Request for City Council Committee Action from the Department of

Community Planning & Economic Development

September 12, 2006

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

Subject: Land Sale Public Hearing
HOW/HOME Program

Recommendation:

1) Approve the sale of 3207 Bryant Avenue North to a qualified Home Ownership Works (HOW) Program Purchaser for the fair market value which is estimated to be $166,000.00 subject to the following conditions; 1) land sale closing must occur on or before 60 days from 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 CPED Director.

2) Approve the sale of 2540 5th Avenue South to a qualified Home Ownership Works (HOW) Program Purchaser for the fair market value which is estimated to be $180,000.00, subject to the following conditions; 1) land sale closing must occur on or before 60 days from 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 CPED Director.

3) Approve a second mortgage affordability loan in accordance with the HOW program guidelines of not more than $30,000 for each property if necessary.

Previous Directives: On April 4, 2006, the City Council approved the program guidelines to allow CPED to obtain authorization to sell HOW Program properties prior to identification of a qualified buyer. CPED acquired 3207 Bryant Avenue North on November 4, 2004 and 2540 5th Avenue South on August 10, 2000.

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

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director, Housing Policy & Development _____

Permanent Review Committee (PRC) Approval _____ Not Applicable __X___

Policy Review Group (PRG) Approval ___ Date of Approval ___ Not Applicable _X__

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

Financial Impact (Check those that apply)

___ No financial impact (If checked, go directly to Background/Supporting Information).

___ Action requires an appropriation increase to the ____ Capital Budget or ____ Operating Budget.

___ Action provides increased revenue for appropriation increase.

___ Action requires use of contingency or reserves.

___ Business Plan: __ Action is within the plan. __ Action requires a change to plan.

_x_ Other financial impact (Explain): Eliminate property management costs.

___ Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Ward: 3207 Bryant Avenue North is in the 3rd Ward.
2540 5th Avenue South is in the 6th Ward.

Neighborhood Notification:
3207 Bryant Avenue North—the McKinley Community was notified of this acquisition, rehabilitation and sale to a first time home buyer on September 2, 2004.
2540 5th Avenue South— the West Phillips Neighborhood Association was notified of this acquisition, rehabilitation and sale to a first time home buyer on June 13, 2000.

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.

Comprehensive Plan:
3207 Bryant Avenue North—The Planning Commission gave approval on February 10,

2005.
2540 5th Avenue South—The Planning Commission gave approval on March 28, 2005.

Zoning Code: 3207 Bryant Avenue North is zoned R2B.
2540 5th Avenue South is zoned R4.

Other: N/A

Background/Supporting Information Attached

PARCEL	ADDRESS	SALE PRICE
HOME 59	3207 Bryant Avenue North	$166,000.00 [Estimate]
HOME 70	2540 5th Avenue South	$180,000.00 [Estimate]

PROPOSED DEVELOPMENT:

3207 Bryant Avenue North
The completed project is a fully rehabilitated 2 bedroom, 2 bathroom, and 1 1/2 story house, with 1,256 square feet of finished floor space. The house is being marketed for a low/moderate income owner-occupant. The lot size is 46' x 126''= 5,796 square feet.

2540 5th Avenue South
The completed project is a fully rehabilitated 3 bedroom, 1 bathroom, two story house, with 1,248 square feet of finished floor space. The house is being marketed for a low/moderate income owner-occupant. The lot size is irregular and is approximately 40' x 128' = 5,132 square feet. Originally, the lot size was 40' X 70.8' = 2,832 square feet. The larger lot size, which is necessary to accommodate the required off-street parking is accomplished through the addition of the rear yard lot split at 414 E. 26th Street.

LAND DISPOSITION POLICY:
These properties are buildable lots as defined by City policy and are being sold after development.

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

OFFERING PROCEDURE:
Public Advertisement. The sales price of these properties 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 buyers of 3207 Bryant Avenue North and 2540 5th Avenue South will be pre-approved by a mortgage lender. The buyers 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 both buyers.

Proposed Resolution

Authorizing sale of land Homeownership Works Program Disposition Parcel No. HOME 59.

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 59, in the Home Ownership Works (HOW) Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME 59, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME 59; 3207 Bryant Avenue North
Lot 5, Block 39, 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 September 1, 2006, a public hearing on the proposed sale was duly held on September 12, 2006 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 $166,000 for Parcel HOME 59.

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

Proposed Resolution

Authorizing sale of land Homeownership Works Program Disposition Parcel No. HOME 70.

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 70, in the Home Ownership Works (HOW) Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME 70, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME 70; 2540 5th Avenue South
The North 40 feet of Lot 10, Crosby and Harvey's Addition to Minneapolis, AND
The North 40 feet of Lot 9, Crosby and Harvey's Addition to Minneapolis, EXCEPT that part which lies Northwesterly of the following described line: Beginning at a point on the North line of Lot 8, said Crosby and Harvey's Addition, distant 105 feet West of the Northeast corner thereof; ;thence run Southwesterly to a point on the West line of said Lot lo9t9, distant 85 feet North of the Southwest corner thereof and there terminating; all according to the recorded plat thereof, and situate in Hennepin County, Minnesota.

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 September 1, 2006, a public hearing on the proposed sale was duly held on September 12, 2006 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 $180,000 for Parcel HOME 70.

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.

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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