 30 percent of the principal amount of the Obligations, each insurance company concerned is authorized and directed on Lender's request to make payment for the loss, to the extent of the Obligations, directly to Lender instead of to Borrower and Lender jointly. Provided no Event of Default under this Mortgage or any event that with notice or the passage of time would become an Event of Default has occurred and further provided that Lender reasonably determines that sufficient funds are available from insurance proceeds and any funds to be provided by Borrower to repair or restore the Property within a reasonable time and that the repair or restoration is economically feasible, Lender agrees, on Borrower's request, to apply the insurance proceeds to repair or restore the Property, after reimbursement of all costs and expenses of Lender in collecting the proceeds, subject to the following terms and conditions:

i. Lender shall retain all insurance proceeds in a non-interest-bearing escrow account, to be disbursed to pay the costs of repair or restoration in accordance with procedures reasonably established by Lender.

ii. Lender shall approve all plans and specifications for repair or restoration before any repair or restoration commences.

iii. All repair or restoration shall be done by or under the direction of Borrower; shall be in accordance with the approved plans and specifications; shall be in a workmanlike manner free from all defects;

shall be in compliance with all applicable statutes, ordinances, rules, and regulations; and shall be completed free of all construction liens except those being contested in good faith by appropriate proceedings and with respect to which Borrower has provided Lender satisfactory security.

iv. Lender shall have the right, at Borrower's expense, to inspect all repairs and restoration and, if Lender reasonably determines that any work or materials are not in conformity with the approved plans and specifications or other requirements of subsection iii, to stop the work and order replacement or correction by Borrower.

v. Lender shall not be obligated to make disbursements more frequently than monthly, and the remaining undisbursed proceeds shall always be sufficient to meet the total estimated remaining costs to complete the repair or restoration.

vi. All insurance proceeds in excess of the amounts necessary to repair or restore the Property may, at Lender's option, be applied to the Obligations (without penalty for prepayment) or to fulfill any other covenant in this Mortgage or any other obligation of Borrower to the Lender or be released to Borrower.

d. If all of the conditions to the use of the insurance proceeds to repair or restore the Property outlined above are not satisfied, Lender, at its option, may apply the insurance proceeds or any part of them first toward the reimbursement of all costs and expenses of Lender in collecting the proceeds and then to the Obligations (without any penalty for prepayment), to fulfill any other covenant or any other obligation of Borrower to the Lender, or to the restoration or repair of the Property. Application by Lender of any insurance proceeds to the Obligations shall not excuse, extend, or reduce the regularly scheduled payments due. In the event of foreclosure of this Mortgage or other transfer of title to the Property in extinguishment of the Obligations, all right, title, and interest of Borrower in and to any insurance policies then in force shall pass to the purchaser or grantee; and Borrower appoints Lender its attorney-in-fact, in Borrower's name, to assign and transfer all such policies and proceeds to the purchaser or grantee.

e. If at any time the Property is identified by the director of the Federal Emergency Management Agency or any other person or entity designated with such responsibility under the National Flood Insurance Act of 1968,

the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, all as amended (collectively, the Flood Act), as being in a flood hazard area, Borrower shall keep the Property covered by flood insurance in whatever amount Lender requires and in at least the amount required by the Flood Act and all regulations issued under it.

8. Eminent domain.

a. If the entire Property is taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the Obligations, shall be paid to Lender. Lender shall apply the award or payment first toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting the award or payment and then, at Lender's option, to the Obligations (without any penalty for prepayment), to fulfill any other covenant in this Mortgage, or to any other obligation of Borrower to Lender.

b. In the event of a partial taking of the Property under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the Obligations, shall be paid to Lender. Provided no Event of Default or any event that with notice or the passage of time would become an Event of Default has occurred and Lender reasonably determines that sufficient funds are available from the award or payment and any funds to be provided by Borrower to repair or restore the remaining portion of the Property within a reasonable time and that the repair or restoration is economically feasible, Lender agrees, on request by Borrower, to apply the award or payment to repair or restore the remaining portion of the Property, after reimbursement of all Lender's costs and expenses in collecting the award or payment, subject to the following terms and conditions:

i. Lender shall retain the award or payment in a non-interest-bearing escrow account to be disbursed to pay the costs of repair or restoration in accordance with procedures reasonably established by Lender.

ii. Lender shall approve all plans and specifications for repair or restoration before any repair or restoration commences.

iii. All repair or restoration shall be done by or under the direction of Borrower; shall be in accordance with the approved plans and

specifications; shall be in a workmanlike manner free from all defects; shall be in compliance with all applicable statutes, ordinances, rules, and regulations, and shall be completed free of all construction liens except those being contested in good faith by appropriate proceedings and with respect to which Borrower has provided Lender satisfactory security.

iv. Lender shall have the right, at Borrower's expense, to inspect all repairs and restoration and, if the Lender reasonably determines that any work or materials are not in conformity with the approved plans and specifications or other requirements of subsection iii, to stop the work and order replacement or correction by Borrower.

v. Lender shall not be obligated to make disbursements more frequently than monthly, and the remaining undisbursed proceeds shall always be sufficient to meet the total estimated remaining costs to complete the repair or restoration.

vi. All proceeds of the award or payment in excess of the amounts necessary to repair or restore the Property may, at Lender's option, be applied to the Obligations (without penalty for prepayment) or to fulfill any other covenant in this Mortgage or any other obligation of Borrower to Lender or be released to Borrower.

c. If all of the conditions to the use of the award or payment to repair or restore the Property outlined above are not satisfied, Lender, at its option, may apply the award or payment or any part first toward reimbursement of all Lender's costs and expenses in collecting the award or payment and then to the Obligations (without any penalty for prepayment), to fulfill any other covenant or any other obligation of Borrower to Lender, or to the restoration or repair of the Property. Application by Lender of any condemnation award or payment or portion to the Obligations shall not excuse, extend, or reduce the regularly scheduled payments due. Lender is empowered in the name of Borrower to receive and give acquittance for any such award or payment, whether it is joint or several. However, Lender shall not be held responsible for failure to collect any such award or payment, regardless of the cause of the failure.

9. Removal of improvements. Except for replacement, maintenance, and relocation in the ordinary course of business, Borrower shall not remove from the Property any improvement, accessions, fixtures, machinery, or equipment pertaining to or forming a part of the Property without Lender's prior written

consent. All replacements shall be with improvements, fixtures, machinery, and equipment of the same or better quality than those replaced.

10. Lender's right to make expenditures. If an Event of Default occurs as a result of Borrower's failure to pay any taxes or assessments, to procure and maintain insurance, or to make necessary repairs to the Property, Lender may pay the taxes and assessments, effect the insurance, and make the repairs; and the monies it pays to do so shall be a further lien on the Property, payable immediately, with interest at the highest rate applicable to the Obligations. Lender may make advances without curing the Event of Default and without waiving Lender's right of foreclosure or any other right or remedy of Lender under this Mortgage. The exercise of the right to make advances pursuant to this section shall at Lender's option and not obligatory, and Lender shall not be liable in any case for failure to exercise the right or for failure to continue exercising the right once having exercised it.

11. Compliance with law. Borrower will comply promptly with all laws, ordinances, regulations, and orders of all public authorities having jurisdiction over the Property relating to its use, occupancy, and maintenance and shall, on request, promptly submit to Lender evidence of the compliance. Nothing shall be deemed to prohibit Borrower from contesting the enforceability or applicability of any law, ordinance, regulation, or order; however, Lender, in its sole discretion, may require that Borrower comply with any law, ordinance, regulation, or order during the pendency of any contest or appeals. Borrower will not permit the Property or any portion to be used for any unlawful purpose.

12. Environmental warranties, compliance, and indemnification. Borrower represents and warrants to Lender that neither Borrower nor any prior lessee, owner, or operator of the Property has violated any Environmental Laws (defined below) that concern or affect the Property or any part. Borrower agrees to, at all times, strictly observe and promptly comply with all Environmental Laws. Borrower agrees to notify Lender, no later than 10 days after Borrower's receipt, of any letter, notice, summons, complaint, citation, investigation, or other communication issued by or on behalf of any governmental agency or department or private person regarding any complaint or alleged violation of any Environmental Law concerning the Property. Borrower agrees to indemnify and hold Lender harmless from any losses, costs, suits, harm, liability, and damages of any kind, including reasonable attorney fees, that result from or are related to any violations by Borrower or Borrower's predecessors in title to the Property of any Environmental Laws and agrees that that indemnity shall survive the

foreclosure or discharge of this Mortgage and shall continue so long as Lender has any interest in or liability for the Property. Borrower agrees to allow Lender or its agent access to the Property to confirm Borrower's compliance with all Environmental Laws, and Lender may at any time, at Borrower's sole cost and expense, hire, or require Borrower to hire, an environmental consultant to inspect, test, and audit the Property and advise Lender concerning Borrower's compliance with Environmental Laws. Any costs paid by Lender for violations of Environmental Laws or to hire an environmental consultant shall be added to the Obligations secured by this Mortgage. If Borrower leases the Property or any part, Borrower agrees to specifically provide in any such lease that Lender or its agent shall have access to the leased premises to ensure the lessee's full compliance with all Environmental Laws, and any lessee violation of any Environmental Law shall constitute a violation of Borrower's environmental warranties and agreements under this Mortgage. *Environmental Laws* shall mean all laws, regulations, and rules of the United States of America, State of Michigan, local authorities, and their respective agencies and departments that pertain to the environment including, but without limitation, the Clean Air Act, 42 USC 7401 et seq.; the Clean Water Act, 33 USC 1251 et seq., the Resource Conservation and Recovery Act of 1976, 42 USC 6901 et seq.; the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 USC 9601 et seq.; the Hazardous Materials Transportation Act, 49 USC 1801 et seq.; the Solid Waste Disposal Act, 42 USC 6901 et seq.; the Toxic Substances Control Act, 15 USC 2601 et seq.; and the Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq., as amended, together with all rules and regulations promulgated by the U.S. Environmental Protection Agency or the Michigan Departments of Natural Resources or Environmental Quality and all additional environmental laws, rules, and regulations in effect on the date of this Mortgage and subsequently enacted. The provisions of this section shall survive the termination, satisfaction, release, and discharge of this Mortgage or any of the Obligations.

13. Assignment of rents and leases. As additional security for the Obligations and performance of the covenants and agreements set forth in this Mortgage, pursuant to MCL 565.81 et seq. and MCL 554.231 et seq., each as amended, Borrower assigns to Lender and grants Lender a security interest in any oil and gas located in, on, or under the Property; any and all leases of the Property; and all rents, issues, income, and profits derived from the use of the Property or any portion of it, whether due or to become due. These assignments shall run with the land and shall be good and valid against Borrower and all persons claiming by, under, or through Borrower from the

date of recording of this Mortgage and shall continue to be operative during foreclosure or any other proceedings taken to enforce this Mortgage. If any foreclosure sale results in a deficiency, the assignments shall continue as security during the foreclosure redemption period.

Borrower covenants with and warrants to Lender that, as of the date of this Mortgage:

- a. Each Lease is in full force and effect, and no defaults exist.
- b. Borrower has not, except as may be described in an attachment, if any, to this Mortgage, (i) granted any prior assignment, encumbrance, or security interest in any lease or the rentals; (ii) performed any acts or signed any other documents or agreements that limit or prevent Lender from obtaining the benefit of and exercising its rights conferred by this Mortgage; or (iii) executed or granted any modification of any Lease, either orally or in writing.

Borrower also covenants with and warrant to Lender that, as of the date of this Mortgage and for so long as any of the Obligations remains unpaid or unperformed:

- c. Borrower shall promptly inform Lender of, assign, and deliver any subsequent lease of the Property or any part and shall make, execute, and deliver to Lender, on demand, any documents, agreements, and instruments that, in Lender's opinion, may be necessary to protect Lender's rights under this Mortgage. Borrower's failure to do so will not impair Lender's interest in or rights with respect to any subsequent lease nor in any way affect the applicability of this Mortgage to the lease and the unpaid rents due or to become due.
- d. Borrower shall not, without the prior written consent of Lender, (i) cancel or accept surrender of a lease; (ii) modify or alter a lease in any way, either orally or in writing; (iii) reduce the amount of or postpone payment of any lease rents; (iv) consent to any assignment of the lessee's interest in a lease or to any subletting; (v) collect or accept payment of rents under a lease for more than one month in advance; or (vi) make any other assignment, pledge, encumbrance, or other disposition of a lease or any lease rents, issues, income, or profits.

Any of the above acts, if done without Lender's prior written consent, shall be null and void; and Borrower shall perform and discharge every obligation,

covenant, and agreement required to be performed by the landlord under any lease and, if Borrower fails to do so, Lender, at Lender's sole option and without releasing Borrower from any the obligation, may perform or discharge them in the manner and to the extent Lender deems necessary to protect its rights and interests under this Mortgage. All costs, expenses, and sums paid by Lender in performing under any Lease, including reasonable attorney fees, shall be added to the Obligations secured by this Mortgage. This assignment of rents is given as collateral security only and will not be construed as obligating Lender to perform any of the covenants or undertakings required to be performed by Borrower under any Lease.

14. Assignment of contracts and agreements. Borrower assigns to Lender, as further security for the Obligations, Borrower's interest in all agreements, contracts (including contracts for the lease or sale of the Property or any portion), licenses, and permits affecting the Property. The assignment shall not be construed as a consent by Lender to any agreement, contract, license, or permit so assigned or to impose on Lender any obligations. Borrower shall not cancel or amend any of the agreements, contracts, licenses, or permits assigned by this section or permit any of them to terminate if they are necessary or desirable for the operation of the Property, except in the ordinary course of business, without first obtaining, on each occasion, Lender's written approval. This section shall not apply to any agreement, contract, license, or permit that terminates if it is assigned without the consent of any party other than Borrower or the issuer, unless the consent has been obtained or this assignment is ratified by the party or issuer; nor shall this section be construed as a present assignment of any agreement, contract, license, or permit that Borrower is required by law to hold to operate the Property for the purposes intended.

15. Due on sale. Lender, in making the loan secured by this Mortgage, is relying on the integrity of Borrower and its undertaking to maintain the Property. If Borrower should (a) sell, transfer, convey or assign the Property or any right, title or interest in it, whether legal or equitable; voluntarily or involuntarily; by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest (other than leases to tenants) with a term greater than three years, lease option contract, or any other method of conveyance of real property interests; (b) cause, permit, or suffer any change in the current ownership or management of Borrower; or (c) cause, permit, or suffer any change in the current management and control of the Property or in the degree of control Borrower exercises or is empowered to exercise over the decisions affecting the ownership and operation of the Property as of the date of this Mortgage, then the Lender shall have the right at its sole

option to declare all sums secured and then unpaid to be immediately due and payable even if the period for the payment has not then have expired, anything in this Mortgage to the contrary notwithstanding, and to exercise all of its rights and remedies under this Mortgage. If the ownership of the Property becomes vested in a person other than Borrower (with or without Lender's consent), Lender may deal with the successor or successors in interest with reference to this Mortgage and the Obligations in the same manner as with Borrower, without in any manner vitiating, releasing, or discharging Borrower's liability under this Mortgage or for the Obligations. No sale of the Property and no forbearance or extensions by Lender of the time for payment of the Obligations or the performance of the covenants and agreements shall in any way operate to release, discharge, modify, change, or affect the lien of this Mortgage or the liability of Borrower, if any, on the Obligations or for the performance, either in whole or in part.

16. Secondary financing. Borrower will not, without the prior written consent of Lender, mortgage or pledge the Property as security for any other loan or obligation of Borrower. If any such mortgage or pledge is entered into without the prior written consent of Lender, the entire Obligations may, at Lender's option, be declared immediately due and payable without notice. Further, Borrower shall also pay any and all other obligations, liabilities, or debts that may become liens, security interests, or encumbrances on or charges against the Property for any repairs or improvements that are now or may later be made and shall not, without Lender's prior written consent, permit any lien, security interest, encumbrance, or charge of any kind to accrue and remain outstanding against the Property, any part, or any improvements, irrespective of whether the lien, security interest, encumbrance, or charge is junior to the lien of this Mortgage. Notwithstanding the above, if Borrower purchases and installs, affixes, or places any personal property by way of additions, replacements, or substitutions on the Property under a security agreement for which the lien or title is superior to the lien created by this Mortgage, all the right, title, and interest of Borrower in and to that personal property, together with the benefit of any deposits or payments made by Borrower, shall nevertheless be assigned to Lender and covered by the lien of this Mortgage.

17. Waste. Borrower's failure, refusal, or neglect to pay any taxes or assessments levied against the Property or any insurance premiums due on policies of insurance covering the Property will constitute waste under MCL 600.2927, and Lender shall have a right to the appointment of a receiver of the Property and of the rents and income from the Property, with whatever powers the Court making the appointment confers. Borrower irrevocably

consents to the appointment in that event and agrees that Lender's costs and expenses, including reasonable attorney fees, incurred in the proceeding shall be added to the Obligations secured by this Mortgage. Payment by Lender for and on behalf of Borrower of any delinquent taxes, assessments, or insurance premiums payable by Borrower under the terms of this Mortgage will not cure the default or in any manner impair Lender's right to the appointment of a receiver.

18. Remedies on default. Immediately on the occurrence of an event of default under any of the Obligations or any default in the performance of any of the covenants, conditions, and agreements in this Mortgage (an Event of Default), Lender may, in addition to and not in lieu of or substitution for all other rights and remedies provided by law, take the following actions:

a. Accelerate obligations. Lender may, without notice, except as expressly required by law, declare the entire unpaid and outstanding principal balance of the Obligations, and all accrued interest, to be immediately due and payable in full and, at Lender's option, may bring suit for it and take any steps and institute any other proceedings that Lender deems necessary to enforce the Obligations and to protect the lien of this Mortgage.

b. Advance sums for other liens. On the occurrence of any Event of Default arising out of the existence of any lien on the Property, Lender shall have the right (without being obligated to do so or to continue to do so), without notice to Borrower, to advance on and for the account of Borrower sums Lender in its sole discretion deems necessary to cure the Event of Default or to induce the holder of any lien to forbear from exercising its rights. The repayment of all advances, with interest at the highest rate applicable to the Obligations from the date of each advance, shall be secured by this Mortgage and shall be immediately due and payable without demand.

c. Mortgage Foreclosure

i. Lender shall have the right to foreclose this Mortgage and sell the Property at public auction or venue pursuant to MCL 600.3201 et seq. or judicially foreclose this Mortgage under the provisions of MCL 600.3101 et seq., and Borrower agrees to pay all of Lender's costs and expenses, including reasonable attorney fees, which shall be added to the Obligations secured by this Mortgage. At any foreclosure sale held under these Michigan statutes, Borrower agrees that in its foreclosure

sale bid price, Lender may deduct from the appraised value of the Property (A) a brokerage commission of not more than 10 percent of the Property value, (B) the unpaid balance of any mortgage or other liens that have priority over the lien of this Mortgage, and (C) the sum of all unpaid property taxes and assessments and insurance premiums due and to become due on the Property through the date when the foreclosure redemption period shall expire. Any foreclosure sale may, at the sole option of Lender, be made en masse or in parcels, any law to the contrary notwithstanding; and Borrower knowingly, voluntarily, and intelligently waives any right to require any foreclosure sale to be made in parcels or any right to select which parcels shall be sold. The proceeds of any foreclosure sale shall be applied, as Lender elects, to the payment of Lender's collection and other expenses, including reasonable attorney fees, and to the payment of the Obligations, with the surplus, if any, to Borrower or Borrower's successor in interest. Commencement of proceedings to foreclose this Mortgage in any manner authorized by law shall be deemed an exercise of Lender's option to accelerate the Obligations. After the date on which the maturity of the Obligations secured by this Mortgage has been accelerated, Lender acceptance of any amounts paid by Borrower less than the full unpaid principal balance of the Obligations plus accrued interest, late charges, and Lender's costs and expenses as described in this Mortgage shall not waive the default or acceleration but shall only be credited on the unpaid balance of the Obligations unless Lender specifically agrees in writing to waive any default or acceleration.

ii. This Mortgage contains a power of sale and on default may be foreclosed by advertisement. In a foreclosure by advertisement, no hearing is involved, and the only notice required is publication of a foreclosure notice in a local newspaper and posting a copy of the notice on the Property. If this Mortgage is foreclosed by advertisement under the provisions of MCL 600.3201 et seq., Borrower knowingly, voluntarily, and intelligently waives all rights under the constitution and laws of the State of Michigan and the constitution and laws of the United States of America to any notice or hearing in connection with a foreclosure by advertisement except as set forth in the Michigan statute and, if Lender seeks a judicial foreclosure, to any right to a trial or hearing by a jury.

d. Collection of Rents

i. Lender shall have the right to enter into peaceful possession of the Property and to collect and receive all rents, issues, income, and profits from the Property; to terminate any tenancy; to maintain proceedings to recover rents or possession of any of the Property from any tenant or trespasser; to rent or lease the Property or any portion of it on such terms as Lender deems best; and to have all oil and gas royalties and any other income from the Property. Lender, in whatever order Lender in its sole discretion elects, may apply the proceeds of any rents, issues, profits, and income to (A) preservation, maintenance, or operation of the Property; (B) payment of taxes due on the Property; and (C) payment of the Obligations. Borrower irrevocably consents and agrees that the lessees under any Lease, on demand and notice from Lender of Borrower's default, shall be required to pay all rents, issues, profits, and income to Lender, without any obligation on the lessees to determine the actual existence of any default by Borrower. Lender may enter on the Property, by its officers, agents, or employees, to collect rents, issues and profits and to operate and maintain the Property; and Borrower authorizes Lender in general to perform all acts necessary to operate and maintain the Property in the same manner and to the same extent that Borrower might. The entry and taking possession of the Property or any part of it by Lender may be made by actual entry and possession or by written notice served personally on or sent by certified mail to the last owner of the Property appearing in Lender's records, as the Lender elects, without further authorization or notice.

ii. In connection with Lender's right to possession of the Property on the occurrence of an Event of Default, as specified in the subsection above, Borrower acknowledges that it has been advised that there is a significant body of case law in Michigan that purportedly provides that in the absence of a showing of waste of a character sufficient to endanger the value of the Property or other special factors, a mortgagor is entitled to remain in possession of the Property and to enjoy the income, rents, and profits during the pendency of foreclosure proceedings and until the redemption period expires, even if the mortgage documents expressly provide to the contrary. Borrower further acknowledges that it has been advised that Lender recognizes that the value of the security covered by this Mortgage is inextricably intertwined with the effectiveness of the management, maintenance, and general operation of the Property and that Lender would not make the loan secured by this Mortgage unless it could be assured that it

would have the right to take possession of the Property to manage it or to control its management and to enjoy the income, rents, and profits immediately on the occurrence of an Event of Default under this Mortgage, notwithstanding that foreclosure proceedings may not have been instituted or may be pending or that the redemption period may not have expired. Accordingly, Borrower knowingly, intelligently, and voluntarily waives all right to possession of the Property from and after the occurrence of an Event of Default on demand for possession by Lender, and Borrower agrees not to assert any objection or defense to Lender's request or petition to a court for possession. The rights conferred on the Lender by this Mortgage have been agreed on before the occurrence of an Event of Default under this Mortgage, and the exercise by Lender of any such rights shall not be deemed to put Lender in the status of a mortgagee in possession. Borrower acknowledges that this provision is material to this transaction and that Lender would not make the loan secured by this Mortgage but for this section.

e. Title reports. Lender may procure mortgage foreclosure or title reports. Borrower covenants to pay to Lender all sums paid for such purposes with interest at the highest rate applicable to the Obligations, and the sums and the interest shall constitute a further lien on the Property.

f. Appraisals and audits. Lender may procure appraisals, environmental audits, and other investigations or analyses of the Property as Lender determines are required by regulatory or accounting rules, procedures, or practices or are otherwise be prudent or necessary. Borrower shall grant Lender free and unrestricted access to the Property for such purposes. Borrower covenants to pay immediately to Lender all sums paid for such purposes with interest at the highest rate applicable to the Obligations, and the sums and the interest shall constitute a further lien on the Property.

19. Costs of legal proceedings. Borrower shall pay Lender a reasonable attorney fee in addition to all other legal costs if Lender becomes a party, either as plaintiff or defendant, to any legal proceedings in relation to the Property or the lien created by this Mortgage; and those sums shall be secured by this Mortgage and be payable at the highest rate applicable to the Obligations.

20. Books and records. Borrower covenants and agrees to furnish to Lender promptly certificates of occupancy and whatever other books, records, documents, information, and statements pertaining to Borrower, the Property, its operations, and any guarantors that Lender requests. All books, records, and other information provided by Borrower shall be in a form that is acceptable to Lender, and all costs of providing them shall be borne entirely by Borrower.

21. Payment on acceleration subject to any prepayment penalty. On the occurrence of an Event of Default by Borrower and following the acceleration of maturity of the Obligations, a tender of payment of the amount necessary to satisfy the entire Obligations made at any time before the foreclosure sale by Borrower or by anyone in behalf of Borrower shall constitute an evasion of the payment terms of the Obligations and shall be deemed to be a voluntary prepayment; and any such payment, to the extent permitted by law, will include the premium required under the prepayment privilege, if any, applicable to the Obligations.

22. Security agreement and financing statements. Borrower shall execute, acknowledge and deliver any further conveyances, documents, mortgages, and assurances that Lender reasonably requires for accomplishing the purposes of this Mortgage, including financing statements required by Lender to protect its interest under the provisions of the Michigan Uniform Commercial Code, as amended, on Lender's written request. On any failure of Borrower to do so, Lender may execute, record, file, rerecord and refile any documents for and in the name of Borrower, and Borrower irrevocably appoints Lender as agent and attorney-in-fact of Borrower for those purposes. This document is intended by the parties to be, and shall be construed as, a security agreement, as that term is defined and used in Article 9 of the Michigan Uniform Commercial Code, as amended, and shall grant to Lender a security interest in the portion of the Property for which a security interest may be granted under Article 9 of the Michigan Uniform Commercial Code, as amended, which shall include a security interest in all personalty owned by Borrower, now owned or subsequently acquired, that is or in the future may be physically located on or affixed to the Property described in exhibit A, regardless of whether the personalty consists of fixtures under Michigan law and a security interest in the proceeds and products of the proceeds of all insurance policies now or later covering any part of the collateral. For purposes of Article 9 of the Michigan Uniform Commercial Code, (a) Borrower is the *debtor*, (b) Lender is the *secured party*, (c) information concerning the security interest created by this Mortgage may

be obtained from Lender at its address set forth on page 1, and (d) Borrower's mailing address is that set forth on page 1.

23. Nonlender Liens; insolvency proceedings. If any nonlender mortgage foreclosure proceeding or any federal, state, or local tax lien, seizure, levy, forfeiture, or any other lien proceeding is instituted, recorded, or filed against the Property that is not discontinued, reserved for in cash in an amount and manner satisfactory to Lender, or bonded by a company satisfactory to Lender within 30 days after initiation, recording, or filing; if any insolvency or receivership proceedings, either voluntary or involuntary, are instituted by or against Borrower for the liquidation or rehabilitation of Borrower's assets and affairs; or if any criminal proceedings are initiated in which forfeiture of the Property is a potential penalty, Lender may, at its option and without notice, declare the entire Obligations to be immediately due and payable and may institute whatever proceedings, including foreclosure of this Mortgage, Lender deems necessary to protect its interest in the Property.

24. Prior mortgage. If Lender has consented and agreed that this Mortgage is to be second and subordinate to a prior recorded mortgage, Borrower expressly covenants and agrees that Borrower shall not borrow any additional sum or incur any additional indebtedness or other obligation secured by the prior mortgage; shall promptly pay the prior mortgage indebtedness in accordance with the terms of the note or obligation secured by the prior mortgage; and shall fully and promptly keep and perform all of the terms, conditions, and covenants of the prior note, obligation, mortgage, or other agreements; and any default by Borrower under those agreements shall constitute a default by Borrower under this Mortgage. Lender may, at Lender's sole option but without obligation to do so, cure any default by Borrower in any indebtedness or other agreement secured by any prior mortgage as Lender deems necessary to protect Lender's mortgage lien, assignments, and security interests under this Mortgage; and all moneys advanced by Lender and all costs incurred in effecting any such cure, including reasonable attorney fees, shall be added to the Obligations secured by this Mortgage. Borrower shall not be required to make payments under this Mortgage for the payment of taxes, assessments, and insurance premiums if the prior mortgage requires the payment and the prior mortgagee maintains a reserve fund that, in Lender's opinion, is adequate for the payment of all taxes, assessments, and insurance premiums due and to become due on the Property. Borrower consents and agrees that Lender may contact any prior mortgagee or other lienor at any time to obtain the payment status, unpaid balance, copies of any documents, and agreements

pertaining to Borrower or the Property and any other information Lender deems advisable.

25. Suretyship waivers.

a. This Mortgage secures an obligation of payment and not of collection, and Borrower agrees that Lender's recourse on this Mortgage shall be immediate at any time after the Obligations or any part of them have not been paid when due (whether by acceleration or otherwise) or after Borrower has defaulted or otherwise failed to perform when due any of its obligations, covenants, representations, or warranties to Lender. Lender's rights under this Mortgage shall not be contingent on the exercise or enforcement by Lender of whatever remedies it may have against Borrower or others or on the enforcement of any other lien or realization on any other security or collateral Lender may at any time possess. Any one or more successive or concurrent actions may be brought against Borrower either in the same action, if any, brought against Borrower or in separate actions, as often as Lender, in its sole discretion, deems advisable. No election to proceed in one form of action or proceeding, against any party, or on any obligation shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against other parties unless Lender has expressly waived the right in writing. Specifically, but without limiting the generality of the above, no action or proceeding by Lender against Borrower under any document or instrument evidencing or securing the Obligations shall serve to diminish the rights of Lender under this Mortgage, except to the extent that Lender realizes payment by the action or proceeding.

b. The obligations of Borrower under this Mortgage shall in no way be affected or impaired by

- i. any amendment, alteration, extension, renewal, waiver, indulgence, or other modification of the Obligations;
- ii. any settlement or compromise in connection with the Obligations;
- iii. any subordination of payments under the Obligations to any other debt or claim;
- iv. any substitution, exchange, release, or other disposition of all or any part of any collateral for the Obligations;

- v. any failure, delay, neglect, act, or omission by Lender to act in connection with the Obligations;
- vi. any advances for the purpose of performing any covenant or agreement of Borrower or curing any breach;
- vii. the filing by or against Borrower of bankruptcy, insolvency, reorganization, or other debtor's relief afforded Borrower pursuant to the present or future provisions of the Bankruptcy Code or any other state or federal statute or by the decision of any court; or
- viii. any other matter whether similar or dissimilar to the above.

The obligations of Borrower are unconditional, notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Obligations or any other circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or Borrower.

c. Borrower waives every defense that, under principles of suretyship law or otherwise, would otherwise operate to impair or diminish the Borrower's liability or Lender's rights under this Mortgage, including, without limitation,

- i. notice of acceptance of this Mortgage and of creations of Obligations of Borrower to Lender;
- ii. any subrogation to Lender's rights against Borrower until the Obligations have been paid in full;
- iii. presentment and demand for payment of any Obligations of Borrower;
- iv. protest, notice of protest, and notice of dishonor or default to Borrower or to any other party with respect to any of the Obligations;
- v. all other notices to which Borrower might otherwise be entitled;
- vi. any demand for payment under this Mortgage;
- vii. any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause whatsoever of the liability of Borrower;

viii. any rights to extension, composition, or otherwise under the Bankruptcy Code or any amendments or under any state or other federal statute; and

ix. any right or claim or claim of right to cause a marshalling of Borrower's assets.

No notice to or demand on Borrower shall be deemed to be a waiver of Borrower's obligations or of Lender's right to take further action without notice or demand.

26. **Binding effect.** Until this Mortgage is discharged in full, all of the covenants and conditions shall run with the land, shall be binding on the successors and assigns of Borrower, and shall inure to the benefit of the successors and assigns of Lender. Any reference to "Borrower" or "Lender" shall include their respective successors and assigns.

27. **Notices.** All notices, demands, and requests required or permitted to be given to Borrower or by law shall be deemed delivered when deposited in the U.S. mail, with full postage prepaid, addressed to Borrower at the last address of Borrower on the records of Lender.

28. **No waiver.** No waiver by Lender of any right or remedy granted shall affect or extend to any other right or remedy of Lender or affect the subsequent exercise of the same right or remedy by Lender for any further or subsequent Event of Default by Borrower; and all such rights and remedies of Lender are cumulative. Time is of the essence.

29. **Severability.** If any provision of this Mortgage conflicts with any statute or rule of law of the State of Michigan or is otherwise unenforceable for any reason, it shall be deemed null and void to the extent of the conflict or unenforceability but shall be deemed separable from and shall not invalidate any other provisions of this Mortgage.

30. **Exhibits.** There is one exhibit that is attached to and is a part of this Mortgage:

Exhibit A-Legal Description of the Property
Exhibit B-Note

31. **Effective date.** This Mortgage was signed and delivered by Borrower on the date stated in the first paragraph.

BORROWER

By: _____
Its: _____
Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by _____, who being duly sworn, did say that he is the _____ of Strong Future LDHA Limited Partnership and did represent that he was duly authorized to execute this document on behalf of said limited partnership.

_____, Notary Public
_____, County, Michigan
My commission expires: _____

LENDER

Paul Schreiber
Mayor of the City of Ypsilanti
Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public
_____, Michigan
My commission expires: _____

Frances McMullan
Ypsilanti City Clerk

Dated: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me on this _____ day of _____, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

_____, Notary Public
_____, Michigan
My commission expires: _____

Drafted by and when recorded return to:
John M. Barr
Ypsilanti City Attorney
105 Pearl Street
Ypsilanti, MI 48197

EXHIBIT A

[Legal description of the property, including tax identification number and address].

DRAFT

Ordinance No. 1211

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low income persons and families pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, et seq) (the "Act").

THE CITY OF YPSILANTI ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the "City of Ypsilanti Tax Exemption Ordinance-Parkridge."

SECTION 2. Preamble.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City of Ypsilanti (the "City") is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from ad valorem taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for exemption from ad valorem taxation and the service charge in lieu of all ad valorem taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that the Sponsor (as defined below) has offered, subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, to acquire, rehabilitate, own, and operate a housing project identified as Parkridge Housing Project on certain property located at Parcel 11-11-39-468-010 in the City to serve low income persons and families (the "Project"), and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all ad valorem property taxes.

SECTION 3. Definitions.

A. Authority means the Michigan State Housing Development Authority.

B. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges (excluding all other income of the Project), less utilities. This does not include any payments or subsidies collected from the U.S. Department of Housing and Urban Development or the Michigan State Housing Development Authority.

D. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

E. Low Income Persons and Families means persons and families eligible to move into a housing project.

F. Sponsor means the New Parkridge LDHA Limited Partnership, a Michigan limited partnership, its successor, or its assigns.

G. Utilities mean charges for gas, electric, water, and sanitary sewer furnished to the occupants that are paid by the housing project. Phone, cable, internet, and television services are specifically not considered utilities.

SECTION 4. Class of Housing Projects.

It is determined that the class of housing projects to which the exemption from ad valorem taxation shall apply and for which a service charge shall be paid in lieu of such taxes shall be as defined by Section 15a(1) of the Act, being MCL 125.1415a(1).

SECTION 5. Establishment of Annual Service Charge.

Subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, the Project and the property on which it is located shall be exempt from all ad valorem property taxes from and after the commencement of construction or rehabilitation.

In consideration of the Sponsor's offer to construct, rehabilitate, and operate the Project, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes. The annual service charge shall be (a) equal to ten percent (10%) of the Annual Shelter Rents during each operating year, (b) the amount of taxes that would be paid but for this Ordinance, or (c) the amount permitted to be paid by applicable state or federal law in effect on the effective date of this Ordinance, whichever amount is lower. The annual service charge shall be paid as a first priority from the cash flow waterfall as determined on the annual audit of the operating year.

SECTION 6. Contractual Effect of Ordinance.

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

SECTION 7. Limitation on the Payment of Annual Service Charge.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the Project that is exempt from ad valorem taxes but which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Project if the Project were not tax exempt.

SECTION 8. Payment of Service Charge.

The annual service charge in lieu of taxes, as determined under this Ordinance, shall be payable to the City and distributed to the several units levying the general property tax in accordance with Section 15a(4) of the Act. The annual payment for each operating year shall be paid on or before April 15th of the following year.

SECTION 9. Duration.

This Ordinance shall remain in effect and shall not terminate so long as (a) the Project remains subject to income and rent restrictions under the LIHTC Program or (b) the Project remains exempt from ad valorem taxation pursuant to 15a(5) of the Act.

SECTION 10. Severability.

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

SECTION 11. Inconsistent Ordinances.

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

SECTION 12. Copies to be available.

Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

SECTION 13. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS _____ DAY OF _____, 2014.

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. _____ was published in the Ypsilanti Courier on the _____ day of _____, 2014.

Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of _____, 2014.

Frances McMullan, City Clerk

Notice Published: January 15, 2014

First Reading: January 21, 2014

Second Reading: _____

Published: _____

Effective Date: _____



Resolution No. 2014-018
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Parkridge." be approved on First Reading.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:



Resolution No. 2014-019
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the public hearing an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Parkridge." be officially closed.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:

Ordinance No. 1212

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low income persons and families pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, et seq) (the "Act").

THE CITY OF YPSILANTI ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the "City of Ypsilanti Tax Exemption Ordinance-Scattered Site."

SECTION 2. Preamble.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City of Ypsilanti (the "City") is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from ad valorem taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for exemption from ad valorem taxation and the service charge in lieu of all ad valorem taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that the Sponsor (as defined below) has offered, subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, to acquire, rehabilitate, own, and operate a housing project identified as Scattered Site Housing Project on certain property located at parcels 11-11-09-170-023, 11-11-39-145-029, 11-11-10-267-003, 11-11-39-414-005, 11-11-37-100-001, 11-11-37-202-001, 11-11-37-152-010, 11-11-10-355-037, 11-11-37-153-007, 11-11-37-201-001, 11-11-39-481-010, and 11-11-39-484-001 in the City to serve low income persons and families (the "Project"), and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all ad valorem property taxes.

SECTION 3. Definitions.

A. Authority means the Michigan State Housing Development Authority.

B. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges (excluding all other income of the Project), less Utilities. This does not include any payments or subsidies collected from the U.S. Department of Housing and Urban Development or the Michigan State Housing Development Authority.

C. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

D. Low Income Persons and Families means persons and families eligible to move into a housing project.

E. Sponsor means the Strong Future LDHA Limited Partnership, a Michigan limited partnership, its successor, or its assigns.

F. Utilities mean charges for gas, electric, water, and sanitary sewer furnished to the occupants that are paid by the housing project. Phone, cable, internet, and television services are specifically not considered utilities.

SECTION 4. Class of Housing Projects.

It is determined that the class of housing projects to which the exemption from ad valorem taxation shall apply and for which a service charge shall be paid in lieu of such taxes shall be as defined by Section 15a(1) of the Act, being MCL 125.1415a(1).

SECTION 5. Establishment of Annual Service Charge.

Subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, the Project and the property on which it is located shall be exempt from all ad valorem property taxes from and after the commencement of construction or rehabilitation.

In consideration of the Sponsor's offer to construct, rehabilitate, and operate the Project, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes. The annual service charge shall be (a) equal to ten percent (10%) of the Annual Shelter Rents during each operating year, (b) the amount of taxes that would be paid but for this Ordinance, or (c) the amount permitted to be paid by applicable state or federal law in effect on the effective date of this Ordinance, whichever

amount is lower. The annual service charge shall be paid as a first priority from the cash flow waterfall as determined in the annual audit of the operating year.

SECTION 6. Contractual Effect of Ordinance.

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

SECTION 7. Limitation on the Payment of Annual Service Charge.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the Project that is exempt from ad valorem taxes but which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Project if the Project were not tax exempt.

SECTION 8. Payment of Service Charge.

The annual service charge in lieu of taxes, as determined under this Ordinance, shall be payable to the City and distributed to the several units levying the general property tax in accordance with Section 15a(4) of the Act. The annual payment for each operating year shall be paid on or before April 15th of the following year.

SECTION 9. Duration.

This Ordinance shall remain in effect and shall not terminate so long as (a) the Project remains subject to income and rent restrictions under the LIHTC Program or, (b) the Project remains exempt from ad valorem taxation pursuant to 15a(5) of the Act.

SECTION 10. Severability.

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

SECTION 11. Inconsistent Ordinances.

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

SECTION 12. Copies to be available.

Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

SECTION 13. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS _____ DAY OF _____, 2014.

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. _____ was published in the Ypsilanti Courier on the _____ day of _____, 2014.

Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of _____, 2014.

Frances McMullan, City Clerk

Notice Published: January 15, 2014

First Reading: January 21, 2014

Second Reading: _____

Published: _____

Effective Date: _____



Resolution No. 2014-020
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Scattered Site." be approved on First Reading.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:



Resolution No. 2014-021
January 21, 2014

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That a public hearing on an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Scattered Site." be officially closed.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE:

MICH-CA
CRO July 1966

RESOLUTION OF COOPERATION

WHEREAS, the City of Ypsilanti, Michigan
(hereinafter called the "Municipality"), acting by and through the
Ypsilanti Housing Commission
(hereinafter called the "Commission"), has requested from the United
States of America, Housing Assistance Administration (hereinafter
called "HAA") a Program Reservation for 108 units
of low-rent housing to be developed and located within the corporate
limits of the Municipality and may hereafter apply for additional
Program Reservations;

WHEREAS, the Municipality, acting by and through the Commission,
shall endeavor to secure one or more contracts with the HAA for
loans and annual contributions in connection with the development
and administration of such low-rent housing projects, all pursuant
to the United States Housing Act of 1937, as amended (hereinafter
called the "Act"); and

WHEREAS, all such low-rent housing projects are for a public
purpose and exempt from all real and personal property taxes under
the Constitution and Statutes of the State of Michigan; and

WHEREAS, the Municipality is desirous of assisting and cooper-
ating in such undertakings and of complying with the provisions of
Sections 10(a), 10(h), and 15(7)(b) of the Act, as well as all
other applicable provisions thereof;

NOW, THEREFORE, BE IT RESOLVED, That:

Section 1. Whenever used in this resolution, the following
terms shall have the following meaning:

- (a) The term "Project" shall mean any low-rent hous-
ing hereafter developed as one operation by the
Commission with financial assistance of the HAA
and included within any Program Reservations
issued to the Municipality, acting by and
through the Commission, by the HAA which in the
aggregate may not exceed 108
units of low-rent housing. A Project will
generally be located on a single site but may
be on scattered sites.
- (b) The term "Taxing Body" shall mean the State or
any political subdivision or taxing unit thereof
(including the Municipality) in which a Project
is situated and which would have authority to
assess or levy real or personal property taxes
or to certify such taxes to a taxing body or
public officer to be levied for its use and
benefit with respect to a Project if it were not
exempt from taxation.
- (c) The term "Shelter Rent" shall mean the total of
all charges to all tenants of a Project for
dwelling rents and non-dwelling rents (excluding
all other income of such Project), less the cost
of all dwelling and non-dwelling utilities.

MICH-CA
CRO July 1966

Page 2

- (d) The term "Slum" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals.

Section 2. The Municipality agrees that with respect to any Project, so long as either (a) such Project is used for low-rent housing purposes, or (b) any contracts between the Municipality, acting by and through the Commission, and the HAA for loans or annual contributions, or both, in connection with such Project shall remain in force and effect, or (c) any bonds issued in connection with such Project shall remain outstanding, whichever period is the longest, the Municipality will not levy or impose any real or personal property taxes upon such Project or upon the Commission with respect thereto.

During such period, the Commission shall make annual payments to the Municipality (hereinafter called "Payments in Lieu of Taxes") in lieu of such taxes and in payment for public services and facilities furnished for or with respect to such Project. Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project and shall be in an amount equal to either (a) ten per cent (10%) of the aggregate Shelter Rent charged by the Commission in respect to such Project during such fiscal year or (b) the amount permitted to be paid by applicable state law in effect on the effective date of this resolution, whichever amount is the lower; provided, however, that upon failure of the Commission to make any such Payment in Lieu of Taxes, no lien against any Project or assets of the Commission shall attach.

The Municipality shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in accordance with applicable state law; provided, however, that no payment for any year shall be made to any Taxing Body (including the Municipality) in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation.

Section 3. The Municipality agrees that, subsequent to the date of initiation (as defined in the Act) of each Project and within five years after the completion thereof, or such further period as may be approved by the HAA there has been or will be elimination (as approved by the HAA) by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area of the Municipality substantially equal in number to the number of newly constructed dwelling units provided by such Project; Provided, That, where more than one family is living in an unsafe or insanitary dwelling unit, the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein; and Provided, Further, That this Section 3 shall not apply in the case of (a) any Project developed on the site of a Slum cleared subsequent to July 15, 1949, and that the dwelling units eliminated by the clearance of the site of such Project shall not be counted as elimination for any other low-rent housing Project, or (b) any Project located in a rural non-farm area.

Section 4. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (a) such Project is used for low-rent housing purposes, or (b) any contract between the Municipality, acting by and through the Commission, and the HAA for loans or annual contributions, or both, with respect to such Project shall remain in force and effect, or (c) any bonds issued in connection with such Project shall remain outstanding, whichever period is the longest, the Municipality, without cost or charge to the Commission or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

MICH-CA
CRO July 1966

Page 3

- (a) Furnish or cause to be furnished to the Commission and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;
- (b) Vacate such streets, roads, and alleys within the area of such Project as may be necessary in the development thereof, and without charge, transfer to the Commission jurisdiction of any interest the Municipality may have in such vacated area; and insofar as it is lawfully able to do so without cost or expense to the Commission and/or to the Municipality, cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;
- (c) Insofar as the Municipality may lawfully do so, grant such waivers of the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project; and make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection thereof;
- (d) Accept grants of easements necessary for the development of such Project; and
- (e) Cooperate with the Commission by such other lawful action or ways as the Municipality and Commission may find necessary in connection with the development and administration of such Project.

Section 5. In respect to any Project, the Municipality further agrees that within a reasonable time after receipt of a written request therefor from the Commission:

- (a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project after the Commission, out of Project development funds, has completed the grading, improvement, and paving thereof in accordance with specifications acceptable to the Municipality; and
- (b) " It will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Commission shall pay to the Municipality as Project development costs such amount as would be assessed against the Project site for work if it were privately owned); and
- (c) It will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Commission shall pay to the Municipality as Project development costs such amount as would be assessed against the Project site if it were privately owned).

MICH-CA
CRO July 1966

Page 4

Section 6. If the Municipality shall, within a reasonable time after written notice from the Commission, fail or refuse to furnish or cause to be furnished any of the services or facilities which it is obligated hereunder to furnish or cause to be furnished to the Commission or to any Project, then the Commission upon obtaining such services or facilities elsewhere shall deduct the cost therefor from any Payments in Lieu of Taxes due or to become due to the Municipality in respect to any Project or any other low-rent housing Projects assisted or owned by the HAA.

Section 7. The Municipality agrees that so long as any contract between the Municipality, acting by and through the Commission, and the HAA for loans (including preliminary loans) or annual contributions, or both, with respect to any Project shall remain in force and effect, or so long as any bonds issued in connection with such Project shall remain outstanding, this resolution shall be regarded as a contract and shall not be abrogated, changed, or modified without the consent of the HAA. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Municipality or some other public body or governmental agency, including the HAA, authorized by law to engage in the development or administration of low-rent housing Projects. If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including the HAA, the provisions hereof shall inure to the benefit of and may be enforced by, such other public body or governmental agency, including the HAA.

Section 8. No Cooperation Resolution heretofore entered into between the Municipality and the Commission shall be construed to apply to any Project covered by this Resolution.

Section 9. In the event any provision hereof is held invalid, the remainder shall not be affected thereby, it being the intent of this resolution to cooperate in the development and administration of the Project or Projects to the fullest extent permitted by law.

RENTAL ASSISTANCE DEMONSTRATION (RAD)

TOOLKIT #1: WHY RAD? A RENTAL ASSISTANCE DEMONSTRATION (RAD) OVERVIEW

WHAT IS RAD & WHY IS IT NEEDED?

The Rental Assistance Demonstration (RAD) is a **voluntary program** of the Department of Housing and Urban Development (HUD). RAD seeks to **preserve public housing** by providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties.

Public housing units across the country need more than \$26 billion in repairs. HUD refers to these repair costs as **capital needs**. Congress has not provided enough funding for PHAs to keep up with capital needs. As a result, PHAs have had to make tough choices between things like repairing roofs and replacing plumbing—or worse, demolishing public housing. RAD provides PHAs a way to **rehabilitate**, or repair, units without depending on additional money from Congress.



HUD Assistant Secretary Sandra Henriquez touring a property proposed for RAD in Cleveland, OH

HOW DOES A RAD CONVERSION WORK?

RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

RAD TOOLKITS FOR RESIDENTS

This series of toolkits will better inform public housing residents about RAD and help them engage with PHAs throughout the RAD application and conversion process. All toolkits are posted on RAD's website at www.hud.gov/rad, under the 'Residents' tab. **Toolkit #1: Why RAD? A Rental Assistance Demonstration (RAD) Overview** provides a summary of the program with a focus on elements that affect residents.

- **Section 8 project-based voucher (PBV); or**
- **Section 8 project-based rental assistance (PBRA).**

PBV and PBRA contracts are 15- or 20-years long and are more stable funding sources.

This shift will make it easier for PHAs to borrow money and use **low income housing tax credits (LIHTCs)** as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements essential for preserving public housing.

As a voluntary, limited demonstration program, less than 60,000 public housing units can be selected for RAD. PHAs must submit applications to convert some or all of their public housing assistance to PBV or PBRA contracts through RAD by September 30, 2015.

WILL A RAD CONVERSION AFFECT MY HOUSING ASSISTANCE?

You will **not lose your housing assistance** and you will **not be rescreened** because of a RAD conversion.

Even though a RAD property can use private money to make big repairs, it will still receive money from HUD. With this subsidy from HUD, PHAs will manage RAD properties through either the PBV or PBRA programs. RAD requires that converted

properties be owned or controlled by a public or nonprofit entity.

WILL A RAD CONVERSION AFFECT MY RENT?

If your building or development is converted to PBV or PBRA, your rent contribution will most likely be the same as it was under public housing—generally no more than 30% of your household's adjusted gross income.

Since the project-based Section 8 programs also set resident rents at 30% of adjusted income, **most residents will not have rent increases** as a result of a RAD conversion.

However, if you are paying a flat rent in public housing, you will most likely have to gradually pay slightly more in rent over time. In these limited cases, if your rent increases more than 10% and requires you to pay more than \$25 per month in additional rent, your new rent will be phased in over the next 3 or 5 years depending on your PHA's policy.

HOW CAN RESIDENTS BE INVOLVED IN THE RAD PROCESS?

HUD encourages residents and their PHAs to work together during the RAD application and conversion process.

Before PHAs can apply to participate in RAD, HUD requires them to:

- Notify all residents in a development proposed



Roundtable conversation with Fresno Housing Authority residents about a RAD conversion

DEFINITIONS

- **Capital Needs** - Costs of repairs and replacements beyond ordinary maintenance required to make the housing decent and economically sustainable.
- **Housing Choice Voucher (HCV)** - Rental vouchers that let people choose their own housing in the private rental market.
- **Low Income Housing Tax Credits (LIHTC) (pronounced lie-fee)** - LIHTCs provide the private market with an incentive to invest in affordable rental housing by offering a credit for an investor's Federal taxes.
- **Project-based Vouchers (PBV)** - Rental vouchers that are attached to a specific number of units in a building. The voucher stays with the unit even after a tenant moves out. This program is often operated by PHAs.
- **Project-based Rental Assistance (PBRA)** - Like in PBV, in this program rental vouchers are tied to a specific building. This program is often operated by private owners.
- **Rehabilitation (or Rehab)** - The repairs needed to restore a unit or property to good condition.

for RAD conversion about their plans; and

- Conduct at least two meetings with those residents.

These meetings are an opportunity for you to **discuss the proposed conversion plans with your PHA, ask questions, express concerns, and provide comments**. The PHA is required to submit your comments and its response to them as part of the RAD application.

Once HUD selects the PHA and property to participate in RAD, the PHA must have at least one additional meeting with all residents of the property before HUD approves the final conversion. This is another opportunity for you to provide comments about the conversion plan.

WILL A RAD CONVERSION REQUIRE A CHANGE TO THE PHA PLAN?

HUD considers a RAD conversion to be a "Significant Amendment" to the PHA Plan. Once a PHA is selected to participate, the PHA will have to

comply with the resident and public notice, consultation, and public hearing requirements associated with a Significant Amendment before the final RAD conversion is approved.

This means that your **Resident Advisory Board (RAB) will also be consulted** and have an opportunity to make recommendations.

WHEN CAN A PHA START THE RAD CONVERSION PROCESS?

After notifying residents as outlined above, PHAs can apply to HUD to convert assistance under RAD. Some PHAs have already begun this process. The application period will remain open until the 60,000-unit conversion cap is reached, or September 30, 2015, whichever is sooner.

WILL I HAVE TO MOVE IF MY HOME OR BUILDING IS REHABBED?

Most needed repairs made as part of RAD are likely to be small and you will be able to stay in your home during construction.

However, some apartments and buildings will require more extensive rehab. In these cases, you will be temporarily relocated as provided by the Uniform Relocation Act (URA). You will have the **right to return** to your development once construction is completed. Generally, temporary relocation should not last longer than 12 months.

In a few cases, your current housing may be too old or deteriorated and past the point where it can be effectively rehabilitated, requiring that it be demolished and replaced. In these instances, you will be provided temporary relocation and you will have the right to return to the replacement housing that is constructed.

Before RAD



Properties are typically not funded at 100% in Public Housing



In Public Housing, PHAs cannot borrow money to perform necessary repairs



The funding fails to keep up with the deteriorating living conditions of residents



Residents cannot choose to move without losing housing assistance

After RAD



Properties are placed on a more stable Section 8 funding platform



PHAs and owners can more easily borrow money and perform rehabilitation work



The living conditions of residents are improved



Residents may receive a tenant-based voucher, or similar assistance, and move after 1 year in PBV and 2 years in PBRA

If you do not want to wait for replacement housing, the PHA may offer you comparable housing in another public housing property or a **Housing Choice Voucher (HCV)** to enable you to move to other available private housing.

Whether you are asked to move temporarily due to rehab work or to move permanently to new replacement housing, the PHA will help you find the best possible option for you and cover your moving expenses.



Civic Park in Salisbury, NC will be converting assistance through RAD

WILL RAD INCREASE MY ABILITY TO CHOOSE WHERE I LIVE?

In addition to improved, better quality housing, you will have **greater choice in where to live** through the RAD “choice-mobility option.” If you would like to move after your development undergoes a RAD conversion, you may request and receive a Housing Choice Voucher (HCV).

Under the PBV program, this option will be



RAD RESOURCES

For more information, please refer to the *HUD Revised Rental Assistance Demonstration Notice PIH 2012-32, Rev 1* issued July 2013 available on RAD's website at www.hud.gov/rad, under the 'Program Information' tab.

available after living in a RAD property for one year; under the PBRA program, you may request a HCV after living in a RAD property for two years.

WILL RAD AFFECT RESIDENT RIGHTS & PARTICIPATION?

Overall, your experience as a resident should not change very much, if at all, due to a RAD conversion. RAD **keeps many of the resident processes and rights** available under public housing, such as the ability to request a grievance process and the timelines for termination notification.

Whether HUD begins funding a development through PBV or PBRA, residents will have a **right to organize** and resident organizations will continue to **receive resident participation funds**, up to \$25 per occupied unit according to their PHA's current policy.

WILL I STILL BE ABLE TO PARTICIPATE IN SELF-SUFFICIENCY PROGRAMS?

If you are a current participant in the Resident Opportunities and Self Sufficiency-Service Coordinators (ROSS-SC) program, you can continue to participate until all of the current program funding is used.

You will also still be able to participate in the Family Self-sufficiency (FSS) program. If your property converts assistance to PBV, you will be automatically moved from the public housing FSS program to the Housing Choice Voucher (HCV) FSS program. The rules in both programs are very similar.

If your property converts assistance to PBRA, you may continue your participation in the FSS program until your current contract of participation ends.



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Jesse O'Jack ~ Of Counsel  
William F. Anhut ~ Of Counsel – Retired  
Jane A. Slider ~ Legal Assistant

**REQUEST FOR LEGISLATION**

DATE: September 18, 2012

FROM: John M. Barr, Ypsilanti City Attorney

SUBJECT: Amendments to Dumping, Litter ordinance

**SUMMARY/BACKGROUND**

The city has a present litter ordinance and low violation fines set by resolution. Mr. Lange has requested that we review the ordinance and prepare legislation to bring the city ordinance more in line with the State law and surrounding townships. The request was prompted by suggestions from the DDA and several council members.

Mr. O'Jack has prepared the attached draft legislation that revises the city ordinance to allow for categories of the amount of litter and to improve definitions and add legal presumptions.

It is our intent that Council would set the fines for violation to monitor the schedule of Ypsilanti Township.

ATTACHMENTS: Proposed Ordinance

RECOMMENDED ACTION: Adoption of the ordinance

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DATE RECEIVED: \_\_\_\_\_ AGENDA ITEM NO. \_\_\_\_\_

CITY MANAGER COMMENTS:

FOR AGENDA OF: \_\_\_\_\_ FINANCE DIR. APPROVAL \_\_\_\_\_

COUNCIL ACTION TAKEN:

S:\Clerk's Office\CITY COUNCIL MEETINGS\CITY COUNCIL MEETINGS\2014 City Council Meetings\01-21-2014\Dumping Ordinance\RFL amd litter ord 010814.doc

AMENDMENTS TO CHAPTER 42 OF YPSILANTI CITY CODE  
ENVIRONMENT, NUISANCES, LITTER

An ordinance to amend Chapter 42 of the Ypsilanti City Code to

- 1) define "public or private property or water"
- 2) define "vehicle" and "vessel"
- 3) Provide for categories of the amount of litter of less than 1 cubic foot, 1 cubic foot but less than 3 cubic feet and more than 3 cubic feet
- 4) Provide for litter as an abandoned vehicle
- 5) Provide for removal of glass and injurious substances from a roadway after an accident
- 6) Provide for legal presumptions of responsibility for leased vehicles and drivers and owners of vehicles
- 7) To assign various violations as either municipal civil infractions or blight violations or misdemeanors

## **The City of Ypsilanti**

### **Ordinance No. 1213**

AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS.

### **THE CITY OF YPSILANTI HEREBY ORDAINS:**

Section 1: Amendments, additions, and deletions to the Code of Ordinances, City of Ypsilanti, Michigan.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment," Article II "Nuisances," Division 3 "Litter," Section 42-66 "Definitions," is hereby amended as follows:

Sec. 42-66. Definitions.

The following words, terms and phrases when used in this division shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Compost* means a mixture of decaying vegetable matter used to fertilize and condition soil.

*Exterior* means any area of property outside a fully enclosed and covered building, including yard, grounds, walk, driveway, porch, steps, vestibule, except in refuse containers.

*Garbage* means putrescible animal and vegetable wastes resulting from the handling, preparation, cooking and consumption of food.

*Handbill* means any printed or written matter, any sample, dodger, circular, leaflet, pamphlet, paper, booklet or other type of written or printed matter, except a newspaper, a utility company notice, a legal notice, a traffic citation or a business card having an area smaller than three square inches.

*Litter* means all rubbish, refuse, waste material, garbage, offal, paper, glass, cans, bottles, trash, debris, wrecked, scrapped or abandoned vehicles, rags, scrap metal, scrap plumbing parts; broken and/or used indoor appliances, furniture, overstuffed furniture when not fully enclosed in a structure; or parts of any of the foregoing or similar property. Furniture designed and manufactured as outdoor furniture is excluded as "litter" so long as it is in good condition.

*Newspaper* means any periodical of general circulation published at least quarterly and which contains not more than 85 percent advertising.

*Private premises* means any dwelling, house, building or other structure, designed or used either wholly or in part for private residential purposes, whether inhabited or vacant and shall include any yard, grounds, walk, driveway, porch, steps, vestibule or mailbox belonging to or appurtenant to such dwelling, house, building or other structure, and any private commercial establishments.

*Public or private property or water* includes, but is not limited to, any of the following:

(a) The right-of-way of a road or highway, a body of water or watercourse, or the shore or beach of water or watercourse, including the ice above the water.

(b) A park, playground, building, refuge, or conservation area or recreation area.

(c) Residential or farm properties or timberlands.

*Refuse* means all putrescible and nonputrescible solid wastes except body wastes, including garbage, rubbish, ashes, street cleanings, dead animals, abandoned automobiles and solid market and industrial wastes.

*Rubbish* means nonputrescible solid wastes consisting of both combustible and noncombustible wastes, such as paper, wrappings, cigarettes, cardboard, tin cans, yard clippings, glass, bedding, crockery and similar materials.

*Vehicle* means a motor vehicle registered or required to be registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

*Vessel* means a motor vehicle registered or required to be registered under the Part 801 of 1994 PA 451, MCL 324.80101 et seq.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment," Article II "Nuisances," Division 3 "Litter," Section 42-68 "Blight violation," is hereby amended as follows:

Sec. 42-68. - Blight violation unless specified as a municipal civil infraction.

A person who violates section 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, or 42-81 of this division is responsible for a municipal civil infraction, subject to payment of a civil fine as set forth in section 70-38. Repeat municipal civil infraction offenses under this division shall be subject to increased fines as set forth in section 70-38.

A person who violates any other section ~~provision~~ of this division is responsible for a blight violation, subject to payment of a civil fine as set forth in section 71-73. Repeat blight violation offenses under this division shall be subject to increased fines as set forth in section 71-73.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment,"

Article II "Nuisances," Division 3 "Litter," Section 42-6 "Definitions," is hereby amended as follows:

Sec. 42-72. ~~Litter thrown by persons in vehicles.~~ Littering on public or private property or water and unauthorized use of receptacles prohibited; removal of injurious substances dropped on highway as a result of accident.

~~No person shall throw litter from a vehicle.~~

(a) Where the amount of litter is less than 1 cubic foot in volume a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(b) Where the amount of the litter is 1 cubic foot or more but less than 3 cubic feet in volume a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(c) Where the amount of the litter is 3 cubic feet or more in volume, excepting where the litter consists of an abandoned vehicle, a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(d) Where the litter consists of an abandoned vehicle, a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or



private property or water other than property designated and set aside for such purposes. However, the court shall not order the payment of a fine unless the vehicle has been disposed of under section 252g of the Michigan vehicle code, 1949 PA 300, MCL 257.252g.

(e) A person who removes a vehicle that is wrecked or damaged in an accident on a highway, road, or street shall remove all glass and other injurious substances dropped on the highway, road, or street as a result of the accident.

(f) Presumptions.

(1) Except as provided in subsection (3) involving litter from a leased vehicle or leased vessel, in a proceeding for a violation of this section involving litter from a motor vehicle or vessel, proof that the particular vehicle or vessel described in the municipal civil infraction citation was used in the violation, together with proof that the defendant named in the citation, complaint, or warrant was the registered owner of the vehicle or vessel at the time of the violation, gives rise to a rebuttable presumption that the registered owner of the vehicle or vessel was the driver of the vehicle or vessel at the time of the violation.

(2) There is a rebuttable presumption that the driver of a vehicle or vessel is responsible for litter that is thrown, dumped, deposited, placed, or left from the vehicle or vessel on public or private property or water or placed in a receptacle.

