

Dollar Homes: Draft 3/3/09

The City of Akron's Dollar home program legislation was signed by the mayor on July 21, 2008. Since passage of this legislation, the city has acquired one property and is in the position to acquire 3 more at this present time.

The purpose of the letter is to provide guidance for implementing the city of Akron dollar home program so that it can be an effective tool to assist the city of Akron in stabilizing its neighborhoods. Currently, the program needs a source of funding to operate. This proposal requests \$105,000 of Community Development Dollars to be used to rehabilitate properties for the dollar home program. These funds would be able to finance the rehabilitation of 15 homes.

Dollar Home Snap Shot

Eligible buyers must be 115% of area median

Acquisition costs is \$1

Rehabilitation cost is a maximum of \$50,000

Sale of the home cannot exceed 110% of Development costs

Any loss of on the sale of property will not exceed \$7,000 per structure

City of Akron to offer up to 10% of the rehabilitation costs for admin costs to non profit (\$5,000 max)

Procedures for Dollar Homes

Whenever the city acquires a dollar home, the city will send to Philadelphia HUD the proposal as to how we will dispose of the property. If we plan to demolish the structure, we will send detail information as the condition of the structure and why it is not feasible to rehabilitate. The city will document the process if we proceed to rehabilitate the structure detailing the costs which will impact resale provisions. Once HUD is notified and we receive no objections we will proceed with our plan. Throughout the process, HUD will be apprised of the events that will take place and the final result.

City of Akron will monitor the rehabilitation process and whereas the nonprofit will manage the construction. It is anticipated that the property will stay in the City of Akron's name until the construction is complete. The City of Akron will set up an escrow account from its funding source and disburse it when milestones are reached. In addition to managing the construction, the non profit will be responsible to locate and screen buyers eligible to acquire the property. Buyers for the dollar Home program must have an income of 115% of the media income. Subsequent to the construction jobs being complete, the property transfers to the new buyer. The City of Akron receives back the funds invested once the end buyer acquires the property.

City of Akron identifies property to acquire through the dollar homes program.

1. City of Akron completes a field visit to the site to determine if zoning and land use issues exists.
2. City of Akron places bid on the property to acquire
3. City of Akron visits the sites with Rehab specialist.
 1. Inspection by City of Akron Rehabilitation Specialist (RS).
 2. Lead Risk Assessment by lead licensed RS. (1978 or before)
 3. Prepare List of Work including lead specifications.
4. City of Akron brings the information to a committee to discuss disposition of property
 1. Not to Acquire
 2. Acquisition/Demo
 2. Acquisition/Sale to non-profits,

If

Acquisition/Demolish

Contact HUD with documentation and request support for demolition
Demolish the property

A City of Akron submits demolition waiver to Development Services for demolition of house.

- i. City of Akron approaches neighboring property owners to donate the lot and attach it to their property. City of Akron may encourage the owner to install fencing or other amenities to enhance there property. City of Akron goes to council to seek approval to transfer the property, or
- ii. City of Akron goes to council to seek approval to transfer the property to build a single family house which plan is reviewed and approved by housing committee. The transfer of the lot may be to a non-profit group experienced in building new single family houses in the City of Akron.

Or

Acquisition/Sale to nonprofit

Prepare Development agreement and License agreement for non profit with list of work if the nonprofit does not have the financial capacity to carryout the job

Non Profit's responsibility

1. Job Start
 - Nonprofit responsible for carrying out the job and identifying qualified buyers
 - Process preliminary application.
 - Determine threshold eligibility @ 115% median.
 - Perform client preliminary intake.
2. City of Akron monitors progress and process milestone payments requested by contractor.
3. At job completion all building permits approved and final, lead clearance completed prior to final payment made, and Health Housing Codes met. Job turn around in three (3) months.
4. Occupancy permit issued, if necessary. City to provide admin to developer
5. Prepare Legislation to transfer property to new buyer at job completion.

or

Prepare Legislation to transfer property to non-profit if the non profit has the financial capacity to carry the job.

Prepare Development agreement with list of work

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Finances

Rehabilitation Costs	\$50,000 max
Acquisition Costs	<u>\$ 0 max</u>
	\$50,000 total
Sale of property	\$55,000 max
Commission /Admin	<u>\$ 5,000 max</u>
	\$50,000 Proceeds from sale

In this scenario, the city of Akron will provide the upfront costs of the rehabilitation of the property. The maximum is \$50,000.

A nonprofit will receive 10% admin money based on the cost of rehabilitation. The property can sell for the maximum of 10% of the net development costs. In this scenario, acquisition and rehabilitation costs were the basis for the development costs.