



Legislation Text

File #: 18-1614, **Version:** 1

Resolution to Approve the Workforce Housing Covenant for the Collective on Fifth Development at 319 S. Fifth

Attached is a resolution to approve the City of Ann Arbor Workforce Housing Covenant for the Collective on Fifth ("Covenant"). The Collective on Fifth is the name of the proposed development to be constructed over the Library Lane Parking Structure at 319 S. Fifth ("Development"). The Covenant is contemplated by the Agreement of Sale executed by the City and the developer, Core Spaces Ann Arbor Fifth LLC ("Developer"), to be agreed to and entered into prior to September 28, 2018, which is the end of the due diligence period.

The Covenant includes all previously negotiated terms between the City and the Developer, which are incorporated into the Agreement of Sale. The Covenant requires that 12% of the residential units in the Development, but no fewer than 35 of the units, be workforce housing. (The City has the option to pay the developer \$1,475,000 to designate an additional 2.5%, but no less than 9, of the residential units as workforce housing.) The Covenant requires tenants to be income certified by the City prior to leasing a workforce housing unit, which will be leased at 150% of the HUD Fair Market Rent level to individuals and families with household incomes ranging from 60% to 100% of AMI.

Under the terms of the Covenant, the workforce housing units shall be a mix of efficiencies, studios, and one bedroom units. All of the affordable rental units will be of the same size and appearance as market-rate units, have the same finishes as the market-rate units, and be distributed throughout the residential component of the project.

Prepared by: Kevin S. McDonald, Senior Assistant City Attorney

Reviewed by: Tom Crawford, CFO/Finance and Administrative Services Area Administrator
Stephen K. Postema, City Attorney

Approved by: Howard S. Lazarus, City Administrator

Sponsored by: Christopher Taylor, Mayor

Whereas, The City authorized the sale of the development rights above the City's Library Lane Structure at 319 S. Fifth in Resolution R-17-121("Resolution");

Whereas, On May 31, 2018, the City entered into an Agreement of Sale ("Agreement") with Core Spaces Ann Arbor Fifth LLC ("Developer") pursuant to the Resolution, which incorporated negotiated terms and conditions for the proposed Collective on Fifth development at 319 S. Fifth ("Development"), including terms regarding the inclusion of workforce housing; and

Whereas, The Agreement contemplates that the City and Developer will negotiate and enter into a workforce housing covenant that incorporates the requirements established by the Agreement and such other terms acceptable to the City and the Developer;

RESOLVED, That City Council approve the City of Ann Arbor Workforce Housing Covenant for the Development, substantially in the form attached;

RESOLVED, That City Council authorize the Mayor and City Clerk to sign the City of Ann Arbor Covenant after approval as to form and substance by the City Attorney; and

RESOLVED, That the City Administrator or designee is authorized to take all necessary actions to implement this Resolution.