



Agenda Item Summary

Meeting of: July 18, 2022

Agenda Item Title: Washtenaw Urban County

Submitted by: Jane Pacheco, Mayor

Approved for submittal:


City Manager

Explanation of Agenda Item:

On July 5, 2022 representatives from Washtenaw County presented to Council regarding the opportunity for Chelsea to join the Washtenaw Urban County. This is a follow-up discussion regarding the application process.

The Washtenaw Urban County’s membership communities are committed to creating housing and economic opportunities to provide a suitable living environment, principally for our low- to moderate-income residents. What Is “Urban County?” • Urban County is a U.S. Department of Housing and Urban Development (HUD) term describing local units of government (LUGs) that join together to receive federal CDBG, HOME and ESG grants to carry out low-income housing and other eligible projects. Urban Counties are also referred to as entitlement communities by HUD.

- An Urban County and each member community receive a direct allocation each year, in lieu of individual units competing for federal CDBG funds administered by the State that commonly fund programs such as rental rehabilitation program, façade grants, and planning grants. The State’s program has a larger funding pool for competitive grants than what can be done through the Urban County. Once a member of the Urban County, the LUG is no longer a non-entitlement community, and therefore is not eligible to compete for State CDBG funding.
- Washtenaw Urban County Executive Committee (UCEC) is comprised of 20 member communities (see map below), also referred to as LUGs (Local Units of Government) or UGLGs (Units of General Local Government). City of Dexter and Sylvan Township are the newest members, having joined in July 2018.
- The UCEC is supported by County staff and governed by representatives of each member community.
- Non-member communities in Washtenaw County have an opportunity to join the UCEC at the beginning of each new 3-year Cooperative Agreement period (i.e. July 2024, July 2027, etc.) or part-way through the 3-year period. Notice is sent to communities a full year in advance of each 3-year Cooperative Agreement period.

Fiscal or Resource Considerations: YES __ NO x

Does this agenda item require the expenditure of funds? YES __ NO x

If YES, are funds budgeted? YES __ NO __

Are staff or other resources required? YES __ NO x

Advisory Board/Commission/Committee Action/Recommendation:

Motion to approve the execution of the Cooperative Agreement (MOU) between City of Chelsea and Washtenaw County.

Staff Comments:

City Manager Comments/Recommendation:

City Manager Recommended Form of Motion:

Names and addresses of those to be notified:

City Council, Washtenaw Urban County

Attachments:

Washtenaw Urban County: An Overview

Draft Cooperative Agreement between City of Chelsea and Washtenaw County

All Agenda Item Summaries and any attachments are due in the City Clerk's Office by 4:00 p.m. on the Wednesday prior to the City Council meeting. If the Wednesday prior to the City Council meeting is a holiday, then the submission deadline is 4:00 p.m. on Tuesday.

