

MINUTES
Ann Arbor Downtown Development Authority Meeting
Wednesday, February 1, 2006

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, 48104
Time: DDA Chair Leah Gunn called the meeting to order at 12:04 p.m.

1. ROLL CALL

Present: Fred Beal, Russ Collins, Ron Dankert, Dave DeVarti, Rene Greff, Leah Gunn, Roger Hewitt, John Hieftje, Sandi Smith

Absent: Rob Aldrich, Gary Boren, Bob Gillett

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Kate Davidoff, intern

Audience: Vivienne Armentrout, Ann Arbor Observer
Tony Bisesi, Republic Parking
Erica Briggs, getDowntown program
Tom Crawford, City of Ann Arbor
Connie Dimond, JJR
Adrian Iraola, Washtenaw Engineering
Jayne Miller, City of Ann Arbor
Ethel Potts, citizen
Deanna Relyea, Kerrytown District Association
Chris White, AATA

2. OLD BUSINESS

None.

3. AUDIENCE PARTICIPATION

Ms. Relyea, Kerrytown District Association, encouraged the DDA to renew its associations grants but not to make these grants contingent upon street closing, as the KDA sponsors events throughout the year in locations that do not require street closings.

Mr. White reported that a study in December showed Link ridership is over 1,000 per day and 80% of riders are students. Many riders go from campus area to the commercial districts for work and/or to go to restaurants. He said that he could provide a more detailed report and asked to meet with a DDA committee to discuss possible renewed funding for the Link. Ms. Gunn said that he was invited to meet with the Operations Committee later this month.

4. DOWNTOWN AREA CITIZENS ADVISORY COUNCIL

Mr. Detter reported: You have already received a Memorandum that contains the official response that all the members of the Downtown Area CAC have had an opportunity to approve. It was also delivered to the Planning Commission and members of City Council January 10-11. It will be the basis of the CAC's future actions in relationship to the Calthorpe recommendations.

The CAC urges the city to adopt the Calthorpe Recommended Policy Framework for Downtown Ann Arbor as a general guide to future implementation of changes that will improve downtown. As a guide, it

can be used to modify our master plans and zoning to support higher density downtown development that encourages a pedestrian, retail and residential environment supportive of a broad spectrum of housing, work and office opportunities. At the same time it is committed to protecting our historic districts and nearby residential neighborhoods.

But we believe this Calthorpe report is essentially an outline for a future conversation on implementation of the recommendations—many of which have been under discussion in our community for a long time—but no action was taken. Some information is, unfortunately, inaccurate (Adaptive Reuse Ordinance). As Joey Scanga of Calthorpe admitted at the Jan 17 joint meeting of Planning, DDA and Council, it was sometimes uninformed (Historic Districts). We have areas of concern—height bonuses, transfer rights. But it does consolidate and focus much of this community's thinking regarding the desired future of downtown.

In many cases the recommendations are just asking us to “take a look “ at a particular direction”—“a laundry list”—but it is a good place to start. He suggests that we prioritize our “wish list”—decide what is most important, go after those first and fit in other items as we proceed. Mr. Scanga made clear that all this report does is state possible policies. We don't have to adopt all the recommendations to proceed with implementation of those that have general community approval. It is simply a guide.

CAC members believe that the process of implementation of these recommendations is most important and requires great care. Implementation should follow a well-publicized schedule that is transparent—with public input, debate, and consensus building every step of the way as we move toward modifying already adopted city master plans. Our city's Downtown (1988) and Central Area Plans (1992) were a product of months and years of broad community participation—but they too were never completely implemented.

The city needs to adopt the Calthorpe recommendations in principle and then act to implement specific recommendations. Let's take zoning as a first step. Zoning should be carefully modified to encourage smart growth, better mixed-use development, more retail and more varied housing units. Scanga suggests that Planning, DDA and Council hire someone to rewrite the zoning. He suggested “cherry picking’ from different towns and areas to get the best examples. There is a lot to consider: (minimum, maximum heights, bonuses, retail on first floor, design issues, protecting neighborhoods).

We are pleased that the Mayor already has local AIA architects looking into possibilities of design guidelines for future development. It is not an easy task. A Greenway Taskforce has been meeting for months and will report in the fall. The city is already taking actions recommended in the Calthorpe report: Alternative Transportation Study (buses, bikes, etc.), streamlining the development review process, Huron, Division, Fifth Avenue Studies, a DDA Parking Study—hopefully leading to a Comprehensive Parking strategy for Downtown. Rob Aldrich and others have reopened a dialogue on the Library Lot with a possible public space, underground parking, and city hall and/or private housing development. The DDA is taking action each time it acts on a project or program that comes before it: First and Washington, the Kline Lot—not unrelated to the Calthorpe report.

The William Street Station Project on the old YMCA site is a perfect example of what we can do and are doing. The CAC supports all three William Street Station resolutions you have before you. They support community commitments, your own plans and they are reinforced by the Calthorpe recommendations.

The Resolution of Support for a Parking Agreement: Not only supports a mixed-use building that will include a new transit center, ground floor retail, 100 units of low income housing and 90 units of mixed

income rental housing, but commits the DDA to spending \$20 million on parking in that area in the next five years. If related to the transit center, this is one step further toward developing a comprehensive parking and integrated transportation plan for the downtown—maybe a public plaza at Library Lot. The Calthorpe recommendations support all these directions.

