



**Request for MCDA Board of Commissioners Action
From the Department of Community Planning & Economic Development**

Date: September 14, 2004

To: MCDA Board of Commissioners

Prepared by: Bill Koncak, Phone 612-673-5233

Presenter in Committee: Bill Koncak

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Land Sale – Public Hearing
Home Ownership Works (HOW) Program

RECOMMENDATION: Approve the sale of 3235 Fremont Avenue North to Angela N. Wilson for \$145,000.

Previous Directives: The MCDA acquired 3235 Fremont Avenue North on May 15, 2000. On May 4, 2004, the MCDA Board of Commissioners approved the sale of this parcel to Angela N. Wilson. The buyer was not able to secure mortgage financing at that time and the purchase agreement was canceled and the property was remarketed.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Eliminate property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 4

Neighborhood Notification: The Folwell Neighborhood Association reviewed the proposed purchase of this property for inclusion in the Home Ownership Works (HOW) program on April 10, 2004, and recommended it be approved.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs and promotes future growth.

Comprehensive Plan: Chapter 4, Section 4.9 states “Minneapolis will grow by increasing its supply of housing” and Section 4.11 states “Minneapolis will improve the availability of housing options for its residents.” Also this area is designated for low density housing in accordance with the Land Use Policy Map

Zoning Code: R2B

Living Wage/Job Linkage: N/A

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
HOME-39	3235 Fremont Avenue North	\$145,000

PURCHASER

Angela N. Wilson
2605-8th Avenue North
Minneapolis, MN 55411

PROPOSED DEVELOPMENT:

Rehab is completed on this 3-bedroom, 2-bath, and 1,360 square foot single family home with detached double garage. The lot size is 45' x 127' = 5,715 total square feet.

LAND DISPOSITION POLICY:

This property has an existing renovated structure on a lot that would be defined as buildable by MCDA policy and meets HOW guidelines for development.

FINANCING*:

\$123,250	American Frontier Mortgage Corporation
\$ 1,750	Owner's Cash down payment (Program requires at least 1% down)
\$ 20,000	<u>CPED gap financing</u>
\$145,000	Total Sales Price

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property is the full re-use value.

COMMENTS:

This single-family residence was a vacant property acquired from the Department of Housing and Urban Development (HUD) and placed into the Home Ownership Works (HOW) program. The HOW program buys homes in need of major repairs, renovates them and sell them to income qualifying borrowers (less than 80% MMI). The completed renovation brings the structure and its mechanical systems to a very high standard of repair. By meeting these standards, it ensures that the program required first time home buyer(s) should not need to perform major repairs in the near future. The program allows for a construction gap (acquisition plus renovation less sales) of up to \$65,000 and an affordability gap of up to \$20,000.

On May 4, 2004, the buyer Ms. Wilson received approval from the Board of Commissioners to purchase this property. Unfortunately, she was unable to secure the mortgage financing at that time and the purchase agreement was canceled. The property was then placed back on the market. She has since been able to secure the required mortgage financing and wishes to proceed with the acquisition of this property. The buyer has completed the pre-purchase workshop sponsored by Home Stretch and is scheduled to attend the Property Maintenance workshop sponsored by Northside Neighborhood Housing Services before closing. The buyer anticipates closing in September 2004.

No other offers were received on this property. The number of people occupying this property (three—Ms. Wilson and two children) complies with program policy. The construction gap required in this case is \$45,140 and the affordability gap in the form of a deferred second mortgage is \$20,000.

Staff recommends approval of the sale of 3235 Fremont Avenue North to Ms. Angela N. Wilson for \$145,000.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
HOME Program
Disposition Parcel No. HOME-39

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel HOME-39 in the Folwell neighborhood, from Angela N. Wilson, hereinafter known as the Redeveloper, the Parcel(s) HOME-39, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 5, Block 6, Silver Lake Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$145,000, for Parcel HOME-39. This offer is in accordance with the Redevelopment Plan and/or Program; and

WHEREAS, the Redeveloper has submitted to the Agency a statement of financial responsibility and qualifications; and

WHEREAS, the Agency has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the Agency in determining a re-use value for the Parcel; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on Friday, August 27, 2004, a public hearing on the proposed sale was duly held on September 14, 2004, 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.

WHEREAS, the Agency on May 14, 2004, by its Resolution No. 2004-2890M, authorized the sale of Parcel HOME-39; and

WHEREAS, *Angela N. Wilson was unable to secure financing*; and

NOW, THEREFORE, BE IT RESOLVED, that the action taken by the Agency in its Resolution No. 2004-2890M, authorizing the sale of Parcel HOME-39 to Angela N. Wilson be rescinded; and

NOW, THEREFORE, BE IT RESOLVED, that the re-use value, for uses in accordance with the HOME Program plan, as amended, is hereby estimated to be the sum of \$123,250, for Parcel HOME-39; and

BE IT FURTHER RESOLVED, that the acceptance of the offer and proposal is hereby determined to be in accordance with the Agency's approved disposition program and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the Parcel in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Executive Director or other appropriate official of the Agency be and is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Executive Director or other appropriate official of the Agency; and

BE IT ALSO FURTHER RESOLVED, that the Chairman and Secretary, or any other two Commissioners of the Agency, are hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the Agency 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 Chairman and Secretary, or any other two Commissioners of the Agency.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman,						
Niziolek							chair						
Vote: NV - Not Voting Abs - Absent Ovrd - Vote to Override Sust - Vote to Sustain													

ADOPTED _____.

Chairperson

APPROVED
NOT APPROVED _____.

Mayor

Address: 3235 Fremont Avenue North

Parcel: HOME-39

Purchaser: Angela N. Wilson

Sq. Footage: 5,722

Zoning: R2B

WARD 4

