Legislation Details (With Text)

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Title:	Resolution to Annually Update Formula Calculation for a Per-Unit Contribution Amount for Affordable Housing Contributions for Planned Unit Development Districts				
Sponsors:					
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Attachments:					

Date	Ver.	Action By	Action	Result

Resolution to Annually Update Formula Calculation for a Per-Unit Contribution Amount for Affordable Housing Contributions for Planned Unit Development Districts
REVISED - MEMORANDUM
Attached for City Council review and approval is a resolution updating the formula calculation for the affordable housing contribution provisions of the Planned Unit Development Ordinance. This resolution implements Section 5:80(6)(e)(ii) of the PUD ordinance.

The formula for the PUD affordable housing contribution is set by Council resolution on an annual basis at the beginning of each fiscal year. The Council resolution establishes a per-unit contribution that offsets the difference between the cost to purchase a moderately priced housing unit in the current Ann Arbor market and the sales price that is affordable to a lower income household.

In developing the affordable housing contribution formula, Community Development staff targeted a moderately priced home for the area at the 43rd percentile of all residential property sales (excluding vacant land and commercial property) from a three- month period. The 43rd percentile for the period of February, 2007 to April, 2007 was
$212,500. The affordable sales price to a lower income household of four at 80% of the Area Median Income (AMI) is currently $119,200. The difference between the two figures represents a $93,300 gap in affordability, which will be used as the amount of contribution required per unit from the developer, in lieu of providing the units on-site. For PUDs of up to 9 dwelling units, a pro-rated formula contribution is proposed.

The $93,300 is an increase of $4,300 from the current cash-in-lieu contribution amount of $89,000.

PUD affordable housing contributions will be deposited in the Ann Arbor Housing Trust Fund, where they would be available to non-profit and for-profit developers to subsidize the cost of new or rehabilitated residential units to make them affordable to lower income households.

The Office of Community Development recommends that the City Council approve this resolution to update the formula calculation for PUD affordable housing contributions.
Prepared by: Jennifer Hall, Housing Program Coordinator
Damon Thompson, Interim Community Development Director
Reviewed by: Jayne Miller, Community Services Administrator Approved by: Roger W. Fraser, City Administrator

REVISED AND APPROVED R-455-9-07

RESOLUTION TO ANNUALLY UPDATE FORMULA CALCULATION FOR A PER UNIT CONTRIBUTION AMOUNT FOR AFFORDABLE HOUSING CONTRIBUTIONS FOR PLANNED UNIT DEVELOPMENT DISTRICTS

Whereas, It is the intent of the City Council to promote a full range of housing choices as a part of the Planned Unit Development (PUD) district regulations;

Whereas, Section 5:80 of Chapter 55 of the Ann Arbor City Code allows for additional density in a PUD development if affordable housing for lower income households is provided;

Whereas, Individual site and economic factors may make the development of on-site affordable housing for lower income households less desirable than providing affordable housing through other means, such as monetary contributions;

Whereas, The purpose of the PUD affordable housing contribution is to establish a per- unit amount that would be accepted by City Council in lieu of providing housing units within a PUD;

Whereas, The affordable housing contribution is a per-unit payment that serves to offset the difference between the cost to purchase a moderately priced housing unit that is available on the market and the sales price that is affordable to a lower income household; and

Whereas, This formula will be prorated for projects of 9 units or less to counteract the high per-unit burden for smaller developments;

RESOLVED, That a petitioner for a PUD Zoning District that proposes to provide affordable housing in accordance with the requirements of Section 5:80(2) and 5:80(6)(e) of Chapter 55 of Ann Arbor City Code may request that the City accept an affordable housing contribution in lieu of the required affordable units;

RESOLVED, That City Council may approve a request for an affordable housing contribution in lieu of the required PUD units at its sole discretion;

RESOLVED, That City Council will use the following formula to determine the per-unit affordable housing contribution for each fiscal year for PUD Zoning Districts where there are 10 or more units:

1) A moderately priced housing unit will be determined by calculating the 43rd percentile of all residential property sales (excluding vacant land and commercial property) in the City of Ann Arbor from February, March and April of the previous fiscal year, using public information provided by the City of Ann Arbor Assessor.

