



Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
7/7/2008	1	City Council	Approved	Pass

Resolution to Approve the Sale of Washtenaw Affordable Housing Corporation's Property at 723 S. Main Street, 13 Metroview and 5 Trowbridge

Washtenaw Affordable Housing Corporation (WAHC) has been working with the Office of Community Development (OCD) and Michigan State Housing Development Authority (MSHDA) on a long-term strategy to maintain WAHC's units as affordable housing. A consultant, Corporate FACTS, was hired by MSHDA and the City to analyze WAHC's portfolio, property management plan, finances, and staffing. All parties have agreed that the most viable solution for WAHC is to merge with Avalon Housing, Inc.

The OCD is working with Corporate FACTS, WAHC, and Avalon on a short-term transition plan and long-term feasibility plan. An immediate concern is a projected operating deficit of a little over \$100,000 for WAHC through December 2008. Avalon is not able to absorb this debt, when it acquires WAHC's properties. A short-term staffing plan and immediate cash-infusion has been resolved, with financial support from Washtenaw County. MSHDA will continue to contract with Corporate FACTS to help with the transition, as well as analyze Avalon's portfolio, staffing, finances, and property management to strengthen Avalon's ability to manage its properties and continue to grow.

This process is a huge undertaking and will have long-term implications for the permanent affordable housing stock in the city. The goal is to ensure that a strong housing provider emerges from this merger. Each property is unique and has different funding sources, restrictions, and tenants. It could take a year or longer before a full merger is completed. Therefore, a long-term solution to the cash-flow problem is needed.

Corporate FACTS has conducted a capital needs assessment of WAHC's properties and will conduct an assessment of Avalon's properties, to determine the investment needed to keep the properties

functional. WAHC's properties will require new investments of over \$1.5 million in the next couple years and it is expected that Avalon's properties will also require reinvestment. Each property will require a different strategy and funding sources. A separate memorandum and resolution will be brought forward to Council once a solid long-term plan is in place.

The Office of Community Development recommends that Council approve the immediate sale of 723 S. Main Street, 13 Metroview and 5 Trowbridge to enable WAHC to pay off existing debt, and maintain its properties as the merger is completed. The City's existing Affordability Agreements require WAHC to get permission to sell or transfer the properties.

723 S. Main Street is a 9-unit building with 8 small 2-bedroom units and 1 efficiency. It is located 2 blocks from Michigan Stadium. The units are too small to house families, which is the primary target population for WAHC's units. The building is in a prime student housing area. 13 Metroview and 5 Trowbridge are single-family homes in Arbor Oaks neighborhood near Bryant School. Homeplace Community Land Trust is interested in purchasing these houses, rehabbing them and selling them to low-income homebuyers. WAHC has offered to sell the homes to the existing tenants but they are not able to purchase them. Single family rental units are expensive to maintain and the OCD supports converting rental homes to owner homes in this neighborhood. WAHC also owns a 48 unit property on Pauline, a 23 unit property on Miller, a single family home in Ypsilanti and a 43 unit property in Ypsilanti Township.

Main Street, Metroview, and Trowbridge have met their federal affordability requirements and can be sold without penalty of repayment. The goal is to keep all of the units affordable, for low-income renters or owners, if feasible. Southside is expected to sell for \$734,000 to \$1,193,000. The current debt is \$132,000 to Comerica Bank, and \$187,889 to the City. 13 Metroview and 5 Trowbridge are each expected to sell for about \$100,000. The current debt on 13 Metroview is \$49,723 for a line of credit, and \$47,500 to the City. The current debt on 5 Trowbridge is \$50,776 to Michigan Interfaith Housing Trust Fund, \$18,202 to the City, and \$10,000 to Washtenaw County. All proceeds will be reinvested in WAHC and Avalon operations and properties.

Prepared by: Jennifer Hall, Housing Program Coordinator
Mary Jo Callan, Community Development Director

Reviewed by: Damon Thompson, Acting Community Services Administrator

Whereas, Washtenaw Affordable Housing Corporation (WAHC) has been working with the Office of Community Development (OCD) and Michigan State Housing Development Authority (MSHDA) on a long-term strategy to maintain WAHC's units as affordable housing;

Whereas, A consultant, Corporate FACTS, was hired by MSHDA and the City to analyze WAHC's portfolio, property management plan, finances, and staffing;

Whereas, All parties have agreed that the most viable solution for WAHC is to merge with Avalon Housing, Inc.;

Whereas, Avalon is not able to absorb underperforming properties and take on new staff and debt; and

Whereas, An immediate concern is a projected operating deficit of a little over \$100,000 for WAHC through December 2008;

RESOLVED, That the Mayor and City Council approve the immediate sale of 723 S. Main Street, 13

Metroview and 5 Trowbridge to enable WAHC to pay off existing debt, and maintain its properties as the merger is completed; and

RESOLVED, That the City Administrator, or his designee, is authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.