



# Minneapolis Homes: Build or Rehab

## Program Manual

Minneapolis Homes: Build or Rehab facilitates blight removal, responsible development, and healthy housing markets in Minneapolis neighborhoods through acquisition and sale of residential vacant structures and lots.

### 1. Objectives

Program objectives are aligned with three City of Minneapolis goals:

- **Living Well:** Create safe and healthy homes.
- **One Minneapolis:** Reduce disparities and ensure equal access to housing opportunity.
- **Great Places:** Return vacant lots and vacant structures to productive use.

### 2. Eligibility Criteria

To apply for a property owned by the City of Minneapolis and advertised for sale through Minneapolis Homes: Build or Rehab, purchasers must demonstrate:

#### A. Experience

Either the purchaser or their general contractor must have successfully completed a similar project within the last two years.

#### B. Financial Capacity

Purchasers must demonstrate an ability to pay for acquisition of the property and for the improvements proposed by submitting documentation with their offer to purchase. Acceptable documentation includes, but is not limited to:

- **Loan financing:** provide conditional commitment letter that includes name, address, phone number, and e-mail of loan officer, and amount financed.
- **Cash:** provide evidence of available cash dated within 30 days of application.
- **Credit:** provide statements dated within 30 days of application of available credit from building suppliers, credit cards, or other sources.
- **Sale Proceeds:** it is acceptable for the purchaser to finance a project with proceeds from a pending sale of another property. Purchaser must provide a net sheet from a realtor documenting anticipated proceeds and closing date.

**NOTE:** If an application is approved by the Minneapolis City Council, an additional verification of financing will be conducted by staff prior to the closing on the sale of the property.

#### C. Plan for Occupancy

Purchaser must describe end use for the property—owner occupancy by the purchaser, a marketing strategy for properties offered for sale specifying whether the property will be marketed to owner occupants exclusively, or a leasing strategy for properties that will be leased.

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#### **D. Responsibility**

Neither the purchaser nor their general contractor can own property that is a registered vacant building on the [City of Minneapolis 249 list](http://minneapolismn.gov/inspections/vbr) (<http://minneapolismn.gov/inspections/vbr>), tax delinquent property, or property with significant code or rental license violations, unless the property is currently in the process of being rehabilitated in compliance with a restoration agreement or has a similar solution that is actively being implemented. Neither the purchaser nor their general contractor may have a history within the past five years of defaulting on a City of Minneapolis restoration agreement and/or redevelopment contract to rehabilitate or construct a property.

### **3. Program Requirements**

Purchasers must agree to perform according to program requirements:

#### **A. Timeline**

Development shall be complete no more than 12 months after purchasing the property from the City of Minneapolis. In addition, the following timelines apply:

- **REHAB:** Purchasers must apply for permits to rehabilitate vacant structures within 30 days of closing on the property. Construction on code compliance items must be substantially complete within six months of pulling permits and the City of Minneapolis may execute an extension to nine months on a case by case basis if significant progress is made.
- **BUILD:** Purchasers must electronically submit a complete set of plans for development review 30 days after closing on the property.

#### **B. Good Faith Deposit**

If selected, all purchasers are required to provide a good faith deposit, equal to the greater of 10% of the sales price or \$2,000, payable when a redevelopment contract is signed between the purchaser and the City of Minneapolis. The good faith deposit is in addition to the purchase price for the property. The entire good faith deposit will be refunded if the purchaser successfully performs according to the terms of the redevelopment contract between the purchaser and the City of Minneapolis; failure to perform according to the contract may result in the City of Minneapolis retaining the good faith deposit as described in the redevelopment contract.

#### **C. Insurance**

Purchasers are required to provide the following insurance. Individuals submitting an offer to purchase may request their general contractor to provide insurance in the amounts listed.

- **Builder's Risk Insurance** equaling 100% of the insurable value of the Minimum Improvements (rehabilitation or new construction costs).
- **Commercial General Liability Insurance** along with an ISO Form B Additional Insured endorsement or Owner/Contractor Policy naming the City of Minneapolis as an additional insured. Limits against bodily injury and property damage are required at \$1,000,000 for each occurrence with an aggregate limit of \$1,000,000.



- **Worker's Compensation Insurance**, with statutory coverage, if applicable. This only applies to businesses with employees.

#### **D. REHAB: Rehabilitation standards for vacant structures**

All offers for vacant structures must achieve the required scope of work as outlined by the Department of Community Planning and Economic Development (CPED), see Appendix A. Offers must include a detailed development scope that outlines how the required scope of work will be achieved. If an offer is approved by the City Council, the Purchaser must meet with Minneapolis Homes staff to review and complete a detailed development scope, as needed, to achieve CPED's required scope of work. After Minneapolis Homes staff approval, the detailed development scope must be submitted at the time of requesting permits for rehabilitation.

#### **E. BUILD: New construction standards for vacant lots**

Offers for vacant lots must recommend a new construction 1-4 unit residential building that is in compliance with building and zoning requirements.

#### **F. Additional Regulations**

The City of Minneapolis has additional requirements for rehab of vacant buildings or construction of new homes on vacant lots. Purchasers are required to comply with any applicable requirements. Accordingly, purchasers are encouraged to perform all necessary due diligence; including, but not limited to, building permit process and fees, vacant building registration fees, and design and/or zoning requirements that may apply to their proposed project.

Some resources include:

- [City of Minneapolis Permit Requirements](http://www.ci.minneapolis.mn.us/mdr/buildingpermits/index.htm)  
(<http://www.ci.minneapolis.mn.us/mdr/buildingpermits/index.htm>)
- [City of Minneapolis Zoning Requirements](http://www.minneapolismn.gov/zoningmaps/zoning_code_index)  
([http://www.minneapolismn.gov/zoningmaps/zoning\\_code\\_index](http://www.minneapolismn.gov/zoningmaps/zoning_code_index))
- [City of Minneapolis New One- or Two-Family Home Construction Process Guide](http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-091367.pdf)  
(<http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-091367.pdf>)
- [City of Minneapolis Vacant Building Registration Program](http://minneapolismn.gov/inspections/vbr)  
(<http://minneapolismn.gov/inspections/vbr>)

## **4. Selection Process**

Offers will be evaluated through a two-step process.

**Step 1:** A team of Minneapolis Homes staff will evaluate proposals based on the following criteria and select the strongest proposal:

- (max 10 pts) Purchaser's or general contractor's construction experience
- (max 10 pts) Financial capacity
- (max 10 pts) Well estimated construction costs

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- (max 10 pts) Extensiveness of scope of work or new construction plans
- (max 10 pts) Plan for occupancy, owner-occupancy preferred
- (negative point for every \$1,000 of development subsidy requested from the City of Minneapolis)

Development subsidy is a request from City of Minneapolis programs for financing, including land sale write down, or other development gap assistance that pays the difference between the cost to rehabilitate or construct a property and its appraised value. Use of homebuyer assistance from the City of Minneapolis does not qualify as a development subsidy request.

**Max total of 50 points**

**Step 2:** Offers will be reviewed to determine if the responsibility criteria described in Section 2 is met.

## **5. Administration**

### **A. Acquiring Properties**

The City of Minneapolis through its Department of Community Planning and Economic Development (CPED) will acquire properties through Hennepin County's tax forfeiture process, donation, or negotiated sale with owners. Properties acquired through this program shall be vacant structures or lots that meet one of the following requirements:

- Property is in a Redevelopment Project Area and property is identified as one that may be acquired
- Blight analysis demonstrating that the Property is "substandard" under Minn. Stat. Sec. 469.012 or is on the City of Minneapolis registered vacant building 249 list because it is a "hazardous building" under Minn. Stat. Sec. 463.15, subd. 3
- Property is necessary to provide housing for persons with low and moderate income
- Acquired from a governmental agency

All property acquisition shall be approved by the CPED Director. Funds for acquisition will be allocated annually through the City of Minneapolis budget process.

