



**2013 Annual Awards Entry Form**  
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the awards program.

Entry Name Hamtramck NSP Program

HFA Michigan State Housing Development Authority

Submission Contact Mary Lou Keenon

Phone 517-373-0011 Email [keenonm@michigan.gov](mailto:keenonm@michigan.gov)

Program Contact Pauline Millichamp

Phone 313-456-3302 Email [millichampp@michigan.gov](mailto:millichampp@michigan.gov)

Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

Use this header on the upper right corner of each page.

HFA MSHDA

Entry Name Hamtramck NSP Program

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input checked="" type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (See Attached)

**Michigan State Housing Development Authority**  
**Category: Homeownership, Rental Housing and Special Needs Housing**  
**Subcategory: Encouraging New Production**  
**Entry Name: Hamtramck NSP Program**

**Description of Program:**

The City of Hamtramck and the Michigan Land Bank Fast Track Authority were a part of the State of Michigan Consortium and, as grantees, were awarded a total of \$14,492,945 in NSP2 funding. Working together in partnership, the two entities developed 52 housing units, demolished 56 units (including 4 deconstructed units) and land banked a total of 24 lots. In the course of building the new and rehabbed units, the project funds were targeted to fulfill the requirements of an historic federal housing discrimination court case, “**Garrett vs. the City of Hamtramck**” and in so doing lifted the ban of private housing development that had existed in the city for over 40 years. In addition to opening the community to new housing development, an innovative program was developed that can serve as a model for other communities.

**History:**

As a result of a federal civil rights case (Garrett vs. the City of Hamtramck), the City of Hamtramck was obligated to provide replacement housing for the plaintiffs (“the plaintiff class”) pursuant to the Federal Court Order. With the use of NSP2 funds and the help of its partners, the city has been able to satisfy their remaining obligation in a way that will have substantial and long lasting positive impact on the community. Their result can be a model for the implementation of affordable housing developments in other communities.

**Partners:**

By working with the Michigan Land Bank Fast Track Authority to acquire properties quickly the City of Hamtramck and its consultant (Capital Access) were able to transfer properties easily to the designated developers. This assistance was critical to meeting rigorous NSP2 timelines. MSHDA and Huntington Bank then teamed up to develop a new banking product in the form of a specialized escrow account that worked with the subsidized mortgage and note from MSHDA (made possible with NSP2 funding). A local nonprofit organization, People’s Community Services (PCS), will provide ongoing financial education and supportive services to the plaintiff buyers under a special city fund set up for the plaintiff group.

**Key Elements:**

- A. Satisfying the city’s obligations to the plaintiff class
- B. Houses to be sold for a nominal cost but homeowners still have an economic stake in the house (through the note and mortgage) and are responsible for payment of all bills including monthly deposits into escrow accounts described below. The principal is subsidized with NSP2 funding.
- C. Income restrictions: Family income must be high enough to evidence ability to pay bills, but income must not be higher than affordability standards permit. Property is subject to 15-year affordability restriction. Prospective purchasers are screened to be sure that their income fits within the limits.
- D. Responsibility: Purchasers are given training on the responsibilities of homeownership and on financial planning and budgeting .
- E. Escrow Accounts:
  - 1. To assist homeowners with budgeting for future bills, two escrow accounts are established with Huntington Bank. The first account will fund the anticipated property taxes, property insurance premiums and water bills (lienable on the property) for the coming year. The second escrow account (“Repair and Replacement Escrow”) will provide a fund out of which the cost of substantial repairs and replacements can be funded. The homeowner will make monthly deposits into each account. The deposits into the second account will be based on a formula (\$25/month for 2 years, and \$50 per month thereafter, with a cap of \$5,000). Withdrawals from the second account will be administered by People’s Community Services (PCS) for 2 years,