The Resolution to Provide \$1 million from the DDA Housing Fund to Support 45 units of Workforce 60% AMI housing for 15 years: The CAC and the community want a full range of housing options in the downtown. We supported the 100 units of very low income housing on the Y site. We encourage affordable market rate options as well. One of the Calthorpe recommendations (p.34) was to aim to match income distribution in the downtown to that of Ann Arbor. The CAC happens to believe that affordable housing, defined to include market rate units at the 60-80% median level, should be a part of every residential development in the downtown. If an equity investment at the William Street Station can make that happen, let's do it.

The Resolution Providing a Grant for Public Use Elements: Streetscape improvements on Fifth, William, Fourth and publicly accessible open space in the mews are a part of this attractive project. We have done this before. (Ashley Mews, Kingsley Lane). The TIF will pay for it.

We didn't absolutely need the Calthorpe recommendations to instruct us, but, in the case of all three of these DDA resolutions, they are a part of its implementation. Now zoning. Beyond greater residential density there is much in the recommendations that the CAC can support. We support those affordable housing policies as outlined on page 34 of the Recommendations that aim to match income distribution in downtown to that of greater Ann Arbor. We want affordable housing at all levels in order to encourage a mix of incomes. Let's make sure we have housing at the 60-80% level. We support the development of comprehensive parking and integrated transportation plans for future development in the downtown that will provide necessary parking but work toward a future that is less dependent on cars.

We believe that preservation and urban revitalization can be compatible with new development. We believe that any new developments should respect the historical integrity of the historic districts and residential neighborhoods that are within and border the downtown. But any attempt to reduce the number of historic districts, consolidate districts and/or standards, or make changes in the boundaries of existing historic districts should be part of a full public process that cannot be undertaken without the city's hiring a fully qualified historic preservation coordinator.

We continue to believe that whatever developments are approved in the floodplain areas of the downtown should be combined with programs that improve, not worsen the condition of our storm water system. Like the Calthorpe report recommends, DDA and City funding should be used to finance large retention/detention areas in the downtown that future development proposals can buy into.

Like Calthorpe, we encourage the creation of new public spaces, public art, streetscape improvements and pedestrian and bicycle paths in the downtown—including a central civic area, rehabilitation of Liberty Plaza, and incentives for development proposals that include publicly accessible open space. We want to reinforce the pedestrian and bicycle connections to our most important Greenway—the Huron River—along Division and Main as well as Fifth Avenue, State Street and a greenway connection along the Ann Arbor Railroad and Allen Creek. This will open up the river as a major amenity for present and future downtown residents of all ages.

But, in the process of city implementation of the Calthorpe Recommendations, the CAC has pointed out in our printed comments that there are areas of concern that need to be addressed with caution.

The CAC is fully committed to developing our downtown in a predictable manner and we are doubtful that the use of any form of transfer of development rights would further that end. We look forward to an extended public process of implementation that will allow us to discuss all of the issues and concerns.

Mr. Aldrich and Mr. Gillett enter.

5. NEW BUSINESS

None.

6. APPROVAL OF MINUTES

Mr. Hewitt moved and Mr. DeVarti seconded approval of the January 11, 2006 Board Minutes.

A vote on the motion showed:

AYES: Aldrich, Beal, Collins, Dankert, DeVarti, Gillett, Greff, Gunn, Hewitt, Hieftje, Smith

NAYS: None

Absent: Boren

The motion carried.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE:

December 2005 Financial Reports: Mr. Hewitt reported that the financials look good. TIF income is slightly below budget, and the TIF Maintenance reserve is as anticipated. Parking expenses are slightly over budget and the Parking Maintenance and Housing funds are as anticipated. Mr. Hewitt and Mr. Collins thanked Mr. Morehouse for the new consolidated report of obligated and unobligated funds. Mr. DeVarti asked if the Housing Fund could be listed separately; Mr. Morehouse said he will make that change on the next financial report. **A Motion to accept the December 31, 2005 statements was moved by Mr. Hewitt, seconded by Mr. DeVarti and unanimously accepted.**

Mr. Hewitt moved and Ms. Greff supported the following resolution:

RESOLUTION TO PURCHASE PARKING CONTROL EQUIPMENT

Whereas, Carl Walker Inc. provided the DDA with a 20-year repair and improvement plan for DDA parking facilities, and the DDA has included these costs in its Ten Year Financial Plan to ensure that these improvements can be implemented;

Whereas, These improvements include parking equipment upgrades;

Whereas, The DDA has determined that it will benefit from expediting this equipment purchase to enable it to capture more data about facility use;

Whereas, The DDA has received a bid to replace and upgrade the parking control equipment in the Maynard, Liberty Square, Forest and Fourth and Washington facilities for \$740,713 with equipment that can provide more and better data;

Whereas, The Operations Committee has reviewed and recommended approval of this proposed equipment purchase;

RESOLVED, The DDA resolves to replace and upgrade the parking control equipment in the Maynard, Liberty Square, Forest, and Fourth/Washington parking facilities for \$740,713.

Ms. Smith asked about training costs; Mr. Morehouse said that this includes installation. Mr. Aldrich asked why purchase the equipment now rather than over the four-year period previously scheduled; Mr. Hewitt said that the DDA wishes to undertake a parking study and the new equipment will provide extensive data that can assist that study. Ms. Greff agreed, saying that the data is needed for long range planning. Mr. Beal said that the data will enable the DDA to determine how to respond to developer requests for parking assistance. Mr. Collins asked about the bid procedure for the equipment; Mr. Morehouse explained that there is a single source provider in our region. Mr. Hieftje said he has heard from people that there isn't enough downtown parking. Mr. Aldrich said that he doesn't believe this equipment will enable us to know where to build future structures. Mr. Dankert asked when the parking study would begin; Ms. Smith said that ROC will work on an RFP and eventually bring a resolution for the Board's action.

