



ANN ARBOR HOUSING COMMISSION

ANN ARBOR HOUSING COMMISSION

2000 S. Industrial Hwy • Ann Arbor, Michigan 48104
Phone (734) 794-6720 Fax (734) 996-3018 www.a2gov.org

To: Downtown Development Authority Board Members

Re: DDA Memo regarding 350 S. Fifth Parking Request

The Ann Arbor Housing Commission and Related Midwest respectfully request that the Ann Arbor Downtown Development Authority (“DDA”) consider entering into a written agreement to reserve parking permits in the Fourth and William Parking Structure. This request is intended to ensure the availability of affordable downtown parking for the future residents of the proposed 330-unit affordable housing development located at 350 South Fifth. Parking Permits will serve residents with income levels between 30% and 80% of AMI.

The 350 S. Fifth project will utilize a combination of local, city, county, state, and federal funding sources, in addition to \$93 million in equity generated by 4% Low Income Housing Tax Credits (LIHTC) and a \$54 million mortgage provided by the Michigan State Housing Development Authority.

Although the size of the project offers certain financial advantages and is likely to be a transformative addition to Downtown Ann Arbor, there are very few LIHTC investors willing and able to make a single investment of this size – and those that will are typically selective and conservative. While Related Midwest will provide the financial backstop through construction and lease-up, the investor bears long-term risk of operating deficits and/or foreclosure. That being said, Fannie Mae (via Hudson Housing) has expressed a strong interest in the project and has offered competitive investment terms, contingent upon meeting certain underwriting requirements and risk mitigation measures – including a commitment that at least one parking space per two units will be available and affordable to residents of the building.

A written agreement with the DDA for a reservation of up to 165 parking permits based on the following proposed terms will mitigate perceived financial risk to satisfy investor requirements to serve residents throughout our compliance period. This will allow the Ann Arbor Housing Commission and its development team to receive optimal equity pricing to support the large investment in this project and meet our commitment to our investors.





ANN ARBOR HOUSING COMMISSION

ANN ARBOR HOUSING COMMISSION

2000 S. Industrial Hwy • Ann Arbor, Michigan 48104
Phone (734) 794-6720 Fax (734) 996-3018 www.a2gov.org

Specific terms of the request are as follows:

1. The Development Partnership seeks to execute a signed Parking Space Lease Agreement with the DDA for up to 165 parking spaces at the Forth and William Parking Structure for a term of 15 years.
2. The permits will be for “Off Peak” with the Limited/Overnight option for full access to the garage between 3:30pm and 9:00am on weekdays and all day on weekends and holidays.
3. We request a waiver of 20% premium fee for all permits to assist in maintaining affordability.
4. Parking permits will serve residents with income levels between 30% and 80% of AMI.
5. We request the Parking Lease Agreement incorporates a provision to allow the Partnership to increase or decrease the number of parking spaces at the end of lease-up and annually thereafter, subject to availability, to enable the Partnership to adjust and respond to actual tenant parking demand.

The DDA’s commitment to provide parking spaces will significantly enhance financial certainty and instill greater investor confidence in the Ann Arbor Housing Commission and its development team. This support will be instrumental in demonstrating that the project represents a sound and viable investment, ultimately enabling the delivery of much-needed affordable housing in downtown Ann Arbor.

Sincerely,

A handwritten signature in black ink that reads "Chris Nielsen".

Chris Nielsen

Director of Housing and Economic Development
Ann Arbor Housing Commission