(3) In a proceeding for a violation of this section involving litter from a leased motor vehicle or leased vessel, proof that the particular vehicle or vessel described in the municipal civil infraction citation was used in the violation, together with proof that the defendant named in the citation, complaint, or warrant was the lessee of the vehicle or vessel at the time of the violation, gives rise to a rebuttable presumption that the lessee of the vehicle or vessel was the driver of the vehicle or vessel at the time of the violation.

(4) In a proceeding for a violation of this section involving litter consisting of an abandoned vehicle, proof that the particular vehicle described in

the municipal civil infraction citation was abandoned, and that the defendant named in the municipal civil infraction citation was the titled owner or lessee of the vehicle at the time it was abandoned, gives rise to a rebuttable presumption that the defendant abandoned the vehicle.

That Chapter 71 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Administrative Hearings Bureau," Article III "Violations," Section 71-72 "Specific violations," is hereby amended as follows:

Sec. 71-72. Specific violations.

In addition to section 71-71, the following violations are blight violations subject to the procedures and penalties outlined in this chapter:

- (1) *Raw building materials.* Except as may be permitted by a specific business license or other city ordinance, it is a blight violation for any person to store raw building materials on any property unless there is a valid building permit issued according to this Code, and these materials are intended for use in connection with the construction occurring on the property.
- (2) *Junk waste.* It is a blight violation for any person to store, accumulate, or permit the storage or accumulation of any junk or waste on property owned, leased, rented, or occupied by him.
- (3) ~~*Littering.* It is a blight violation for any person to knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of litter on public or private property other than property designated and set aside for such purposes.~~
- (4) ~~*Abandoned refrigerators.*~~
  - a. It is a blight violation for any person to leave outside of any building or dwelling in a place accessible to children, any abandoned, unattended, available or discarded icebox, refrigerator or any other container of any kind which has an airtight door or lock which may not be easily released for opening from the inside of such icebox, refrigerator, container, or compartment.
  - b. It is a blight violation for any person to leave outside of any building or dwelling in a place accessible to children, any abandoned, unattended or discarded icebox, refrigerator or any container of any kind, or compartment of any kind, which has a snap lock or other device

thereon, without first removing the snap lock or the doors of such icebox, refrigerator, container or compartment, unless the doors thereto are securely fastened by the use of chains, locks or other devices adequate to prevent the opening of such doors.

That Chapter 86 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Solid Waste," Article I "In General," Section 86-4, " Unauthorized use of receptacles," is hereby amended as follows:

~~Sec. 86-4. Unauthorized use of receptacles.~~

~~No person shall place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.~~

Section 2. Severability.

If any clause, sentence, section, paragraph, or part of this ordinance, or the application thereof to any person, firm, corporation, legal entity, or circumstances, is for any reason adjudged by a court of competent jurisdiction to be unconstitutional or invalid, such judgment will not affect, impair, or invalidate the remainder of this Ordinance and the application of such provision to other persons, firms, corporations, legal entities, or circumstances by such judgment will be confined in its operation to the clause, sentence, section, paragraph, or part of this Ordinance thereof directly involved in the case or controversy in which such judgment has been rendered and to the person, firm, corporation, legal entity, or circumstances then and there involved. It is hereby declared to be the legislative intent of this body that the Ordinance would have been adopted had such invalid or unconstitutional provisions not have been included in this Ordinance.

Section 3. Repeal.

All other Ordinances inconsistent with the provisions of this Ordinance are, to the extent of such inconsistencies, hereby repealed.

Section 4. Savings Clause.

The balance of the Code of Ordinances, City of Ypsilanti, Michigan, except as herein or heretofore amended, shall remain in full force and effect. The repeal provided herein will not abrogate or affect any offense or act committed or done, or any penalty or forfeiture incurred, or

any pending fee, assessments, litigation, or prosecution of any right established, occurring prior to the effective date hereof.

Section 5. Copies to be available.

Copies of the ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

Section 6. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. The Ypsilanti City Charter Section 2.10(c) says " Except as otherwise provided in this Charter, every adopted ordinance shall become effective after publication at the expiration of 30 days after adoption or at any later date specified therein." Pursuant to that authority this ordinance will become effective on \_\_\_\_\_, 2014.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Paul Schreiber, Mayor

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published January 15, 2014

First Reading January 21, 2014

Second Reading \_\_\_\_\_

Published \_\_\_\_\_

Effective Date \_\_\_\_\_



Resolution No. 2014-022

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That a ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be approved on first reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-023

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

## The City of Ypsilanti

Ordinance No. 1214

AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION.

### THE CITY OF YPSILANTI HEREBY ORDAINS:

Section 1: Amendments, additions, and deletions to the Code of Ordinances, City of Ypsilanti, Michigan.

That Chapter 70 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Municipal Civil Infractions," Article II "Municipal Ordinance Violations Bureau," Section 70-38 "Schedule of civil fines established," is hereby amended as follows:

#### Sec. 70-38. General penalties and costs.

All municipal civil infraction citations and violation notices under this Code are subject to enforcement by the procedures and penalties outlined in this Chapter, Section 1-15 of the Ypsilanti City Code, and the Ypsilanti City Code in general. The city council will establish a schedule for the civil fines by resolution, and as amended from time to time.

#### ~~Sec. 70-38. Schedule of civil fines established.~~

~~A schedule of civil fines payable to the bureau for admissions of responsibility by persons served with municipal ordinance violation notices is hereby established. The fines for the violations listed in this section shall be as follows:~~

| <del>Code<br/>Section</del> | <del>Municipal Civil Infraction</del>             | <del>First<br/>Violation</del> | <del>First<br/>Repeat<br/>Violation</del> | <del>Second or<br/>Subsequent<br/>Repeat<br/>Violation</del> |
|-----------------------------|---------------------------------------------------|--------------------------------|-------------------------------------------|--------------------------------------------------------------|
| <del>10-46</del>            | <del>Amusement arcade license</del>               | <del>\$ 50.00</del>            | <del>\$150.00</del>                       | <del>\$300.00</del>                                          |
| <del>10-71</del>            | <del>Coin-operated amusement device license</del> | <del>50.00</del>               | <del>150.00</del>                         | <del>300.00</del>                                            |





Resolution No. 2014-022

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That a ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be approved on first reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-023

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

|                   |                                                                    |                   |                    |                    |
|-------------------|--------------------------------------------------------------------|-------------------|--------------------|--------------------|
| <del>10-136</del> | <del>Billiard parlor or poolroom license</del>                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-196</del> | <del>Dancehall or cabaret license</del>                            | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-223</del> | <del>Entertainment booths</del>                                    | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-266</del> | <del>Special event and festival permits</del>                      | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-7</del>   | <del>Restrictions on keeping certain animals</del>                 | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-8</del>   | <del>Restraint of animals</del>                                    | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-9</del>   | <del>Removal of animal waste</del>                                 | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-31</del>  | <del>Animal licenses</del>                                         | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-82</del>  | <del>Animal permits</del>                                          | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>22-32</del>  | <del>New business registration</del>                               | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>22-61</del>  | <del>Bed and breakfast lodgings and inns</del>                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-48</del>  | <del>Noise or improper conduct in cemetery</del>                   | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-49</del>  | <del>Entering and/or disturbing cemetery lot without consent</del> | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-116</del> | <del>Health club license</del>                                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |

|                   |                                                |                |                |                |
|-------------------|------------------------------------------------|----------------|----------------|----------------|
| <del>38-33</del>  | Police alarm permit                            | -50.00         | -150.00        | -300.00        |
| <del>38-34</del>  | Fire alarm permit                              | -50.00         | -150.00        | -300.00        |
| <del>42-68</del>  | Litter                                         | -50.00         | -150.00        | -300.00        |
| <del>42-98</del>  | Noise                                          | -50.00         | -150.00        | -300.00        |
| 54-36             | Historic district regulations                  | up to 5,000.00 | up to 5,000.00 | up to 5,000.00 |
| <del>58-73</del>  | Discrimination                                 | -50.00         | -150.00        | -300.00        |
| <del>66-1</del>   | Failure to return overdue book to library      | -50.00         | -150.00        | -300.00        |
| <del>66-2</del>   | Returning damaged items to library             | -50.00         | -150.00        | -300.00        |
| <del>78-122</del> | Permit for use of public building or structure | -50.00         | -150.00        | -300.00        |
| <del>86-32</del>  | Disposal arrangements                          | -50.00         | -100.00        | -200.00        |
| <del>86-33</del>  | Commercial properties                          | -50.00         | -100.00        | -200.00        |
| <del>86-34</del>  | Residential properties                         | -50.00         | -100.00        | -200.00        |
| <del>86-35</del>  | Multiple dwellings                             | -50.00         | -100.00        | -200.00        |
| <del>86-54</del>  | Residential properties—peak times              | -50.00         | -100.00        | -200.00        |

|                          |                                                                              |                             |                              |                              |
|--------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|
| <del>94-137</del>        | <del>Snow removal from sidewalk adjacent to residential premises</del>       | <del>15.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from sidewalk adjacent to commercial premises</del>        | <del>25.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from parking lot serving less than 10 dwelling units</del> | <del>50.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from parking lot serving 10 or more dwelling units</del>   | <del>100.00</del>           |                              |                              |
| <del><u>106-96</u></del> | <del>Water use restrictions</del>                                            | <del>50.00 plus costs</del> | <del>100.00 plus costs</del> | <del>500.00 plus costs</del> |
| <del><u>110-34</u></del> | <del>Trees and shrubs</del>                                                  | <del>100.00</del>           |                              |                              |
| <del><u>110-81</u></del> | <del>Grass and weed control</del>                                            | <del>100.00</del>           |                              |                              |
| <del><u>122-8</u></del>  | <del>Zoning</del>                                                            | <del>100.00</del>           |                              |                              |

## Section 2. Severability.

If any clause, sentence, section, paragraph, or part of this ordinance, or the application thereof to any person, firm, corporation, legal entity, or circumstances, is for any reason adjudged by a court of competent jurisdiction to be unconstitutional or invalid, such judgment will not affect, impair, or invalidate the remainder of this Ordinance and the application of such provision to other persons, firms, corporations, legal entities, or circumstances by such judgment will be confined in its operation to the clause, sentence, section, paragraph, or part of this Ordinance thereof directly involved in the case or controversy in which such judgment has been rendered and to the person, firm, corporation, legal entity, or circumstances then and there involved. It is hereby declared to be the legislative intent of this body that the Ordinance would have been adopted had such invalid or unconstitutional provisions not have been included in this Ordinance.

Section 3. Repeal.

All other Ordinances inconsistent with the provisions of this Ordinance are, to the extent of such inconsistencies, hereby repealed.

Section 4. Savings Clause.

The balance of the Code of Ordinances, City of Ypsilanti, Michigan, except as herein or heretofore amended, shall remain in full force and effect. The repeal provided herein will not abrogate or affect any offense or act committed or done, or any penalty or forfeiture incurred, or any pending fee, assessments, litigation, or prosecution of any right established, occurring prior to the effective date hereof.

Section 5. Copies to be available.

Copies of the ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

Section 6. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. The Ypsilanti City Charter Section 2.10(c) says " Except as otherwise provided in this Charter, every adopted ordinance shall become effective after publication at the expiration of 30 days after adoption or at any later date specified therein." Pursuant to that authority this ordinance will become effective on \_\_\_\_\_, 2014.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2014.

---

Paul Schreiber, Mayor

---

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published January 15, 2014

First Reading January 21, 2014

Second Reading \_\_\_\_\_

Published \_\_\_\_\_

Effective Date \_\_\_\_\_



Resolution No. 2014-024  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION" be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:





Resolution No. 2014-025  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014 – 026  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the Minutes of January 7, 2014 be approved.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



*Draft*

**CITY OF YPSILANTI  
COUNCIL MEETING MINUTES  
CITY COUNCIL CHAMBERS – ONE SOUTH HURON ST.  
YPSILANTI, MI 48197  
TUESDAY, JANUARY 7, 2014  
7:00 p.m.**

**I. CALL TO ORDER –**

The meeting was called to order at 7:14 p.m.

**II. ROLL CALL –**

|                          |         |                     |         |
|--------------------------|---------|---------------------|---------|
| Council Member Jefferson | Absent  | Council Member Robb | Present |
| Council Member Moeller   | Present | Council Member Vogt | Present |
| Council Member Murdock   | Present | Mayor Schreiber     | Present |
| Mayor Pro-Tem Richardson | Absent  |                     |         |

Council Member Vogt moved, supported by Council Member Moeller to excuse the absences. On a voice vote the motion carried.

**III. INVOCATION –**

The Mayor asked all to stand for a moment of silence.

**IV. PLEDGE OF ALLEGIANCE –**

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

**V. INTRODUCTIONS –**

Mayor Schreiber introduced Assistant City Attorney Dan DuChene, Assistant to the City Manager Ericka Savage, Community Development Director Teresa Gillotti and Tyler Weston.

**VI. AGENDA APPROVAL –**

Council Member Robb suggested the following changes to the agenda:

**Move from Consent Agenda: Resolutions 2014-003 and 2014-007**

On a voice vote, the motion carried with Council Member Moeller dissenting.

**VII. PRESENTATION –**

Water Street Infrastructure Plan – Teresa Gillotti, and Scott Betzold, Midwestern Consulting

## **Background**

Starting in 2008, a shift in the marketing and sale of the Water Street redevelopment area occurred. Prior to that time, City Council had directed staff to find a single developer to develop the entirety of the site. Due to economic changes including the housing market crash and resulting changes within the financial markets, the likelihood of a single developer lessened dramatically. City Council adapted to this change by allowing greater flexibility in the marketing and sale of the property agreeing to sell the property in smaller pieces or as a whole, depending on subsequent development proposals.

To accommodate that strategy, council pursued the following changes:

- Updates to the master plan to allow for a variety of developments
- Adoption of a series of infrastructure layouts on July 21, 2009
- Creating of zoning to accomplish these goals (this was ultimately tabled, but have been used as guidelines with potential developers).

## **Moving Forward**

In 2013, the City launched the Shape Ypsi master plan process, resulting in adoption of the Shape Ypsi Master plan in October of 2013. This holistic planning effort includes a new concept plan for the Water Street redevelopment area developed by the City rather than as proposed by a developer. This plan emphasizes development mimicking that of downtown, with an extension of the existing and adjacent street grid system. The design layout reflects that of the successful Downtown, Depot Town and West Cross areas where buildings comprising the majority of the frontage on major streets providing pedestrian orientation and connections with parking in the rear.

Now adopted, the steps to formalizing this concept plan include the continuing work on zoning ordinance to incorporate the design elements defined in the Master Plan and adoption of an infrastructure plan to define the street grid, location of related infrastructure, define block sizes for sale, and plan a centralized storm water management system in coordination with the DEQ. Estimates for the approved infrastructure plan will be used to update the Water Street Redevelopment Area Brownfield Plan.

Mr. Betzold presented the concept plan and gave a summary of the design.

The street layout should connect to existing streets. New streets should continue with the same width and design. Block perimeter should be 1200 feet or less. In the rear of site is area for collective storm water retention. Linear park/trail system is along River frontage for extent of the site. Street grid extends and mimicking that of existing street grid pattern to the east.

## **Proposed Infrastructure Plan**

The City was able to utilize the same funding for the Shape Ypsi Master Plan process to continue work with Midwestern Consulting on a revised infrastructure plan reflecting the above work. The concept plan showed the following:

- Location of the flood plain as defined during the work done with the Biltmore development in the early 2000s
- Existing and proposed water and sewer lines. Note that the sizing is subject to change based on proposed developments as a single story office park would have different needs than a four-story

housing development, for example. However, while sizing may change, location under the proposed street grid would likely not.

- Location of the street network. There will be more discussion of this on Jan. 7 as current proposals already discuss changes to this proposed network.
- On-street parking along all streets including Michigan Avenue (similar to downtown).
- Small collective storm water area, as DEQ will likely allow for some initial treatment and then quick disposal into the river rather than long term detention on-site.
- Definition of blocks to allow for more clarity as to parcels for sale.

If adopted by City Council, staff will continue working with Midwestern Consulting on the final layout and sizing of the sanitary sewer, storm sewer, water main and storm water management components. Road grading and alignment along with roadside parking will be illustrated and a comprehensive preliminary cost estimate will be provided. The cost estimates will be included in the Brownfield Plan revision for the Water Street redevelopment area. The block dimensions and sizes will be used to update marketing materials and related pricing for the area, and info will be provided to all prospective developers.

Council agreed to act on Resolution No. 2014-012 following the presentation.

Resolution No. 2014-012, approving revised infrastructure plan for Water Street Redevelopment Area.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, the City of Ypsilanti has adopted a concept plan for the Water Street Redevelopment Area as part of the City's 2013 Shape Ypsi Master planning process; and,**

**WHEREAS, the City intends to update related infrastructure and brownfield plans as well as zoning to reflect the Master Plan concept for the Water Street Redevelopment Area; and,**

**WHEREAS, Midwestern Consulting has developed a preliminary infrastructure plan incorporating the standards, concept and goals as presented in the Shape Ypsi Master Plan**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council adopt the infrastructure plans and that they will supersede any previous infrastructure plans, provided for the Water Street Redevelopment Area; and**

**FURTHERMORE, the attached infrastructure plan serves as the basis for an update to the Brownfield Plan as well as for updated marketing materials for the Water Street Redevelopment Area.**

OFFERED BY: Council Member Moeller  
SUPPORTED BY: Council Member Vogt

Council Member Murdock suggested something be placed in the resolution to state that a River Street bridge is a low priority.

Council Member Robb moved, supported by Council Member Vogt, to add the underlined wording to the 4<sup>th</sup> paragraph of the resolution:

**4<sup>th</sup> paragraph:**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council adopt the infrastructure plans, less western-most segment of Parsons Street, northwestern-most segment of proposed Ring Road, and with the proposed River Street bridge as low priority; and that they will supersede any previous infrastructure plans, provided for the Water Street Redevelopment Area; and**

On a voice vote, the amendment carried.

On a roll call vote, the vote to approve Resolution No. 2014-012 as amended was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    |                          |        |

VOTE:

Yes: 5      No: 0      Absent: 2 (Richardson, Jefferson)      Vote: Carried

**VIII. AUDIENCE PARTICIPATION –**

None

**IX. REMARKS BY THE MAYOR –**

None

**X. MINUTES –**

Resolution No. 2014-001, approving the minutes of December 10 and December 17, 2013

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**That the Minutes of December 10 and December 17, 2013 be approved.**

OFFERED BY: Council Member Robb

SUPPORTED BY: Council Member Vogt

On a voice vote, the motion carried and the minutes were approved as submitted.

**XI. CONSENT AGENDA –**

Resolution No. 2014-002

~~1. Resolution No. 2014-003, approving Ordinance No. 1208, an extension of conditional rezoning for used car sales at 311 S. Grove Street. **(Second Reading) Moved**~~

2. Resolution No. 2014-004, appointing Dan DuChene as Assistant City Attorney and Jennifer Healy as Deputy Freedom of Information Act Coordinator.

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that upon the recommendation of John M. Barr, Ypsilanti City Attorney, the appointment of Daniel James DuChene as an Assistant City Attorney and Jennifer Healey as Deputy FOIA Coordinator is hereby confirmed and ratified.**

3. Resolution No. 2014-005, approving Worker's Compensation Reimbursement Agreement with the Friends of Rutherford Pool.

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that: The agreement entitled "Worker's Compensation Reimbursement Agreement By and Between the City of Ypsilanti and the Friends of the Rutherford Pool" is approved and the Mayor and City Clerk are authorized to sign the same for and on behalf of the City, subject to the approval of the City Attorney.**

4. Resolution No. 2014-006, approving appointment to Boards and Commissions.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT, the following individuals be appointed to the City of Ypsilanti Boards and Commissions as indicated below:**

| <b><u>NAME</u></b>                                                            | <b><u>BOARD</u></b> | <b><u>TERM EXPIRATION</u></b> |
|-------------------------------------------------------------------------------|---------------------|-------------------------------|
| <b>Nicki Sandberg (open)<br/>910 Sheridan, Apt. 2<br/>Ypsilanti, MI 48197</b> | <b>ZBA</b>          | <b>05/01/2015</b>             |

5. ~~Resolution No. 2014-007, adopting 2014 City Council goals.~~ ***Moved***

6. Resolution No. 2014-008, approving CDBG allocation adjustments for previous projects through Washtenaw Urban County.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, The City is a member of the Urban County, through Washtenaw County and receives an annual Community Development Block Grant (CDBG) allocation through this body for eligible projects**

**WHEREAS, from time to time previous allocations are funded by different funds or not all of the allocation is utilized;**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves reallocation of the following CDBG funding:**

- **\$50,000 from the 2010 CDBG allocation for ADA Ramps be reallocated to the dangerous building demolition/abatement fund**
- **\$6,214.65 of 2011 CDBG allocation for Parkridge Park be reallocated to the Senior Center kitchen improvement project**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

On a voice vote, the motion carried and the Consent Agenda was approved.

## **XII. RESOLUTIONS/MOTIONS/DISCUSSIONS –**

- ~~1. Resolution No. 2014-012, approving revised infrastructure plan for Water Street Redevelopment Area.~~ **Moved up and heard after 'Presentation'**
2. Resolution No. 2013-269, approving Ordinance No. 1205 entitled "Thompson Block Redevelopment Project", to rezone from B3 (Central Business District), right-of-way, R1, single family residential and Historic Overlay (HO) to a Planned Unit Development (PUD) for the development of the former Thompson Block building (400 N. River St.), a portion of the public alley to the east, and 107 E. Cross St. ***(Second Reading) First Reading and public hearing held 11/19/13***

### **IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT An Ordinance Entitled, "THOMPSON BLOCK REDEVELOPMENT PROJECT ORDINANCE" to rezone from B3 (Central Business District), right-of-way, R1, single family residential and Historic Overlay (HO) to a Planned Unit Development (PUD) for the development of the former Thompson Block building (400 N. River St.), a portion of the public alley to the east, and 107 E. Cross Street be adopted on Second and Final Reading.**

OFFERED BY: Council Member Murdock

SUPPORTED BY: Council Member Vogt

Ms. Gillotti stated all changes were made on the site plan upon Council's request.

Ms. Gillotti explained that the agreement puts the language into place that reflects the changes to the zoning ordinance that are being requested. There was a recent change to the agreement and a request to postpone it to allow Council to further review it. There were also a few small changes to the agreement mostly because it was a template. They wanted to make sure it fit very well with the process in the agreement related to the approval duration. She said she will take action to remove some of that process since there's already an existing process in the ordinance. Also, clarified that after site plan approval there is a six month window for a developer to pull building permits which keeps a site plan active, and then a developer has two years to complete a project. Developer can request an extension as long as work is in progress. City Council can choose to approve or deny request. Other changes were made to avoid interference with processes.

City Council Meeting Minutes

January 7, 2014



Council Member Robb questioned the date for the project to be completed.

Ms. Gillotti explained they have six months to pull building permits and two years to finish the project.

Council Member Murdock stated the original plan was for the project to be completed by the beginning of 2015 and asked if the project was extended a year.

Ms. Gillotti suggested they contact the developer for specific timeline.

Council Member Robb asked about the phrase "substantial completion."

Ms. Gillotti explained that they don't use the term in their zoning ordinance.

Mr. Barr explained it is not legally defined. He gave an example of what "substantial completion" is.

Council member Murdock asked about building permits and why have they been working since permits have expired.

Tyler Weston, representing the developer, stated brick work was done, along with general maintenance and upkeep.

Council Member Murdock asked about the zoning of 107 East Cross.

Council Member Robb replied PUDs can't be in the R1 zone.

On roll call, the vote to approve Resolution No. 2013-269 for the "Thompson Block Redevelopment Project" ordinance at Second Reading was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    | Council Member Moeller   | Yes    |
| Council Member Vogt      | Yes    |                          |        |

VOTE:

YES: 5      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

3. Resolution No. 2014-009, approving Thompson Block PUD agreement.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, the City of Ypsilanti approved the Planned Unit Development rezoning for the Thompson Block Redevelopment Project; and**

**WHEREAS, the attached development agreement has been drafted by the City Attorney and reviewed by the developer's attorney and ensures that the use of the property will conform to the approved Planned unit Development and that the site will be developed and maintained in accordance with the approved PUD plan and attached site plan;**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves the attached Planned Unit Development agreement and,**

**FURTHER, that the Mayor and City Clerk are authorized to sign the agreement to approval by the City Attorney.**

OFFERED BY: Council Member Murdock

SUPPORTED BY: Council Member Vogt

Council Member Robb asked to change the PUD to an 18 month period.

Ms. Gillotti preferred that it reflect the development agreement they already have in the zoning ordinance

On roll call, the vote to approve Resolution No. 2014-009 (Thompson Block PUD Agreement) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    | Council Member Moeller   | Yes    |
| Council Member Vogt      | Yes    | Council Member Murdock   | Yes    |
| Mayor Schreiber          | Yes    |                          |        |

VOTE:

YES: 5      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

4. Resolution No. 2014-010, approving Ordinance No. 1206, an ordinance to amend mid-year budget appropriations by department and major organizational unit for FY 2013-2014. ***(Second Reading)***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT An Ordinance to amend mid-year budget appropriations by department and major organizational unit for FY 2013-2014 be approved on Second and Final Reading.**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

Council Member Murdock stated that he has decided to support the ordinance after discussing it with Mr. Lange.

On a roll call, the vote to approve Resolution No. 2014-010 (Ordinance No. 1206) at Second Reading was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Robb      | No     | Council Member Murdock   | Yes    |
| Council Member Vogt      | Yes    | Mayor Pro-Tem Richardson | Absent |
| Mayor Schreiber          | Yes    | Council Member Moeller   | Yes    |
| Council Member Jefferson | Absent |                          |        |

VOTE:

YES: 4 NO: 1 (Robb) ABSENT: 2 (Richardson, Jefferson) VOTE: Carried

5. Resolution No. 2014-011, approving Ordinance No. 1207, an ordinance to amend Chapter 10, Article VI of the Ypsilanti Code of Ordinances to update provisions related to special events. ***(Second Reading) First Reading and public hearing held 12/17/13.***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that: the ordinance entitled " An ordinance to Amend Sections 10-251 and 10-252 of the Ypsilanti City Code to refine definitions and provide for City Council regulations of Events by Resolution" be adopted on Second and Final Reading.**

OFFERED BY: Council Member Moeller  
SUPPORTED BY: Council Member Vogt

On a roll call, the vote to approve Resolution No. 2014-011 (Ordinance No. 1207 at Second Reading) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Vogt      | Yes    | Council Member Murdock   | Yes    |
| Mayor Schreiber          | Yes    | Mayor Pro-Tem Richardson | Absent |
| Council Member Jefferson | Absent | Council Member Robb      | Yes    |
| Council Member Moeller   | Yes    |                          |        |

VOTE:

YES: 5 NO: 0 ABSENT: 2 (Richardson, Jefferson) VOTE: Carried

6. Resolution No. 2013-253, approving Ordinance No. 1201, an ordinance to repeal Ordinances No. 965 and 1054, that amended the provisions of the city of Ypsilanti Fire and Police Retirement System, contained in Public Act 345 of 1937, as amended, to provide for retirement and post retirement pension improvements to retirees who have retired from the position of Police or Fire Chief. ***(Second Reading) First Reading and public hearing held on 12/3/13***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that:**

**An ordinance to adopt an ordinance to repeal Ordinance No.1054 "An ordinance to amend the provisions of the city of Ypsilanti Fire and Police Retirement System, contained in Public Act 345 of 1937, as amended, to provide for post retirement pension improvements to retirees who have retired from the position of Fire Chief, and Ordinance No. 965, "An ordinance to amend the provisions of the City of Ypsilanti Fire and Police Retirement System, contained in Act 345 of 1937, as amended, to provide for Post Retirement Pension improvements to retirees who retired from the position of Police Chief, be approved on Second and Final Reading.**

OFFERED BY: Council Member Murdock  
SUPPORTED BY: Council Member Vogt

Council Member Robb expressed concern that even with this ordinance, the City Manager can change the multiplier for unelected officials without Council approval and that is why a policy is needed.

Mr. Lange stated that non-union employee pensions are excluded from the ordinance.

Mr. Barr stated that passing the ordinance wouldn't obligate Council to set a policy.

Council Member Robb stated Police and Fire Chiefs are not tied to Public Act 345.

On a roll call, the vote to approve Resolution No. 2013-253 (Ordinance 1201 at Second Reading) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Mayor Schreiber          | Yes    | Mayor Pro-Tem Richardson | Absent |
| Council Member Jefferson | Absent | Council Member Robb      | No     |
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    |                          |        |

VOTE:

YES: 4      NO: 1 (Robb)      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

7. Resolution No. 2014-003, approving Ordinance No. 1208, an extension of conditional rezoning for used car sales at 311 S. Grove Street. ***(Second Reading)***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that an ordinance for the 311 S. Grove Street extension of conditional rezoning for used car sales" be adopted at Second and Final Reading.**

OFFERED BY: Council Member Vogt  
SUPPORTED BY: Council Member Moeller

Council Member Robb requested that code enforcement check the status of the cars at this location.

Ms. Gillotti stated that no one has checked but she will direct staff to follow up.

On a roll call, the vote to approve Resolution No. 2014-003 (Ordinance No. 1208 at Second Reading) was as follows:

|                          |        |                     |     |
|--------------------------|--------|---------------------|-----|
| Council Member Jefferson | Absent | Council Member Robb | No  |
| Council Member Moeller   | Yes    | Council Member Vogt | Yes |
| Council Member Murdock   | Yes    | Mayor Schreiber     | Yes |
| Mayor Pro-Tem Richardson | Absent |                     |     |

VOTE:

YES: 4      NO: 1 (Robb)      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

8. Resolution No. 2014-007, adopting 2014 City Council goals.

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that the attached document entitled City Council Goals for 2014, is approved and the goals stated therein are adopted as the official goals of the Ypsilanti City Council for 2014.**

OFFERED BY: Council Member Vogt  
SUPPORTED BY: Council Member Moeller

Council Member Robb questioned if City Manager Lange is comfortable with the list of goals.

Mr. Lange replied no. He said it almost seems like a set-up to fail.

On a roll call, the vote to approve Resolution No. 2014-007 was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    |                          |        |

VOTE:

YES: 4      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

**XIII. LIASON REPORTS –**

- A. SEMCOG Update
- B. Washtenaw Area Transportation Study
- C. Washtenaw Metro Alliance
- D. Urban County
- E. Freight House

**XIV. COUNCIL PROPOSED BUSINESS –**

Murdock

- Asked about the status of the dumping ordinance.  
Mr. Barr replied it will be ready for the next meeting.
- Thanked DPS for a great job with snow removal.

Robb

- Asked if pensioners earn cost of living raises.  
Mr. Lange replied no.
- Asked if there would be any administrative arbitration for the COAM contract to make sure everyone understands what the multiplier is.  
Mr. Lange replied he would work on a strategy with Chief DeGiusti.

- Asked for an update on 208 E. Cross St.  
Ms. Gillotti replied that an inspection may have been scheduled.
- Inquired about the Terry Bakery sign  
Ms. Gillotti stated that the city was involved initially, however since things have changed the only involvement from the city is for HDC approval. She said Huron Signs have agreed to work with Terry's Bakery but the city is no longer involved.

Moeller

- Thanked DPS for a job well done during the recent snow fall.
- Asked if trash pickup delays and/or changes can be placed on the city's website.  
Ms. Savage replied the changes were placed on the website.
- Stated a resident told her they received an email from a listserv that the trash pickup would be delayed.  
Mrs. McMullan replied she had sent one Monday morning.  
Council Member Robb described to Council Member Moeller how residents can subscribe to the email listserv.

**XV. COMMUNICATIONS FROM THE MAYOR –**

Thanked city staff and the public for supporting the city during the recent winter weather event.

**XVI. COMMUNICATIONS FROM THE CITY MANAGER –**

**XVII. AUDIENCE PARTICIPATION -**

**XVIII. REMARKS FROM THE MAYOR -**

**XIX. ADJOURNMENT –**

Resolution No. 2014-013, adjourning the City Council meeting.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**That the City Council Meeting be adjourned, on call, by the Mayor or two (2) members of Council.**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

On a voice vote, the motion carried and the meeting adjourned at 9:10 p.m.



REQUEST FOR LEGISLATION  
January 21, 2014

From: Teresa Gillotti, Director of Community and Economic Development

Subject: Letter of Intent with Herman Kittle Properties, Inc to develop 3.14 acres of the southern portion of the Water Street Redevelopment Area for 76 units of multi-family housing, tentatively named "Water Street Flats"

### Project Description

The Herman Kittle Properties (HKP) is proposing a \$12 million, 76 unit multi-family brick-facade apartment building on approximately 3.14 acres located southeast of the proposed River and South streets intersection of the Water Street Redevelopment Area. They are requesting approval of a 6-month Letter of Intent to proceed with due diligence and potential purchase of 3.14 acres on with a goal to begin construction by October 2014. The purchase price would be \$50,000/acre due to large up-front investment in infrastructure for the site.

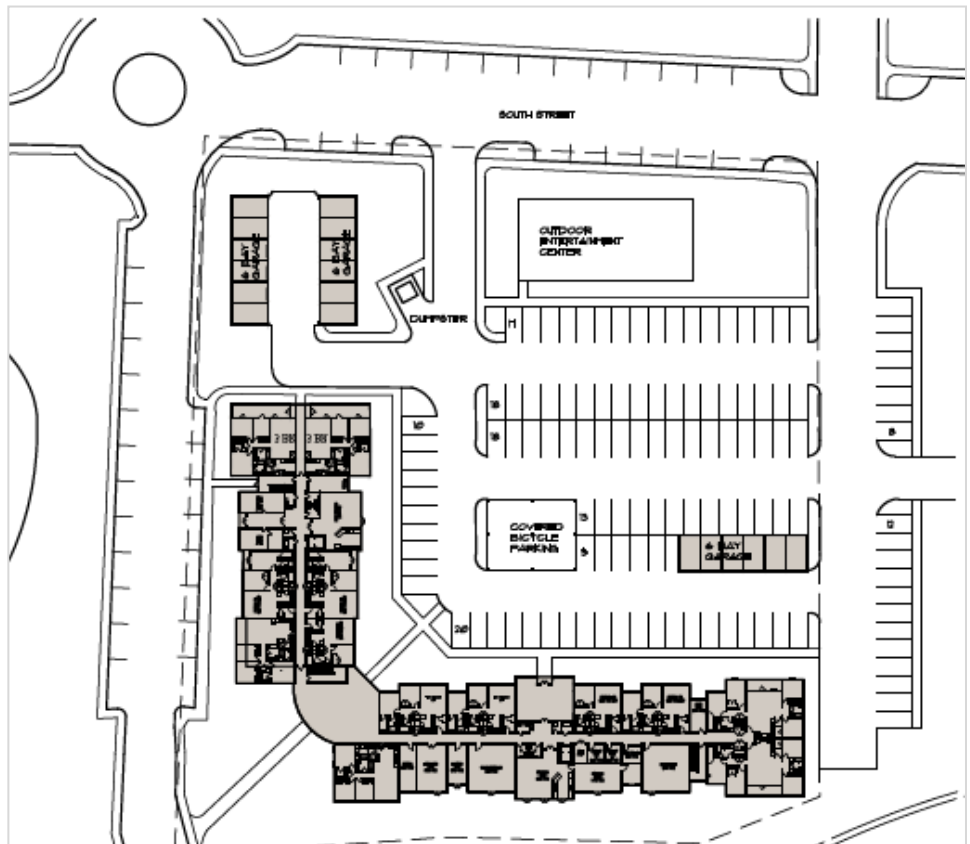
The block in consideration is shown in green on the adopted Water Street infrastructure plan below.





The proposed building will have a brick façade similar to the drawing below. It would be oriented to both River Street extended and the Huron River. Parking would be located to the north and east of the building with drive entrances off of South and Lincoln Streets into the parking area.

HKP would be responsible for constructing River Street (south of Michigan Avenue), South Street, between Park Street and River Street and Lincoln Street south of South Street. These streets would be built to city standards including, on-street parking, sidewalks, and water and sewer lines as part of this development. The cost to develop this infrastructure is estimated to be \$745,000.



Pedestrian access would remain as sidewalks would continue on all four sides of the block, and the linear park with be to the south of the proposed development. Construction of the ring road shown on the City's infrastructure plan south of the proposed development is still being discussed. Parking would include on-street spaces as well as dedicated parking on the block and 18 garage spaces. This currently exceeds the parking requirements in the zoning guidelines and may be over-parked.



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"

The 76 units will vary between 1 and 4 bedroom units with the majority falling in the 1-2 bedroom range. Eight of the units, or just over 10%, will be barrier free.

| Floor        | 1BR       | 2BR       | 3BR       | 4BR      | Total     | Common Area   | Total Area     |
|--------------|-----------|-----------|-----------|----------|-----------|---------------|----------------|
| 1            | 2         | 5         | 4         | 2        | 13        | 12,285        | 26,745         |
| 2            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,349         |
| 3            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,439         |
| Units size   | 738 sf    | 993 sf    | 1201 sf   | 1502 sf  |           |               |                |
| <b>Total</b> | <b>26</b> | <b>26</b> | <b>16</b> | <b>8</b> | <b>76</b> | <b>26,487</b> | <b>105,882</b> |

## Investment, Financing, and Timeline

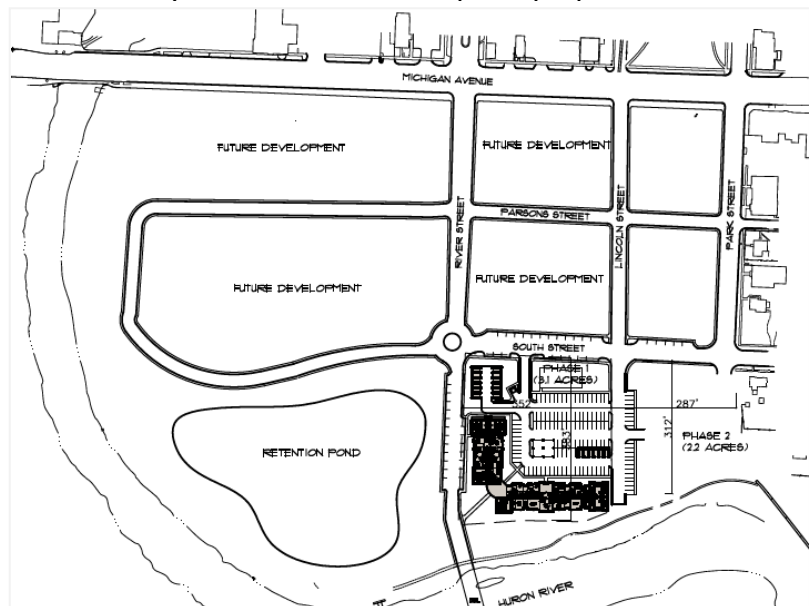
The total project investment is estimated at \$12.1 million with 1.7 million dedicated to infrastructure and site preparation costs. The site preparation costs are higher than average as much of the site is located on fill soil. HKP hired engineers who conducted soil borings on site to evaluate the geotech and determine the ability for the soil to hold up the proposed structures. As expected in that area of the site, pilings would be needed to provide additional support, and the pilings and related treatments have been added into the developer's budget estimates.

The project would be financed with several different mechanisms including Rental Housing Tax credits (RHTC) from MSHDA, Tax Exempt Bond financing, HOME funds and developer contribution.

As noted, the infrastructure proposed to be constructed as part of the project includes construction of River Street from Michigan Avenue to the rear of the site, South Street from Park Street to River Street extended and Lincoln Street from South Street to the southern extent of the site. The estimated \$745,000 in infrastructure costs would also include oversized utilities that would run from Michigan Avenue south under River Street to serve the site as well as future development. These costs would be reimbursable through the Brownfield Tax Increment Financing.

Proposed project financing:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution



The RIHTC are part of an application process with the State of Michigan which has a few deadlines that would impact the approval process. If approved, HKP would request to have a purchase agreement finalized by mid-March.

### Project Timeline

- December, 2013: Preliminary Application due to MSHDA
- March 2014: purchase agreement with City of Ypsilanti and Herman Kittle Properties
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

HKP provided details on how the RHTC affect rents and affordability in the attached Letter of Intent (LOI) document.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

Just as the financing would place controls on rents, it would also put a ceiling on family incomes ensuring long-term affordability of the units to be rented to those at a maximum of 50-60% of the Area Median Income regardless of changes to property values. As this income is calculated for Washtenaw County, and Ypsilanti incomes are lower, these averages are in-line with those of Ypsilanti residents.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

## Company background

According to the background information in the accompanying materials, Herman Kittle Properties, Inc. and its successors have been around since 1948 and have a large portfolio of affordable and market rate housing that they develop, own, manage and construct including more than 69 properties with more than 6,865 total units. As a management company, the portfolio-wide occupancy rate is 92%, and of recently constructed units (in the last 5 years), 90% occupancy rate has been reached within 8 months of construction. The company's practice is to own and manage the properties, with frequent rehabilitations included in the timeline of the property to extend its life, usually every 15-20 years.

HPK has two properties in Michigan both built in 2006 and one in nearby Indiana that was constructed more recently. The Development Director Michael Rodriguez has offered to arrange a visit for council members and staff to view the properties and meet residents.

## Letter of Intent Summary

**Location:** SE block of proposed River and South Street extensions  
**Building size:** Approx 105,882 square feet in single building  
**Use:** Multi-family apartment units ranging from 1-4 bedrooms  
**Investment:** Approx: \$12.1 million total with vertical improvements estimated at \$10 million  
**Purchase Price** \$50,000 per acre or \$157,000, reduced in lieu of significant infrastructure contribution.

Staff has been working with developer on the form of the building and a conceptual site plan corresponding to the Shape Ypsi Master Plan and the zoning guidelines for the site. Key features include:

**Orientation:** Building is oriented to front on River Street and the Huron River  
**Access:** River, South Street and portion of Lincoln to be built by Developer to City standards including on-street parking  
**Utilities:** Oversized water and sewer lines expected to pull from Michigan Ave. to the site, providing for future development, paid for by the developer  
**Façade:** Brick facade with larger glass windows on first floor conforming to master plan design standards  
**Parking:** Exceeds requirements in place by city

## Comparable Development

The majority of the City multi-family apartment housing stock was built in the 1950s -1970s. While many of these apartment buildings have been updated in recent years, there are few comparable new multi-family apartment buildings in the City. The most recent new construction was that of Peninsular Apartments in 2005, and while it is a different product with its location across the street from EMU and focus on student rentals, each of the two built parcels is similar in lot area and number of units. In particular, 1000 Huron River Drive has 85 units on 3.05 acres, with a taxable value of \$2,160,300.

After reviewing a 2013 CBRE multifamily inventory as well as the HKP draft marketing study, a conservative estimate of the taxable value post construction would be \$2 million resulting in an estimated \$73,000 a year in city taxes. Staff will provide more information on how the investment will play out with the existing Tax Increment Financing Districts as part of the presentation at City Council on Feb. 21.

**Next steps:**

If the Letter of Intent is approved, the 3.14 acres would be effectively taken off the market for 6 months while staff works with HKP on a purchase agreement. Note that the developer is interested in moving to a purchase agreement by March based on the timeline above. A public hearing prior to the sale, and would be held at the time City Council considers the purchase agreement. This letter of intent is non-binding for both parties.

RECOMMENDED ACTION: Approval subject to staff/council site-visit of HKP owned and managed properties; updates to building elevations for the site, continued discussions related to parking and the ring road.

**ATTACHMENTS:**

- Water Street Flats Letter of Intent
- Water Street Flats Summary
- Resolution of approval

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CITY MANAGER APPROVAL: \_\_\_\_\_ COUNCIL AGENDA DATE: \_\_\_\_\_

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_



Resolution No. 2014-027  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, The Ypsilanti City Council has requested that all offers related to the purchase of Water Street be presented to City Council for approval; and

WHEREAS, Ypsilanti City staff have been working with Herman Kittle Properties LLC on a 3.14 acre development in the Southeastern portion of the Water Street Redevelopment Area; and

WHEREAS: Herman Kittle Properties LLC have negotiated initial terms including a concept site plan based on the City's conceptual plans for Water Street, the site infrastructure plan and draft zoning for the Water Street Development; and

WHEREAS Herman Kittle Properties LLC has submitted a proposed Letter of Intent for purchase of 3.14 acres for \$157,000 plus substantial infrastructure development estimated at \$745,000 for the development of multi-family apartment units

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approve the attached Letter of Intent with Herman Kittle Properties LLC to take 3.14 acres of the Water Street Redevelopment Area off the market and continue work towards a purchase and development agreement; and

FURTHER, that the Mayor and City Clerk are authorized to sign the Letter of Intent.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:

NO:

ABSENT:

VOTE:



January 21, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

Re: Proposed development of Water Street Flats located on approximately 3.14 acres, as shown on Exhibit A (the “Property”)

Dear Ms. Gillotti:

This Proposal to Purchase outlines the terms and conditions which are acceptable for Herman & Kittle Properties, Inc. (“Purchaser”) to enter into a Purchase Agreement with the City of Ypsilanti (“Seller”) for the Land as depicted on the attached “Exhibit A”. Please understand that this is only a general outline of terms and conditions and is subject to the parties entering into a formal, detailed Purchase Agreement acceptable to both parties. With that in mind, Purchaser proposes the following:

Narrative on project and background

Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it

was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

For your reference, I have included a chart which outlines the Area Median Income for Washtenaw County that would be applicable to this development.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

Anticipated timing for this development is outlined below:

- December, 2013: Preliminary Application due to MSHDA
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
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Herman & Kittle Properties, Inc. (HKP) is the successor to companies that have been around since 1948, and has developed and managed multi-family homes for over 60 years. HKP is a vertically integrated company that has been in the business of developing, owning, managing, and constructing affordable and market rate housing for the past 30 years. In the 1980s, we developed apartments using the Rural Development program of the United States Department of Agriculture (“USDA”). During the 1990s, we began developing apartments using Section 42 tax credits. In the late 1990s, we began developing larger, tax-exempt bond financed apartment communities that significantly increased the size and complexity of our transactions. HKP has developed an expansive portfolio across the Midwest and Gulf Regions, building a solid foundation in affordable housing while also expanding into market rate communities. We have developed a wide array of products that fit a number of sites, partners and target populations.



As of October of 2013, HKP has developed 69 properties comprised of 6,865 total units (5,324 tax credit units and 1,541 market rate units) that have been placed in service in seven states. Through either development, acquisition or third party management agreements, HKP now manages a portfolio of over 8,300 units in nine states. On average over the past 5 years, our properties lease-up to 90% occupancy within 8 months of the certificate of occupancy being issued. The occupancy average for the entire HKP portfolio is just over 92%. It is also worth noting that Herman & Kittle Properties has never sold an affordable property nor relinquished property management for any property owned by HKP. It is our company philosophy to establish long-term partnerships in the communities that we develop in and leverage the Tax Credit program to re-syndicate or essentially rehab these properties every 15 to 20 years. Herman & Kittle Properties has two properties in Michigan, one in Kalamazoo and one in Jackson, and I would invite anyone from the City of Ypsilanti to visit these properties to get a sense of HKP's development quality and property management ability. As our Jackson property is located only 45 minutes from Ypsilanti, I have confirmed availability with our local property manager and she can accommodate your visit at your convenience.

1. Seller: City of Ypsilanti
2. Purchaser: Herman & Kittle Properties, Inc.
3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development").
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
6. Other Purchaser Obligations: Purchaser to construct River Street (south of Michigan Avenue), South Street, between Park Street and River Street, and Lincoln Street south of South Street including all streets, sidewalks, water and sewer lines as part of this development and subsequently deed back to the City of Ypsilanti. The cost to develop this infrastructure is estimated to be \$745,000.
7. Term: The Letter of Intent will be in effect for up to six (6) months or until a development agreement is executed. Either party can request a 6 month extension.
8. Elements of the Development Agreement: Both parties agree to spend the term period working through the details of the standard development agreement utilized by the Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, to include:
  - (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.

(b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.

(c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.

(d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.

(e) Financing Contingency. Purchaser will finance the apartment development with rental housing tax credits and tax-exempt bonds allocated by the Michigan State Housing Development Authority (the "Allocation") and Closing will be contingent upon receipt of the Allocation.

Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller will permit Purchaser, its agents, employees, and independent contractors, right of access at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time. Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By: \_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness: \_\_\_\_\_

The terms of the foregoing Letter of Intent are acknowledged by the undersigned this \_\_\_\_\_  
day of \_\_\_\_\_, 2013.

CITY OF YPSILANTI

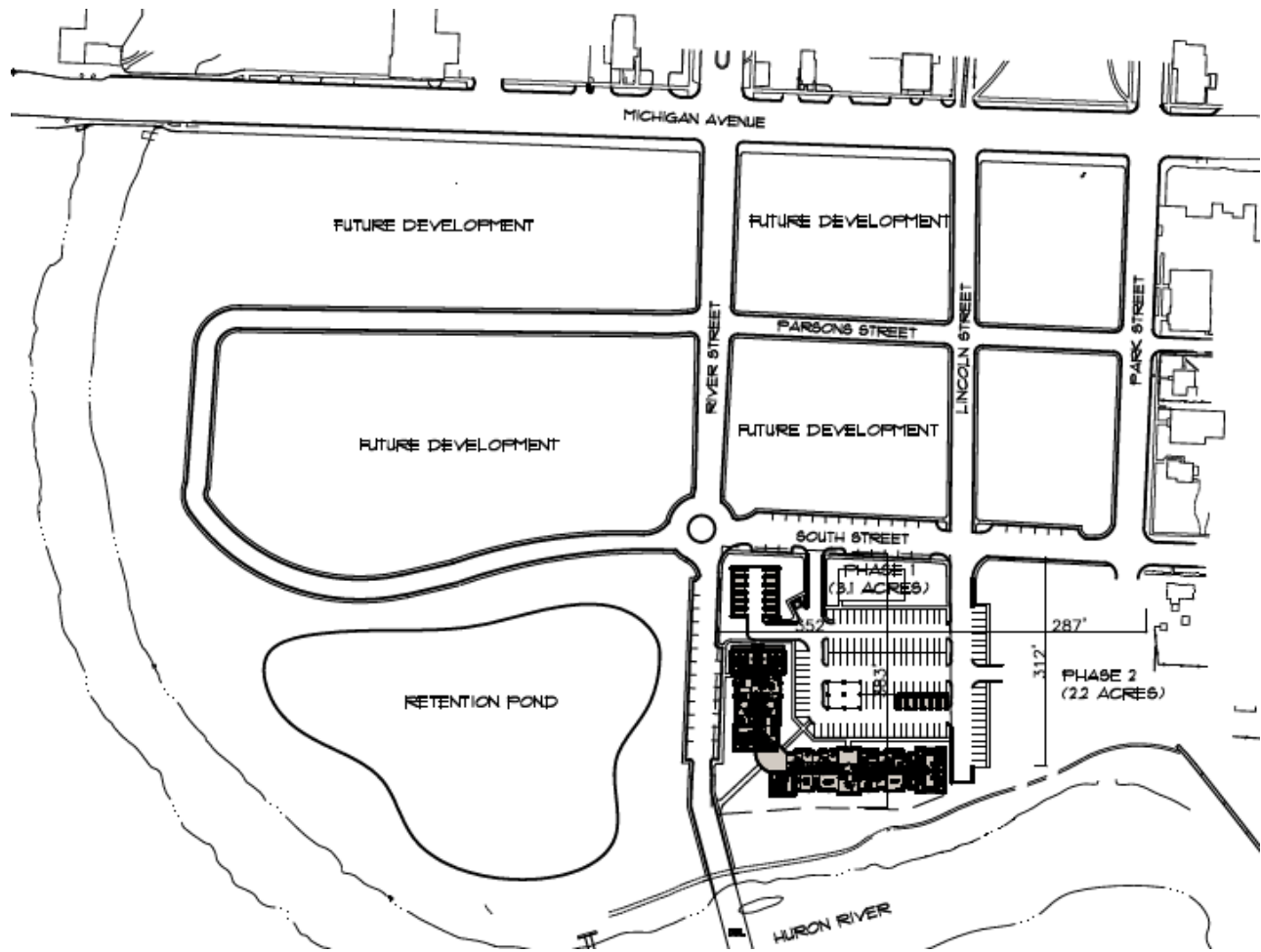
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Witness: \_\_\_\_\_

# Exhibit A







Real Estate Development • General Contracting • Property Management

January 17, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

Re: Proposed development of Water Street Flats located on approximately 3.14 acres, as shown on Exhibit A (the “Property”)

Dear Ms. Gillotti:

This Proposal to Purchase outlines the terms and conditions which are acceptable for Herman & Kittle Properties, Inc. (“Purchaser”) to enter into a Purchase Agreement with the City of Ypsilanti (“Seller”) for the Land as depicted on the attached “Exhibit A”. Please understand that this is only a general outline of terms and conditions ~~and is that such terms may be changed by either party.~~ The parties further acknowledge this letter of intent is not intended to be nor shall be binding on either party and any party’s obligation to proceed with a transaction shall be subject to the parties entering into a formal, detailed Purchase Agreement acceptable to both parties which must be approved by the City Council for the City of Ypsilanti. With that in mind, Purchaser proposes the following:

#### Narrative on project and background

Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

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comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

For your reference, I have included a chart which outlines the Area Median Income for Washtenaw County that would be applicable to this development.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
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1. Seller: City of Ypsilanti
2. Purchaser: Herman & Kittle Properties, Inc.
3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development"). Final legal descriptions shall be set forth in the definitive Purchase Agreement.
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
6. Other Purchaser Obligations: Purchaser to construct River Street (south of Michigan Avenue), South Street, between Park Street and River Street, and Lincoln Street south of South Street including all streets, sidewalks, water and sewer lines as part of this development and subsequently deed back to the City of Ypsilanti. The cost to develop this infrastructure is estimated to be \$745,000.
7. Term: The non-binding Letter of Intent will be in effect for up to six (6) months ~~or until a development agreement is executed. Either party can request a 6 month extension and if a definitive Purchase Agreement approved by the City Council has not been entered into within that period, this non-binding letter of intent shall automatically terminate without liability. Either party shall have the right to terminate this non-binding letter of intent at any time without liability.~~
8. Elements of the Development Agreement: Both parties agree to ~~spend~~engage in good faith discussions during the term ~~period working through to negotiate~~ the details of ~~the standard development agreement~~a definitive Purchase Agreement using the template utilized by the



Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, ~~to~~. Such definitive agreement may include the following terms:

- (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.
- (b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.
- (c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.
- (d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.
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Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller ~~will permit~~ grants to Purchaser, its agents, employees, and independent contractors, ~~right of a non-exclusive and revocable license to~~ access the property at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. ~~Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time.~~ Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. No invasive testing shall be undertaken by or on behalf of Purchaser without the prior written consent of Seller in each instance. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises. The provisions of this paragraph relating to Purchaser's

obligation to indemnify the Seller, to restore the property and to obtain and maintain liability insurance shall be legally binding on Purchaser and shall survive the termination thereof.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By: \_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness: \_\_\_\_\_

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CITY OF YPSILANTI

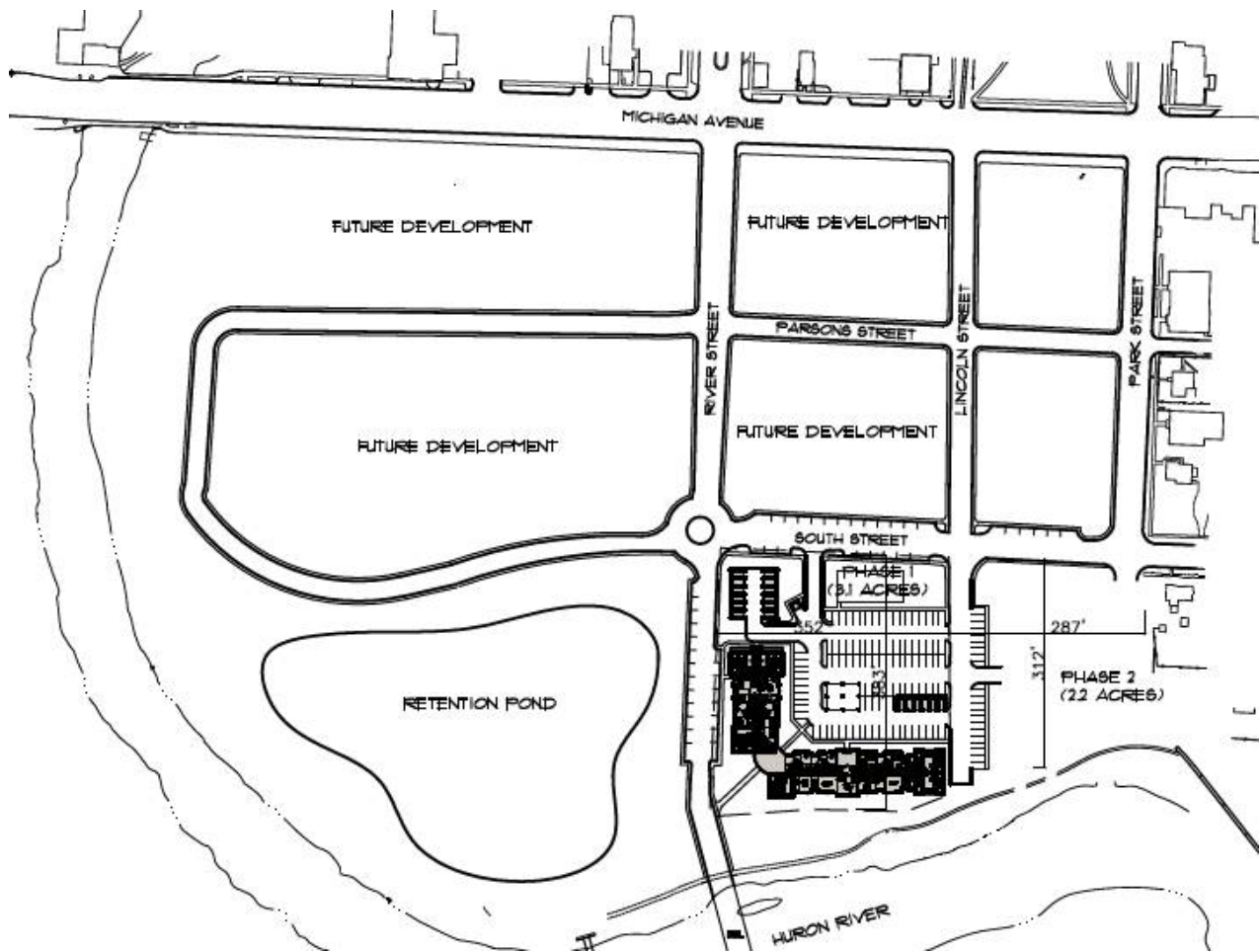
By: \_\_\_\_\_

Name: \_\_\_\_\_

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Witness: \_\_\_\_\_

Exhibit A







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By:\_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness:\_\_\_\_\_

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CITY OF YPSILANTI

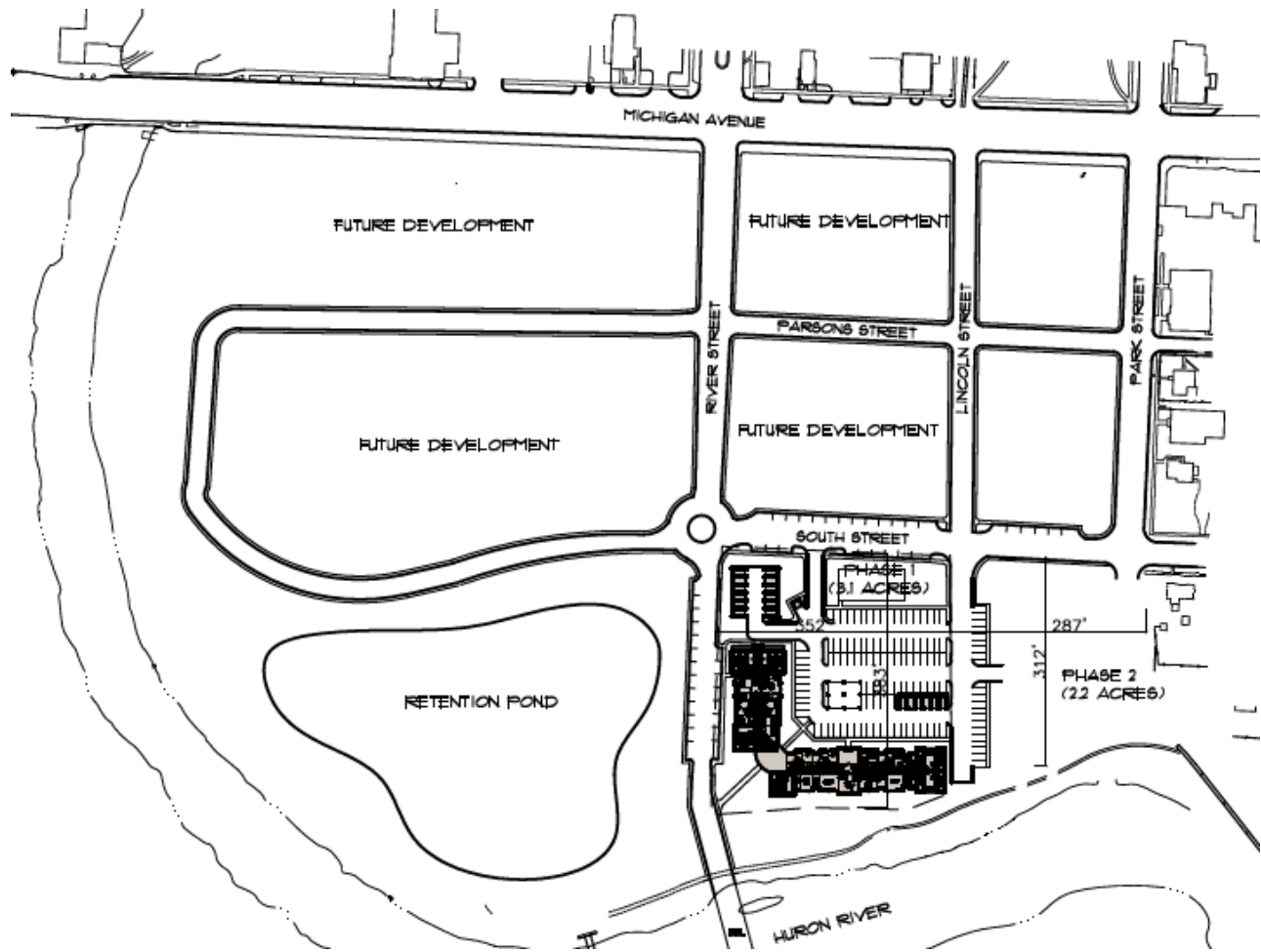
By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Witness:\_\_\_\_\_

Exhibit A







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**Name:** Water Street Flats

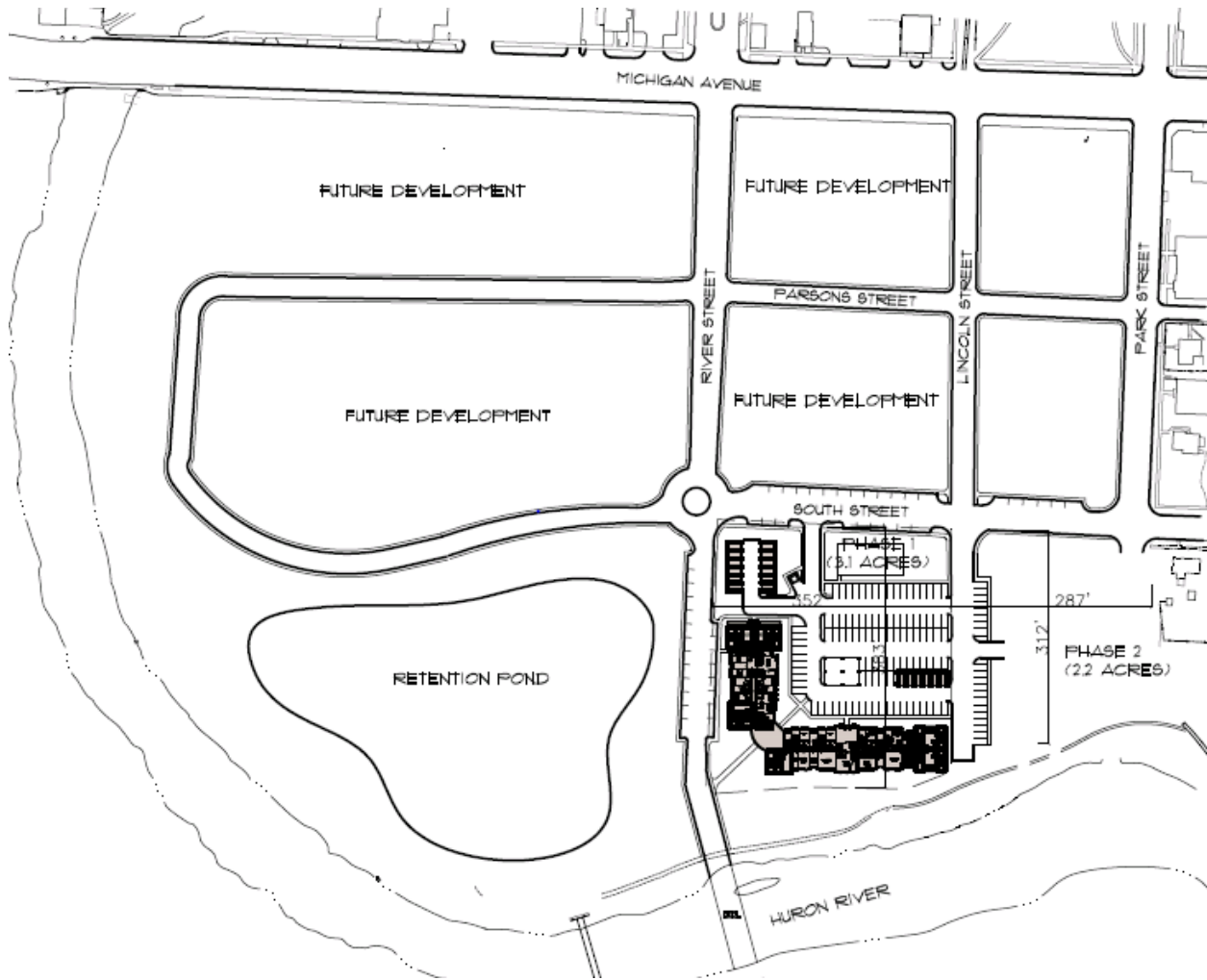
**Proposed:** 76 unit apartment community

**Developed By:** Herman & Kittle Properties, Inc.

**Location:** West of Park Street and south of South Street

**Current Property Condition:** vacant land





**Development and Amenities Description:**

- 1, 2, 3 and 4 bedroom units
- Garages available space for rent
- Community Room with kitchen
- Exercise Room
- Library/computer center
- Outdoor entertainment area
- 8 full ADA units
- Walk-in closets
- Washer/dryer in each unit
- Energy star appliances
- 100% masonry buildings
- Exercise room
- On site management office

**Anticipated Total Development Cost:** approximately \$12,123,764 Million

#### ANTICIPATED FUNDING SOURCES

Approximately:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution

#### OVERVIEW OF SECTION 42 LOW INCOME HOUSING TAX CREDIT PROGRAM

The Tax Credit Program was created under the Tax Reform Act of 1986 in an effort to provide incentives for the utilization of private equity in the development of affordable housing aimed at low to moderate income citizens. As of 2006, as much as 40% of all new multi-family construction received some level of subsidy under the LIHTC program. Tax credits are typically sold to equity investors with the requirement that the property remain affordable to low and moderate-income individuals and families for a minimum period, typically 15 years. Sale of credits typically provides 50-60% of project funding with permanent financing providing the balance.

