



Legislation Details (With Text)

File #: 11-1440 **Version:** 1 **Name:** 11/10/11 AA City Apts Affordable Housing Covenant
Type: Resolution **Status:** Passed
File created: 11/10/2011 **In control:** City Council
On agenda: 11/10/2011 **Final action:** 11/10/2011
Enactment date: 11/10/2011 **Enactment #:** R-11-484

Title: Resolution to Approve the City of Ann Arbor Affordable Housing Covenant for Ann Arbor City Apartments

Sponsors:

Indexes:

Code sections:

Attachments: 1. AACA Affordable Housing Covenant.pdf

| Date | Ver. | Action By | Action | Result |
|------------|------|--------------|----------|--------|
| 11/10/2011 | 1 | City Council | Approved | Pass |

Resolution to Approve the City of Ann Arbor Affordable Housing Covenant for Ann Arbor City Apartments

Attached for your review and action is a resolution to approve the Ann Arbor City Apartments Affordable Housing Covenant (“Covenant”). The Covenant is required by the Option Agreement, as amended, regarding the development of land by Village Green Residential Properties, LLC. Village Green will assign their interest in the land to a new entity, Ann Arbor City Apartments, LLC (“Developer”) consistent with the terms of the Option Agreement.

The Covenant has been drafted to implement the requirements of the PUD Zoning for City Apartments that requires 10% of the residential rental units, but not less than 16 of the units be permanently affordable to lower income households, as defined in Chapter 55 of Ann Arbor City Code. The affordable units are also required by the Option Agreement. The zoning and Option Agreement require that these units be affordable to households up to 80% of AMI.

The Downtown Development Authority, as part of the approval of the Parking Agreement for the project, agreed to pay \$100,000 per unit, for up to four of the 80% AMI rental units to be made affordable at the 60% AMI level. The Covenant incorporates this term and provides standards for the 60% AMI units if the Developer chooses to include these units in the project.

The Covenant requires tenants to be income certified by the City prior to leasing an affordable unit, which will be made available by the Developer at the HUD Fair Market Rent level. (Any rental units that will be made available for households up to 60% of AMI will rent for 75% of the HUD Fair Market Rent level.) The Developer also will be required to provide annual reports to the City regarding compliance with the Covenant.

Under the terms of the Covenant, all of the affordable rental units will be of the same size and appearance as the market-rate units, have the same finishes as the market-rate units, and be disbursed throughout 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: Steven D. Powers, City Administrator

Attachment: Affordable Housing Covenant

Whereas, The City is the owner of a certain parcel of real estate commonly described as “First and Washington Property”;

Whereas, Village Green was selected by the City to develop the First and Washington Property subject to the conditions set forth in City Resolution No. R-354-8-06, dated August 10, 2006, and will assign development rights to Ann Arbor City Apartments, LLC;

Whereas, The PUD Zoning and Supplemental Regulations, PUD Development Agreement and City Ordinance require that Ann Arbor City Apartments contain sixteen residential dwelling units of affordable housing that are affordable to households up to 80% of Area Median Income;

Whereas, Ann Arbor City Apartments, LLC has the option to receive \$100,000 per dwelling unit, for up to a total of \$400,000, from the Ann Arbor Downtown Development Authority, for providing up to four of the affordable residential dwelling units at a level that will be affordable to households up to 60% of Area Median Income; and

Whereas, Pursuant to the Purchase Agreement for the sale of the First and Washington Property, approved by City Council on the same date as this Resolution, the City and Developer shall record an affordable housing covenant consistent with the Ann Arbor City Apartments PUD Zoning and Ann Arbor City Ordinance;

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

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

RESOLVED, That the City Administrator or designee is authorized to take all necessary actions to implement this Resolution, including execution of any supplemental documents.