



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

Date: March 10, 2009

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Theresa Cunningham, Senior Project Coordinator, Phone 612-673-5237

Presenter in
Committee: Theresa Cunningham, Senior Project Coordinator

Approved by Charles T. Lutz, Deputy CPED Director _____
Thomas Streitz, Director, Housing Policy and Development _____

Subject: Higher Density Corridor Housing Program
Land Sale Public Hearing
Lot 1 - 54th & Riverview Road Townhomes Development Site

RECOMMENDATION: Approve the sale of Lot 1 of the 54th & Riverview Road Development Project for \$11.59 per square foot to Twin Cities Habitat for Humanity, Inc. or an affiliated entity for the development of the Riverview Townhomes Project and authorize appropriate City staff to execute a redevelopment contract in accordance with the terms of this report.

Previous Directives: On January 18, 2008, the City Council approved the selection of a joint partnership of the Plymouth Church Neighborhood Foundation, CommonBond Communities, Inc. and Twin Cities Habitat for Humanity, Inc. as the combined developers of the 54th & Riverview Road Development Site.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased program income to Fund 01400 (Multifamily CDBG Account-Higher Density Corridor Housing Program)
- Action requires use of contingency or reserves
- Other financial impact (Explain): _____
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 12

Neighborhood Group Notification: On October 3, 2008, the Nokomis East Neighborhood Association was advised of this land sale. On November 17, 2008, they provided a letter of support and commitment to continue to work with the developers to resolve any issues relating to the proposed development.

City Goals: Foster the development and preservation of a mix of quality housing types that are available, affordable, meets current needs and promotes future growth. Support the development of new medium and high density housing in appropriate locations throughout the city. Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities. Increase housing that is affordable to low and moderate income households.

Comprehensive Plan: On July 24, 2008, the Planning Commission completed a land sale review of this parcel and approved the proposed development finding it consistent with the Comprehensive Plan.

Zoning Code: Complies. The site is currently zoned R1. To accomplish the proposed development, the developer will be required to apply for appropriate variances, zoning changes, alley vacations/re-alignment and conditional use permits as the proposed development will require.

Living Wage/Job Linkage: NA

Other: NA

BACKGROUND/SUPPORTING INFORMATION:

PARCEL ADDRESS

10M 5344 Riverview Road (a portion of)
9M 5348 Riverview Road (a portion of)
3M 5352 Riverview Road (a portion of)
2M 5356 Riverview Road (a portion of)
1M 5360 Riverview Road (a portion of)

SALES PRICE

\$11.59/sq. ft.

PURCHASER

Twin Cities Habitat for Humanity, Inc. or an affiliated entity
3001 4th Street SE
Minneapolis, MN 55414

PROPOSED DEVELOPMENT:

The 54th & Riverview Road development site includes approximately 78,000 square feet of developable land. The Riverview Townhomes project is proposed to create 8 residential dwelling units of for-sale homes on approximately 37% of the site (or approximately 27,937 square feet). The units will be affordable to qualified families earning less than 50% of area median income. Each unit will feature two-stories, 3-bedroom units with approximately 1,504 square feet of living space, 2 baths and

a 2-car tuck-under garage. All of the townhomes will have large window areas, brick and painted cement board siding, and front porches to provide welcoming, covered entries facing the public sidewalk. All garages are on the rear of the building to maintain the front lawn pattern of existing homes on the avenue. Rear decks will overlook a wooded, sloped play area in the rear. These townhomes will be constructed with green roofs.

The development site was recently purchased from the Minnesota Department of Transportation (MNDOT), which acquired the site during site assemble for the expansion and alignment of Highway 55 between 1972 and 1979. At the completion of the roadway construction the referenced development site lands were declared excess land and made available to be sold to a public entity for development.

Attached is an area map which provides a snapsite of the development site located in the Minnehaha neighborhood of the Nokomis East community of South Minneapolis.

On June 24, 2007, CPED released a Request for Proposals to solicit and identify a potential developer or development team that could develop a medium-density residential development of approximately forty to fifty (40-50) units with a preference for senior/elderly rental or ownership housing. Three proposals were received with the Community Development Collaborative, LLC, a joint partnership of Plymouth Church Neighborhood Foundation, CommonBond Communities and Twin Cities Habitat for Humanity, Inc. (Habitat), selected as the preferred developer.

