

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

Date: September 16, 2008

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

**Subject:** Land Sale Public Hearing  
GMHC Century Homes Program

**Recommendation:** Approve the sale of 2535 - 16th Ave. S. to Greater Metropolitan Housing Corporation for \$45,000, subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date of approval, and 2) payment of holding costs of \$150.00 per month from the date of approval to the date of closing if land sale closing does not occur on or before 30 days from date of approval. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

**Previous Directives:** CPED acquired 2535 - 16th Ave. S. on November 21, 2007.

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

Approved by: Charles T. Lutz, Deputy CPED Director \_\_\_\_\_

Thomas A. Streitz, Director Housing Policy & Development \_\_\_\_\_

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

**Financial Impact**

- Other financial impact: Eliminate property management costs.

**Community Impact**

- Neighborhood Notification: East Phillips reviewed this proposal on May 8, 2008 and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.
- Comprehensive Plan: On June 2, 2008, the Planning Commission approved the sale of this parcel for single family development as being consistent with the Comprehensive Plan.
- Zoning Code: The parcel is zoned R2B and the construction of a single family home is a permissible use in that zoning.
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_\_ No  x
- Job Linkage Yes\_\_\_\_\_ No  x
- Other: On 1/24/07, 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>
GC-289	2535 - 16th Ave. S.	\$45,000

### PURCHASER

Greater Metropolitan Housing Corporation  
15 South Fifth Street, Suite 710  
Minneapolis, MN 55402

### PROPOSED DEVELOPMENT:

The developer is proposing to construct a 3 bedroom, 3 bath, 1651 square foot single family home that will be sold to an owner-occupant.

The lot size is 52' x 123' = approximately 6,459 total square feet.

### LAND DISPOSITION POLICY:

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

### FINANCING\*:

The purchaser has obtained a financing commitment from US Bank.

\*Subject to application and underwriting requirements.

### OFFERING PROCEDURE:

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

### COMMENTS:

This is a property that the City acquired from Hennepin County in November 2007. The developer is proposing to construct a single family home on the site which will be developed as part of the Century Homes Program. In accordance with the program, GMHC and the City of Minneapolis equally share all profits and losses related to a project. The pro-forma for the development of this property indicates that there will be a net loss of approximately \$35,000 of which the city will share 50%. The neighborhood, East Phillips Improvement Coalition, reviewed this proposal and recommended approval of the project with the following alterations:

- ◆ The first floor be accessible for handicapped visitors
- ◆ The front porch go clear across the front of the house
- ◆ A bay window be added on the south side of the building for light
- ◆ The builder applies for a variance to move the house forward to line up with other houses on the block.

Comments were received from the Banyan Community which represents the block club. Their comments are:

- ◆ The setbacks are fine; A porch is important as well as 3 bedrooms, detached garage with alley entrance good.
- ◆ Concerned about the price of the house, it's high given the market.
- ◆ Concern about having an "empty house" on the block to guard in this current market of foreclosures...It is much easier to protect an empty lot then an empty house....or a lot that has been developed by a neighbor.

Staff is recommending approval of the sale of this property to GMHC.

**Authorizing sale of land GMHC Century Homes Program  
Disposition Parcel No GC-289.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel GC-289, in the East Phillips neighborhood, from Greater Metropolitan Housing Corporation, hereinafter known as the Redeveloper, the Parcel GC-289, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

GC-289; 2535 16th Avenue South

Lot 9, Block 6, Gilpatricks Addition to Minneapolis

Being Registered Land as evidenced by Certificate of Title No. 1220009.

Whereas, the Redeveloper has offered to pay the sum of \$45,000, for Parcel GC-289 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 September 5, 2008, a public hearing on the proposed sale was duly held on September 16, 2008, 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 GMHC Century Homes Program plan, as amended, is hereby estimated to be the sum of \$45,000 for Parcel GC-289.

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.

