

# 301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

DATE:	10.31.2022
TO:	City Council
FROM:	Nathan Henne, City Manager
SUBJECT:	Set Public Hearing: 114-116 W Main Street CDBG Grant Application

## Background:

In January, 2022, the City of Owosso approved a 12 year OPRA Certificate worth \$158,587 for the third floor of 114-116 N Main Street for a local contribution in a planned \$700,000 CDBG Rental Rehabilitation CDBG Grant Application. This project will cost \$1.1 million and create seven new residential rental units in the downtown area – 4 of which will be for low and moderate income renters for 5 years per the requirements of the grant.

A public hearing is required by the MEDC for the grant application and a certifying officer and certified environmental officer must be designated for the environmental review requirements of the project.

## **Recommendation:**

Approve the resolution to schedule the public hearing for the grant application for November 21, 2022 at 7:30 p.m. at the regular City Council meeting and designate City Manager Nathan Henne as the Certified Officer for the grant and implementation process.

### **RESOLUTION NO.**

#### RESOLUTION SCHEDULING THE PUBLIC HEARING FOR THE RENTAL REHABILITATION PROJECT CDBG GRANT LOCATEDAT114-116 WEST MAIN STREET AND DESIGNATING CITY MANAGER AS CERTIFYING OFFICER

WHEREAS, the Michigan Strategic Fund has invited Units of General Local Government to apply for its Community Development Block Grant Program to support 114-116 W Main Street – a seven unit Rental Rehabilitation Project; and

WHEREAS, the City of Owosso desires to request \$700,000 in CDBG funds to create seven rental units; and

WHEREAS, there are going to be four low to moderate income units and three market rate units; and

WHEREAS, the City of Owosso commits local funds by prior approval of a twelve year Obsolete Property Rehabilitation Certificate on April 20, 2020 – worth an estimated \$158,587 in abated property taxes over the life of the certificate; and

WHEREAS, Ruesswood REI Group, LLC is investing private funds in the amount of \$402,593; and

WHEREAS, the proposed project is consistent with the City of Owosso Master Plan completed in 2021 – specifically in goals related to adding new housing in the downtown area; and

WHEREAS, the proposed project will benefit all residents of the project area and 51.37% of the residents of the City of Owosso are low and moderate income persons as determined by the Michigan Economic Development Corporation's list of low and moderate income community customers dated 8/4/2022; and

WHEREAS, local funds and any other funds to be invested in the project have not been obligated/incurred and will not be obligated/incurred prior to a formal grant award, completion of the environmental review procedures and a formal written authorization to obligate/incur costs from the Michigan Economic Development Corporation; and

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: City Manager Nathan Henne is hereby designated as the Certifying Officer, the Certified Environmental Officer, the person authorized to certify the Michigan CDBG Application, the person authorized to sign the Grant Agreement and payment requests, and the person authorized to execute any additional documents required to implement and execute the grant
- SECOND: That a public hearing be scheduled for November 21, 2022 to receive public comment on the CDBG application for the 114-116 W Main Rental Rehabilitation Project in the amount of \$700,000.
- THIRD: That after the public hearing is held and the grant application approved, that the abovenamed certified officer is hereby directed to implement the requirements of the grant to complete the project.

### Notice of Public Hearing City of Owosso

### For Michigan Community Development Block Grant (CDBG) Funding for 114-116 W Main St Rental Rehabilitation Project

The City of Owosso will hold a public hearing at its regularly scheduled meeting on Monday, November 21, 2022 at 7:30 p.m. in the Council Chambers located in Owosso City Hall at 301 N. Water Street; Owosso, Michigan for the purpose of affording citizens an opportunity to examine and submit comments on the proposed application for the approximately \$700,000 CDBG grant.

The City of Owosso proposes to use the \$700,000 CDBG grant and \$402,893 private funds to create seven (7) residential rental units. Four (4) units are for low to moderate income and three (3) will be market-rate residential rental units and benefit at least 51% of low to moderate income persons. No persons will be displaced as a result of the proposed activities.

Further information, including a copy of the City of Owosso's Master Plan and a project description, is available for review. To inspect the documents, please call Amy Kirkland at 989-725-0566 for an appointment. Comments may be submitted in writing through November 21, 2022 or made in person at the public hearing.

The City of Owosso has successfully completed a 2017 Façade Community Development Block Grant (CDBG) in the past 10 years.

Citizen views and comments on the proposed application are welcome.

