ITEM # 24

Prepared by: Tracy J. Temple

Commissioner Sisson

Approved by: Roger Allison
County Attorney

Homestead
ORIG.
Procedures

RESOLUTION AUTHORIZING THE IMPLEMENTATION OF THE SHELBY COUNTY HOMESTEAD PROGRAM PURSUANT TO CHAPTER 281 OF THE PUBLIC ACTS OF 1985.

WHEREAS, The Shelby County Delegation introduced HB-410, SB-452, an Act to Enact the "Tennessee Homestead Act", in the 1985 Legislative Session; and

WHEREAS, The "Tennessee Homestead Act" was approved by the General Assembly on April 25, 1985 and signed by the Governor of Tennessee on April 30, 1985, and is now designated as Chapter 281 of the Public Acts of 1985; and

WHEREAS, Chapter 281 of the Public Acts of 1985 provides for an alternative means to acquire and dispose of real property to assist in the provision of housing for the citizens of Tennessee; and

WHEREAS, Section 5 of Chapter 281 of the Public Acts of 1985 requires the adoption of an implementation plan by the local governing body.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, That by recommendation of the Administration, that the "Homestead Program Package" incorporated herein by reference as Attachment A, is hereby approved, and adopted.

BE IT FURTHER RESOLVED, That the Administration is authorized to implement the "Homestead Program" under the terms and conditions of the implementation plan as outlined in the "Homestead Program Package."

William N. Morris, Jr.
County Mayor

Date: 10-10-85

ATTEST:

Dorothy G. Beard
Clerk of County Commission

ADOPTED: October 7, 1985

HOMESTEAD PROGRAM OUTLINE

Attachment A

A. Homestead Program Summary

1) Administering Agency

2) Method of Selecting Properties

3) Criteria for Selecting Homesteaders for Multi-family Housing Development

4) Criteria for Selecting Homesteaders for Single-family Housing Development

5) Conveyance of Property

6) Building Standards

7) Coordination Efforts

8) Technical and Financial Assistance

9) Methods to Acquire and Dispose of Property

10) Other Considerations

11) Attachments

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HOMESTEAD PROGRAM SUMMARY

Attachment A

The Tennessee Homestead Act passed April 24, 1985 by the Tennessee General Assembly (Public Chapter No. 281) is designed to provide Shelby County Government with an alternative means to acquire and dispose of surplus and tax lien properties for the purpose of residental development.

Through this program any person, corporation, partnership, government agency, or joint venture, may make an application to acquire designated properties or may make donations of properties to the program. Applicants approved shall receive title to the property requested for a nominal fee calculated on a per-square-foot basis. Properties under the program will only be made available for residential development.

This package shall serve as the implementation plan as required by Section 5 of the Act, and also shall serve as the application package for properties for all interested applicants.

IMPLEMENTATION PLANS

1) Administering Agency:

The Shelby County Department of Neighborhoods, Housing and Economic Development shall serve as the Administrator of the Program.

Change

All correspondence and inquiries should be directed to:

Tim Bolding
204 N. Second St., Basement
Memphis, TN 38105
(901) 528-3523

Application Packages can be obtained at this address.

2) Method of Selecting Properties

A "Homestead Committee" composed of representatives from the Department of Purchasing, County Attorney's Office, County Trustees Office and the Department of NHED will periodically

review the inventory of County owned properties, and make recommendation to the Administration on properties selected to to be included in the program.

Upon approval by the Administration of the recommended properties, a list of proposed properties shall be presented to the County Commission for approval.

Upon approval by the County Commission, the designated properties shall be made available to the public.

It should be noted that all properties owned by the County will not be governed by the Homestead Rules. Only properties selected and approved as above, shall be available as "Homestead Properties".

3) Criteria for Selecting "Homesteaders for Multifamily Housing Development.

Potential Applicants shall complete the attached application forms and submit them to the Dept. of Neighborhoods, Housing, & Economic Development as indicated in Section 1.

