



## Legislation Text

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**File #:** 24-0267, **Version:** 1

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Resolution to Grant \$275,000.00 in FY24 and \$200,000 in FY25 for Sustainable Affordable Housing Improvements in Community Climate Action Millage Funds to the Ann Arbor Housing Development Corporation

The City of Ann Arbor's Office of Sustainability and Innovation (OSI) is requesting City Council approval to grant \$275,000.00 in FY24 and \$200,000.00 in FY25 Community Climate Action Millage funds to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan nonprofit whose sole member is the Ann Arbor Housing Commission (AAHC).

In 2019, City Council approved a resolution (R-19-514), directing the AAHC to develop 121 Catherine as affordable housing. Since then, the AAHC conducted several years of community engagement, hired co-developer, Avalon Housing, and has been working with architects, engineers, contractors, development consultants, and green design consultants to prepare the site plans, design the building and secure funding for this development. Additionally, the development team has been working with a Community Leadership Council (CLC), a group of local Black residents, both current and previous residents, as well as young artists on a portion to design a community and cultural space to honor the neighborhood's Black history and the people who worked, lived and organized here.

The project includes a 64,529 square foot L-shaped building with 63 residential units involving 62 one-bedroom and 1 two-bedroom apartments. All the residential units will be affordable to households with incomes at or below 60% of Area Median Income (AMI). Half of the apartments will be targeted as supportive housing for households with incomes at or below 30% AMI. Avalon Housing will be the on-site service provider and will collaborate with other community services providers. The remaining apartments will include a preference for low-income households who are involved in artistic or literary activities, which is specifically allowed as a preference under the Low-Income Housing Tax Credit Program.

This \$33 million project includes funding from the National Equity Fund through the Low Income Housing Tax Credit program; Washtenaw County HOME funds; Federal Home Loan Bank of Indianapolis Affordable Housing Program funds; City of Ann Arbor affordable housing millage funds; Ann Arbor Downtown Development Authority affordable housing and TIF funds; Washtenaw County Brownfield Redevelopment Authority funds; State of Michigan Dept of Environment, Great Lakes and Energy brownfield funds; Inflation Reduction Act and other federal renewable energy credits; and a loan from Chelsea State Bank.

Throughout the development process, OSI has been collaborating with the AAHC to help ensure this development supports the City's sustainability goals stated in A<sup>2</sup>ZERO, the City of Ann Arbor's plan, adopted by City Council on June 1st, 2020, for achieving a just transition to community-wide carbon neutrality by 2030. Development plans currently include significant green infrastructure, including energy efficiency applications, indoor environmental quality technology, lot design that meets green building standards, electric vehicle charging stations, a pedestrian pathway through the site to the Farmers Market and local businesses, and electric vehicle carshare for residents. However, to truly

move towards carbon neutrality, renewable energy systems for the building are necessary. The Climate Action Millage funds would specifically support the installation of these systems, including solar readiness and geothermal, at the site.

Groundbreaking for the site is expected in the Spring of 2024.

Budget/Fiscal Impact: Funding in the amount of \$275,000.00 for this grant is available in the FY24 Climate Action Millage budget and \$200,000.00 shall be budgeted within the FY25 Climate Action Millage budget.

Prepared By: Heather Seyfarth, Director of Housing and Economic Development

Reviewed By: Missy Stults, Sustainability and Innovations Director

Reviewed By: Kevin McDonald, Chief Deputy City Attorney

Approved By: Milton Dohoney Jr., City Administrator

Whereas, In 2019, City Council approved a resolution (R-19-514), directing the Ann Arbor Housing Commission to develop 121 E. Catherine as affordable housing;

Whereas, On June 1st, 2020 City Council adopted A<sup>2</sup>ZERO, a plan for achieving a just transition to community-wide carbon neutrality by 2030;

Whereas, OSI has been collaborating with AAHC to help ensure this development supports the City's sustainability goals;

Whereas, The development plans currently include significant green infrastructure, including energy efficiency applications, indoor environmental quality technology, lot design that meets green building standards, electric vehicle charging stations, a pedestrian pathway through the site to the Farmers Market and local businesses, and electric vehicle carshare for residents;

Whereas, To truly move towards carbon neutrality, renewable energy systems for the building, such as solar and geothermal, are necessary;

Whereas, Funding is available for these grants within the Climate Action Millage; and

Whereas, OSI is requesting City Council approval of granting \$275,000.00 in FY24 and \$200,000.00 in FY25 in Community Climate Action Millage funds to support solar readiness and geothermal installation at the site;

RESOLVED, That City Council approves granting the Ann Arbor Housing Development Corporation \$275,000.00 in FY24 and \$200,000.00 in FY25 in Community Climate Action Millage funds to support solar and geothermal installation at 121 Catherine;

RESOLVED, That the City Council approve the Ann Arbor Community Climate Action Millage Fund Grant Agreement Between the City of Ann Arbor and the Ann Arbor Housing Development Corporation ("Grant Agreement");

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Grant Agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

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