

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

Date: February 27, 2007

To: Council Member Lisa Goodman, Chair, Community Development Committee
Referral to: Council Member Paul Ostrow, Chair, Ways and Means/Budget Committee

Subject: Land Sale Public Hearing
Little Earth Residents Association, Inc.
Model City Urban Renewal Project Area

Recommendation:

- Approve the development concept as described in this report;
- Adopt the attached resolution authorizing the sale of approximately 1.5 acres of land at the northwest corner of 26th Street East and Hiawatha Avenue (bordered by Hiawatha Avenue on the east, 26th Street East on the south, Ogema Place on the west, and 24th Street East on the west and north) to Little Earth Residents Association, Inc. or an affiliate or a related entity;
- Authorize the Director to execute the necessary acquisition agreement(s) with the State of Minnesota Department of Transportation and authorize the Director or his assigns and the Finance Officer to execute the Redevelopment Contract with Little Earth Residents Association, Inc. or an affiliate or a related entity as described in this report;
- Amend the 2007 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund CPO-Capital Projects – Other (CPO0-890-8933) appropriation by \$10,000.00; and
- Increase the 2007 Revenue Budget for the Community Planning & Economic Development agency Fund CPO-Capital Projects – Other (CPO0-890-8490) by \$10,000.00

Previous Directives: None.

Prepared by: Kevin Dockry, Senior Project Coordinator, Phone 612-673-5075
Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director Housing Policy & Development _____
Presenters in Committee: Kevin Dockry, Senior Project Coordinator

Reviews

- Permanent Review Committee (PRC): Approval NA Date _____
- Policy Review Group (PRG): Approval NA Date _____

Financial Impact

- Action requires an appropriation increase to the X Capital Budget or ____ Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan

Community Impact

- Neighborhood Notification: East Phillips Improvement Coalition reviewed this proposal 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.
- Sustainability Targets: Supports Affordable rental/Affordable housing.
- Comprehensive Plan: On January 22, 2007, the Planning Commission approved the sale of Parcel MnDOT-27 as being consistent with the Comprehensive Plan.
- Zoning Code: Except for open space, all will require some form of land use application.
- Living Wage/Business Subsidy Agreement Yes____ No X
- Job Linkage Yes____ No X
- Other: On November 28, 2006, the Planning Staff completed a land sale review of Parcel MnDOT-27 and approved the proposed development.

Supporting Information

| <u>PARCEL</u> | <u>ADDRESS</u> | <u>SALE PRICE</u> |
|---------------|----------------|-------------------|
| MnDOT-27 | Numerous | \$10,000 |

PROPERTY DESCRIPTION

Right-of-way approximately 1.5 acres of land at the northwest corner of 26th Street East and Hiawatha Avenue (bordered by Hiawatha Avenue on the east, 26th Street East on the south, Ogema Place on the west, and 24th Street East on the west and north).

The exact legal description to be supplied by the State of Minnesota Department of Transportation.

PURCHASER

Little Earth Residents Association, Inc. (or an affiliated or related entity)
2501 Cedar Avenue, Minneapolis, Minnesota 55413

PROPOSED DEVELOPMENT:

The Minnesota Department of Transportation (MnDOT) currently owns the triangular piece of property (approximately 1.5 acres total) bordered by Hiawatha Avenue on the east, 26th Street East on the south, Ogema Place on the west, and 24th Street East on the west and north (as shown on Exhibit A). The site was acquired by the State as part of the Highway 55 road construction project and has been vacant (except for a MnDOT sound barrier) for a number of years.

The City, through its Department of Community Planning and Economic Development (CPED) has received an Offer to Purchase from the Little Earth Residents Association, Inc. (LERA), which is interested in maintaining the property as green space until a future development opportunity arises. LERA has negotiated a sales price of \$10,000 with MnDOT. In accordance with the Disposition Policy and Procedures, the City would act as a pass-through conduit (acquiring the property from MnDOT for the negotiated sales price of \$10,000 and immediately reselling the site to LERA for the same price).

LERA proposes to improve the existing green space by consistently removing debris and trash that currently litters the site and to routinely remove graffiti from the MnDOT sound barrier. Future developments have not been determined at this time, however many potential developments have been considered, including a food co-op, a job/skills training center, and a Native American school. The Little Earth housing development has 212 housing units on nine acres with approximately 800 tenants.

Except for open space, future development will be subject to City review and approval.

LERA and MnDOT have negotiated a sale price of \$10,000. MnDOT will not charge LERA nor the City any associated transfer costs. CPED recommends that the City waive the ten per cent (10%) administrative fee payable under the City's Real Estate Disposition Policy.

LERA will purchase the property as is with all its faults. LERA will maintain the property as green space until a feasible development opportunity presents itself.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold in accordance with the pass-through provisions contained in the Land Disposition Policy.

OFFERING PROCEDURE:

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

**Authorizing sale of land Disposition Parcel MnDOT-27
Model City Urban Renewal Project Area**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop the Disposition Parcel MnDOT-27, in the East Phillips neighborhood, from Little Earth Residents Association, Inc. or an affiliate or a related entity of Little Earth Residents Association, Inc., hereinafter known as the Redeveloper, the Parcel MnDOT-27 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION*

Right of way lying north of the northernmost lot line of Lots 1-3, Auditor's Sub. No. 10, situated between the most easterly line of Cedar Avenue South and the most westerly line of the Highway 55 sound barrier;

Those parts of Lots 2-8, 12, 13, and 21-27, Auditor's Sub. No.10, situated between the most easterly line of 24th Street East and/or Ogema Place and the most westerly line of the Highway 55 sound barrier;

Those parts of Lots 1-6, Block 2, Kingsleys Addition, situated between the most easterly line of 24th Street East and the most westerly line of the Highway 55 sound barrier;

That part of Lot 9, Griswold's Addition, situated between the most easterly line of Ogema Place and the most westerly line of the Highway 55 sound barrier;

Right of way lying north of the northernmost lot line of Lot 43, Auditors Subdivision No. 016, and south of the southernmost lot line of Lot 27, Auditor's Sub. No. 10, situated between the most easterly line of Ogema Place and the most westerly line of the Highway 55 sound barrier;

Lots 35-43, Auditors Subdivision No. 16.