A vote on the motion showed:

AYES: Aldrich, Beal, Collins, Dankert, DeVarti, Gillett, Greff, Gunn, Hewitt, Hieftje, Smith

NAYS: None

Absent: Boren

The motion carried.

Mr. Hewitt said that the Ten Year Plan shows an annual 3% inflationary increase in parking rates, and the DDA must take action on rate increases or change the Ten Year Plan. Mr. Gillett said that at the summer retreat he thought the Board was close to consensus regarding extending the hours of operations for street meters; Mr. Hewitt said that the Ops Committee will discuss the issue and prepare a resolution for action in the near future.

PARTNERSHIPS COMMITTEE

Kline Lot: Ms. Smith reported that the committee received a preliminary analysis of the Kline Lot by Strategic Economics which showed the potential maximum massing on the site, and the potential cost and income each use might bring, such as apartments, ground floor retail, etc. The Committee asked Strategic Economics to respond to other potential scenarios for the next meeting.

1st & Washington RFP: City Council approved the RFP, however, they amended the amount of the contribution per car space. The Partnerships Committee discussed this and supports the change. Ms. Smith moved and Mr. Hieftje supported the following resolution:

RESOLUTION AMENDING THE DDA RESOLUTION WHICH APPROVED THE RFP FOR THE REDEVELOPMENT OF THE FIRST AND WASHINGTON SITE

Whereas, The DDA approved a resolution at its December 7, 2005 meeting endorsing the RFP for the redevelopment of the First and Washington site;

Whereas, This resolution set forward that the DDA would provide the following subsidies to accomplish public purposes as part of this redevelopment.

- Parking: If the public parking spaces on this site are constructed above grade, the DDA will provide \$35,000/car space; if the public parking on this site is constructed below grade, the DDA will provide \$40,000/car space, inclusive of all project costs.

- Affordable Housing: The DDA will provide \$100,000 from its Housing Fund toward the cost to construct housing units on site affordable to individuals earning up to 60% of AMI, with a maximum contribution of \$400,000 for four units.

Whereas, Ann Arbor City Council approved the First & Washington RFP at its January 23, 2006 meeting, but in their resolution, amended the amount shown for public parking subsidy to \$45,000/car space for below grade parking, inclusive of all project costs;

Whereas, the Partnerships Committee discussed this change and resolved to recommend that the DDA amend its December resolution to reflect the Council action;

RESOLVED, The DDA amends its December 2005 resolution and increases the amount it will pay for each public parking space constructed below grade as part of the First & Washington redevelopment project to \$45,000.

A vote on the motion showed:

AYES: Aldrich, Beal, Collins, Dankert, DeVarti, Gillett, Greff, Gunn, Hewitt, Hieftje, Smith

NAYS: None

Absent: Boren

The motion carried.

William Street Station: Ms. Smith remarked that the project is quite complicated, involving the developer with the City, AATA, DDA, County and State and possibly the Federal Government, and it promises to provide many important community benefits. Ms. Smith moved and Mr. DeVarti supported the following resolution:

RESOLUTION OF SUPPORT FOR A PARKING AGREEMENT WITH WILLIAM STREET STATION

Whereas, HDC has been selected to redevelop the former YMCA site, and has a proposal to build William Street Station:

Whereas, William Street Station will provide a number of important community benefits, including

- Construction of 190 residential units, including 100 replacement units and 90 new units
- Construction of 100 units of housing affordable to individuals earning <40% of AMI, with rent levels set at 30% of individual income
- Creation of the new community transit center, which will greatly enhance efforts to encourage bus ridership into the downtown
- A new midblock mews connecting Fourth Avenue to Fifth Avenue, storm water inlet structures requested by the City, energy efficient windows for the affordable units which will minimize future energy costs, and streetscape improvements on Fifth, William and Fourth
- Creation of 5,000 sf of new retail on William Street, which will enhance the walkability of this street

Whereas, The DDA received a request from William Street Station for assistance with its parking needs, and the DDA/City Partnership Committee has met several times with representatives of HDC, LLC, the developers of this project, to discuss the potential for assistance with parking on site, as well as spaces within the DDA system;

Whereas, The Partnerships Committee has concluded that the costs associated with the construction of parking on-site at this time would make it infeasible for the DDA to purchase these spaces and operate them as part of the public system;

Whereas, The parking demands associated with William Street Station creates a need to add to the number of public parking spaces within a radius of two blocks, as defined by Washington Street to the north, Thompson to the east, Jefferson to the south and Ashley to the west;

Whereas, The costs associated with constructing this new public parking is estimated at this time to be a minimum of \$20 million;

Whereas, The Partnerships Committee recommends that the DDA make available a minimum of 163 spaces to William Street Station within a radius of two blocks, including at least 60 permits in the Fourth & William structure on a month-to-month basis using the existing permit wait list, as well as overnight residential permits;

Whereas, If a William Street Station tenant requires a long-term commitment for spaces, the Committee agrees to consider this request as it would any other request for a parking contract;

Whereas, The DDA plans to spend \$20 million dollars in the next five years to construct new parking spaces to address parking demand created by William Street Station;

RESOLVED, The DDA commits to making available a minimum of 163 spaces to William Street Station, including at least 60 permits in the Fourth & William structure, on a month-to-month basis using the existing permit wait list, as well as overnight residential permits.

