

The Y Decision

City finances and the shape of downtown are hanging on choices the city will make soon.

First submitted to the Ann Arbor Observer in April 2005

Vivienne Armentrout

After nearly twenty years of brave ventures, misadventures, and financial miscalculations in the effort to provide housing for the unfortunate in the downtown, city council is facing a defining moment in a the coming decision on replacing the old Y. Now that the Ann Arbor YMCA has relocated to Huron Street and the city owns its old property, council must make a decision soon as to which – if any – proposals for developing the property it will choose. Its choice to replace the old Y has implications both for the future of city finances and the direction of downtown.

The blocks along William between Fourth Avenue and Division have neither the glamour and sophistication of Main Street nor the bustle and energy of State Street, but they are the well-defined edge of downtown, with services that help to define the center city. East of the Fourth and William multilevel parking structure are both the old Y site and the Ann Arbor Transportation Authority's Blake Transit Center, both of which extend to Fifth Avenue. On the other side of that street is the main branch of the Ann Arbor District Library (AADL), with the adjoining parking lot ("library lot"), administered by the Downtown Development Authority.

Now these blocks are under the microscope, with interests ranging from the development community to the housing and human services coalition, as well as the AATA, DDA, and library themselves, together with Ann Arbor city council and planners, facing some decisions that will alter the landscape and uses of this key part of downtown. Council will be choosing among six proposals to develop the site recently vacated by the YMCA. These were received by the city in early March, in response to an RFP (request for proposals) that seeks developers who are willing to buy the site, build replacements for the current residential tower on the old Y site, and provide for the supportive services needed by likely residents. Presumably, the winning proposal will also buy the city out of the financial obligations it incurred with the purchase, while creating new market-rate housing and tastefully designed street level amenities with pedestrian access, while accommodating the needs of users of the AATA and library. The proposals are in, the selection committee has been appointed, and a decision by council may be announced as early as June.

A nifty idea

The RFP is the latest of a long series of attempts by the city council to address the felt need for a single room occupancy (SRO)-type housing facility downtown. The term, which now carries a faintly pejorative tinge, refers to extremely cheap rentals consisting of a single room for an individual, with minimal amenities and often shared bathrooms. Political battles and neighborhood opposition had defeated a 1987 proposal to build a stand-alone SRO on Liberty next to the Moveable Feast. The council then entered into an arrangement with the Ann Arbor YMCA in which the YMCA would add sixty-three rooms to its existing thirty-seven-room hotel for a total of one hundred. In 1988 the council voted to guarantee the building loan and the

YMCA board voted to build the rooms. As a May 1995 article in the Observer by Ken Garber noted, these actions were “born of a combination of political expediency, personal zealotry, and genuine altruistic intent,” and set both partners in the enterprise onto a difficult road. The YMCA sank into a sea of red ink at the same time that complaints mounted about the rent (then \$325 a month) for such a minimal accommodation (no kitchen, shared bathrooms) and what some saw as a lack of tenants’ rights. When the YMCA defaulted on the bank loan in late 1993, council delayed a resolution of the problem while trying to change the YMCA’s insistence at treating its residents as hotel guests (who must obey house rules and can easily be evicted), rather than as tenants. The holder of the loan, Great Lakes Bancorp, sued both the city and the YMCA. Finally a settlement was negotiated, and a management agreement was signed in April 1995. With the agreement, the city paid \$1,918,000 to pay off the loan and other expenses incurred by the YMCA, and the YMCA agreed to continued rental rate restrictions (today the monthly rent is \$380), many operational requirements and restrictions, and most crucially, a “right of first refusal” clause. This meant that should the YMCA choose to sell the building, the city asserted the right to purchase the property at the same price as any offer that the YMCA proposed to accept.

