

City Council Resolution

- Goal 1:** The City will preferentially maintain ownership of the property (i.e. land lease)
- Goal 2:** Potential developers will offer a mixes of unit types and rental levels
- Goal 3:** Developers will optimize the number of affordable units for those who make up to 60% of the Area Median Income (AMI)
- Goal 4:** Developers and their successors in ownership will accept Housing Choice Vouchers
- Goal 5:** Developers will provide adequate and appropriate space to accommodate the operations of the Ann Arbor Housing Commission
- Goal 6:** Developers will explore options with the City to provide dedicated space for other public uses and/or non-profit space

2019 Ann Arbor Area Median Income

Area Median Income	1 Person	2 Person	3 Person	4 Person	5 Person
30%	\$21,270	\$24,300	\$27,300	\$30,360	\$32,790
50%	\$35,450	\$40,500	\$45,550	\$50,600	\$54,650
60%	\$42,540	\$48,600	\$54,660	\$60,720	\$65,580
80%	\$56,720	\$64,800	\$72,880	\$80,960	\$87,440
100%	\$70,900	\$81,000	\$91,100	\$101,200	\$102,200
120%	\$85,080	\$97,200	\$109,320	\$121,440	\$131,160

Ann Arbor Primary Metropolitan Statistical Area includes all of Washtenaw County – Median Family Income = \$101,200; State of MI = \$71,600
 HUD places the Area Median Income into the 100% AMI 4 person household slot, and all other incomes are a formula based off that number

WHAT IS AFFORDABLE HOUSING?

Housing that costs 30% or less of a household’s gross annual income

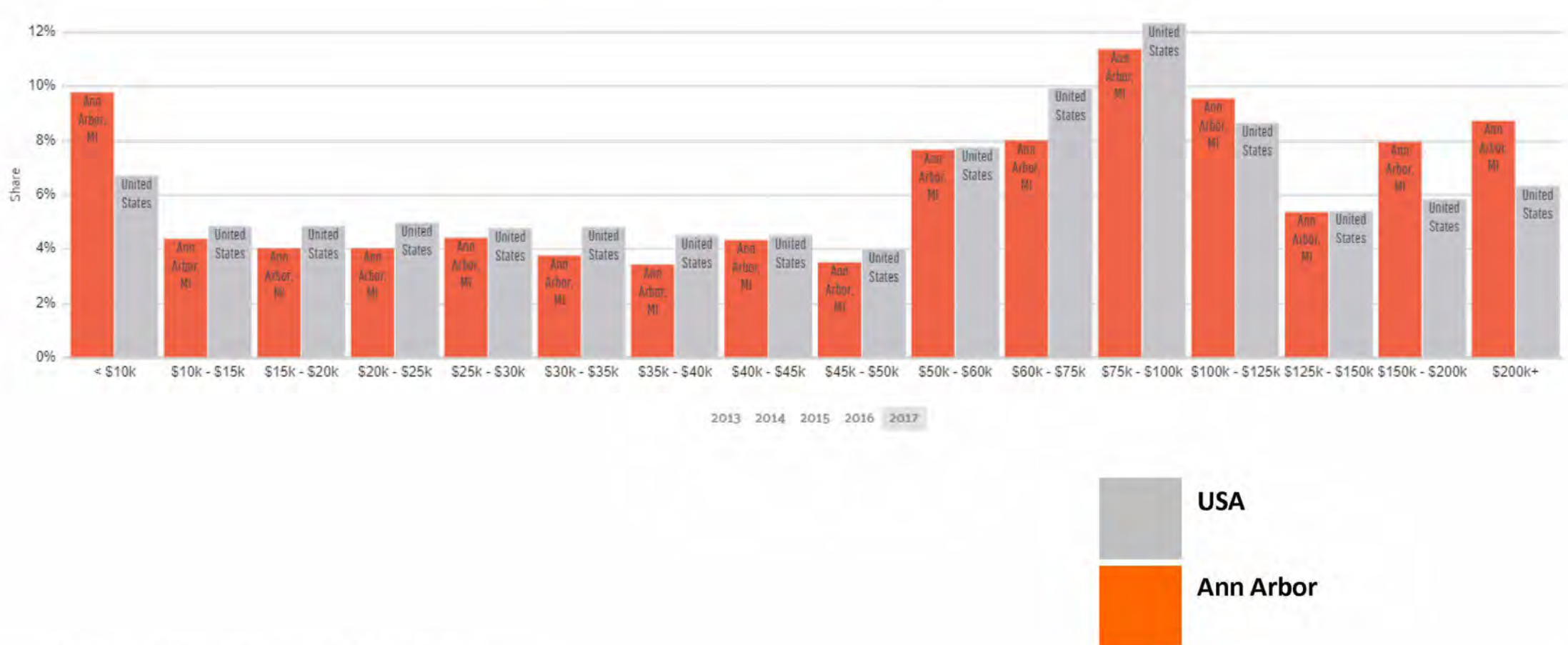
If housing costs exceed 30%, it is considered a **cost burden**.

