



Legislation Text

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Resolution to Approve Contract with SmithGroup for \$746,000 for Architectural and Engineering Services for 350 S 5th Ave

The City of Ann Arbor owns 350 S 5th Avenue and City Council approved a resolution (R-20-139) directing the City Administrator & AAHC to secure entitlements for the site to support the development of affordable housing in the City. The AAHC is also partnering with the Ann Arbor Area Transit Authority, Downtown Development Authority and eventually a private development partner.

The City approved a Planned Unit Development (PUD) zoning and supplemental regulations (ORD 22-03) on April 4, 2022. The design includes two towers. The supplemental regulations require the smaller tower to include 100% housing that is affordable up to 60% of the Area Median Income. The second tower must include a minimum of 20% of the units affordable up to 60% AMI. A minimum of 100 units and 40% of all units, between the two towers, must be affordable up to 60% AMI households. It is estimated that one tower will have approximately 90 units and the second tower will have approximately 280 units. The total project costs are expected to exceed \$100 million.

The next steps are to create a schematic design to submit to the city for site plan approval. SmithGroup conducted the community engagement, initial conceptual designs, and prepared all of the documents submitted through the PUD zoning process. Due to their familiarity with the City and AAHC goals for the project and existing conceptual designs, staff recommend that the AAHC hire SmithGroup to continue working with the AAHC on schematic designs and site plan approval.

The AAHC's purchasing policies requires a competitive process for non-federal contracts over \$75,000 but specifically provides an exception for architectural and engineering (A/E) services. However, since this contract exceeds \$250,000, the Board must approve the contract award prior to contract execution.

The FY22 & FY23 City Affordable Housing Millage budget includes over \$4.2 million for 350 S 5th that can be used for development expenses including architectural and engineering fees. Since the AAHC is paying for these pre-development expenses with Affordable Housing Millage funds, the AAHC, through its nonprofit Ann Arbor Housing Development Corporation (AAHDC), needs to be the contractor with all of the various professionals doing due diligence and design services until the final legal entities are created for this development project.

SmithGroup will perform the following services under this contract:

Site Plan Professional Services	\$105,000
Programming Validation	\$27,000
Main Schematic Design	\$539,000
<u>Supporting Specialties</u>	<u>\$75,000</u>
Total	\$746,000

The AAHC will contract with SmithGroup through the AAHDC, its development non-profit.

Prepared by, Approved by Jennifer Hall, Executive Director

WHEREAS, the City of Ann Arbor owns 350 S 5th Avenue and City Council approved a resolution (R-20-139) directing the City Administrator & AAHC to secure entitlements for the site to support the development of affordable housing in the City for households with incomes up to 60% of Area Median Income (AMI); and;

WHEREAS, the City of Ann Arbor has allocated over \$4.2 million in Affordable Housing Millage funds for development expenses for 350 S 5th to the Ann Arbor Housing Commission; and

WHEREAS, the Ann Arbor Housing Development Corporation was created to support developments by the AAHC and the millage funds will flow through the AAHDC; and

RESOLVED, that the AAHC Board approves a contract between the AAHDC and SmithGroup for \$746,000 for design & site plan approval at 350 S 5th.