

**MINUTES**  
**ANN ARBOR HOUSING COMMISSION**  
**SPECIAL BOARD MEETING**  
**March 2, 2012**

Meeting Time and Location: **6:00 – 7:00 pm**  
Miller Manor, 727 Miller, Ann Arbor, MI (Conference Room)  
Started – 6:10 PM

Call To Order/Roll Call –

I. APPROVAL OF AGENDA

*Greden* moved approval of agenda, *LaBarre* supported

Motion Approved (4 yeah: *Manildi*, *Greden*, *Woods*, *LaBarre*, 0 nay)

II. PUBLIC COMMENTARY – limited to 5 min./person

A. Resident Organizations

B. Others Requesting to Speak

None

III. NEW BUSINESS

A. Resolutions:

FY 12-21 - To Allocate up to \$180,000 to the City of Ann Arbor to Purchase 20 Units at Hideaway Lanes for the Ann Arbor Housing Commission to Develop as Affordable Housing and to allocate funding for closing costs and due diligence.

*LaBarre* moved, *Woods* supported

*Hall* presented a set of plans outlining Hideaway Lane and introduced the project. *Hall* gave a history around and about the project.

The Site plan was approved for 31 units, including 9 attached condos built in the 1970's, and 1 spec home that was sold last year. The empty lot adjacent to the spec house is under contract as well as one of two condos that are for sale. Although the property has been on the market for several years, when we made an offer, the realtor asked another interested party if they were interested and they also made an offer. At this point there is a verbal commitment from the lender to continue negotiating with the AAHC. Appraisal received today – at \$190,000. Current agreed upon price is \$180,000. A HUD environmental review must be completed– which must be published to the public and reviewed and approved by HUD, which can take 90 days. We have not yet received a written purchase agreement yet from the owner.

*Manildi* – Asked for clarification about exactly what property was being purchased and *Hall* showed the board the 20 condo lots on the site plan.

*Hall* – The already built houses are part of the site plan, master deed and condo association, but they are not part of the purchase. All utilities are present and can support a reconfiguration and additional units as long as the change is not too significant.

*Greden* – Is this a PUD or planned project?

*Hall* – It was approved as a Planned Project but the site plan is now expired. We would need to get site plan approval and could ask for rezoning to PUD or other zoning. Would need to create about 30-40 units minimum to make this a tax-credit-viable project. Under existing zoning, could do up to 46 units, including the 10 built.

The AAHC has retained a pro bono attorney who will review the legal docs to ensure that the AAHC can actually build on the property and not get vetoed by the existing condo owners. Would prefer to go to council March 5<sup>th</sup> to lock in the purchase agreement but it makes sense to wait to go to Council on the 19<sup>th</sup> to complete the due diligence, even if we risk losing the property, especially since we have not received the purchase agreement yet. The attorney needs time to review and approve it before it goes to council.

*Woods* – There was a reason the bank agreed with the other bidder first? *Hall* – Yes, because the bidder said it could close within 30 days.

*Manildi* – Who would we be buying from? *Hall* – Mercantile Bank. We would be paying cash. The original list price was about \$600,000.

*Greden* – Would we have any holding cost? *Hall* – We don't pay taxes. We would have to increase our insurance to cover this property and the AAHC could maintain the site by inspecting it for damages and mowing if needed, until it is developed.

*Manildi* – The City has to buy this? *Hall* – Yes. By ordinance, the City has to buy for the AAHC, but can transfer the property to the AAHC at any time. The City currently owns all of our properties.

*Greden* – Where will the money to purchase come from?

*Hall* – Explained that the AAHC has 5.4 months in operating reserves and the net revenue after 7 months is better than budgeted. The funding will come from the administrative fees from Cranbrook Towers, which is the cost center S8NC on the financial statements, and is not included in the operating reserves.

*Black* – I thought HUD's funding was contingent upon reserves?

*Hall* – Described this year's change by HUD to force PHAs to use up HAP reserves until leaving about 4 mos. worth of HAP reserves to pay landlord's for rent for voucher holders.

*Greden* – Asked if it would be prudent to work on one development project at a time.

*Hall* – Agreed that it would be difficult to develop several properties at the same time. However, we could still acquire this property and the other property that we have grant funds for and land bank one or both of them until we are ready to develop them.

*Teall* – Who would management the construction of this project.

*Hall* – We would contract that out. This could be a \$10-\$16 million project depending on how many units are built.

*Greden* – We don't have a time pressure to build/develop? *Hall* – No. A time clock starts when we get tax credits. Tax credit applications are competitive and staff (MSHDA) scored.

*Black* – You have determined the sustainability of this property? *Hall* – This model is more sustainable than public housing. This project will average about \$800-\$1,100/unit vs. what we earn now at about \$550/unit. On projects that she has underwritten for others, the minimum requirement is \$300/unit for replacement reserves for future capital expenditures, and HUD currently provides only \$130/unit for replacement reserves for public housing.

*Greden* – Hall has proven very good at doing her due diligence – seen in other housing projects.

*Manildi* – Would like any legal opinions we are going to rely on be a formal written opinion. All on the Board agreed.

*Greden* – Stated that we must stick with our 90-day contingency. All Board agreed.

*Hall* – This will be presented at the March 19 City Council Meeting.

Motion Approved (5-Yeah: Manildi, Woods, Greden, LaBarre, Black 0-Nay)

IV. ADDITIONAL PUBLIC COMMENTARY – limited to 5 min./person

None.

V. ADJOURNMENT – *Manildi* moved, *Woods* supported.

Motion Approved (5-Yeah: Manildi, Woods, Greden, LaBarre, Black 0-Nay)

Adjourned – 7:03 PM