



Legislation Text

File #: 16-0891, Version: 1

Resolution to Approve the Transfer of 909 Evelyn Court to the Ann Arbor Housing Commission (**8 Votes Required**)

The Ann Arbor Housing Commission (AAHC) is redeveloping its entire portfolio of public housing under the HUD Rental Assistance Demonstration (RAD) program. The AAHC completed capital needs assessments for each of its properties to determine whether the property should be renovated, demolished and newly constructed or sold. 909 Evelyn is a single family home that needs an estimated \$143,000.00 worth of renovations. It is not cost effective for the AAHC to renovate and maintain this single family home compared to other apartments that the AAHC is renovating.

Habitat for Humanity of Huron Valley is interested in purchasing the home, renovating it and selling it to a low-income homebuyer. Habitat can renovate the home at a much lower cost because they are able to get significant donations of labor and materials. Habitat has offered to purchase the home for the appraised value of \$82,000.00 plus related closing costs.

909 Evelyn was developed with HUD funds in 1995 through the AAHC as public housing. The City of Ann Arbor is currently the owner and the deed is in the City's name, not the AAHC, because the Ann Arbor City Code (Chapter 8, Section 1:209) requires the City to put all AAHC real property in the City's name. However, the City may at any time convey that property to the AAHC.

"All deeds, mortgages, contracts, leases, purchases, or other agreements regarding real property which is or may be put under the control of the Housing Commission, including agreements to acquire or dispose of real property, shall be approved and executed in the name of the City of Ann Arbor. The Ann Arbor City Council may, by resolution, decide to convey or assign to the Housing Commission any rights of the city to a particular property owned by the City of Ann Arbor which is under the control of the Housing Commission and such resolution shall authorize the City Administrator, Mayor and Clerk to take all action necessary to effect such conveyance or assignment."

909 Evelyn is no longer public housing. It was removed under the RAD program's de minimis reduction regulations and is no longer under regulatory restrictions from HUD. The AAHC can dispose of this property and reinvest those funds in its other properties. HUD does not require that the AAHC sell the property to a low-income housing provider, however, the AAHC Board approved the sale of the property with the condition that the property be sold to Habitat for Humanity in order to ensure that a low-income family will benefit.

In 2013, R13-0566, City Council approved the transfer of City-owned AAHC properties to enable redevelopment under the RAD program. R13-0566 contemplated the potential need to sell 909 Evelyn Court as well as the properties on W. Washington and Garden Circle if it was infeasible to redevelop them and/or if sales proceeds were needed to redevelop other properties. At this time, the AAHC only wishes to sell 909 Evelyn. Both W. Washington and Garden Circle have been renovated and are continuing to provide housing for low-income households. Other properties are being

transferred to the AAHC in conjunction with financing, and the Housing Commission entering into a ground lease with its partners. This resolution does not have these conditions since the AAHC will be selling the property to Habitat for Humanity for eventual sale to a low-income family.

The AAHC is requesting City Council approve the transfer of ownership of 909 Evelyn to the AAHC for \$1, so that the AAHC can sell the property to Habitat for Humanity at the appraised value of \$82,000. The AAHC will not be financing the redevelopment of this property and will not be ground leasing Evelyn to any partners. The AAHC will use the sales proceeds to renovate its property on Broadway.

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

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Ann Arbor Housing Commission (AAHC) is redeveloping its public housing properties under HUD 's Rental Assistance Demonstration (RAD) program;

Whereas, HUD allows the AAHC to remove up to 5% of its public housing from HUD's affordable housing restrictions as a de minimis reduction under the RAD program, to help make RAD transactions financially feasible;

Whereas, 909 Evelyn Court was removed by HUD from public housing under the RAD de minimis regulations;

Whereas, 909 Evelyn Court is vacant and requires \$143,000.00 worth of renovations which is infeasible for the AAHC to redevelop and maintain;

Whereas, Habitat for Humanity of Huron Valley is interested in purchasing 909 Evelyn Court to renovate it for a low-income family to purchase;

Whereas, The City of Ann Arbor is the deed holder in accordance with City Code, Chapter 8, Section 1:209 and can transfer ownership of the property to the AAHC by resolution; and

Whereas, The property was appraised for \$82,000.00 on May 4, 2016 and Habitat has offered to purchase 909 Evelyn Court for \$82,000.00;

RESOLVED, That City Council approves the transfer of ownership of 909 Evelyn Court to the Ann Arbor Housing Commission for \$1.00, so that the AAHC can sell the property to Habitat for Humanity of Huron Valley to renovate and sell the property to a low-income homebuyer;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute a quitclaim deed for the property from the City of Ann Arbor to the Ann Arbor Housing Commission after approval as to form by the City Attorney and approval as to substance by the City Administrator, to be delivered to the AAHC; and

RESOLVED, That the City Administrator be authorized and directed to implement this resolution, including the execution of any necessary closing documents after approval as to form by the City Attorney.