

Minneapolis Homes: Property Sale Program Manual V.2

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Chapter 1: Introduction

1.01 Organization Structure and Mission Statement

The City of Minneapolis Community Planning and Economic Development (CPED) department has a mission to grow a vibrant, livable, safely built city for everyone. To achieve CPED's mission, CPED's Housing Policy and Development division works on the following division goals:

1. Increase housing supply, diversity and affordability in all neighborhoods
2. Produce more affordable rental housing and preserve subsidized affordable rental housing, for 30 years or more
3. Preserve unsubsidized naturally occurring affordable housing (NOAH)
4. Improve and sustain access to homeownership, especially among low-to-moderate-income and Black, Indigenous, People of Color, and Immigrant (BIPOC) residents
5. Support renters
6. Prevent and end homelessness
7. Maximize potential of publicly-owned land to meet City housing goals

CPED's Residential and Real Estate Development work unit is a subdivision of CPED's Housing Policy and Development division that focuses on 1-20-unit development and management of City of Minneapolis land banked inventory purchased by CPED. The Minneapolis Homes: Property Sale Program is consistent with the CPED Housing Policy and Development core housing values to (1) Advance Racial Equity, (2) Expand Opportunity, (3) Prevent Displacement, (4) Prioritize Resources, and (5) Develop Sustainability.

1.02 Background

Minneapolis Homes: Property Sale is a program for rehabilitation or new construction of 1-2-unit housing development of City-owned vacant structures or City-owned vacant land without subsidy. There is subsidy financing that is available from the City to purchasers of property that creates homeownership through the Minneapolis Homes: Financing program. Properties are sold for their appraised value in as-is condition in compliance with the City of Minneapolis Real Estate Disposition Policy.

1.03 Minneapolis Homes: Property Sale Program Goal

To maintain and/or increase the supply of affordable, housing in neighborhoods and communities throughout the City of Minneapolis, reduce racial disparities in homeownership, and improve equitable and inclusive access to housing development opportunities.

1.04 Eligible Applicants

Eligible Applicants include for-profit organizations, non-profit organizations, government entities, and individuals.

- Experience successfully completing a similar project within the last two years.
- Capacity to pay for the proposed acquisition and improvements on the proposed property. 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 property.
- The Applicant cannot be an owner of a property that is a registered vacant building on the [City of Minneapolis 249 list](#), 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.
- The Applicant cannot have an uncured default on a City of Minneapolis restoration agreement

and/or redevelopment contract to rehabilitate or construct a property.

1.05 Award Process

Minneapolis Homes: Property Sale is offered through a competitive application process as often as properties are available for sale; typically once or twice a year. Please refer to the Minneapolis Homes: Property Sale link on CPED's website for property availability and deadlines.

Criteria for Selection

All proposals that meet eligibility, affordability, and submission requirements stated above will be considered. In reviewing and selecting proposals, the City will consider the extent to which the project demonstrates the following additional criteria:

Readiness to Proceed (Examples include):

- Development teams with significant experience constructing and managing similar projects to what is proposed for the site
- Developments that demonstrate a scope of work and financing that enhance property condition beyond program minimums

Meet Local Affordability Housing Needs (Examples include)

- Projects that will serve households below 80%, 60% or below 40% of area median income
- Projects created in partnership with community residents as an anti-displacement strategy. NOTE: A letter of support from community residents is necessary to receive preference

Equitable Wealth-Building Opportunities (Examples include):

- Projects led by development teams that reflect historically underrepresented and structurally disenfranchised communities of the City of Minneapolis
- Projects led by developers with historic utilization rate of ex-offenders or returning citizens, Section 3, DBE businesses, and workforce utilization to exceed Minneapolis Civil Rights criteria
- Partnership with workforce development organizations. NOTE: A letter of support from the organization must be included to receive preference

Incorporates Unique Design Features that achieve City Goals (Examples include):

- Projects that provide access to households with disabilities
- Projects that seek certification through or incorporate design features from a sustainable building program such as Leadership in Environment and Energy Design (LEED), Department of Energy Net Zero Energy Ready (DOE Net Zero), Passive House Institute US+ (PHIUS+), Passive House Institute (PHI), or Enterprise Green Communities (EGC)

Chapter 2: Responsibilities and Warranties

2.01 Program Manual

This Program Manual, including subsequent changes and additions, is a supplement to the Redevelopment Contract executed between the City of Minneapolis and the Applicant. It is incorporated into the Redevelopment Contract by reference. The City of Minneapolis reserves the right to alter, waive, or impose additional requirements and to amend any or all materials effective as of the date of issue unless otherwise stated.

