

COMMUNITY BENEFITS AGREEMENT

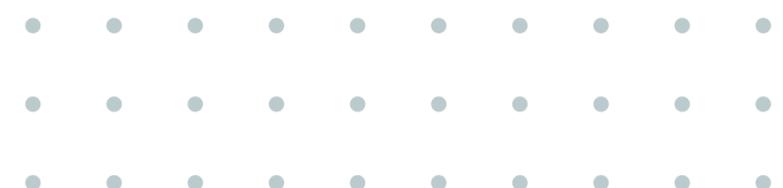
206 N. Washington, Ypsilanti, MI 48197

Presented by:

Jason Cloutier, Kat Layton, and Hayden Pendergrass
206 N. Washington St. CBA Committee Members

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PURPOSE OF THIS PRESENTATION

The purpose of this presentation is to provide context and understanding of the elements preceding the development of a Community Benefits Agreement, which is discussed in this presentation to Ypsilanti City Council, Avalon Housing, and Ypsilanti residents alike.

The Community Benefits Agreement detailed in this presentation is made by and between the City of Ypsilanti and Avalon Housing, a Michigan Nonprofit Corporation.

NOTE:

The references behind the content for each page of this presentation are detailed on **pgs. 18 – 22 for each page numbers's respective sources.**



THE CITY OF YPSILANTI PURCHASES 206 N. WASHINGTON ST.

On January 1, 2017, the 16-unit apartment building managed by Stewart Beal at **206 N. Washington caught fire** (Moran, 2017).

Soon after, **Washtenaw County Treasurer foreclosed the burned-out multi-unit structure and property** following the owner's nonpayment of taxes and failure to make an estimated 1.5 million in repairs (Afana, 2019).

In July 2019, the City of Ypsilanti City Council voted 7 to 0 to approve purchasing 206 N. Washington using its "Right of First Refusal" from the County Treasurer for \$101,977 (City of Ypsilanti, 2019).

\$75,000 from Ypsi's Affordable Housing Fund *and*

\$26,977 from Ypsi's Dangerous Buildings Escrow Fund



THE CITY APPROVES THE AMENDED RFP FROM AVALON HOUSING



In March 2020, eight months after the City’s purchase, the City Economic Development Director requested the City to release a Request for Proposals (RFP) for affordable housing (City of Ypsilanti, 2020).

Sixth months after city staff’s recommendation to release a RFP, on September 15, 2020 **the Ypsilanti City Council approved** one of two received proposals, with **Avalon Housing as the selected developer** (City of Ypsilanti, 2020).

Two submitted proposals for the development of the property to create affordable housing were (City of Ypsilanti, 2020):

- 1 Ypsilanti Housing Commission
- 2 Avalon Housing (Ann Arbor-based)

COMMUNITY BENEFITS AGREEMENT REQUIRED BY ORDINANCE

The Ypsilanti City Council and Avalon Housing signed a purchase agreement for \$100,000 in September 2020, and nearly three years later, on February 2, 2023, Avalon Housing made a formal request for a Payment in Lieu of Taxes (PILOT). The requested PILOT is 4% of total shelter rents for the next 50 years.

Working with the City Assessor, staff estimated the tax to be \$55,615 per year without a PILOT. The PILOT is requested for a duration of 50 years, which makes the total value of the tax break incentive \$2.38 million. Additionally, if approved, the City would collect a portion, but not all, of this payment in lieu of taxes.

(City of Ypsilanti, 2023)

Prior to city council's final approval of public support for this development, a community benefits agreement is required between the City of Ypsilanti and Avalon Housing. **A community benefits agreement means a voluntary contract negotiated and agreed to by the City of Ypsilanti and a developer to provide community benefits in return for the receipt of a public support.**

(Community Benefit Ordinance, Chapter Number 30 § Sec. 30-500, 2018)

