

AGENDA

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

June 21, 2023

Meeting Time: 7:00

Location: Virtual on Zoom

- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES
 - A. Regular Boar Meeting Minutes of May 17, 2023
- III. NEW BUSINESS
 - A. Resolution 23-12 Grant Agreement for Affordable Housing Millage
 - B. Resolution 23-13 Grant Agreement for Marijuana Funds
 - C. Resolution 23-14 Grant Agreement for Mental Health Millage
 - D. Resolution 23-15 Purchase of 350 S. Fifth Ownership \$6,200,000
 - E. Resolution 23-16 Tenant Service Agreement Avalon for Hickory Way
\$560,058.00
 - F. Resolution 23-17 Purchase of 121 Catherine \$1
 - G. Financial Statements April 2023
- IV. ADJOURNMENT

MINUTES
ANN ARBOR HOUSING DEVELOPMENT CORPORATION
BOARD MEETING
May 17, 2023

Meeting Time and Location: **7:00 p.m.**
In-Person at 2000 S. Industrial & Virtual Zoom Meeting, Ann Arbor, MI

President Meadows convened the meeting at 7:19 p.m.

Board Members present: Jennifer Hall, Steven Daniels, Deanna Boer, Lee Meadows

Board Members absent: Patricia Jenkins, Thierry Batalonga

I. Approval of Agenda

Boer moved and *Daniels* seconded.

Motion approved 4 – 0 (Boer, Meadows, Daniels, Hall - yes, 0 – no)

II. Approval of Minutes March 22, 2023

Boer moved and *Daniels* seconded.

Motion approved 4 – 0 (Boer, Meadows, Daniels, Hall - yes, 0 – no)

III. Approval of NEW Business

A. Resolution 23-9 To Approve the Annual Officer Elections of Board

Daniels moved and *Boer* seconded.

Motion approved 4 – 0 (Boer, Meadows, Daniels, Hall - yes, 0 – no)

B. Resolution 23-10 To Approve the FY23 Annual Budget

Daniels moved and *Boer* seconded.

Motion approved 4 – 0 (Boer, Meadows, Daniels, Hall - yes, 0 – no)

C. Resolution 23-11 To Elect Matt Weber to the Board

Boer moved and *Daniels* seconded.

Motion approved 4 – 0 (Boer, Meadows, Daniels, Hall - yes, 0 – no)

D. Discuss Financial March 2023

IV. Adjournment

Daniels moved and *Boer* seconded. Meeting adjourned at 7:41 p.m.

R 23-12

Resolution to Approve the Ann Arbor Affordable Housing Millage Fund Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation

Memorandum

Attached for consideration is a resolution authorizing execution of the Ann Arbor Affordable Housing Millage Fund Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission (AAHC), and the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the AAHC (the "Grant Agreement").

On November 3, 2020, the voters of the City approved a millage to annually levy a tax of up to one mill on all taxable real and personal property in the City for the purpose of building, maintaining, and acquiring new affordable housing units ("Millage"). Revenues and expenditures from the Millage were included in the FY22, F23, and FY24 budgets as adopted by the City, within the AAHC's budget line item. The Millage has generated approximately \$6.3 million to \$7.2 million per year for each fiscal year. In FY22, FY23 and FY24, the AAHC proposed a budget to the City Administrator and City Council that included expenditures for staffing costs, IT costs, affordable housing expenditures and affordable housing services expenditures. FY24 also included a municipal service charge.

The proposed Grant Agreement would change administration of the Millage to reduce duplicative processes, while maintaining accountability. The Grant Agreement grants revenue from the Millage to the AAHDC and outlines the roles and responsibilities of administration of the Millage, including compliance with the City's charter language below:

SECTION 8.25. In addition to any other amount which the City is authorized to raise by general tax upon real and personal property by this Charter or any other provision of law, the City shall, in 2021 through 2041, annually levy a tax of up to one mill on all taxable real and personal property situated within the City for the purpose of building, maintaining, and acquiring new affordable housing units which are permanently affordable to low-income households making no income up to 60% of area median income and providing social services, not to exceed 20% of the millage revenues over the entire term of the millage, for the residents of such housing. No money collected pursuant to this millage shall be spent on building, maintaining, or acquiring new units located in the floodplain or floodway.

The AAHC will continue to work with the City's finance staff to propose an annual budget to the City Administrator and City Council. The AAHDC will continue to procure goods and services for each affordable housing project, execute contracts with vendors, and oversee development of affordable housing projects in the City. The AAHDC will

continue to process invoices and pay vendors. However, instead of getting reimbursed by the City for expenditures, the AAHDC will pay invoices directly from the Millage revenue. This new process will remove duplicative invoice processing by the City and the AAHDC. In addition, the current process sometimes requires the AAHDC to pay for hundreds of thousands of dollars in advance, which is challenging for the AAHDC as a non-profit organization with limited resources.

The City will continue to directly pay for three full-time AAHC employees from the Millage as well as pay for other AAHC staff who work part-time on Millage-related projects, based on hours reported on their timesheets. The City will continue to directly pay for IT charges, three full-time employees, and an annual municipal service charge.

The AAHDC financials will continue to be included in the AAHC audit, which will continue to be provided to the City for its audit. The City may request detailed financial reporting from the AAHC related to the Millage at any time.

The City will make an annual grant payment to the AAHDC from the Millage, subject to annual appropriations. The City will control the amount of the annual grant of Millage funds each year. City finance staff will work with AAHC finance staff to annually reconcile the financials. Grant funds which are unobligated and uncommitted during the fiscal year for which they are appropriated, will be returned to the City at the close of the fiscal year. These unused Grant funds may be added to the available Grant for the subsequent year, at the City's discretion. The Commission's annual budget will include a report on the previous year's allocations that are committed but unspent. The development process can take five to seven years from concept to occupancy and the AAHDC will have long-term contractual commitments that overlap fiscal years. The concurrent duration of the Grant Agreement with the length of the Millage provides the AAHDC and its contractors assurance that contractual commitments will be honored regardless of fiscal year.

Staff

Prepared by: Heather Seyfarth, Director of Housing and Economic Development
Approved by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Body

On November 3, 2020, the voters of the City approved a millage to annually levy a tax of up to one mill on all taxable real and personal property in the City for the purpose of building, maintaining, and acquiring new affordable housing units ("Millage");

Whereas, Since FY22, the Ann Arbor Housing Commission (AAHC) has been administering the City's Affordable Housing Millage through the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation whose sole member is the AAHC;

Whereas, The current process is inefficient and duplicative, requiring the AAHDC to pay for goods and services to develop affordable housing, then submit invoices with back-up

documentation, and for the City to open and administer purchase orders and reimburse the AAHDC for individual expenses;

Whereas, The current process sometimes requires the AAHDC to pay hundreds of thousands of dollars in advance for services and goods, which is challenging for the AAHDC as a non-profit organization with limited resources;

Whereas, The proposed Grant Agreement will grant the Millage to the AAHDC, based on an annual appropriation by the City, enabling the AAHDC to use the Millage grant funds to directly pay invoices for goods and services to develop affordable housing;

RESOLVED, That the Ann Arbor Housing Development Corporation approve the Ann Arbor Affordable Housing Millage Fund Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation (“Grant Agreement”);

RESOLVED, That the Ann Arbor Housing Development Corporation approve the annual expenditure of Affordable Housing Millage grant funds by the AAHDC, in an amount as determined through the annual budget process, subject to the annual appropriation of funds;

RESOLVED, That the Secretary-Treasurer be authorized and directed to execute the Grant Agreement, consistent with this resolution.

**ANN ARBOR AFFORDABLE HOUSING MILLAGE FUND
GRANT AGREEMENT
BETWEEN THE CITY OF ANN ARBOR,
THE ANN ARBOR HOUSING COMMISSSION, AND
THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION**

This Affordable Housing Millage Fund Grant Agreement (“Agreement”), is entered into this _____ of _____, 2023, between the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 E. Huron Street, Ann Arbor, Michigan 48103 (“City”), the Ann Arbor Housing Commission, a Michigan public body corporate, with offices at 2000 S. Industrial Hwy., Michigan 48104 (the “Commission”) and the Ann Arbor Housing Development Corporation, a Michigan non-profit corporation (“AAHDC” or “Grantee”) (individually “Party” and collectively the “Parties”).

WHEREAS, on November 3, 2020, the voters of the City approved a millage to annually levy a tax of up to one mill on all taxable real and personal property in the City for the purpose of building, maintaining, and acquiring new affordable housing units (the “Millage”), which appears in the City Charter, Section 8.25, as follows:

Funds for construction, maintenance, and acquisition of new affordable housing units for low-income individuals and families making less than 60% Ann Arbor Area Median Income, and for providing social services for the residents of such housing

SECTION 8.25. In addition to any other amount which the City is authorized to raise by general tax upon real and personal property by this Charter or any other provision of law, the City shall, in 2021 through 2041, annually levy a tax of up to one mill on all taxable real and personal property situated within the City for the purpose of building, maintaining, and acquiring new affordable housing units which are permanently affordable to low-income households making no income up to 60% of area median income and providing social services, not to exceed 20% of the millage revenues over the entire term of the millage, for the residents of such housing. No money collected pursuant to this millage shall be spent on building, maintaining, or acquiring new units located in the floodplain or floodway. (*Section 8.25 added by election of November 3, 2020.*)

WHEREAS, the Millage is expected to raise approximately Six Million Seven Hundred Thousand (\$6,700,000) in fiscal year 2024, and potentially \$160 million over the life of the millage, helping to create approximately 1500 units of affordable housing, according to City estimates; and

WHEREAS, the Commission is the preferred agent of the City in all affordable housing developments;

WHEREAS, the City provides financial support for the implementation of affordable housing in the City; and

WHEREAS, the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the Commission, was formed with the stated purpose of relieving a shortage of decent, safe and sanitary housing for persons of low income in the City of Ann Arbor and to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission.

The Parties agree as follows:

1. **GRANT.** City agrees to grant the Millage funds to the AAHDC, less the annually budgeted expenses allocated to fund the staff salaries and benefits for those City employees working for the Commission, who are assigned to implement the Millage, working full-time on eligible affordable housing development projects, other staff time spent working on affordable housing-millage related activities, and the administrative operating costs related to Millage-funded projects, including but not limited to insurance premiums, municipal service charges and IT charges for purposes specified herein, plus a fifty percent (50%) contingency of the total budgeted salaries, benefits, and administrative operating costs for unbudgeted items that may occur, including but not limited to, pay raises, severance payments, and any additional administrative operating costs related to the Millage (the “Grant”). After the close of each fiscal year, the City may disburse to the AAHDC any unspent contingency funds related to salaries, benefits, administrative operating costs. Should the costs incurred by the City for salaries, benefits, operating costs, and contingency funds exceed the amount retained by the City in any fiscal year, the AAHDC shall reimburse the City for these costs. Grant payments will be made from the Millage subject to annual appropriations and may vary from year to year.