Washtenaw Urban County: An Overview

Rev. July 2022

Washtenaw Urban County Purpose

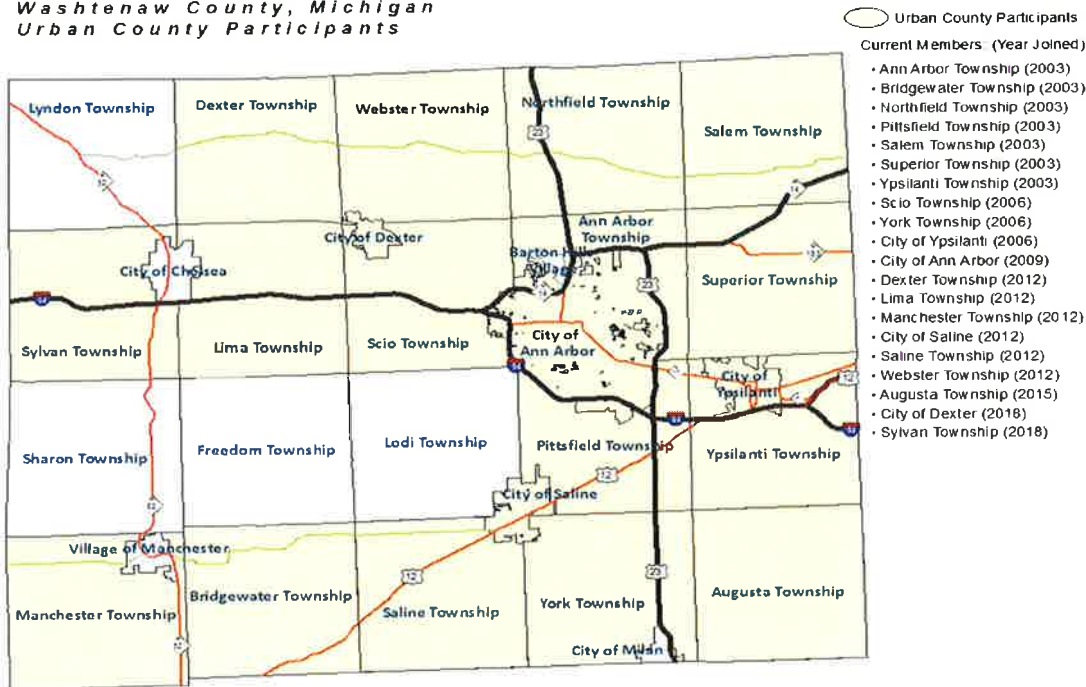
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Urban County Member Local Units of Government (Member LUGs)

Washtenaw County, Michigan
Urban County Participants



FEDERAL FUNDING TYPES

Community Development Block Grant – commonly referred to as CDBG

Initiated by HUD in 1974, CDBG supports projects benefitting low-income neighborhoods and/or residents.

- **How is CDBG funding allocated?** The annual CDBG grant to the Urban County is allocated to member communities (local units of government) for eligible projects based on a HUD formula that accounts for population, housing problems, and poverty rate for each local unit of government. Smaller communities sometimes choose to “bank” multiple years of funding to use on a specific project in a qualifying low-moderate income area. For more details, see *Washtenaw UCEC Policy & Procedures for CDBG Allocations to Local Units* (www.washtenaw.org/urbancounty, see *Policies and Procedures* page)

Current funding process allocates CDBG funds every year as follows:

- 20% administrative funding (staffing support by OCED)
- 15% public services (i.e. human services via funding of local non-profits)
- 20% housing rehabilitation program (includes admin costs)
- 45% Community infrastructure/Affordable Housing/Demolition/Community-Based Development Organizations
 - Projects initiated by and for individual LUGs, primarily in low-income areas and/or benefitting low-income clientele (spot demolition projects are an exception)

Home Investment Partnership Program – commonly referred to as HOME

Initiated by HUD in 1990, HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

- **How is HOME funding allocated?** A competitive Request for Proposals for affordable housing is issued each December/January open to all organizations and local units of government in any Urban County member community.

The Affordable Housing RFP typically results in multiple awards, one of which always goes to the County’s certified Community Housing Development Organizations (CHDO), per HUD requirements, for both operating costs and housing services. Currently, Avalon Housing is the only certified CHDO in Washtenaw County.

Emergency Solutions Grant – commonly referred to as ESG

ESG is dedicated to homelessness prevention, shelter and rapid re-housing services. Coupled with the Federal [Continuum of Care \(CoC\)](#) funding and State ESG funding, the Urban County delegates authority for HUD ESG funding allocation to the Washtenaw County Continuum of Care (CoC) in order to align with CoC funding processes. The CoC appoints various committees to oversee and evaluate the function of the homelessness/housing system, including the Funding Review Team (FRT).

- **How is ESG funding allocated?** The Continuum of Care bodies are responsible for awarding ESG funds; the FRT reviews program outcomes, compliance, and data quality in order to make [funding recommendations](#) to the CoC Board for the CoC and ESG annual funding competitions.
- The Urban County will receive annual updates, at a minimum, on activities to homelessness activities and the Continuum of Care.

TYPES OF PROJECTS FUNDED

All programs and projects funded by UCEC-administered funds target low- and moderate-income populations.