(rent and utilities or mortgage, taxes & utilities)

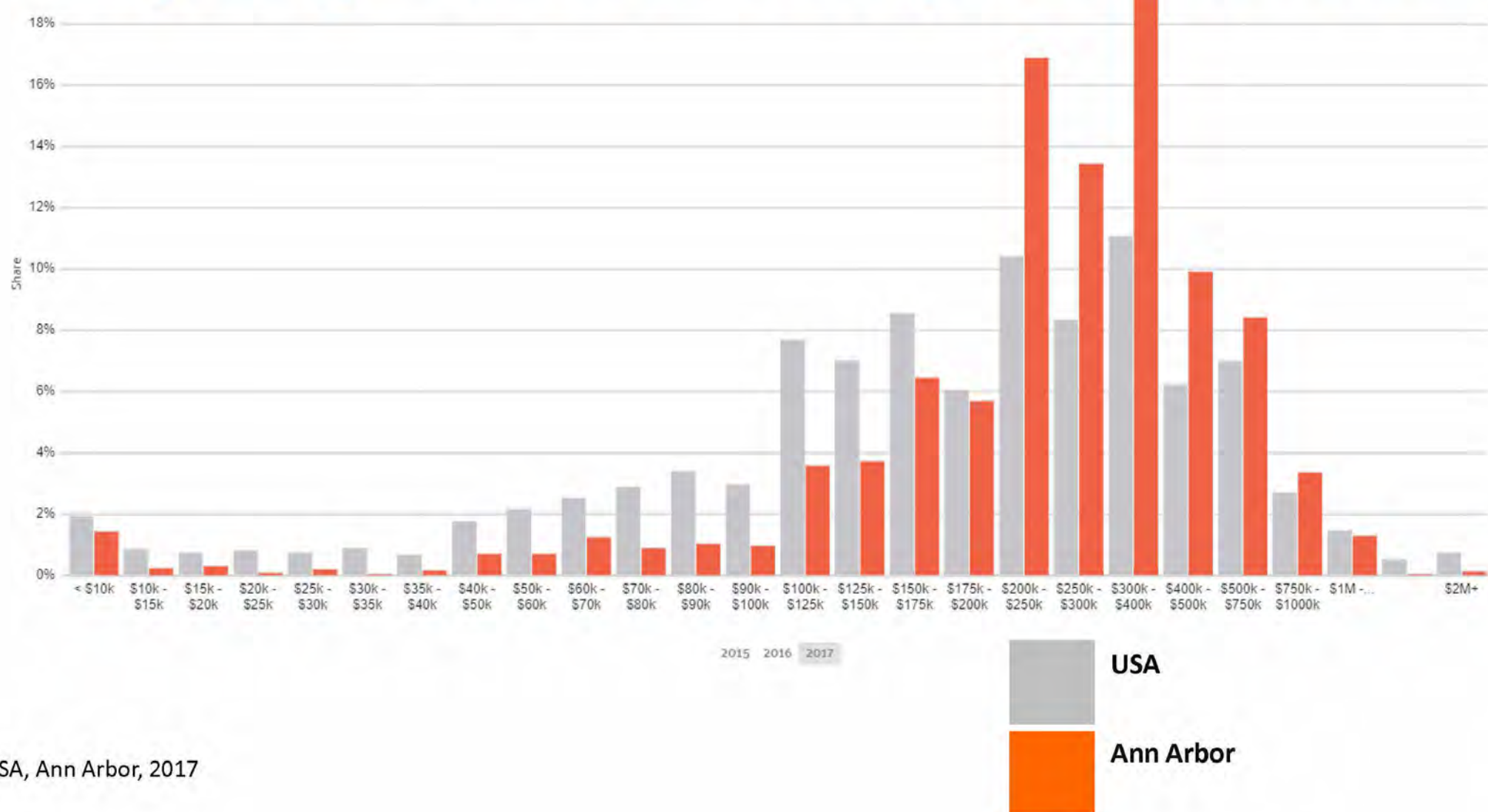
Affordable Monthly Housing Costs Based on 30% of Income

Area Median Income	1 Person	2 Person	3 Person	4 Person	5 Person
30%	\$531	\$607	\$683	\$759	\$819
50%	\$866	\$1,012	\$1,138	\$1,265	\$1,366
60%	\$1,063	\$1,215	\$1,366	\$1,518	\$1,639
80%	\$1,418	\$1,620	\$1,822	\$2,024	\$2,186
100%	\$1,772	\$2,025	\$2,277	\$2,530	\$2,732
120%	\$2,127	\$2,430	\$2,733	\$3,036	\$3,279

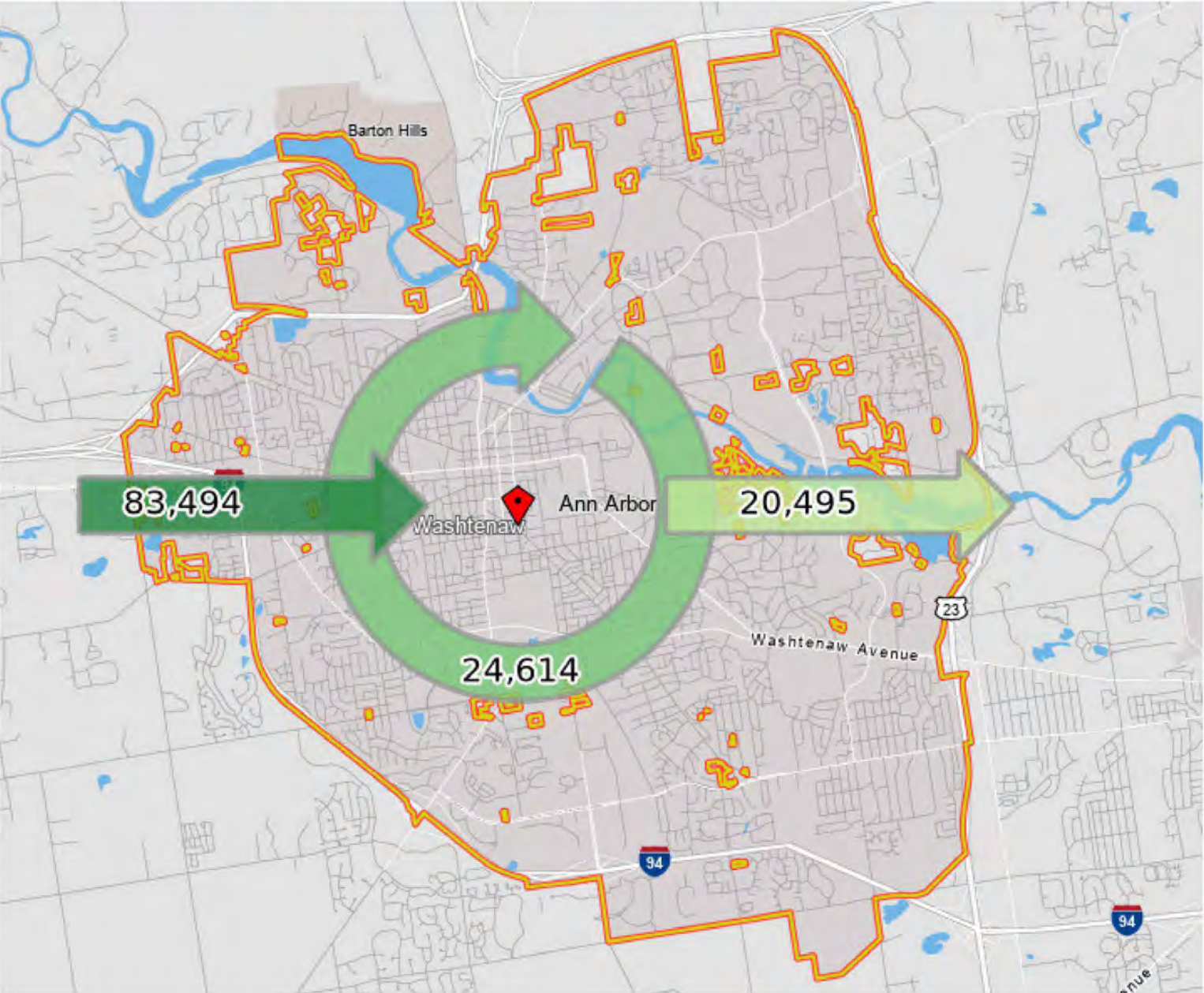
Ann Arbor 2017 Household Income Compared to USA