The IRS monitors developments that use tax credits via regular assessments completed by MSHDA. To ensure program compliance, MSHDA monitors the rent charged, utilities paid, and the physical condition of the property. Annual reporting is required of developers by MSHDA.

**It is important to note that Section 42 of the IRS code is in no way related to the Section 8 program administered by the U.S. Department of Housing and Urban Development.** Per our resident selection criteria, tenants must have an income to live in the units.

#### Michigan State Housing Development Authority (MSHDA)

Each state receives an allocation of tax credits from the IRS annually based on a per capita formula. In Michigan, MSHDA, a quasi-state agency, receives the tax credits and is responsible for allocating them in a fair and consistent manner.

MSHDA prepares a document known as the Qualified Allocation Plan (QAP). The QAP is essentially the application by which developers apply for tax credits for their development.

Once applications are received, they are reviewed to ensure that all threshold requirements have been met and then they are scored based upon the scoring factors outlined in the QAP. It is important for applicants to try to achieve as many points as possible, as there are not enough tax credits for every development that applies. Historically about 50% of the tax credit requests are awarded. For tax exempt bond financing, it is important to limit the amount of soft financing (HOME funds) as a percentage of debt.

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**DEVELOPMENT TIMELINE**

|                 |                                               |
|-----------------|-----------------------------------------------|
| December, 2013: | Preliminary Application due to MSHDA          |
| April, 2014:    | Full Application due to MSHDA                 |
| July, 2014:     | Allocation Announced                          |
| October, 2014:  | Closed on Financing and Start of Construction |
| August, 2015:   | Leasing Begins                                |
| October, 2015:  | Construction Complete                         |

**DEVELOPMENT OVERVIEW**

The proposed site plan for the property has been developed and reflects a plan that will consist of 1, 2, 3 and 4 bedrooms and will be available for individuals and families with incomes between 50% and 60% of area median income (AMI). The chart below shows income limits for the LIHTC program in Washtenaw County by AMI and family size.

| Household Size<br>AMI | One Person | Two Person | Three Person | Four Person | Five Person | Six Person |
|-----------------------|------------|------------|--------------|-------------|-------------|------------|
| 50%                   | \$ 30,600  | \$ 35,000  | \$ 39,350    | \$ 43,700   | \$ 47,200   | \$ 50,700  |
| 60%                   | \$ 36,720  | \$ 42,000  | \$ 47,220    | \$ 52,440   | \$ 56,640   | \$ 60,840  |

*\*Income limits updated annually*

Additionally, rent and utility allowances are monitored by MSHDA as part of the tax credit program. The maximum rent that may be paid by the tenants is published annual by MSHDA and utilities must be subtracted out of that amount if they are paid by the residents. The chart below identifies the maximum rents and utility allowance for Washtenaw County and the resulting maximum rent that may be charged to a tenant.

|     | 1-Bedroom  |                   |                  | 2-Bedroom  |                   |                  | 3-Bedroom  |                   |                  | 4-Bedroom  |                   |                  |
|-----|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|
| AMI | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent |
| 50% | 790        | 132               | <b>613</b>       | 947        | 162               | <b>748</b>       | 1,095      | 195               | <b>871</b>       | 1,221      | 225               | <b>960</b>       |
| 60% | 984        | 132               | <b>720</b>       | 1,180      | 162               | <b>810</b>       | 1,363      | 195               | <b>1,035</b>     | 1,521      | 225               | <b>1,125</b>     |

*\*95% of units will be at 60% AMI rents.*



**TENANT SELECTION CRITERIA**

To qualify to live in these apartment homes, tenants must meet the resident selection criteria. Some of these include:

- Credit and criminal reports will be obtained for all applicants age 18 and over.
- All applicants will be screened through a multi-state sex offender database. Any applicant that is listed on the sex offender database is automatically denied.
- All applicants must have a SSN or provide an ITIN and must be eligible to reside in the United States for the next 12 months.
- Any felony charge committed within the last 7 years will be grounds for denial.
- Any convicted felony or misdemeanor charge related to battery, theft, drug possession, or molestation will be grounds for denial.
- All combined rent to income ratio must not exceed 40%
- All applicants age 18 and over will have their credit pulled, reviewed and scored using a credit screening company.
- Applicants with prior unpaid rental debt or eviction within 4 years will be denied.

**COMMUNITY SERVICES IMPACT**

Based on HKP's stringent tenant selection criteria and a surveying of HKP apartment communities in Indianapolis, this development is not expected to increase police activity to the area.

- The Nora Commons on the Monon apartment community, consisting of 272 units, is an HKP property located at 86<sup>th</sup> Street and College Avenue. During the past 6 months, the Indianapolis Metropolitan Police Department (IMPD) has been dispatched three (3) times. This is compared to two (2) police runs to the adjacent single family neighborhood with approximately 60 homes.
  - The Canterbury House apartment community, consisting of 156 units, is an HKP property located off Mann Road on the southwest side of Indianapolis. During the past 6 months, the IMPD has been dispatched eighteen (18) times. This is compared to forty (40) police runs to the single family neighborhood across the street with approximately 300 single family homes.
-



**SUMMARY**

HKP is excited about the possibility of new affordable housing that also includes accessible units, in Ypsilanti. While this would be a totally integrated community open to anyone wanting to apply and be approved to live at the property, there will be 10% of the units that will conform to all current ADA requirements. Accessible housing is very hard to find in the area and when it is available it is often at a premium cost. There are many working class families that struggle everyday, this provides a housing option that is currently not available.

Herman & Kittle has many properties throughout the Midwest, with two properties in Michigan (Kalamazoo and Jackson). We welcome you to visit our properties and also speak to these local units of government. If you'd like a tour of a current construction site or a list of municipality contacts that we have worked with recently, I would be happy to provide this.

We would appreciate any support that City is able to provide.

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REQUEST FOR LEGISLATION

January 21, 2014

Revised 1-17-2014

From: Ralph A. Lange & Stan Kirton

Subject: Support for the Proposed Prospect Road Improvement Project from Holmes Road to Grove Road

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SUMMARY & BACKGROUND:

The Prospect Road project is currently slated for construction during the 2015 construction season. Federal Surface Transportation Urban funds have been appropriated for this project through the City of Ypsilanti by WATS. The scope of this project is approximately 7,150 linear feet that will include, but not be limited to, the following types of road improvement work:

"Full depth pavement removed and replacement, full reconstruction and 2.5" mill in overlay.

The total project cost is estimated to be approximately \$1,482,000, the City share is estimated to be \$566,800; the Federal aid share is estimated to be \$915,200; the amount of federal aid funds expected to be available for this project in 2015 is \$895,000. The cost of the City's share of this project will be spread out over three budget years FY 2014, FY2015, and FY2016.

RECOMMENDED ACTION: Approval

RESOLUTION: Attached

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CITY MANAGER APPROVAL:

COUNCIL AGENDA DATE: January 21, 2014

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_



Resolution No. 2014 -028  
January 21, 2014

RESOLUTION TO DIRECT CITY STAFF AND OHM TO TAKE ALL THE NECESSARY STEPS TO  
PROCEED WITH, AND IMPROVE PROSPECT ROAD FROM HOLMES ROAD TO GROVE ROAD

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**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, Prospect Road is in need of repair and reconstruction, and;

WHEREAS, this work needs to be done as soon as financially feasible, and;

WHEREAS, the soonest the necessary amount of federal aid dollars will be available to the City of Ypsilanti to proceed with this project will be in fiscal 2015, and;

WHEREAS, the repair and reconstruction of Prospect Street is a very high priority project for City Council to see completed, and;

WHEREAS, many positive advantages will accrue to the City if this project is designed and completed in FY 2015, and;

NOW THEREFORE BE IT RESOLVED THAT the Ypsilanti City Council directs the City staff and OHM to take all the necessary steps to proceed with and improve Prospect Road from Holmes Road to Grove Road

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:                      NO:                      ABSENT:                      VOTE:

ARCHITECTS. ENGINEERS. PLANNERS.



January 14, 2014

City of Ypsilanti  
One South Huron Street  
Ypsilanti, Michigan 48197

Attention: Mr. Ralph A. Lange, City Manager

Regarding: City of Ypsilanti  
Prospect Road Corridor Assessment and Reconstruction Feasibility Analysis

Dear Mr. Lange:

The City asked OHM to prepare an analysis of the repair options and associated costs for the Prospect Road corridor from Holmes Road to Grove Road. A location map, detailed estimates, and cost summary table are attached.

Prospect Road between Holmes Road and Cross Street is in failed condition (PASER 1 and 2). From Cross Street to Grove Street the condition ranges from good to fair (PASER 6 to 4) with a small section of poor (PASER 3) from Spring Street to Davis Street.

#### **Repair Recommendations and Cost Estimates**

OHM divided the corridor into five sections and prepared the recommended construction methods and associated estimates for each section. The attached Prospect Road Corridor Cost summary breaks down the estimated construction costs by section. We understand sections 1 & 2 are of the greatest concern to the City due to the extent of deterioration. Sections 3, 4, & 5 are in good to fair condition (PASER 4-6) and are candidates for less intense rehabilitation (mill and overlay with spot base repair). The less intense repairs are more cost effective than full reconstructions. These types of repairs are common in a balanced road maintenance program. Both the full reconstruction and the rehabilitation section estimates include costs to bring the corner ramps into compliance with ADA requirements. The ramp work done as part of this project could be counted towards the City's ramp program for one or two fiscal years.

Field investigations were performed on sections 1 & 2 to assist in estimating the extent of the base and sub-base work that would be required.

The City has \$895,000 in Federal Aid earmarked in the Transportation Improvement Program (TIP) for the next three years (2014, 2015, & 2016). The estimated Federal Aid component of the entire corridor project is slightly above the allocation. However, these are conservative planning level estimates. If the City chooses to move forward with the full corridor project, we would expect the project could be completed without exceeding the Federal Aid fund allowance to the point where additional City funds would be required.

The City has secured funding for resurfacing of the Prospect Bridge in the 2014 construction season. This project will include resurfacing the bridge deck and will extend 40-feet north and south of the bridge deck (the maximum distance permitted by MDOT). Additionally, the City has applied for safety grant funding to

provide a dedicated left turn signal phase for Prospect Road at Michigan Avenue. This application included the cost of pedestrian signal upgrades and ADA compliance for the ramps at the intersection.

The attached Prospect Road estimates assume each project would be done separately. Although some savings would be expected if multiple sections were constructed under one contract, we recommend the using the full estimates as provided for budgeting purposes.

There are several advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.

These advantages would need to be weighed against the other transportation needs throughout the City before finalizing the selections for the Transportation Improvement Plan (TIP) projects for the next three years.

Should there be any questions, please contact us.

Sincerely,

**OHM Advisors,**

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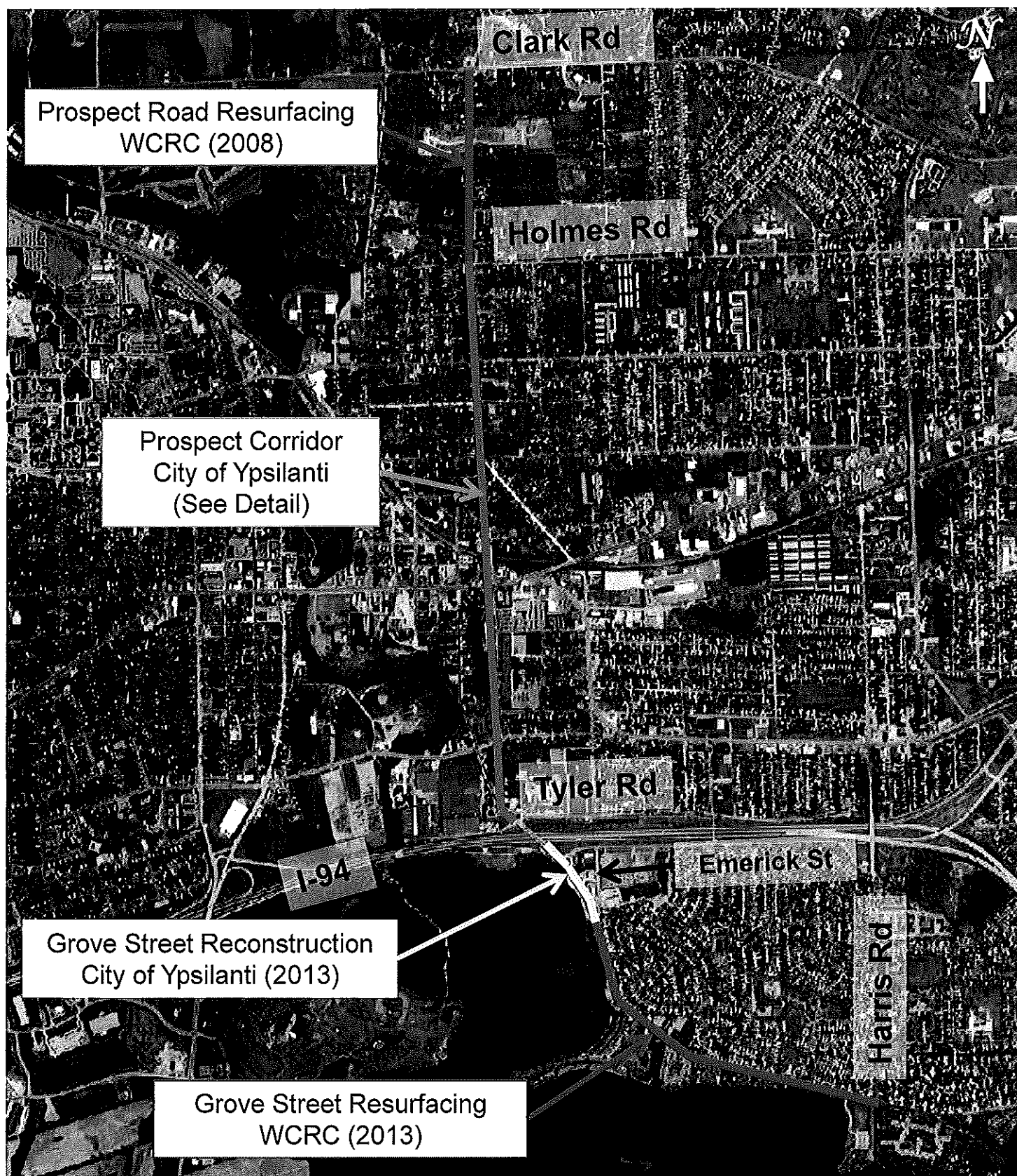
Kent Early, P.E.

Cc: Stan Kirton, DPS Director  
Marcus McNamara, OHM  
File

P:\0000\_0100\0094130040\_Prospect\\_MUNI\Council\_Packet\_Final\ProspectReport\_Council.docx

# Prospect & Grove Corridor Improvements

## City of Ypsilanti



Source: Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

Coordinate System: NAD83 Michigan South

# Prospect Road Corridor Improvements

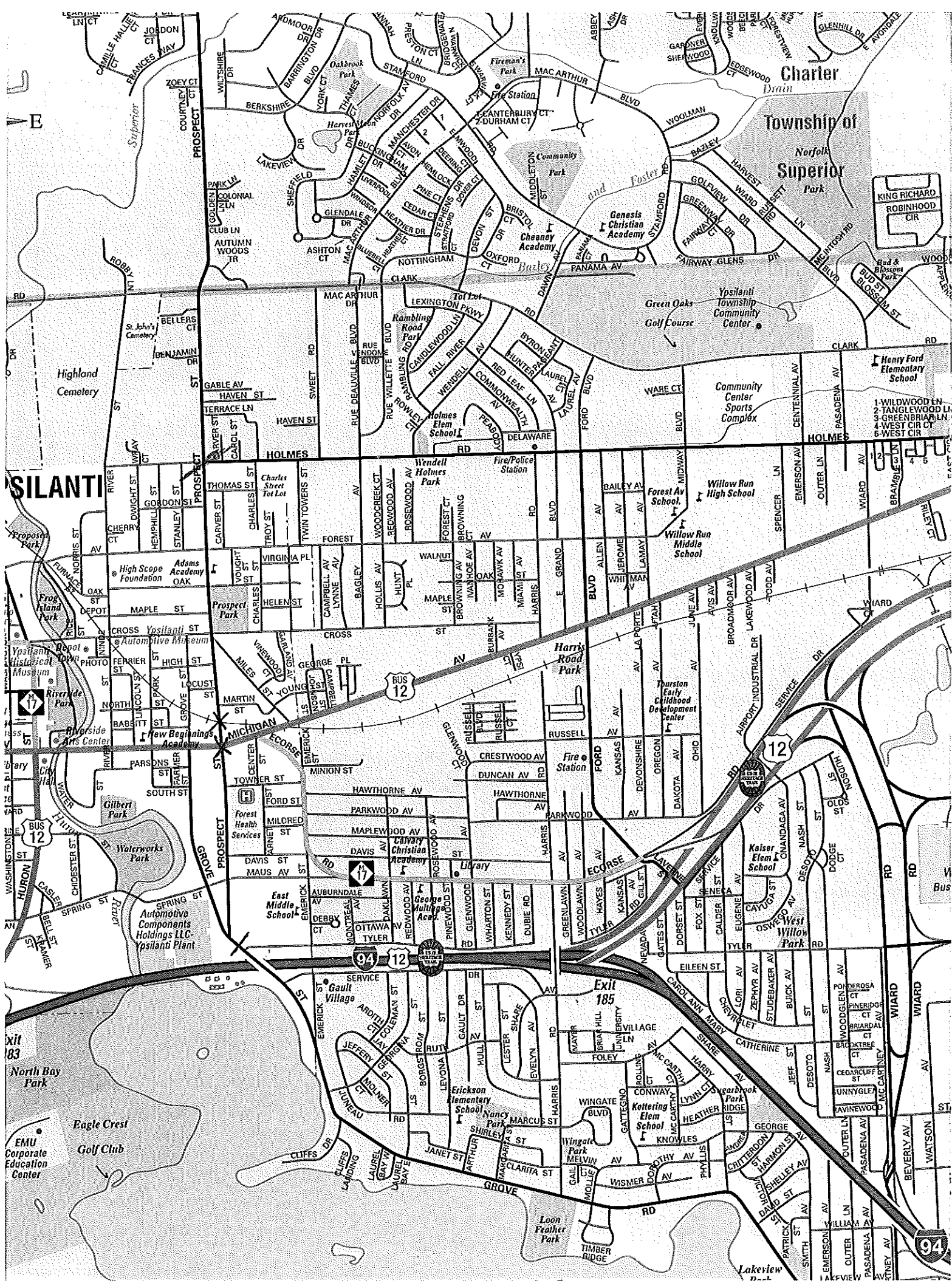
## City of Ypsilanti



Source: Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

Coordinate System: NAD83 Michigan South









## Prospect Road Corridor Cost Summary

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

| Section | From     | To       | Construction Description               | A<br>Estimated<br>Construction Cost<br>with Contingency | B<br>80% Fed Aid<br>Share | C<br>20% Local<br>Share | D<br>Estimated Design<br>Engineering | E<br>Estimated<br>Construction<br>Engineering | F<br>Approximate Cost<br>of Ramp Work |
|---------|----------|----------|----------------------------------------|---------------------------------------------------------|---------------------------|-------------------------|--------------------------------------|-----------------------------------------------|---------------------------------------|
| 1       | Forest   | Forest   | Full Depth Pavement Remove and Replace | \$236,000.00                                            | \$188,800.00              | \$47,200.00             | \$29,000.00                          | \$41,000.00                                   | \$18,000.00                           |
| 2       | Forest   | Cross    | Full Reconstruction                    | \$427,000.00                                            | \$341,600.00              | \$85,400.00             | \$52,000.00                          | \$73,000.00                                   | \$27,000.00                           |
| 3       | Cross    | Michigan | 2.5" Mill and Overlay                  | \$160,000.00                                            | \$128,000.00              | \$32,000.00             | \$20,000.00                          | \$28,000.00                                   | \$15,000.00                           |
| 4       | Michigan | Spring   | 2.5" Mill and Overlay                  | \$231,000.00                                            | \$184,800.00              | \$46,200.00             | \$28,000.00                          | \$40,000.00                                   | \$18,000.00                           |
| 5       | Spring   | Grove    | 2.5" Mill and Overlay                  | \$90,000.00                                             | \$72,000.00               | \$18,000.00             | \$11,000.00                          | \$16,000.00                                   | \$6,000.00                            |
| Total   |          |          |                                        | \$1,144,000.00                                          | \$915,200.00              | \$228,800.00            | \$140,000.00                         | \$198,000.00                                  | \$84,000.00                           |

### Notes:

Total Federal Aid (B) \$915,200.00  
 Total City Cost (C+D+E) \$566,800.00  
 Total Value of Ramp Work (F) \$84,000.00

Total of \$895,000 of Federal Aid is allocated to the City in the current Transportation Improvement Plan over the next three years (2014, 2015, 2016)  
 Ramp Work - Column (F) costs included in Estimated Construction Costs - Column (A)  
 Design For Sections 1 & 2 budgeted for in FY 2013/2014 budget  
 Prospect Bridge deck scheduled for replacement in 2014  
 Safety Grant application has been submitted for signal improvements at Michigan and Prospect intersection for 2015 funding

Advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.
6. The City and WCRRC have already made investments north and south of the proposed project limits. Completing the Prospect road work in the City limits would provide for an improved corridor for nearly 3.5 miles, including the City and Township sections of Grove Road.



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road RehabilitationLOCATION: Holmes to ForestBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Pavement Removal and Replacement with Limited Base Repair.PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be removed full depth and replaced with 5" HMA.

Proposed road cross section: 5" HMA on existing aggregate base.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Drives will not be replaced.

Expected service life is 10-12 years

| Item | Description                           | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|---------------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%                | LS   | 1              | \$ 17,000.00 | \$ 17,000.00 |
| 2    | Traffic Maintenance and Control       | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal                      | Syd  | 4,400          | \$ 3.00      | \$ 13,200.00 |
| 4    | Curb Removal                          | Lft  | 560            | \$ 10.00     | \$ 5,600.00  |
| 5    | Structure Adjust                      | Ea   | 10             | \$ 500.00    | \$ 5,000.00  |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 300            | \$ 6.00      | \$ 1,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 1,100          | \$ 7.00      | \$ 7,700.00  |
| 8    | Station Grading                       | Sta  | 14             | \$ 1,500.00  | \$ 21,000.00 |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 560            | \$ 13.00     | \$ 7,280.00  |
| 10   | HMA, 5E3                              | Ton  | 600            | \$ 72.00     | \$ 43,200.00 |
| 11   | HMA, 4C                               | Ton  | 790            | \$ 72.00     | \$ 56,880.00 |
| 12   | Sidewalk Ramps                        | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00 |
| 13   | Pavement Markings                     | LS   | 1              | \$ 5,000.00  | \$ 5,000.00  |
| 14   | Restoration                           | Syd  | 500            | \$ 4.00      | \$ 2,000.00  |

Construction Estimate Subtotal with 10% Contingency \$ 236,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 29,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 41,000.00

**Total Estimated Project Cost \$ 310,000.00**

**OHM**

Engineering Advisors

**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

**CLIENT:** City of Ypsilanti**PROJECT:** Prospect Road Reconstruction**LOCATION:** Forest to Cross**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**WORK:** Full Road Reconstruction - Cross to Forest**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

Telephone: (734) 522-6711 FAX: (734) 522-6711

**DATE:** Jan 14, 2014**PROJECT NO.** 0094-13-0041**ESTIMATOR:** MJM**CHECKED BY:** KJE**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be reconstructed full depth with new aggregate base, asphalt cross section, and concrete curb and gutter.

Proposed road cross section: 7" HMA on 8" aggregate base.

Project limits will extend to the right-of-way. All drives will be replaced

Expected service life is 17-20 years

| Item | Description                           | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|---------------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%                | LS   | 1                 | \$ 31,000.00 | \$ 31,000.00  |
| 2    | Traffic Maintenance and Control       | LS   | 1                 | \$ 10,000.00 | \$ 10,000.00  |
| 3    | Pavement Removal                      | Syd  | 4,400             | \$ 3.00      | \$ 13,200.00  |
| 4    | Curb Removal                          | Lft  | 2,800             | \$ 5.00      | \$ 14,000.00  |
| 5    | Structure Adjust                      | Ea   | 10                | \$ 500.00    | \$ 5,000.00   |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 2,800             | \$ 6.00      | \$ 16,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 5,300             | \$ 7.00      | \$ 37,100.00  |
| 8    | Station Grading                       | Sta  | 14                | \$ 1,500.00  | \$ 21,000.00  |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 2,800             | \$ 13.00     | \$ 36,400.00  |
| 10   | HMA, 5E3                              | Ton  | 790               | \$ 72.00     | \$ 56,880.00  |
| 11   | HMA, 4C                               | Ton  | 1,100             | \$ 72.00     | \$ 79,200.00  |
| 12   | Drives, Residential, Concrete         | Ea   | 16                | \$ 1,200.00  | \$ 19,200.00  |
| 13   | Drives, Commercial, Concrete          | Ea   | 4                 | \$ 2,000.00  | \$ 8,000.00   |
| 14   | Sidewalk Ramps                        | Ea   | 18                | \$ 1,500.00  | \$ 27,000.00  |
| 15   | Pavement Markings                     | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |
| 16   | Restoration                           | Syd  | 2,000             | \$ 4.00      | \$ 8,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 427,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 52,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 73,000.00

**Total Estimated Project Cost \$ 560,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of Ypsilanti

PROJECT: Prospect Road Resurfacing

LOCATION: Cross to Michigan

BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

WORK: Mill and overlay with 2.5" HMA

PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

1200 feet - 28 feet wide Cross to Martin Pl

400 feet - 44 feet wide from Martin Pl to Michigan Ave

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Prospect bridge deck will be addressed as separate project.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|-----------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 11,000.00 | \$ 11,000.00 |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal - Milling        | Syd  | 5,800          | \$ 2.00      | \$ 11,600.00 |
| 4    | Curb Removal                      | Lft  | 640            | \$ 10.00     | \$ 6,400.00  |
| 5    | Structure Adjust                  | Ea   | 15             | \$ 500.00    | \$ 7,500.00  |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 640            | \$ 13.00     | \$ 8,320.00  |
| 7    | HMA, 5E3                          | Ton  | 850            | \$ 72.00     | \$ 61,200.00 |
| 8    | Sidewalk Ramps                    | Ea   | 10             | \$ 1,500.00  | \$ 15,000.00 |
| 9    | Pavement Markings                 | LS   | 1              | \$ 7,500.00  | \$ 7,500.00  |

Construction Estimate Subtotal with 10% Contingency \$ 160,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 20,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 28,000.00

Total Estimated Project Cost \$ 210,000.00

**OHM**

Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road ResurfacingLOCATION: Michigan to SpringBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Mill and overlay with 2.5" HMAPRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project Length is 2,200 feet

Road to be milled and overlaid with 2.5" HMA

Quantity for full depth removal and replacement along curb for first 400' included to address base issues.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost    | Total Cost    |
|------|-----------------------------------|------|----------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 17,000.00 | \$ 17,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 7,500.00  | \$ 7,500.00   |
| 3    | Pavement Removal - Milling        | Syd  | 8,800          | \$ 2.00      | \$ 17,600.00  |
| 4    | Aggregate Base, 21AA, 8 inch      | Syd  | 500            | \$ 7.00      | \$ 3,500.00   |
| 5    | Station Grading                   | Sta  | 1              | \$ 1,500.00  | \$ 1,500.00   |
| 6    | Curb Removal                      | Lft  | 880            | \$ 10.00     | \$ 8,800.00   |
| 7    | Structure Adjust                  | Ea   | 20             | \$ 500.00    | \$ 10,000.00  |
| 8    | Concrete Curb and Gutter, Type F4 | Lft  | 880            | \$ 13.00     | \$ 11,440.00  |
| 9    | HMA, 5E3                          | Ton  | 1,520          | \$ 72.00     | \$ 109,440.00 |
| 10   | Sidewalk Ramps                    | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00  |
| 11   | Pavement Markings                 | LS   | 1              | \$ 5,000.00  | \$ 5,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 231,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 28,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 40,000.00

**Total Estimated Project Cost \$ 300,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road ResurfacingLOCATION: Spring to GroveBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Mill and overlay with 2.5" HMA

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project length is 950 feet

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost   | Total Cost   |
|------|-----------------------------------|------|----------------|-------------|--------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 7,000.00 | \$ 7,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 5,000.00 | \$ 5,000.00  |
| 3    | Pavement Removal - Milling        | Syd  | 3,500          | \$ 2.00     | \$ 7,000.00  |
| 4    | Curb Removal                      | Lft  | 380            | \$ 10.00    | \$ 3,800.00  |
| 5    | Structure Adjust                  | Ea   | 7              | \$ 500.00   | \$ 3,500.00  |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 380            | \$ 13.00    | \$ 4,940.00  |
| 7    | HMA, 5E3                          | Ton  | 550            | \$ 72.00    | \$ 39,600.00 |
| 8    | Sidewalk Ramps                    | Ea   | 4              | \$ 1,500.00 | \$ 6,000.00  |
| 9    | Pavement Markings                 | LS   | 1              | \$ 2,500.00 | \$ 2,500.00  |

Construction Estimate Subtotal with 10% Contingency \$ 90,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 11,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 16,000.00

**Total Estimated Project Cost \$ 120,000.00**



REQUEST FOR LEGISLATION  
January 21, 2014

From: Teresa Gillotti, Community and Economic Development Director  
Subject: **Multi-year plan for CDBG allocation through Washtenaw Urban County**

The City of Ypsilanti, as a member of the Urban County, receives an annual allocation of Federal Community Development Block Grant (CDBG) funds. CDBG funds can be applied to a variety of activities including capital improvements, economic development, technical assistance and other projects (see attached document: Eligible CDBG Activities.)

The last multi-year plan approved by Ypsilanti City Council was in Feb. 21, 2012 and included funding for ADA ramps, Senior Center kitchen improvements, Dangerous Building fund, and single-family rehabilitation projects.

Projects still underway:

- Dangerous building funding – there is currently \$99,602 under contract for demolition and other abatement. Approximately 30,000 is committed to three demolitions planned for spring/summer 2014. Recently council approved reallocation of 2010 ADA ramp CDBG funds that were unused to make sure funds remain available after the 2014 demolitions.
- Senior Center kitchen improvements: Approximately \$10,000 has been spent on this project in the form of an updated Water Heater as well as architectural designs for the kitchen. Currently \$41,410.30 is available, including \$6,214.65 that council recently reallocated from unspent Parkridge Park CDBG funds. DPS staff is in the process of submitting the plans to Washtenaw County Environmental health for approval which will be followed with an Request for Proposals for the construction work to hopefully upgrade the kitchen to a commercial kitchen standard.
- ADA ramp replacement is an obligation due to a previous consent agreement. This project is ongoing with approximately 8-10 years of replacement needed at current funding levels. Approximately \$50,000 remains from 2013 CDBG funds which are scheduled to be spent on improvements in 2014.

**2014-2015 Allocation:**

The City's estimated allocation for 2014 is \$55,900. The allocation has decreased for two reasons, continued decline in Federal funds as well as an Urban County initiative to provide funds for joint/regional projects. This year, the first project to be funded was approximately \$80,000 for a joint sidewalk project between Ypsilanti Township and Pittsfield Township along Washtenaw Avenue.



| <b>City of Ypsilanti - CDBG Workplan (2012-2015)</b> |                 |                 |                 |
|------------------------------------------------------|-----------------|-----------------|-----------------|
|                                                      | 2014-2015       | 2015-2016       | 2016-2017       |
| CDBG - Urban County Allocation (expected)            | \$55,900.       | \$55,000        | \$50,000        |
| ADA ramps (low/mod areas)*                           | 0               | 50,000          | \$50,000        |
| Parks improvements                                   |                 |                 |                 |
| - Swing sets/climbers in tot lots                    |                 |                 |                 |
| - Parkridge Pavilion roof repair                     | \$55,900        | 0               | 0               |
| Dangerous buildings demolition/rehab                 | 0               | \$5,000         | 0               |
| <b>Totals:</b>                                       | <b>\$55,900</b> | <b>\$55,000</b> | <b>\$50,000</b> |

\* ADA ramps improvements are required per court order.

Additional projects for consideration in the future are installation of missing sidewalks on Washtenaw Avenue to complete the sidewalk network, support for pre-construction costs for the Ypsilanti Housing Commission's upcoming RAD program applications, as well other improvements to city-owned facilities.

Please contact Teresa Gillotti if you have any questions regarding this proposal at (734) 483-9646.

RECOMMENDED ACTION: Approval of CDBG Workplan (2014-2016)

Attachments: Resolution approving CDBG Workplan 2014-2016

Council Agenda Date: January 21, 2014

Council Agenda Item No. \_\_\_\_\_

City Manager Approval: \_\_\_\_\_

City Manager Comments:

Finance Director Approval: \_\_\_\_\_



Resolution No. 2014-029  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, The City is a member of the Urban County, through Washtenaw County and receives an annual Community Development Block Grant (CDBG) allocation through this body for eligible projects

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves the proposed work plan as prepared by staff for the 2014-2015 and 2015-2016 program years.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:

NO:

ABSENT:

VOTE:



To: Mayor Schreiber & City Council  
From: Ericka Savage, Assistant to the City Manager  
Date: January 15, 2014  
RE: **Amending the FY 2013-2014 Fee Schedule**

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Office of the City Manager

## **REQUEST FOR LEGISLATION SUMMARY/BACKGROUND**

Assistant City Attorney, Jesse O'Jack, is suggesting that the City amend the fee schedule in order for the Administrative Hearings Bureau (AHB) to recoup costs for filing liens against default AHB judgments.

Currently Administrative Hearings Bureau Costs are \$200. The attached resolution proposes to increase the fee to \$250 to include costs associated with the city filing a lien if the Respondent does not pay the judgment within 30 days. In the event the Respondent pays the judgment within 30 days, it is proposed that the \$50 be waived.

This amendment is being requested in order for the AHB to run more efficiently. Currently costs associated with filing a lien (filing fee and staff time) are not included in judgments. A lien may be filed, but we are not recouping those costs. Without this amendment, the City will incur even more costs to place default judgments back on the AHB docket to add the \$50 to file a lien.

Therefore, City staff is requesting the following amendments to the FY 2013-2014 Fee Schedule:

1. Increase AHB Costs from \$200 to \$250 to include the cost of filing a lien
2. Create a \$50 waiver that may be applied if the judgment is paid within 30 days

ATTACHMENTS: Resolution

RECOMMENDED ACTION: Approval

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DATE RECEIVED: \_\_\_\_\_ AGENDA ITEM NO.

CITY MANAGER COMMENTS:

FOR AGENDA OF: \_\_\_\_\_ FINANCE DIR. APPROVAL

COUNCIL ACTION TAKEN:

Resolution No. 2014 – 030  
January 21, 2014

**Statement from Eric Seymour:**

- I am currently pursuing a PhD in urban and regional planning at the University of Michigan. My research area is housing and community development.
- I hold a master's degree in urban and regional planning from the University of Florida. I've taken courses on public administration and ethics covering the role of the ZBA.
- I have worked as a housing researcher in South and Central Florida for a few years. I spent most of my time on work related to preserving workforce housing. Here's [a link](#) to one of the centers I worked for.
- I have also worked with non-profits in Detroit, especially Michigan Community Resources (MCR), on the public outreach component of the Detroit Works Project.

I seek to preserve and enhance the interests of Ypsilanti residents, businesses, and visitors through the faithful application of the City's zoning ordinance. I will work to maintain the community vision codified in the zoning ordinance, supporting the granting of variances when all necessary criteria are satisfied. Through my involvement in the Zoning Board of Appeals, I hope to engage more deeply with the Ypsilanti community and gain valuable experience in matters related to urban planning.

**Statement from Anne Stevenson-Less:**

It is my intention and hope to continue to serve on the Historic District Commission for another term.

Certainly my primary goal is for the Commission to continue to support and interpret the Secretary of Interior Standards fairly and reasonably. With that, it is important for the HDC to continue to monitor and protect the historic resources within its borders. We work with staff to make sure that property owners are in compliance and have easy access to us in terms of questions, concerns, etc.

During my next term, I would also like to see our visibility and communication with our property owners continue to grow, and I hope that we can start to offer more free workshops to the public, like we were doing several years ago.

I would like to see more conversation between the Building Department and the HDC to work on compliance issues.

I would like to make sure that the Commission has opportunities for continued training and HDC educational opportunities. I think we should continue discussions regarding sustainable practices (like solar power) and how these technologies will impact the District.

**Statement from Mike Condon:**

Yes, I plan to continue to serve, at least for the near future.

Background statement: I have 25 years of experience restoring historic structures all day every day.

My goals: To protect the integrity of the Ypsilanti Historic district while actively working to help property owners accomplish what they intend.

**Statement from Henry Prebys:**  
Forthcoming

Paul Schreiber  
[Mayor, City of Ypsilanti](#)  
734-277-5446



Resolution No. 2014-031  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the City Council Meeting be adjourned, on call, by the Mayor or two (2) members of Council.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:      NO:      ABSENT:      VOTE:



*Revised – 1/21/14*

**CITY OF YPSILANTI  
COUNCIL MEETING AGENDA  
CITY COUNCIL CHAMBERS – ONE SOUTH HURON ST.  
YPSILANTI, MI 48197  
TUESDAY, JANUARY 21, 2014  
7:00 p.m.**

**I. CALL TO ORDER –**

**II. ROLL CALL –**

|                          |     |                     |     |
|--------------------------|-----|---------------------|-----|
| Council Member Jefferson | P A | Council Member Robb | P A |
| Council Member Moeller   | P A | Council Member Vogt | P A |
| Council Member Murdock   | P A | Mayor Schreiber     | P A |
| Mayor Pro-Tem Richardson | P A |                     |     |

**III. INVOCATION –**

**IV. PLEDGE OF ALLEGIANCE –**

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

**V. INTRODUCTIONS –**

**VI. AGENDA APPROVAL –**

**VII. PRESENTATION –**

1. Prospect Street Project – City Manager Ralph Lange, Public Services Director Stan Kirton and Mark McNamara, OHM
2. **Water Street Multi-Family Development Project – Community Development Director Teresa Gillotti and Michael Rodriguez of Herman and Kittle Properties, Inc. (Added)**

**VIII. ORDINANCES – FIRST READING –**

1. An ordinance entitled, "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Parkridge Homes)".  

Ordinance No. 1209

  - A. Resolution No. 2014-014, determination
  - B. Open the public hearing.
  - C. Resolution No. 2014-015, close public hearing

Ordinance No. 1210



2. An ordinance entitled, "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)".

- A. Resolution No. 2014-016, determination
- B. Open the public hearing.
- C. Resolution No. 2014-017, close public hearing

Ordinance No. 1211

3. An ordinance entitled, "City of Ypsilanti Tax Exemption Ordinance – Parkridge".

- A. Resolution No. 2014-018, determination
- B. Open the public hearing.
- C. Resolution No. 2014-019, close public hearing

Ordinance No. 1212

4. An ordinance entitled, "City of Ypsilanti Tax Exemption Ordinance – Scattered Site".

- A. Resolution No. 2014-020, determination
- B. Open the public hearing.
- C. Resolution No. 2014-021, close public hearing

Ordinance No. 1213

5. An ordinance to amend Ypsilanti Code relative to litter and dumping.

- A. Resolution No. 2014-022, determination
- B. Open the public hearing.
- C. Resolution No. 2014-023, close public hearing

Ordinance No. 1214

6. An ordinance to amend Chapter 70 "Municipal Civil Infractions" of the Ypsilanti City Code, Article II, "Municipal Ordinance Violations Bureau", Section 70-38, "Schedule of Civil Fines Established".

- A. Resolution No. 2014-024, determination
- B. Open the public hearing
- C. Resolution No. 2014-025, close public hearing

**IX. AUDIENCE PARTICIPATION –**

**X. REMARKS BY THE MAYOR –**

**XI. MINUTES –**

Resolution No. 2014-026, approving the minutes of January 21, 2014

**XII. RESOLUTIONS/MOTIONS/DISCUSSIONS –**

1. Resolution No. 2014-027, approving Letter of Intent (LOI) for Water Street multi-family development.

2. Resolution No. 2014-028, directing city staff and OHM to take all necessary steps to proceed with and improve Prospect Road from Holmes Road to Grove Road.
3. Resolution No. 2014-029, approving CDBG two-year work plan.
4. Resolution No. 2014-030, amending the FY2013-2014 Fee Schedule to create an "Administrative Hearings Bureau Cost, for costs associated with filing a lien.

**XIII. LIASON REPORTS –**

- A. SEMCOG Update
- B. Washtenaw Area Transportation Study
- C. Washtenaw Metro Alliance
- D. Urban County
- E. Freight House

**XIV. COUNCIL PROPOSED BUSINESS –**

**XV. COMMUNICATIONS FROM THE MAYOR –**

**Nominations:**

Ypsilanti Zoning Board of Appeals  
Eric Seymour (open)  
611 Pearl St. Apt. #5 Ypsilanti, MI 48197  
Ypsilanti, MI 48197  
Term Expires: 5/1/2016

Ypsilanti Historic District Commission  
Anne Stevenson-Less (reappointment)  
707 Collegewood  
Ypsilanti, MI 48197  
Term Expires: 1/31/2017

Ypsilanti Historic District Commission  
Michael Condon (reappointment)  
313 Maple  
Ypsilanti, MI 48198  
Term Expires: 1/31/2017

Ypsilanti Historic District Commission  
Henry Prebys (reappointment)  
301 N. Grove  
Ypsilanti, MI 48198  
Term Expires: 1/31/2017

**XVI. COMMUNICATIONS FROM THE CITY MANAGER –**

**XVII. AUDIENCE PARTICIPATION -**

**XVIII. REMARKS FROM THE MAYOR -**

**XIX. ADJOURNMENT –**

Resolution No. 2014-031, adjourning the City Council meeting.



REQUEST FOR LEGISLATION  
January 21, 2014

From: John Barr and Dan DuChene, City Attorney's Office  
Teresa Gillotti, Community and Economic Development

Subject: **Ypsilanti Housing Commission request for property transfers and PILOT changes to further redevelopment and rehabilitation of Ypsilanti Housing Commission properties**

The Ypsilanti Housing Commission, in partnership with the Chesapeake Community Partners, is pursuing a pilot program through Housing and Urban Development department's Rental Assistance Demonstration (RAD) project to providing low-income housing that guarantees rental assistance to families through project-based (site specific) housing vouchers, allows ownership to transfer to a public/private partnership, and provides the opportunity for private investment to assist in rehabilitation, or as in this proposal, redevelopment of quality affordable housing.

This program marks a change for HUD, who has traditionally supported Housing Commissions with operating funds and improvement grants at various times. The change would allow for the public/private ownership of the parcels, which would allow for private investment in the form of regular loans as well as competitive Low Income Housing Tax Credits (LIHTC), a similar financing arrangement used for the Hamilton Crossing project.

The Ypsilanti Housing Commission is pursuing this pilot program in an effort to rehabilitate and redevelop all of its properties. There are two projects proposed:

- 1- Redevelopment of Parkridge Homes – The existing 80 Parkridge block-style units would be demolished and replaced primarily with duplex units, three 4-plexes and four townhomes (row-houses). The site would also be reconfigured to provide improved vehicular and pedestrian connections to the neighborhood, and will function more like a neighborhood than a separate housing development. Six units would be added to this site from the Scattered Site project below.
- 2- Scattered site housing – The additional 106 units of Housing Commission properties are located at Paradise Manor, Hollow Creek, Towner, Bell, Maus, S. Washington, S. Adams, Madison, First, and Monroe Streets. These units would be gutted and rehabbed providing needed updates to all units. Six units in the Towner area would be relocated to the Parkridge Homes project above.

To participate in the RAD program and pursue the LIHTC and ultimate rehabilitation of Scattered Sites and redevelopment of Parkridge Homes, the Ypsilanti Housing Commission is requesting that City Council approve an option to sell the City-owned public housing units to the Partnership. Any sale is subject to the projects being approved by HUD's RAD program, as well as to both projects receiving LIHTC. It's possible that pending these requirements one, both, or none of the projects may be approved and proceeds to construction.

A second set of approvals being sought is a change to the proposed Payment in Lieu of Taxes (PILOT) that is currently being paid by the Ypsilanti Housing Commission to the City of Ypsilanti. If the properties transfer ownership, the PILOT would need to be connected to any new or future owners of the properties. The PILOT is not proposed to change from its current amount (see below). Attached are two ordinances for the PILOT change, one for the Scattered sites and one for Parkridge Homes.

### **Proposed Parkridge Homes Redevelopment Project**

The attached option would allow for the sale of a portion of the existing Parcel ID # 11-11-39-468-010 or 601-699 Armstrong Dr and 501-577 First Court. The entire parcel is approximately 12.5 acres and includes portions of Parkridge Park in addition to the Ypsilanti Housing Commission building. However, the Ypsilanti Housing Commission is requesting the option to sell approximately 7.4 acres which is considered the project area located between First Avenue and Armstrong south of Harriet Street. This would require a lot split. As well, any sale should consider dedicating the right-of-way once redefined by the proposed redevelopment project. This proposed project area and area to be considered in the option is illustrated below with the project area shown in yellow, and the parcel shown in aqua.



As mentioned, the Parkridge Homes project would involve demolition of the existing 20 block housing dwellings (80 units), some reconfiguration of the street network to reflect more of nearby grid structure of the adjacent neighborhoods, and construction of 86 units, primarily duplexes. The

site plan was presented to Planning Commission on Wed., Jan. 15 and received conditional approval. A conceptual version of the site plan is below. Paper copies of the approved site plan are available for review in the Planning Department.



### Proposed option for Parkridge Homes

Parkridge Homes have not undergone any major renovations since their original construction more than half a century ago. After review with architectural and construction professionals, the YHC has determined that demolition and reconstruction is the best scenario for this area. Based on the lack of value in the constructed improvements and the desire to support the provision of quality affordable housing staff is recommending that the option be granted for \$10 and subsequent purchase price for the premises be \$10.

As noted above, the option is conditional on acceptance into HUD's RAD program as well as the approval of LIHTC. If the approvals are not granted, the option expires. Also note that if the project proceeds, City council will review the terms and conditions that result from subsequent negotiations including the deed to transfer title to the property and any related memorandum of understanding entered into by the parties. These approvals can be achieved by resolution.

### Expected impacts of proposed ownership change.

As noted, the change in ownership would be out of public ownership to that of a public/private partnership. The Ypsilanti Housing Commission Board would be the General Partner responsible for hiring and supervising MSHDA certified management company. Affordability levels will mimic existing levels as Project-based Section 8 vouchers will be available to all residents. At minimum these affordability requirements will be required for 30 years and possible up to 45 years.



### Proposed PILOT for Parkridge Homes

The current Payment in Lieu of Taxes (PILOT) for the site is calculated as 10% of collected rent minus utility costs. The chart at right shows the payments provided for all the units, not just the Parkridge units over the last 11 years.

A provision of the ordinance does indicate that if the property is not part of the LIHTC project, the agreement shall terminate and full taxes would be required.

At the second reading a Memorandum of Understanding will be presented to address any additional concerns/needs of City Council as part of the property transfer. This would be similar to the MOU executed with the YHC acquisition of Hamilton Crossing.

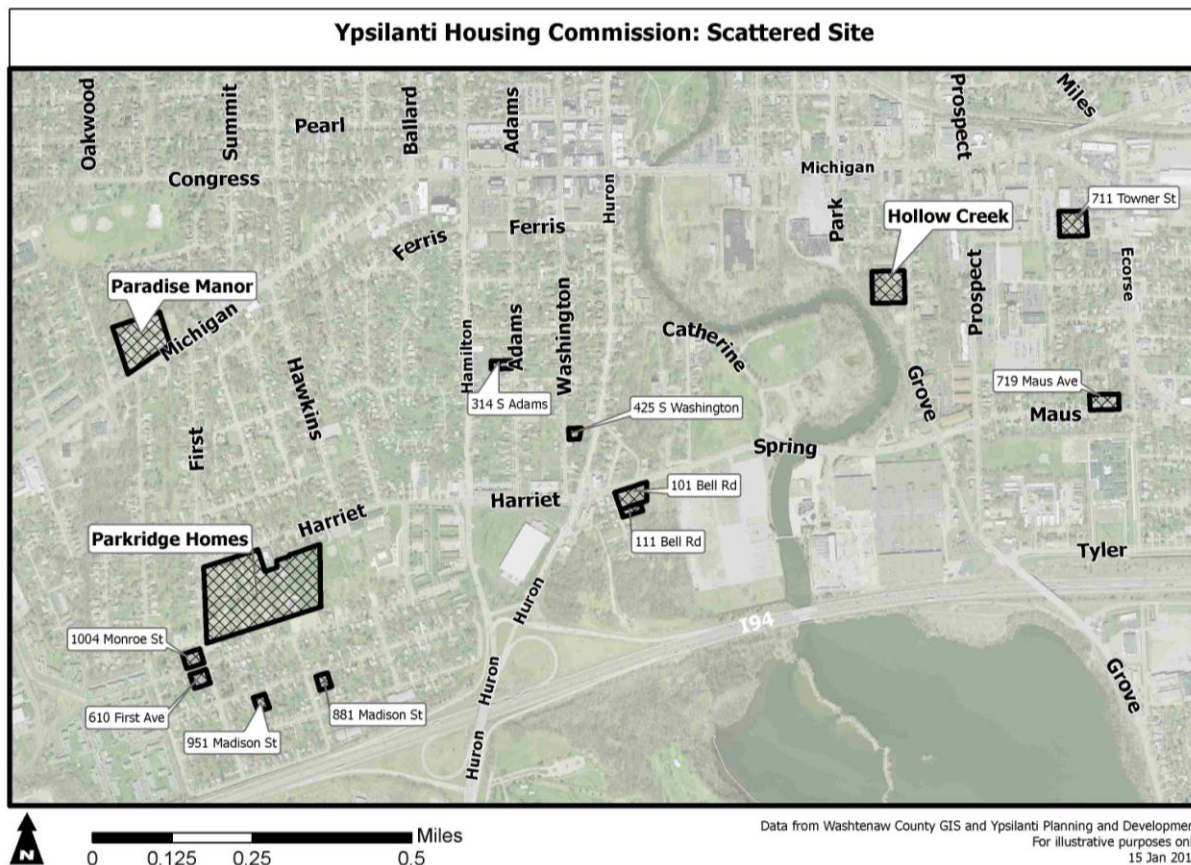
|            | Fiscal Year | YHC properties (191 units)  |
|------------|-------------|-----------------------------|
| PILOT rate |             | 10% of rent minus utilities |
|            | 2002        | \$4,000 (back pay)          |
|            | 2003        | \$4,000 (back pay)          |
|            | 2004        | \$4,000 (back pay)          |
|            | 2005        | \$6,160 (3%)                |
|            | 2006        | \$9,607.20 (10%)            |
|            | 2007        | \$9,442.70 (10%)            |
|            | 2008        | \$12,055.70 (10%)           |
|            | 2009        | \$6632.90 (10%)             |
|            | 2010        | *\$20,540 (10%)             |
|            | 2011        | \$4,269 (10%)               |
|            | 2012        | \$9,913 (10%)               |
|            | 2013        | \$12,419.40 (10%)           |

\*Awaiting confirmation from YHC

## Scattered Site Rehabilitation Project

The proposed Scattered Site rehabilitation project would include a full gut and rehab of all units listed below. This would include Paradise Manor and Hollow Creek as well as smaller units integrated in existing neighborhoods. The only change from the rehabilitation proposed would be on Towner streets where several smaller studio units would be combined into larger 1 bedroom units. This would result in the loss of 6 scattered site units. Those 6 units would be added to the Parkridge Home redevelopment project above.

|                             |                                              |
|-----------------------------|----------------------------------------------|
| 118-124 S GROVE ST          | Parcel ID: 11-11-09-170-023 (Hollow Creek)   |
| 936-960 W MICHIGAN AVE      | Parcel ID: 11-11-39-145-029 (Paradise Manor) |
| 711-745 TOWNER ST           | Parcel ID: 11-11-10-267-003                  |
| 314, 318 S ADAMS ST         | Parcel ID: 11-11-39-414-005                  |
| 111 and 113 BELL RD         | Parcel ID: 11-11-37-100-001                  |
| 610 and 614 FIRST AVE       | Parcel ID: 11-11-37-202-001                  |
| 881and 885 MADISON ST       | Parcel ID: 11-11-37-152-010                  |
| 719-733 MAUS AVE            | Parcel ID: 11-11-10-355-037                  |
| 951 and 955 MADISON ST      | Parcel ID: 11-11-37-153-007                  |
| 1004-1016 MONROE ST         | Parcel ID: 11-11-37-201-001                  |
| 425 and 427 S WASHINGTON ST | Parcel ID: 11-11-39-481-010                  |
| 101 -109 Bell Rd            | Parcel ID: 11-11-39-484-001                  |





**Proposed option for Scattered Site properties**

The attached option would allow for the sale of additional Scattered Site housing operated by the Ypsilanti Housing Commission. After review by architectural and construction professionals, it is thought that there is residual value in the vertical improvements on the properties, indicating rehabilitation preference over demolition and redevelopment. Based on this residual value, staff is suggesting an option amount of \$10 and a purchase price of \$980,000 to be repaid through a long-term promissory note with an interest rate of 2 % with a 30-year term. A sample promissory note is included as an attachment to the ordinance as reference.

As noted above, the option is conditional on acceptance into HUD's RAD program as well as the approval of LIHTC. If the approvals are not granted, the option expires. Also note that if the project proceeds, City Council will review the terms and conditions that result from subsequent negotiations including the deed to transfer title to the property and any related memorandum of understanding entered into by the parties. These approvals can be achieved by resolution.

**Expected impacts of proposed ownership change and PILOT change**

These are the same as those for the Parkridge Homes listed above. The Ypsilanti Housing Commission Board would be the General Partner responsible for hiring and supervising MSHDA certified management company. Affordability levels will mimic existing levels as Project-based Section 8 vouchers will be available to all residents. At a minimum, these affordability requirements will be required for 30 years and possible up to 45 years. The proposed PILOT would be identical to that of Parkridge Homes as described above.

Please contact John Barr or Dan DuChene if you have any questions regarding this proposal at 734-483-9642. Please note that all ordinances are at first reading so additional information can be provided at the second reading.

RECOMMENDED ACTION: Approval of all ordinances.

Attachments: Ordinance – option to purchase Parkridge  
Ordinance – PILOT for Parkridge Homes  
Ordinance – option to purchase Scattered Site  
Ordinance – PILOT for Scattered Site  
1966 Cooperation Agreement  
RAD Toolkit

Council Agenda Date: January 21, 2014

Council Agenda Item No. \_\_\_\_\_

City Manager Approval: \_\_\_\_\_

City Manager Comments:

Finance Director Approval: \_\_\_\_\_

Ordinance No. 1209

An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)

WHEREAS the City of Ypsilanti created the Ypsilanti Housing Commission by the authority invested in it by the Michigan Legislature pursuant to MCL 125.652, et seq, to administer the low income public housing and Section 8 programs within the City; and

WHEREAS the City of Ypsilanti owns certain properties that are administered by the Ypsilanti Housing Commission; and

WHEREAS the Ypsilanti Housing Commission has applied to U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program, which provides the opportunity to convert public housing to units subsidized with Project Based Rental Assistance; and

WHEREAS the Ypsilanti Housing Commission and/or its assigns intends to apply for Low-Income Housing Tax Credits from the Michigan State Housing Development Authority to raise capital to renovate or replace current units; and

WHEREAS the Ypsilanti Housing Commission must show that they, or their assigns, have site control in order for its application to be approved; and

WHEREAS the current plan is to create two separate projects consisting of the Parkridge Site in one project and all other existing sites in another project, called the Scatter Site; and

WHEREAS the City, in its 2012 Master Plan has defined its guiding values to include, "Anyone, no matter what age or income, can find a place to call home in Ypsilanti: Housing options should match the needs of the people. Those needs will change as residents age and move. The need for safe, quality, affordable homes for all should be factored into decisions."; and

WHEREAS the City desires to sell such properties to further these goals; and

WHEREAS the anticipated procedure would be to eventually transfer both projects to separate limited partnerships jointly owned by three entities: a limited liability company wholly owned by the Chesapeake Community Advisors; a limited liability company wholly owned by the Ypsilanti Washtenaw Housing Corporation; a nonprofit corporation wholly owned by Ypsilanti Housing Commission; and a LIHTC limited partner; and

WHEREAS this limited partnership would be a limited dividend housing association, pursuant to MCL 125.1491, and exempt from ad valorem taxes; and

WHEREAS the option to purchase agreement drafted by the City Attorney fulfills the requirements for the Ypsilanti Housing Commission's application, relative to the Parkridge Site, and the anticipated procedure while still making any sale by the City contingent on MSHDA's approval of the LIHTC and HUD's approval of the application to RAD;

NOW THEREFORE:

**1. THE CITY OF YPSILANTI ORDAINS:**

- A. The Mayor and City Clerk are authorized to enter into the option to purchase agreement with New Parkridge LDHA Limited Partnership relative to the Parkridge Site, in conjunction with and subject to the review and approval of the City Attorney;
- B. The City Manager is further authorized to enter into any negotiations with New Parkridge LDHA Limited Partnership for the ultimate transfer of the land;
- C. City Council shall review the terms and conditions that result from such negotiations, including the deed to transfer title to the property and any memorandum of understanding entered into by the parties, and may approve such by resolution.

**2. Copies to be available.** Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

**3. Publication and Effective Date.** The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published: January 8, 2014

First Reading: January 21, 2014

Second Reading: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_



Resolution No. 2014-014  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)" be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-015  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "An ordinance to enter into an option to purchase agreement with New Parkridge LDHA Limited Partnership for the sale of the city-owned Parkridge low income housing project (Parkridge)" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

OPTION TO PURCHASE LAND  
PARKRIDGE

This option agreement (the Agreement) is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2014, between the City of Ypsilanti, a Michigan home rule city having an address of 1 S. Huron Street, Ypsilanti, MI 48197, (Seller), and New Parkridge LDHA Limited Partnership, a Michigan limited partnership. having an address of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Buyer), on the terms and conditions set forth below:

1. **Grant of the option.** In consideration of \$10 paid by Buyer to Seller, receipt of which Seller acknowledges, Seller grants Buyer an exclusive option to purchase the real property described on the attached exhibit A, with all easements, rights, and appurtenances (the Premises) for a period of one year from date of this agreement on the terms and conditions set forth below.
2. **Purchase price.** The purchase price for the Premises under this option is \$10. The purchase price shall be paid in full at the closing with certified funds. The consideration for this Agreement shall be credited to the purchase price for the Premises at the closing if Buyer exercises the option.
3. **Condition Precedent.** This Agreement is being entered into on the condition that both Buyer's application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and Buyer's application with the Michigan State Housing Development Authority for an allocation Low-Income Housing Tax Credits be approved. This is a condition precedent to this Agreement, and Buyer's option is not enforceable until Buyer's application is approved and good and sufficient evidence of the same is provided to Seller in writing.
4. **Exercise of the option.** Buyer may exercise the option by giving written notice to Seller at its address stated above. The notice must be sent by certified mail and received by Seller before this option expires.
5. **Failure to exercise the option.** If Buyer fails to properly exercise the option before this Agreement expires, the option shall terminate, and Seller may retain the consideration and shall have no further obligation to Buyer.
6. **Closing.** This sale shall be by quitclaim deed and closed within 10 days after all the

closing documents are prepared but no later than 45 days after Seller receives the notice that Buyer is exercising the option.

**7. Inspections.** Buyer may visit the Premises to make inspections of the site. Buyer shall restore the Premises to the condition it was in before any inspection by Buyer.

