Legislation Details (With Text)

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Title:	Resolution to Direct City Staff to Conduct Community Engagement Around Development Options for Ashley/William and First/William Surface Parking Lots to Support Affordable Housing in the City				
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Date	Ver.	Action By	Action	Result
11/18/2019	1	City Council	Approved	Pass

Resolution to Direct City Staff to Conduct Community Engagement Around Development Options for Ashley/William and First/William Surface Parking Lots to Support Affordable Housing in the City
On April 1, 2019, Ann Arbor City Council adopted Resolution R-19-138 directing the City Administrator to collaborate with the Ann Arbor Housing Commission (AAHC) to provide coordinated analysis on the feasibility of city-owned properties as potential locations for affordable housing. This resolution incorporated previous resolutions R-19-110, R-19-111 and R-19-116.

Jennifer Hall, Executive Director of the Ann Arbor Housing Commission led the analysis along with support from a staff team and several contractors to determine the feasibility for 11 sites including review of land use and zoning, environmental conditions, financial resources, site -specific costs, and overall risk among other factors. The analysis, three potential portfolio scenarios, and next step recommendations were presented to City Council at the Nov.18, 2019 City Council meeting.

As part of the analysis, the Klines lot (Ashley/William surface lot) has great potential for development and will significantly impact the downtown. The Kline's lot D1 zoning, and affordable housing density bonus, would allow for 400-600+ housing units and other uses such as first floor retail or office space.

This site scores competitively for the largest source of funding for affordable housing, which is Low-Income Housing Tax Credits (LIHTC). However, tax credits have a funding cap on a per project basis. A developer can apply for 2 separate tax credit applications as 2 separate projects in order to maximize the value of LIHTC funding. Even 2 LIHTC projects is capped out well below what the density allows on this site. Applying for 2 LIHTC projects is complicated but not impossible. The analysis included a financially feasible project that included 125 tax credit units through 2 separate tax credit applications and the remaining 475 units were market-rate.

If a private developer develops the site, they can combine market rate housing with 1 or 2 LIHTC projects, or affordable housing can be included through the affordable housing density bonus and

essentially subsidized by the market-rate housing. Or the property can be sold to a developer and the proceeds can be used to subsidize affordable housing on smaller city-owned site that is not going to be competitive enough to secure LIHTC such as 2000 S. Industrial, 3400 Platt, 721 N Main and 1501 E. Stadium.

Redevelopment of the Kline's lot may or may not trigger parking requirements by the City's zoning ordinance, depending on what is built, but the loss of this parking lot will likely impact the downtown. The proximity of the First/Williams surface parking lot could be utilized to support parking needs or requirements of a development on the Kline's lot. By itself, the First/William parking lot is not suitable for housing development due to its location entirely in the floodway and floodplain. However, if a parking deck is built on First/ William, it could be connected to Ashley street and the cost is significantly lower than building underground parking on the Kline's lot. In addition, a parking deck can be designed to leave room for a greenway along First Street.

The staff team is requesting that City Council direct City Staff to work with the DDA to conduct community engagement around the development options for Ashley/William and First/William surface parking lots to determine the optimal development plan for this site in support of affordable housing in the City.

Prepared by: Teresa Gillotti, Director, Office of Community and Economic Development
Reviewed by: Jennifer Hall, Executive Director Ann Arbor Housing Commission
Derek Delacourt, Community Services Area Administrator
Approved by: Howard S. Lazarus, City Administrator

Whereas, City Council adopted Resolution R-19-138 directing the City Administrator to collaborate with the Ann Arbor Housing Commission (AAHC) to provide coordinated analysis on the feasibility of city-owned properties as potential locations for affordable housing; and

Whereas, The extensive analysis was completed and presented to City Council on November 18, 2019; and

Whereas, The analysis identified the Kline's Lot as a site with high development potential which could include a mixed-income, mixed-use site; and

Whereas, Development of the Kline's lot will have a significant impact on the downtown due to the potential size of the development; and

Whereas, The most recent DDA feasibility study on the cost to build underground parking on the Kline's lot was approximately $90,000/unit and it would be much less expensive to build a parking deck on the surface parking lot at William/First;

RESOLVED, That City Council direct the City Administrator to work with the DDA to conduct community engagement around the development options for Ashley/William and First/William surface parking lots to determine the optimal development plan for this site in support of affordable housing in the City.

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