2. **DURATION.** The Term of this Grant Agreement shall coincide with the length of the Millage, i.e., through 2041.

3. **USE OF GRANT.** Grantee shall administer use of the Grant for the sole purpose of building, maintaining, and acquiring new affordable housing units which are permanently affordable to low-income households making no income up to 60% of area median income (“AMI”) (i.e., 60% of AMI or less) and providing social services, not to exceed 20% of the Millage revenues over the entire term of the millage, for the residents of such housing. The Grant shall not be used on building, maintaining, or acquiring new units located in the floodplain or floodway. All uses shall be consistent with the Affordable Housing Millage Guidelines promulgated by city council, as amended and approved on July 27, 2020, attached hereto as Attachment A.

4. **DISBURSEMENT.**

a. Grantee shall present to the City a proposed annual budget for use of the Grant (“Grantee’s Millage Budget”). The City may approve Grantee’s Millage Budget, in whole or in part, in its sole discretion. The AAHDC will prioritize use of the Grant in the following order:

- 1) City-owned properties the Commission or AAHDC is developing;
- 2) Renovations of existing properties the Commission or AAHDC owns;
- 3) Private properties the Commission or AAHDC is developing;
- 4) Continued annual service funding based on Millage-funded properties with prior year service funding commitments; and
- 5) New service funding commitments for new Millage-funded properties under development.

b. The City will annually adopt a budget for the Affordable Housing Millage Fund that allocates funds for the Commission staff salaries and benefits, and the administrative operating costs related to Millage-funded projects, including but not limited to insurance premiums, municipal service charges, IT charges. From the remainder of the Millage, the City will appropriate Millage funds to Grantee for use pursuant to Grantee’s Millage Budget, as approved by the City.

c. The Commission and Grantee may use Millage funds for pre-development due diligence activities, but will make good faith and reasonable efforts to secure funding for these activities from other sources to leverage Millage funds for development. The Commission and/or Grantee may use the Grant to determine the feasibility of developing a site and the Commission and/or City may determine that a property cannot or will not be developed as affordable housing. The City will not require the Commission or Grantee to reimburse the City for Millage funds that are spent on pre-development activities for a property that does not result in the development of affordable housing. Pre-development “due diligence” activities include, but are not limited to, the following:

- Environmental Studies, including Phase I ESA, Phase II ESA
- Engineering Studies
- Zoning Permits/ Variances
- Market Study
- Appraisal
- Title Commitment/Search
- Survey
- Site Plan Development
- Development of Schedules/Timelines and Budgets
- Community Engagement Plan
- Selection of Professionals (e.g., Architect, Contractor, etc.)
- Applications for Financing
- Legal Counsel
- Accounting and Financial Consultants
- Sustainability Consultants
- Other Development Consultants

d. Grant funds may be used for demolition, acquisition, new construction, and renovations of existing properties. If a property will provide housing for a mixture of incomes, including households over 60% AMI, or a mixture of uses, the Millage funds will only be used for the portion that is dedicated for households at 60% AMI or less. The formula to pro-rate the funding will be site-specific, use-specific, and consistent with any other federal, state or local regulatory requirements.

e. Grant funds that are obligated to a known project and/or contractually committed will be available without regard to fiscal year. Grant funds which are unobligated and uncommitted during the fiscal year for which they are appropriated, shall return to the control of the City at the close of the fiscal year. These unused Grant funds may be added to the available Grant for the subsequent year, at the City’s discretion. The Commission’s annual budget will include a report on the previous year’s allocations that are committed but unspent.

5. **DEED RESTRICTIONS ON GRANT-FUNDED PROPERTY.** It is the responsibility of the AAHDC to ensure that all Millage-funded developments contain a deed restriction requiring that the property will be used to house families at or below 60% of AMI. The Commission and AAHDC agree that such covenants shall run with the land and that they shall, in any event, be binding on their successors, successors in interest and assigns, to the fullest extent permitted by law and equity, for the benefit, in favor of, and enforceable by, the City, its successors, successors in interest and assigns. If a property is entirely restricted to households at 60% AMI or less, the deed restriction will apply to all units of the property. If the property is a mixed-income property, the deed restriction will designate the specific units, number of units, or percent of units that must be occupied by households at 60% AMI or less. If an occupied property is acquired, the deed restriction will include language that existing occupants will not be displaced, and vacant units will be occupied by households at 60% AMI or less to

meet the number or percent of units that are designated for households at 60% AMI or less. The deed restriction will include language that the income restriction applies to the initial occupancy of the household and does not require eviction of a household whose income later exceeds 60% AMI. If applicable, the deed restriction will include language that acknowledges the existence of any other property-specific federal, state or local regulations governing household income, age, or other regulations. The specific language of the deed restriction shall be administratively approved by the Parties prior to recording.

6. **AMENDMENTS.** This Agreement may be amended only by a written agreement executed by the Parties.

7. **GRANTEE CORPORATE STRUCTURE.** The terms of this Agreement are contingent upon the Grantee maintaining its corporate structure, effective at the time of execution of this Agreement, whereby the Commission is its sole member and the corporation's stated purpose remains to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission. Any change in corporate membership or purpose shall render this Agreement void and unenforceable.

8. **INDEMNIFICATION.**

a. Grantee hereby agrees to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement ("Claims"), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of Grantee or its subcontractors either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.

b. Grantee's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. Grantee's duty to defend and indemnify City shall arise even if City is the only Party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.

c. Grantee will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.

d. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Grantee under the terms of this indemnification obligation. The Grantee shall obtain, at its own expense, any additional insurance that it deems necessary for the City's protection.

e. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

9. **REPORTS, MONITORING AND EVALUATION.** Grantee agrees to cooperate fully with the City to evaluate and monitor the requirements and performance of the work and the developments funded in whole or part by the Grant. Grantee agrees to provide such information and reports, oral or written, as may reasonably be required or requested during the completion of construction work and for five additional years on matters relating to the use of the Grant, performance, compliance and evaluation of the use of the Grant. The Commission shall be responsible for all public-facing reports published on the City's website, per city council directive, if any.

10. **FINANCES, AUDITS, AND INSPECTIONS.** The Commission shall supply documentation of Grant expenditures to the City upon request. The Commission and Grantee agree to securely maintain records regarding the expenditures of Millage funds for a period of five years after completion of the work for which the funds are used. Grantee shall permit examination of these records by the City upon request. The City may, at a reasonable time after giving reasonable notice, cause an audit of the records of the Grantee. The Commission agrees to complete and submit to the City annual audited financial statements and a management letter prepared by an independent auditing firm for the Grantee upon request. After giving reasonable notice to the Grantee, the City may review any of the Grantee's internal records, reports or insurance policies pertaining to this Agreement.

11. **NONDISCRIMINATION.** Grantee agrees to comply, and to require any subcontractors to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. Grantee further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.

12. **LIVING WAGE.** If a subcontractor of Grantee is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, then the Grantee agrees to require subcontractor's compliance with the living wage provisions of Chapter 23 of the Ann Arbor City Code. Grantee agrees to pay those employees providing Services to the City under this Agreement a "living wage," as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

13. **CONFLICT OF INTEREST.** No employee, officer or elected or appointed official of the City and no immediate relative (spouse, parent, sibling, or child) of any such person, has or shall have any financial interest in this Agreement. Except for salaries and expenses which may be paid with funds provided under this Agreement, no employee, officer or director of the Commission or Grantee and no immediate relative (spouse, parent, sibling or child) of any such person has or shall have any financial interest in this Agreement.

14. **PROCUREMENT.** Grantee and the Commission shall be responsible for procurement, under their own procurement rules and regulations, and in compliance with all state and federal laws and regulations, of all goods and services required for the construction, administration, and maintenance of developments for which Grant funds are used.

15. **SUSPENSION/TERMINATION.** If Grantee or the Commission fails to comply with the terms of this Agreement, the City may declare this Agreement suspended or terminated. Thereafter, the City shall have no obligation to provide further funds to the Grantee. The termination shall not relieve the Grantee of its obligations to prepare or preserve its records and to make them available for audit or inspection. The City shall provide reasonable notice to the Grantee indicating the reasons for its actions before suspension or termination.

16. **SEVERABILITY OF PROVISIONS.** Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any Party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other Parties or other circumstances.

17. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction. The Parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

18. **ASSIGNS AND SUCCESSORS.** This contract is binding on the City, the Commission and Grantee, their successors and assigns. The Parties agree they will not assign or transfer their interest in this contract without the written consent of the other Parties.

19. **EXTENT OF AGREEMENT.** This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the City and the Grantee with respect to the subject matter of the Agreement and it supersedes all prior representations, negotiations, agreements or understandings whether written or oral. Neither Party has relied on any prior representations, of any kind or nature, in entering into this Agreement. This Agreement may be altered, amended or modified only by written amendment signed by the Grantee and City.

20. **NO AUTHORITY TO BIND CITY TO CONTRACTS:** Grantee lacks any authority to bind the City on any contractual matters. Final approval of all contractual matters that purport to obligate the City must be executed by the City in accordance with the City's Charter.

21. **SIGNATURES:** The Parties agree that signatures on this Agreement may be delivered electronically or by facsimile in lieu of a physical signature and agree to treat electronic or facsimile signatures as binding. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

Signatures appear on the following pages.

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

This ___ day of _____, 2023

Approved as to substance:

By _____
Milton Dohoney Jr., City Administrator

By _____
Marti Praschan, Chief Financial Officer

Approved as to form and content:

By _____
Atleen Kaur, City Attorney

FOR THE ANN ARBOR HOUSING COMMISSION

By: _____
Jennifer Hall
Executive Director

FOR THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION

By: _____
Jennifer Hall
Executive Director, Ann Arbor Housing Commission, Its Sole Member

Attachment A

Affordable Housing Millage Guidelines

The intent of the affordable housing millage is to increase the number of units that are affordable and sustainable to provide long-term housing security for households earning zero income to 60% of Area Median Income (“AMI”).