1) Housing for Low(er) Income Families and Individuals

- Homeowner Rehabilitation projects – for low(er) income owner-occupants in single family homes and manufactured/trailer homes (CDBG)
 - Includes emergency repairs (i.e. furnace/water heaters/roof replacements, energy efficiency improvements, accessibility ramps)
 - Each year roughly 15-20% of CDBG funding goes to these efforts, above and beyond any community's formula allocation for CDBG-eligible projects.
- Affordable Housing projects
 - Rehabilitation of rental or homeowner housing (CDBG, HOME)
 - Construction of new affordable rental or homeowner housing (HOME)
 - New rental housing if carried out by a Community-Based Development Organization (CBDO) in focus area (CDBG).
 - Property acquisition and disposition (CDBG, HOME)
 - Demolition/Site Clearance of blighted property (CDBG)

2) Community Infrastructure & Facilities (CDBG)

- Park/Playground Improvements
- Sidewalk infill and ADA Curb Cuts
- Bike Paths and Non-Motorized Trails
- Community Center Improvements
- Removal of Architectural Barriers (includes government buildings)

3) Neighborhood Programming (CDBG)

- Program operations at Community Based Development Organizations/CBDOs, i.e. Community Action Network (CAN) Southeast, Peace Neighborhood Center (historically funded by City of Ann Arbor using a portion of their annual CDBG allocation)
- Code enforcement (CDBG)

4) Public Services - via CDBG funding contributed to the New Human Services Partnership for local non-profits

- The Urban County funds have been dedicated to support homelessness prevention and other safety net services provided by local non-profits.

5) Economic Development (CDBG)

- Creation of economic opportunities that primarily benefit low- and moderate-income residents.
- Acquisition, construction, rehabilitation, installation of commercial/industrial buildings and other real property equipment and improvements.
- Assistance to private, for-profit businesses.
- Provision of financial and/or technical assistance for microenterprise owners/developers

6) Homelessness Prevention, Shelter & Rapid Re-Housing (ESG) – i.e. Case management, direct assistance to clients

| FY20-21 HUD ESG Funding Awards/FRT Recommendations | | | | | | | | |
|--|------------|-----------------|-----------------|-----------------|-----------------|----------------------|------------|------------------|
| Budget breakdown by activity & funding source | | | | | | | | |
| | SHELTER | | ADMIN | CASE MANAGEMENT | | FINANCIAL ASSISTANCE | | TOTAL |
| | Operation | Essential Svcs | | Prevention | RRH | Prevention | RRH | |
| HUD ESG | | | | | | | | |
| Ozone House | - | - | - | \$29,204 | - | - | - | \$29,204 |
| SafeHouse | - | \$26,394 | - | - | - | - | - | \$26,394 |
| Salvation Army | - | - | - | \$36,485 | - | \$22,460 | - | \$58,945 |
| SAWC | | \$17,916 | - | - | \$42,000 | - | - | \$59,916 |
| Fiduciary (OCED) | - | - | \$12,128 | - | - | | - | \$12,128 |
| HUD ESG TOTALS | \$0 | \$44,310 | \$12,128 | \$65,689 | \$42,000 | \$22,460 | \$0 | \$186,587 |

WASHTENAW URBAN COUNTY GOVERNANCE

- ✓ Decision-making falls within the purview of the Urban County Executive Committee (UCEC) at meetings, which are typically held the 1st Wednesday of each month. Meetings are open to the public.
- ✓ Membership is comprised of a Chief Elected Official of participating local units of government and/or any official designee(s) assigned on an annual basis by the Chief Elected Official as their proxy with voting rights.
- ✓ The Chairperson of the Washtenaw County Board of Commissioners serves as the Chair/facilitator (non-voting) of the UCEC.

BENEFITS OF BECOMING A PARTICIPATING LOCAL UNIT OF GOVERNMENT (LUG)

- ✓ Annual direct allocation enables thoughtful planning to meet community needs.
- ✓ The costs of administering HUD funds are shared across participating LUGs.
- ✓ Decisions on community infrastructure (CDBG) projects are made by **each** LUG, not the County.
- ✓ Cities and Townships are guaranteed CDBG funds based on a formula basis that considers community needs, not statewide competition.
- ✓ LUGs have the option of “donating” allocations to support activities in other jurisdictions. See *UCEC Policy & Procedures* for more details.
- ✓ Low- and moderate-income households in Urban County member communities can qualify for home repairs and accessibility improvements.
- ✓ Cities, Village, and Townships can target CDBG funds for public infrastructure projects that serve low- and moderate-income neighborhoods.

