

NHF Pilot Program: NON-CPED REAL ESTATE ACQUISITION PROCESS (VOLUNTARY ACQUISITION—less than \$150,000)

1. Selection Process

- a. Identify parcel for potential acquisition and notify CPED of intent to acquire
- b. Property must either
 - i. have a blight analysis demonstrating that the Property is “substandard” under Minn. Stat. Sec. 469.012; or
 - ii. be on the City’s “249” list because it is a “hazardous building” under Minn. Stat. Sec. 463.15, subd. 3.
- c. Confirm that the property is not located within an existing tax increment financing district and that it is eligible for being placed in the Scattered Site Tax Increment Finance District II.
- d. Confirm that there is no tenant that is eligible for relocation benefits.
- e. Obtain Statement of Voluntary Sale from owner and send copy to real estate staff

2. Due diligence

Non-City entity performs due diligence activities and submits to CPED, included but not limited to:

- a. Analysis of structural condition and existence of public utilities
- b. Soil conditions
- c. Results of inspection for obvious encroachments and follow-up survey if warranted.
- d. Preliminary cost analysis, including acquisition, disposition, and holding costs, as applicable.
- e. Independent appraisal (to be used as justifiable fair market value)
- f. Intended re-use and redevelopment budget (sources and uses)
- g. Title insurance commitment

3. Approval Process

- a. CPED will review all submitted documents, including but not limited to appraisal and a due diligence report (see #2 above)
- b. CPED to review documents and approve acquisition within three (3) business days of receipt of provided information

4. Offer Process

- a. Finalize purchase agreement
- b. Establish closing date with seller and title company
- c. CPED reviews closing statement and orders funds to be ready for closing (Allow for two-week processing time)

5. Closing

- a. Perform final walk through prior to closing
- b. Submit evidence of liability, property and worker’s comp insurance to CPED
- c. Execute note and mortgage, record mortgage
- d. After closing, send out acquisition notices to CPED staff
- e. Acquiring entity (non-City entity) is responsible for on-going maintenance

6. Record-keeping

Non-City entity must provide CPED with final records which consist of, at a minimum, the following: title commitment, appraisal, purchase agreement, closing documents, final policy, and other related documents