

AGENDA

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

November 20, 2024

Meeting Time: 7:00 pm
Location: Virtual on Zoom

Meeting Link: Join Zoom Meeting
<https://a2gov.zoom.us/j/93197745815?pwd=a2FRd0ZGNXVLS1BuVG9XY2FTVDNZdz09>

Meeting ID: 931 9774 5815
Passcode: 266477

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- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES
 - A. Regular Board Meeting Minutes of September 19, 2024
- III. NEW BUSINESS
 - A. Resolution 24-27 Approval of Arbor South Development Letter of Intent
 - B. New Office/Maintenance Search
 - C. October 2024 Financial Statement Review
- IV. ADJOURNMENT

MINUTES

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

September 18, 2024

Meeting Time: 7:00 pm
Location: Miller Manor and Zoom

The meeting was called to order at 7:03

Board Members present: Boer, Jenkins, Hall, Dr. Meadows, and Batalonga

Board Members absent: Weber, Dr. Daniels

Guests: Weneshia Brand (zoom), Ulrike Raak (in person), Arin Yu (zoom)

I. APPROVAL OF AGENDA

Jenkins moved and Boer seconded

Motion approved 5-0 (Boer, Jenkins, Hall, Meadows and Batalonga - yes, 0 – no)

II. APPROVAL OF MINUTES

Resolution to approve the minutes for the August 23, 2024 Board Meeting

Jenkins moved and Batalonga seconded

Motion approved 5-0 (Boer, Jenkins, Hall, Meadows and Batalonga - yes, 0 – no)

III. NEW BUSINESS

A. Resolution 24-25: Approval of \$500,000 grant to Avalon Housing to develop Hickory Way III and \$198,000 for the first year of supportive services from the Affordable Housing Millage

Jenkins moved and Boer seconded

Motion approved 5-0 (Boer, Jenkins, Hall, Meadows and Batalonga - yes, 0 – no)

B. Resolution 24-26: Approval of \$500,000 loan to Lockwood to develop 3695 S. State Street, conditioned on funding availability in FY26

Batalonga moved and Boer seconded

Motion approved 5-0 (Boer, Jenkins, Hall, Meadows and Batalonga- yes, 0 – no)

C. Further discussion of Arbor South Development Letter of Intent and Partnership

IV. ADJOURNMENT

End Time: 7:37

R-24-27

Resolution to Approve a Revised Letter of Intent with Arbor South

Arbor South is a private development partnership between Oxford Companies and CIG, owners of 777 East Eisenhower and 789 East Eisenhower respectively, who have partnered with Crawford Hoying of Dublin, Ohio, to redevelop the site. The property was recently rezoned to TC1 to encourage transit-oriented development with higher density, mixed-use, walkable communities. Arbor South will be developed in 5 phases and will include over 1000 housing units, retail, a hotel, parking decks and public spaces. Oxford reached out to the Ann Arbor Housing Commission to partner with them to include affordable housing on the site.

Oxford is proposing to build a stand-alone affordable housing apartment building with approximately 200 1- and 2-bedroom units that will be owned and managed by the Ann Arbor Housing Development Corporation, or a subsidiary organization. Crawford Hoying will work with the AAHDC on the design and financing of the affordable component. And the AAHDC will purchase the property after it is ready for occupancy. The AAHDC will need to raise about \$8 million to \$12 million in equity, depending on the size of the loan. The loan will be through Fannie, Freddie or HUD.

City Administrator, Milton Dohoney, CFO Marti Praschan and the Arbor South Team presented to City Council at a Work Session on November 12th. The developers are requesting that the City own and manage the parking decks and either reimburse the developer for the construction or pay for the construction of several parking decks, repaid through future taxes under the Brownfield Tax Increment Financing program. If City Council approves the brownfield TIF financing, the program requires the developer to either build 15% (150) of the residences as housing affordable to households up to 60% AMI or make a cash-in-lieu contribution to the Affordable Housing Fund. (or just under \$10 million).