If the millage is approved, the City’s annual budget process will include a millage budget for City Council approval for 1 mil for affordable housing development and related supportive services for residents of millage-developed housing, including the following uses and priorities:

1. Development of affordable housing that includes housing units that are restricted to households from zero income to 60% of Area Median Income
 - a. The City will utilize HUD’s annually published family income limits to determine the Area Median Income of households.
2. Housing unordered priorities include:
 - a. Housing for people experiencing homelessness
 - b. Housing for people with special needs, including but not limited to:
 - i. Seniors
 - ii. People with disabilities
 - iii. Youth aging out of foster care
 - c. Housing for persons in households earning less than 60% AMI
3. “Development” as used in these Guidelines includes both hard and soft costs related to:
 - a. New construction
 - b. Acquisition of land
 - c. Acquisition of existing buildings
 - d. Capital improvements, including but not limited to:
 - i. Infrastructure
 - ii. Utilities
 - iii. Building renovations
 - e. Demolition
4. Sustainability priorities include, but are not limited to:
 - a. Energy efficiency
 - b. Green construction materials, products and techniques
 - c. Net Zero energy consumption
5. Up to 20% of the millage revenue may be used for supportive services to increase housing stability of residents of millage-developed housing, including but not limited to:
 - a. Mental health services
 - b. Physical health services
 - c. Financial services, job skills, and employment
 - d. Daily living skills
 - e. Crisis management and conflict resolution
 - f. Youth programming
6. The City prioritizes projects that will have permanent affordability commitments, which is achievable through:
 - a. Development of publicly owned properties

- b. Public ownership through the Ann Arbor Housing Commission and its affiliated non-profit development entities
 - c. Mission-driven non-profits committed to permanent affordability restrictions
 - d. Cooperative housing or other housing ownership models with permanent affordability restrictions
7. To achieve socio-economic diversity throughout the City
- a. Development can be 100% affordable units or mixed-income with a portion of the units as market-rate that are not subsidized by the millage, for the purpose of maximizing aggregate number of millage-developed units of affordable housing.
 - b. Development can range from small group homes to apartment complexes
 - c. The City supports the inclusion of affordable housing in all neighborhoods and City Council Wards
8. To maximize the leverage of other public and private funding sources for affordable housing, the City's rent restrictions will align with the rent restrictions of other leveraged funds, such as HUD funding and Low-Income Housing Tax Credits

Sponsored by: Mayor Taylor and Councilmembers Nelson, Smith, Ramlawi and Griswold

As Amended and Approved by Ann Arbor City Council on July 27, 2020

R 23-13

Resolution to Approve the Marijuana Excise Tax Rebate Fund Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation

Memorandum

Attached for consideration is a resolution authorizing execution of the Marijuana Excise Tax Rebate Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission (AAHC), and the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the AAHC (the "Grant Agreement").

The City of Ann Arbor FY24 budget includes revenue from the State of Michigan's Marijuana Excise Tax Rebate in the amount of \$1,375,000 (the "Rebate"). The proposed Grant Agreement seeks to grant the full Rebate amount of \$1,375,000 to the AAHDC ("Grant Funds").

Pursuant to the Grant Agreement and the approved City budget for fiscal year 2024, the AAHDC will use the Grant Funds as follows:

- \$150,000 - AAHDC collaboration with the Community Leadership Council (CLC) on planning, organizational development and design related to activating and programming the non-residential community space on the first floor of the affordable housing development located at 121 Catherine Street. The CLC is centering the planning and activities on the historic Black neighborhood and business district where this development is located.
- \$325,000 – Build out of the community space and purchase of furnishings and equipment at 121 Catherine Street.
- \$250,000 - Eviction prevention, including payments for back-owed rent, court fees and associated costs for households in danger of losing their housing due to back-owed rent.
- \$250,000 - Low-income youth services. This amount will be used to pay for the services of local non-profits that provide the type of services described in the budget amendments, and related to restorative and alternative strategies for public safety and community.
- \$400,000 - Trauma-informed case management services for tenant-based voucher households with a member involved in the carceral system, to provide a range of supportive services, including but not limited to, mental health counseling, peer support groups, substance abuse treatment, life skills training, financial counseling, educational opportunities, transportation assistance, legal

assistance, housing advocacy, health care coordination, and case management services, from providers trained in trauma-informed care

The AAHDC may use up to \$45,000 of the \$900,000 (5%) budgeted for its administrative costs related to providing eviction prevention, low-income youth services, and trauma-informed case management.

The AAHDC financials will continue to be included in the AAHC audit and provided for the City's audit. The AAHDC will provide a mid-year report to City Council and City Administration on or before February 5, 2024 detailing which agencies received funding, the amount of funding, the scope of services provided, and six-month expenditures for each agency. In addition, the AAHC will respond to the City with any requested detailed financial reporting related to the expenditure of the Grant at any time.

Staff

Prepared by: Heather Seyfarth, Director of Housing and Economic Development,
Ann Arbor Housing Commission

Approved by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Body

Whereas, The approved City Budget for fiscal year 2024 includes \$1,375,000 in State Marijuana Excise Tax Rebate revenue allocated to the Ann Arbor Housing Commission;

Whereas, The proposed Grant Agreement grants the full \$1,375,000 to the AAHDC enabling the AAHDC to use the grant funds to directly pay invoices for goods and services for the purposes specified in the budget;

Whereas, The expenditures pursuant to the Grant Agreement shall be in accord with the specified permissible uses articulated in Resolution R21-098 of March 15, 2021, for such purposes specifically related to restorative and alternative strategies for public safety and community support;

RESOLVED, That the Ann Arbor Housing Development Corporation approve the Marijuana Excise Tax Rebate Fund Grant Agreement Between the City of Ann Arbor, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation granting \$1,375,000 to the AAHDC ("Grant Agreement");

RESOLVED, That the Grant Agreement be automatically renewed for those future fiscal years in which a budget appropriation is made to the Ann Arbor Housing Commission for any portion of the annual Marijuana Excise Tax Rebate;

RESOLVED, That the Secretary-Treasurer be authorized and directed to execute the Grant Agreement, consistent with this resolution.

**MARIJUANA EXCISE TAX REBATE FUND
GRANT AGREEMENT
BETWEEN THE CITY OF ANN ARBOR,
THE ANN ARBOR HOUSING COMMISSION, AND
THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION**

This Marijuana Excise Tax Rebate Fund Grant Agreement (“Agreement”), is entered into this _____ of _____, 2023, between the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 E. Huron Street, Ann Arbor, Michigan 48103 (“City”), the Ann Arbor Housing Commission, a Michigan public body corporate, with offices at 2000 S. Industrial Hwy., Michigan 48104 (the “Commission”) and the Ann Arbor Housing Development Corporation, a Michigan non-profit corporation (“AAHDC”) (individually “Party” and collectively the “Parties”).

WHEREAS, the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the Commission, was formed with the stated purpose of relieving a shortage of decent, safe and sanitary housing for persons of low income in the City of Ann Arbor and to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission.

Whereas, The City and the Commission allocate funding to community-based organizations for the purpose of delivering important human services;

Whereas, The City of Ann Arbor FY24 budget includes revenue from the State of Michigan’s Marijuana Excise Tax Rebate in the amount of \$1,375,000 (the “Rebate”), allocated to the Commission for specific purposes as outlined in the Fiscal Year 2024 Budget Amendments approved by City Council on May 15, 2023 (“Budget Amendments”).

Whereas, On March 15, 2021, City Council resolved in [R-21-098](#) to allocate the Rebate for such purposes specifically related to restorative and alternative strategies for public safety and community support;

Whereas, This Grant Agreement seeks to grant the full Rebate amount of \$1,375,000 (“Grant Funds”) to the Commission for distribution by the AAHDC for the purposes specified in the Budget Amendments, which align with the goals of R-21-098.

The Parties agree as follows:

1. **GRANT.** City agrees to grant to the Commission the amount of One Million Three-Hundred and Seventy-Five Thousand Dollars and No/100 (\$1,375,000) for distribution by the AAHDC to be used for purposes consistent with City Council Resolution R-21-098 (the “Grant”).
2. **DURATION.** The Term of this Grant Agreement includes Fiscal Year 2024 and may be automatically renewed for those future fiscal years in which a budget appropriation is made to the Commission for any portion of the annual Marijuana Excise Tax Rebate.

3. **USE OF GRANT.** The Commission and AAHDC shall administer use of the Grant. The Grant Funds shall be distributed in accord with the Fiscal Year 2024 budget appropriations, as follows:

- \$150,000 - AAHDC collaboration with the Community Leadership Council (CLC) on planning, organizational development and design related to activating and programming the non-residential community space on the first floor of the affordable housing development located at 121 Catherine Street. The CLC is centering the planning and activities on the historic Black neighborhood and business district where this development is located.
- \$325,000 – Build out of the community space and purchase of furnishings and equipment at 121 Catherine Street.
- \$250,000 - Eviction prevention, including direct payments for back-owed rent, court fees and associated costs for households in danger of losing their housing due to back-owed rent. Up to five percent (5%) of this amount may be used for the Commission and/or AAHDC’s related administrative costs.
- \$250,000 - Low-income youth services. This amount will be used to pay for the services of local non-profits that provide the type of services described in the budget amendments, and related to restorative and alternative strategies for public safety and community. Up to five percent (5%) of this amount may be used for Commission and/or AAHDC’s related administrative costs.
- \$400,000 - Trauma-informed case management services for tenant-based voucher households with a member involved in the carceral system, to provide a range of supportive services, including but not limited to, mental health counseling, peer support groups, substance abuse treatment, life skills training, financial counseling, educational opportunities, transportation assistance, legal assistance, housing advocacy, health care coordination, and case management services, from providers trained in trauma-informed care. Up to five percent (5%) of this amount may be used for Commission and/or AAHDC’s related administrative costs.

4. **REPORTING.** AAHDC and the Commission shall cooperate fully with the City to evaluate and monitor the performance of the work funded in whole or part by the Grant and further agree to do the following:

- a. Provide such information and reports, oral or written, as may reasonably be required by the City, responding to City Council or City Administration with any requested detailed financial reporting related to the expenditure of the Grant Funds, at any time.
- b. Be responsible for all public-facing reports published on the City’s website, per city council directive, if any.
- c. Provide AAHDC financials to be included in the AAHC and City audits.
- d. Provide a mid-year report to City Council and City Administration on or before February 5, 2024 with the following details:

- i. List of agencies which received funding
 - ii. Total dollar amount of funding disbursed to each agency
 - iii. Description of the scope of services provided by each agency
 - iv. Report of total six-month expenditures for each agency
 - e. Maintain records regarding the expenditures of Grant Funds for a period of five years after completion of the work for which the funds are used.
5. **AMENDMENTS**. This Agreement may be amended only by a written agreement executed by the Parties.
6. **AAHDC CORPORATE STRUCTURE**. The terms of this Agreement are contingent upon the AAHDC maintaining its corporate structure, effective at the time of execution of this Agreement, whereby the Commission is its sole member and the corporation's stated purpose remains to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission. Any change in corporate membership or purpose shall render this Agreement void and unenforceable.
7. **INDEMNIFICATION**.
 - a. AAHDC and the Commission hereby agree to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement ("Claims"), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of AAHDC and the Commission or its contractors either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.
 - b. AAHDC and the Commission's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. AAHDC and the Commission's duty to defend and indemnify City shall arise even if City is the only Party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.
 - c. AAHDC and the Commission will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.
 - d. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the AAHDC and the Commission under the terms of this indemnification obligation. The AAHDC and the Commission shall obtain, at their own expense, any additional insurance that it deems necessary for the City's protection.
 - e. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

8. **NONDISCRIMINATION.** AAHDC agrees to comply, and to require any service providers to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. AAHDC further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.

