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TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: John Fournier, Deputy City Administrator  
Derek Delacourt, Community Services Area Administrator  
Brett Lenart, Planning Manager  
Marti Praschan, CFO

SUBJECT: July 17, 2023 Council Agenda Response Memo

DATE: July 13, 2023

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**CA-9 – Resolution to Sell 350 S. Fifth to the Ann Arbor Housing Development Corporation (\$6,200,000.00) (8 Votes Required)**

**Question:** Has it been standing policy for the City to charge fair market value for parcels when transferring ownership to the Housing Commission? (Councilmember Radina)

**Response:** There isn't a standing policy in place when transferring ownership of City owned property to the Housing Commission.

**Question:** If I remember correctly, the City re-acquired the property for about \$5.2M. Is there a reason we wouldn't simply charge the amount to recoup purchase costs, instead of current value (a savings of about \$1M for the Housing Commission)? (Councilmember Radina)

**Response:** The proceeds from the transfer occurring at market value \$1M, are imperative to moving forward with other initiatives and strategic goals of the organization.

**Question:** If our goal with 350 S. Fifth is to maximize the number of affordable units built, have we considered/explored transferring ownership to the Housing Commission for a sale price of \$1, allowing the \$6.2M savings for the Housing Commission to be reinvested directly in building more units — or acquiring other property, not currently owned by the city, for future affordable development? (Councilmember Radina)

**Response:** The proceeds of the transfer of ownership will be utilized to relieve the existing debt held on the property and move forward other initiatives and strategic goals of the organization.

**Question:** What would be the overall fiscal impact to the city to transfer ownership for \$5.2M? And for \$1? — since the purchase happened in another fiscal year, did we budget for an anticipated \$6.2M in General Fund revenue this year? Or would this be an unexpected, unallocated \$6.2M? (Councilmember Radina)

**Response:** Transferring ownership for \$5.2M would relieve the existing debt; however, not allow for the execution of other initiatives planned for the proceeds. Transfer of ownership for \$1, is not feasible as the debt must be relieved prior to ownership being transferred. The \$6.2M was anticipated as revenue in the FY 24 General Fund Plan as communicated in the memorandum from the City Administrator dated May 31, 2023- 350 S. Fifth (Y-Lot) Intended Transaction.

**Question:** In either of the above scenarios, would this allow for the \$1M in ARPA funds to be utilized to acquire property not currently held by the city to expand our portfolio? (Councilmember Radina)

**Response:** The \$1M in ARPA funds is approved for purposes of procuring property for Affordable Housing.

**DB-1 – Resolution to Approve 999 Maiden Lane Site Plan and First Amendment to 1140 Broadway Development Agreement (CPC Recommendation: Approval - 9 Yeas and 0 Nays)**

**Question:** What are the requirements of the C1A/R zoning category concerning the inclusion of retail and housing (i.e., mixed use)? (Councilmember Akmon)

**Response:** The C1A/R zoning category allows both commercial and retail uses but does not require any prescribed mixture of uses.

**Question:** What tools does the City have to compel developers using the C1A/R category to include retail? (Councilmember Akmon)

**Response:** Zoning does not compel any specific use in the City, it provides a menu of options for property owners to utilize.