Jennifer Hall presented the affordable housing plan for Arbor South. Hall let City Council know that the AAHC would be requesting that City Council approve bond financing, repaid with future millage funds, as the equity funding source, similar to the 121 Catherine project. City Council was able to ask questions but there was no vote taken.

The developer has been negotiating with Hall to sign a revised non-binding letter of intent, attached, with agreed upon principals to enable the development team to move forward with site plan approval, building design and financing. The LOI has been reviewed and approved by Rochelle Lento of Dykema.

As the project progresses and if City Council approves the sale of bonds, paid back by the Affordable Housing Millage, then the AAHDC will enter into a legally binding development and purchase agreement with the developer as approved by the AAHDC

board. The property will have a permanent deed restriction.

RESOLVED, That the Ann Arbor Housing Development Corporation approves the revised non-binding Letter of Intent with Arbor South;

RESOLVED, That the Secretary-Treasurer be authorized and directed to execute the revised Letter of Intent, consistent with this resolution; and

RESOLVED, That the Secretary-Treasurer be authorized to take any necessary action to implement this resolution.

LETTER OF INTENT
November __, 2024

Ann Arbor Housing Commission
c/o Jennifer Hall

Re: Arbor South Affordable Housing Project

To whom it may concern:

Below are proposed terms for a purchase agreement ("Purchase Agreement") between the Ann Arbor Housing Development Corporation ("Purchaser") and Eisenhower State Land Development Company ("Seller") regarding the construction and purchase of the project described herein.

Property

A portion of property located at the northwest corner of State Street and Eisenhower Parkway in Ann Arbor, Michigan (the "Property"). The building dimensions are approximately 193 feet wide facing Boardwalk and 203 feet deep.

Land area: ~1 acre on the NW corner of Arbor South development.



Project

Seller or its affiliate would construct a multi-family building that is a maximum of five-stories in height (non-high rise), containing a minimum of 200 one or two-bedroom residential units that are approximately 600 SF each for the one-bed-rooms and 800 SF for two-bedrooms (unit mix to be determined jointly by Seller & Purchaser) for residents earning less than 60% of the area median income. The Purchaser may decide to reduce the total number of units in its own reasonable discretion, provided that the number units will always exceed 150.

Unless otherwise determined by Seller and Purchaser, the building will contain at least 1,000 SF of office spaces for building management staff on the ground floor, 500 SF for tenant services, 1,000 SF of common area space (not including building circulation spaces), laundry facilities including a minimum of eight washers and eight dryers, 500 SF mechanical space, 250 SF of maintenance storage space, and a loading zone for deliveries. It is the intent of the parties that the Project will be designed with a level of finish consistent with other buildings within the Arbor South development. Other details of the building will be

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determined jointly by the Seller and Purchaser during the design process.

Access: Off Arbor South's northern E-W corridor
and by Boardwalk.

Purchase Price¹

An amount equal to the Total Project Costs as defined below.

Total Project Costs

The Total Project Costs will include:

- The Land – as determined by a third-party appraisal of the deed-restricted land prior to construction. This amount will not exceed \$3,000,000.
- Hard Costs - Hard construction costs include the costs of all construction material and labor and general and winter conditions directly attributable to the property, as agreed upon by both parties.
- Soft Costs - Construction costs include all soft costs attributable to the property, as agreed upon by both parties including:
 - City of Ann Arbor Building Permit fee
 - Financing cost associated with the Project.
 - Design Fees specifically associated with the Project
 - A 4% of Hard Costs construction management fee to Seller
 - A 1% of Hard Costs construction management fee to Purchaser.
 - A 3% of Hard Costs developer fee to Seller
 - A 2% of Hard Costs developer fee to the Purchaser

The following will NOT be included in the Project Costs:

- Design Fees not specifically associated with the Project
- Any municipal fees that the City of Ann Arbor does not permit to be included in the Project Costs.
- Legal and professional fees (each party will be responsible for their own legal and professional fees).