- after which MSHDA will administer. PCS will also provide additional supportive services to the new homebuyers. This second account is a special purpose savings account. After 15 years, the balance in this account belongs to the homeowner without any further limitation on its use.
2. Escrow Fund Sharing: The Bank suggested a creative way of handling excess funds or shortfalls between the two accounts. If one account is short, then the necessary funds will be transferred out of any surplus amount in the other account.
  3. Guidelines for Eligible Withdrawals: The program imposes a system of guidelines that are adopted to simplify the process of determining whether a particular expense can be withdrawn from the Repair and Replacement Escrow.
- F. Maintaining necessary restrictions on homeowners-Payments, Maintenance; Income Restrictions.
1. Note: Homeowner will sign a note with Principal equal to approximately the appraised value of the home plus closing costs. This note will be interest free and it will be self-amortizing. In the absence of a default, no principal payments are required. The principal balance is reduced by 1/15 per year over the course of 15 years. Key elements of this structure: Form of reward to homeowner for staying in the house. Building up equity, despite paying no payment or interest. Having a true stake in the property, much different mindset than renting. Making homeownership affordable for low- to medium-income buyers.
  2. At the end of 15 years, the note will be paid off and the homeowner will then own the property debt-free and will have up to \$5,000 in savings. They will have truly made the transition from a renter to a homeowner.
  3. Mortgage: Homeowner will give Mortgage to secure note. Mortgage will also secure homeowner's obligation to pay taxes, keep property insured, pay water bills and maintain the property. Mortgage and Note designed to prohibit transfers unless MSHDA consents. If MSHDA does consent, then new buyer has to satisfy income limits (floor and cap) test. These houses are funded by federal NSP2 program dollars and must satisfy affordability standards for 15 years.

### **Lessons for Future Projects:**

1. Project requires partners with a common vision/shared purpose. This matches with the four pillars in the MSHDA Mission statement and the Purpose statement of the Southeast Michigan Division (SEMD) including:
  - a. Creating building blocks for community investment and growth
  - b. Creating a substantial, positive lasting impact (Appraisals on the new construction units have already risen substantially with an average 20 percent increase to date).
  - c. Long-term support of community.
2. Public funding at a substantial level is essential to assist these homebuyers who would not income qualify for private mortgage financing.
3. Collaborative support and creative solutions integral to the ongoing process.
4. Along with funding and partners, a program structure has to be created that responds to actual local needs and has the greatest positive impact for the community. The placement of the new and rehabbed housing was targeted to make a visible difference in this community of two square miles. It has already sparked interest in the city for new housing with a waiting list at the city of over 300 interested buyers. Because of the 40-year lawsuit, there is a pent up demand for new housing for a growing immigrant community interested in homeownership.
5. A flexible banking partner was crucial for the implementation of the plan to provide the opportunity of homeownership to this special class of buyers. Huntington Bank welcomed the opportunity as a way to give back to the community and was willing to play a key supportive role.
6. Documentation of the entire purchasing process was critical. Those documents included: interim purchase agreement, the purchase agreement with a specialized NSP2 addendum, the note, the mortgage and the escrow agreement. Such documentation was prepared primarily by MSHDA legal staff with strong support from the City's attorney. The plaintiff's counsel, the bank's staff, and the city's consultant, Capital Access, all provided assistance in producing the final documents.
7. Educating the homeowners is critical. First-time homeowners require a set amount of intensive training. The initial training is a precondition to purchase a home. In addition, this program built in a two-year

ongoing support organization to provide assistance with maintenance of the home and financial counseling.

### Summary:

Michigan communities and their citizens like those in many states have been hard hit by the economic recession. As the economy slowly improves and with the use of federal funds, the city of Hamtramck with the help of MSHDA and its partners was able to create an innovative pathway to homeownership for a group of low- to moderate-income buyers who would not otherwise have been able to qualify for conventional bank financing. This model has now been adopted by Wayne County in Michigan using HOME funds to develop additional housing in Hamtramck. As we emerge from the foreclosure crisis, this model could provide another path to rebuilding a new pool of qualified homeowners.