### **B. Preparing Properties for Sale**

The City of Minneapolis will ensure:

- Properties have marketable title
- Vacant homes are valued at least six months of offering for sale and vacant lot sale prices are valued at least annually, more frequent adjustments may be made at the option of Minneapolis Homes staff
- Structures are secured and cleared of all personal items and materials



### **C. Environmental Hazards**

The City of Minneapolis does not identify or abate all environmental hazards present in vacant structures or vacant lots. Purchasers are encouraged to research potential hazards and their treatment and all visits to and purchases of property are at the purchaser's risk. Visit the [Minnesota Department of Health website \(http://www.health.state.mn.us/topics/healthyhomes/index.html\)](http://www.health.state.mn.us/topics/healthyhomes/index.html) for more information about safety precautions, licensed abatement contractors, and mitigation techniques. Purchaser agrees to accept and purchase the property "AS IS WITH ALL FAULTS" and will not rely upon any representations or warranties of any kind whatsoever, express or implied, from the City, its employees, officers, agents or consultants as to any matters concerning the property.

### **D. Unsuitable Soils**

Where it can be demonstrated that the Property contains substantial amounts of Unsuitable Soils, the Purchaser may be reimbursed soil correction expenses in the form of a reduction in the Purchase Price for the property as approved by the CPED Director or City Council. The reimbursement of net sale proceeds cannot reduce the Purchase Price to less than \$1.00.

Unsuitable Soils means abnormal, geotechnically substandard or contaminated soils, which in CPED staff's professional opinion, qualify for soil correction. Such abnormal, substandard or contaminated soils shall include, but are not limited to:

- Soils that contain substantive amounts of loose and/or organic soils
- Demolition debris and rubble
- Abandoned building foundations, pilings, underground utilities and storage tanks
- Illegally dumped and buried materials
- Hazardous wastes, pollutants or contaminants as those terms are defined under any federal, state or local statute, ordinance, code or regulation

### **E. Posting of Properties for Sale**

- At its discretion, the City of Minneapolis may require that certain properties be developed for the purpose of long term affordable housing. Long term affordable housing is defined as units affordable to households at 80% of area median income or below, as defined by the Department of Housing and Urban Development, for a period of 30 years or more.
- Properties will be posted for sale on the [City of Minneapolis' website \(www.minneapolis.org\)](http://www.minneapolis.org).
- The program manual will be updated and posted publicly on CPED's website as needed and an educational workshop will be hosted regularly to educate interested purchasers about the purchase process.
- Open houses for vacant structures will be posted on the program website at least two weeks prior to the open house occurring and advertised through the Minneapolis Homes' listserv.

**Attending an open house is strongly encouraged when submitting an offer for a vacant structure.** If a vacant structure does not receive offers after a posted open house, the City of Minneapolis may list the structure on its website and schedule open houses upon request.



- Sign up information for the listserv will be maintained on the Minneapolis Homes website: [www.minneapolisihomes.org](http://www.minneapolisihomes.org)
- Property marketing and sale will be in accordance with the City of Minneapolis Real Estate Disposition Policy (Disposition Policy), attached as Appendix B. To the extent that the Disposition Policy is inconsistent with this manual, the provisions of this manual will apply.

#### **F. Submitting Offers to Purchase**

Interested purchasers must submit offers on the City's "Offer to Purchase" form posted on the City of Minneapolis website [www.minneapolisihomes.org](http://www.minneapolisihomes.org) for the following types of properties:

- REHAB: Offers for vacant structures will be accepted for a minimum of two weeks after a posted open house occurs, with a deadline listed on the program website and communicated through the Minneapolis Homes' listserv. If no offers for vacant structures are received, the City of Minneapolis may schedule an additional open house or may demolish the property at its discretion.
- BUILD: Offers for vacant lots will be accepted for a minimum of four weeks after listing publicly on the City of Minneapolis website. If no offers are received during the initial four-week offer period, offers for vacant lots will be processed on a rolling application period. If an offer is received during a rolling application period, additional complete offers will be accepted for five business days.

Assigned City of Minneapolis Project Coordinators and their contact information will be advertised on the City of Minneapolis website for available properties. Offers to purchase can be submitted electronically by e-mailing the required documents to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov) or by dropping a hard copy of the application off at:

City of Minneapolis, CPED  
Crown Roller Mill Building  
105 S. 5<sup>th</sup> Avenue, Suite 200  
Minneapolis, MN 55403  
Attn: Minneapolis Homes

#### **G. Staff Recommendation**

Upon receipt of an offer, staff will review for completeness. Incomplete offers will be provided up to five business days to clarify or submit missing information in order to complete their offer. A team of CPED staff will review offers according to the selection criteria stated in Section 4 and the eligibility criteria stated in Section 2 and make a recommendation to the Minneapolis City Council. Staff may recommend both a purchaser and an alternate purchaser. An alternate purchaser, if approved by the City Council, can purchase the property if the purchaser does not perform according to sale conditions.

#### **H. Neighborhood Comments**

Staff will send the rehabilitation scope of work or new construction plans from complete offers to the applicable neighborhood organization and provide a 45-day comment period. Neighborhoods may



request that all applicants attend a community meeting or provide additional information in order to inform comments provided. Neighborhood comments are encouraged.

### **I. City Council Approval**

The staff recommendation will be subject to a public hearing by the Minneapolis City Council's Community Development & Regulatory Services Committee. Neighborhood comments received will be included during the staff presentation at the public hearing. Applicants and community members will also have an opportunity to speak at the public hearing after the staff presentation. Offers can only be approved by the Minneapolis City Council by adoption of a resolution authorizing the sale of property.

**The City Council can approve a different offer than the staff's recommendation or reject all offers received.**

### **J. Sale of Properties and Closing Requirements**

If the sale of a property is approved by the City Council, a redevelopment contract will be provided to the approved purchaser. The redevelopment contract is a binding agreement that includes program requirements, as outlined in this Program Manual. **The purchaser must sign the redevelopment contract within seven (7) days of receipt of the redevelopment contract and return it along with the good faith deposit check.**

After the purchaser returns the signed redevelopment contract to the City, the purchaser must provide documentation of insurance and updated proof of financing. Upon CPED's approval of insurance and financing, a closing will be scheduled and the purchaser can begin the process of pulling permits for new construction or detailed development scope approval by Minneapolis Homes staff and permit approval for rehabilitation.

If the purchaser does not sign the redevelopment contract, provide proof of financing and insurance, and close on the property within 90 days of City Council approval, the City may:

- Sell the property to an alternate purchaser, if previously approved by City Council,
- Cancel the redevelopment contract and remarket the property, or
- In the City's sole discretion, allow the applicant to apply for a 30-day closing extension as outlined in the redevelopment contract. A \$300 non-reimbursable extension request fee is required to exercise this option.
- If the purchaser requests an amendment for any reason, including items such as name changes or adjustments to time of performance, the City will charge a \$300 fee per contract amendment.

The redevelopment contract includes the requirements of this manual as well as certain other City development requirements. The redevelopment contract constitutes a "restoration agreement" under Section 249.80, Minneapolis Code of Ordinances, pursuant to which the City will temporarily suspend the Vacant Building Registration Fee for the property. The Vacant Building Registration Fee will be permanently waived when the rehabilitation is complete in compliance with the redevelopment contract, but will be imposed if there is a default under the redevelopment contract. Furthermore, the





payment of the purchaser's good faith deposit meets the Code Compliance Services requirement for a code compliance deposit. As a result, there are not additional fees that will be charged by the vacant building registration program or code compliance division during the term of the redevelopment contract.

When the property is sold to the purchaser or alternate purchaser, the City of Minneapolis will provide a property deed that includes reversionary rights. Reversionary rights are an interest in the property that allows ownership to return to the City of Minneapolis in the event the purchaser defaults on the redevelopment contract and does not cure the default.

#### **K. Construction and Completion**

From the date of closing on the property through completion, Minneapolis Homes staff will conduct periodic inspections to monitor progress on the project. Upon certification that permits are closed, Minneapolis Homes staff will conduct a final inspection.