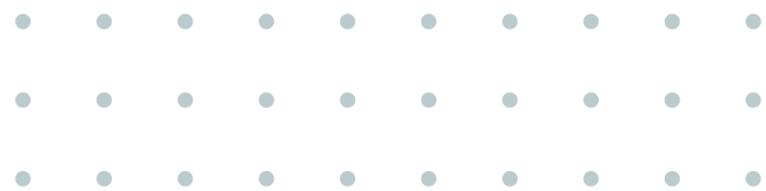
COMMUNITY BENEFITS AGREEMENT MUST INCLUDE COMMUNITY BENEFITS

The proposed Avalon development at 206 N Washington is considered a **Tier 2 Project defined as any project**, development, or redevelopment in which the developer is **requesting public support in the form of a financial incentive in an amount greater than \$250,000.00** or in the form of the sale or lease of city-owned land.

Tier 2 Projects must comply with all of the requirements of tier 1 projects and provide for at least two community benefits contained in section 30-515(b) of this division.

Projects may provide for direct funding, to the City of Ypsilanti or other relevant key partners, for the purposes of meeting community benefits requirements.

(City of Ypsilanti, 2023)



NON-EXHAUSTIVE LIST OF POTENTIAL COMMUNITY BENEFITS

Tier 1

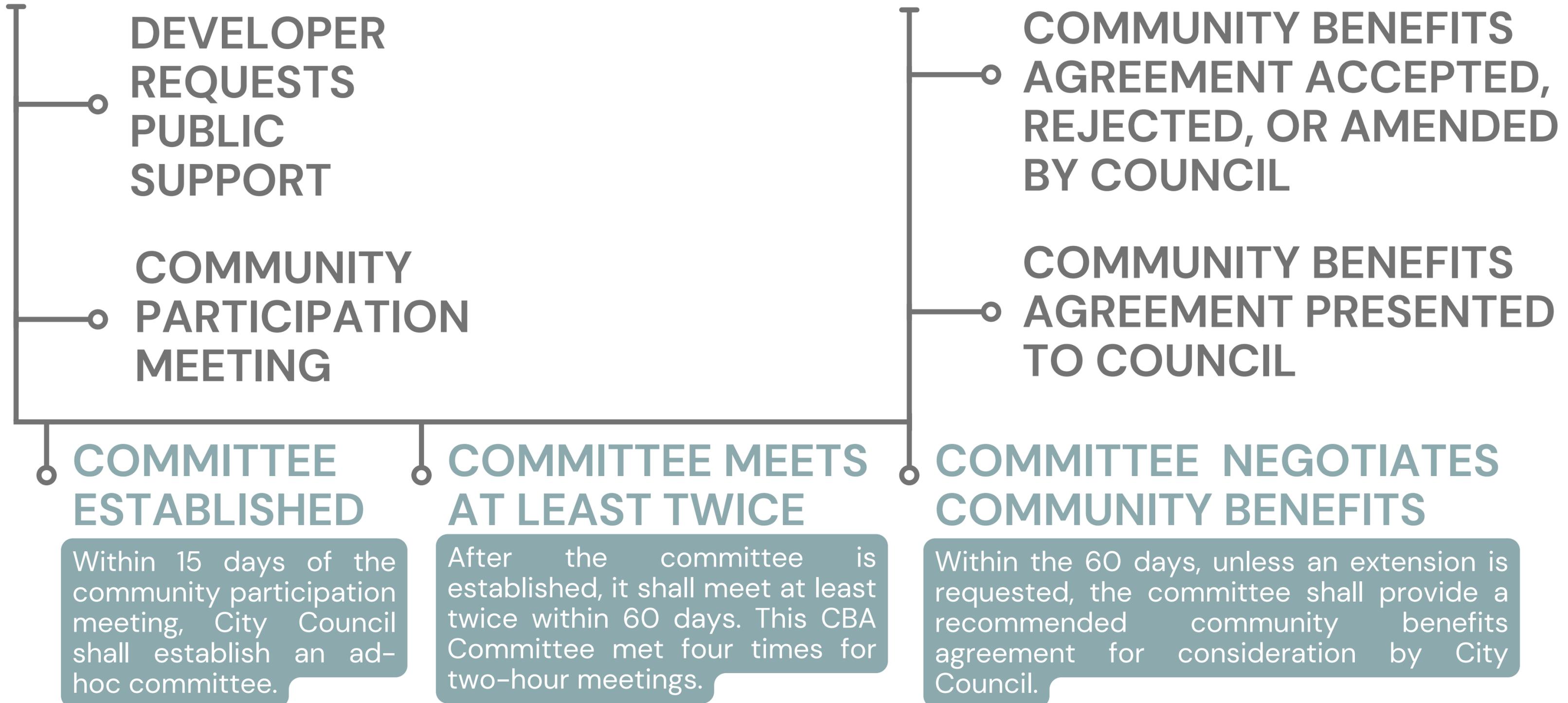
- Providing, either on-site or off-site, additional recreational activities, parks, open space, public service enhancements, or public infrastructure improvements for the City of Ypsilanti and its residents. This includes public transportation services and infrastructure.
- Incorporation of green or sustainable energy elements into the project or the promotion of such investments throughout the city.
- Unbundling of construction work into bid sizes that will allow local small businesses level competition, without restricting the project timelines. Assistance with access to bonding, lending, insurance, access to capital, procurement, and other types of capacity-related assistance where necessary and when available.

