

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

Date: February 19, 2008

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

**Subject:** Land Sale Public Hearing  
HOW/HOME Program

**Recommendation:** Approve the sales of the following properties:

| <u>Address</u>            | <u>Fair Market Value</u> |
|---------------------------|--------------------------|
| 2109 Aldrich Avenue North | \$185,000                |
| 2302 Fremont Avenue North | \$168,000                |
| 2525 James Avenue North   | \$185,000                |
| 2603 James Avenue North   | \$185,000                |

The homes will be sold to a qualified Home Ownership Works (HOW) Program Purchasers for the fair market value, subject to the following conditions; 1) land sale closing must occur on or before 60 days from the date of offer acceptance, and 2) payment of holding costs of \$150.00 per month from the date of offer acceptance to the date of closing if land sale closing does not occur on or before 60 days from date of offer acceptance. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Approve a second mortgage affordability loan in accordance with the HOW Program guidelines of not more than \$30,000 for all purchasers, if necessary.

**Previous Directives:** On April 4, 2006, the City Council approved the guidelines to allow CPED to obtain authorization to sell HOW Program properties prior to identification of a qualified buyer.

| <u>Address</u>            | <u>Date Acquired</u> |
|---------------------------|----------------------|
| 2109 Aldrich Avenue North | March 23, 2005       |
| 2302 Fremont Avenue North | November 1, 2005     |
| 2525 James Avenue North   | July 7, 2006         |
| 2603 James Avenue North   | December 10, 1999    |

Prepared by: Jackie Nawalany, Phone 612-673-5255

Approved by: Charles T. Lutz, Deputy CPED Director

Presenters in Committee: Edie Oliveto-Oates, Phone 612-673-5229

## Financial Impact

Action is within the Business Plan

Other financial impact: Eliminate property management costs.

## Community Impact

Neighborhood Notification:

| <u>Address</u>            | <u>Neighborhood Group</u>        | <u>Date Notified</u> |
|---------------------------|----------------------------------|----------------------|
| 2109 Aldrich Avenue North | Hawthorne Area Community Council | February 20, 2007    |
| 2302 Fremont Avenue North | Jordan Area Community Council    | June 9, 2005         |
| 2525 James Avenue North   | Jordan Area Community Council    | February 22, 2007    |
| 2603 James Avenue North   | Jordan Area Community Council    | February 22, 2007    |

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

City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city’s infrastructure will be well-maintained and people will feel safe in the city.

Sustainability Targets: Affordable Housing Units

**Comprehensive Plan:** On January 28, 2008, the Planning Commission approved the sale of 2109 Aldrich Avenue North, 2302 Fremont Avenue North, 2525 James Avenue North, and 2603 James Avenue North as being consistent with the Comprehensive Plan.

Zoning Code: R1A 2525 James Avenue North, 2603 James Avenue North  
R2B 2109 Aldrich Avenue North, 2302 Fremont Avenue North,

Living Wage/Business Subsidy Agreement Yes\_\_\_ No X  
Job Linkage Yes\_\_\_ No X

**Supporting Information**

| <u>PARCEL</u> | <u>ADDRESS</u>            | <u>ESTIMATED SALE PRICE</u> |
|---------------|---------------------------|-----------------------------|
| HOME -81      | 2109 Aldrich Avenue North | \$185,000                   |
| HOME -63      | 2302 Fremont Avenue North | \$168,000                   |
| HOME -72      | 2525 James Avenue North   | \$185,000                   |
| HOME -78      | 2603 James Avenue North   | \$185,000                   |

**PROPOSED DEVELOPMENT:**

The completed project at 2109 Aldrich Avenue North is a new construction with 3 bedrooms, 1-1/2 bathrooms, two story house, with 1,728 square feet of finished floor space. The lot size is 50’ x 157’ = 7,850 total square feet.

The completed project at 2302 Fremont Avenue North is a rehabilitated home with 3 bedrooms, 1-1/2 bathrooms, two story house, with 1,669 square feet of finished floor space. The lot size is 50’ x 157’ = 7,850 total square feet.

The completed project at 2525 James Avenue North is a new construction with 3 bedrooms, 1-1/2 bathrooms, two story house, with 1,728 square feet of finished floor space. The lot size is 49’ x 131’ = 6,419 total square feet.

