

Grand Haven Development Project

Description of Problem

The City of Hamtramck was found guilty of discriminating against a group of African-American by the way they relocated people for several redevelopment projects. As part of the settlement suit, the City agreed to build 200 single-family units of affordable housing in the city. In the early 80s the City and the Plaintiffs agreed to take all of the tax increment from the construction of the Farmer Jack Shopping Center on Joseph Campau and Holbrook and put it into a fund. The fund had built up to over \$4.2 million and not a house had been built. Reverend Joseph Jordan and the mayor Gary Zyche independently asked Wayne County to step in and solve the problems and help settle the suit.

The redevelopment of the neighborhood would require a complete replacement of the infrastructure which the city said it could not afford and the Plaintiffs insisted that the first housing be built in the neighborhood and prior to the construction of housing on scattered sites. The communications by all sides was being done by lawyers who argued legal details and could not achieve consensus. The City received its CDBG funding from the state who handed the money out in small increments. It would not finance the infrastructure costs. The site was also found to have a very high concentration of lead and arsenic.



Solution

The first steps in the process was to listen to all sides to see if we could achieve consensus.

- 1 As a first step, the City agreed to recognize a liberal interpretation of who was a plaintiff.
- 2 Next, we had to convince the city to join the Wayne County Urban County as the primary jurisdiction for funding. This would permit the City to obtain an annual allowance of CDBG funding and apply for a HUD 108 loan. An application for \$750,000 of HUD 108 financing was submitted to HUD
- 3 Congresswoman Kilpatrick arranged to have HUD finance a development plan for the neighborhood.
- 4 A rehabilitation program was organized for existing residents. Each homeowner would be eligible for a forgivable loan of up to \$50,000 for rehabilitation. Landlords would be eligible for a \$10,000 facade improvement grant and a loan forgivable if the house is sold to a plaintiff.
- 5 The City was encouraged to apply for a \$650,000 Brownfield Economic Development Initiative Grant (BEDI) from HUD which it obtained.
- 6 The City agreed to provide additional funding from its Road Fund and its Water and Sewer Fund
- 7 We prepared an RFP and sought Developers. A developer was selected by the Grand Haven Dyar Dequindre Corporation and a dDevelopment Agreement negotiated.
- 8 The housing subsidy was organized to provide a \$30,000 grant to all buyers plus a home buyer assistance for all plaintiffs of up to an additional \$35,000 for persons with income between \$15,000 and \$22,500. The total subsidy was reduced to \$55,000 for persons with incomes between \$22,500 and \$30,000. For over \$30,000 incomes the subsidy dropped to \$45,000
- 9 In order to clean the site, upon request by the Project Manager, the Wayne County Brownfield Redevelopment Authority provided \$500,000 from its Revolving Loan Fund for the site remediation.
- 10 A Developer was selected to build up to 68 units of housing and a contract is being

established with the county and the Corinthian Development Corporation for an additional six units. The contract will permit the church to build on its own property. The County would finance ½ of the units and the Michigan State Housing Development Authority would finance the other ½.

11. In parallel, we initiated efforts to build on scattered sites using a HOME funded program. 33 Units were contracted for using almost \$1.8 million in HOME funding. A separate contract is being negotiated for an additional 36 units using low income housing

tax credits. Two Developers were selected for that contract. One to build 10 units and the other to build the rest.

12. An additional contract was negotiated with the Hamtramck CDC to build six units on scattered sites with three of them financed by the county HOME program and three by the Michigan State Housing Development Authority.

13. Still to be worked out is a 25 unit section 8 commitment from HUD for an units affordable by the lowest income plaintiffs.