



Legislation Text

File #: 10-0025, **Version:** 1

Resolution to Approve Grant Application to Federal Farm and Ranch Land Protection Program for Purchase of Development rights on Honke Family LLC Property (**8 Votes Required**)

Attached for your review and action is a resolution to approve the Federal Farm and Ranch Land Protection Program (FRPP) application for the purchase of development rights (PDR) for the Honke Family LLC Property located in Northfield Township.

Grant Application:

Applications to the Federal FRPP program are for funds up to 50% of the appraised fair market value of the development rights to a maximum of \$5,000 per acre. Completed applications must be submitted by February 17, 2010. It is anticipated that a request for acceptance of grant funds, if awarded, will be presented to City Council in March 2010.

In May 2009 Council approved a grant application to FRPP for this property (R-09-192). The City applied for grant funds in 2009, but was not awarded funds. The Greenbelt Advisory Commission recommended resubmission of the grant application at its January 13, 2010 meeting.

Estimated Project Budget:

Below is an estimated budget for the project, based on the appraisal completed last year. Due to the deadline for grant applications this year, an updated appraisal has not been completed. If awarded grant funds, an updated appraisal will be completed and a revised budget, along with purchase agreement will be submitted to Council for review and action.

Purchase Price:

Appraised Fair Market Value (2009):	\$896,000.00
FRPP Request:	\$448,000.00
City portion of purchase price:	\$448,000.00

Other Costs:

Estimated Due Diligence:	\$12,000.00
Estimated Closing Costs:	\$26,880.00
<u>Endowment:</u>	<u>\$23,867.00</u>
Total Other Costs:	\$62,747.00

City Costs:

Purchase Price:	\$448,000.00
<u>Other Costs:</u>	<u>\$ 62,747.00</u>
Total City Costs:	\$510,747.00

Conservation Easement:

The easement is made pursuant to section 36111 b of the Natural Resources and Environmental

Protection Act (MCL 324.3611Ib; MSA 13A.3611Ib) and Chapter 42 of the Ann Arbor City Code. The easement is for the purpose of preservation of the Property's agricultural use, including the protection of prime, unique or important soils, by preventing any use that would significantly impair or interfere with the agricultural value.

Matching grant funds are through the Federal Natural Resources Conservation Service. The City's share is from the Open Space and Parkland Preservation Bond proceeds. The FRPP program is voluntary and provides matching funds for local governments to acquire development rights on farmland. The landowners retain the right to use their property for agriculture.

Honke Family LLC, Northfield Township

The farm is approximately 98 acres and is located at the intersection of Northfield Church Road and Nollar Road. The deed to the property is held by Honke Family LLC. An application to participate in the Program was received from the deed holders in 2006.

This farm is considered large enough to sustain agricultural production and is in a location that will encourage additional farmland preservation and agricultural preservation activities. The property is in close proximity to other properties, already protected by a conservation easement under the Greenbelt Program and is within one of the strategic plan blocks within the Greenbelt District. If FRPP matching grant funds are awarded, the PDR acquisitions must be completed within 18 months.

Prepared by: Ginny Trocchio, Conservation Fund

Reviewed by: Jayne Miller, Community Services Area Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, FRPP has matching grant funds available for up to 50% of Purchase of Development Rights on eligible agricultural land not to exceed \$5,000 per acre;

Whereas, Chapter 42 of The Ann Arbor City Code establishes the Greenbelt District and enables the City to purchase development rights on property within the district;

Whereas, Purchase of Development Rights may be funded through the Open Space and Parkland Preservation Bond proceeds;

Whereas, The owners have completed a Purchase Agreement for the Sale of Farmland/ Agricultural Land Development Rights and agree to establish a Farmland Development Rights Grant of Easement that conforms to standards established by the City of Ann Arbor and the Natural Resources Conservation Service; and

Whereas, The Greenbelt Advisory Commission approved a motion recommending approval of this application;

RESOLVED, That City Council approve the application to the Farm and Ranch Lands Protection Program for matching grant funds for the Purchase of Development Rights for the Honke Family LLC property in Northfield Township as indicated on attached map;

RESOLVED, That the approval of this grant application be subject to establishment of a fair market price for the development rights to be determined by an appraisal; an acceptable environmental site assessment of the property; conveyance of good and marketable title to the development rights by Farmland Development Rights Easement and acceptance of the Farmland Development Rights

Easement by Ann Arbor City Council; and

RESOLVED, That City Council authorize the Mayor, City Clerk and City Administrator to execute all documents necessary to complete the requirements of the Federal Farm and Ranch Land Protection Program after approval as to form by the City Attorney.