



Legislation Text

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Resolution to Direct the Ann Arbor Housing Commission, and its Affiliated Legal Entities, to Develop 353 S Main as Affordable Housing

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. This 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 City 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. On November 18, 2019 (R-19-521), City Council added 353 S. Main to the financial feasibility analysis.

353 S Main is an ideal site for an affordable housing project. The site is free of negative site issues that would impede affordable housing development and it scores competitively for Low-Income Housing Tax Credits and other federal and state funds for affordable housing. The site is in the DDA district, which makes it eligible to request financial support from the DDA and it is eligible for City Affordable Housing Millage funds. The sites can be developed with a small amount local financial support compared to some of the other sites.

Staff worked with the SmithGroup to conduct community engagement on this site which included both a 6-story (550% FAR) and 10-story building (900% FAR) with 50-90 apartments with an activated ground floor and no on-site parking. Both renditions received roughly the same total support in the community with a higher percent preferring a 6-story building over a 10-story building. 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 proceed with development of 353 S. Main as affordable housing for households up to an average of 60% of the Area Median Income (AMI). 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; and

Whereas, The analysis found that 353 S. Main is well-suited for affordable housing and has excellent potential to receive Low-Income Housing Tax Credit financing and other federal, state and local affordable housing funding;

RESOLVED, That City Council direct the Ann Arbor Housing Commission, and its affiliated legal entities, to develop affordable housing at 353 S. Main for approximately 50-90 units for households up to an average of 60% of the Area Median Income (AMI);

RESOLVED, That the direction includes conducting applicable due diligence such as environmental reviews, surveys, and other site investigation items; hire a development team to design a project for site plan approval, submit an application for Low Income Housing Tax Credits and other related affordable housing financing;

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

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.