2) A sales price that is affordable to a lower income household will be determined by multiplying two (2) times the income of a family of four at 80% Area Median Income (AMI), as published by HUD.

3) The difference between the moderately priced housing unit and a housing unit affordable to a lower income household shall determine the affordable housing contribution for each affordable housing unit that is required in the PUD;

RESOLVED, That for FY 2007-2008 the affordable housing contribution for each unit required in the PUD is $93,300;

RESOLVED, That for PUD Zoning Districts with 1-9 total dwelling units, the affordable housing contribution shall be pro-rated by multiplying the amount of the affordable housing contribution for one dwelling unit by the following:

9 units	0.9 of the per-unit amount	$83,970;
8 units	0.8 of the per-unit amount	$74,640;
7 units	0.7 of the per-unit amount	$65,310;
6 units	0.6 of the per-unit amount	$55,980;
5 units	0.5 of the per-unit amount	$46,650;
4 units	0.4 of the per-unit amount	$37,320;
3 units	0.3 of the per-unit amount	$27,990;
2 units	0.2 of the per-unit amount	$18,660;
1 unit	0.1 of the per-unit amount	$ 9,330;

RESOLVED, That PUD affordable housing contributions received by the City shall be deposited in the Ann Arbor Housing Trust fund, to be used to develop affordable housing units in the City;

RESOLVED, That City Council will review information provided by the Office of Community Development on an annual basis and may adjust the formula at the start of the fiscal year if necessary; and

RESOLVED, That affordable units and/or affordable housing contributions required as part of a PUD Zoning District approval shall be secured through contractual arrangements, restrictive covenants, resale and rental restrictions or other available legal remedies, as determined to be necessary by the City Attorney.

APPROVED
BY ANN ARBOR CITY COUNCIL

CITY CLERK
ANN ARBOR, MI

Submitted by: Community Services Date: September 24, 2007
Approved by: City Attorney

MEMORANDUM

TO: Mayor and Council

FROM: Jayne Miller, Community Services Administrator DATE:

August 20, 2007

SUBJECT: Resolution to Annually Update Formula Calculation for a Per-Unit Contribution Amount for Affordable Housing Contributions for Planned Unit Development Districts

Attached for City Council review and approval is a resolution updating the formula calculation for the affordable housing contribution provisions of the Planned Unit Development Ordinance. This resolution implements Section 5:80(6)(e)(ii) of the PUD ordinance.

The formula for the PUD affordable housing contribution is set by Council resolution on an annual basis at the beginning of each fiscal year. The Council resolution establishes a per-unit contribution that offsets the difference between the cost to purchase a moderately priced housing unit in the current Ann Arbor market and the sales price that is affordable to a lower income household. The following formula for FY 07-08 is the same formula Council has adopted since FY 05-06.

In developing the affordable housing contribution formula, Community Development staff targeted a moderately priced home for the area at the 33rd percentile of all residential property sales (excluding vacant land and commercial property) from a three- month period. The 33rd percentile for the period of February, 2007 to April, 2007 was
$195,000. The affordable sales price to a lower income household of four at 80% of the Area Median Income (AMI) is currently $119,200. The difference between the two figures represents a $75,800 gap in affordability, which will be used as the amount of contribution required per unit from the developer, in lieu of providing the units on-site. For PUDs of up to 9 dwelling units, a pro-rated formula contribution is proposed.

The $75,800 is a reduction of $13,200 from the current cash-in-lieu contribution amount of $89,000 because there has been a downturn in the Ann Arbor housing market and housing is more affordable than it was a year or two ago.

PUD affordable housing contributions will be deposited in the Ann Arbor Housing Trust Fund, where the funding would be available to non-profit and for-profit developers to subsidize the cost of new or rehabilitated residential units to make them affordable to lower income households.

The Office of Community Development recommends that the City Council approve this resolution to update the formula calculation for PUD affordable housing contributions.