In addition, in the course of building the new and rehabbed units, the project funds were targeted to fulfill the requirements of an historic federal housing discrimination court case, **“Garrett vs. the City of Hamtramck”** and in so doing lifted the ban of private housing development that had existed in the city for over 40 years. In addition to opening the community to new housing development, an innovative program was developed that can serve as a model for other communities.

MSHDA responded to a distinct need for affordable housing in Hamtramck, Michigan and demonstrated measurable benefits by developing 52 housing units, demolishing 56 units (including 4 deconstructed units) and land banking a total of 24 lots. This project also provided benefits that far outweigh costs as federal funds were used, reflecting an extremely effective use of resources.

See visual Aids Attached Below:

Link to video of Judge Damon Keith speech who was the judge involved in the unprecedented Hamtramck 40-year old discrimination case: <http://www.youtube.com/watch?v=x2m-JtWhG-c>

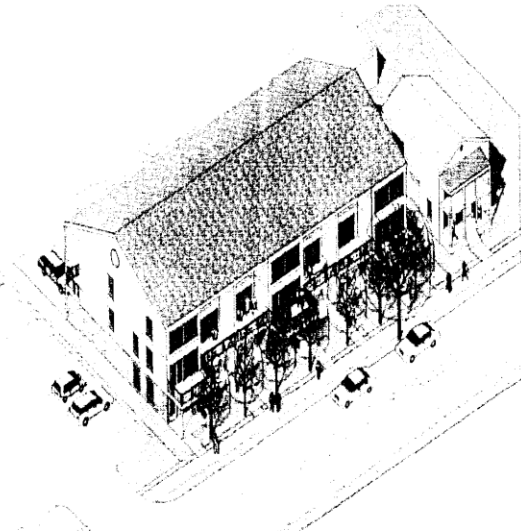
Developer Brochures

Photos of homes and condo units

## ***EXCLUSIVE OPPORTUNITY FOR R-31 PLAINTIFFS***

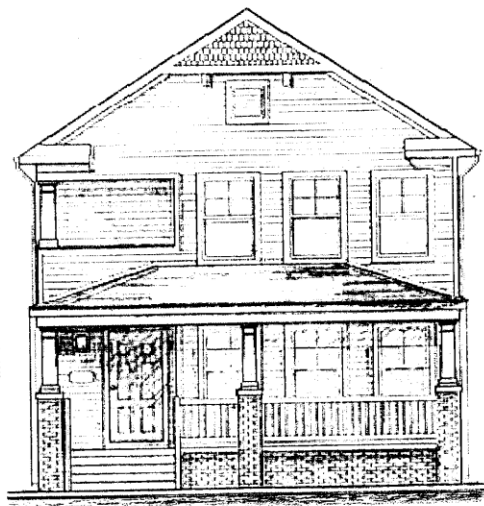
### ***NEW CONSTRUCTION***

*7 TOWNHOMES & 3 SINGLE-FAMILY HOMES  
100% FINANCING*



#### **TOWNHOMES**

**3 Bedrooms/3.5 Baths  
2,000 Square Feet  
Attached 1 Car Garage**



#### **SINGLE-FAMILY HOMES**

**3 Bedrooms/2.5 Baths  
1,600+ Square Feet  
Detached 2 Car Garage**

Each home & townhome will be built to Green Built™ Michigan standards complete with Energy Star® appliance package, washer/dryer, plumbing and lighting fixtures, floor coverings, high efficiency furnace, central air conditioning, tankless water heater, enhanced wall and ceiling insulation, doors, windows, and much more!!