Ann Arbor 2017 Property Values Compared to USA



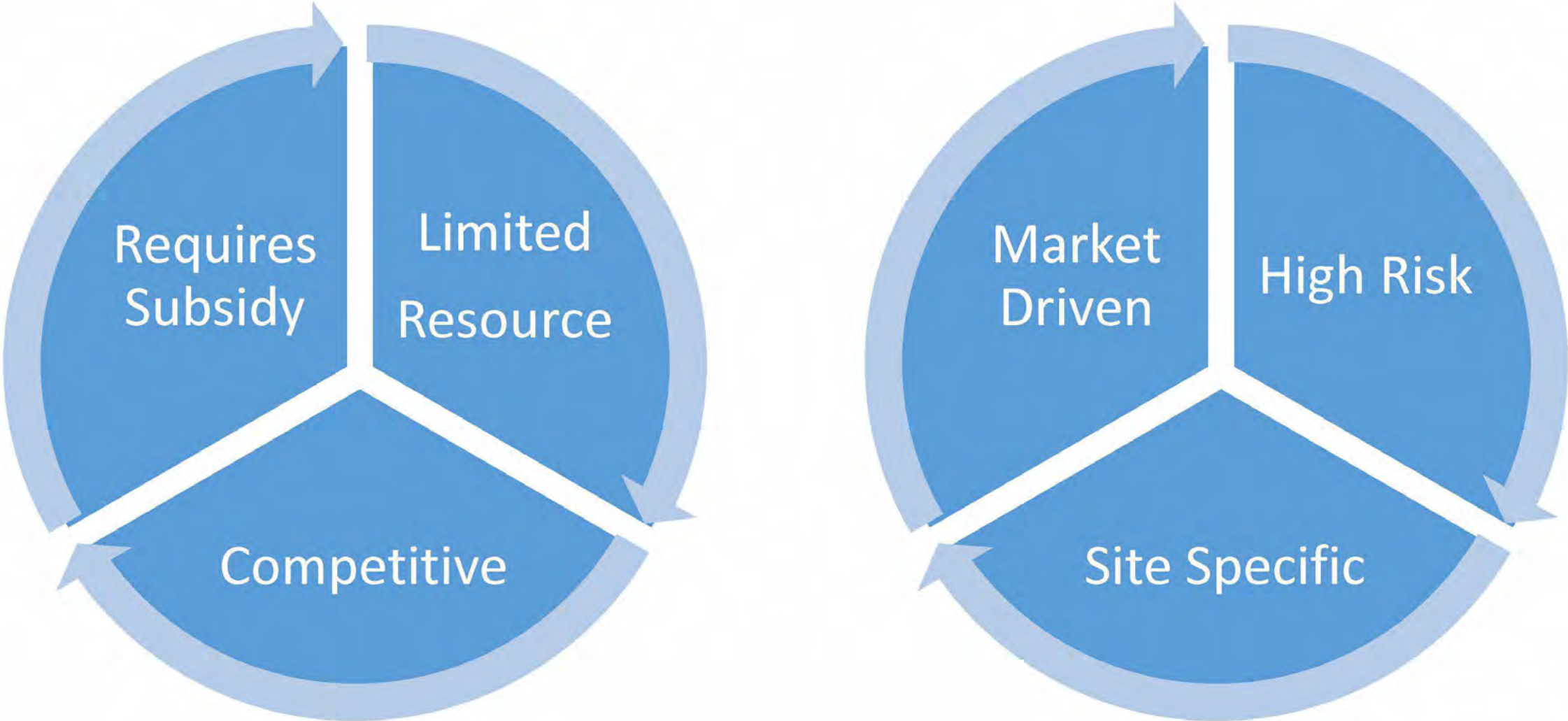
Ann Arbor – 2017 Commuting Patterns



On the Map 2017

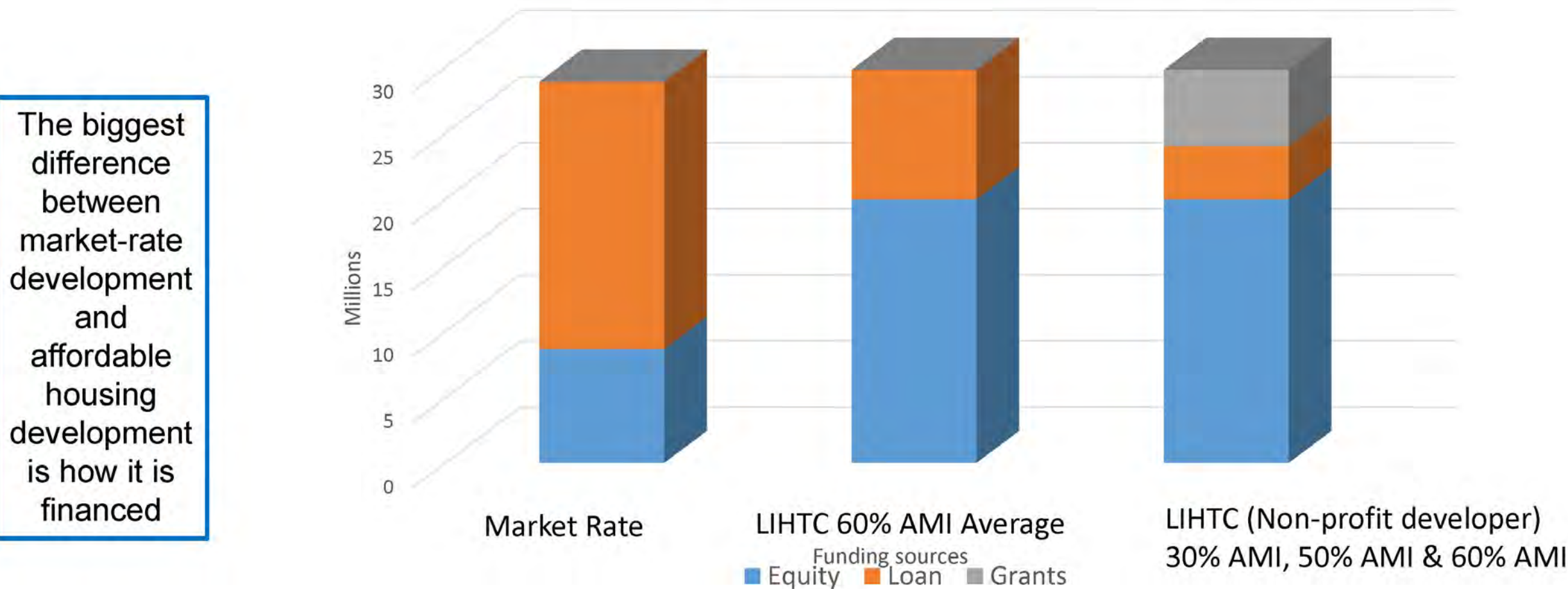
- 83,494 commute in for jobs
- 24,614 live and work in Ann Arbor
