

ST. PETERSBURG CITY COUNCIL

Meeting of September 3, 2009

TO: The Honorable Jeff Danner, Chair and Members of City Council

SUBJECT: Acquisition, rehabilitation or reconstruction, and sale of foreclosed and unoccupied parcels owned by the Federal National Mortgage Association in accordance with the Neighborhood Stabilization Program.

EXPLANATION: Real Estate and Property Management staff has identified properties under the U.S. Department of Housing and Urban Development's ("HUD") Neighborhood Stabilization Program ("NSP") authorized under Title III of the Housing and Economic Recovery Act of 2008 ("HERA") that are owned by the Federal National Mortgage Association ("Fannie Mae"). The NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, reconstruct and resell these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

Fannie Mae is a government-sponsored enterprise chartered by Congress with a mission to provide liquidity, stability and affordability to the U.S. housing and mortgage markets and operates in the U.S. secondary mortgage market.

In the current mortgage climate, Fannie Mae has established a method by which municipalities may identify and purchase foreclosed and unoccupied property from Fannie Mae, through its HomePath program. Fannie Mae has indicated to the City of St. Petersburg ("City") that Fannie Mae would accept purchase offers from the City based upon the NSP guidelines, and sell the property to the City after Fannie Mae's receipt and acceptance of an independent state certified appraisal.

Fannie Mae is providing the City of St. Petersburg and other eligible parties a "First Look" during the first fifteen (15) days a property is listed for sale and the opportunity to make an offer for purchase during this period. The offers may not be subject to any additional approvals (i.e. City Council approval) only reasonable due diligence which would include appraisal, title work, survey and environmental site assessment. While offers from investors can be submitted during this time, such offers will not be considered until after the initial fifteen (15) days.

Therefore, in order for the City to take advantage of the First Look process, it would be necessary for Administration to have pre-authorization from City Council to submit purchase offers to Fannie Mae for its foreclosed properties and to negotiate the sale and purchase of the properties subject to the requirements of the NSP guidelines as the properties become available from Fannie Mae. The purchase offers and closing would be subject to: a.) the NSP guidelines; b.) approval by the City's Housing and Community Development Department ("Housing"); c.)

Housing's input regarding the feasibility of acquisition for rehab or reconstruction, and d.) the contract purchase price not exceeding \$150,000. The closing would be conditioned upon the required Environmental Review Record ("ERR") result being a "Finding of No Significant Impact." The closing costs to the City would be limited to not more than \$7,500 per property.

Consistent with City Council's approval of other NSP purchases, City staff proposes that provision be made for the rehabilitation or reconstruction of the property for an amount not to exceed \$100,000, per property. If City Council approves this process, City staff would provide timely periodic reports to the City's Housing Services committee identifying the properties under consideration for acquisition and updates on the status of any properties purchased.

After acquisition and rehabilitation or reconstruction of the Properties, each property will become a part of the City's Affordable Housing Program in accordance with the requirements of HUD, HERA and the NSP, and will be sold in accordance with Section 2301(d)(2) of HERA. The aforementioned Section 2301(d)(2) directs that if an abandoned or foreclosed-upon home or residential property is purchased, reconstructed, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and reconstruct or rehabilitate such home or property up to a decent, safe, and habitable condition.

Currently there are eighty-five (85) Fannie Mae properties that are located in Pinellas County and seven (7) of which are within the City of St. Petersburg's NSP target areas. The seven (7) parcels presently available through Fannie Mae are shown in the attached sketch.

RECOMMENDATION: Administration recommends that City Council approve the attached resolution authorizing the acquisition of foreclosed and unoccupied parcels owned by the Federal National Mortgage Association in accordance with the Neighborhood Stabilization Program and the subsequent rehabilitation or reconstruction and sale of the parcels.

COST/FUNDING/ASSESSMENT INFORMATION: Funds are available in Fund 1114-Neighborhood Stabilization Program.

ATTACHMENTS: Sketch and Resolution

APPROVALS: Administrative: *R. Murphy 8-24-09* *BE*
Budget: *[Signature]*
Legal: *[Signature]*
(As to consistency w/attached legal documents)



ADDRESS	PIN	LEGAL	PRICE
A 4939 Dr. MLK Jr Street N	06/31/17/01368/001/0000	ARCADIA SUB BLK A, LOT 2	\$ 69,900.00
B 3527 1st Ave North	22/31/16/72756/017/0110	POWERS CENTRAL PARK SUB BLK 17, LOT 11	\$ 95,000.00
C 2019 16th Street S	25/31/16/29664/007/0020	FRUITLAND HEIGHTS BLK G, LOT 2	\$ 12,000.00
D 811 18th Ave S	30/31/17/85119/001/0040	STAHL'S SUB BLK A, LOT 4	\$ 30,500.00
E 7001 15th Street North	25/30/16/56646/016/0010	MEADOW LAWN 2ND ADD BLK 16, LOT 1	\$ 66,000.00
F 616 8th Street N	18/31/17/31338/000/0030	GLOVER'S, THOS. S 45FT OF LOT 3	\$ 50,000.00
G 4540 18th Ave	27/31/16/80385/002/0060	SHADOW LAWN BLK 2, LOT 6	\$ 26,000.00

