



Legislation Text

File #: 24-0301, **Version:** 2

Resolution Authorizing Publication of Notice of Intent to Issue Capital Improvement Bonds to Fund the Development of 121 Catherine as Affordable Housing (Not to Exceed \$9,000,000) **(6 Votes Roll Call)**

Recommended for Council is a Resolution approving the publication of a Notice of Intent to Issue Capital Improvement Bonds (Limited Tax General Obligation) in the maximum principal amount of \$9,000,000 for the purpose of financing the costs to develop affordable housing at 121 Catherine Street (the "Bonds").

The purpose of this resolution is to authorize publication of a notice of intent to issue the Bonds to inform the electors and taxpayers of the City of Ann Arbor of the Bonds' purpose and their right to petition for a referendum on the question of issuance of the Bonds. The City intends to issue the Bonds without a vote of the electors, but the Bonds will not be issued until 45 days after publication of this notice and until final approval and authorization by separate resolution the City Council.

The project includes a 64,529 square foot L-shaped building with 63 residential units involving 62 one-bedroom and 1 two-bedroom apartments. All the residential units will be affordable to households with incomes at or below 60% of Area Median Income (AMI). Half of the apartments will be targeted as supportive housing for households with incomes at or below 30% AMI. Avalon Housing will be the on-site service provider and will collaborate with other community services providers. The remaining apartments will include a preference for low-income households who are involved in artistic or literary activities, which is specifically allowed as a preference under the Low-Income Housing Tax Credit Program. The development also includes 18 public parking spaces with access from North Fourth Avenue and the rear alley.

This \$33,000,000 project includes funding from the National Equity Fund through the Low Income Housing Tax Credit program; Washtenaw County HOME funds; Federal Home Loan Bank of Indianapolis Affordable Housing Program funds; City of Ann Arbor affordable housing millage funds; Ann Arbor Downtown Development Authority affordable housing and TIF funds; Washtenaw County Brownfield Redevelopment Authority funds; State of Michigan Dept of Environment, Great Lakes and Energy brownfield funds; Inflation Reduction Act and other federal renewable energy credits; and no more than \$9,000,000 in bond proceeds.

The development will meet the National Green Building Standard Silver designation or higher and will include geothermal, solar, a tight building envelope, energy-star and water saving fixtures and other sustainable materials and construction. The building supports the City's sustainability goals stated in the A²ZERO plan and is all-electric except for the back-up generator due to the need to support sheltering in place during power outages. The project will also include electric vehicles for residents shared use. The team incorporated trauma-informed design and universal design into the project.

Staff anticipates that the City of Ann Arbor will be responsible for repayment of the Bond proceeds, interest, and other related issuance costs through a portion of the City's Affordable Housing Millage adopted in 2020. An Agreement committing the AAHC to expend and account for the proceeds of the Bonds on the Project is being prepared for consideration prior to City Council considering final approval of the Bond issuance.

The Bonds are to be secured by the City's pledge of its limited tax full faith and credit, and are expected to be sold through a competitive public sale. The Bond Authorizing Resolution, to be considered at a later date, will authorize the City Treasurer to execute an Order awarding the Bonds to the lowest bidder based on the lowest true interest cost to the City. The Bond Authorizing Resolution will also authorize the Mayor, City Clerk, Chief Financial Officer and City Treasurer to execute and deliver all required documentation in connection with the issuance, sale, and delivery of the Bonds.

The City's bond counsel, Miller Canfield, prepared the attached notice and resolution, with further review by the City Attorney.

Prepared by: Marti Praschan, Chief Financial Officer

Reviewed by: Michelle Landis, Senior Assistant City Attorney

Approved by: Milton Dohoney, Jr, City Administrator

Body

CITY OF ANN ARBOR
County of Washtenaw, State of Michigan

RESOLUTION AUTHORIZING PUBLICATION
OF NOTICE OF INTENT TO ISSUE GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS
(121 CATHERINE AFFORDABLE HOUSING DEVELOPMENT)

Minutes of a meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, held on the 18th day of March, 2024, at 7:00 o'clock p.m. Eastern Time.