2.02 Redevelopment Contract

Approved Minneapolis Homes: Property Sale proposals will require a Redevelopment Contract that is unique to each approved housing project.

Hold Harmless. The selected Applicant shall agree to defend, indemnify and hold the City harmless from any and all claims or lawsuits that may arise from the Applicant's activities under the provisions of the redevelopment contract, that are attributable to the acts or omissions, including breach of specific contractual duties of the Applicant or the Applicant's independent contractors, agents, employees or officers.

Chapter 3: Property Eligibility Criteria

3.01 Property Eligibility

Properties available through the Minneapolis Homes: Property Sale program are vacant 1-2 20-unit structures or lots. 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

The City may identify a property for inclusion in the program. After the identification of a property for inclusion and review of eligibility, City staff will authorize its inclusion into the program. Property must be within the boundaries of the City of Minneapolis

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.

3.02 City-owned Property Preparation

The City of Minneapolis will ensure that:

- Properties have marketable title
- Properties are valued within six months of offering for sale
- Structures are secured and cleared of all personal items and materials

3.03 Environmental Hazards

The City of Minneapolis does not identify or abate all environmental hazards present in vacant structures. Purchasers are encouraged to research potential hazards and their treatment and all visits to and purchases of a property are at the purchaser's risk. Visit the [Minnesota Department of Health website](#) 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.

3.04 Unsuitable Soils

Where it can be demonstrated that the City-owned 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 CPED will provide any environmental information, including soil reports, it has related to the subject property. It will be the responsibility of the Applicant to review the information as part of their due diligence process.

Chapter 4: Posting Properties for Sale

Projects may consist of one to 20 units with a priority for creating affordable homeownership housing.

- All properties must comply with the [Unified Housing Policy](#) or the Minneapolis Homes: Financing program guidelines:
 - Ownership housing: 10% of units must be affordable to households with an income at or below 80% of the AMI and the sales price must be set at a price affordable to a household at 70% AMI, as published by the City annually.
 - Ownership housing in the Near North and Camden communities may be initially occupied by an affordable purchaser with no ongoing resale restrictions.
 - Ownership housing throughout the rest of Minneapolis must be enrolled in a perpetually affordable housing model with a 30-year affordability term, renewable upon each property sale.
 - Rental housing: 20% of units must be affordable to households with an income at or below 60% of the AMI, with adjustments for tenant paid utilities, as posted by the City annually. Affordability of rental units must be maintained for a 30-year term.

Acquisition Methods for Applicants

Applicants may acquire City-owned property through the request for development proposals process.

- Vacant structures: to reduce the blighting influence of vacant structures, the City may post properties for sale at its discretion.
- 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 mandatory 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.
- Vacant lots: will be included in the annual Minneapolis Homes Financing NOFA process or similar request for proposals process. Proposals received will be competitively scored and the proposals that align most strongly with City redevelopment goals will be selected.
- Properties will be posted for sale on the [City of Minneapolis' website](#) <https://www2.minneapolismn.gov/business-services/doing-business-with-the-city/community-planning-development-rfps/>
- The program manual will be updated as needed and posted publicly on CPED's website and an educational workshop will be hosted at least once annually to educate interested purchasers about the purchase process.
- Sign up information for the listserv will be maintained on the Minneapolis Homes website: www.minneapolishomes.org

- Property marketing and sale will be in accordance with the City of Minneapolis Real Estate Disposition Policy (Disposition Policy), attached as Appendix C. To the extent that the Disposition Policy is inconsistent with this manual, the provisions of this manual will apply.

4.01 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.

4.02 Construction Requirements

Minnesota adopted new building codes in 2020. The 2020 MN Mechanical and Fuel Gas Code took effect on April 6th, 2020. For details on which codes this effects and what you need to know for pulling permits, please read the [Building Code Update](#) .

4.03 New Construction

The Property Sale program reflects the requirements for new construction projects found in the standard City of Minneapolis building requirements.

