



Legislation Text

File #: 13-1240, **Version:** 1

Resolution to Approve the Sale of Avalon Housing, Inc.'s Property at 618 N. Main to Dawn Farm
In 1992 the City of Ann Arbor approved an affordability agreement for the Shelter Association of Washtenaw to acquire and rehabilitate 2 units at 618 N. Main. The allocations were 0% interest, deferred payment loans with no payment due until sale. Avalon Housing, Inc. ("Avalon Housing") was subsequently formed as a separate entity from the Shelter Association, and took over ownership, operation, and responsibility for the affordability agreement on the property.

In 2007, responding to difficulty in leasing the property due to the particular configuration of units, Avalon Housing executed a lease agreement with Dawn Farm to operate a recovery-based transitional housing program, component to a broader range of recovery services that Dawn Farm provides to needed members of the community. In support of this arrangement, the City of Ann Arbor approved that the original City investment of HUD HOME funds would be replaced with Ann Arbor Housing Trust Funds (\$72,710.00) and a small CDBG loan (\$4,500.00), as the transitional housing operated by Dawn Farm would not comply with HOME regulations. The Affordable Housing Covenant for this property preserved the affordability of all units for those individuals at or below 50% of Area Median Income (AMI) (\$29,500.00) with half of the units targeted to households at or below 30% AMI (\$17,700.00).

This arrangement has worked and it is now the goal of both agencies to sell the property to Dawn Farm to simplify the operation and management of the property for both agencies. It is anticipated that Dawn Farm will acquire the property and operate it similarly as conducted for the past 6 years. Attached for Council approval is a resolution that would release and discharge the existing CDBG Loan and Affordable Housing Covenant, and all related instruments, approve the sale of 618 N. Main from Avalon Housing to Dawn Farm, and direct the execution of a new Affordability Agreement and associated documents to preserve a 30 year affordability period on the property, based on the previous investment from the Ann Arbor Housing Trust Fund.

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Reviewed By: Sumedh Bahl, Community Services Administrator and Mary Jo Callan, Community Development Director

Approved By: Steve Powers, City Administrator

Whereas, The City of Ann Arbor approved investment of federal HOME funds to support the acquisition and rehabilitation of 618 N. Main in 1992 for the purposes of providing affordable housing in the City;

Whereas, The City of Ann Arbor approved the investment of Ann Arbor Housing Trust Funds and Community Development Block Grant funds to refinance the affordability agreement for the purposes of supporting the use of the property by Dawn Farm;

Whereas, The current Affordable Housing Covenant requires that the City of Ann Arbor consent to the sale of the property after a City-initiated process including advertisement to nonprofit agencies throughout the community and subsequent evaluation;

Whereas, The current operation of the property has provided an effective and efficient means of providing affordable housing in the City of Ann Arbor; and

Whereas, Dawn Farm has agreed to acquire 618 N. Main from Avalon Housing;

RESOLVED, That the Mayor and City Council approve the sale of 618 N. Main from Avalon Housing, Inc. to Dawn Farm, or an affiliated entity, and waives the requirement set forth in the Affordable Housing Covenant regarding advertisement to nonprofits;

RESOLVED, That the Mayor and City Council approve releasing Avalon Housing, Inc. from all terms of the \$72,700.00 Ann Arbor Affordable Housing Trust Fund Mortgage, the \$4,500.00 Community Development Block Grant Mortgage, and the Affordable Housing Covenant for 618 N. Main upon sale of the property to Dawn Farm, or an affiliated entity;

RESOLVED, That as a condition of the approvals above, Dawn Farm, or an affiliated entity, will assume the \$72,700.00 Affordable Housing Trust Fund Mortgage and enter into a new Housing Affordability Agreement, consistent with this resolution , subject to approval as to substance by the City Administrator and approval as to form by the City Attorney;

RESOLVED, That the Mayor and City Council approve that the assumed mortgage and related documents be subordinate to private debt on the property subject to a maximum level determined by the City Administrator;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign a Housing Affordability agreement with Dawn Farm or an affiliated entity, consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

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