



## Legislation Text

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**File #:** 08-0564, **Version:** 1

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Resolution to Approve the Sale of 2706 Yost from Child and Family Services - Huron Service for Youth D/B/A HelpSource to Washtenaw Community Health Organization (WCHO) and to Approve the Assumption of a \$50,000.00 HOME Mortgage, Note and Housing Affordability Agreement by WCHO On April 19, 2004, City Council approved an allocation of \$50,000.00 in HOME funds (R-151-4-04) to Child and Family Services - Huron Service for Youth D/B/A HelpSource for the rehabilitation of 2706 Yost to be used as a licensed group home for youth aged 11-17. HelpSource has closed its doors and must sell off its assets. The City's Affordability Agreement with HelpSource states that the property cannot be transferred without the written consent of the City. In addition, the City has the right to purchase the property or choose another non-profit to purchase the property, after publicly advertising the sale. HelpSource, Washtenaw County, and the City issued a Request for Proposal and WCHO was the most qualified bidder on this property.

WCHO is proposing to use 2706 Yost for a 24-hour supported living home for 4 individuals with developmental disabilities or mental illness. The City currently has five Affordability Agreements with WCHO for similar group homes. WCHO currently owns and rents group homes in a 4-county area. WCHO is moving toward owning properties instead of renting them, to lower long-term expenses.

The OCD supports this transaction because it is important to keep this unit in the City's affordable housing stock, the HOME affordability period of 30 years is still in effect, and therefore, if the unit is not maintained as a HOME-eligible project, the City will have to pay HUD back \$50,000.00 from the General Fund. If WCHO is not able to purchase 2706 Yost, the alternative is to try to sell the home to a low-income homeowner with a restrictive covenant, similar to the Ashley Mews and Stone School units.

The City Attorney's office will review the legal and contractual documents to ensure that WCHO will comply with the requirements in the HOME regulations. It will be the responsibility of the Office of Community Development to monitor compliance with these regulations as part of their regular HOME Program monitoring system.

Consistent with HOME Program requirements, a mortgage and housing affordability agreement will be placed on the property to preserve the affordability of these units. The project will be ineligible for additional HOME funds for a minimum of 11 years as required by the HOME program regulations. The City's affordability period will be 99-years, consistent with previous projects.

WCHO received Human Rights and Living Wage approval in January 2008.

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Reviewed by: Jayne Miller, Community Services Administrator

Whereas, Child and Family Services - Huron Service for Youth D/B/A HelpSource ("HelpSource") has ceased operations;

Whereas, The City desires to maintain the units at 2706 Yost as affordable housing;

Whereas, WCHO will be providing a 24-hour supported living home for 4 individuals with developmental disabilities or mental illness; and

Whereas, WCHO is requesting the assumption of \$50,000.00 in HOME funds from the City to lower the sales price and WCHO will provide the remaining funds;

RESOLVED, That the Mayor and City Council approve releasing HelpSource from all terms of their CITY HOME mortgage and Housing Affordability Agreement for 2706 Yost upon sale of the property to WCHO;

RESOLVED, That the Mayor and City Council approve WCHO's assumption of HelpSource's \$50,000.00 HOME funds loan for the acquisition of 2706 Yost as a 0% interest deferred payment loan with a term of 99-years to be repaid if the property is transferred or the use changes from low-income residential within the term of the loan and further, and to be automatically converted to a grant at the end of the loan term;

RESOLVED, That the Mayor and City Clerk are hereby authorized and directed to sign a Housing Affordability Agreement, mortgage and promissory note consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney with funds to be available until expended without regard to fiscal year; 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.