Ms. Greff asked to add a new Resolved clause, which Ms. Smith accepted as a friendly amendment and seconded by Mr. DeVarti:

RESOLVED, This DDA action is contingent on the approval of an affordability agreement between HDC and the City of Ann Arbor that establishes that all of the rents for the 100 very affordable units will have rents at or below 40% of AMI, and of these, 60% will have rents established at or below 30% of AMI, and all tenants will pay a maximum of 30% of their income for rent and utilities; and the housing will be managed so that prospective tenants who earn under 30% AMI will not be turned away based on their incomes.

Mr. Aldrich asked to make an addition to the fifth Whereas clause... "Whereas, The parking demands associated with William Street Station **"and other area developments"**. Ms. Smith did not accept the amendment as friendly, as the language of the resolution was crafted to meet the requirements of a possible Brownfield application for this project.

Ms. Miller suggested a correction to the second Whereas clause, which is to note that the project will construct 100 units of housing affordable to individuals earning ~~<30%~~ **40% of AMI**. Ms. Greff proposed and Ms. Smith accepted as friendly an amendment to the resolution to show this change.

Mr. DeVarti expressed a desire to move the project forward, saying that the delay in getting units in place is of concern, as former YMCA tenants have been moved to apartments outside City limits. Mr. Beal said that the DDA will have to address increased parking demands in the area as this project will require at least 163 parking spaces.

Mr. Beal asked to make an addition to the first Resolved clause which Ms. Smith accepted as friendly:
RESOLVED,residential permits **upon receipt of a Certificate of Occupancy for the project.**

Mr. Beal also proposed the addition of the following Resolved clause be added to all three William Street Station resolutions, which was accepted as friendly by Ms. Smith:

RESOLVED, This DDA action is also contingent on approval of the site plan and financial plan as presented today before the DDA without substantial changes. If substantial changes are made, this resolution will come back before the DDA for review.

Mr. Aldrich noted that the DDA has not seen the complete financial plan for the project; Ms. Miller said that a financial analysis is still being developed by City staff but a basic financial framework is in place. Ms. Smith called the question on the Amended Resolution as follows:

**RESOLUTION OF SUPPORT FOR A PARKING AGREEMENT WITH WILLIAM STREET STATION
(AS AMENDED)**

Whereas, HDC has been selected to redevelop the former YMCA site, and has a proposal to build William Street Station:

Whereas, William Street Station will provide a number of important community benefits, including

- Construction of 190 residential units, including 100 replacement units and 90 new units
- Construction of 100 units of housing affordable to individuals earning <40% of AMI , with rent levels set at 30% of individual income
- Creation of the new community transit center, which will greatly enhance efforts to encourage bus ridership into the downtown
- A new mid block mews connecting Fourth Avenue to Fifth Avenue, storm water inlet structures requested by the City, energy efficient windows for the affordable units which will minimize future energy costs, and streetscape improvements on Fifth, William and Fourth
- Creation of 5,000sf of new retail on William Street, which will enhance the walkability of this street

Whereas, The DDA received a request from William Street Station for assistance with its parking needs, and the DDA/City Partnership Committee has met several times with representatives of HDC, LLC, the developers of this project, to discuss the potential for assistance with parking on site, as well as spaces within the DDA system;

Whereas, The Partnerships Committee has concluded that the costs associated with the construction of parking on-site at this time would make it infeasible for the DDA to purchase these spaces and operate them as part of the public system;

Whereas, The parking demands associated with William Street Station and other area development creates a need to add to the number of public parking spaces within a radius of two blocks, as defined by Washington Street to the north, Thompson to the east, Jefferson to the south and Ashley to the west;

Whereas, The costs associated with constructing this new public parking is estimated at this time to be a minimum of \$20 million;

Whereas, The Partnerships Committee recommends that the DDA make available a minimum of 163 spaces to William Street Station within a radius of two blocks, including at least 60 permits in the Fourth & William structure on a month-to-month basis using the existing permit wait list, as well as overnight residential permits;

Whereas, If a William Street Station tenant requires a long-term commitment for spaces, the Committee agrees to consider this request as it would any other request for a parking contract;

Whereas, The DDA plans to spend \$20 million dollars in the next five years to construct new parking spaces to address parking demand created by William Street Station;

RESOLVED, The DDA commits to making available a minimum of 163 spaces to the tenants of William Street Station, including at least 60 permits in the Fourth & William structure on a month-to-month basis

using the existing permit wait list, as well as overnight residential permits upon receipt of a Certificate of Occupancy for the project; and

RESOLVED, This DDA action is contingent on the approval of an affordability agreement between HDC and the City of Ann Arbor that establishes that all of the rents for the 100 very affordable units will have rents at or below 40% of AMI, and of these, 60% will have rents established at or below 30% of AMI, and all tenants will pay a maximum of 30% of their income for rent and utilities; and the housing will be managed so that prospective tenants who earn under 30% AMI will not be turned away based on their incomes; and

RESOLVED, This DDA action is also contingent on approval of the site plan and financial plan as presented today before the DDA without substantial changes. If substantial changes are made, this resolution will come back before the DDA for review.

A vote on the motion showed:

AYES: Aldrich, Beal, Collins, Dankert, DeVarti, Gillett, Greff, Gunn, Hewitt, Hieftje, Smith

NAYS: None

Absent: Boren

The motion carried.

