



Legislation Text

File #: 16-1207, **Version:** 1

Resolution to Authorize Waiver of Notice for Affordable Housing Covenant for #105 Ashley Mews (**8 Votes Required**)

Through commitments at the time of construction, there are several units that are restricted through deed, to be maintained as affordable units within the Ashley Mews development.

The City of Ann Arbor was contacted by both the seller and buyer's agents related to a single section in the current covenant which requires the City to be notified, in addition to the homeowner, in the event of a mortgage default or foreclosure. This notification was deemed problematic in bringing the transaction to closing. Both parties are requesting a waiver from City Council from this provision. If waived, the city would not receive notice in the case of mortgage foreclosure.

The City does maintain the right of first refusal whenever there is a sale of the property. As has been the practice with these covenant units, Washtenaw County's Office of Community and Economic Development is involved in annual calculation of potential sale price of the property, and is also involved in transfer of ownership. As the county and city are involved in the property transfer, they will continue to be aware of any future non-foreclosure sales. Staff will be implementing a system to monitor foreclosure sales.

It is requested that the City Council hereby waive the notice provisions of the deed restriction for this particular unit at Ashley Mews to avoid compromising the ability for an income-qualified purchaser to finance this unit.

Prepared by: Teresa Gillotti, Interim Housing Manager, Office of Community and Economic Development

Reviewed by: Derek Delacourt, Community Services Area Administrator

Whereas, Ashley Mews incorporated affordable units as part of the development approval process;

Whereas, Affordability of these for sale units are governed by an Affordable Housing Covenant; and

Whereas, Both parties involved in the purchase and sale of #105 Ashley Mews jointly requested waiver of the notice of default or foreclosure provision under section 12 requiring a bank to notify the City in the event of default or foreclosure;

RESOLVED, That Mayor and Council waive the notice requirement of Section 12 of the Affordable Housing Covenant for Unit #105 at Ashley Mews;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the waiver after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator is authorized to take the necessary administrative actions to

implement this resolution.

Sponsored by: Councilmember Smith