



MEMORANDUM

Diane Nichols Tradd  
Assistant City Manager/DPD Director

TO: Eileen M. Donoghue, City Manager

EMD

Craig Thomas  
Deputy Director

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

SUBJECT: COUNCIL MOTION OF 7/24/18 BY COUNCILOR NUON  
REQUEST CITY MANAGER DEVELOP A PROTOCOL FOR SELLING TAX  
TITLE PROPERTIES TO NONPROFIT ORGANIZATIONS WITH A FLEXIBLE  
PAYMENT SCHEDULE IN ORDER TO PROMOTE THEIR REDEVELOPMENT  
AS AFFORDABLE HOUSING

Protocols already exist within the City to sell City-owned tax title properties, and non-profits are encouraged to engage in this protocol. Offering a flexible payment plan to these properties is not currently a viable option because it would need to be offered on all sales of these properties (including those that are not being redeveloped as affordable housing), which would put the city in a position to essentially become a mortgage company. We currently do not have the expertise available to make this a possibility. However, the City does currently offer a number of affordable housing and redevelopment opportunities, and is actively engaged with a number of community not for profit agencies actively working towards this end.

On a rolling basis the Law Department, in coordination with the Department of Planning and Development (DPD), evaluate City-owned tax title properties for disposition based on zoning, neighborhood character, fair market value, job creation, tax revenue and meeting the goals of the City's Master Plan Sustainable Lowell 2025. Once tax title properties are owned by the City the parcels are reviewed in the same way as other City properties for disposition. First, there is a Citywide Needs Assessment to determine whether the property should be kept for a municipal purpose (schools, parking, wastewater, etc.). In the past, several properties acquired through the tax title process have been kept for a current or future municipal use.

Once a property has been identified for disposition, DPD reviews whether conditions are appropriate for the sale of the property. Conditions may range from a timetable for addressing code violations, to the type of allowable uses of the property. Typically, affordable housing is a consideration that DPD considers and/or includes. These tax title properties present unique, albeit limited (an average of 3-4 annually), opportunities to both enhance the City's tax base as well as support housing needs.

When the City obtains a parcel in an urban renewal area, the property is sold for fair market value using the Request for Proposals process for a use consistent with the preapproved urban renewal plan. In rare instances, based on the plan development criteria and a demonstrated public benefit, a property may be sold for less than the fair market value. Discretionary approval in these cases must be obtained through the City Council and Commonwealth's Department of Housing and Community Development.

Recently, the City utilized an auction process for the disposition of properties. The Auction process allows the City to reach a wider range of potential buyers and receive highly competitive bidding, resulting in at least one sale well above the fair market value.

It should also be noted that the City provides substantial affordable housing assistance through our nonprofit partners utilizing the HOME Program, which is part of the City's yearly entitlement funds from the federal government. A few of the many nonprofit partners include: Coalition for a Better Acre, House of Hope, Common Ground Development Corp., Habitat for Humanity, Merrimack Valley Housing Partnership, and D'youville Senior Care Center.

The City also assists and supports developers to develop housing that combines affordable and market rate housing. These projects, often called mixed-income projects, are a way to maximize new market-rate apartments based on the financial support for the affordable units; in this way, the development of a modest number of affordable housing units in larger projects provides additional support to allow the market rate units to be created. A great example of this type of mixed-income housing is WinnDevelopment's (Winn) proposed housing on Parcels 8 and 9 in the Hamilton Canal Innovation District. This new project would not be possible without some affordable housing units, which will receive City support, and the City's funds allow Winn to maximize the number of market-rate units.

The City, through DPD, will continue to put forth substantial effort in supporting affordable housing throughout the City.

DNT/ns

11/28/18

cc: Christine P. O'Connor, City Solicitor