Ms. Smith moved and Mr. DeVarti supported the following resolution:

RESOLUTION PROVIDING \$1,000,000 FROM THE DDA HOUSING FUND TO WILLIAM STREET STATION TO SUPPORT 45 UNITS OF WORKFORCE HOUSING

Whereas, The Ann Arbor Downtown Development Authority Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing;

Whereas, Important DDA Renewal Plan residential development strategies include the following:

- In order to encourage and facilitate a full range of housing options, the DDA will provide grants and loans to support housing affordable to lower income persons and families. The DDA will also support services and transportation programs to assure that the downtown remains a viable residential neighborhood, affordable to individuals of diverse income.
- The DDA will provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary.

Whereas, HDC has been selected to redevelop the former YMCA site, and has a proposal to build a 320,000-square foot, mixed-used building that will include a new transit center, ground floor retail, 111,000 square feet of office, 100 units of housing affordable to individuals earning less than 30% of AMI, and 90 rental apartments;

Whereas, The DDA has received a request from William Street Station for a \$2 million investment that would be used to make 45 of these rental apartments affordable to individuals earning up to 60% of AMI for 15 years;

Whereas, HDC has indicated that the cost to ensure affordability for these apartments at this level for 99 years would be \$7 million;

Whereas, HDC has given the DDA assurances that any DDA grant for these housing units would be considered equity in the project, and any DDA funds will be fully refunded to the DDA at the end of 15 years;

Whereas, The DDA/City Partnerships Committee has reviewed this request, and has recommended that the DDA provide a \$1 million equity investment to the project from its Housing Fund;

Whereas, The Partnerships Committee recommends that a contingency be established as part of this grant, which is that the DDA receive the right of first refusal from the developer to acquire these apartments after 15 years, or if it so chooses within the next ten years to pay the remaining cost needed to make these units affordable for 99 years;

RESOLVED, The DDA approves the recommendation of its Partnerships Committee and will provide a \$1 million equity investment from its Housing Fund to the William Street Station in order to make 45 apartments, fully comparable to the market rate units in terms of construction quality, unit size and amenities, affordable to and occupied by individuals earning 60% of AMI for 15 years;

RESOLVED, The DDA Chair and Executive Director are authorized to sign documents reflecting this DDA action which will be written to ensure that rents will be monitored over the course of 15 years to meet the stated goals of this DDA resolution;

RESOLVED, DDA action is contingent on the DDA receiving the right of first refusal from the developer to acquire these apartments after 15 years, or if it so chooses, within the next ten years to pay the remaining cost needed to make these units affordable for 99 years.

Ms. Smith said that she would accept Ms. Greff's and Mr. Beal's new RESOLVED clauses as friendly amendments to this resolution, and the resolution should be changed to note the correct income levels as cited earlier by Ms. Miller.

Mr. DeVarti said that he did not support the resolution as DDA funds would only provide for temporary affordability of these units. Mr. Gillett said that he also did not support the resolution as it would use the entire DDA Housing Fund, which would not allow the DDA to consider other requests. Mr. DeVarti said that this project will work financially with market-rate units and if the developer omits these affordable units they will gain more profit, the DDA will receive more TIF and the city will receive more taxes.

Mr. Aldrich proposed a friendly amendment to delete the word "equity" from the resolution which would leave ...**\$1 million investment**. Ms. Smith accepted the amendment as friendly.

Mr. DeVarti proposed a revision to the first Resolved as follows which Ms. Smith accepted as friendly:

RESOLVED, The DDA approves the recommendation of its Partnerships Committee and will provide a \$1 million investment from its Housing Fund to the William Street Station and will receive an interest in the limited share liability, upon issuance of a Certificate of Occupancy, in order to make 45 apartments, fully comparable to the project's market rate units in terms of construction quality, unit size and amenities, affordable to and occupied by individuals earning 60% of AMI for 15 years;

Mr. Beal proposed an amendment to the sixth Whereas which Ms. Smith accepted as friendly as follows:

Whereas, HDC has given the DDA assurances that the \$1 million investment will be returned to the DDA at the end of 15 years;

Ms. Smith suggested a revision in the last Resolved clause which would clarify the details of the potential purchase of the units in future years:

RESOLVED, DDA action is contingent on the DDA receiving from the developer the option to purchase these 45 apartments after 15 years, or if the DDA so chooses, within the next ten years to pay the cost needed to make these units affordable for 84 more years.

Ms. Greff said that she had wrestled with a decision about this resolution for many weeks, but that she ultimately resolved that she wouldn't support it, as the \$1 million could be put to greater use enhancing transit between Ypsilanti and Ann Arbor. Mr. Beal said that despite a great deal of talk about the issue of affordable housing the City had not been able to make significant additions to the stock of affordable housing in the community. Ms. Smith called the question.

RESOLUTION PROVIDING \$1,000,000 FROM THE DDA HOUSING FUND TO WILLIAM STREET STATION TO SUPPORT 45 UNITS OF WORKFORCE HOUSING (AS AMENDED)

Whereas, The Ann Arbor Downtown Development Authority Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing;

Whereas, Important DDA Renewal Plan residential development strategies include the following:

- In order to encourage and facilitate a full range of housing options, the DDA will provide grants and loans to support housing affordable to lower income persons and families. The DDA will also support services and transportation programs to assure that the downtown remains a viable residential neighborhood, affordable to individuals of diverse income.
- The DDA will provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary.