4.04 Rehabilitation

All rehabilitation projects must comply with the required scope of work as outlined by the Department of Community Planning and Economic Development (CPED), see Appendix B. Offers must include a detailed development scope that outlines how the required scope of work will be achieved. After Minneapolis Homes staff approval, the detailed development scope must be submitted at the time of requesting permits for rehabilitation.

4.05 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.

Chapter 5: General Administration

5.01 Timeline

Upon receipt of the proposals, a review committee will evaluate and rank all proposals and make a recommendation to the City Council. Applicants can expect the following timeline:

	Rehabilitation
Council Approval, if selected	3 months after application due date, at the discretion of the City Council.

Return executed contract	Ten (10) business days to return Redevelopment Contract after receipt
Closing on City-owned property	Up to six (6) months from City Council approval, extensions of this timeframe will incur a fee of \$1,000 per every 30 days
Start Construction	Up to 30 days to start construction after approval of plans or issuance of the notice to proceed by Minneapolis Homes staff, whichever is sooner
Project Completion	Within 12 months of the date of financial closing with the City
Total Project Timeline	18 Months from City Council approval

5.02 Good Faith Deposit (City-owned property only)

If selected, all Applicants are required to provide a good faith deposit from non-City resources, equal to the greater of 10% of the sales price or \$2,000, payable when a property sale is closed between the Applicant and the City of Minneapolis. The good faith deposit is in addition to the purchase price for the property. The 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 can result in the City of Minneapolis retaining all or a portion of the good faith deposit in its discretion. Returning the demographic form for end occupants included as Appendix D is required to receive a good faith deposit return.

5.03 Construction

The Minneapolis Homes staff may issue a letter authorizing Applicant to apply for Site Plan Review before the land sale closing occurs. Minneapolis Homes staff will conduct site visits to monitor progress of construction.

5.04 Insurance

Applicants are required to provide the following insurance.

- **Builder's Risk Insurance** equaling 100% of the insurable value of the Minimum Improvements (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.
- **Payment and Performance Bond** for 8 units or greater, must provide payment and performance bonds in the form prescribed by Minnesota Statutes, Section 574.26, covering the faithful performance of the general contractor's obligations under the construction contract, naming the City as a co-obligee, in the full amount of the construction contract and written by a surety mutually acceptable to the City and the borrower, or an irrevocable letter of credit from a lender approved by the City in the amount of 100% of the construction costs.

Chapter 6: Household Eligibility Criteria

Occupants of affordable units constructed through the Property Sale program must self-certify income and household size through the completion of the form in Appendix D. Rental or ownership projects with ongoing affordability requirements will be monitored by the City. In the case of proposed PAH (perpetually affordable housing) project, applicants are responsible for identifying a perpetually affordable housing model or a rental housing asset management company, as applicable, to steward affordability requirements for the term of affordability. See the [Minneapolis Homes: Financing Program](#)

[Manual](#) for more details.

Chapter 7: Reporting, Record Retention, and Documentation

The Applicant must retain financial records, supporting documents, statistical records, environmental review records, and all other records pertaining to the project for a minimum of six years from the date the project is completed. Records that are the subject of audit findings shall be retained for six years after such findings have been resolved. Records for non-expendable property acquired with funds under this Agreement shall be retained for six years after final disposition of such property.

Standard City Contract Requirements

The selected Applicant will be required to enter into a Redevelopment Contract with the City that will contain standard City requirements such as insurance, indemnification and provisions to ensure redevelopment of the Property, e.g., construction and financing plan approval prior to closing, transfer and encumbrance limitations prior to completion, and reversionary rights. Other requirements vary depending upon the type of project. Properties purchased through the Minneapolis Homes: Property Sale program may receive public investment through other City of Minneapolis or similar public sources and public investments may trigger additional requirements.

The following list is not exhaustive. Applicants unfamiliar with these standard requirements are urged to seek further information from City staff.

Equal opportunity (affirmative action and nondiscrimination). The selected Applicant will be required to comply and ensure contractors comply with applicable provisions of Chapters 139 and 141 (Title 7, Civil Rights), Minneapolis Code of Ordinances, and other applicable federal, state and local regulations, statutes and ordinances pertaining to civil rights and nondiscrimination.

Zoning Responsibility. It is the selected Applicant's responsibility to undertake and finance any rezoning, variance and use permits necessary for approval of the proposed development.

Utilities. It is the selected Applicant's responsibility to identify the locations of and provide for the installation of electricity, gas, water, sewer service and other utilities servicing the site from the public mains to the individual units.