9. **LIVING WAGE.** If a services provider of AAHDC is a “covered employer” as defined in Chapter 23 of the Ann Arbor City Code, then the AAHDC agrees to require contractor’s compliance with the living wage provisions of Chapter 23 of the Ann Arbor City Code. AAHDC agrees to pay those employees providing Services to the City under this Agreement a “living wage,” as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

10. **CONFLICT OF INTEREST.** No employee, officer or elected or appointed official of the City and no immediate relative (spouse, parent, sibling, or child) of any such person, has or shall have any financial interest in this Agreement. Except for salaries and expenses which may be paid with funds provided under this Agreement, no employee, officer or director of the Commission or AAHDC and no immediate relative (spouse, parent, sibling or child) of any such person has or shall have any financial interest in this Agreement.

11. **PROCUREMENT.** AAHDC and the Commission shall be responsible for procurement, under their own procurement rules and regulations, and in compliance with all state and federal laws and regulations, of all services for which Grant funds are used.

12. **SUSPENSION/TERMINATION.** If AAHDC or the Commission fails to comply with the terms of this Agreement, the City may declare this Agreement suspended or terminated. Thereafter, the City shall have no obligation to provide further funds to the AAHDC and the Commission. The termination shall not relieve the AAHDC and the Commission of its obligations to prepare or preserve its records and to make them available for audit or inspection. The City shall provide reasonable notice to the AAHDC and the Commission indicating the reasons for its actions before suspension or termination.

13. **SEVERABILITY OF PROVISIONS.** Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any Party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other Parties or other circumstances.

14. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and

construction. The Parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

15. **ASSIGNS AND SUCCESSORS.** This contract is binding on the City, the Commission and AAHDC, their successors and assigns. The Parties agree they will not assign or transfer their interest in this contract without the written consent of the other Parties.

16. **EXTENT OF AGREEMENT.** This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the Parties with respect to the subject matter of the Agreement and it supersedes all prior representations, negotiations, agreements or understandings whether written or oral. Neither Party has relied on any prior representations, of any kind or nature, in entering into this Agreement. This Agreement may be altered, amended or modified only by written amendment signed by the Parties.

17. **NO AUTHORITY TO BIND CITY TO CONTRACTS:** AAHDC and the Commission lacks any authority to bind the City on any contractual matters. Final approval of all contractual matters that purport to obligate the City must be executed by the City in accordance with the City's Charter.

18. **SIGNATURES:** The Parties agree that signatures on this Agreement may be delivered electronically or by facsimile in lieu of a physical signature and agree to treat electronic or facsimile signatures as binding. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

Signatures appear on the following pages.

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

This ___ day of _____, 2023

Approved as to substance:

By _____
Milton Dohoney Jr., City Administrator

By _____
Marti Praschan, Chief Financial Officer

Approved as to form and content:

By _____
Atleen Kaur, City Attorney

FOR THE ANN ARBOR HOUSING COMMISSION

By: _____
Jennifer Hall
Executive Director

FOR THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION

By: _____
Jennifer Hall
Executive Director, Ann Arbor Housing Commission, Its Sole Member

R 23-14

Resolution to Approve the County Mental Health Millage Grant Agreement between the City of Ann Arbor, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation and To Appropriate Up To \$177,618 from the County Mental Health Millage Fund Balance

Memorandum

Attached for consideration is a resolution authorizing a grant agreement between the City of Ann Arbor, the Ann Arbor Housing Commission (“AAHC” or “Commission”), and the Ann Arbor Housing Development Corporation (“AAHDC”), a Michigan non-profit corporation, whose sole member is the Commission (the “Grant Agreement”).

In 2017, county residents approved an eight-year “Washtenaw County Community Mental Health and Public Safety Preservation Millage,” a portion of which is rebated back to the City from the County annually (the “Millage”). In May of 2020, City Council adopted a resolution, R-20-177, allocating 40% of the Millage rebate revenue for affordable housing and related services. Revenues and expenditures were included in the City’s approved budgets for Fiscal Year 2019 through Fiscal Year 2024 in the Commission’s budget line item. The portion of the Millage rebate to be used for affordable housing and related services has generated approximately \$880,000.00 to \$1,134,000 per fiscal year. The Commission’s proposed annual budget to the City Administrator and City Council includes expenditures for the development of affordable housing and related services.

The Millage is currently used to pay local non-profit partners to provide tenant support services for AAHC residents and AAHC tenant-based voucher participants. Those services include:

- Mental Health Support
- Medical Care
- Substance Abuse Recovery Support
- Domestic Violence
- Conflict Resolution
- Parenting and Child Welfare
- Youth and Community Center Programs
- Education and Employment Support
- Coordination of Entitlements
- Money Management and Financial Literacy
- Assistance with Basic Needs
- Legal Services
- Child Care
- Transportation
- Security
- Household Maintenance and Activities of Daily Living
- Connections to Mainstream Services and Community Resources

- Tenancy Problems and Lease Violations
- Guest Monitoring and Support
- Regular meetings with property managers to address problems and coordinate plans

Up to five percent (5%) of the Millage is used to cover staffing and overhead costs of the AAHC and AAHDC in the administration of the funds.

The AAHC currently has contractual common performance metrics for all of its service providers for AAHC residents. The contracts for service providers who work with participants in the tenant-based voucher program have different performance metrics than for AAHC residents, depending on the voucher program.

The AAHC has adopted a simple formula for allocating funding to service providers. The formula takes into consideration the program intensity and the service intensity. The AAHC conducts an annual review prior to the start of the fiscal year, to readjust the funding allocations, based on the following formula:

- 1) \$2,000/rent-subsidized household for on-site service providers for locations where the service provider has an office/community center on an AAHC property.
- 2) \$1,000/rent-subsidized household for off-site service providers for locations where there is not an office/community center on an AAHC property.
- 3) \$100/unsubsidized household. This is currently Lurie Terrace, which is primarily households that pay full rent (although below market rent) without a rent subsidy.
- 4) \$2,000/household who were homeless at the time of lease-up. This is in addition to the funding provided for in numbers 1-3 above.
- 5) \$1,000/household per year for emergency support for tenants of all voucher programs who are in danger of losing their voucher.
- 6) \$3,000/unit per year for lease-up support and ongoing case management for youth aging out of foster care in the Family Unification Program (FUP).

Due to an unanticipated increase in admissions of homeless households into the AAHC's housing programs during Fiscal Year 2023, the total amount of funding needed based on the formula above exceeds the Fiscal Year 2024 revenue. Therefore, AAHC requests appropriation of the anticipated fund balance of \$177,618 as of June 30, 2023. This is an estimate and shall be confirmed after all applicable expenditures have been recorded against Fiscal Year 2023. If needed, the AAHC will meet this funding commitment by paying for the balance needed through the AAHDC.

Through the attached Grant Agreement, the City proposes a change to the administration of the County Mental Health Millage Fund to reduce duplicative

processes, while maintaining accountability. The Grant Agreement outlines the roles and responsibilities of the City, AAHC, and AAHDC, related to administering the Millage.

The AAHC will continue to work with the City's finance staff to propose an annual budget to the City Administrator and City Council. The AAHDC will continue to execute contracts with non-profit service providers, process invoices and pay non-profits. However, instead of getting reimbursed by the City for expenditures, the AAHDC will pay invoices directly from the Millage revenue granted to it. This new process will remove duplicative invoice processing by the City and the AAHDC.

The AAHDC financials will continue to be included in the AAHC audit and provided to the City for its own audit. In addition, the City may request detailed Millage-related financial reporting from the AAHC at any time.

The duration of the Grant Agreement coincides with the duration of the Millage, through fiscal year 2026.

Staff

Prepared by: Heather Seyfarth, Director of Housing and Economic Development,
Ann Arbor Housing Commission

Approved by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Body

Whereas, In November 2017, county residents approved an eight-year Washtenaw County Mental Health and Public Safety Preservation Millage, a portion of which is rebated back to the City from the County and put into the City's "County Mental Health Millage Fund;"

Whereas, Beginning in Fiscal Year 2019, in cooperation with the City Finance Department, the Ann Arbor Housing Commission (AAHC) has been administering a portion of the County Mental Health Millage Fund through the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation whose sole member is the AAHC.

Whereas, The current process is duplicative between the City and the AAHDC, requiring the AAHDC to pay for goods and services and submit invoices with back-up documentation to receive reimbursement from the City;

RESOLVED, That the Ann Arbor Housing Development Corporation approve the County Mental Health Millage Grant Agreement between the City, the Ann Arbor Housing Commission, and the Ann Arbor Housing Development Corporation (the "Grant Agreement");

RESOLVED, That the Ann Arbor Housing Development Corporation approve the expenditure of County Mental Health Millage funds pursuant to the annually adopted budget for each fiscal year of the Grant Agreement;

RESOLVED, That Ann Arbor Housing Development Corporation understand that City Council appropriated up to \$177,618 from the County Mental Health Millage Fund fund balance to the Fiscal Year 2024 Ann Arbor Housing Commission County Mental Health Millage Fund expenditure budget, subject to actual fund balance calculation after the close of Fiscal Year 2023 and payment of all applicable Fiscal Year 2023 expenditures;

RESOLVED, That the Secretary-Treasurer be authorized and directed to execute the Grant Agreement, consistent with this resolution.

RESOLVED, That all amounts granted, and annual appropriations made pursuant to the Grant Agreement, shall be authorized for expenditure without regard to fiscal year; and

**COUNTY MENTAL HEALTH MILLAGE
GRANT AGREEMENT
BETWEEN THE CITY OF ANN ARBOR,
THE ANN ARBOR HOUSING COMMISSION, AND
THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION**

This County Mental Health Millage Grant Agreement (“Agreement”), is entered into this _____ of _____, 2023, between the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 E. Huron Street, Ann Arbor, Michigan 48103 (“City”), the Ann Arbor Housing Commission, a Michigan public body corporate, with offices at 2000 S. Industrial Hwy., Michigan 48104 (the “Commission”) and the Ann Arbor Housing Development Corporation, a Michigan non-profit corporation (“AAHDC”) (individually “Party” and collectively the “Parties”).

Whereas, the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the Commission, was formed with the stated purpose of relieving a shortage of decent, safe and sanitary housing for persons of low income in the City of Ann Arbor and to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission.

Whereas, In 2017, county residents approved an eight-year “Washtenaw County Community Mental Health and Public Safety Preservation Millage,” a portion of which is rebated back to the City from the County annually (the “Millage”).

