



Legislation Text

File #: 21-0610, **Version:** 1

Resolution to Direct the Ann Arbor Housing Commission, and Its Affiliated Legal Entities, to Complete Due Diligence to Enable Rezoning and Land Division of 721 N Main to Develop Affordable Housing on the W Summit Portion of the Property

On April 1, 2019, Ann Arbor City Council adopted Resolution R-19-138 directing the City Administrator to collaborate with the Ann Arbor Housing Commission (AAHC) to provide coordinated analysis on the feasibility of city-owned properties as potential locations for affordable housing. That resolution incorporated previous resolutions R-19-110, R-19-111 and R-19-116.

The Ann Arbor Housing Commission led the analysis along with support from a staff team and several contractors to determine the feasibility for 11 sites including review of land use and zoning, environmental conditions, financial resources, site-specific costs, and overall risk among other factors. The analysis, three potential portfolio scenarios, and next step recommendations were presented to City Council at the Nov. 18, 2019 City Council meeting.

As part of the analysis, it was determined that 721 N Main had numerous site challenges including a FEMA Hazard Mitigation Grant deed, restricting the floodway and floodplain permanently as open space for the conservation of natural floodplain functions. The northwest corner of the site that abuts W Summit street is the only portion of the site that is not in the floodway or floodplain and is suitable for affordable housing development.

This site is not eligible for Low-Income Housing Tax Credit (LIHTC), HUD funding or City of Ann Arbor Affordable Housing millage funding due the floodway/floodplain. However, the site can be developed with affordable housing millage funds and other funding sources, if the property is divided and the floodway/floodplain portion of the property is separated and consolidated into 1 parcel; and if the and a 14,520 SF portion in the NW corner that is not in the floodway/floodplain is the 2nd parcel. The 2nd parcel will have a Summit Street address (123 W Summit proposed), which will be the developable site for affordable housing.

Staff worked with the SmithGroup to conduct community engagement on this site which included 3 scenarios: Seven 2-story attached townhomes, and two different 3-story apartment buildings with 14-19 units, including on-site parking. All 3 renditions received over 60% support in the community with the highest percent supporting a 3-story building with 19 units and slightly more community members had the highest preference for the townhome style with 7 units. The ultimate design will be dependent on the market conditions and financial sources and restrictions at the time of site-plan approval. Affordable housing funding caps can cause an affordable housing project to be more financially feasible at a smaller size than what is allowable under zoning regulations.

The staff team is requesting that City Council direct the Ann Arbor Housing Commission, and its affiliated legal entities, to work with City staff to complete appropriate due diligence to complete a land division, rezone the property, submit a site plan, and secure financing to develop the W. Summit portion of the property as affordable housing for approximately 15-25 households up to 60% of the

Area Median Income. The AAHC must create a new non-profit legal entity to develop the property to limit the financial liability of the AAHC, to act as the general partner in any LIHTC partnerships, and to enable the property to accept voucher payments.

Prepared by: Jennifer Hall, Executive Director Ann Arbor Housing Commission

Reviewed by: Derek Delacourt, Community Services Area Administrator

Approved by: Tom Crawford, City Administrator

Whereas, City Council adopted Resolution R-19-138 directing the City Administrator to collaborate with the Ann Arbor Housing Commission (AAHC) to provide coordinated analysis on the feasibility of city-owned properties as potential locations for affordable housing;

Whereas, The extensive analysis was completed and presented to City Council on November 18, 2019;

Whereas, The analysis determined that 721 N Main had numerous site factors impacting its suitability for affordable housing; a majority of the site is in the floodway/floodplain with a FEMA Hazard Mitigation Grant deed restriction, which also disqualifies the site from Low-Income Housing Tax Credits, HUD funding and the City of Ann Arbor's Affordable Housing Millage; and

Whereas, The northwest corner of the site could be developed as affordable housing if the property is divided between the portion that is in the floodway/floodplain and the portion that is not in the floodway/floodplain (with a proposed new address of 123 W Summit);

RESOLVED, That City Council direct the Ann Arbor Housing Commission, and its affiliated legal entities, to pursue affordable housing development (of the portion of 721 N Main that is not in the floodway/floodplain) as the developer for approximately 15-25 units for households up to 60% of the Area Median Income (AMI);

RESOLVED, That the direction includes coordinating with City Stormwater Management staff and Parks and Recreation staff related to the potential future use of the portion of the project site that is in the floodway/floodplain;

RESOLVED, That the direction includes coordinating with staff on the location and development of the Treeline Trail, which is planned for this property;

RESOLVED, That the direction includes coordinating with the Public Services staff related to the current and potential future use of the portion of the project that is in the floodway/floodplain and to determine the value and compensation for the portion that is proposed to be developed as affordable housing;

RESOLVED, That the direction includes coordinating with City Sustainability and Innovations staff to explore construction designs that minimize climate impact;

RESOLVED, That the direction includes conducting applicable due diligence such as environmental reviews, surveys, and other site investigation items to divide and rezone the property; hire a development team to design a project for site plan approval, and secure affordable housing financing;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign necessary

letters, applications and agreements related to granting the Ann Arbor Housing Commission, its affiliated legal entities and contractors access to the property, authority to apply to the City for development-related approvals, support of affordable housing funding applications, or other design-phase documents, 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 be authorized to take the necessary actions to implement this resolution.