**8. The closing and preparations for the closing.** If Buyer exercises the option, the following obligations shall be performed before or at the closing:

- a. The law firm of Barr, Anhut & Associates, P.C. shall prepare the necessary conveyance documents to transfer title to Buyer, unless the parties mutually agree on some other title company.
- b. The closing shall be held at the Seller's offices as stated in this Agreement unless the parties mutually agree on some other location.
- c. Buyer shall pay the real estate transfer taxes, if any.
- d. Buyer shall pay the recording fees.

**9. Binding effect.** This Agreement shall bind and benefit the parties' successors and assigns. Buyer may assign its interest under this Agreement only with Seller's written consent.

**10. Construction and venue.** This Agreement shall be governed by Michigan law. Exclusive jurisdiction and venue shall in Washtenaw County, Michigan. Any disputes under this Agreement shall be brought in Washtenaw County, Michigan.

**11. Entire agreement.** This Agreement contains the entire agreement of the parties with respect to the transaction described in this Agreement, and this Agreement may not be amended or released, in whole or in part, except by a document signed by both parties.

**12. Exhibits.** The following exhibit is attached to and a part of this Agreement: Exhibit A—Legal Description of the Premises

**13. Time of the essence.** Time is of the essence in the performance of this Agreement.

**14. Effective date.** This Agreement shall be effective when all the parties listed below have signed it.

CITY OF YPSILANTI

\_\_\_\_\_  
Paul Schreiber  
Mayor of the City of Ypsilanti

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )



The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Frances McMullan  
Ypsilanti City Clerk

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

NEW PARKRIDGE LDHA LIMITED PARTNERSHIP

By:  
Its:

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,

2014, by \_\_\_\_\_, who being duly sworn, did say that he is the  
\_\_\_\_\_ of New Parkridge LDHA Limited Partnership and did  
represent that he was duly authorized to execute this document on behalf of said commission.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

Drafted by and when recorded return to:  
John M. Barr  
Ypsilanti City Attorney  
105 Pearl Street  
Ypsilanti, MI 48197

BARR, ANHUT & ASSOCIATES, P.C.

## **DESCRIPTION OF PREMISES**

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan:

A portion of parcel 11-11-39-468-010 and commonly known as 601 Armstrong Drive. The City of Ypsilanti reserves all public right-of-ways, including Armstrong Drive, Armstrong Court, and First Court, and public utility easements as agreed upon by the parties before closing. The City of Ypsilanti further reserves the offices of the Ypsilanti Housing Commission and its surrounding property; the Parkridge Community Center and its surrounding property; and all land that makes up Parkridge Park, including the tennis and basketball courts located on the southwestern portion of the park and its surrounding property, as well as the two access points to the park from Monroe Street on the southern portion of the park. The following legal description is temporary and subject to change based on the agreement of the parties at the time of closing:

Beginning at the intersection of the easterly line of First Avenue, as it now exists 66 feet wide with the southerly line of French Claim 690; thence along said easterly line of First Avenue, North  $1^{\circ} 31' 30''$  West 639.16 feet to the southerly line of Harriett [sic] Street, as same now exists, 66 feet wide; thence along said southerly line of Harriett [sic] Street North  $72^{\circ} 20'$  East 476.07 feet; thence South  $17^{\circ} 40'$  East 185.82 feet; thence North  $72^{\circ} 20'$  East 100.19 feet; thence North  $1^{\circ} 4' 5''$  West 68.77 feet; thence North  $72^{\circ} 20'$  East 165.74 feet; thence North  $72^{\circ} 25'$  West 190.94 feet; thence South  $2^{\circ} 2' 17'$  East 517.45 feet to a point in the Southerly line of French Claim 690; thence along said Southerly line of French Claim 690 South  $72^{\circ} 36' 5''$  West a distance of 990.8 feet to the point of beginning.

Less any lands in the above description lying to the East of the following described line. Beginning at the intersection of the easterly line of First Avenue with the southerly line of French Claim 690. Thence northerly along the east right of way line of First Avenue 639.16 feet to the southerly line of Harriet Street; thence easterly along the southerly right of way line of Harriet Street 431.41 feet to the point of beginning of said line; thence southeasterly to the southerly line of French Claim 690 at a point 615.97 feet East of the intersection of the South line of French Claim 690 and the East right of way line of First Avenue, being the point of ending of this line.

The following graphic is for demonstration purposes only and is no way intended to accurately reflect actual boundary lines and is not to scale. The final property

description and boundary lines will be determined by agreement of the parties at the time of closing. The green portions of the graphic represent the land that is currently considered Parkridge Park and the Ypsilanti Housing Commission offices. The blue line represents the current boundaries of the parcel. The yellow line represents the portion of the parcel herein described and intended to be subject to this instrument.



## Ordinance No. 1210

An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)

WHEREAS the City of Ypsilanti created the Ypsilanti Housing Commission by the authority invested in it by the Michigan Legislature pursuant to MCL 125.652, et seq, to administer the low income public housing and Section 8 programs within the City; and

WHEREAS the City of Ypsilanti owns certain properties that are administered by the Ypsilanti Housing Commission; and

WHEREAS the Ypsilanti Housing Commission has applied to U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program, which provides the opportunity to convert public housing to units subsidized with Project Based Rental Assistance; and

WHEREAS the Ypsilanti Housing Commission and/or its assigns intends to apply for Low-Income Housing Tax Credits from the Michigan State Housing Development Authority to raise capital to renovate or replace current units; and

WHEREAS the Ypsilanti Housing Commission must show that they, or their assigns, have site control in order for its application to be approved; and

WHEREAS the current plan is to create two separate projects consisting of the Parkridge Site in one project and all other existing sites in another project, called the Scatter Site; and

WHEREAS the City, in its 2012 Master Plan has defined its guiding values to include, "Anyone, no matter what age or income, can find a place to call home in Ypsilanti: Housing options should match the needs of the people. Those needs will change as residents age and move. The need for safe, quality, affordable homes for all should be factored into decisions."; and

WHEREAS the City desires to sell such properties to further these goals; and

WHEREAS the anticipated procedure would be to eventually transfer both projects to separate limited partnerships jointly owned by three entities: a limited liability company wholly owned by the Chesapeake Community Advisors; a limited liability company wholly owned by the Ypsilanti Washtenaw Housing Corporation; a nonprofit corporation wholly owned by Ypsilanti Housing Commission; and a LIHTC limited partner; and

WHEREAS this limited partnership would be a limited dividend housing association, pursuant to MCL 125.1491, and exempt from ad valorem taxes; and

WHEREAS the option to purchase agreement drafted by the City Attorney fulfills the requirements for the Ypsilanti Housing Commission's application, relative to the Scattered Site, and the anticipated procedure while still making any sale by the City contingent on MSHDA's approval of the LIHTC and HUD's approval of the application to RAD;

NOW THEREFORE:

**1. THE CITY OF YPSILANTI ORDAINS:**

- A. The Mayor and City Clerk are authorized to enter into the option to purchase agreement with Strong Future LDHA Limited Partnership relative to the Scattered Site, in conjunction with and subject to the review and approval of the City Attorney;
- B. The City Manager is further authorized to enter into any negotiations with Strong Future LDHA Limited Partnership, for the ultimate transfer of the land;
- C. City Council shall review the terms and conditions that result from such negotiations, including the deed to transfer title to the property and any memorandum of understanding entered into by the parties, and may approve such by resolution.

**2. Copies to be available.** Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

**3. Publication and Effective Date.** The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published: January 8, 2014

First Reading: January 21, 2014

Second Reading: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_



Resolution No. 2014-016  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)" be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:





Resolution No. 2014-017  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing an ordinance entitled "An ordinance to enter into an option to purchase agreement with the Strong Future LDHA Limited Partnership for the sale of all remaining city-owned low income housing projects (Scattered Site)" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

OPTION TO PURCHASE LAND  
SCATTER SITE

This option agreement (the Agreement) is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2014, between the City of Ypsilanti, a Michigan home rule city having an address of 1 S. Huron Street, Ypsilanti, MI 48197, (Seller), and Strong Future LDHA Limited Partnership, a Michigan limited partnership having an address of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Buyer), on the terms and conditions set forth below:

**1. Grant of the option.** In consideration of \$10 paid by Buyer to Seller, receipt of which Seller acknowledges, Seller grants Buyer an exclusive option to purchase the real property described on the attached exhibit A, with all easements, rights, and appurtenances (the Premises) for a period of one year from date of this agreement on the terms and conditions set forth below.

**2. Purchase price.** The purchase price for the Premises under this option is \$980,000.00 (nine-hundred-eighty-thousand dollars). The purchase price shall be paid at the closing with a purchase money promissory note, which shall be delivered to Seller by Buyer at closing and be in a form substantially similar to the note attached hereto as exhibit B. The outstanding principal balance of such note shall bear an annual interest at the rate of 2 percent. All payments under such note shall be made applied first to costs and expense required to be paid, then to accrued and unpaid interest, and then to the outstanding principal. Buyer shall pay the outstanding balance of the note together with any unpaid interest thereon in full to Seller upon any sale or transfer of any portion of the Premises.

Such note shall be secured by a security instrument which shall also be delivered to Seller by Buyer at the closing and be in a form substantially similar to the instrument attached hereto as exhibit C. The terms and conditions of such security instrument and such note shall be agreed to by the Parties and drafted by Seller.

The consideration for this Agreement shall be credited to the purchase price for the Premises at the closing if Buyer exercises the option.

**3. Condition Precedent.** This Agreement is being entered into on the condition that both Buyer's application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and Buyer's application with the Michigan State Housing Development Authority for an allocation Low-Income Housing Tax Credits be approved.

This is a condition precedent to this Agreement, and Buyer's option is not enforceable until Buyer's application is approved and good and sufficient evidence of the same is provided to Seller in writing.

**4. Exercise of the option.** Buyer may exercise the option by giving written notice to Seller at its address stated above. The notice must be sent by certified mail and received by Seller before this option expires.

**5. Failure to exercise the option.** If Buyer fails to properly exercise the option before this Agreement expires, the option shall terminate, and Seller may retain the consideration and shall have no further obligation to Buyer.

**6. Closing.** This sale shall be by quitclaim deed and closed within 10 days after all the closing documents are prepared but no later than 45 days after Seller receives the notice that Buyer is exercising the option.

**7. Inspections.** Buyer may visit the Premises to make inspections of the site. Buyer shall restore the Premises to the condition it was in before any inspection by Buyer.

**8. The closing and preparations for the closing.** If Buyer exercises the option, the following obligations shall be performed before or at the closing:

- a. The law firm of Barr, Anhut & Associates, P.C. shall prepare the necessary conveyance documents to transfer title to Buyer, unless the parties mutually agree on some other title company.
- b. The closing shall be held at the Seller's offices as stated in this Agreement unless the parties mutually agree on some other location.
- c. Buyer shall pay the real estate transfer taxes, if any.
- d. Buyer shall pay the recording fees.

**9. Binding effect.** This Agreement shall bind and benefit the parties' successors and assigns. Buyer may assign its interest under this Agreement only with Seller's written consent.

**10. Construction and venue.** This Agreement shall be governed by Michigan law. Exclusive jurisdiction and venue shall vest in Washtenaw County, Michigan. Any disputes under this Agreement shall be brought in Washtenaw County, Michigan.

**11. Entire agreement.** This Agreement contains the entire agreement of the parties with respect to the transaction described in this Agreement, and this Agreement may not be amended or released, in whole or in part, except by a document signed by both parties.

**12. Exhibits.** The following exhibits are attached to and a part of this Agreement:

- Exhibit A—Legal Description of the Premises
- Exhibit B—Promissory Note Form
- Exhibit C—Security Interest Form

13. **Time of the essence.** Time is of the essence in the performance of this Agreement.

14. **Effective date.** This Agreement shall be effective when all the parties listed below have signed it.

CITY OF YPSILANTI

\_\_\_\_\_  
Paul Schreiber  
Mayor of the City of Ypsilanti

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Frances McMullan  
Ypsilanti City Clerk

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public

\_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_

STRONG FUTURE LDHA LIMITED PARTNERSHIP

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by \_\_\_\_\_, who being duly sworn, did say that he is the \_\_\_\_\_ of the Strong Future LDHA Limited Partnership and did represent that he was duly authorized to execute this document on behalf of said commission.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

Drafted by and when recorded return to:  
John M. Barr  
Ypsilanti City Attorney  
105 Pearl Street  
Ypsilanti, MI 48197

BARR, ANHUT & ASSOCIATES, P.C.

## DESCRIPTION OF PREMISES

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan:

| Commonly known as                               | Legally described as                                                                                                                                                                               | Parcel Number    |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 118 S GROVE ST                                  | *OLD SID - 11 11-040-239-00 YP CITY 2E-70 LOTS 239, 240, 241 & 242 ORIGINAL PLAT.                                                                                                                  | 11-11-09-170-023 |
| 936 W MICHIGAN AVE                              | *OLD SID - 11 11-054-026-00 YP CITY 6-W-25 LOT 26 EXC A 30' STRIP OFF THE E SIDE & EXC A 50' STRIPOFF THE N SIDE ASSESSOR'S PLAT NO. 4                                                             | 11-11-39-145-029 |
| 711-719, 721-729, and 731-745 TOWNER ST         | *OLD SID - 11 11-190-035-00 YP CITY 7E-37 LOTS 35 & 36 DAVIS ADDITION.                                                                                                                             | 11-11-10-267-003 |
| 314 S ADAMS ST                                  | OLD SID - 11 11-010-077-00 YP CITY 1-W58 N 66 FT OF S 132 FT OF E 165FT OF A PARCEL OF LD AT THE NW COR ADAMS AND BUFFALO STS.                                                                     | 11-11-39-414-005 |
| 111 and 113 BELL RD                             | *OLD SID - 11 11-150-016-00 YP CITY 18W-10 LOT 16 PLAN OF CLARKSVILLE.                                                                                                                             | 11-11-37-100-001 |
| 101 – 109 BELL RD                               | *OLD SID - 11 11-340-021-00 YP CITY 37W-22 E. 41' OF LOT 20 & ALL OF LOTS 21, 22, & 27 A. LAZELIER'S ADDITION.                                                                                     | 11-11-39-484-001 |
| 610 FIRST AVE                                   | *OLD SID - 11 11-475-408-00 YP CITY 48W-295 LOTS 408,409 & E 40' OF LOT 410, PARK RIDGE.                                                                                                           | 11-11-37-202-001 |
| 881 MADISON ST                                  | *OLD SID - 11 11-475-263-00 YP CITY 48W-177 LOTS 263 & 264 PARK RIDGE                                                                                                                              | 11-11-37-152-010 |
| 719, 721, 723, 725, 727, 729, 731, 733 MAUS AVE | *OLD SID - 11 11-750-073-00 YP CITY 32E-36 LOTS 73 - 80 INCL VOLKENING & CO'S SUBDIVISION                                                                                                          | 11-11-10-355-037 |
| 951 MADISON ST                                  | *OLD SID - 11 11-475-273-00 YP CITY 48W-185 LOTS 273 & 274 PARK RIDGE.                                                                                                                             | 11-11-37-153-007 |
| 1004 and 1008 MONROE ST                         | *OLD SID - 11 11-475-437-00 YP CITY 48 W-307 LOTS 437,438&439 PARK RIDGE                                                                                                                           | 11-11-37-201-001 |
| 425 S WASHINGTON ST                             | *OLD SID - 11 11-010-068-00 YP CITY 1-W49A LAND COM 376.3' SLY OF SE COR WASH- INGTON & BUFFALO STREETS, TH EAST 105.9', TH S 10 DEG 49' E 90.76', TH W 88.2', TH NLY ON WASHINGTON STREET TO BEG. | 11-11-39-481-010 |

## PROMISSORY NOTE

**\$980,000.00 (nine-hundred-eighty-thousand dollars)**

**Dated:**

**Due Date:**

FOR VALUE RECEIVED, Strong Future LDHA Limited Partnership, a Michigan limited partnership (Borrower), at 101 N. Main Street Suite 555, Ann Arbor, MI 48104, promises to pay to the order of the City of Ypsilanti, a Michigan home rule city (Lender), at 1 S. Huron Street, Ypsilanti, MI 48197 or another place Lender designates in writing, the principal sum of \$980,000 (nine-hundred-eighty-thousand dollars), plus interest as provided in this note on all amounts outstanding, all in lawful money of the United States of America as stated below.

1. **Interest rate.** The principal amount outstanding under this Promissory Note (the Note) shall bear interest on a basis of a year of 360 days for the actual number of days amounts are outstanding at the rate of 2 percent (2%) per annum.

2. **Payment.** This Note shall be paid in consecutive annual payments of half of the remaining cashflow waterfall after the PILOT, the investor services fee, and the partner management fee, as determined in the annual audit from the previous year. Such payments are to be made beginning on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and continuing on the same day of each consecutive year after that. A final payment will be due on the Due Date in an amount equal to the then unpaid principal and accrued interest. All payments required to be paid shall first be applied to costs and expenses required to be paid, then to accrued interest, and then the balance against the principal. Borrower understands that the installment payments of principal may not be sufficient to fully amortize the outstanding principal balance of this Note by the Due Date and that, in that case, the final payment due on the Due Date will be a payment of all then outstanding principal and accrued interest.

3. **Prepayment.** Borrower may prepay all or part of the principal of this note at any time. Any partial prepayment will be applied to the installment or installments last falling due under this note, and a partial prepayment shall not affect the amount or time of payment of succeeding required installments.

4. **Interest rate limited to maximum provided by law.** Nothing in this Note or any transaction relating to it shall be construed or operate to require

Borrower to pay or be charged interest at a rate greater than the maximum allowed by the applicable law relating to this Note. If any interest or other charges charged, paid, or payable by Borrower in connection with this Note or any other document delivered in connection with this Note result in the charging, compensation, payment, or earning of interest in excess of the maximum allowed by applicable law, the excess shall be waived by the holder, and the excess paid shall be automatically credited against and in reduction of the principal due under this Note. If Lender reasonably determines that the interest rate (together with all other charges or payments that may be deemed interest) stipulated under this Note is or may be usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the highest rate permitted to be charged by stipulation in writing between Lender and Borrower, at the option of Lender, shall immediately become due and payable.

**5. Events of default.** Borrower, without notice or demand of any kind, shall be in default under this Note on the occurrence of any of the following Events of Default:

- (a) if any amount due and owing on this Note, any fees due Lender, any expenses incurred by Lender under this Note, or any and all other liabilities and obligations of Borrower to Lender are not paid within 10 days of when due;
- (b) default or breach of any condition under any mortgage, security agreement, assignment of lease, or other agreement securing or otherwise relating to any collateral, which continues beyond any applicable notice and cure provisions;
- (c) failure to furnish the Lender within 5 days of a written request with financial information about, or to permit inspection by the Lender of any books, records, and properties of, the undersigned;
- (d) any Obligor generally not paying its debts as they become due;
- (e) dissolution, termination of existence, insolvency, appointment of a receiver or other custodian of any part of the property or, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency law by or against, on any change in control of, any Obligor provided, however that an Obligor shall have 90 days from the commencement thereof to dismiss any such bankruptcy or insolvency proceedings not commenced by an Obligor; or
- (f) material change in the condition of affairs (financial or otherwise) of any Obligor or in the value or condition of any collateral securing this Note which in the reasonable opinion of the Lender will impair its security or increase its risk.

**6. Remedies.** On the occurrence of any Event of Default, Lender may, without notice, declare the entire unpaid and outstanding principal balance



under this Note and all accrued interest, together with all other indebtedness of Borrower to Lender, to be immediately due and payable in full, without presentment, demand, or notice of any kind, all of which Borrower expressly waives. Lender shall then have and may exercise any one or more of the rights and remedies provided in this Note or in any loan agreement, mortgage, guaranty, security agreement, assignment, or other document relating to this Note. The remedies provided for under this Note are cumulative to the remedies for collection of the amounts owing under this Note as provided by law or by any loan agreement, mortgage, guaranty, security agreement, or other document relating to this Note. Nothing in this Note is intended or should be construed to preclude Lender from pursuing any other remedy for the recovery of any other sum to which Lender may be or become entitled for breach of the terms of this Note or any loan agreement, mortgage, guaranty, security agreement, or other instrument relating to this Note.

**7. Costs of collection.** Borrower agrees, in case of an Event of Default under the terms of this Note or under any loan, security, or other agreement signed in connection with this Note, to pay all Lender' costs for collection of this Note and all other liabilities of Borrower to Lender and enforcement of its rights under this Note, including reasonable attorney fees and legal expenses, including participation in bankruptcy proceedings.

**8. Default rate of interest.** During any periods that an Event of Default has occurred and is continuing, after the Due Date, or after acceleration of maturity, the outstanding principal amount shall bear interest at a rate equal to 2 percent per annum greater than the interest rate otherwise charged under this Note.

**9. Late charges.** If any required payment is not made within 10 days after the date it is due (other than the total payment of principal due on the Due Date), at the option of Lender, a late charge in the amount of 5 percent of the overdue payment may be charged.

**10. No waiver of default.** Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default. On any Event of Default, neither the failure of Lender promptly to exercise its right to declare the outstanding principal and accrued unpaid interest to be immediately due and payable nor the failure of Lender to demand strict performance of any other obligation of Borrower or any other person who may be liable shall constitute a waiver of any such rights or a waiver of such rights in connection with any future

default on the part of Borrower or any other person who may be liable under this Note.

11. **General.** Borrower and all endorsers and guarantors of this Note, if any, jointly and severally waive presentment for payment, demand, notice of nonpayment, notice of protest or protest of this Note, and diligence in collection or bringing suit and consent to any and all extensions of time, renewals, waivers, or modifications that Lender may grant with respect to payment or any other provisions of this Note and to the release of any collateral or any part of it, with or without substitution. Borrower's liability shall be absolute and unconditional, without regard to the liability of any other party to this Note. This Note shall be deemed to have been executed in, and all rights and obligations shall be governed by, the laws of the State of Michigan. Venue for all actions and disputes under this Note shall lie in Washtenaw County, Michigan.

12. **Other documents.** This Note has been signed pursuant to, or is secured or supported by, the following documents:

- Commercial mortgage dated **[date]**

Borrower and Lender may also have signed other documents in conjunction with providing for security for this Note or other matters. Reference is made to the above documents for additional terms relating to the transaction giving rise to this Note or the security or support given for this Note and additional terms and conditions under which this Note matures or may be accelerated or prepaid.

BORROWER

By

Its

STATE OF MICHIGAN            )  
                                          )ss.  
COUNTY OF WASHTENAW    )

Subscribed and sworn to before me a Notary Public on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by the above named \_\_\_\_\_, who has read the foregoing and says it is true to the best of his/her knowledge.

\_\_\_\_\_  
, Notary Public

Washtenaw County, Michigan  
My commission expires: \_\_\_\_\_

DRAFT

## COMMERCIAL MORTGAGE

This mortgage (the Mortgage) is made on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Strong Future LDHA Limited Partnership, a Michigan limited partnership, of 101 N. Main Street Suite 555, Ann Arbor, MI 48104 (Borrower), and the City of Ypsilanti, a Michigan home rule city (Lender), of 1 S. Huron Street, Ypsilanti, MI 48197, on the terms and conditions set forth below.

1. **Definitions.** The following terms shall have the following meanings when used in this Mortgage:

- a. *Leases* means and includes all leases and rental agreements (including, without limitation, oil and gas leases and any specific leases described in an attachment to this Mortgage), written or unwritten, now or later demising the Property in whole or in any part, and all amendments, modifications, extensions, renewals, substitutions, and replacements.
- b. *Note* means a promissory note from Borrower to Lender in the principal amount of \$980,000.00 of the same date as the Mortgage.
- c. *Obligations* means all loans, advances, and other financial accommodations, including any renewals or extensions, from Lender to Borrower and any and all indebtedness, liabilities, and obligations of any kind owing from Borrower to Lender, however incurred or evidenced; whether primary, secondary, contingent, or otherwise; whether arising under the Note and any and all extensions and renewals, this Mortgage or any other security agreements, promissory notes, guaranties, mortgages, leases, letters of credit, interest rate protection agreements, interest rate swaps or other interest rate hedge arrangements (other than an interest rate cap or another similar agreement or arrangement pursuant to which Borrower has no credit exposure to Lender), agreements relating to foreign exchange transactions or any other instruments, documents, contracts, or agreements executed by Borrower and delivered to Lender or to or under which Borrower or any subsidiary or affiliate of Borrower is a party or beneficiary, or by oral agreement or operation of law, plus all

interest, costs, expenses and reasonable attorney fees that may be made or incurred by Lender in the disbursement, administration, or collection of the indebtedness, liabilities, and obligations and in the protection, maintenance, and liquidation of any collateral for the indebtedness, liabilities, and obligations made to Borrower by Lender that are secured by this Mortgage.

d. *Property* means the premises situated in the State of Michigan described in the attached exhibit A, together with

i. all the estate, title, interest, and rights of Borrower in the premises and all buildings and improvements of every kind and description now or later placed on the premises;

ii. all of the rents, profits, and leases of the premises and the tenements, hereditaments, easements, privileges, and appurtenances with respect to the premises, including earlier or later vacated alleys and streets abutting the premises;

iii. all goods (including furniture, fixtures, equipment, and appliances), accounts, books and records, and general intangibles now owned or later acquired by Borrower and now or later related to, affixed to, attached to, placed on, or used in any way in connection with the ownership, use, occupancy, or operation of the premises (except leased equipment and trade fixtures that are readily removable without damaging or reducing the value or utility of the premises or the improvements), including, but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems and machinery, appliances, fixtures, and equipment pertaining to them; awnings; stoves; refrigerators; dishwashers; disposals; incinerators; carpeting and drapes; and all other furniture, fixtures, equipment and appliances of every type;

iv. any and all awards or payments, including interest, and the right to receive them, that may be made with respect to the premises as a result of (A) the exercise of the right of eminent domain, (B) the alteration of the grade of any street, (C) any loss of or damage to any building or other improvement on the premises, (D) any other injury to or decrease in the value of the premises; or (E) any refund due on account of the payment of real estate taxes, assessments, or other charges levied against or imposed on the premises, to the extent of all

amounts that may be secured by this Mortgage at the date of receipt of the award or payment by Lender and of the reasonable counsel fees, costs, and disbursements incurred by Lender in connection with the collection of the award or payment;

v. all of Borrower's rights, title, and interest in, to, and under all present and future land contracts, sales agreements, or option agreements relating to the premises and Borrower's rights under all construction contracts and all plans and specifications relating to the premises; and

vi. all of Borrower's rights, title, and interest in, to, and under all present and future permits; licenses; liquor licenses; authorizations; franchises; management agreements used or intended to be used in connection with the ownership or operation of the premises; and all names, trade names, trademarks, logos, and material used to advertise the premises and all variations.

**2. Grant of mortgage.** Borrower mortgages and warrants to Lender and its successors and assigns forever the Property and grants to Lender and its successors and assigns a continuing security interest in the Property to secure the timely repayment and performance of the Obligations, to have and to hold the Property, with all of the tenements, hereditaments, easements, appurtenances, and other rights and privileges belonging or in any manner now or appertaining, for the use and benefit of Lender on the conditions set forth below.

**3. Covenant to pay obligations.** Borrower shall promptly pay and perform all Obligations for which it is liable or obligated in accordance with the terms. Borrower acknowledges and agrees that this Mortgage shall not be extinguished and that the priority of this Mortgage shall not be altered in any way until a Mortgage discharge has been executed by Lender and recorded in the proper county.

**4. Covenant of title.** At the time of the execution and delivery of this Mortgage, Borrower is the owner of the Property in fee simple, free of any easements, liens, and encumbrances (other than those easements of record as of the date of this Mortgage; the rights of the public in any part of the Property used or taken for road purposes; and any other mortgages, liens, or encumbrances to which Lender has consented in writing), and will forever warrant and defend its title against any and all other claims. The lien created

by this Mortgage is and will be kept as a valid lien on the Property, subject only to these stated exceptions.

**5. Maintenance of property.** Borrower shall at all times preserve and maintain the Property in good repair and working order and condition and shall make all necessary improvements and repairs so the value and efficiency of the Property is at all times maintained and Lender's security is not impaired. Lender shall have the right to enter on and inspect the Property at all reasonable times. If, on inspection of the Property, Lender determines that the Property requires repair, maintenance, or care of any kind that Borrower, after notice from Lender, fails to perform, Lender may declare Borrower to be in default under this Mortgage and may, at Lender's option, by its agent, enter, repair, and care for the Property, paying whatever amount as Lender deems appropriate; and all costs incurred by Lender shall be added to the Obligations secured by this Mortgage.

**6. Payment of Taxes, Liens, and Insurance.** Borrower shall pay when due all taxes, assessments, and governmental charges levied on the Property and all claims, liens, encumbrances, levies, judgments, and charges that are at any time levied, recorded, placed on, or assessed against the Property and shall promptly deliver to Lender receipts evidencing such payment. However, Borrower will not be required to pay any tax, assessment, governmental charge, claim, lien, encumbrance, levy, judgment, or charge if Borrower is in good faith contesting the validity and has provided for payment of the entire amount of any contested tax, assessment, governmental charge, claim, lien, encumbrance, levy, judgment, or charge in a cash reserve deposited with Lender or in another manner satisfactory to Lender. Unless Lender and Borrower otherwise agree in writing, Borrower shall pay to Lender with Borrower's payments of principal and interest a pro rata portion of the taxes, assessments, and insurance premiums next to become due, as estimated by Lender, so Lender has sufficient funds on deposit to enable Lender to pay in full all taxes, assessments, and insurance premiums 30 days before the due date. All money so held by Lender will not bear interest, may be commingled by Lender with other funds, and after the occurrence of any default by Borrower may be applied by Lender to the Obligations.

**7. Insurance.**

a. Until the Obligations are fully satisfied, Borrower will keep the Property continuously insured against loss by fire; windstorm; and other hazards, casualties, and contingencies, including vandalism and malicious mischief, in whatever amounts and for whatever periods Lender requires. Borrower

shall pay promptly when due all premiums for this insurance and deliver to Lender, on request, receipts showing payment. All insurance shall be carried in companies approved by Lender, and the policies and renewals shall be held by and pledged to Lender (unless Lender directs or permits otherwise) as additional security and shall have attached a mortgagee clause acceptable to Lender, making all losses under the policies payable to Lender or its successors and assigns, as its or their interest may appear. In the event of loss or damage to the Property, Borrower shall give immediate notice in writing by mail to Lender, who may make proof of loss if not made promptly by Borrower.

b. If the amount of the loss 30 percent of the principal amount of the Obligations or less, the insurance proceeds shall be released to Borrower on its request. Borrower shall be obligated to use the proceeds to restore or repair the Property unless Lender specifies otherwise in writing.

c. If the amount of the loss is greater than 30 percent of the principal amount of the Obligations, each insurance company concerned is authorized and directed on Lender's request to make payment for the loss, to the extent of the Obligations, directly to Lender instead of to Borrower and Lender jointly. Provided no Event of Default under this Mortgage or any event that with notice or the passage of time would become an Event of Default has occurred and further provided that Lender reasonably determines that sufficient funds are available from insurance proceeds and any funds to be provided by Borrower to repair or restore the Property within a reasonable time and that the repair or restoration is economically feasible, Lender agrees, on Borrower's request, to apply the insurance proceeds to repair or restore the Property, after reimbursement of all costs and expenses of Lender in collecting the proceeds, subject to the following terms and conditions:

i. Lender shall retain all insurance proceeds in a non-interest-bearing escrow account, to be disbursed to pay the costs of repair or restoration in accordance with procedures reasonably established by Lender.

ii. Lender shall approve all plans and specifications for repair or restoration before any repair or restoration commences.

iii. All repair or restoration shall be done by or under the direction of Borrower; shall be in accordance with the approved plans and specifications; shall be in a workmanlike manner free from all defects;



shall be in compliance with all applicable statutes, ordinances, rules, and regulations; and shall be completed free of all construction liens except those being contested in good faith by appropriate proceedings and with respect to which Borrower has provided Lender satisfactory security.

iv. Lender shall have the right, at Borrower's expense, to inspect all repairs and restoration and, if Lender reasonably determines that any work or materials are not in conformity with the approved plans and specifications or other requirements of subsection iii, to stop the work and order replacement or correction by Borrower.

v. Lender shall not be obligated to make disbursements more frequently than monthly, and the remaining undisbursed proceeds shall always be sufficient to meet the total estimated remaining costs to complete the repair or restoration.

vi. All insurance proceeds in excess of the amounts necessary to repair or restore the Property may, at Lender's option, be applied to the Obligations (without penalty for prepayment) or to fulfill any other covenant in this Mortgage or any other obligation of Borrower to the Lender or be released to Borrower.

d. If all of the conditions to the use of the insurance proceeds to repair or restore the Property outlined above are not satisfied, Lender, at its option, may apply the insurance proceeds or any part of them first toward the reimbursement of all costs and expenses of Lender in collecting the proceeds and then to the Obligations (without any penalty for prepayment), to fulfill any other covenant or any other obligation of Borrower to the Lender, or to the restoration or repair of the Property. Application by Lender of any insurance proceeds to the Obligations shall not excuse, extend, or reduce the regularly scheduled payments due. In the event of foreclosure of this Mortgage or other transfer of title to the Property in extinguishment of the Obligations, all right, title, and interest of Borrower in and to any insurance policies then in force shall pass to the purchaser or grantee; and Borrower appoints Lender its attorney-in-fact, in Borrower's name, to assign and transfer all such policies and proceeds to the purchaser or grantee.

e. If at any time the Property is identified by the director of the Federal Emergency Management Agency or any other person or entity designated with such responsibility under the National Flood Insurance Act of 1968,

the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, all as amended (collectively, the Flood Act), as being in a flood hazard area, Borrower shall keep the Property covered by flood insurance in whatever amount Lender requires and in at least the amount required by the Flood Act and all regulations issued under it.

#### **8. Eminent domain.**

a. If the entire Property is taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the Obligations, shall be paid to Lender. Lender shall apply the award or payment first toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting the award or payment and then, at Lender's option, to the Obligations (without any penalty for prepayment), to fulfill any other covenant in this Mortgage, or to any other obligation of Borrower to Lender.

b. In the event of a partial taking of the Property under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the Obligations, shall be paid to Lender. Provided no Event of Default or any event that with notice or the passage of time would become an Event of Default has occurred and Lender reasonably determines that sufficient funds are available from the award or payment and any funds to be provided by Borrower to repair or restore the remaining portion of the Property within a reasonable time and that the repair or restoration is economically feasible, Lender agrees, on request by Borrower, to apply the award or payment to repair or restore the remaining portion of the Property, after reimbursement of all Lender's costs and expenses in collecting the award or payment, subject to the following terms and conditions:

i. Lender shall retain the award or payment in a non-interest-bearing escrow account to be disbursed to pay the costs of repair or restoration in accordance with procedures reasonably established by Lender.

ii. Lender shall approve all plans and specifications for repair or restoration before any repair or restoration commences.

iii. All repair or restoration shall be done by or under the direction of Borrower; shall be in accordance with the approved plans and

specifications; shall be in a workmanlike manner free from all defects; shall be in compliance with all applicable statutes, ordinances, rules, and regulations, and shall be completed free of all construction liens except those being contested in good faith by appropriate proceedings and with respect to which Borrower has provided Lender satisfactory security.

iv. Lender shall have the right, at Borrower's expense, to inspect all repairs and restoration and, if the Lender reasonably determines that any work or materials are not in conformity with the approved plans and specifications or other requirements of subsection iii, to stop the work and order replacement or correction by Borrower.

v. Lender shall not be obligated to make disbursements more frequently than monthly, and the remaining undisbursed proceeds shall always be sufficient to meet the total estimated remaining costs to complete the repair or restoration.

vi. All proceeds of the award or payment in excess of the amounts necessary to repair or restore the Property may, at Lender's option, be applied to the Obligations (without penalty for prepayment) or to fulfill any other covenant in this Mortgage or any other obligation of Borrower to Lender or be released to Borrower.

c. If all of the conditions to the use of the award or payment to repair or restore the Property outlined above are not satisfied, Lender, at its option, may apply the award or payment or any part first toward reimbursement of all Lender's costs and expenses in collecting the award or payment and then to the Obligations (without any penalty for prepayment), to fulfill any other covenant or any other obligation of Borrower to Lender, or to the restoration or repair of the Property. Application by Lender of any condemnation award or payment or portion to the Obligations shall not excuse, extend, or reduce the regularly scheduled payments due. Lender is empowered in the name of Borrower to receive and give acquittance for any such award or payment, whether it is joint or several. However, Lender shall not be held responsible for failure to collect any such award or payment, regardless of the cause of the failure.

**9. Removal of improvements.** Except for replacement, maintenance, and relocation in the ordinary course of business, Borrower shall not remove from the Property any improvement, accessions, fixtures, machinery, or equipment pertaining to or forming a part of the Property without Lender's prior written

consent. All replacements shall be with improvements, fixtures, machinery, and equipment of the same or better quality than those replaced.

**10. Lender's right to make expenditures.** If an Event of Default occurs as a result of Borrower's failure to pay any taxes or assessments, to procure and maintain insurance, or to make necessary repairs to the Property, Lender may pay the taxes and assessments, effect the insurance, and make the repairs; and the monies it pays to do so shall be a further lien on the Property, payable immediately, with interest at the highest rate applicable to the Obligations. Lender may make advances without curing the Event of Default and without waiving Lender's right of foreclosure or any other right or remedy of Lender under this Mortgage. The exercise of the right to make advances pursuant to this section shall at Lender's option and not obligatory, and Lender shall not be liable in any case for failure to exercise the right or for failure to continue exercising the right once having exercised it.

**11. Compliance with law.** Borrower will comply promptly with all laws, ordinances, regulations, and orders of all public authorities having jurisdiction over the Property relating to its use, occupancy, and maintenance and shall, on request, promptly submit to Lender evidence of the compliance. Nothing shall be deemed to prohibit Borrower from contesting the enforceability or applicability of any law, ordinance, regulation, or order; however, Lender, in its sole discretion, may require that Borrower comply with any law, ordinance, regulation, or order during the pendency of any contest or appeals. Borrower will not permit the Property or any portion to be used for any unlawful purpose.

**12. Environmental warranties, compliance, and indemnification.** Borrower represents and warrants to Lender that neither Borrower nor any prior lessee, owner, or operator of the Property has violated any Environmental Laws (defined below) that concern or affect the Property or any part. Borrower agrees to, at all times, strictly observe and promptly comply with all Environmental Laws. Borrower agrees to notify Lender, no later than 10 days after Borrower's receipt, of any letter, notice, summons, complaint, citation, investigation, or other communication issued by or on behalf of any governmental agency or department or private person regarding any complaint or alleged violation of any Environmental Law concerning the Property. Borrower agrees to indemnify and hold Lender harmless from any losses, costs, suits, harm, liability, and damages of any kind, including reasonable attorney fees, that result from or are related to any violations by Borrower or Borrower's predecessors in title to the Property of any Environmental Laws and agrees that that indemnity shall survive the

foreclosure or discharge of this Mortgage and shall continue so long as Lender has any interest in or liability for the Property. Borrower agrees to allow Lender or its agent access to the Property to confirm Borrower's compliance with all Environmental Laws, and Lender may at any time, at Borrower's sole cost and expense, hire, or require Borrower to hire, an environmental consultant to inspect, test, and audit the Property and advise Lender concerning Borrower's compliance with Environmental Laws. Any costs paid by Lender for violations of Environmental Laws or to hire an environmental consultant shall be added to the Obligations secured by this Mortgage. If Borrower leases the Property or any part, Borrower agrees to specifically provide in any such lease that Lender or its agent shall have access to the leased premises to ensure the lessee's full compliance with all Environmental Laws, and any lessee violation of any Environmental Law shall constitute a violation of Borrower's environmental warranties and agreements under this Mortgage. *Environmental Laws* shall mean all laws, regulations, and rules of the United States of America, State of Michigan, local authorities, and their respective agencies and departments that pertain to the environment including, but without limitation, the Clean Air Act, 42 USC 7401 et seq.; the Clean Water Act, 33 USC 1251 et seq., the Resource Conservation and Recovery Act of 1976, 42 USC 6901 et seq.; the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 USC 9601 et seq.; the Hazardous Materials Transportation Act, 49 USC 1801 et seq.; the Solid Waste Disposal Act, 42 USC 6901 et seq.; the Toxic Substances Control Act, 15 USC 2601 et seq.; and the Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq., as amended, together with all rules and regulations promulgated by the U.S. Environmental Protection Agency or the Michigan Departments of Natural Resources or Environmental Quality and all additional environmental laws, rules, and regulations in effect on the date of this Mortgage and subsequently enacted. The provisions of this section shall survive the termination, satisfaction, release, and discharge of this Mortgage or any of the Obligations.

**13. Assignment of rents and leases.** As additional security for the Obligations and performance of the covenants and agreements set forth in this Mortgage, pursuant to MCL 565.81 et seq. and MCL 554.231 et seq., each as amended, Borrower assigns to Lender and grants Lender a security interest in any oil and gas located in, on, or under the Property; any and all leases of the Property; and all rents, issues, income, and profits derived from the use of the Property or any portion of it, whether due or to become due. These assignments shall run with the land and shall be good and valid against Borrower and all persons claiming by, under, or through Borrower from the

date of recording of this Mortgage and shall continue to be operative during foreclosure or any other proceedings taken to enforce this Mortgage. If any foreclosure sale results in a deficiency, the assignments shall continue as security during the foreclosure redemption period.

Borrower covenants with and warrants to Lender that, as of the date of this Mortgage:

- a. Each Lease is in full force and effect, and no defaults exist.
- b. Borrower has not, except as may be described in an attachment, if any, to this Mortgage, (i) granted any prior assignment, encumbrance, or security interest in any lease or the rentals; (ii) performed any acts or signed any other documents or agreements that limit or prevent Lender from obtaining the benefit of and exercising its rights conferred by this Mortgage; or (iii) executed or granted any modification of any Lease, either orally or in writing.

Borrower also covenants with and warrant to Lender that, as of the date of this Mortgage and for so long as any of the Obligations remains unpaid or unperformed:

- c. Borrower shall promptly inform Lender of, assign, and deliver any subsequent lease of the Property or any part and shall make, execute, and deliver to Lender, on demand, any documents, agreements, and instruments that, in Lender's opinion, may be necessary to protect Lender's rights under this Mortgage. Borrower's failure to do so will not impair Lender's interest in or rights with respect to any subsequent lease nor in any way affect the applicability of this Mortgage to the lease and the unpaid rents due or to become due.
- d. Borrower shall not, without the prior written consent of Lender, (i) cancel or accept surrender of a lease; (ii) modify or alter a lease in any way, either orally or in writing; (iii) reduce the amount of or postpone payment of any lease rents; (iv) consent to any assignment of the lessee's interest in a lease or to any subletting; (v) collect or accept payment of rents under a lease for more than one month in advance; or (vi) make any other assignment, pledge, encumbrance, or other disposition of a lease or any lease rents, issues, income, or profits.

Any of the above acts, if done without Lender's prior written consent, shall be null and void; and Borrower shall perform and discharge every obligation,

covenant, and agreement required to be performed by the landlord under any lease and, if Borrower fails to do so, Lender, at Lender's sole option and without releasing Borrower from any the obligation, may perform or discharge them in the manner and to the extent Lender deems necessary to protect its rights and interests under this Mortgage. All costs, expenses, and sums paid by Lender in performing under any Lease, including reasonable attorney fees, shall be added to the Obligations secured by this Mortgage. This assignment of rents is given as collateral security only and will not be construed as obligating Lender to perform any of the covenants or undertakings required to be performed by Borrower under any Lease.

**14. Assignment of contracts and agreements.** Borrower assigns to Lender, as further security for the Obligations, Borrower's interest in all agreements, contracts (including contracts for the lease or sale of the Property or any portion), licenses, and permits affecting the Property. The assignment shall not be construed as a consent by Lender to any agreement, contract, license, or permit so assigned or to impose on Lender any obligations. Borrower shall not cancel or amend any of the agreements, contracts, licenses, or permits assigned by this section or permit any of them to terminate if they are necessary or desirable for the operation of the Property, except in the ordinary course of business, without first obtaining, on each occasion, Lender's written approval. This section shall not apply to any agreement, contract, license, or permit that terminates if it is assigned without the consent of any party other than Borrower or the issuer, unless the consent has been obtained or this assignment is ratified by the party or issuer; nor shall this section be construed as a present assignment of any agreement, contract, license, or permit that Borrower is required by law to hold to operate the Property for the purposes intended.

**15. Due on sale.** Lender, in making the loan secured by this Mortgage, is relying on the integrity of Borrower and its undertaking to maintain the Property. If Borrower should (a) sell, transfer, convey or assign the Property or any right, title or interest in it, whether legal or equitable; voluntarily or involuntarily; by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest (other than leases to tenants) with a term greater than three years, lease option contract, or any other method of conveyance of real property interests; (b) cause, permit, or suffer any change in the current ownership or management of Borrower; or (c) cause, permit, or suffer any change in the current management and control of the Property or in the degree of control Borrower exercises or is empowered to exercise over the decisions affecting the ownership and operation of the Property as of the date of this Mortgage, then the Lender shall have the right at its sole

option to declare all sums secured and then unpaid to be immediately due and payable even if the period for the payment has not then have expired, anything in this Mortgage to the contrary notwithstanding, and to exercise all of its rights and remedies under this Mortgage. If the ownership of the Property becomes vested in a person other than Borrower (with or without Lender's consent), Lender may deal with the successor or successors in interest with reference to this Mortgage and the Obligations in the same manner as with Borrower, without in any manner vitiating, releasing, or discharging Borrower's liability under this Mortgage or for the Obligations. No sale of the Property and no forbearance or extensions by Lender of the time for payment of the Obligations or the performance of the covenants and agreements shall in any way operate to release, discharge, modify, change, or affect the lien of this Mortgage or the liability of Borrower, if any, on the Obligations or for the performance, either in whole or in part.

**16. Secondary financing.** Borrower will not, without the prior written consent of Lender, mortgage or pledge the Property as security for any other loan or obligation of Borrower. If any such mortgage or pledge is entered into without the prior written consent of Lender, the entire Obligations may, at Lender's option, be declared immediately due and payable without notice. Further, Borrower shall also pay any and all other obligations, liabilities, or debts that may become liens, security interests, or encumbrances on or charges against the Property for any repairs or improvements that are now or may later be made and shall not, without Lender's prior written consent, permit any lien, security interest, encumbrance, or charge of any kind to accrue and remain outstanding against the Property, any part, or any improvements, irrespective of whether the lien, security interest, encumbrance, or charge is junior to the lien of this Mortgage. Notwithstanding the above, if Borrower purchases and installs, affixes, or places any personal property by way of additions, replacements, or substitutions on the Property under a security agreement for which the lien or title is superior to the lien created by this Mortgage, all the right, title, and interest of Borrower in and to that personal property, together with the benefit of any deposits or payments made by Borrower, shall nevertheless be assigned to Lender and covered by the lien of this Mortgage.

**17. Waste.** Borrower's failure, refusal, or neglect to pay any taxes or assessments levied against the Property or any insurance premiums due on policies of insurance covering the Property will constitute waste under MCL 600.2927, and Lender shall have a right to the appointment of a receiver of the Property and of the rents and income from the Property, with whatever powers the Court making the appointment confers. Borrower irrevocably



consents to the appointment in that event and agrees that Lender's costs and expenses, including reasonable attorney fees, incurred in the proceeding shall be added to the Obligations secured by this Mortgage. Payment by Lender for and on behalf of Borrower of any delinquent taxes, assessments, or insurance premiums payable by Borrower under the terms of this Mortgage will not cure the default or in any manner impair Lender's right to the appointment of a receiver.

**18. Remedies on default.** Immediately on the occurrence of an event of default under any of the Obligations or any default in the performance of any of the covenants, conditions, and agreements in this Mortgage (an Event of Default), Lender may, in addition to and not in lieu of or substitution for all other rights and remedies provided by law, take the following actions:

**a. Accelerate obligations.** Lender may, without notice, except as expressly required by law, declare the entire unpaid and outstanding principal balance of the Obligations, and all accrued interest, to be immediately due and payable in full and, at Lender's option, may bring suit for it and take any steps and institute any other proceedings that Lender deems necessary to enforce the Obligations and to protect the lien of this Mortgage.

**b. Advance sums for other liens.** On the occurrence of any Event of Default arising out of the existence of any lien on the Property, Lender shall have the right (without being obligated to do so or to continue to do so), without notice to Borrower, to advance on and for the account of Borrower sums Lender in its sole discretion deems necessary to cure the Event of Default or to induce the holder of any lien to forbear from exercising its rights. The repayment of all advances, with interest at the highest rate applicable to the Obligations from the date of each advance, shall be secured by this Mortgage and shall be immediately due and payable without demand.

**c. Mortgage Foreclosure**

i. Lender shall have the right to foreclose this Mortgage and sell the Property at public auction or venue pursuant to MCL 600.3201 et seq. or judicially foreclose this Mortgage under the provisions of MCL 600.3101 et seq., and Borrower agrees to pay all of Lender's costs and expenses, including reasonable attorney fees, which shall be added to the Obligations secured by this Mortgage. At any foreclosure sale held under these Michigan statutes, Borrower agrees that in its foreclosure

sale bid price, Lender may deduct from the appraised value of the Property (A) a brokerage commission of not more than 10 percent of the Property value, (B) the unpaid balance of any mortgage or other liens that have priority over the lien of this Mortgage, and (C) the sum of all unpaid property taxes and assessments and insurance premiums due and to become due on the Property through the date when the foreclosure redemption period shall expire. Any foreclosure sale may, at the sole option of Lender, be made en masse or in parcels, any law to the contrary notwithstanding; and Borrower knowingly, voluntarily, and intelligently waives any right to require any foreclosure sale to be made in parcels or any right to select which parcels shall be sold. The proceeds of any foreclosure sale shall be applied, as Lender elects, to the payment of Lender's collection and other expenses, including reasonable attorney fees, and to the payment of the Obligations, with the surplus, if any, to Borrower or Borrower's successor in interest. Commencement of proceedings to foreclose this Mortgage in any manner authorized by law shall be deemed an exercise of Lender's option to accelerate the Obligations. After the date on which the maturity of the Obligations secured by this Mortgage has been accelerated, Lender acceptance of any amounts paid by Borrower less than the full unpaid principal balance of the Obligations plus accrued interest, late charges, and Lender's costs and expenses as described in this Mortgage shall not waive the default or acceleration but shall only be credited on the unpaid balance of the Obligations unless Lender specifically agrees in writing to waive any default or acceleration.

**ii. This Mortgage contains a power of sale and on default may be foreclosed by advertisement. In a foreclosure by advertisement, no hearing is involved, and the only notice required is publication of a foreclosure notice in a local newspaper and posting a copy of the notice on the Property. If this Mortgage is foreclosed by advertisement under the provisions of MCL 600.3201 et seq., Borrower knowingly, voluntarily, and intelligently waives all rights under the constitution and laws of the State of Michigan and the constitution and laws of the United States of America to any notice or hearing in connection with a foreclosure by advertisement except as set forth in the Michigan statute and, if Lender seeks a judicial foreclosure, to any right to a trial or hearing by a jury.**

**d. Collection of Rents**

i. Lender shall have the right to enter into peaceful possession of the Property and to collect and receive all rents, issues, income, and profits from the Property; to terminate any tenancy; to maintain proceedings to recover rents or possession of any of the Property from any tenant or trespasser; to rent or lease the Property or any portion of it on such terms as Lender deems best; and to have all oil and gas royalties and any other income from the Property. Lender, in whatever order Lender in its sole discretion elects, may apply the proceeds of any rents, issues, profits, and income to (A) preservation, maintenance, or operation of the Property; (B) payment of taxes due on the Property; and (C) payment of the Obligations. Borrower irrevocably consents and agrees that the lessees under any Lease, on demand and notice from Lender of Borrower's default, shall be required to pay all rents, issues, profits, and income to Lender, without any obligation on the lessees to determine the actual existence of any default by Borrower. Lender may enter on the Property, by its officers, agents, or employees, to collect rents, issues and profits and to operate and maintain the Property; and Borrower authorizes Lender in general to perform all acts necessary to operate and maintain the Property in the same manner and to the same extent that Borrower might. The entry and taking possession of the Property or any part of it by Lender may be made by actual entry and possession or by written notice served personally on or sent by certified mail to the last owner of the Property appearing in Lender's records, as the Lender elects, without further authorization or notice.

ii. In connection with Lender's right to possession of the Property on the occurrence of an Event of Default, as specified in the subsection above, Borrower acknowledges that it has been advised that there is a significant body of case law in Michigan that purportedly provides that in the absence of a showing of waste of a character sufficient to endanger the value of the Property or other special factors, a mortgagor is entitled to remain in possession of the Property and to enjoy the income, rents, and profits during the pendency of foreclosure proceedings and until the redemption period expires, even if the mortgage documents expressly provide to the contrary. Borrower further acknowledges that it has been advised that Lender recognizes that the value of the security covered by this Mortgage is inextricably intertwined with the effectiveness of the management, maintenance, and general operation of the Property and that Lender would not make the loan secured by this Mortgage unless it could be assured that it

would have the right to take possession of the Property to manage it or to control its management and to enjoy the income, rents, and profits immediately on the occurrence of an Event of Default under this Mortgage, notwithstanding that foreclosure proceedings may not have been instituted or may be pending or that the redemption period may not have expired. Accordingly, Borrower knowingly, intelligently, and voluntarily waives all right to possession of the Property from and after the occurrence of an Event of Default on demand for possession by Lender, and Borrower agrees not to assert any objection or defense to Lender's request or petition to a court for possession. The rights conferred on the Lender by this Mortgage have been agreed on before the occurrence of an Event of Default under this Mortgage, and the exercise by Lender of any such rights shall not be deemed to put Lender in the status of a mortgagee in possession. Borrower acknowledges that this provision is material to this transaction and that Lender would not make the loan secured by this Mortgage but for this section.

**e. Title reports.** Lender may procure mortgage foreclosure or title reports. Borrower covenants to pay to Lender all sums paid for such purposes with interest at the highest rate applicable to the Obligations, and the sums and the interest shall constitute a further lien on the Property.

**f. Appraisals and audits.** Lender may procure appraisals, environmental audits, and other investigations or analyses of the Property as Lender determines are required by regulatory or accounting rules, procedures, or practices or are otherwise be prudent or necessary. Borrower shall grant Lender free and unrestricted access to the Property for such purposes. Borrower covenants to pay immediately to Lender all sums paid for such purposes with interest at the highest rate applicable to the Obligations, and the sums and the interest shall constitute a further lien on the Property.

**19. Costs of legal proceedings.** Borrower shall pay Lender a reasonable attorney fee in addition to all other legal costs if Lender becomes a party, either as plaintiff or defendant, to any legal proceedings in relation to the Property or the lien created by this Mortgage; and those sums shall be secured by this Mortgage and be payable at the highest rate applicable to the Obligations.

**20. Books and records.** Borrower covenants and agrees to furnish to Lender promptly certificates of occupancy and whatever other books, records, documents, information, and statements pertaining to Borrower, the Property, its operations, and any guarantors that Lender requests. All books, records, and other information provided by Borrower shall be in a form that is acceptable to Lender, and all costs of providing them shall be borne entirely by Borrower.

**21. Payment on acceleration subject to any prepayment penalty.** On the occurrence of an Event of Default by Borrower and following the acceleration of maturity of the Obligations, a tender of payment of the amount necessary to satisfy the entire Obligations made at any time before the foreclosure sale by Borrower or by anyone in behalf of Borrower shall constitute an evasion of the payment terms of the Obligations and shall be deemed to be a voluntary prepayment; and any such payment, to the extent permitted by law, will include the premium required under the prepayment privilege, if any, applicable to the Obligations.

**22. Security agreement and financing statements.** Borrower shall execute, acknowledge and deliver any further conveyances, documents, mortgages, and assurances that Lender reasonably requires for accomplishing the purposes of this Mortgage, including financing statements required by Lender to protect its interest under the provisions of the Michigan Uniform Commercial Code, as amended, on Lender's written request. On any failure of Borrower to do so, Lender may execute, record, file, rerecord and refile any documents for and in the name of Borrower, and Borrower irrevocably appoints Lender as agent and attorney-in-fact of Borrower for those purposes. This document is intended by the parties to be, and shall be construed as, a security agreement, as that term is defined and used in Article 9 of the Michigan Uniform Commercial Code, as amended, and shall grant to Lender a security interest in the portion of the Property for which a security interest may be granted under Article 9 of the Michigan Uniform Commercial Code, as amended, which shall include a security interest in all personalty owned by Borrower, now owned or subsequently acquired, that is or in the future may be physically located on or affixed to the Property described in exhibit A, regardless of whether the personalty consists of fixtures under Michigan law and a security interest in the proceeds and products of the proceeds of all insurance policies now or later covering any part of the collateral. For purposes of Article 9 of the Michigan Uniform Commercial Code, (a) Borrower is the *debtor*, (b) Lender is the *secured party*, (c) information concerning the security interest created by this Mortgage may

be obtained from Lender at its address set forth on page 1, and (d) Borrower's mailing address is that set forth on page 1.

**23. Nonlender Liens; insolvency proceedings.** If any nonlender mortgage foreclosure proceeding or any federal, state, or local tax lien, seizure, levy, forfeiture, or any other lien proceeding is instituted, recorded, or filed against the Property that is not discontinued, reserved for in cash in an amount and manner satisfactory to Lender, or bonded by a company satisfactory to Lender within 30 days after initiation, recording, or filing; if any insolvency or receivership proceedings, either voluntary or involuntary, are instituted by or against Borrower for the liquidation or rehabilitation of Borrower's assets and affairs; or if any criminal proceedings are initiated in which forfeiture of the Property is a potential penalty, Lender may, at its option and without notice, declare the entire Obligations to be immediately due and payable and may institute whatever proceedings, including foreclosure of this Mortgage, Lender deems necessary to protect its interest in the Property.

**24. Prior mortgage.** If Lender has consented and agreed that this Mortgage is to be second and subordinate to a prior recorded mortgage, Borrower expressly covenants and agrees that Borrower shall not borrow any additional sum or incur any additional indebtedness or other obligation secured by the prior mortgage; shall promptly pay the prior mortgage indebtedness in accordance with the terms of the note or obligation secured by the prior mortgage; and shall fully and promptly keep and perform all of the terms, conditions, and covenants of the prior note, obligation, mortgage, or other agreements; and any default by Borrower under those agreements shall constitute a default by Borrower under this Mortgage. Lender may, at Lender's sole option but without obligation to do so, cure any default by Borrower in any indebtedness or other agreement secured by any prior mortgage as Lender deems necessary to protect Lender's mortgage lien, assignments, and security interests under this Mortgage; and all moneys advanced by Lender and all costs incurred in effecting any such cure, including reasonable attorney fees, shall be added to the Obligations secured by this Mortgage. Borrower shall not be required to make payments under this Mortgage for the payment of taxes, assessments, and insurance premiums if the prior mortgage requires the payment and the prior mortgagee maintains a reserve fund that, in Lender's opinion, is adequate for the payment of all taxes, assessments, and insurance premiums due and to become due on the Property. Borrower consents and agrees that Lender may contact any prior mortgagee or other lienor at any time to obtain the payment status, unpaid balance, copies of any documents, and agreements

pertaining to Borrower or the Property and any other information Lender deems advisable.

**25. Suretyship waivers.**

a. This Mortgage secures an obligation of payment and not of collection, and Borrower agrees that Lender's recourse on this Mortgage shall be immediate at any time after the Obligations or any part of them have not been paid when due (whether by acceleration or otherwise) or after Borrower has defaulted or otherwise failed to perform when due any of its obligations, covenants, representations, or warranties to Lender. Lender's rights under this Mortgage shall not be contingent on the exercise or enforcement by Lender of whatever remedies it may have against Borrower or others or on the enforcement of any other lien or realization on any other security or collateral Lender may at any time possess. Any one or more successive or concurrent actions may be brought against Borrower either in the same action, if any, brought against Borrower or in separate actions, as often as Lender, in its sole discretion, deems advisable. No election to proceed in one form of action or proceeding, against any party, or on any obligation shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against other parties unless Lender has expressly waived the right in writing. Specifically, but without limiting the generality of the above, no action or proceeding by Lender against Borrower under any document or instrument evidencing or securing the Obligations shall serve to diminish the rights of Lender under this Mortgage, except to the extent that Lender realizes payment by the action or proceeding.

b. The obligations of Borrower under this Mortgage shall in no way be affected or impaired by

- i. any amendment, alteration, extension, renewal, waiver, indulgence, or other modification of the Obligations;
- ii. any settlement or compromise in connection with the Obligations;
- iii. any subordination of payments under the Obligations to any other debt or claim;
- iv. any substitution, exchange, release, or other disposition of all or any part of any collateral for the Obligations;

- v. any failure, delay, neglect, act, or omission by Lender to act in connection with the Obligations;
- vi. any advances for the purpose of performing any covenant or agreement of Borrower or curing any breach;
- vii. the filing by or against Borrower of bankruptcy, insolvency, reorganization, or other debtor's relief afforded Borrower pursuant to the present or future provisions of the Bankruptcy Code or any other state or federal statute or by the decision of any court; or
- viii. any other matter whether similar or dissimilar to the above.

The obligations of Borrower are unconditional, notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Obligations or any other circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or Borrower.

- c. Borrower waives every defense that, under principles of suretyship law or otherwise, would otherwise operate to impair or diminish the Borrower's liability or Lender's rights under this Mortgage, including, without limitation,
  - i. notice of acceptance of this Mortgage and of creations of Obligations of Borrower to Lender;
  - ii. any subrogation to Lender's rights against Borrower until the Obligations have been paid in full;
  - iii. presentment and demand for payment of any Obligations of Borrower;
  - iv. protest, notice of protest, and notice of dishonor or default to Borrower or to any other party with respect to any of the Obligations;
  - v. all other notices to which Borrower might otherwise be entitled;
  - vi. any demand for payment under this Mortgage;
  - vii. any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause whatsoever of the liability of Borrower;



viii. any rights to extension, composition, or otherwise under the Bankruptcy Code or any amendments or under any state or other federal statute; and

ix. any right or claim or claim of right to cause a marshalling of Borrower's assets.

No notice to or demand on Borrower shall be deemed to be a waiver of Borrower's obligations or of Lender's right to take further action without notice or demand.

26. **Binding effect.** Until this Mortgage is discharged in full, all of the covenants and conditions shall run with the land, shall be binding on the successors and assigns of Borrower, and shall inure to the benefit of the successors and assigns of Lender. Any reference to "Borrower" or "Lender" shall include their respective successors and assigns.

27. **Notices.** All notices, demands, and requests required or permitted to be given to Borrower or by law shall be deemed delivered when deposited in the U.S. mail, with full postage prepaid, addressed to Borrower at the last address of Borrower on the records of Lender.

28. **No waiver.** No waiver by Lender of any right or remedy granted shall affect or extend to any other right or remedy of Lender or affect the subsequent exercise of the same right or remedy by Lender for any further or subsequent Event of Default by Borrower; and all such rights and remedies of Lender are cumulative. Time is of the essence.

29. **Severability.** If any provision of this Mortgage conflicts with any statute or rule of law of the State of Michigan or is otherwise unenforceable for any reason, it shall be deemed null and void to the extent of the conflict or unenforceability but shall be deemed separable from and shall not invalidate any other provisions of this Mortgage.

30. **Exhibits.** There is one exhibit that is attached to and is a part of this Mortgage:

Exhibit A-Legal Description of the Property  
Exhibit B-Note

31. **Effective date.** This Mortgage was signed and delivered by Borrower on the date stated in the first paragraph.

