



Legislation Text

File #: 21-1513, **Version:** 1

Resolution to Approve the Purchase of Real Property Located at 519 Eighth Street in Fee Title for \$180,000 Plus Costs Not to Exceed \$20,000 and to Appropriate Funding from the Solid Waste Fund Balance (\$190,000) **(8 Votes Required)**

Below for your review and action is a resolution to approve the purchase of the vacant property located at 519 Eighth Street, Ann Arbor (4,792 square feet or 0.11 acres), Tax Parcel 9-09-29-309-036 in fee title for \$180,000.00 from the Seller, Gloria K. Lewis Trust on the terms set forth in the proposed Agreement of Purchase and Sale (see attached Agreement signed by Seller Trustee).

The parcel in question is currently vacant and is located on the portion of Eighth Street south of W. Liberty Street which is narrow and dead ends with no cul de sac to allow vehicles to turn around. It appears Eighth Street was supposed to extend south and connect to Jefferson Court, but the connection was never completed. City solid waste vehicles are unable to turn around after servicing the residences on this part of Eighth Street and must back out the full length of this section to Liberty Street. If purchased, the Parcel could be used as a turn-around by City solid waste vehicles.

The City would also benefit from acquiring the Property because it will ensure the City has continued access to the 10-foot wide sanitary sewer easement running along the Property's northern boundary. The sanitary sewer main is not centered within the easement and the sewer pipe is located just 3 feet from the easement's southern boundary. If a dwelling were built on the parcel, the City's sewer maintenance, repairs and replacement would likely be made more difficult and costly.

In compliance with the requirements of Code Section 1:321, the City obtained an appraisal of the Property in May 2021 which determined the Property's fair market value to be \$120,000. The Seller provided its own appraisal which valued the Property at \$245,000. The proposed purchase price of \$180,000 is just less than half of the difference between the City's and Seller's appraisal values, and it is 150% of the City's appraised value.

Additional information supporting the purchase price is the general impact of COVID-19 on market forces favoring sellers. Also, the City's appraisal values the Property as a legal non-conforming lot due to insufficient size (meaning the lot does not currently meet the City's minimum lot size requirement), but the Seller has presented information establishing its ability to split and combine a small area from a neighboring lot to make the Property conform with the City's lot size requirements which, if completed, would make the Property more valuable. The City's need for a vehicle turn-around on this street provides a benefit to City operations, and the avoidance of costs due to the sewer pipe location within the easement is also a financial and operational benefit.

The Agreement of Purchase and Sale contains Seller's contingency that the sale be approved by the Washtenaw County Probate Court.

Budget/Fiscal Impact: Funds for this property purchase are available in the unrestricted Solid Waste Fund balance and should be appropriated to the Dead-End Streets Capital Budget.

Funding for the purchase will include the purchase price plus due diligence and closing costs for a total amount not to exceed \$190,000.

Prepared by: Timothy S. Wilhelm, Deputy City Attorney
Reviewed by: Craig Hupy, Public Services Area Administrator
Approved by: John Fournier, Assistant City Administrator

Whereas, Upon learning that the vacant property located at 519 Eighth Street might be listed on the market for sale, City staff quickly identified the Property as a parcel that, if purchased by the City, would provide several benefits to the City's Public Services Area operations: i) use as a solid waste vehicle turn-around; and ii) ensuring continued City access to the sanitary sewer on the Property which is located in an easement of insufficient width;

Whereas, The City obtained an appraisal of the Property in compliance with Code Section 1:321 valuing the Property at \$120,000, and Seller obtained an appraisal valuing the Property at \$245,000;

Whereas, The City and Seller have engaged in negotiations for the purchase and sale of the Property and have agreed on a purchase price of \$180,000 which is slightly less than half the difference between the City's and Seller's appraisal values;

Whereas, Based on the benefits it would provide to the City's operations, City staff recommend purchase of the Property and approval of the proposed Agreement for Purchase and Sale for the Property at a price of \$180,000, plus due diligence and closing costs not to exceed \$10,000, and on the terms and conditions set forth therein, specifically including, among others, that the sale be approved by the Washtenaw County Probate Court; and

Whereas, There are sufficient funds in the unrestricted Solid Waste Fund Balance to cover the cost of this property purchase plus the estimated due diligence and closing costs;

RESOLVED, That City Council approves the purchase of the real property located at 519 Eighth Street, Ann Arbor (Tax Parcel 9-09-29-309-036) in fee title for \$180,000.00 from the Seller, Gloria K. Lewis Trust, plus due diligence and closing costs not to exceed \$10,000.00 on the terms set forth in the proposed Agreement of Purchase and Sale;

RESOLVED, That funding in the total amount of \$190,000 (\$180,000 for the property purchase price plus due diligence and closing costs not to exceed \$10,000) be appropriated from the Solid waste Fund balance to the Dead End Streets Capital Budget; thereby increasing the project revenue and expenditure budgets;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the Agreement of Purchase and Sale for the Property after approval as to substance by the City Administrator and as to form by the City Attorney; and

RESOLVED, That the City Administrator is authorized to take all appropriate action to implement this resolution, including the determination of satisfactory due diligence and execution of all appropriate documents.

Sponsored by: Mayor Taylor