

COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734)222-6850
FAX (734)222-6715

M E M O R A N D U M

TO: Jeff Irwin, Chair
Ways & Means Committee

FROM: Amy Klinke
Office of Community Development

DATE: November 2, 2005

SUBJECT: Resolution approving the sale of County-owned property at 2805 Burton Road in Ann Arbor, Michigan to Homeplace Community Land Trust and authorizing the County Administrator to sign the sales contract and take any other actions needed to complete the sale.

BOARD ACTION REQUESTED:

County Administration is requesting that the Board of Commissioners approve the sale of County-owned real estate located at 2805 Burton Road in Ann Arbor, Michigan to Homeplace Community Land Trust and authorize the Administrator to sign the sales contract and take any other actions needed to complete the sale.

BACKGROUND:

Under the Michigan Tax Foreclosure Statute, the County Treasurer offers to sell property with tax delinquencies to local governmental units, including the County. If no governmental entity wishes to buy these properties, they are then forfeited to the Treasurer. In 2003, the County paid the \$20,466 in delinquent taxes and obtained ownership on a piece of vacant property at 2805 Burton Road in Ann Arbor. The plan at the time was to subsequently sell this parcel to Michigan Ability Partners ("MAP") which would build affordable housing on the site. MAP ultimately pulled out of the deal and the County currently retains ownership of this site.

Recently, a new non-profit, Homeplace Community Land Trust ("HCLT"), approached the County about purchasing this property, in order to build affordable housing on the site. HCLT has offered the County \$25,500 to purchase the site, which is approximately \$5,000 more than the amount of delinquent taxes the County paid to purchase the property. Under Michigan law, if this sale is approved, this additional \$5,000 will have to be returned to the Treasurer to be included in her Restricted Fund for Tax Foreclosed Property.

DISCUSSION:

The HCLT is a relatively new organization that is working with the Office of Community Development and the Michigan State Housing Development Authority (MSHDA) to build its capacity for affordable housing production in Washtenaw County. The HCLT Steering Committee first developed out of the 1999 City of Ann Arbor Affordable Housing Task Force Plan and became the HCLT Board of Directors in 2002. In that same year, the HCLT was incorporated and received technical assistance from MSHDA and Institute of Community Economics to develop its by-laws. The Religious Action for Affordable Housing (RAAH) Capital Campaign for HCLT began in 2002 and continues to raise money for start-up capital for the HCLT. As of October 2005, the HCLT had hired an Executive Director; built its capacity and internal management systems; and were ready to begin housing development.

The mission of HCLT is “to create permanently affordable housing for low and moderate income households in Washtenaw County”. In order to accomplish that mission, HCLT plans to engage in the following activities:

- Acquire land and construct and/or rehabilitate units of housing that will be sold to low and moderate income homebuyers.
- Retain ownership of the land, in order to preserve the long-term affordability of these units.
- Develop and maintain a supportive environment for community involvement and support among HCLT homebuyers.

The acquisition of this property will provide the first opportunity for the HCLT to implement its land trust model in Washtenaw County, which operates by using the following strategies to maintain housing affordability in the long-term:

- One-time investment in land purchase
- 99-year Ground Lease w/option to renew; HCLT first right of refusal when property sold
- Limited increase in future sales price with the requirement that the property be sold to low and moderate income buyers
- Property tax based on controlled resale price as Market Value

The County initially paid the delinquent taxes on this parcel with the thought that the property would then be sold to MAP so it could build affordable housing. Although that deal fell through, HCLT is proposing to buy the property for the same purpose. Given the need of affordable housing in the County, the sale of the parcel would seem to be in original spirit of why the County originally paid the delinquent taxes to purchase this parcel.

IMPACT ON HUMAN RESOURCES:

Approval of this Resolution will have no impact on human resources in the County.

IMPACT ON BUDGET:

Approval of this Resolution will result in the County receiving \$25,500 from the sale of the property. Under Michigan law, any amount received by the County exceeding the \$20,466 in delinquent taxes paid by the County, will have to be returned to the County Treasurer to be put into the Restricted Fund for Tax Foreclosed Property. The property

was initially purchased with Housing Contingency Funding, so the initial investment of \$20,466 will be returned to that Fund for future affordable housing projects.

