



**Program Guidelines**

**January 11, 2011**

**University Cultural Center Association**

**4735 Cass Avenue**

**Detroit, MI 48201-2009**

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<b>Program Overview</b> .....	<b>3</b>
<b>Program Description</b> .....	<b>3</b>
<b>Employee Eligibility</b> .....	<b>3</b>
Verification and Preapproval.....	4
<b>Program Boundaries</b> .....	<b>5</b>
<b>Owner Occupied Purchases</b> .....	<b>6</b>
<b>Property Eligibility</b> .....	<b>6</b>
Housing Type .....	6
Verification.....	6
Time Limitation.....	6
<b>Acquisition</b> .....	<b>6</b>
Financing Structure.....	6
Application of Funds .....	6
Contractual Obligation .....	7
<b>Compliance</b> .....	<b>7</b>
Annual Update .....	7
Schedule of Loan Forgiveness.....	7
Separation of Employment .....	8
Sale of Property.....	8
Change of Residence .....	8
Uninhabitable Condition .....	8
<b>Residential Rental</b> .....	<b>9</b>
<b>Property Eligibility</b> .....	<b>9</b>
Housing Type .....	9
Verification & Pre-approval.....	9
<b>Leasing</b> .....	<b>9</b>
Lease Terms.....	9
Time Limitation.....	9
Application of Funds .....	9
<b>Compliance</b> .....	<b>10</b>
Annual Update .....	10
Monitoring.....	10
Separation of Employment .....	10
Change of Residence .....	10
<b>Existing Owner Improvements</b> .....	<b>11</b>
<b>Property Eligibility</b> .....	<b>11</b>
Housing Type .....	11
Verification & Pre-approval.....	11
<b>Eligible Work</b> .....	<b>11</b>
Qualified Improvements .....	11
Zoning and Code Compliance.....	12
Property Tax and Insurance .....	12
Matching Funds.....	12
<b>Contractors</b> .....	<b>12</b>
<b>Administrative Contacts</b> .....	<b>14</b>

## Program Overview

### Program Description

The Live Midtown residential living program provides four types of incentives for eligible employees to live and invest in their homes in Midtown. These four options will accommodate those looking to purchase a new or existing home, those interested in renting, and existing employed homeowners who would like to complete exterior improvements on their existing Midtown home.

The Live Midtown program provides:

- New homeowners with a \$20,000 forgivable loan toward the purchase of their primary residence if taken one-time, OR \$25,000 at the rate of \$5,000 per year if taken over 5 years
- New renters with a \$2,500 allowance toward the cost of their apartment in the first year followed by an additional allowance of \$1,000 for the second year
- Existing renters within the district will be eligible for a allowance of \$1,000 over one year when an existing lease is renewed or when relocating within the district
- Existing homeowners with a matching allowance of up to \$5,000 for exterior improvements for projects of \$10,000 or more

The Live Midtown program is administered by the University Cultural Center Association (UCCA). It is subject to the availability of funds and may be cancelled at any time. Programs may not be combined.

### Employee Eligibility

Candidates must be employed by Detroit Medical Center, Henry Ford Health System or Wayne State University and meet the eligibility requirements listed below of their respective employers in order to qualify for the program.

#### **Detroit Medical Center**

Only benefit eligible employees of Detroit Medical Center are eligible for the Live Midtown program.

#### **Henry Ford Health System**

Employees who are full-time, part-time, contingent, Residents or Fellows of Henry Ford Health System are eligible for the Live Midtown program. Temporary employees, students and volunteers are not eligible to participate.

## Live Midtown Program Guidelines

### **Wayne State University**

Only benefit eligible employees of Wayne State University are eligible for the Live Midtown program.

All programs are open to employees who meet the eligibility requirements of their respective institutions. Each employee is eligible for only one rental allowance and one forgivable loan, which cannot overlap.

### **Verification and Preapproval**

Employees wishing to participate in the program should complete part one of the appropriate application form and return it to their corporate designee. Employment status will then be verified allowing a candidate to proceed with their housing search. For contact information for your corporate designee please see page 14.

### **Program Start Date**

The Live Midtown program is effective beginning January 13, 2011. Only purchase agreements and leases initiated after this date will be eligible.

## Program Boundaries

The Live Midtown program will be available for use with residential housing units located in the area bounded by the northern addresses of Philadelphia Street to the North, Interstate 75 to the East, Mack Avenue/Martin Luther King Boulevard to the South, Grand River Avenue to the southwest and Rosa Parks Boulevard to the West.



## Owner Occupied Purchases

### Property Eligibility

#### Housing Type

Employees wishing to purchase a home in Midtown for their primary residence will have several housing styles from which to choose. These can include detached single-family homes as well as row houses, townhomes and condominiums. Structures consisting of two units are also eligible provided that one unit remains owner occupied as the qualifying employee's primary residence.