**Minneapolis Homes staff must be notified a minimum of 15 business days before the purchaser sells to a new buyer or leases or occupies the property to allow for a final inspection and preparation of closing documents.**

When a completion certificate is issued by Minneapolis Homes staff and if the property is not in default of its contract provisions, the good faith deposit will be returned to the purchaser and the reversionary rights in the property deed will be released. Upon closing or occupancy of the completed Minneapolis Homes project, the purchaser will send demographic information (Appendix C) about the end occupant to the City of Minneapolis.

#### **L. Default**

If a project is not completed within 12 months, the City of Minneapolis will have the ability to exercise any remedies permitted in the redevelopment contract, including any or all of the following actions:

- Retain the good faith deposit paid by purchaser at closing,
- Exercise the City of Minneapolis' reversionary rights outlined in the property deed, and/or
- Impose any applicable Vacant Building Registration Fees.

#### **M. Demolition of Structures**

When the City of Minneapolis acquires a structure that has existing Director's Orders to Demolish, has unsafe conditions for public open houses, or upon the request of the applicable neighborhood organization or elected official, it may proceed with demolition without marketing the structure for sale. Remaining structures shall be marketed as outlined in this program manual. If a structure is marketed through at least two open houses or for two months with no offers, Minneapolis Homes staff shall evaluate demolition as an alternative to remarketing the property for rehabilitation.





## 6. Homebuyer Incentives

- A. Vacant lots:** An incentive for purchase of North Minneapolis vacant lots is available for individuals who intend to owner occupy the newly constructed home or developers constructing a new home for an identified owner occupant, subject to available funds. Terms are outlined in Appendix D. The incentive for vacant lots is applied for at the time of submitting an Offer to Purchase to the City of Minneapolis. Funds are disbursed upon acquisition of land from the City of Minneapolis and/or on a reimbursement basis during construction.
- B. Vacant homes:** Down payment and closing cost assistance is available for end buyers of vacant homes rehabilitated through the Minneapolis Homes: Build or Rehab program, subject to available funds. Terms are outlined in Appendix E and funds are disbursed at homebuyer closing. Interested applicants should contact the City of Minneapolis—CPED Residential and Real Estate Development office to determine eligibility and fund availability:
- CPED Residential and Real Estate Development  
Crown Roller Mill Building  
105 5<sup>th</sup> Ave S—Suite 200  
Minneapolis, MN 55401  
612-673-5174
- C. Long Term Affordable Housing:** At the discretion of the City of Minneapolis, vacant structures and/or lots can be restricted for sale through a pre-approved long term affordable housing model. Approved long term affordable housing models are posted on the Minneapolis Homes website and interested homebuyers must apply through an approved long term affordable housing model. Funds are disbursed through the long term affordable housing model.

## 8. Funding

Properties acquired, prepared for disposition, and sold through this program will be funded through the City of Minneapolis budget process. When feasible, CPED staff will seek to leverage funding through other government, private, and philanthropic sources.

## 9. Monitoring and Reporting

CPED staff will monitor projects through the construction process to ensure completion and occupancy of the housing unit created by the project. Outcomes of the program will be reported as part of CPED's annual reporting.



## 10. Questions

Questions regarding the Minneapolis Homes: Build or Rehab may be directed to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov). Written comments may be mailed to:

City of Minneapolis, CPED  
Crown Roller Mill Building  
105 S. 5<sup>th</sup> Avenue, Suite 200  
Minneapolis, MN 55403  
Attn: Minneapolis Homes: Build or Rehab

### Appendices:

- Appendix A: Required Rehab Scope for City-owned Residential Structures
- Appendix B: City of Minneapolis Real Estate Disposition Policy
- Appendix C: Project Close-Out & Household Demographic Form
- Appendix D: Homebuyer incentive to BUILD Guidelines
- Appendix E: Homebuyer Assistance to REHAB Guidelines



## Appendix A

# Required Rehab Scope for City-owned Residential Structures

## Required Rehabilitation Scope for City Owned Residential Structures

Thank you for your interest in purchasing a property from the City of Minneapolis for rehabilitation. It is important to us that your finished project is an asset to our city. With this in mind, you will be required to rehabilitate the subject property to this **Required Rehabilitation Scope (RRS)**, along with addressing specific deficiencies. The RRS replaces a Code Compliance Inspection Report and a Truth in Sale of Housing (TISH). In addition, you will be required to submit a **detailed plan** for the necessary repairs required to complete the RRS along with the **associated costs related to those repairs**. The RRS and the **detailed plan** will be combined to be the **Detailed Developer Scope (DDS)**. The DDS will be submitted to CPED for approval and used to apply for the required permits.

- A deposit of \$2000 or 10% of the purchase price (whichever is greater) will be collected by the City at contract signature. The deposit will be returned after: all items on the DDS are complete; the building is Code Compliant and a Certificate of Completion has been issued.
- The individual obtaining the required Building Permit(s) must contact Construction Code Services 612-673-5805 or [ccs.certification@minneapolismn.gov](mailto:ccs.certification@minneapolismn.gov) to set up an appointment to drop off the DDS for plan review and zoning review.
- Permits will be required for: Building, Plumbing, Heating and Electrical and must be obtained by a licensed contractor.
- Property will be subject to inspection for past unpermitted work completed.
- Additions or expansions require plans drawn by a certified professional draftsman or architect.
- New code(s) shall be applied to areas that are exposed by significant removal of wall/ceiling assemblies.
- Work done by permit must be completed in the six (6) month time line allowed. A three (3) month extension is possible if significant progress has been made, for a total of nine (9) months to complete work done by permit.
- Upon completion of the DDS, call 612-673-5805 or [ccs.certification@minneapolismn.gov](mailto:ccs.certification@minneapolismn.gov) to set up a final inspection. No final inspections will be scheduled until **ALL** of the required permits have been issued and signed off by appropriate staff. If work is not complete at final inspections, a re-inspection fee may be applied.
- Occupancy of this building is not allowed until all work orders are complete, a Certificate of Code Compliance and/or a Certificate of Completion is issued.
- A CPED Construction Management Specialist will be assigned to your project to ensure satisfactory completion of your project.

## **Required Rehabilitation Scope for City Owned Residential Structures**

### **SITE WORK**

- ☐ Remove existing fences, gaslights, clothes poles or other exterior amenities in deteriorated condition that will not be treated.
- ☐ Remove all foundation growth and volunteer brush, stumps and the roots.
- ☐ Provide fill and raise the grade around the foundation to provide positive drainage away from structure. Install durable landscape cover.
- ☐ Repair any bare dirt areas and areas damaged during construction, including the boulevard areas.
- ☐ Replace broken, uneven, projecting or settled sidewalks, driveways and public walks to satisfy City requirements.
- ☐ Retaining walls intact and in good repair.

### **EXTERIOR BUILDING**

- ☐ When the roof is retained and/or repaired, provide materials to match existing and written certification from a licensed building contractor that the roof (shingles, sheathing, flashing and vents) are functional with a minimum economic life of 10 years remaining.
- ☐ When the roof is replaced, all work must be completed to code.
- ☐ Repair roof trusses/rafters.
- ☐ Repair chimney tuck point, install flashing and masonry cap.
- ☐ Exterior wall surfaces: Repair or replace as needed. Where existing wood siding and trim is retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering.
- ☐ Soffits and fascia: Repair or replace as needed. Where existing wood siding and trim is retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering.
- ☐ Repair all exterior finishes to match.
- ☐ Steps/stoops: Repair or replace as needed. Insure proper guard rail installed to code.
- ☐ Porches/decks: Repair or replace as needed. Insure proper guard rail installed to code.
- ☐ Provide a mailbox.
- ☐ Provide front and rear address numbers.

### **GARAGE and ACCESSORY STRUCTURES**

- ☐ Garage overhead and service doors in safe working order.
- ☐ Garage slab intact and repaired to code.
- ☐ Garage framing and structural elements intact and repaired to code.
- ☐ Exterior elements intact and repaired to code.
- ☐ Accessory structures in good repair and to code.