As the YMCA came under new management (President and CEO Cathi Duchon took the helm in 1996) and reassessed its direction, it became clear that the aging building would no longer serve the needs of the membership, which had doubled, as had the programs offered. A 1999 feasibility study indicated that renovation would require over \$5 million, and that it would be impossible to continue programs during the renovation. The decision was made to build a new facility at a different site, where housing would not be included. According to Duchon, this decision was not made on the basis of shedding the hotel business, though “we also recognize that we are not the appropriate organization to deliver the program as it currently is being used.” A new YMCA opened on Huron Street in April 2005.

Meanwhile, the Ann Arbor Transportation Authority was viewing the old Y site as a possible solution to its own space constraints. According to AATA board member Colleen McGee, a high priority was to obtain an off-street transfer site. Currently passengers must walk up and down 4th Avenue. AATA would like to have an enclosed space where passengers could board. Greg Cook, the CEO/Executive Director of AATA, would like to dismantle the current Blake Transit Center and construct a better break room for drivers, as well as provide for better services for passengers. The adjacent parcel that contained the old Y building presented a possible solution to these problems, and AATA extended an offer of \$5,000,000 for purchase of the property from the Y in early 2000.

The city council reacted with alarm to the imminent loss of its 100 SRO units that had become knit into the system for addressing the needs of the homeless and near homeless and were being used by several social service agencies. The council moved rapidly to assert its interest and in June 2000, passed a resolution funding a feasibility study that Avalon Housing would conduct to determine the possibility of rehabilitating the old SRO housing. It also directed the city administrator, Neal Berlin, to request that “70-100 new efficiency units, affordable...at 30% of median income, be included in the new construction planned by the AATA.” The response was disappointing to the city. Correspondence between Berlin and Cook through the summer of 2000 reveals increasing frustration on both sides. Berlin noted in a July letter, “your letter

indicates your belief that the AATA has no responsibility to the tenants of the current YMCA. This is...troubling...especially given the well-publicized reports of dramatically increased home prices within Ann Arbor making it impossible for many residents to live near their families or place of work..”

The study conducted by Avalon assumed that refurbished SRO units would be efficiency apartments with individual bathrooms and kitchens. It found that 27 units would be lost in renovating the current building to this standard, at a cost from \$4.5–5 million dollars. The study concluded that demolition and new construction would be most efficient and more likely to qualify for state funding. Council passed a resolution in August 2000 that suggested that the city would exercise its right of refusal, but held out the hope that the city could cancel this option if “achievement of a financing and redevelopment plan...between the City, AATA, and DDA does not occur within the ninety day due diligence period.”

Berlin’s next communication to Cook accordingly requested that the AATA provide air rights or land area sufficient to build 100 units of housing. The AATA board was very firm that they could not add housing to their proposed bus facility if doing so cost the authority any more than building the transit facility itself. McGee notes that the AATA had at the time explained that they were legally barred from using dollars granted for providing transit (AATA uses a combination of the designated local millage and state and federal transit funds) for housing. Building a structure strong enough to carry the load of a new residential tower would have been much more expensive, and the city was unwilling to share that additional cost.

The standoff soon came to an end, as inspections of the building revealed the presence of asbestos. AATA and the YMCA were unable to agree on who would pay to have that removed, and AATA withdrew its offer to buy the site.

In 2003, with plans for a new YMCA facility in the offing, AATA and YMCA once again came to a tentative sales agreement, this time for \$3.5 million. Once again, the city moved to protect its SRO housing. According to minutes of the Housing Policy Board for October 2003, Michael Appel of Avalon stated that they had been working behind the scenes to try to get AATA to agree to a joint proposal, still without success. The HPB-recommended resolution to exercise the city’s right of first refusal was passed on October 16 by the city council, and the purchase of the YMCA property by the city was approved by council on December 8, 2003.

Among the missteps and wishful thinking in this story is a crucial omission by the city when the 1995 management agreement was signed; it obligated the YMCA to continue operating the SRO housing while it was in possession of its building, ***but it did not encumber any future owners of the building.*** Thus, once the building was up for sale, the only lever that the city had to retain the housing was to exercise its right to purchase the property.

