



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

Date: April 22, 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 properties:

<u>Address</u>	<u>Fair Market Value</u>
2123 Lyndale Avenue North	\$173,500
2751 Sheridan Avenue North	\$145,920
630 19 th Avenue Northeast	\$180,000

The homes 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 each 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. CPED acquired the properties:

<u>Address</u>	<u>Date Acquired</u>
2123 Lyndale Avenue North	December 11, 1992
2751 Sheridan Avenue North	July 27, 2006
630 19 th Avenue Northeast	May 25, 2006

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 _____
Presenter in Committee: Edie Oliveto-Oates, Senior Project Coordinator 612-673-5229

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>
2123 Lyndale Avenue North	Hawthorne Area Community Council	July 14, 2004
2751 Sheridan Avenue North	Jordan Area Community Council	June 20, 2006
630 19 th Avenue Northeast	Holland N'hood Improvement Assoc.	March 27, 2006

The neighborhoods were all notified of the acquisition, rehabilitation or new construction and sale to a 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.

Comprehensive Plan: On January 28, 2008, the Planning Commission approved the sale of 2123 Lyndale Avenue North as being consistent with the Comprehensive Plan. On October 29, 2007, the Planning Commission approved the sale of 2751 Sheridan Avenue North as being consistent with the Comprehensive Plan. On March 31, 2008, the Planning Commission approved the sale of 630 19th Avenue Northeast as being consistent with the Comprehensive Plan.

Zoning Code:

R1A: 2751 Sheridan Avenue North

R2B: 2123 Lyndale Avenue North and 630 19th Avenue Northeast

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 83	2123 Lyndale Avenue North	\$173,500
HOME 69	2751 Sheridan Avenue North	\$145,920
HOME 67	630 19 th Avenue Northeast	\$180,000

PROPOSED DEVELOPMENT:

The completed project at 2123 Lyndale Avenue North is a new construction with 3 bedrooms, 2-1/2 bathrooms, two story house, with 1,635 square feet of finished floor space. The lot size is 47' x 157'=7,379 total square feet.

The completed project at 2751 Sheridan Avenue North is a rehabilitated home with 3 bedrooms, 1 1/2 bathrooms, two story house, with 1,590 square feet of finished floor space. The lot size is 40' x 128'=5,120 total square feet.

The completed project at 630 19th Avenue Northeast is a rehabilitated home with 3 bedrooms, 2 bathrooms, two story house, with 1,700 square feet of finished floor space. The lot size is 30' x 98'=2,940 total square feet.

The houses are being marketed to low income owner-occupants.

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.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of these properties reflects 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 will be pre-approved by their mortgage lenders. 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 the buyers.

**Authorizing sale of land Homeownership Works Program
Disposition Parcel Nos. HOME 83 (2123 Lyndale Avenue North); HOME 69
(2751 Sheridan Avenue North); and HOME 67 (630 19th Avenue Northeast).**

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 Parcels HOME 83; HOME 69; and HOME 67 in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed, the Parcels HOME 83; HOME 69; and HOME 69 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME 83: 2123 Lyndale Avenue North

Lot 3, except the South 3 feet front and rear, Block 5, Highland Park Addition to Minneapolis.

HOME 69: 2751 Sheridan Avenue North

Lot 3, Block 3, Nichols-Frissel Co's. Penn Lawn Addition to Minneapolis.

HOME 67: 630 19th Avenue Northeast

Lot 12, Subdivision of Lots 5, 6, 7 and 8, Block 19, Cobbs Addition to St. Anthony.

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 Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on April 11, 2008, a public hearing on the proposed sale was duly held on April 22, 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 \$173,500 for HOME 83; \$145,920 for HOME 69; and \$180,000 for HOME 67.