## **Required Rehabilitation Scope for City Owned Residential Structures**

### **FOUNDATIONS, FOOTINGS and STRUCTURAL ELEMENTS**

- ☐ Foundations and Footings. Address issues: Tuck point, buckling, settlement & cracks.
- ☐ When there are obvious deficiencies in structural elements (i.e. foundation cracks, bowing, settling and/or attachments) CPED shall require a licensed engineer to verify stability of structural elements, recommend repair and provide a report detailing repair.

### **BASEMENT**

- ☐ Basement floors shall be concrete with no tripping hazards or exposed dirt. If floor replaced it must be installed to code.
- ☐ Interior basement walls: Remove all deteriorated mortar, brick, block and spalling material from all perimeter foundation walls. Patch to a smooth uniform condition using matching materials. Apply a uniform finish to all foundation walls.
- ☐ Minimum finished ceiling height is 6 foot 4 inches for livable space.
- ☐ Provide basement or crawlspace ventilation.
- ☐ Columns require: proper base, footing and connections.
- ☐ Beams require: proper support and connection.
- ☐ Joists require: follow code for spacing, notching, proper bearing and size.
- ☐ Verify floor joists and rim boards are intact on lowest level of structure.
- ☐ Submit a scope of work to address evidence of moisture infiltration, drain tile and sump pump maybe required.
- ☐ Structural framing elements to code.

### **INTERIOR STAIRS**

- ☐ Repair existing stairs to code.  
(Note: New stair construction will need to comply with newest building code for stairs).
- ☐ Minimum ceiling/headroom height 6 foot 4 inches.
- ☐ Guardrails/railings to code.

### **INSULATION**

- ☐ Insulate accessible rim joist areas to code.
- ☐ Insulate attic as much as feasible given access to code.

### **WINDOWS and DOORS**

- ☐ Primary entry doors shall be serviceable, include a locking knob set or dead bolt lock keyed alike.
- ☐ Interior doors shall be serviceable with matching hardware installed.
- ☐ All existing windows, storm windows and screens shall be intact, functional, and in good repair.

## **Required Rehabilitation Scope for City Owned Residential Structures**

### **WINDOWS and DOORS (continued)**

- ☐ All windows shall be equipped with locks and lifts, adjusted, weather-stripped, and made weather tight.
- ☐ Every bedroom shall have egress to code.
- ☐ Safety glazing required in areas designated by code (stairways, landings and bath enclosures, etc).
- ☐ Provide shades, drapes or blinds in all bath and sleeping rooms.

### **INTERIOR and FINISHES**

- ☐ Repair imperfections and finish all ceilings, walls, trim, closets and any other areas to match surrounding finish, prime and paint, per industry standards.
- ☐ All damaged and/or worn floor covering shall be replaced with new or match existing if the entire flooring is not removed, per industry standards.
- ☐ Each outside entry door to the house and garage shall have lighting.

### **PLUMBING**

- ☐ A licensed plumber must inspect the existing vent and waste and confirm it is intact.
- ☐ Repairs are required if waste lines are not vented properly.
- ☐ All accessible unused piping must be removed.
- ☐ Caulk all fixtures per code.
- ☐ Size all missing water piping per code.
- ☐ All fixtures shall have water shut off valves.
- ☐ If adding fixtures in the basement a back water protection shall be installed when needed.
- ☐ Provide one new exterior sill-cock centrally located to reach front and rear yards.
- ☐ If the existing sewer system is retained, it shall be cleaned out to the city sewer main—a receipt of work must be supplied. Install a Clean Out, if there is no Main Clean Out.
- ☐ If an existing water heater shall be retained, it must be less than 5 years old and owner shall provide written certification from a licensed plumber that the water heater meets code.
- ☐ Gas piping shall be of approved material, adequately supported and protected where subject to damage.

### **ELECTRICAL**

- ☐ Minimum of 100-amp service per unit with breakers.
- ☐ Dwelling to have a minimum of two exterior receptacles for the front and rear.
- ☐ Smoke and CO detectors must be installed to code.
- ☐ City of Minneapolis Electrical Certification Form required by licensed master electrician.



## Required Rehabilitation Scope for City Owned Residential Structures

### MECHANICAL

- ☐ If an existing heating plant shall be retained, it must be less than 10 years old and a City of Minneapolis Heating and Ventilation Certification Form must be completed by a licensed heating contractor.
- ☐ New forced air furnaces shall be a minimum of 90% efficient.
- ☐ Gas burning appliances must be vented per code.
- ☐ Kitchen shall have a hood fan, which shall be vented to the outside, where possible. Where not possible, please notify CPED at the time the Detailed Development Scope is submitted for review.
- ☐ Bathroom fans are required and shall be vented to the exterior.
- ☐ A combustion air (or make-up air) vent may be required by code.
- ☐ Provide an exterior vent for clothes dryer.

### ENVIRONMENTAL

- ☐ **Lead Based Paint:** For houses built before 1978, owners are required to ensure that their activities comply with the Environmental Protection Agency (EPA) and MN Department of Health. Provide a lead clearance report completed by a MDH certified lead risk assessor upon completion of renovation activities.
- ☐ **Asbestos:** Owners are required to comply with EPA and MN Department of Health regulations. Provide a disposal manifest, when applicable.
- ☐ **Radon:** Test for Radon in the home and provide CPED with report. If the test results exceed EPA standards, install a radon mitigation system.
- ☐ **Mold:** When mold is observed, owners are required to ensure that their activities comply with the MN Department of Health. Describe in the Detailed Development Scope how mold will be addressed.

For more information about regulations for environmental contaminants present in homes, visit: <http://www.health.state.mn.us/topics/healthyhomes/index.html>



## Appendix B

# City of Minneapolis Real Estate Disposition Policy

# City of Minneapolis

## REAL ESTATE DISPOSITION POLICY

Brief Description	The Real Estate Disposition Policy governs a) disposition of City-owned real estate that is no longer needed for City operating purposes and b) disposition of real estate acquired or held by the City for development purposes
Type (enterprise or departmental)	Enterprise
Applies to	All departments
Department responsible for the policy	This Policy is a joint effort of the City Engineer's Office, the City Attorney's Office, the Finance Department and CPED
Approval Authority	Council/Mayor
History: Approval date, effective date, revisions	Approved by Council action 4/16/04. Prior approval 12/01 by Council action for City operating purposes and 9/03 by MCDA Board action for development purposes
Questions to	Rebecca Law, Lee Larson, Shelley Roe

### **1.0 Policy Purpose**

The City of Minneapolis (hereafter "City") recognizes the need for a policy guiding real estate disposition transactions of the City. Real estate dispositions typically occur because a property is no longer needed for City operational purposes or to implement a development strategy. Through this policy, the City assigns the responsibilities connected with real estate dispositions and incorporates the development-related business lines of the newly created department of Community Planning & Economic Development (CPED) into City policy.

### **2.0 Scope of Policy**

**2.1 Disposition of Excess City Property.** The City may dispose of real estate no longer needed for City operational purposes ("Excess Property or Properties"). From time to time, the Public Works Department shall recommend specific operational properties for disposition. The City Engineer shall determine whether a property is "Excess Property" because it is no longer needed for municipal operations.

The City Engineer shall also notify the CPED Director of any proposed dispositions and the CPED Director shall have thirty (30) calendar days to request the Excess Property for development purposes. If the CPED Director requests the Excess Property for development purposes, such request shall include a brief description of the proposed use and shall be communicated to the City Council as part of the disposition process described below. If no response is received within that time, it will be assumed that there is no development need for that property.

Proposed sales of Excess Property shall be referred to the City Planning Commission for conformance with the comprehensive plan, unless the City Council states by resolution with two-thirds vote that the proposed disposition has no relationship to the comprehensive municipal plan.

The City Council shall approve the disposition strategy for each Excess Property. Suggested disposition strategies may include, but are not limited to, the following:

- (A) Disposition by CPED for development purposes in accordance with section 2.2 of this Disposition Policy;
- (B) Disposition by Public Works using one or more of the following marketing strategies;
  - (i) Sale to highest bidder;
  - (ii) Negotiated sale with an adjacent property owner;
  - (iii) Private sale, or
  - (iv) Broker sale.
- (C) Under no circumstances shall the Public Works Department conduct a disposition process that includes a development agreement between the City and the proposed buyer. Property dispositions that include development agreements shall be conducted solely by CPED staff.