Deposit

An amount required to satisfy any equity requirement by the construction lender on the Project ("Deposit"). The earliest Purchaser could provide the Deposit would be after the issuance of the City's first bond series for this particular Project. Depending on the timing of the bond, Seller may need to provide Deposit to satisfy construction lender. Financing costs associated with Seller Deposit will be included as Project Soft Costs.

¹ It is estimated that the value of the combination of the Developer's assumption of risk, financial guarantees, and forgone profit will exceed the Project Costs by an amount in excess of \$10 million.

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Project Specifications	Specifications and design finishes for the Project to be determined by mutual agreement of the parties subject to the minimum qualities outlined above.
Schedule	Seller anticipates construction to begin by the end of 2025 and temporary certificate of occupancy to be received by the end of 2027.
Closing	Seller shall convey to Purchaser fee simple ownership of the Project and underlying real estate after Seller receives a certificate of occupancy for the Project. Site planning shall be done such that the Project can be spilt from the parent parcel such that both the new parcel and the remaining parent parcel will remain compliant with all applicable zoning laws, and it shall be Seller's responsibility to effectuate such process. The closing date shall be as soon as feasible after issuance of a temporary certificate of occupancy.
Environmental	Seller shall provide documentation of Environmental Site Assessment including Phase I and if necessary, Phase II reporting, and any related activities required for compliance with EGLE (if necessary). Seller and Purchaser will mutually agree on how to address any recognized environmental concerns as part of the Project.
Financing of the Project	Seller shall apply for federal debt financing assumable by the Purchaser at Closing. The Purchaser will use its reasonable best efforts to work with the Seller to secure such financing.
Design & Construction	It is understood that the Seller has engaged a team of design and construction professionals that the Seller intends to use to execute the Project. The Purchaser will be introduced to the team and given full access to the design and entitlement work completed to date. Seller will include Purchaser in all design and cost estimating discussions and decisions related to the Project.
Transparency:	The Seller and Purchaser will work together as the Project design advances to track the construction budget for the Property. Purchaser will have the right to reasonable approval of any material changes to the construction budget.
Management and Operations:	The completed project will be managed by the Purchaser or its designee. Purchaser shall maintain the project, or cause the project to be maintained, in a manner consistent with that of the surrounding Arbor South development.

[signatures on next page]

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The terms of this proposal are not intended to be binding on Seller or Purchaser and the above referenced transaction and any and all rights and obligations of Seller and Purchaser are subject to the negotiation and full execution of a mutually acceptable agreement governing the sale of the Property.

Eisenhower State Land Development Company, LLC By: _____ Name: <u>Jeff Hauptman</u> Its: <u>Authorized signer</u>	Ann Arbor Housing Development Corporation By: _____ Name: <u>Jennifer Hall</u> Its: <u>Secretary/Treasurer</u>
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Balance Sheet

