



Memorandum

File #: 17-00019

City Council

2/9/2017

**LEGISLATIVE ACTION ITEM**

**SPONSOR:** City Council Vice President Gerald Wingate

**SUBJECT:**

Amendment to City Policy for Disposition of City Owned Real Property

**RECOMMENDATION:**

That City Council amend the policy for the Disposition of City Owned Real Property to include disbursement directly to the City Housing Division for use in the Lot Purchase Program and to adopt Lot Purchase Program guidelines.

Public Hearing Required: No Hearing Required

**SUMMARY:**

The City Council and Mayor have expressed the desire to expand delivery of housing programs through enhanced housing resources and availability. The City currently has several methods to dispose of surplus properties but each require bids, proposals or economic development criteria not appropriate for income eligible housing programs. The current recommendation is to adopt a qualified affordable home buyer incentive through providing selected City owned residential parcels and to provide for deferred payment for the City owned parcel. The program will offer a qualified buyer a residential lot providing them the opportunity to construct a single family house sized for zoning conformity and neighborhood compatibility. The qualified buyer will select a house plan from the catalog of plans the Housing Division has designed to complement the various neighborhoods served throughout the City and built since 2002 under the HOME Housing Reconstruction Program. Income guidelines will follow the HUD and SHIP program adjusted for family size to implement the program as follows:

<u>Family Size</u>	<u>Low Income (80% AMI)</u>	<u>Moderate Income (120% AMI)</u>
1	\$33,400	\$50,160
2	\$38,200	\$57,240
3	\$42,950	\$64,440
4	\$47,700	\$71,520
5	\$51,550	\$77,280
6	\$55,350	\$83,040
7	\$59,150	\$88,800
8	\$63,000	\$94,440

The program income criteria will be updated annually in accordance with the income guidelines published by the U. S. Department of Housing and Urban Development.

The residential lot will be offered to the qualified homeowner via a deferred payment loan at 0% interest secured by mortgage and note. The lot value will be based upon the appraised value of the land and will be forgiven in annual increments over five years assuming compliance with all program requirements. The sale, rental, or transfer of ownership during the mortgage term shall be a default whereupon the City investment shall be repaid (repayment in full will be required for defaults within one year of purchase, and repayment of the undepreciated portions will be required for default after the initial year). The value of the land and selling price of the home will be established by a licensed fee appraiser.

Additionally, as a condition of the sale, the purchaser will grant the City of Pensacola a right of first refusal to purchase the property prior to their acceptance of any offer to sell or otherwise convey the property during the term of the loan.

The purchase price when offered to the City under the right of refusal will not exceed the original selling price, thus maintaining continued affordability.

Residential lots suitable for the program will be identified through the City's property disposition process and other property acquisition methods presented to the City.

**PRIOR ACTION:**

January 13, 2000	Proposed Policy for Disposition of City Owned Real Property
November 21, 2002	Disposal of City Owned Property
September 13, 2007	Amendment to City Policy for Disposition of Surplus Property
August 19, 2010	Resolution 21-10 Strong Mayor Policy Amendments

**FUNDING:**

Budget: N/A

Actual: N/A

**FINANCIAL IMPACT:**

N/A

**CITY ATTORNEY REVIEW:** No

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**STAFF CONTACT:**

Eric W. Olson, City Administrator  
Keith Wilkins, Assistant City Administrator

**ATTACHMENTS:**

- 1) Policy for Disposition of City Owned Real Property
- 2) Residential Lot Purchase Program Guidelines
- 3) Revised Policy for Disposition of City Owned Real Property (if adopted)

**PRESENTATION:** No