The completed project at 2603 James Avenue North is a new construction with 3 bedrooms, 1- 1/2 bathrooms, two story house, with 1,728 square feet of finished floor space. The lot size is 46’ x 86’ = 6,041 total square feet.

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

**LAND DISPOSITION POLICY:**

Each property is a buildable lot as defined by City policy and is being sold after development.

**FINANCING\*:**

The buyers will secure mortgage financing. The buyers may require a HOW second mortgage in an amount not to exceed \$30,000.

\*Subject to application and underwriting requirements.

**OFFERING PROCEDURE:**

Public Advertisement. The sales price of each of these properties does reflect the full market value.

**COMMENTS:**

The Home Ownership Works (HOW) Program is designed to address the goal of providing home ownership opportunities for residents who otherwise would have difficulty in attaining home ownership. The program can be used to treat properties in need of rehabilitation or demolition and new construction. HOW properties are owned by the City of Minneapolis during the renovation and/or construction period. All properties will meet the HOW Program Standards which exceed the minimum city code requirements.

The buyers will be pre-approved by their mortgage lenders. The buyers will also complete the Purchase Education and Counseling Course and will complete the Housing Maintenance Class at Neighborhood Housing Services of Minneapolis prior to closing as is required by the program guidelines.

Additionally, a HOW second mortgage in an amount not to exceed \$30,000 may be required by the buyers.

**Authorizing sale of land Homeownership Works Program  
Disposition Parcel Nos. HOME-81 (2109 Aldrich Avenue North); HOME-63  
(2302 Fremont Avenue North); HOME-72 (2525 James Avenue North); and  
HOME-78 (2603 James Avenue North).**

Whereas, the City of Minneapolis, hereinafter known as the City, has adopted Home Ownership Works Program Guidelines pursuant to which the City purchases residential properties that are renovated or upon which a new home is constructed which is then offered for sale to target buyers under the program; and

Whereas, the City has acquired Parcels HOME-81; HOME-63; HOME-72 and HOME-78 in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed. Parcels HOME-81, HOME-63, HOME-72 and HOME-78 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME-81; 2109 Aldrich Avenue North

Lot 6, Block 10 Highland Park Addition To The City of Minneapolis.  
Being registered land as is evidenced by Certificate of Title No. 1172605.

HOME-63; 2302 Fremont Avenue North

Lot 8, Block 31, Highland Park Addition to Minneapolis.

HOME-72, 2525 James Avenue North

Lot 2, Block 3, "Forest Heights".  
Being registered land as is evidenced by Certificate of Title No. 1205404.

HOME-78, 2603 James Avenue North

Lot 7, Block 1, On The Heights, An Addition To Minneapolis.  
A portion of which is registered land as is evidenced by Certificate of Title No. 1142757.

Whereas, the City has had the fair market value reviewed by an appraisal expert, stating that the fair market value opinion is consistent with accepted methods in aiding the City in determining market value for each Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on February 8, 2008, a public hearing on the proposed sale was duly held on February 19, 2008 at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the fair market value in accordance with the City's Homeownership Works Program, as amended, is hereby estimated to be the sum of \$185,000 for HOME-81; \$168,000 for HOME-63; \$185,000 for HOME-72; and \$185,000 for HOME-78;

