

Request for City Council Committee Action from the Department of Community Planning & Economic Development -CPED

Date: October 26, 2010

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
HOW/HOME Program

Recommendation: Approve the sale of 3347 Lyndale Avenue North to a qualified Home Ownership Works (HOW) Program purchaser for the fair market value which is estimated to be \$132,000, subject to the following conditions; 1) land sale closing must occur on or before 60 days from the date of offer acceptance, and 2) payment of holding costs of \$150.00 per month from the date of offer acceptance to the date of closing if land sale closing does not occur on or before 60 days from date of offer acceptance. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Approve a second mortgage affordability loan in accordance with the HOW Program guidelines of not more than \$30,000, if necessary.

Previous Directives: On April 4, 2006, the City Council approved the guidelines to allow CPED to obtain authorization to sell HOW Program properties prior to identification of a qualified buyer. CPED acquired 3347 Lyndale Avenue North on April 21, 2009.

Prepared by: Jackie Nawalany, Project Coordinator, Phone 612-673-5255

Approved by: Charles T. Lutz, Deputy CPED Director _____

Thomas A. Streitz, Director Housing Policy & Development _____

Presenters in Committee: Edythe Oliveto-Oates, Senior Project Coordinator

Financial Impact

- Action is within the Business Plan
- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: McKinley Community Association was notified of this acquisition, rehabilitation and sale to a first time home buyer on February 18, 2009.
- City Goals: A SAFE PLACE TO CALL HOME People and businesses thrive in a safe and secure city.
- Sustainability Targets: Affordable Housing Units
- Comprehensive Plan: The Planning Commission gave approval on May 18, 2009.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x
- Other: On March 9, 2009, the Planning Staff approved a land sale review of this parcel and recommended approval of the proposed development.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>ESTIMATED SALE PRICE</u>
HOME-92	3347 Lyndale Avenue North	\$132,000

PROPOSED DEVELOPMENT:

The completed project is a fully rehabilitated 3 bedroom, 1 bath, 1.2 story house with 1,400 square feet of finished floor space.

The lot size is approximately 46' x 123' = 5,676 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold after development.

FINANCING*:

The buyer will secure mortgage financing. The buyer may require a HOW second mortgage in an amount not to exceed \$30,000.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full market value.

COMMENTS:

The Home Ownership Works (HOW) program is designed to address the goal of providing home ownership opportunities for residents who otherwise would have difficulty in attaining home ownership. The program can be used to treat properties in need of rehabilitation or demolition and new construction. HOW properties are either owned by the City of Minneapolis or an approved developer during the renovation and/or construction period. All properties will meet the HOW Program Standards which exceed the minimum city code requirements.

The buyer will be pre-approved by a mortgage lender. The buyer will also complete the Purchase Education and Counseling Course and will complete the Housing Maintenance Class at Neighborhood Housing Services of Minneapolis prior to closing, as is required by the program guidelines.

Additionally, a HOW second mortgage in an amount not to exceed \$30,000 may be required by the buyer.

Authorizing sale of land Homeownership Works Program

Disposition Parcel No. HOME-92.

Whereas, the City of Minneapolis, hereinafter known as the City, has adopted Home Ownership Works Program Guidelines pursuant to which the City purchases residential properties that are renovated or upon which a new home is constructed which is then offered for sale to target buyers under the program; and

Whereas, the City has acquired Parcel HOME-92, in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME-92, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME-92; 3347 Lyndale Avenue North
Lot 2, Block 9, Baker's 4th Addition to Minneapolis

Whereas, the City has had the fair market value reviewed by an appraisal expert, stating that the fair market value opinion is consistent with accepted methods in aiding the City in determining market value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on October 15, 2010, a public hearing on the proposed sale was duly held on October 26, 2010 at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the fair market value in accordance with the City's Homeownership Works Program, as amended, is hereby estimated to be the sum of \$132,000 for Parcel HOME-92.

Be It Further Resolved that the sale of the parcel pursuant to the Home Ownership Works Program is hereby determined to be in accordance with the City's approved CPED disposition policy.

