



Legislation Text

File #: 11-0545, **Version:** 1

Resolution to Allocate 5 Footing Drain Disconnect Credits to the Burton Commons Affordable Housing Project

Attached for your consideration is a resolution to allocate 5 footing drain disconnect credits to the Burton Commons Affordable Housing project. There are currently only 5 credits available.

In 2007, Council approved the site plan for Burton Commons as a 120-unit 3-story 5-building apartment complex (R-262-6-07). Due to the nationwide housing financial crisis, the developers were not able to secure all of the financing needed to build Burton Commons in 2007. The owner has re-grouped and re-visited the design and management of the property. The owner is now partners with a Michigan non-profit housing provider called MHT Housing Inc., based in Bingham Farms Michigan (<http://mhthousing.org>). MHT Housing owns and manages over 4,600 affordable housing units, making it one of the largest non-profit affordable housing providers in Michigan. MHT has over 20 years experience working with MSHDA and Low Income Housing Tax Credits (LIHTC), among other financing tools.

In accordance with the original Development Agreement, the project must disconnect 26 footing drains from the sanitary sewer system in accordance with the Guidelines for Completion of Footing Drain Disconnections, City of Ann Arbor - Development Offset-Mitigation Program. However, the developers have removed the 3rd story of the buildings which decreased the number of units to 80, and thereby decreased the FDD requirement to 17.

The estimated cost of disconnecting the 17 footing drains is \$200,000.00 to \$300,000.00. By allocating 5 footing drain disconnects, the cost would be reduced by about \$60,000.00 - \$90,000.00. The City's footing drain disconnect requirement is not an eligible expenditure under the LIHTC program and therefore must be paid for with alternative funding sources. Community Development is requesting that the City allocate 5 disconnect credits to off-set this cost to the project, and if any other disconnect credits become available prior to construction, Community Development will request additional credits.

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Reviewed by: Mary Jo Callan, Community Development Director, Sumedh Bahl, Community Services Administrator

Whereas, The City approved the site plan for Burton Commons Apartments, a 80-unit affordable housing project developed by MHT Housing Inc.;

Whereas, The City's Development Offset-Mitigation Program requires the developers to disconnect 17 footing drains at a cost of \$200,000.00 to \$300,000.00; and

Whereas, The cost of disconnecting the footing drains is not an eligible expense under the Low Income Housing Tax Credit Program, which is the primary funding source for the project;

RESOLVED, That the City authorize Systems Planning to allocate 5 Footing Drain Disconnects to

meet the requirements of the Burton Commons Apartment's 17 footing drain disconnects under the Development Offset-Mitigation Program; and

RESOLVED, That the City Administrator be authorized to take necessary administrative actions to implement this resolution.