



## Legislation Text

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**File #:** 15-1016, **Version:** 1

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Resolution a Contingency Loan of \$388,178 to West Arbor Limited Dividend Housing Association Limited Partnership for the Redevelopment of North Maple Estates and North Maple Duplexes (West Arbor)

The AAHC is redeveloping its public housing properties under the Rental Assistance Demonstration (RAD) program. The RAD program requires the AAHC to renovate these properties as part of the conversion from public housing to RAD project-based vouchers.

North Maple Estates (701 - 739 N Maple) include 19 apartments that will be demolished and replaced with 42 apartments and 4 apartments (743 - 749 N Maple) that will be renovated. In addition, the existing community center will be demolished and reconstructed. These two properties are known as the West Arbor project.

The Commission has secured Low Income Housing Tax Credits, Ann Arbor Housing Trust Fund, Capital Fund Program funds, Community Challenge Planning Grant funds and City of Ann Arbor Sewer funds to redevelop this property. The Commission will be applying for \$500,000 from the Federal Home Loan Bank of Pittsburgh to cover the remaining gap in funding.

The attached budget is the current development budget for West Arbor which is scheduled to close August 28, 2015. There is a projected budget gap of \$613,178 for the project, contingent on several factors including the final construction and soft costs and whether the AAHC is able to successfully secure funding from the Federal Home Loan Bank. The budget is based on quotes from contractors, which is subject to change until contracts are executed.

The AAHC has Capital Fund Program grant funds that are currently allocated toward RAD conversion projects to be used on any RAD project, as needed. This request for a contingency loan to the project will not have a negative impact on the ability to fund future projects but it will enable the West Arbor project to close. The term of the loan will be a 30 year loan, with an interest rate that will not exceed the Applicable Federal Rate (AFR) to be paid from cash-flow.

Prepared and approved by Jennifer Hall, Executive Director

WHEREAS, HUD has approved the Ann Arbor Housing Commission (AAHC) to convert all 17 public housing properties to Rental Assistance Demonstration (RAD) project-based vouchers, and the AAHC must secure funding to renovate all 17 properties;

WHEREAS, the AAHC has applied for funding to redevelop the properties at 701-739 N. Maple and 743-749 N. Maple known as the West Arbor project; and

WHEREAS, The AAHC has secured funding in the amount of \$12,954,109 leaving a gap of \$613,178; and

WHEREAS, The AAHC has Capital Fund Program grants in the amount of \$388,178 to be used on any RAD project, as needed; and

WHEREAS, the balance of the gap can be covered by deferring \$225,000 of the AAHC's developer fee; and

RESOLVED, that the Ann Arbor Housing Commission Board authorizes a contingency loan in the amount of \$388,178.00 to the West Arbor LDHA, LP for the demolition, construction and related soft costs for the redevelopment of 701 - 749 N. Maple; and

RESOLVED that the Ann Arbor Housing Commission Board authorizes the deferment of \$225,000 in AAHC developer fees; and

RESOLVED, That Ann Arbor Housing Commission Board authorizes the Executive Director or her designee, the Finance and Administrative Manager, to take any administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.