



Legislation Text

File #: 11-0531, **Version:** 1

Resolution to Amend an Approved Payment in Lieu of Taxes (PILOT) for Ann Arbor Limited Dividend Housing Association Limited Partnership at 2625 Burton Road for Burton Commons Apartments
On July 7, 2008 (R-08-285) Council approved a PILOT for Burton Commons Apartments. In 2007, Council approved the site plan for Burton Commons as a 120-unit 3-story 5-building apartment complex (R-262-6-07). Due to the nationwide housing financial crisis, the developers were not able to secure all of the financing needed to build Burton Commons in 2007. The owner has re-grouped and re-visited the design and management of the property. The owner is now partners with a Michigan non-profit housing provider called MHT Housing Inc., based in Bingham Farms, Michigan (<http://mhthousing.org>). MHT Housing owns and manages over 4,600 affordable housing units, making it one of the largest non-profit affordable housing providers in Michigan. MHT has over 20 years experience working with MSHDA and Low Income Housing Tax Credits (LIHTC), among other financing tools.

Attached for Council approval is a resolution requesting 3 changes to the PILOT that was approved for the project in 2008. First, although the owner will continue to be the Ann Arbor Limited Dividend Housing Association Limited Partnership, the original development partner of Simpson Housing Solutions has been replaced by MHT Housing Inc. As is required by LIHTC financing, MHT will create an affiliate that will become a partner in the Ann Arbor Limited Dividend Housing Association Limited Partnership.

The second change is that the number of units will be reduced from 120 to 80 by eliminating the 3rd story of each building. The third change is that the PILOT requires the project to secure federal or state-aided financing. The original proposal included federal HOME funds from the City of Ann Arbor. The current development plan does not include a request for HOME funds from the City of Ann Arbor. The owner will secure a federal HUD 221(d)(4) loan and Low Income Housing Tax Credits to meet that requirement.

The PILOT will not take effect until the financing is secured, the buildings are constructed and the units are occupied by qualified renters.

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Whereas, Ann Arbor Limited Dividend Housing Association, Limited Partnership will apply for a HUD 221(d)(4) loan and Low Income Housing Tax Credit for the construction of 80 units at Burton Commons Apartments at 2625 Burton Road for a mixture of very low-income and permanent supportive housing units; and

Whereas, The Ann Arbor City Council hereby determines that the Burton Commons Apartments will be qualified for, and should be granted Payment in Lieu of Taxes (PILOT), the exemption from all property taxes, as provided in the State Housing Development Authority Act and pursuant to Chapter 19, 1:651 of the Code of the City of Ann Arbor;

RESOLVED, That pursuant to Section 15(a) of the State Housing Development Authority Act and Chapter 19, 1:651 of the Code of the City of Ann Arbor, the City Council hereby approves an exemption from all property taxes for the Ann Arbor Limited Dividend Housing Association, for the term of the Michigan State Housing Development Authority mortgage loan, not to exceed fifty years, subject to the Michigan State Housing Development Authority's approval of the loan for the project and receipt of the "Notification to Local Assessor of Exemption" from the Michigan State Housing Development Authority for said parcel. Notwithstanding the provisions of Section 15(a)(5) of the State Housing Development Authority Act to the contrary, a contract to provide tax exemption and accept payment in lieu of taxes, as previously described, between the City of Ann Arbor and the Ann Arbor Limited Dividend Housing Association, with the Michigan State Housing Development Authority as third party beneficiary under this contract, is effectuated by adoption of this resolution; and its successors and assigns, on the following parcels of property:

LOTS 14, 15, 16, 17, 18, 19, 20, 21, 22 AND THE SOUTH 4 FEET OF LOT 23, SUPERVISOR'S PLAT NUMBER ONE, ACCORDING TO THE PLAT AS RECORDED IN LIBER 9, PAGE 49 OF PLATS, WASHTENAW COUNTY RECORDS.

RESOLVED, That pursuant to Chapter 19, 1:651 of the Code of the City of Ann Arbor, the project shall pay a service charge equal to one dollar (\$1.00) for the assisted units as provided by the Michigan State Housing Development Authority Act; and

RESOLVED, That the City Administrator be authorized to take necessary administrative actions to implement this resolution.