



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

Date: December 11, 2007

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

Subject: Land Sale Public Hearing
HOW/HOME Program

Recommendation: Approve the sales of the following properties:

<u>Address</u>	<u>Fair Market Value</u>
2638 Colfax Avenue North	\$162,000
2127 Queen Avenue North	\$145,000
1818 26 th Avenue North	\$160,000

Each home will be sold to a qualified Home Ownership Works (HOW) Program Purchaser for the 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 all eligible households.

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.

Prepared by: Jackie Nawalany, Phone 612-673-5255
 Approved by: Charles T. Lutz, Deputy CPED Director _____
 Elizabeth Ryan, Director Housing Policy & Development _____
 Presenters in Committee: Edie Oliveto-Oates, Phone 612-673-5229

Financial Impact

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

Community Impact

- Neighborhood Notification: All of the following neighborhoods have been notified of the project—the acquisition, rehabilitation or construction, and sale to a first time homebuyer.

Address	Neighborhood Group
2638 Colfax Ave. No.	Hawthorne Area Community Council
2127 Queen Ave. No.	Northside Residents Community Council
1818 26 th Ave. No.	Jordan Area Community Council
- 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 Targets: Affordable Housing Units
- Comprehensive Plan: The Planning Commission gave approval on all of these projects.

Address	Date
2638 Colfax Ave. No.	February 23, 2005
2127 Queen Ave. No.	February 23, 2005
1818 26 th Ave. No.	October 29, 2007
- Zoning Code:
R1A: 2127 Queen Ave. N, 1818 26th Ave. N.
R2B: 2638 Colfax Ave. N
- Living Wage/Business Subsidy Agreement Yes___ No X
- Job Linkage Yes___ No X

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE (Estimated)</u>
HOME 62	2638 Colfax Avenue North	\$162,000
HOME 58	2127 Queen Avenue North	\$145,000
HOME 77	1818 26 th Avenue North	\$160,000

PROPOSED DEVELOPMENT:

The completed project at 2638 Colfax Avenue North is a fully rehabilitated 2 bedroom, 1 bathroom, 1-1/2 story house, with 1,324 square feet of finished floor space. The lot size is 42.6' x 127.5' = 5,431.5 total square feet.

The completed project at 2127 Queen Avenue North is a fully rehabilitated 2 bedroom, 1 bathroom, 1-1/2 story house, with 1,580 square feet of finished floor space. The lot size is 43' x 129.8' = 5,581 total square feet.

The completed project at 1818 26th Avenue North will be a newly constructed 3 bedroom, 1½ bathroom, 2 story house, with 1,404 square feet of finished floor space. The lot size is 40' x 88' = 3,520 total square feet.

The houses are being marketed for low/moderate income owner-occupants.

LAND DISPOSITION POLICY:

The sale of these properties is in compliance with the approved land disposition policy.

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 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.

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 No HOME 62, HOME 58 and HOME 77**

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 62, HOME 58 and HOME 77, in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME 62, HOME 58 and HOME 77, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME 62; 2638 Colfax Av N

Lot 10, Block 11, Fairmount Park Addition to Minneapolis.

HOME 58; 2127 Queen Av N

Lot 8, Block 6, Wyant and Kuchli's Addition to Minneapolis.

HOME 77; 1818 26th Av N

The West 40 feet front and rear of the East ½ of the West 2/3 of Lots 8 and 9, Block 2, On The Heights, an 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 November 30, 2007, a public hearing on the proposed sale was duly held on December 11, 2007 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 \$162,000 for Parcel HOME 62, \$145,000 for Parcel HOME 58 and \$160,000 for Parcel HOME 77.

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.

