



BALTIMORE HOUSING

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

MEMORANDUM

To: The Honorable President and Members of the Board of Estimates

From: Paul T. Graziano, Commissioner

Date: November 20, 2008

Subject: Request for the Approval of the Land Disposition Agreement (LDA) between the Mayor and City Council (MCC) and Unit South Durham Homestead House, Inc. to purchase property known as 7 South Durham Street (Block 1735, Lot 068), in the Washington Hill Urban Renewal Area.

Dear Madam President and Members:

ACTION REQUEST OF BOARD OF ESTIMATES:

It is respectfully requested that your Honorable Board approve the Land Disposition Agreement (LDA) between the Mayor and City Council (MCC) and Unit South Durham Homestead House, Inc. for the sale of City-owned property located at 7 South Durham Street. The property will be maintained as green space and eight (8) parking spaces.

AMOUNT OF MONEY AND SOURCE OF FUNDS:

The purchase price and appraisal value of 7 South Durham Street is Fifty Thousand Dollars (\$50,000.00). Unit South Durham Homestead House, Inc. (USDHH) has paid the City One Dollar (\$1.00) of the purchase price, as a good faith deposit. A lien in the form of a Purchase Money Mortgage (PMM) and Promissory Note (PN) for the remaining Forty-Nine Thousand Nine Hundred Ninety-Nine Dollars (\$49,999.00) will be recorded with the deed. The PMM and PN will be forgivable in ten (10) years.

Take note that restrictive language has been added to the LDA in the event that USDHH decides to sell or change the use of the property. If USDHH sells or changes the use of the property during any time before the expiration of the PMM and PN, USDHH will pay the City according to the sliding scale below:

YEAR	PERCENTAGE	AMOUNT DUE
1 year later	90%	\$44,999.10
2 years later	80%	\$39,999.20
3 years later	70%	\$34,999.30
4 years later	60%	\$29,999.40
5 years later	50%	\$24,999.50
6 years later	40%	\$19,999.60
7 years later	30%	\$14,999.70
8 years later	20%	\$9,999.80
9 years later	10%	\$4,999.90
10 years later	0%	0%



BACKGROUND/EXPLANATION:

Unit South Durham Homestead House, Inc. (USDHH) was formed to formalize and improve an informal agreement of thirty (30) years between the original eight (8) homeowners of the houses adjacent to 7 South Durham Street and the City of Baltimore. Initially, the informal agreement provided an easement for the homeowners to use the property as parking spaces and green space in return for keeping the area clean, trimming and replacing trees and shrubs, and planting and maintaining flower beds. The sale of this property to USDHH will formalize the agreement and generate an estimated Two Thousand One Hundred Seven Dollars (\$2,107.00) of tax revenue to the City and State.

In addition to the terms of the PMM and PN stated earlier, USDHH has the right to prepay the principal sum in whole at any time. In the event that USDHH sells or changes the use of the property before the ten (10) year expiration date, USDHH shall pay the Mayor and City Council the entire outstanding balance. Pursuant to the terms of the Purchase Money Mortgage, the City shall agree to release its lien on the property. A Purchase Money Mortgage, in favor of the Lender, shall secure the Note.

By virtue of the power conferred upon me by Ordinance No. 99-525, approved November 11, 1999 which authorizes the City to dispose of the Property (herein defined), I have approved all the terms and conditions of this Land Disposition Agreement.

STATEMENT OF PURPOSE AND RATIONALE FOR SALE BELOW THE APPRAISED VALUE:

The sales price of the property is \$50,000.00 (Fifty Thousand Dollars), which includes a Purchase Money Mortgage (PMM) and Promissory Note (PN) for \$49,999.00 (Forty-Nine Thousand Nine Hundred Ninety-Nine Dollars). The PMM and PN will expire in 10 (Ten) years. The community will benefit from the sale of the property by the continued use and maintenance of 7 South Durham Street as green space and parking spaces. Sale of the property will also provide an economic benefit in the form of real estate taxes.

MBE/WBE PARTICIPATION:

It should be noted that 7 South Durham Street, (Block 1735, Lot 068), is not subject to Article 5, Subtitle 28 of the Baltimore City Code. There will not be any development or rehabilitation performed on the property. The Developer will maintain the property as green space and eight (8) parking spaces for the adjacent property owners.

APPROVED BY THE BOARD OF ESTIMATES:

Bernice H. Taylor

Date

DEC 24 2008

Clerk

BALTIMORE CITY RESIDENTS FIRST (BCRF):

BCRF applicable: yes; no

If not, why: professional service contract
 emergency contract
 contract under \$24,999.01

BCRF Certification Statement completed and returned to Agency:
 yes; no

APPROVED BY BOARD OF ESTIMATES:

Clerk

Date

cc: Mayor Dixon

Contact: Mirline Labissiere, Real Estate Agent, x4-3137

Board of Estimates Summary Sheet
(No More Than Two Pages)

To:	Honorable President and Members of the Board of Estimates
From (Agency Head):	Paul T. Graziano, Commissioner
From (Agency):	Department of Housing and Community Development
From (Agency Contact):	Suzanne Jones
From (Contact Phone #):	(410) 396-4140
From (Contact Email):	DHCD_BOE@baltimorecity.gov
Date:	November 24, 2008
Subject: (Note if the information is an update from an earlier version)	Approval of the LDA for the sale of 7 South Durham Street
Desired BOE Hearing Date:	December 10, 2008
Potential Issues/Concerns: (List known concerns of City Council President, Comptroller, or others who might publicly object or raise questions about the action. If there are no issues or concerns, write "none." If the City is selling property and not receiving appraised value, provide justification.)	<ul style="list-style-type: none"> • The sales price, \$1.00. • The property initially appraised at \$10K. • Real Estate requested a new appraisal b/c the incorrect lot was appraised. • Property was re-appraised at \$50K.
Community Support: (If applicable, describe any formal or informal community position on the action.)	Letter of support from, James B. Kraft, Councilman
MBE/WBE Compliance: (Include any exceptional information – positive or negative.)	
Talking Points (If necessary, talking points for the Mayor, in bullet form, should be included in this memo or provided no later than the Monday, 12:00 noon before the desired BOE hearing date. Assume that talking points are necessary if there is a reasonable expectation that the Mayor will have to speak publicly about the action, including post BOE press questions. Include information that might not be contained in the BOE memorandum.	<ul style="list-style-type: none"> • Unit South Durham Homestead would like to purchase the lot for \$1.00. • The vacant lot was an abandoned alley street. • It was homesteaded w/assistance from Councilwoman Mikulski • Lot was turned into a small pocket park w/8 parking spaces w/maintenance agreement for the homeowners • The homeowners have maintained it for over 30 years • The assessed value is \$107,500 and appraised value is \$10K • Lot would continued to be maintained as parking spaces
Planning Department Funds Transfer Information (If applicable, include information needed for Planning Commission approval of funds transfer.)	
Briefings (Indicate what elected officials have been briefed and the date of briefing.)	

Reminder:

1. Via e-mail, send to the Designated Staff Person in the Mayor's Office copies of questions from the Comptroller and City Council President.
2. *Only for items for which the Comptroller or President had questions*, resubmit to the Designated Staff Person an updated Board of Estimates Summary Sheet. The updated sheet should incorporate any additional anticipated or known issues arising from the questions asked.

For Mayor's Office Use Only:

Approved for submission to the Board of Estimates by: _____ Date: _____

Return to Agency for additional information/response: _____ Date: _____