



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/14/2019

Item No.: 5.b

Department Approval

Executive Director Approval

Item Description: Consider Adopting a Resolution Authorizing Sale of 1125 Sandhurst Drive West to Twin Cities Habitat for Humanity

1 **BACKGROUND**

2 On April 17, 2018 the Roseville Economic Development Authority (REDA) adopted a Resolution approving
3 the purchase of 1125 Sandhurst Drive West and expressing a desire to work in partnership with Twin Cities
4 Habitat for Humanity (TCHH) for the purpose of rehabilitating the home so it may be used as affordable
5 housing. If the REDA is still in agreement to sell the property to TCHH then the REDA will hold a public
6 hearing (Attachment A), at the meeting.

7 The terms of the Development Agreement (Attachment D) are based on the presentation previously made by
8 TCCH to the REDA as well as past practices by the REDA. The Development Agreement provides for a
9 second mortgage on the property in the amount of \$49,404 (purchase price) to guarantee the affordability of the
10 house for 30 years as required by the Community Development Block Grant (CDBG). The second mortgage
11 will be forgiven once the affordability requirement is satisfied. The property will also have a deed restriction
12 requiring the home to maintain its affordability status, but ultimately the second mortgage is what guarantees
13 the affordability status on the property. Without the second mortgage, a search by a title company may not
14 discover the affordability requirement. Nor would a deed restriction alone prevent TCHH from profiting from
15 the sale of the property if it is sold before the 30 year affordability requirement is satisfied. Attachment B
16 details the list of second mortgages of CDBG funds (and other funds) the REDA currently maintains on other
17 properties.

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19 The REDA currently has a balance of CDBG funds because the City and the Roseville Housing
20 Redevelopment Authority previously used CDBG funds as second mortgages and those mortgages were
21 eventually paid in full.

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23 If the REDA prefers not to have a second mortgage on the property, then the property will be conveyed for
24 \$1.00 and then the deed restriction would be used to enforce the affordability requirement. However, as
25 previously stated, a deed restriction alone does not guarantee the affordability requirement for 30 years nor
26 does it prevent TCHH profiting from the sale of the property if sold before the 30 year affordability
27 requirement is satisfied.

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29 Based upon direction from the REDA, staff will modify the Purchase and Development Agreements and then
30 close as soon as possible thereafter.

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33 **BUDGET IMPLICATIONS**

34 To date, the REDA used CDBG account balance funds of \$49,404 to pay for the property, maintenance
35 and third party fees.

36 **STAFF RECOMMENDATION**

37 Hold a Public Hearing and adopt a Resolution approving the sale of 1125 Sandhurst Drive West to
38 Twin Cities Habitat for Humanity.

39 **REQUESTED BOARD ACTION**

40 Motion to hold Public Hearing and adopt a Resolution approving the sale of 1125 Sandhurst Drive W to
41 Twin Cities Habitat for Humanity.

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Attachments: A: Affidavit of Publication of Notice for Sale of 1125 Sandhurst Drive West
B: EDA Fund Balance Statement
C: Resolution Sale of 1125 Sandhurst Drive West
D: Purchase and Development Agreement with Twin Cities Habitat for Humanity