



## Legislation Text

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**File #:** 17-0262, **Version:** 1

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Resolution to Approve Avalon's Request of \$130,004.00 Grant for Water Service Expenses at Hickory Way Apartments (1110/1132 S. Maple) from the Ann Arbor Affordable Housing Fund Water Utility Fund (HHSAB Recommendation: Approval - 10 Yeas, 0 Nays, 1 Abstention) (**8 Votes Required**)

Avalon Housing, Inc. or an affiliated entity as required by funding sources, will be acquiring the properties at 1110 and 1132 S. Maple, demolishing the existing structures, building approximately 70 units of affordable housing, and applying for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA). The upcoming project has previously been awarded HOME funds from the Washtenaw Urban County.

Avalon is requesting \$130,004.00 in Ann Arbor Affordable Housing Fund grant funding support for water service expenses at the proposed South Maple/Hickory Way Apartments located at 1110 and 1132 S. Maple. Under the City's fee system and based on Avalon's current plans for sizing of water meters, they project a water connection charge of \$210,818.00, a sewer connection charge of \$274,574.00 and a fire suppression line fee of \$167,546.00. This is a total of \$652,938.00 in water and sewer connection fees. In addition, Avalon project's footing drain disconnect fees will be \$129,000.00. This results in total charges between water connection, sewer connection, fire suppression and footing drain disconnect fees of \$781,938.00. A grant towards these costs will help make the project more financially feasible.

IN 2007/2008, \$65,000.00 was contributed to the Affordable Housing Fund (see attached Resolution R-08-0114), and in 2008/2009 \$65,004.00 was contributed to the Affordable Housing Fund as part of the annual budget. The funds totaling \$130,004.00 were earmarked to assist lower-income households as part of the city's water-meter automation program at the time. Additional expenses were expected related to the deteriorated condition of water service for some residents, and concern that they would not be able to afford the repairs as part of the city-mandated program. These funds were never expended and have remained in the Affordable Housing Fund under a separate line item for water utility.

The HHSAB has discussed allocating these funds to an affordable housing project specifically to assist with the costs for water service. Avalon applied to the HHSAB for the funds. The HHSAB reviewed their application at their Nov. 23, 2016 meeting and are recommending approval of a grant of \$130,004.00 for water service costs to the City Council.

The Hickory Way project is expected to add 70 new affordable units and is in line with the Housing Affordability and Economic Equity Analysis of 2015, the City's Master Plan, and Sustainability Framework. Support of this development is consistent with the goals articulated in these plans.

Prepared By: Teresa Gillotti, Housing and Infrastructure Manager, Office of Community and Economic Development

Reviewed By: Derek Delacourt, Community Services Area Administrator

Andrea Plevak, Director, Office of Community and Economic Development

Approved By: Howard S. Lazarus, City Administrator

Whereas, Avalon Housing, Inc., or an affiliated entity as required by funding sources, will be acquiring the property, demolishing the existing structures, and building approximately 70 units of affordable housing;

Whereas, Avalon Housing, Inc. will be applying for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA);

Whereas, \$130,004.00 in funding had previously been allocated to the Affordable Housing Fund for water service expenses for low-income households; and

Whereas, The Housing and Human Services Advisory Board (HHSAB) recommended granting the \$130,004.00 in water service funding to Avalon Housing, Inc. for their proposed Hickory Way apartment project;

RESOLVED, That the Mayor and City Council approve the grant of \$130,004.00 for water services from the Ann Arbor Affordable Housing Fund to Avalon Housing, Inc., or an affiliated entity, to be available for expenditure without regard to fiscal year;

RESOLVED, To appropriate and increase the Affordable Housing Fund expenditure budget in the amount of \$130,004.00 with the source of funding from fund balance;

RESOLVED, That the grant is contingent upon MSHDA LIHTC funds being awarded in support of the project;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign a grant agreement and any other documents necessary to implement the grant to Avalon Housing, Inc. or an affiliated entity consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator, or his designee, be authorized to take any necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution regardless of fiscal year.