



Legislation Text

File #: 13-0662, **Version:** 1

Resolution to Approve a Payment in Lieu of Taxes (PILOT) for the Ann Arbor Housing Commission for the Properties at 106 Packard Road, 727 Miller, 1701 to 1747 Green Road, 2742 Packard, and 800 to 890 South Maple

The Ann Arbor Housing Commission (Commission) is redeveloping the public housing units at 106 Packard Road, 727 Miller, 1701 to 1747 Green Road, 2742 Packard (which is also known as 2702 to 2760 Hikone), and 800 to 890 South Maple under the Federal Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program. The primary source of funding for affordable housing redevelopment is the Low Income Housing Tax Credit (LIHTC) Program.

After the Commission is approved for LIHTC for each of the properties the Commission applies for, the Commission will find an investor to purchase the tax credits. The Internal Revenue Service (IRS) requires the Commission or an affiliated entity to form a limited partnership or limited liability company with this equity investor in order to finance the redevelopment of these properties with LIHTC. The Commission has requested that City Council approve the transfer of ownership of these properties to the Commission under a separate resolution. The Commission will own the land and the Commission will execute a long-term land lease with the limited partnership or limited liability company for the improvements (buildings).

The Commission or an affiliated entity is applying for LIHTC from the Michigan State Housing Development Authority (MSHDA). These properties are currently tax-exempt and may lose their tax-exempt status when the City transfers ownership of the property to the Commission. However, the City has a PILOT ordinance (Chapter 19, Section 1:651 of Ann Arbor City Code) that applies to all affordable housing projects that meet the requirements of the ordinance. The PILOT is a service charge equal to One Dollar (\$1.00) for the assisted units as provided by the Michigan State Housing Development Authority Act. These properties will qualify for a PILOT under the City's ordinance. MSHDA customarily requests a site-specific resolution as part of the LIHTC application process. .

Under the RAD program, all existing households, in good standing with their lease, will retain their housing after the units are converted under the RAD program. After the conversion, all new tenants will have household income at 50% of the Area Median Income or less with at least 70% of the households having an income of 30% AMI or less. The City's PILOT ordinance limits eligibility to households at 60% AMI or less.

The Commission requests that City Council approve PILOT's for the properties at 106 Packard Road, 727 Miller, 1701 to 1747 Green Road, 2742 Packard, and 800 to 890 South Maple in Ann Arbor Michigan once the properties are eligible for a PILOT.

Prepared by: Jennifer Hall, Housing Commission Director

Reviewed by: Sumedh Bahl, Community Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, The Ann Arbor Housing Commission is redeveloping the units at 106 Packard Road, 727 Miller, 1701 to 1747 Green Road, 2742 Packard (which is also known as 2760 Hikone), and 800 to

890 South Maple under the Rental Assistance Demonstration (RAD) program;

Whereas, Under the RAD program, all existing households, in good standing with their lease, will retain their housing after the units are converted under the RAD program, and after the conversion, all new tenants will have household incomes at 50% of the Area Median Income (AMI) or less with at least 70% of the households having an income of 30% AMI or less, and all households with incomes at 60% AMI or less will be eligible for the PILOT; and

Whereas, The Ann Arbor City Council hereby determines that the Ann Arbor Housing Commission and an affiliated entity will be qualified for, and should be granted Payment in Lieu of Taxes (PILOT), the exemption from all property taxes, as provided in the State Housing Development Authority Act and pursuant to Chapter 19, Section 1:651 of Ann Arbor City Code;

RESOLVED, That pursuant to Section 15(a) of the State Housing Development Authority Act and Chapter 19, Section 1:651 of the Ann Arbor City Code, the City Council hereby approves an exemption from all property taxes for the Ann Arbor Housing Commission or an affiliated entity, not to exceed fifty years, subject to the Michigan State Housing Development Authority's approval of the project and receipt of the "Notification to Local Assessor of Exemption" from the Michigan State Housing Development Authority for said parcels;

RESOLVED, That notwithstanding the provisions of Section 15(a)(5) of the State Housing Development Authority Act to the contrary, a contract to provide tax exemption and accept payment in lieu of taxes, as previously described, between the City of Ann Arbor and the Ann Arbor Housing Commission or an affiliated entity and its successors and assigns, with the Michigan State Housing Development Authority as third party beneficiary under this contract, is effectuated by adoption of this resolution, on the following parcels of property:

All that parts of Lot 7 and 8, Block 4 South, Range 4, East, according to the original Plat of the Village (now City) of Ann Arbor, as recorded in Liber in the office of the Register of Deeds in Transcript Page 152, which lies South of Packard Street. Also Blocks 1, 2, 3, and 4, Block 5 South, Range 4 East, according to the original Plat of the Village (now City) of Ann Arbor, as recorded in Liber in the office of the Register of Deeds in Liber H, Page 486, being in the County of Washtenaw in the State of Michigan.

Commonly known as 106 Packard Street;

Lots 36, 37, and 38, Assessor's Plat No. 20, City of Ann Arbor, as Recorded in Liber 9 of Plats, Page 4, Washtenaw County Records

Commonly known as 727 Miller Avenue;

Commencing at the North $\frac{1}{4}$ corner of Section 23, T2S, R6E, Ann Arbor Township, Washtenaw County, Michigan; thence South $0^{\circ}37'30''$ East 1346.53 feet along the North and South $\frac{1}{4}$ line of the Section and the centerline of Green Road for a Place of Beginning; thence continuing South $0^{\circ}37'30''$ East 461.23 feet along the centerline of Green Road and the North and South $\frac{1}{4}$ line of the Section; thence North $89^{\circ}47'$ West 231.00 feet along the North line of Baxter Drive; thence North $0^{\circ}37'30''$ West 453.43 feet; thence North $88^{\circ}23'$ East 231.01 feet to the Place of Beginning, being a part of the Northwest $\frac{1}{4}$ of Section 23, excepting any part

previously deeded to the City of Ann Arbor in Liber 1065, Page 516, Washtenaw County Records.

Commonly known as 1741 to 1747 Green Road;

Part of the Northwest $\frac{1}{4}$ Section 10, T3S, R6E, City of Ann Arbor, Washtenaw County, Michigan, Commencing North $\frac{1}{4}$ corner Section 10; thence Southerly 528 feet for the Point of Beginning; thence Westerly 588.38 feet; thence Southerly 227.05 feet to the centerline of Pittsfield Ann Arbor Drain; thence Easterly along the centerline of the drain to the North and South $\frac{1}{4}$ line; thence Northerly 261 feet to the Point of Beginning.

Commonly known as 2742 Packard (also known as 2702 to 2760 Hikone)

Lots 17 through 33, West Liberty Heights, as recorded in Liber 6 of Plats, Page 16, Washtenaw County Records.

Commonly known as 800 to 890 South Maple;

RESOLVED, That pursuant to Chapter 19, Section 1:651 of the Ann Arbor City Code, the project shall pay a service charge equal to One Dollar (\$1.00) for the assisted units as provided by the Michigan State Housing Development Authority Act; and

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