City of Owosso Amy Kirkland, City Clerk 989-725-0566

# **1. IDENTIFICATION OF UGLG**

1b. UGLG CONTACT INFORMATION		1c. FUNDING SOURCES		
Unit of	City of Owerer	CDBG Grant	\$ 700,000	
General Local Government	City of Owosso	UGLG	\$	
	Name: Christopher T. Eveleth	Private	\$ 402,893	
Highest	Title: <b>Mayor</b> Ph. <b>989-725-0595</b> Email		\$	
Elected Chief			\$	
Official	christopher.eveleth@ci.owossomi.us		\$	
Street/PO Box	301 W. Main Street	TOTAL	\$ 1,102,893	
City	Owosso	1d. UGLG INFORMATION		
State/Zip County	Michigan 48867 Shiawassee	UGLG DUNS # <u>http://www.dnb.com/duns-number.html</u> 03-877-27703 UGLG Federal ID #		
Name:Nathan Henne386004723UGLG ProjectTitle:City ManagerUGLG Fiscal YearContact (PC)Ph. 989-725-0569July 1 to June 30 (month start and endEmail nathan.henne@ci.owosso.mi.usEmail nathan.henne@ci.owosso.mi.us		art and end)		

## 1a. PROJECT TITLE: 114-116 W. Main street

1e. REPRESENTATIVE INFORMATION			
State Government Representation Federal Government Representation			
Senator Name: Tom Barrett	Representative Name: John Moolenaar		
Representative Name: Ben Frederick	Congressional District: 4		
Senate District: 24 House District: 85			

### 1f. INITIAL APPLICATION SUBMISSION: AUTHORIZED UGLG SIGNATURE

The **UGLG** agrees to adhere to HUD, CDBG and MEDC rules, regulations, and the Grant Administration Manual (GAM) policies, procedures, and reporting requirements. In agreeing to this, the UGLG will ensure that all entities involved in completing the proposed project will also adhere to rules and regulations during grant administration.

Signature			
Name and Title of Authorized Signer	Nathan Henne, City Manager	Date	8.18.22

### 1g. FINAL APPLICATION SUBMISSION: AUTHORIZED UGLG SIGNATURE

The **UGLG** certifies that information contained in the application and associated attachments are complete and accurate, that all activities intended to be completed have been identified within the application, and the budget reflects final costs of all project activities identified via a completed bid process or via construction contracts that have been reviewed and are ready to execute.

Signature			
Name and Title of Authorized Signer	Nathan Henne, City Manager	Date	8.18.22

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	2. NATIONAL OBJECTIVE ELIGIBILITY				
The pr	The project must meet a National Objective. Please check the category (only one) that applies to the project:				
K Be	enefit Persons of Low and Moderate Income Prevention or Elimination of Slums or Blight LMI Area Benefit LMI Job Creation KIMI Housing Limited Clientele				
	3. PROJECT DESCRIPTION				
	<ul> <li>Provide a project description and include the following: <ol> <li>Describe the location of the project.</li> <li>What is the purpose and need? What is being done and why is it necessary?</li> </ol> </li> <li>Who are the project beneficiaries? Why is this project being proposed and who benefits from the results?</li> <li>Provide complete details about the project and what will be done.</li> <li>Describe all funding sources being used for this project.</li> <li>Describe all development partners involved in this project.</li> <li>Describe the maintenance related to project improvements funded, in whole or in part, by CDBG and how they will be funded.</li> <li>The project is located in the DDA and middle of the core historic district. ii. The purpose of the project is to create 7 vibrant affordable housing units on the 3<sup>rd</sup> floor of a mixed use building. The need has been identified through the RRC process and work with the master plan. A need for affordable and market rate housing was identified. The master plan as referenced on page 28 "lack of housing is a challenge", page 33 areas of grownth needs housing, and pages 36-40 Housing strategies and way to effect change. iii. The beneficiaries of this project would be 1. The people that will rent these high quality apartments with 4/7 determined to be for those at or below 80% of the AMI for a period not less than 5 years. 2. The City who would benefit with 7 new housing units in an already created building therefore reducing blight, vancany, and long term tax base. 3. Owners would also benefit with a viable financially sound project, less vacancy, and conditioned space throughout the 3 story building. iv. The creation of 7 highly desireable and affordable rnetal units whe vacant space exists currently. New electric, mechanical, and plumbing throughout. New fire suppression, hard surfaced countertops, energy efficient systems, Energy Star applicances, wood or vinyl plank flooring, spacious windows and light throughout, historical design, 100% 2022 code com</li></ul>				
	Check all that apply as it pertains to the Historic Status of the property(s) involved:          Listed in the National Register of Historic Properties         Potentially eligible to be listed in the National Register of Historic Properties         Listed in a state or local inventory of historic places         Designated as a state or local landmark or historic district         None of the above         Not applicable				
	What is the age of the benefitting building/property? 1885				