The entire 54th and Riverview Road development site is now owned by CPED, which was acquired under the City's Higher Density Corridor Housing Program for \$1,062,000 including improvements. Included in the sale was a home at 5324 Riverview Rd., which is not a part of the development site. At the time of writing this report, CPED is negotiating the purchase of an additional triangle parcel of land located just east of the development site from MNDOT. This triangular parcel will be needed to provide sideyard access for both adjacent property owners when the existing alley is vacated or re-aligned to accommodate the proposed development. Another companion land sale report is also being brought forward today for Council consideration that discusses the sale related to the balance of the development site.

LAND DISPOSITION POLICY:

The 54th and Riverview Road development site is a buildable site as defined by City policy and was purchased in anticipation of the pass-thru of the site to the developer for the proposed development. The land will be sold to the developer for the fair market value of \$11.59 per square foot. The actual purchase price will be calculated once a final site plan and plat have been approved which will create two separate development parcels and re-align the alley to serve all residents in the area.

FINANCING:

Total development cost is estimated at \$1.7 million or \$208,409 per unit. A full range of various forms of public assistance is anticipated in the form of a City Affordable Ownership Housing Program loan, Hennepin County Affordable Housing

Incentive Fund (AHIF), Minnesota Housing's Community ReVitalization (CRV) assistance and in-kind donations and equity contributions from the developer. Attached is a Project Data Worksheet that provides additional details regarding the proposed development. None of these sources are being approved with this report.

The developer has not yet begun to solicit and secure financing for the proposed development; however, once site control is secure they feel they will have the leverage necessary to secure the needed resources to complete the proposed development.

COMMENTS:

Staff supports the developer's offer to purchase Lot 1 of the 54th and Riverview Road development site for the fair market value of \$11.59 per square foot by April 1, 2011. A Good Faith Deposit equal to 10% of the purchase price will be collected at the time the redevelopment contract is executed and refundable upon completion of the proposed development. The developer will also be required to pay any holding and property management cost estimated to be less than \$47,158 over the next 24-month option to purchase period.

**Authorizing sale of land 54th and Riverview Road Development Project
Disposition Parcel Nos. 10M, 9M, 3M, 2M and 1M.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop a portion of Disposition Parcels 10M, 9M, 3M, 2M and 1M, in the Minnehaha neighborhood, from Twin Cities Habitat for Humanity, Inc. or an affiliated entity, hereinafter known as the Redeveloper, the Parcels 10M, 9M, 3M, 2M and 1M, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Portions of 10M, 9M, 3M, 2M & 1M ; 5344, 5348, 5352, 5356 & 5360 Riverview Road
Portions of Lots 5, 6, 7, 8, and 9, Block 2, Thorpe Bros. Minnehaha Grove Addition
to Minneapolis
Said Lot 7 is Registered Land, Certificate of Title No. 1215455

**The legal description of the property will be determined after the replat of
the property.**

Whereas, the Redeveloper has offered to pay the sum of \$11.59 per square foot, for Parcels 10M, 9M, 3M, 2M and 1M 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 Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on February 27, 2009, a public hearing on the proposed sale was duly held on March 10, 2009, 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:

