



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: February 12, 2013

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
Neighborhood Stabilization Program

Recommendation: Approve the sale of 1600 Upton Avenue North to Urban Homeworks, Inc. for \$1.00 plus reimbursement of acquisition and holding costs, not to exceed \$5,000, subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City Council, and 2) payment of holding costs of \$300.00 per month (or portion thereof) if the land sale closing does not occur on or before the closing deadline. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Previous Directives: CPED acquired 1600 Upton Avenue North on January 5, 2012.

Prepared by: Edith Johnson, Senior Project Coordinator, Phone 612-673-5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Northside Resident Redevelopment Council reviewed this proposal and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME People and businesses thrive in a safe and secure city.
- Sustainability Targets: Vital Community-Affordable housing
- Comprehensive Plan: On April 9, 2012, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R1A
- Living Wage/Business Subsidy Agreement Yes____ No x
- Job Linkage Yes____ No x
- Other: On February 24, 2012, the Planning Staff completed a land sale review of this parcel and deemed continued use as a single family home is in conformance with policy guidance of the comprehensive plan.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
2N-095	1600 Upton Avenue North	\$1.00

PURCHASER

Urban Homeworks, Inc.
2015 Emerson Avenue North, Minneapolis, MN 55411

PROPOSED DEVELOPMENT:

Urban Homeworks will rehabilitate the existing single family structure to consist of 3 bedrooms, 1.5 bathrooms, approximately 1,400 square feet of finished living space and a two-car detached garage. After completion of the rehabilitation, the home will be marketed for owner-occupancy.

The lot size is 42' x 130' = approximately 5,418 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for development under the Neighborhood Stabilization Program and will be improved by rehabilitation as defined by City policy.

FINANCING*:

Urban Homeworks has demonstrated that it has sufficient funds for the proposed project.
*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Direct Sale. The sales price of this property does not reflect the full re-use value.

COMMENTS:

On January 5, 2012, CPED acquired this tornado-damaged single family home from Twin Cities Community Land Bank for \$1.00 under the Neighborhood Stabilization Program (NSP). The property was placed in the City of Minneapolis' real estate property inventory for development/redevelopment. All land sale proceeds will be returned to the NSP Program to cover ongoing program costs.

The appraiser established the property's fair market value at \$16,900. The property is being sold in its as-is condition. The developer will reimburse the City for acquisition and holding costs not to exceed \$5,000 at closing.

CPED staff contacted all NSP-approved developers to consider acquiring and rehabbing the property for owner occupancy under the NSP program. Urban Homeworks was the only developer that had an interest in the property. They plan on rehabbing the property under the NSP Program.

**Authorizing sale of land Neighborhood Stabilization Program Disposition Parcel
No 2N-095.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel 2N-095 in the Willard-Hay, from Urban Homeworks, Inc., hereinafter known as the Redeveloper, the Parcel(s) 2N-095, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

2N-095; 1600 Upton Avenue North
Lot 16, Block 3, Fairlawn Addition

Whereas, the Redeveloper has offered to pay the sum of \$1.00 plus reimbursement of City acquisition and holding costs not to exceed \$5,000, for Parcel 2N-095; the offer includes a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with accepted methods of aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in Finance and Commerce on Friday, February 1, 2012, a public hearing on the proposed sale was duly held on February 12, 2012, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value, for uses in accordance with the Neighborhood Stabilization Program plan, as amended, is hereby estimated to be the sum of \$16,900, however, in accordance with public purpose consideration including extraordinary rehabilitative

expenses, the City is selling Parcel 2N-095 for the sum of \$1.00 plus reimbursement of City acquisition and holding costs not to exceed \$5,000.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the Parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month (or portion thereof) if the land sale closing does not occur on or before the closing deadline.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed and delivered by the Finance Officer or other appropriate official of the City.