If the Council determines that CPED should market a specific Excess Property for development purposes, Section 2.2 of this Disposition Policy would apply and such conveyance would be exempt from Sections 14.120 and 22.140 of the Minneapolis Code of Ordinances. CPED shall assume property management responsibility for an Excess Property to be sold for development purposes. If the specific Excess Property is not marketed for development purposes, the aforementioned code sections and this Section 2.1 of the Disposition Policy would apply. Public Works will retain property management responsibility for Excess Property not sold for development purposes.

Upon selection of a recommended buyer for an Excess Property, Public Works must publish notice of the proposed sale. The Council must hold a public hearing and the estimated market value of the property shall be reported to the Council. Upon approval by the Council and the Mayor in the manner provided by City Charter, Chapter 3, Section 1, the disposition must be documented by a written contract between the City and the approved buyer or an Affiliate, as defined in section 2.2.1 below, of the buyer acceptable to the Director of Public Works. The contract must be signed as follows:

- A) A person in a position identified on the [Positions Authorized to Sign Contracts list](#),
- B) The City Attorney or an Assistant City Attorney, and
- C) The Finance Officer or the Assistant Finance Officer as required by the City Charter.

All disposition proceeds must be distributed as per the applicable City ordinance.

**2.2 Disposition of Development Property.** CPED is responsible for the disposition of real property acquired, held or sold by the City for development purposes (“Development Property or Properties”). CPED shall dispose of City Development Property in accordance with Minneapolis Code of Ordinances Chapter 415, applicable Federal and State laws, and this Disposition Policy.

#### **2.2.1 Definitions.**

**“Affiliate”** means any entity directly or indirectly controlling or controlled by or under direct or indirect common control with another entity and any purchaser of all or

substantially all of the assets of such entity. For this purpose, “control” means the power to direct management and policies, directly or indirectly, whether through ownership of voting securities, by contract or otherwise, and the term “controlling” and “controlled” have correlative meanings.

**“Building Code”** means the building code for the City as set forth in Minneapolis Code of Ordinances Chapter 85, as amended.

**“CPED Appraiser”** means the CPED staff person with the title of “Appraiser” or a future equivalent position, whose duties are to provide appraisal services to CPED.

**“Development Property or Properties”** means all real property acquired, held or sold by the City for development purposes, including fixtures, improvements, appurtenances, air rights and below grade property rights.

**“Fair Reuse Value”** means an estimated Market Value for the Development Property based on the planned use of the Development Property as determined by the CPED Appraiser and approved by the CPED Director.

**“Land Inventory”** means the Development Properties owned by the City.

**“Market Value”** means the actual value in money for which a willing seller not compelled to sell will sell real property to a willing buyer not required to buy.

**“Purchaser”** means any person, corporation or other legal entity who (i) purchases, leases or acquires an interest in a Development Property; or (ii) has entered into a Redevelopment Contract with the City for the purchase, lease or other acquisition of an interest in a Development Property; or (iii) has actually purchased, leased or otherwise acquired an interest in a Development Property.

**“Purchase Price”** means the actual purchase price the Purchaser shall pay for the Development Property as required and approved by the Council.

**“Recapture”** means the amount of any Writedown given the Purchaser that the City intends to be repaid at a future date, usually not to exceed 20 years from the date of conveyance of the Development Property. The Recapture may be evidenced by a promissory note and secured by a mortgage or other collateral acceptable to the City.

**“Redevelopment Contract”** means the contract between the City and the Purchaser for the disposition and redevelopment of the Development Property consistent with Council approval.

**“Soil Correction”** means the site and engineering work necessary and required to clean, clear, remove, mitigate and/or remediate Unsuitable Soils from the Development Property.

**“Soil Correction Allowance”** means the amount by which the Purchase Price is reduced to reimburse the Purchaser for certain Soil Correction costs as approved by the CPED Director or Council.

**“Unsuitable Soils”** means abnormal, geotechnically substandard or contaminated soils, which in CPED staff’s professional opinion, qualify for Soil Correction. Such abnormal, substandard or contaminated soils shall include, but are not limited to, soils that contain substantive amounts of loose and/or organic soils; demolition debris and rubble; abandoned building foundations, pilings, underground utilities and storage tanks; illegally dumped and buried materials; and hazardous wastes, pollutants or contaminants as those terms are defined under any federal, state or local statute, ordinance, code or regulation.

**“Writedown”** means the amount by which the Purchase Price is reduced below the Fair Reuse Value based on public purpose considerations.

**“Writeoff”** means the difference between the City’s actual cost to assemble the Development Property for disposition, which costs include land acquisition, demolition and relocation costs, and the Fair Reuse Value.

**“Zoning Ordinance”** means Title 20 of the Minneapolis Code of Ordinances.

**2.2.2 Disposition for Development Properties; Speculation Prohibited.** The disposition of Development Properties shall be for development purposes that are consistent with the City’s development goals. The City shall not dispose of its Development Properties for speculation or land banking.

**2.2.3 Establishing Reuse and Fair Reuse Value.** Upon acquisition of Development Properties to be included in the Land Inventory, the CPED Director shall establish for each Development Property (i) the desired reuse for the Development Property to be offered for disposition; and (ii) its Fair Reuse Value. The Fair Reuse Value shall be periodically reviewed and may be increased or decreased based on appropriate valuation methods as approved by the CPED Appraiser.

**2.2.4 Marketing Development Properties.** Development Properties in the Land Inventory shall be offered for development, redevelopment or other public purposes and marketed by any of the following methods: (i) public bid by auction or sealed bid; (ii) request for proposals; (iii) direct negotiation and sale; (iv) through a broker as approved by the CPED Director; (v) pass-thru conduit sale of property owned by another governmental entity to a Purchaser that pays all costs of transfer and conveyance, including an administrative fee of up to 10% of the purchase price to the City; and (vi) public-use donation by dedication, gift or exchange to another governmental entity. Direct negotiation with a single Purchaser is not appropriate where another Purchaser has already submitted an Offer to Purchase the same Development Property or the Development Property is being marketed by public bid or request for proposals or the Development Property has been approved for exclusive development rights or disposition by the Council to another Purchaser or the CPED Director determines that a direct sale is not in the best interest of the City.

**2.2.5 Offer to Purchase.** Purchasers who want to acquire Development Property must submit an Offer to Purchase in a form prescribed by CPED. The Offer to Purchase shall include a statement that it is not a legally binding agreement or contract and the acceptance of the Purchaser’s offer is subject to CPED staff review

and evaluation, neighborhood review, a public hearing, Council approval and the negotiation and full execution of a Redevelopment Contract.

**2.2.6 Determining Purchase Price, Lease Rate and Writedowns.** CPED staff may negotiate the proposed Purchase Price or lease rate for each Development Property. CPED shall not negotiate a Purchase Price or lease rate that is less than the current Fair Reuse Value for the Development Property, unless staff determines that a Writedown is justified. CPED staff may recommend a Writedown for the Development Property where there is a valid public purpose and the Writedown is necessary for the financial viability of the Purchaser's redevelopment proposal. The amount of the Writedown shall not exceed the value of the public benefit to be received as approved by the Council. A Writedown shall not reduce the Purchase Price or lease rate to less than \$1.00. The City may sell, transfer or lease any Development Property to another governmental entity for any public use by gift, exchange or Writedown. The Council must approve the Purchase Price, lease rate or Writedown for the disposition of each Development Property.

**2.2.7 Soil Correction Allowance.** Where it can be demonstrated that the Development Property contains substantial amounts of Unsuitable Soils, the Purchaser may be given a Soil Correction Allowance. The CPED Director may approve a Soil Correction Allowance of \$100,000 or less. The Council must approve any Soil Correction Allowance that exceeds \$100,000. The amount of the Soil Correction Allowance, along with any Writedowns and other City deductible costs, shall not reduce the Purchase Price to less than \$1.00. If the Purchase Price has already been adjusted for known Unsuitable Soils and the Development Property is being sold on an "as is" basis, the Purchaser shall not receive a Soil Correction Allowance.

