



City of Moorhead Flood Prone Home Acquisition Questions and Answers July 15, 2009

A contract with Minnesota Department of Natural Resources (DNR) was approved by the Moorhead City Council on July 13, 2009 which authorizes the City to commence with property acquisition. A list of properties whose owners have expressed interest in a flood buyout has been developed in the months since the spring flood.

What do each of the 3 categories for acquisition mean?

- **Category 1** includes 10 homes which are potentially eligible for acquisition using Federal Hazard Mitigation Grant Program funds and are currently being evaluated by FEMA to determine if the benefit:cost ratio will meet eligibility standards. DNR is requiring the City to maximize federal resources before buying homes with state funds.
- **Category 2** includes 35 properties proposed for 2009 acquisition based upon substantial damage, strategic clustering for future flood mitigation, or in locations that are difficult to protect with temporary measures. The contract with DNR allows this process to begin immediately.
- **Category 3** includes 38 properties proposed for 2010 acquisition based upon the likelihood the property will be needed for future flood protection. These acquisitions are anticipated to occur within 12 months.
- **Other:** Properties not included on the current buyout list but determined by the City as beneficial for future flood control may also be considered in the future.

When will the buyout process begin? Appraisals of Category 2 properties will begin the week of July 20 by appointment with property owners based on the contact information on file. As soon as the City receives notification and approval, the appraisal and offer process for Category 1 properties will begin. Notification of Category 3 properties will occur as this phase of the project is started, probably in the spring of 2010.

Is there anything I should be doing now to get ready for the sale? Category 2 homeowners should complete and return the enclosed "*Confirmation of Interest*" form to the Neighborhood Services Division in the envelope provided as soon as possible [Category 1 properties have already completed the form]. This document provides the City formal notification of program interest by the legal owner of the property. Homeowners should also locate their property abstracts so that they may be updated prior to closing. Abstract updating will be the homeowners' expense, but this cost can be included in the closing costs with the City's closing agent. Instructions will follow after the appraisal. Homeowners should also locate their insurance settlement documents and receipts to show what has been reinvested in the property.

What will the City offer for my home? The City Council has approved matching funds to leverage FEMA and DNR resources for the acquisition program, which will provide the ability for the City to offer 100% of the fair market value of the property based on the condition of the

property prior to the 2009 flood. The value will be determined by a market appraisal conducted by a Minnesota licensed appraiser on staff with the City. Any FEMA, flood insurance, or other property insurance settlement that was received for property repair that **has not been** reinvested in the property will be deducted from the sales price.

What if I don't agree with the purchase price? If a homeowner disagrees with the value established by the City appraisal, homeowners may, at their own expense, commission a second appraisal. The appraisal must adhere to the same scope of work used by the City's appraiser. The review appraiser must hold a Minnesota Certified Residential or Minnesota Certified General Appraiser license. Both appraisals will be reviewed by a review appraiser who is equally qualified. The reviewer will consider all of the information in both appraisals and render an opinion of value based upon the material presented. This opinion of value may constitute the bases for a revised offer to purchase. If the homeowner decides not to accept the City's offer, the City will withdraw from negotiations.

I have found another home to purchase, can I go ahead and make an offer? How long will this take? It is understandable that property owners are eager to move forward with purchasing their next homes once the decision to sell has been reached. The City is eager to complete this work as well; however, it is not possible to guarantee a closing date for each of the 45 homes the City anticipates purchasing in 2009. Sellers may wish to consider making contingent sales offers or arranging bridge financing for the interim period between when a purchase agreement from the City is signed and when closing occurs.

Does the City have any programs to help me purchase a new home? The City does have a new construction incentive in place that provides a two year abatement of general property taxes newly constructed homes built in 2009 or 2010—this has a maximum value of almost \$5,000. This program is not limited to homeowners who received flood damage, but it certainly would be an advantage as you purchase your new home. We want to keep you as Moorhead residents!

Can I remain in my home after the City purchases it? The City's primary objective in purchasing these properties is for flood protection. In some but not all instances, it may be possible to enter into lease agreements after purchase; the homeowner would rent the property from the City at a negotiated rate and assume all maintenance and operating expenses of the property during the lease period. The lease would run in monthly increments with either party being able to cancel upon 30-days' notice. Any such lease arrangements would require the prior approval of the Engineering Department.

My property was rented out; what do I tell my tenants? Tenants living in rental units that were flood damaged likely received assistance from FEMA and/or private insurance after the flood. The City will assist tenants with unreimbursed moving and reestablishment costs if they are displaced as a result of this acquisition according to a schedule used by the State of Minnesota. Documentation of FEMA and insurance settlements will be required.

I just put in new garage doors; can I remove them when I sell? The property appraisal will be based upon the value of the home and property and all fixtures located on site. Sellers may remove freestanding kitchen and laundry appliances, but not fixtures or items permanently attached to the real estate.

If I don't sell now, can I change my mind and sell later? The City has more than 80 property owners potentially interested in selling their flood-prone homes. Sale will be voluntary. If a homeowner decides not to accept an offer to purchase now, the City may be interested at a later date, depending upon funding availability and the location established for permanent flood control structures.

Can a property still be added to the list? Yes. The City will likely be acquiring property necessary for future flood control over the course of the next few years. As funding permits, it is the City's preference to purchase property from willing sellers.

I have more questions; where should I address them? Lisa Vatnsdal, Neighborhood Services Manager will be negotiating with property owners for the City of Moorhead acquisition program. The Neighborhood Services Division can be reached at 218-299-5434, and Lisa's e-mail address is lisa.vatnsdal@ci.moorhead.mn.us. We will send out and post question and answer lists like this as new information becomes available, and homeowners will have an opportunity to ask questions as the negotiations for their property proceed. In order to use time most efficiently, it would generally be best to e-mail questions or to call weekdays during the hours of 2:30 pm to 3:30 pm, although people may call at other times as well.