



Legislation Text

File #: 19-0449, **Version:** 1

Resolution to Increase the Benefit and Use of the Downtown Affordable Housing Premium

Reviewed by: Kevin McDonald, Senior Assistant City Attorney

Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Teresa Gillotti, Director, Office of Community & Economic Development

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Whereas, Housing costs are typically a household's largest single expense, critically affecting quality of life;

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, A primary goal of the Report was to maximize housing opportunities for lower and middle class households;

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

Whereas, Ann Arbor is the least affordable city in Michigan with median rents 22% higher than the rest of the state;

Whereas, Residents of Ann Arbor continue to feel the pressure from a lack of housing options with average rents increasing nearly 15% since 2015;

Whereas, Neighborhoods such as Arbor Oaks and Water Hill are seeing significant demographic shifts due to a lack of housing options city-wide;

Whereas, In response to the Report, City Council adopted a goal to construct 2,800 new units of affordable housing by 2035, or 140 new units per year;

Whereas, Since 2015, only 50 units of dedicated affordable housing units have been built within the city limits;

Whereas, Regionally, Over 1500 units have converted from dedicated 'Affordable' to market-rate, as terms of Low-Income Housing Tax Credits and other funding requirements have expired and an additional 800+ units will be expiring;

Whereas, Results from the 2018 City Budget Prioritization Survey clearly indicate Ann Arbor

residents believe affordable housing should be a policy and budgeting priority;

Whereas, Tackling affordable housing is a complex issue and an uphill battle, requiring many revenue streams and strategies;

Whereas, Ann Arbor offers a premium to real estate developers in the D1 and D2 zoning districts to incentivize affordable housing (“Downtown Affordable Housing Premium”). However, that premium has not been used in a completed development; and

Whereas, Ann Arbor’s downtown continues to see growth and real estate development.

RESOLVED, That the Ann Arbor City Council refers the issue to the City Planning Commission;

RESOLVED, That the Ann Arbor City Council requests recommendations to increase the public benefit created by the Downtown Affordable Housing Premium with the goal of increasing the number of affordable housing units or payments into the Affordable Housing Fund;

RESOLVED, That the Ann Arbor City Council encourages the City Planning Commission to examine solutions, such as:

- Require use of the Downtown Affordable Housing Premium for access to other premiums;
- Reduce the utility of the Residential Housing Premium, which would encourage use of other premiums, like the Downtown Affordable Housing Premium;
- Reducing parking requirements for the Affordable Housing Premium; and
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RESOLVED, That the Ann Arbor City Council requests recommendations by July 1, 2019.

Sponsored by: Councilmembers Ackerman, Smith and Mayor Taylor