Period = Oct 2024

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	7,749
1111-82-000	AAHDC Checking-Chelsea Bank	310,942
1111-99-000	Total Unrestricted Cash	318,691
1113-00-000	Investments	
1113-02-000	Investments - AAHDC Gen Funds - MI Class	1,340,084
1113-03-000	Investments - AAHDC Aff Hsg Mill Funds - MI	7,480,355
1113-04-000	Investments - AAHDC Mental Hlth Mill Funds	900,816
1113-05-000	Investments - AAHDC Marijuana Reb Funds -	1,087,220
1113-99-000	Total Investments	10,808,475
1119-00-000	TOTAL CASH	11,127,166
1120-00-000	ACCOUNTS AND NOTES RECEIVABLE	
1129-00-000	A/R-Other	15,548
1129-01-000	A/R Employees	2,597
1129-99-000	Allowance for Doubtful Accounts-Other	(16,647,897)
1135-04-000	A/R City of Ann Arbor	19,747
1135-05-000	A/R Miscellaneous	11,375,072
1145-00-000	Accrued Interest Receivable	3,989,787
1149-00-000	TOTAL ACCOUNTS AND NOTES RECEIVABLE	(1,245,146)
1160-00-000	OTHER CURRENT ASSETS	
1211-00-000	Prepaid Insurance	603
1211-02-000	Prepaid Other	2,239
1299-00-000	TOTAL OTHER CURRENT ASSETS	2,841
1300-00-000	TOTAL CURRENT ASSETS	9,884,861
1400-01-000	FIXED ASSETS	
1400-05-000	Land	8,243,000
1400-06-000	Buildings	227,000
1400-08-000	Furniture and Equipment-Admin.	704,644
1400-10-500	Building Improvements	34,946
1405-01-000	Accum Depreciation-Buildings	(3,165)
1405-03-000	Accum Depreciation-Furn & Equip Admin	(71,614)
1405-90-000	TOTAL FIXED ASSETS	9,134,811
1493-00-000	Notes Receivable - LIHTC	1,283,038
1493-01-000	Notes Receivable - Bridge Loan - Catherine LDH	710,539
1493-02-000	Notes Receivable - Mortgage - Union @ A2	3,000,000
1499-00-000	TOTAL NONCURRENT ASSETS	14,128,388
1999-00-000	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCE	24,013,249
2111-00-000	A/P Vendors and Contractors	169,651
2200-00-000	Deferred Revenue	675,083
2200-01-000	Deferred Revenue - Affordable Housing Millage	7,559,527
2200-02-000	Deferred Revenue - Mental Health Millage	804,471
2200-03-000	Deferred Revenue - Marijuana Rebate Fund	1,004,449
2299-00-000	TOTAL CURRENT LIABILITIES	10,213,182
2499-00-000	TOTAL LIABILITIES	10,213,182
2802-00-000	Contributed Capital	67,437
2805-99-000	TOTAL CONTRIBUTED CAPITAL	67,437
2809-00-000	RETAINED EARNINGS:	
2809-02-000	Retained Earnings-Current Year	8,136,493
2809-04-000	Unrestricted Net Assets	(3,068,674)
2809-05-000	Invested in Capital Assets, Net of Related Debt	8,664,811
2809-99-000	TOTAL RETAINED EARNINGS:	13,732,630
2899-00-000	TOTAL EQUITY	13,800,067
2999-00-000	TOTAL LIABILITIES AND EQUITY	24,013,249
9999-99-000	TOTAL OF ALL	-

