



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

Date: August 6, 2013

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

Subject: Amend the existing Memorandum of Understanding between Hennepin County and the City of Minneapolis regarding the purchase of tax-forfeited properties located in Minneapolis

Recommendation: It is recommended that the City Council authorizes staff to enter into an amended and restated Memorandum of Understanding between Hennepin County and the City of Minneapolis regarding the purchase of tax-forfeited properties located in Minneapolis for the 2012 through 2014 term.

Previous Directives: On January 18, 2011, the City Council approved entering into a Memorandum of Understanding. On March 27, 2009, the City Council approved entering into the Memorandum of Understanding. On May 1, 2007, the City Council approved accepting negotiated language and authorized staff to execute the Memorandum of Understanding. On December 12, 2006, the City Council approved entering into a Memorandum of Understanding between the City of Minneapolis and Hennepin County related to tax forfeit land and directed staff to continue negotiations with Hennepin County and return by April 2007 with the results of those negotiations. On December 13, 2005, the City Council approved entering into Amendment Two to the Memorandum of Understanding (MOU) between the City of Minneapolis and Hennepin County related to tax forfeited land. On September 3, 2004, the City Council approved entering into Amendment One to the MOU between the City of Minneapolis and Hennepin County related to tax forfeited land. On November 8, 2002, the Minneapolis Community Development Agency Board of Commissioners authorized the execution of the MOU between MCDA and Hennepin County regarding disposition of tax forfeited land.

Department Information

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, 612-673-5229

Approved by: Thomas Streitz, Director, Housing & Policy Development _____

Charles T. Lutz, Interim CPED Director _____

Presenters in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact *(delete all lines not applicable to your request)*

- Action is within the Business Plan

Community Impact

- Neighborhood Notification – Not Applicable
- City Goals - Livable Communities, Healthy Lives - Our built and natural environment adds character to our city, enhances our health and enriches our lives. High-quality, affordable housing for all ages and stages in every neighborhood.
- Comprehensive Plan - Not Applicable
- Zoning Code - Not Applicable
- Other - Not Applicable

Supporting Information

In 2002, due to State Legislative changes regarding tax-forfeited properties, Hennepin County and City staff negotiated a Memorandum of Understanding (MOU) as to a procedure both bodies would follow related to purchase/conveyance of tax-forfeited properties located in targeted neighborhoods. That agreement was amended in 2004 and 2005. A new MOU was executed in 2006, 2009 and again in 2011.

The current MOU covered tax-forfeited parcels situated in the City of Minneapolis' targeted neighborhoods that become tax-forfeited between January 1, 2011 and December 31, 2012. Due to the tornado damage in Minneapolis and the ongoing foreclosures in the housing market, staff has negotiated an increased percentage, extension and other changes to the terms of the MOU.

The Twin Cities Community Land Bank (TCCLB) approached Hennepin County with a proposal that TCCLB would assist the City with positive redevelopment of properties located in Minneapolis by acquiring tax-forfeited properties in targeted neighborhoods for \$1.00. Properties would then be sold to approved-developers with approved redevelopment plans. The County does not have the authority to dispose of properties directly to TCCLB. It has been determined that the City could effectuate the taking and transfer to TCCLB by amending the MOU to include language that supports this effort. Properties will be sold to TCCLB pursuant to a Redevelopment Contract that can be assigned to a City-approved developer.

The major points of the MOU are as follows:

- For the years 2013 and 2014, the County shall convey to the City up to the greater of (i) thirty percent (*previously 20%*) of parcels located in Minneapolis Targeted Communities that forfeit in the calendar year 2013 (not to exceed a maximum of 40 parcels) or (ii) twenty (*previously 5*) tax-forfeited parcels located in Minneapolis Targeted Communities at the City's discretion and as selected by the City. The City may cause up to 50% of the parcels selected to be conveyed to the TCCLB.
- Properties that the City can automatically get for \$1.00 are limited to properties with a value less than \$100,000 (*there were no limits in the previous agreement*).

CPED staff will employ all activities consistent with the city's acquisition and disposition policies. This will include:

- Neighborhood Review
- Planning Commission review for consistency with the Comprehensive Plan
- Authorization from Council to sell the parcels to TCCLB pursuant to a redevelopment agreement(s)

Staff seeks authorization to enter into an amended and restated MOU with Hennepin County related to the conveyance of tax-forfeited properties to the City of Minneapolis for calendar years 2012 - 2014, as outlined in this report.