



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

Date: July 23, 2013

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

**Subject:** Land Sale Public Hearing  
Vacant Housing Recycling Program

**Recommendation:** Approve the sale of 421 6th Avenue NE to PPL HOMES, LLC for \$15,600, 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. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

**Previous Directives:** CPED acquired 421 6th Avenue NE on March 8, 2013.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231  
Approved by: Charles T. Lutz, Deputy CPED Director \_\_\_\_\_  
Thomas A. Streitz, Director Housing Policy & Development \_\_\_\_\_  
Presenter(s) in Committee: Earl S. Pettiford, Senior Project Coordinator

**Financial Impact**

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Total CPED Profit from Sale in excess of Land Assembly Costs: \$ 1,475.97
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0.00

**Community Impact**

- Neighborhood Notification: St. Anthony West Neighborhood Organization 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.
- Comprehensive Plan: On March 25, 2013, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_\_ No   x
- Job Linkage Yes\_\_\_\_\_ No   x
- Other: On January 30, 2013 the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

## Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-795	421 6th Avenue NE	\$15,600

### PURCHASER

PPL HOMES, LLC  
1035 E Franklin Avenue  
Minneapolis, MN 55404

### PROPOSED DEVELOPMENT:

The developer is proposing the construction of a new 1,500 square foot single family home with three bedrooms, two baths, full basement and a two-car detached garage. The home will be marketed for owner-occupancy, at an estimated sales price of \$225,000 to a buyer with an income at or below 120% of the Area Median Income (AMI).

The lot size is 40' x 130' = 5,200 total square feet.

### LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development.

### FINANCING\*:

Construction Financing: The developer is using its internal working capital to finance the construction of this house. The St. Anthony Neighborhood has pledged \$21,600 to fill a development gap on this project. This development is an NSP-eligible activity and therefore up to \$60,000 in development gap financing is available for this development.

\*Subject to application and underwriting requirements.

### OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value.

### COMMENTS:

The neighborhood identified the property as a blighted property that needed to be removed. PPL Homes, LLC was approached about developing a green home, similar to one built in the Hawthorne Eco-Village Cluster. In working with an architect, a house was designed and supported by the neighborhood. The blighted property was demolished and the new single-family home is proposed to be developed on the vacant lot.

**Authorizing sale of land Vacant Housing Recycling Program**

**Disposition Parcel No TF-795.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-795, in the St. Anthony West neighborhood, from PPL Homes LLC, hereinafter known as the Redeveloper, the Parcel TF-795, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-795; 421 6th Avenue NE

Lot 3, A.M. Reid's Subdivision of the Northeasterly one-half of Block Four in the Town of St. Anthony, according to the recorded plat thereof, Hennepin County, Minnesota.

Whereas, the Redeveloper has offered to pay the sum of \$15,600, for Parcel TF-795 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable 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 the accepted methods in 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 July 12, 2013, a public hearing on the proposed sale was duly held on July 23, 2013, at the regularly scheduled Community Development Committee meeting of the City Council, 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 Vacant Housing Recycling Program plan, as amended, is hereby estimated to be the sum of \$15,600 for Parcel TF-795.

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.