Tier 2

(also includes Tier 1)

- Work with Michigan Works, the SBDC, and other similarly situated organizations to help provide training, development, and preparation for potential contractual and hiring opportunities for local small businesses, minority-owned business enterprises, women-owned business enterprises, and other relevant business organizations and chambers.
- Providing or supporting educational and/or mentoring activities that provide or enhance employment opportunities for local residents and youth through the Ypsilanti Community Schools, Washtenaw Community College, or other educational programs.
- Creation or financial support of, either on-site or off-site, mixed or low-income housing units.

COMMUNITY BENEFITS ORDINANCE SIMPLIFIED PROCESS



COMMUNITY BENEFIT AGREEMENTS

COMMUNITY BENEFIT 1

- Avalon will affirmatively market the units at 206 N. Washington St. so that populations that often find it difficult to obtain affordable and supportive housing will have access to these units including seniors and others identified in the *Project's Affirmative Fair Marketing Housing Plan*.

COMMUNITY BENEFIT 2

- Avalon will affirmatively market and prioritize supportive housing units at 206 N. Washington St. to previously incarcerated individuals, consistent with the local *Coordinated Entry* process.

COMMUNITY BENEFIT 3

- Avalon will lose the PILOT on an individual unit for a year if the tenant has an income that exceeds 60% AMI.

WHAT THIS MEANS: If the tenant of a unit has an income that exceeds 60% area median income (AMI), Avalon Housing will have to pay the full 100% of the tax rather the agreed 4% of the unit's rent. This would be around \$750 in rent, according to Avalon Housing.

BRIEF OVERVIEW OF AREA MEDIAN INCOME

\$40,256

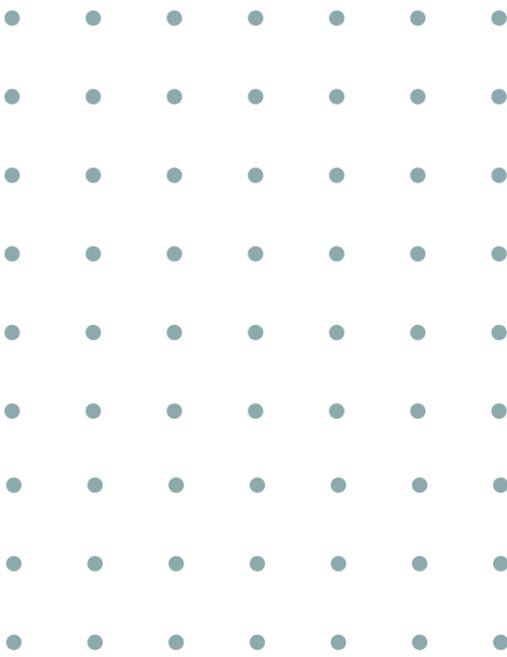
YPSILANTI

1 - PERSON (U.S. CENSUS, 2021)

