



Legislation Text

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Resolution to Approve the Housing and Human Services Advisory Board Recommendations for Ann Arbor Affordable Housing Funds to Avalon Housing, Inc. and the Ann Arbor Housing Commission for Three Projects

The Ann Arbor Affordable Housing Fund (AAHF) was first proposed in the City of Ann Arbor Housing Policy adopted by City Council in July, 1989. The Affordable Housing Fund guidelines were developed by the Community Development Department and approved by the Housing Policy Board in February, 1991 and by the Ann Arbor City Council in April, 1991. The guidelines have been updated twice, in both Nov. 9, 2006 and Oct. 20, 2014. Since its inception, the Housing and Human Services Advisory Board (HHSAB) has recommended and City Council has approved a range of housing projects with the vast majority targeted for residents with the lowest incomes.

The Fund was established for the promotion, retention and creation of long term affordable housing for households with incomes less than 60% of the City's median income; with priority given to those whose income is at or below 30% of the median household income. Applications for each project AAHF must be submitted to the Office of Community and Economic Development (OCED). This information shall be reviewed by OCED staff and presented to the HHSAB for consideration. HHSAB forwards eligible projects to City Council for which it recommends final consideration.

City Council approved \$660,000.00 to the Affordable Housing fund as part of the fiscal year 19/20 budget. \$100,000.00 was set aside for planning purposes related to the public land review for affordable housing, and the other \$560,000.00 is available in the Affordable Housing Fund as of July 1, 2019. That was in addition to \$43,201.00 remaining in the fund, for a total of \$593,201.00 available for distribution. On or around July 1, 2019, OCED notified local affordable housing developers, the Housing and Humans Services Advisory Board, the Washtenaw Continuum of Care, the City's planning department as well as posted notice on the City's website that funds were available and initial applications would be accepted, with initial review done for those received by August 23, 2019.

OCED received and reviewed four applications from three organization. Those applications were reviewed and presented to the HHSAB at their regular meeting on September 12, 2019. Below is a summary:

1. [Unified HIV, Health and Beyond \(UHHB\) requested \\$133,339.43](http://a2gov.legistar.com/gateway.aspx?M=L&ID=23398) [to support the Wellness Housing's Affordable Housing Project \(AHP\) pilot program to expand existing services provided by the organization.](http://a2gov.legistar.com/gateway.aspx?M=L&ID=23398) In 2018, UHHB served 549 clients served, 71.8% of clients income well below the Federal Poverty Level and 10.4% had unstable housing. The application proposes supporting ten percent of their clients experiencing unstable housing conditions. UHHB assists homeless clients with accessing opportunities for emergency and traditional housing. UHHB proposes to provide:
 - Housing Assistance services at \$57,000.00 for five households at \$950 each for 12

Months,

- Eviction Prevention services at \$9,500.00.00 ten households at \$950.00 each,
- Tax Foreclosure Prevention services at \$10,000.00 for five households at \$2,000.00 each and
- Financial and Housing Education and Referral services at \$ 5,000.00. UHHB is seeking fund the Wellness Housing's Affordable Housing Project (AHP) to move the pilot project forward.

Avalon Housing, Inc. submitted two requests:

2. [Avalon requests \\$450,000 <http://a2gov.legistar.com/gateway.aspx?M=L&ID=23399>.00](http://a2gov.legistar.com/gateway.aspx?M=L&ID=23399) towards the new construction of 36 new affordable housing units. Hickory Way Apartments Phase II located at 1130 S. Maple in Ann Arbor. The total development costs are projected at more than \$10 million dollars. Of the 36 units, 18 are slated as supportive housing units and they serves households at 30% area median income (AMI) or less through the Project Based Vouchers (PBV). City Council previously supported Hickory Way Phase I with utility assistance funds from the Affordable Housing fund in the amount of \$130,004 which will pay for water connection fees (Resolution 17-072).
3. [Avalon Housing Inc. requests \\$60,000 <http://a2gov.legistar.com/gateway.aspx?M=L&ID=23400>.00](http://a2gov.legistar.com/gateway.aspx?M=L&ID=23400) towards the acquisition and renovation of 108/110 Glendale, a two unit duplex on the west side of Ann Arbor. The project provides permanent affordable housing units for families; one unit reserved for households with incomes at or below 50% AMI and the other unit reserved for households at or below 30% AMI. The acquisition and development costs exceed \$500k. The initial pro-forma didn't have the gap in funding. The Federal Home Loan Bank reduced funding assistance for the per construction cap. Avalon is seeking funding to fill an unforeseen gap in funding due to a recent change in FHLB policy.
4. [Ann Arbor Housing Commission \(AAHC\) requested \\$149,000.00 in AAHF gap <http://a2gov.legistar.com/gateway.aspx?M=L&ID=23401>](http://a2gov.legistar.com/gateway.aspx?M=L&ID=23401) funding to support capital improvements estimated at \$513,727.00 in capital improvements,
 - Miller Manor (727 Miller Ave-106 apartments) - \$134,181.00
 - Maple Meadows (880 S Maple 29 apartments) - \$94,161.00
 - Baker Commons (106 Packard-64 apartments) - \$285,385.00

More than 85% of tenants living AAHC housing are at 30% AMI or less.