NHED staff will be available to provide technical assistance in filling out the applications. Applications will be considered on a first come first served basis.

The application consists of the following:

A) Identification of the applicant.

B) Identification of the site.

C) Identification of finanical resources to be used for site development.

D) Compliance with zoning.

E) General Project Description:

1) Site plan

2) Building plans

3) Projected Rent Scale

4) Energy features

The application will be reviewed by the Homestead Committee and recommendation made to the Administration on approval/disapproval. A written response to the applicant will be made in a timely manner.

If the application is not approved, the reasons for disapproval will be listed. NHED staff will be available for technical assistance and review of a rejected application.

If the application is approved, the county will execute an "Option to Purchase" with the applicant. The option shall be valid for a period of 30 to 60 days as determined by the "Homestead Committee."

During the option period, the applicant shall finalize all financial, zoning and other legal matters relevant to the request. A list of conditions will be included in the option.

Upon expiration of the option, the "Homestead Committee" will determine if the conditions of the option have been met. If the conditions have not been met, an extension on the option may be offered for just cause. If an extension is deemed to be inappropriate, the project will then be rejected.

If the conditions of the option have been met, title to the property will be transferred per the method outlined in Section 5 of the plan.

4) <u>Criteria for Selecting Homesteaders for Single-family Development.</u>

The criteria for selection of Homesteaders for Single-Family Development shall be identical to that used for selection of Multi-Family Development.

However, the application itself will request information

relevant to Single-Family Development, and in particular, shall request information on sales price rather than rental rates. The single-family application is attached.

5) Conveyance of Property

Upon submission and subsequent approval of the application, and upon meeting the conditions as outlined in the "Option to Purchase", the County will transfer title to the property to the applicant by Quit-Claim Deed for the predetermined price.

There shall be an Escrow Account established at the closing of the sale. The applicant shall present to the administering agency a certified check or an irrevocable Letter of Credit in an amount set by the Homestead Committee. In no event shall this amount be less than all tax lien and fees assessed the property.

The Escrow Account shall be governed by a contract between the applicant and the County which will specify the conditions to be met in order to receive a refund of the Escrow Account. This contract shall provide for one extension of time which may be requested by the applicant for just cause.

The purpose of the establishment of the Escrow Account shall be to encourage the applicant to follow through on the approved development plan. If the planned development is completed in the time specified, the account will be refunded. In the event that the development is not completed, the Escrow will be forfeited by the applicant.

In no event will the property be foreclosed by the County for failure to complete the proposed development. However, the applicant will forfeit all funds in Escrow. Regardless of completion or failure to complete the development plan, the applicant will hold title to the subject property and shall owe

property taxes from the date title is transferred.

A sample contract is attached.

6) Building Standards

Generally, any construction projects, either rehabilitation or new construction will be governed by the Southern Standard Building Code as inspected by the Memphis and Shelby County Consolidated Codes Department.

Does not exist

Under a special project with FHA and The Codes Department, an application may be submitted for the "Joint Ventures for Affordable Housing" project.

Under this project, certain code requirements may be minimized in order to reduce the over all cost of construction.

Each application for a "Joint Venture" project will be reviewed by both the Codes Department and FHA.

An application is available on request from the address indicated in Section 1.

7) Coordination Efforts

The Department of NHED will provide techinical assistance to applicants in determining their housing needs, and the resources available to meet those needs.

This assistance will consist of one-on-one counseling to individual applicants as well as seminars to groups interested in hearing more about the program.

NHED Staff will serve as a referral source to other Housing related agencies. These may include: Housing & Community Development, Tennessee Valley Authority, Federal Housing Agency, Farmers Home Administration, Veterans Services Office, Tennessee Housing Development Agency, and others.

8) Technical and Financial Assistance

As previously stated, NHED staff will provide a wide variety

of technical assistance services to applicants.

Below are some of the potential sources of financial assistance:

A) The Home Buyers Revolving Loan Progam will provide below-market interest mortgage funds for qualified owner-occupants.

