

Introduced by: Council Present

AN ORDINANCE AMENDING CHAPTER 400, CREATING A NEW ARTICLE XIV, ECONOMIC DEVELOPMENT IMPROVEMENT AND REGULATIONS FOR THE DOLLAR HOME PROGRAM IN THE CITY OF BERKELEY MISSOURI

WHEREAS, the City of Berkeley desires to purchase sub-standard housing units and offer them for sale in the City at a depressed market price for the purpose of rehabilitating housing units that have an adverse impact on residential neighborhoods and to re-sell the units to owner-occupants providing an increase in new affordable housing stock that will address the housing and neighborhood stabilization recommendation of the comprehensive plan.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BERKELEY, MISSOURI, AS FOLLOWS:

- Section 1.** There is hereby created a Dollar Home Program for the City of Berkeley to be administered through the City's Economic Development Office according to guidelines (EXHIBIT A) established by the Economic Development Sales Tax Commission on DATE. The program shall provide that successful applicants may be eligible to purchase single-family homes for the purpose of owner occupation for a minimum of five years.
- Section 2.** Applicants shall meet all requirements of the guidelines; and shall be reviewed through the Economic Development Office, and forwarded to the Economic Development Commission for referral to City Council for final approval. The Economic Development Coordinator shall submit completed applications (EXHIBIT B) to the City Council with its recommendations from the Economic Development Sales Tax Commission regarding purchaser eligibility and project compatibility. The City Council shall make the final decision approving or disapproving an application.
- Section 3.** An applicant whose application is approved shall enter into an agreement with the City by ordinance setting out the details of the purchase agreement.
- Section 4.** This Dollar Home Program shall provide that in the instance where lot consolidation may be necessary to accommodate a new construction or expansion project, lot consolidation and re-subdivision fees shall be waived.
- Section 5.** This Dollar Home Program guidelines, (EXHIBIT A), supersede any other housing purchase program that may have been previously discussed.
- Section 6.** This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law.

Section 7. That all ordinances and parts of ordinances in conflict herewith are hereby repealed from purposes of this ordinance only, and only to the extent of the conflict which will be reflexed when codified.

1st Reading, this 21st day of October 2019

2nd Reading this _____ day of _____ 2019

3rd Reading, PASSED and APPROVED, this _____ **day of** _____ **2019**

ATTEST:

Theodore Hoskins, Mayor

Deanna L. Jones, City Clerk

Final Roll Call:

Mayor Hoskins	Aye	___	Nay	___	Absent	___	Abstain	___
Councilwoman Hoskins	Aye	___	Nay	___	Absent	___	Abstain	___
Councilwoman Mitchell	Aye	___	Nay	___	Absent	___	Abstain	___
Councilwoman Williams	Aye	___	Nay	___	Absent	___	Abstain	___
Councilwoman-at-Large Greene	Aye	___	Nay	___	Absent	___	Abstain	___
Councilman Hindeleh	Aye	___	Nay	___	Absent	___	Abstain	___
Councilwoman Anthony	Aye	___	Nay	___	Absent	___	Abstain	___

Approved As To Form:
Donnell Smith, City Attorney



REPORT TO CITY COUNCIL PUBLIC HEARING

TO: The Honorable Mayor and Members of the City Council

FROM: Kimberly Smith-Drake, Economic Development Coordinator

THRU: Debra Irvin, City Manager

DATE: October 4, 2019

SUBJECT: **Case No. ED19-03 - A request from the Economic Development Coordinator to approve an ordinance for adoption of the City of Berkeley Dollar Home Program.**

The Economic Development Sales Tax Commission has reviewed the subject item above and present the following as their findings:

BACKGROUND

The Dollar Home Program is established to allow the City to purchase sub-standard housing units and offer them for sale in the City at a depressed market price. The purpose of this program is to rehabilitate sub-standard housing units which are having an adverse impact upon our residential neighborhoods and to re-sell the units to owner-occupants providing an increase in new affordable housing stock that will address the housing and neighborhood stabilization recommendation of the comprehensive plan.. Section 145.100, of the City's Code regarding the Economic Development Sales Tax was passed by the voters in 2009; the city enacted the program in 2010, with guidelines on how the funds are to be utilized, see attached.