\$82,500

WASHTENAW COUNTY

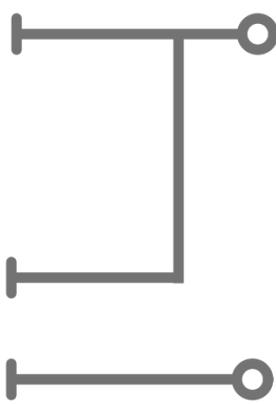
1 - PERSON (U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, 2022)



AMI is a key metric in affordable housing, and is calculated from the county's area median income

2022 HUD Income Limits for Washtenaw County

- Low Income (60%): \$52,080
- Very Low Income (50%): \$43,400
(40%): \$34,720
- Extremely Low Income (30%): \$26,040



Fourteen (14) 1-bedroom units will be rented with income requirements of 40% AMI or greater.

Eight (8) 1-bedroom units are set aside for households with maximum incomes at 30% AMI

COMMUNITY BENEFIT 4

- Avalon will commit itself to continuing its mission throughout the duration.

AVALON'S MISSION is to build healthy, safe and inclusive supportive housing communities as a long-term solution to homelessness.

COMMUNITY BENEFIT 5

- Avalon will collaborate with community partners to offer appropriate programs that are available to the wider community in the community room at 206 N. Washington St.

Non-exhaustive list of grassroots partners and organizations that *could be contacted for partnership* to resource/staff community-oriented programs and access community room facilities during program hours:

- The Mutual Aid Network of Ypsilanti
- Washtenaw Literacy
- Ypsilanti Pop-up Clinic
- Student Advocacy Center
- UNIFIED – HIV Health and Beyond

COMMUNITY BENEFIT 6

- Avalon shall commit to Green Standards included in its County HOME agreement and in its MSHDA agreement, including Enterprise Green Communities and/or National Green Building Standards.

COMMUNITY BENEFIT 7

- Should an excess of funding exist after the project is complete, then Avalon will use any additional funds to add renewable components to the building (solar; etc.).

COMMUNITY BENEFIT 8

- Avalon agrees to assist its residents in acquiring a residential street parking pass, with proof of vehicle ownership.

COMMUNITY BENEFIT 9

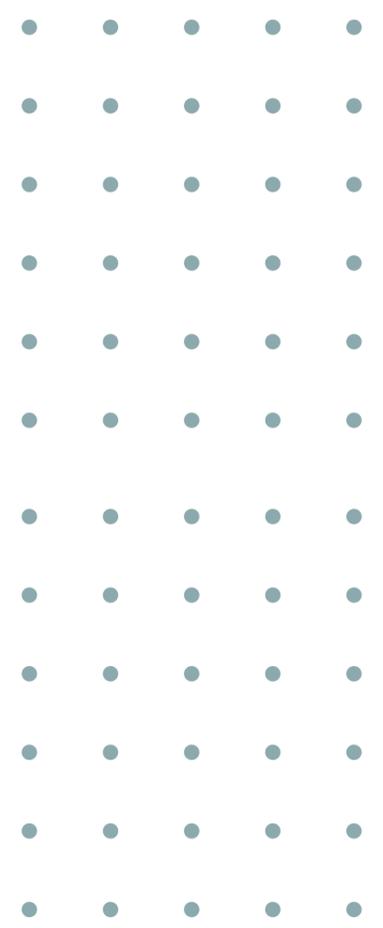
- Avalon will install a bench in the front of the property.

COMMUNITY BENEFIT 10

- Avalon will maximize the use of the historic outbuildings for community benefit as space permits, subject to historic district restrictions, if any.

Non-exhaustive list of uses that Avalon Housing *could maximize for community benefit* include:

- Ride-sharing Bike Shed
- Community Toolshed



COMMUNITY BENEFIT 1

Maintain the 4% PILOT on 206 N. Washington St. for the length of this agreement.

