



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

Date: April 17, 2007

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

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

**Recommendation:** Approve the sale of 2101 Ilion Avenue North to The Greater Metropolitan Housing Corporation for \$1,900, 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 2101 Ilion Avenue North on November 28, 2006.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231  
Approved by: Charles T. Lutz, Deputy CPED Director \_\_\_\_\_  
Elizabeth Ryan, Director Housing Policy & Development \_\_\_\_\_  
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator

**Financial Impact**

- Action is within the Business Plan
- Other financial impact: Eliminate property management costs.

**Community Impact**

- Neighborhood Notification: Jordan Area Community Council 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: None
- Comprehensive Plan: On March 26, 2007, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_ No x
- Job Linkage Yes\_\_\_\_ No x
- Other: On February 2, 2007, 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-287	2101 Ilion Avenue North	\$1,900

### PURCHASER

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

### PROPOSED DEVELOPMENT:

The developer proposes to build a two story single family house with three bedrooms, two and one half baths, full basement with 1,650 finished square feet and a two car attached garage.

The lot size is irregular = 6,700 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 developer has secured financing from U.S. Bank National Association for this development.

\*Subject to application and underwriting requirements.

### OFFERING PROCEDURE:

Negotiated. The sale price of this property does not reflect the full re-use value. The re-use value of the site as vacant land for single family development is \$19,900. However, the redeveloper will undertake the demolition of the existing four plex and surveying of the site at an estimated cost of \$18,000 which is being deducted from the re-use value of the vacant land, therefore the City is selling this property for \$1,900.

### COMMENTS:

The Greater Metropolitan Housing Corporation (GMHC) is proposing to build a three bedroom, two and one half bathroom, full basement single family home with a double car attached garage which will have ingress/egress off of the adjacent T alley on this parcel. The Jordan neighborhood group recommends the proposed house plan with a detached garage. The irregular shape of this parcel combined with the adjacent T alley which borders this parcel on two sides encourages the plan with the attached garage. If they detached the garage there would be less than 12 feet of rear yard from the rear door of the house to the garage service door. This area would be difficult to maintain and would present some security issues. The proposed plan with the attached garage provides for security fencing along the western edge of the lot and the alley which then provides a very large and private side yard for recreation. Staff recommends the plan as proposed by GMHC. They estimate that the home will sell for \$195,000.

This proposed development will be undertaken as part of the City of Minneapolis partnership agreement with GMHC under the Century Homes Program. Per this partnership agreement, GMHC and CPED have agreed to split equally any profits or losses realized from the sale of properties. The pro-forma for the development of this property indicates that there will be a net loss of approximately \$17,905 of which the City will share 50%.

**Authorizing sale of land GMHC Century Homes Program  
Disposition Parcel No GC-287.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel GC-287, in the Jordan neighborhood, from The Greater Metropolitan Housing Corporation, hereinafter known as the Redeveloper, the Parcel GC-287, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

GC-287; 2101 Ilion Av N  
Lot 11, Block 18, Forest Heights.

Whereas, the Redeveloper has offered to pay the sum of \$1,900, for Parcel GC-287 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 6, 2007, a public hearing on the proposed sale was duly held on April 17, 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 GMHC Century Homes Program plan, as amended, is hereby estimated to be the sum of \$19,900; however, the Redeveloper will undertake the demolition and surveying of the building and site at an estimated cost of \$18,000, therefore the City is selling GC-287 for the sum of \$1,900.

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 5



Address: 2101 Ilion Av N  
Parcel: GC-287  
Purchaser: The Greater Metropolitan Housing Corporation (GMHC)  
Sq. Footage: 6,700  
Zoning: R2B

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

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 Purchaser: The Greater Metropolitan Housing Corporation

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
GC-287 11/28/06	2101 Ilion Avenue North	\$60,000	(-)\$1,900	(-)\$58,100

Re-Use Value Opinion	Less Sales Price	Write-Down
\$19,900	\$1,900	\$18,000

Write-Down

Reason: The re-use value of the site as vacant land for single family development is \$19,900. However, the redeveloper will undertake the demolition of the existing four plex and surveying of the site at an estimated cost of \$18,000 which is being deducted from the re-use value of the vacant land.

Developer History with CPED:

The Greater Metropolitan Housing Corporation has successfully acquired in excess of 1,400 parcels of land from the City of Minneapolis and has developed quality homes which have been 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