**2.2.8 CPED Staff and Neighborhood Review; Infill Housing.** CPED staff shall review and evaluate all development proposals and Offers to Purchase and make recommendations to the CPED Director and the Council and Mayor. Neighborhood review shall be done when required by City policy, state or federal laws or grant requirements; provided, however, that the review of "infill housing" shall be as follows. Affected neighborhood groups may review new infill single-family or duplex housing construction projects on Development Properties. The Purchaser and its representatives and CPED staff shall only be required to attend one neighborhood meeting to review the single-family or duplex housing proposal. The Council will only consider neighborhood comments that relate to building height and mass, front elevation, roof configuration, exterior materials, building setback and other similar design items. Neighborhood design guidelines should recommend what is desirable and not create an inflexible set of rules. Neighborhood recommendations that require any exterior or interior changes or upgrades that would have a significant cost impact on the project will only be considered by the Council if the Purchaser consents to such changes or upgrades and the neighborhood firmly commits to fund or finance for immediate payment, the changes or upgrades at no additional cost to the Purchaser. CPED staff will provide technical assistance to neighborhood groups to develop appropriate design guidelines or to review and revise existing design guidelines.



**2.2.9 Public Hearing.** The Council must hold a public hearing regarding the sale, lease or other disposition of Development Property prior to Council approval. Unless otherwise provided in state law, notice of the public hearing must be published in a newspaper of general circulation, at least once, not less than 10 days nor more than 30 days, prior to the date of the public hearing. The following types of Development Property dispositions do not require a public hearing: (i) public bidding; and (ii) public-use donation.

**2.2.10 Council Approval.** After the public hearing has been held, the Council will consider the Purchaser's development proposal or Offer to Purchase; CPED staff recommendations; neighborhood review, if any; and the testimony and written comments from the public hearing. The report to the Council must identify the recommended Purchase Price and the Writeoff, Writedown and/or Recapture, if any. The Council, in its discretion, may approve, reject or modify the terms of the proposed disposition of the Development Property to the Purchaser. The City may not dispose of any Development Property without the approval of the Council and the Mayor in the manner provided by City Charter, Chapter 3, Section 1.

**2.2.11 Redevelopment Contract and Good Faith Deposit.** Upon Council approval and Mayoral concurrence as provided above, the City and the approved Purchaser (or an Affiliate of the Purchaser acceptable to the CPED Director) must enter into a Redevelopment Contract containing the approved terms and conditions for the disposition of the Development Property. If a Redevelopment Contract is not fully executed within 6 months after the date of Council approval, the CPED Director may cease further negotiations with the Purchaser and declare the Development Property disposition terminated. At the time the Purchaser signs the Redevelopment Contract, the Purchaser must pay to the City a good faith deposit equal to 10% of the Purchase Price to secure construction/rehabilitation performance on the Development Property. The good faith deposit will not be returned to the Purchaser until the City issues a certificate of completion to the Purchaser.

**2.2.12 Deferred Purchase Price Payment Option for Residential Projects.** A Purchaser who is undertaking the construction or rehabilitation of a 1-10 unit housing project for sale to owner-occupant buyers may request deferral of the Purchase Price payment for the Development Property until the housing units are sold to owner-occupant buyer(s). This "Deferred Purchase Price Payment Option" must be described in the Offer to Purchase and approved by the CPED Director. If approved for the "Deferred Purchase Price Payment Option," the Purchaser shall pay \$1.00 at closing, sign a promissory note for the balance of the Purchase Price and give the City a mortgage on the Development Property to secure the note. The Purchaser shall repay the deferred Purchase Price prorata upon the sale of each unit to an owner-occupant buyer in an amount equal to the amount of the deferred Purchase Price divided by the number of units comprising the project; provided, however, that the entire amount of the deferred Purchase Price must be repaid in full within 1 year from the date of conveyance of the Development Property.

**2.2.13 Sideyard Sales.**

- A. Many of the Development Properties are scattered residential sites that constitute "buildable lots" under the Zoning Ordinance and, therefore, are

suitable for housing development. Because of the need to maintain the City's housing density and residential tax base, any buildable scattered residential property in the Land Inventory should be marketed for housing development at its highest and best use. CPED staff can assist neighborhood groups to develop a plan to dispose of lots in accordance with neighborhood character and desire, but only if a plan does not already exist.

- B. Lots in the Land Inventory that have less frontage width and/or area than the Zoning Ordinance requires to accommodate the construction of new housing may be sold as sideyards. However, where a variance or other relief (e.g., Section 531.100, Minneapolis Code of Ordinances) may be obtained in order to make a property a "buildable lot" under the Zoning Ordinance, or where there is an opportunity for combination with an adjacent property to create a new "buildable lot," CPED staff must first attempt to sell such lots for housing development. If such measures are unavailable or unsuccessful, the CPED staff may sell the lot to one or both of the adjacent property owners at a price based on the Fair Reuse Value of the nonbuildable lot as a sideyard.
- C. "Buildable lots" may be sold as sideyards only if one or more of the following criteria apply: (i) the shape of the "buildable lot" is irregular and not suitable for housing construction; (ii) construction of a new house on the "buildable lot" will not allow for the permitted setbacks under the Zoning Ordinance between the new house and the adjacent structures and variances are unobtainable; (iii) adjacent lots contain conflicting land uses that make the "buildable lot" unsuitable for housing construction; (iv) the "buildable lot" contains Unsuitable Soils, poor topography or other conditions that make Soil Correction expensive or construction infeasible; (v) the "buildable lot" can be used to provide needed off-street parking and/or open space to an adjacent multi-unit residential building, licensed day care center or nonresidential land use in order to make the adjacent lot comply with the Zoning Ordinance; (vi) the "buildable lot" is not served by an alley, cannot accommodate access to off-street parking along a driveway from the frontage and would necessitate construction of a house plan inconsistent with the architecture of the block and neighborhood; and (vii) if one or both of the adjacent lots are nonconforming lots under the Zoning Ordinance, a portion of the "buildable lot" may be sold as a sideyard to either or both of the adjacent lot owners to correct the nonconforming use, as long as the remaining portion of the "buildable lot" is still a "buildable lot." "Buildable lots" sold to adjacent property owners for use as sideyards shall be sold at a per square foot Fair Reuse Value equal to the amount the "buildable lot" would have sold for new housing construction.
- D. Where a "buildable lot" is sold in its entirety to an adjacent property owner, the Purchaser shall place a conservation easement pursuant to Minnesota Statutes Chapter 84C on the "buildable lot" in favor of the City to preserve the sideyard as open space and prevent construction of any improvements on the sideyard lot by the current or future owners which are not approved by the City.
- E. The City will not sell a buildable or nonbuildable sideyard lot to the owner of an adjacent lot that is not maintained in compliance with the Building Code or Zoning Ordinance.

- F. Where the adjacent lot is being sold by the fee owner to the occupants of the lot by a contract-for-deed sale and the fee owner does not want to take title to the City owned sideyard lot, the City may lease the sideyard lot to the occupants for future conveyance when the occupants acquire fee title to the adjacent lot through the contract-for-deed.
- G. Land Inventory properties sold for sideyards do not require an official notice of the proposed lot division be sent to property owners within 350 feet of the sideyard lot. Interested parties will have an opportunity for input through neighborhood review process and the public hearing before the Council.