DDA to the rescue

Of course, this did leave the city with a problem. At a time when draconian budget cuts were being imposed, with a dreary financial situation predicted for the indefinite future, the council was hardly in a position to lay out \$3.5 million from existing funds. A December 2003

emergency meeting of the DDA executive committee, held just prior to the council meeting, approved a \$1,719,181 loan to the city – the precise amount needed to pay the interest only on a loan from the Bank of Ann Arbor. The 5-year loan comes due with a balloon payment in December, 2008. Although the DDA resolution makes this a loan contingent on a note from the city, the council did not approve repayment and instead notes “participation” by the DDA. According to Joe Morehouse, DDA Deputy Director, the interest payments are now budgeted as a grant from the DDA’s housing fund. It is not clear whether the city will repay the DDA once the property is sold. The DDA has also helped out with other costs, such as paying for the environmental assessment.

Still, there is that balloon payment. In addition, the type of housing that the council is seeking doesn’t come cheap. The 2003 HPB minutes quote Appel as presenting a draft budget of \$11.3 million for demolition and reconstruction of 100 units. Management as “supportive” housing, with special services and supervision, is also an expensive proposition. Meanwhile, as long as the city owns the old Y property, there are maintenance costs. With the YMCA relocated to its new building, the city has to maintain the residence tower (though the YMCA will continue to manage the hotel until December 2006), and the remainder of the building is vacant and therefore at potential risk.

Great expectations

The solution, as laid out in the action plan proposed by the DDA Partnerships Committee and adopted by council in May 2004, was for the city to develop an RFP. Developers interested in this piece of prime downtown real estate would be asked to buy the property from the city, promise to replace the SRO housing with up-to-date very affordable units—and also provide for the services and management needed for supportive housing. The city would meet its housing objectives, hand over the responsibility for the services to another party, and be made whole financially. As councilmember Jean Carlberg puts it, “our leverage was to have a highly desirable site to trade with if that became feasible—we felt that we needed to make sure that (the 100 units of very affordable housing) stayed in the downtown.” While the idea of shifting the SRO units elsewhere or splitting them into smaller buildings was discussed, she said that this was ultimately ruled out because services such as the Delonis Center and the bus system are downtown, and the expense of round-the-clock staffing small facilities is prohibitive.

The DDA Partnerships Committee, together with councilmembers Carlberg, Kim Groome, and Chris Easthope, drafted an RFP, ultimately issued in December 2004 by the newly reorganized Community Development office. It states that primary goals are to “retain approximately 100 units of very affordable housing, including a mix of supportive permanent and transient units” and to “increase downtown residential density”. Secondary goals were to repay the city and DDA for their land purchase costs and to maximize the Tax Increment Financing (TIF) property tax yield on the redeveloped site. But councilmember Leigh Greden is firm that the city must recoup its investment, implying that a baseline purchase price of \$3.5 million is non-negotiable. If this is to be used to pay off the bank loan, presumably council will have to override a 1998 resolution that channels proceeds from all sales of public real property into the Housing Trust Fund.

The goals of providing “very affordable housing” and “supportive housing” are especially challenging. “Very affordable” refers to “extremely low income,” or individuals and families who are below 30% of the annual median income (AMI). In Ann Arbor, that’s \$16,400 for a single person. The RFP also calls for some to be at 60% of AMI (termed simply “affordable”), which would not necessarily include the supportive element. All who were interviewed for this story rejected the notion that this could include students. Rather, the target population will be those who may first appear at the Delonis Center, seeking assistance with finding housing and other services. According to Ellen Schulmeister, the executive director of the Washtenaw Shelter Association, most people at the Delonis Center make 15% of the AMI or less. Many also have other problems, including mental illness, substance abuse problems, or both. Others have physical disabilities or chronic health problems. At Delonis, they receive active case management – someone is coordinating the services they receive and monitoring their progress. PORT (Project Outreach Team) works directly with individuals with mental health and employment issues who have been chronically homeless. The Blueprint to End Homelessness, a goals statement that is becoming the basis for housing policy in the city and county, seeks to move these folks into permanent supportive housing, which implies that they continue to receive social services assistance as needed. Schulmeister said that 950 people received some type of services at Delonis last year, not including meals.

