



Legislation Details (With Text)

File #: 23-0982 **Version:** 2 **Name:** 6/5/23 Resolution to Direct City Administrator to Evaluate Bonding Affordable Housing Millage Revenue

Type: Resolution **Status:** Passed

File created: 6/5/2023 **In control:** City Council

On agenda: 6/5/2023 **Final action:** 6/5/2023

Enactment date: 6/5/2023 **Enactment #:** R-23-191

Title: Resolution to Direct the City Administrator to Evaluate Bonding Affordable Housing Millage Revenue

Sponsors: Linh Song, Chris Watson, Travis Radina, Ayesha Ghazi Edwin, Cynthia Harrison, Lisa Disch

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
6/5/2023	1	City Council		
6/5/2023	1	City Council	Amended	
6/5/2023	2	City Council	Approved as Amended	Pass

Resolution to Direct the City Administrator to Evaluate Bonding Affordable Housing Millage Revenue
Reviewed by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission
Michelle Landis, Senior Assistant City Attorney

Whereas, In 2015, the City of Ann Arbor partnered with the U.S. Department of Housing and Urban Development and Washtenaw County to produce the Housing Affordability and Economic Equity Report ("Report");

Whereas, The Report highlighted that housing in Ann Arbor has become unaffordable for 45% of households earning \$35,000-\$49,999 a year, 87% of households earning \$20,000-\$34,999, and 94% of households earning under \$20,000;

Whereas, The Report recommended a goal that called for the creation of 2,787 new affordably priced rental units by 2035, and since 2015, Council has approved over 200 affordable housing units with another 300 in the pipeline;

Whereas, The National Association of Home Builders reported in May 2023 that on a year-to-date basis, combined single-family and multifamily housing starts were 29.5% lower in the Midwest, due to increased construction, transportation, and energy costs;

Whereas, The Ann Arbor Housing Commission (AAHC)'s housing construction costs (like other housing developments) have increased by over 50% since 2019 due to labor shortages, material cost increases and supply chain disruptions;

Whereas, Affordable housing developments are funded with debt, equity and grants and as the cost

of debt increases (construction and long-term), it is harder to finance affordable housing projects;

Whereas, Bond financing is a potential tool to provide longer term, lower interest debt than a loan from a private financial institution;

Whereas, The Affordable Housing millage may be leveraged to pay back bonds directly or as credit enhancement to improve the terms of the bond;

Whereas, The Ann Arbor Housing Commission is currently evaluating how it can use bond financing to fund affordable housing and, given possible limitations, supports the City also evaluating its use of bond financing for this purpose; and

Whereas, City Council adopted Washtenaw County's Housing Pledge in February 2020, supporting housing as a human right, with government playing an essential role and responsibility in the preservation, acquisition, and development of affordable housing;

RESOLVED, That City Council directs the City Administrator to work with the Ann Arbor Housing Commission to evaluate bond financing that leverages the Affordable Housing Millage revenue to secure the best terms for more immediate financing for affordable housing units and/or acquiring additional parcels, with the City as the potential issuer; and

RESOLVED, That City Council directs the City Administrator to report to City Council the results of this evaluation, with recommendations on timing of bonding and terms by December 1, 2023.

Sponsored by: Councilmembers Song, Watson, Radina, Ghazi Edwin, Harrison and Disch

As Amended and Approved by Ann Arbor City Council on June 5, 2023