JUSTIFICATION

This initiative is empowered through the Economic Development Sales Tax code, Section 145.110.A.3(b) which provides that the City is allowed to acquire land. The City's Comprehensive Plan also suggest the implementation of a plan to incorporate affordable housing strategies that will support neighborhood stability through home owner occupancy. The strategic land use recommendations of the Comprehensive Plan also address ensuring that any infill, demolition or construction activity increase the neighborhood's compatibility with future redevelopment to increase housing density. The program will be administered by the City's Economic Development Coordinator, with a referral from the Economic Development Commission to the City Council for final approval of projects and funds.

REQUEST

In consideration of the aforementioned City statutes and, in accordance with the strategic redevelopment priorities set forth in the Comprehensive Plan that address the lack of housing stock through the rehabilitation of abandoned housing and infill construction serving as remediation. It is requested by the Economic Development Sales Tax Commission that an ordinance be adopted to create the City of Berkeley Dollar Home Program by the City Council.

IMPACT ON BUDGET

There is minimal impact on the Economic Development Sales Tax Commission Budget from the recommended action. The program will allow the City to purchase properties at administrative cost from St. Louis County. Approval of the program allows the City to revitalize the community with updated, owner occupied homes and relieving the City of abandoned vacancies to create more desirable residential neighborhoods.

SUPPORTING DOCUMENTS

- Ordinance 3854 Economic Development Sales Tax
- Draft Ordinance
- Exhibit A - Dollar Home Program Application & Instruction Packet

OPTIONS OF THE COUNCIL

1. –Recommend approval of the applicant’s request.
2. –Recommend denial of the applicant’s request.

PUBLIC NOTICE AND COMMENT

Public Hearing notification is applicable. Upon recommendation by the Economic Development Sales Tax Commission on October 1, 2019 to the City Council, a public hearing shall be published, posted and scheduled for October 21, 2019.

Respectfully Submitted,

Kimberly Smith-Drake



CITY OF BERKELEY DOLLAR HOME PROGRAM

APPLICATION PACKET



CITY OF BERKELEY

ECONOMIC DEVELOPMENT OFFICE

8425 Airport Road, Berkeley, MO 63134

314-524-3313 (phone), 314-264-2071 (fax)

City of Berkeley Dollar Home Program

Purpose:

The Dollar Home Program is established to allow the City to purchase sub-standard housing units and offer them for sale in the City at a depressed market price. The purpose of this program is to rehabilitate sub-standard housing units which are having an adverse impact upon our residential neighborhoods and to re-sell the units to owner-occupants providing an increase in new affordable housing stock that will address the housing and neighborhood stabilization recommendation of the comprehensive plan.

The City of Berkeley Dollar Home Program will positively impact the community by enabling the City to repurpose and utilize its land assets to progressively build a resilient and sustainable community through home ownership. In order to increase home ownership, facilitate family self-sufficiency through asset building and establish permanency and pride within the City, it is necessary to stabilize neighborhoods through the rehabilitation of single family houses and to develop infill lots with newly constructed homes. The City will have increased affordable housing stock through the improvement of residential structures or the construction of new homes on vacant lots.

Program:

The Dollar Home Program will be implemented by the City of Berkeley as a local housing program offered through the Economic Development Office. The City of Berkeley will maintain a catalogue of properties located in residential zoned districts of the City that are eligible for the program. All buildings must be single family properties or vacant infill lots located in R-1, R-2, and R-3 Single Family Residential Districts.

Eligibility:

The program will be available under the following guidelines:

- All properties are to be offered in “As Is” condition.
- No properties or lots will be sold through this program for the purpose of rental in order to comply with the City of Berkeley’s *Ordinance 4320* limiting the number of rental houses in neighborhoods to 30 percent per block.
- Only reputable non-profit organizations that successfully engage in the development of single family residences for the purpose of providing access to home ownership will be allowed to resell a Dollar Home Program property.
- Home Owner Occupation is required for a minimum of five years under agreement with the City to only sell the property following the five year minimum to another home owner occupant and not to any individual or organization that would rent or lease the property.
- Present verifiable proof of funding guarantee (financing) that will cover the cost of the home purchase, renovations and repairs that will bring the home to required livable standards established by the City’s housing maintenance code.
- Property must be free of liens with the City of Berkeley.
- Applicants or organizations must not have any outstanding liens with St. Louis County.
- Must show the capability of occupying the property within eighteen (18) months of purchase.
 - Bids from contractors stating project completion date