Another distinction is whether transitional (short-term) or permanent housing is provided. In the current residential tower, PORT currently maintains 4 rooms at the Y to help people stabilize, but they always have a waiting list. Michigan Ability Partners (MAP) and Ozone House each reserve one room, and the VA hospital keeps 12 rooms for patients in an outpatient psychiatric program. All these are short-term placements, sometimes just one step up from homelessness. Recommendations by the Washtenaw Housing Alliance, included as background for the RFP, called for most new housing to be permanent.

Avalon Housing is the most prominent agency in Ann Arbor specializing in permanent supportive housing. They target people who are homeless or at risk of being homeless. Carole McCabe, Avalon’s executive director, explains that Avalon serves as the landlord and makes units affordable by upfront subsidies (through grant funds) to development of their properties. Even so, some tenants need help with their rent, often with Section 8 or Shelter Plus Care vouchers (federal and state rental assistance programs). The actual social services are provided by Catholic Social Services.

This is the work of specialists who are able to sort out the complexities of federal funding programs. As Schulmeister points out, while there are a number of programs to assist with the cost of housing, the problem is finding funds to pay for the intense management involved in supportive care. The RFP criteria point to the need for demonstrating not only the capacity to manage this type of housing, but “ability to locate ongoing funding for program support”. Oddly, it does not specify a number of years expected for this funding to be obtained. Indeed, given the vagaries of public funding, it would be difficult to guarantee support for any period of time. Greden states that this was left open to allow bidders to come up with “creative solutions”. But this leaves open the question of what would happen to the services if a future owner of the residential unit was not able to obtain funding, or whether the city would be obliged to step in at some future point.

The neighbors

Another pair of challenges for the redevelopment plan will be how it accommodates two important nearby neighbors, and possibility how it makes use of their properties.

The AATA has all along been a key player. City efforts to negotiate with the AATA to retain the 100 SRO units in its own development plans failed, partly because of what each side saw as unacceptable conditions on the other's part. The city hoped that AATA would bear much of the cost of redeveloping the site, while acceding to the city's conditions on the housing. Carlberg notes that AATA "was going to partner with a student housing corporation and we didn't have any confidence that the 100 affordable units were the highest priority for the AATA—we were reluctant to leave this in the hands of two private entities (when we wanted) to retain 100 rooms in the city in a prime location." A 2000 feasibility study (Parsons Brinckerhoff) for AATA did indeed conclude that of five development options examined—none of which were the supportive SRO-type units wanted by the city—a student housing development would be the most financially feasible. Throughout, AATA has stubbornly insisted on its own priorities. Both its mission and its funding sources precluded subsidies for the city's housing goals. As Cook says, while AATA is ready to be cooperative in making plans for the area, "we're the transit authority—we can't buy your housing."

Still, the fact of the two relatively small properties in such close proximity to each other have kept all parties looking at the options. The city evidently expected from the beginning that AATA would play a part, whether as a bidder for the RFP (which it is not) or by somehow making more space available at the current location of the Blake Transit Center. The May 2004 action plan called for an option with participation by AATA. DDA Partnership committee discussions included a scheme for converting 4th Avenue to a transit mall (by closing the street to other traffic) and even shifting the transit center away from downtown. None of these efforts resulted in an accommodation of AATA's needs and the city's expectations, and the AATA was not mentioned in the final RFP. Still, of the four proposals submitted that actually address the requirements of the RFP, three do include the AATA in plans, with supporting letters from Cook. Clearly AATA will continue to be a part of the block, one way or the other. As McGee says, "Just because we are inconvenient, we are not going to go away."