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

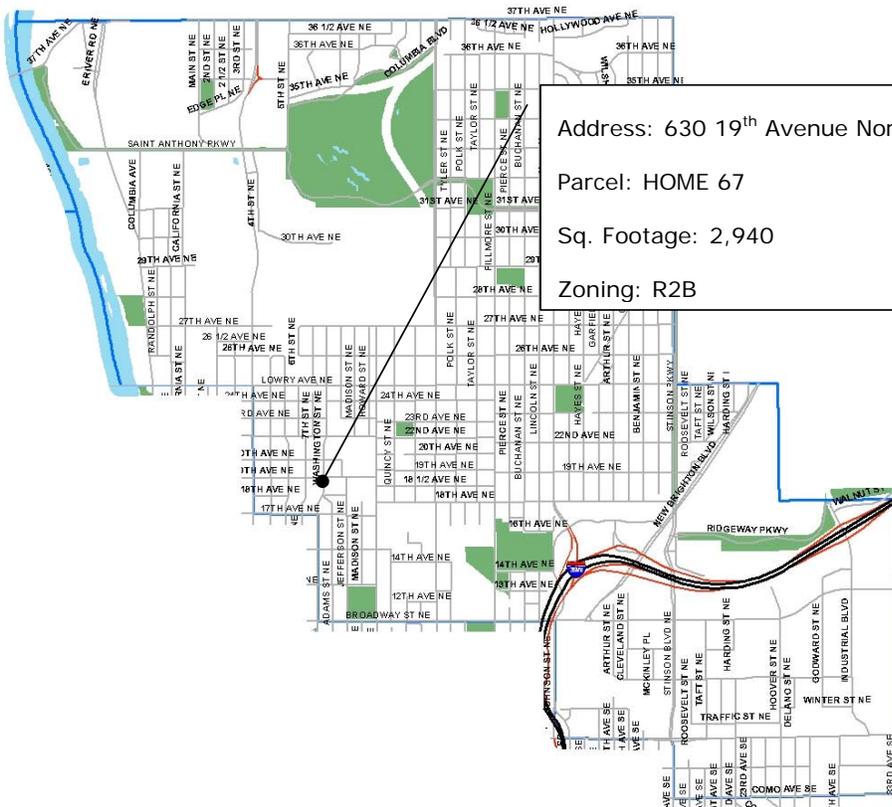
Be It Further Resolved that the sale of the parcels is hereby approved, subject to the execution of a contract for the sale of land consistent with the Home Ownership Works Program Guidelines and further subject to the following conditions; 1) land sale closing must occur on or before 60 days from the 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 1



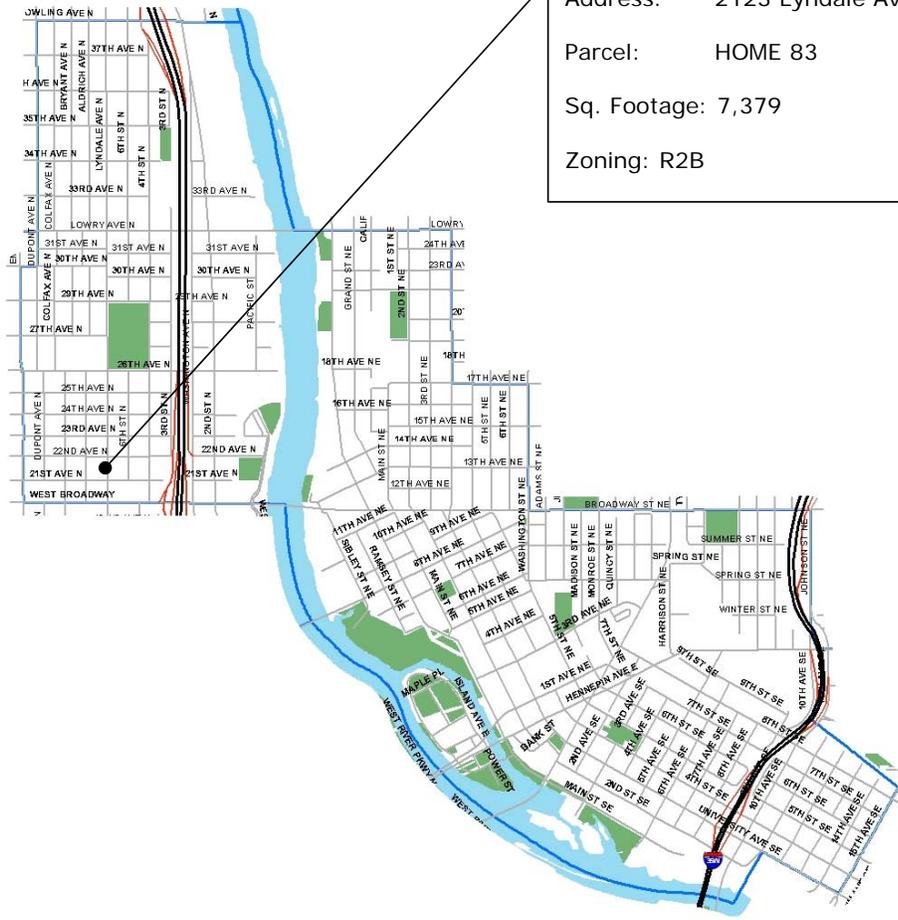
Address: 630 19th Avenue Northeast
Parcel: HOME 67
Sq. Footage: 2,940
Zoning: R2B