Program Application Process:

A completed application packet must be submitted to the Economic Development Office for review and recommendation to City Council. This portion of the process can take up to 30 days to complete. The application packet must be complete to be eligible for review. (SEE EXHIBIT A)

- The prospective buyer will inspect the property and prepare a project plan and budget.
- Buyers will be required to use licensed service providers to install electrical, plumbing, and HVAC systems, if work on those systems is required.
- All plans for renovation and construction must be reviewed and approved by the City of Berkeley Public Works Director or designee. This process may require the applicant to undergo exterior appearance review and site inspection by a Berkeley Inspector before the application is presented to the City Council.
- Applications to purchase property under the Dollar Home Program will be reviewed by staff to determine eligibility.
- Staff will provide a recommendation to the City Council for consideration of referral to the Economic Development Commission. Upon referral to the Economic Development Commission for review and approval, applications will be sent to City Council for final approval and ordinance issuance. Applicants must appear in person at the time of City Council's and Economic Development Commission's review of the application.
- Upon application review, the Economic Development Commission and City Council reserve the right to add and/or amend requirements for the approval of applications.

Prior to Closing

Upon approval of the Dollar Home Program application, buyers must obtain Title Insurance. Title Insurance ensures that there are no prior liens or judgments against the property.

Buyer must attend Homeowners Counseling and provide proof of participation. The Economic Development Coordinator will be able to provide references for access to counseling services if needed.

Buyer will submit all revised/updated renovation or construction plans and budget to the Building Commissioner's Office for approval.

Closing

At closing (transfer of title) buyer will sign a Quit Claim Deed to the City of Berkeley, which will be held until an occupancy permit is issued and the five year residency requirement has been met.

Buyer will sign the Affidavit for the Purchase of Real Estate and notarize.

CITY OF BERKELEY
Dollar Home Program Application

REQUIRED SUBMITTALS WITH APPLICATION:

1. Current digital photos of the home or vacant lot to be purchased
2. A schematic drawing with significant detail to depict the proposed improvements to the property
3. Signed vendor bid(s) with detailed costs for each proposed improvement and timeline for completion
4. Valid letter of credit OR preapproval letter from financing institution
5. Valid Identification (Drivers License, State ID, Military ID)
6. Most recent tax return
7. Most recent W-2 form
8. Four most recent pay stubs, or 4 months proof of income and source
9. Two months of most recent checking and/or savings account statement
10. Credit Statement (Individual or Company)
11. Project Planning Sheet

PROSPECTIVE OWNER INFORMATION

Name: _____

Home Address: _____

Employer/Business Name: _____

Business Address: _____

Business Phone: _____ Fax Number: _____

Home Phone: _____ Email Address: _____

If tenant, what is the expiration date of your current lease? _____

Property Owner Address: _____

Property Owner Phone: _____

Property Owner Fax: _____

Property Owner E-mail: _____

If property owner, how many years: _____

DESCRIPTION OF PROPERTY

FINANCING: Indicate the means by which you propose to pay for the acquisition and rehabilitation of this property i.e., (personal loan, bank loan, other-please explain):

ADDITIONAL INFORMATION: Give any additional information that you feel may be helpful to assist City Council in conducting their review and evaluation of the offer to purchase real estate from the City of Berkeley through the Dollar Home Program.

ITEMIZED ACTIVITY DESCRIPTION

COST

TOTAL PROJECT COST:

AMOUNT OFFERED TO PURCHASE PROPERTY:



The City of Berkeley is an Equal Housing Opportunity compliant community.

APPLICATION CERTIFICATION

I, the undersigned, certify that I have read the program description and requirements for the City of Berkeley Dollar Home Program. I certify that all information provided herein is true and accurate to the best of my knowledge. I understand that the improvements described in this application must receive all required permit approvals from the City of Berkeley prior to the commencement of renovation and construction.