BORROWER

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by \_\_\_\_\_, who being duly sworn, did say that he is the \_\_\_\_\_ of Strong Future LDHA Limited Partnership and did represent that he was duly authorized to execute this document on behalf of said limited partnership.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, County, Michigan  
My commission expires: \_\_\_\_\_

LENDER

\_\_\_\_\_  
Paul Schreiber  
Mayor of the City of Ypsilanti  
Dated: \_\_\_\_\_

STATE OF MICHIGAN       )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by PAUL SCHREIBER, who being duly sworn, did say that he is the Mayor of the City of Ypsilanti and did represent that he was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, Michigan  
My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Frances McMullan  
Ypsilanti City Clerk

Dated: \_\_\_\_\_

STATE OF MICHIGAN     )  
                                          )ss.  
COUNTY OF WASHTENAW )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by FRANCES McMULLAN, who being duly sworn, did say that she is the Clerk of the City of Ypsilanti and did represent that she was duly authorized to execute this document on behalf of said Michigan municipality.

\_\_\_\_\_, Notary Public  
\_\_\_\_\_, Michigan  
My commission expires: \_\_\_\_\_

Drafted by and when recorded return to:  
John M. Barr  
Ypsilanti City Attorney  
105 Pearl Street  
Ypsilanti, MI 48197

EXHIBIT A

**[Legal description of the property, including tax identification number  
and address].**

DRAFT

## Ordinance No. 1211

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low income persons and families pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, et seq) (the "Act").

### THE CITY OF YPSILANTI ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the "City of Ypsilanti Tax Exemption Ordinance-Parkridge."

### SECTION 2. Preamble.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City of Ypsilanti (the "City") is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from ad valorem taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for exemption from ad valorem taxation and the service charge in lieu of all ad valorem taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that the Sponsor (as defined below) has offered, subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, to acquire, rehabilitate, own, and operate a housing project identified as Parkridge Housing Project on certain property located at Parcel 11-11-39-468-010 in the City to serve low income persons and families (the "Project"), and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all ad valorem property taxes.

### SECTION 3. Definitions.

A. Authority means the Michigan State Housing Development Authority.

B. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges (excluding all other income of the Project), less utilities. This does not include any payments or subsidies collected from the U.S. Department of Housing and Urban Development or the Michigan State Housing Development Authority.

D. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

E. Low Income Persons and Families means persons and families eligible to move into a housing project.

F. Sponsor means the New Parkridge LDHA Limited Partnership, a Michigan limited partnership, its successor, or its assigns.

G. Utilities mean charges for gas, electric, water, and sanitary sewer furnished to the occupants that are paid by the housing project. Phone, cable, internet, and television services are specifically not considered utilities.

#### SECTION 4. Class of Housing Projects.

It is determined that the class of housing projects to which the exemption from ad valorem taxation shall apply and for which a service charge shall be paid in lieu of such taxes shall be as defined by Section 15a(1) of the Act, being MCL 125.1415a(1).

#### SECTION 5. Establishment of Annual Service Charge.

Subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, the Project and the property on which it is located shall be exempt from all ad valorem property taxes from and after the commencement of construction or rehabilitation.

In consideration of the Sponsor's offer to construct, rehabilitate, and operate the Project, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes. The annual service charge shall be (a) equal to ten percent (10%) of the Annual Shelter Rents during each operating year, (b) the amount of taxes that would be paid but for this Ordinance, or (c) the amount permitted to be paid by applicable state or federal law in effect on the effective date of this Ordinance, whichever amount is lower. The annual service charge shall be paid as a first priority from the cash flow waterfall as determined on the annual audit of the operating year.

## SECTION 6. Contractual Effect of Ordinance.

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

## SECTION 7. Limitation on the Payment of Annual Service Charge.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the Project that is exempt from ad valorem taxes but which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Project if the Project were not tax exempt.

## SECTION 8. Payment of Service Charge.

The annual service charge in lieu of taxes, as determined under this Ordinance, shall be payable to the City and distributed to the several units levying the general property tax in accordance with Section 15a(4) of the Act. The annual payment for each operating year shall be paid on or before April 15th of the following year.

## SECTION 9. Duration.

This Ordinance shall remain in effect and shall not terminate so long as (a) the Project remains subject to income and rent restrictions under the LIHTC Program or (b) the Project remains exempt from ad valorem taxation pursuant to 15a(5) of the Act.

## SECTION 10. Severability.

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

## SECTION 11. Inconsistent Ordinances.

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

## SECTION 12. Copies to be available.

Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

SECTION 13. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published: January 15, 2014

First Reading: January 21, 2014

Second Reading: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_





Resolution No. 2014-018  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Parkridge." be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-019  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Parkridge." be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

## Ordinance No. 1212

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low income persons and families pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, et seq) (the "Act").

### THE CITY OF YPSILANTI ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the "City of Ypsilanti Tax Exemption Ordinance-Scattered Site."

### SECTION 2. Preamble.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City of Ypsilanti (the "City") is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from ad valorem taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for exemption from ad valorem taxation and the service charge in lieu of all ad valorem taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that the Sponsor (as defined below) has offered, subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, to acquire, rehabilitate, own, and operate a housing project identified as Scattered Site Housing Project on certain property located at parcels 11-11-09-170-023, 11-11-39-145-029, 11-11-10-267-003, 11-11-39-414-005, 11-11-37-100-001, 11-11-37-202-001, 11-11-37-152-010, 11-11-10-355-037, 11-11-37-153-007, 11-11-37-201-001, 11-11-39-481-010, and 11-11-39-484-001 in the City to serve low income persons and families (the "Project"), and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all ad valorem property taxes.

### SECTION 3. Definitions.

A. Authority means the Michigan State Housing Development Authority.

B. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges (excluding all other income of the Project), less Utilities. This does not include any payments or subsidies collected from the U.S. Department of Housing and Urban Development or the Michigan State Housing Development Authority.

C. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

D. Low Income Persons and Families means persons and families eligible to move into a housing project.

E. Sponsor means the Strong Future LDHA Limited Partnership, a Michigan limited partnership, its successor, or its assigns.

F. Utilities mean charges for gas, electric, water, and sanitary sewer furnished to the occupants that are paid by the housing project. Phone, cable, internet, and television services are specifically not considered utilities.

#### SECTION 4. Class of Housing Projects.

It is determined that the class of housing projects to which the exemption from ad valorem taxation shall apply and for which a service charge shall be paid in lieu of such taxes shall be as defined by Section 15a(1) of the Act, being MCL 125.1415a(1).

#### SECTION 5. Establishment of Annual Service Charge.

Subject to the approval of an application to the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program and subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, the Project and the property on which it is located shall be exempt from all ad valorem property taxes from and after the commencement of construction or rehabilitation.

In consideration of the Sponsor's offer to construct, rehabilitate, and operate the Project, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes. The annual service charge shall be (a) equal to ten percent (10%) of the Annual Shelter Rents during each operating year, (b) the amount of taxes that would be paid but for this Ordinance, or (c) the amount permitted to be paid by applicable state or federal law in effect on the effective date of this Ordinance, whichever

amount is lower. The annual service charge shall be paid as a first priority from the cash flow waterfall as determined in the annual audit of the operating year.

#### SECTION 6. Contractual Effect of Ordinance.

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

#### SECTION 7. Limitation on the Payment of Annual Service Charge.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the Project that is exempt from ad valorem taxes but which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Project if the Project were not tax exempt.

#### SECTION 8. Payment of Service Charge.

The annual service charge in lieu of taxes, as determined under this Ordinance, shall be payable to the City and distributed to the several units levying the general property tax in accordance with Section 15a(4) of the Act. The annual payment for each operating year shall be paid on or before April 15th of the following year.

#### SECTION 9. Duration.

This Ordinance shall remain in effect and shall not terminate so long as (a) the Project remains subject to income and rent restrictions under the LIHTC Program or, (b) the Project remains exempt from ad valorem taxation pursuant to 15a(5) of the Act.

#### SECTION 10. Severability.

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

#### SECTION 11. Inconsistent Ordinances.

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

#### SECTION 12. Copies to be available.

Copies of the Ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

SECTION 13. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. This Ordinance shall become effective after publication at the expiration of 30 days after adoption.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published: January 15, 2014

First Reading: January 21, 2014

Second Reading: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_



Resolution No. 2014-020  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Scattered Site." be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-021  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That a public hearing on an ordinance entitled "City of Ypsilanti Tax Exemption Ordinance-Scattered Site." be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



MICH-CA  
CRO July 1966

RESOLUTION OF COOPERATION

WHEREAS, the City of Ypsilanti, Michigan  
(hereinafter called the "Municipality"), acting by and through the  
Ypsilanti Housing Commission  
(hereinafter called the "Commission"), has requested from the United  
States of America, Housing Assistance Administration (hereinafter  
called "HAA") a Program Reservation for 108 units  
of low-rent housing to be developed and located within the corporate  
limits of the Municipality and may hereafter apply for additional  
Program Reservations;

WHEREAS, the Municipality, acting by and through the Commission,  
shall endeavor to secure one or more contracts with the HAA for  
loans and annual contributions in connection with the development  
and administration of such low-rent housing projects, all pursuant  
to the United States Housing Act of 1937, as amended (hereinafter  
called the "Act"); and

WHEREAS, all such low-rent housing projects are for a public  
purpose and exempt from all real and personal property taxes under  
the Constitution and Statutes of the State of Michigan; and

WHEREAS, the Municipality is desirous of assisting and cooper-  
ating in such undertakings and of complying with the provisions of  
Sections 10(a), 10(h), and 15(7)(b) of the Act, as well as all  
other applicable provisions thereof;

NOW, THEREFORE, BE IT RESOLVED, That:

Section 1. Whenever used in this resolution, the following  
terms shall have the following meaning:

- (a) The term "Project" shall mean any low-rent hous-  
ing hereafter developed as one operation by the  
Commission with financial assistance of the HAA  
and included within any Program Reservations  
issued to the Municipality, acting by and  
through the Commission, by the HAA which in the  
aggregate may not exceed 108  
units of low-rent housing. A Project will  
generally be located on a single site but may  
be on scattered sites.
- (b) The term "Taxing Body" shall mean the State or  
any political subdivision or taxing unit thereof  
(including the Municipality) in which a Project  
is situated and which would have authority to  
assess or levy real or personal property taxes  
or to certify such taxes to a taxing body or  
public officer to be levied for its use and  
benefit with respect to a Project if it were not  
exempt from taxation.
- (c) The term "Shelter Rent" shall mean the total of  
all charges to all tenants of a Project for  
dwelling rents and non-dwelling rents (excluding  
all other income of such Project), less the cost  
of all dwelling and non-dwelling utilities.

MICH-CA  
CRO July 1966

Page 2

- (d) The term "Slum" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals.

Section 2. The Municipality agrees that with respect to any Project, so long as either (a) such Project is used for low-rent housing purposes, or (b) any contracts between the Municipality, acting by and through the Commission, and the HAA for loans or annual contributions, or both, in connection with such Project shall remain in force and effect, or (c) any bonds issued in connection with such Project shall remain outstanding, whichever period is the longest, the Municipality will not levy or impose any real or personal property taxes upon such Project or upon the Commission with respect thereto.

During such period, the Commission shall make annual payments to the Municipality (hereinafter called "Payments in Lieu of Taxes") in lieu of such taxes and in payment for public services and facilities furnished for or with respect to such Project. Each ~~such annual~~ Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project and shall be in an amount equal to either (a) ten per cent (10%) of the aggregate Shelter Rent charged by the Commission in respect to such Project during such fiscal year or (b) the amount permitted to be paid by applicable state law in effect on the effective date of this resolution, whichever amount is the lower; provided, however, that upon failure of the Commission to make any such Payment in Lieu of Taxes, no lien against any Project or assets of the Commission shall attach.

The Municipality shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in accordance with applicable state law; provided, however, that no payment for any year shall be made to any Taxing Body (including the Municipality) in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation.

Section 3. The Municipality agrees that, subsequent to the date of initiation (as defined in the Act) of each Project and within five years after the completion thereof, or such further period as may be approved by the HAA there has been or will be elimination (as approved by the HAA) by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area of the Municipality substantially equal in number to the number of newly constructed dwelling units provided by such Project; Provided, That, where more than one family is living in an unsafe or insanitary dwelling unit, the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein; and Provided, Further, That this Section 3 shall not apply in the case of (a) any Project developed on the site of a Slum cleared subsequent to July 15, 1949, and that the dwelling units eliminated by the clearance of the site of such Project shall not be counted as elimination for any other low-rent housing Project, or (b) any Project located in a rural non-farm area.

Section 4. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (a) such Project is used for low-rent housing purposes, or (b) any contract between the Municipality, acting by and through the Commission, and the HAA for loans or annual contributions, or both, with respect to such Project shall remain in force and effect, or (c) any bonds issued in connection with such Project shall remain outstanding, whichever period is the longest, the Municipality, without cost or charge to the Commission or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

MICH-CA  
CRO July 1966

Page 3

- (a) Furnish or cause to be furnished to the Commission and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;
- (b) Vacate such streets, roads, and alleys within the area of such Project as may be necessary in the development thereof, and without charge, transfer to the Commission jurisdiction of any interest the Municipality may have in such vacated area; and insofar as it is lawfully able to do so without cost or expense to the Commission and/or to the Municipality, cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;
- (c) Insofar as the Municipality may lawfully do so, grant such waivers of the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project; and make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection thereof;
- (d) Accept grants of easements necessary for the development of such Project; and
- (e) Cooperate with the Commission by such other lawful action or ways as the Municipality and Commission may find necessary in connection with the development and administration of such Project.

Section 5. In respect to any Project, the Municipality further agrees that within a reasonable time after receipt of a written request therefor from the Commission:

- (a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project after the Commission, out of Project development funds, has completed the grading, improvement, and paving thereof in accordance with specifications acceptable to the Municipality; and
- (b) " It will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Commission shall pay to the Municipality as Project development costs such amount as would be assessed against the Project site for work if it were privately owned); and
- (c) It will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Commission shall pay to the Municipality as Project development costs such amount as would be assessed against the Project site if it were privately owned).

MICH-CA  
CRO July 1966

Page 4

Section 6. If the Municipality shall, within a reasonable time after written notice from the Commission, fail or refuse to furnish or cause to be furnished any of the services or facilities which it is obligated hereunder to furnish or cause to be furnished to the Commission or to any Project, then the Commission upon obtaining such services or facilities elsewhere shall deduct the cost therefor from any Payments in Lieu of Taxes due or to become due to the Municipality in respect to any Project or any other low-rent housing Projects assisted or owned by the HAA.

Section 7. The Municipality agrees that so long as any contract between the Municipality, acting by and through the Commission, and the HAA for loans (including preliminary loans) or annual contributions, or both, with respect to any Project shall remain in force and effect, or so long as any bonds issued in connection with such Project shall remain outstanding, this resolution shall be regarded as a contract and shall not be abrogated, changed, or modified without the consent of the HAA. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Municipality or some other public body or governmental agency, including the HAA, authorized by law to engage in the development or administration of low-rent housing Projects. If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including the HAA, the provisions hereof shall inure to the benefit of and may be enforced by, such other public body or governmental agency, including the HAA.

Section 8. No Cooperation Resolution heretofore entered into between the Municipality and the Commission shall be construed to apply to any Project covered by this Resolution.

Section 9. In the event any provision hereof is held invalid, the remainder shall not be affected thereby, it being the intent of this resolution to cooperate in the development and administration of the Project or Projects to the fullest extent permitted by law.

# RENTAL ASSISTANCE DEMONSTRATION (RAD)

## TOOLKIT #1: WHY RAD? A RENTAL ASSISTANCE DEMONSTRATION (RAD) OVERVIEW

### WHAT IS RAD & WHY IS IT NEEDED?

The Rental Assistance Demonstration (RAD) is a **voluntary program** of the Department of Housing and Urban Development (HUD). RAD seeks to **preserve public housing** by providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties.

Public housing units across the country need more than \$26 billion in repairs. HUD refers to these repair costs as **capital needs**. Congress has not provided enough funding for PHAs to keep up with capital needs. As a result, PHAs have had to make tough choices between things like repairing roofs and replacing plumbing—or worse, demolishing public housing. RAD provides PHAs a way to **rehabilitate**, or repair, units without depending on additional money from Congress.



HUD Assistant Secretary Sandra Henriquez touring a property proposed for RAD in Cleveland, OH

### HOW DOES A RAD CONVERSION WORK?

RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

#### RAD TOOLKITS FOR RESIDENTS

This series of toolkits will better inform public housing residents about RAD and help them engage with PHAs throughout the RAD application and conversion process. All toolkits are posted on RAD's website at [www.hud.gov/rad](http://www.hud.gov/rad), under the 'Residents' tab. **Toolkit #1: Why RAD? A Rental Assistance Demonstration (RAD) Overview** provides a summary of the program with a focus on elements that affect residents.

- **Section 8 project-based voucher (PBV); or**
- **Section 8 project-based rental assistance (PBRA).**

PBV and PBRA contracts are 15- or 20-years long and are more stable funding sources.

This shift will make it easier for PHAs to borrow money and use **low income housing tax credits (LIHTCs)** as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements essential for preserving public housing.

As a voluntary, limited demonstration program, less than 60,000 public housing units can be selected for RAD. PHAs must submit applications to convert some or all of their public housing assistance to PBV or PBRA contracts through RAD by September 30, 2015.

### WILL A RAD CONVERSION AFFECT MY HOUSING ASSISTANCE?

You will **not lose your housing assistance** and you will **not be rescreened** because of a RAD conversion.

Even though a RAD property can use private money to make big repairs, it will still receive money from HUD. With this subsidy from HUD, PHAs will manage RAD properties through either the PBV or PBRA programs. RAD requires that converted

properties be owned or controlled by a public or nonprofit entity.

## WILL A RAD CONVERSION AFFECT MY RENT?

If your building or development is converted to PBV or PBRA, your rent contribution will most likely be the same as it was under public housing—generally no more than 30% of your household's adjusted gross income.

Since the project-based Section 8 programs also set resident rents at 30% of adjusted income, **most residents will not have rent increases** as a result of a RAD conversion.

However, if you are paying a flat rent in public housing, you will most likely have to gradually pay slightly more in rent over time. In these limited cases, if your rent increases more than 10% and requires you to pay more than \$25 per month in additional rent, your new rent will be phased in over the next 3 or 5 years depending on your PHA's policy.

## HOW CAN RESIDENTS BE INVOLVED IN THE RAD PROCESS?

HUD encourages residents and their PHAs to work together during the RAD application and conversion process.

Before PHAs can apply to participate in RAD, HUD requires them to:

- Notify all residents in a development proposed



Roundtable conversation with Fresno Housing Authority residents about a RAD conversion

### DEFINITIONS

- **Capital Needs** - Costs of repairs and replacements beyond ordinary maintenance required to make the housing decent and economically sustainable.
- **Housing Choice Voucher (HCV)** - Rental vouchers that let people choose their own housing in the private rental market.
- **Low Income Housing Tax Credits (LIHTC) (pronounced lie-fee)** - LIHTCs provide the private market with an incentive to invest in affordable rental housing by offering a credit for an investor's Federal taxes.
- **Project-based Vouchers (PBV)** - Rental vouchers that are attached to a specific number of units in a building. The voucher stays with the unit even after a tenant moves out. This program is often operated by PHAs.
- **Project-based Rental Assistance (PBRA)** - Like in PBV, in this program rental vouchers are tied to a specific building. This program is often operated by private owners.
- **Rehabilitation (or Rehab)** - The repairs needed to restore a unit or property to good condition.

for RAD conversion about their plans; and

- Conduct at least two meetings with those residents.

These meetings are an opportunity for you to **discuss the proposed conversion plans with your PHA, ask questions, express concerns, and provide comments**. The PHA is required to submit your comments and its response to them as part of the RAD application.

Once HUD selects the PHA and property to participate in RAD, the PHA must have at least one additional meeting with all residents of the property before HUD approves the final conversion. This is another opportunity for you to provide comments about the conversion plan.

## WILL A RAD CONVERSION REQUIRE A CHANGE TO THE PHA PLAN?

HUD considers a RAD conversion to be a "Significant Amendment" to the PHA Plan. Once a PHA is selected to participate, the PHA will have to

comply with the resident and public notice, consultation, and public hearing requirements associated with a Significant Amendment before the final RAD conversion is approved.

This means that your **Resident Advisory Board (RAB) will also be consulted** and have an opportunity to make recommendations.

## WHEN CAN A PHA START THE RAD CONVERSION PROCESS?

After notifying residents as outlined above, PHAs can apply to HUD to convert assistance under RAD. Some PHAs have already begun this process. The application period will remain open until the 60,000-unit conversion cap is reached, or September 30, 2015, whichever is sooner.

## WILL I HAVE TO MOVE IF MY HOME OR BUILDING IS REHABBED?

Most needed repairs made as part of RAD are likely to be small and you will be able to stay in your home during construction.

However, some apartments and buildings will require more extensive rehab. In these cases, you will be temporarily relocated as provided by the Uniform Relocation Act (URA). You will have the **right to return** to your development once construction is completed. Generally, temporary relocation should not last longer than 12 months.

In a few cases, your current housing may be too old or deteriorated and past the point where it can be effectively rehabilitated, requiring that it be demolished and replaced. In these instances, you will be provided temporary relocation and you will have the right to return to the replacement housing that is constructed.

### Before RAD



Properties are typically not funded at 100% in Public Housing



In Public Housing, PHAs cannot borrow money to perform necessary repairs



The funding fails to keep up with the deteriorating living conditions of residents



Residents cannot choose to move without losing housing assistance

### After RAD



Properties are placed on a more stable Section 8 funding platform



PHAs and owners can more easily borrow money and perform rehabilitation work



The living conditions of residents are improved



Residents may receive a tenant-based voucher, or similar assistance, and move after 1 year in PBV and 2 years in PBRA



If you do not want to wait for replacement housing, the PHA may offer you comparable housing in another public housing property or a **Housing Choice Voucher (HCV)** to enable you to move to other available private housing.

Whether you are asked to move temporarily due to rehab work or to move permanently to new replacement housing, the PHA will help you find the best possible option for you and cover your moving expenses.



Civic Park in Salisbury, NC will be converting assistance through RAD

## WILL RAD INCREASE MY ABILITY TO CHOOSE WHERE I LIVE?

In addition to improved, better quality housing, you will have **greater choice in where to live** through the RAD “choice-mobility option.” If you would like to move after your development undergoes a RAD conversion, you may request and receive a Housing Choice Voucher (HCV).

Under the PBV program, this option will be



### RAD RESOURCES

For more information, please refer to the *HUD Revised Rental Assistance Demonstration Notice PIH 2012-32, Rev 1* issued July 2013 available on RAD's website at [www.hud.gov/rad](http://www.hud.gov/rad), under the 'Program Information' tab.

available after living in a RAD property for one year; under the PBRA program, you may request a HCV after living in a RAD property for two years.

## WILL RAD AFFECT RESIDENT RIGHTS & PARTICIPATION?

Overall, your experience as a resident should not change very much, if at all, due to a RAD conversion. RAD **keeps many of the resident processes and rights** available under public housing, such as the ability to request a grievance process and the timelines for termination notification.

Whether HUD begins funding a development through PBV or PBRA, residents will have a **right to organize** and resident organizations will continue to **receive resident participation funds**, up to \$25 per occupied unit according to their PHA's current policy.

## WILL I STILL BE ABLE TO PARTICIPATE IN SELF-SUFFICIENCY PROGRAMS?

If you are a current participant in the Resident Opportunities and Self Sufficiency-Service Coordinators (ROSS-SC) program, you can continue to participate until all of the current program funding is used.

You will also still be able to participate in the Family Self-sufficiency (FSS) program. If your property converts assistance to PBV, you will be automatically moved from the public housing FSS program to the Housing Choice Voucher (HCV) FSS program. The rules in both programs are very similar.

If your property converts assistance to PBRA, you may continue your participation in the FSS program until your current contract of participation ends.



## **The City of Ypsilanti**

Ordinance No. 1213

AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS.

### **THE CITY OF YPSILANTI HEREBY ORDAINS:**

Section 1: Amendments, additions, and deletions to the Code of Ordinances, City of Ypsilanti, Michigan.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment," Article II "Nuisances," Division 3 "Litter," Section 42-66 "Definitions," is hereby amended as follows:

Sec. 42-66. Definitions.

The following words, terms and phrases when used in this division shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Compost* means a mixture of decaying vegetable matter used to fertilize and condition soil.

*Exterior* means any area of property outside a fully enclosed and covered building, including yard, grounds, walk, driveway, porch, steps, vestibule, except in refuse containers.

*Garbage* means putrescible animal and vegetable wastes resulting from the handling, preparation, cooking and consumption of food.

*Handbill* means any printed or written matter, any sample, dodger, circular, leaflet, pamphlet, paper, booklet or other type of written or printed matter, except a newspaper, a utility company notice, a legal notice, a traffic citation or a business card having an area smaller than three square inches.

*Litter* means all rubbish, refuse, waste material, garbage, offal, paper, glass, cans, bottles, trash, debris, wrecked, scrapped or abandoned vehicles, rags, scrap metal, scrap plumbing parts; broken and/or used indoor appliances, furniture, overstuffed furniture when not fully enclosed in a structure; or parts of any of the foregoing or similar property. Furniture designed and manufactured as outdoor furniture is excluded as "litter" so long as it is in good condition.

*Newspaper* means any periodical of general circulation published at least quarterly and which contains not more than 85 percent advertising.

*Private premises* means any dwelling, house, building or other structure, designed or used either wholly or in part for private residential purposes, whether inhabited or vacant and shall include any yard, grounds, walk, driveway, porch, steps, vestibule or mailbox belonging to or appurtenant to such dwelling, house, building or other structure, and any private commercial establishments.

*Public or private property or water* includes, but is not limited to, any of the following:

(a) The right-of-way of a road or highway, a body of water or watercourse, or the shore or beach of water or watercourse, including the ice above the water.

(b) A park, playground, building, refuge, or conservation area or recreation area.

(c) Residential or farm properties or timberlands.

*Refuse* means all putrescible and nonputrescible solid wastes except body wastes, including garbage, rubbish, ashes, street cleanings, dead animals, abandoned automobiles and solid market and industrial wastes.

*Rubbish* means nonputrescible solid wastes consisting of both combustible and noncombustible wastes, such as paper, wrappings, cigarettes, cardboard, tin cans, yard clippings, glass, bedding, crockery and similar materials.

*Vehicle* means a motor vehicle registered or required to be registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

*Vessel* means a motor vehicle registered or required to be registered under the Part 801 of 1994 PA 451, MCL 324.80101 et seq.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment," Article II "Nuisances," Division 3 "Litter," Section 42-68 "Blight violation," is hereby amended as follows:

Sec. 42-68. - Blight violation unless specified as a municipal civil infraction.

A person who violates section 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, or 42-81 of this division is responsible for a municipal civil infraction, subject to payment of a civil fine as set forth in section 70-38. Repeat municipal civil infraction offenses under this division shall be subject to increased fines as set forth in section 70-38.

A person who violates any other section ~~provision~~ of this division is responsible for a blight violation, subject to payment of a civil fine as set forth in section 71-73. Repeat blight violation offenses under this division shall be subject to increased fines as set forth in section 71-73.

That Chapter 42 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Environment,"

Article II "Nuisances," Division 3 "Litter," Section 42-6 "Definitions," is hereby amended as follows:

Sec. 42-72. ~~Litter thrown by persons in vehicles.~~ Littering on public or private property or water and unauthorized use of receptacles prohibited; removal of injurious substances dropped on highway as a result of accident.

~~No person shall throw litter from a vehicle.~~

(a) Where the amount of litter is less than 1 cubic foot in volume a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(b) Where the amount of the litter is 1 cubic foot or more but less than 3 cubic feet in volume a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(c) Where the amount of the litter is 3 cubic feet or more in volume, excepting where the litter consists of an abandoned vehicle, a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or private property or water other than property designated and set aside for such purposes or place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.

(d) Where the litter consists of an abandoned vehicle, a person shall not knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of, litter on public or

private property or water other than property designated and set aside for such purposes. However, the court shall not order the payment of a fine unless the vehicle has been disposed of under section 252g of the Michigan vehicle code, 1949 PA 300, MCL 257.252g.

(e) A person who removes a vehicle that is wrecked or damaged in an accident on a highway, road, or street shall remove all glass and other injurious substances dropped on the highway, road, or street as a result of the accident.

(f) Presumptions.

(1) Except as provided in subsection (3) involving litter from a leased vehicle or leased vessel, in a proceeding for a violation of this section involving litter from a motor vehicle or vessel, proof that the particular vehicle or vessel described in the municipal civil infraction citation was used in the violation, together with proof that the defendant named in the citation, complaint, or warrant was the registered owner of the vehicle or vessel at the time of the violation, gives rise to a rebuttable presumption that the registered owner of the vehicle or vessel was the driver of the vehicle or vessel at the time of the violation.

(2) There is a rebuttable presumption that the driver of a vehicle or vessel is responsible for litter that is thrown, dumped, deposited, placed, or left from the vehicle or vessel on public or private property or water or placed in a receptacle.

(3) In a proceeding for a violation of this section involving litter from a leased motor vehicle or leased vessel, proof that the particular vehicle or vessel described in the municipal civil infraction citation was used in the violation, together with proof that the defendant named in the citation, complaint, or warrant was the lessee of the vehicle or vessel at the time of the violation, gives rise to a rebuttable presumption that the lessee of the vehicle or vessel was the driver of the vehicle or vessel at the time of the violation.

(4) In a proceeding for a violation of this section involving litter consisting of an abandoned vehicle, proof that the particular vehicle described in

the municipal civil infraction citation was abandoned, and that the defendant named in the municipal civil infraction citation was the titled owner or lessee of the vehicle at the time it was abandoned, gives rise to a rebuttable presumption that the defendant abandoned the vehicle.

That Chapter 71 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Administrative Hearings Bureau," Article III "Violations," Section 71-72 "Specific violations," is hereby amended as follows:

Sec. 71-72. Specific violations.

In addition to section 71-71, the following violations are blight violations subject to the procedures and penalties outlined in this chapter:

- (1) *Raw building materials.* Except as may be permitted by a specific business license or other city ordinance, it is a blight violation for any person to store raw building materials on any property unless there is a valid building permit issued according to this Code, and these materials are intended for use in connection with the construction occurring on the property.
- (2) *Junk waste.* It is a blight violation for any person to store, accumulate, or permit the storage or accumulation of any junk or waste on property owned, leased, rented, or occupied by him.
- (3) ~~*Littering.* It is a blight violation for any person to knowingly, without the consent of the public authority having supervision of public property or the owner of private property, dump, deposit, place, throw, or leave, or cause or permit the dumping, depositing, placing, throwing, or leaving of litter on public or private property other than property designated and set aside for such purposes.~~
- (4) ~~*Abandoned refrigerators.*~~
  - a. It is a blight violation for any person to leave outside of any building or dwelling in a place accessible to children, any abandoned, unattended, available or discarded icebox, refrigerator or any other container of any kind which has an airtight door or lock which may not be easily released for opening from the inside of such icebox, refrigerator, container, or compartment.
  - b. It is a blight violation for any person to leave outside of any building or dwelling in a place accessible to children, any abandoned, unattended or discarded icebox, refrigerator or any container of any kind, or compartment of any kind, which has a snap lock or other device

thereon, without first removing the snap lock or the doors of such icebox, refrigerator, container or compartment, unless the doors thereto are securely fastened by the use of chains, locks or other devices adequate to prevent the opening of such doors.

That Chapter 86 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Solid Waste," Article I "In General," Section 86-4, " Unauthorized use of receptacles," is hereby amended as follows:

~~Sec. 86-4. Unauthorized use of receptacles.~~

~~No person shall place any garbage or rubbish in any receptacle unless the garbage or rubbish is from the premises at which the receptacle is located, or unless the owner of the premises permits such use.~~

Section 2. Severability.

If any clause, sentence, section, paragraph, or part of this ordinance, or the application thereof to any person, firm, corporation, legal entity, or circumstances, is for any reason adjudged by a court of competent jurisdiction to be unconstitutional or invalid, such judgment will not affect, impair, or invalidate the remainder of this Ordinance and the application of such provision to other persons, firms, corporations, legal entities, or circumstances by such judgment will be confined in its operation to the clause, sentence, section, paragraph, or part of this Ordinance thereof directly involved in the case or controversy in which such judgment has been rendered and to the person, firm, corporation, legal entity, or circumstances then and there involved. It is hereby declared to be the legislative intent of this body that the Ordinance would have been adopted had such invalid or unconstitutional provisions not have been included in this Ordinance.

Section 3. Repeal.

All other Ordinances inconsistent with the provisions of this Ordinance are, to the extent of such inconsistencies, hereby repealed.

Section 4. Savings Clause.

The balance of the Code of Ordinances, City of Ypsilanti, Michigan, except as herein or heretofore amended, shall remain in full force and effect. The repeal provided herein will not abrogate or affect any offense or act committed or done, or any penalty or forfeiture incurred, or

any pending fee, assessments, litigation, or prosecution of any right established, occurring prior to the effective date hereof.

Section 5. Copies to be available.

Copies of the ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

Section 6. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. The Ypsilanti City Charter Section 2.10(c) says " Except as otherwise provided in this Charter, every adopted ordinance shall become effective after publication at the expiration of 30 days after adoption or at any later date specified therein." Pursuant to that authority this ordinance will become effective on \_\_\_\_\_, 2014.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2014.

\_\_\_\_\_  
Paul Schreiber, Mayor

\_\_\_\_\_  
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk



CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published January 15, 2014

First Reading January 21, 2014

Second Reading \_\_\_\_\_

Published \_\_\_\_\_

Effective Date \_\_\_\_\_



Resolution No. 2014-022

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That a ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be approved on first reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-023

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

## The City of Ypsilanti

Ordinance No. 1214

AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION.

### THE CITY OF YPSILANTI HEREBY ORDAINS:

Section 1: Amendments, additions, and deletions to the Code of Ordinances, City of Ypsilanti, Michigan.

That Chapter 70 of the Code of Ordinances, City of Ypsilanti, Michigan, entitled "Municipal Civil Infractions," Article II "Municipal Ordinance Violations Bureau," Section 70-38 "Schedule of civil fines established," is hereby amended as follows:

#### **Sec. 70-38. General penalties and costs.**

All municipal civil infraction citations and violation notices under this Code are subject to enforcement by the procedures and penalties outlined in this Chapter, Section 1-15 of the Ypsilanti City Code, and the Ypsilanti City Code in general. The city council will establish a schedule for the civil fines by resolution, and as amended from time to time.

#### **Sec. 70-38. Schedule of civil fines established.**

~~A schedule of civil fines payable to the bureau for admissions of responsibility by persons served with municipal ordinance violation notices is hereby established. The fines for the violations listed in this section shall be as follows:~~

| <del>Code<br/>Section</del> | <del>Municipal Civil Infraction</del>             | <del>First<br/>Violation</del> | <del>First<br/>Repeat<br/>Violation</del> | <del>Second or<br/>Subsequent<br/>Repeat<br/>Violation</del> |
|-----------------------------|---------------------------------------------------|--------------------------------|-------------------------------------------|--------------------------------------------------------------|
| <del>10-46</del>            | <del>Amusement arcade license</del>               | <del>\$ 50.00</del>            | <del>\$150.00</del>                       | <del>\$300.00</del>                                          |
| <del>10-71</del>            | <del>Coin-operated amusement device license</del> | <del>50.00</del>               | <del>150.00</del>                         | <del>300.00</del>                                            |



Resolution No. 2014-022

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That a ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be approved on first reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-023

January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND THE YPSILANTI CODE TO SECURE THE PUBLIC SAFETY, HEALTH, AND WELFARE OF THE RESIDENTS AND PROPERTY OWNERS OF THE CITY OF YPSILANTI BY PROVIDING FOR THE REGULATION OF LITTER AND UNAUTHORIZED USE OF RECEPTACLES BY ADDING DEFINITIONS AND PROVISIONS SIMILAR TO MCL 324.8901 ET SEQ. AND MAKING THOSE VIOLATIONS MUNICIPAL CIVIL INFRACTIONS, BY AMENDING CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTION 42-66 "DEFINITIONS," SECTION 42-68 "BLIGHT VIOLATION" TO "BLIGHT VIOLATION UNLESS SPECIFIED AS A MUNICIPAL CIVIL INFRACTION," AND SECTION 42-72 "LITTER THROWN BY PERSONS IN VEHICLES" TO "LITTERING ON PUBLIC OR PRIVATE PROPERTY OR WATER AND UNAUTHORIZED USE OF RECEPTACLES PROHIBITED; REMOVAL OF INURIOUS SUBSTANCES DROPPED ON HIGHWAY AS A RESULT OF ACCIDENT;" AND BY DELETING SECTION 71-72 "SPECIFIC VIOLATIONS," SUBSECTION (3) "LITTERING" OF CHAPTER 71 "ADMINISTRATIVE HEARINGS BUREAU," ARTICLE III "VIOLATIONS;" AND BY DELETING SECTION 86-4 "UNAUTHORIZED USE OF RECEPTACLES" OF CHAPTER 86 "SOLID WASTE," ARTICLE I "IN GENERAL;" AND, FOR CONSISTENCY, TO AMEND VIOLATIONS OF CHAPTER 42 "ENVIRONMENT," ARTICLE II "NUISANCES," DIVISION 3 "LITTER," SECTIONS 42-72, 42-73, 42-76, 42-77, 42-78, 42-79, 42-80, AND 42-81 FROM BLIGHT VIOLATIONS TO MUNICIPAL CIVIL INFRACTIONS" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:

|                   |                                                                    |                   |                    |                    |
|-------------------|--------------------------------------------------------------------|-------------------|--------------------|--------------------|
| <del>10-136</del> | <del>Billiard parlor or poolroom license</del>                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-196</del> | <del>Dancehall or cabaret license</del>                            | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-223</del> | <del>Entertainment booths</del>                                    | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>10-266</del> | <del>Special event and festival permits</del>                      | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-7</del>   | <del>Restrictions on keeping certain animals</del>                 | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-8</del>   | <del>Restraint of animals</del>                                    | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-9</del>   | <del>Removal of animal waste</del>                                 | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-31</del>  | <del>Animal licenses</del>                                         | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>14-82</del>  | <del>Animal permits</del>                                          | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>22-32</del>  | <del>New business registration</del>                               | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>22-61</del>  | <del>Bed and breakfast lodgings and inns</del>                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-48</del>  | <del>Noise or improper conduct in cemetery</del>                   | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-49</del>  | <del>Entering and/or disturbing cemetery lot without consent</del> | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |
| <del>26-116</del> | <del>Health club license</del>                                     | <del>-50.00</del> | <del>-150.00</del> | <del>-300.00</del> |

|                   |                                                |                |                |                |
|-------------------|------------------------------------------------|----------------|----------------|----------------|
| <del>38-33</del>  | Police alarm permit                            | -50.00         | -150.00        | -300.00        |
| <del>38-34</del>  | Fire alarm permit                              | -50.00         | -150.00        | -300.00        |
| <del>42-68</del>  | Litter                                         | -50.00         | -150.00        | -300.00        |
| <del>42-98</del>  | Noise                                          | -50.00         | -150.00        | -300.00        |
| 54-36             | Historic district regulations                  | up to 5,000.00 | up to 5,000.00 | up to 5,000.00 |
| <del>58-73</del>  | Discrimination                                 | -50.00         | -150.00        | -300.00        |
| <del>66-1</del>   | Failure to return overdue book to library      | -50.00         | -150.00        | -300.00        |
| <del>66-2</del>   | Returning damaged items to library             | -50.00         | -150.00        | -300.00        |
| <del>78-122</del> | Permit for use of public building or structure | -50.00         | -150.00        | -300.00        |
| <del>86-32</del>  | Disposal arrangements                          | -50.00         | -100.00        | -200.00        |
| <del>86-33</del>  | Commercial properties                          | -50.00         | -100.00        | -200.00        |
| <del>86-34</del>  | Residential properties                         | -50.00         | -100.00        | -200.00        |
| <del>86-35</del>  | Multiple dwellings                             | -50.00         | -100.00        | -200.00        |
| <del>86-54</del>  | Residential properties—peak times              | -50.00         | -100.00        | -200.00        |



|                          |                                                                              |                             |                              |                              |
|--------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|
| <del>94-137</del>        | <del>Snow removal from sidewalk adjacent to residential premises</del>       | <del>15.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from sidewalk adjacent to commercial premises</del>        | <del>25.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from parking lot serving less than 10 dwelling units</del> | <del>50.00</del>            |                              |                              |
| <del>94-137</del>        | <del>Snow removal from parking lot serving 10 or more dwelling units</del>   | <del>100.00</del>           |                              |                              |
| <del><u>106-96</u></del> | <del>Water use restrictions</del>                                            | <del>50.00 plus costs</del> | <del>100.00 plus costs</del> | <del>500.00 plus costs</del> |
| <del><u>110-34</u></del> | <del>Trees and shrubs</del>                                                  | <del>100.00</del>           |                              |                              |
| <del><u>110-81</u></del> | <del>Grass and weed control</del>                                            | <del>100.00</del>           |                              |                              |
| <del><u>122-8</u></del>  | <del>Zoning</del>                                                            | <del>100.00</del>           |                              |                              |

## Section 2. Severability.

If any clause, sentence, section, paragraph, or part of this ordinance, or the application thereof to any person, firm, corporation, legal entity, or circumstances, is for any reason adjudged by a court of competent jurisdiction to be unconstitutional or invalid, such judgment will not affect, impair, or invalidate the remainder of this Ordinance and the application of such provision to other persons, firms, corporations, legal entities, or circumstances by such judgment will be confined in its operation to the clause, sentence, section, paragraph, or part of this Ordinance thereof directly involved in the case or controversy in which such judgment has been rendered and to the person, firm, corporation, legal entity, or circumstances then and there involved. It is hereby declared to be the legislative intent of this body that the Ordinance would have been adopted had such invalid or unconstitutional provisions not have been included in this Ordinance.

Section 3. Repeal.

All other Ordinances inconsistent with the provisions of this Ordinance are, to the extent of such inconsistencies, hereby repealed.

Section 4. Savings Clause.

The balance of the Code of Ordinances, City of Ypsilanti, Michigan, except as herein or heretofore amended, shall remain in full force and effect. The repeal provided herein will not abrogate or affect any offense or act committed or done, or any penalty or forfeiture incurred, or any pending fee, assessments, litigation, or prosecution of any right established, occurring prior to the effective date hereof.

Section 5. Copies to be available.

Copies of the ordinance are available at the office of the city clerk for inspection by, and distribution to, the public during normal office hours.

Section 6. Publication and Effective Date.

The City Clerk shall cause this Ordinance, or a summary of this Ordinance, to be published by printing the same in the Ypsilanti Courier. The Ypsilanti City Charter Section 2.10(c) says " Except as otherwise provided in this Charter, every adopted ordinance shall become effective after publication at the expiration of 30 days after adoption or at any later date specified therein." Pursuant to that authority this ordinance will become effective on \_\_\_\_\_, 2014.

MADE, PASSED AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2014.

---

Paul Schreiber, Mayor

---

Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. \_\_\_\_ was published in the Ypsilanti Courier on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Frances McMullan, City Clerk

Notice Published January 15, 2014

First Reading January 21, 2014

Second Reading \_\_\_\_\_

Published \_\_\_\_\_

Effective Date \_\_\_\_\_



Resolution No. 2014-024  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That an ordinance entitled "AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION" be approved on First Reading.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014-025  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the public hearing on an ordinance entitled "AN ORDINANCE TO AMEND CHAPTER 70 "MUNICIPAL CIVIL INFRACTIONS" OF THE YPSILANTI CITY CODE, ARTICLE II "MUNICIPAL ORDINANCE VIOLATIONS BUREAU," SECTION 70-38 "SCHEDULE OF CIVIL FINES ESTABLISHED," SO THAT THE SCHEDULE OF CIVIL FINES IS SET BY CITY COUNCIL RESOLUTION" be officially closed.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



Resolution No. 2014 – 026  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the Minutes of January 7, 2014 be approved.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:            NO:            ABSENT:            VOTE:



*Draft*

**CITY OF YPSILANTI  
COUNCIL MEETING MINUTES  
CITY COUNCIL CHAMBERS – ONE SOUTH HURON ST.  
YPSILANTI, MI 48197  
TUESDAY, JANUARY 7, 2014  
7:00 p.m.**

**I. CALL TO ORDER –**

The meeting was called to order at 7:14 p.m.

**II. ROLL CALL –**

|                          |         |                     |         |
|--------------------------|---------|---------------------|---------|
| Council Member Jefferson | Absent  | Council Member Robb | Present |
| Council Member Moeller   | Present | Council Member Vogt | Present |
| Council Member Murdock   | Present | Mayor Schreiber     | Present |
| Mayor Pro-Tem Richardson | Absent  |                     |         |

Council Member Vogt moved, supported by Council Member Moeller to excuse the absences. On a voice vote the motion carried.

**III. INVOCATION –**

The Mayor asked all to stand for a moment of silence.

**IV. PLEDGE OF ALLEGIANCE –**

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

**V. INTRODUCTIONS –**

Mayor Schreiber introduced Assistant City Attorney Dan DuChene, Assistant to the City Manager Ericka Savage, Community Development Director Teresa Gillotti and Tyler Weston.

**VI. AGENDA APPROVAL –**

Council Member Robb suggested the following changes to the agenda:

**Move from Consent Agenda: Resolutions 2014-003 and 2014-007**

On a voice vote, the motion carried with Council Member Moeller dissenting.

**VII. PRESENTATION –**

Water Street Infrastructure Plan – Teresa Gillotti, and Scott Betzold, Midwestern Consulting

## **Background**

Starting in 2008, a shift in the marketing and sale of the Water Street redevelopment area occurred. Prior to that time, City Council had directed staff to find a single developer to develop the entirety of the site. Due to economic changes including the housing market crash and resulting changes within the financial markets, the likelihood of a single developer lessened dramatically. City Council adapted to this change by allowing greater flexibility in the marketing and sale of the property agreeing to sell the property in smaller pieces or as a whole, depending on subsequent development proposals.

To accommodate that strategy, council pursued the following changes:

- Updates to the master plan to allow for a variety of developments
- Adoption of a series of infrastructure layouts on July 21, 2009
- Creating of zoning to accomplish these goals (this was ultimately tabled, but have been used as guidelines with potential developers).

## **Moving Forward**

In 2013, the City launched the Shape Ypsi master plan process, resulting in adoption of the Shape Ypsi Master plan in October of 2013. This holistic planning effort includes a new concept plan for the Water Street redevelopment area developed by the City rather than as proposed by a developer. This plan emphasizes development mimicking that of downtown, with an extension of the existing and adjacent street grid system. The design layout reflects that of the successful Downtown, Depot Town and West Cross areas where buildings comprising the majority of the frontage on major streets providing pedestrian orientation and connections with parking in the rear.

Now adopted, the steps to formalizing this concept plan include the continuing work on zoning ordinance to incorporate the design elements defined in the Master Plan and adoption of an infrastructure plan to define the street grid, location of related infrastructure, define block sizes for sale, and plan a centralized storm water management system in coordination with the DEQ. Estimates for the approved infrastructure plan will be used to update the Water Street Redevelopment Area Brownfield Plan.

Mr. Betzold presented the concept plan and gave a summary of the design.

The street layout should connect to existing streets. New streets should continue with the same width and design. Block perimeter should be 1200 feet or less. In the rear of site is area for collective storm water retention. Linear park/trail system is along River frontage for extent of the site. Street grid extends and mimicking that of existing street grid pattern to the east.

## **Proposed Infrastructure Plan**

The City was able to utilize the same funding for the Shape Ypsi Master Plan process to continue work with Midwestern Consulting on a revised infrastructure plan reflecting the above work. The concept plan showed the following:

- Location of the flood plain as defined during the work done with the Biltmore development in the early 2000s
- Existing and proposed water and sewer lines. Note that the sizing is subject to change based on proposed developments as a single story office park would have different needs than a four-story



housing development, for example. However, while sizing may change, location under the proposed street grid would likely not.

- Location of the street network. There will be more discussion of this on Jan. 7 as current proposals already discuss changes to this proposed network.
- On-street parking along all streets including Michigan Avenue (similar to downtown).
- Small collective storm water area, as DEQ will likely allow for some initial treatment and then quick disposal into the river rather than long term detention on-site.
- Definition of blocks to allow for more clarity as to parcels for sale.

If adopted by City Council, staff will continue working with Midwestern Consulting on the final layout and sizing of the sanitary sewer, storm sewer, water main and storm water management components. Road grading and alignment along with roadside parking will be illustrated and a comprehensive preliminary cost estimate will be provided. The cost estimates will be included in the Brownfield Plan revision for the Water Street redevelopment area. The block dimensions and sizes will be used to update marketing materials and related pricing for the area, and info will be provided to all prospective developers.

Council agreed to act on Resolution No. 2014-012 following the presentation.

Resolution No. 2014-012, approving revised infrastructure plan for Water Street Redevelopment Area.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, the City of Ypsilanti has adopted a concept plan for the Water Street Redevelopment Area as part of the City's 2013 Shape Ypsi Master planning process; and,**

**WHEREAS, the City intends to update related infrastructure and brownfield plans as well as zoning to reflect the Master Plan concept for the Water Street Redevelopment Area; and,**

**WHEREAS, Midwestern Consulting has developed a preliminary infrastructure plan incorporating the standards, concept and goals as presented in the Shape Ypsi Master Plan**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council adopt the infrastructure plans and that they will supersede any previous infrastructure plans, provided for the Water Street Redevelopment Area; and**

**FURTHERMORE, the attached infrastructure plan serves as the basis for an update to the Brownfield Plan as well as for updated marketing materials for the Water Street Redevelopment Area.**

OFFERED BY: Council Member Moeller  
SUPPORTED BY: Council Member Vogt

Council Member Murdock suggested something be placed in the resolution to state that a River Street bridge is a low priority.

Council Member Robb moved, supported by Council Member Vogt, to add the underlined wording to the 4<sup>th</sup> paragraph of the resolution:

**4<sup>th</sup> paragraph:**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council adopt the infrastructure plans, less western-most segment of Parsons Street, northwestern-most segment of proposed Ring Road, and with the proposed River Street bridge as low priority; and that they will supersede any previous infrastructure plans, provided for the Water Street Redevelopment Area; and**

On a voice vote, the amendment carried.

On a roll call vote, the vote to approve Resolution No. 2014-012 as amended was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    |                          |        |

VOTE:

Yes: 5      No: 0      Absent: 2 (Richardson, Jefferson)      Vote: Carried

**VIII. AUDIENCE PARTICIPATION –**

None

**IX. REMARKS BY THE MAYOR –**

None

**X. MINUTES –**

Resolution No. 2014-001, approving the minutes of December 10 and December 17, 2013

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**That the Minutes of December 10 and December 17, 2013 be approved.**

OFFERED BY: Council Member Robb

SUPPORTED BY: Council Member Vogt

On a voice vote, the motion carried and the minutes were approved as submitted.

**XI. CONSENT AGENDA –**

Resolution No. 2014-002

~~1. Resolution No. 2014-003, approving Ordinance No. 1208, an extension of conditional rezoning for used car sales at 311 S. Grove Street. **(Second Reading) Moved**~~

2. Resolution No. 2014-004, appointing Dan DuChene as Assistant City Attorney and Jennifer Healy as Deputy Freedom of Information Act Coordinator.

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that upon the recommendation of John M. Barr, Ypsilanti City Attorney, the appointment of Daniel James DuChene as an Assistant City Attorney and Jennifer Healey as Deputy FOIA Coordinator is hereby confirmed and ratified.**

3. Resolution No. 2014-005, approving Worker's Compensation Reimbursement Agreement with the Friends of Rutherford Pool.

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that: The agreement entitled "Worker's Compensation Reimbursement Agreement By and Between the City of Ypsilanti and the Friends of the Rutherford Pool" is approved and the Mayor and City Clerk are authorized to sign the same for and on behalf of the City, subject to the approval of the City Attorney.**

4. Resolution No. 2014-006, approving appointment to Boards and Commissions.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT, the following individuals be appointed to the City of Ypsilanti Boards and Commissions as indicated below:**

| <b><u>NAME</u></b>                                                            | <b><u>BOARD</u></b> | <b><u>TERM EXPIRATION</u></b> |
|-------------------------------------------------------------------------------|---------------------|-------------------------------|
| <b>Nicki Sandberg (open)<br/>910 Sheridan, Apt. 2<br/>Ypsilanti, MI 48197</b> | <b>ZBA</b>          | <b>05/01/2015</b>             |

5. ~~Resolution No. 2014-007, adopting 2014 City Council goals.~~ ***Moved***

6. Resolution No. 2014-008, approving CDBG allocation adjustments for previous projects through Washtenaw Urban County.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, The City is a member of the Urban County, through Washtenaw County and receives an annual Community Development Block Grant (CDBG) allocation through this body for eligible projects**

**WHEREAS, from time to time previous allocations are funded by different funds or not all of the allocation is utilized;**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves reallocation of the following CDBG funding:**

- **\$50,000 from the 2010 CDBG allocation for ADA Ramps be reallocated to the dangerous building demolition/abatement fund**
- **\$6,214.65 of 2011 CDBG allocation for Parkridge Park be reallocated to the Senior Center kitchen improvement project**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

On a voice vote, the motion carried and the Consent Agenda was approved.

## **XII. RESOLUTIONS/MOTIONS/DISCUSSIONS –**

- ~~1. Resolution No. 2014-012, approving revised infrastructure plan for Water Street Redevelopment Area.~~ **Moved up and heard after 'Presentation'**
2. Resolution No. 2013-269, approving Ordinance No. 1205 entitled "Thompson Block Redevelopment Project", to rezone from B3 (Central Business District), right-of-way, R1, single family residential and Historic Overlay (HO) to a Planned Unit Development (PUD) for the development of the former Thompson Block building (400 N. River St.), a portion of the public alley to the east, and 107 E. Cross St. ***(Second Reading) First Reading and public hearing held 11/19/13***

### **IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT An Ordinance Entitled, "THOMPSON BLOCK REDEVELOPMENT PROJECT ORDINANCE" to rezone from B3 (Central Business District), right-of-way, R1, single family residential and Historic Overlay (HO) to a Planned Unit Development (PUD) for the development of the former Thompson Block building (400 N. River St.), a portion of the public alley to the east, and 107 E. Cross Street be adopted on Second and Final Reading.**

OFFERED BY: Council Member Murdock

SUPPORTED BY: Council Member Vogt

Ms. Gillotti stated all changes were made on the site plan upon Council's request.

Ms. Gillotti explained that the agreement puts the language into place that reflects the changes to the zoning ordinance that are being requested. There was a recent change to the agreement and a request to postpone it to allow Council to further review it. There were also a few small changes to the agreement mostly because it was a template. They wanted to make sure it fit very well with the process in the agreement related to the approval duration. She said she will take action to remove some of that process since there's already an existing process in the ordinance. Also, clarified that after site plan approval there is a six month window for a developer to pull building permits which keeps a site plan active, and then a developer has two years to complete a project. Developer can request an extension as long as work is in progress. City Council can choose to approve or deny request. Other changes were made to avoid interference with processes.

City Council Meeting Minutes

January 7, 2014

Council Member Robb questioned the date for the project to be completed.

Ms. Gillotti explained they have six months to pull building permits and two years to finish the project.

Council Member Murdock stated the original plan was for the project to be completed by the beginning of 2015 and asked if the project was extended a year.

Ms. Gillotti suggested they contact the developer for specific timeline.

Council Member Robb asked about the phrase "substantial completion."

Ms. Gillotti explained that they don't use the term in their zoning ordinance.

Mr. Barr explained it is not legally defined. He gave an example of what "substantial completion" is.

Council member Murdock asked about building permits and why have they been working since permits have expired.

Tyler Weston, representing the developer, stated brick work was done, along with general maintenance and upkeep.

Council Member Murdock asked about the zoning of 107 East Cross.

Council Member Robb replied PUDs can't be in the R1 zone.

On roll call, the vote to approve Resolution No. 2013-269 for the "Thompson Block Redevelopment Project" ordinance at Second Reading was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    | Council Member Moeller   | Yes    |
| Council Member Vogt      | Yes    |                          |        |

VOTE:

YES: 5      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

3. Resolution No. 2014-009, approving Thompson Block PUD agreement.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**WHEREAS, the City of Ypsilanti approved the Planned Unit Development rezoning for the Thompson Block Redevelopment Project; and**

**WHEREAS, the attached development agreement has been drafted by the City Attorney and reviewed by the developer's attorney and ensures that the use of the property will conform to the approved Planned unit Development and that the site will be developed and maintained in accordance with the approved PUD plan and attached site plan;**

**NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves the attached Planned Unit Development agreement and,**

**FURTHER, that the Mayor and City Clerk are authorized to sign the agreement to approval by the City Attorney.**

OFFERED BY: Council Member Murdock

SUPPORTED BY: Council Member Vogt

Council Member Robb asked to change the PUD to an 18 month period.

Ms. Gillotti preferred that it reflect the development agreement they already have in the zoning ordinance

On roll call, the vote to approve Resolution No. 2014-009 (Thompson Block PUD Agreement) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    | Council Member Moeller   | Yes    |
| Council Member Vogt      | Yes    | Council Member Murdock   | Yes    |
| Mayor Schreiber          | Yes    |                          |        |

VOTE:

YES: 5      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

4. Resolution No. 2014-010, approving Ordinance No. 1206, an ordinance to amend mid-year budget appropriations by department and major organizational unit for FY 2013-2014. ***(Second Reading)***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**THAT An Ordinance to amend mid-year budget appropriations by department and major organizational unit for FY 2013-2014 be approved on Second and Final Reading.**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

Council Member Murdock stated that he has decided to support the ordinance after discussing it with Mr. Lange.

On a roll call, the vote to approve Resolution No. 2014-010 (Ordinance No. 1206) at Second Reading was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Robb      | No     | Council Member Murdock   | Yes    |
| Council Member Vogt      | Yes    | Mayor Pro-Tem Richardson | Absent |
| Mayor Schreiber          | Yes    | Council Member Moeller   | Yes    |
| Council Member Jefferson | Absent |                          |        |

VOTE:

YES: 4 NO: 1 (Robb) ABSENT: 2 (Richardson, Jefferson) VOTE: Carried

5. Resolution No. 2014-011, approving Ordinance No. 1207, an ordinance to amend Chapter 10, Article VI of the Ypsilanti Code of Ordinances to update provisions related to special events. ***(Second Reading) First Reading and public hearing held 12/17/13.***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that: the ordinance entitled " An ordinance to Amend Sections 10-251 and 10-252 of the Ypsilanti City Code to refine definitions and provide for City Council regulations of Events by Resolution" be adopted on Second and Final Reading.**

OFFERED BY: Council Member Moeller  
SUPPORTED BY: Council Member Vogt

On a roll call, the vote to approve Resolution No. 2014-011 (Ordinance No. 1207 at Second Reading) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Vogt      | Yes    | Council Member Murdock   | Yes    |
| Mayor Schreiber          | Yes    | Mayor Pro-Tem Richardson | Absent |
| Council Member Jefferson | Absent | Council Member Robb      | Yes    |
| Council Member Moeller   | Yes    |                          |        |

VOTE:

YES: 5 NO: 0 ABSENT: 2 (Richardson, Jefferson) VOTE: Carried

6. Resolution No. 2013-253, approving Ordinance No. 1201, an ordinance to repeal Ordinances No. 965 and 1054, that amended the provisions of the city of Ypsilanti Fire and Police Retirement System, contained in Public Act 345 of 1937, as amended, to provide for retirement and post retirement pension improvements to retirees who have retired from the position of Police or Fire Chief. ***(Second Reading) First Reading and public hearing held on 12/3/13***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that:**

**An ordinance to adopt an ordinance to repeal Ordinance No.1054 "An ordinance to amend the provisions of the city of Ypsilanti Fire and Police Retirement System, contained in Public Act 345 of 1937, as amended, to provide for post retirement pension improvements to retirees who have retired from the position of Fire Chief, and Ordinance No. 965, "An ordinance to amend the provisions of the City of Ypsilanti Fire and Police Retirement System, contained in Act 345 of 1937, as amended, to provide for Post Retirement Pension improvements to retirees who retired from the position of Police Chief, be approved on Second and Final Reading.**

OFFERED BY: Council Member Murdock  
SUPPORTED BY: Council Member Vogt

Council Member Robb expressed concern that even with this ordinance, the City Manager can change the multiplier for unelected officials without Council approval and that is why a policy is needed.

Mr. Lange stated that non-union employee pensions are excluded from the ordinance.

Mr. Barr stated that passing the ordinance wouldn't obligate Council to set a policy.

Council Member Robb stated Police and Fire Chiefs are not tied to Public Act 345.

On a roll call, the vote to approve Resolution No. 2013-253 (Ordinance 1201 at Second Reading) was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Mayor Schreiber          | Yes    | Mayor Pro-Tem Richardson | Absent |
| Council Member Jefferson | Absent | Council Member Robb      | No     |
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    |                          |        |

VOTE:

YES: 4      NO: 1 (Robb)      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

7. Resolution No. 2014-003, approving Ordinance No. 1208, an extension of conditional rezoning for used car sales at 311 S. Grove Street. ***(Second Reading)***

**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that an ordinance for the 311 S. Grove Street extension of conditional rezoning for used car sales" be adopted at Second and Final Reading.**

OFFERED BY: Council Member Vogt  
SUPPORTED BY: Council Member Moeller

Council Member Robb requested that code enforcement check the status of the cars at this location.

Ms. Gillotti stated that no one has checked but she will direct staff to follow up.

On a roll call, the vote to approve Resolution No. 2014-003 (Ordinance No. 1208 at Second Reading) was as follows:

|                          |        |                     |     |
|--------------------------|--------|---------------------|-----|
| Council Member Jefferson | Absent | Council Member Robb | No  |
| Council Member Moeller   | Yes    | Council Member Vogt | Yes |
| Council Member Murdock   | Yes    | Mayor Schreiber     | Yes |
| Mayor Pro-Tem Richardson | Absent |                     |     |

VOTE:

YES: 4      NO: 1 (Robb)      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

8. Resolution No. 2014-007, adopting 2014 City Council goals.



**IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that the attached document entitled City Council Goals for 2014, is approved and the goals stated therein are adopted as the official goals of the Ypsilanti City Council for 2014.**

OFFERED BY: Council Member Vogt  
SUPPORTED BY: Council Member Moeller

Council Member Robb questioned if City Manager Lange is comfortable with the list of goals.

Mr. Lange replied no. He said it almost seems like a set-up to fail.

On a roll call, the vote to approve Resolution No. 2014-007 was as follows:

|                          |        |                          |        |
|--------------------------|--------|--------------------------|--------|
| Council Member Moeller   | Yes    | Council Member Vogt      | Yes    |
| Council Member Murdock   | Yes    | Mayor Schreiber          | Yes    |
| Mayor Pro-Tem Richardson | Absent | Council Member Jefferson | Absent |
| Council Member Robb      | Yes    |                          |        |

VOTE:

YES: 4      NO: 0      ABSENT: 2 (Richardson, Jefferson)      VOTE: Carried

**XIII. LIASON REPORTS –**

- A. SEMCOG Update
- B. Washtenaw Area Transportation Study
- C. Washtenaw Metro Alliance
- D. Urban County
- E. Freight House

**XIV. COUNCIL PROPOSED BUSINESS –**

Murdock

- Asked about the status of the dumping ordinance.  
Mr. Barr replied it will be ready for the next meeting.
- Thanked DPS for a great job with snow removal.

Robb

- Asked if pensioners earn cost of living raises.  
Mr. Lange replied no.
- Asked if there would be any administrative arbitration for the COAM contract to make sure everyone understands what the multiplier is.  
Mr. Lange replied he would work on a strategy with Chief DeGiusti.