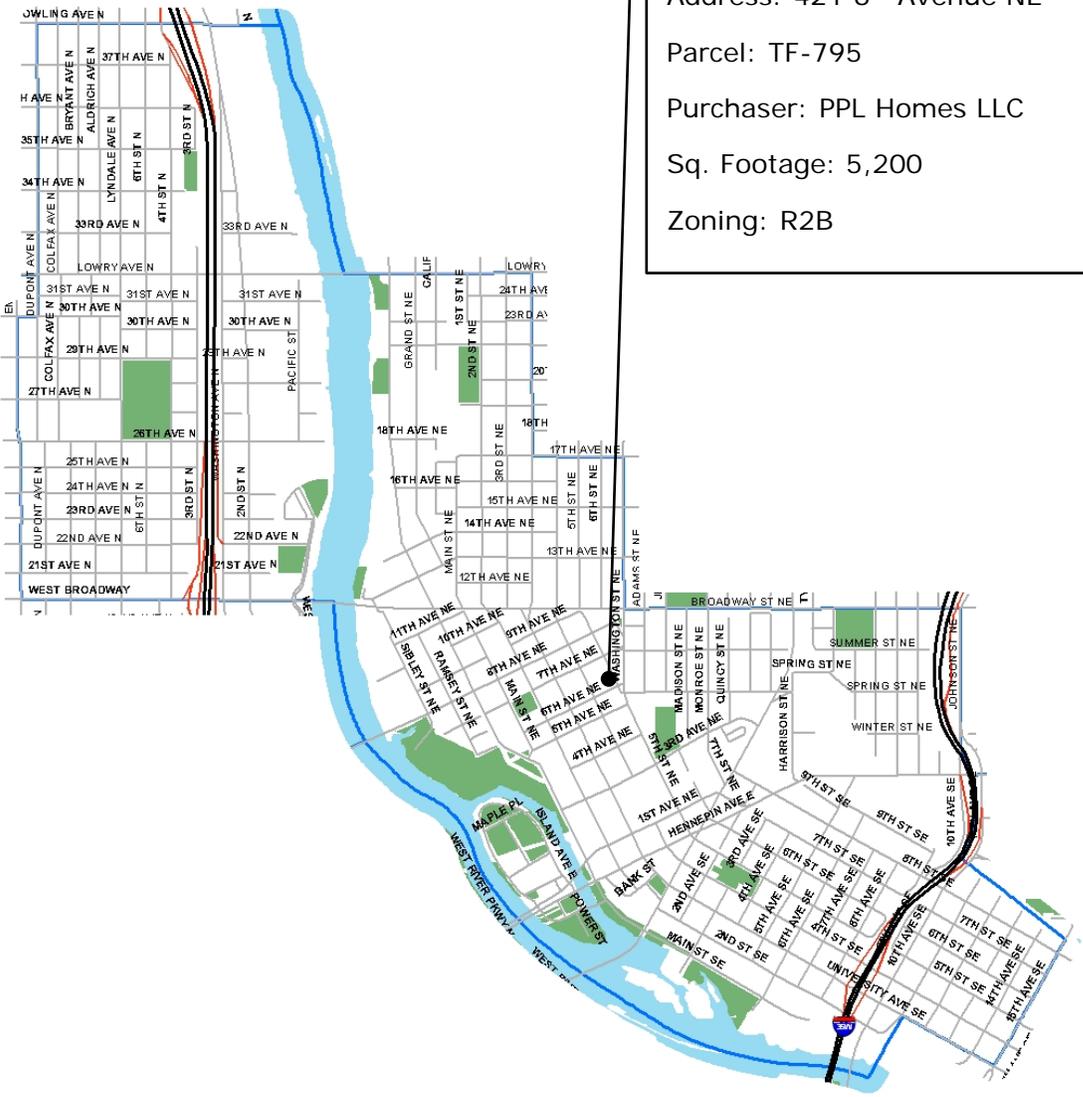
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment 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 City official of the City.

# WARD 3



Address: 421 6<sup>th</sup> Avenue NE  
Parcel: TF-795  
Purchaser: PPL Homes LLC  
Sq. Footage: 5,200  
Zoning: R2B

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

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 Purchaser: PPL HOMES, LLC

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble (A+B)	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Profit (if > 0) (E-C)	Re-Use Value Write Down (E-D)
421 6th Avenue NE	\$1.00	\$14,123.03	\$14,124.03	\$15,600.00	\$15,600.00	\$1,475.97	\$0.00
<b>Total</b>	<b>\$1.00</b>	<b>\$14,123.03</b>	<b>\$14,124.03</b>	<b>\$15,600.00</b>	<b>\$15,600.00</b>	<b>\$1,475.97</b>	<b>\$0.00</b>

Write-Down  
 Reason: None

Developer History with CPED:  
 The developer, a subsidiary of Project for Pride in Living, Inc., has a long and successful history of development on lots acquired from CPED.

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