

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

Date: October 28, 2008

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

Subject: Land Sale Public Hearing
HOW/HOME Program

Recommendation: Approve the sale of the following property:

| | |
|---------------------------|------------------------------------|
| <u>Address</u> | <u>Estimated Fair Market Value</u> |
| 3343 Fremont Avenue North | \$145,000 |

The home will be sold to a qualified Home Ownership Works (HOW) Program Purchaser for the estimated fair market value, 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 for the purchaser 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.

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|---------------------------|----------------------|
| <u>Address</u> | <u>Date Acquired</u> |
| 3343 Fremont Avenue North | June 20, 2006 |

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| 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: Edie Oliveto-Oates, Senior Project Coordinator |

Financial Impact

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

Community Impact

- Neighborhood Notification:

| | | |
|---------------------------|----------------------------------|----------------------|
| <u>Address</u> | <u>Neighborhood Group</u> | <u>Date Notified</u> |
| 3343 Fremont Avenue North | Folwell Neighborhood Association | April 21, 2006 |

The neighborhood was notified of the acquisition, rehabilitation, and sale to an income qualified first time homebuyer.

- City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.
- Sustainability Goal: Affordable Housing—this is a rehab ownership project that will be sold to a household with income at or below 80% MMI.
- Comprehensive Plan: On October 20, 2008, the Planning Commission approved the sale as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes_____ No__x__
- Job Linkage Yes_____ No__x__

Supporting Information

| <u>PARCEL</u> | <u>ADDRESS</u> | <u>ESTIMATED SALE PRICE</u> |
|---------------|---------------------------|-----------------------------|
| HOME 68 | 3343 Fremont Avenue North | \$145,000 |

PROPOSED DEVELOPMENT:

The completed project at 3343 Fremont Avenue North is a fully rehabilitated 3 bedroom, 2 bathroom, 2 story house, with 1,484 square feet of finished floor space. The lot size is 45' x 127' = 5,715 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 sale 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 owned by the City of Minneapolis 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 their 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 based upon their affordability.

**Authorizing sale of land Homeownership Works Program
Disposition Parcel No HOME-68.**

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-68, in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME-68, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME-68; 3343 Fremont Avenue North

Lot 3, Block 3, Silver Lake Addition to Minneapolis
Abstract Property

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 17, 2008, a public hearing on the proposed sale was duly held on November 7, 2008 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 \$145,000 for Parcel HOME-68.

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

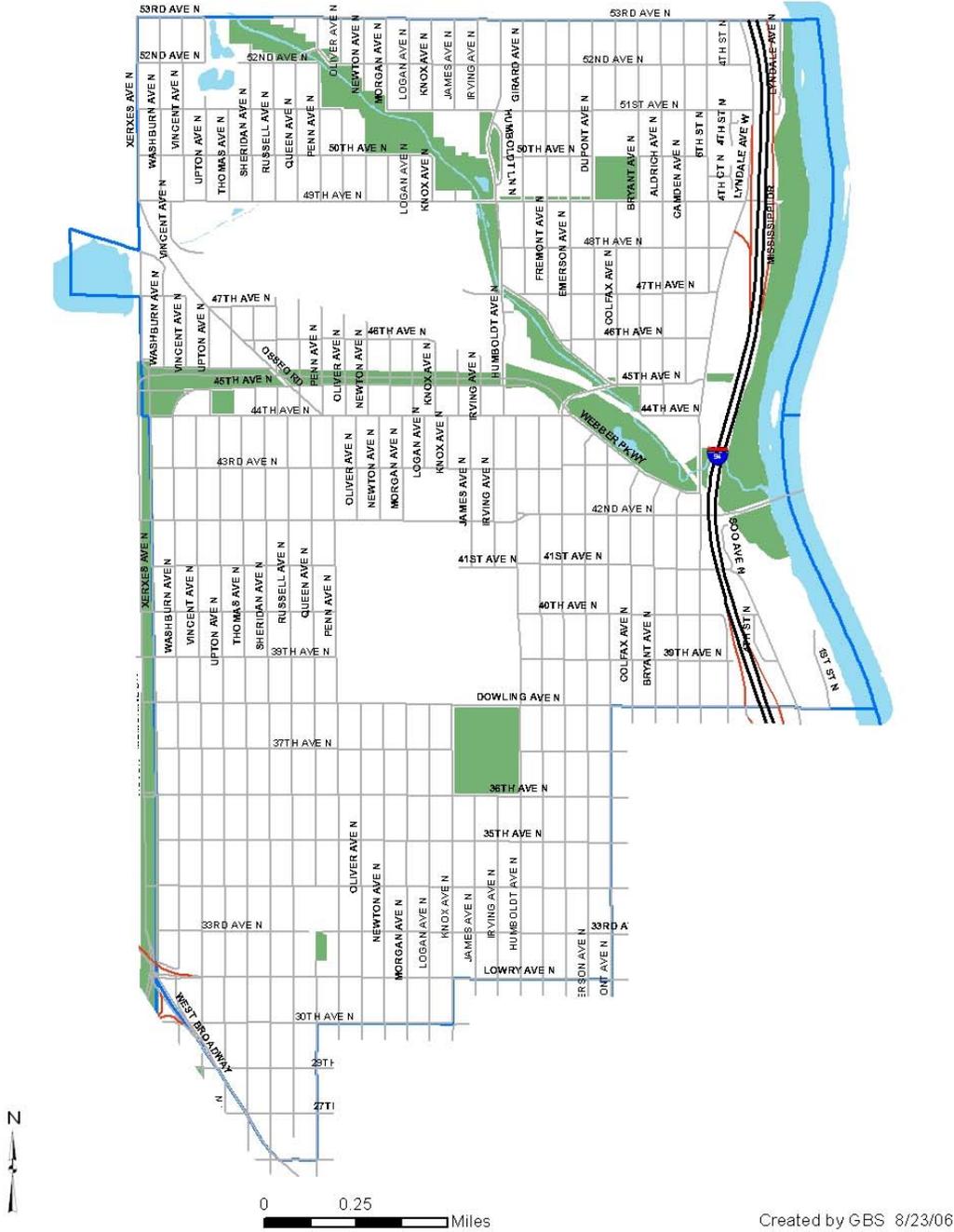
occur on or before 60 days from the date of offer acceptance and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 60 days from the date of offer acceptance.

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 4



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 68 6/20/06 | 3343 Fremont Avenue North | \$212,650 | \$145,000 | (-)\$67,650 |

| Market Value Opinion | Less Estimated Sales Price | Write-Down |
|---------------------------------|---|-------------------|
| \$145,000 | \$145,000 | \$ 0 |

Write-Down
 Reason: Not Applicable