The AADL has been something of an innocent bystander in all this, as its officials are not involved in making the decisions around the RFP. The library's main branch, on 5th Avenue across from the YMCA, is the most heavily used of all the branches, with 271,536 people entering in July–December 2004. Its public meeting rooms are heavily used, and important reference materials are stored there. A joint working session between the AADL and DDA boards in November 2004 aired the concerns of some library board members about security issues stemming from the heavy presence of some of the SRO residents, who were said to have disturbed library patrons and staff. Josie Parker, the Executive Director of the AADL, points out that, with the main branch open 7 days a week and 75 hours a week, "most evenings, we are the only attraction in this part of town", so it is natural that nearby residents would use the library as a stopping place. "We are here—we are open—we are warm." She notes that up to now, there have been few services offered at the Y for its residents. The library has stepped up to the

challenge, with special training for staff, and good communication with social service providers like the Delonis Center and PORT. It has also hired security staff, who are not needed in other branches. David Cahill, an AADL board member, says that he would like the selection committee to give special attention to proposals which would have services and security provided at the new facility. Parker agrees; “We want to make it clear that the money to provide those services in a sustainable fashion needs to be committed by those who are responsible for providing the housing.”

Another potential impact on the library is the possible development of the city parking lot adjacent to the library (the “library lot”). This has been eyed speculatively for years; a 1991 study by Luckenbach and Ziegelman repeated the conclusion of a task force that “the present use...as a surface parking facility is not the best use (for this parcel)” and recommended underground parking with public open space above. Some proposals for new development have used this space for various purposes, including the relocation of the AATA; indeed, one of the proposals submitted to the city would build the affordable housing above AATA buses on this lot. But library officials have consistently argued for the need to have parking nearby for their customers. The entrance on Fifth Avenue can be dangerous, especially for people disembarking from cars. Parker says “we need some way to get (these cars) off Fifth”. The DDA study of future plans for Huron and Division Streets and Fifth Avenue prepared by Peter Pollack recommends a Fifth Avenue drop-off lane and on-street parking adjacent to the library, with an eventual mixed-use development on the lot.

Downtown development issues

The old Y site development plans run right into a number of competing ideas for the north side of the William Street corridor and the entire block bounded by William, Fifth, Liberty and Division. The Peter Pollack design study offers a number of infill ideas, with an emphasis on bicycle- and pedestrian-friendly design, building setbacks near the library to create a “street level refuge/garden” plaza, building heights modulated in keeping with those of existing buildings and attention to façade design.

Developer and visionary Peter Allen has been making the rounds of groups and opinion leaders to promote his “Ann Arbor 2015” idea. He would like the community to step back and plan downtown comprehensively all at once, emphasizing a high-intensity use. He and his associates Emilie Baratta and Mo Frechette are using results of a UM student project to advance a proposal for solving the city’s dilemma. It would combine the Y site, AATA transit center, library parking lot, the top deck of the 4th and William, the Palio parking lot, and the low-cost housing units that Council wants to preserve, into what is essentially an area plan, with many switches of ownership and changes of use. Divergent uses like parking, housing, transit needs, and even green space, would be planned together, rather than on a site-by-site basis. Allen says that by doing so, the city could reap \$10 million from the sale of the Y property instead of the expected \$ 3–4 million and therefore pay for social services and the amenities that the “creative class” (aka Cool City residents) wants. He says the increased value is from removing risk for the developer, increasing height and density, economies of scale, and streamlining the site planning and permitting process. Allen has incorporated this viewpoint into a response to the RFP. Rather than addressing the RFP’s requirements, Allen with his team proposes to produce a new

RFP based on his ideas. He says that if the city accepts his offer, there will be no time delay in completing the project because he will simultaneously do site planning, saving the future developer that trouble.