0 0.25 Miles

Created by GBS 8/23/06

WARD 3



Address: 2123 Lyndale Avenue North
Parcel: HOME 83
Sq. Footage: 7,379
Zoning: R2B



Created by GBS 8/23/06

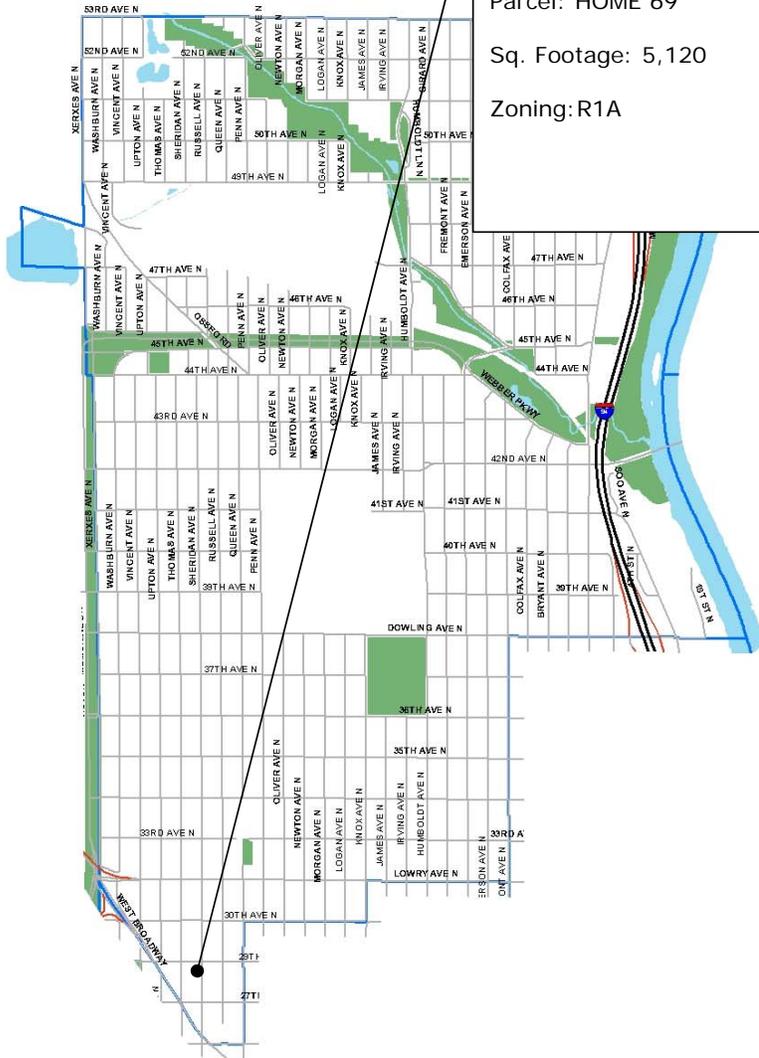
WARD 4

Address: 2751 Sheridan Av N

Parcel: HOME 69

Sq. Footage: 5,120

Zoning: R1A



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

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HOW/HOME Program

Address: 2123 Lyndale Avenue North, 2751 Sheridan Avenue North, 630 19th Avenue Northeast

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Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
HOME 83 12/11/1992	2123 Lyndale Avenue North	\$171,316	\$173,500	(+)\$2,184
HOME 69 7/27/06	2751 Sheridan Avenue North	\$144,816	\$145,920	(+)\$1,104
HOME 67 5/25/06	630 19 th Avenue Northeast	\$258,625	\$180,000	(-)\$78,625

Market Value Opinion	Less Sales Price	Write-Down
\$173,500	\$173,500	\$0
\$145,920	\$145,920	\$0
\$180,000	\$180,000	\$0

Write-Down

Reason: Not applicable