

Swift Lane Plan B

If Swift Lane is not funded in the October 1, 2016 LIHTC round, then HUD may revoke the AAHC's RAD approval for the final RAD phase. The AAHC may be able to re-apply to the RAD program and continue re-applying for LIHTC until we are funded. However, HUD is asking us to come up with a plan B. All of the properties below are included in the RAD Conversion Plan for Swift Lane.

Property Address	Units	RAD Plan	Condition of Property
3401 – 3459 Platt	4 5-bdr single family homes , duplex acquired that is vacant	Demo and new construction with LIHTC. As units become vacant, they are not being filled due to planned demo	Obsolete design, poor condition. In floodway. Good candidate for demo. Built in 1969
701 Henry	14 1-bdr & 14 2-bdr stacked flats	Demo and new construction with LIHTC. As units become vacant, they are not being filled due to planned demo	Obsolete design, very poor condition. Good candidate for demo. Built in 1948
805-807 W Washington	2 1-bdr duplex	De minimus. Remove from public housing, project-based AAHC vouchers and continue serving low-income households. Occupied.	Excellent. Completely renovated in 2015 due to a fire. Built in 1969
3565-3585 Oakwood	4 5-bdr single family homes.	De minimus. Remove from public housing, project-based AAHC vouchers and continue serving low-income households. Occupied	Obsolete design but integrated into single family neighborhood. Good condition renovated in 2013. Built in 1969
1504 – 1508 Broadway	20 1-bdr units in 3 bldgs. 12 units are public housing & 8 units are unrestricted but currently voucher users	Transfer 12 RAD subsidies to Swift Lane. Original plan to sell, then demo and new construction, now renovation. Difficult site to develop. Occupied.	Poor condition, but solid building construction, erosion is dangerously close to building. Obsolete design. Built in 1954

Options

- 1) Reapply for RAD and continue applying for 9% LIHTC until the project is funded as is.
- 2) Reapply for RAD and Norstar is analyzing whether adding Broadway to Swift Lane helps with LIHTC score
- 3) Section 18 Demolition/Disposition and continue to apply for 9% LIHTC until project is funded

Tenant Considerations:

- 1) All of the tenants at Lower Platt are moving to other properties, three because they are over-housed and must transfer and one voluntarily to N. Maple to live in a better apartment and therefore none of the options will impact Platt Road tenants

- 2) Twelve families remain at Henry street, almost all of them do not want to transfer to another AAHC apartment because they are waiting to get a voucher as a part of relocation.
- 3) As vacancies arise at Broadway, they have primarily been filled with homeless tenants and Broadway is fully occupied except for apartments that are being turned. As the apartments are turned, we have treated them like full renovations with new flooring, fixtures, appliances, doors, etc. but the exterior and common areas have not been renovated.
- 4) If HUD allows Demo/Dispo, the AAHC will be able to provide vouchers or alternative AAHC housing for tenants. Thus far, we have been able to absorb tenants in our own housing for relocation for everyone who has wanted to stay.

RAD Considerations:

- 1) Congress is about to approve a total of 250,000 total RAD units (an increase from 180,000) extended through 2018. If the AAHC had to reapply for RAD, there is a high probability of getting RAD back because the one of the highest priorities includes demolition and new construction that includes tax credit funding.
- 2) The AAHC can voluntarily withdraw its RAD approval and reapply to provide good will to HUD and make the process go faster. HUD RAD revocation may take a while.
- 3) RAD rents are higher than public housing but significantly lower than project-based voucher rents. Consequently, if the AAHC can redevelop its public housing without RAD rent restrictions, the projects would have better financial stability.

Administrative Considerations:

- 1) The AAHC does not want to have 49 public housing units to manage under public housing rules while the rest of the portfolio is voucher based. Different regulations to remember and comply with.
- 2) Broadway is currently partially public housing and partially market rate with tenants with vouchers living there. I am not sure if HUD will allow that to continue indefinitely. The plan was to transfer all the remaining rent subsidies to Swift Lane when the RAD conversion happened, which would leave the entire property as market rate.

Financing Considerations:

- 1) The City has approved \$450,000 toward the redevelopment of Swift Lane. No time limit.
- 2) Swift Lane still has a \$670,000 funding gap that needs to be filled even if LIHTC are received.
Funding gap sources could include:
 - a. \$500,000 FHLB which we have successfully secured for Maple Tower, River Run, West Arbor and Colonial Oaks.
 - b. \$200,000 - \$400,00 HOME and CDBG funds from Washtenaw County which we have successfully secured in the past but the pot of funds is small and its unclear if those funds are going to be reserved for the County Platt road site.
 - c. \$300,000 - \$500,000 Brownfield Funds. I have started discussions with the County and City to see if we can access grant funds for infrastructure, which is an eligible use for obsolete sites.
 - d. \$100,000 of the \$450,000 Developer Fee from West Arbor is not restricted to an operating reserve.

- e. \$81,193 in public housing Capital Fund Program (CFP) funds are currently committed to Broadway but can be reallocated to Swift Lane.
 - f. \$30,000 CFP funds committed to Evelyn will be reallocated to RAD, Swift Lane
 - g. \$82,000 sales proceeds from Evelyn
 - h. \$120,000 - \$180,000 sell AAHC property that runs between Springbrook and Platt. Habitat may be interested in purchasing it to build 4-8 homes. Met with neighbors previously who were against redevelopment and neighbors began discussion about collectively purchasing the property to prevent redevelopment but it does not appear to be a realistic solution for neighbors.
- 3) Broadway needs about \$1.3 million in renovations.
- a. The 8 market rate units are generating about \$45,000 in annual cash-flow that can be used to do renovations in stages for those 8 units. But this is also the building that is on the cliff and it will require substantial funding to solve this problem.