*internal legal description subject to receipt of exact legal description to be prepared by MnDOT

Whereas, the Redeveloper has offered to pay the sum of \$10,000, for said Parcel MnDOT-27 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 MnDOT-27; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on February 16, 2007, a public hearing on the proposed sale was duly held on February 27, 2007, 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:

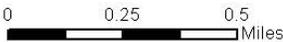
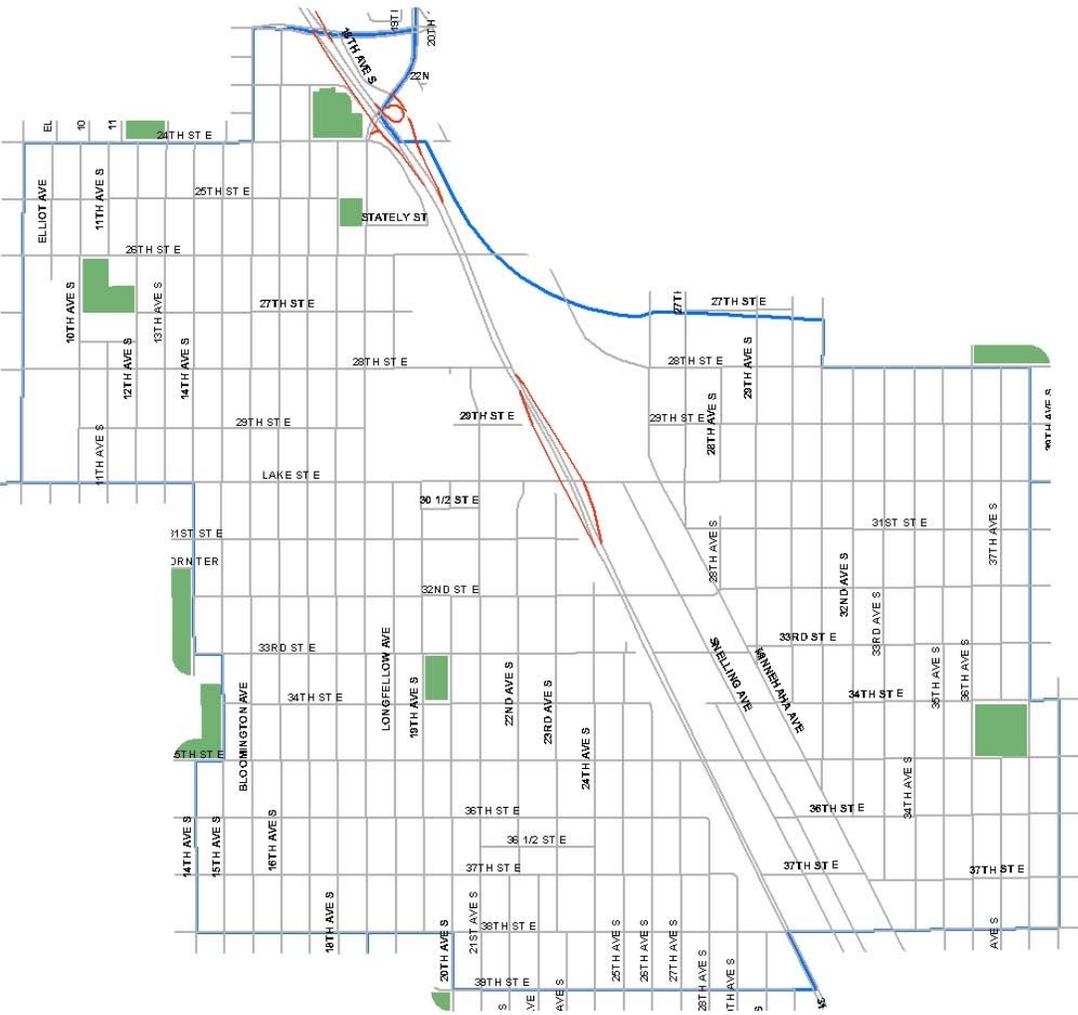
That the re-use value for uses in accordance with the Model City Urban Renewal Project Area plan, as amended, is hereby estimated to be the sum of \$10,000 for said Parcel MnDOT-27.

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, subject to the waiver of the City's administrative fee, and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the Parcel MnDOT-27 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.

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

Date: February 27, 2007
 Subject: Land Sale – Public Hearing
 Little Earth Residents Association, Inc.
 Address: Numerous
 Purchaser: Little Earth Residents Association, Inc.

| Disposition Parcel No. Acq Date | Address | Total CPED Costs | Less Sales Price | Write Off |
|---------------------------------|----------|------------------|------------------|-----------|
| MnDOT-27 | Numerous | \$10,000 | (-)\$10,000 | \$0 |

| Re-Use Value Opinion | Less Sales Price | Write-Down |
|----------------------|------------------|------------|
| \$10,000 | \$10,000 | \$0 |

Write-Down
 Reason: N/A

Developer History with CPED:

CPED has had an extensive working relationship with Little Earth since 1995, including current representation on the Little Earth of United Tribes Housing Corp. Oversight Committee.

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