SEE REVISED MEMO AND RESOLUTION

Prepared by: Jennifer Hall, Housing Program Coordinator

Damon Thompson, Interim Community Development Director Reviewed by:
Jayne Miller, Community Services Administrator
Approved by: Roger W. Fraser, City Administrator

POSTPONED ON 8/20/07

RESOLUTION TO ANNUALLY UPDATE FORMULA CALCULATION FOR A PER UNIT CONTRIBUTION AMOUNT FOR AFFORDABLE HOUSING CONTRIBUTIONS FOR PLANNED UNIT DEVELOPMENT DISTRICTS

Whereas, It is the intent of the City Council to promote a full range of housing choices as a part of the Planned Unit Development (PUD) district regulations;

Whereas, Section 5:80 of Chapter 55 of the Ann Arbor City Code allows for additional density in a PUD development if affordable housing for lower income households is provided;

Whereas, Individual site and economic factors may make the development of on-site affordable housing for lower income households less desirable than providing affordable housing through other means, such as monetary contributions;

Whereas, The purpose of the PUD affordable housing contribution is to establish a per- unit amount that would be accepted by City Council in lieu of providing housing units within a PUD;

Whereas, The affordable housing contribution is a per-unit payment that serves to offset the difference between the cost to purchase a moderately priced housing unit that is available on the market and the sales price that is affordable to a lower income household; and

Whereas, This formula will be prorated for projects of 9 units or less to counteract the high per-unit burden for smaller developments;

RESOLVED, That a petitioner for a PUD Zoning District that proposes to provide affordable housing in accordance with the requirements of Section 5:80(2) and 5:80(6)(e) of Chapter 55 of Ann Arbor City Code may request that the City accept an affordable housing contribution in lieu of the required affordable units;

RESOLVED, That City Council may approve a request for an affordable housing contribution in lieu of the required PUD units at its sole discretion;

RESOLVED, That City Council will use the following formula to determine the per-unit affordable housing contribution for each fiscal year for PUD Zoning Districts containing 10 or more units:

1) A moderately priced housing unit will be determined by calculating the 33rd percentile of all residential property sales (excluding vacant land and commercial property) in the City of Ann Arbor from February, March and April of the previous fiscal year, using public information provided by the City of Ann Arbor Assessor.

2) A sales price that is affordable to a lower income household will be determined by multiplying two (2) times the income of a family of four at 80% Area Median Income (AMI), as published by HUD.

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3) The difference between the moderately priced housing unit and a housing unit affordable to a lower income household shall determine the housing contribution for each affordable housing unit that is required in the PUD;

RESOLVED, That for FY 2007-2008 the affordable housing contribution for each unit required in the PUD is $75,800;

RESOLVED, That for PUD Zoning Districts with 1-9 total dwelling units, the affordable housing contribution shall be pro-rated by multiplying the amount of the affordable housing contribution for one dwelling unit by the following:

9 units	0.9 of the per-unit amount	$68,220;
8 units	0.8 of the per-unit amount	$60,640;
7 units	0.7 of the per-unit amount	$53,060;
6 units	0.6 of the per-unit amount	$45,480;
5 units	0.5 of the per-unit amount	$37,900;
4 units	0.4 of the per-unit amount	$30,320;
3 units	0.3 of the per-unit amount	$22,740;
2 units	0.2 of the per-unit amount	$15,160;
1 unit	0.1 of the per-unit amount	$ 7,580;

RESOLVED, That PUD affordable housing contributions received by the City shall be deposited in the Ann Arbor Housing Trust fund, to be used to develop affordable housing units in the City;

RESOLVED, That City Council will review information provided by the Office of Community Development on an annual basis and may adjust the formula at the start of the fiscal year if necessary; and

RESOLVED, That affordable units and/or affordable housing contributions required as part of a PUD Zoning District approval shall be secured through contractual arrangements, restrictive covenants, resale and rental restrictions or other available legal remedies, as determined to be necessary by the City Attorney.

Submitted by: Community Services Date: August 20, 2007
Approved by: City Attorney

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