

TO: Honorable Mayor and City Council

FROM: Adam Herringa, Acting City Manager

SUBJECT: Resolution for sale of city-owned parcel at 5916 Oakland Drive

SUPPORTING PERSONNEL: Kelly Peterson, Director of Community Development

ACTION RECOMMENDED: Adopt a resolution to sell city property at 5916 Oakland Drive for Five Hundred Dollars (\$500.00) to Kalamazoo Neighborhood Housing Services.

The Administration has negotiated an agreement with Kalamazoo Neighborhood Housing Services to sell a city-owned parcel at 5916 Oakland Drive Portage, MI 49024 (Parcel No.02080-002-O) for five hundred dollars (\$500.00). The sale will facilitate the construction of a single-family dwelling unit for a family at 80% AMI to be built through the Kalamazoo Attainable Homes Partnership with Kalamazoo County millage funding awarded in April 2022. This project will help achieve the Council's goal of "Attracting residential development that provides a mixture of housing for all income levels" as shown in the Fiscal Year 2022-2023 City of Portage Budget under the Strategic Priorities "Neighborhood" category. As detailed in the [Michigan Statewide Housing Plan](#), housing is the cornerstone of thriving communities and "*Michigan has a pressing need to develop, rehabilitate, and preserve housing across the state at price points for every level of income.*"

The Kalamazoo County Board of Commissioners approved grant funding totaling \$1,100,000 for a variety of Single Family Scattered Housing projects at the April 5, 2022 meeting. Kalamazoo Neighborhood Housing Services (KNHS) was awarded \$300,000 for two new builds in the City of Portage for two families at 80% AMI. Detailed background information on the applications, project awards, millage history, and implementation process is provided in the attached Board of Commissioners report dated April 5, 2022, prepared by Kalamazoo County Housing Commissioner Mary Balkema.

KNHS is a nonprofit founded in 1981 that provides homeownership programs for individuals and families needing help building and purchasing affordable housing. KNHS offers a variety of specialized loan products and financial education services to anyone in Kalamazoo County. Financial education classes are a requirement for individuals and families who wish to be eligible to purchase one of the KNHS Attainable Homes. KNHS offers the opportunity for low- and moderate-income households to achieve sustainable, affordable homeownership.

The Kalamazoo Attainable Homes Partnership (KAHP) is a collaboration between The Home Builders Association of Western Michigan (HBA), Kalamazoo Neighborhood Housing Services (KNHS), and Local Initiatives Support Corporation (LISC). According to their website, *KAHP seeks to provide high-quality homes built by HBA members that are both attainable in cost and provide the homeowners with low maintenance costs. KAHP homes feature the same quality construction that goes into many custom homes, such as 50-year roofing, energy saving insulation and heating and air conditioning systems,*

durable flooring materials and so much more – saving families in these homes thousands a year in utilities bills and maintenance for generations to come. One of the unique efforts that made KAHP possible was the collaborative design by a number of HBA builders working together to integrate the most efficient design possible.

If approved by Council, the sale of this parcel will facilitate one of the first Attainable Homes in the City of Portage. The project is supported by the \$300,000 of “Year 1” millage grant funding from the Kalamazoo County Board to support the construction of two (2) single-family dwelling units for two (2) families at 80% AMI. Both dwellings to be constructed in Portage will utilize the approved KAHP ranch-style floor plan - a single-story, 2 bedroom home, with a kitchen, living room, garage, driveway, and covered front porch (attached for review). For both of the sites in Portage, this home size and style is very contiguous with the neighborhood, and neighboring house sizes and styles. As the KAHP has worked diligently to keep building costs minimized and the implementation process efficient, no modifications or customization is available for the approved KAHP floor plan and styles. However, significant input from KNHS customers was elicited and incorporated into the standard floor plan designs on the front end, to ensure the layout and design met the expectations and needs of as many people and families as possible.

During the process of establishing this new housing collaboration between KNHS and the City of Portage, staff from both teams reviewed several potential city-owned properties. Two proposed sites were originally submitted for consideration in the application submitted for Kalamazoo County millage funding (7905 Oakland Drive and 130 Amos Drive). Following the county’s award approval and completion of due diligence, KNHS determined only one of the proposed sites in Portage, 7905 Oakland Drive, to be suitable and consistent with the criteria for the KAHP. KNHS and the City Administration worked together, and in consultation with Kalamazoo County Housing Commissioner Balkema, to confirm a second city-owned site, 5196 Oakland Drive, that was deemed suitable for the program. The proposed sale of these two properties – 7905 and 5916 – on Oakland Drive is therefore presented for the Council’s consideration.

In addition to meeting KNHS/KAHP criteria, the City Administration has concluded that the proposed site at 5916 Oakland Drive is a conforming, buildable lot from planning and zoning perspectives, and will importantly provide the new homeowner with a safe neighborhood and meaningful access to a wide range of nearby amenities including shopping, services, schools, childcare, and transportation, many of which are walkable. The City Administration has also concluded the property is not needed for a future utility or other city-related uses.

While the 1,000 sq.ft floor area of the KNHS Attainable Home is designed to meet client needs, ensure an affordable sale price and predictable building costs, it does not currently meet the City's required minimum floor area of 1,360 sq.ft in the R-1B zoning for a one-story home. The home design and site layout is, however, architecturally consistent with the character of surrounding properties in the neighborhood having a similar façade variation, building orientation, and exterior materials. Even so, to ensure compliance with the current code, the two attainable homes proposed at 7905 Oakland Drive and 5916 Oakland Drive will be presented to the Zoning Board of Appeals (ZBA) at the August 8, 2022 meeting, for a variance request.

A sale price of \$500.00 is proposed by the Administration, which is consistent with the standard per parcel sale price agreed to between KNHS and Kalamazoo City, as well as KNHS and the Kalamazoo

County Land Bank, for similar projects. It is recommended that City Council adopt a resolution to sell city property at 5916 Oakland Drive for Five Hundred Dollars (\$500.00) to Kalamazoo Neighborhood Housing Services.

FUNDING: It is proposed that as a partner to this initiative, the City of Portage will incur/absorb any potential water or sewer connection fees with FY2022-23 Capital Improvement Program “Workforce Housing Infrastructure Improvements” project. Per the Assessor’s Office, there is currently nothing owed related to front foot benefit charges for special assessments on water and sewer, which were paid when structures existed on the parcel. The sales agreement will include a provision that following Closing, the city will reimburse the buyer for the cost of excavating any footings and/or foundations existing on the property, exclusive of any other on-site work. At Closing, the seller (City of Portage) will pay all transfer and/or conveyance taxes assessed in connection with the Closing; costs related to seller’s professionals and consultants; and one half of the title company's closing fee in connection with this transaction. The \$500.00 from the property sale may be used to cover, in part or in whole, any of the costs outlined above.

- Attachments:**
1. 5916 Oakland Drive - Property Profile and Map
 2. April 5 BOC Agenda SF Creative Rehab final
 3. KAHP Floor Plan
 4. Resolution and Exhibit for Sale of 5916 Oakland Drive
 5. 5916 Oakland Dr - KNHS-City of Portage KAHP Purchase Agreement