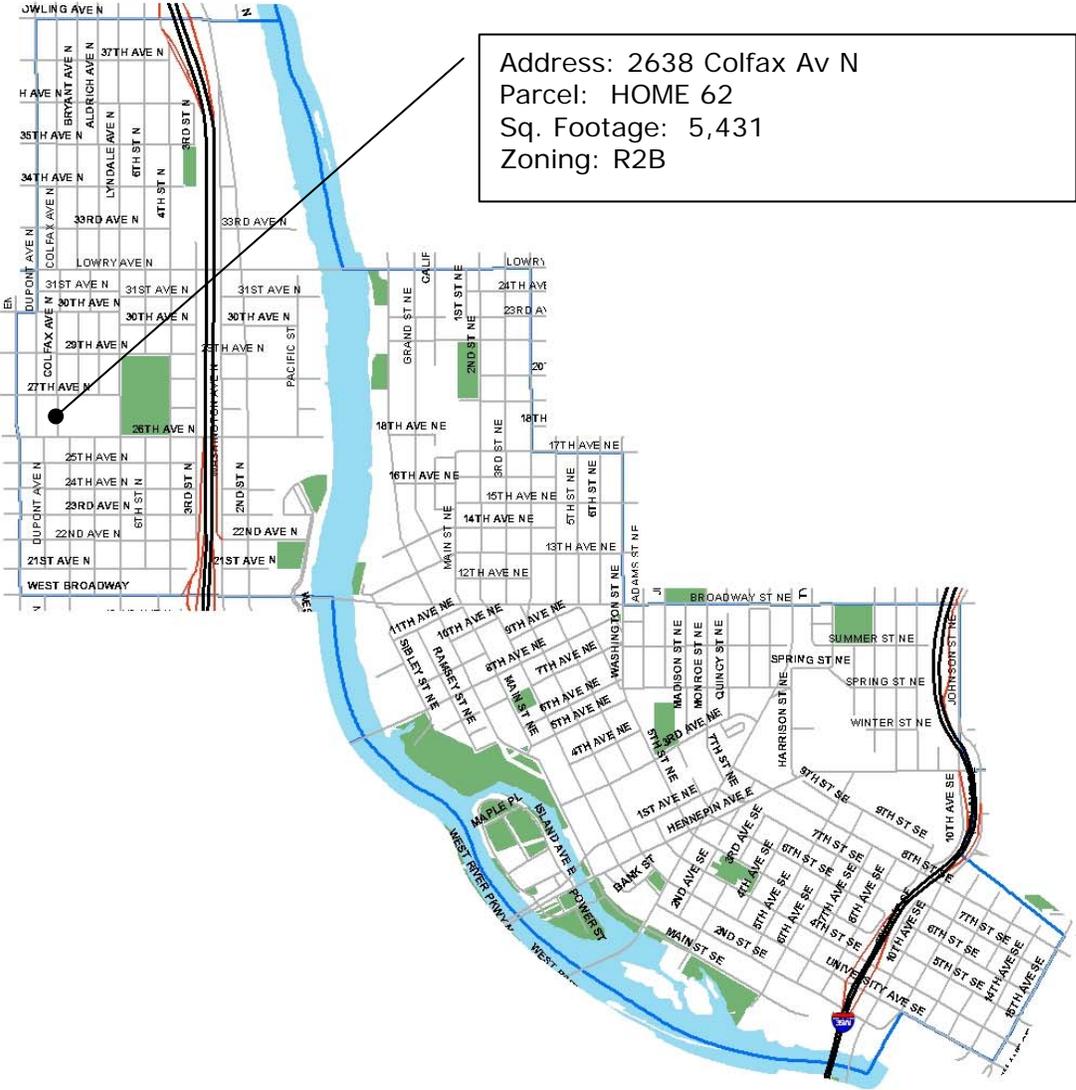
Be It Further Resolved that the sale of the parcel is hereby approved, subject to the execution of a contract for the sale of land consistent with the Home Ownership Works Program Guidelines and further subject to the following conditions; 1) land sale closing must occur on or before 60 days from the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



WARD 5



Address: 1818 26th Av N
 Parcel: HOME 77
 Sq. Footage: 3,550
 Zoning: R1A

Address: 2127 Queen
 Parcel: HOME 58
 Sq. Footage: 5,581
 Zoning: R1A

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

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Address: 2638 Colfax Avenue North, North, 2127 Queen Avenue North, 1818 26th Avenue North

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
HOME 62 12/23/04	2638 Colfax Avenue North	\$214,650	(-)\$162,000	(-)\$52,650
HOME 58 11/4/04	2127 Queen Avenue North	\$225,250	(-)\$145,000	(-)\$80,250
HOME 77 11/30/00	1818 26 th Avenue North	\$198,120	(-)\$160,000	(-)\$38,120

Re-Use Value Opinion	Less Sales Price	Write-Down
\$162,000	\$162,000	\$0
\$145,000	\$145,000	\$0
\$160,000	\$160,000	\$0

Write-Down

Reason: Not Applicable.