



Legislation Text

File #: 14-1172, Version: 1

Resolution to Appropriate \$729,879.00 from the Ann Arbor Affordable Housing Trust Fund and Allocate \$729,879.00 to the Ann Arbor Housing Commission's Phase III Rental Assistance Demonstration Project **(8 Votes Required)**

Attached for your approval is a resolution appropriating \$729,879.00 from the Ann Arbor Housing Trust Fund (AAHTF) and allocating this amount to Phase III of Ann Arbor Housing Commission's Rental Assistance Demonstration (RAD) project. The AAHTF has an unassigned fund balance of \$1,580,799.00 and this allocation will reduce the fund balance to \$850,920.00 without any operational impacts.

In 2012, the Ann Arbor Housing Commission (AAHC) submitted an application and was approved by the HUD for participation in the RAD Program which provides transition of its public housing to the Section 8 Project Based Voucher Program. The AAHC decided to participate in this program to be able to secure enough necessary funding needed for renovating or replacing their aged properties to ensure that low income housing units will be retained in the community. Some of the units have deteriorated to a level that they need to be demolished and reconstructed. Reconstruction of units provides an opportunity to add additional units that are more energy efficient. The RAD conversion project is divided into five phases over several years. Funding for phases I and II is in place.

The AAHC is working towards securing funding for Phase III of the RAD project which includes AAHC properties at North Maple Estates, North Maple Duplexes and Lower Platt. The total development cost for Phase III is estimated to be \$16,564,370.00. Low Income Housing Tax Credits (LIHTC) and other debt are anticipated to provide \$14,091,491.00 and there is a gap of \$1,472,879.00. The AAHC has secured \$50,000.00 from MSHDA and \$293,000.00 from the Community Challenge Planning Grant. Although the AAHC is applying to other sources for funding such as Federal Home Loan Bank Affordable Housing Program, the County, etc., it has determined that it may still have a gap in the capital funding and is requesting up to \$729,879.00 in capital funding support from the Ann Arbor Housing Trust Fund for the RAD conversion.

The AAHC may split Phase III of RAD into two projects and submit two separate funding requests to MSHDA due to the timing of rezoning and site plan approvals for each property. When all three sites in the Phase III of RAD project are completed, 51 new units of affordable housing will be added in the community that incorporate green, energy efficient construction techniques and products with the intent to develop units with a long life span. This project is consistent with the "Diverse Housing" goal in the Council adopted Sustainability Framework which calls for "high quality, safe, efficient, and affordable housing choices to meet the current and future needs of our community, particularly for homeless and low income households." The Housing and Human Services Advisory Board has recommended up to \$729,879.00 from the AAHTF to meet the capital needs for the Phase III of the AAHC RAD Project.

Prepared by: Michael King, Human Services Program Specialist

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

Whereas, In late 2012, the Ann Arbor Housing Commission (AAHC) submitted an application and

was approved by the U.S. Department of Housing and Urban Development (HUD) for participation in the Rental Assistance Demonstration (RAD) Program, which provides for the transition of its public housing portfolio to the Section 8 Project Based Voucher Program;

Whereas, The AAHC's RAD Program has five phases and funding for Phase I and II of the RAD Program is in place;

Whereas, The AAHC is in the process of securing funding for the Phase III of RAD project and submit Low-Income Housing Tax Credit (LIHTC) application to the Michigan State Housing Development Authority (MSHDA) in October 2014;

Whereas, The estimated cost of the Phase III RAD project is \$16,564,370;

Whereas, The LIHTC and permanent debt is anticipated to provide funding in the amount of \$14,091,491.00 for Phase III of the RAD Project and leaves a funding gap of \$1,472,879.00 for the project;

Whereas, The AAHC is securing funding from various sources such as MSHDA, Washtenaw County, Federal Home Loan Bank Affordable Housing Program to cover said gap in capital funding for Phase III RAD Project;

Whereas, The AAHC is requesting up to \$729,879.00 in capital funding support from the Ann Arbor Housing Trust Fund (AAHTF) for the third phase of the RAD project;

Whereas, The Housing and Human Services Advisory Board has recommended up to \$729,879.00 from the AAHTF for Phase III of RAD Project;

Whereas, The AAHTF has an unassigned fund balance of \$1,580,799.00 and will thus be reduced by \$729,879.00 to \$850,920.00 without any operational impacts;

RESOLVED, Council appropriates \$729,879.00 from the AAHTF for the Third Phase of the AAHC RAD Project (North Maple Estates, North Maple Duplexes and/or Lower Platt); and

RESOLVED, That Council increase the expenditure budget in the Affordable Housing fund by \$729,879.00 funded by a use of fund balance from the AAHTF.