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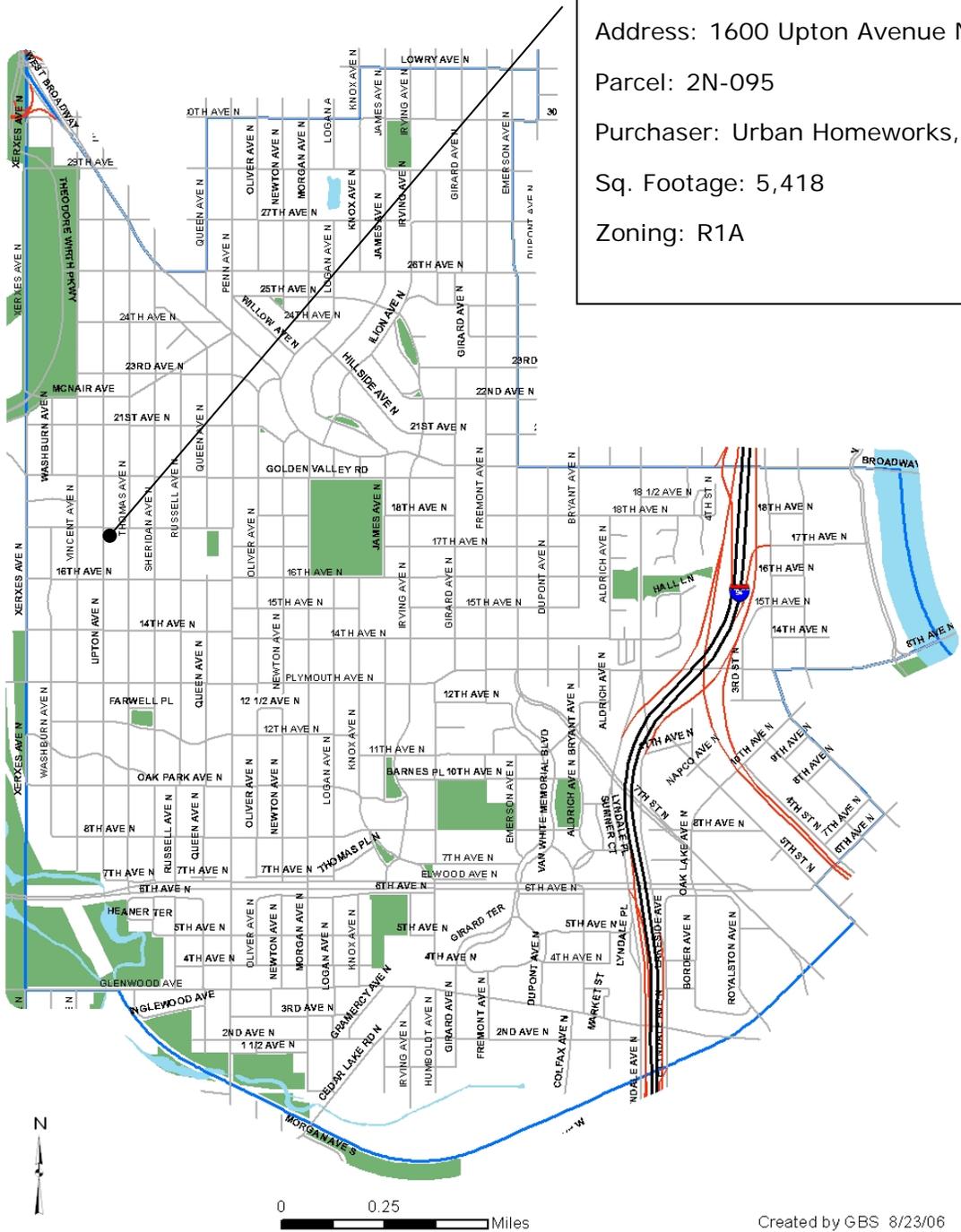
Address: 1600 Upton Avenue North

Parcel: 2N-095

Purchaser: Urban Homeworks, Inc.

Sq. Footage: 5,418

Zoning: R1A



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TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

Date: February 12, 2013
 Subject: Land Sale – Public Hearing
 Neighborhood Stabilization Program
 Address: 1600 Upton Avenue North
 Purchaser: Urban Homeworks, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
2N-095 01/05/12	1600 Upton Avenue North	\$1,283.06	(-) \$1.00 plus reimbursement of City acquisition and holding costs not to exceed \$5,000	-0-

Re-Use Value Opinion	Less Sales Price	Write-Down
\$16,900	\$1.00	\$16,899

Write-Down

Reason: The City acquired the property from Twin Cities Community Land Bank for \$1.00 and is passing all costs to Urban Homeworks. The total cost to redevelop the property exceeds the projected sales price. Neighborhood Stabilization Program funds are being used to cover the project’s development gap. If the write-down is not approved, the development gap is increased.

Developer History with CPED:

Urban Homeworks has been developing projects in the City of Minneapolis for many years.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other