

# URBAN HOMESTEADING

FINAL October 18, 2004

REVISIONS EFFECTIVE July 17, 2006

This Urban Homesteading Program is subject to Lakeland City Commission approval; and each lot/house sale shall be approved by the Land Acquisition and Disposition Committee of the City Commission for presentation to the full Commission.

## DEFINITIONS:

“Urban Homesteading” Households purchasing City owned vacant infill residential lots and constructing single family dwellings thereon for their family’s principal residence (homestead) or households purchasing foreclosed single family dwellings owned by the City for the purpose of their family’s principal residence (homestead).

“Eligible household” Eligible households must meet credit and income requirements as required by any first mortgage lender, not currently own a residential property (including mobile homes), and must agree to live in the residence as their principal residence and maintain their Urban Homestead as a single-family residence for a minimum of ten (10) years. The head of household must be at least 21 years of age and attend approved homebuyer education classes. In the case of houses to be sold, household size must fit the size of the house, generally no more than two persons per bedroom.

## VACANT BUILDABLE RESIDENTIAL LOTS:

On vacant buildable residential lots, the City shall continue to aggressively pursue title and marketability through foreclosure of special assessment liens and quiet title action. General funds of the City shall be needed in this endeavor.

The City shall maintain a list of City owned vacant lots suitable for single family construction where the property has marketable title and all back taxes have been paid in full. These lots shall be available for Urban Homesteading.

City owned vacant lots will be offered for sale to households that will construct single family housing and maintain same as their principal residence. Purchasers can be of any income range and the program will not be limited to low/moderate income and is intended in fact to create a better mix of incomes in inner city neighborhoods where most vacant lots are located.

Initially, five (5) to ten (10) City owned vacant residential lots shall be offered under this Urban Homesteading program. The program shall be advertised

through media releases, flyers, and letters to known affordable housing builders/developers giving a date of initial offering of said vacant lots for purchase and homesteading. Lots offered shall be appropriately signed to advertise the Urban Homesteading program.

On occasion, it may be necessary to combine two or more adjacent small lots and sell them as one parcel should the individual lot size be insufficient to construct a modest sized dwelling unit while complying with all zoning requirements. Only one lot (or parcel) shall be made available per participant. Should there be sufficient interest in the program that more than one entity expresses interest in purchasing a particular lot or there are more participants than lots available, preference will be given in the following order:

- First: Homeowners displaced by road projects or natural disasters and who have financing\* in place;
- Second: Households with financing and construction plans in place;
- Third: Experienced non-profit or for-profit builder/developers ready to construct a custom home for a particular purchaser (presold, no specs);
- Fourth: Non-profit or for-profit builder/developers as initial affordable housing venture ready to construct a custom home for a particular purchaser (presold, no specs).

\*Applicants are responsible for their own financing arrangements to be made with third party lenders, meeting the lender's credit and income requirements. The City's 10 year Urban Homestead Lien shall take subordinate position behind the purchase money first mortgage.

Subsequent to the initial offering, available lots shall be sold on a first-come, first-ready basis. Provided, however, in no event shall any builder/developer have access to more than one lot at any given time. A builder/developer upon successfully constructing a house and selling to a qualified homestead client can make application for subsequent urban homesteading lot. Individual homeowners or households can avail themselves of only one lot or parcel.

Lots available under the "Urban Homesteading" program shall be signed with sufficient information to draw attention to the program and direct prospective buyers/homesteaders to the appropriate offices to make application. Applications shall be made by the prospective buyer which shall contain information as to availability of construction financing, contractor information, building design, etc.

City staff shall review the assessed value of the available lots and determine if sale of the lots for the assessed value is reasonable. In the event that it is determined that the assessed value as set by the Polk County Property Appraiser's office misstates the value of a lot by over value or under value, an

appraisal may be ordered to set the lot sales price. Lots will be sold for the assessed value as provided by the Polk County Property Appraiser's office or alternatively at the stated appraised value. Sales price shall be set and information made available to the public as referenced above. Lots that are not sold immediately shall have the sales price reassessed as appropriate. Buyer shall pay a deposit of \$500.00 toward the purchase at the time a Contract For Sale and Purchase is entered into with the City of Lakeland. An additional \$500.00 shall be paid by the Buyer at the time of closing. The balance remaining due on the purchase price (represented by the appraised value less \$1,000.00 paid) shall be secured against the property in the form of a 10 year deferred payment lien. This deferred payment lien shall be forgiven at the rate of 10% per full year of owner occupancy. The beginning date of the lien shall correspond with the date of certificate of occupancy.

Transfer of title to such lots shall not occur until the construction/perm loan closing. Language shall be included in the deed document to allow title to revert to the City in the event construction is not initiated within six months of closing and any deposit or other funds paid by buyer shall be forfeited to the City. Title shall also revert to the City should the property not be used as homestead property.

Any balance remaining on the 10-year Urban Homesteading Lien shall immediately be due and payable upon the event of any of the following: 1) death of recipient or recipients; 2) selling or transfer of title to the property; 3) property is no longer maintained as recipient's principal residence (such as renting or leasing of property with or without consideration); and 4) property not maintained to a minimum housing standard.

In the event a homesteader moves from the property resulting in a payment of the lien, the funds shall be deposited in to the "Lot Clearing Account" of the City.

#### VACANT RESIDENCES:

On occasion, the City may acquire ownership of houses that are suitable for rehabilitation and resale through the Housing Section's foreclosure of City liens or other City actions. Such residences shall also be offered under the "Urban Homesteading" program, but shall be reserved for households with incomes below 120% of the area median income. Such housing shall be reserved for low to moderate income residents in order to continue their availability as affordable housing in the City and in conformity with the Housing Section's mission. Housing for sale to clients in this income range shall not exceed the Maximum Purchase Price Limits in the City Local Housing Assistance Program (SHIP Plan). Such houses shall also be appropriately signed and advertised for sale through non-profit partners. Houses shall be sold for the appraised value with reimbursement made to that City account that paid for the expenditures on foreclosure, taxes, rehabilitation, and cost of resale. Any remaining net proceeds

shall be deposited in the "Lot Clearing Account" or the affordable housing accounts of the Housing Section to be utilized for affordable housing programs

In the event that a house appraises for more than the Maximum Purchase Price Limit referenced above, the City may hold a soft second mortgage (deferred lien) securing the excess value to maintain the house as an affordable unit, which mortgage shall be due and payable upon the event of any of the following: 1) death of recipient or recipients; 2) selling or transfer of title to the property; 3) property is no longer maintained as recipient's principal residence (such as renting or leasing of property with or without consideration); and 4) property not maintained to a minimum housing standard.

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