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

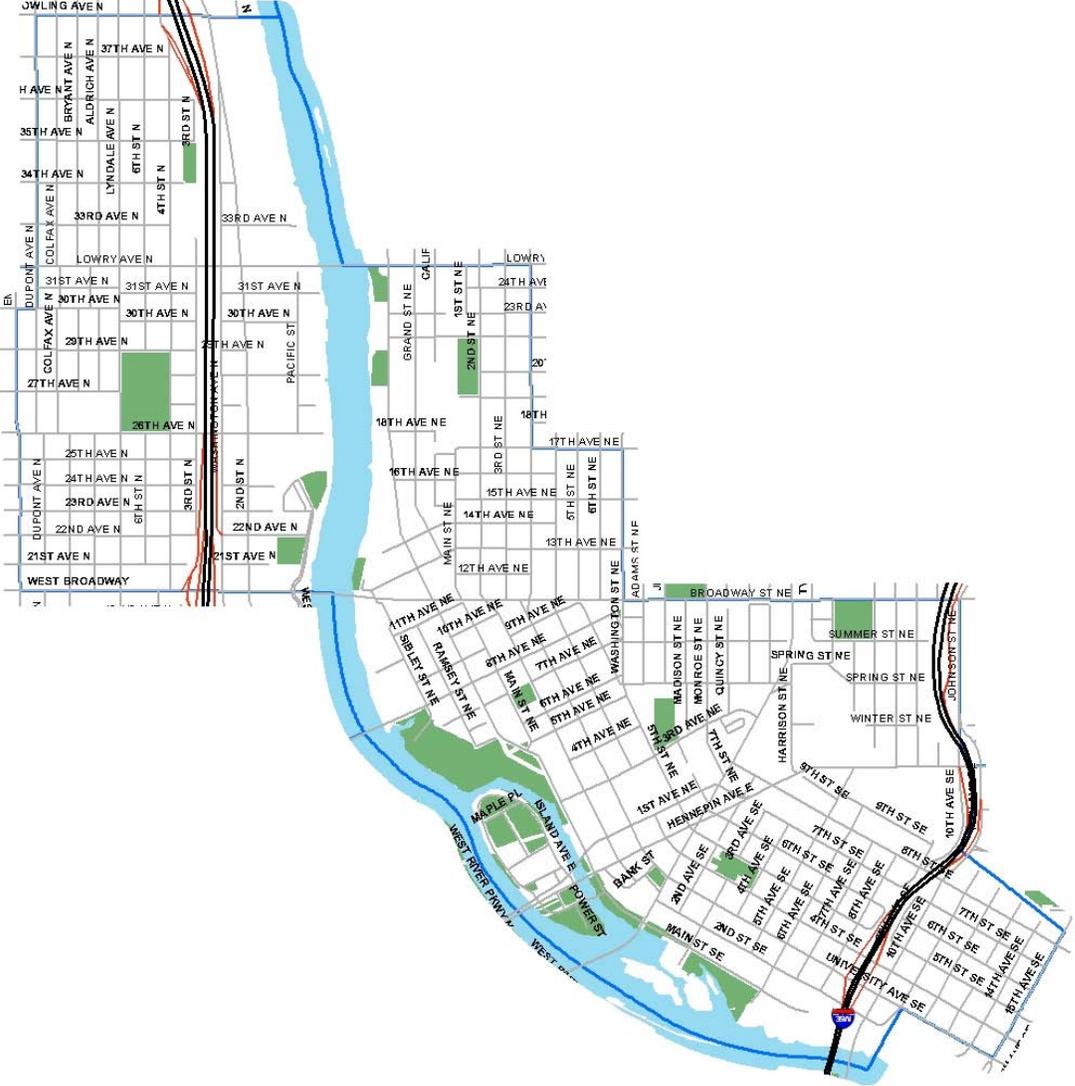
Be It Further Resolved that the sale of each parcel is hereby approved, subject to the execution of a contract for the sale of land consistent with the Home Ownership Works Program Guidelines and further subject to the following conditions; 1) land sale closing must occur on or before 60 days from the date of offer acceptance and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 60 days from the date of offer acceptance.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a contract to a qualified Purchaser; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to a qualified Purchaser in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate official of the City

