

HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF MAY 3, 2011

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order by Chair Howe at 8:37 p.m. on May 3, 2011, in Conference Room #1.

Members Present: Chair Tim Howe, Commissioners Denise Klint, Melissa Larson, Paul Johnson, Joe Sidoti, Bruce Sanders, and Scott Schulte

Members Absent: None

1. CALL TO ORDER

Chair Howe called the May 3, 2011 meeting of the HRA to order at 8:37 p.m.

2. ROLL CALL

All members were present.

3. APPROVAL OF MINUTES OF APRIL 5, 2011 HRA MEETING

MOTION BY COMMISSIONER SIDOTI, SECONDED BY COMMISSIONER LARSON, TO APPROVE THE MINUTES OF THE APRIL 5, 2011, HRA MEETING. THE MOTION PASSED 6-0-1, COMMISSIONER SANDERS ABSTAINED.

4. A. CONS. PURCHASE AGREEMENT FOR THE SALE OF 537 109TH AVENUE NW
- B. CONS. FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH LENNOX BUILDERS

Neighborhood Coordinator Kristin DeGrande presented a memo to the HRA asking them to consider the sale of a single-family house at 537 109th Avenue acquired through the Home for Generations program.

The HRA acquired the property at 537 109th Avenue in November 2010 for \$97,508.43 (sale price plus closing costs, property taxes, and land bank fee) as part of the Home for Generations rehab program. Staff is working with Lennox Builders to rehabilitate the house sustainably and improve its functionality for contemporary households.

During construction, Staff was contacted by an interested buyer. After a handful of meetings with Lennox, the city's broker (Counselor Realty), and the interested buyer, it was determined that Staff would consider the sale of this property with a modified scope of work. The buyer would like to add an eight foot addition on the back of the house, making the kitchen/dining areas larger and adding a mudroom. She is proposing to remove the installation of the solar panels from the budget to allow the addition to be financially feasible. Despite this, Lennox will

still install an array of solar panels on the roof of the garage for purposes of demonstrating this technology at the final open houses, but they will be dismantled after the open houses are complete and will remain property of Lennox Builders. The house will still maintain all other aspects of the original scope of work including the "green" and sustainable materials, technologies and techniques. The increased rehab budget will be \$12,500 for a total of \$57,500.

Staff is working with the buyer, the buyer's lender, Counselor Realty, and Lennox Builders to work through the documentation needed for the sale of this property. It has been determined that the asking price will be \$160,025. The buyer has agreed to this price, will cover any gap in financing that results from the outcome of the appraisal, and will also cover her own closing costs. The buyer has signed a purchase agreement and proposes closing some time in July. The buyer understands this house will complete its purpose of a demonstration project through the Home for Generations program and it will be open to the public for numerous open houses until the yet to be determined closing date.

Once the rehab has been completed, the HRA will have spent \$59,352.75 on the rehab (including the proposed increased scope of work) and carrying costs. The sale price is \$2,336.18 less than the HRA's expenses. Staff believes this to be a reasonable amount to ensure the sale of the property during such a difficult time in the housing market. The city's broker has likewise lowered his commission from 5.5% to a flat rate of \$5,500 (3.4%) to ensure the selling price remains feasible for the buyer's budget.

Expenses - 537 109th Avenue NW	
Sale Price	\$160,025.00
Purchase Price	(\$97,508.43)
Rehabilitation	(\$45,000.00)
Carrying Costs	(\$1,852.75)
Increased Rehab Budget per Buyer's Request	(\$12,500.00)
Real Estate Commission	(\$5,500.00)
Balance	(\$2,336.18)

City Attorney Hiljus asked that authorization for staff to execute closing documents be added to the motion.

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER SIDOTI, TO APPROVE A PURCHASE AGREEMENT FOR THE SALE OF 537 109TH AVENUE NW, REQUEST STAFF TO APPROACH THE COON RAPIDS MORTGAGE ASSISTANCE FOUNDATION TO FUND THE SHORTAGE, APPROVE FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH LENNOX BUILDERS, AND AUTHORIZE STAFF TO EXECUTE CLOSING DOCUMENTS. THE MOTION PASSED UNANIMOUSLY.

5. OTHER BUSINESS

There was no other business to come before the HRA.

6. ADJOURN

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER SIDOTI, TO ADJOURN THE MAY 3, 2011, HRA MEETING AT 8:39 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Catherine M. Sorensen
City Clerk