- Asked for an update on 208 E. Cross St.  
Ms. Gillotti replied that an inspection may have been scheduled.
- Inquired about the Terry Bakery sign  
Ms. Gillotti stated that the city was involved initially, however since things have changed the only involvement from the city is for HDC approval. She said Huron Signs have agreed to work with Terry's Bakery but the city is no longer involved.

Moeller

- Thanked DPS for a job well done during the recent snow fall.
- Asked if trash pickup delays and/or changes can be placed on the city's website.  
Ms. Savage replied the changes were placed on the website.
- Stated a resident told her they received an email from a listserv that the trash pickup would be delayed.  
Mrs. McMullan replied she had sent one Monday morning.  
Council Member Robb described to Council Member Moeller how residents can subscribe to the email listserv.

**XV. COMMUNICATIONS FROM THE MAYOR –**

Thanked city staff and the public for supporting the city during the recent winter weather event.

**XVI. COMMUNICATIONS FROM THE CITY MANAGER –**

**XVII. AUDIENCE PARTICIPATION -**

**XVIII. REMARKS FROM THE MAYOR -**

**XIX. ADJOURNMENT –**

Resolution No. 2014-013, adjourning the City Council meeting.

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

**That the City Council Meeting be adjourned, on call, by the Mayor or two (2) members of Council.**

OFFERED BY: Council Member Vogt

SUPPORTED BY: Council Member Moeller

On a voice vote, the motion carried and the meeting adjourned at 9:10 p.m.



REQUEST FOR LEGISLATION  
January 21, 2014

From: Teresa Gillotti, Director of Community and Economic Development

Subject: Letter of Intent with Herman Kittle Properties, Inc to develop 3.14 acres of the southern portion of the Water Street Redevelopment Area for 76 units of multi-family housing, tentatively named "Water Street Flats"

### Project Description

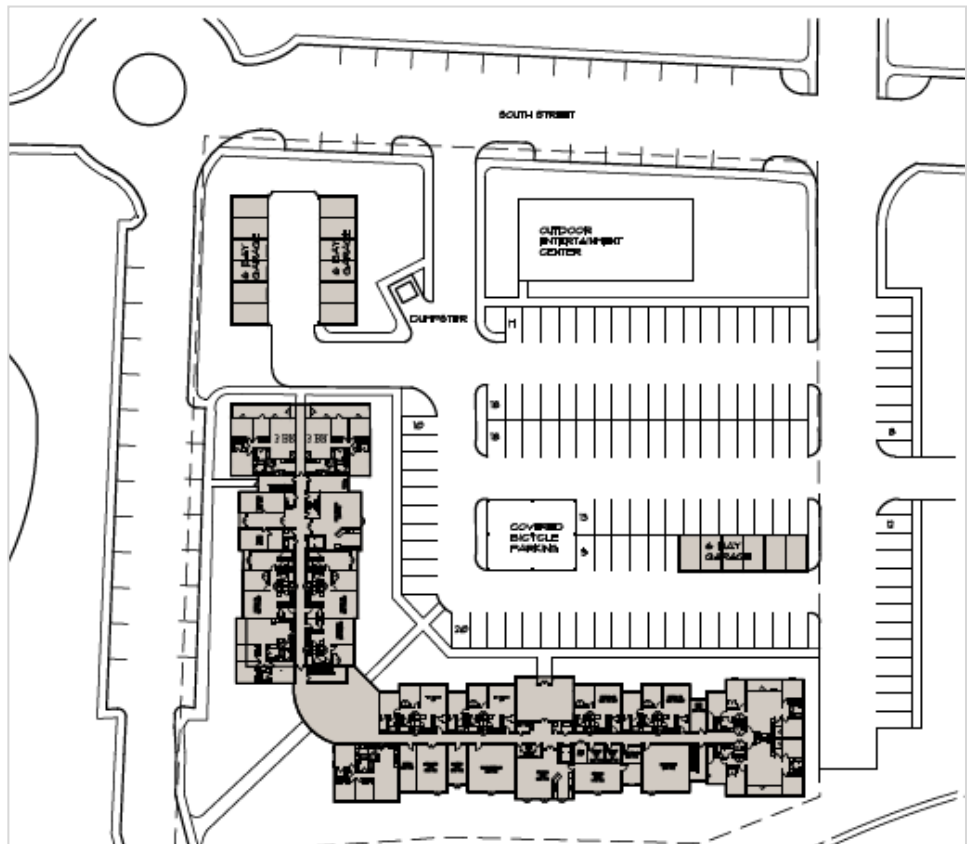
The Herman Kittle Properties (HKP) is proposing a \$12 million, 76 unit multi-family brick-facade apartment building on approximately 3.14 acres located southeast of the proposed River and South streets intersection of the Water Street Redevelopment Area. They are requesting approval of a 6-month Letter of Intent to proceed with due diligence and potential purchase of 3.14 acres on with a goal to begin construction by October 2014. The purchase price would be \$50,000/acre due to large up-front investment in infrastructure for the site.

The block in consideration is shown in green on the adopted Water Street infrastructure plan below.



The proposed building will have a brick façade similar to the drawing below. It would be oriented to both River Street extended and the Huron River. Parking would be located to the north and east of the building with drive entrances off of South and Lincoln Streets into the parking area.

HKP would be responsible for constructing River Street (south of Michigan Avenue), South Street, between Park Street and River Street and Lincoln Street south of South Street. These streets would be built to city standards including, on-street parking, sidewalks, and water and sewer lines as part of this development. The cost to develop this infrastructure is estimated to be \$745,000.



Pedestrian access would remain as sidewalks would continue on all four sides of the block, and the linear park with be to the south of the proposed development. Construction of the ring road shown on the City's infrastructure plan south of the proposed development is still being discussed. Parking would include on-street spaces as well as dedicated parking on the block and 18 garage spaces. This currently exceeds the parking requirements in the zoning guidelines and may be over-parked.



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"

The 76 units will vary between 1 and 4 bedroom units with the majority falling in the 1-2 bedroom range. Eight of the units, or just over 10%, will be barrier free.

| Floor        | 1BR       | 2BR       | 3BR       | 4BR      | Total     | Common Area   | Total Area     |
|--------------|-----------|-----------|-----------|----------|-----------|---------------|----------------|
| 1            | 2         | 5         | 4         | 2        | 13        | 12,285        | 26,745         |
| 2            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,349         |
| 3            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,439         |
| Units size   | 738 sf    | 993 sf    | 1201 sf   | 1502 sf  |           |               |                |
| <b>Total</b> | <b>26</b> | <b>26</b> | <b>16</b> | <b>8</b> | <b>76</b> | <b>26,487</b> | <b>105,882</b> |

## Investment, Financing, and Timeline

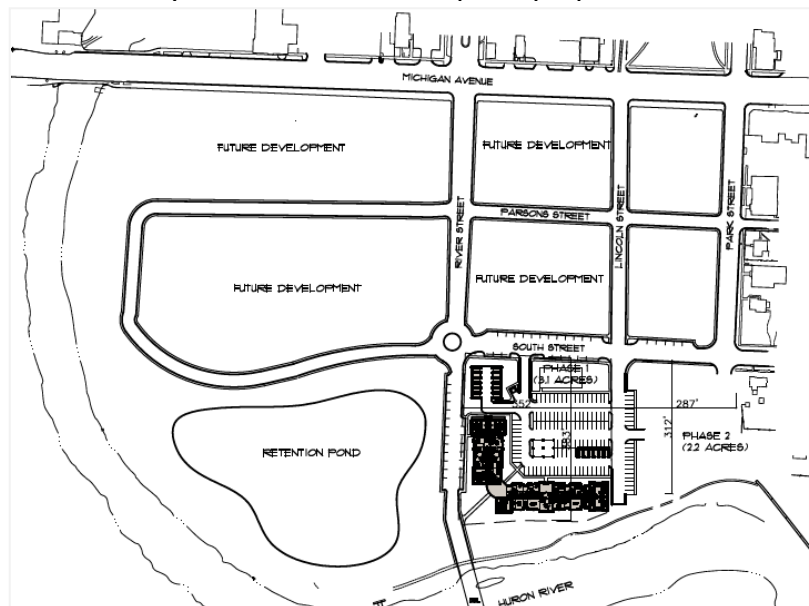
The total project investment is estimated at \$12.1 million with 1.7 million dedicated to infrastructure and site preparation costs. The site preparation costs are higher than average as much of the site is located on fill soil. HKP hired engineers who conducted soil borings on site to evaluate the geotech and determine the ability for the soil to hold up the proposed structures. As expected in that area of the site, pilings would be needed to provide additional support, and the pilings and related treatments have been added into the developer's budget estimates.

The project would be financed with several different mechanisms including Rental Housing Tax credits (RHTC) from MSHDA, Tax Exempt Bond financing, HOME funds and developer contribution.

As noted, the infrastructure proposed to be constructed as part of the project includes construction of River Street from Michigan Avenue to the rear of the site, South Street from Park Street to River Street extended and Lincoln Street from South Street to the southern extent of the site. The estimated \$745,000 in infrastructure costs would also include oversized utilities that would run from Michigan Avenue south under River Street to serve the site as well as future development. These costs would be reimbursable through the Brownfield Tax Increment Financing.

Proposed project financing:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution



The RIHTC are part of an application process with the State of Michigan which has a few deadlines that would impact the approval process. If approved, HKP would request to have a purchase agreement finalized by mid-March.

### Project Timeline

- December, 2013: Preliminary Application due to MSHDA
- March 2014: purchase agreement with City of Ypsilanti and Herman Kittle Properties
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

HKP provided details on how the RHTC affect rents and affordability in the attached Letter of Intent (LOI) document.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

Just as the financing would place controls on rents, it would also put a ceiling on family incomes ensuring long-term affordability of the units to be rented to those at a maximum of 50-60% of the Area Median Income regardless of changes to property values. As this income is calculated for Washtenaw County, and Ypsilanti incomes are lower, these averages are in-line with those of Ypsilanti residents.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

## Company background

According to the background information in the accompanying materials, Herman Kittle Properties, Inc. and its successors have been around since 1948 and have a large portfolio of affordable and market rate housing that they develop, own, manage and construct including more than 69 properties with more than 6,865 total units. As a management company, the portfolio-wide occupancy rate is 92%, and of recently constructed units (in the last 5 years), 90% occupancy rate has been reached within 8 months of construction. The company's practice is to own and manage the properties, with frequent rehabilitations included in the timeline of the property to extend its life, usually every 15-20 years.

HPK has two properties in Michigan both built in 2006 and one in nearby Indiana that was constructed more recently. The Development Director Michael Rodriguez has offered to arrange a visit for council members and staff to view the properties and meet residents.

## Letter of Intent Summary

**Location:** SE block of proposed River and South Street extensions  
**Building size:** Approx 105,882 square feet in single building  
**Use:** Multi-family apartment units ranging from 1-4 bedrooms  
**Investment:** Approx: \$12.1 million total with vertical improvements estimated at \$10 million  
**Purchase Price** \$50,000 per acre or \$157,000, reduced in lieu of significant infrastructure contribution.

Staff has been working with developer on the form of the building and a conceptual site plan corresponding to the Shape Ypsi Master Plan and the zoning guidelines for the site. Key features include:

**Orientation:** Building is oriented to front on River Street and the Huron River  
**Access:** River, South Street and portion of Lincoln to be built by Developer to City standards including on-street parking  
**Utilities:** Oversized water and sewer lines expected to pull from Michigan Ave. to the site, providing for future development, paid for by the developer  
**Façade:** Brick facade with larger glass windows on first floor conforming to master plan design standards  
**Parking:** Exceeds requirements in place by city

## Comparable Development

The majority of the City multi-family apartment housing stock was built in the 1950s -1970s. While many of these apartment buildings have been updated in recent years, there are few comparable new multi-family apartment buildings in the City. The most recent new construction was that of Peninsular Apartments in 2005, and while it is a different product with its location across the street from EMU and focus on student rentals, each of the two built parcels is similar in lot area and number of units. In particular, 1000 Huron River Drive has 85 units on 3.05 acres, with a taxable value of \$2,160,300.



After reviewing a 2013 CBRE multifamily inventory as well as the HKP draft marketing study, a conservative estimate of the taxable value post construction would be \$2 million resulting in an estimated \$73,000 a year in city taxes. Staff will provide more information on how the investment will play out with the existing Tax Increment Financing Districts as part of the presentation at City Council on Feb. 21.

**Next steps:**

If the Letter of Intent is approved, the 3.14 acres would be effectively taken off the market for 6 months while staff works with HKP on a purchase agreement. Note that the developer is interested in moving to a purchase agreement by March based on the timeline above. A public hearing prior to the sale, and would be held at the time City Council considers the purchase agreement. This letter of intent is non-binding for both parties.

RECOMMENDED ACTION: Approval subject to staff/council site-visit of HKP owned and managed properties; updates to building elevations for the site, continued discussions related to parking and the ring road.

**ATTACHMENTS:**

- Water Street Flats Letter of Intent
- Water Street Flats Summary
- Resolution of approval

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CITY MANAGER APPROVAL: \_\_\_\_\_ COUNCIL AGENDA DATE: \_\_\_\_\_

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_



Resolution No. 2014-027  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, The Ypsilanti City Council has requested that all offers related to the purchase of Water Street be presented to City Council for approval; and

WHEREAS, Ypsilanti City staff have been working with Herman Kittle Properties LLC on a 3.14 acre development in the Southeastern portion of the Water Street Redevelopment Area; and

WHEREAS: Herman Kittle Properties LLC have negotiated initial terms including a concept site plan based on the City's conceptual plans for Water Street, the site infrastructure plan and draft zoning for the Water Street Development; and

WHEREAS Herman Kittle Properties LLC has submitted a proposed Letter of Intent for purchase of 3.14 acres for \$157,000 plus substantial infrastructure development estimated at \$745,000 for the development of multi-family apartment units

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approve the attached Letter of Intent with Herman Kittle Properties LLC to take 3.14 acres of the Water Street Redevelopment Area off the market and continue work towards a purchase and development agreement; and

FURTHER, that the Mayor and City Clerk are authorized to sign the Letter of Intent.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:

NO:

ABSENT:

VOTE:



January 17, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

Re: Proposed development of Water Street Flats located on approximately 3.14 acres, as shown on Exhibit A (the “Property”)

Dear Ms. Gillotti:

This Proposal to Purchase outlines the terms and conditions which are acceptable for Herman & Kittle Properties, Inc. (“Purchaser”) to enter into a Purchase Agreement with the City of Ypsilanti (“Seller”) for the Land as depicted on the attached “Exhibit A”. Please understand that this is only a general outline of terms and conditions and is subject to the parties entering into a formal, detailed Purchase Agreement acceptable to both parties. With that in mind, Purchaser proposes the following:

Narrative on project and background

Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats,

especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

For your reference, I have included a chart which outlines the Area Median Income for Washtenaw County that would be applicable to this development.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

Anticipated timing for this development is outlined below:

- December, 2013: Preliminary Application due to MSHDA
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

Herman & Kittle Properties, Inc. (HKP) is the successor to companies that have been around since 1948, and has developed and managed multi-family homes for over 60 years. HKP is a vertically integrated company that has been in the business of developing, owning, managing, and constructing affordable and market rate housing for the past 30 years. In the 1980s, we developed apartments using the Rural Development program of the United States Department of Agriculture ("USDA"). During the 1990s, we began developing apartments using Section 42 tax credits. In the late 1990s, we began developing larger, tax-exempt bond financed apartment communities that significantly increased the size and complexity of our transactions. HKP has developed an expansive portfolio across the Midwest and Gulf Regions, building a solid foundation in affordable housing while also expanding into market rate communities. We have developed a wide array of products that fit a number of sites, partners and target populations.

As of October of 2013, HKP has developed 69 properties comprised of 6,865 total units (5,324 tax credit units and 1,541 market rate units) that have been placed in service in seven states. Through either development, acquisition or third party management agreements, HKP now manages a portfolio of over

8,300 units in nine states. On average over the past 5 years, our properties lease-up to 90% occupancy within 8 months of the certificate of occupancy being issued. The occupancy average for the entire HKP portfolio is just over 92%. It is also worth noting that Herman & Kittle Properties has never sold an affordable property nor relinquished property management for any property owned by HKP. It is our company philosophy to establish long-term partnerships in the communities that we develop in and leverage the Tax Credit program to re-syndicate or essentially rehab these properties every 15 to 20 years. Herman & Kittle Properties has two properties in Michigan, one in Kalamazoo and one in Jackson, and I would invite anyone from the City of Ypsilanti to visit these properties to get a sense of HKP's development quality and property management ability. As our Jackson property is located only 45 minutes from Ypsilanti, I have confirmed availability with our local property manager and she can accommodate your visit at your convenience.

1. Seller: City of Ypsilanti
2. Purchaser: Herman & Kittle Properties, Inc.
3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development").
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
6. Other Purchaser Obligations: Purchaser to construct River Street (south of Michigan Avenue), South Street, between Park Street and River Street, and Lincoln Street south of South Street including all streets, sidewalks, water and sewer lines as part of this development and subsequently deed back to the City of Ypsilanti. The cost to develop this infrastructure is estimated to be \$745,000.
7. Term: The Letter of Intent will be in effect for up to six (6) months or until a development agreement is executed. Either party can request a 6 month extension.
8. Elements of the Development Agreement: Both parties agree to spend the term period working through the details of the standard development agreement utilized by the Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, to include:
  - (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.
  - (b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.

(c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.

(d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.

(e) Financing Contingency. Purchaser will finance the apartment development with rental housing tax credits and tax-exempt bonds allocated by the Michigan State Housing Development Authority (the "Allocation") and Closing will be contingent upon receipt of the Allocation.

Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller will permit Purchaser, its agents, employees, and independent contractors, right of access at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time. Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By:\_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness:\_\_\_\_\_

The terms of the foregoing Letter of Intent are acknowledged by the undersigned this \_\_\_\_\_  
day of \_\_\_\_\_, 2013.

CITY OF YPSILANTI

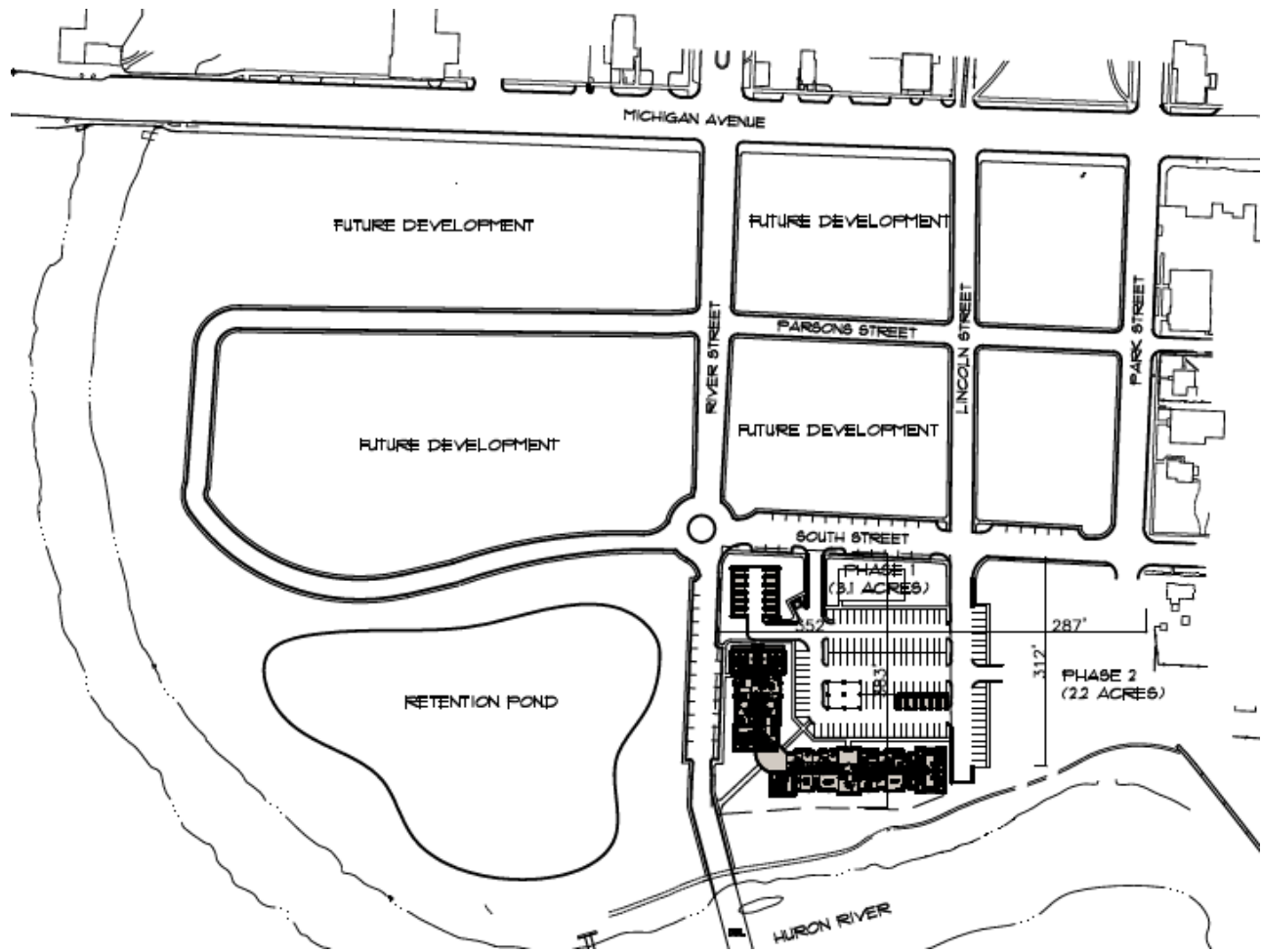
By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Witness:\_\_\_\_\_

Exhibit A









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**Name:** Water Street Flats

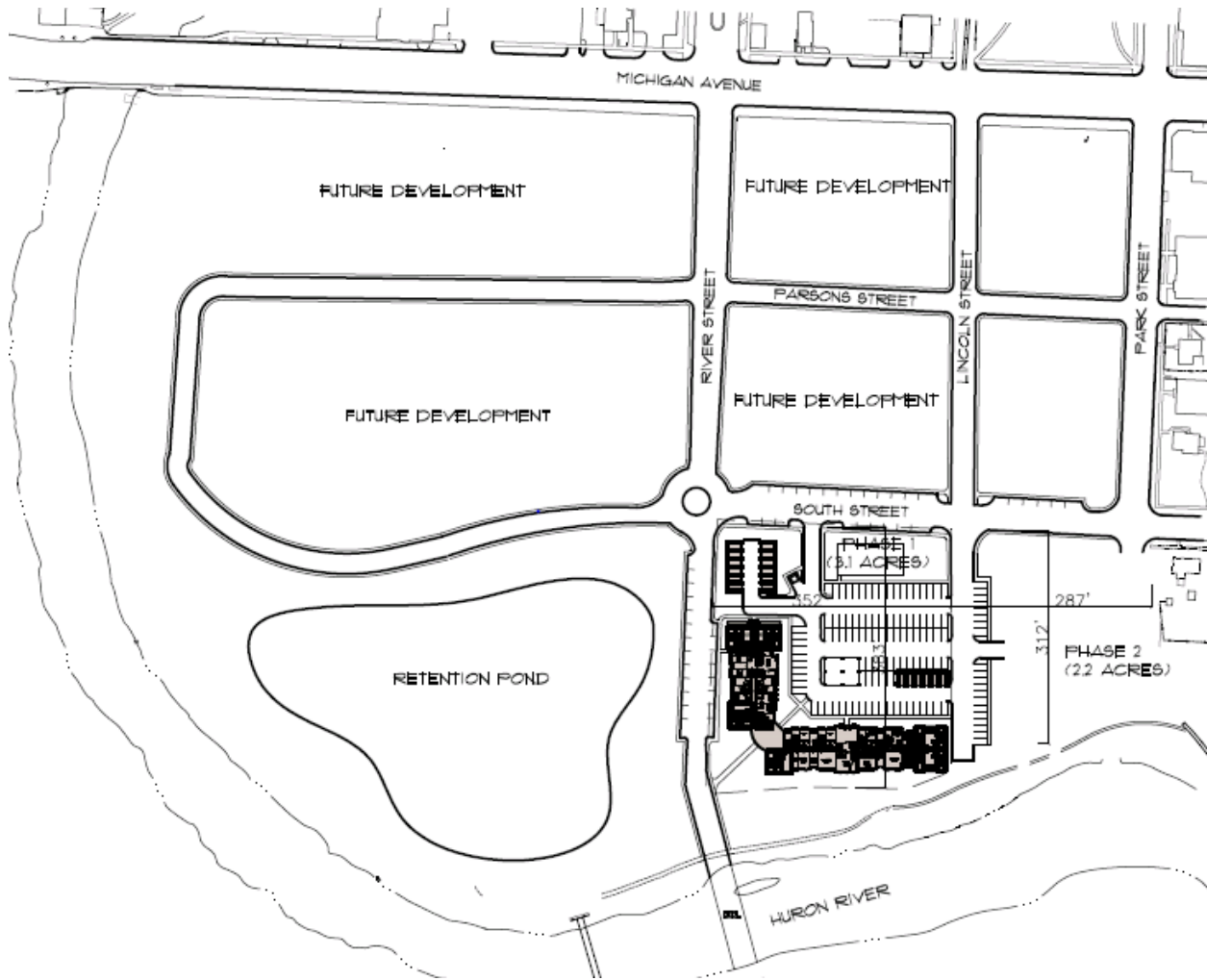
**Proposed:** 76 unit apartment community

**Developed By:** Herman & Kittle Properties, Inc.

**Location:** West of Park Street and south of South Street

**Current Property Condition:** vacant land





**Development and Amenities Description:**

- 1, 2, 3 and 4 bedroom units
- Garages available space for rent
- Community Room with kitchen
- Exercise Room
- Library/computer center
- Outdoor entertainment area
- 8 full ADA units
- Walk-in closets
- Washer/dryer in each unit
- Energy star appliances
- 100% masonry buildings
- Exercise room
- On site management office

**Anticipated Total Development Cost:** approximately \$12,123,764 Million

#### ANTICIPATED FUNDING SOURCES

Approximately:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution

#### OVERVIEW OF SECTION 42 LOW INCOME HOUSING TAX CREDIT PROGRAM

The Tax Credit Program was created under the Tax Reform Act of 1986 in an effort to provide incentives for the utilization of private equity in the development of affordable housing aimed at low to moderate income citizens. As of 2006, as much as 40% of all new multi-family construction received some level of subsidy under the LIHTC program. Tax credits are typically sold to equity investors with the requirement that the property remain affordable to low and moderate-income individuals and families for a minimum period, typically 15 years. Sale of credits typically provides 50-60% of project funding with permanent financing providing the balance.

The IRS monitors developments that use tax credits via regular assessments completed by MSHDA. To ensure program compliance, MSHDA monitors the rent charged, utilities paid, and the physical condition of the property. Annual reporting is required of developers by MSHDA.

**It is important to note that Section 42 of the IRS code is in no way related to the Section 8 program administered by the U.S. Department of Housing and Urban Development.** Per our resident selection criteria, tenants must have an income to live in the units.

#### Michigan State Housing Development Authority (MSHDA)

Each state receives an allocation of tax credits from the IRS annually based on a per capita formula. In Michigan, MSHDA, a quasi-state agency, receives the tax credits and is responsible for allocating them in a fair and consistent manner.

MSHDA prepares a document known as the Qualified Allocation Plan (QAP). The QAP is essentially the application by which developers apply for tax credits for their development.

Once applications are received, they are reviewed to ensure that all threshold requirements have been met and then they are scored based upon the scoring factors outlined in the QAP. It is important for applicants to try to achieve as many points as possible, as there are not enough tax credits for every development that applies. Historically about 50% of the tax credit requests are awarded. For tax exempt bond financing, it is important to limit the amount of soft financing (HOME funds) as a percentage of debt.

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**DEVELOPMENT TIMELINE**

|                 |                                               |
|-----------------|-----------------------------------------------|
| December, 2013: | Preliminary Application due to MSHDA          |
| April, 2014:    | Full Application due to MSHDA                 |
| July, 2014:     | Allocation Announced                          |
| October, 2014:  | Closed on Financing and Start of Construction |
| August, 2015:   | Leasing Begins                                |
| October, 2015:  | Construction Complete                         |

**DEVELOPMENT OVERVIEW**

The proposed site plan for the property has been developed and reflects a plan that will consist of 1, 2, 3 and 4 bedrooms and will be available for individuals and families with incomes between 50% and 60% of area median income (AMI). The chart below shows income limits for the LIHTC program in Washtenaw County by AMI and family size.

| Household Size<br>AMI | One Person | Two Person | Three Person | Four Person | Five Person | Six Person |
|-----------------------|------------|------------|--------------|-------------|-------------|------------|
| 50%                   | \$ 30,600  | \$ 35,000  | \$ 39,350    | \$ 43,700   | \$ 47,200   | \$ 50,700  |
| 60%                   | \$ 36,720  | \$ 42,000  | \$ 47,220    | \$ 52,440   | \$ 56,640   | \$ 60,840  |

*\*Income limits updated annually*

Additionally, rent and utility allowances are monitored by MSHDA as part of the tax credit program. The maximum rent that may be paid by the tenants is published annual by MSHDA and utilities must be subtracted out of that amount if they are paid by the residents. The chart below identifies the maximum rents and utility allowance for Washtenaw County and the resulting maximum rent that may be charged to a tenant.

|     | 1-Bedroom  |                   |                  | 2-Bedroom  |                   |                  | 3-Bedroom  |                   |                  | 4-Bedroom  |                   |                  |
|-----|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|
| AMI | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent |
| 50% | 790        | 132               | <b>613</b>       | 947        | 162               | <b>748</b>       | 1,095      | 195               | <b>871</b>       | 1,221      | 225               | <b>960</b>       |
| 60% | 984        | 132               | <b>720</b>       | 1,180      | 162               | <b>810</b>       | 1,363      | 195               | <b>1,035</b>     | 1,521      | 225               | <b>1,125</b>     |

*\*95% of units will be at 60% AMI rents.*

**TENANT SELECTION CRITERIA**

To qualify to live in these apartment homes, tenants must meet the resident selection criteria. Some of these include:

- Credit and criminal reports will be obtained for all applicants age 18 and over.
- All applicants will be screened through a multi-state sex offender database. Any applicant that is listed on the sex offender database is automatically denied.
- All applicants must have a SSN or provide an ITIN and must be eligible to reside in the United States for the next 12 months.
- Any felony charge committed within the last 7 years will be grounds for denial.
- Any convicted felony or misdemeanor charge related to battery, theft, drug possession, or molestation will be grounds for denial.
- All combined rent to income ratio must not exceed 40%
- All applicants age 18 and over will have their credit pulled, reviewed and scored using a credit screening company.
- Applicants with prior unpaid rental debt or eviction within 4 years will be denied.

**COMMUNITY SERVICES IMPACT**

Based on HKP's stringent tenant selection criteria and a surveying of HKP apartment communities in Indianapolis, this development is not expected to increase police activity to the area.

- The Nora Commons on the Monon apartment community, consisting of 272 units, is an HKP property located at 86<sup>th</sup> Street and College Avenue. During the past 6 months, the Indianapolis Metropolitan Police Department (IMPD) has been dispatched three (3) times. This is compared to two (2) police runs to the adjacent single family neighborhood with approximately 60 homes.
  - The Canterbury House apartment community, consisting of 156 units, is an HKP property located off Mann Road on the southwest side of Indianapolis. During the past 6 months, the IMPD has been dispatched eighteen (18) times. This is compared to forty (40) police runs to the single family neighborhood across the street with approximately 300 single family homes.
-

## SUMMARY

HKP is excited about the possibility of new affordable housing that also includes accessible units, in Ypsilanti. While this would be a totally integrated community open to anyone wanting to apply and be approved to live at the property, there will be 10% of the units that will conform to all current ADA requirements. Accessible housing is very hard to find in the area and when it is available it is often at a premium cost. There are many working class families that struggle everyday, this provides a housing option that is currently not available.

Herman & Kittle has many properties throughout the Midwest, with two properties in Michigan (Kalamazoo and Jackson). We welcome you to visit our properties and also speak to these local units of government. If you'd like a tour of a current construction site or a list of municipality contacts that we have worked with recently, I would be happy to provide this.

We would appreciate any support that City is able to provide.

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## REQUEST FOR LEGISLATION

January 21, 2014

Revised 1-17-2014

From: Ralph A. Lange & Stan Kirton

Subject: Support for the Proposed Prospect Road Improvement Project from Holmes Road to Grove Road

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### SUMMARY & BACKGROUND:

The Prospect Road project is currently slated for construction during the 2015 construction season. Federal Surface Transportation Urban funds have been appropriated for this project through the City of Ypsilanti by WATS. The scope of this project is approximately 7,150 linear feet that will include, but not be limited to, the following types of road improvement work:

"Full depth pavement removed and replacement, full reconstruction and 2.5" mill in overlay.

The total project cost is estimated to be approximately \$1,482,000, the City share is estimated to be \$566,800; the Federal aid share is estimated to be \$915,200; the amount of federal aid funds expected to be available for this project in 2015 is \$895,000. The cost of the City's share of this project will be spread out over three budget years FY 2014, FY2015, and FY2016.

RECOMMENDED ACTION: Approval

RESOLUTION: Attached

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CITY MANAGER APPROVAL:

COUNCIL AGENDA DATE: January 21, 2014

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_





Resolution No. 2014 -028  
January 21, 2014

RESOLUTION TO DIRECT CITY STAFF AND OHM TO TAKE ALL THE NECESSARY STEPS TO  
PROCEED WITH, AND IMPROVE PROSPECT ROAD FROM HOLMES ROAD TO GROVE ROAD

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**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, Prospect Road is in need of repair and reconstruction, and;

WHEREAS, this work needs to be done as soon as financially feasible, and;

WHEREAS, the soonest the necessary amount of federal aid dollars will be available to the City of Ypsilanti to proceed with this project will be in fiscal 2015, and;

WHEREAS, the repair and reconstruction of Prospect Street is a very high priority project for City Council to see completed, and;

WHEREAS, many positive advantages will accrue to the City if this project is designed and completed in FY 2015, and;

NOW THEREFORE BE IT RESOLVED THAT the Ypsilanti City Council directs the City staff and OHM to take all the necessary steps to proceed with and improve Prospect Road from Holmes Road to Grove Road

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:                      NO:                      ABSENT:                      VOTE:

ARCHITECTS. ENGINEERS. PLANNERS.



January 14, 2014

City of Ypsilanti  
One South Huron Street  
Ypsilanti, Michigan 48197

Attention: Mr. Ralph A. Lange, City Manager

Regarding: City of Ypsilanti  
Prospect Road Corridor Assessment and Reconstruction Feasibility Analysis

Dear Mr. Lange:

The City asked OHM to prepare an analysis of the repair options and associated costs for the Prospect Road corridor from Holmes Road to Grove Road. A location map, detailed estimates, and cost summary table are attached.

Prospect Road between Holmes Road and Cross Street is in failed condition (PASER 1 and 2). From Cross Street to Grove Street the condition ranges from good to fair (PASER 6 to 4) with a small section of poor (PASER 3) from Spring Street to Davis Street.

#### **Repair Recommendations and Cost Estimates**

OHM divided the corridor into five sections and prepared the recommended construction methods and associated estimates for each section. The attached Prospect Road Corridor Cost summary breaks down the estimated construction costs by section. We understand sections 1 & 2 are of the greatest concern to the City due to the extent of deterioration. Sections 3, 4, & 5 are in good to fair condition (PASER 4-6) and are candidates for less intense rehabilitation (mill and overlay with spot base repair). The less intense repairs are more cost effective than full reconstructions. These types of repairs are common in a balanced road maintenance program. Both the full reconstruction and the rehabilitation section estimates include costs to bring the corner ramps into compliance with ADA requirements. The ramp work done as part of this project could be counted towards the City's ramp program for one or two fiscal years.

Field investigations were performed on sections 1 & 2 to assist in estimating the extent of the base and sub-base work that would be required.

The City has \$895,000 in Federal Aid earmarked in the Transportation Improvement Program (TIP) for the next three years (2014, 2015, & 2016). The estimated Federal Aid component of the entire corridor project is slightly above the allocation. However, these are conservative planning level estimates. If the City chooses to move forward with the full corridor project, we would expect the project could be completed without exceeding the Federal Aid fund allowance to the point where additional City funds would be required.

The City has secured funding for resurfacing of the Prospect Bridge in the 2014 construction season. This project will include resurfacing the bridge deck and will extend 40-feet north and south of the bridge deck (the maximum distance permitted by MDOT). Additionally, the City has applied for safety grant funding to

provide a dedicated left turn signal phase for Prospect Road at Michigan Avenue. This application included the cost of pedestrian signal upgrades and ADA compliance for the ramps at the intersection.

The attached Prospect Road estimates assume each project would be done separately. Although some savings would be expected if multiple sections were constructed under one contract, we recommend the using the full estimates as provided for budgeting purposes.

There are several advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.

These advantages would need to be weighed against the other transportation needs throughout the City before finalizing the selections for the Transportation Improvement Plan (TIP) projects for the next three years.

Should there be any questions, please contact us.

Sincerely,

**OHM Advisors,**

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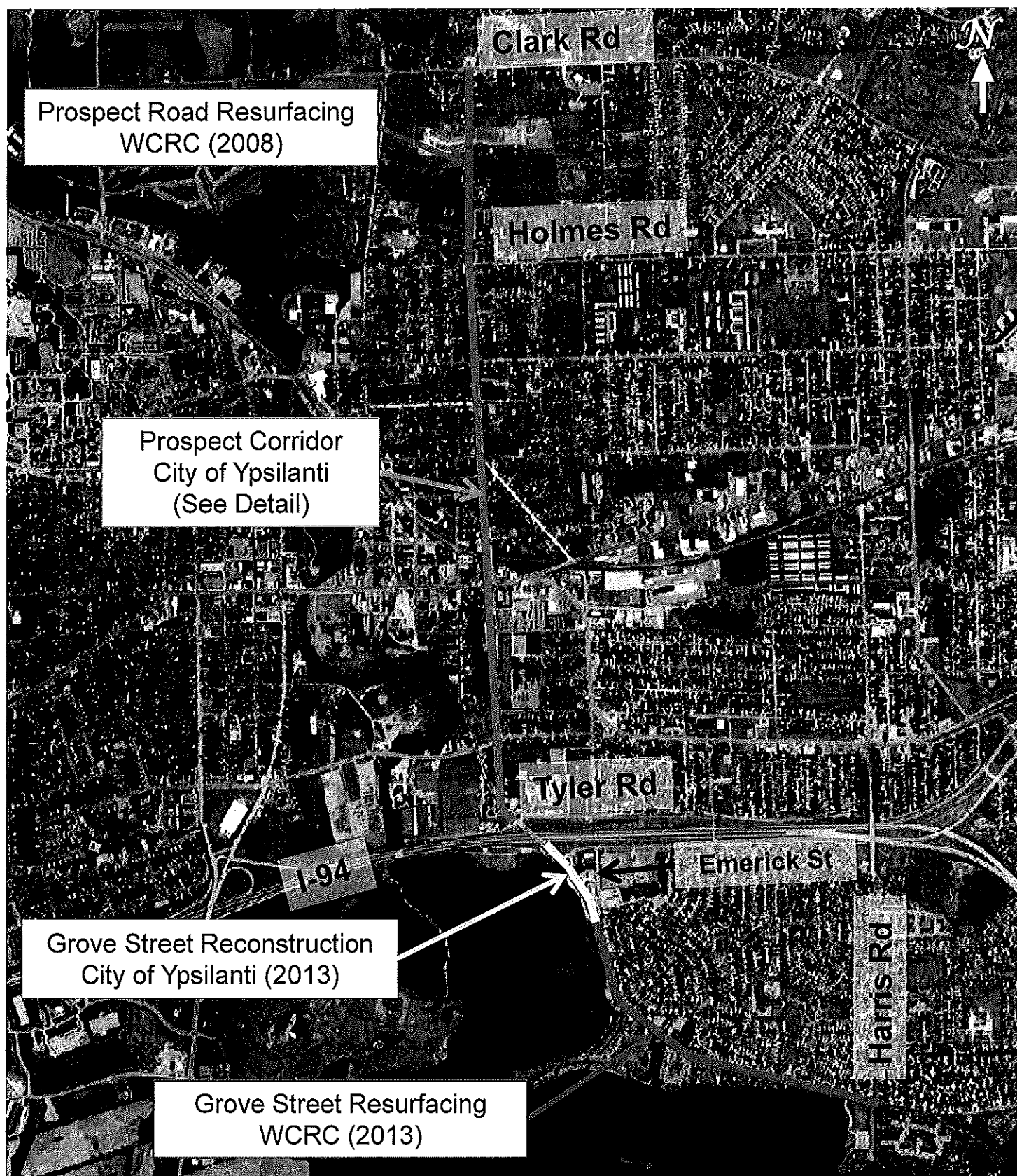
Kent Early, P.E.

Cc: Stan Kirton, DPS Director  
Marcus McNamara, OHM  
File

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# Prospect & Grove Corridor Improvements

## City of Ypsilanti



Source: Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

Coordinate System: NAD83 Michigan South

# Prospect Road Corridor Improvements

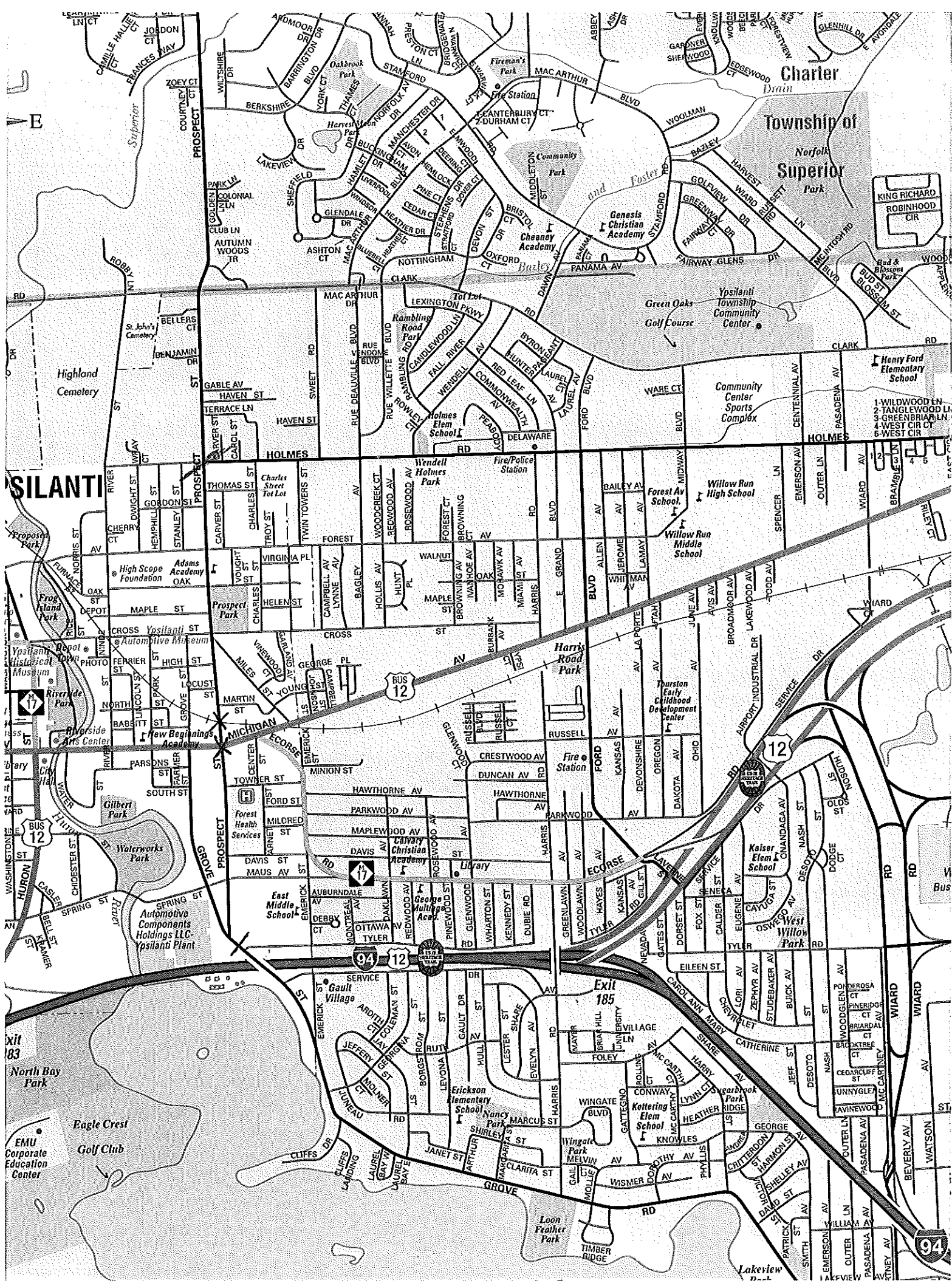
## City of Ypsilanti



Source: Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

Coordinate System: NAD83 Michigan South







## Prospect Road Corridor Cost Summary

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

| Section | From     | To       | Construction Description               | A<br>Estimated<br>Construction Cost<br>with Contingency | B<br>80% Fed Aid<br>Share | C<br>20% Local<br>Share | D<br>Estimated Design<br>Engineering | E<br>Estimated<br>Construction<br>Engineering | F<br>Approximate Cost<br>of Ramp Work |
|---------|----------|----------|----------------------------------------|---------------------------------------------------------|---------------------------|-------------------------|--------------------------------------|-----------------------------------------------|---------------------------------------|
| 1       | Forest   | Forest   | Full Depth Pavement Remove and Replace | \$236,000.00                                            | \$188,800.00              | \$47,200.00             | \$29,000.00                          | \$41,000.00                                   | \$18,000.00                           |
| 2       | Forest   | Cross    | Full Reconstruction                    | \$427,000.00                                            | \$341,600.00              | \$85,400.00             | \$52,000.00                          | \$73,000.00                                   | \$27,000.00                           |
| 3       | Cross    | Michigan | 2.5" Mill and Overlay                  | \$160,000.00                                            | \$128,000.00              | \$32,000.00             | \$20,000.00                          | \$28,000.00                                   | \$15,000.00                           |
| 4       | Michigan | Spring   | 2.5" Mill and Overlay                  | \$231,000.00                                            | \$184,800.00              | \$46,200.00             | \$28,000.00                          | \$40,000.00                                   | \$18,000.00                           |
| 5       | Spring   | Grove    | 2.5" Mill and Overlay                  | \$90,000.00                                             | \$72,000.00               | \$18,000.00             | \$11,000.00                          | \$16,000.00                                   | \$6,000.00                            |
| Total   |          |          |                                        | \$1,144,000.00                                          | \$915,200.00              | \$228,800.00            | \$140,000.00                         | \$198,000.00                                  | \$84,000.00                           |

### Notes:

Total Federal Aid (B) \$915,200.00  
 Total City Cost (C+D+E) \$566,800.00  
 Total Value of Ramp Work (F) \$84,000.00

Total of \$895,000 of Federal Aid is allocated to the City in the current Transportation Improvement Plan over the next three years (2014, 2015, 2016)  
 Ramp Work - Column (F) costs included in Estimated Construction Costs - Column (A)  
 Design For Sections 1 & 2 budgeted for in FY 2013/2014 budget  
 Prospect Bridge deck scheduled for replacement in 2014  
 Safety Grant application has been submitted for signal improvements at Michigan and Prospect intersection for 2015 funding

Advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.
6. The City and WCRRC have already made investments north and south of the proposed project limits. Completing the Prospect road work in the City limits would provide for an improved corridor for nearly 3.5 miles, including the City and Township sections of Grove Road.





Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road RehabilitationLOCATION: Holmes to ForestBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Pavement Removal and Replacement with Limited Base Repair.PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be removed full depth and replaced with 5" HMA.

Proposed road cross section: 5" HMA on existing aggregate base.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Drives will not be replaced.

Expected service life is 10-12 years

| Item | Description                           | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|---------------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%                | LS   | 1              | \$ 17,000.00 | \$ 17,000.00 |
| 2    | Traffic Maintenance and Control       | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal                      | Syd  | 4,400          | \$ 3.00      | \$ 13,200.00 |
| 4    | Curb Removal                          | Lft  | 560            | \$ 10.00     | \$ 5,600.00  |
| 5    | Structure Adjust                      | Ea   | 10             | \$ 500.00    | \$ 5,000.00  |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 300            | \$ 6.00      | \$ 1,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 1,100          | \$ 7.00      | \$ 7,700.00  |
| 8    | Station Grading                       | Sta  | 14             | \$ 1,500.00  | \$ 21,000.00 |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 560            | \$ 13.00     | \$ 7,280.00  |
| 10   | HMA, 5E3                              | Ton  | 600            | \$ 72.00     | \$ 43,200.00 |
| 11   | HMA, 4C                               | Ton  | 790            | \$ 72.00     | \$ 56,880.00 |
| 12   | Sidewalk Ramps                        | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00 |
| 13   | Pavement Markings                     | LS   | 1              | \$ 5,000.00  | \$ 5,000.00  |
| 14   | Restoration                           | Syd  | 500            | \$ 4.00      | \$ 2,000.00  |

Construction Estimate Subtotal with 10% Contingency \$ 236,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 29,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 41,000.00

**Total Estimated Project Cost \$ 310,000.00**

**OHM**

Engineering Advisors

**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

**CLIENT:** City of Ypsilanti**PROJECT:** Prospect Road Reconstruction**LOCATION:** Forest to Cross**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**WORK:** Full Road Reconstruction - Cross to Forest**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

Telephone: (734) 522-6711 FAX: (734) 522-6711

**DATE:** Jan 14, 2014**PROJECT NO.** 0094-13-0041**ESTIMATOR:** MJM**CHECKED BY:** KJE**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be reconstructed full depth with new aggregate base, asphalt cross section, and concrete curb and gutter.

Proposed road cross section: 7" HMA on 8" aggregate base.

Project limits will extend to the right-of-way. All drives will be replaced

Expected service life is 17-20 years

| Item | Description                           | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|---------------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%                | LS   | 1                 | \$ 31,000.00 | \$ 31,000.00  |
| 2    | Traffic Maintenance and Control       | LS   | 1                 | \$ 10,000.00 | \$ 10,000.00  |
| 3    | Pavement Removal                      | Syd  | 4,400             | \$ 3.00      | \$ 13,200.00  |
| 4    | Curb Removal                          | Lft  | 2,800             | \$ 5.00      | \$ 14,000.00  |
| 5    | Structure Adjust                      | Ea   | 10                | \$ 500.00    | \$ 5,000.00   |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 2,800             | \$ 6.00      | \$ 16,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 5,300             | \$ 7.00      | \$ 37,100.00  |
| 8    | Station Grading                       | Sta  | 14                | \$ 1,500.00  | \$ 21,000.00  |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 2,800             | \$ 13.00     | \$ 36,400.00  |
| 10   | HMA, 5E3                              | Ton  | 790               | \$ 72.00     | \$ 56,880.00  |
| 11   | HMA, 4C                               | Ton  | 1,100             | \$ 72.00     | \$ 79,200.00  |
| 12   | Drives, Residential, Concrete         | Ea   | 16                | \$ 1,200.00  | \$ 19,200.00  |
| 13   | Drives, Commercial, Concrete          | Ea   | 4                 | \$ 2,000.00  | \$ 8,000.00   |
| 14   | Sidewalk Ramps                        | Ea   | 18                | \$ 1,500.00  | \$ 27,000.00  |
| 15   | Pavement Markings                     | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |
| 16   | Restoration                           | Syd  | 2,000             | \$ 4.00      | \$ 8,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 427,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 52,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 73,000.00

**Total Estimated Project Cost \$ 560,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of Ypsilanti

PROJECT: Prospect Road Resurfacing

LOCATION: Cross to Michigan

BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

WORK: Mill and overlay with 2.5" HMA

PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

1200 feet - 28 feet wide Cross to Martin Pl

400 feet - 44 feet wide from Martin Pl to Michigan Ave

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Prospect bridge deck will be addressed as separate project.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|-----------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 11,000.00 | \$ 11,000.00 |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal - Milling        | Syd  | 5,800          | \$ 2.00      | \$ 11,600.00 |
| 4    | Curb Removal                      | Lft  | 640            | \$ 10.00     | \$ 6,400.00  |
| 5    | Structure Adjust                  | Ea   | 15             | \$ 500.00    | \$ 7,500.00  |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 640            | \$ 13.00     | \$ 8,320.00  |
| 7    | HMA, 5E3                          | Ton  | 850            | \$ 72.00     | \$ 61,200.00 |
| 8    | Sidewalk Ramps                    | Ea   | 10             | \$ 1,500.00  | \$ 15,000.00 |
| 9    | Pavement Markings                 | LS   | 1              | \$ 7,500.00  | \$ 7,500.00  |

Construction Estimate Subtotal with 10% Contingency \$ 160,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 20,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 28,000.00

Total Estimated Project Cost \$ 210,000.00

**OHM**

Engineering Advisors

**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

**CLIENT:** City of Ypsilanti**PROJECT:** Prospect Road Resurfacing**LOCATION:** Michigan to Spring**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**WORK:** Mill and overlay with 2.5" HMA**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST****Telephone:** (734) 522-6711 **FAX:** (734) 522-6711**DATE:** Jan 14, 2014**PROJECT NO.** 0094-13-0041**ESTIMATOR:** MJM**CHECKED BY:** KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project Length is 2,200 feet

Road to be milled and overlaid with 2.5" HMA

Quantity for full depth removal and replacement along curb for first 400' included to address base issues.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|-----------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1                 | \$ 17,000.00 | \$ 17,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1                 | \$ 7,500.00  | \$ 7,500.00   |
| 3    | Pavement Removal - Milling        | Syd  | 8,800             | \$ 2.00      | \$ 17,600.00  |
| 4    | Aggregate Base, 21AA, 8 inch      | Syd  | 500               | \$ 7.00      | \$ 3,500.00   |
| 5    | Station Grading                   | Sta  | 1                 | \$ 1,500.00  | \$ 1,500.00   |
| 6    | Curb Removal                      | Lft  | 880               | \$ 10.00     | \$ 8,800.00   |
| 7    | Structure Adjust                  | Ea   | 20                | \$ 500.00    | \$ 10,000.00  |
| 8    | Concrete Curb and Gutter, Type F4 | Lft  | 880               | \$ 13.00     | \$ 11,440.00  |
| 9    | HMA, 5E3                          | Ton  | 1,520             | \$ 72.00     | \$ 109,440.00 |
| 10   | Sidewalk Ramps                    | Ea   | 12                | \$ 1,500.00  | \$ 18,000.00  |
| 11   | Pavement Markings                 | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 231,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 28,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 40,000.00

**Total Estimated Project Cost \$ 300,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road ResurfacingLOCATION: Spring to GroveBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Mill and overlay with 2.5" HMA

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project length is 950 feet

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost   | Total Cost   |
|------|-----------------------------------|------|----------------|-------------|--------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 7,000.00 | \$ 7,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 5,000.00 | \$ 5,000.00  |
| 3    | Pavement Removal - Milling        | Syd  | 3,500          | \$ 2.00     | \$ 7,000.00  |
| 4    | Curb Removal                      | Lft  | 380            | \$ 10.00    | \$ 3,800.00  |
| 5    | Structure Adjust                  | Ea   | 7              | \$ 500.00   | \$ 3,500.00  |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 380            | \$ 13.00    | \$ 4,940.00  |
| 7    | HMA, 5E3                          | Ton  | 550            | \$ 72.00    | \$ 39,600.00 |
| 8    | Sidewalk Ramps                    | Ea   | 4              | \$ 1,500.00 | \$ 6,000.00  |
| 9    | Pavement Markings                 | LS   | 1              | \$ 2,500.00 | \$ 2,500.00  |

Construction Estimate Subtotal with 10% Contingency \$ 90,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 11,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 16,000.00

**Total Estimated Project Cost \$ 120,000.00**



REQUEST FOR LEGISLATION  
January 21, 2014

From: Teresa Gillotti, Community and Economic Development Director  
Subject: **Multi-year plan for CDBG allocation through Washtenaw Urban County**

The City of Ypsilanti, as a member of the Urban County, receives an annual allocation of Federal Community Development Block Grant (CDBG) funds. CDBG funds can be applied to a variety of activities including capital improvements, economic development, technical assistance and other projects (see attached document: Eligible CDBG Activities.)

The last multi-year plan approved by Ypsilanti City Council was in Feb. 21, 2012 and included funding for ADA ramps, Senior Center kitchen improvements, Dangerous Building fund, and single-family rehabilitation projects.

Projects still underway:

- Dangerous building funding – there is currently \$99,602 under contract for demolition and other abatement. Approximately 30,000 is committed to three demolitions planned for spring/summer 2014. Recently council approved reallocation of 2010 ADA ramp CDBG funds that were unused to make sure funds remain available after the 2014 demolitions.
- Senior Center kitchen improvements: Approximately \$10,000 has been spent on this project in the form of an updated Water Heater as well as architectural designs for the kitchen. Currently \$41,410.30 is available, including \$6,214.65 that council recently reallocated from unspent Parkridge Park CDBG funds. DPS staff is in the process of submitting the plans to Washtenaw County Environmental health for approval which will be followed with an Request for Proposals for the construction work to hopefully upgrade the kitchen to a commercial kitchen standard.
- ADA ramp replacement is an obligation due to a previous consent agreement. This project is ongoing with approximately 8-10 years of replacement needed at current funding levels. Approximately \$50,000 remains from 2013 CDBG funds which are scheduled to be spent on improvements in 2014.

**2014-2015 Allocation:**

The City's estimated allocation for 2014 is \$55,900. The allocation has decreased for two reasons, continued decline in Federal funds as well as an Urban County initiative to provide funds for joint/regional projects. This year, the first project to be funded was approximately \$80,000 for a joint sidewalk project between Ypsilanti Township and Pittsfield Township along Washtenaw Avenue.

| <b>City of Ypsilanti - CDBG Workplan (2012-2015)</b> |                 |                 |                 |
|------------------------------------------------------|-----------------|-----------------|-----------------|
|                                                      | 2014-2015       | 2015-2016       | 2016-2017       |
| CDBG - Urban County Allocation (expected)            | \$55,900.       | \$55,000        | \$50,000        |
| ADA ramps (low/mod areas)*                           | 0               | 50,000          | \$50,000        |
| Parks improvements                                   |                 |                 |                 |
| - Swing sets/climbers in tot lots                    |                 |                 |                 |
| - Parkridge Pavilion roof repair                     | \$55,900        | 0               | 0               |
| Dangerous buildings demolition/rehab                 | 0               | \$5,000         | 0               |
| <b>Totals:</b>                                       | <b>\$55,900</b> | <b>\$55,000</b> | <b>\$50,000</b> |

\* ADA ramps improvements are required per court order.

Additional projects for consideration in the future are installation of missing sidewalks on Washtenaw Avenue to complete the sidewalk network, support for pre-construction costs for the Ypsilanti Housing Commission's upcoming RAD program applications, as well other improvements to city-owned facilities.

Please contact Teresa Gillotti if you have any questions regarding this proposal at (734) 483-9646.

RECOMMENDED ACTION: Approval of CDBG Workplan (2014-2016)

Attachments: Resolution approving CDBG Workplan 2014-2016

Council Agenda Date: January 21, 2014

Council Agenda Item No. \_\_\_\_\_

City Manager Approval: \_\_\_\_\_

City Manager Comments:

Finance Director Approval: \_\_\_\_\_



Resolution No. 2014-029  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, The City is a member of the Urban County, through Washtenaw County and receives an annual Community Development Block Grant (CDBG) allocation through this body for eligible projects

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approves the proposed work plan as prepared by staff for the 2014-2015 and 2015-2016 program years.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:

NO:

ABSENT:

VOTE:





To: Mayor Schreiber & City Council  
From: Ericka Savage, Assistant to the City Manager  
Date: January 15, 2014  
RE: **Amending the FY 2013-2014 Fee Schedule**

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Office of the City Manager

## **REQUEST FOR LEGISLATION SUMMARY/BACKGROUND**

Assistant City Attorney, Jesse O'Jack, is suggesting that the City amend the fee schedule in order for the Administrative Hearings Bureau (AHB) to recoup costs for filing liens against default AHB judgments.

Currently Administrative Hearings Bureau Costs are \$200. The attached resolution proposes to increase the fee to \$250 to include costs associated with the city filing a lien if the Respondent does not pay the judgment within 30 days. In the event the Respondent pays the judgment within 30 days, it is proposed that the \$50 be waived.

This amendment is being requested in order for the AHB to run more efficiently. Currently costs associated with filing a lien (filing fee and staff time) are not included in judgments. A lien may be filed, but we are not recouping those costs. Without this amendment, the City will incur even more costs to place default judgments back on the AHB docket to add the \$50 to file a lien.

Therefore, City staff is requesting the following amendments to the FY 2013-2014 Fee Schedule:

1. Increase AHB Costs from \$200 to \$250 to include the cost of filing a lien
2. Create a \$50 waiver that may be applied if the judgment is paid within 30 days

ATTACHMENTS: Resolution

RECOMMENDED ACTION: Approval

---

DATE RECEIVED: \_\_\_\_\_ AGENDA ITEM NO.

CITY MANAGER COMMENTS:

FOR AGENDA OF: \_\_\_\_\_ FINANCE DIR. APPROVAL

COUNCIL ACTION TAKEN:

Resolution No. 2014 – 030  
January 21, 2014

**Statement from Eric Seymour:**

- I am currently pursuing a PhD in urban and regional planning at the University of Michigan. My research area is housing and community development.
- I hold a master's degree in urban and regional planning from the University of Florida. I've taken courses on public administration and ethics covering the role of the ZBA.
- I have worked as a housing researcher in South and Central Florida for a few years. I spent most of my time on work related to preserving workforce housing. Here's [a link](#) to one of the centers I worked for.
- I have also worked with non-profits in Detroit, especially Michigan Community Resources (MCR), on the public outreach component of the Detroit Works Project.

I seek to preserve and enhance the interests of Ypsilanti residents, businesses, and visitors through the faithful application of the City's zoning ordinance. I will work to maintain the community vision codified in the zoning ordinance, supporting the granting of variances when all necessary criteria are satisfied. Through my involvement in the Zoning Board of Appeals, I hope to engage more deeply with the Ypsilanti community and gain valuable experience in matters related to urban planning.

**Statement from Anne Stevenson-Less:**

It is my intention and hope to continue to serve on the Historic District Commission for another term.

Certainly my primary goal is for the Commission to continue to support and interpret the Secretary of Interior Standards fairly and reasonably. With that, it is important for the HDC to continue to monitor and protect the historic resources within its borders. We work with staff to make sure that property owners are in compliance and have easy access to us in terms of questions, concerns, etc.

During my next term, I would also like to see our visibility and communication with our property owners continue to grow, and I hope that we can start to offer more free workshops to the public, like we were doing several years ago.

I would like to see more conversation between the Building Department and the HDC to work on compliance issues.

I would like to make sure that the Commission has opportunities for continued training and HDC educational opportunities. I think we should continue discussions regarding sustainable practices (like solar power) and how these technologies will impact the District.

**Statement from Mike Condon:**

Yes, I plan to continue to serve, at least for the near future.

Background statement: I have 25 years of experience restoring historic structures all day every day.

My goals: To protect the integrity of the Ypsilanti Historic district while actively working to help property owners accomplish what they intend.

