



DRAFT 01-25-2022

**City of Kalamazoo  
HOME Investment Partnership Program  
Amendment to Program Years 2017, 2019, and 2020 Annual  
Action Plans**

**Executive Summary**

The following serves as an amendment to the City of Kalamazoo's Program Year (PY) 2017, 2019, and 2020 Annual Action Plans (AAP) per the requirements of the U.S. Department of Housing and Urban Development (HUD). Under HUD program regulations found at 24 CFR 91.105 (b)(1) and 91.505 (a), the City of Kalamazoo must adequately inform its citizens of the range of activities it expects to undertake during each program year. The City of Kalamazoo provided this information during annual public hearings and within the corresponding PY2017, 2019, and 2020 Annual Action Plan documents as outlined in the City's Citizen Participation Plan.

The City received the following HOME Investment Partnership Program (HOME) funds during these program years:

Program Year	Grant Number	Authorized Grant from HUD	Allocated to Projects	Unallocated Funds
2017	M-17-MC-26-0207	\$388,900	\$357,905.98	\$30,994.02
2019	M-19-MC-26-0207	\$492,146	\$492,146.00	\$0.00
2020	M-20-MC-26-0207	\$528,810	\$528,810.00	\$0.00

The HOME Program is specifically designed to develop and support affordable housing for low to moderate income persons and families. Activities such as acquisition, new construction, and rehabilitation of single- and multiple-family homes are permitted.

The 2017 unallocated funds need to be assigned to a specific activity so the dollars may be utilized. This must be done through the public process of a substantial amendment. In PY2019 and PY2020, the City included an activity in the Annual Action Plans identified as Housing Rehabilitation Program. This activity was designed for the development or rehabilitation of housing for low to moderate income persons or families, but no specific projects were identified at that time. In PY2019, \$411,008 was allocated to this activity and in PY2020, \$271,251 was assigned. The City now has two multiple-family projects that meet the goals of the Consolidated Plan where some or all these funds can be assigned through a substantial amendment.

In addition, in PY2020 an error was made in the Annual Action Plan related to the amount of unallocated funds that were available from previous program years. This substantial amendment is intended to resolve this overage of funding allocation.

**Annual Action Plan Amendments**

At this time, the City would like to reallocate, reprogram, and/or reduce funds as outlined below:

Reallocated Funds:		
Program Year	Project	Amount
2017	Unallocated Funds	\$30,994.02
2019	Affordable Housing Program	\$411,008.00
2020	Affordable Housing Program	\$25,997.98
Subtotal:		\$468,000.00
Reduced Funds:		
2020	Affordable Housing Program	\$91,405.00
Total:		\$559,405.00

### Proposed Projects

#### 530 South Rose Street:

The City of Kalamazoo would like to provide HOME funds to 530 Rose Limited Dividend Housing Association Limited Partnership, which was formed by PGJ Development and PS Equities. The proposed housing project planned by this Limited Partnership will be a new five-story building located at 530 South Rose Street. The project is in the Vine Neighborhood, which is located within Census tracts that are eligible for HUD funding. A total of 64 senior apartments will be constructed, 24 of which will be one-bedroom and 40 will be two-bedroom.

This project meets many of the goals of the City’s Consolidated Plan, Imagine Kalamazoo 2025 Plan, and the Vine Neighborhood Plan.

- 2019-2023 HUD Consolidated Plan: The City of Kalamazoo’s Consolidated Plan is the primary tool used to determine how federal funding can best address the City’s needs. The 530 South Rose Street project fits two specific objectives of the Consolidated Plan, as follows:
  - Improve the amount of decent and affordable housing in the City of Kalamazoo by supporting the maintenance, rehabilitation and development of accessible owner and renter occupied housing.
  - Increase affordable rental housing through rehabilitation and new construction.
  
- Imagine Kalamazoo 2025 Plan: The themes of this Plan are Connected & Accessible Community, Equity & Opportunity for All, and a Vibrant & Friendly Environment. The 530 S. Rose Street development contributes to the following goals and actions:
  - Invest in and incentivize development projects that create opportunities and housing options that are affordable throughout the City.

