

DORSEY ESTATES

# HOME BUYER PROGRAM



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Dorsey Estates is a newly constructed development that will feature 46 units of mixed-income residential site condominium, planned unit development at the city owned parcel located at 220 N Park Street. The project will feature a mixture of cottages, duplexes, and townhomes within a walkable housing development. The architectural design will reflect the historic character of surrounding community providing a desirable living environment incorporating the Traditional Neighborhood context and sense of community. The neighborhood will include pocket parks scattered in four locations and will be geared toward an environmental commitment to provide green areas that aid in filtering the storm water and plantings focused on carbon sequestration.

The basins and open areas surrounding them will be utilized as a park with pathways meandering through the community and will be surrounded by proposed plantings of native deciduous, evergreen, and ornamental tree plantings, shrubs, and grasses.

### PROJECT PARTNERS

Renovare Development will act as the Developer for the property, owned by Renovare Ypsilanti Homes, LLC.



Michigan Workforce Housing Corporation, Inc. will manage the Homebuyer Program for the project, qualifying buyers and coordinating down payment assistance.





# AFFORDABILITY

Dorsey Estates is partially funded through Washtenaw County American Rescue Plan Act (ARPA) Funding. These funds provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, and more equitable economy as the country recovers.

ARPA funding for this project will directly finance the construction of **23 affordable units (50% of the total)** with income targeting between **40% and 80% of Area Median Income (AMI)** as defined by the United States Department of Housing and Urban Development (HUD). Units will include missing-middle product types such as two-story Cottages, Duplexes and Townhomes.

This funding is in direct alignment with Washtenaw County's affordable needs assessment and the Housing Affordability and Economic Equity Analysis. Washtenaw County is actively participating in the income qualification for homebuyers on the project.

Renovare Development will coordinate with the project funders including the Washtenaw County Office of Community and Economic Development, the Washtenaw County Brownfield Authority, the Ann Arbor Community Foundation, IFF and the City of Ypsilanti. The income certification and homebuyer certification for the affordable units will be subject to final approval from the Washtenaw County Office of Community and Economic Development and the City of Ypsilanti.





# COMMUNITY BENEFITS

Dorsey Estates went through an extensive Community Benefits process in the City of Ypsilanti, resulting in the following project components:

- Four (4) cottages restricted to individuals and families up to 40% AMI;
- Four (4) cottages and four (4) duplexes restricted to individuals and families up to 60% AMI;
- Seven (7) cottages and four (4) duplexes restricted to individuals and families up to 80% AMI
- All units restricted to owner-occupied;
- Sales will be prioritized to residential renters in the City of Ypsilanti, that do not otherwise own real property and first-time homebuyers for the first ninety days of unit sales;
- The Home Owners Association fees will be as minimal as possible with a goal of the affordable units paying not more than 10% of the fees of the total HOA expenses;
- Sheds or storage units will be placed on the cottage and duplex units;
- Units will contain double pane windows;
- Units will contain energy efficient appliances and being built using energy efficient practices;
- The project will include vegetative sound barriers;
- The individual units will be approximately 1000-1200 square feet in size;
- Site amenities including bike racks, rain gardens/storm water management and native landscaping are to be included;
- City Council has been asked to take public comment on naming the streets created through the development; and
- Compliance with the City's Employment Discrimination Ordinance currently located in Chapter 58 of the City Code.





# STRUCTURE

Dorsey Estates will ensure permanent affordability and other requirements of the Community Benefit Ordinance through a **site condominium structure**. A Master Deed and Bylaws will be recorded for the property through the site condominium process that restrict the affordable units in perpetuity.

The initial sales prices for the affordable homes will be set in accordance with the specific income targeting for each unit. For example, units set aside for individuals and families **up to 40% AMI** will initially be set **around \$98,300**, based on HUD information on area income. Affordable sales prices will be steeply discounted from area market sales rates.

Initial income qualified buyers will have access to additional **down payment assistance** from local banks and the Michigan State Housing Development Authority (MSHDA), resulting in a further reduced first mortgage amount.

Future resales of affordable units will be limited to income qualified buyers. The **future sales prices will be restricted** in accordance with the Master Deed and Bylaws, with **maximum sales prices escalating each year** to allow for some equity but also ensure that the units are sold to income qualified buyers.

Site condominium bylaws and Master Deed documents will also ensure that the **units are only occupied by owners that file primary residence exemptions** with the City of Ypsilanti.



### Income Requirements

- Eligible household incomes must fall within the Department of Housing and Urban Development income limits based on household size. Gross household income may not exceed 80% AMI.
- Income determinations are made in accordance with HUD rules
- MWHC will determine initial income eligibility. Final approval will be required through the City of Ypsilanti and the Washtenaw County Office of Community and Economic Development
- Units will be assigned to each of the income brackets. Homebuyers will only qualify for units assigned to their approved AMI% requirements
- All units must be purchased as principal primary residents
- Applicants must have a qualifying minimum credit score
- Applicants must agree to the terms of the master deed and individual units' deeds

### Homebuyer Education

- Applicants must complete a total of eight hours of homeownership education through a certified HUD nonprofit approved through the Washtenaw County Office of Community and Economic Development

### Eligible Properties

- The property purchased must be an assigned affordable unit within the targeting AMI up to 80%
- Homebuyers will only be shown houses for which they income qualify