COMMUNITY BENEFIT 2

Amend Chapter 58 of the Human Relations Commission to further focus on housing affordability and accessibility, however, failure of the City to amend Chapter 58 shall not limit the project's ability to receive a PILOT.

In July 2020 a subcommittee of Ypsilanti Planning Commission submitted the *Report and Recommendations of the City of Ypsilanti Citizen Committee on Housing Affordability and Accessibility* to the Planning Commission for City Council to review and consider.



NOTE: Upon the presentation from the Ypsilanti Planning Commission's subcommittee, City Council implemented no recommendations developed by the subcommittee. Members of this CBA committee resurfaced the importance of this report's findings, along with the need for *housing affordability and accessibility* to be further focused on in the anti-discrimination ordinance.

POSSIBLE AMENDMENTS TO CHAPTER 58 INCLUDE:



○ Sec. 58 - 35

ADD ADDITIONAL PURPOSE AND FUNCTION: To study the problems in the city relating to housing affordability and accessibility and to make recommendations to the city council and city manager for preserving and enhancing housing affordability and accessibility within the community.

○ Sec. 58-31, 58-61, 58-62, 58-70, 58-92, 58-94, 58-95

THESE SECTIONS CURRENTLY READ AS FOLLOWS: "The city council finds that prejudice and the practice of discrimination because of ...felony or misdemeanor conviction (*unless there is a direct relationship between the conviction offense and **the housing**, the job, the opportunity or unless hiring or accepting the person would create an unreasonable risk to **property** or safety*) menaces peace and public welfare;"

FYI: In March 2020, City Council approved to protect felony and misdemeanor convictions from discrimination, however, the present language authorizes denial of access to housing based on criminal history.

○ Article III, Division 2 – Fair Housing

POSSIBLE REVISIONS to Sec. 58-93. – Exemptions. and Sec. 58-96. – Property offered to public.

○ Article IV – Landlord & Tenant Relations:

POSSIBLE REVISIONS to improve affordability and access (as discussed on pages 6 - 7 of the report by the Citizen Committee on Housing Affordability and Accessibility).

CITY OF YPSILANTI AGREEMENTS

COMMUNITY BENEFIT 3

Readopt a Community Benefits Ordinance, however, failure of the City to readopt a Community Benefits Ordinance shall not limit the project's ability to receive a PILOT

WHAT THIS MEANS: The Community Benefits Ordinance has technically expired, but City Council provided approval for this project development to utilize the ordinance as is for guidelines. **The 206 N. Washington CBA committee members ask for Council to readopt the ordinance.**



THANK YOU

Have any question?

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SOURCES OF INFORMATION

PAGE | 4

- Afana, D. (2019, August 2). Fire-damaged Ypsilanti building being transformed into affordable senior housing. MLive. Retrieved from <https://www.mlive.com/news/ann-arbor/2019/08/fire-damaged-ypsilanti-building-being-transformed-into-affordable-senior-housing.html>
- Moran, D. (2017, January 1). Fire damages Ypsilanti apartment building. MLive. Retrieved from https://www.mlive.com/news/ann-arbor/2017/01/fire_damages_ypsilanti_apartme.html
- Ypsilanti City Council. (2019, July 16). Regular city council meeting. City of Ypsilanti. Retrieved from <https://cityofypsilanti.com/AgendaCenter/ViewFile/Item/1881?fileID=3439>

Pgs. 75 – 75 (of 140 total pages) are regarding the Request for Legislation for 206 N. Washington Right of First Refusal

PAGE | 5

- Ypsilanti City Council. (2020, April 21). Regular city council meeting. City of Ypsilanti. Retrieved from <https://cityofypsilanti.com/AgendaCenter/ViewFile/Item/2078?fileID=3969>

Pgs. 59 (of 143 total pages) are regarding the Request for Legislation for a Request for Proposals

- Ypsilanti City Council. (2020, September 15). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_09152020-1432

Pgs. 37 – 111 (of 640 total pages) are regarding Avalon Housing’s proposal to the City for affordable housing

