



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

Date: June 21, 2005

To: Council Member Lisa Goodman, Community Development Cmte

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

Presenter in Committee: Edith Johnson, Senior Project Coordinator

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

Subject: Land Sale – Public Hearing
Willard Homewood

RECOMMENDATION: Approve the sale of 2626 Plymouth Avenue North to Powderhorn Community Council (PCC) for \$26,600, 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.

Approve sale of 2626 Plymouth Avenue North to Affordable Custom Builders, Inc., for \$26,600 if Powderhorn Community Council (PCC) fails to close. Sale to Affordable Custom Builders, Inc. is subject to the following conditions: 1) land sale closing must occur on or before 30 days from date of CPED notification, and 2) payment of holding costs of \$150.00 per month from the date of notification to the date of closing if land sale closing does not occur on or before 30 days from the date of CPED notification.

The sale conditions may be waived or amended with the approval of the CPED Director.

Previous Directives: CPED acquired 2626 Plymouth Avenue North on September 9, 1995.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget

- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Eliminate property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 5

Neighborhood Notification: Northside Residents Redevelopment Council (NRRC) reviewed the two developers' proposals and recommended approval of Powderhorn Community Council's proposal.

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

Comprehensive Plan: This lot is located within the Willard Homewood Urban Renewal Plan that was adopted on May 20, 1971, Resolution No. 71-1839, and subsequently amended. The sale is therefore consistent with the City's Comprehensive Plan.

Zoning Code: R1A

Living Wage/Job Linkage: N/A

Other: Both developers' elevations and site plans were submitted for Planning and Zoning Departments review and comments.

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
WH 71-12	2626 Plymouth Avenue North	\$26,600

PURCHASER
 Powderhorn Community Council (PCC)
 3751 17th Avenue South
 Minneapolis, MN 55407

ALTERNATE PURCHASER
 Affordable Custom Builders, Inc.
 3900 94th Avenue North
 Brooklyn Park, MN 55443

PROPOSED DEVELOPMENT:

Powderhorn Community Council (PCC) proposes construction of a single family 2-story home with 4 bedrooms, 2 baths, unfinished full basement, approximately 1,436 square feet of finished living space and a detached 2-car garage.

The developer's estimated after construction value of the home is \$225,000. It is noted that Michlitsch Builders, Inc., of Plymouth, Minnesota, will be the general contractor/builder.

After construction, the home will be sold to a family with an annual income at or below 80% of the Metropolitan Area Median Income. Additionally, there will be a buyer deferred payment loan from MHFA that will bridge the gap (\$18,650) between the appraised value (\$225,000) and total development cost (\$243,650).

Affordable Custom Builders, Inc., proposes construction of a single family 2-story home with 3 bedrooms, 2 ½ baths, unfinished full basement, approximately 1,538 square feet of finished living space and a detached 2-car garage.

The developer's estimated after construction value of the home is \$230,000. It is noted that Tom's Home Repair, Inc., of Brooklyn Park, Minnesota, will be the general contractor/builder. After construction, the home will be sold to an owner occupant.

The lot size is 41' x 118' = 4,838 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 developers have demonstrated sufficient financing for their proposed projects.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

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

COMMENTS:

In September 1995, 2626 Plymouth Avenue North was purchased from the U.S. Department of Housing and Urban Development (HUD) as a vacant, distressed property. Due to unreasonably high rehabilitation estimates, the property was later demolished. The property was on the MCDA/CPED lot list before CPED received competing offers from Powderhorn Community Council (PCC) and Affordable Custom Builders, Inc.

CPED staff reviewed the proposals and forwarded them to Northside Residents Redevelopment Council (NRRC) for the forty-five day review process. At its meeting on May 9, 2005, NRRC's Residential and Commercial Task Force (RCTF) had only two

task force members present and each voted to support each developer's proposal. In other words, there was one vote for Powderhorn Community Council (PCC) and one vote for Affordable Custom Builders, Inc. RCTF mentioned that its recommendation would be forwarded to the NRRC Board for action.

At its meeting on May 16, 2005, the NRRC Board voted to support Powderhorn Community Council's proposal for 2626 Plymouth Avenue North. The Board's letter of support is included with this report. CPED staff concurs with NRRC's recommendation.

**Authorizing sale of land
Willard Homewood Urban Renewal Project
Disposition Parcel No. WH 71-12**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel WH 71-12, in the Willard Homewood neighborhood, from Powderhorn Community Council (PCC), hereinafter known as the Redeveloper, the Parcel WH 71-12, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 18, Block 3, W H Lauderdales Addition to Minneapolis.

Whereas, the Redeveloper has offered to pay the sum of \$26,600, for Parcel WH 71-12 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 June 10, 2005, a public hearing on the proposed sale was duly held on June 21, 2005, 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 Willard Homewood Urban Renewal Project plan, as amended, is hereby estimated to be the sum of \$26,600 for Parcel WH 71-12.

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. 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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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.

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WARD 5

Address: 2626 Plymouth Avenue North
Parcel: WH 71-12
Purchaser: Powderhorn Community Council (PCC)
OR Affordable Custom Builders, Inc.
Sq. Footage: 4,838
Zoning: R1A