Construction Standards. Development must meet all Minneapolis City codes, and projects will be reviewed for compliance.

Hold Harmless. The selected Applicant shall agree to defend, indemnify and hold the City harmless from any and all claims or lawsuits that may arise from the Applicant's activities under the provisions of the redevelopment contract, that are attributable to the acts or omissions, including breach of specific contractual duties of the Applicant or the Applicant's independent contractors, agents, employees or officers.



Minneapolis Homes: Property Sale Housing Development Checklist

Developer:

Developer Contact:

Address:

CPED Project Coordinator:

CPED Construction Management Specialist:

*Save all documents separate, named as **bolded and underlined** below and per phase. Unshaded documents are saved by the CPED Project Coordinator and/or Real Estate Coordinator. The shaded documents are saved by the CPED Construction Management Specialist. Items marked with * are provided by the applicant/developer.*

Phase 0: CPED Acquisition

- ☐ Tax forfeit property: SPC responds to Hennepin County **C/NC notification** via CPED Directors Report
- ☐ Program Manager assigns acquisition Real Estate Coordinator and Construction Management Specialist to conduct due diligence
- ☐ **Safe entry inspection report** and cleanout process
- ☐ Initial property standards **CMS inspection report**
- ☐ **Initial property pictures** showing slum/spot blight conditions
- ☐ Tax forfeit property: **Neighborhood notification** letter of property availability for acquisition
- ☐ **Environmental review record** including SHPO if CDBG, NSP, or HOME)
- ☐ SPC verifies **land sale review** completed
- ☐ Confirmation that the property is located in an **eligible area**
- ☐ **HUD 1** settlement statement related to the initial property acquisition
- ☐ **Property Deed** / evidence of ownership
- ☐ **Evidence property** was **vacant** at time of acquisition a minimum of 90 days prior to acquisition
- ☐ **Voluntary Acquisition Form**
- ☐ Initial property acquisition **purchase agreement**
- ☐ CPED verifies no previous CPED financing to project

Phase 1: Developer Application

- ☐ SPC markets properties on CPED website and via GovDelivery newsletter
- ☐ SPC conducts open house inspections with prospective applicants
- ☐ * **Offers to purchase received**
- ☐ **Neighborhood notification letter sent with scope of work from each applicant attached**
- ☐ CPED performs assessment of developer capacity, financial soundness and plan for occupancy

Phase 2: Contract and Closing

Step 1: Application approval and contract

- ☐ **City Council approval** of sale
- ☐ * Executed **redevelopment contract**
- ☐ * **Good faith deposit**

Step 2: Design and Permitting Approval (all items must be received **10 business days** before closing)

- ☐ * **New construction plans or rehab Final Detailed Developer Scope (DDS)** demonstrating minimum standards and blight removal
- ☐ * **Permit application:** rehab projects require a CMS approval of the DDS before applying for permit
- ☐ * **Documentation of financing** to proceed with construction
- ☐ * **Insurance**

Step 3: Closing

- ☐ Developer schedules a **CLOSING** with Real Estate Coordinator after the Project Coordinator, in consultation with the Construction Management Specialist, approves project to close.
- ☐ * **ALTA Loan Policy** (title insurance policy)

Phase 3: Construction Completion

- ☐ * **Certificate of Occupancy**, Truth in Housing or Code Compliance as applicable
- ☐ * **Final radon testing** results
- ☐ **Final property inspection pictures** showing slum/spot blight conditions corrected
- ☐ CPED performs **Final Project Completion** document and site review

Additional Items Required for Rehabilitation Projects

- ☐ * **Asbestos manifest**
- ☐ * **Electrical certification** of original equipment by a licensed professional
- ☐ * **Mechanical certification** of original equipment by a licensed professional
- ☐ * **Sewer clean out certification** of original equipment by a licensed professional
- ☐ * **Roofing certification** of original equipment by a licensed professional

For projects constructed prior to 1978 provide the following

- ☐ * **Lead Clearance Report Pre-Occupancy**

Phase 4: Occupancy

- ☐ * **Project Close-out & Household Demographic Form (required for each unit)**

Phase 5: Post Occupancy

- ☐ **Release good faith deposit** (Note: demographics form must be received for GFD to be released)

COMMENTS



Minneapolis Homes: Vacant Housing Rehab Standards: Owner occupied 1 or 2 unit or townhome projects

All projects to comply with current Minnesota Overlay to the Enterprise Green Communities Criteria (EGC) and Minneapolis Development Review (MDR) provisions.

