



## Legislation Text

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**File #:** 24-0981, **Version:** 1

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### Resolution to Approve Entering into a Six-Month Negotiating Period for the Possible Sale of the 415 W. Washington Site

Staff recommends entering into a six-month negotiating period with local developer 4m for possible sale of the 415 W. Washington site to 4m. The site is vacant, blighted, functionally obsolete and determined a facility (contamination over residential criteria) per Act 381, Michigan's Brownfield Redevelopment Act.

As part of the investigation into the utilization of City Properties to develop affordable housing, it was determined that this property was best used for a residential housing development, partnering with a private development team. Also, it was determined to pursue entitlement prior to partnering with a developer ensuring the goals of the community were incorporated into the project prior to agreeing to a sale.

Staff entitled the project through the Planned Unit Development, (PUD), process assuring the minimum goals of the community were part of the zoning approval and development regulations. After that approval, staff worked to find a local development team that would be able to provide additional items above what was approved in the PUD, specifically additional affordable housing and sustainability related improvements.

Staff identified and reached out to the 4m team to discuss if the micro-grid proposed at the South Town development would be viable at this site. In addition, conversations have taken place regarding the ability of the team to deliver all of the units at the 80%-90% AMI target. To that end, the development team has provided the attached letter requesting the opportunity to negotiate a purchase agreement with the city, providing all of the development requirements of the PUD and the additional desired items of affordable units and a carbon neutral building. The details of that potential agreement are included in their letter.

Prior to entering into formal negotiations, staff thought it important to seek approval from City Council, ensuring the goals as identified are inclusive of the type of development Council is seeking for the community. The only commitment associated with this resolution is the approval for staff to negotiate a purchase agreement and bring it back to Council within the identified timeframe.

In most instances staff would issue an RFP or partner with a real estate agent to pursue a development team for the site. In this case, the recommended developer meets many of the local community's desires and offered a unique opportunity to provide a carbon neutral building.

Staff is recommending Council approve the six-month negotiating period to determine if the proposed project is feasible from a financial perspective and bring back a recommendation to Council.

Prepared by: Derek Delacourt, Community Services Area Administrator

Reviewed by: Kevin McDonald, Chief Deputy City Attorney

Approved by: Milton Dohoney Jr., City Administrator

Whereas, On April 1, 2019 via Resolution R-19-138 City Council directed the City Administrator to collaborate with the Executive Director of the Ann Arbor Housing Commission to create affordable housing units and explore options to provide dedicated public space for other public uses;

Whereas, On August 19, 2019 via Resolution R-19-376 City Council appropriated and approved a contract to conduct public engagement, develop building concepts, and evaluate the feasibility and viability of 415 W. Washington to support the city's housing needs;

Whereas, During an extensive public engagement and technical review process it was determined that the site was not ideal for traditional affordable housing due to the presence of floodplain, environmental conditions, and additional public desires such as preservation of the chimney swift habitat, architectural expectations, and realization of a portion of the Treeline Trail on the site;

Whereas, It was determined that the best utilization of the site to address the City Housing demands was to pursue a residential development on the site;

Whereas, It was further recommended that the city lead the entitlement of the project, with collaboration with the Ann Arbor Housing Commission and Downtown Development Authority to ensure that the entitlements were community driven and consistent with the goals identified in the public engagement process that culminated with the designation of the site as a Planned Unit Development District on April 17, 2023 via Ordinance 23-10;

Whereas, The Planned Unit Development Agreement (PUD) for the site dictates development of the site including requirements that mandate a minimum of the greater of 15 dwelling units or 15% of the total number of dwelling units designated as Affordable Dwelling Units, that limit the development of home with a maximum of three bedrooms and two bathrooms per unit, the maintenance of a minimum of 60% of the site for open space, a maximum of one vehicle parking space per unit, and the construction of a net-zero ready building;

Whereas, After the PUD approval City staff pursued a local development team willing to not only provide the minimum threshold established by the PUD but potentially exceed these elements desired by the community;

Whereas, The 4m Development Team submitted the proposal dated March 19, 2024 initiating the detailing the documents being offered for the purchase and development of the site;

Whereas, The proposal exceeds the minimum development requirements by realizing a carbon negative building by 2030, providing the minimum number of Affordable Dwelling Units, and providing the balance of homes to residents below 100% of the Area Median Income; and

Whereas, City staff recommends the inducements offered are unique and significant enough to formally pursue a purchase agreement to reach and potentially exceed the minimum expectations planned and established for development of the site;

RESOLVED, That City Council directs the City Administrator to negotiate a purchase agreement for the 415 W. Washington site based on the approved Planned Unit Development and the proposal letter from the 4m development team dated March 19, 2024, including an exclusive due diligence period of 12 months after execution of the purchase agreement by the City for the 4M Team to

conduct necessary investigations, complete development entitlement, and other activities; and

RESOLVED, That the purchase agreement be negotiated by the City Administrator and City Attorney and presented to the City Council for consideration no later than December 31, 2024.