***FOR MORE INFORMATION, PLEASE CONTACT:  
REAL ESTATE DREAMS @ 313.359.4444***

***OR***

***NEIGHBORHOOD HOUSING SOLUTIONS @ 877.200.6300***



**LMFA LTD & THE BERESH GROUP**

**CITY OF HAMTRAMCK  
NEW CONSTRUCTION  
SINGLE FAMILY HOMES**

**LMFA**



**EXTERIOR FEATURES**

Model C1

- Estate Gray Asphalt Shingles
- Oxford Blue Horizontal Siding
- Light Maple Vertical Siding
- Clary Sage Entry Doors

Model C2

- Estate Gray Asphalt Shingles
- Granite Gray Horizontal Siding
- Herringbone Vertical Siding
- Fireweed Entry Doors

Model C3

- Desert Tan Asphalt Shingles
- Heritage Cream Horizontal Siding
- Savannah Wicker Vertical Siding
- Roycroft Copper Red Entry Doors

Model C3

- Driftwood Asphalt Shingles
- Desert Tan Horizontal Siding
- Savannah Wicker Vertical Siding
- Muddled Basil Entry Doors

**INTERIOR FEATURES**

- Wall Base: Pre-finished wood base excluding baths
- Hardwood Flooring: Oak
- Ceramic Tile: Castilian Gray
- Carpet: Moon Rock #712
- Kitchen Countertops: Granite
- Bath Countertops: Cultured Marble
- Cabinetry: Honey Oak
- Paint Walls: Egret White Satin Finish
- Paint Ceiling: Ceiling Bright White Satin Finish
- Trim: Pure White
- Doors: Downy

Appliances

- White Frigidaire Refrigerator
- White Frigidaire Gas Range
- White Frigidaire Dishwasher
- White Frigidaire Front Load Washing Machine & Gas Dryer

**NAHB Green  
Certified**

Addresses Available

- 3225 Belmont (C3)
- 3229 Belmont (C4)
- 2310 Burger (C3) ADA
- 11515 Fleming (C4) ADA
- 12068 Lumpkin (C1)
- 2382 Pulaski (C1)
- 11520 St Aubin (C2)
- 2688 Whalen (C2)

**MODEL C  
ADDITIONAL FEATURES**

- 1,486 Square Feet
- 3 Bedroom , 2 Baths
- Anderson Windows
- Hardwood Flooring
- Ceramic Tile
- Covered Porch with decorative columns & wrought iron railings.
- Belden Brick Base
- TREX Deck

LMFA LTD, LLC

Contact: Toni Stambersky

Phone: 248-267-5070 x 5

Fax: 248-267-5074

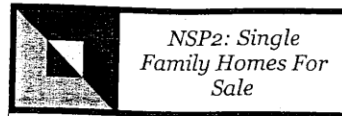
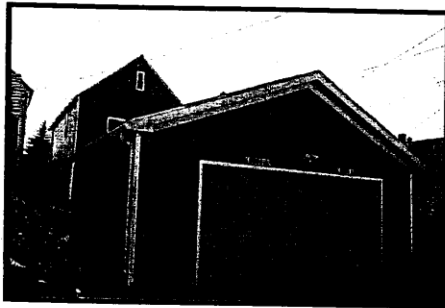
E-mail: [stambersky@lmfa.com](mailto:stambersky@lmfa.com)

**BERESH GROUP, INC.**  
**General Contractor**

## Energy Efficient Homes

Oak Hills Construction is committed to building sustainable homes for the future. You have our guarantee that our homes will save you money in the long run. Our energy efficient upgrades include:

- Tank less Hot Water Heaters
- 
- Spray Foam Insulation
- 
- Energy Efficient Lighting
- 
- 95% Efficient Furnace
- 
- 16 SEER AC Condenser
- 
- Water Saving Faucets
- 
- Anderson 100 Series Windows



## Oak Hills Construction



Oak Hills Construction  
9319 Joseph Campau  
Hamtramck, MI. 48212

313-875-4305



Construction Photos of condo  
Units



Completed Condo Units



Completed NSP Homes in  
Hamtramck