Whereas, In May of 2020, City Council adopted a resolution, R-20-177, allocating 40% of the Millage rebate revenue for affordable housing and related services.

Whereas, Beginning in Fiscal Year 2019, in cooperation with the City Finance Department, the Commission has been administering the Millage through the AAHDC, but the current process is duplicative between the City and the AAHDC, requiring the AAHDC to pay for goods and services and submit invoices with back-up documentation to receive reimbursement from the City;

Whereas, Through this Grant Agreement, the City proposes a change to the administration of the Millage to reduce duplicative processes, while maintaining accountability and outlining the roles and responsibilities of the Parties, related to administering the Millage.

The Parties agree as follows:

1. **GRANT.** City agrees to grant to the Commission forty percent (40%) of the total County Mental Health Millage rebate received by the City on an annual basis, subject to annual Council budget approval (the “Grant”).

2. **DURATION.** The Term of this Grant Agreement shall coincide with the length of the Millage, through Fiscal Year 2026.

3. **USE OF GRANT.** The Millage will be used to pay local non-profit partners to provide tenant support services for AAHC residents and AAHC tenant-based voucher participants, including but not limited to:

- Mental Health Support
- Medical Care
- Substance Abuse Recovery Support
- Domestic Violence
- Conflict Resolution
- Parenting and Child Welfare
- Youth and Community Center Programs
- Education and Employment Support
- Coordination of Entitlements
- Money Management and Financial Literacy
- Assistance with Basic Needs
- Legal Services
- Child Care
- Transportation
- Security
- Household Maintenance and Activities of Daily Living
- Connections to Mainstream Services and Community Resources
- Tenancy Problems and Lease Violations
- Guest Monitoring and Support
- Regular meetings with property managers to address problems and coordinate plans

Up to five percent (5%) of the Millage will be used to cover staffing and overhead costs of the AAHC and AAHDC in the administration of the fund.

4. **PERFORMANCE METRICS.** The AAHC will maintain contractual common performance metrics for all service providers for AAHC residents. The contracts for service providers who work with participants in the tenant-based voucher program may have different performance metrics than for AAHC residents, depending on the voucher program.

5. **ALLOCATION OF FUNDING.** The AAHC will allocate funding to service providers based on a formula that takes into consideration the program intensity and the service intensity. The AAHC will conduct an annual review prior to the start of the fiscal year, to readjust the funding allocations, based on the following formula:

- 1) \$2,000/rent-subsidized household for on-site service providers for locations where the service provider has an office/community center on an AAHC property.
- 2) \$1,000/rent-subsidized household for off-site service providers for locations where there is not an office/community center on an AAHC property.

- 3) \$100/unsubsidized household. This is currently Lurie Terrace, which is primarily households that pay full rent (although below market rent) without a rent subsidy.
- 4) \$2,000/household who were homeless at the time of lease-up. This is in addition to the funding provided for in numbers 1-3 above.
- 5) \$1,000/household per year for emergency support for tenants of all voucher programs who are in danger of losing their voucher.
- 6) \$3,000/unit per year for lease-up support and ongoing case management for youth aging out of foster care in the Family Unification Program (FUP).

6. **PROCUREMENT/CONTRACTING.** AAHDC and the Commission shall be responsible for procurement, under their own procurement rules and regulations, and in compliance with all state and federal laws and regulations, of all services for which Grant funds are used. AAHDC shall execute contracts with service providers and process invoices directly, using Grant funds.

7. **REPORTING.** AAHDC and the Commission shall cooperate fully with the City to evaluate and monitor the performance of the work funded in whole or part by the Grant and further agree to do the following:

- a. Provide such information and reports, oral or written, as may reasonably be required by the City, responding to City Council or City Administration with any requested detailed financial reporting related to the expenditure of the Grant Funds, at any time.
- b. Be responsible for all public-facing reports published on the City's website, per city council directive, if any.
- c. Provide AAHDC financials to be included in the AAHC and City audits.
- d. Provide a mid-year report to City Council and City Administration on or before February 5, 2024 with the following details:
 - i. List of agencies which received funding
 - ii. Total dollar amount of funding disbursed to each agency
 - iii. Description of the scope of services provided by each agency
 - iv. Report of total six-month expenditures for each agency
- e. Maintain records regarding the expenditures of Grant Funds for a period of five years after completion of the work for which the funds are used.

8. **AMENDMENTS.** This Agreement may be amended only by a written agreement executed by the Parties.

9. **AAHDC CORPORATE STRUCTURE.** The terms of this Agreement are contingent upon the AAHDC maintaining its corporate structure, effective at the time of execution of this Agreement, whereby the Commission is its sole member and the corporation's stated purpose remains to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission. Any change in corporate membership or purpose shall render this Agreement void and unenforceable.

10. **INDEMNIFICATION.**

- a. AAHDC and the Commission hereby agree to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement ("Claims"), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of AAHDC and the Commission or its contractors either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.
- b. AAHDC and the Commission's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. AAHDC and the Commission's duty to defend and indemnify City shall arise even if City is the only Party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.
- c. AAHDC and the Commission will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.
- d. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the AAHDC and the Commission under the terms of this indemnification obligation. The AAHDC and the Commission shall obtain, at their own expense, any additional insurance that it deems necessary for the City's protection.
- e. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

11. **NONDISCRIMINATION.** AAHDC agrees to comply, and to require any service providers to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. AAHDC further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.

12. **LIVING WAGE.** If a services provider of AAHDC is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, then the AAHDC agrees to require contractor's compliance with the living wage provisions of Chapter 23 of the Ann Arbor City Code. AAHDC agrees to pay those

employees providing Services to the City under this Agreement a “living wage,” as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

13. **CONFLICT OF INTEREST.** No employee, officer or elected or appointed official of the City and no immediate relative (spouse, parent, sibling, or child) of any such person, has or shall have any financial interest in this Agreement. Except for salaries and expenses which may be paid with funds provided under this Agreement, no employee, officer or director of the Commission or AAHDC and no immediate relative (spouse, parent, sibling or child) of any such person has or shall have any financial interest in this Agreement.

14. **SUSPENSION/TERMINATION.** If AAHDC or the Commission fails to comply with the terms of this Agreement, the City may declare this Agreement suspended or terminated. Thereafter, the City shall have no obligation to provide further funds to the AAHDC and the Commission. The termination shall not relieve the AAHDC and the Commission of its obligations to prepare or preserve its records and to make them available for audit or inspection. The City shall provide reasonable notice to the AAHDC and the Commission indicating the reasons for its actions before suspension or termination.

15. **SEVERABILITY OF PROVISIONS.** Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any Party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other Parties or other circumstances.

16. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction. The Parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

17. **ASSIGNS AND SUCCESSORS.** This contract is binding on the City, the Commission and AAHDC, their successors and assigns. The Parties agree they will not assign or transfer their interest in this contract without the written consent of the other Parties.

18. **EXTENT OF AGREEMENT.** This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the Parties with respect to the subject matter of the Agreement and it supersedes all prior representations, negotiations, agreements or understandings whether written or oral. Neither Party has relied on any prior

representations, of any kind or nature, in entering into this Agreement. This Agreement may be altered, amended or modified only by written amendment signed by the Parties.

19. **NO AUTHORITY TO BIND CITY TO CONTRACTS:** AAHDC and the Commission lacks any authority to bind the City on any contractual matters. Final approval of all contractual matters that purport to obligate the City must be executed by the City in accordance with the City's Charter.

20. **SIGNATURES:** The Parties agree that signatures on this Agreement may be delivered electronically or by facsimile in lieu of a physical signature and agree to treat electronic or facsimile signatures as binding. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

Signatures appear on the following pages.

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

This ___ day of _____, 2023

Approved as to substance:

By _____
Milton Dohoney Jr., City Administrator

By _____
Marti Praschan, Chief Financial Officer

Approved as to form and content:

By _____
Atleen Kaur, City Attorney

FOR THE ANN ARBOR HOUSING COMMISSION

By: _____
Jennifer Hall
Executive Director

FOR THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION

By: _____
Jennifer Hall
Executive Director, Ann Arbor Housing Commission, Its Sole Member

R 23-15

Resolution to Accept Ownership of 350 S. Fifth to the Ann Arbor Housing Development Corporation (\$6,200,000.00)

Memorandum

The Ann Arbor Housing Commission (AAHC) is requesting City Council approval to transfer ownership of 350 S. Fifth to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the AAHC, for \$6,200,000.00. Gerald Alcock Company, LLC conducted an appraisal in December 2022 based on the fair market value under the adopted PUD and Supplemental Regulations.

On April 1, 2019, City Council adopted Resolution R-19-138 directing the City Administrator to collaborate with the AAHC to provide coordinated analysis on the feasibility of City-Owned properties as potential locations for affordable housing. This resolution incorporated previous resolutions R-19-100, R-19-111, and R-19-116.

As an outcome of the analysis, in 2020, City Council approved a resolution (R-20-139), that directed the City Administrator, Ann Arbor Housing Commission, and Planning Commission to create proposed application materials and review and recommend development entitlements to the City Council for 350 S. Fifth Avenue (former Y-Lot) to support the development of affordable housing in the City. Under the direction of this resolution, AAHC held a series of public engagement events resulting in the recommendation for a Planned Unit Development (PUD) rezoning for the site.

In 2022, City Council passed ORD-22-03, allowing for the PUD that provides some modification to existing development standards and requires the following development attributes:

- The Affordable Phase shall be developed, constructed and occupied first, or concurrently with the Mixed-Income Phase
- The maximum height for any building shall be 275 feet
- No vehicle parking shall be required
- A minimum of 100 affordable dwelling units and a minimum of 40% of all dwelling units shall be affordable to households up to 60% of the Area Median Income
- A 30-foot wide, 25-foot high right of way shall be provided to the Ann Arbor Area Transportation Authority to provide an expansion and/or improvement of the Blake Transit Center
- Prohibition of any vehicular curb cut on William Street.
- Fully electric buildings with the ability to meet the City's target of Net Zero by 2030
- Natural gas connections shall only be permissible for back-up emergency generators

- All buildings shall meet or exceed the Target Energy Use Intensity (EUI) for each building type consistent with 2030 Zero-Carbon Goals of the City.
- All buildings shall meet or exceed the 2021 International Energy Conservation Code (IECC), inclusive of the Zero Code Appendix. All buildings shall meet or exceed the Enterprise Green Communities (EGS), National Green Building Standard (NGBS) or an equivalent national green building standard

The AAHC is requesting that the City convey the property to the Ann Arbor Housing Development Corporation by quitclaim deed for \$6,200,000.00 to continue moving the process forward and begin engaging with a potential development partner. The funding sources for acquisition includes \$1,000,000.00 City ARPA funds and \$5,200,000.00 City Affordable Housing Millage funds. Additional millage funds will be needed for related closing costs such as title insurance, recording fees etc.