3d.	Provide the address(es) of the benefited property(s)/building(s)/businesses. Indicate whether commercial and/or residential: 114-116 W. Main Street, Owosso, MI 48867. It is a mixed use building with Commercial on 1 <sup>st</sup> floor, Office space on 2 <sup>nd</sup> floor, and proposed residential on 3 <sup>rd</sup> floor.
3e.	What is the total square footage impacted by this project? <b>13,420</b> square feet
3f.	Provide the name(s) of the private property/building owner(s) seeking to participate as a sub-recipient of funds. Include <u>all individuals</u> that have ownership of the property/building(s). <b>Ruesswood REI Group, LLC</b>
3g.	Provide the DUNS number of the private business owners, along with their respective owner's names listed above, if applicable. *A DUNS number is not required for Rental Rehabilitation Projects. <b>Randy Woodworth</b>

	4. COMPLIANCE SCREENING				
4a.	Will jobs be relocated from another City or State as a result of this project? If Yes, explain:	🗌 Yes 🔀 No 🗌 NA			
4b.	Will the project result in the demolition or conversion of residential dwelling units, both occupied and vacant? If Yes, explain:	🗌 Yes 🔀 No 🗌 NA			
4c.	Will the project result in special fees (i.e., tap in / hookup fees, special assessments)? If Yes, explain:	🗌 Yes 🔀 No 🗌 NA			
4d.	Are there any local, state and federal permits required for implementation of the proposed project? If Yes, will permit requests delay the proposed project or influence the timeline? <b>No delays expected</b>	🛛 Yes 🗌 No 🗌 NA			
4e.	Are there acquisitions, leases, easements, or property option/purchase agreements necessary to complete the project activities?	🗌 Yes 🛛 No 🗌 NA			
4f.	Are there current or incoming residential or commercial tenants? If Yes, provide the number of tenants and whether they are residential, commercial or both: There are two 1 <sup>st</sup> floor commercial tenants: Hit & Pitch and AZee printing Solutions. The 2 <sup>nd</sup> floor has office space currently utilized by Woodworth Commercial, Superior Industries, AZee Business Solutions.	🛛 Yes 🗌 No 🗌 NA			
4g.	Will there be any temporary or permanent relocation of businesses, non-profit organizations, homeowners, or tenants to complete the project?	🗌 Yes 🛛 No 🗌 NA			

# 5. PROJECT TIMELINE

Provide the Start and End dates for activities associated with completing the project				
ACTIVITIES	START DATE (mm/yr)	END DATE (mm/yr)		
Acquisition	N/A			
Engineering	10/1/2022	11/15/2022		
3 <sup>rd</sup> Party Environmental Review <b>10/1/2022 11/15/2022</b>				
Bidding/Contractor Selection 11/15/2022 12/15/2022				
Construction	1/1/2023	12/31/2023		

6. PROJECT BUDGET						
ACTIVITY COSTS	CDBG	LOCAL	PRIVATE			TOTAL
Planning	\$	\$	\$	\$	\$	\$
Acquisition	\$	\$	\$	\$	\$	\$
Engineering	\$	\$	\$	\$	\$	\$
3 <sup>rd</sup> Party Environmental	\$	\$	\$	\$	\$	\$
Demolition	\$	\$	\$ <b>8,000</b>	\$	\$	\$ <b>8,000</b>
Construction (includes contingency and bonding)	\$ <b>697,600</b>	\$	\$ <b>394,893</b>	\$	\$	\$ <b>1,092,493</b>
Lead Basse Paint Abate	\$	\$	\$	\$	\$	\$
Asbestos Abatement	\$	\$	\$	\$	\$	\$
LBP testing	\$ <b>1,200</b>	\$	\$	\$	\$	\$ <b>1,200</b>
Asbestos testing	\$ <b>1,200</b>	\$	\$	\$	\$	\$ <b>1,200</b>
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
GRAND TOTAL	\$ <b>700,000</b>	\$	\$ <b>402,893</b>	\$	\$	\$ <b>1,102,893</b>

Are there other funding sources available to contribute to the proposed project? Provide inquires made and the responses provided by associated funding sources.