- 20,495 commute out for jobs

If there is such a huge demand for affordable housing, why isn’t the private sector building it?

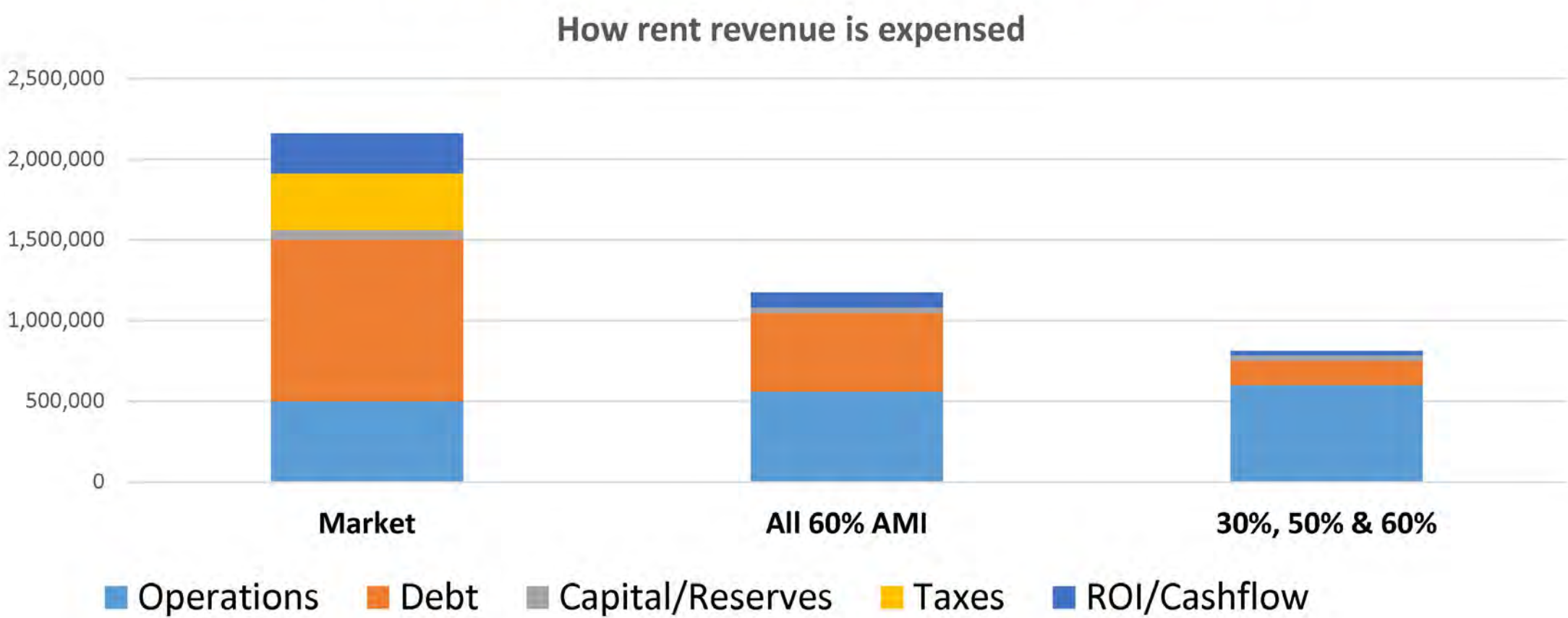


Charts below reflect typical numbers for similarly built 100 housing unit (approx.) developments