- Evaluate and promote a mix of housing types across neighborhoods to accommodate various income levels so residents can remain in the City or in their neighborhood as lifestyle needs change.
- Affordability of units assists with issues of gentrification, displacement, and stabilization of rental units for a legacy of affordability.
- Vine Neighborhood Plan: The housing vision for Vine expressed the need to encourage infill development, new housing types, and support housing affordability. 530 South Rose Street compliments this vision in several ways. The new development will infill an old parking lot creating an environment of residential activity and security in the neighborhood. It will also increase affordable housing by growing the number of total affordable units in the City. Finally, the development will maintain affordability in the Vine Neighborhood for those aging in place.

A total of \$408,000 in HOME funds will be programmed from the Affordable Housing Program outlined in the PY2019 Annual Action Plan, which allocated \$411,008 to this type of activity. This leaves a remaining balance of \$3,008. Ten of the 64 units will be supported by HOME funds, which will require a minimum 15 years of affordability.

1211 South Westnedge Avenue:

HOME funds will also be programmed for the Lodge House sponsored by the LIFT Foundation, which is a nonprofit organization. This project will repurpose an old Knights Inn hotel, which is located within the Vine Neighborhood, into affordable housing. A total of 60 studio apartment units will be renovated with an emphasis on housing those that are experiencing homelessness and/or have incomes at or below 30 percent of the area median income. Onsite management and supportive services will also be provided as part of the Lodge House project.

This project meets many of the goals of the City's Consolidated Plan, Imagine Kalamazoo 2025 Plan, and the Vine Neighborhood Plan.

- 2019-2023 HUD Consolidated Plan: The Lodge House project fits the following objectives of the Consolidated Plan, as follows:
  - Improve the amount of decent and affordable housing in the City of Kalamazoo by supporting the maintenance, rehabilitation and development of accessible owner and renter occupied housing.
  - Increase affordable rental housing through rehabilitation and new construction, focusing on those who make 30 percent of the area median income.
  - Encourage permanent housing for the homeless through prevention and rapid re-housing activities.
  - Make supportive services available for the homeless with an emphasis on the mentally and physically disabled.
- Imagine Kalamazoo 2025 Plan: The Lodge House development contributes to the following goals and actions:
  - Strengthen partnerships with area organizations and businesses to provide tools and resources for large-scale improvements as an alternative to demolition.

- Invest in and incentivize development projects that create opportunities and housing options that are affordable throughout the city.
  - Affordability of units assists with issues of gentrification, displacement, and stabilization of rental units for a legacy of affordability.
  - Address homelessness with partners and providers to provide safe environments for individuals and families; engage wrap around services for recovery and mental health support.
- Vine Neighborhood Plan: Like 530 South Rose Street, the Lodge House project will assist with Vine’s vision for new housing types and affordable housing. The new development will rehabilitate an older vacant hotel to improve neighborhood economic stability and security.

A total of \$60,000 in HOME funds will be reallocated from the 2017 program year and programmed to the PY2019 and PY2020 Affordable Housing Program. PY2017 will contribute \$30,994.02, PY2019 will allocate \$3,008, and PY2020 will assign \$25,997.98. Four of the 60 units will be supported by HOME funds, which will require a minimum of 10 years of affordability.

Allocation Overage:

In the PY2020 Annual Action Plan, some HOME funds were identified as being unallocated and therefore carried over from previous program years. Unfortunately, these same funds were outlined in the PY2019 Action Plan. After a complete review of the HOME grant funds awarded to the City between 2018 through 2020 by HUD and the amount assigned to activities during this same time, it was found that \$91,405 was over allocated.

Fortunately, the Affordable Housing Program activity listed in the PY2020 Annual Action Plan did not have specific projects identified. Therefore, the \$91,405 overage can be subtracted from this \$271,251 budget without harming any active or planned projects. With the amount programmed to the new projects noted herein, the PY2020 Affordable Housing Program will have \$153,848.02 remaining to allocate.

### **Citizen Participation Plan**

As per the City of Kalamazoo’s Citizen Participation Plan, a public notice on this Substantial Amendment was placed in the Kalamazoo Gazette on January 26, 2022 for the required 30-day public comment period. An electronic copy of this Substantial Amendment was placed on the City’s website at <https://www.kalamazoo.org/communitydevelopment>. A paper copy was available for review at the offices of the Community Planning and Development Department, 245 North Rose Street, Suite 100, Kalamazoo, Michigan.

(Citizen comments to be determined.)

The notice also outlined the public hearing held by the Community Development Act Advisory Committee on February 24, 2022. The public was invited to attend and comment. The minutes of this meeting are included under Attachment A. The public notice is included in Attachment B.

(Citizen comments to be determined.)