IMPACT ON INDIRECT COSTS:

There are no indirect costs associated with this Resolution.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Approval of this Resolution will permit HCLT to build affordable homeownership housing on this site for low and moderate income County residents.

CONFORMITY TO COUNTY POLICIES:

This Resolution conforms to all County policies.

HOMEPLACE COMMUNITY LAND TRUST (HCLT) SUMMARY

Contact Information:

Mark Smith, Board Chair: (734) 913-4060
PV Roby, Consultant: (734) 665-4842
333 Parkland Plaza Drive
Ann Arbor, MI 48103
Website: <http://www.homeplaceclt.org/>

HCLT Mission:

To create permanently affordable housing for low and moderate income households in Washtenaw County.

General Description of Activities:

- Acquisition of land and construction and/or rehabilitation of units of housing that will be sold to low and moderate income homebuyers.
- Retention of the ownership of the land, in order to preserve the long-term affordability of these units.
- The development and maintenance of a supportive environment for community involvement and support among HCLT homebuyers.

HCLT History:

- A City of Ann Arbor Council Resolution created Affordable Housing Task Force in 1999.
- The Steering Committee developed out of Affordable Housing Task Force Plan and became the Board of Directors in 2002.
- The HCLT was incorporated in 2002.
- HCLT received technical assistance from the Michigan State Housing Development Authority (MSHDA) and Institute of Community Economics to develop by-laws in 2002
- Religious Action for Affordable Housing (RAAH) \$100,000 Capital Campaign for HCLT in 2004-05
- Decision to hire Executive Director June, 2005

HCLT Community Goals:

- Create Access to Home Ownership
- Build a Community Support Network
- Sustain Permanent Affordability
- Share Limited Equity

What the HCLT is Not:

- A low-income housing project
- Free housing
- Rental housing
- Investment Property

How the HCLT Intends to Support Permanent Affordability for Future Buyers:

- One-time investment in land purchase
- 99-year Ground Lease w/option to renew
- HCLT first right of refusal
- Limited increase in future sales price

- Property tax based on controlled resale price as Market Value

A RESOLUTION AUTHORIZES THE COUNTY ADMINISTRATOR TO SIGN THE SALES AGREEMENT WITH HOMEPLACE COMMUNITY LAND TRUST FOR THE SALE OF COUNTY-OWNED PROPERTY AT 2805 BURTON ROAD IN ANN ARBOR, MICHIGAN AND AUTHORIZING THE COUNTY ADMINISTRATOR TO TAKE THE NECESSARY ACTION TO COMPLETE THIS SALE

WASHTENAW COUNTY BOARD OF COMMISSIONERS

November 16, 2005

WHEREAS, in 2003, Washtenaw County paid \$20,466 in delinquent property taxes to obtain a vacant parcel of land located at 2805 Burton Road in Ann Arbor; and

WHEREAS, the County purchased this property with the intent that it would be sold to the Michigan Ability Partners, ("MAP") a non-profit entity, to construct affordable housing; and

WHEREAS, the proposed deal with MAP was not completed; and

WHEREAS, Homeplace Community Land Trust, another non-profit entity, has approached the County about purchasing this vacant land to use for affordable housing; and

WHEREAS, Homeplace is proposing to purchase the property for \$25,500, approximately \$5,000 more than the County paid; and

WHEREAS, any amount generated from the sale exceeding \$20,466 must be returned to the County Treasurer to be put into the Restricted Fund for Tax Foreclosed Properties; and

WHEREAS, this matter has been reviewed by the County Administrator's Office, Corporation Counsel, the Office of Finance, Human Resources, and the Ways and Means Committee.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners authorizes the Administrator to sign the Sales Agreement with Homeplace Community Land Trust for the sale of 2805 Burton Road, Ann Arbor, Michigan, as on file with the County Clerk

BE IT FURTHER RESOLVED that the Board of Commissioners hereby authorizes the County Administrator to take the necessary actions to complete this sale,