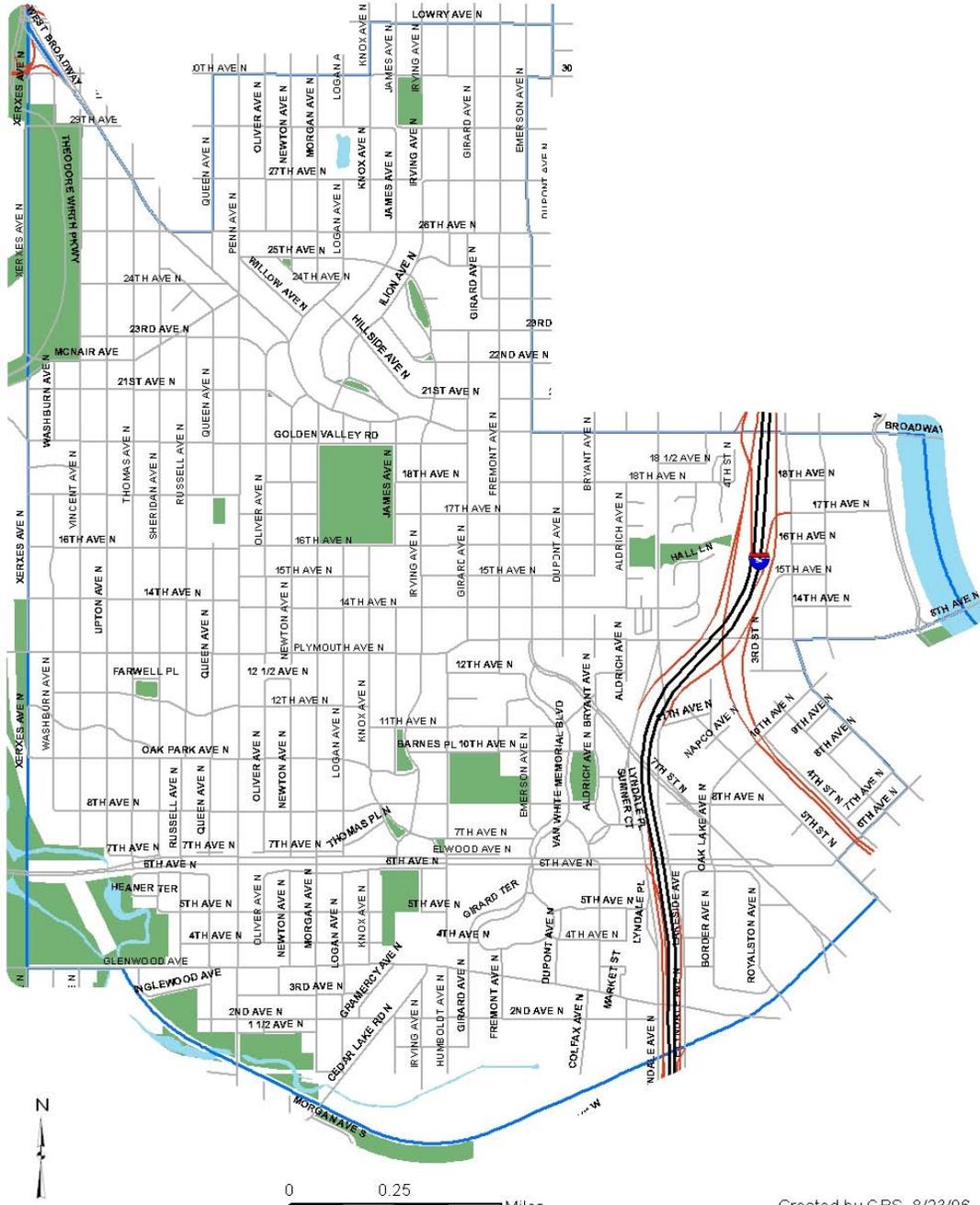
# WARD 3



0 0.25 0.5 Miles

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# WARD 5



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

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| <b>Disposition Parcel No. Acq Date</b> | <b>Address</b>            | <b>Total CPED Costs</b> | <b>Less Sales Price</b> | <b>Write Off</b> |
|--|---------------------------|-------------------------|-------------------------|------------------|
| HOME 81<br>3/23/2005                   | 2109 Aldrich Avenue North | \$187,101               | \$185,000               | (-) \$2,101      |
| HOME 63<br>11/1/2005                   | 2302 Fremont Avenue North | \$218,600               | \$168,000               | (-) \$50,600     |
| HOME 72<br>7/7/2006                    | 2525 James Avenue North   | \$186,186               | \$185,000               | (-) \$1,186      |
| HOME 78<br>10/12/99                    | 2603 James Avenue North   | \$208,490               | \$185,000               | (-) \$23,490     |

| <b>Re-Use Value Opinion</b> | <b>Less Sales Price</b> | <b>Write-Down</b> |
|-----------------------------|-------------------------|-------------------|
| \$185,000                   | \$185,000               | 0                 |
| \$168,000                   | \$168,000               | 0                 |
| \$185,000                   | \$185,000               | 0                 |
| \$185,000                   | \$185,000               | 0                 |

Write-Down  
Reason: Not Applicable