Budget Comparison

Period = Oct 2024

Book = Accrual ; Tree = ysl_is

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
3100-00-000 TENANT INCOME									
3101-00-000 Rental Income									
3111-00-000 Tenant Rent	800	800	-	-	3,200	3,200	-	-	9,600
3119-00-000 Total Rental Income	800	800	-	-	3,200	3,200	-	-	9,600
3199-00-000 NET TENANT INCOME	800	800	-	-	3,200	3,200	-	-	9,600
3400-00-000 GRANT INCOME									
3415-00-000 Other Government Grants - Federal	19,747	165,000	(145,253)	(88)	65,051	660,000	(594,949)	(90)	1,980,000
3415-15-000 DDA Revenue	-	66,667	(66,667)	(100)	-	266,668	(266,668)	(100)	800,000
3499-00-000 TOTAL GRANT INCOME	19,747	231,667	(211,920)	(91)	65,051	926,668	(861,617)	(93)	2,780,000
3610-00-000 Investment Income - Unrestricted	6,384	12,500	(6,116)	(49)	37,601	50,000	(12,399)	(25)	150,000
3611-00-000 Investment Income - Restricted	38,965	-	38,965	N/A	116,032	-	116,032	N/A	-
3612-00-000 Loan Interest Revenue	-	37,500	(37,500)	(100)	-	150,000	(150,000)	(100)	450,000
3650-00-000 Miscellaneous Other Income	6,974	1,850	5,124	277	642,568	7,400	635,168	8,583	22,200
3651-01-000 Affordable Housing Millage Revenue	88,510	575,574	(487,064)	(85)	3,481,553	2,302,296	1,179,257	51	6,906,883
3651-02-000 Mental Health Millage Revenue	85,054	94,026	(8,972)	(10)	332,415	376,104	(43,689)	(12)	1,128,309
3651-03-000 Marijuana Rebate Fund Revenue	69,353	73,750	(4,397)	(6)	477,641	295,000	182,641	62	885,000
3670-02-000 Capital Contributions	-	-	-	N/A	435,000	-	435,000	N/A	-
3680-00-000 Developer Fees	-	-	-	N/A	-	-	-	N/A	150,000
3699-00-000 TOTAL OTHER INCOME	-	-	-	N/A	435,000	-	435,000	N/A	150,000
3999-00-000 TOTAL INCOME	315,788	1,027,667	(711,879)	(69)	5,591,061	4,110,668	1,480,393	36	12,481,992
4000-00-000 EXPENSES									
4100-00-000 ADMINISTRATIVE									
4100-99-000 Administrative Salaries									
4110-00-000 Administrative Salaries	1,241	599	(642)	(107)	5,285	2,396	(2,889)	(121)	7,192
4110-05-000 Employee Benefit Contribution-Admin-FSS	-	-	-	N/A	21	-	(21)	N/A	-
4110-50-000 Contract Employees-Admin	4,172	3,685	(487)	(13)	15,604	14,740	(864)	(6)	44,216
4110-51-000 Contract Employees-Admin-OT	24	-	(24)	N/A	148	-	(148)	N/A	-
4110-60-000 Contract-Property Management	1,058	753	(305)	(40)	4,147	3,012	(1,135)	(38)	9,036
4110-61-000 Contract Property Management-OT	2	-	(2)	N/A	40	-	(40)	N/A	-
4110-99-000 Total Administrative Salaries	6,497	5,037	(1,460)	(29)	25,244	20,148	(5,096)	(25)	60,444
4139-00-000 Other Admin Expenses									
4140-00-000 Staff Training	-	200	200	100	-	800	800	100	2,400
4171-00-000 Auditing Fees	-	167	167	100	-	668	668	100	2,000
4182-00-000 Consultants	28,354	4,000	(24,354)	(609)	48,929	16,000	(32,929)	(206)	48,000
4184-00-000 Contractor Expense - Admin	5,393	6,875	1,483	22	20,806	27,500	6,694	24	82,500
4189-00-000 Total Other Admin Expenses	33,747	11,242	(22,505)	(200)	69,735	44,968	(24,767)	(55)	134,900
4190-00-000 Miscellaneous Admin Expenses									
4190-01-000 Membership and Fees	-	-	-	N/A	120	-	(120)	N/A	-
4190-04-000 Office Supplies	164	20	(144)	(718)	164	80	(84)	(104)	240
4190-09-000 Software License Fees	1,119	-	(1,119)	N/A	4,477	-	(4,477)	N/A	-
4190-20-000 Bank Fees	-	100	100	100	94	400	306	77	1,200
4190-22-000 Other Misc Admin Expenses	134	2,500	2,366	95	10,813	10,000	(813)	(8)	30,000