***Repair or replace:** A **repair** incorporates best methods and materials per industry standards to extend the useful economic life of a surface, fixture, or assembly.

Replacement is required when the useful economic life of a surface, fixture or assembly has expired, and repair is not feasible.

SITE WORK

Fences, gaslights, clothes poles or other exterior amenities: Remove those that are in deteriorated condition. Repair existing fences to remain and remove vegetation growth in the fabric, replace bent posts or line poles and all gates shall be operable.

Volunteer growth, trees and stumps: Remove all growth within three feet of foundation, this includes volunteer trees and bushes. Remove all stumps and the roots. Restore damaged area. Cut back all tree branches and limbs within 10 feet of roof/chimney/structure and within 3 feet of utility lines.

Positive Drainage: Provide fill and raise the grade around the foundation to provide positive drainage away from structure allowing at least six inches below the top of the foundation and siding. Install durable landscape cover with permanent edging.

Window Wells: Install galvanized window wells at existing basement window locations

Bare dirt areas: Restore bare dirt areas and areas damaged during construction, including the boulevard areas. Install black dirt and seed or sod.

Sidewalks: Replace broken, uneven, projecting or settled sidewalks, driveways and public walks with greater than 1/2" deviation, to satisfy City requirements. Replace settled sidewalks next to foundation with negative slope towards structure.

Retaining walls: Restore deteriorated retaining walls.

Landscaping: Install landscaping to meet the EGC.

EXTERIOR BUILDING

Roof: 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 and insure a minimum economic life of

10 years remaining. Provide written certification from licensed building contractor. Repair roof trusses/rafters and decking with structural graded lumber. Trusses are to be repaired under the direction of a structural engineer.

Chimney: Restore chimney. Repair or replace damaged tuck pointing, brick and masonry cap. Install flashing.

Exterior wall surfaces: Repair or replace*. Where existing wood siding and trim is to be retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering. Repair all exterior finishes to match.

Soffits and fascia: Repair or replace*. Where existing wood soffit and fascia is to be retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering. Repair all exterior finishes to match.

Gutters/Downspouts: Repair or replace*. All existing gutters to be cleaned out and free from leaks. Install 6 ft leaders away from house or install splash blocks at locations where leaders cross sidewalks.

Stoops/steps: Repair or replace stoops or steps that are deteriorated or have negative settlement. Install guard rail and handrail when required.

Porches/decks: Repair or replace porches or decks that are deteriorated or have negative settlement. Install guard rail and handrail when required.

Mailbox: Provide a mailbox.

Address numbers: Provide front and rear address numbers.

Adhesives/caulking/paint: Install approved materials per EGC.

GARAGE and ACCESSORY STRUCTURES

Garage roof: 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 and insure a minimum economic life of 10 years remaining. Provide written certification from licensed building contractor.

Garage address numbers: Provide address numbers visible to alley.

Garage overhead and service doors: repair or replace*.

Garage slab: Repair or replace*.

Garage framing and structural elements: Repair or replace*.

Garage exterior wall surfaces: Repair or replace*. Where existing wood siding and trim is to be retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering. Repair all exterior finishes to match.

Garage soffits and fascia: Repair or replace*. Where existing wood soffit and fascia is to be retained, replace all damaged, rotten and deteriorated wood prior to applying paint or covering. Repair all exterior finishes to match.

Accessory structures: Remove or repair*.

Extra items: Remove all items from garage interior and any non-compliance heating unit

FOUNDATIONS, FOOTINGS and STRUCTURAL ELEMENTS

Foundations and Footings: Repair or replace*. Repair tuck pointing, buckling, settlement and cracks at both interior and exterior. Remove all deteriorated mortar, brick, block and spalling material from all perimeter foundation walls. Patch to a smooth uniform condition.

Structural deficiencies: 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.

Framing and structural elements: Repair or replace improper alterations or damages to framing or structural elements as needed to include columns, beams and joists.

BASEMENT

Basement floors: Repair or replace concrete floor to insure no tripping hazards. Install new concrete floor over exposed basement dirt floor.

Vapor Barrier: Install per EGC when replacing or installing new basement floor.