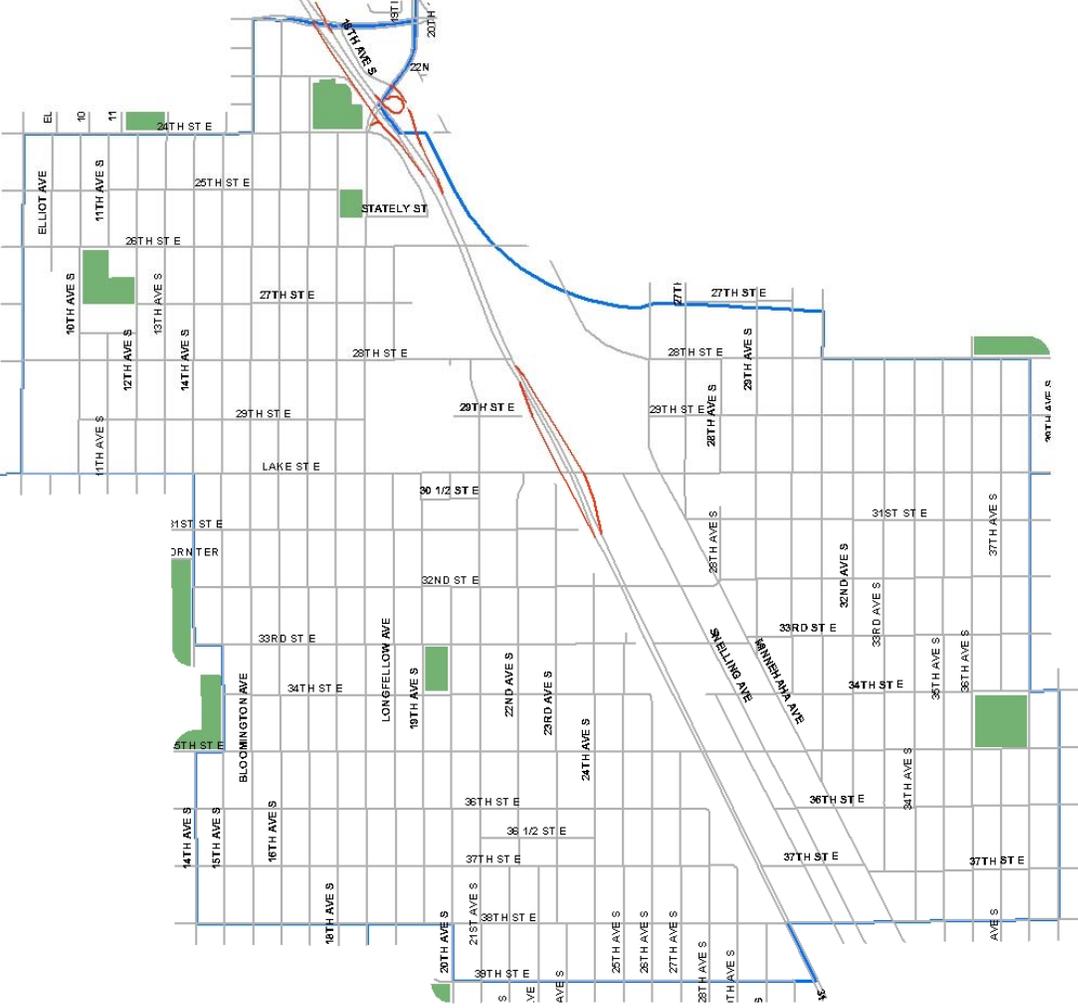
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 30 days from the date of approval.

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 by the Finance Officer or other appropriate City official of the City.

# WARD 9



Created by GBS 8/23/06

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

Date: September 16, 2008  
 Subject: Land Sale – Public Hearing  
 GMHC Century Homes Program  
 Address: 2535 - 16th Ave. S.  
 Purchaser: Greater Metropolitan Housing Corporation

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
GC-289 11/21/07	2535 - 16th Ave. S.	\$78.73	(-) \$45,000	(+) \$44,921.27

Re-Use Value Opinion	Less Sales Price	Write-Down
\$45,000	\$45,000	\$0

Write-Down  
 Reason: N/A

Developer History with CPED:

GMHC has been working in partnership with the City of Minneapolis, through the Century Homes and Home Ownership programs, for many years developing high quality single family homes which are sold to owner occupants.

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