



Legislation Text

File #: 15-0446, **Version:** 1

Resolution to Select Equity Investor, Construction Loan and Permanent Mortgage Loan for West Arbor (N. Maple Estates)

The Ann Arbor Housing Commission is redeveloping North Maple Estates located at 701 North Maple. The property is currently public housing and will be converted to project-based vouchers under the HUD Rental Assistance Demonstration (RAD) program. The property currently has 19 single family 4 & 5 bedroom homes and 4 3-bedroom apartments as well as a community center. The single family homes and community center will be demolished and replaced with 42 townhomes ranging in size from 1 bedroom to 5 bedrooms as well as a new community center. The 3-bedroom apartments will be renovated.

The project has received site plan approval from the City of Ann Arbor and RAD conversion approval from HUD. The AAHC is partnering with Norstar Developers and Mitchell and Mouat Architects to redevelop the property. Norstar applied for Low Income Housing Tax Credits in October 2014 and the AAHC was awarded LIHTC from MSHDA.

Ann Arbor Housing Commission is a tax-exempt organization and cannot utilize tax credits and therefore must form a limited partnership with a limited equity partner through a Limited Dividend Housing Association as required by the IRS. Norstar has solicited proposals from equity investors and Norstar recommends that the AAHC select National Equity Fund, Inc. (NEF) based on the favorable terms of the proposal as outlined in the attached letter and chart. NEF will invest in the above-named Project by purchasing a 99.99% interest in the Limited Partnership formed to own and operate the Project. The Limited Partner will purchase the Tax Credits for a total purchase price of \$9,104,511 or \$1.028 for each \$1.00 of projected Tax Credits.

The West Arbor project is expected to close with HUD and MSHDA in June 2015. Norstar has solicited proposals for a construction loan and permanent mortgage loan and recommends JPMorgan Chase for the construction loan and Capital Fund Services, Inc. for the permanent mortgage loan.

Prepared and Approved by Jennifer Hall, Executive Director, Ann Arbor Housing Commission

WHEREAS, the Ann Arbor Housing Commission was awarded Low-Income Housing Tax Credits from the IRS through the Michigan State Housing Development Authority (MSHDA) to redevelop the West Arbor (North Maple Estates); and

WHEREAS, the Ann Arbor Housing Commission is a tax-exempt organization and cannot utilize tax

credits and therefore must form a limited partnership with a limited equity partner through a Limited Dividend Housing Association as required by the IRS; and

WHEREAS, the AAHC hired Norstar as our development partner and Norstar has solicited proposals from equity investors and Norstar recommends that the AAHC select National Equity Fund, Inc. based on the favorable terms of the proposal as outlined in the attached letter and chart; and

WHEREAS, Norstar has solicited proposals from construction lenders and recommends that AAHC select JPMorgan Chase based on the terms of the proposal as outlined in the attached Letter of Intent; and

WHEREAS, Norstar has solicited proposals from mortgage lenders and recommends that AAHC select Capital Fund Services, Inc. based on the terms of the proposal as outlined in the attached Letter of Intent; and

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Commission Board approves the selection of National Equity Fund, Inc. as the equity partner for the redevelopment the West Arbor (North Maple Estates) project and authorizes the Executive Director to take any necessary administrative actions and to execute any documents necessary to complete this transaction and implement this resolution.

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Commission Board approves the selection of JPMorgan Chase as the construction lender for the redevelopment the West Arbor (North Maple Estates) project and authorizes the Executive Director to take any necessary administrative actions and to execute any documents necessary to complete this transaction and implement this resolution.

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Commission Board approves the selection of Capital Fund Services, Inc. as the permanent mortgage lender for the redevelopment the West Arbor (North Maple Estates) project and authorizes the Executive Director to take any necessary administrative actions and to execute any documents necessary to complete this transaction and implement this resolution.