Pgs. 112 – 165 (of 640 total pages) are regarding Ypsilanti Housing Commission’s proposal to the City

SOURCES OF INFORMATION

PAGE | 6

- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080
Pgs. 21 – 22 (of 177 total pages) are regarding the Request for Legislation for 206 N. Washington Avalon PILOT
- Community Benefit Ordinance, Chapter Number 30 § Sec. 30-500 (2018). City of Ypsilanti. Retrieved from https://library.municode.com/mi/ypsilanti/codes/code_of_ordinances?nodeId=PTIICOOR_CH30CODE_ARTVIICOB

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- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080
Pgs. 35 – 37 (of 177 total pages) are regarding the 206 N Washington CBO Guide

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- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080
Pgs. 41 – 43 (of 177 total pages) are regarding the 206 N Washington CBO Guide

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PAGE | 9

- Community Benefit Ordinance, Chapter Number 30 (2018). City of Ypsilanti. Retrieved from https://library.municode.com/mi/ypsilanti/codes/code_of_ordinances?nodeId=PTIICOOR_CH30CODE_ARTVIICOB

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- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080

Pgs. 65 – 67 (of 177 total pages) are regarding the proposed Community Benefits Agreement between the City of Ypsilanti and Avalon Housing

- *Project's Affirmative Fair Marketing Housing Plan* can be found in Chapter 2 of the *Implementing Affirmative Fair Housing Marketing Requirements Handbook (8025.1)* linked here: https://www.hud.gov/program_offices/administration/hudclips/handbooks/ftheo/80251

- The Washtenaw County Continuum of Care (CoC) uses *coordinated entry* as a standardized way to meet the immediate and long-term needs of those at-risk of or experiencing homelessness in Washtenaw County. Policies and procedures for coordinated entry linked here: <https://www.washtenaw.org/DocumentCenter/View/5296/Coordinated-Entry-and-Community-Housing-Prioritization-Process-PDF>

SOURCES OF INFORMATION

PAGE | 11

- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080

Pgs. 5 – 16 (of 177 total pages) are regarding Avalon Housing’s June 13, 2023 Community Benefits Presentation

- *Income Limits & Affordable Housing Limits* for Washtenaw County can be found linked here: <https://www.washtenaw.org/DocumentCenter/View/29606/2023-Income-Limits?bidId=>

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- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080

Pgs. 65 – 67 (of 177 total pages) are regarding the proposed Community Benefits Agreement between the City of Ypsilanti and Avalon Housing

- Avalon Housing’s mission can be found linked here: <https://avalonhousing.org/our-mission/>

PAGE | 13 – 15

- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080

Pgs. 65 – 67 (of 177 total pages) are regarding the proposed Community Benefits Agreement

SOURCES OF INFORMATION

PAGE | 15 – 16

- The Report and Recommendations of the City of Ypsilanti Citizen Committee on Housing Affordability and Accessibility submitted to the Planning Commission for City Council to review and consider in 2020 linked here: <https://cityofypsilanti.com/AgendaCenter/ViewFile/Item/2127?fileID=4349>

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- Human Relations Commission Ordinance, Chapter Number 58 (2020). City of Ypsilanti. Retrieved from https://library.municode.com/mi/ypsilanti/codes/code_of_ordinances?nodeId=PTIICOOR_CH58HURE
- Ypsilanti City Council. (2020, April 7). Regular city council meeting. City of Ypsilanti. Retrieved from <https://cityofypsilanti.com/AgendaCenter/ViewFile/Item/2067?fileID=3934>

Pg. 18 (of 112 total pages) are regarding the Request for Legislation for Amendments to Discrimination Ordinance to add Felony as protected class

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- Ypsilanti City Council. (2023, November 7). Regular city council meeting. City of Ypsilanti. Retrieved from https://cityofypsilanti.com/AgendaCenter/ViewFile/Agenda/_11072023-2080

Pgs. 65 – 67 (of 177 total pages) are regarding the proposed Community Benefits Agreement between the City of Ypsilanti and Avalon Housing