

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

April 18, 2006

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

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program/Harrison

Recommendation: Approve the sale of 1915-4th Avenue North to Redeemer Center for Life, Inc. for \$16,000, subject to the following conditions; 1) land sale closing must occur on or before 30 days from 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 CPED Director.

Previous Directives: CPED acquired 1915-4th Avenue North on 3/5/96.

Prepared or Submitted by: Edith Johnson, Senior Project Coordinator
Phone 612-673-5262

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director, Housing Policy _____
& Development

Permanent Review Committee (PRC) Approval _____ Not Applicable X

Policy Review Group (PRG) Approval ___ Date of Approval ___ Not Applicable X

Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the _____ Capital Budget or _____ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: ___ Action is within the plan. ___ Action requires a change to plan.

Other financial impact (Explain): Eliminate property management costs.
 Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Ward: 5

Neighborhood Notification: Harrison Neighborhood Association (HNA) reviewed this proposal and recommended it be approved.

City Goals: Foster the development and preservation of a mix of quality housing types that is affordable, meets current needs, and promotes future growth.

Comprehensive Plan: The land sale will be reviewed by the Planning Commission for consistency with the Comprehensive Plan on April 10, 2006. The Commission's comments will be available at the April 18, 2006, Community Development Committee.

Zoning Code: R2B

Other: In a planning staff memo dated March 30, 2006, and titled Public Land Sale/Purchase in the City of Minneapolis, it was noted that "The proposed duplex or twin home at 1909-1915-4th Avenue North does not meet the 10,000 s.f. lot area requirement for two family dwelling in the R2B district. Two family dwellings in the R2B District are, however, allowed by variance for lots as small as 4,500 s.f." With that said, a variance is required with the construction of this twin home project.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
HAR 24-5	1915-4th Avenue North	\$16,000

PURCHASER

Redeemer Center for Life, Inc.
1800 Glenwood Avenue North
Minneapolis, MN 55405

PROPOSED DEVELOPMENT:

Construction of a side by side twin home with each unit consisting of 3 bedrooms, 2 bathrooms, including a first floor master bedroom and bathroom; approximately 1,370 finished square feet of finished living space, no basement, and detached two-car garage.

Redeemer Center for Life, Inc. (RCFL) will partner with Project for Pride in Living (PPL) for development of the project. According to their offer documents, the estimated after construction value of each twin home is \$200,000. Each unit will be marketed and sold to owner occupants who meet the MHFA and HOME/Affordable Ownership Housing Program income requirements.

The proposed development is approved for Minnesota Housing Finance Agency (MHFA) and City of Minneapolis Affordable Ownership Housing program funding, both of which have income requirements that the buyers have to meet. RCFL was approved for HOME funding in the City's 2005 Affordable Ownership Housing Program (AOHP) RFP process.

RCFL owns the property at 1909-4th Avenue North, which is adjacent to 1915-4th Avenue North. The proposed development will include 1909 and 1915-4th Avenue North.

The lot size is 33' x 99' = 3,267 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

RCFL has demonstrated sufficient financing for the proposed development project.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

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

COMMENTS:

In March 1996, the property at 1915-4th Avenue North was a blighted structure that was purchased and later demolished. At the time, zoning considered building on parcels with less than a 40-foot frontage and 5,000 square feet as unacceptable. It was later changed to allow for a 30% variance, which permits building on undersized lots with a variance.

In 2002, RCFL purchased 1901-4th Avenue North from the City of Minneapolis to construct a similar side by side twin home. RCFL partnered with PPL on the 1901-4th Avenue North project.

In February 2006, RCFL submitted to CPED an offer to purchase 1915-4th Avenue North to move forward with its proposal to construct a side by side twin home as part of its overall proposal of building housing units on the 1900 block of 4th Avenue North. The Harrison neighborhood has supported RCFL's proposal.

In March 2006, in keeping with the City's real property disposition policy, staff based on approval from the CPED Director entertained negotiations with RCFL for the purchase and redevelopment of 1915-4th Avenue North to support its housing development project. Additionally, staff noted that they would work with an interdepartmental team for the disposition of the property. Review and/or comments were requested from planning, zoning, engineering and public works.

The following conditions conform to the City's Real Property Disposition Policy:

- (i) no other purchaser has submitted to CPED a valid and credible offer to purchase and develop the subject property, and
- (ii) the property has not been approved for sale to another purchaser or part of an existing or proposed redevelopment project.

CPED's appraiser set 1915-4th Avenue North's fair reuse value at \$16,000, and RCFL is willing to pay the value as set and develop the project for owner occupancy.

CPED staff concurs with HNA that 1915-4th Avenue North should be sold to Redeemer Center for Life, Inc., for construction of a side by side twin home for sale to owner occupants.

**Authorizing sale of land
Vacant Housing Recycling Program
Disposition Parcel No. HAR 24-5**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel HAR 24-5, in the Harrison neighborhood, from Redeemer Center for Life, Inc., hereinafter known as the Redeveloper, the Parcel HAR 24-5, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HAR 24-5; 1915 - 4th Avenue North

Lot 5, Block 18, Maben, White and Lebron's Addition to Minneapolis.

Whereas, the Redeveloper has offered to pay the sum of \$16,000, for Parcel HAR 24-5 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 April 5, 2006, a public hearing on the proposed sale was duly held on April 18, 2006, 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 \$16,000 for Parcel HAR 24-5.

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.