



Legislation Text

File #: 07-0830, **Version:** 1

Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Pear Street Apartments Limited Dividend Housing Association Limited Partnership at 1440 Pear Street

On October 15, 2007, Avalon Housing applied for \$845,000 in HOME funds in response to Request for Proposal #678 to acquire and rehabilitate 20 rental units at 1440 Pear Street as permanent supportive housing. The Office of Community Development and Housing and Human Services Advisory Board Evaluation Committee reviewed the proposal and on November 13, 2007, the HHSAB voted to support funding for this proposal at an amount to be determined. A resolution requesting that Council approve HOME funds for this project will be sent to Council after the OCD staff have completed all legal and financial due diligence and after Avalon has secured funding from the other investors.

Avalon Housing will be applying for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) in January 2008 together with Pear Street Apartments LDHA LP, a partnership that will own the Apartments, as required under the IRS code for LIHTC.

The LIHTC selection process has changed from a lottery to a point system. Avalon can secure 15 points if the City of Ann Arbor adopts a PILOT (Payment in lieu of taxes) specifically for this project. The City currently has a PILOT ordinance (Chapter 19 attached) that applies to all affordable housing projects that meet the requirements of the ordinance. Our ordinance technically would include the Pear Street project. However, MSDHA only awards 15 points if a separate PILOT resolution is adopted that specifically mentions the project.

The Office of Community Development recommends that City Council approve a PILOT for Pear Street Apartments LDHA LP at 1440 Pear Street.

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Reviewed by: Jayne Miller, Community Services Area Administrator

Whereas, Avalon Housing has applied for \$845,000 in City HOME funds for the acquisition and rehabilitation of 20 units at 1440 Pear Street for permanent supportive housing;

Whereas, Avalon Housing Inc. has created the Pear Street Apartments Limited Dividend Housing Association Limited Partnership as the ownership entity for the property located at 1440 Pear Street to be called Pear Street Apartments;

Whereas, The Office of Community Development and Housing and Human Services Advisory Board recommends City Council approval of HOME funding for this project contingent on completion of legal and financial due diligence; and

Whereas, The Ann Arbor City Council hereby determines that the Pear Street 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, Section 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, Section 1:651 of the Code of the City of Ann Arbor, the City Council hereby approves an exemption from all property taxes for the Pear Street Limited Dividend Housing Association Limited Partnership, 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;

RESOLVED, That 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 Pear Street Limited Dividend Housing Association Limited Partnership, 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, of the following parcels of property;

PRT LOTS 2 3 & 4 COM SE COR LOT 1 TH NW ALG NE LINE PEAR ST 93.53 FT TH DEF 77 DEG 52 MIN RT 119.07 FT FOR POB TH DEF 98 DEG 05 MIN 30 /sec KT 85.15 FT TH DEF 86 DEG 29 MIN RT 214.08 FT TH DEF 90 DEG 05 MIN 30 SEC RT 129.78 FT TH DEF 101 DEG 31 MIN RT 223.64 FT TO POB BLK 4 PARTRIDGE ADDITION

RESOLVED, That pursuant to Chapter 19, Section 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 for by the Michigan State Housing Development Authority Act; and

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