## Homebuyer Financing

- The homebuyers will work with the Renovare Development sales team and MWHC to qualify for a fixed-rate mortgage from a lending institution (no adjustable rate, balloon or interest only mortgages allowed)
- Each case will be assessed on an individual basis
- MWHC must review and approve the lender's mortgage
- Washtenaw County Office of Community and Economic Development will have final authority on all documentation
- Homebuyers must contribute \$500 to initiate the purchase
- In most cases, property taxes and homeowners' insurance must be escrowed. The City of Ypsilanti or Washtenaw County will not be the escrow agent
- The sales team will work closely with the Program Coordinator and lending institutions to ensure the success of the homebuying process. No funds will be issued directly to the homebuyer
- Mortgage financing will be provided through participating lenders who will accept the terms of the deed restrictions and the homebuyer program requirements



### Application

The Homebuyer must complete the application intake forms including:

- Signed Homebuyers Guidelines
- Homebuyer Application Packet (PDF)
- "Conflict of Interest" Form
- Copy of signed/executed purchase agreement
- Copy of the loan application and pre-approval letter
- Six weeks of consecutive pay stubs
- Copy of previous year income tax return, with W-2s
- Two months of bank statements
- Proof of completing HUD approved homebuyer education course
- Signed acknowledgement of Site Plan, Floor Plan, Elevation, and Material Specifications
- Addendum for Home Warranty
- Signed receipt of and required documents for Michigan Condominium Disclosure and Handbook
- Agency Disclosure Form
- Signed receipt for copy of the Master Deed and Bylaws
- Signed receipt for copy of the Affordability Deed Restriction
- Fair Housing Disclosure

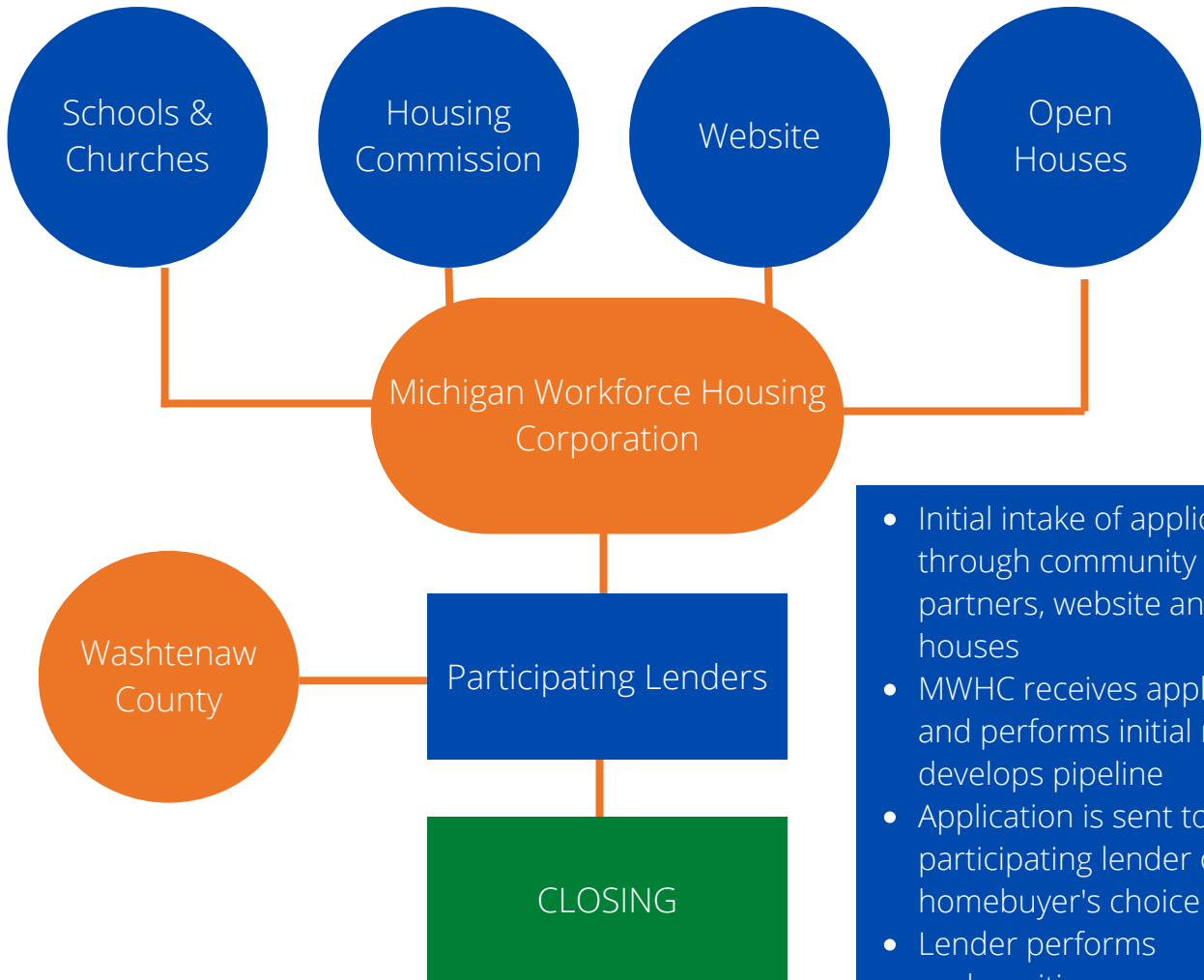
### Purchase Agreement

- The purchase agreement contract must indicate that the homebuyer is purchasing the house with ARPA funding and is subject to city, county, and federal program requirements
- A title policy that includes the mortgage amount with the deed restrictions and any additional DPA must be in place





# PROCESS



- Initial intake of applications through community partners, website and open houses
- MWHC receives application and performs initial review, develops pipeline
- Application is sent to participating lender of homebuyer's choice
- Lender performs underwriting
- Washtenaw County performs official income verification, notifying lender
- Closing