



Legislation Text

File #: 15-1380, **Version:** 1

Resolution to Approve the Transfer of Community Housing Alternative's Properties at 1911 & 1913 Dexter to Avalon Housing and 100, 102, 112 & 114 Glendale to Avalon Second Nonprofit Housing Corporation

Community Housing Alternatives (CHA) has been working with the Office of Community and Economic Development (OCED) and the Michigan State Housing Development Authority (MSHDA) on a long-term strategy to maintain CHA's units as affordable housing. Community Housing Alternatives and the affiliated Glendale Nonprofit Housing Corporation are seeking to cease the ownership and operation of housing units. To ensure that the units are maintained as committed income-based housing units, OCED has been working with CHA and Avalon to consider a transfer of the properties rather than losing them to an unrestricted status. Avalon currently owns and operates other properties in close proximity to these properties and is experienced with these building types. Additionally, Avalon is a Community Housing Development Organization (CHDO), a requirement of several documents. To ensure the units are maintained as income-restricted housing units, CHA and Avalon have agreed to transfer the properties while maintaining the existing affordability provisions.

For each property, existing City investments were made utilizing HUD HOME funds, which have minimum requirements, including period of affordability, regular reporting and monitoring, and approval of the City of any property transfer. For these properties, it is recommended that the City approve the identified property transfers. For each transfer, this would be implemented through a discharge of existing mortgages and affordability agreements issued to Community Housing Alternatives, and execution of new similar documents with Avalon Housing, Avalon Second Nonprofit Housing Corp, or affiliated entities. Here are the investments subject to this proposal:

1911 & 1913 Dexter

Authorize transfer from CHA to Avalon Housing, or affiliated entity

2006 Mortgage and Affordability Agreement - \$129,000.00

100 & 102 Glendale

Authorize transfer from CHA to Avalon Second Nonprofit Housing Corporation, or affiliated entity

2006 Mortgage - \$150,000.00 (existing and replacement City HOME mortgage subordinate to \$120,000.00 Michigan State Housing Development Authority (MSHDA))

112 & 114 Glendale

Authorize transfer from Glendale Nonprofit Housing Corporation to Avalon Second Nonprofit Housing Corporation, or affiliated entity

2006 Mortgage - \$150,000.00 (existing and replacement City HOME mortgage subordinate to \$120,000.00 Michigan State Housing Development Authority (MSHDA))

Through transfer of these properties as described, the units will continue to be maintained as income-restricted housing, and will enable the City to continue to meet the obligations of the federally-awarded HOME funds. The Office of Community and Economic Development recommends that the City approve the transfers as described.

Prepared by: Brett Lenart, Interim Director, Office of Community and Economic Development

Reviewed by: Sumedh Bahl, Community Services Area Administrator

Whereas Community Housing Alternatives (CHA) has been working with the Office of Community and Economic Development (OCED) on a strategy to divest from owned affordable units;

Whereas, Avalon Housing, Avalon Second Nonprofit Housing Corporation, and CHA have agreed to pursue transfer of several properties from CHA to Avalon or affiliated entities; and

Whereas, Avalon Housing has agreed to acquire 1911 & 1913 Dexter, and Avalon Second Nonprofit Housing Corporation has agreed to acquire 102, 104, 112 & 114 Glendale from Glendale Nonprofit Housing Corporation;

RESOLVED, That the Mayor and City Council approve the sale or transfer of 1911 & 1913 Dexter from CHA to Avalon Housing Inc., or an affiliated entity;

RESOLVED, That the Mayor and City Council approve the sale or transfer of 102, 104, 112, and 114 Glendale from CHA to Avalon Second Nonprofit Housing Corporation or an affiliated entity;

RESOLVED, That the Mayor and City Council approve releasing CHA and Glendale Nonprofit Housing Corporation from all terms of their existing loans and Housing Affordability Agreements for these properties;

RESOLVED, That as a condition of the sale or transfer, Avalon Housing Inc., Avalon Second Nonprofit Housing Corporation, or an affiliated entity will assume the existing debt on the properties;

RESOLVED, That the terms of existing debt shall extend for a period of 99 years from the original mortgage date and shall not require repayment should all obligations be met for the term of the mortgage and affordability agreement;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to sign a Housing Affordability Agreements, HOME Mortgages, and Promissory Notes with Avalon Housing, Inc., Avalon Second Nonprofit Housing Corporation, or affiliated entities, consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator, or his designee, be authorized to take necessary administrative actions and to prepare and execute any documents necessary to complete this transaction and to implement this resolution.