Furthermore, I, the undersigned, my successors and assigns, hereby agree to save and hold harmless the City of Berkeley and any of its employees, officers and directors from all cost, injury and damage to any person or property whatsoever, any of which is caused by an activity, condition or event arising out of the performance, preparation for performance or nonperformance of any project improvement included in the acquisition, renovation and occupancy of property associated with the Dollar Home Program. The above cost, injury, damage or other injury or damage incurred by or to any of the above shall include, in the event of an action, court costs, expenses of litigation and reasonable attorneys' fees.

Applicant Name (PRINT)

Applicant Signature

Date

*****Office Use Only*****

Application is: _____ Approved

_____ Denied

Finance Director

Date

Economic Development Coordinator

Date

APPLICANT'S AFFIDAVIT FOR PURCHASE OF REAL ESTATE

STATE OF MISSOURI)
) SS
 COUNTY OF SAINT LOUIS)

TO: The City of Berkeley

The undersigned, _____(Name) being duly sworn, deposes and says that he or she will be the Owner Occupant of the property located at _____(the "Premises") and has applied to purchase property from the City of Berkeley through the Dollar Home Program _____(the "Work.").

The total amount of the property purchase is \$ _____ toward which I, as Owner Occupant, will as of this date pay \$ _____. I hereby attest that I have secured funds through myself or from a third party to pay for the renovation/construction (circle one) toward the goal of occupancy within 18 months at a standard that meets the City of Berkeley's municipal code requirements.

The attached proof of funds is true, correct, and genuine, and delivered unconditionally. The work plans set forth with said proof of payment will be completed to the conclusion of all contracts for renovation or construction work at the Premises.

Upon payment of \$ _____ to the City of Berkeley, there shall be nothing due or to become due from the City of Berkeley in connection with the purchase of this property. However, the new owner agrees to maintain and keep the property in accordance with all City of Berkeley municipal code requirements in order to maintain the health, safety, and general welfare of the neighborhood and community of residence.

I, as Owner Occupant agree to occupy this residence at _____ (the "Premises") for a minimum of five (5) years and do agree to only sell or transfer this property to an owner occupant after the completion of said duration and close of deed transfer. I agree to notify the City of Berkeley prior to the advertising and close of any transaction of sale or transfer of this property.

Date: _____

Signature: _____

SUBSCRIBED AND SWORN to
 before me this day of, ____ 20__.

 Notary Public

ORGANIZATION'S AFFIDAVIT FOR PURCHASE OF REAL ESTATE

STATE OF MISSOURI)
) SS
COUNTY OF SAINT LOUIS)

TO: The City of Berkeley

The undersigned, _____ (Name) being duly sworn, deposes and says that this Organization/Agent will be the Owner of the property located at _____ (the "Premises") and has applied to purchase property from the City of Berkeley through the Dollar Home Program for the purpose of sale to an Owner Occupant.

The total amount of the property purchase is \$ _____ toward which we, as Organization/Agent, will as of this date pay \$ _____. We hereby attest that funds have been secured to also pay for the cost of complete renovation/construction (circle one) toward the goal of occupancy within 18 months at a standard that meets the City of Berkeley's municipal code requirements.

The attached proof of funds is true, correct, and genuine, and delivered unconditionally. The work plans set forth with said proof of payment will be completed to the conclusion of all contracts for renovation or construction work at the Premises.

Upon payment of \$ _____ to the City of Berkeley, there shall be nothing due or to become due from the City of Berkeley in connection with the purchase of this property. However, the new owner agrees to maintain and keep the property in accordance with all City of Berkeley municipal code requirements in order to maintain the health, safety, and general welfare of the neighborhood and community of residence.

I, as Owner Occupant agree to occupy this residence at _____ (the "Premises") for a minimum of five (5) years and do agree to only sell or transfer this property to an owner occupant after the completion of said duration and close of deed transfer. I agree to notify the City of Berkeley prior to the advertising and close of any transaction of sale or transfer of this property.

Date: _____

Signature: _____

SUBSCRIBED AND SWORN to
before me this day of, ____ 20__.

Notary Public

ARTICLE IV
Economic Development Sales Tax, Commission and Trust Fund

Section 145.100. Economic Development Sales Tax. [Ord. No. 3854 §1, 9-21-2009; Ord. No. 3873 §1, 12-7-2009]

Pursuant to the provisions of Section 67.1305, RSMo., Supp. 2005, a sales tax of one half of one percent (0.5%) is imposed for economic development purposes on all retail sales made in the City on and after January 1, 2010, which are subject to sales tax under Chapter 144, RSMo.

