



Legislation Text

File #: 14-0602, **Version:** 1

Resolution to Amend FY 2014 Budget to Transfer \$600,000 from the Ann Arbor Housing Trust Fund to the Ann Arbor Housing Commission, for the Rehabilitation of Phase I LIHTC Properties and to Approve the Affordable Housing Agreement (**8 Votes Required**)

Attached for your review and approval is a resolution to allocate \$600,000 in Ann Arbor Housing Trust Funds (AAHTF) to the Ann Arbor Housing Commission (Commission) or an affiliated entity to rehabilitate 251 units of affordable housing for low-income individuals at Miller Manor, Maple Meadows, Green-Baxter Court, Hikone, and Baker Commons. The Commission is converting the property from Public Housing to Project Based Vouchers under the Rental Assistance Demonstration (RAD) program. The redevelopment funding includes Low Income Housing Tax Credits (LIHTC), Ann Arbor DDA funds, CDBG, AAHTF, and a bank loan.

The Internal Revenue Service (IRS) requires the Commission or an affiliated entity to form a limited partnership or limited liability company with a LIHTC equity investor in order to finance the redevelopment of these properties with LIHTC. The AAHC is forming a limited partnership with Redstone Equity Partners. 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 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 through partnerships with Community Support and Treatment Services, Catholic Social Services, Peace Neighborhood Center, Community Action Network, Avalon Housing and the Veteran's Administration.

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 February 13, 2014, reviewed the Commission's request and recommended approval of \$600,000 in AAHTF funding, contingent on proceeds from the sale of the former YMCA lot. On March, 3, 2014 City Council directed the City Administrator to prepare a budget amendment to allocate \$600,000 from the AAHTF

and submit it as part of the agenda after receipt of funding from the sale of the former YMCA lot (R-14-066).

The Commission will loan the funds to the limited partnership as required by the IRS to secure Low Income Housing Tax Credits. The loan will be a maximum of 2% 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.

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

Approved by: Steven D. Powers, City Administrator

Whereas, An application was received in February 2014 from the Ann Arbor Housing Commission ("Commission") for financial assistance to rehabilitate the City's public housing units; 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 amend the FY 2014 to appropriate \$600,000 from the Ann Arbor Housing Trust Fund to the Ann Arbor Housing Commission (AAHC) or an affiliated entity, with the source of funding being a portion of the proceeds from the former YMCA lot. This appropriation is authorized without regard to fiscal year.

RESOLVED, The purpose of these funds is for the rehabilitation of 251 units of affordable housing at Miller Manor, Maple Meadows, Hikone, Green-Baxter Court and Baker commons. These proceeds will be a grant which the AAHC will loan to an affiliated entity to make the improvements to the property under the Low Income Housing Tax Credit Program with a maximum 2% interest, deferred payment loan, repayable only if there is cash-flow, with the balance of the loan to be forgiven at the dissolution of the limited partnership;

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; 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.