Staff

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

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

Body

Whereas, in 2020, City Council approved resolution (R-20-139), City Administrator, Ann Arbor Housing Commission, and Planning Commission to create proposed application materials, and review and recommend development entitlements to the City Council for 350 S. Fifth Avenue (former Y-Lot) to support the development of affordable housing in the City;

Whereas; Based on community feedback, the AAHC recommended a rezoning of the site to PUD;

Whereas, In 2022, City Council passed ORD-22-03, allowing for the PUD rezoning that provides modifications to existing development standards and adds development requirements to support the community's vision for this site;

Whereas, the AAHC is requesting that the City transfer ownership to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the AAHC, for \$6,200,000.00 to meet City affordable housing goals and advance the development process; and

RESOLVED, That the Ann Arbor Housing Development Corporation accept the transfer of ownership of the property commonly known as 350 S. Fifth, and further described as:

Parcel Number: 09-09-29-404-001

LOTS 3, 4, 5 and 6 of Block 3 South, Range 5 East, ORIGINAL PLAT OF ANN ARBOR

for the fair market appraised value of \$6,200,000.00;

RESOLVED, That the Ann Arbor Housing Development Corporation accepts the transfer of ownership of 350 S. Fifth by quitclaim deed.

RESOLVED, That the Secretary-Treasurer is authorized to sign a quitclaim deed.

R-23-16

Resolution to approve a tenant services contract with Avalon for Hickory Way in the amount of \$560,058 for FY24

Avalon Housing, Inc. received Affordable Housing Millage funding to develop Hickory Way as Permanent Supportive Housing and is therefore also eligible for tenant supportive services funding from the Affordable Housing Millage. Avalon currently has a contract for \$349,339 for tenant services at Hickory Way through June 30, 2023.

Avalon is requesting a multi-year funding commitment to provide sufficient funding for 24/7 services at Hickory Way to enable Avalon to serve chronically homeless households, similar to the services model at Miller Manor. The second-year funding request for FY24 was originally \$633,568 and has been revised to \$560,058.

During the City's annual budget process, the City budgets and allocates the Affordable Housing Millage to the Ann Arbor Housing Development Corporation. AAHDC millage funding commitments are subject to funding allocations from the City of Ann Arbor. The FY24 millage budget has sufficient funding to approve this request and stay within the 20% cap on tenant services funding. The AAHDC purchasing policy does not require a competitive bidding process for tenant services contracts. However, the AAHDC board must approve contracts over \$250,000.00.

RESOLVED, That the Ann Arbor Housing Development Corporation board appropriate \$560,058 from the FY24 Affordable Housing Millage budget to Avalon Housing, Inc., with funds available until expended without regard to fiscal year.

Hickory Way Service Program Cost Projection

	Full 12 Months
Positions & Item Descriptions	Jul 2023 - Jun 2024
Team Leader	90,528
Support Coordinator-01	69,688
Support Coordinator-02	69,688
Support Coordinator-03	69,688
Community Builder	65,718
Peer Support	63,354
Home Health Aide	59,934
Residential Support Specialist (FTE 2.81)	165,740
Personnel Total	654,337
Administrative Expense	3,284
Fees & Direct Tenant Assistance	2,050
Food, Youth & Other Tenant Programs	2,614
Information Technology	4,869
Reimbursement & Travel	842
Supplies, Appliances and Tools	2,563
Sub Total	16,221
Total Expenses	670,558
Revenue Sources	Jul 2023 - Jun 2024
Morgan Stanley For Peer Support	22,500
City Millage	560,058
Hickory Way Reserve Funds	58,000
Services Management Fee	30,000
Total Revenues	670,558
Funding Needs	0

Notes

Peer Support position is 50% funded by lihtc grant until mid 2024

Filled Positions

To Be Hired

R 23-17

Resolution to Accept Ownership of 121 Catherine to the Ann Arbor Housing Development Corporation (\$1.00)

Memorandum

On March 20, 2023, City Council approved the transfer of ownership of 121 Catherine to the Ann Arbor Housing Development Corporation (AAHDC), a 501(c)(3) nonprofit corporation created by the AAHC, for \$1.00.

In 2019, City Council approved a resolution (R-19-514), directing the AAHC to develop 121 E. Catherine as affordable housing. The AAHC conducted several years of community engagement with SmithGroup and YMJ & Associates; issued a Request for Proposal for a co-developer and selected Avalon Housing; hired Landon, Bone, Baker architects; Macon engineering; O'Neal construction as the general contractor; Elevate as the green design consultant and DMC Real Estate Services as a development consultant. The AAHC has conducted site due diligence including a survey, title search, geo-tech, market survey and environmental testing. The Planning Commission approved the site plan on March 21, 2023.

The project includes a ~64,000 square foot L-shaped, 6-story mixed-use building that includes approximately 62 1-bedroom apartments and 1 2-bedroom apartment with tenant community space, staff offices, and shared laundry. All the residential units will be affordable to households with incomes at or below 60% of Area Median Income (AMI). Half of the apartments (32) will be targeted as supportive housing for households with incomes at or below 50% 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 people who are involved in artistic or literary activities, which is specifically allowed as a preference under the Low-Income Housing Tax Credit Program. ArtSpace, a national organization that develops housing for artists, is providing consulting to the team.

The ground floor includes ~2,200 square feet for community/cultural/entrepreneurial space. The team is working with YMJ & Associates and a Community Leadership Council (CLC), whose members include former Black residents of the neighborhood, Black artists, and other Black community leaders. The CLC is co-creating a space to honor the unique history of the site, and the Black and Brown people who lived and worked there.

The primary source of funding for affordable housing development is the Low-Income Housing Tax Credit (LIHTC) Program. The Internal Revenue Service (IRS) requires the AAHDC to form a limited partnership or limited liability company with an equity investor to finance the development of these properties with LIHTC. The AAHDC will own the land and the AAHDC will execute a long-term ground lease with 121 Catherine LDHA, LP for the improvements (buildings). The AAHDC and Avalon are both general partner members of 121 Catherine LDHA, LP.

The total development budget is ~\$30 million. The project team applied for LIHTC funding from MSHDA in the April 3, 2023 funding round and had the highest self-score in the Permanent Supportive Housing (PSH) category. We expect to hear from MSHDA by mid-July whether the project was funded. The team was also approved for \$763,112.00 HOME and \$959,406.00 Washtenaw County Brownfield Redevelopment Authority funds, and \$650,000.00 DDA funds. The team is applying for \$5 million in MEDC RAP funding, \$600,000.00 Federal Home Loan Bank funds and \$1 million from EGLE. We are also exploring bond financing. Affordable Housing Millage funds will be used for gap funding in case we are unable to secure any of these additional funding sources.

The City agreed to convey the property to the Ann Arbor Housing Development Corporation by quitclaim deed for \$1.00. The AAHDC will record a Declaration of Restrictive Covenant or deed restriction that ensures that the housing will be permanently affordable to households whose income is at or below 60% of the Area Median Income and that the first-floor space will be used for a public purpose. The City will reserve any necessary public access or utility easement rights. The transfer will not occur until a National Environmental Policy Act (NEPA) Environmental Review is completed.

Staff

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

Body

Whereas, In 2019, City Council approved a resolution (R-19-514), directing the AAHC to develop 121 Catherine as affordable housing;

Whereas, the Ann Arbor Housing Commission (AAHC) has conducted due diligence, a site plan was approved on March 21, 2023 for 63 residential units and about 2,200 square feet first floor community space;

Whereas, on March 20, 2023 City Council approved the transfer of ownership to the AAHC's 501(c)(3) nonprofit corporation, the Ann Arbor Housing Development Corporation (AAHDC), for \$1.00;

Whereas, the AAHDC will ground lease the improvements to 121 Catherine LDHA, LP that was formed as required by the IRS, under the Low-Income Housing Tax Credit program, and the AAHDC and Avalon Housing are co-general partner members of that legal entity; and

Whereas, The AAHDC will record a declaration of restrictive covenant or deed restriction that ensures that the housing will be permanently affordable to households whose income is at or below 60% of the Area Median Income and that the first floor space will be used for a public purpose;

RESOLVED, That the Ann Arbor Housing Development Corporation Board approve the transfer of ownership of the property commonly known as 121 Catherine from the City for \$1.00 and further described as:

Lot 27, Assessor's Plat No. 29, as recorded in Liber 29 of Plats, Page 20, Washtenaw County Records (Tax I.D. No. 09-09-29-135-001)

RESOLVED, That a deed restriction or declaration of restrictive covenant ensuring that the housing will be permanently affordable to households whose income is at or below 60% of the Area Median Income and that the first floor space shall be used for a public purpose;

RESOLVED, That the Secretary/Treasurer are authorized to sign a quitclaim deed, subject to approval by the AAHDC's attorney and to take any other action necessary to complete the transfer of property and to complete this transaction.

PROJECT PROFORMA - 121 Catherine

TOTAL NUMBER OF UNITS	63
One-Bedroom	62
Two-Bedroom	1

DEVELOPMENT BUDGET

	<u>TOTAL COST</u>	<u>PER UNIT COST</u>
Acquisition		
Ground Lease	\$1	\$0
TOTAL ACQUISITION COSTS	\$1	\$0
II. New Construction Costs		
New Construction--Site Work	\$1,584,010	\$25,143
New Construction--Structures	\$19,447,396	\$308,689
GRPO	\$2,217,553	\$35,199
New construction contingency	\$1,162,448	\$18,452
TOTAL CONSTRUCTION COSTS:	\$24,411,407	\$387,483

III. Soft Costs

Survey/Engineering	\$50,000	\$794
Appraisal	\$7,300	\$116
Environmental	\$90,000	\$1,429
Architectural fees	\$1,033,675	\$16,408
City Site Plan Fees	\$20,000	\$317
Market study	\$6,500	\$103
Developer Fee (15%)	\$1,500,000	\$23,810
Commitment Fees	\$75,000	\$1,190
Cost Certification and 10% carry over accounting	\$20,000	\$317
Legal fees	\$90,000	\$1,429
Perm loan origination fees	\$0	\$0
Perm loan title	\$0	\$0
Perm Loan Legal	\$0	\$0
Bridge Loan orig and legal	\$0	\$0
Bridge Loan Interest	\$0	\$0
Bridge Loan title	\$0	\$0
Construction loan origination fee	\$100,750	\$1,599
Construction loan legal fees	\$50,000	\$794
Construction loan interest	\$650,000	\$10,317
Tax Credit fees, 6% plus app fee	\$92,835	\$1,474
Tax Credit Compliance fees	\$29,925	\$475
MSHDA loan commitment fees	\$0	\$0
Inspection fees (Engineer/contractor)	\$20,000	\$317
Syndicator Legal fees	\$55,000	\$873
Title insurance,Recording fees, UCC fees	\$75,000	\$1,190
Contractor Cost Cert	\$0	\$0
Building Permit and Bond	\$386,851	\$6,140
Water connection fees, tap fees	\$650,000	\$10,317
Taxes at closing	\$0	\$0
Construction period insurance	\$100,000	\$1,587
Construction period utilities	\$112,000	\$1,778
Third Party Testing	\$50,000	\$794
Equipment and Furnishings	\$95,000	\$1,508
One Month GRP	\$0	\$0
Operating Reserve	\$376,911	\$5,983
Operating Deficit Reserve	\$0	\$0
Services reserve	\$0	\$0
Additional Synd Op and Lender Reserve	\$0	\$0
Replacement Reserve	\$0	\$0
TOTAL SOFT COSTS:	\$5,736,747	\$91,059.47