Typical Housing Development Financing Market Rate vs. LIHTC Affordable Housing



Operating Revenue & Expense Market Rate vs. Affordable



ROI = Return on Investment



Land Use Restriction

- City Adopted Planning Documents or Council Resolutions
 - Greenways & Treeline Trail
- Zoning
 - Density & Height
 - Parking & Open Space
- Deeds or Covenants
 - FEMA (Federal Emergency Management Agency)
 - MDEQ (Michigan Dept. of Environmental Quality)
 - * Park Property

Plans

Zoning

Legal

* Park property requires ballot approval to convert to another use

Financial Modeling

- Building Characteristics
 - Mixed Use
 - Amenities
- Tenant Characteristics
 - Income Targets
 - Number of Bedrooms & Unit Square Footage
- Construction Costs
- Financing Costs
 - Loan Terms
- Operating Cost Assumptions

Equity

Debt

Grants

* LIHTC is by far the single largest source of funding for affordable housing in the United States for new developments

Financial Resources

- * **Low Income Housing Tax Credits (LIHTC)**
- Federal Housing and Urban Development (HUD)
- Michigan State Housing Development Authority (MSHDA)
- Ann Arbor Housing Fund (AAHF)
- DDA Affordable Housing Fund
- Brownfield Funding
- Housing Revenue Bonds
- Loans from Financial Institutions
- Millage
- Philanthropic Entities

Local

State

Federal



* Cannot use federal or MSHDA funds to build affordable housing within 300 feet of railroads

Environmental Conditions

- Floodway/Floodplain
- Noise
 - * Railroad within 300 feet of building
- Underground Storage Tanks
- Existing Buildings
 - Asbestos Containing Materials
 - Lead-based Paint
- Brownfield Eligibility

Local

State

Federal



Other Considerations

- **Ownership Structure**
 - Homeowner, Rental, Cooperative
 - For-profit, Non-profit
 - Single Owner, Condo with Multiple Legal Entities
- **Market Demand**
- **City Disposition Process**
 - Lease, Sell



FEEDBACK: Do you have other questions or comments about affordable housing? *Please leave a sticky note in the box below:*

F E E D B A C K



Catherine/Fourth Lot

- ✓ No Negative Site Issues
- ✓ LIHTC Eligible
 - ✓ High Scoring
 - ✓ Perfect Size to Max Out Funding
 - ✓ 60 - 85 units
- ✓ HUD and MSHDA Funding Eligible
- ✓ DDA Funding Eligible
- ✓ Minimal Local Resources Needed

Recommend AAHC as Developer with Land Lease: Can Begin Design and Site Plan Approval Process Immediately



404 - 406 N Ashley

- ✓ No Negative Site Issues
- ✓ LIHTC Eligible
 - ✓ High Scoring
 - ✓ Perfect Size to Max Out Funding
 - ✓ 60 - 85 units
- ✓ HUD and MSHDA Funding Eligible
- ✓ DDA Funding Eligible
- ✓ Minimal Local Resources Needed
- ✓ UM Dental Clinic Lease Expires 6/2021
 - ✓ Work with UM to Relocate

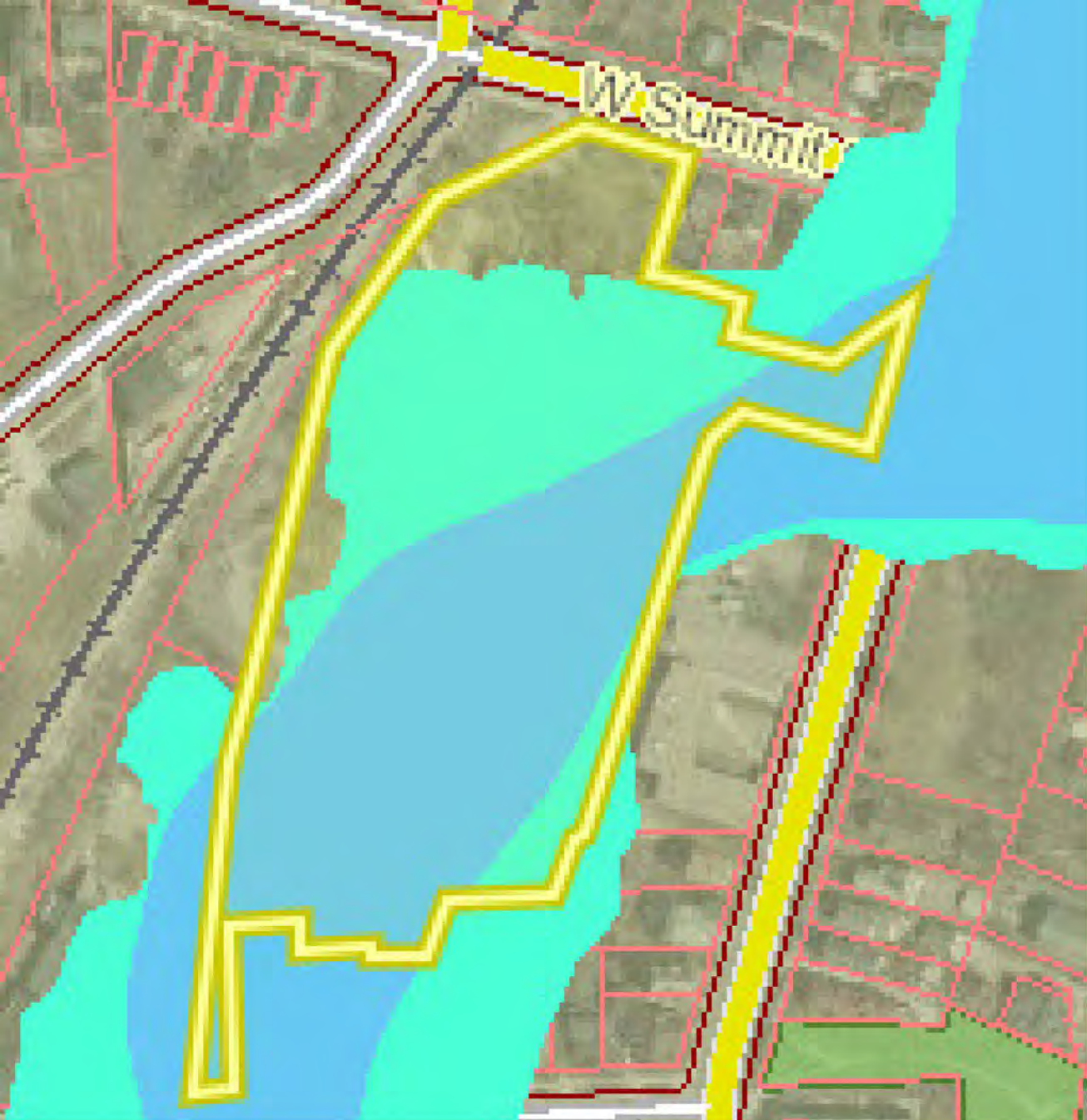
Recommend AAHC as Developer with Ground Lease: Can Begin Design and Site Plan Approval Process Immediately