4191-00-000 Total Miscellaneous Admin Expenses	1,416	2,620	1,204	46	15,667	10,480	(5,187)	(50)	31,440
4199-00-000 TOTAL ADMINISTRATIVE EXPENSES	41,660	18,899	(22,761)	(120)	110,647	75,596	(35,051)	(46)	226,784
4200-00-000 TENANT SERVICES									
4220-00-000 Resident Council	-	208	208	100	-	832	832	100	2,500
4220-01-000 Other Tenant Svcs.	(3,000)	-	3,000	N/A	257,893	-	(257,893)	N/A	-
4220-02-000 Tenant Services Support	205,405	245,983	40,578	17	746,816	983,932	237,116	24	2,951,799
4230-01-000 Tenant Relocation	-	-	-	N/A	1,200	-	(1,200)	N/A	-
4299-00-000 TOTAL TENANT SERVICES EXPENSES	202,405	246,191	43,786	18	1,005,909	984,764	(21,145)	(2)	2,954,299
4310-00-000 Water	782	400	(382)	(96)	782	1,600	818	51	4,800
4320-00-000 Electricity	800	528	(272)	(52)	2,482	2,112	(370)	(18)	6,335
4330-00-000 Gas	134	333	199	60	428	1,332	904	68	4,000
4399-00-000 TOTAL UTILITY EXPENSES	1,716	1,261	(455)	(36)	3,692	5,044	1,352	27	15,135
4410-50-000 Contract Employees Maintenance	675	359	(316)	(88)	2,644	1,436	(1,208)	(84)	4,310
4416-00-000 Contractor Expense - Maintenance	-	2,708	2,708	100	1,550	10,832	9,282	86	32,500
4419-00-000 Total General Maint Expense	675	3,067	2,392	78	4,194	12,268	8,074	66	36,810
4420-00-000 Materials									
4420-08-000 Plumbing Supplies	21	-	(21)	N/A	21	-	(21)	N/A	-
4420-21-000 Fire/Life/Safety Expenses & Supplies	60	-	(60)	N/A	412	-	(412)	N/A	-
4429-00-000 Total Materials	81	-	(81)	N/A	433	-	(433)	N/A	-
4430-00-000 Contract Costs									
4430-04-000 Carpet Cleaning Contract Costs	-	-	-	N/A	180	-	(180)	N/A	-
4430-09-000 Grounds Contract Costs	5,698	-	(5,698)	N/A	12,551	-	(12,551)	N/A	-
4430-11-000 Plumbing Contract Costs	-	-	-	N/A	534	-	(534)	N/A	-
4430-16-003 Fire Alarm Inspection Fees	-	-	-	N/A	732	-	(732)	N/A	-
4430-28-900 Lawn Care Contract-Budget for Mowing	1,298	-	(1,298)	N/A	3,335	-	(3,335)	N/A	-
4439-00-000 Total Contract Costs	6,996	-	(6,996)	N/A	17,332	-	(17,332)	N/A	-
4499-00-000 TOTAL MAINTENANCE EXPENSES	7,752	3,067	(4,685)	(153)	21,959	12,268	(9,691)	(79)	36,810
4500-00-000 GENERAL EXPENSES									
4510-20-000 Liability Insurance	301	174	(127)	(73)	2,743	696	(2,047)	(294)	2,094
4521-00-000 Misc. Taxes/Licenses/Insurance	-	3	3	100	50	12	(38)	(317)	40
4525-00-001 Development Expense - General	20,240	722,387	702,147	97	124,837	2,889,548	2,764,711	96	8,668,639
4525-00-002 Development Expense - Maple Tower	-	-	-	N/A	31,811	-	(31,811)	N/A	-
4525-00-003 Development Expense - River Run	195	-	(195)	N/A	390	-	(390)	N/A	-
4525-00-004 Development Expense - West Arbor	-	-	-	N/A	4,290	-	(4,290)	N/A	-
4525-00-005 Development Expense - Swift Lane	8,630	-	(8,630)	N/A	9,020	-	(9,020)	N/A	-
4525-00-006 Development Expense - Colonial Oaks	15,553	-	(15,553)	N/A	50,694	-	(50,694)	N/A	-
4525-00-007 Development Expense - Lurie Terrace	-	-	-	N/A	63,476	-	(63,476)	N/A	-
4525-00-009 Development Expense - 121 Catherine	269	-	(269)	N/A	614,909	-	(614,909)	N/A	-
4540-00-000 Affiliated Entities Support	2,325	-	(2,325)	N/A	9,225	-	(9,225)	N/A	-
4570-01-000 Bad Debt Recovery	-	33,333	33,333	100	-	133,332	133,332	100	400,000
4599-00-000 TOTAL GENERAL EXPENSES	47,514	755,897	708,383	94	911,445	3,023,588	2,112,143	70	9,070,773
8000-00-000 TOTAL EXPENSES	301,048	1,025,315	724,267	71	2,053,652	4,101,260	2,047,608	50	12,303,801
9000-00-000 NET INCOME	14,740	2,352	12,388	527	3,537,409	9,408	3,528,001	37,500	178,191