TOTAL DEVELOPMENT COSTS (I+II+III) \$30,148,155 \$478,542

SOURCES OF FINANCING

9% LP Equity (LIHTC), Phase I	\$13,198,680	\$209,503	Applied April 2023
Washtenaw Urban County HOME	\$763,112	\$12,113	Approved May 2023
Sponsor Loan--FHLB app	\$600,000	\$9,524	Applying July 2023
Permanent Loan	\$2,000,000	\$31,746	
City Millage Funds	\$5,782,388	\$91,784	Approved March 2023
DDA housing	\$300,000	\$4,762	Approved March 2023
DDA infrastructure	\$350,000	\$5,556	Approved March 2023
Brownfield Funds	\$959,406	\$15,229	Approved June, 2023
EGLE funds	\$1,000,000	\$15,873	Applying June 2023
RAP funds	\$5,000,000	\$79,365	Applying June 2023
45L Tax Credit funding	\$133,875	\$2,125	
GP Capital	\$100	\$2	
Deferred fee	\$60,594	\$962	

TOTAL \$30,148,155 \$478,542
Prepared by Avalon Housing

\$9.5 million at 8%; \$2 million at 6.25%; 24 months \$11,500,000

**121 E. Catherine
OPERATING PRO FORMA ***

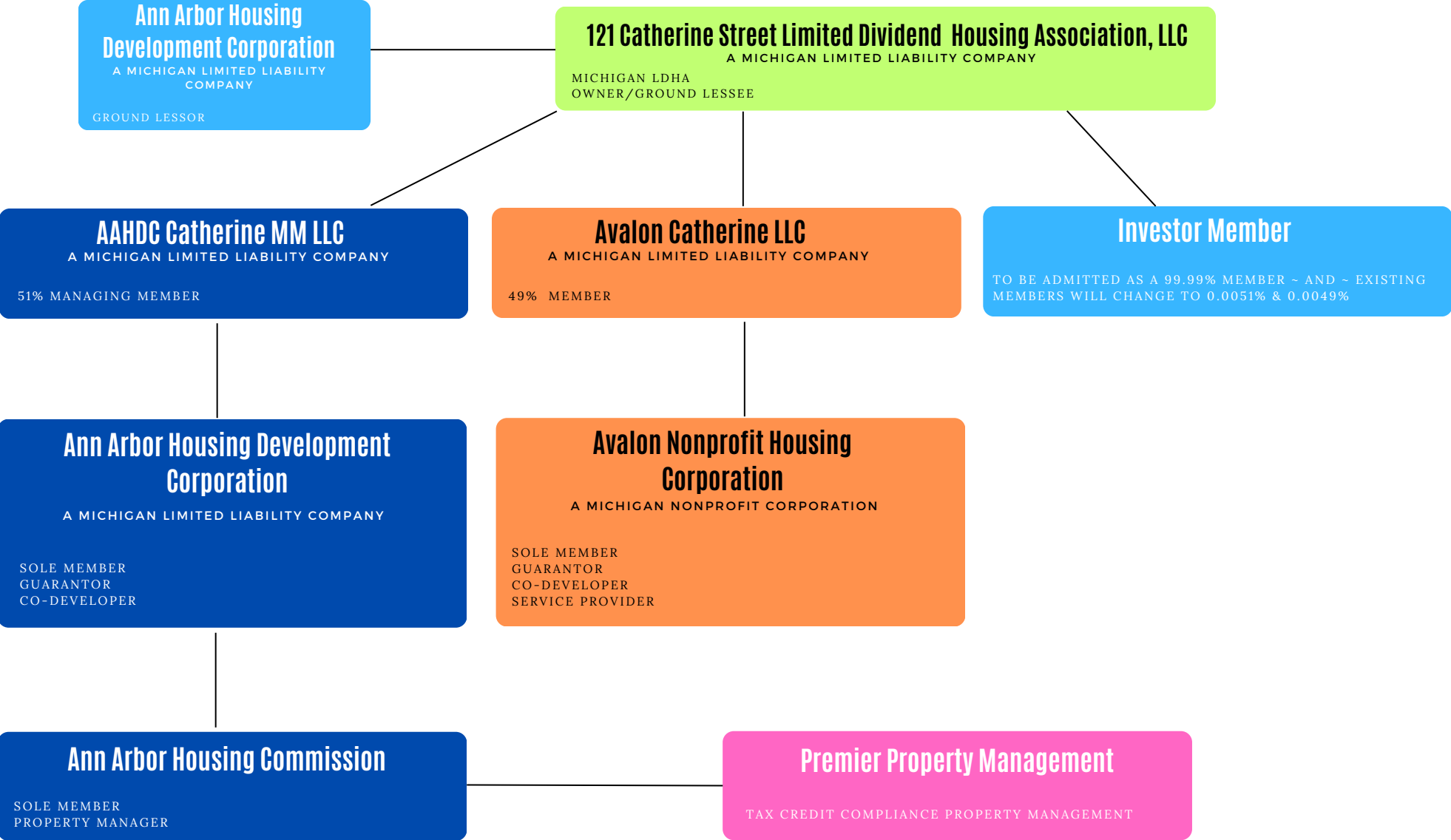
No. of units:	63	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
INCOME																
Rental Income		\$882,828	\$900,485	\$918,494	\$936,864	\$955,601	\$974,713	\$994,208	\$1,014,092	\$1,034,374	\$1,055,061	\$1,076,162	\$1,097,686	\$1,119,639	\$1,142,032	\$1,164,873
other income		\$1,000	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,243	\$1,268	\$1,294	\$1,319
vacancy	7%	(61,798)	(63,034)	(64,295)	(65,580)	(66,892)	(68,230)	(69,595)	(70,986)	(72,406)	(73,854)	(75,331)	(76,838)	(78,375)	(79,942)	(81,541)
Effective gross rent		\$822,030	\$838,471	\$855,240	\$872,345	\$889,792	\$907,588	\$925,739	\$944,254	\$963,139	\$982,402	\$1,002,050	\$1,022,091	\$1,042,533	\$1,063,384	\$1,084,651
EXPENSES																
Maintenance Labor	\$1,430	90,090	\$92,793	\$95,576	\$98,444	\$101,397	\$104,439	\$107,572	\$110,799	\$114,123	\$117,547	\$121,073	\$124,706	\$128,447	\$132,300	\$136,269
Maintenance Supplies	\$400	25,200	\$25,956	\$26,735	\$27,537	\$28,363	\$29,214	\$30,090	\$30,993	\$31,923	\$32,880	\$33,867	\$34,883	\$35,929	\$37,007	\$38,117
Management Staff	\$1,748	110,124	\$113,428	\$116,831	\$120,335	\$123,946	\$127,664	\$131,494	\$135,439	\$139,502	\$143,687	\$147,997	\$152,437	\$157,010	\$161,721	\$166,572
Contractual Services	\$1,100	69,300	\$71,379	\$73,520	\$75,726	\$77,998	\$80,338	\$82,748	\$85,230	\$87,787	\$90,421	\$93,133	\$95,927	\$98,805	\$101,769	\$104,822
Electricity	\$1,700	109,500	\$112,785	\$116,169	\$119,654	\$123,243	\$126,941	\$130,749	\$134,671	\$138,711	\$142,873	\$147,159	\$151,574	\$156,121	\$160,804	\$165,629
Gas	\$16	1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159	\$1,194	\$1,230	\$1,267	\$1,305	\$1,344	\$1,384	\$1,426	\$1,469	\$1,513
Water & Sewer	\$350	22,050	\$22,712	\$23,393	\$24,095	\$24,817	\$25,562	\$26,329	\$27,119	\$27,932	\$28,770	\$29,633	\$30,522	\$31,438	\$32,381	\$33,353
Property taxes/PILOT	1	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63
Insurance	\$1,111	70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$81,149	\$83,584	\$86,091	\$88,674	\$91,334	\$94,074	\$96,896	\$99,803	\$102,797	\$105,881
Replacement reserves	\$300	18,900	\$19,467	\$20,051	\$20,653	\$21,272	\$21,910	\$22,568	\$23,245	\$23,942	\$24,660	\$25,400	\$26,162	\$26,947	\$27,755	\$28,588
Accounting Fees	\$167	10,500	\$10,815	\$11,139	\$11,474	\$11,818	\$12,172	\$12,538	\$12,914	\$13,301	\$13,700	\$14,111	\$14,534	\$14,970	\$15,420	\$15,882
Admin Fees	\$476	30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,896	\$38,003	\$39,143	\$40,317	\$41,527	\$42,773	\$44,056	\$45,378
Ground Lease	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Management Fees	\$783	49,322	\$50,801	\$52,326	\$53,895	\$55,512	\$57,177	\$58,893	\$60,660	\$62,479	\$64,354	\$66,284	\$68,273	\$70,321	\$72,431	\$74,604
Total Expenses	\$9,582	606,050	624,229	642,954	662,241	682,106	702,568	723,643	745,350	767,709	790,738	814,458	838,890	864,055	889,975	916,672
NET OPERATING INCOME		\$215,980	\$214,241	\$212,286	\$210,104	\$207,685	\$205,020	\$202,097	\$198,904	\$195,431	\$191,664	\$187,592	\$183,201	\$178,478	\$173,409	\$167,979
Debt Service		\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772	\$147,772
Debt coverage ratio		1.46	1.45	1.44	1.42	1.41	1.39	1.37	1.35	1.32	1.30	1.27	1.24	1.21	1.17	1.14
Net Cash Flow **		\$68,208	\$66,469	\$64,514	\$62,332	\$59,913	\$57,248	\$54,325	\$51,132	\$47,659	\$43,892	\$39,820	\$35,429	\$30,706	\$25,637	\$20,207
Asset Mgt Fee		\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697	\$4,838	\$4,983	\$5,133	\$5,287	\$5,445
Cash flow after asset mgt fee		\$64,608	\$62,761	\$60,694	\$58,398	\$55,862	\$53,075	\$50,026	\$46,704	\$43,098	\$39,195	\$34,982	\$30,446	\$25,573	\$20,350	\$14,762
Possible Deferred Dev Fee		\$60,594	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,357	\$0	\$0	\$0	\$0	
Remaining cash flow		\$4,014	\$62,761	\$60,694	\$58,398	\$55,862	\$53,075	\$50,026	\$46,704	\$43,098	\$32,838	\$34,982	\$30,446	\$25,573	\$20,350	\$14,762