Be It Further Resolved that the sale of the parcel is hereby approved, subject to the execution of a contract for the sale of land consistent with the Home Ownership Works Program Guidelines and further subject to the following conditions; 1) land sale closing must occur on or

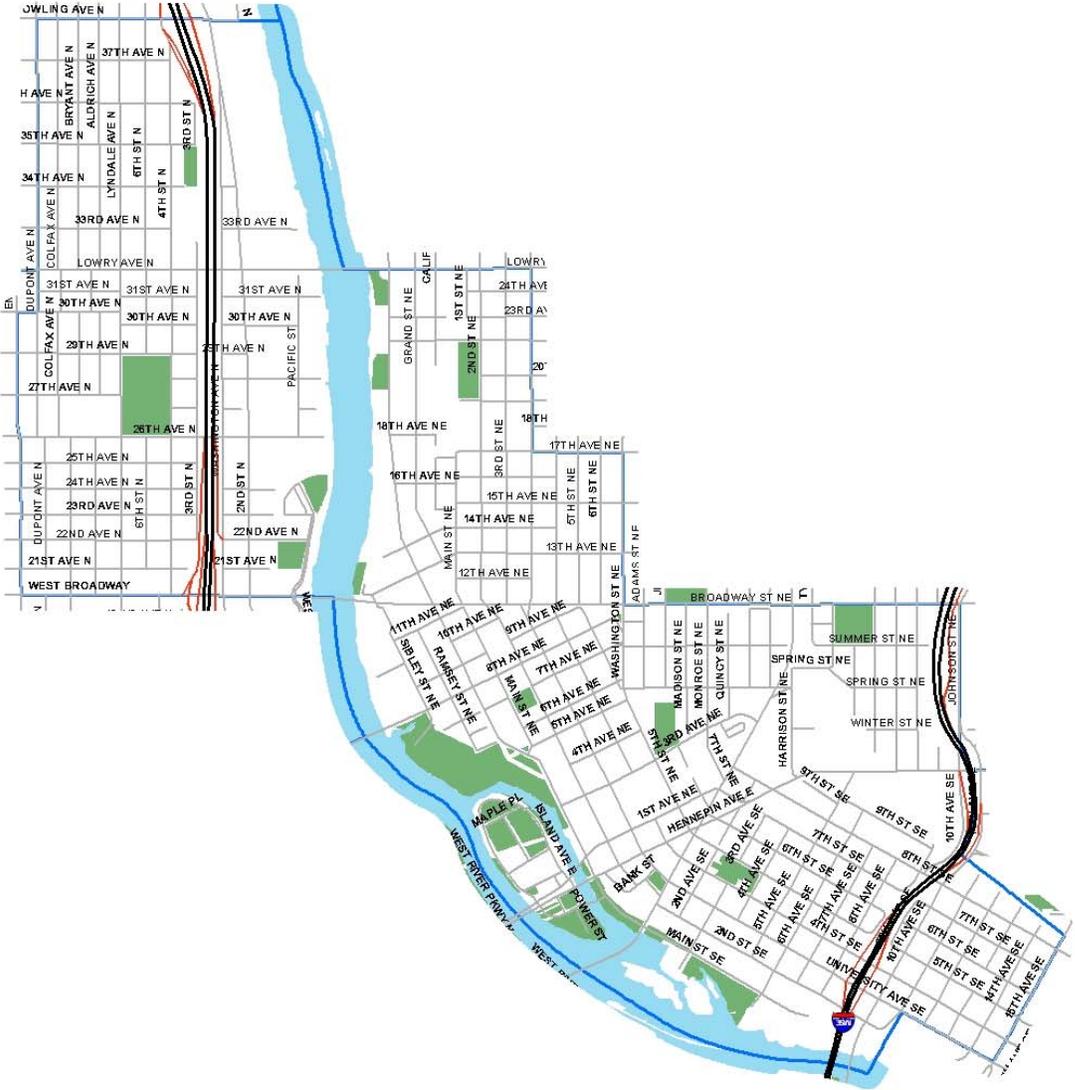
before 60 days from the date of offer acceptance and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 60 days from the date of offer acceptance.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a contract to a qualified Purchaser; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to a qualified Purchaser in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate official of the City

WARD 3



0 0.25 0.5 Miles

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TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

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Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
HOME-92 4/21/09	3347 Lyndale Avenue North	\$160,557	(-)\$132,000	- \$ 28,557

Market Value Opinion	Less Sales Price	Write-Down
\$132,000	\$132,000	\$0

Write-Down
 Reason: Not applicable