Miller Manor has lowest incomes and currently 92% of the tenants at 30% AMI or less. These properties were redeveloped in 2015 as part of the 9% Low-Income Tax Credit/HUD Rental Assistance Demonstration (RAD) project. The projects have pre-capitalized replacement reserve budget with annual contributions. AAHC does not have sufficient capital reserves to cover all of these costs. AAHC has received funding from additional funding sources, and is seeking AAHF to fill the gap to complete the projects as described in their application.

HHSAB reviewed the application proposals and staff recommendations on September 12, 2019 at their regularly scheduled board meeting. The HHSAB discussed the applications themselves, staff recommendations, public comment, questions and responses from applicants in attendance, and

discussion of the historical practices of funding preservation and addition of physical units of shorter-term rental assistance. As part of their deliberations, Jennifer Hall, Executive Director, Ann Arbor Housing Commission, told the HHSAB that the staff recommendation of \$86,201.00 to the AAHC application was acceptable. Ms. Hall further stated that she supports additional funding to Avalon Housing rather than the AAHC for this funding round. As a result, HHSAB recommendations for this funding round prioritize resources towards projects that preserve and add affordable housing units with perpetual affordability periods within the City of Ann Arbor, in line with the goals of the adopted 2015 Housing Affordability and Economic Equity Analysis. This includes a preference towards projects with units committed to individuals and families with incomes less than 30% of the Area Median Income.

Recommendations:

- \$507,000.00 to Avalon Housing to support
 - Hickory Way Phase II (\$450,000.00)
 - 108/110 Glendale (\$57,000.00)
- \$86,201.00 to Ann Arbor Housing Commission for Miller Manor, Maple Meadows, and Baker Commons

Total funds recommended for distribution: \$593,201.00

The HHSAB does not recommend funding UHHB, but requested staff meet with Unified and provide technical assistance for future application consideration. HHSAB also plans to discuss whether or not to revise the current Affordable Housing Fund Policy in regard to rental assistance at future meetings.

Prepared by: Mirada Jenkins, Housing & Infrastructure Manager, Office of Community and Economic Development

Reviewed by: Teresa Gillotti, Director, Office of Community and Economic Development
Derek Delacourt, Community Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The City maintains an Ann Arbor Affordable Housing Fund ("AAHF"), and in 2019, funds were available to assist with the promotion, retention and creation of long term affordable housing;

Whereas, The HHSAB oversees the AAHF application review process for eligible projects, makes recommendations to City Council to support the increase in the supply of affordable housing, as clearly articulated in the Affordable Housing Fund Policy, and the 2015 Housing Affordability and Economic Equity Analysis;

Whereas, The 2015 Housing Affordability and Economic Equity Analysis has been adopted by the City of Ann Arbor, and by using AAHF to increase the affordable housing supply and retain existing units. The study calls for the City of Ann Arbor to create 140 new affordable housing units per year, for the next 20 years;

Whereas, The Ann Arbor Affordable Housing Fund Policy mandates a priority given to projects which address the perpetual affordability of units and projects which serve predominantly individuals and families with incomes less than 30% of the City's median income; and

Whereas, HHSAB passed a unanimous resolution recommending that the City of Ann Arbor City Council approve:

- \$86,201.00 in Ann Arbor Affordable Housing Fund for the Ann Arbor Housing Commission to support capital improvement projects in support of retention of affordable housing units located at Miller Manor (727 Miller Ave, 106 Apartments), Maple Meadows (800 S. Maple, 29 apartments) and Baker Commons (106 Packard, 104 apartments); and
- \$450,000.00 in AAHF for Avalon Housing, Inc. to support the addition of 36 new construction affordable housing Hickory Way Apartments Phase II located at 1130 S. Maple located in Ann Arbor;

RESOLVED, That City Council approve a grant of \$86,201.00 from the AAHF to the Ann Arbor Housing Commission, or an affiliated entity, to support capital improvement projects in support of retention of affordable housing units located at Miller Manor (727 Miller Ave., 106 Apartments), Maple Meadows (800 S. Maple, 29 apartments) and Baker Commons (106 Packard, 104 apartments);

RESOLVED, That City Council approve a grant of \$450,000.00 from the AAHF to Avalon Housing, Inc., or an affiliated entity, to support the addition of 36 new construction affordable housing Hickory Way Apartments Phase II located at 1130 S. Maple located in Ann Arbor;

RESOLVED, That City Council approve a grant of \$57,000.00 from the AAHF for Avalon Housing, Inc., or an affiliated entity, to support the acquisition and renovation of two duplex units located at 108/110 Glendale in Ann Arbor;

RESOLVED, That the terms of the grants include that the housing on the respective properties remain affordable for a period of 99 years from the original affordability date and that the grant shall not require repayment should all grant and affordability requirements are met;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign an Ann Arbor Housing Fund Grant Agreement, with Avalon Housing, Inc., or an affiliated entity, and an Ann Arbor Housing Fund Grant Agreement with the Ann Arbor Housing Commission, or affiliated entity, consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

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