



## Legislation Text

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**File #:** 08-0563, **Version:** 1

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### Resolution to Approve a New Lease of Property at 201 W. William Street with William Street Apartments LDHA, LP at a Cost of \$1.00

Attached for your review and approval is a resolution to approve a new lease for City-owned land to William Street Apartments LDHA, LP, a subsidiary of Avalon Housing Inc., for the building at 201 W. William. In 1992, the City issued an RFP to move a house from the corner of Ashley and William (on the former Kline's lot) across the street to a vacant City lot, to be used for affordable housing. The City agreed to lease the lot for \$1 to whomever won the bid. The Shelter Association of Washtenaw County won the bid, and purchased and moved the house to the city-owned leased land. The address of that house is 201 W. William. When Avalon was incorporated as a housing development organization, the Shelter subsequently transferred ownership of the house and assignment of the lease to Avalon Housing,

In 1992, Avalon formed a partnership, William Street Apartments, LP, to secure Low Income Housing Tax Credits for 201 W. William. The tax-credit compliance period has expired and Avalon is restructuring the partnership and purchasing the property from the original partners. Avalon's subsidiary, William Street Apartments LDHA LP, will own the building, Avalon Housing will manage the property and Catholic Social Services will provide supportive services.

Avalon is refinancing and rehabilitating 201 W. William to continue providing affordable housing to very low-income and special needs tenants. There will be a separate memorandum and resolution to City Council to approved \$65,851 in HOME funds to rehabilitate 201 W. William, which leverages \$65,000 from the Michigan State Housing Development Authority (MSHDA), \$60,000 from the Federal Home Loan Bank and \$90,000 from the City of Ann Arbor DDA for a total project cost of \$280,851.

Although the current City lease expires on June 1, 2021, Avalon is requesting a new lease agreement with the City. The current lease allows the City to terminate the lease with one-year notice beginning in September 2008. Avalon cannot acquire additional funding to rehabilitate the property with a one-year notice to terminate the lease. Avalon has requested a new 20-year lease, to coincide with a new 20-year compliance period with the Michigan State Housing Development Authority (MSHDA), with a one-year termination clause beginning in 2028.

The Office of Community Development recommends City Council approve the new lease.

Prepared by: Jennifer Hall, Housing Manager

Reviewed by: Mary Jo Callan, Community Development Director

Jayne Miller, Community Services Administrator

Whereas, Avalon Housing, Inc. currently has a 30-year land lease with the City at 201 W. William that expires in 2021;

Whereas, Avalon Housing, Inc. has secured financing to rehabilitate the units at 201 W. William and the refinancing requires a 20-year affordability period until 2028; and

Whereas, This project will provide housing and supportive services to very low-income individuals, which is a high need in the City's Consolidated Strategy and Plan and the Blueprint to End Homelessness;

RESOLVED, That City Council approve a new 20-year lease of property at 201 W. William, to William Street Apartments LDHA, LP, a subsidiary of Avalon Housing Inc. for \$1, with a 1-year notification of intent to terminate the lease beginning in 2028;

RESOLVED, That the Mayor and City Clerk are hereby authorized and directed to sign a lease 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.