#### **2.2.14 Community Garden Sales.**

- A. The City may make certain vacant nonbuildable lots, as described in Section 2.2.13 herein, in the Land Inventory available for purchase as a community garden to be used and enjoyed by City residents and other groups of people who desire an opportunity to garden for recreational and sustainable purposes (a "Community Garden Lot").
- B. Any interested nonprofit corporation or public agency that wants to purchase a Community Garden Lot may submit an Offer to Purchase to CPED. The sale of a Community Garden Lot shall be done in accordance with the applicable provisions of this Disposition Policy, including neighborhood review, public hearing and Council approval. Community Garden Lots may be sold only to nonprofit corporations and public agencies that can demonstrate financial viability and experience in owning and operating a community garden open and available to community members. Community Garden Lot sales require a favorable neighborhood recommendation and the approval of all adjoining property owners.
- C. (i) "Buildable lots" may not be sold for community garden use if there are legal requirements prohibiting the sale of Development Properties for purposes other than development or in those neighborhoods of the City where residential lot widths are predominantly 50 feet or greater with a lot area greater than 6,000 square feet and there is an insufficient amount of "buildable lots" available for housing development; and (ii) "buildable lots" may be sold for community garden use in those neighborhoods of the City where the residential lot widths are predominantly less than 50 feet with a lot area less than 6,000 square feet and there is a surplus of "buildable lots" available for housing development unless there are legal requirements prohibiting the sale of Development Properties for purposes other than development.
- D. Community Garden Lots shall be sold (i) for a Purchase Price equal to the Market Value of the lot; (ii) "as is" with no representations or warranties of any kind regarding soil condition or quality; (iii) with an environmental liability disclaimer by the City; and (iv) with an environmental indemnification and hold harmless from the Purchaser to the City. The Purchaser, at its sole cost and expense, shall be responsible for any and all soil tests, site investigation and Soil Correction.

E. Upon conveyance of a Community Garden Lot, the Purchaser shall place a conservation easement pursuant to Minnesota Statutes Chapter 84C on the Community Garden Lot in favor of the City. The conservation easement shall bind the Purchaser, its successors in interest and all future owners. The Purchaser may construct accessory buildings on the Community Garden Lot for tools, equipment and storage as permitted by the Building Code and Zoning Ordinance.

**2.2.15 Options, Rights of First Refusal and Exclusive Development Rights.** The Council may grant an option, right of first refusal or exclusive development rights to a Purchaser for a Development Property and may require the Purchase to pay a reasonable fee for such rights. The City and the Purchaser may enter into a written agreement for any option, right of first refusal or exclusive development rights.

**2.2.16 CDBG.** Where the City has used federal funds such as CDBG program funds to acquire a Development Property, the City shall follow the applicable federal regulations, if any, governing the disposition of such acquired property.

### **3.0 Policy Responsibilities**

#### **3.1 Mayor/City Council**

The Mayor and City Council will establish any new real estate disposition policies for the City and approve dispositions as required by this policy.

#### **3.2 City Engineer**

The City Engineer will designate staff to:

- Provide disposition coordination with respect to non-development property
- Coordinate the drafting of all disposition contracts with respect to non-development property
- Serve as lead disposition negotiator with respect to non-development property
- Approve forms and procedures for implementing this policy, as part of the Real Estate Transaction Policy Team
- Propose revisions to this policy, as part of the Real Estate Transaction Policy Team

#### **3.3 CPED Director**

The CPED Director will designate staff to:

- Provide disposition coordination with respect to development property
- Coordinate the drafting of all disposition contracts with respect to development property
- Serve as lead disposition negotiator with respect to development property
- Approve forms and procedures for implementing this policy, as part of the Real Estate Transaction Policy Team
- Propose revisions to this policy, as part of the Real Estate Transaction Policy Team

#### **3.4 City Finance Officer**

The City Finance Officer will designate staff to:

- Review all disposition contracts for compliance with policy

- Assist with disposition negotiation and financial analysis of disposition components when requested
- Approve forms and procedures for implementing this policy, as part of the Real Estate Transaction Policy Team
- Propose revisions to this policy, as part of the Real Estate Transaction Policy Team

### **3.5 City Attorney**

The City Attorney will designate staff to:

- Review disposition contracts for form
- Assist with disposition negotiation when requested
- Approve forms and procedures for implementing this policy, as part of the Real Estate Transaction Policy Team
- Propose revisions to this policy, as part of the Real Estate Transaction Policy Team

### **3.6 City Department Heads**

Department heads must determine operating property needs in conjunction with Public Works staff. Department heads are responsible for ensuring that disposition practices are consistent with City policies and procedures.

## **4.0 Effect on Other Policies**

This policy supercedes any and all previous City disposition policies unless the exception is listed below.

- MCDA policy will govern MCDA property until and unless transferred to the City



# Appendix C

## Project Close-Out & Housing Demographic Form

## Project Close-Out & Household Demographic Form

### SECTION A: Property Information (Completed by Developer)

1) Property Address: \_\_\_\_\_

2) Developer Contact Person

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

E-mail: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Business Name (if applicable): \_\_\_\_\_

3) Is your business or non-profit minority-led or women-led\*? ☐ Yes, Minority ☐ Yes, Women ☐ No

*\*A minority-led business is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian-Pacific American or Asian-Indian American and a woman owned business is at least 51% owned by one or more women; and whose management and daily business operations are controlled by one or more of these owners. Non-profit organizations are minority- or women-led if more than 51% of its board of directors meets the definition described above.*

4) Property is (select one option):

☐ Lived in by me as my home

☐ Rental that I continue to own Number of units: \_\_\_\_\_ Attach a household demographic form for **each unit**

☐ Sale to Owner Occupant Date of closing: \_\_\_\_\_ Sale price of home: \_\_\_\_\_

☐ Sale to NON Owner Occupant Date of closing: \_\_\_\_\_ Sale price of home: \_\_\_\_\_

Name of NON Owner Occupant: \_\_\_\_\_

5) End uses: Acquisition \_\_\_\_\_

Construction \_\_\_\_\_

Soft Costs \_\_\_\_\_

Developer Fee \_\_\_\_\_

**Total Development Cost** \_\_\_\_\_

6) End sources: Mortgage or Bank Financing \_\_\_\_\_

Cash or Equity \_\_\_\_\_

CPED Developer Gap Financing \_\_\_\_\_

Other Developer Gap Financing \_\_\_\_\_

CPED Homebuyer Assistance Financing \_\_\_\_\_

Other Homebuyer Assistance Financing \_\_\_\_\_

**Total Sources** \_\_\_\_\_

(total sources should equal total development cost above)



# Project Close-Out & Household Demographic Form

## SECTION B: Household Demographic Information (Completed by Household)

If you identified the property as "Lived in by me as my home", "Rental that I continue to own", or "Sale to Owner Occupant" on question 4 of the Property Information worksheet, please have the household that leased or purchased the property listed above fill out this information at the closing for purchase of the house or at the time of signing a lease.

**1) Resident Household Contact Person**

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

**2) Total number in household:** \_\_\_\_\_

**3) What is your gross household income?** \_\_\_\_\_

**4) Where was the previous residence of your household? (City/State)** \_\_\_\_\_

**5) What race do your household members identify? (Check all that apply)**

☐ White/Caucasian

☐ American Indian/Alaskan Native

☐ Asian

☐ Black/African American

☐ Native Hawaiian/Pacific Islander

☐ Declined answer

**6) Are there household members that identify as Hispanic or Latino?** ☐ Yes ☐ No ☐ Declined answer

**7) Do any members of your household identify as having a disability?** ☐ Yes ☐ No ☐ Declined answer

**8) Are there members of your household who are over the age of 60?** ☐ Yes ☐ No ☐ Declined answer

**9) Are you a female head of household?** ☐ Yes ☐ No ☐ Declined answer

**10) Rental projects only:** Date lease begins: \_\_\_\_\_ Which unit did you lease? \_\_\_\_\_  
What is the lease rate? \_\_\_\_\_ month How many bedrooms? \_\_\_\_\_

### Tennesen Warning

The City of Minneapolis is asking you to provide information which may constitute private data on individuals or nonpublic data under the Minnesota Government Data Practices Act. The City of Minneapolis is asking for this private information to determine the profile of individuals that benefit from the City's housing program activities.

The City of Minneapolis uses the information provided in this Household Demographic Information form to report on program outcomes.

