



Legislation Text

File #: 24-0928, **Version:** 1

Resolution Approving an Affordable Housing Funding Agreement for a City-Issued 2024 Capital Improvement Bonds for the 121 Catherine Street Affordable Housing Development (Not to Exceed \$9,000,000.00)

On May 20, 2024, the City Council will be voting on whether to approve the issuance of 2024 Capital Improvement Bonds (Limited Tax General Obligation - Taxable) in the maximum principal amount of \$9,000,000.00 for purposes of financing costs to develop affordable housing at 121 Catherine Streets (the "Bonds").

Council authorized the transfer of ownership of 121 E. Catherine for \$1.00 on March 20, 2023, #R-23-089, for the purpose of constructing this project. The project includes a 64,529 square foot L-shaped building with 63 residential units involving 62 one-bedroom and 1 two-bedroom apartments. All the residential units will be affordable households with incomes at or below 60% of Area Median Income (AMI). Half of the apartments will be targeted as supportive housing for households with incomes at or below 30% AMI. Avalon Housing will be the on-site service provider and will collaborate with other community services providers. The remaining apartments will include a preference for low-income households who are involved in artistic or literary activities, which is specifically allowed as a preference under the Low-Income Housing Tax Credit Program. The development's ground floor includes space for community/cultural/entrepreneurial space. It also includes 18 public parking spaces with access from North Fourth Avenue and the rear alley.

This \$33,000,000.00 project includes funding from the National Equity Fund through the Low Income Housing Tax Credit program; Washtenaw County HOME funds; Federal Home Loan Bank of Indianapolis Affordable Housing Program funds; City of Ann Arbor affordable housing millage funds; Ann Arbor Downtown Development Authority affordable housing and TIF funds; Washtenaw County Brownfield Redevelopment Authority funds; State of Michigan Dept. of Environment, Great Lakes and Energy brownfield funds; Inflation Reduction Act and other federal renewable energy credits; and no more than \$9,000,000.00 in bond proceeds.

The development will meet the National Green Building Standard Silver designation or higher and will include geothermal, solar, a tight building envelope, energy-star and water saving fixtures and other sustainable materials and construction.

The City of Ann Arbor will be responsible for repayment of the Bond proceeds, interest, and other related issuance costs through a portion of the City's Affordable Housing Millage adopted in 2020. The resolution seeks approval of the Affordable Housing Funding Agreement between the City and the Ann Arbor Housing Commission (AAHC), which commits the AAHC to expend and account for the proceeds of the Bonds on the Project.

The Bonds are to be secured by the City's pledge of its limited tax full faith and credit and are to be sold through competitive public sale.

Prepared and Approved by: Jennifer Hall, Executive Director

WHEREAS, The City of Ann Arbor, County of Washtenaw, State of Michigan (the “City”) has previously determined that it is necessary to pay part of the costs to acquire, construct, furnish, equip and develop 63 units of affordable housing to be located at 121 Catherine Street (the “Project”); and

WHEREAS, The City deems it necessary to borrow the principal amount of not to exceed Nine Million Dollars (\$9,000,000) and issue capital improvement bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”) to pay part of the cost of the Project; and

WHEREAS, The City has previously published a notice of intent to issue bonds in accordance with Act 34, which provides that the bonds may be issued without a vote of the electors of the City unless a proper petition for an election on the question of the issuance of the bonds is filed with the City Clerk within a period of forty-five (45) days from the date of publication and no petition has been filed as of this date.

RESOLVED, An Affordable Housing Funding Agreement (the “Agreement”) between the City and the Ann Arbor Housing Commission (the “AAHC”) has been prepared and is on file with the City Clerk. The Agreement provides, in pertinent part, that the City will transfer the proceeds of the Bonds, less those proceeds necessary to pay costs of issuance of the Bonds, to a title company selected by the AAHC, and that the proceeds shall be used for the Project. The Ann Arbor Housing Commission hereby approves the Agreement in substantially the form as is on file with the City Clerk, subject to minor finalization as approved by the City Attorney’s Office, and authorizes the Mayor and City Clerk to execute same.

RESOLVED, That the Executive Director be authorized and directed to execute the Affordable Housing Funding Agreement consistent with this resolution; and

RESOLVED, That the Executive Director be authorized to take any necessary action to implement this resolution.