**Statement from Henry Prebys:**  
Forthcoming

Paul Schreiber  
[Mayor, City of Ypsilanti](#)  
734-277-5446



Resolution No. 2014-031  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

That the City Council Meeting be adjourned, on call, by the Mayor or two (2) members of Council.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:      NO:      ABSENT:      VOTE:

# Prospect Road

## Corridor Improvements

### Holmes Road to Grove Street



## Proposed Project Summary

- Prospect Road corridor improvements between Holmes Road and Grove Street.
- Mix of reconstruction and rehabilitation techniques ranging from full reconstruction to mill and overlay.
- Construction summer of 2015.
- Project will leverage \$895,000 of Federal aid (~80% of construction costs).
- Lane configuration, lane widths, pedestrian routes, and bike routes will be reviewed during design phase.
- Project will meet complete streets ordinance requirements.
- Border to Border trail coordination at Grove.



# Prospect & Grove Corridor Improvements

## City of Ypsilanti



**Source:** Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

**Coordinate System:** NAD83 Michigan South



# Prospect Road Corridor Improvements

## City of Ypsilanti



Advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Completing this project would provide uniform driving surface along entire corridor.
6. The City and WCRC have already made investments north and south of the proposed project limits. Completing the Prospect road work in the City limits would provide for an improved corridor for nearly 3.5 miles, including the City and Township sections of Grove Road.
7. Asset management approach is 'the right fix at the right time'. Proposed improvements for each section are based on maximizing the service life for the lowest cost.



## Prospect Road Corridor Cost Summary

DATE: Jan 14, 2014  
 PROJECT NO. 0094-13-0041  
 ESTIMATOR: MJM  
 CHECKED BY: KJE

|         |          |          |                                       | A                                            | B                 | C               | D                            | E                                  | F                             |
|---------|----------|----------|---------------------------------------|----------------------------------------------|-------------------|-----------------|------------------------------|------------------------------------|-------------------------------|
| Section | From     | To       | Construction Description              | Estimated Construction Cost with Contingency | 80% Fed Aid Share | 20% Local Share | Estimated Design Engineering | Estimated Construction Engineering | Approximate Cost of Ramp Work |
| 1       | Holmes   | Forest   | Full Depth Pavment Remove and Replace | \$236,000.00                                 | \$188,800.00      | \$47,200.00     | \$29,000.00                  | \$41,000.00                        | \$18,000.00                   |
| 2       | Forest   | Cross    | Full Reconstruction                   | \$427,000.00                                 | \$341,600.00      | \$85,400.00     | \$52,000.00                  | \$73,000.00                        | \$27,000.00                   |
| 3       | Cross    | Michigan | 2.5" Mill and Overlay                 | \$160,000.00                                 | \$128,000.00      | \$32,000.00     | \$20,000.00                  | \$28,000.00                        | \$15,000.00                   |
| 4       | Michigan | Spring   | 2.5" Mill and Overlay                 | \$231,000.00                                 | \$184,800.00      | \$46,200.00     | \$28,000.00                  | \$40,000.00                        | \$18,000.00                   |
| 5       | Spring   | Grove    | 2.5" Mill and Overlay                 | \$90,000.00                                  | \$72,000.00       | \$18,000.00     | \$11,000.00                  | \$16,000.00                        | \$6,000.00                    |
| Total   |          |          |                                       | \$1,144,000.00                               | \$915,200.00      | \$228,800.00    | \$140,000.00                 | \$198,000.00                       | \$84,000.00                   |

### Notes:

Total Federal Aid (B) \$915,200.00  
 Total City Cost (C+D+E) \$566,800.00  
 Total Value of Ramp Work (F) \$84,000.00

Total of \$895,000 of Federal Aid is allocated to the City in the current Transportation Improvement Plan over the next three years (2014, 2015, 2016)

Ramp Work - Column (F) costs included in Estimated Construction Costs - Column (A)

Design For Sections 1 & 2 budgeted for in FY 2013/2014 budget

Prospect Bridge deck scheduled for replacement in 2014

Safety Grant application has been submitted for signal improvements at Michigan and Prospect intersection for 2015 funding





**ORCHARD, HILTZ & McCLIMENT, INC.**

**34000 Plymouth Road, Livonia, Michigan, 48150**

**CLIENT: City of Ypsilanti**

**PROJECT: Prospect Road Rehabilitation**

**LOCATION: Holmes to Forest**

**BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**

**WORK: Pavement Removal and Replacement with Limited Base Repair.**

**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

**Telephone: (734) 522-6711 FAX: (734) 522-6711**

**DATE: Jan 14, 2014**

**PROJECT NO. 0094-13-0041**

**ESTIMATOR: MJM**

**CHECKED BY: KJE**

**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.  
Project length is 1,400 feet.  
Pavement width is 28 feet with 24" curb and gutter both sides.  
Road to be removed full depth and replaced with 5" HMA.  
Proposed road cross section: 5" HMA on existing aggregate base.  
Majority of existing curb will remain. Quantity is included for curb spot repair.  
Drives will not be replaced.  
Expected service life is 10-12 years

| Item | Description                           | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|---------------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%                | LS   | 1              | \$ 17,000.00 | \$ 17,000.00 |
| 2    | Traffic Maintenance and Control       | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal                      | Syd  | 4,400          | \$ 3.00      | \$ 13,200.00 |
| 4    | Curb Removal                          | Lft  | 560            | \$ 10.00     | \$ 5,600.00  |
| 5    | Structure Adjust                      | Ea   | 10             | \$ 500.00    | \$ 5,000.00  |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 300            | \$ 6.00      | \$ 1,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 1,100          | \$ 7.00      | \$ 7,700.00  |
| 8    | Station Grading                       | Sta  | 14             | \$ 1,500.00  | \$ 21,000.00 |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 560            | \$ 13.00     | \$ 7,280.00  |
| 10   | HMA, 5E3                              | Ton  | 600            | \$ 72.00     | \$ 43,200.00 |
| 11   | HMA, 4C                               | Ton  | 790            | \$ 72.00     | \$ 56,880.00 |
| 12   | Sidewalk Ramps                        | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00 |
| 13   | Pavement Markings                     | LS   | 1              | \$ 5,000.00  | \$ 5,000.00  |
| 14   | Restoration                           | Syd  | 500            | \$ 4.00      | \$ 2,000.00  |

Construction Estimate Subtotal with 10% Contingency \$ 236,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 29,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 41,000.00

**Total Estimated Project Cost \$ 310,000.00**



ORCHARD, HILTZ & McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of Ypsilanti

PROJECT: Prospect Road Reconstruction

LOCATION: Forest to Cross

BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

WORK: Full Road Reconstruction - Cross to Forest

**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be reconstructed full depth with new aggregate base, asphalt cross section, and concrete curb and gutter.

Proposed road cross section: 7" HMA on 8" aggregate base.

Project limits will extend to the right-of-way. All drives will be replaced.

Expected service life is 17-20 years

| Item | Description                           | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|---------------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%                | LS   | 1              | \$ 31,000.00 | \$ 31,000.00 |
| 2    | Traffic Maintenance and Control       | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal                      | Syd  | 4,400          | \$ 3.00      | \$ 13,200.00 |
| 4    | Curb Removal                          | Lft  | 2,800          | \$ 5.00      | \$ 14,000.00 |
| 5    | Structure Adjust                      | Ea   | 10             | \$ 500.00    | \$ 5,000.00  |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 2,800          | \$ 6.00      | \$ 16,800.00 |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 5,300          | \$ 7.00      | \$ 37,100.00 |
| 8    | Station Grading                       | Sta  | 14             | \$ 1,500.00  | \$ 21,000.00 |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 2,800          | \$ 13.00     | \$ 36,400.00 |
| 10   | HMA, 5E3                              | Ton  | 790            | \$ 72.00     | \$ 56,880.00 |
| 11   | HMA, 4C                               | Ton  | 1,100          | \$ 72.00     | \$ 79,200.00 |
| 12   | Drives, Residential, Concrete         | Ea   | 16             | \$ 1,200.00  | \$ 19,200.00 |
| 13   | Drives, Commercial, Concrete          | Ea   | 4              | \$ 2,000.00  | \$ 8,000.00  |
| 14   | Sidewalk Ramps                        | Ea   | 18             | \$ 1,500.00  | \$ 27,000.00 |
| 15   | Pavement Markings                     | LS   | 1              | \$ 5,000.00  | \$ 5,000.00  |
| 16   | Restoration                           | Syd  | 2,000          | \$ 4.00      | \$ 8,000.00  |

Construction Estimate Subtotal with 10% Contingency \$ 427,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 52,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 73,000.00

**Total Estimated Project Cost \$ 560,000.00**



**ORCHARD, HILTZ & McCLIMENT, INC.**

**34000 Plymouth Road, Livonia, Michigan, 48150**

**CLIENT:** City of Ypsilanti

**PROJECT:** Prospect Road Resurfacing

**LOCATION:** Cross to Michigan

**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

**WORK:** Mill and overlay with 2.5" HMA

**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

**Telephone: (734) 522-6711 FAX: (734) 522-6711**

**DATE:** Jan 14, 2014

**PROJECT NO.** 0094-13-0041

**ESTIMATOR:** MJM

**CHECKED BY:** KJE

**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.

1200 feet - 28 feet wide Cross to Martin Pl

400 feet - 44 feet wide from Martin Pl to Michigan Ave

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Prospect bridge deck will be addressed as separate project.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|-----------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1                 | \$ 11,000.00 | \$ 11,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1                 | \$ 10,000.00 | \$ 10,000.00  |
| 3    | Pavement Removal - Milling        | Syd  | 5,800             | \$ 2.00      | \$ 11,600.00  |
| 4    | Curb Removal                      | Lft  | 640               | \$ 10.00     | \$ 6,400.00   |
| 5    | Structure Adjust                  | Ea   | 15                | \$ 500.00    | \$ 7,500.00   |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 640               | \$ 13.00     | \$ 8,320.00   |
| 7    | HMA, 5E3                          | Ton  | 850               | \$ 72.00     | \$ 61,200.00  |
| 8    | Sidewalk Ramps                    | Ea   | 10                | \$ 1,500.00  | \$ 15,000.00  |
| 9    | Pavement Markings                 | LS   | 1                 | \$ 7,500.00  | \$ 7,500.00   |

Construction Estimate Subtotal with 10% Contingency \$ 160,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 20,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 28,000.00

**Total Estimated Project Cost \$ 210,000.00**



**ORCHARD, HILTZ & McCLIMENT, INC.**

**34000 Plymouth Road, Livonia, Michigan, 48150**

**CLIENT: City of Ypsilanti**

**PROJECT: Prospect Road Resurfacing**

**LOCATION: Michigan to Spring**

**BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**

**WORK: Mill and overlay with 2.5" HMA**

**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

**Telephone: (734) 522-6711 FAX: (734) 522-6711**

**DATE: Jan 14, 2014**  
**PROJECT NO. 0094-13-0041**  
**ESTIMATOR: MJM**  
**CHECKED BY: KJE**

**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.  
 Pavement width is 36 feet face of curb to face of curb  
 Project Length is 2,200 feet  
 Road to be milled and overlaid with 2.5" HMA  
 Quantity for full depth removal and replacement along curb for first 400' included to address base issues.  
 Majority of existing curb will remain. Quantity is included for curb spot repair.  
 Project limits will extend back of curb to back of curb. Drives will not be replaced.  
 Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost    | Total Cost    |
|------|-----------------------------------|------|----------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 17,000.00 | \$ 17,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 7,500.00  | \$ 7,500.00   |
| 3    | Pavement Removal - Milling        | Syd  | 8,800          | \$ 2.00      | \$ 17,600.00  |
| 4    | Aggregate Base, 21AA, 8 inch      | Syd  | 500            | \$ 7.00      | \$ 3,500.00   |
| 5    | Station Grading                   | Sta  | 1              | \$ 1,500.00  | \$ 1,500.00   |
| 6    | Curb Removal                      | Lft  | 880            | \$ 10.00     | \$ 8,800.00   |
| 7    | Structure Adjust                  | Ea   | 20             | \$ 500.00    | \$ 10,000.00  |
| 8    | Concrete Curb and Gutter, Type F4 | Lft  | 880            | \$ 13.00     | \$ 11,440.00  |
| 9    | HMA, 5E3                          | Ton  | 1,520          | \$ 72.00     | \$ 109,440.00 |
| 10   | Sidewalk Ramps                    | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00  |
| 11   | Pavement Markings                 | LS   | 1              | \$ 5,000.00  | \$ 5,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 231,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 28,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 40,000.00

**Total Estimated Project Cost \$ 300,000.00**



**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of Ypsilanti

PROJECT: Prospect Road Resurfacing

LOCATION: Spring to Grove

BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

WORK: Mill and overlay with 2.5" HMA

**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project length is 950 feet

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|-----------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1                 | \$ 7,000.00  | \$ 7,000.00   |
| 2    | Traffic Maintenance and Control   | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |
| 3    | Pavement Removal - Milling        | Syd  | 3,500             | \$ 2.00      | \$ 7,000.00   |
| 4    | Curb Removal                      | Lft  | 380               | \$ 10.00     | \$ 3,800.00   |
| 5    | Structure Adjust                  | Ea   | 7                 | \$ 500.00    | \$ 3,500.00   |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 380               | \$ 13.00     | \$ 4,940.00   |
| 7    | HMA, 5E3                          | Ton  | 550               | \$ 72.00     | \$ 39,600.00  |
| 8    | Sidewalk Ramps                    | Ea   | 4                 | \$ 1,500.00  | \$ 6,000.00   |
| 9    | Pavement Markings                 | LS   | 1                 | \$ 2,500.00  | \$ 2,500.00   |

Construction Estimate Subtotal with 10% Contingency \$ 90,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 11,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 16,000.00

**Total Estimated Project Cost \$ 120,000.00**





REQUEST FOR LEGISLATION

January 21, 2014

Revised 1-17-2014

From: Ralph A. Lange & Stan Kirton

Subject: Support for the Proposed Prospect Road Improvement Project from Holmes Road to Grove Road

---

SUMMARY & BACKGROUND:

The Prospect Road project is currently slated for construction during the 2015 construction season. Federal Surface Transportation Urban funds have been appropriated for this project through the City of Ypsilanti by WATS. The scope of this project is approximately 7,150 linear feet that will include, but not be limited to, the following types of road improvement work:

"Full depth pavement removed and replacement, full reconstruction and 2.5" mill in overlay.

The total project cost is estimated to be approximately \$1,482,000, the City share is estimated to be \$566,800; the Federal aid share is estimated to be \$915,200; the amount of federal aid funds expected to be available for this project in 2015 is \$895,000. The cost of the City's share of this project will be spread out over three budget years FY 2014, FY2015, and FY2016.

RECOMMENDED ACTION: Approval

RESOLUTION: Attached

---

CITY MANAGER APPROVAL:

COUNCIL AGENDA DATE: January 21, 2014

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_



Resolution No. 2014 -028  
January 21, 2014

RESOLUTION TO DIRECT CITY STAFF AND OHM TO TAKE ALL THE NECESSARY STEPS TO  
PROCEED WITH, AND IMPROVE PROSPECT ROAD FROM HOLMES ROAD TO GROVE ROAD

---

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, Prospect Road is in need of repair and reconstruction, and;

WHEREAS, this work needs to be done as soon as financially feasible, and;

WHEREAS, the soonest the necessary amount of federal aid dollars will be available to the City of Ypsilanti to proceed with this project will be in fiscal 2015, and;

WHEREAS, the repair and reconstruction of Prospect Street is a very high priority project for City Council to see completed, and;

WHEREAS, many positive advantages will accrue to the City if this project is designed and completed in FY 2015, and;

NOW THEREFORE BE IT RESOLVED THAT the Ypsilanti City Council directs the City staff and OHM to take all the necessary steps to proceed with and improve Prospect Road from Holmes Road to Grove Road

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:                      NO:                      ABSENT:                      VOTE:

ARCHITECTS. ENGINEERS. PLANNERS.



January 14, 2014

City of Ypsilanti  
One South Huron Street  
Ypsilanti, Michigan 48197

Attention: Mr. Ralph A. Lange, City Manager

Regarding: City of Ypsilanti  
Prospect Road Corridor Assessment and Reconstruction Feasibility Analysis

Dear Mr. Lange:

The City asked OHM to prepare an analysis of the repair options and associated costs for the Prospect Road corridor from Holmes Road to Grove Road. A location map, detailed estimates, and cost summary table are attached.

Prospect Road between Holmes Road and Cross Street is in failed condition (PASER 1 and 2). From Cross Street to Grove Street the condition ranges from good to fair (PASER 6 to 4) with a small section of poor (PASER 3) from Spring Street to Davis Street.

#### **Repair Recommendations and Cost Estimates**

OHM divided the corridor into five sections and prepared the recommended construction methods and associated estimates for each section. The attached Prospect Road Corridor Cost summary breaks down the estimated construction costs by section. We understand sections 1 & 2 are of the greatest concern to the City due to the extent of deterioration. Sections 3, 4, & 5 are in good to fair condition (PASER 4-6) and are candidates for less intense rehabilitation (mill and overlay with spot base repair). The less intense repairs are more cost effective than full reconstructions. These types of repairs are common in a balanced road maintenance program. Both the full reconstruction and the rehabilitation section estimates include costs to bring the corner ramps into compliance with ADA requirements. The ramp work done as part of this project could be counted towards the City's ramp program for one or two fiscal years.

Field investigations were performed on sections 1 & 2 to assist in estimating the extent of the base and sub-base work that would be required.

The City has \$895,000 in Federal Aid earmarked in the Transportation Improvement Program (TIP) for the next three years (2014, 2015, & 2016). The estimated Federal Aid component of the entire corridor project is slightly above the allocation. However, these are conservative planning level estimates. If the City chooses to move forward with the full corridor project, we would expect the project could be completed without exceeding the Federal Aid fund allowance to the point where additional City funds would be required.

The City has secured funding for resurfacing of the Prospect Bridge in the 2014 construction season. This project will include resurfacing the bridge deck and will extend 40-feet north and south of the bridge deck (the maximum distance permitted by MDOT). Additionally, the City has applied for safety grant funding to

provide a dedicated left turn signal phase for Prospect Road at Michigan Avenue. This application included the cost of pedestrian signal upgrades and ADA compliance for the ramps at the intersection.

The attached Prospect Road estimates assume each project would be done separately. Although some savings would be expected if multiple sections were constructed under one contract, we recommend the using the full estimates as provided for budgeting purposes.

There are several advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.

These advantages would need to be weighed against the other transportation needs throughout the City before finalizing the selections for the Transportation Improvement Plan (TIP) projects for the next three years.

Should there be any questions, please contact us.

Sincerely,

**OHM Advisors,**

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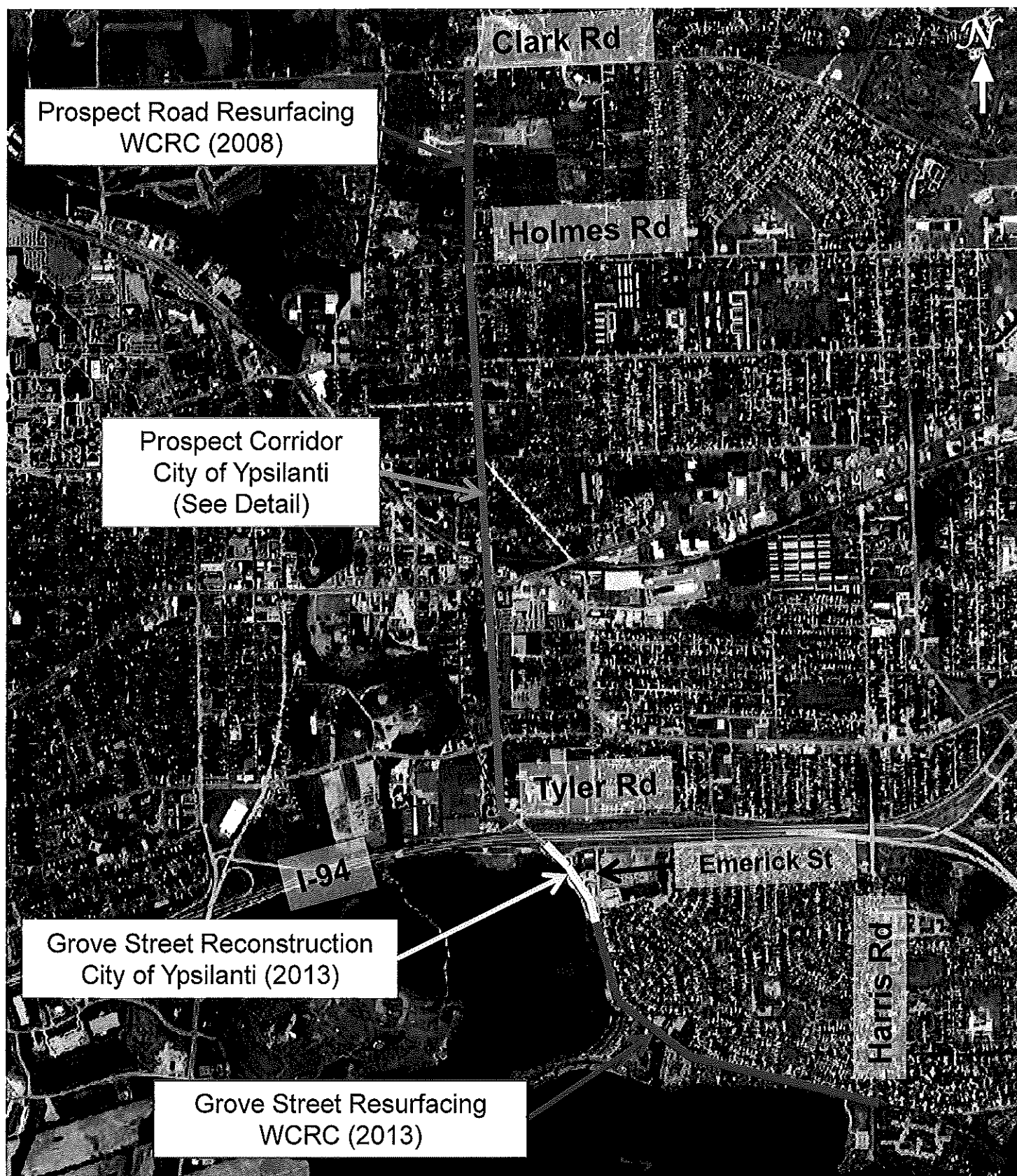
Kent Early, P.E.

Cc: Stan Kirton, DPS Director  
Marcus McNamara, OHM  
File

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# Prospect & Grove Corridor Improvements

## City of Ypsilanti



Source: Data provided by Washtenaw County and the City of Ypsilanti. OHM does not warrant the accuracy of the data and/or the map. This document is intended to depict the approximate spatial location of the mapped features within the Community and all use is strictly at the user's own risk.

Coordinate System: NAD83 Michigan South

# Prospect Road Corridor Improvements

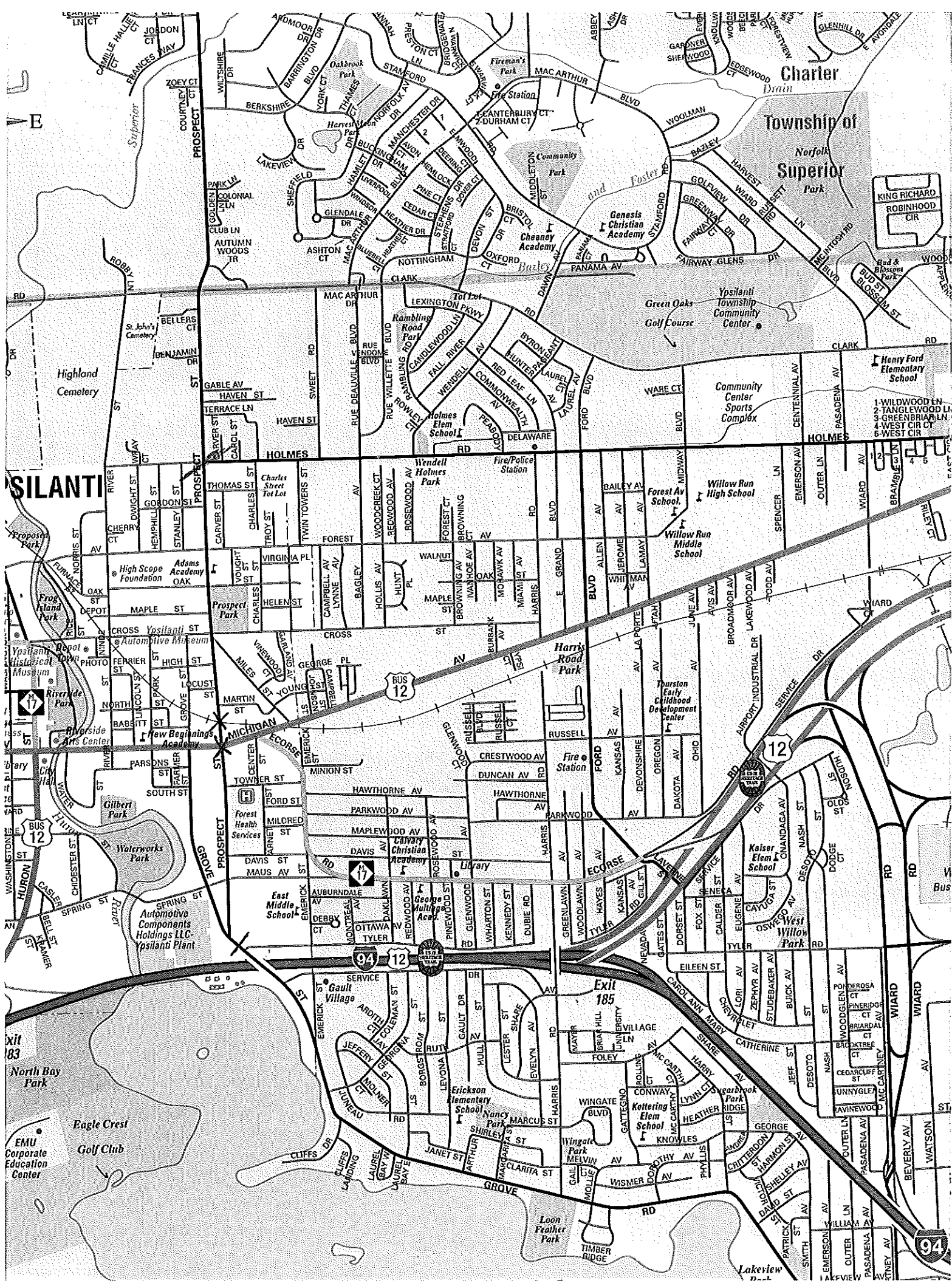
## City of Ypsilanti



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Coordinate System: NAD83 Michigan South







## Prospect Road Corridor Cost Summary

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

| Section | From     | To       | Construction Description               | A<br>Estimated<br>Construction Cost<br>with Contingency | B<br>80% Fed Aid<br>Share | C<br>20% Local<br>Share | D<br>Estimated Design<br>Engineering | E<br>Estimated<br>Construction<br>Engineering | F<br>Approximate Cost<br>of Ramp Work |
|---------|----------|----------|----------------------------------------|---------------------------------------------------------|---------------------------|-------------------------|--------------------------------------|-----------------------------------------------|---------------------------------------|
| 1       | Forest   | Forest   | Full Depth Pavement Remove and Replace | \$236,000.00                                            | \$188,800.00              | \$47,200.00             | \$29,000.00                          | \$41,000.00                                   | \$18,000.00                           |
| 2       | Forest   | Cross    | Full Reconstruction                    | \$427,000.00                                            | \$341,600.00              | \$85,400.00             | \$52,000.00                          | \$73,000.00                                   | \$27,000.00                           |
| 3       | Cross    | Michigan | 2.5" Mill and Overlay                  | \$160,000.00                                            | \$128,000.00              | \$32,000.00             | \$20,000.00                          | \$28,000.00                                   | \$15,000.00                           |
| 4       | Michigan | Spring   | 2.5" Mill and Overlay                  | \$231,000.00                                            | \$184,800.00              | \$46,200.00             | \$28,000.00                          | \$40,000.00                                   | \$18,000.00                           |
| 5       | Spring   | Grove    | 2.5" Mill and Overlay                  | \$90,000.00                                             | \$72,000.00               | \$18,000.00             | \$11,000.00                          | \$16,000.00                                   | \$6,000.00                            |
| Total   |          |          |                                        | \$1,144,000.00                                          | \$915,200.00              | \$228,800.00            | \$140,000.00                         | \$198,000.00                                  | \$84,000.00                           |

### Notes:

Total Federal Aid (B) \$915,200.00  
 Total City Cost (C+D+E) \$566,800.00  
 Total Value of Ramp Work (F) \$84,000.00

Total of \$895,000 of Federal Aid is allocated to the City in the current Transportation Improvement Plan over the next three years (2014, 2015, 2016)  
 Ramp Work - Column (F) costs included in Estimated Construction Costs - Column (A)  
 Design For Sections 1 & 2 budgeted for in FY 2013/2014 budget  
 Prospect Bridge deck scheduled for replacement in 2014  
 Safety Grant application has been submitted for signal improvements at Michigan and Prospect intersection for 2015 funding



Advantages to pursuing the entire corridor project under one contract.

1. Potential savings on construction costs due to volume, and elimination of redundant efforts such as mobilization and traffic control.
2. Potential savings on design engineering due preparation of one bid package.
3. Potential savings on construction engineering costs due to administration of single contract.
4. Completion of major north south corridor in one construction season would eliminate need to disrupt traffic on the corridor over several years.
5. Bridge project is already funded, and application has been made for safety improvements at Michigan Avenue. Resurfacing in these areas would provide uniform driving surface.
6. The City and WCRRC have already made investments north and south of the proposed project limits. Completing the Prospect road work in the City limits would provide for an improved corridor for nearly 3.5 miles, including the City and Township sections of Grove Road.



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road RehabilitationLOCATION: Holmes to ForestBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Pavement Removal and Replacement with Limited Base Repair.PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be removed full depth and replaced with 5" HMA.

Proposed road cross section: 5" HMA on existing aggregate base.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Drives will not be replaced.

Expected service life is 10-12 years

| Item | Description                           | Unit | Total Quantity | Unit Cost    | Total Cost   |
|------|---------------------------------------|------|----------------|--------------|--------------|
| 1    | Mobilization, Max. 10%                | LS   | 1              | \$ 17,000.00 | \$ 17,000.00 |
| 2    | Traffic Maintenance and Control       | LS   | 1              | \$ 10,000.00 | \$ 10,000.00 |
| 3    | Pavement Removal                      | Syd  | 4,400          | \$ 3.00      | \$ 13,200.00 |
| 4    | Curb Removal                          | Lft  | 560            | \$ 10.00     | \$ 5,600.00  |
| 5    | Structure Adjust                      | Ea   | 10             | \$ 500.00    | \$ 5,000.00  |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 300            | \$ 6.00      | \$ 1,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 1,100          | \$ 7.00      | \$ 7,700.00  |
| 8    | Station Grading                       | Sta  | 14             | \$ 1,500.00  | \$ 21,000.00 |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 560            | \$ 13.00     | \$ 7,280.00  |
| 10   | HMA, 5E3                              | Ton  | 600            | \$ 72.00     | \$ 43,200.00 |
| 11   | HMA, 4C                               | Ton  | 790            | \$ 72.00     | \$ 56,880.00 |
| 12   | Sidewalk Ramps                        | Ea   | 12             | \$ 1,500.00  | \$ 18,000.00 |
| 13   | Pavement Markings                     | LS   | 1              | \$ 5,000.00  | \$ 5,000.00  |
| 14   | Restoration                           | Syd  | 500            | \$ 4.00      | \$ 2,000.00  |

Construction Estimate Subtotal with 10% Contingency \$ 236,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 29,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 41,000.00

**Total Estimated Project Cost \$ 310,000.00**

**OHM**

Engineering Advisors

**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

**CLIENT:** City of Ypsilanti**PROJECT:** Prospect Road Reconstruction**LOCATION:** Forest to Cross**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**WORK:** Full Road Reconstruction - Cross to Forest**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST**

Telephone: (734) 522-6711 FAX: (734) 522-6711

**DATE:** Jan 14, 2014**PROJECT NO.** 0094-13-0041**ESTIMATOR:** MJM**CHECKED BY:** KJE**Assumptions**

Existing road is two lane asphalt with concrete curb and gutter.

Project length is 1,400 feet.

Pavement width is 28 feet with 24" curb and gutter both sides.

Road to be reconstructed full depth with new aggregate base, asphalt cross section, and concrete curb and gutter.

Proposed road cross section: 7" HMA on 8" aggregate base.

Project limits will extend to the right-of-way. All drives will be replaced

Expected service life is 17-20 years

| Item | Description                           | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|---------------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%                | LS   | 1                 | \$ 31,000.00 | \$ 31,000.00  |
| 2    | Traffic Maintenance and Control       | LS   | 1                 | \$ 10,000.00 | \$ 10,000.00  |
| 3    | Pavement Removal                      | Syd  | 4,400             | \$ 3.00      | \$ 13,200.00  |
| 4    | Curb Removal                          | Lft  | 2,800             | \$ 5.00      | \$ 14,000.00  |
| 5    | Structure Adjust                      | Ea   | 10                | \$ 500.00    | \$ 5,000.00   |
| 6    | Underdrain, Subgrade, Open Graded, 6" | Lft  | 2,800             | \$ 6.00      | \$ 16,800.00  |
| 7    | Aggregate Base, 21AA, 8 inch          | Syd  | 5,300             | \$ 7.00      | \$ 37,100.00  |
| 8    | Station Grading                       | Sta  | 14                | \$ 1,500.00  | \$ 21,000.00  |
| 9    | Concrete Curb and Gutter, Type F4     | Lft  | 2,800             | \$ 13.00     | \$ 36,400.00  |
| 10   | HMA, 5E3                              | Ton  | 790               | \$ 72.00     | \$ 56,880.00  |
| 11   | HMA, 4C                               | Ton  | 1,100             | \$ 72.00     | \$ 79,200.00  |
| 12   | Drives, Residential, Concrete         | Ea   | 16                | \$ 1,200.00  | \$ 19,200.00  |
| 13   | Drives, Commercial, Concrete          | Ea   | 4                 | \$ 2,000.00  | \$ 8,000.00   |
| 14   | Sidewalk Ramps                        | Ea   | 18                | \$ 1,500.00  | \$ 27,000.00  |
| 15   | Pavement Markings                     | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |
| 16   | Restoration                           | Syd  | 2,000             | \$ 4.00      | \$ 8,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 427,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 52,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 73,000.00

**Total Estimated Project Cost \$ 560,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of Ypsilanti

PROJECT: Prospect Road Resurfacing

LOCATION: Cross to Michigan

BASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL

WORK: Mill and overlay with 2.5" HMA

PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014

PROJECT NO. 0094-13-0041

ESTIMATOR: MJM

CHECKED BY: KJE

## Assumptions

Existing road is two lane asphalt with concrete curb and gutter.

1200 feet - 28 feet wide Cross to Martin Pl

400 feet - 44 feet wide from Martin Pl to Michigan Ave

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Prospect bridge deck will be addressed as separate project.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|-----------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1                 | \$ 11,000.00 | \$ 11,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1                 | \$ 10,000.00 | \$ 10,000.00  |
| 3    | Pavement Removal - Milling        | Syd  | 5,800             | \$ 2.00      | \$ 11,600.00  |
| 4    | Curb Removal                      | Lft  | 640               | \$ 10.00     | \$ 6,400.00   |
| 5    | Structure Adjust                  | Ea   | 15                | \$ 500.00    | \$ 7,500.00   |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 640               | \$ 13.00     | \$ 8,320.00   |
| 7    | HMA, 5E3                          | Ton  | 850               | \$ 72.00     | \$ 61,200.00  |
| 8    | Sidewalk Ramps                    | Ea   | 10                | \$ 1,500.00  | \$ 15,000.00  |
| 9    | Pavement Markings                 | LS   | 1                 | \$ 7,500.00  | \$ 7,500.00   |

Construction Estimate Subtotal with 10% Contingency \$ 160,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 20,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 28,000.00

Total Estimated Project Cost \$ 210,000.00

**OHM**

Engineering Advisors

**ORCHARD, HILTZ & McCLIMENT, INC.**

34000 Plymouth Road, Livonia, Michigan, 48150

**CLIENT:** City of Ypsilanti**PROJECT:** Prospect Road Resurfacing**LOCATION:** Michigan to Spring**BASIS FOR ESTIMATE:** ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINAL**WORK:** Mill and overlay with 2.5" HMA**PRELIMINARY OPINION OF PROBABLE  
CONSTRUCTION COST****Telephone:** (734) 522-6711 **FAX:** (734) 522-6711**DATE:** Jan 14, 2014**PROJECT NO.** 0094-13-0041**ESTIMATOR:** MJM**CHECKED BY:** KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project Length is 2,200 feet

Road to be milled and overlaid with 2.5" HMA

Quantity for full depth removal and replacement along curb for first 400' included to address base issues.

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total<br>Quantity | Unit<br>Cost | Total<br>Cost |
|------|-----------------------------------|------|-------------------|--------------|---------------|
| 1    | Mobilization, Max. 10%            | LS   | 1                 | \$ 17,000.00 | \$ 17,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1                 | \$ 7,500.00  | \$ 7,500.00   |
| 3    | Pavement Removal - Milling        | Syd  | 8,800             | \$ 2.00      | \$ 17,600.00  |
| 4    | Aggregate Base, 21AA, 8 inch      | Syd  | 500               | \$ 7.00      | \$ 3,500.00   |
| 5    | Station Grading                   | Sta  | 1                 | \$ 1,500.00  | \$ 1,500.00   |
| 6    | Curb Removal                      | Lft  | 880               | \$ 10.00     | \$ 8,800.00   |
| 7    | Structure Adjust                  | Ea   | 20                | \$ 500.00    | \$ 10,000.00  |
| 8    | Concrete Curb and Gutter, Type F4 | Lft  | 880               | \$ 13.00     | \$ 11,440.00  |
| 9    | HMA, 5E3                          | Ton  | 1,520             | \$ 72.00     | \$ 109,440.00 |
| 10   | Sidewalk Ramps                    | Ea   | 12                | \$ 1,500.00  | \$ 18,000.00  |
| 11   | Pavement Markings                 | LS   | 1                 | \$ 5,000.00  | \$ 5,000.00   |

Construction Estimate Subtotal with 10% Contingency \$ 231,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 28,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 40,000.00

**Total Estimated Project Cost \$ 300,000.00**



Engineering Advisors

ORCHARD, HILTZ &amp; McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

CLIENT: City of YpsilantiPROJECT: Prospect Road ResurfacingLOCATION: Spring to GroveBASIS FOR ESTIMATE: ☐ CONCEPTUAL ☒ PRELIMINARY ☐ FINALWORK: Mill and overlay with 2.5" HMA

Telephone: (734) 522-6711 FAX: (734) 522-6711

DATE: Jan 14, 2014PROJECT NO. 0094-13-0041ESTIMATOR: MJMCHECKED BY: KJE**Assumptions**

Existing road is three lane asphalt with overlaid concrete curb and gutter.

Pavement width is 36 feet face of curb to face of curb

Project length is 950 feet

Road to be milled and overlaid with 2.5" HMA

Majority of existing curb will remain. Quantity is included for curb spot repair.

Project limits will extend back of curb to back of curb. Drives will not be replaced.

Expected service life is 5-7 years

| Item | Description                       | Unit | Total Quantity | Unit Cost   | Total Cost   |
|------|-----------------------------------|------|----------------|-------------|--------------|
| 1    | Mobilization, Max. 10%            | LS   | 1              | \$ 7,000.00 | \$ 7,000.00  |
| 2    | Traffic Maintenance and Control   | LS   | 1              | \$ 5,000.00 | \$ 5,000.00  |
| 3    | Pavement Removal - Milling        | Syd  | 3,500          | \$ 2.00     | \$ 7,000.00  |
| 4    | Curb Removal                      | Lft  | 380            | \$ 10.00    | \$ 3,800.00  |
| 5    | Structure Adjust                  | Ea   | 7              | \$ 500.00   | \$ 3,500.00  |
| 6    | Concrete Curb and Gutter, Type F4 | Lft  | 380            | \$ 13.00    | \$ 4,940.00  |
| 7    | HMA, 5E3                          | Ton  | 550            | \$ 72.00    | \$ 39,600.00 |
| 8    | Sidewalk Ramps                    | Ea   | 4              | \$ 1,500.00 | \$ 6,000.00  |
| 9    | Pavement Markings                 | LS   | 1              | \$ 2,500.00 | \$ 2,500.00  |

Construction Estimate Subtotal with 10% Contingency \$ 90,000.00

Estimated Topography, Design, Soils Investigation (12%) \$ 11,000.00

Estimated Construction Engineering, Staking, Materials Testing (17%) \$ 16,000.00

**Total Estimated Project Cost \$ 120,000.00**



REQUEST FOR LEGISLATION  
January 21, 2014

From: Teresa Gillotti, Director of Community and Economic Development

Subject: Letter of Intent with Herman Kittle Properties, Inc to develop 3.14 acres of the southern portion of the Water Street Redevelopment Area for 76 units of multi-family housing, tentatively named "Water Street Flats"

### Project Description

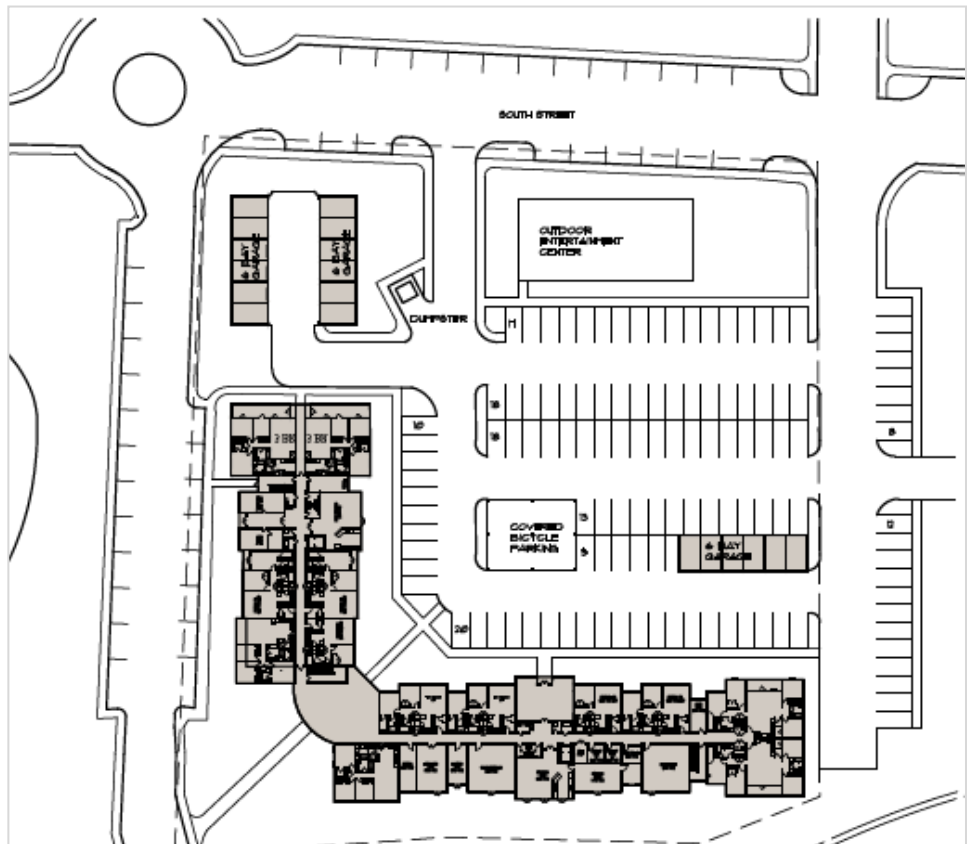
The Herman Kittle Properties (HKP) is proposing a \$12 million, 76 unit multi-family brick-facade apartment building on approximately 3.14 acres located southeast of the proposed River and South streets intersection of the Water Street Redevelopment Area. They are requesting approval of a 6-month Letter of Intent to proceed with due diligence and potential purchase of 3.14 acres on with a goal to begin construction by October 2014. The purchase price would be \$50,000/acre due to large up-front investment in infrastructure for the site.

The block in consideration is shown in green on the adopted Water Street infrastructure plan below.



The proposed building will have a brick façade similar to the drawing below. It would be oriented to both River Street extended and the Huron River. Parking would be located to the north and east of the building with drive entrances off of South and Lincoln Streets into the parking area.

HKP would be responsible for constructing River Street (south of Michigan Avenue), South Street, between Park Street and River Street and Lincoln Street south of South Street. These streets would be built to city standards including, on-street parking, sidewalks, and water and sewer lines as part of this development. The cost to develop this infrastructure is estimated to be \$745,000.



Pedestrian access would remain as sidewalks would continue on all four sides of the block, and the linear park with be to the south of the proposed development. Construction of the ring road shown on the City's infrastructure plan south of the proposed development is still being discussed. Parking would include on-street spaces as well as dedicated parking on the block and 18 garage spaces. This currently exceeds the parking requirements in the zoning guidelines and may be over-parked.



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"



The 76 units will vary between 1 and 4 bedroom units with the majority falling in the 1-2 bedroom range. Eight of the units, or just over 10%, will be barrier free.

| Floor        | 1BR       | 2BR       | 3BR       | 4BR      | Total     | Common Area   | Total Area     |
|--------------|-----------|-----------|-----------|----------|-----------|---------------|----------------|
| 1            | 2         | 5         | 4         | 2        | 13        | 12,285        | 26,745         |
| 2            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,349         |
| 3            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,439         |
| Units size   | 738 sf    | 993 sf    | 1201 sf   | 1502 sf  |           |               |                |
| <b>Total</b> | <b>26</b> | <b>26</b> | <b>16</b> | <b>8</b> | <b>76</b> | <b>26,487</b> | <b>105,882</b> |

## Investment, Financing, and Timeline

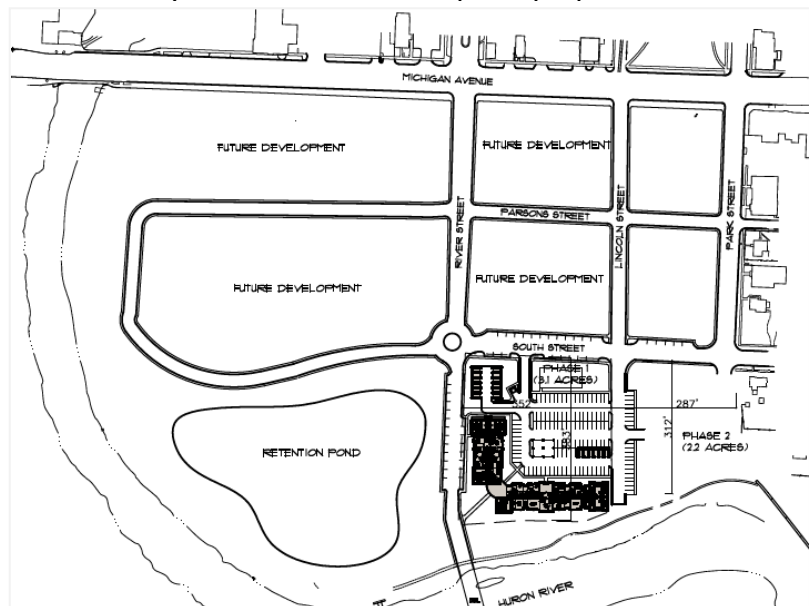
The total project investment is estimated at \$12.1 million with 1.7 million dedicated to infrastructure and site preparation costs. The site preparation costs are higher than average as much of the site is located on fill soil. HKP hired engineers who conducted soil borings on site to evaluate the geotech and determine the ability for the soil to hold up the proposed structures. As expected in that area of the site, pilings would be needed to provide additional support, and the pilings and related treatments have been added into the developer's budget estimates.

The project would be financed with several different mechanisms including Rental Housing Tax credits (RHTC) from MSHDA, Tax Exempt Bond financing, HOME funds and developer contribution.

As noted, the infrastructure proposed to be constructed as part of the project includes construction of River Street from Michigan Avenue to the rear of the site, South Street from Park Street to River Street extended and Lincoln Street from South Street to the southern extent of the site. The estimated \$745,000 in infrastructure costs would also include oversized utilities that would run from Michigan Avenue south under River Street to serve the site as well as future development. These costs would be reimbursable through the Brownfield Tax Increment Financing.

Proposed project financing:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution



The RIHTC are part of an application process with the State of Michigan which has a few deadlines that would impact the approval process. If approved, HKP would request to have a purchase agreement finalized by mid-March.

### Project Timeline

- December, 2013: Preliminary Application due to MSHDA
- March 2014: purchase agreement with City of Ypsilanti and Herman Kittle Properties
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

HKP provided details on how the RHTC affect rents and affordability in the attached Letter of Intent (LOI) document.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

Just as the financing would place controls on rents, it would also put a ceiling on family incomes ensuring long-term affordability of the units to be rented to those at a maximum of 50-60% of the Area Median Income regardless of changes to property values. As this income is calculated for Washtenaw County, and Ypsilanti incomes are lower, these averages are in-line with those of Ypsilanti residents.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

## Company background

According to the background information in the accompanying materials, Herman Kittle Properties, Inc. and its successors have been around since 1948 and have a large portfolio of affordable and market rate housing that they develop, own, manage and construct including more than 69 properties with more than 6,865 total units. As a management company, the portfolio-wide occupancy rate is 92%, and of recently constructed units (in the last 5 years), 90% occupancy rate has been reached within 8 months of construction. The company's practice is to own and manage the properties, with frequent rehabilitations included in the timeline of the property to extend its life, usually every 15-20 years.

HPK has two properties in Michigan both built in 2006 and one in nearby Indiana that was constructed more recently. The Development Director Michael Rodriguez has offered to arrange a visit for council members and staff to view the properties and meet residents.

## Letter of Intent Summary

**Location:** SE block of proposed River and South Street extensions  
**Building size:** Approx 105,882 square feet in single building  
**Use:** Multi-family apartment units ranging from 1-4 bedrooms  
**Investment:** Approx: \$12.1 million total with vertical improvements estimated at \$10 million  
**Purchase Price** \$50,000 per acre or \$157,000, reduced in lieu of significant infrastructure contribution.

Staff has been working with developer on the form of the building and a conceptual site plan corresponding to the Shape Ypsi Master Plan and the zoning guidelines for the site. Key features include:

**Orientation:** Building is oriented to front on River Street and the Huron River  
**Access:** River, South Street and portion of Lincoln to be built by Developer to City standards including on-street parking  
**Utilities:** Oversized water and sewer lines expected to pull from Michigan Ave. to the site, providing for future development, paid for by the developer  
**Façade:** Brick facade with larger glass windows on first floor conforming to master plan design standards  
**Parking:** Exceeds requirements in place by city

## Comparable Development

The majority of the City multi-family apartment housing stock was built in the 1950s -1970s. While many of these apartment buildings have been updated in recent years, there are few comparable new multi-family apartment buildings in the City. The most recent new construction was that of Peninsular Apartments in 2005, and while it is a different product with its location across the street from EMU and focus on student rentals, each of the two built parcels is similar in lot area and number of units. In particular, 1000 Huron River Drive has 85 units on 3.05 acres, with a taxable value of \$2,160,300.

After reviewing a 2013 CBRE multifamily inventory as well as the HKP draft marketing study, a conservative estimate of the taxable value post construction would be \$2 million resulting in an estimated \$73,000 a year in city taxes. Staff will provide more information on how the investment will play out with the existing Tax Increment Financing Districts as part of the presentation at City Council on Feb. 21.

**Next steps:**

If the Letter of Intent is approved, the 3.14 acres would be effectively taken off the market for 6 months while staff works with HKP on a purchase agreement. Note that the developer is interested in moving to a purchase agreement by March based on the timeline above. A public hearing prior to the sale, and would be held at the time City Council considers the purchase agreement. This letter of intent is non-binding for both parties.

**RECOMMENDED ACTION:** Approval subject to staff/council site-visit of HKP owned and managed properties; updates to building elevations for the site, continued discussions related to parking and the ring road.

**ATTACHMENTS:**

- Water Street Flats Letter of Intent
- Water Street Flats Summary
- Resolution of approval

---

CITY MANAGER APPROVAL: \_\_\_\_\_ COUNCIL AGENDA DATE: \_\_\_\_\_

CITY MANAGER COMMENTS: \_\_\_\_\_

FISCAL SERVICES DIRECTOR APPROVAL: \_\_\_\_\_



Resolution No. 2014-027  
January 21, 2014

**RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:**

WHEREAS, The Ypsilanti City Council has requested that all offers related to the purchase of Water Street be presented to City Council for approval; and

WHEREAS, Ypsilanti City staff have been working with Herman Kittle Properties LLC on a 3.14 acre development in the Southeastern portion of the Water Street Redevelopment Area; and

WHEREAS: Herman Kittle Properties LLC have negotiated initial terms including a concept site plan based on the City's conceptual plans for Water Street, the site infrastructure plan and draft zoning for the Water Street Development; and

WHEREAS Herman Kittle Properties LLC has submitted a proposed Letter of Intent for purchase of 3.14 acres for \$157,000 plus substantial infrastructure development estimated at \$745,000 for the development of multi-family apartment units

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council approve the attached Letter of Intent with Herman Kittle Properties LLC to take 3.14 acres of the Water Street Redevelopment Area off the market and continue work towards a purchase and development agreement; and

FURTHER, that the Mayor and City Clerk are authorized to sign the Letter of Intent.

OFFERED BY: \_\_\_\_\_

SUPPORTED BY: \_\_\_\_\_

YES:

NO:

ABSENT:

VOTE:



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"

## WATER STREET LOFTS PROPOSAL

Ypsilanti City Council - January 21, 2014



## Tonight's presentation

- Review process for selling property on Water Street
- Presentation of Water Street Lofts Proposal
- Review proposal in line with Master Plan Concept and Infrastructure
- Previous plans – how was this similar or different to earlier concepts?
- Expected benefit to taxes
- Review next steps if approval is granted
- Comments & questions

## Process for selling Water Street property

- 2008 – City takes over role as lead developer
  - Allows for single developer for entire site
  - Also allows for selling portions of the site, 1 acre or larger
- 2009 – City passes ordinance to sell property on 10-5-2009
  - All future sales can be done by resolution if a public hearing is held with 10 days notice of hearing.

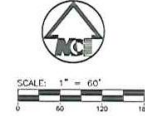
### Individual proposals

- Start with Letter of Intent
- Move to Purchase Agreement – (public hearing)
- Conditions met – move to construction



# Water Street Lofts Proposal

DRAFT



Copyright © 2013 Midwestern Consulting, LLC. All rights reserved. No part of this drawing may be used or reproduced in any form or by any means, without prior permission of Midwestern Consulting, LLC.

The underground utilities shown have been located from field survey information and existing records. The surveyor makes no guarantee that the underground utilities shown are correct. The surveyor is not responsible for the accuracy of the information shown on this drawing. The surveyor is not responsible for the accuracy of the information shown on this drawing. The surveyor is not responsible for the accuracy of the information shown on this drawing.

|       |                                  |   |                                                   |                                                                        |                                                                                                                                                                                                            |
|-------|----------------------------------|---|---------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 03162 | DATE: 12-14-2013<br>BY: J. J. J. | 1 | WATER STREET RE-DEVELOPMENT<br>PRELIMINARY LAYOUT | CLIENT:<br>CITY OF PEASLEE<br>1500 N. MAIN STREET<br>PEASLEE, ME 04455 | <b>MIDWESTERN CONSULTING</b><br><br>2013 Peaslee Drive<br>Peaslee, ME 04455<br>Phone: 207.465.2200<br>Fax: 207.465.2201 |
|       |                                  |   |                                                   |                                                                        |                                                                                                                                                                                                            |

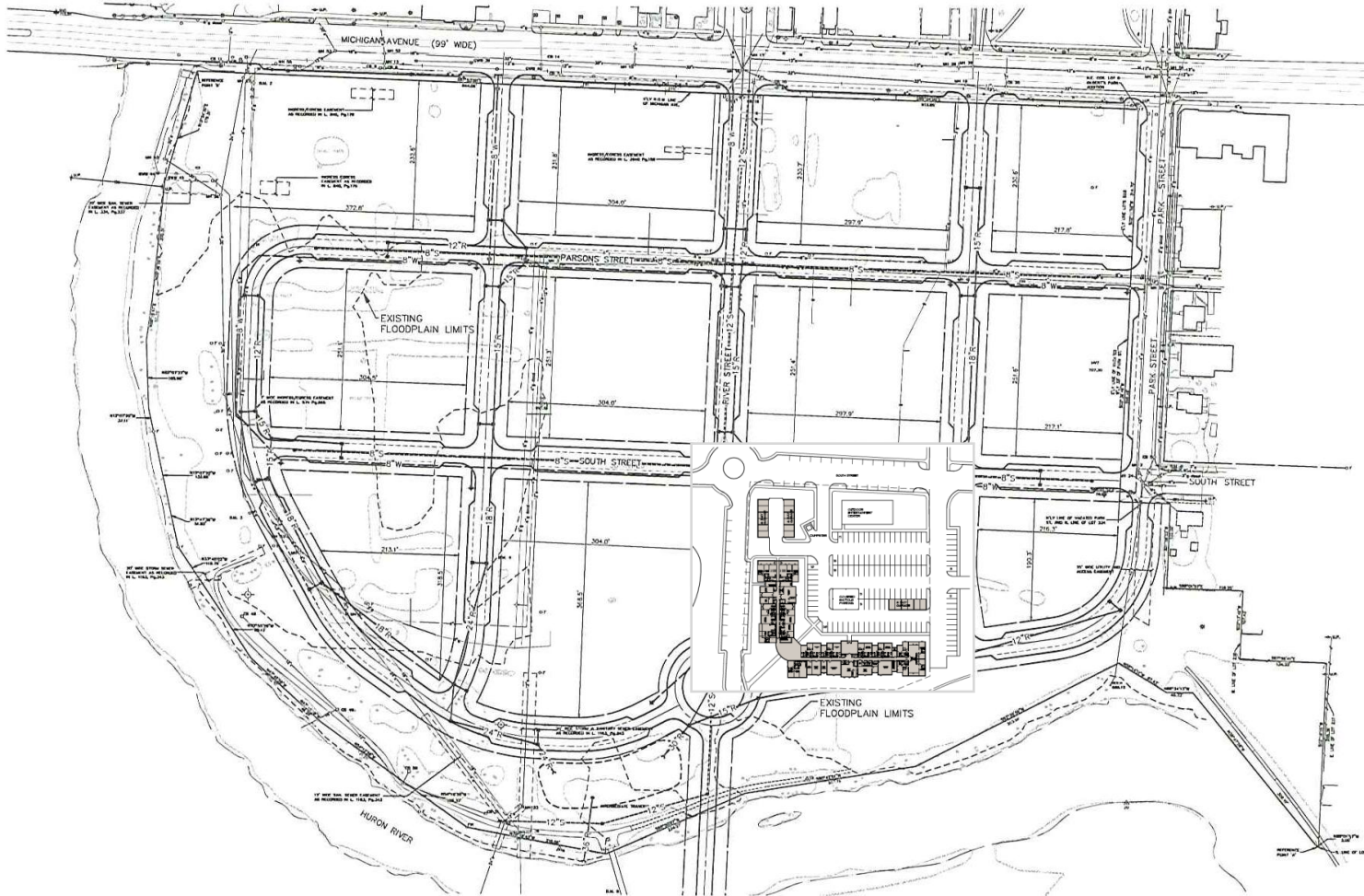
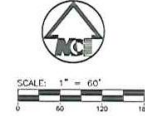
NO PART OF THIS ORIGINALLY MAY BE USED OR REPRODUCED IN ANY FORM OR BY ANY MEANS, OR STORED IN A RETRIEVAL SYSTEM, WITHOUT PRIOR PERMISSION OF MCGRAW-HILL, INC.





