



Legislation Text

File #: ID 2017-684, **Version:** 1

TO: Mayor and City Commission

FROM: Samuel A. May, City Manager

DATE: October 18, 2017

RESOLUTION - APPROVING THE SALE OF 1504 EAST RIVER DRIVE, MARGATE 3RD ADD 44-48 B LOT 31 BLK 17; PROVIDING FOR EXECUTION OF THE REAL ESTATE CONTRACT AND ASSOCIATED DOCUMENTS; PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND: On January 13, 2015, a Special Warranty Deed was executed for the purchase of this property by the City as part of the Neighborhood Stabilization Program. Renovation of the property had been delayed on this property pending completion of the investigation of the City's grant program. During this delay, it was necessary for the City to expend funds for maintenance of the property. The investigation also determined that an invoice by All Pro Cleaning & Restoration for \$13,400, for supposed services at this property, was not a legitimate expense. The City would therefore be required to repay this expense from the General Fund. Not including related real estate sale and closing costs, the City has expended \$142,710.42 in grant funds on this property including the original purchase price of \$106,606.54.

After the former grants manager left the employ of the City, Economic Development Department staff continued to work with a family that had been previously approved to purchase the property. Unfortunately, the City was unable to provide a home at this location that met the needs of this family and NSP regulations. On May 18, 2017, the City was notified that the family would pass on purchase of this home.

The NSP program requires that the City resell a property to an NSP eligible buyer for at least 10% below market value. Since the original purchase of the property, the real estate market has seen an increase in residential property values. A recent appraisal indicated an appraised value of \$136,000. This real estate contract provides for sale of the property for \$155,000.

Sale of this property to a non-NSP eligible individual will require repayment of all NSP grant funds expended for this property. By selling this property above market value to a non-NSP eligible buyer, it is allowing the City to recover most if not all of the initial expenditures and avoid the additional costs to renovate the property.

RECOMMENDATION: For approval.

FISCAL IMPACT: As detailed above.

CONTACT PERSON: Samuel A. May, City Manager