S. Ashley Lot (Klines)

- ✓ No Negative Site Issues
- ✓ LIHTC Eligible
 - ✓ High Scoring
 - ✓ LIHTC Quickly Maxes Out Funding
 - ✓ 400-600+ units
- ✓ HUD and MSHDA Funding Eligible
- ✓ DDA Funding Eligible
- ✓ Significant Impact On Downtown
 - ✓ Pair w/ Parking Deck 216 W William

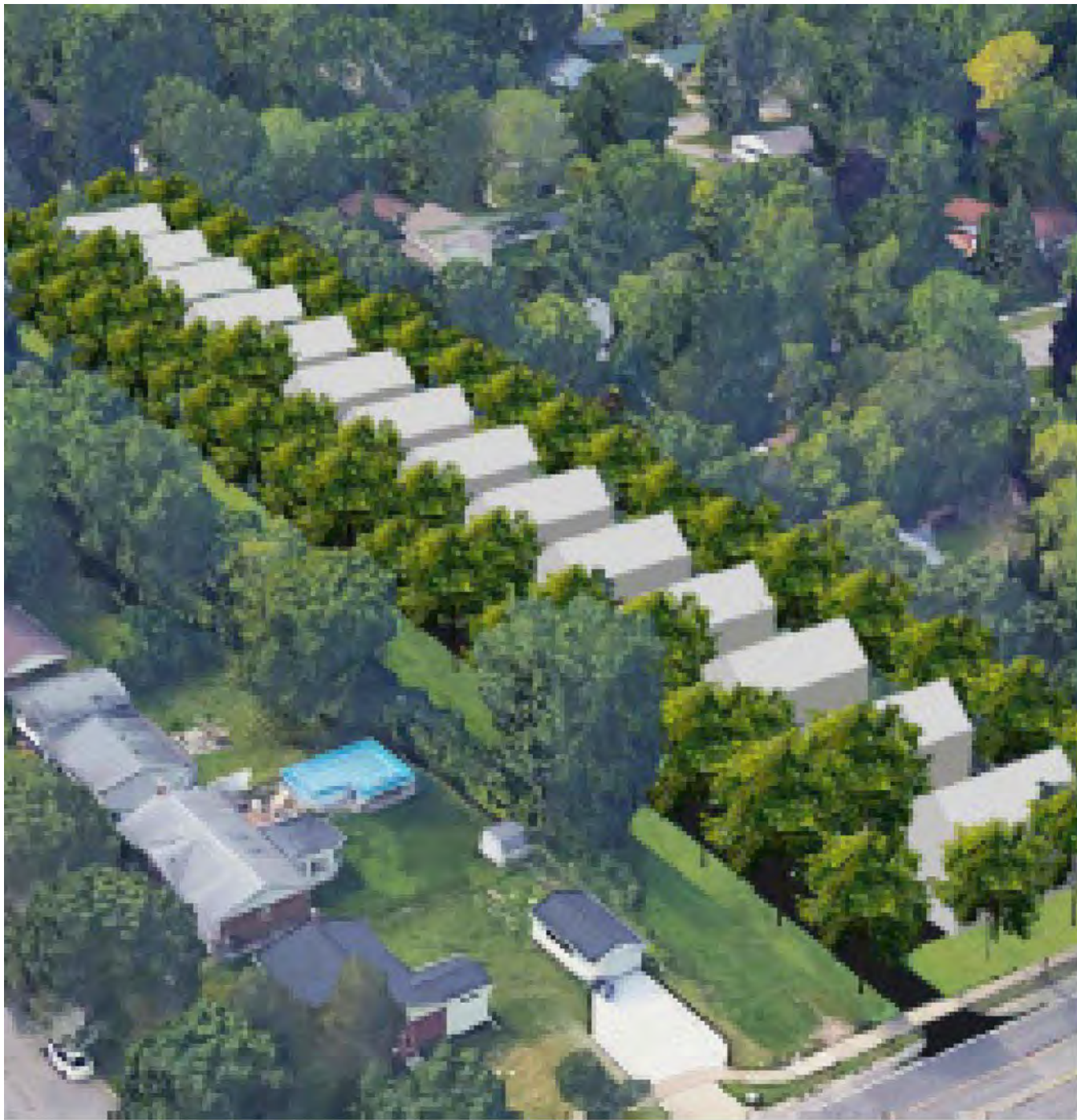
Recommend Community Engagement: Height, Density, Parking, Income Target, Uses, Developer, Sell or Lease



