



Legislation Details (With Text)

File #: 23-2119 **Version:** 2 **Name:** 1/8/24 404 N Ashley Sale to AAHDC
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Title: Resolution to Sell 404 N. Ashley to the Ann Arbor Housing Development Corporation (\$1.00) (8 Votes Required)
Sponsors: Erica Briggs

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
1/11/2024	2	City Council	Approved	Pass

Resolution to Sell 404 N. Ashley to the Ann Arbor Housing Development Corporation (\$1.00) (8 Votes Required)

The Ann Arbor Housing Commission (AAHC) is requesting City Council approval of the sale of 404 N. Ashley to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan nonprofit whose sole member is the AAHC, for \$1.00. The property was appraised in 2019 for \$1.8 million.

In 2019, City Council approved a resolution (R-19-515), directing the AAHC to develop 404 N. Ashley as affordable housing. At the time, the U of M Community Dental Center was in a lease that annually renewed through June 30, 2024. The lease is subject to immediate termination by the City if the Community Dental Center ceases the operation of the Community Dental Center at the site. The Dental Clinic services ceased its operations at 404 N. Ashley and moved to the U of M Dental School on November 30, 2023. Based on conversations with representatives from the U of M and the U of M Dental School, they have no objection to the City terminating the lease at this time.

In 2019, the AAHC conducted a feasibility analysis and the site is a good location to develop as affordable housing. However, it will take more than a year to go through site plan approval, secure financing and begin demolition of the building. The Winter Sheltering Taskforce, composed of local non-profits, the AAHC, City and County staff have been meeting and planning for an expected increase in need for emergency shelter this winter, particularly for families. In the short-term, the AAHC is working with local non-profit shelter providers to determine if 404 N. Ashley can be used to expand the shelter capacity this winter.

The AAHC hired an architect and worked with the City's Building Official to determine what improvements are required to allow a residential use as an overnight shelter. The building would need to have a sprinkler system, showers and egress windows installed. This scope of work is possible, but it would take too long to bring the building up to code for it to be used this winter for sheltering. However, the building could be used for office space for shelter providers with minor building repairs. Both the Interfaith Hospitality Network (IHN) Alpha House and Shelter Association of

Washtenaw County (SAWC) can expand their existing shelter capacities by moving their administrative offices to 404 N. Ashley, and converting their current offices to shelter. This will increase the nightly shelter capacity by 6 additional families at IHN and at least 5 additional women at SAWC.

Upon sale, the AAHDC will immediately take on the responsibility of owning the property, maintaining the building and renting the space (at minimal cost) to increase short-term shelter capacity. The AAHC will pay for the renovations needed to provide office space, including adding larger gutters and regrading a portion of the site to address water infiltration on the lower level; removing fixtures related to the use as a dental clinic and repairing the floors and walls; and painting. The total cost of renovations is not expected to exceed \$50,000.

The AAHDC will enter into leases with IHN and SAWC that will require them to vacate the office space when its time to demolish the building to develop the site as affordable housing, which is estimated to be in two years.

The AAHC is requesting that the City convey the property to the Ann Arbor Housing Development Corporation by quitclaim deed for \$1.00. The deed will include a restriction that ensures that the housing that is built, will be permanently affordable to households whose income is 60% of the Area Median Income or less.

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

Reviewed By: Kevin McDonald, Chief Deputy City Attorney

Approved By: Milton Dohoney Jr., City Administrator

Whereas, In 2019, City Council approved a resolution (R-19-515), directing the AAHC to develop 404 N Ashley as affordable housing;

Whereas, The Ann Arbor Housing Commission (AAHC) conducted a feasibility analysis and the site is a good location to develop as affordable housing; and

Whereas, The AAHC is requesting that the City sell 404 N. Ashley to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan nonprofit corporation, whose sole member is the AAHC, for \$1.00 to meet the City's affordable housing goals and advance the development process;

RESOLVED, That City Council approve the sale of the property commonly known as 404 N Ashley (Property), and further described as:

LOTS 5 and 6, B3N, R3E, Original Plat of the Village (now City) of Ann Arbor, as recorded in Transcripts, Pages 152 and 153, Washtenaw County Records.
Parcel Number: 09-09-29-139-032

to the Ann Arbor Housing Development Corporation for \$1.00;

RESOLVED, That the City Council approves a quitclaim deed and any other documents necessary to convey ownership interest to the Ann Arbor Housing Development Corporation as required by Chapter 8, Section 1:209(3) of Ann Arbor City Code;

RESOLVED, That the Mayor and City Clerk are authorized to sign a quitclaim deed and any other documents necessary to convey the Property, subject to approval as to substance by the City Administrator, and approval as to form by the City Attorney, upon the condition that deed restrictions

are placed on the Property at the time of transfer requiring permanently affordable housing to be developed on-site (which is affordable to households whose income is 60% AMI or less), and allowing the continued use of the Property as offices until the affordable housing is constructed;

RESOLVED, That the City Administrator notify the University of Michigan of the immediate termination of the Community Dental Center lease for the Property; and

RESOLVED, That the City Administrator be authorized to take any necessary administrative actions to complete this transaction.

Sponsored by: Councilmember Briggs