Legislation Details (With Text)

File #:	26-1500	**Version:**	1	**Name:**	9/22/26 Resolution to Allocate Proceeds from Sale of 309 S. Ashley - Kline's Lot
Type:	Resolution			**Status:**	Passed
File created:	9/22/2026			**In control:**	City Council
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Title: Resolution to Allocate Proceeds from Sale of 309 S. Ashley (Kline's Lot) and to Establish the Strategic Property Acquisition Fund and to Appropriate Funding ($9,700,000.00) (8 Votes Required)

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
9/22/2026	1	City Council	Approved	Pass

Resolution to Allocate Proceeds from Sale of 309 S. Ashley (Kline's Lot) and to Establish the Strategic Property Acquisition Fund and to Appropriate Funding ($9,700,000.00) **(8 Votes Required)**
Pursuant to Resolution R 25-049, the city entered into a Professional Services Agreement with CBRE to solicit proposals for redevelopment of 309 S. Ashley. Following a competitive process, Hines Development was selected as the most responsive development team following its submission. Their proposal includes a residential mixed-use project with ground floor retail, constructed in two phases. The purchase price is based on the number of residential units approved through the Site Plan process at $31,500.00 per unit, subject to a minimum purchase price of $14,175,000.00.

Based on the current development concept, the city anticipates receiving up to $17.4 million in sale proceeds. As a one-time revenue source, these funds must be allocated strategically to support long term fiscal stability and advance high-impact community priorities.

The resolution establishes a prioritized allocation framework beginning with required contractual obligations, specifically the CBRE brokerage fee, and followed by investments in City reserves, housing, public safety transparency, infrastructure, and economic development capacity. This prioritization will also direct funding if the final sale amount is lower than the anticipated maximum.

Upon adoption and finalization of the sale, the City Administrator will take all necessary administrative actions to implement the allocations and provide annual reporting to support transparency and track progress toward intended outcomes.

Budget/Fiscal Impact: The sale of 309 S. Ashley will generate one-time revenue of up to $17.4 million, depending on the final number of residential units approved through the Site Plan process. These proceeds represent non-recurring funds and must therefore be allocated strategically to support long-term fiscal stability and high-impact community priorities. If the final sale amount is lower than the anticipated maximum, allocations will be funded in the prioritized order listed.

Prepared by: Mariah Walton, Deputy City Administrator
Reviewed by: Milton Dohoney Jr., City Administrator
Marti Praschan, Chief Financial Officer
Joseph Giant, Economic Development Director
Approved by: Milton Dohoney Jr., City Administrator

Whereas, City Council approved the Purchase and Sale Agreement for 309 S. Ashley via Resolution R-26-359 and anticipates receiving up to $17.4 million in proceeds from the sale;

Whereas, The purpose of this resolution is to establish a prioritized framework for allocating the sale proceeds in a manner that strengthens long-term financial stability, supports critical community needs, and advances strategic economic and housing objectives;

Whereas, The City must first satisfy contractual obligations associated with the sale, including the CBRE brokerage fee; and

Whereas, The City seeks to balance investments in city reserves, housing, public safety transparency, infrastructure, and economic development capacity;

RESOLVED, That City Council approves the following allocations from the sale proceeds of 309 S. Ashley, listed in prioritized order, which shall also serve as the order of funding if the final sale amount is less than the anticipated maximum:

1. CBRE Fee - $500,000.00 To satisfy the required brokerage fee associated with the sale

2. City Reserves - $2,000,000.00 to strengthen the City's financial position and maintain prudent reserve levels.

3. Sustainable Energy Utility (SEU) Working Capital - $2,600,000.00 to provide a capital enabling the SEU to establish operations and develop assets necessary for long-term viability.

4. Ann Arbor Housing Commission - $2,500,000.00 allocation to the Affordable Housing Fund to support affordable housing projects.

5. Alpha House Capital Support - $250,000.00 to close the remaining funding gap for a new Family Shelter on the Trinity Health System campus.

6. Shelter Association of Washtenaw County - $500,000.00 to provide capital acquisition funding for a second shelter facility, contingent upon a County match

7. Strategic Property Acquisition Fund - $4,600,000.00 to establish a fund to enable proactive acquisition of parcels for strategic reuse. The Fund shall be overseen by the Economic Development Director with support from the Chief Financial Officer, Community Services Administrator, Deputy City Administrator, and an EDC Board representative.

8. Economic Development Due Diligence & Legal Services - $500,000.00 to support routine due diligence, pre-development work, specialized analysis, and legal services necessary for evaluating economic development opportunities.

9. Police Records Management System Acquisition - $2,000,000.00 to acquire a modern RMS

that enhances transparency, improves reporting, and reduces reliance on CLEMIS.

10. Throne Contract - $1,000,000.00 to fully fund the City's share of the five-year contract supporting downtown public restroom infrastructure.

11. Dixboro Bridge Repair Grant Match - $1,000,000.00 to provide the required local match for anticipated County grant funding.

12. Ann Arbor-Saline Road Street Lighting Project - $550,000.00 to install 39 new streetlights and replace existing solar crossing lights.

RESOLVED, That the Strategic Acquisition Fund be established as a new Governmental Fund to account for the proceeds designated for strategic property acquisition purposes and the related expenditures of those proceeds purposes;

RESOLVED, That $4,600,000.00 be appropriated to the FY 2027 Strategic Property Acquisition Fund with the source of revenue being a transfer from the General Fund Non-Departmental Fund Budget,

RESOLVED, That $2,600,000.00 be appropriated to the FY 2027 Sustainable Energy Utility Fund with the source of revenue being a transfer from the General Fund Non-Departmental Fund Budget,

RESOLVED, That $2,500,0000.00 be appropriated to the FY 2027 Affordable Housing Fund with the source of revenue being a transfer from the General Fund Non-Departmental Fund Budget;

RESOLVED, That the City Administrator is directed to take all necessary administrative actions to implement these allocations, with the understanding that $17.4 million represents the maximum potential proceeds, and that the final sale amount will be determined by the total number of housing units included in the approved development;

RESOLVED, That all funds shall remain available until expended, without regard to fiscal year; and

RESOLVED, That any future adjustments to these allocations shall require City Council approval.

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