Prices are illustrative not Final

A RESOLUTION AUTHORIZING THE MAYOR, OR HIS DESIGNEE, TO PURCHASE, UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM, FORECLOSED AND UNOCCUPIED PROPERTIES OWNED BY THE FEDERAL NATIONAL MORTGAGE ASSOCIATION FOR UP TO \$150,000; TO PAY CLOSING RELATED COSTS NOT TO EXCEED \$7,500; TO REHABILITATE OR RECONSTRUCT THE PROPERTIES FOR AN AMOUNT NOT TO EXCEED \$100,000 PER PROPERTY; AND TO SELL THE PROPERTY IN ACCORDANCE WITH THE REQUIREMENTS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND SECTION 2301(D)(2) OF HOUSING AND ECONOMIC RECOVERY ACT 2008; AND TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE SAME.

WHEREAS, City of St. Petersburg's ("City") Real Estate and Property Management staff has identified properties under the U.S. Department of Housing and Urban Development's ("HUD") Neighborhood Stabilization Program ("NSP") authorized under Title III of the Housing and Economic Recovery Act of 2008 ("HERA") that are owned by the Federal National Mortgage Association ("Fannie Mae"); and

WHEREAS, the NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, reconstruct and resell these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes; and

WHEREAS, Fannie Mae is a government-sponsored enterprise chartered by Congress with a mission to provide liquidity, stability and affordability to the U.S. housing and mortgage markets and operates in the U.S. secondary mortgage market; and

WHEREAS, Fannie Mae has established a method by which municipalities may identify and purchase foreclosed and unoccupied property from Fannie Mae, through its HomePath program; and

WHEREAS, Fannie Mae has indicated to the City that Fannie Mae would accept purchase offers from the City based upon the NSP guidelines and sell the property to the City after the receipt and acceptance of an independent state certified appraisal; and

WHEREAS, Fannie Mae is providing the City of St. Petersburg and other eligible parties a "First Look" during the first fifteen (15) days the property is listed for sale and the opportunity to make an offer for purchase; and

WHEREAS, the offers may not be subject to any additional approvals (i.e. City Council approval) only reasonable due diligence which would include appraisal, title work, survey and environmental site assessment

WHEREAS, in order for the City to take advantage of the First Look process, it would be necessary for Administration to have pre-authorization from City Council to submit purchase offers to Fannie Mae for its foreclosed properties and to negotiate the sale and purchase of the properties subject to the requirements of the NSP guidelines as the properties become available from Fannie Mae; and

WHEREAS, purchase offers and closing would be subject to: a.) the NSP guidelines; b.) approval by the City's Housing and Community Development Department ("Housing"); c.) Housing's input regarding the feasibility of acquisition for rehab or reconstruction, and d.) the contract purchase price not exceeding \$150,000.; and

WHEREAS, the closing would be subject to the required Environmental Review Record ("ERR") result being a "Finding of No Significant Impact;" and

WHEREAS, the closing costs to the City would be limited to not more than \$7,500 per property; and

WHEREAS, consistent with City Council's approval of other NSP purchases, City staff proposes that provision be made for the rehabilitation or reconstruction of the property for an amount not to exceed \$100,000, per property; and

WHEREAS, City staff would provide timely periodic reports to the City's Housing Services committee identifying the properties under consideration for acquisition and the status of any properties purchased; and

WHEREAS, after acquisition and rehabilitation or reconstruction of the properties, each property will become a part of the City's Affordable Housing Program in accordance with the requirements of Department of Housing and Urban Development, the Housing and Economic Recovery Act of 2008 ("HERA") and NSP, and will be sold in accordance with Section 2301(d)(2) of HERA; and


WHEREAS, the aforementioned Section 2301(d)(2) directs that if an abandoned or foreclosed-upon home or residential property is purchased, reconstructed, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and reconstruct or rehabilitate such home or property up to a decent, safe, and habitable condition.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that the Mayor, or his designee, is authorized to purchase, under the Neighborhood Stabilization Program, foreclosed and unoccupied properties owned by the Federal National Mortgage Association for up to \$150,000; to pay closing related costs not to exceed \$7,500; to rehabilitate or reconstruct the properties for an amount not to exceed \$100,000

per property; and to sell the property in accordance with the requirements of the Department of Housing and Urban Development, and Section 2301(d)(2) of Housing and Economic Recovery Act 2008; and to execute all documents necessary to effectuate same


This Resolution shall become effective immediately upon its adoption.

LEGAL



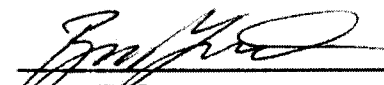
City Attorney (Designee)

APPROVED BY:



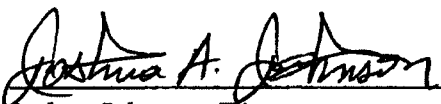
David Metz, Deputy Mayor
Neighborhood Services

APPROVED BY:



Bruce E. Grimes, Director
Real Estate & Property Management

APPROVED BY:



Joshua Johnson, Director
Housing & Community Development