



Legislation Text

File #: 07-0197, **Version:** 1

Resolution to Approve the Sale of 1315 S. Seventh from Child and Family Services - Huron Service for Youth D/B/A HelpSource to Washtenaw Community Health Organization and to Approve the Assumption of a \$50,000.00 HOME Mortgage, Note and Housing Affordability Agreement

On April 19, 2004, City Council approved an allocation of \$50,000 in HOME funds (R-152-4-04) to Child and Family Services - Huron Service for Youth D/B/A HelpSource for the rehabilitation of 1315 S. Seventh 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. The Office of Community Development and HelpSource issued a Request for Proposal on July 20, 2007 and WCHO was the only bidder on this property.

WCHO is proposing to use 1315 S. Seventh for 24-hour intensive residential treatment for 6 individuals with severe developmental disabilities or mental illness. The City currently has four 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. On September 5, 2007, the WCHO Board approved the purchase of this property with the following conditions; that the property is appropriately zoned, a group home license is received from the State of Michigan, and Board approval to terminate the lease agreement of the group home that 1315 S. Seventh will replace. Due to the urgent need to sell the group homes, which are currently empty, the Office of Community Development is requesting Council approval while these issues are being resolved.

The Office of Community Development supports this transaction because it is important to keep this unit in the City's affordable housing stock, the HOME affordability period of 15 years is still in effect, and therefore, if the unit is not maintained as a HOME-eligible project, the City will have to repay the \$50,000 to HUD from the General Fund. If WCHO is not able to purchase 1315 S. Seventh, 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 12 years as required by the HOME program regulations. The City's affordability period will be 99-years, consistent with previous projects.

This housing transaction will not be completed until Human Rights and Living Wage approval is granted to the WCHO by the City of Ann Arbor.

Prepared by: Jennifer Hall, Housing Program Coordinator and Damon Thompson, Interim Community Development Director

Reviewed by: Jayne Miller, Community Services Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, Child and Family Services - Huron Service for Youth D/B/A HelpSource has closed its doors;

Whereas, The City desires to maintain the unit at 1315 S. Seventh as affordable housing;

Whereas, The WCHO Board has agreed to purchase the property to be used as 24-hour intensive residential

treatment to 6 individuals with severe developmental disabilities or mental illness with the following conditions; that the property is appropriately zoned, a group home license is received from the State of Michigan, and Board approval to terminate the lease agreement of the group home that 1315 S. Seventh will replace; and

Whereas, Of the total estimated development costs of \$267,500.00, 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 Child and Family Services - Huron Service for Youth D/B/A HelpSource from all terms of their CITY HOME mortgage and Housing Affordability Agreement for 1315 S. Seventh upon sale of the property to WCHO;

RESOLVED, That the Mayor and City Council approve the assumption of \$50,000.00 in HOME funds from HelpSource to WCHO for the acquisition of 1315 S. Seventh 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, to be extended at the discretion of Council at the term end;

RESOLVED, That the Mayor and City Clerk be 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, be authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.