Owner has worked with Dart Bank to secure loan. The City has provided and OPRA to show their commitment. There has not been a LBP or Asbestos test/survery completed at this time.

Is Program Income available to help fund the proposed project? Note program income funds cannot count towards project match.

No

# 7. UGLG CAPACITY AND CONFLICT OF INTEREST

<ul> <li>Who will provide the administrative capacity for the proposed grant?</li> <li>UGLG Staff</li> <li>MEDC Certified Grant Administrator</li> <li>Third Party Administrator/Consultant/EDO/EDC</li> </ul>	
Has the UGLG received CDBG grants or loans in the past 5 years and/or have any open CDBG grants or loans, including grants or loans provided by MSF, MEDC and MSHDA? If Yes, please identify the associated projects and describe all, if any, findings or areas of concern regarding those projects: <b>The 2017 Façade Improvement Grant Program has been completed and funds are drawn down completely. Owosso Main Street/DDA conducted an exit interview with the MEDC to close out the project admistratively in the winter of 2020. Final grant closeout is pending MEDC.</b>	🛛 Yes 🗌 No 🗌 NA
Does the UGLG have any outstanding CDBG grants or loans that have not been drawn down? If Yes, describe:	🗌 Yes 🖾 No 🗌 NA
Will local officials and staff be a party to any contract involving the procurement of goods and services assisted with CDBG funds? If Yes, describe:	Yes 🛛 No 🗌 NA

Will any person who is an employee, agent, consultant, officer, elected or appointed official of the UGLG obtain a financial interest or benefit from a CDBG assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or in the proceeds hereunder, either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter? If Yes, describe:	🗌 Yes 🖾 No 🗌 NA
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8. Supporting Documentation		
Exhibit I	Project Location Map	Attached 🖂
Exhibit II	Preliminary Architectural/Engineering Drawings	Attached 🔀 N/A 🗌
Exhibit III	Independent 3 <sup>rd</sup> Party Cost Estimate	Attached 🛛
Exhibit IV	Financial Commitment Letter(s)	Attached 🔀
Exhibit V	Blight Letter or Area Blight Resolution (Sample Form 2-B)	Attached 🗌 N/A 🔀
Exhibit VI	Lead-Based Paint Applicability and Compliance Worksheet (Form 5-S)	Attached 🛛
Exhibit VII	Asbestos Applicability and Compliance Worksheet (Form 5-V)	Attached 🔀
Exhibit VIII	Historic Property Proof of Eligibility	Attached  N/A
Exhibit IX	Appraisal for CDBG-funded Acquisitions; or Waiver Valuation (Form 6-D)	Attached  N/A  N/A
Exhibit X	Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions	Attached 🗌
Exhibit XI	System Award Management (SAM) Certification	Attached 🔀
Exhibit XII	General Information Notice (GIN)	Attached 🗌 N/A 🔀
Job Creation Exhibit	Job Creation Summary <ul> <li>Job Creation Assurance</li> <li>Machinery and Equipment (M&amp;E) List, if applicable</li> </ul>	Attached 🗌 N/A 🔀
Rental Rehabilitation Exhibits	<ol> <li>Rental Rehabilitation Workbook</li> <li>Housing Quality Standards</li> <li>Substandard Unit Verification, for existing units only</li> </ol>	Attached 🗌 N/A 🔀
Façades Exhibit	Façade Budget <ul> <li>Façade Building Owner and Activity Identification</li> </ul>	Attached 🗌 N/A 🔀
Please attach all supporting documents in the order they are requested. If submitting electronically, label each supporting document appropriately. This list is not all inclusive. Additional compliance documentation will be sought post-application.		

# COMMUNITY DEVELOPMENT NARRATIVE

To comply with provisions set forth in Title 1 of the federal Housing and Community Development Act of 1974, as amended, UGLG's seeking to apply for funds must provide a brief narrative on their locally adopted plans being impacted by the proposed project.

It is not necessary for an UGLG to prepare an elaborate community development plan, but instead reference a locally adopted plan which may be a Master Plan, Community Improvement Plan, etc. It is expected that most UGLGs can provide a 2-3-page narrative summary from the adopted plan by answering the below questions. If the UGLG's locally adopted plan(s) do not address the questions below, provide supplemental information as it relates to the proposed project and the plan it fulfills.

