



Legislation Text

File #: 23-0313, **Version:** 2

Resolution to Approve a \$3,500,000 American Rescue Plan Act Subrecipient Grant for the Acquisition of 8 duplexes on Liberty, Virginia and Siller Terrace by the Ann Arbor Housing Development Corporation for Affordable Housing (\$3,500,000.00) **(8 Votes Required)**

The Ann Arbor Housing Commission (AAHC), through its 501(c)(3) nonprofit corporation the Ann Arbor Housing Development Corporation (AAHDC), signed a purchase agreement to acquire 8 duplexes for the greater of \$4,200,000 or the appraised value. The seller agreed to sell the apartments for the appraised value of \$4,135,000, with contingencies.

The purchase includes 2 separate parcels: Parcel ID 09-09-30-401-09 (1474 W. Liberty, 1484 W. Liberty, and 528 Virginia Ave), and Parcel ID 09-09-30-401-11 (1540 Siller Terrace, 1550 Siller Terrace, 1560 Siller Terrace, 1570 Siller Terrace, and 1580 Siller Terrace). The parcels include seven (7) 2-bedroom duplexes and one (1) 3-bedroom duplex as well as two (2) garages (the "Property").

The AAHDC has until April 3, 2023 to complete the due diligence and remove the contingencies in the purchase agreement. The due diligence includes environmental testing (Asbestos containing materials, radon, and lead-based paint), inspections (general conditions, sewer, pests), survey and a baseline environmental assessment (BEA). The due diligence also requires both the AAHDC Board and Ann Arbor City Council to approve the acquisition. The acquisition is scheduled to close on April 6th.

The total development cost is \$5,500,000, including closing costs and renovations. In addition to the \$3,500,000 ARPA grant, the AAHDC has applied for a \$2,000,000 loan from the Ann Arbor Area Community Foundation (AAACF) for the remainder of the development funds. The AAACF loan is intended to be a bridge loan, with interest only payments, until the AAHDC is able to secure a permanent loan or grant from other sources.

The Property is currently occupied as market-rate apartments without income or rent restrictions. The AAHDC will deed-restrict the Property to households at 60% of the Area Median Income for future new residents. Existing residents will be allowed to continue as tenants if they are over-income. As the apartments turn over, the rents will be reduced to enable tenants with vouchers to move-in.

City Council Resolution 22-096 Allocated \$3,500,000 for "Property Acquisition for Affordable Housing." This project is eligible for ARPA funds under the State and Local Fiscal Recovery Fund (SLFRF), under the Public Health and Negative Economic Impact (PH-NEI) category, which requires an affordable housing project to provide housing for households under 65% AMI for a period of 20 years or greater. This project will provide housing for households at 60% AMI permanently through a deed restriction. Under the PH-NEI category, the project must have resident income restrictions, an affordability period and covenant, tenant protections, and meet Housing Quality Standards (HQS).

The City of Ann Arbor created the Ann Arbor Housing Commission in 1965 pursuant to the provisions of Act 18, Michigan Public Acts of 1933 (Extra Session), as amended, and the authority of the Ann

Arbor City Charter. Chapter 8, Section 1:209(3) of Ann Arbor City Code states:

(3) All deeds, mortgages, contracts, leases, purchases, or other agreements regarding real property which is or may be put under the control of the Housing Commission, including agreements to acquire or dispose of real property, shall be approved by the City of Ann Arbor, and shall be executed in the name of the Housing Commission or other entity formed or incorporated by the Housing Commission. As used in this section, contracts or leases regarding real property means contracts to purchase or lease from a third party or other transactions under which rights of possession of real property are acquired, but does not include contracts, management agreements, or leases of that property with tenants or facility managers. The Ann Arbor City Council may, by resolution, decide to convey or assign to the Housing Commission any rights of the city to a particular property owned by the City of Ann Arbor which is under the control of the Housing Commission and such resolution shall authorize the City Administrator, Mayor and Clerk to take all action necessary to effect such conveyance or assignment.

This resolution is intended to serve three purposes: to allocate \$3,500,000 ARPA funds for the acquisition of an affordable housing project, to execute an ARPA grant subrecipient agreement, and to comply with Chapter 8 of Ann Arbor City Code.

Budget/Fiscal Impact: Funding is available for this contract in the approved resolution (R-22-096) to allocate \$24,182,630 to the FY 2022 Major Grants Program Fund (00MG) for American Rescue Plan Act with \$3,500,000 allocated for property acquisition for affordable housing without regard to fiscal year.

Prepared by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Reviewed by: Kevin McDonald, Chief Deputy City Attorney

Approved by: Milton Dohoney Jr., City Administrator

Whereas, City Council approved \$3,500,000 in American Rescue Plan Act funds for property acquisition for affordable housing by the Ann Arbor Housing Commission (AAHC) or an affiliated entity;

Whereas, The AAHC's 501(c)(3) nonprofit corporation, the Ann Arbor Housing Development Corporation (AAHDC), signed a purchase agreement for \$4,135,000 to acquire 8 duplexes [Parcel ID 09-09-30-401-09 (1474 W. Liberty, 1484 W. Liberty, and 528 Virginia Ave), and Parcel ID 09-09-30-401-11 (1540 Siller Terrace, 1550 Siller Terrace, 1560 Siller Terrace, 1570 Siller Terrace, and 1580 Siller Terrace)] (the "Property") for affordable housing restricting future residents to 60% of Area Median Income; and

Whereas, The Ann Arbor Housing Development Corporation board approved the acquisition of the Property, on condition that all contingencies are removed;

RESOLVED, That the City Council approve the purchase of the Property by the AAHDC pursuant to the terms as outlined in the purchase agreement dated December 16, 2022, as amended;

RESOLVED, That City Council approve an ARPA subrecipient grant agreement with the Ann Arbor Housing Development Corporation in the amount of \$3,500,000 and appropriate \$3,500,000 in ARPA funds for the purchase of 8 duplexes [Parcel ID 09-09-30-401-09 (1474 W. Liberty, 1484 W. Liberty,

and 528 Virginia Ave), and Parcel ID 09-09-30-401-11 (1540 Siller Terrace, 1550 Siller Terrace, 1560 Siller Terrace, 1570 Siller Terrace, and 1580 Siller Terrace)] for affordable housing restricting future residents to 60% of Area Median Income and that these funds be made available without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said subrecipient grant agreement as to substance by the City Administrator and approval as to form by the City Attorney; and

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