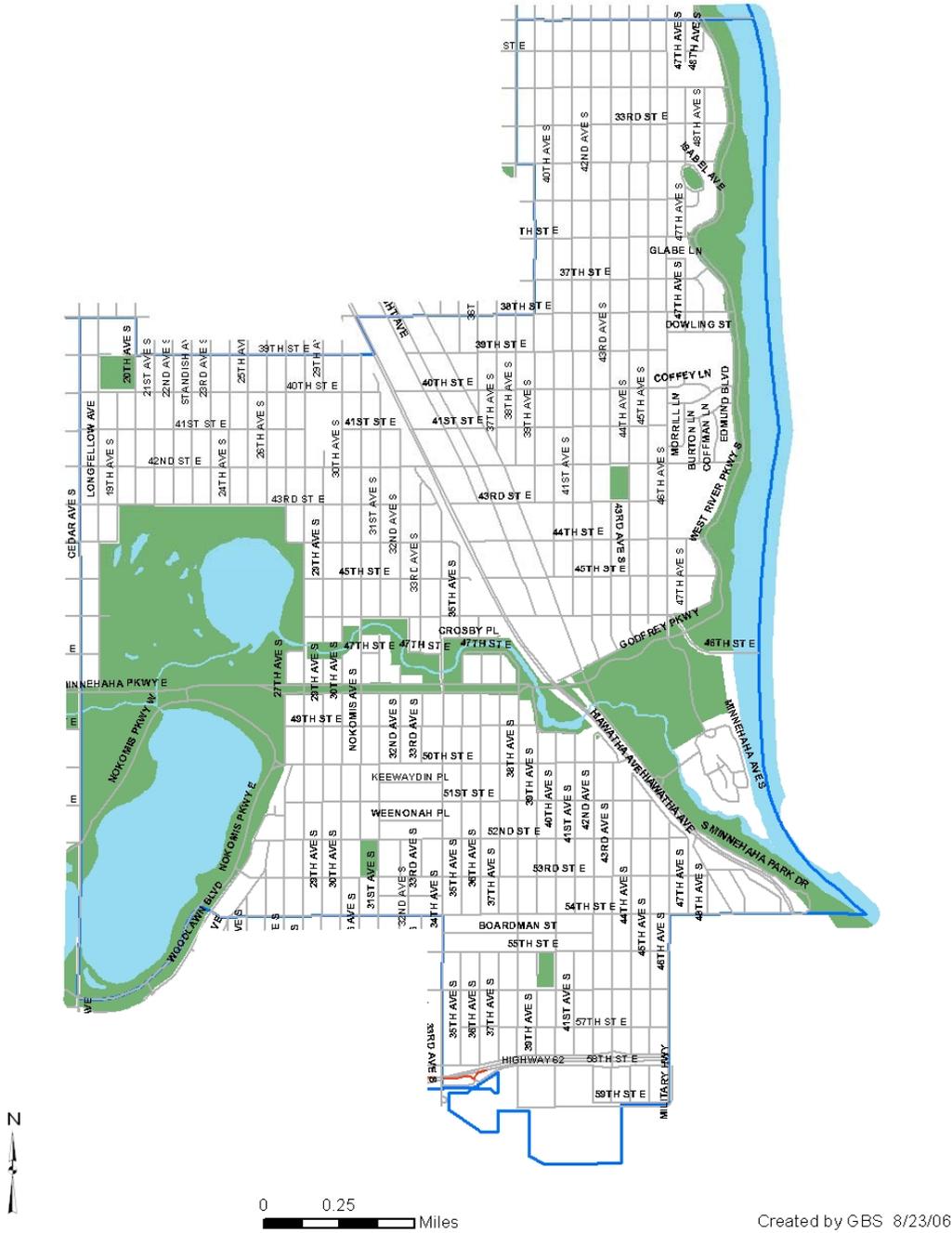
That the re-use value for uses in accordance with the 54th and Riverview Road Development Project plan, as amended, is hereby estimated to be the sum of \$11.59 per square foot for Parcels 10M, 9M, 3M, 2M and 1M.

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. Furthermore, that 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 by the Finance Officer or other appropriate City official of the City.

WARD 12



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

Date: March 10, 2009

Subject: Land Sale - Public Hearing

Address: Portions of 5344, 5348, 5352, 5356, and 5360 Riverview Road

Purchaser: Twin Cities Habitat for Humanity, Inc. or an affiliated entity
3001 4th Street SE
Minneapolis, MN 55414

Dispo/Acq Parcel No. Date Acq.	Address	Total CPED Cost	Less Sales Price	Write-off
Portions of 10M, 9M, 3M, 2M and 1M	Portions of 5344, 5348, 5352, 5356, and 5360 Riverview Rd.	\$14.59 per square foot	\$11.59 per square foot	\$3.00 per square foot

Reuse Value Opinion	Less Sales Price	Write- Down
\$11.00 to \$14.00 per square foot	\$11.59 per square foot	0

Write-Down

None

Developer History with CPED:

Twin Cities Habitat for Humanity has had extensive successful development experience with CPED/MCDA as a partner in the development of various multi-family affordable housing in the City of Minneapolis.

Developer Information:

- Single Individual(s)
- Family with ___ Dependents (one or more adults with dependents)
- General Partnership
- Limited Partnership
- Non-Profit Corporation of the State of Minnesota