Provide a statement assessing the needs and problems of the UGLG, including the needs of low and 1 moderate income persons. In all narratives, the assessment must address both overall community development and housing needs regardless of the category under which funding is being requested. This rental rehabilitation project would help alleviate housing availability issues that Owosso has been experiencing in recent years. Owosso is not alone in this struggle - as many communities around the country face the same challenge. However, Owosso is uniquely poised to provide affordable housing across low/mod income levels because of the lower average rental rates and home prices compared to similar sized communities across the state. There is not enough housing in the marketplace for new residents coming to Owosso, and that the existing housing stock is not supporting the existing residents of the city. Specifically, the housing market for low/middle income individuals is severely constrained. Adding new housing stock across all income levels - especially low to middle income - is a very important piece of the community development puzzle for Owosso. Opportunities to accommodate new housing marketed to low/middle income individuals are found throughout the city, but the local market conditions work to preclude investment in rehabilitating existing properties or build new. Owosso has historiclly been a high-poverty, low median household income city - as our census information shows. Median household incomes are low and have not kept pace with inflation (\$36,723). This is lower than the state and national average. Furthermore, Owosso his a high rate of residents living in poverty (24.3%), particularly for female-headed households with children. Home values in Owosso are lower then the surrounding area, but this is a double-edged sword when it comes to affordability vs cost of construction. The value just is not there to intice builders to construct new housing for the low to middle income attainability groups. The city uses all tools available to incentivize developers - and the Rental Rehab Program is one of those tools. 2 Provide a summary list of possible long-term activities (two years or more) to address the identified needs and problems. The first step in moving projects forward in smaller communities across the regions is to identify areas in the community that would be appropriate for new housing construction, both renter- and owneroccupied. For many builders, cost is the driving factor for determining when and where to build. Market information needs to be gathered indicating what the potential sales price or rent structure would be for new units. It would also be helpful to identify where potential buyers and renters will come from. A focus group meeting with area realtors and lenders would help with this. Further, a survey of existing residents (mailed and/or online) in the community would also help asking the following questions, at a minimum, for example: 1. If newly constructed, for-sale houses were available in the community would you consider selling your existing house and moving?

2. Are you currently renting and if newly constructed, for-sale houses were available would you consider buying?

3. If you did move to a different house, what are some of the key things you would be looking for? (less maintenance, more bedrooms, etc.

4. Do you know of, or is anyone in your household, currently looking for alternate housing but have been unable to find any?

	The city's Master Plan seeks to encourage new housing construction across all income levels - but with a particular concentration on "attainable" housing. Developers are not likely to be interested in small, outlying communities because the incomes and housing values are lower. Instead, they will tend to focus on larger markets with higher values and the potential for greater profit margins. Small communities will have to find creative ways to generate new housing development, on both the construction and land development ends of the market. This can come in the form of building capacity with local investors/builders ("home grown") and eliminating some of the hurdles that make housing development challenging. This can also be accomplished by creating Public/Private Partnerships (P3's) with local municipalities or non-profit entities. Either the community, the P3 or a regional consortium, must look for ways to encourage new housing construction
3	Provide a summary of contemplated short-term activities (one to two years) to address the identified needs and problems. The City's 2021 Master Plan outlines many short term activities to address OWosso's housing needs and problems:
	<ol> <li>1) Initiate zoning map amendments to provide for the development of missing middle housing</li> <li>2) Encourage single-family attached housing on vacant and redevelopment-ready sites in transitions between existing residential areas and commercial areas.</li> <li>3) Improve the residential rental inspection program for more regular inspections (2-3 year cycle). Continue to support and staff a code enforcement/ building official and housing manager to oversee rehabilitation programs</li> <li>4) Cultivate an environment that demonstrates a commitment to the development of businesses, housing, and community organizations in Downtown Owosso.</li> <li>5) Promote infill housing in older neighborhoods and on established corridors to help rejuvenate such areas.</li> <li>6) Expand housing options within the downtown - assistance available throught he local revolving loan/grant fund administered by the DDA and City.</li> <li>7) Encourage adaptive reuse of underutilized buildings such as schools, churchees, or former warehouse buildings for multi-family resdiential developments.</li> </ol>
4	Provide a description of the effect the proposed CDBG project will have on the UGLG. This project will add 11 much-needed residential housing units to the downtown area - X of which will be rent- controlled through the grant program.
5	Provide a plan for minimizing the displacement of persons as a result of grant assisted activities and to assist persons actually displaced by such activities. Reference your locally adopted Residential Anti-Displacement Plan as needed. No residents, tenants, or owners will be displaced by this project.