#### Verification

In order to verify that a property is eligible for the program, it will be necessary to submit a copy of the MLS real estate listing to the UCCA with part two of the application.

#### Time Limitation

The applicant shall have 60 days from the date of property pre-approval in order to complete their purchase. In the event of a delayed closing a one-time 30-day extension can be authorized. Applicants whose closing date is delayed beyond the 30-day extension must reapply and will be subject to funding availability.

### Acquisition

#### Financing Structure

New or existing homes may be purchased with or without the use of a mortgage. A mortgage that provides for acquisition along with additional funds for rehabilitation (e.g. FHA 203K) is permitted under this program. The purchase of a home through land contract is not permitted under this program.

#### Application of Funds

The applicant will have a choice of receiving the loan in one of three ways:

##### **I. Lump Sum Single Payment to Title Company**

Up to twenty thousand dollars (\$20,000) will be made available prior to closing through wire transfer or certified check directly to the title company. These funds can be applied directly to the purchaser's closing costs and down payment. Funds can be used to purchase mortgage discount points.

## 2. Lump Sum Single Payment to Employee

Up to twenty thousand dollars (\$20,000) will be made available directly to the employee after proof of closing.

## 3. Annual Installment Payments

Five thousand dollars (\$5,000) will be distributed to the employee in the month of the anniversary of the purchase of their home. This will continue for five consecutive years for a total incentive of twenty five thousand dollars (\$25,000).

## Contractual Obligation

In order to secure the loan, a contractual agreement will be entered into between the University Cultural Center Association and the participant. The following section describes the conditions under which the loan becomes forgivable. An employee can participate in this program only once.

## Compliance

### Annual Update

A compliance update form will be mailed by the UCCA, via certified mail, to each participant each year. This will serve as verification of employment status, ownership, and residency. Each program participant will be required to submit proof of insurance and payment of property taxes at this time in order to remain in compliance with the loan agreement.

### Schedule of Loan Forgiveness

Loans paid through the lump sum single payment option are forgiven over a five-year period beginning at the day of closing as long as the participant is in compliance with the terms of the program. The forgivable amount is calculated according to the following chart.

Years in Home	Percentage of Loan Forgiven	Loan Amount
0	0%	\$20,000.00
1	20%	\$16,000.00
2	40%	\$12,000.00
3	60%	\$8,000.00
4	80%	\$4,000.00
5	100%	0

The loan is considered due immediately in the case of any of the following events:

### **Separation of Employment**

If a participant should separate from the sponsoring institution, the repayment of any unforgiven loan funds will be considered due.

### **Sale of Property**

If a participant sells the home for which a loan has been applied, the amount of any unforgiven portion of the outstanding loan is due immediately. In the case where a participant is purchasing another home in the Live Midtown program area, the loan will continue subject to compliance for the remainder of the term.

### **Change of Residence**

If a participant moves from the home for which a loan has been awarded the amount of the outstanding loan is due immediately. However, in the case where a participant is purchasing another residence in the Live Midtown program area they can apply to have the outstanding balance applied to the new residence and continued forgiveness will then be subject to compliance of the new residence for the remainder of the term.

### **Uninhabitable Condition**

In the event of damage due to fire, vandalism or act of nature that renders the structure uninhabitable, the homeowner will have 120 days to complete repairs or the structure will be considered abandoned and the outstanding amount of the loan becomes due. Payments to participants choosing the annual installment plan will have their payments suspended during this period.

## Residential Rental

### Property Eligibility

#### Housing Type

Employees wishing to reside in Midtown by leasing their primary residence will have several housing styles from which to choose. These can include detached single-family homes as well as row houses, townhomes, lofts, flats and apartments. In order to ensure a quality rental unit all eligible units must conform to applicable building codes, be a registered rental unit with the City of Detroit Buildings, Safety Engineering and Environmental Department and are subject to inspection by UCCA staff.

#### Verification & Pre-approval

In order to verify that the rental property is eligible for the program, a copy of a preliminary lease agreement and a current Certificate of Compliance issued by the City of Detroit Buildings, Safety Engineering and Environmental Department must be submitted with part two of the application. A staff member of the UCCA may also contact the lessor to schedule an inspection if the property has not been recently evaluated by the UCCA.

### Leasing

#### Lease Terms

The minimum term for a residential lease under this program will be for one-year. Leases longer than one year are acceptable. Month to month leases are not eligible.

#### Time Limitation

The applicant shall have 45 days from the date of property pre-approval in order to sign a lease. Applicants whose lease signing is delayed beyond the 45-day limit must reapply and will be subject to funding availability.

