



Legislation Text

File #: 19-1589, **Version:** 1

Resolution to Authorize Revised Purchase Agreement and Agreement for Temporary Occupancy Restrictions Pending Sewer Service for 1146 South Maple Road **(8 Votes Required)**

On June 17, 2019, City Council authorized the exercise of a right of first refusal to purchase 1146 South Maple Road (R-19-299). The right of first refusal stipulated that if the seller obtained an offer to purchase the property from another party, that the City must be offered the property on the same terms. The seller also would have the option to withdraw the property from sale altogether and retain ownership.

After discussion, the seller has requested some modifications to the purchase agreement in light of the possibility that the City would subsequently sell the property to Avalon Housing, rather than use it as a single family home. The City has also learned more facts about the property that warrant modification of the purchase agreement.

The seller has requested the following:

If, after purchase, the City sells the property to Avalon Housing, Inc. or a related entity:

1. The City would retain an easement for open space along the south 12 feet of the property (adjacent to Hansen Nature Area);
2. The City would retain an easement for open space and public access along the west 20 feet of the property (also adjacent to Hansen Nature Area);
3. The 20-foot easement will be maintained by City parks staff in the same manner as the adjacent City natural area;
4. The City would permit Habitat for Humanity the opportunity to salvage materials from the house on the property if Avalon elects to demolish the house; and
5. The City would have City parks staff evaluate the existing access to Hansen Nature Area, which is south of the 1146 S. Maple property, for potential improvement and increased visibility.

The City discussed these proposals with Avalon Housing, who stated that it appeared that these stipulations would not prevent them from developing affordable housing on the site. City staff concurred.

In addition, City staff learned that the Washtenaw County Health Department will not allow continued use or repair of the septic system on the property. The original purchase agreement provided that the seller would put up to \$10,000 toward well and septic repairs in order to make the current house habitable. The seller had already repaired the well, however since the County has stated that repair of the septic system is not feasible, the agreement will be modified to eliminate this responsibility

from the seller.

Without septic service, in order to allow transfer of ownership of the property, the City will be required to enter an agreement with the County to hold the property unoccupied until City sewer is connect to the property. The City is presently working to bring City sewer to the parcel from the north through the Avalon property known as Hickory Way. Sewer is expected to be available within the next 12-24 months. This restriction would not affect Avalon's ability to proceed with their proposed affordable housing project.

This resolution does not alter the purchase price of \$260,000.00 + \$10,000 in closing costs and due diligence that was appropriated by Council in R-19-299.

Prepared by: Christopher Frost, Senior Assistant City Attorney

Whereas, On June 17, 2019, City Council approved exercising the City's Right of First Refusal and purchasing the property at 1146 South Maple Road on certain terms (R-19-299);

Whereas, The seller has requested modification of the terms of the purchase; and

Whereas, The seller has already made repairs to the well and the City has learned that the Washtenaw County Health Department will not allow continued use or repair of the septic system on the property;

RESOLVED, That City Council approves the following additional terms to be added to the purchase agreement:

If, after purchase, the City sells the property to Avalon Housing, Inc. or a related entity:

1. The City would retain an easement for open space along the south 12 feet of the property (adjacent to Hansen Nature Area);
2. The City would retain an easement for open space and public access along the west 20 feet of the property (also adjacent to Hansen Nature Area);
3. The 20-foot easement will be maintained by City parks staff in the same manner as the adjacent City natural area;
4. The City would permit Habitat for Humanity the opportunity to salvage materials from the house on the property if Avalon elects to demolish the house; and
5. The City would have City parks staff evaluate the existing access to Hansen Nature Area, which is south of the 1146 S. Maple property, for potential improvement and increased visibility;

RESOLVED, That the requirement that the seller make repairs to the well and septic system be removed from the purchase agreement;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute a purchase agreement with the seller for purchase of the property, as modified by this resolution, after approval as to substance by the City Administrator and as to form by the City Attorney; and

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute an agreement with the Washtenaw County to restrict occupancy of the property pending County approval of a sewage disposal system on the property, after approval as to substance by the City Administrator and as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take all appropriate action to implement this resolution, including the determination of satisfactory due diligence and execution of all appropriate documents.