One of the four developers who address the RFP also takes an expansive view of the entire area. Steuer and Canvasser from Farmington Hills would use not only the old Y and AATA sites, but also the library lot and the Palio surface lot at Main and William. AATA would be moved to the block between Fifth and Division, with buses at the ground level and the affordable housing above it. There would be retail on Main Street in a building of about eight stories and underground parking at both the combined previous Y/AATA sites (fifteen stories) and the library lot/AATA/affordable housing site (5 stories). The two buildings without affordable housing would contain a total of 200 condominium units targeted to households with incomes in excess of \$100,000. Copies of the proposals obtained by the Observer under FOIA were heavily redacted so that some details of this plan were missing, and it is not possible to understand how the developer plans to obtain possession of the two city parking lots or how much they would offer for them.

Three local developers would stay within the bounds of the old Y site and the AATA site, or in one case the Y site alone. Kwan & Moore's "William Street Place" would build 100 affordable units in a separate building over part of AATA's current site, with the north edge abutting the Federal property. The rest of the area would support 200 market-rate apartments above a ground-floor AATA transfer station and second floor AATA offices. The third floor is parking and apartments, including a penthouse level, occupy the next 10 floors. No office or retail is indicated.

HDC, LLC, a Novi-based developer, joins with local developer Ed Shaffran to propose a mixed-use development (office, retail) with 100 very affordable and affordable apartments and 16 market-rate condominiums all in one building, though with separate floors and entrances for the very affordable units and a separate tower for the condominiums, at a height of eight floors. The site also accommodates some townhouses and ground level garden mews. The AATA site is used and the center of the ground floor contains the bus transfer station. Retail space fronts on William and wraps around corners to Fourth and Fifth Avenues.

The "Library Towers" proposal by MAVDevelopment (local developer and DDA member Rob Aldrich) is the only one that does not incorporate the AATA site. It would consist of two buildings, one with 96 SRO units, mostly very affordable (targeted to 15-30% AMI), and another mixed-use building of fourteen floors with 60 market rate (\$250,000-\$500,000) condominiums. It would include ground level retail, and four floors of office space, with secure underground parking for 90 cars. It also offers 60 above-ground parking spaces to be conveyed to the city/DDA for public parking.

A final proposal really changes the subject, though not away from downtown. Alan Haber, an Ann Arbor native and long-term liberal activist who has been involved in anti-poverty issues, helped to found Students for a Democratic Society, and more recently a global art for peace project (the Megiddo Peace Project), proposes that the old Y should be preserved as a "community commons". He notes the closing of many artistic and collective enterprises in Ann

Arbor, including the artistic commons in the old Technology Center (now the site of the new YMCA), and the Wooden Spoon bookstore, resulting in a dearth of public space for creative and collaborative community discourse. The pressures of the market “have driven out of town...much of the cultural creativity, diversity and “cool” that has made Ann Arbor a special city...near strangling the goose while polishing the egg.” He proposes funding the purchase by soliciting donations in a wide variety of ways, including blue “commons cans” for donations, bake sales, benefit concerts, and house parties. Haber acknowledges that his proposal has only “an outside chance”, but hopes that it will “touch the heart.”

Decisions, decisions

The selection committee, appointed by council in late March, has plenty of experience and expertise. It includes Fred Beal, a local developer and the current DDA chair; Gary Bruder, a real estate attorney who is also the president of Food Gatherers; Megan Gibb, the planning director for the City of Ypsilanti; Ashley Zwick, a Standard Federal vice president who is also on the Housing Policy board; Leah Gunn, DDA member who also sits on the county Urban County (housing) board; and two councilmembers, Kim Groome and Margie Teall. They have a lot of competing priorities to weigh.

Housing management: Three developers have associates expert in managing very affordable and supportive housing. Avalon Housing is the local heavy hitter, working with MAVDevelopment; HDC is associated with Hope Network of Grand Rapids, and Steuer and Canvasser are linked with Heartland Alliance, a network of social service agencies in Chicago. All three appear to have credible track records in accessing federal funds for such programs and talk a good game in their management proposals. Kwan & Moore, curiously, merely propose to produce a separate building and turn it over “to be managed by a 501(c)3 not-for-profit selected by the City of Ann Arbor”.