Urban County Contacts

- Tara Cohen, Housing & Infrastructure Manager | cohent@washtenaw.org | 734-544-3056
- Karen Newman, Community Development Specialist | newmank@washtenaw.org | 734-544-3009
- Aaron Kraft, Housing Program Supervisor | krafta@washtenaw.org | 734-544-3019
- Kristin Kunes, Human Services Policy Specialist | kunesk@washtenaw.org | 734-544-3052
- Morghan Boydston, Human Services Manager | williamsm@washtenaw.org | 734-544-6762
- Teresa Gillotti, Director | gillottitm@washtenaw.org | 734-544-3042

COOPERATIVE AGREEMENT

"Urban County"

Community Development Block Grant; Home Investment Partnership Programs; Emergency Solutions Grant

THIS AGREEMENT made and entered into this 18th day of July, 2022 by and between the City of Chelsea, State of Michigan hereinafter referred to as the "Community", and the County of Washtenaw, a Michigan Constitutional Corporation, State of Michigan, hereinafter referred to as the "County":

WHEREAS, the Housing and Community Development Act of 1974 as amended provides an entitlement of funds for Community Development purposes for urban counties; and

WHEREAS, **Washtenaw** County has been designated as an Urban County provided that it secures Cooperation Agreements with various communities in **Washtenaw** County; and

WHEREAS, this agreement covers both the Community Development Block Grant Entitlement Program and, where applicable, the HOME Investment Partnership program and Emergency Solutions Grant Program; and

NOW THEREFORE, the Community and County do hereby promise and agree:

THAT the Community may not apply for grants from appropriations under Small Cities or State CDBG programs for fiscal years during the period in which it is participating in the urban county's CDBG program; and

THAT the Community may not participate in a HOME consortium except through the urban county, regardless of whether the urban county receives a HOME formula allocation; and,

THAT the County shall have final responsibility for selecting Community Development Block Grant (and HOME and Emergency Solutions Grant, where applicable) activities and annually filing a Consolidated Plan with HUD;

THAT the County will, on behalf of the Community, execute essential Community Development and Housing Assistance applications, plans, programs and projects eligible under the Housing and Development Act of 1974 as amended; and

THAT the Community and the County will cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities, specifically urban renewal and publicly assisted housing; and

THAT the Community and the County will take all actions necessary to assure compliance with the County's certification required by Section ~104(b) of Title I of the Housing

and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws; that the County is prohibited from funding activities in or in support of any community that does not affirmatively further fair housing within its own jurisdiction, or that impedes the County's action to comply with its fair housing certification; and that funding by the County is contingent upon the Community's compliance with the above; and

THAT the Community has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstration within its jurisdiction; and

THAT the Community will not sell, trade, or otherwise transfer all or any portion of such funds to a metropolitan city, urban county, unit of general local government, or Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title I of the Housing and Community Development Act of 1974, as amended.

THAT the qualification period of this agreement as defined in the HUD regulations and guidelines shall be **Federal Fiscal Year 2023**, and such additional period of time for the purpose of carrying out activities funded by Community Development Block Grants, Emergency Solutions Grants, and Home Investment Partnership Program grants from Federal Fiscals years 2023 and appropriations and from any program income generated from the expenditure of such funds; further that the period of time of this Agreement shall be automatically renewed in successive three-year qualification periods, unless the County or the Community provides written notice it elects not to participate in a new qualification period. A copy of this notice must be sent to the HUD State Office by the date specified in HUD's urban county qualification notice for the next qualification period; further the County will notify the Community in writing of its right to make such election by the date specified in HUD's urban county qualification notice; and