Whereas, HDC has been selected to redevelop the former YMCA site, and has a proposal to build a 320,000-square foot, mixed-used building that will include a new transit center, ground floor retail, 111,000 square feet of office, 100 units of housing affordable to individuals earning less than 30% of AMI, and 90 rental apartment;

Whereas, The DDA has received a request from William Street Station for a \$2 million investment that would be used to make 45 of these rental apartments affordable to and occupied by individuals earning up to 60% of AMI for 15 years;

Whereas, HDC has indicated that the cost to ensure affordability for these apartments at this level for 99 years would be \$7 million;

Whereas, HDC has given the DDA assurances that a \$1 million investment will be returned to the DDA at the end of 15 years;

Whereas, The DDA/City Partnerships Committee has reviewed this request, and has recommended that the DDA provide a \$1 million equity investment to the project from its Housing Fund;

Whereas, The Partnerships Committee recommends that a contingency be established as part of this grant, which is that the DDA receive the right of first refusal from the developer to acquire these apartments after 15 years, or if it so chooses within the next ten years to pay the remaining cost needed to make these units affordable for 84 more years;

RESOLVED, The DDA approves the recommendation of its Partnerships Committee and will provide a \$1 million investment from its Housing Fund to the William Street Station and will receive an interest in the limited share liability, upon issuance of a Certificate of Occupancy, in order to make 45 apartments, fully comparable to the project's market rate units in terms of construction quality, unit size and amenities, affordable to and occupied by individuals earning 60% of AMI for 15 years;

RESOLVED, The DDA Chair and Executive Director are authorized to sign documents reflecting this DDA action which will be written to ensure that rents will be monitored over the course of 15 years to meet the stated goals of this DDA resolution;

RESOLVED, DDA action is contingent on the DDA receiving from the developer the option to purchase these 45 apartments after 15 years, or if the DDA so chooses, within the next ten years to pay the cost needed to make these units affordable for 84 more years.

A vote on the Amended resolution showed:

AYES: Beal, Gunn, Smith

NAYS: Aldrich, Collins, Dankert, DeVarti, Gillett, Greff, Hewitt, Hieftje

Absent: Boren

The motion failed.

Ms. Smith moved and Mr. DeVarti supported the following resolution:

RESOLUTION PROVIDING \$600,000 TO WILLIAM STREET STATION TO SUPPORT ITS PUBLIC USE ELEMENTS

Whereas, On February 2, 2005 the DDA reauthorized and amended its Partnerships Guidelines to provide direction for the kinds of projects the DDA would encourage in the downtown;

Whereas, These Guidelines set forward that the DDA might consider a DDA project grant if specific community benefits could be shown, including:

- Contribution to community affordable housing goals
- Construction of a significant number of new residential units
- Historic preservation
- Pedestrian improvements, including alley and sidewalk enhancements, as well as an attractive, pedestrian-friendly design
- Parking for the project is completely or predominantly on site and/or parking for the project is principally situated below grade
- Provision of sustainable architectural elements, such as a green roof or solar heating system

Whereas, Representatives of HDC have met with the DDA/City Partnerships Committee to present information on their proposal to redevelop the former YMCA site as "William Street Station";

Whereas, William Street Station will provide a number of important community benefits, including

- Construction of 190 residential units, including 100 replacement units and 90 new units
- Construction of 100 units of housing affordable to individuals earning <30% of AMI, with rent levels set at 30% of individual income
- Creation of the new community transit center, which will greatly enhance efforts to encourage bus ridership as an alternative to single occupancy automobile use
- A new midblock mews connecting Fourth Avenue to Fifth Avenue, storm water inlet structures requested by the City, energy efficient windows for the affordable units which will minimize future energy costs, and streetscape improvements on Fifth, William and Fourth
- Creation of 5,000 sf of new retail on William Street, which will enhance the walkability of this street

Whereas, HDC representatives have met with the City Assessor and have informed the DDA that it has been determined that the DDA will receive at least \$238,000 per year in new TIF from this project, primarily due to the 111,000 sf of office and 5,000 sf of retail and 45 market rate apartments associated with this project;

Whereas, William Street Station will incur project costs for elements that provide a direct benefit to the community including:

- \$370,000 for pedestrian improvements on Fifth, William, Fourth and the new mews
- \$160,000 for new storm water inlet structures
- \$150,000 for energy efficient windows for the affordable residential units
- \$350,000 for a green roof

Whereas, The DDA Partnerships Committee recognizes the attractiveness of the project and the important community benefits that it will generate;

RESOLVED, The DDA shall provide a grant to William Street Station in the amount of 20% of the TIF generated from this project over the first ten years to help defray costs associated with project elements that provide a direct public benefit, including pedestrian improvements, storm water inlets and energy efficient windows in the affordable residential units;

RESOLVED, The DDA grant is made contingent on William Street Station commitment that if a Brownfield grant is secured using the DDA's current and future parking commitment, that Brownfield matching funds be used in large part to subsidize the most affordable housing units, including an endowment reserve;

RESOLVED, DDA payments to the developer will be timed so that the development is never in a "negative TIF" situation, meaning that the TIF received is always greater than the amount of any TIF grant paid out.

RESOLVED, The DDA Partnerships Committee Chair and Executive Director are authorized to work with the DDA Attorney to formulate an agreement between the DDA and William Street Station and then bring back the agreement to the Partnerships Committee for approval.