Design and area impact: Although this is not included in the selection criteria, it must surely be considered, and Greden listed it as one of the three major issues he would consider. He says, “Downtown is fragile; locally owned businesses are struggling—we have to look carefully at anything we do (that affects downtown).” The old Y site is zoned C2A/R, which has no maximum height restrictions. Some proposals are for fourteen or fifteen floors, still considered high in Ann Arbor. Will this be accepted as a tradeoff for a bigger financial benefit to the city? The street level features will be important in helping to knit the future development of 5th Avenue together, especially in promoting more pedestrian traffic. The committee may look at the recent work of architects on these projects: MAVDevelopment is using the architect who designed Ashley Mews, while HDC’s SmithGroup/JJR designed the Delonis Center. Kwan & Moore have secured the services of local architect Richard Frey, who is also designing some buildings on the UM campus.

Use of additional sites: The plan to use other public space (the Palio and library parking lots) complicates the picture and presumably has financial implications. Other uses might be preferred for them in conjunction with other development plans. A massive development with buses next to the library is likely to raise objections. In the two other plans using the AATA space, contractual and financial arrangements would be more complicated, so that the city would

potentially have to negotiate with the AATA on certain points. On the other hand, the larger site makes for more flexibility and it would probably be beneficial to address the downtown transit center needs now in order to remove this unsettled issue from the overall downtown development question.

Phased development: The RFP states a preference for a phased-in development, first of new very affordable units on the southwestern side of the site, then demolition of the current residential tower and market-rate construction on the other side. Both the MAVDevelopment and HDC plans are phased as suggested. The Steuer and Canvasser and Kwan & Moore plans place the very affordable housing elsewhere than on the old Y site, but some problems could surface with relocating AATA functions; still, it is likely that a solution exists.

Housing density: One of the goals stated in the RFP is to increase downtown residential density. All the plans would do this, but range from adding only 16 condominiums to adding 200 apartments or condos. The committee will have to weigh this against other objectives.

And then, of course, there's the money. Financial details of the proposals have been sealed, and the committee will not examine them until it has reviewed the merits of the proposals. Aside from recouping its expenditure, the city has a lot to consider. Is it more important to get the maximum dollar yield from sale of property or to accomplish other objectives? The DDA partnership committee put in a goal to maximize TIF yields, which implies the most high-value property possible. Though the city would not have direct access to these funds, DDA grants have been helpful in many ways in accomplishing city objectives and are likely to be called on more and more as the city moves into capital projects. But is a high-value property superior to one with good design and minimum impact on neighboring facilities? Finally, the financing of the very affordable housing is a fairly dicey business. The developer must rely on some mix of tax credits and federal grants, possibly in addition to some local funds such as the Housing Trust Fund. Those programs all have application requirements and deadlines, some not in the direct control of city community development. The city will have to estimate the likelihood that the developer would be successful in obtaining them. How do both parties manage this risk? The alternative could be that the development is lucrative enough to avoid using grant funds, but that would mean a very large building or a smaller payment to the city.

The city doesn't have very long to pull all this off. According to the revised management agreement with the YMCA, the residential tower either needs to be replaced by December 31, 2006, or the city will have to find someone else to manage it. Meanwhile, the vacant building is a liability. The schedule calls for work on the project to begin in June/July 2005, but this is unlikely, as the committee has barely begun its work. Greden says that council will not be prepared to make a decision until the budget is approved, sometime in June. Planning commission site approval and possibly approval of rezoning if more than one lot is involved could add some time, as well as an opportunity for public comment.

The Y decision is only the first of a series of decisions council will be making in the coming months about the future of downtown. Still to come are the future of the DDA three-site plan; the resolution of the issues of the greenway, Allen's Creek floodway, and downtown green space; the downtown residential task force's recommended rezoning of the entire downtown area

in order to increase density; and possible more intense use of city property throughout the downtown, as suggested by Allen. The manner in which council handles this first decision should be instructive.