

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

Date: April 20, 2010

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

Subject: Land Sale Public Hearing
Greater Minneapolis Crisis Nursery

Recommendation

Approve the sale of 4556 4th Avenue South and 328 East 46th Street to Greater Minneapolis Crisis Nursery for a Fair Re-use Value price of \$2,064 (due to soil conditions.)

Previous Directives

CPED acquired 4556 4th Avenue South on September 15, 1995 and acquired 328 East 46th Street on January 29, 1990. The 46th Street parcel was included in the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan for side yard and open space uses. The MCDA Board of Commissioners permitted a lease with Beverly Enterprises for \$1 per year - a total of \$10 - to use the parcels as green space for a period of 10 years (1998-2008). [Note that Greater Minneapolis Crisis Nursery was permitted to assume this lease from Beverly Enterprises.] City Council approved up to \$2,000,000 of Tax-exempt 501(c)(3) Bank Direct Minneapolis Community Development Agency Revenue Bonds, Series 2002, for Greater Minneapolis Crisis Nursery on September 30, 2002 for purchase and rehabilitation of the adjacent property at 4544 4th Avenue South.

Prepared by: Judy Cedar, Senior Project Coordinator, Phone 612-673-5025
Approved by: Charles T. Lutz, Deputy CPED Director _____
Catherine A. Polasky, Director Economic Policy & Development _____
Presenter in Committee: Judy Cedar, Senior Project Coordinator

Financial Impact

Eliminate property management costs

Community Impact

- Neighborhood Notification: Field Regina Northrop reviewed this proposal on February 17 and March 17, 2010. The neighborhood supports the sale of these two lots to Greater Minneapolis Crisis Nursery. The neighborhood group prefers that the use be green space.
- City Goals: ENRICHED ENVIRONMENT: Green Space
- Sustainability Target: Permeable Surfaces
- Comprehensive Plan: If practical considerations such as poor soils preclude development, green space is consistent with the comprehensive plan. The City Planning Commission found use of these lots for green space to be in conformance with the Comprehensive Plan on July 21, 2008.
- Zoning Code: Green space/garden uses are permitted in zoning categories C-1 (4556 4th Avenue South) and R1A (328 East 46th Street).
- Living Wage/Business Subsidy Agreement does not apply for this land sale.
- Job Linkage does not apply for this land sale.
- Other: On June 12, 2008, the Planning Staff completed a land sale review of this parcel and approved the proposed development.

Parcel	Address	Sale Price
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FR 15-6	4556 4th Avenue South	\$1,032
NH 599	328 East 46th Street	\$1,032

Purchaser

Greater Minneapolis Crisis Nursery
5400 Glenwood Avenue
Golden Valley, MN 55422

Proposed Development

The intent is to maintain these two lots as green space, including the possibility of using one or both lots for educational and/or community gardening through a cooperative arrangement with the charter high school. Both lots are 40 feet in width and 129.24 feet in length having an area of 5,160 square feet each.

Land Disposition Policy

This property is limited as a buildable lot due to poor soils and is being sold for green space rather than for development.

Financing

If approved, this will be a cash sale transaction.

Offering Procedure

The sale price of these properties is the full re-use value as a side yard or green spaces.

Comments

Greater Minneapolis Crisis Nursery (Crisis Nursery) is a registered 501(c) (3) charitable organization. They submitted an offer to purchase the subject sale parcels at FMV in May 2008. Crisis Nursery would like to purchase these two lots for use as green space to complement their property holdings at 4544 4th Avenue South, which is leased to Watershed Charter School (see <http://www.watershedhs.org>). The school has a 10 year lease (executed in 2009) with Crisis Nursery and that lease includes two 5 year options to renew as well as an option to purchase. The Field Regina Northrop Neighborhood Group (FRNNG) has approached Watershed High School to explore whether the two lots might be used for educational purposes (growing organic foods and nutritional education for example) and/or community gardens and conversations are ongoing. However, FRNNG supports the sale of these two lots to Crisis Nursery whether for green space or for a combination green space and gardens.

The City conducted soil testing to evaluate re-use options September 23, 2009. Soil borings reveal poor soils. Because the two lots are narrow it would be difficult to perform soil compaction so the recommendation would be to include pilings (estimated \$50,000 per lot) if building construction were to occur on these two lots. Therefore, these lots are effectively unbuildable.

Based upon a review of inspection records, Greater Minneapolis Crisis Nursery is keeping their property in good condition and repair. In addition, this nonprofit organization has been tending to the two subject City lots in good faith beyond expiration of their lease term with us (more than 18 months).

Authorizing sale of land Disposition Parcel Nos. FR 15-6 and NH 599.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase the Disposition Parcels FR 15-6 and NH 599, in the Regina Neighborhood, from Greater Minneapolis Crisis Nursery, hereinafter known as the Purchaser, the Parcels FR 15-6 and NH 599, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

Legal Description

FR 15-6; 4556 4th Avenue South

Lot 15, Block 6, F.A. Savage's Portland Ave. Addition to Minneapolis Abstract Property.

NH 599; 328 East 46th Street

Lot 16, Block 6, F.A. Savage's Portland Ave. Addition to Minneapolis Registered Land as evidenced by Certificate of Title No. 1142775.