#### Application of Funds

For new Midtown residents, a total of up to \$3,500 in rental subsidy funds will be available to an employee over a two-year period-\$2,500 in the first year and \$1,000 in the second year. Existing Midtown residents will receive \$1,000 for a period of one year upon lease renewal or relocation within the district. Funds will be distributed quarterly directly to participant's lessor.

## Compliance

### Annual Update

An annual compliance update form will be mailed by the UCCA, via certified mail to each participant. This will serve as verification of employment status, and residency.

### Monitoring

To ensure compliance, participants who receive funding are subject to monitoring for a two-year period beginning at the day of lease. Termination of funding is initiated through noncompliance with the funding agreement. Noncompliance events include separation of employment and change of residence. In the event of noncompliance all future quarterly payments to lessor will be withheld.

### Separation of Employment

If a participant should separate from the sponsoring institution, for any reason, the quarterly payments will cease.

### Change of Residence

If the participant moves out from the residence for which the lease has been signed, no further payments will be due. However, participants relocating to another eligible residence in Midtown, may reapply and, if approved, quarterly payments will then be made to the new lessor. Overall rental subsidy funding shall not exceed \$3,500 per participant.

## Existing Owner Improvements

### Property Eligibility

#### Housing Type

Employees currently owning a home in Midtown as their primary residence will be eligible for exterior improvement matching allowances. Eligible structures include owner occupied residential properties consisting of one to two units. These can include detached single-family homes as well as row houses and townhomes. Residences where a homeowners association, condominium association or other form of cooperative is responsible for the building exterior are not eligible.

#### Verification & Pre-approval

In order to verify the employee property is program eligible, it will be necessary to submit a copy of the deed to the UCCA with part two of the application. Pre-approval of a proposed exterior home improvement project is required. A written scope of work must be submitted with part three of the application.

### Eligible Work

#### Qualified Improvements

Qualified improvements will be limited to the exterior of the home. These improvements include a wide range of beautification, weatherization and restoration projects. These projects include:

- Roof replacement
- Masonry restoration
- Window repair or replacement
- Exterior restoration
- Exterior painting
- Exterior Lighting
- Gutters and downspouts

## Live Midtown Program Guidelines

- Siding & trim repair
- Street Fronting Sitework (including fencing, walks, etc.)

All work must be approved in part three of the application by the UCCA. Assistance and guidance will be made available through the UCCA staff along with a recommended contractor list.

## Zoning and Code Compliance

All approved work must be performed in conformance with local zoning ordinances and applicable building codes. Should the structure be located in or adjacent to a City of Detroit designated historic district, the proposed work must meet applicable requirements including the issuance of a Certificate of Appropriateness from the City of Detroit Historic District Commission.

## Property Tax and Insurance

Property tax payments and homeowner's insurance coverage should be up to date in order to participate in the program. Proof of insurance and evidence of property taxes being paid current are required in part three of the application.

## Matching Funds

This allowance will operate on a reimbursement basis. Preapproved projects with qualifying costs of \$10,000 or more will receive the maximum allowance of \$5,000 upon project completion and proof of payment. Preapproved projects with qualifying costs of less than \$10,000 will receive a 50% allowance reimbursement upon project completion and proof of payment. Future projects remain eligible for matching funds until the \$5,000 total reimbursement is reached. Qualifying project costs will be based on materials only for Owners wishing to undertake their own repairs.

### Matching Fund Example

Total Qualifying Project Costs	Total Paid by Homeowner	Reimbursed Upon Completion and Full Payment	Allowance Amount Available for Future Project
\$ 12,000	\$ 12,000	\$ 5,000	0
\$ 10,000	\$ 10,000	\$ 5,000	0
\$ 8,000	\$ 8,000	\$ 4,000	\$ 1,000
\$ 5,000	\$ 5,000	\$ 2,500	\$ 2,500

## Contractors

All proposed work requires bids from a minimum of two contractors. Work may be performed by a general contractor, or depending on the scope, one or two specific tradespersons. In the case of multiple trades hired directly by the homeowner, two bids will be required for each

## Live Midtown Program Guidelines

trade. Owners may also perform their own work where practical though only the cost of materials will be consider eligible project costs for the matching allowance.

## **Administrative & Employer Contacts**

### **University Cultural Center Association**

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(313) 577-5088

### **Detroit Medical Center**

Peggie Schiller  
Employment and Workforce Transition Manager  
(313) 578-3987  
pschiller@dmc.org

### **Henry Ford Health System**

Employee Services  
(313) 874-7100  
employeeservices@hfhs.org

### **Wayne State University**

Total Compensation and Wellness  
(313) 577-3717  
Benefits@wayne.edu