You have the right to refuse to provide such information. You are not legally or otherwise being required to provide the information.

With some exceptions, unless you consent to further release of private information, access to this information will be limited to City of Minneapolis staff. However, the data provided may be aggregated with other responses and released publicly without any identifying information. Furthermore, federal and state law do authorize release of the information without your consent to: the United States Department of Housing and Urban Development; the Minnesota Housing Finance Agency, the Minnesota State Auditor's Office; a state or federal court, grand jury, or state or federal agency, if the information is sought with a valid subpoena; if required by a court order; or any other person or entity authorized by state or federal law.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## Appendix D

### Homebuyer Incentive to BUILD Guidelines

# Appendix D

## BUILD Homebuyer Incentive



### Down Payment Assistance Program Guidelines



#### 1. Program Summary:

- The **BUILD Homebuyer Incentive** provides up to \$20,000 in need-based homebuyer assistance to **purchase a vacant lot and construct a new 1-4 unit home** through the Minneapolis Homes Build program. An additional \$5,000 is available to active, uniformed, sworn City of Minneapolis police officers, firefighters, EMTs, and full-time Minneapolis Public School pre-K – 12 teachers.

#### 2. Eligible Borrower:

- The Borrower must meet the requirements of the Minneapolis Homes program.
- The Borrower does not have to be a first-time homebuyer.
- The Borrower does not have to be within a certain income limit.
- The Borrower will be required to be in title to the subject property and sign the Mortgage Deed.
- The Borrower is expected to reside in the subject property, as their primary residence.
- All cash buyers will be underwritten by the Program Administrator using standards approved by the City.

#### 3. Eligible Properties:

- Limited to North Minneapolis vacant lots sold for 1-4 unit residential new construction through the Minneapolis Homes BUILD Program.
- There is no sale price limit.

#### 4. Loan Terms:

- The loan has a zero percent interest.
- There are no monthly payments.
- The loan is forgiven at a prorated rate (20% per year) over a five-year owner occupancy period. If the homeowner ceases to occupy the home as a primary residence during the five-year owner occupancy period, the remaining balance of the loan is repaid.
- The mortgage may be subordinated as part of a refinance of the primary loan.
- These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13, which means a mortgage with an interest rate or repayment term that is not standard in the real estate market.

#### 5. Loan Amount:

- The maximum homebuyer incentive loan amount is \$20,000, based on demonstrated need. The loan amount can finance either development gap (the difference between the cost to construct a home and what it appraised for on completion) or affordability gap (the difference between the appraised value of a home and what a buyer can afford).
- An additional \$5,000, not adjusted based on need, is available for active, uniformed, sworn City of Minneapolis police officers, firefighters, EMTs, and full-time Minneapolis Public School pre-K – 12 teachers that provide a certification letter.
- This program may be layered with Long Term Affordability financing from the City of Minneapolis.

#### 6. Use of Funds

- The payment of down payment costs and normal and usual closing costs as needed to fill affordability gap defined above.
- The payment of project expense in excess of the appraised value of the completed project as needed to fill development gap defined above.

**7. Required Homebuyer Financial and Homeownership Counseling and Education:**

- Homebuyers must complete homebuyer education through HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or [www.hocmn.org](http://www.hocmn.org)), Framework® (online homebuyer education available at [www.hocmn.org](http://www.hocmn.org)), or the Minneapolis Urban League American Dream Program.

**8. Eligible Primary Financing:**

- The loan may be offered in connection with any fixed-rate portfolio FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an “A” or “prime” lending product, alternate mortgage products must be pre-approved by Minneapolis Homes staff.
- The loan may also be offered in combination with a contract for deed financed and held by a nonprofit developer provided that the nonprofit developer does not sell the contract for deed without the written approval of the City. The contract for deed program must be approved by the City prior to participation in the Local program.
- This loan may not be used with sub-prime lending products.

**9. Loan Security**

- The loan funds will be separately secured by a Promissory Note and Mortgage.
- The loan may be secured in a subordinate lien position behind other lender resources.
- No title insurance is required.
- No mortgagee clause is required in the owner’s hazard insurance policy.

**10. Catastrophic Language**

- In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower’s death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that cannot be satisfied from the proceeds of such sale shall be released.

**11. How to Apply**

- To determine eligibility and fund availability interested applicants should complete Homebuyer Incentive application in the BUILD offer to purchase packet.



## Appendix E

### Homebuyer Assistance to REHAB Guidelines

# Appendix E

## REHAB Homebuyer Assistance



### Down Payment Assistance Program Guidelines



#### 1. Program Summary:

- The **REHAB Homebuyer Assistance** provides homebuyer assistance to **purchase a 1-4 unit vacant structure to rehabilitate or one that has been recently rehabilitated** through the Minneapolis Homes Rehab program.

#### 2. Eligible Borrower:

- The Borrower must meet the requirements of the Minneapolis Homes program.
- The Borrower does not have to be a first-time homebuyer.
- The Borrower does not have to be within a certain income limit; however the program is first-come, first-served. Some program sources are not income restricted, some are restricted to buyers at 115% AMI, and some are restricted to buyers at 80% AMI.
- The Borrower will be required to be in title to the subject property and sign the Mortgage Deed.
- The Borrower is expected to reside in the subject property, as their primary residence.
- All cash buyers will be underwritten by the Program Administrator using standards approved by the City.

#### 3. Eligible Properties:

- A 1-4 unit property located within the city limits of Minneapolis that is rehabilitated through the Minneapolis Homes Rehab program.
- There is no sale price limit.

#### 4. Loan Terms:

- The loan has a zero percent interest.
- There are no monthly payments.
- The loan is 100% repayable at the end of the life of the first mortgage OR refinanced OR when the homeowner ceases to occupy the home as their primary residence OR transfer of title OR at the end of the 30-year deferment period.
- The mortgage may be subordinated as part of a refinance of the primary loan.
- These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13, which means a mortgage with an interest rate or repayment term that is not standard in the real estate market.

#### 5. Loan Amount:

- The maximum homebuyer assistance loan amount is \$10,000.
- This program may not be layered with other City of Minneapolis down payment assistance.

#### 6. Use of Funds

- The payment of down payment costs and normal closing costs.
- Any portion of the loan that is not applied to the payment of down payment assistance or closing costs must be repaid to the City of Minneapolis and the loan balance will be reduced accordingly.
- Since the intent of the loan is to help homebuyers with their purchase, the loan may not be used to reimburse a borrower for a purchase transaction that has already occurred.

#### 7. Required Homebuyer Financial and Homeownership Counseling and Education:

- Homebuyers must complete homebuyer education through HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or [www.hocmn.org](http://www.hocmn.org)), Framework® (online homebuyer education available at [www.hocmn.org](http://www.hocmn.org)), or the Minneapolis Urban League American Dream Program.

**8. Eligible Primary Financing:**

- The loan may be offered in connection with any fixed-rate portfolio FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an “A” or “prime” lending product, alternate mortgage products must be pre-approved by Minneapolis Homes staff.
- The loan may also be offered in combination with a contract for deed financed and held by a nonprofit developer provided that the nonprofit developer does not sell the contract for deed without the written approval of the City. The contract for deed program must be approved by the City prior to participation in the Local program.
- This loan may not be used with sub-prime lending products.

**9. Loan Security**

- The loan funds will be separately secured by a Promissory Note and Mortgage.
- The loan may be secured in a subordinate lien position behind other lender resources.
- No title insurance is required.
- No mortgagee clause is required in the owner’s hazard insurance policy.

**10. Catastrophic Language**

- In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower’s death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that cannot be satisfied from the proceeds of such sale shall be released.

**11. How to Apply**

- To determine eligibility and fund availability interested applicants should contact the City of Minneapolis-CPED Residential and Real Estate Development  
Crown Roller Mill Building  
105 5<sup>th</sup> Ave S- Suite 200  
Minneapolis, MN 55401  
612-673-5174 office  
612-424-8281 fax  
[jennifer.camacho-schalo@minneapolismn.gov](mailto:jennifer.camacho-schalo@minneapolismn.gov)