Ms. Smith said that she would accept Ms. Greff's and Mr. Beal's new RESOLVED clauses as friendly amendments to this resolution, and the resolution should be changed to note the correct income levels as cited earlier by Ms. Miller. Mr. Collins recommended a change to the title of the resolution which Ms. Smith accepted as friendly and appropriate given the context of the grant: **RESOLUTION PROVIDING A GRANT TO WILLIAM STREET STATION TO SUPPORT ITS GREEN AND PUBLIC USE ELEMENTS**

Ms. Smith recommended an amendment to the first Resolved clause stipulating a cap in the amount of the possible TIF grant to this project as "up to \$500,000". This change was acceptable to all. Ms. Smith asked for action on the resolution as amended:

RESOLUTION PROVIDING A GRANT TO WILLIAM STREET STATION TO SUPPORT ITS GREEN AND PUBLIC USE ELEMENTS (AS AMENDED)

Whereas, On February 2, 2005 the DDA reauthorized and amended its Partnerships Guidelines to provide direction for the kinds of projects the DDA would encourage in the downtown;

Whereas, These Guidelines set forward that the DDA might consider a DDA project grant if specific community benefits could be shown, including:

- Contribution to community affordable housing goals
- Construction of a significant number of new residential units
- Historic preservation
- Pedestrian improvements, including alley and sidewalk enhancements, as well as an attractive, pedestrian-friendly design

- Parking for the project is completely or predominantly on site and/or parking for the project is principally situated below grade
- Provision of sustainable architectural elements, such as a green roof or solar heating system

Whereas, Representatives of HDC have met with the DDA/City Partnerships Committee to present information on their proposal to redevelop the former YMCA site as "William Street Station";

Whereas, William Street Station will provide a number of important community benefits, including

- Construction of 190 residential units, including 100 replacement units and 90 new units
- Construction of 100 units of housing affordable to individuals earning <40% of AMI , with rent levels set at 30% of individual income
- Creation of the new community transit center, which will greatly enhance efforts to encourage bus ridership as an alternative to single occupancy automobile use
- A new mid block mews connecting Fourth Avenue to Fifth Avenue, storm water inlet structures requested by the City, energy efficient windows for the affordable units which will minimize future energy costs, and streetscape improvements on Fifth, William and Fourth
- Creation of 5,000sf of new retail on William Street, which will enhance the walkability of this street

Whereas, HDC representatives have met with the City Assessor and have informed the DDA that it has been determined that the DDA will receive at least \$238,000 per year in new TIF from this project, primarily due to the 111,000sf of office, 5,000sf of retail, and 45 market rate apartments associated with this project;

Whereas, William Street Station will incur project costs for elements that provide a direct benefit to the community including:

- \$370,000 for pedestrian improvements on Fifth, William, Fourth and the new mews
- \$160,000 for new storm water inlet structures
- \$150,000 for energy efficient windows for the affordable residential units
- \$350,000 for a green roof

Whereas, The DDA Partnerships Committee recognizes the attractiveness of the project and the important community benefits that it will generate;

RESOLVED, The DDA shall provide a grant to William Street Station in the amount of 20% of the TIF generated from this project up to \$500,000 over the first ten years to help defray costs associated with project elements that provide a direct public benefit, including pedestrian improvements, storm water inlets and energy efficient windows in the affordable residential units;

RESOLVED, The DDA shall waive up to \$100,000 of the cost for meter bags needed to provide an alternative location for AATA operations during the period of time the Blake Transit Center is closed and the new transit center is opened;

RESOLVED, These DDA grants are made contingent on William Street Station commitment that if a Brownfield grant is secured using the DDA's current and future parking commitment, that Brownfield matching funds be used in large part to subsidize the most affordable housing units, including an endowment reserve;

RESOLVED, This DDA action is also contingent on the approval of an affordability agreement between HDC and the City of Ann Arbor that establishes that all of the rents for the 100 very affordable units will have rents at or below 40% of AMI, and of these, 60% will have rents established at or below 30% of AMI, and all tenants will pay a maximum of 30% of their income for rent and utilities; and the housing will be managed so that prospective tenants who earn under 30% AMI will not be turned away based on their incomes.

RESOLVED, This DDA action is also contingent on approval of the site plan and financial plan as presented today before the DDA without substantial changes. If substantial changes are made, this resolution will come back before the DDA for review.

RESOLVED, DDA payments to the developer will be timed so that the development is never in a "negative TIF" situation, meaning that the TIF received is always greater than the amount of any TIF grant paid out.

RESOLVED, The DDA Partnerships Committee Chair and Executive Director are authorized to work with the DDA Attorney to formulate an agreement between the DDA and William Street Station and then bring back the agreement to the Partnerships Committee for approval.

A vote on the Amended resolution showed:

AYES: Aldrich, Beal, Collins, Dankert, DeVarti, Gillett, Greff, Gunn, Hewitt, Hieftje, Smith

NAYS: None

Absent: Boren

The motion passed.

CAPITAL IMPROVEMENTS:

Huron: Mr. Beal reported that the design team is responding to questions regarding additional refuge islands and the number of benches. Contact has been made with MDOT and a grant application will be submitted in the near future.

5th & Division: Beckett & Raeder is developing designs and will meet with the project Design Advisory Committee at the end of the month.

Alley Repairs: Mr. Beal said that five bids were received and the committee will review these bids later in the month, with a resolution to be presented to the DDA at its March meeting.

1st & Washington: Mr. Beal reported that demolition is nearly done and material removal should be completed soon. On January 17, during demolition of the south bay of the garage, portions of a concrete block wall fell onto the roof of the adjacent building, which incurred some damage. All interior cleanup and exterior repairs were completed within days, and the contractor will pay for all damages.

4th & William: Mr. Beal reported that production of construction drawings continue. It is anticipated that a building variance will be required for one or both elevators. Otis elevator will give an opinion regarding shaft modifications and cost by next week. A presentation of exterior improvements will be made at the next committee meeting.

