


*City of Alexandria, Virginia*

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MEMORANDUM

DATE: JUNE 1, 2009  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER   
SUBJECT: ORDINANCE APPROVING AND AUTHORIZING THE SALE OF  
PROPERTY OWNED BY THE CITY OF ALEXANDRIA LOCATED  
AT 322 WESMOND DRIVE

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**ISSUE:** Ordinance approving and authorizing the sale of property owned by the City of Alexandria, located at 322 Wesmond Drive.

**RECOMMENDATION:** That City Council approve the ordinance on first reading, and set it for public hearing, second reading and final passage on Saturday, June 13.

**BACKGROUND:** The Office of Housing purchased the property located at 322 Wesmond Drive on July 19, 2007, at a Trustee sale initiated by the first trust lien holder. The previous owners of this property had received downpayment and closing cost assistance totaling \$50,000 through the City's federally-funded Homeownership Assistance Program (HAP). The Office of Housing purchased the property at foreclosure with the expectation that the unit could be preserved as long-term affordable housing and that the City's HAP loan would be repaid through the sale to another income-eligible buyer. The unit was purchased by the City for \$240,932, which, according to an October 1, 2007, appraisal of the property, was approximately \$104,000 below the appraised value. Repairs to the unit, completed in April 2008, totaled \$11,620.

The home, constructed in 1942, is an attached row house in the Lynhaven community of Alexandria. The unit has two bedrooms and a partially finished basement. The lot has alley access and the option of off-street parking. No change in the use of the property is proposed. The Office of Housing acquired the property using federal Community Development Block Grant (CDBG) Program funds, and therefore the unit must be re-sold to an income eligible low- or moderate-income household. The current moderate-income limits for the City's Homeownership Assistance Program (HAP), funded through the CDBG and HOME programs is set at the mathematical 80% of area median, currently \$82,160 for a family of four.

Section 9.06 of the City Code requires Planning Commission and City Council approval of the sale of City-owned property. The Planning Commission approved this sale on June 2, 2008. As a result of declining housing and mortgage market conditions, staff has had difficulty in identifying an income-eligible purchaser for the property who could also qualify for the required mortgage financing. Staff has recently identified one household that meets all program eligibility criteria and may wish to purchase the property within the next two months. Because the expected sale may occur while City Council is in summer recess, staff is requesting Council approval of the sale in the event that a contract to purchase is received in the near term.

To ensure that this unit continues to be affordable to future income-eligible homebuyers, the Office of Housing plans to record a deed of covenants, conditions and restrictions which will establish certain limitations on the owner's use, resale, and future pricing of the home. This deed of covenants will establish an equity share to be reflected as the percentage of the unit's value at the time of purchase. This equity share will be used in determining the City's share of future appreciation in the property which will be passed on to subsequent buyers as a purchase discount. The Office of Housing will also notify the Department of Real Estate Assessments each year of the value of the purchase discount so that this discount can be reflected in the City's assessment.

The maximum sale price proposed would be \$279,900 subject to a satisfactory appraisal.

**FISCAL IMPACT:** None. All revenue from the sale of this home will be considered CDBG program income and will provide additional funding to the HAP Program. It is expected that the City will recoup its \$240,932 purchase price.

**ATTACHMENTS:** Proposed Ordinance.

**STAFF:**

Mark Jinks, Deputy City Manager

Mildrilyn Davis, Director, Office of Housing

Shane Cochran, Program Implementation Division Chief, Office of Housing

Christina Zechman Brown, Assistant City Attorney

1 Introduction and first reading: 6/09/09  
2 Public hearing: 6/13/09  
3 Second reading and enactment: 6/13/09  
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5 INFORMATION ON PROPOSED ORDINANCE

6  
7 Title

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9 AN ORDINANCE approving and authorizing the sale of property owned by the City of  
10 Alexandria, located at 322 Wesmond Drive in the City of Alexandria, Virginia.  
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12 Summary

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14 The proposed ordinance authorizes the sale of the City owned property at 322  
15 Wesmond Drive.  
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17 Sponsor

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19 Mildrilyn Davis, Office of Housing  
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21 Staff

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23 Mark Jinks, Deputy City Manager  
24 Mildrilyn Davis, Director of Office of Housing  
25 Shane Cochran, Division Chief, Office of Housing  
26 Christina Zechman Brown, Assistant City Attorney  
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28 Authority

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30 Alexandria City Charter, § 2.03(g)  
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32 Estimated Costs of Implementation

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34 None  
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36 Attachments in Addition to Proposed Ordinance and its Attachments (if any)

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38 None  
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ORDINANCE NO. \_\_\_\_\_

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AN ORDINANCE approving and authorizing the sale of property owned by the City of Alexandria, located at 322 Wesmond Drive in the City of Alexandria, Virginia to an income-eligible household participating in the City's Homeownership Assistance Program (HAP).

WHEREAS, the City of Alexandria owns the real property located at 322 Wesmond Drive in Alexandria, Virginia, having acquired it at foreclosure sale in July 2007; and

WHEREAS, the sale of this property by the city as a long-term affordable homeownership opportunity has been submitted to and approved by the planning commission on June 3, 2008; and

WHEREAS, the city manager has recommended the sale of this property to a first-time home buyer for not more than \$279,900 and as a long-term affordable homeownership opportunity; and

WHEREAS, the city council is of the opinion that the sale of this property will benefit the City's housing goals and that its sale to a first-time home buyer for not more than \$279,900 and as a long-term affordable homeownership opportunity is in the public interest; and

WHEREAS, an income-eligible first-time home buyer has not been found to purchase the property; however, the city council is of the opinion that there may be an opportunity to sell the property while it is in recess; now, therefore,

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That the sale of the real property described below to a first-time home buyer for not more than \$279,900 and as a long-term affordable homeownership opportunity, be, and the same is hereby, approved and authorized:

Lot numbered ELEVEN (11), Block SEVEN (7), Section FIVE (5), LYNHAVEN, as the same appears duly dedicated, platted and recorded in Deed Book 201, page 410, among the land records of the City of Alexandria.

Section 2. That the city manager be and hereby is authorized, on behalf of the City of Alexandria, to do all things necessary and desirable to carry out the sale of the real property described in Section 1, including, but not limited to, the execution and delivery of a deed and other appropriate documents.

Section 3. That the city clerk be and is hereby authorized to attest to the execution of the deed and other necessary documents executed by the city manager

1 pursuant to Section 2, and to affix thereon the official seal of the City of Alexandria,  
2 Virginia.

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4 Section 4. That this ordinance shall become effective upon the date and at  
5 the time of its final passage.

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7 WILLIAM D. EUILLE  
8 Mayor

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10 Introduction: 6/09/2009  
11 First Reading:  
12 Publication:  
13 Public Hearing:  
14 Second Reading:  
15 Final Passage:  
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