Legislation Text

File #: 25-1574, **Version:** 2

Resolution to Amend the Purchase Agreement for the Sale of City-Owned Property at 1146 South Maple to Avalon Housing, Inc. for the Development of Affordable Housing
(8 Votes Required)

Provided for Council approval is an amendment to the Residential Purchase Agreement to extend the timeline for the City to sell property at 1146 South Maple Road (the “Property”) to Avalon Nonprofit Housing Corporation (“Avalon”) or an affiliated entity, for $260,000.

In 2019 the City was notified that the owner of 1146 S Maple (the “Property”), which contains a single-family house, wished to sell. The City had a recorded right of first refusal on the Property, which is approximately 1.15 acres and adjacent to both Hansen Nature Area and to Avalon’s Hickory Way affordable housing developments at 1120 and 1130 S Maple Road. The City initiated a process to determine whether to exercise or waive the right of first refusal, including consideration of use of the Property as additional park land or for affordable housing.

After review, City parks staff did not recommend purchasing the Property for parks purposes. The Property scored 28/100, placing it in the 4th percentile of all applications for parks acquisition, and in the lowest percentile of all "Natural Area" applications.

Community Services staff determined that the Property would be an appropriate location for affordable housing. The Property is adjacent to multi-family residential developments and the City’s Comprehensive Plan recommends multi-family development for this area. The City reached out to Avalon as the City was aware that Avalon had expressed interest in purchasing the Property to expand its Hickory Way I and II affordable housing developments. Hickory Way I and II currently consist of 70 units of affordable housing which are available to individuals and families whose income does not exceed 60% of area median income, with over half of these units further restricted to households who are experiencing homelessness and have incomes at or below 30% of area median income.

The City exercised its right of first refusal, as approved in Resolution R-19-299, and purchased the Property for $260,000.00. The City then entered into a Residential Purchase Agreement with Avalon, as approved in Resolution R-22-253. The Purchase Agreement requires a deed restriction to ensure the Property will be used as multi-family affordable housing to individuals and families whose income does not exceed 60% of area median income.

Avalon subsequently obtained City approval on March 17, 2025 to rezone the Property to PUD and a site plan to develop a 4-story building with 39 units of affordable housing using green building standards. Avalon also obtained approval for a Payment in Lieu of Taxes (R-24-351) and annexation (R-24-418). Further, Avalon was awarded Affordable Housing Millage funds for the project under the Ann Arbor Housing Development Corporation’s 2024 request for proposals.

Currently, the Residential Purchase Agreement provides Avalon with 15 months from the date of zoning and site plan approval to secure financing for acquisition of the Property and construction of the project. Avalon now wishes to amend the agreement to extend the time permitted to secure financing to September 1, 2028, which will enhance its opportunities to secure financing from multiple sources, including low-income housing tax credits.

Community Services and the Washtenaw Office of Community and Economic Development support the amendment of the Residential Purchase Agreement to extend the timeline, as sale of the Property to Avalon will result in an expanded supply of affordable housing in the City.

Budget/Fiscal Impact: Proceeds from this purchase shall be paid to the General Fund which will replenish funds used by the City to acquire the Property

Prepared by: Nicole Vargas, Assistant City Attorney

Reviewed by: Derek Delacourt, Community Services Area Administrator

Approved by: Milton Dohoney Jr, City Administrator

Whereas, On June 17, 2019 (R-19-299) City Council approved exercise of its right of first refusal to purchase the property at 1146 South Maple Road (the “Property”) for $260,000;

Whereas, Avalon Nonprofit Housing Association (“Avalon”) owns and operates 70 units of affordable housing in its Hickory Way I and II Developments at 1120 and 1130 South Maple Road, adjacent to the Property;

Whereas, After review, City staff did not recommend acquiring the Property for parks purposes but determined the Property was appropriate for additional affordable housing;

Whereas, On October 2, 2022 the City entered into a Residential Purchase Agreement with Avalon to expand its adjacent Hickory Way developments;

Whereas, The Residential Purchase Agreement between Avalon and the City would allow Avalon to purchase the Property for $260,000.00 to construct Hickory Way III, an affordable housing project with 39 units of affordable housing (“Project”);

Whereas, On September 19, 2024 Avalon received approval for Ann Arbor Affordable Housing Millage funds to support the Project;

Whereas, On September 3, 2024 City Council approved a Payment in Lieu of Taxes for the Project, and on March 17, 2025 City Council approved a rezoning of the Property to PUD along with a site plan to develop the Project;

Whereas, The City is opting not to terminate the Residential Purchase Agreement at the expiration of its current term and instead, through this amendment, is recommitting to development of the Project by Avalon;

RESOLVED, That City Council approves amending the Residential Purchase Agreement to allow Avalon until September 1, 2028 to secure financing for acquisition and construction, provided that

Avalon applies for financing for the Project or another affordable housing project on the Property at least once each calendar year;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the amendment after approval by the City Attorney and City Administrator;

RESOLVED, That the City Council supports Avalon's Project as a community-supported initiative; and

RESOLVED, That the City Administrator is authorized to take all appropriate administrative actions to complete the transaction, including writing a letter of support to MSHDA confirming that the Project is a community-supported initiative for affordable housing.

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