



## **LOT ACQUISITION ASSISTANCE PROGRAM POLICY**

The Arlington Economic Development Authority hereby adopts the following policy:

### **GOALS:**

1. The City of Arlington desires to promote Arlington as a great place to live and a safe place to raise a family.
2. The City wishes to help stimulate new housing starts. Lot pricing must be based on the realistic value of the property and be competitive in the Arlington market.
3. The lot acquisition assistance program will be limited in scope. A limited number of lots will be assisted and the terms of assistance will require security and repayment provisions.

### **RULES:**

1. The City Council has authorized allocation of a maximum of \$120,000.00 to the EDA to fund the lot acquisition program. A maximum of \$30,000.00 shall be allocated to the purchase of any lot.
2. The EDA retains, in its sole discretion, the power to decide which lots, if any, shall benefit from this lot acquisition program. The EDA also absolutely retains the authority to change this policy from time to time, to best meet the needs of the City of Arlington. The EDA shall also change this policy from time to time in order to adjust to the directives and funding allocations of the City Council toward this project.
3. The goal of this program is to stimulate development of housing that might not otherwise be built. Therefore, no lot acquisition shall be funded from this program upon which a “made to order” house is being constructed for a designated advance purchaser. Lots will be acquired under this program only for the purpose of constructing affordable, entry level housing or “model” or “spec” (speculation) homes built to attract primarily first-time home purchasers and/or new residents to the community.
4. Lots will be acquired under this program only for the construction of residential structures intended for resale to owner-occupants. This program shall not fund any lot purchases intended for commercial use or residential rental units. In the discretion of the EDA, this program may be used to acquire lots for the construction of “twinhome” units, defined as two single family residences, sharing a common wall and built on one lot.
5. It is the intent of the EDA to stimulate construction of good quality homes that enhance the attractiveness of the community and promote the stability of property values. Therefore, lots shall be acquired under this program only for the construction of new dwelling units fully

constructed on the site with new materials. No manufactured or mobile homes, trailer homes, basement homes or temporary structures of any kind shall be constructed on any lot acquired under this program. Modular homes, being defined as homes constructed at least partially with components put together off-site, may be allowed in the discretion of the EDA, if said homes in the reasonable opinion of the EDA will equal the quality of construction and appearance of homes built entirely on-site, and reasonably conform to the appearance of other homes in the same neighborhood.

6. It is the intent of this program to stimulate the immediate construction of new residences. It is not the intention of this program to stockpile lots for future development. Therefore, lots will be funded only with the commitment of the developer to complete construction of a residence on a lot as soon as weather permits after acquisition of the lot, but no later than 365 days after the developer has taken title to the lot, as further setout in paragraph 9 below.
7. The EDA shall not be directly involved in the negotiation of price or the purchase of any lot. However, the EDA reserves the right, in its own discretion, to provide or withhold funding for the purchase of any lot based on the EDA's determination of the needs of the city, the appropriateness of the planned construction both as to design and pricing, and the appropriateness of the price of the lot. The appropriateness of the price shall be determined by the EDA by review of the estimated market value of the lot as set by the County Assessor, the historic asking price of the lot owner, the presence and cost of street, curb and gutter, and utility improvements, and any other factors the EDA deem relevant. The EDA may fund part or all of the cost of acquisition of a lot, up to the \$30,000.00 maximum funding limit per lot. If the EDA approves the use of this program to acquire a lot for the construction of twinhomes, as defined in paragraph 4 above, the same maximum funding of \$30,000.00 for the lot shall apply.
8. Funding provided under this program shall be subject to full repayment upon the resale of the lot following completion of construction, or two years after the funds have been advanced, whichever happens first. In the case of any twinhomes lot, full repayment of the loan must be made when the first of the two residential units on the lot is resold. Repayment shall be secured by a properly recorded real estate mortgage. Said mortgage shall be secondary to any mortgage for construction financing obtained by the developer for the project. Unless subject to the terms of paragraph 9 below, said loan shall not accrue interest if promptly paid under the term of this paragraph 8. If the borrower defaults under the repayment terms set out under this policy and/or the real estate mortgage and note securing the loan, interest shall accrue on the loan on and after the date of default at a rate established by the EDA and borrower in the loan note.
9. As an exception to the terms set out in paragraph 8 above, if the developer does not complete construction within 365 days after the lot is purchased, the EDA may, in its discretion, require that interest be paid on the lot purchase loan at a rate specified in the note, said interest to begin to accrue as of the date of the lot purchase. As an alternative, the EDA may, in its discretion, call the entire note due and payable, including accrued interest, at any time after the required construction completion date has passed, if construction has not been completed by said date. While the application of the interest charge or early payout option will be in the sole discretion of the EDA, it is contemplated that the EDA will take into consideration unavoidable construction delay factors such as severe weather, labor or material shortages, accident or illness, which may have contributed to the construction delay. The 365 day construction completion deadline set out in this paragraph shall be the 365<sup>th</sup> day after the developer's title deed to the lot has been recorded at the Sibley County Recorder's office.

10. This program may be used only for bare lots. Infrastructure, meaning street, curb and gutter and utility lines may be placed on a lot prior to application for a loan under this program. However, any other improvement of the lot, including land clearing, earth-moving, excavation, or construction of any kind, shall make the lot ineligible for this program.
11. Any developer who wishes to apply for funding under this program must submit a written request to the EDA with as much advance notice as possible, but no less than a minimum of 30 days prior to acquisition of the lot. Such requests shall include the following information:
  - a. The applicant's name, address, phone number, business description, tax ID number.
  - b. Disclosure if the builder/contractor owns any other lots in the City.
  - c. The current estimated market value of the lot as set by the County Assessor.
  - d. The sales price asked by the current lot owner and the amount of assistance being requested from the City.
  - e. The legal description of the lot and total area.
  - f. All current restrictive covenants against the lot.
  - g. A copy of the construction plans for the new dwelling. The dwelling style shall be consistent and in harmony with other dwellings in the neighborhood.
  - h. The projected resale price for the completed dwelling.
  - i. The applicant's current balance sheet.
  - j. The applicant's profit and loss statement for the previous three fiscal years, or in the alternative, the applicant's income tax returns for the previous three tax years.

This policy has been approved by the EDA at its regularly scheduled meeting on January 9<sup>th</sup>, 2007 and the Arlington City Council on January 17<sup>th</sup>, 2007.

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President

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Secretary-Assistant Treasurer