Sculpture Plaza: Mr. Beal announced that a public meeting is scheduled for February 15, 5:30 PM at the Kerrytown Concert House to discuss the community vision for Plaza repairs.

Sidewalks/Ramps ADA Compliance: Mr. Beal reported that the DDA submitted a report on District ramps as required under the Consent Decree agreed to by the City.

RESEARCH AND OPPORTUNITY COMMITTEE

Ms. Pollay said that ROC had not met since the last board meeting. At its next meeting the committee will continue working on the communications plan and refining the scope of the parking study. She reported that the DDA held its Public Hearing on the Calthorpe report on January 26th. Approximately 50-60 people attended the hearing and 25 spoke.

Ms. Greff moved and Mr. Gillett supported the following resolution which had been tabled in January:

RESOLUTION PROVIDING \$50,000 FOR DOWNTOWN AREA ASSOCIATION GRANTS FOR CALENDAR YEAR 2006

Whereas, The Ann Arbor DDA Development Plan contains a component for the support and encouragement of downtown businesses;

Whereas, The DDA has worked to meet this goal through such strategies as partnering with the four downtown Area Associations, as DDA has a special interest in efforts aimed at supporting smaller, independent businesses, as well as projects that help to strengthen each downtown area's unique identity and attractiveness;

Whereas, the DDA has made annual financial grants to the Associations since 1995/96 and has provided other support, including sponsorships to the annual IDA conference, a three year grant to support the installation of holiday lights, support for the annual Downtown Spring Clean Up, support for a downtown website, and support for a downtown walk map which includes a downtown business listing;

Whereas, New shopping opportunities outside the downtown, including online shopping options, have made significant inroads into the purchasing dollars available to downtown retailers, as these businesses are at a competitive disadvantage on such issues as price and parking, and their smaller size gives them fewer means to draw customers downtown;

Whereas, Special events are one of the best ways to attract community members to downtown, particularly those that haven't been downtown recently;

Whereas, The DDA Research and Opportunity Committee recommends a renewal of the DDA's Downtown Area Association grant program for 2006 and to modify this program so grants are used exclusively to support the goal of drawing new and larger audiences downtown;

Whereas, The ROC Committee has recommended that the DDA revise its Area Association grant program to make available \$1,000 to \$5,000 per special event that draws significant numbers of people downtown, for a total of \$50,000 and a maximum of \$12,500 each for the State Street Area Association, Main Street Area Association, South University Area Association, and Kerrytown District Association in the 2006 calendar year;

Whereas, The Committee recommends that if an Association event is to receive a DDA grant it must meet all of the following criteria:

- The event must be sponsored or co-sponsored by the Area Association. Art Fair is not to be included on the list of potential events.
- The event must receive approval from City Council to close one or more downtown streets or a City facility such as the Farmers Market, Liberty Square or Sculpture Plaza
- The request to the DDA must include a copy of the board resolution approving the event, and must be received by the DDA three months or more before the event to give the DDA time to consider its merits
- The request must include a detailed description of the event, including when and where it will take place, why the event was created, and how many people are expected to attend
- The request must also include a detailed advertising budget and marketing plan, including information on direct mailings, advertisements, and other efforts to attract a large audience
- The request must include information on the team of individuals organizing the event, including details on the roles each will play to ensure the event meets its goals
- The request must detail how the DDA's event sponsorship will be publicized to Association members, visitors to the District, and to the larger community

RESOLVED, The DDA shall terminate its earlier Association grant program and instead, set aside up to \$50,000 to help the State Street Area Association, Main Street Area Association, South University Area Association, and Kerrytown District Association sponsor downtown special events in 2006;

RESOLVED, With this new program the DDA will make available \$1,000 to \$5,000 per special event that draws significant numbers of people downtown, and that a maximum of \$12,500 each would be made available to each of the Associations in the 2006 calendar year;

RESOLVED, The DDA ROC Committee is authorized to review Association special event grant requests and to determine how large each grant shall be, up to the maximum amount set forward by the DDA based on the criteria recommended above;

RESOLVED, After each grant award, Associations must provide the DDA with original project receipts and a project report.

Mr. Hewitt said that he disagreed with the requirement for street closings to qualify for a grant, as State Street area retailers would oppose closing streets. Ms. Smith explained that the requirement was intended to ensure that a certain percentage of area businesses are in support of an event. Mr. Collins said that he had hoped for a dialogue between the DDA and associations about the grant program and to his knowledge, this did not happen with the State Street Area Association. He said that he felt that if the idea is to fund events, not the associations, the resolution needs to be reworked. Ms. Smith moved to table the resolution and Mr. Aldrich supported the motion.

8. OTHER DDA BUSINESS MATTERS

Mr. Hieftje said that at a recent City Council/U/M dinner, a suggestion was made to allow the U/M band to march down streets before games. Mr. Hieftje said the streets would not be closed except for where the band happened to be marching. Ms. Greff thought that would be a great idea to bring visitors to the downtown area.

Ms. Smith announced that Greenway Task Force would like to ask the DDA for \$5,000 to sponsor a Public Commentary lecture series. Ms. Gunn invited Ms. Smith to send the request to the Partnerships Committee. Ms. Pollay volunteered to help Ms. Smith with this request.

9. OTHER AUDIENCE PARTICIPATION
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None.

10. ADJOURNMENT

As there was no further discussion the meeting was adjourned at 2:18 P.M.

Respectfully submitted,
Susan Pollay, Executive Director