721 N Main

- ✗ Floodway/Floodplain
 - ✓ FEMA Deed Restriction
 - ✓ Greenway, Treeline Trail Eligible Use
- ✗ NOT LIHTC Eligible
 - ✓ Adjacent to Railroad
- ✗ NOT HUD or MSHDA Funding Eligible
- ✓ DDA Funding Eligible
- ✓ High Local Subsidy Per Unit
- ✓ Northwest corner developable
 - ✓ 25-35 units

Recommend Community Engagement: Greenway, Treeline Trail, Public Space, Income Target, Developer, Sell or Lease or Hold



Platt & Springbrook

- ✓ No Site Issues
- ✓ LIHTC Eligible
 - ✓ Scores Poorly Based on Location
 - ✓ Too Small for Stand-Alone LIHTC
 - ✓ 12-14 Units
- ✓ HUD & MSHDA Funding Eligible
- ✗ Expensive Infrastructure Per Unit
 - ✓ Road
 - ✓ Water and Sewer
- ✓ High Local Subsidy Per Unit

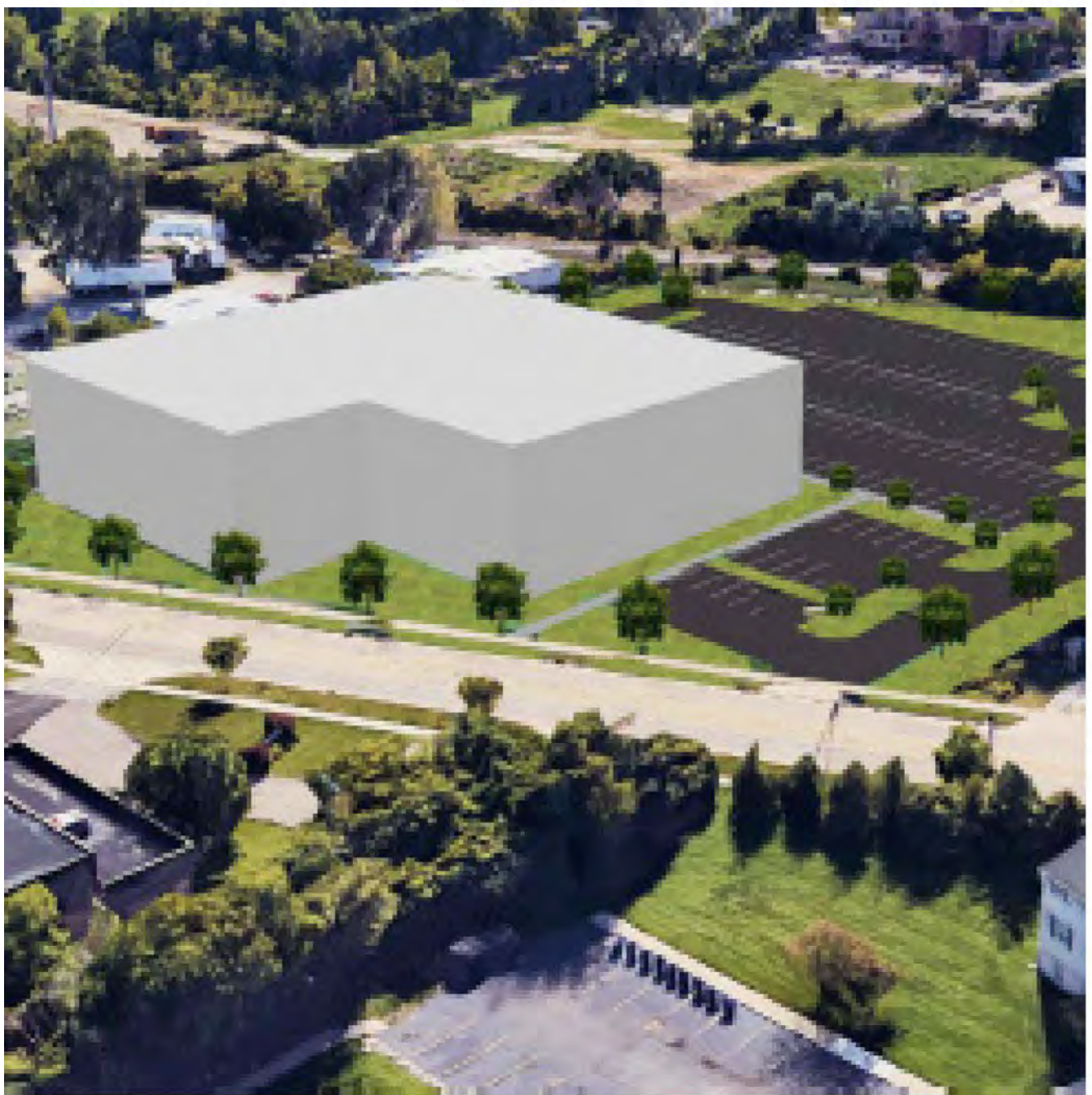
Recommend Community Engagement: Developer, Density, Owner or Rental



1510 E Stadium

- ✓ No Site Issues
- ✓ LIHTC Eligible
 - ✓ Scores Poorly Based on Location
 - ✓ Too Small for Stand-Alone LIHTC
 - ✓ 8-12 Units
- ✓ HUD & MSHDA Funding Eligible
- ✓ Demolition of Fire Station
 - ✓ Or Potential AAHC Office/Maintenance
 - ✓ Temporary or Permanent
- ✓ High Local Subsidy Per Unit