PRESENT: Members Disch, Harrison, Song, Watson, Radina, Ghazi Edwin, Eyer, Akmon, Briggs, Cornell

ABSENT: *None*

The following preamble and resolution ("Resolution") were offered by Member Radina and supported by Member Watson:

WHEREAS, the City of Ann Arbor, County of Washtenaw, State of Michigan (the "City") intends to issue and sell limited tax general obligation capital improvement bonds, pursuant to the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), in an aggregate principal amount not to exceed Nine Million Dollars (\$9,000,000) (the "Bonds") for the purpose of financing the costs to develop 63 units of affordable housing located at 121 Catherine Street (the

“Project”); and,

WHEREAS, it is proposed that the Bonds be limited tax general obligation bonds secured by a pledge of the City’s full faith and credit, subject to constitutional, statutory and charter tax rate limitations; and

WHEREAS, a notice of intent to issue bonds and of the right to petition for referendum thereon must be published at least 45 days before the issuance of the aforesaid Bonds in order to comply with the requirements of Section 517 of Act 34.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk of the City (the “City Clerk”) is hereby authorized and directed to cause a notice of intent to issue bonds to be published and prominently displayed once in The Washtenaw County Legal News, a newspaper of general circulation in the City. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form (the “Notice”), with such changes as the City Clerk shall deem necessary and appropriate, upon the advice of Miler Canfield as bond counsel:

[Form of Notice]

NOTICE TO ELECTORS OF THE CITY OF ANN ARBOR
OF INTENT TO ISSUE GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS
SECURED BY THE TAXING POWER OF THE CITY
AND OF RIGHT TO PETITION FOR REFERENDUM THEREON

PLEASE TAKE NOTICE that the City Council of the City of Ann Arbor, Washtenaw County, Michigan (the “City”), intends to authorize the issuance and sale of the City’s Limited Tax General Obligation Capital Improvement Bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in one or more series, in an aggregate principal amount of not to exceed Nine Million Dollars (\$9,000,000) (the “Bonds”) for the purpose of paying part of the costs to acquire, construct, furnish, equip and develop 63 units of affordable housing to be located at 121 Catherine Street (the “Project”).

SAID BONDS will be payable in annual installments, not to exceed eighteen (18) in number, and will bear interest at the rate or rates to be determined at public or negotiated sale, but in no event to exceed the maximum permitted by law, on the unpaid balance from time to time remaining on said Bonds.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS shall be payable from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations. The City anticipates paying debt service on

the bonds from part of the tax revenues from the City's affordable housing millage.

RIGHT TO PETITION FOR REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A VALID PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OR 15,000 OF THE REGISTERED ELECTORS OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF A VALID PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF THE MAJORITY OF THE QUALIFIED ELECTORS OF THE CITY VOTING THEREON.

This notice is given by order of the City Council pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended. Further information may be obtained at the office of the City Clerk, 301 E. Huron Street, Ann Arbor, Michigan 48107.

Jacqueline Beaudry
City Clerk, City of Ann Arbor

[End of form of Notice]

2. The City Council does hereby determine that the foregoing Notice and the manner of publication directed is the method best calculated to give notice to the City's electors and taxpayers of the City's intent to issue the Bonds, the purpose of the Bonds, the security for the Bonds, including the full faith and credit pledge to be issued by the City, and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the Notice is directed.

3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution are rescinded.

AYES:Members Disch, Harrison, Song, Watson, Radina, Ghazi Edwin, Eyer, Akmon, Briggs, Cornell

NAYS: *None*

RESOLUTION DECLARED ADOPTED.

Jacqueline Beaudry, City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, at a meeting held on March 18, 2024, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Jacqueline Beaudry, City Clerk

March _____, 2024