Notes
 Assumes 7% vacancy rate
 Assumes rent increases of 2%/year
 Assumes expense increases of 3%/year
 63 units--62 1-bedroom units; 1 2-bedroom unit
 32 1br units anticipated to be Supportive Housing and to have PBVs
 While SH units are set at 50%, households moving in will be at or under 30%, consistent with MSHDA underwriting.
 31 units are without rent subsidy

Debt	\$	2,000,000	6.25%, 30 yr	\$	147,772
PBV Supportive Housing units (32)					
Eff	Rent	# units	months	total rent	AMI
1 BR	1383	31	12	514476	50%
2 BR	1521	1	12	18252	50%
total		32			
Non Supportive Housing units (31)					
1 BR	825	6	12	59400	50%
1 BR	825	9	12	89100	60%
1 BR	1050	16	12	201600	60%
total		31			
Total Rents				882828	

CATHERINE STREET PROJECT

Roles & Responsibilities





1 Ground Floor
SCALE: 1" = 20'



1 6th Floor
SCALE: 1" = 20'

Balance Sheet

Period = Apr 2023

Book = Accrual ; Tree = ysi_bs

		Current Balance
1000-00-000	ASSETS	
1100-00-000	CASH	
1110-00-000	Unrestricted Cash	
1111-81-001	AAHDC - Savings - CSB	1,089,703
1111-82-000	AAHDC Checking-Chelsea Bank	1,870,839
1111-99-000	Total Unrestricted Cash	2,960,542
1119-00-000	TOTAL CASH	2,960,542
1120-00-000	ACCOUNTS AND NOTES RECEIVABLE	
1129-00-000	A/R-Other	155,225
1129-99-000	Allowance for Doubtful Accounts-Other	(14,504,699)
1135-04-000	A/R City of Ann Arbor	294,470
1135-05-000	A/R Miscellaneous	11,375,072
1145-00-000	Accrued Interest Receivable	3,087,897
1149-00-000	TOTAL ACCOUNTS AND NOTES RECEIVABLE	407,965
1160-00-000	OTHER CURRENT ASSETS	
1211-00-000	Prepaid Insurance	1,240
1211-02-000	Prepaid Other	9,039
1261-00-001	Development Expenses - Gen Pre-Development	292,219
1261-00-002	Development Expenses - Maple Tower	102,613
1261-00-003	Development Expenses - River Run	278,669
1261-00-004	Development Expenses - 121 E. Catherine	165,896
1261-00-005	Development Expenses - 350 S. Fifth	777,630
1262-00-000	Development Expenses - Colonial Oaks	127,649
1264-00-000	Development Expenses - Lurie Terrace	58,621
1269-99-999	Development Expenses - Contra Account	1,803,297
1299-00-000	TOTAL OTHER CURRENT ASSETS	10,279
1300-00-000	TOTAL CURRENT ASSETS	3,378,787
1400-01-000	FIXED ASSETS	
1400-08-000	Furniture and Equipment-Admin.	189,744
1400-10-500	Building Improvements	12,620
1405-90-000	TOTAL FIXED ASSETS	202,364
1493-00-000	Notes Receivable - LIHTC	1,283,038
1499-00-000	TOTAL NONCURRENT ASSETS	1,485,402
1999-00-000	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCE:	4,864,188
2111-00-000	A/P Vendors and Contractors	319,814
2119-91-000	Accrued Payable	1,007,381
2200-00-000	Deferred Revenue	249,262
2299-00-000	TOTAL CURRENT LIABILITIES	1,576,457
2499-00-000	TOTAL LIABILITIES	1,576,457

2802-00-000	Contributed Capital	67,437
2805-99-000	TOTAL CONTRIBUTED CAPITAL	<u>67,437</u>
2809-00-000	RETAINED EARNINGS:	
2809-02-000	Retained Earnings-Current Year	1,428,656
2809-04-000	Unrestricted Net Assets	1,791,638
2809-99-000	TOTAL RETAINED EARNINGS:	<u>3,220,294</u>
2899-00-000	TOTAL EQUITY	<u>3,287,731</u>
2999-00-000	TOTAL LIABILITIES AND EQUITY	<u>4,864,188</u>
9999-99-000	TOTAL OF ALL	<u>-</u>

Budget Comparison

Period = Apr 2023

Book = Accrual ; Tree = ysl_is

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
3400-00-000 GRANT INCOME									
3415-00-000 Other Government Grants	3,500,000	-	3,500,000	N/A	3,500,000	-	3,500,000	N/A	-
3415-11-000 City General Fund Revenue	158,433	57,330	101,103	176	1,162,163	573,300	588,863	103	687,962
3418-00-000 Grant Revenue	-	-	-	N/A	40,000	-	40,000	N/A	-
3499-00-000 TOTAL GRANT INCOME	3,658,433	57,330	3,601,103	6,281	4,702,163	573,300	4,128,863	720	687,962
3610-00-000 Investment Income - Unrestricted	671	92	579	630	4,352	920	3,432	373	1,100
3612-00-000 Loan Interest Revenue	-	-	-	N/A	-	-	-	N/A	540,000
3650-00-000 Miscellaneous Other Income	53,695	725,279	(671,584)	(93)	3,179,221	7,252,790	(4,073,569)	(56)	8,703,353
3670-01-000 Donations	500	-	500	N/A	500	-	500	N/A	-
3680-00-000 Developer Fees	-	-	-	N/A	210,650	-	210,650	N/A	-
3699-00-000 TOTAL OTHER INCOME	500	-	500	N/A	211,150	-	211,150	N/A	-
3999-00-000 TOTAL INCOME	3,713,299	782,701	2,930,598	374	8,096,886	7,827,010	269,876	3	9,932,415
4000-00-000 EXPENSES									
4100-00-000 ADMINISTRATIVE									
4100-99-000 Administrative Salaries	-	1,667	1,667	100	40,985	16,670	(24,315)	(146)	20,000
4110-11-000 Temporary Help	-	-	-	-	-	-	-	-	-
4110-99-000 Total Administrative Salaries	-	1,667	1,667	100	40,985	16,670	(24,315)	(146)	20,000
4139-00-000 Other Admin Expenses	-	-	-	-	-	-	-	-	-
4140-00-000 Staff Training	-	-	-	N/A	1,950	-	(1,950)	N/A	-
4171-00-000 Auditing Fees	-	-	-	N/A	1,285	2,500	1,215	49	2,500
4182-00-000 Consultants	17,837	36,347	18,510	51	419,974	363,470	(56,504)	(16)	436,163
4184-00-000 Contractor Expense - Admin	8,919	-	(8,919)	N/A	30,088	-	(30,088)	N/A	-
4189-00-000 Total Other Admin Expenses	26,756	36,347	9,591	26	453,297	365,970	(87,327)	(24)	438,663
4190-00-000 Miscellaneous Admin Expenses	-	-	-	-	-	-	-	-	-
4190-04-000 Office Supplies	-	-	-	N/A	-	150	150	100	150
4190-20-000 Bank Fees	20	-	(20)	N/A	110	160	50	32	160
4190-22-000 Other Misc Admin Expenses	1	-	(1)	N/A	7,711	200	(7,511)	(3,756)	200
4191-00-000 Total Miscellaneous Admin Expenses	21	-	(21)	N/A	7,821	510	(7,311)	(1,433)	510
4199-00-000 TOTAL ADMINISTRATIVE EXPENSES	26,776	38,014	11,238	30	502,102	383,150	(118,952)	(31)	459,173
4200-00-000 TENANT SERVICES									
4220-00-000 Resident Council	-	125	125	100	-	1,250	1,250	100	1,500
4220-01-000 Other Tenant Svcs.	98,544	417	(98,127)	(23,532)	177,088	4,170	(172,918)	(4,147)	5,000
4220-02-000 Tenant Services Support	114,371	70,884	(43,487)	(61)	969,309	708,840	(260,469)	(37)	850,610
4299-00-000 TOTAL TENANT SERVICES EXPENSES	212,915	71,426	(141,489)	(198)	1,146,398	714,260	(432,138)	(61)	857,110
4416-00-000 Contractor Expense - Maintenance	2,256	-	(2,256)	N/A	6,274	-	(6,274)	N/A	-
4419-00-000 Total General Maint Expense	2,256	-	(2,256)	N/A	6,274	-	(6,274)	N/A	-
4430-00-000 Contract Costs	-	-	-	-	-	-	-	-	-
4430-09-000 Grounds Contract Costs	-	-	-	N/A	11,903	-	(11,903)	N/A	-
4439-00-000 Total Contract Costs	-	-	-	N/A	11,903	-	(11,903)	N/A	-
4499-00-000 TOTAL MAINTENANCE EXPENSES	2,256	-	(2,256)	N/A	18,177	-	(18,177)	N/A	-
4500-00-000 GENERAL EXPENSES									
4510-20-000 Liability Insurance	155	126	(29)	(23)	1,351	1,260	(91)	(7)	1,515
4521-00-000 Misc. Taxes/Licenses/Insurance	-	-	-	N/A	20	20	-	-	20
4540-00-000 Affiliated Entities Support	3,500,000	678,392	(2,821,608)	(416)	3,500,000	6,783,920	3,283,920	48	8,140,705
4570-01-000 Bad Debt Recovery	-	-	-	N/A	-	-	-	N/A	419,000
4580-00-000 Security Contracts	-	-	-	N/A	2,244	-	(2,244)	N/A	-
4599-00-000 TOTAL GENERAL EXPENSES	3,500,155	678,518	(2,821,637)	(416)	3,503,614	6,785,200	3,281,586	48	8,561,240
5000-00-000 NON-OPERATING ITEMS									
5210-00-000 Operating Transfers OUT	(1,081,082)	-	1,081,082	N/A	1,558,101	-	(1,558,101)	N/A	-
5999-00-000 TOTAL NON-OPERATING ITEMS	(1,081,082)	-	1,081,082	N/A	1,558,101	-	(1,558,101)	N/A	-
8000-00-000 TOTAL EXPENSES	2,661,020	787,958	(1,873,062)	(238)	6,728,391	7,882,610	1,154,219	15	9,877,523
9000-00-000 NET INCOME	1,052,279	(5,257)	1,057,536	20,117	1,368,494	(55,600)	1,424,094	2,561	54,892