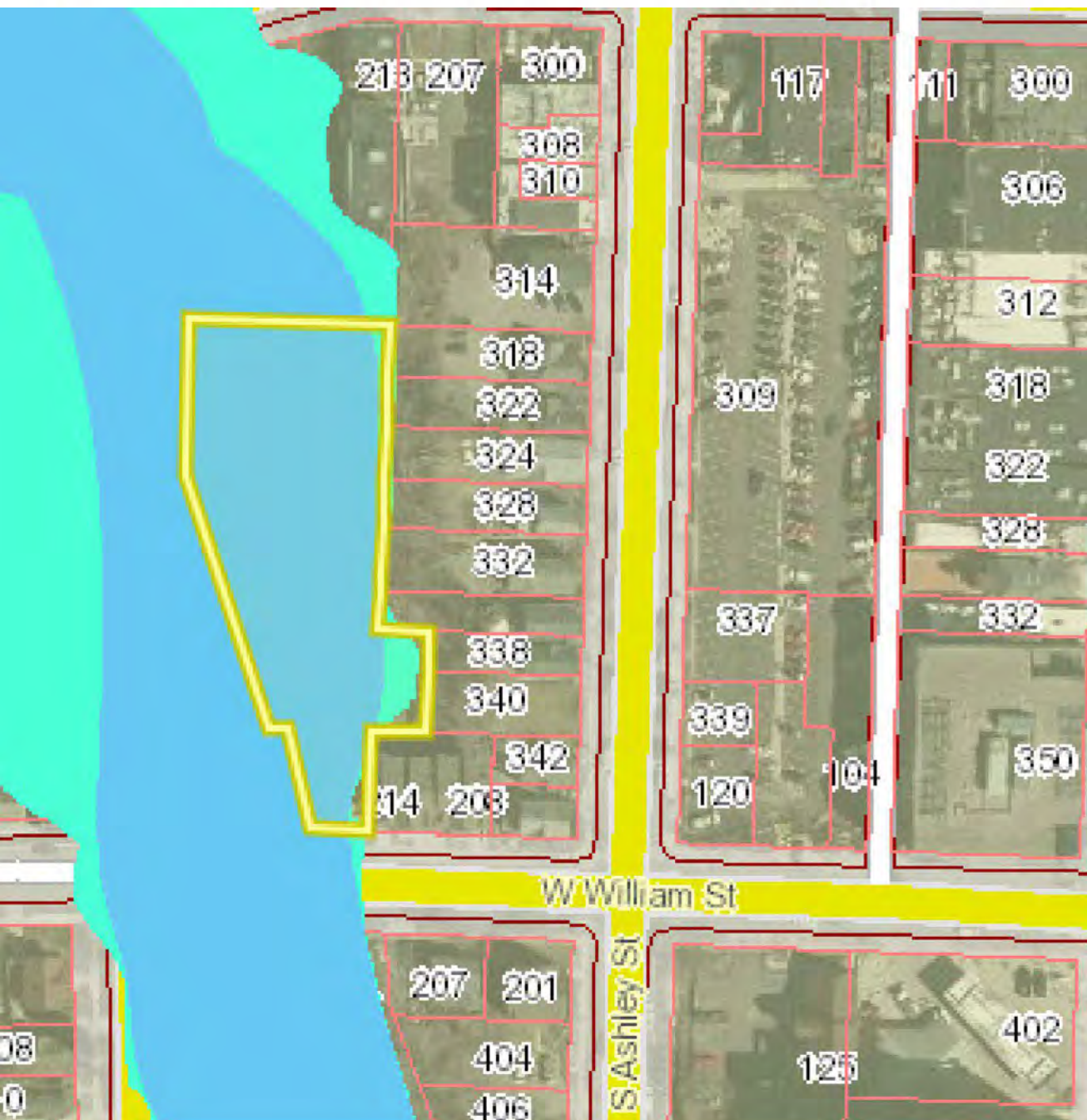
Recommend Further Study: Hire Architect to Design and Cost Estimate to Renovate & ADA Addition as Office/Maintenance Space



2000 S. Industrial

- ✓ Underground Storage Tank
- ✗ NOT LIHTC Eligible
 - ✓ Adjacent to Railroad
- ✗ NOT HUD & MSHDA Funding Eligible
- ✓ Large Site – High Potential
 - ✓ 50-165 Units
- ✓ Test Site Revenue Bond Financing
- ✓ AAHC Office/Maintenance Relocation
- ✓ High Local Subsidy Per Unit

Recommend AAHC Develop after Further Study: High Site Potential if Able to Finance with AAHC Revenue Bonds & Local Subsidy



1st/W William Lot

- ✗ Entire Site in Floodway/Floodplain
- ✗ NOT LIHTC Eligible
 - ✓ Adjacent to Railroad
- ✗ NOT HUD & MSHDA Funding Eligible
- ✓ DDA Eligible
- ✓ Council Resolution re Greenway

Do Not Recommend Development as Affordable Housing



1320 Baldwin Senior Center

- ✗ MDEQ Development Restriction
- ✓ Park Property
 - ✓ Requires Ballot Approval to Change Use
 - ✓ Loss of Senior Center if Develop

Do Not Recommend Development as Affordable Housing

SUMMARY of RECOMMENDATIONS



Develop
Start Right Now

Catherine/Fourth lot
404-406 N Ashley



Develop
With Community Engagement

S. Ashley (Kline's) parking lot
Platt & Springbrook
721 N Main
415 W Washington
350 S. Fifth (former Y)



Develop
After Further Study

2000 S. Industrial
1510 E Stadium

DO NOT DEVELOP AS HOUSING:
1320 Baldwin (Senior Center)
1st/William Parking Lot