Ceiling height: Minimum 6 foot 4 inches required for habitable space and bedrooms.

Basement water infiltration: Provide scope of work to address water infiltration that may include installation of drain tile and sump pump.

Existing drain tile and sump basket: Verify pump operation or install new sump pump drained to the exterior. Sump pump to have designated GFCI outlet.

Abandoned items: Remove all abandoned items from basement interior including any abandoned mechanical, plumbing or electrical components.

INTERIOR STAIRS

Existing stairs: Repair or replace*.

Guards/handrails: Install, repair or replace*.

INSULATION

Insulation: Insulate exterior envelope and seal bypasses per the Energy Audit Report.

Crawl Space: Install vapor barrier and insulate per the Energy Audit Report.

WINDOWS and DOORS

Exterior doors: Repair or replace*. Existing doors shall be functional, weather tight and include a locking knob set or dead bolt lock. All locks keyed alike.

Interior doors: Repair or replace*. Existing doors shall be functional and have matching hardware.

Existing windows, storm windows and screens: Repair or replace*. All windows to have locks and lifts, adjusted, weather-stripped and weather tight.

New windows: Install windows to meet the Energy Audit Report.

Egress windows: Install egress windows as applicable.

Shades, drapes or blinds: Install shades, drapes or blinds in all bath and sleeping rooms.

INTERIOR FINISHES

Walls and ceilings: Repair imperfections (i.e. cracks, gouges, holes, peeling paint) and finish to match surrounding finishes. Finish (i.e. primer, paint, stain and sealer) materials must meet EGC.

Floor covering: Replace with new or repair to match existing materials. New flooring materials and finishes to be environmentally preferred and meet EGC.

Cabinets, vanities and countertops: Repair or replace*. New cabinet, vanities and countertops materials to meet EGC.

Millwork: Repair or replace*. Millwork materials to meet EGC.

Adhesives/caulking: Install approved materials per EGC.

Mold Prevention: Install materials in kitchens, bathrooms and laundry rooms to meet EGC.

APPLIANCES

Appliances: Install appliance to meet EGC. Clothes washer, dishwasher and refrigerator to be Energy Star rated. Install catch pan for clothes washer located above basement level.

PLUMBING

Water main line: Replace all galvanized/lead lines with copper. Install new ball valves on each side of the water meter.

Existing sewer line: Install a clean out if none exists. Auger or replace sewer line from clean out to the city sewer main. Provide receipt of auger work.

Interior water lines: Replace all non-conforming and galvanized lines.

Washer hook-ups: Install hook-ups for washer and stand drain or laundry tub

Floor drain: Repair or replace*. Install new floor drain in laundry room when accessible. **Fixtures (Tubs/sinks/toilets):** Repair or replace*. Surfaces to be free from chips, cracks, blisters and peeling paint. Replace fixtures to meet EGC.

Service valves: Repair or install water service valves at all fixtures.

Exterior frost-free sill-cock: Install one exterior frost-free sill-cock.

Water heater: Replace water heater greater than 5 years old: Install new unit to meet EGC. Water heaters less than 5 years old: Provide written certification from a licensed plumber that the water heater meets code. Install catch pan for water heaters located above basement level.

Gas piping: Repair or replace*. Lines shall be of approved material, adequately supported and protected where subject to damage.

ELECTRICAL

Electrical service/panel: Minimum of 100-amp service per unit and 100-amp panel with breakers.

Wiring: Replace all knob and tube wiring.

Receptacles: Repair or replace*. Install an exterior receptacle near the front and rear entries of each unit. Install 220 V dryer outlet when no dryer gas line is installed. Install GFCI within 6' of all wet locations.

Lighting and bulbs: Repair or replace*. Install a switched exterior light at each outside entry door to the house and garage. Install new lighting and bulbs to meet the Green Communities Criteria.

Smoke, carbon monoxide and fire alarm systems: Install per MDR requirements
Electrical Certification: Provide City of Minneapolis Electrical Certification Form completed by a licensed master electrician.

MECHANICAL

Furnace/boiler: Replace furnace greater than 15 years old and boiler greater than 20 years old: Size and install new unit to meet EGC. Furnace less than 15 years old and boiler less than 20 years old: Provide the City of Minneapolis Heating, Ventilation and Cooling Performance Safety Check from a licensed HVAC contractor.

