



Legislation Text

File #: 08-0725, **Version:** 1

Resolution to Approve a Contract with Avalon Housing, Inc. for the Management of Washtenaw Affordable Housing Corporation's Properties and Operations (\$35,000.00 Ann Arbor Affordable Housing Trust Fund)

Washtenaw Affordable Housing Corporation (WAHC) has been working with the Office of Community Development (OCD) and Michigan State Housing Development Authority (MSHDA) on a long-term strategy to maintain WAHC's units as affordable housing. A consultant, Corporate FACTS, was hired by MSHDA and the City to analyze WAHC and Avalon's housing portfolios, property management plans, finances, and staffing. All parties have agreed that WAHC does not have a future as a viable stand-alone organization, and that the most feasible solution for preserving its substantial housing portfolio is by pursuing a merger between WAHC and Avalon Housing, Inc.

The OCD is working with Corporate FACTS, WAHC, and Avalon on a short-term transition plan and long-term feasibility plan. Avalon has agreed to take over the management of WAHC's property and operations to facilitate this merger, and will work to increase WAHC's cash-flow by filling vacant units. However, Avalon cannot hire a staff person to fulfill these functions until funding is secured. The minimum anticipated budget is \$100,000.00 through June 30, 2009, to cover staffing costs and overhead to manage this process. WAHC does not have the funds to pay Avalon.

Additional funds will be needed for property management and resident services, and a separate memo and resolution will be forthcoming, once an analysis of all of WAHC and Avalon's properties, finances, and staffing is completed.

The OCD recommends that Council approve \$35,000.00 from the Ann Arbor Housing Trust Fund to Avalon to enable them to take over the management of WAHC during the merger process. Washtenaw County has approved \$25,000.00 toward the \$100,000.00 needed and the remaining gap will be filled with a combination of funds from MSHDA, LISC, and other private sources.

This process is a huge undertaking and will have long-term implications for the permanent affordable housing stock in the City. The goal is to ensure that a strong housing provider emerges from this merger. Each property is unique and has different funding sources, restrictions, and tenants. It could take a year or longer before a full merger is completed.

Prepared by: Jennifer Hall, Housing Program Coordinator and Mary Jo Callan, Community Development Director

Reviewed by: Jayne Miller, Community Services Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, Washtenaw Affordable Housing Corporation (WAHC) has been working with the Office of Community Development (OCD) and Michigan State Housing Development Authority (MSHDA) on a long-term strategy to maintain WAHC's units as affordable housing;

Whereas, A consultant, Corporate FACTS, was hired by MSHDA and the City to analyze WAHC's portfolio, property management plan, finances, and staffing;

Whereas, All parties have agreed that the most viable solution for WAHC is to merge with Avalon Housing, Inc.;

Whereas, Avalon has agreed to manage WAHC's properties and operations until the merger is completed, but WAHC is not able to pay Avalon; and

Whereas, The City, County, and MSHDA have a stake in the successful merger of these organizations, because local, state and federal funds have been invested in WAHC's properties;

RESOLVED, That the Mayor and City Council approve a \$35,000.00 contract with Avalon Housing, Inc. using Ann Arbor Affordable Housing Trust Funds to manage WAHC's properties until a merger is completed;

RESOLVED, That the Mayor and City Clerk be hereby authorized and directed to execute this contract with Avalon Housing, Inc. consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney with funds to be available until expended without regard to fiscal year; and

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