

Inkster Housing Subdivision

Statement of Problem

The Carver Subdivision on the southern part of the city had deteriorated badly. The city owned many lots obtained through the tax reversion process. Some barracks style multifamily units had deteriorated badly, become abandoned, and were ready for demolition. This area was a subdivision built by the US Army prior to World War II as temporary housing. It had horse shoe street network that made each street a destination. The quality of construction was poor.

Process

The subdivision looked ripe for redevelopment. The horse shoe design made it attractive for a new subdivision. Most of the property was vacant. Most of the multifamily had deteriorated to the point of abandonment. There were some single family owner occupied houses. We decided that they would not act as an impediment to market rate development and could be rehabilitated. We conceptualized a development that would remove all multifamily housing, rehabilitate existing single family housing, replace the water and sewer system, and repave the streets.

The first tact we needed to do was to move the city from balance of State to an urban county program in order to create a CDBG cash flow to implement a major program. This required that we go before the Wayne County CDBG Advisory Committee and obtain their approval for not only permitting the city to become part of the county program but also change the distribution formula to permit Inkster along with Hamtramck and Highland Park to keep a larger part of their funding. With the help of Matt Tepper, Community Development Deputy Director we developed a formula that would keep all communities whole while increasing the share to the three new members. It was approved with only two negative votes. The availability of multiyear CDBG funds became the foundation of funding the Annapolis Subdivision.

With the city's Community Development Director we structured a plan of action. Brownfield Tax Increment would be used for infrastructure financing, CDBG and a leftover UDAG would be used for acquisition and relocation. We needed a knowledgeable developer that knew how to market a market rate subdivision. I recruited Crosswinds. Bernie Gliberman reviewed the site on one of his Saturday tours and came back with his answer. He would do it!

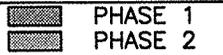
The negotiation of the Development Agreement was tricky. We need Crosswinds to guarantee the tax increment prior to issuing the bonds. In order to do so we phased the project into several phases to reduce the risks. Each segment would be initiated upon completion of the previous segment. Additional funding would be paid for the infrastructure as the tax increment increased to pay for each incremental bond issue. With the tax increment guarantee, the city would issue a bond to be repaid from the tax increment. We proposed that Brownfield Plan be prepared for the TIF and to obtain the 10% Single Business Tax Credit. We proposed that the SBT be shared with the City and used for neighborhood improvement of the surrounding neighborhood.

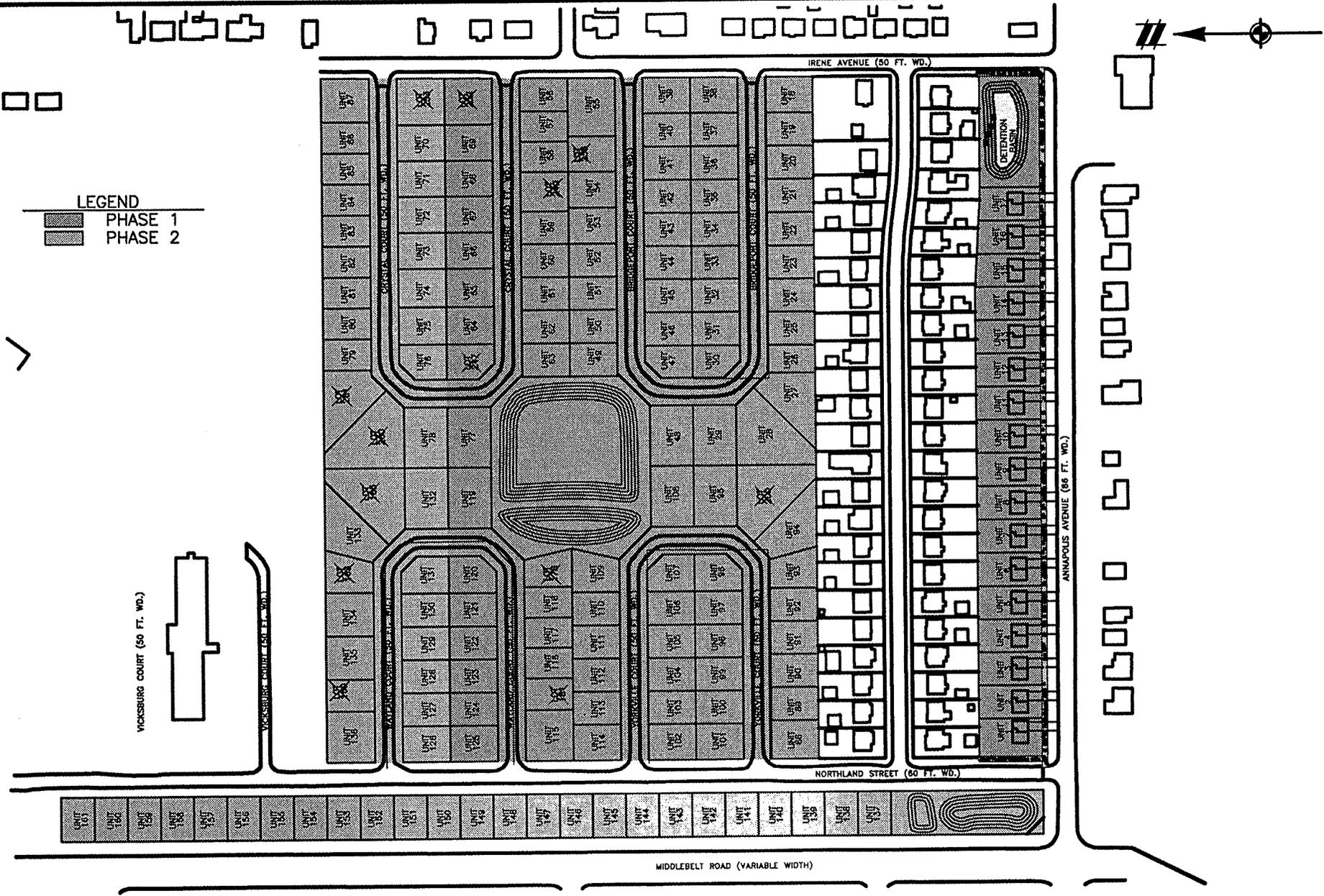
We ran into a problem when HUD turned down the UDAG application. UDAGs were designed for business and job generating projects and not residential. We then replaced it with HOME funding. The HOME funds could be used to cover relocation costs. We then applied an additional \$20,000 per house of HOME Funds for ten houses in order to create an incentive for to encourage eligible home buyers to purchase the homes.

The Result

Everything is now in place and the development will start in the Spring of 2004.

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LEGEND

 PHASE 1
 PHASE 2



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