

Saving Parkview Apartments

BY PAUL SCHREIBER

Preserving Low-Income Housing

On a lovely sunny spring morning in April 2011, Congressman John Dingell, developer Ben Etheridge, executive director of the Ypsilanti Housing Commission Walter Norris, Washtenaw County commissioners, Ypsilanti politicians, and grateful tenants gathered at the now renamed low-income housing complex, Hamilton Crossing, to celebrate the completion of Phase 2 renovations. It had been a long ordeal.

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I remember being present at a meeting, on November 13, 2003. Worried Parkview Apartments tenants were waiting to hear from representatives of the Federal Department of Housing and Urban Development (HUD). The residents wanted assurances that they could stay in their homes. Those in attendance had been paying their water bills, but the Ypsilanti Community Utilities Authority (YCUA) had not received approximately \$400,000 from tenants who had failed to pay their bills and moved out. Since there was no way to shut the water off to specific apartment units, YCUA was threatening to cut the water to the entire complex.

Parkview Apartments consists of nineteen buildings that include 144 units of low-income apartments. It was built in the 1970s with financial assistance from HUD. Although HUD did not own Parkview, it had a financial and controlling stake in the property and could force a change in management. Since its construction, Parkview had become dilapidated, accumulating hundreds of housing code violations from the city, in addition to the delinquent \$400,000 water bill.

I attended the November 13 meeting because as a member of the Ypsilanti Housing Commission (YHC) I was determined to preserve quality low-income housing in the city. I had listened to residents complain about roof leaks and flooding in their units,

and they told us that basic repairs were not getting done. But they were also worrying about their water being shut off and a possible change in the ownership of Parkview. The delinquent water bill brought Parkview to the attention of the Washtenaw County Treasurer, and she was beginning foreclosure proceedings. HUD officials at the meeting assured the tenants that they would be taken care of. But the tenants were not convinced.

The First Parkview Auction

In December 2003, HUD assumed the mortgage and paid the \$400,000 water bill. But HUD also wanted to transfer Parkview to another owner, so they sent first-right-of-refusal letters to the City of Ypsilanti and the YHC. HUD listed five affordable housing requirements. If these affordability requirements were met, HUD would then transfer the property for \$100 without a public auction. At the time, HUD was allowed to sell a property for a price below market value. This detail became particularly important later.

The city and the YHC both submitted applications but with different goals in mind. YHC executive director Walter Norris urged board of directors to pursue acquisition of Parkview to rehabilitate and preserve the low-income housing stock in Ypsilanti. Norris asked developer Ben Etheridge of Chesapeake Community Advisors to prepare a proposal that met all five of HUD's affordability requirements and that would keep Parkview as quality affordable housing for low-income families. The city proposal met only three of the HUD affordability requirements. Their proposal aimed to renovate Parkview as market-rate housing, eliminating 144 units of low-income housing and forcing the Parkview residents to find housing elsewhere.

In 2004, HUD was preparing for the foreclosure and transfer of Parkview, but the current Parkview owners were also trying to maintain the status quo. Parkview tenants felt like they were in limbo, with deteriorating living conditions and an uncertain future. Parkview Tenants' Association co-chair, Barbara Patterson, was quoted in the *Ann Arbor News*, saying, "We don't want the [owners] because they don't do what they are supposed to. We're very concerned not knowing what is going to happen."

By late 2004, HUD had selected the YHC proposal to acquire Parkview because their proposal met all five of HUD's low-income housing stipulations. The city was not happy that their proposal was rejected, and they enlisted Congressman John Dingell to support the city's market-rate proposal and persuade HUD to reconsider.

HUD did reconsider, and in the early spring of 2005 they selected the YHC low-income housing proposal for the second time, with an auction date in May. The city was still very unhappy and asked the commission to withdraw its proposal. When the board refused, the Ypsilanti City Council passed resolutions requiring the YHC to obtain permission from the city for the acquisition of any property. Clearly, Parkview Apartments was the target of the resolution. Seeing that the city and the commission were remaining far apart, HUD set a deadline for Ypsilanti and the YHC to reach an agree-

ment before the May 2005 auction. If no agreement was reached, then Parkview would go to the highest bidder.

Discussions between the YHC and the city were heated, and proposed agreements flew back and forth. The city set forth requirements that made it impossible for the commission to finance Parkview renovations. This was a deal breaker for the YHC or for any low-income housing development. The city was making an impossible demand. The HUD deadline came and went with no agreement between the city and the YHC. HUD auctioned Parkview Apartments on May 26, 2005, to Emmanuel Ku, the highest of ten bidders.

Emmanuel Ku was a self-described “daredevil landlord.” But Mr. Ku owned low-income HUD properties in other states that had hundreds of code violations. In addition, the Parkview owners had filed an unsuccessful lawsuit to stop the foreclosure in late 2004, and they now filed for bankruptcy, on June 1, 2005, and stalled the foreclosure proceedings. The Parkview case was fought in the courts for the rest of 2005 by Ku’s attorneys, the Parkview owners, and the Parkview Tenants’ Association. The tenants wanted well-managed low-income housing, and they clearly weren’t going to get it with Emmanuel Ku as the owner.

Eventually HUD canceled the sale to Emmanuel Ku because of pressure from the Parkview Tenants’ Association, and HUD became Mortgagee-in-Possession of Parkview in May 2006. This meant that HUD assumed financial and management responsibilities, including rent collection, repairs, security, and property expenses. The management of Parkview was now the total responsibility of HUD.