Exhaust fans: Install Energy Star rated exhaust fans in bathrooms and kitchen per EGC.

Ductwork/Ventilation: Install, insulate and seal to meet EGC. Ventilate clothes dryer.

ENVIRONMENTAL

Lead Based Paint (LBP): For houses built before 1978, owners are required to ensure that their Rehabilitation activities comply with the Environmental Protection Agency (EPA) and MN Department of Health. Provide an LBP Inspection and Risk assessment (PIRA) and include recommendations in the scope of work. Provide LBP calculations, certifications, notifications and clearances.

Asbestos: Comply with EPA and MN Department of Health regulations. Provide Asbestos Inspection Survey and Report and include findings in scope of work per applicable regulations prior to and during demolition efforts. Provide clearances and disposal manifest, when applicable.

Radon: Comply with MN Department of Health regulations. Conduct pre-test and post-test for Radon in the home and provide CPED with reports. If the test results exceed EPA standards, install a radon mitigation system per EGC.

Mold: Comply with MN Department of Health regulations. Provide mitigation strategy in the scope of work.

All environmental work shall comply with the Minnesota overlay to the Enterprise Green Communities criteria.

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

BUILDING PERFORMANCE

Energy Audit: Conduct pre-construction energy audit and incorporate recommendations into the scope of work. Conduct post-construction energy audit. Provide reports.

Additional Items: Owner/Renter Occupied 3 units or more

Substantial vs Moderate Rehabilitation

Substantial Rehabilitation: (or gut Rehab) is defined as a project that meets one of

the following: 1. Includes the replacement or improvements or both of at least two major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, HVAC and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. 2. The work area exceeds 50 percent of the aggregate area of the building per the Minnesota Conservation Code for Existing Buildings Section 505 Level 3 Alteration.

Moderate Rehabilitation: is defined as a project that meets one of the following:

1. Does not fall into the Substantial Rehabilitation classification as defined above
2. Where the work is limited to the Minnesota Conservation Code for Existing Buildings definition of Section 502 Repairs, Section 503 Level 1 Alteration or Section 504 Level 2 Alteration. Reference MHFA Design Standards Section 3.04 Rehabilitation

PHYSICAL NEED ASSESSMENT (PNA) or Critical Needs Assessment (CNA)

Classification Definitions.

Physical Needs Assessment (PNA) or Critical Needs Assessment (CNA): 4 or more units provide a PNA or CNA including the Interior, roofing, structural, mechanical, electrical, plumbing, site, and building envelope analysis. All PNAs and CNAs must be prepared by a needs assessor who is a licensed architect and/or licensed professional engineer.

COMMON AREAS

Finishes: Install durable finishes to meet EGC.

Laundry: 1 washer/dryer for 3 to 7 units. 2 washer/dryers for 8 to 12 units. 3 washer/dryers for 13 to 20 units.

Guard rails/handrails: Install guard rail and handrail when required.

Parking: Replace or repair existing parking stalls.

Mailboxes: Install United States Postal Service approved locking mailbox. 1 per unit.

Federal funding requirements

Broadband: Units have broadband (Internet access) throughout the project. (4 or more units, exceptions with proof of location, structure or financial burden.)

504 Requirements: 15 or more units Rehab with greater than 75% replacement cost elevator, accessible route, 5% handicapped and 2% Sensory Impaired units. Rehab of fewer than 15 units or less than 75% replacement cost: 24 C.F.R. § 8.23(b) Other alterations apply

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 Write-down 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.

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

“Write-off” 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 Write-downs. 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 Write-down is justified. CPED staff may recommend a Write-down for the Development Property where there is a valid public purpose and the Write-down is necessary for the financial viability of the Purchaser's redevelopment proposal. The amount of the Write-down shall not exceed the value of the public benefit to be received as approved by the Council. A Write-down 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 Write-down. The Council must approve the Purchase Price, lease rate or Write-down 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 Write-downs 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 Write-off, Write-down 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 non-buildable 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 non-buildable 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 non-buildable 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 supersedes 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

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)

- | | | |
|---|---|--|
| <input type="checkbox"/> White/Caucasian | <input type="checkbox"/> American Indian/Alaskan Native | <input type="checkbox"/> Asian |
| <input type="checkbox"/> Black/African American | <input type="checkbox"/> Native Hawaiian/Pacific Islander | <input type="checkbox"/> 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: _____