THAT the Community resolves to remain in **Washtenaw's** Urban County programs for an indefinite period of time or until such time it is in the best interest of this Community to terminate the Cooperation Agreement and such additional period of time for the purpose of carrying out activities funded by Community Development Block Grants and from any program income generated from the expenditure of such funds. Furthermore, that the period of time of this Agreement shall be automatically renewed in successive three-year qualification periods, unless the County or the Community provides written notice it elects not to participate in a new qualification period. A copy of this notice must be sent to the HUD State Office by the date specified in HUD's Urban County Qualification Notice for the next qualification period; further the County will notify the Community in writing of its right to make such election by the date specified in HUD's Urban County Qualification Notice; and

THAT failure by either party to adopt an amendment to this Agreement incorporating all changes necessary to meet the requirements for cooperation agreements set forth in the Urban County Qualification Notice applicable for a subsequent three year urban county qualification

period, and to submit the amendment to HUD as provided in the Urban County Qualification Notice applicable for a subsequent three-year urban county qualification period, and to submit the amendment to HUD as provided in the Urban County Qualification Notice, will void the automatic renewal of such qualification period; and

THAT this Agreement remains in effect until the CDBG (and HOME and ESG where applicable) funds and income received with respect to activities carried out during FY 2023 qualification period (and any successive three-year qualification periods under this automatic renewal provision) are expended and the funded activities completed, and that the County and Community may not terminate or withdraw from this agreement while this agreement remains in effect; and

THAT the Community shall inform the County of any income generated by the expenditure of CDBG funds received by the Community; and

THAT any such program income generated by the Community must be paid to the County, unless at the County's discretion, the Community may retain the program income as set forth in 24 CPR 570.503; and

THAT any program income the Community is authorized by the County to retain may only be used for eligible activities approved by the County in accordance with all CDBG requirements as may then apply; and

THAT the County has the responsibility for monitoring and reporting to HUD on the use of any such program income, thereby requiring appropriate record keeping and reporting by the Community as may be needed for this purpose; and

THAT in the event of close-out or change in status of the Community, any program income that is on hand or received subsequent to the close-out or change in status shall be paid to the County; and

THAT the Community shall provide timely notification to the County of any modification or change in the use of the real property from that planned at the time of acquisition or improvement including disposition; and

THAT the Community shall reimburse the County in the amount equal to the current fair market value (less any portion of the value attributable to expenditures of non-CDBG funds) of real property acquired or improved with Community Development Block Grant funds that is sold or transferred for the use which does not qualify under the CDBG regulations; and

THAT the Community shall return to the County program income generated from the disposition or transfer of real property prior to or subsequent to the close-out, change of status or termination of the cooperation agreement between the County and the Community; and

THAT the terms and provisions of this Agreement are fully authorized under State and local law, and that the Agreement provides full legal authority for the County to undertake or

assist in undertaking essential community development and housing assistance activities, specifically urban renewal and publicly assisted housing; and

THAT pursuant to 24 CFR ~570.501(b), the Community is subject to the same requirements applicable to subrecipients, including the requirement for a written agreement set forth in 24 CFR 570.503.

IN WITNESS WHEREOF, the Community and the County have by resolutions authorized this agreement to be executed by their respective officers thereunto as of the day and year first above written.

COUNTY OF WASHTENAW

Name: Gregory Dill
Title: County Administrator
Signature & date: _____

Attested By:
Name: Lawrence Kestenbaum
Title: County Clerk/ Register
Signature & date: _____

COMMUNITY OF CITY OF CHELSEA

Name: Jane Pacheco
Community Executive Title: Mayor, City of Chelsea
Signature & date: _____

Attested By:
Name: Lyn Sebestyen
Title: Clerk, City of Chelsea
Signature & date: _____

CERTIFICATION BY COUNTY CORPORATION COUNSEL

The undersigned, Corporation Counsel for the County of **Washtenaw**, certifies that the terms and provisions of the foregoing agreement are fully authorized under existing State and local law and that the agreement provides full legal authority for the County to undertake or assist in undertaking essential community development and housing assistance activities, specifically urban renewal and public assisted housing in cooperation with local units of government.

Name: Michelle Billard
Title: Corporation Counsel
Signature & date: _____