Section 145.110. Economic Development Sales Tax Fund. [Ord. No. 3873 §1, 12-7-2009]

- A. All revenue generated by the tax referenced in this Article shall be deposited in a special trust fund and shall be used solely for purposes permitted by law, which, as of the date of adoption of this Section, are as follows:
1. No revenue generated by the tax referenced in this Article shall be used for any retail development project, except for the redevelopment of downtown areas and historic districts.
 2. Not more than twenty-five percent (25%) of the revenue generated shall be used annually for administrative purposes, including staff and facility costs.
 3. At least twenty percent (20%) of the revenue generated shall be used solely for projects directly related to long-term economic development preparation including, but not limited to, the following:
 - a. Acquisition of land;
 - b. Installation of infrastructure for industrial or business parks;
 - c. Improvement of water and wastewater treatment capacity;
 - d. Extension of streets;
 - e. Public facilities directly related to economic development and job creation; and
 - f. Providing matching dollars for State or Federal grants relating to such long-term projects.
 4. The remaining revenue generated may be used for, but shall not be limited to, the following:

Section
145.110

Section
145.120

- a. Marketing;
- b. Providing grants and loans to companies for job training, equipment acquisition, site development and infrastructures;
- c. Training programs to prepare workers for advanced technologies and high skill jobs;
- d. Legal and accounting expenses directly associated with the economic development planning and preparation process; and
- e. Developing value-added and export opportunities for Missouri agricultural products.

**Section 145.120. Economic Development Sales Tax
Commission. [Ord. No. 3873 §1, 12-7-2009]**

- A. There is hereby established an Economic Development Sales Tax Commission to consist of five (5) members to be appointed as follows:
 1. One (1) member shall be appointed by the school districts included within any economic development plan or area funded by the sales tax referenced in this Article in any manner agreed upon by the affected districts;
 2. Three (3) members shall be appointed by the Mayor with the consent of the majority of the City Council; and
 3. One (1) member shall be appointed by the St. Louis County Council.
- B. Of the members initially appointed, there shall be designated by the City Council to serve for terms of two (2) years and the remaining members shall be designated to serve for a term of four (4) years from the date of such initial appointments. Thereafter, the members appointed shall serve for a term of four (4) years, except that all vacancies shall be filled for unexpired terms in the same manner as were the original appointments.
- C. The Commission shall receive no compensation or operating budget.
- D. The Commission, subject to approval of the City Council, shall consider economic development plans, economic development projects or designations of an economic development area and shall hold public hearings and provide notice of any such

Section
145.120

Section
145.130

hearings. The Commission shall vote on all proposed economic development plans, economic development projects or designations of an economic development area and amendments thereto within thirty (30) days following completion of the hearing on any such plan, project or designation and shall make recommendations to the City Council within ninety (90) days of the hearing concerning the adoption of or amendment to economic development plans, economic development projects or designations of an economic development area. The City Council shall have the final determination on use and expenditure of any funds received from the tax referenced in this Article.

- E. The Commission may consider and recommend using funds received from the tax referenced in this Article for plans, projects or area designations outside the boundaries of the City if and only if:
 - 1. The City or the State receives significant economic benefit from the plan, project or area designation; and
 - 2. The Commission establishes an agreement with the Governing Bodies of all Cities and Counties in which the plan, project or area designation is located detailing the authority and responsibilities of each Governing Body with regard to the plan, project or area designation.
- F. The Commission and the City Council shall report at least annually to the City Council or County Council on the use of and on the progress of any plan, project or designation adopted under this Article and shall make such report available to the public.

Section 145.130. Special Taxing Districts. [Ord. No. 3873 §1, 12-7-2009]

Notwithstanding any other provision of law to the contrary, the economic development sales tax when imposed within a special taxing district, including, but not limited to, a tax increment financing district, neighborhood improvement district or community improvement district, shall be excluded from the calculation of revenues available to such districts and no revenues from the economic development sales tax shall be used for the purposes of any such district unless recommended by the Economic Development Tax Commission and approved by the City Council.