



## Legislation Text

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**File #:** 22-1987, **Version:** 1

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Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Union at A2 - 2050 Commerce Drive The Annex Group (or an affiliated entity as required by funding sources), will be acquiring and developing the property at 2050 Commerce Drive as further described in the attached resolution for the purpose of building 250 affordable homes, with an average household income at or below 60% of the Area Median Income (AMI).

The Annex Group will apply for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) which would result in a mortgage on the property.

This resolution is contingent upon City Council's approval at second reading (scheduled for February 21, 2023) of an amendment to Chapter 19 of City Code that extends tax exemptions to include housing projects for persons and families earning up to 80% of Area Median Income with a project average of 60% of Area Median Income.

City Council approved the original 2050 Commerce Drive site plan on June 4, 2018.

Staff have reviewed this housing project and determined that if approved by MSHDA, it will be eligible for tax exemption under the amended Chapter 19 of City Code.

Prepared By: Brett Lenart, Planning Manager

Reviewed By: Derek Delacourt, Community Services Area Administrator

Approved By: Milton Dohoney Jr., City Administrator

Whereas, The Annex Group (or an affiliated entity as required by funding sources), will be acquiring and building approximately 250 affordable homes at 2050 Commerce Drive in the City of Ann Arbor;

Whereas, The Annex Group has applied for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) for the entire project;

Whereas, City Council has approved an amendment to Chapter 19 of City Code that will take effect upon publication thereof;

Whereas, City Council has determined prospectively that, under the amended Chapter 19 of City Code, the Union at A2 - 2050 Commerce development will be qualified for and should be granted a tax exemption and pay an annual service charge in lieu of taxes;

RESOLVED, That the housing project known as Union at A2 - 2050 Commerce, at 2050 Commerce Drive in the City of Ann Arbor, is exempted from all ad valorem property taxes and shall pay an annual service charge in lieu of taxes equal to one dollar (\$1.00) for each eligible housing unit in the housing project, as provided by Chapter 19 of City Code and the Michigan State Housing Development Authority Act, said housing project being the following real property:

Land situated in the City of Ann Arbor, County of Washtenaw, State of Michigan described as follows:

Lots 6, 7, 8, 9, 10, 11, 16, 17, 18, and 19, Bedford-Buttner Commercial Subdivision, as recorded in Liber 16 of Plats, Pages 8 and 9, Washtenaw County Records, together with vacated Pennsylvania Ave., as recorded in Liber 3933, Page 752, and the Southerly 1/2 portion of vacated Federal Boulevard as recorded in Liber 3920, Page 887, Washtenaw County Records.

RESOLVED, That the tax exemption shall be effective on December 31st of the year in which this resolution is adopted, conditioned upon receipt by the City from the Michigan State Housing Development Authority of a "Notification to Local Assessor of Exemption" for the property;

RESOLVED, That this resolution shall remain in effect and shall not terminate so long as both (1) the housing project remains eligible for tax exemption under Chapter 19 of City Code and state and federal law, and (2) a state or federally-aided mortgage loan remains outstanding and unpaid on the housing project, as provided in Chapter 19 of City Code;

RESOLVED, That, notwithstanding the provisions of Section 15(a)(5) of the Michigan State Housing Development Act (MCL 125.1401 et seq.) to the contrary, a contract between the City of Ann Arbor and The Annex Group, or its affiliate, with the Michigan State Housing Development Authority as third party beneficiary under the contract, to provide this tax exemption and accept payments in lieu of taxes, is effectuated by adoption of this resolution;

RESOLVED, That the owner or operator of the housing project shall, upon request by the City, provide evidence to verify continuing eligibility for tax exemption under Chapter 19 of City Code; and

RESOLVED, That the City Administrator is authorized to take all appropriate administrative actions to implement this resolution.