



Legislation Text

File #: 13-0593, **Version:** 1

Resolution to Appropriate and Allocate \$200,000.00 in Ann Arbor Housing Trust Funds to the Ann Arbor Housing Commission for the Rehabilitation of 727 Miller and 800 - 890 S. Maple and to Approve the Affordable Housing Agreement (**8 votes Required**)

Attached for your review and approval is a resolution to allocate \$200,000 in Ann Arbor Housing Trust Funds (AAHTF) to the Ann Arbor Housing Commission (Commission) or an affiliated entity to rehabilitate 135 units of affordable housing for low-income individuals. The Commission is converting the property from Public Housing to Project Based Vouchers under the Rental Assistance Demonstration (RAD) program. The remaining funding will be secured through Low Income Housing Tax Credits (LIHTC), the Federal Home Loan Bank and a bank loan.

After the Commission is approved for LIHTC, 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).

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 majority of tenants are disabled and/or elderly. As the property managers, the Commission will be responsible for the tenant intake, lease-up, compliance, and property maintenance.

The project is a permanent supportive housing project which is consistent with the City's Consolidated Strategy and Plan and the Blueprint to End Homelessness. Services will be provided by Community Support and Treatment Services, Catholic Social Services, Peace Neighborhood Center and the Veteran's Administration. The AAHC is requesting HUD approval to project-base 20-25 vouchers for homeless veterans at 727 Miller.

The City Attorney's office will review the legal and contractual documents to ensure that the Commission will comply with the requirements in the AAHTF regulations. It will be the responsibility of the Office of Community Development to monitor the Commission for compliance with these regulations.

The Housing and Human Services Advisory Board (HHSAB), at its meeting on January 8, 2013, reviewed the Commission's request and recommended approval of up to \$250,000 in AAHTF funding, contingent on availability. The Office of Community and Economic Development determined that \$200,000 was available from the AAHTF for this project.

The Office of Community and Economic Development recommends City Council allocate and approve the \$200,000 in AAHTF as a grant to the Commission. The Commission will loan the funds to the limited partnership or limited liability company as required by the IRS to secure Low Income Housing Tax Credits. The loan will be less than 1% interest loan to be repaid only if there is cash-flow from the property, and it will be forgiven upon the dissolution of the limited partnership or limited liability company.

Prepared by: Brett Lenart, Housing Manager

Reviewed by: Mary Jo Callan, Office of Community and Economic Development
Director

Sumedh Bahl, Community Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, An application was received in January 2013 from the Ann Arbor Housing Commission ("Commission") for financial assistance to rehabilitate the City's public housing units;

Whereas, The Commission will be applying for \$500,000.00 from the Federal Home Loan Bank with the balance secured from Low Income Housing Tax Credits and a bank loan; and

Whereas, This project will provide housing and supportive services to extremely low-income, disabled, elderly and homeless individuals, which is a high need in the City's Consolidated Strategy and Plan and the Blueprint to End Homelessness;

RESOLVED, That City Council appropriate and approve the allocation of \$200,000 of Ann Arbor Housing Trust Funds to the Commission or an affiliated entity for rehabilitation of 135 units of affordable housing at 727 Miller and 800 - 890 South Maple as a grant which the Commission will loan to an affiliated entity to make the improvements to the property under the Low Income Housing Tax Credit Program as a below 1% interest, deferred payment loan, repayable only if there is cash-flow, the balance of which will be forgiven at the dissolution of the limited partnership or limited liability company;

RESOLVED, That the Mayor and City Clerk are hereby authorized and directed to sign an Affordable Housing Agreement consistent with this Resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney with funds to be available until expended without regard to fiscal year; and

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