# Water Street Lofts Proposal

DRAFT



The underground utilities shown have been located from field survey information and existing records. The surveyor makes no guarantee that the underground utilities shown are correct or that they will remain in the same location or depth. The surveyor further does not warrant that the underground utilities shown are in the exact level indicated. Although the surveyor does certify that they are located as accurately as possible from the information available.

|                                                         |                                                          |  |                                                                        |                                                                                                             |
|---------------------------------------------------------|----------------------------------------------------------|--|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>03162</b><br>JOB NO.<br>DATE<br>12-14-2011<br>1 OF 1 | <b>WATER STREET RE-DEVELOPMENT</b><br>PRELIMINARY LAYOUT |  | CLIENT<br>CITY OF PLYMOUTH<br>15000 WATER STREET<br>PLYMOUTH, MI 48150 | MIDWESTERN CONSULTING<br>3013 Pine Drive<br>Ann Arbor, MI 48106<br>Phone: 734.662.5200<br>Fax: 734.662.5201 |
|                                                         | <b>1</b>                                                 |  | NCI<br>CONSULTING<br>ENGINEERS                                         | NCI<br>CONSULTING<br>ENGINEERS                                                                              |

## Letter of Intent Summary

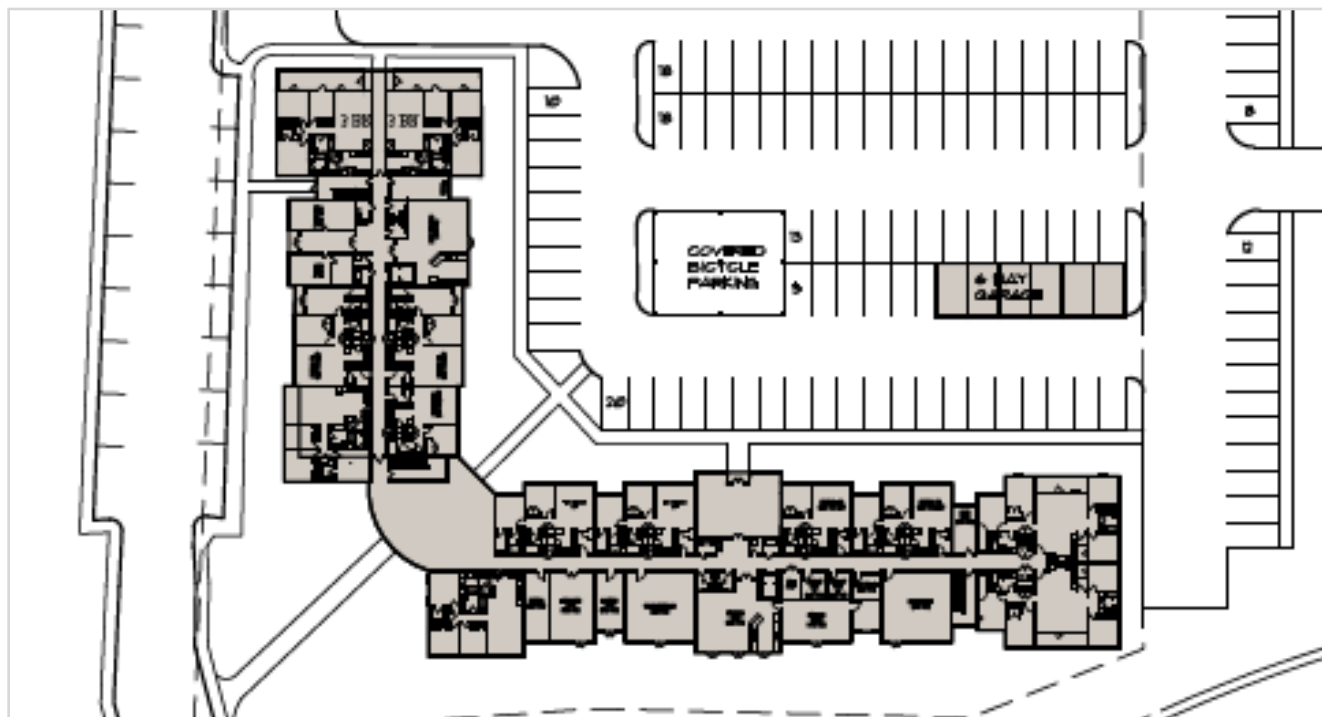
|                       |                                                                                                                                              |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parcel Size:</b>   | 3.14 acres                                                                                                                                   |
| <b>Location:</b>      | SE block of proposed River and South Street extensions                                                                                       |
| <b>Building size:</b> | Approx 105,882 square feet in single building                                                                                                |
| <b>Use:</b>           | Multi-family apartment units ranging from 1-4 bedrooms                                                                                       |
| <b>Investment:</b>    | Approx: \$12.1 million total<br>vertical improvements estimated at \$10 million                                                              |
| <b>Purchase Price</b> | \$50,000 per acre or \$157,000, reduced in lieu of significant infrastructure contribution.                                                  |
| <b>Taxes:</b>         | This is a taxable property.                                                                                                                  |
| <b>Orientation:</b>   | Building is oriented to front on River Street and the Huron River                                                                            |
| <b>Access:</b>        | River, South Street and portion of Lincoln to be built by Developer to City standards including on-street parking                            |
| <b>Utilities:</b>     | Oversized water and sewer lines expected to pull from Michigan Ave. to the site, providing for future development, paid for by the developer |
| <b>Façade:</b>        | Brick facade with larger glass windows on first floor conforming to master plan design standards                                             |
| <b>Parking:</b>       | Exceeds requirements in place by city                                                                                                        |

## Conceptual site plan

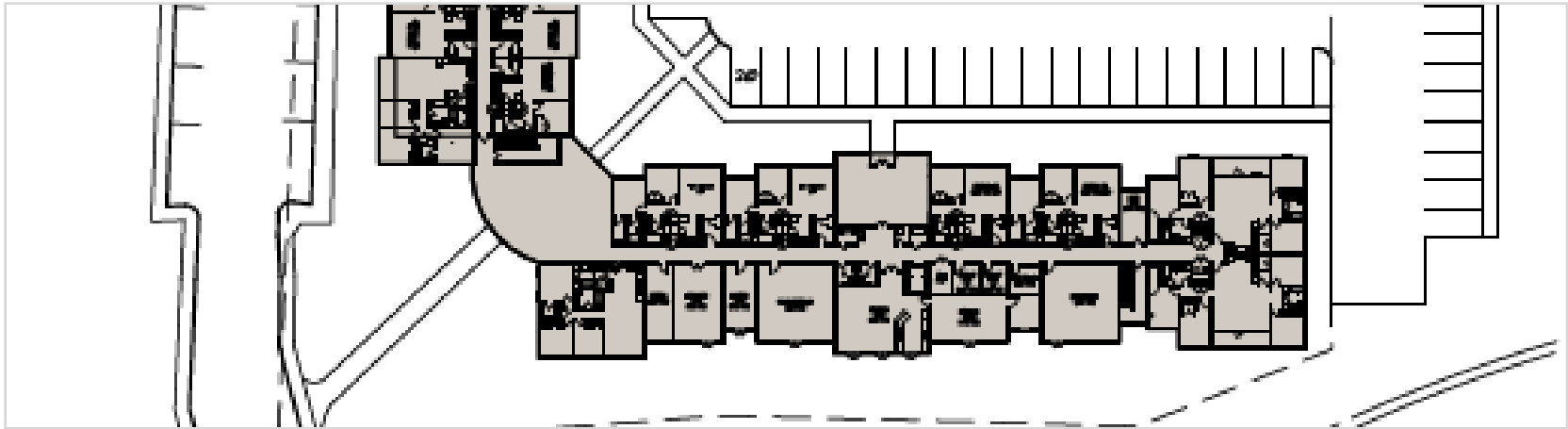


## Conceptual site plan

| Floor        | 1BR       | 2BR       | 3BR       | 4BR      | Total     | Common Area   | Total Area     |
|--------------|-----------|-----------|-----------|----------|-----------|---------------|----------------|
| 1            | 2         | 5         | 4         | 2        | 13        | 12,285        | 26,745         |
| 2            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,349         |
| 3            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,439         |
| 4            | 8         | 7         | 4         | 2        | 21        | 4,734         | 26,439         |
| Unit sizes   | 738 sf    | 993 sf    | 1201 sf   | 1502 sf  |           |               |                |
| <b>Total</b> | <b>26</b> | <b>26</b> | <b>16</b> | <b>8</b> | <b>76</b> | <b>26,487</b> | <b>105,882</b> |



## Building appearance



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"



## Building appearance



1 TYPICAL ELEVATION  
A201 SCALE: 1/16" = 1'-0"



## Project Investment and Timeline

### **Proposed project financing:**

\$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA

\$4,369,000 in Tax Exempt Bond Financing

\$3,472,000 in HOME Funds

\$925,000 developer contribution

The RIHTC are part of an application process with the State of Michigan which has a few deadlines that would impact the approval process. If approved, HKP would request to have a purchase agreement finalized by mid-March.

### **Project Timeline**

December, 2013: Preliminary Application due to MSHDA

March 2014: purchase agreement with City of Ypsilanti and Herman Kittle Properties

April, 2014: Full Application due to MSHDA

July, 2014: Allocation Announced

October, 2014: Closed on Financing and Start of Construction

August, 2015: Leasing Begins

October, 2015: Construction Complete

## Financing's affect on Affordability

**Four units will be limited to 50% Area Median Income**

**72 units will be limited to 60% Area Median Income**

### Income Maximums:

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

**Rents:** ranging from \$597 for a one bedroom to \$1,125 for a four bedroom

## Comparable Development

Conservative estimate based on 2005 Peninsular Place Development (smaller site)  
\$2 million in taxable value.

City taxes would be estimated at about \$73,000/year.

Depending on the taxable value of this and the Family Dollar project would depend on if the city taxes are recovered as part of Brownfield TIF or through DDA TIF.

|                         |                            |        | DDA     | Brownfield Plan |
|-------------------------|----------------------------|--------|---------|-----------------|
| Millage (non-homestead) | State Education Tax:       |        | n/a     | 6               |
|                         | School Operating Tax       |        | n/a     | 18              |
|                         | WISD                       |        | n/a     | 3.9745          |
|                         | City of Ypsilanti          |        | 36.4947 | 36.4947         |
|                         | - Operating                | 19.021 |         |                 |
|                         | - City Sanitation          | 2.7814 |         |                 |
|                         | - Fire & Police            | 8.9229 |         |                 |
|                         | Pension                    |        |         |                 |
|                         | - Public transit           | 0.9789 |         |                 |
|                         | - Street Imp. '01          | 2.4368 |         |                 |
|                         | - Street Imp. '03          | 2.3536 |         |                 |
|                         | Washtenaw County           |        | 5.7654  | 5.7654          |
|                         | WCC                        |        | 3.4576  | 3.4576          |
|                         | Ypsilanti District Library |        | 2.8102  | 2.8102          |
|                         | Total:                     |        | 48.5279 | 76.5024         |

## Questions and Comments

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January 21, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

Re: Proposed development of Water Street Flats located on approximately 3.14 acres, as shown on Exhibit A (the “Property”)

Dear Ms. Gillotti:

This Proposal to Purchase outlines the terms and conditions which are acceptable for Herman & Kittle Properties, Inc. (“Purchaser”) to enter into a Purchase Agreement with the City of Ypsilanti (“Seller”) for the Land as depicted on the attached “Exhibit A”. Please understand that this is only a general outline of terms and conditions and is subject to the parties entering into a formal, detailed Purchase Agreement acceptable to both parties. With that in mind, Purchaser proposes the following:

Narrative on project and background

Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it

was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats, especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

For your reference, I have included a chart which outlines the Area Median Income for Washtenaw County that would be applicable to this development.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

Anticipated timing for this development is outlined below:

- December, 2013: Preliminary Application due to MSHDA
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

Herman & Kittle Properties, Inc. (HKP) is the successor to companies that have been around since 1948, and has developed and managed multi-family homes for over 60 years. HKP is a vertically integrated company that has been in the business of developing, owning, managing, and constructing affordable and market rate housing for the past 30 years. In the 1980s, we developed apartments using the Rural Development program of the United States Department of Agriculture (“USDA”). During the 1990s, we began developing apartments using Section 42 tax credits. In the late 1990s, we began developing larger, tax-exempt bond financed apartment communities that significantly increased the size and complexity of our transactions. HKP has developed an expansive portfolio across the Midwest and Gulf Regions, building a solid foundation in affordable housing while also expanding into market rate communities. We have developed a wide array of products that fit a number of sites, partners and target populations.

As of October of 2013, HKP has developed 69 properties comprised of 6,865 total units (5,324 tax credit units and 1,541 market rate units) that have been placed in service in seven states. Through either development, acquisition or third party management agreements, HKP now manages a portfolio of over 8,300 units in nine states. On average over the past 5 years, our properties lease-up to 90% occupancy within 8 months of the certificate of occupancy being issued. The occupancy average for the entire HKP portfolio is just over 92%. It is also worth noting that Herman & Kittle Properties has never sold an affordable property nor relinquished property management for any property owned by HKP. It is our company philosophy to establish long-term partnerships in the communities that we develop in and leverage the Tax Credit program to re-syndicate or essentially rehab these properties every 15 to 20 years. Herman & Kittle Properties has two properties in Michigan, one in Kalamazoo and one in Jackson, and I would invite anyone from the City of Ypsilanti to visit these properties to get a sense of HKP's development quality and property management ability. As our Jackson property is located only 45 minutes from Ypsilanti, I have confirmed availability with our local property manager and she can accommodate your visit at your convenience.

1. Seller: City of Ypsilanti
2. Purchaser: Herman & Kittle Properties, Inc.
3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development").
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
6. Other Purchaser Obligations: Purchaser to construct River Street (south of Michigan Avenue), South Street, between Park Street and River Street, and Lincoln Street south of South Street including all streets, sidewalks, water and sewer lines as part of this development and subsequently deed back to the City of Ypsilanti. The cost to develop this infrastructure is estimated to be \$745,000.
7. Term: The Letter of Intent will be in effect for up to six (6) months or until a development agreement is executed. Either party can request a 6 month extension.
8. Elements of the Development Agreement: Both parties agree to spend the term period working through the details of the standard development agreement utilized by the Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, to include:
  - (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.



(b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.

(c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.

(d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.

(e) Financing Contingency. Purchaser will finance the apartment development with rental housing tax credits and tax-exempt bonds allocated by the Michigan State Housing Development Authority (the "Allocation") and Closing will be contingent upon receipt of the Allocation.

Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller will permit Purchaser, its agents, employees, and independent contractors, right of access at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time. Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By: \_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness: \_\_\_\_\_

The terms of the foregoing Letter of Intent are acknowledged by the undersigned this \_\_\_\_\_  
day of \_\_\_\_\_, 2013.

CITY OF YPSILANTI

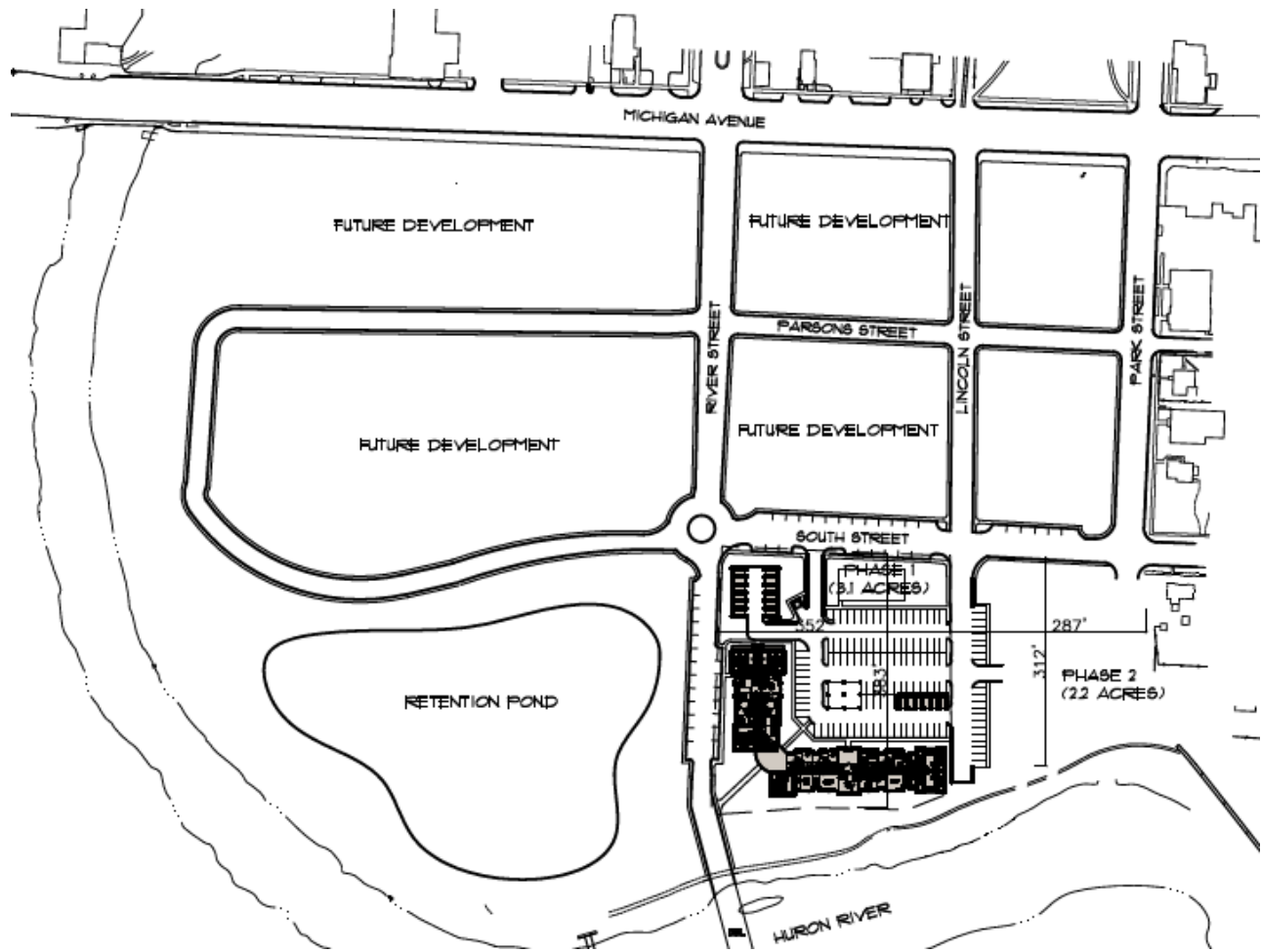
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Witness: \_\_\_\_\_

# Exhibit A







Real Estate Development • General Contracting • Property Management

January 17, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

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Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

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3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development"). Final legal descriptions shall be set forth in the definitive Purchase Agreement.
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
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7. Term: The non-binding Letter of Intent will be in effect for up to six (6) months ~~or until a development agreement is executed. Either party can request a 6 month extension~~ and if a definitive Purchase Agreement approved by the City Council has not been entered into within that period, this non-binding letter of intent shall automatically terminate without liability. Either party shall have the right to terminate this non-binding letter of intent at any time without liability.
8. Elements of the Development Agreement: Both parties agree to ~~spend~~ engage in good faith discussions during the term ~~period working through to negotiate~~ a definitive Purchase Agreement using the template utilized by the

Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, ~~to~~. Such definitive agreement may include the following terms:

- (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.
- (b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.
- (c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.
- (d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.
- (e) Financing Contingency. Purchaser will finance the apartment development with rental housing tax credits and tax-exempt bonds allocated by the Michigan State Housing Development Authority (the "Allocation") and Closing will be contingent upon receipt of the Allocation.

Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller ~~will permit~~ grants to Purchaser, its agents, employees, and independent contractors, ~~right of a non-exclusive and revocable license to~~ access the property at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. ~~Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time.~~ Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. No invasive testing shall be undertaken by or on behalf of Purchaser without the prior written consent of Seller in each instance. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises. The provisions of this paragraph relating to Purchaser's



obligation to indemnify the Seller, to restore the property and to obtain and maintain liability insurance shall be legally binding on Purchaser and shall survive the termination thereof.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By: \_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness: \_\_\_\_\_

The terms of the foregoing Letter of Intent are acknowledged by the undersigned this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF YPSILANTI

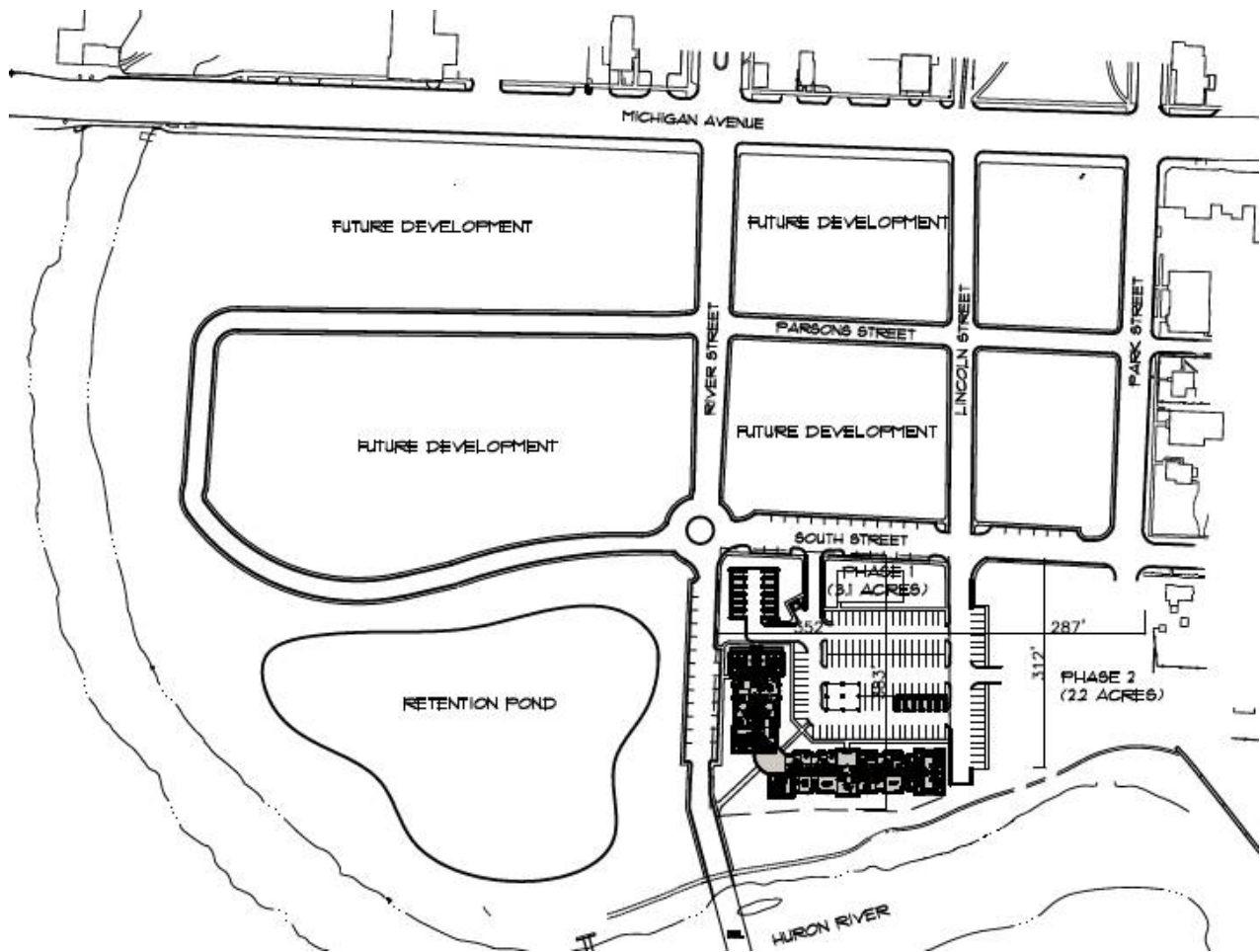
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Witness: \_\_\_\_\_

# Exhibit A







January 17, 2014

Ms. Teresa Gillotti  
Director – Community & Economic Development  
City of Ypsilanti  
One South Huron Street  
Ypsilanti, MI 48197

Re: Proposed development of Water Street Flats located on approximately 3.14 acres, as shown on Exhibit A (the “Property”)

Dear Ms. Gillotti:

This Proposal to Purchase outlines the terms and conditions which are acceptable for Herman & Kittle Properties, Inc. (“Purchaser”) to enter into a Purchase Agreement with the City of Ypsilanti (“Seller”) for the Land as depicted on the attached “Exhibit A”. Please understand that this is only a general outline of terms and conditions and is subject to the parties entering into a formal, detailed Purchase Agreement acceptable to both parties. With that in mind, Purchaser proposes the following:

Narrative on project and background

Purchaser is proposing to develop a 76 unit, four story apartment building located in the Southeast portion of the Water Street Development. This development will feature a brick façade facing River Street and the Huron River, with parking to the north of the building. This development will include 121 parking spaces in addition to 18 garage spaces and covered bicycle parking. An outdoor entertainment area, equipped with grills and picnic tables, will be provided for residents along the north portion of the parcel. Interior amenities will include a community room with kitchen, exercise room, library / computer center, 7 full ADA units, walk-in closets, washer/dryer in each unit, Energy Star appliances, and on-site management office.

This project will be financed with Rental Housing Tax Credits and Tax Exempt bonds from the Michigan State Housing Development Authority (MSHDA) and will feature rents at primarily 60% of AMI, ranging from \$597 for a one bedroom to \$1,125 for a four bedroom. According to the preliminary market study for this site, it was determined that a strong demand for rental housing exists within the area and that rents are comparable to market rents in the Primary Market Area (PMA). As evidenced on page 28 of the market study, rents for similar market rate properties are in line with this proposal for the Water Street Flats,

especially given the age of comparable properties. It is also worth pointing out that the planned amenities for Water Street Flats exceeds those found in other market rate units in the area. Please note, it is our intention to keep Water Street Flats affordable for at least 40 years, which is in line with requirements from MSHDA and the Washtenaw County HOME funds RFP. It is also our intention to rehab this property every 15 to 20 years leveraging MSHDA Housing Tax Credits to keep the property in optimal condition.

For your reference, I have included a chart which outlines the Area Median Income for Washtenaw County that would be applicable to this development.

| Household<br>Size<br>AMI | One<br>Person | Two<br>Person | Three<br>Person | Four<br>Person | Five<br>Person | Six<br>Person |
|--------------------------|---------------|---------------|-----------------|----------------|----------------|---------------|
| 50%                      | \$ 30,600     | \$ 35,000     | \$ 39,350       | \$ 43,700      | \$ 47,200      | \$ 50,700     |
| 60%                      | \$ 36,720     | \$ 42,000     | \$ 47,220       | \$ 52,440      | \$ 56,640      | \$ 60,840     |

*\*Income limits updated annually*

Anticipated timing for this development is outlined below:

- December, 2013: Preliminary Application due to MSHDA
- April, 2014: Full Application due to MSHDA
- July, 2014: Allocation Announced
- October, 2014: Closed on Financing and Start of Construction
- August, 2015: Leasing Begins
- October, 2015: Construction Complete

Herman & Kittle Properties, Inc. (HKP) is the successor to companies that have been around since 1948, and has developed and managed multi-family homes for over 60 years. HKP is a vertically integrated company that has been in the business of developing, owning, managing, and constructing affordable and market rate housing for the past 30 years. In the 1980s, we developed apartments using the Rural Development program of the United States Department of Agriculture ("USDA"). During the 1990s, we began developing apartments using Section 42 tax credits. In the late 1990s, we began developing larger, tax-exempt bond financed apartment communities that significantly increased the size and complexity of our transactions. HKP has developed an expansive portfolio across the Midwest and Gulf Regions, building a solid foundation in affordable housing while also expanding into market rate communities. We have developed a wide array of products that fit a number of sites, partners and target populations.

As of October of 2013, HKP has developed 69 properties comprised of 6,865 total units (5,324 tax credit units and 1,541 market rate units) that have been placed in service in seven states. Through either development, acquisition or third party management agreements, HKP now manages a portfolio of over

8,300 units in nine states. On average over the past 5 years, our properties lease-up to 90% occupancy within 8 months of the certificate of occupancy being issued. The occupancy average for the entire HKP portfolio is just over 92%. It is also worth noting that Herman & Kittle Properties has never sold an affordable property nor relinquished property management for any property owned by HKP. It is our company philosophy to establish long-term partnerships in the communities that we develop in and leverage the Tax Credit program to re-syndicate or essentially rehab these properties every 15 to 20 years. Herman & Kittle Properties has two properties in Michigan, one in Kalamazoo and one in Jackson, and I would invite anyone from the City of Ypsilanti to visit these properties to get a sense of HKP's development quality and property management ability. As our Jackson property is located only 45 minutes from Ypsilanti, I have confirmed availability with our local property manager and she can accommodate your visit at your convenience.

1. Seller: City of Ypsilanti
2. Purchaser: Herman & Kittle Properties, Inc.
3. Property: The Property which is the subject of this letter is an approximate 3.14 acre parcel of rough-graded property, designated as a multi-family apartment building and outlined on Attachment A, known as Water Street Flats ("Development").
4. Development: Purchaser is interested in pursuing a development on the premises of successfully receiving an allocation of Rental Housing Tax Credits and Tax Exempt Bond Financing from MSHDA.
5. Purchase Price: \$50,000 per acre – cash at closing
6. Other Purchaser Obligations: Purchaser to construct River Street (south of Michigan Avenue), South Street, between Park Street and River Street, and Lincoln Street south of South Street including all streets, sidewalks, water and sewer lines as part of this development and subsequently deed back to the City of Ypsilanti. The cost to develop this infrastructure is estimated to be \$745,000.
7. Term: The Letter of Intent will be in effect for up to six (6) months or until a development agreement is executed. Either party can request a 6 month extension.
8. Elements of the Development Agreement: Both parties agree to spend the term period working through the details of the standard development agreement utilized by the Ypsilanti City Council for transfer/sale of the Water Street Redevelopment area, to include:
  - (a) Survey. Purchaser shall obtain, at Purchaser's Expense, a survey of the Property prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys by a licensed surveyor which shall include such Table A requirements as Purchaser shall require and shall in all other respects be satisfactory to Buyer.
  - (b) Title Policy. Purchaser shall obtain, at Purchaser's expense, a commitment for title insurance issued by the Title Company insuring marketable title to the Property for the Purchase Price that shall be in all respects satisfactory to Buyer in its sole and absolute discretion.

(c) Environmental Studies. Purchaser may, at its expense, conduct such environmental studies and soil tests as Purchaser shall deem desirable in its sole and complete discretion concerning the Property.

(d) Physical Inspection. Within sixty (60) days after Seller's acceptance of the Purchase Agreement, Purchaser may, at Purchaser's expense, undertake a complete physical inspection of the Real Estate. In the event that the Purchaser shall determine that the Property is unsatisfactory for any reason, the Purchaser shall have the right to terminate the Purchase Agreement by giving notice to Seller of such determination prior to the expiration of the physical inspection period.

(e) Financing Contingency. Purchaser will finance the apartment development with rental housing tax credits and tax-exempt bonds allocated by the Michigan State Housing Development Authority (the "Allocation") and Closing will be contingent upon receipt of the Allocation.

Purchasers Right of Access & Seller's Authorization: By Seller's execution of this Proposal to Purchase, Seller will permit Purchaser, its agents, employees, and independent contractors, right of access at reasonable times, to inspect the Premises for the purpose herein stated, all at Purchaser's sole cost and expense, and to review all records, plans (including surveys and property plans), data, and other information relating to the Premises. Seller hereby authorizes Purchaser, its contractors, agents and representatives to make application for site plan approval, building permits, variances and other approvals from government bodies and public utilities on behalf of Seller, and Seller shall execute such applications or authorizations as Purchaser may request from time to time. Purchaser shall indemnify Seller for any and all damages related to Purchaser's activities at the Premises. Purchaser shall, at its sole cost and expense, restore any damage to the Premises resulting from any tests and/or inspections. In addition, Purchaser shall provide to Seller a certificate of insurance naming Seller as an additional named insured thereunder covering both Seller and Purchaser for such perils and in such amounts as Seller shall reasonably determine. Such certificate shall be provided to Seller prior to the date Purchaser first desires to enter upon the Premises.

Sincerely,

HERMAN & KITTLE PROPERTIES, INC.

By:\_\_\_\_\_

Name: Michael Rodriguez

Title: Development Director

Witness:\_\_\_\_\_

The terms of the foregoing Letter of Intent are acknowledged by the undersigned this \_\_\_\_\_  
day of \_\_\_\_\_, 2013.

CITY OF YPSILANTI

By:\_\_\_\_\_

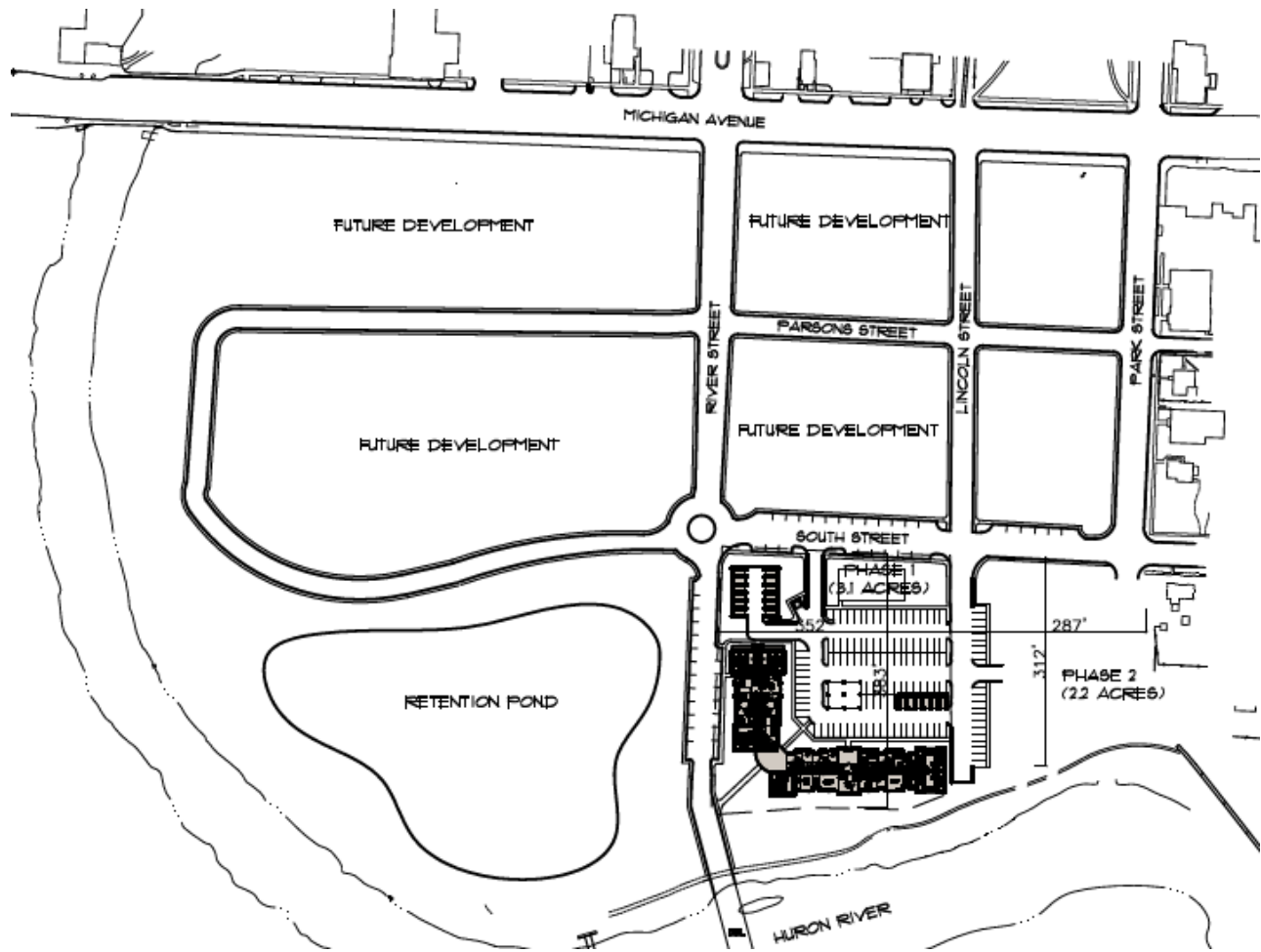
Name:\_\_\_\_\_

Title:\_\_\_\_\_

Witness:\_\_\_\_\_



Exhibit A







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**Name:** Water Street Flats

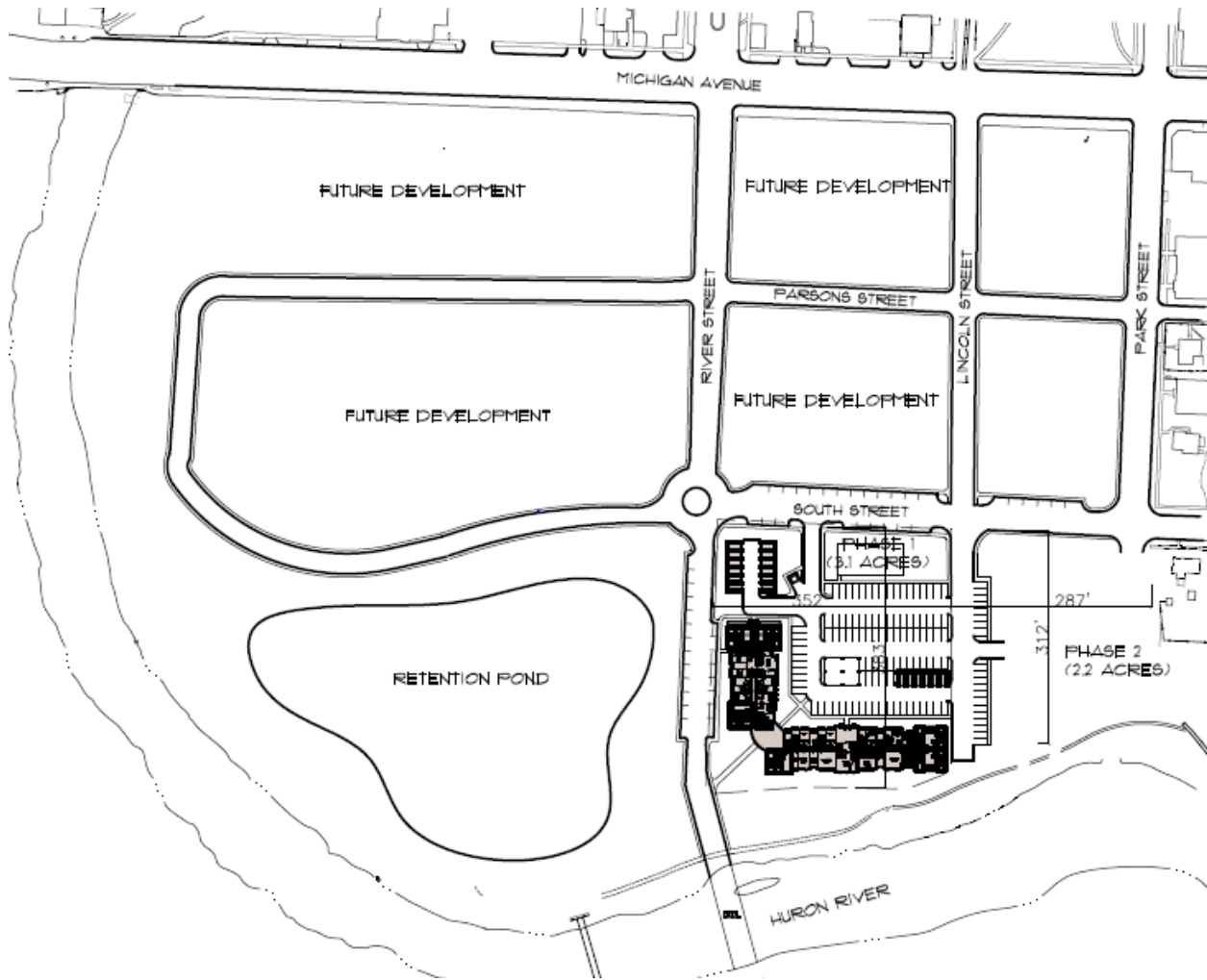
**Proposed:** 76 unit apartment community

**Developed By:** Herman & Kittle Properties, Inc.

**Location:** West of Park Street and south of South Street

**Current Property Condition:** vacant land





**Development and Amenities Description:**

- 1, 2, 3 and 4 bedroom units
- Garages available space for rent
- Community Room with kitchen
- Exercise Room
- Library/computer center
- Outdoor entertainment area
- 8 full ADA units
- Walk-in closets
- Washer/dryer in each unit
- Energy star appliances
- 100% masonry buildings
- Exercise room
- On site management office

**Anticipated Total Development Cost:** approximately \$12,123,764 Million

#### ANTICIPATED FUNDING SOURCES

Approximately:

- \$3,357,764 in Rental Housing Tax Credits (RHTCs) from MSHDA
- \$4,369,000 in Tax Exempt Bond Financing
- \$3,472,000 in HOME Funds
- \$925,000 developer contribution

#### OVERVIEW OF SECTION 42 LOW INCOME HOUSING TAX CREDIT PROGRAM

The Tax Credit Program was created under the Tax Reform Act of 1986 in an effort to provide incentives for the utilization of private equity in the development of affordable housing aimed at low to moderate income citizens. As of 2006, as much as 40% of all new multi-family construction received some level of subsidy under the LIHTC program. Tax credits are typically sold to equity investors with the requirement that the property remain affordable to low and moderate-income individuals and families for a minimum period, typically 15 years. Sale of credits typically provides 50-60% of project funding with permanent financing providing the balance.

The IRS monitors developments that use tax credits via regular assessments completed by MSHDA. To ensure program compliance, MSHDA monitors the rent charged, utilities paid, and the physical condition of the property. Annual reporting is required of developers by MSHDA.

**It is important to note that Section 42 of the IRS code is in no way related to the Section 8 program administered by the U.S. Department of Housing and Urban Development.** Per our resident selection criteria, tenants must have an income to live in the units.

#### Michigan State Housing Development Authority (MSHDA)

Each state receives an allocation of tax credits from the IRS annually based on a per capita formula. In Michigan, MSHDA, a quasi-state agency, receives the tax credits and is responsible for allocating them in a fair and consistent manner.

MSHDA prepares a document known as the Qualified Allocation Plan (QAP). The QAP is essentially the application by which developers apply for tax credits for their development.

Once applications are received, they are reviewed to ensure that all threshold requirements have been met and then they are scored based upon the scoring factors outlined in the QAP. It is important for applicants to try to achieve as many points as possible, as there are not enough tax credits for every development that applies. Historically about 50% of the tax credit requests are awarded. For tax exempt bond financing, it is important to limit the amount of soft financing (HOME funds) as a percentage of debt.

---

**DEVELOPMENT TIMELINE**

|                 |                                               |
|-----------------|-----------------------------------------------|
| December, 2013: | Preliminary Application due to MSHDA          |
| April, 2014:    | Full Application due to MSHDA                 |
| July, 2014:     | Allocation Announced                          |
| October, 2014:  | Closed on Financing and Start of Construction |
| August, 2015:   | Leasing Begins                                |
| October, 2015:  | Construction Complete                         |

**DEVELOPMENT OVERVIEW**

The proposed site plan for the property has been developed and reflects a plan that will consist of 1, 2, 3 and 4 bedrooms and will be available for individuals and families with incomes between 50% and 60% of area median income (AMI). The chart below shows income limits for the LIHTC program in Washtenaw County by AMI and family size.

| Household Size<br>AMI | One Person | Two Person | Three Person | Four Person | Five Person | Six Person |
|-----------------------|------------|------------|--------------|-------------|-------------|------------|
| 50%                   | \$ 30,600  | \$ 35,000  | \$ 39,350    | \$ 43,700   | \$ 47,200   | \$ 50,700  |
| 60%                   | \$ 36,720  | \$ 42,000  | \$ 47,220    | \$ 52,440   | \$ 56,640   | \$ 60,840  |

*\*Income limits updated annually*

Additionally, rent and utility allowances are monitored by MSHDA as part of the tax credit program. The maximum rent that may be paid by the tenants is published annual by MSHDA and utilities must be subtracted out of that amount if they are paid by the residents. The chart below identifies the maximum rents and utility allowance for Washtenaw County and the resulting maximum rent that may be charged to a tenant.

|     | 1-Bedroom  |                   |                  | 2-Bedroom  |                   |                  | 3-Bedroom  |                   |                  | 4-Bedroom  |                   |                  |
|-----|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|------------|-------------------|------------------|
| AMI | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent | Rent Limit | Utility Allowance | Tenant Paid Rent |
| 50% | 790        | 132               | <b>613</b>       | 947        | 162               | <b>748</b>       | 1,095      | 195               | <b>871</b>       | 1,221      | 225               | <b>960</b>       |
| 60% | 984        | 132               | <b>720</b>       | 1,180      | 162               | <b>810</b>       | 1,363      | 195               | <b>1,035</b>     | 1,521      | 225               | <b>1,125</b>     |

*\*95% of units will be at 60% AMI rents.*

**TENANT SELECTION CRITERIA**

To qualify to live in these apartment homes, tenants must meet the resident selection criteria. Some of these include:

- Credit and criminal reports will be obtained for all applicants age 18 and over.
- All applicants will be screened through a multi-state sex offender database. Any applicant that is listed on the sex offender database is automatically denied.
- All applicants must have a SSN or provide an ITIN and must be eligible to reside in the United States for the next 12 months.
- Any felony charge committed within the last 7 years will be grounds for denial.
- Any convicted felony or misdemeanor charge related to battery, theft, drug possession, or molestation will be grounds for denial.
- All combined rent to income ratio must not exceed 40%
- All applicants age 18 and over will have their credit pulled, reviewed and scored using a credit screening company.
- Applicants with prior unpaid rental debt or eviction within 4 years will be denied.

**COMMUNITY SERVICES IMPACT**

Based on HKP's stringent tenant selection criteria and a surveying of HKP apartment communities in Indianapolis, this development is not expected to increase police activity to the area.

- The Nora Commons on the Monon apartment community, consisting of 272 units, is an HKP property located at 86<sup>th</sup> Street and College Avenue. During the past 6 months, the Indianapolis Metropolitan Police Department (IMPD) has been dispatched three (3) times. This is compared to two (2) police runs to the adjacent single family neighborhood with approximately 60 homes.
  - The Canterbury House apartment community, consisting of 156 units, is an HKP property located off Mann Road on the southwest side of Indianapolis. During the past 6 months, the IMPD has been dispatched eighteen (18) times. This is compared to forty (40) police runs to the single family neighborhood across the street with approximately 300 single family homes.
-



**SUMMARY**

HKP is excited about the possibility of new affordable housing that also includes accessible units, in Ypsilanti. While this would be a totally integrated community open to anyone wanting to apply and be approved to live at the property, there will be 10% of the units that will conform to all current ADA requirements. Accessible housing is very hard to find in the area and when it is available it is often at a premium cost. There are many working class families that struggle everyday, this provides a housing option that is currently not available.

Herman & Kittle has many properties throughout the Midwest, with two properties in Michigan (Kalamazoo and Jackson). We welcome you to visit our properties and also speak to these local units of government. If you'd like a tour of a current construction site or a list of municipality contacts that we have worked with recently, I would be happy to provide this.

We would appreciate any support that City is able to provide.

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## CHANGES TO PUBLIC HOUSING – PROPOSALS AND REQUESTS TO THE CITY OF YPSILANTI

January 21, 2014

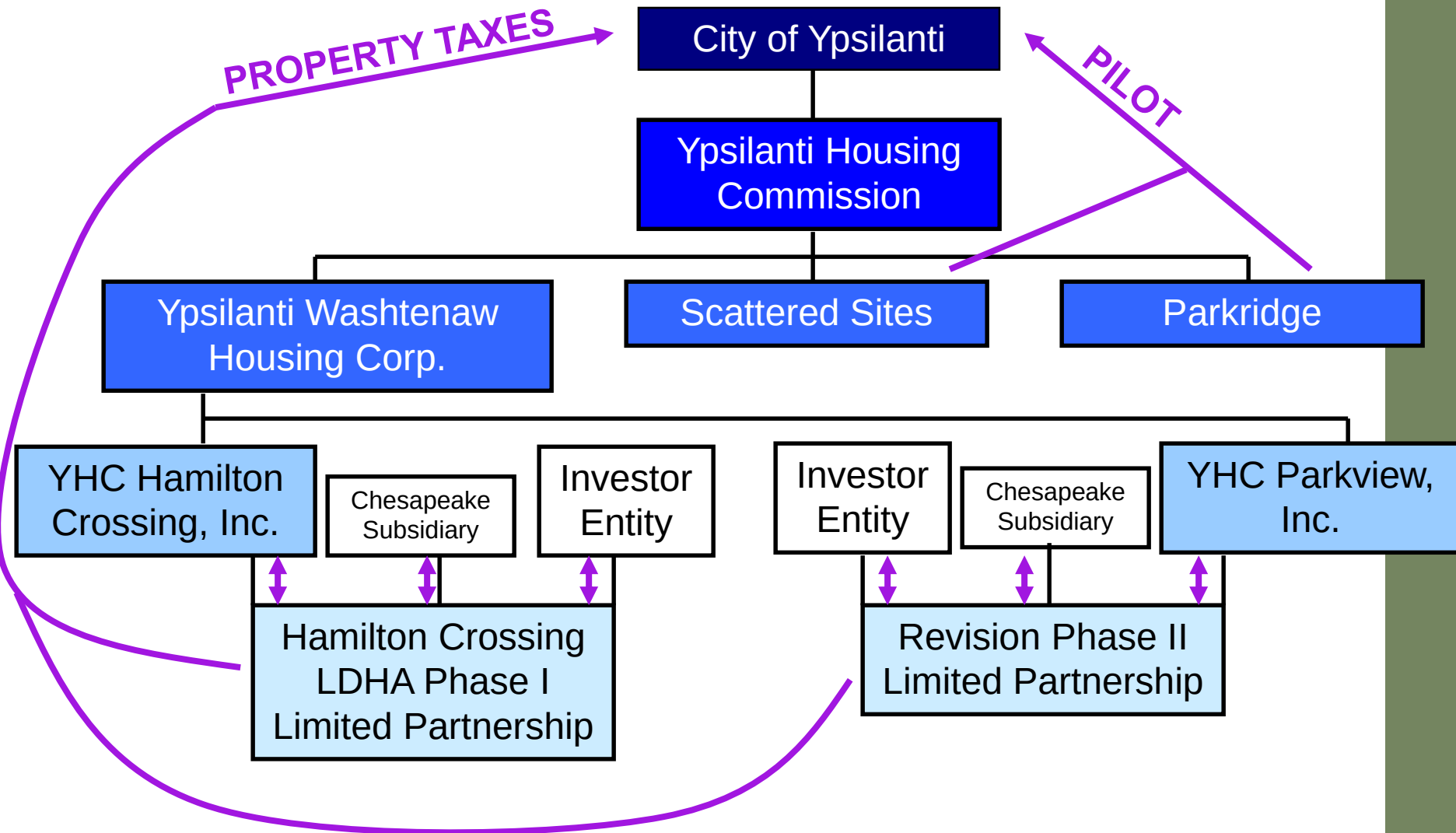
- 
1. Overview of RAD program and Financing
    - Change in Ownership
    - Ownership structure
    - Change in PILOT
  2. Overview of Project Proposals – 2 projects
    - Parkridge Homes demolition and redevelopment
    - Scattered site housing rehabilitation
  3. Process of City Council Approvals
    - Tonight's vote
    - Second Reading
    - Approval Contingencies
  4. Questions

## RAD program

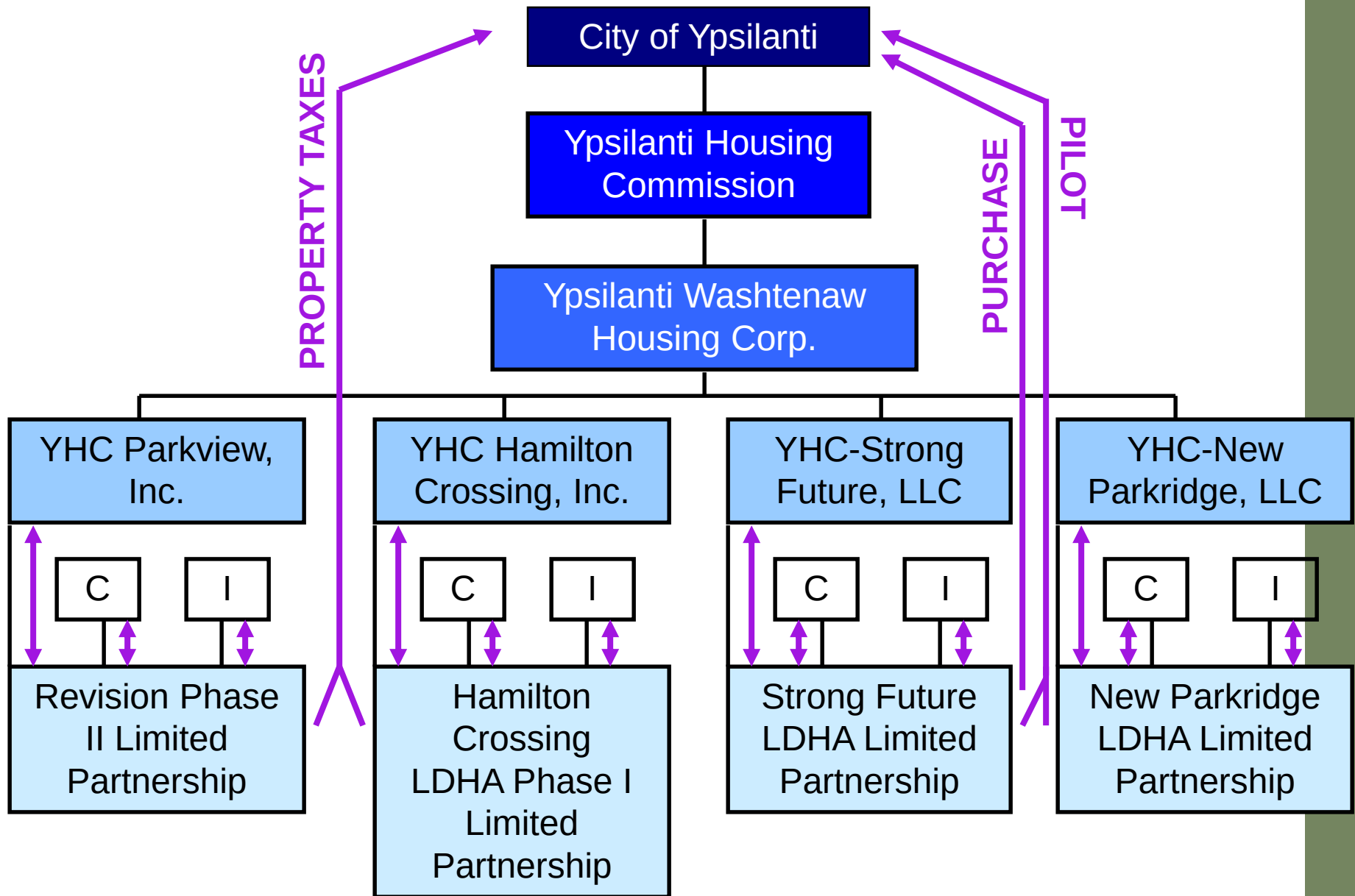
HUD began the Rental Assistance Demonstration (RAD) program in 2012.

- As part of the program HUD will provide Project-based Section 8 vouchers that will stay with the developments and guarantee rents
- HUD will allow for Housing Commission properties that are part of this program to transfer to private ownership.
  - Private ownership allows for private investment through Low-Income Housing Tax Credits and regular bank loans
  - Change in ownership will require change in the PILOT (who is responsible for paying and how long)
  - Ypsilanti Housing Commission

# Current

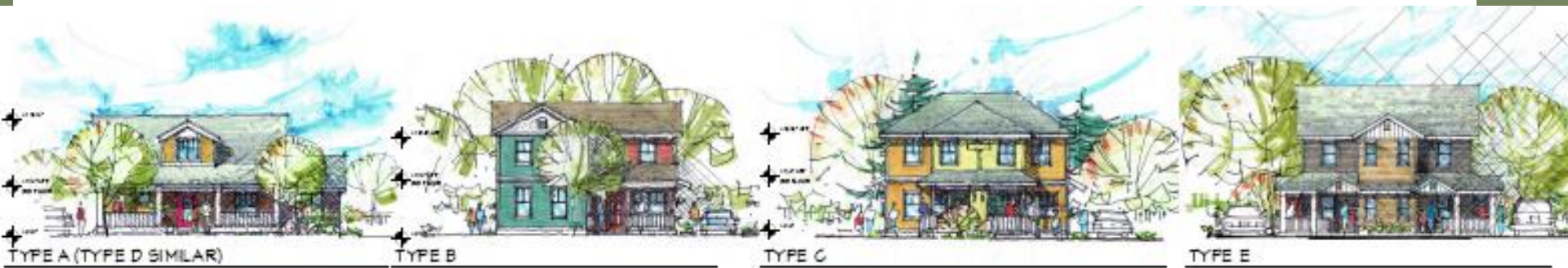


Proposed



## First of two proposals – Parkridge Homes

- Demolition of existing 80 units (20 block-style structures)
- Changes proposed to the street network
  - Armstrong Drive connects to First Avenue
  - Armstrong Court to connect west to First Court
- New residential units to orient to existing and proposed streets
- Majority of duplex/flat units, three 4-plexes and four townhomes (row-houses).



# First of two proposals – Parkridge Homes



## BUILDING LEGEND

- A: 2 BR UNIT (1,145 +/- SF) OVER 3 BR UNIT (1,351 +/- SF)
- B: 2 BR TOWNHOME (954 +/- SF) ADJACENT TO 3 BR TOWNHOME (1,175 +/- SF)
- C: 3 BR TOWNHOME (1,175 +/- SF) ADJACENT TO 3 BR TOWNHOME (1,175 +/- SF)
- D: 2 BR UNIT (1,145 +/- SF) OVER 2 BR UNIT (1,145 +/- SF)
- E: 1 BR UNIT (714 +/- SF) ADJACENT TO 1 BR UNIT (714 +/- SF) OVER 1 BR UNIT (714 +/- SF) ADJACENT TO 1 BR UNIT (714 +/- SF)
- 2T: 2 BR TOWNHOME (954 +/- SF)
- 1T: 1 BR FLAT (714 +/- SF)

## LANDSCAPE NOTES

1. STREETFRONT LANDSCAPING SHALL INCLUDE ONE (1) TREE FOR EVERY 50 LINEAR FEET OF STREET FRONTAGE. IF ORNAMENTAL TREES ARE SUBSTITUTED, THEN A MINIMUM OF ONE TREE FOR EVERY 20 LINEAL FEET OF STREET FRONTAGE SHALL BE PROVIDED.
2. PARKRIDGE HOMES SHALL MEET ALL REQUIREMENTS OF DIVISION 4 OF THE YPSILANTI ZONING ORDINANCE FOR LANDSCAPING, GREENBELTS AND SCREENING.
3. AT LEAST 10% OF THE SITE AREA, EXCLUDING EXISTING PUBLIC ROADS SHALL BE LANDSCAPED IN ACCORDANCE WITH SEC. 12.

## SIGNAGE NOTES

1. SIGNS SHALL COMPLY WITH LOCAL ZONING ORDINANCE.
2. MONUMENT SIGNS INDICATED ON SITE PLAN SHALL BE FREESTANDING SIGNS SUPPORTED BY A PEDESTAL OR BASE, WITH PERMANENT ATTACHMENT TO THE GROUND.
3. THE MONUMENT SIGNS SHALL BE LOCATED AT LEAST 5 FEET FROM THE FRONT PROPERTY LINE AND 10 FEET FROM ANY SIDE OR REAR LOT LINES.
4. PER ORDINANCE REQUIREMENTS, ONE MONUMENT OR POLE SIGN SHALL BE ALLOWED PER LOT OR PARCEL. LOTS THAT HAVE MORE THAN 100 FEET OF FRONTAGE OR TWO OR MORE PUBLIC STREETS SHALL BE PERMITTED ONE GROUND SIGN FOR EACH STREET FRONTAGE. A SECOND GROUND SIGN SHALL HAVE A MINIMUM AREA OF 50% OF THAT OTHERWISE PERMITTED FOR A GROUND SIGN IN THE DISTRICT.

## LANDSCAPE LEGEND

- TREES TO BE PROTECTED
- TREES TO BE REMOVED
- NEW TREE
- PATIO
- PRIVACY FENCE

H

DJ

ROCKRIDGE LEE JUNG  
Architects & Engineers  
1000 Main Avenue  
Steakhouse 400  
Muskegon, MI 49440  
Phone: 231.331.1000  
Fax: 231.331.1000

New Urban Village  
**Parkridge Homes**  
1000 Main Avenue  
Steakhouse 400  
Muskegon, MI 49440  
Ypsilanti Housing Commission

Project Number: 4-0701

REVISIONS

2014.01.15 • Site Plan Approval

.....

REVISION: No. Date Description

PRELIMINARY SITE PLAN

C1.2



## First of two proposals – Parkridge Homes

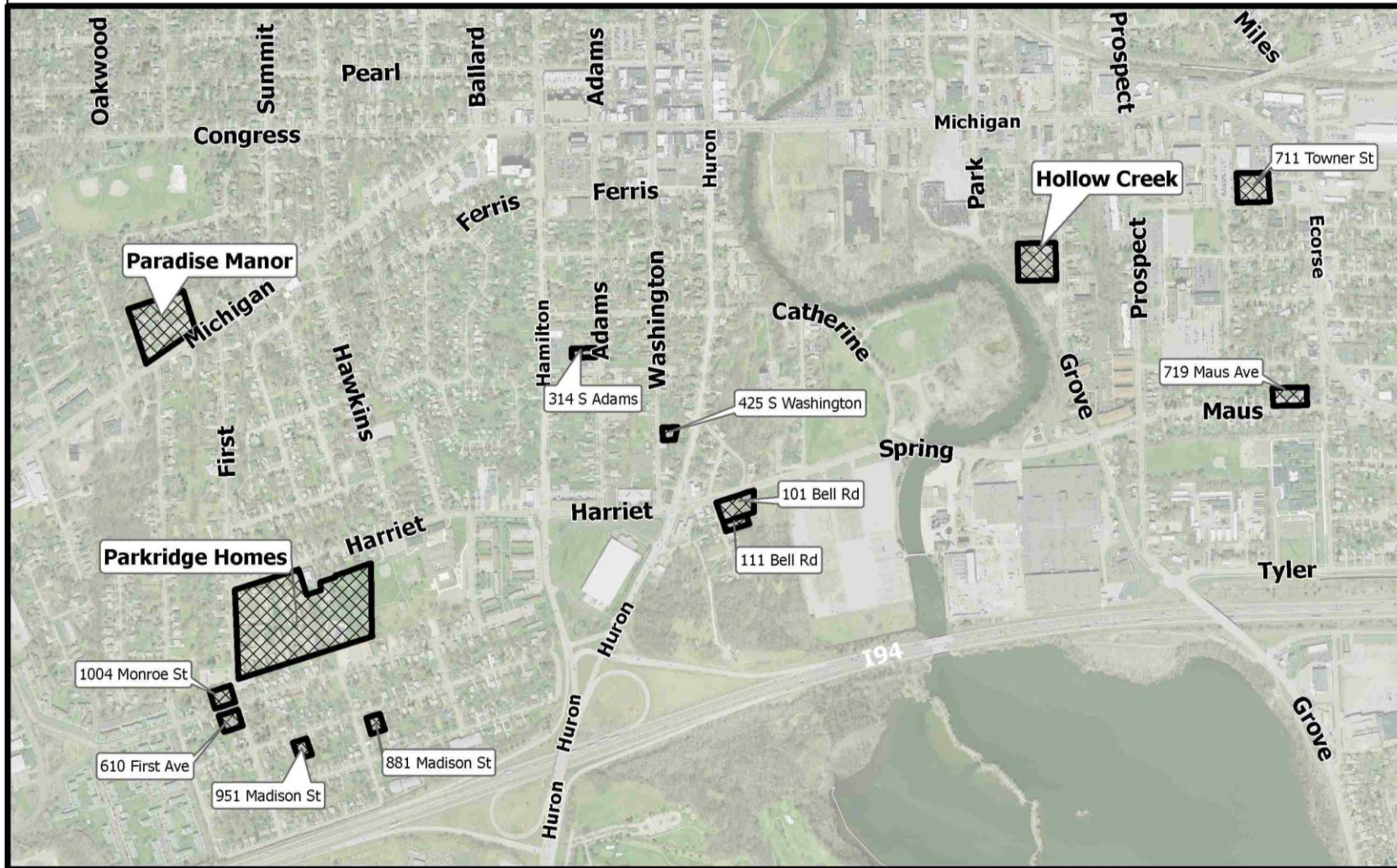
### Terms

- Property option cost \$10
- Property to be purchased for \$10
- Related PILOT to be same as current – 10% of shelter rents (rents without water, sewer, electric and gas utilities). Cable and phone service are not included.
- Parcel would be split and right-of-way dedicated to the city at the point of property transfer
- Contingencies include:
  - Acceptance into the RAD program (is preliminary at this time)
  - Approval of LIHTC and other financing



## Second of two proposals – Scattered Site

### Ypsilanti Housing Commission: Scattered Site



0 0.125 0.25 0.5 Miles

Data from Washtenaw County GIS and Ypsilanti Planning and Development  
For illustrative purposes only  
15 Jan 2014

## Second of two proposals – Scattered Site

- Rehabilitation of rest of Ypsilanti Housing Commission residential stock
- Towner units to be combined reducing total by 6, to be absorbed by Parkridge Homes project

|                             |                                              |
|-----------------------------|----------------------------------------------|
| 118-124 S GROVE ST          | Parcel ID: 11-11-09-170-023 (Hollow Creek)   |
| 936-960 W MICHIGAN AVE      | Parcel ID: 11-11-39-145-029 (Paradise Manor) |
| 711-745 TOWNER ST           | Parcel ID: 11-11-10-267-003                  |
| 314, 318 S ADAMS ST         | Parcel ID: 11-11-39-414-005                  |
| 111 and 113 BELL RD         | Parcel ID: 11-11-37-100-001                  |
| 610 and 614 FIRST AVE       | Parcel ID: 11-11-37-202-001                  |
| 881and 885 MADISON ST       | Parcel ID: 11-11-37-152-010                  |
| 719-733 MAUS AVE            | Parcel ID: 11-11-10-355-037                  |
| 951 and 955 MADISON ST      | Parcel ID: 11-11-37-153-007                  |
| 1004-1016 MONROE ST         | Parcel ID: 11-11-37-201-001                  |
| 425 and 427 S WASHINGTON ST | Parcel ID: 11-11-39-481-010                  |
| 101 -109 Bell Rd            | Parcel ID: 11-11-39-484-001                  |

## Second of two proposals – Scattered Site

### Terms

- Property option for \$10
- Property to be purchased for \$980,000 to be repaid through a long-term promissory note with an interest rate of 2 % with a 30-year term.
- Related PILOT to be same as current – 10% of shelter rents (rents without water, sewer, electric and gas utilities). Cable and phone service are not included.
- Contingencies include:
  - Acceptance into the RAD program (is preliminary at this time)
  - Approval of LIHTC and other financing

Questions?