Whereas, the Purchaser has offered to pay the sum of \$1,032 each for Parcel FR 15-6 and for Parcel NH 599, to the City for the land; and

Whereas, the Purchaser has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has determined the offer of \$1,032 each to purchase the Parcels to be reasonable; and

Whereas, the City has had the re-use values reviewed by an appraisal expert, stating that the re-use value opinions are consistent with the City's accepted methods in determining a re-use values for the Parcels; and

Whereas, the City's Real Estate Disposition Policy provided in Section 2.2.13 for the sale of land for sideyard; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on April 9, 2010, a public hearing on said proposal and proposed sale and the provisions thereof, was duly held on April 20, 2010, 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; and

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

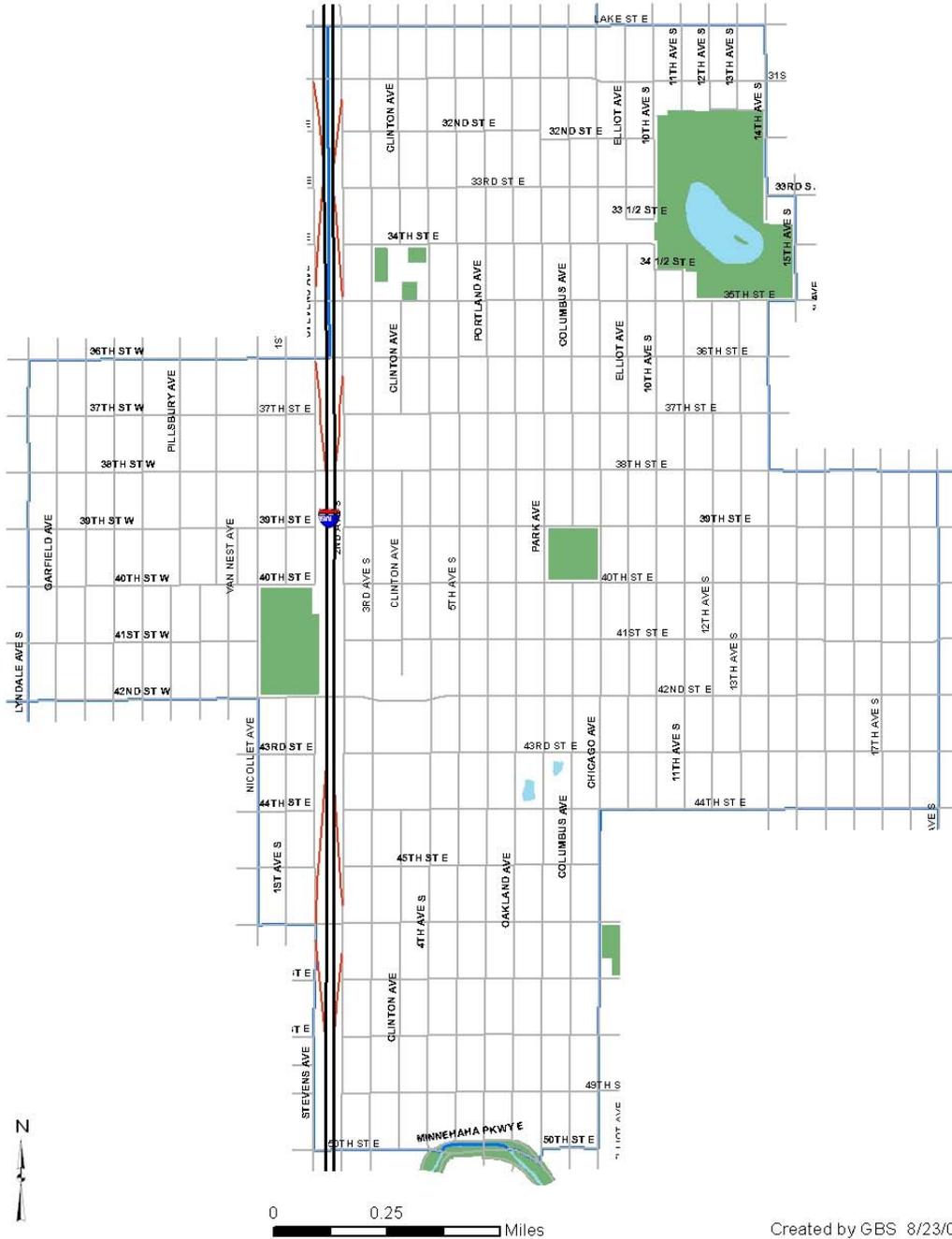
That the re-use values for Parcel FR 15-6 and for Parcel NH 599 are hereby estimated to be the sum of \$1,032 each.

Be It Further Resolved that the acceptance of the offer and Purchaser's proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Purchaser possesses the qualifications and financial resources necessary to acquire and maintain the Parcels in accordance with the contract for the sale of land.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver the contract to the Purchaser; 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 Purchaser in accordance with the provisions of the executed contract and upon payment to the City of 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 official of the City.

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Created by GBS 8/23/06

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

Date: April 26, 2010
 Subject: Land Sale – Public Hearing
 Greater Minneapolis Crisis Nursery
 Address: 4556 4th Avenue South and 328 East 46th Street
 Purchaser: Greater Minneapolis Crisis Nursery

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
FR 15-6 09/15/95	4556 4th Avenue South	\$74,419	(-) \$1,032	-\$75,451
NH 599 01/29/90	328 East 46th Street	\$30,300	(-) \$1,032	-\$29,268

Re-Use Value Opinion	Less Sales Price	Write-Down
\$1,302	(-) \$1,032	\$0
\$1,302	(-) \$1,032	\$0

Write-Down
 Reason:

Developer History with CPED:

Revenue bonds were issued for \$1,800,000 in 2002 to allow purchase of 4544 4th Avenue south by Greater Minneapolis Crisis Nursery. A conditional use permit and parking variance was approved June 2009 to allow for use of the existing structure at 4544 4th Avenue South as a charter school.

Developer Information:

Nonprofit Corporation of the State of Minnesota