Enter John Dingell

During this time, HUD made repairs to the apartments that were still occupied and the living conditions for the tenants improved. But Parkview tenants were moving out, and about half of the apartment complex was vacant and boarded up. The threat of another foreclosure sale and the uncertainty of a new owner weighed on the minds of the remaining Parkview residents. They were still in limbo.

In spring 2007, HUD sent notices to Parkview residents that not all would receive tenant rental payment assistance for low-income housing when the property was sold. HUD intended to schedule another foreclosure sale of Parkview to



Ypsilanti mayor Paul Schreiber and Congressman John Dingell, in April 2011, at the dedication of Hamilton Crossing

the highest bidder, on August 8, 2007. Attorney Bob Gillette, representing the Parkview Tenants' Association, objected with court action against HUD. U.S. Representative John Dingell suggested that HUD revive the original sale offer to the Ypsilanti Housing Commission. Unfortunately, HUD no longer had the option of offering Parkview for \$100, because of the Deficit Reduction Act passed by Congress in 2005. An auction to the highest bidder was now HUD's only option.

Readers may be wondering why John Dingell was supporting the Ypsilanti Housing Commission in 2007, when he had supported city council's 2004 market-rate proposal. In 2004, I had met John Dingell at a fundraiser for the Ypsilanti Freight House and asked him why he was supporting the city's proposal instead of the YHC proposal. I can still hear him say: "Paul, I don't necessarily disagree with what you are trying to do. But I am going to do what the local elected officials want me to do." In 2004, the City of Ypsilanti wanted John Dingell to convince HUD to make Parkview market-rate housing.

In 2006, I ran for mayor of Ypsilanti on a platform of fiscal responsibility, countywide cooperation on public transportation, and improved low-income housing alternatives. I won the August 2006 primary, assuring that I would be the next mayor. I recall the day after the primary election when John Dingell called my cell phone to congratulate me, saying, "Paul, I look forward to working with you to renovate Parkview and make it a success." John Dingell had now joined me on the low-income housing team, along with the Ypsilanti Housing Commission.

HUD eventually canceled another Parkview auction planned for August 8, 2007, after Bob Gillette and the Parkview Tenants' Association filed another lawsuit claiming that the sale conditions and lack of tenant rental payment assistance were unacceptable.

During 2008, HUD continued to manage Parkview and board up units as they were vacated. HUD also sent multiple notices to the residents again, with no improvement on tenant rental payment assistance.

Meanwhile, John Dingell and his staff were hard at work on behalf of the city and the YHC. Working with his congressional colleagues, Congressman Dingell successfully inserted earmark language into the Foreclosure Prevention Act of 2008 that specifically allowed HUD to transfer Parkview Apartments to the Ypsilanti Housing Commission for a below-market price. This was a pivotal piece of legislation. HUD again delayed the foreclosure sale of Parkview while the legislation was pending. But even after the legislation was signed, HUD insisted that they did not have the authority to provide financing and transfer Parkview to the YHC.

Parkview Tenants Prevail

On September 18, 2008, Bob Gillette and the Parkview Tenants' Association again sued HUD for failing to maintain Parkview's physical condition, failing to keep it at full occupancy, refusing to provide rental payment assistance to all Parkview residents, and



Hamilton Crossing: the finished product

planning to dispose of Parkview without residents being given notice or an opportunity to be heard. About thirty-five families remained in Parkview's apartments, and the city was about to lose 144 units of low-income housing.

On September 8, 2009, U.S. District Judge Victoria Roberts agreed with the Parkview tenants and directed HUD to allow the sale of Parkview Apartments for a below-market price to the Ypsilanti Housing Commission, with tenant rental payment assistance and renovation financing.

I still remember meeting with HUD lawyer Frank Zebot later that fall in Detroit, where he calmly laid out the terms of sale. It was everything that the YHC had requested in the original 2004 proposal: a \$100 sale price, tenant rental payment assistance, and partial renovation financing. I was nervous, even overwhelmed; the YHC and the Ypsilanti community were being given a huge opportunity to renovate a linchpin of affordable housing in the city. It was a serious responsibility, and it had to be done right.

Fortunately, the Parkview developer, Ben Etheridge of Chesapeake Community Advisors, was extremely capable. Ben secured low-income housing tax-credit bank loans to augment the HUD financing. The Parkview tenants were now protected. Soon, Parkview was attractively renovated, and the complex was renamed Hamilton Crossing.

With the renovation of Parkview, the YHC was now able to transform public housing throughout the city. Substandard 1940s public housing in Ypsilanti was replaced by

attractive townhouses, and Paradise Manor, on West Michigan Avenue, was renovated and renamed Sauk Trail Pointe.

Low-income housing in Ypsilanti was changed for the better through the valiant efforts of Walter Norris and the Ypsilanti Housing Commission, Bob Gillette and the YHC tenants, Ypsilanti City Council, the late Congressman John Dingell, and the late Ben Etheridge of Chesapeake Community Advisors. All of us who care about the issue of affordable housing for low-income people should be thankful.

A Note on Sources

The information in this essay came from *Ann Arbor News* articles, my own notes and personal recollections, and the various court orders involving the Parkview Tenants' Association. Images were provided by the author.

About the Author

Retired electronics engineer Paul Schreiber was mayor of Ypsilanti from 2006 to 2014. Prior to serving as mayor, Paul was a member of the Ypsilanti Housing Commission for ten years. He is currently president of the Ypsilanti Heritage Foundation.