



Legislation Text

File #: 21-0900, Version: 1

Resolution to Appropriate \$424,364.00 from the Affordable Housing Millage to Avalon Housing Inc., or an Affiliated Entity for its Hickory Way II Project at 1130 S Maple Road, Without Regard to Fiscal Year (\$424,364) **(8 Votes Required)**

Avalon Housing, Inc. is seeking a \$300,000.00 grant from the FY22 affordable housing millage to construct thirty-six (36) additional affordable apartments at 1130 S. Maple Road in Ann Arbor as Phase II of an eighty-four (84) unit project called Hickory Way Apartments. Avalon is also requesting \$124,364 in FY22 to provide supportive services to the tenants at Hickory Way who will be moving into Phase II in FY22.

On the development side, all thirty-six (36) of the HWA II units will be permanent supportive housing (PSH). All PSH referrals will come through Housing Access of Washtenaw County (HAWC), the centralized intake and assessment process for homeless households in Washtenaw County.

On March 6, 2017 (R-17-073) & (ORD 17-01) City Council approved a rezoning and site plan for Avalon Housing Inc., for Hickory Way Apartments. Hickory Way Apartments Phase I and Hickory Way Apartments Phase II are two parts of an overall site condo created for these developments. Under the IRS regulations for Low-Income Housing Tax Credit projects, Avalon created an affiliated ownership entity, Hickory Way Apartments II Limited Dividend Housing Association, Limited Partnership, that is developing and owns the project. Avalon Housing Inc. will be the property manager and primary service provider. The property is currently under construction, with completion and lease-up anticipated by September 2021.

Phase I consists of a three-story elevator building with thirty-four (34) one-bedroom units and community space. Phase II includes a 2nd three-story elevator building with thirty-six (36) one-bedroom units. The households at Phase II will have access to the community space in Phase I. As is the case at Phase I, all units at HWA Phase II will be visitable with no-step entries. HWA II, like HWA I, will also include six (6) fully accessible units. In addition, Avalon is working with the City to purchase an adjacent one-acre parcel to complete Hickory Way Apartments Phase III, to add fourteen (14) apartments for a total of 84 apartments.

Eighteen (18) units are restricted to households at or below 60% of Area Median Income (AMI) or 50% AMI. The other eighteen (18) apartments are restricted to households with income below 30% AMI.

Supportive housing services are grounded in a housing first philosophy, and focus on maintaining housing stability as well as enhancing tenants' quality of life. Eviction prevention efforts for high-risk tenants are prioritized and coordinated with property managers.

The supportive housing services are voluntary, highly individualized and flexible based on tenant need. Services include outreach and engagement, referral and advocacy, community building, and a range of direct supports designed to address tenant behaviors that may threaten their housing.

Common services provided include support for mental health management, relapse prevention, independent living skills, advocacy around benefits and health care, conflict resolution, and assistance with basic needs such as food. Support services for HWA II tenants are not time limited and will vary in frequency and intensity as needed throughout their tenancy.

Avalon will be assessing housing risk, referring tenants to services, ensuring tenant targeting commitments are met initially and maintained at turnover through tenant selection, coordinating plans and services with partner agencies, and reviewing and evaluating program outcomes and reports. Avalon will focus on helping tenants stabilize their households, increase financial and social independence and effectively manage their disabilities or special needs.

HWA II households will have full access to the community center at HWA I. The community center will provide a range of programs and activities designed to help tenants build skills, develop tenant organizations, foster peer support and connect with volunteers and community services. Tenants will be able to access computers, internet, phones and faxing services in the center as well.

This project leverages multiple sources. Total development costs are approximately \$10,750,000 and \$8,340,000 was secured through Low Income Housing Tax Credit equity. \$36,500 was awarded from Washtenaw County HOME funds. A \$200,000 funding request for Washtenaw County HOME is pending, with a decision anticipated by June 2021. The development also has been awarded \$450,000 in Ann Arbor Affordable Housing Funds from the City; \$321,515 from Federal Home Loan Bank Affordable Housing Program funds; and a conventional loan of \$1,000,000 from Chelsea State Bank. This request for City Millage funds is for \$300,000. The remaining gap will be covered through deferred developer fees. Avalon is the sole developer of the property.

Avalon is also requesting supportive housing funds for the Hickory Way Apartments sites. Avalon is requesting service funding of \$124,364 starting in FY22, potentially increasing thereafter dependent upon other services funding.

In furtherance of green development objectives, Avalon has committed to not having any combustion equipment on-site. The all-electric site creates the possibility of transitioning to renewable energy sources in the future. Avalon is also seeking Net Zero Energy Certification for the Community Center and will be seeking Enterprise Green Certification for Avalon's overall development.

Prepared By: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Reviewed By: Derek Delacourt, Community Services Area Administrator

Approved By: Tom Crawford, City Administrator

Whereas, Avalon Housing, Inc. is seeking a \$300,000.00 grant from the affordable housing millage, for a \$10,750,000.00 budget to construct thirty-six (36) affordable apartments to complete Phase II at Hickory Way Apartments at 1130 S Maple Road;

Whereas, The project will create high quality, sustainable affordable apartments for low-income households, including at least 18 supportive housing units set-aside for extremely low-income households; and

Whereas, Avalon is requesting an annual allocation from the Affordable Housing Millage of \$124,364 for FY22 and will be requesting an annual allocation for supportive services to residents of Hickory Way apartments;

RESOLVED, That City Council appropriate a \$300,000 grant from the FY22 budget from the

Affordable Housing Millage to Avalon Housing, Inc. or an affiliated entity for Hickory Way II, with funds available until expended without regard to fiscal year;

RESOLVED, That City Council appropriate a \$124,364 grant from the FY22 Affordable Housing Millage budget to Avalon Housing, Inc. for on-site tenant supportive services at Hickory Way Apartments, with funds available until expended without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign a Grant Agreement 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, or his designee, be authorized to take the necessary administrative actions and to execute any documents necessary to complete this transaction and to implement the resolution.