B) FHA offers various mortgage insurance programs such as the 203-K program which may assist in the financing of major rehab projects.

C) The VA provides 100% mortgage guarantees for qualified veterans.

D) The FMHA offers below-market rate loans for qualified residents in rural areas.

E) The THDA offers 9.9% mortgages for qualified first-time homebuyers or buyers in target areas.

F) There may be other programs offered through local lenders such as Adjustable Rate Mortgages that are available to the general public. Please contact your local lender for this information.

9) Methods to Acquire and Dispose of Property

All property shall be disposed of in the manner prescribed in Section 3 and 4 above.

The agency shall acquire property through tax lien foreclosure, gift or contract from other government agencies, or private sources. This shall include property owned by FHA, VA, FMHA and city and county agencies.

The administering agency will solicit properties from these agencies on an on going basis. When properties are secured, the public shall be notified as in Section 2 above.

10) Other Conditions

A) Emergency Situations

The "Homestead Committe" may review propsals that it considers to be "Emergency" cases from time to time, and may recommend to the Administration an abbreviated method of property disposal.

The comittee will recommend to the Administration a proposed remedy to the emergency situation which shall then go before the Commission for final approval.

Each emergency case shall be considered on a case by case basis and evaluated in terms of its own merits.

B) Property Lease

The Homestead program is geared to the sale and transfer of title of County owned property.

In some cases, however, we realize that the lease of property may be advantageous to the project proposed.

It is therefore noted that the lease of property shall be allowed under the Homestead Program. The process to lease will be the same as the process to sell including the submission of an application, review by committee, and final approval by Administration and Commission.

Under a lease agreement, no taxes will be levied against the property during the term of the lease. However, a lease may require a payment in lieu of taxes.

Due to the nature and intent of the Homestead Program, application for ownership shall have priority over application for lease.

C) Change in Program Rules

The Homestead program rules may be ammended by approval of the Administration and County Commission.

Single Family
Homestead Application
For
Shelby County Owned Property

I. General Information

A) Applicant

Name

Address

Phone

B) Contact for more information

II. Description of Project

A) Site Identification

Parcel Number

Location

Size

B) Project Plans

1) Describe structure you intend to build?

2) What size? (square feet and number of rooms)

3) Approximate cost? _____

Approximate monthly note? _____

4) Do you have preliminary plans? (if so, attach)

5) Do you have financing arranged? (if so, please attach letter from Lender)

6) What is your estimated date for project completion?

7) Are you working with a Lender, Realtor, Builder, etc... in the development of this proposal? (if so, who?)

8) Additional comments: attach plans, letters and any other relevant support data.

III. Applicant Certification

I have read and understand the Homestead rules and am aware that an option to purchase will be completed upon approval of this application. If all conditions stated in the option are met, I will be required to set up an escrow account which shall be refunded to me only upon completion of the project as proposed.

The information I have provided in this application is complete and accurate to the best of my knowledge.

_____
Signature of Applicant

MultiFamily

Homestead Application

For

Shelby County Owned Property

I. General Information

A) Applicant

Name

Address

Phone

B) Contact for more information

II. Description of Project

A) Site Identification

Parcel Number

Location

Size

Current Zoning

B) Project Plans

1) Describe the structure you intend to build.

2) How many units?

3) What is the proposed rent structure?

4) Who is providing financing? What is estimated development cost?

5) Attach preliminary site plans.

6) What is estimated time frame for development?

7) Please list Lenders, Relators, Builders, etc... in the development of the project.

8) Please attach any comments, plans, letters and any other relevant support data.

III. Application Certification

I have read and understand the Homestead rules and am aware that an option to purchase will be completed upon approval of this application. If all conditions stated in the option are met, I will be required to set up an escrow account which shall be refunded to me only upon completion of the project as proposed.

The information I have provided in this application is complete and accurate to the best of my knowledge.

_____
Signature of Applicant

/mt