

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

Date: December 8, 2009

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

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 400 31st Avenue North and 3035 6th Street North for \$5,000 each to Project for Pride in Living, Inc. (PPL), 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 per parcel 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 400 31st Avenue North on September 15, 2008, and acquired 3035 6th Street North on February 19, 2008.

Prepared by: Edith Johnson, Phone 612-673-5262

Approved by: Charles T. Lutz, Deputy CPED Director

Thomas A. Streitz, Director Housing Policy & Development

Presenters in Committee: Edith Johnson

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Hawthorne 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: Affordable housing and sustainable construction practices
- Comprehensive Plan: On November 12, 2009, the Committee of the Whole approved the sale of these parcels as being consistent with the Comprehensive Plan and the November 30, 2009 Planning Commission's decision will be reported during the presentation at the Community Development Committee meeting.
- Zoning Code: R2B (400 31st Avenue and 3035 6th Street North)
- Other: On September 25, 2009, the Planning Staff completed a land sale review of these parcels and deemed them buildable lots.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-316	400 31st Avenue North	\$5,000
VH-275	3035 6th Street North	\$5,000

PURCHASER

Project for Pride in Living, Inc.
1035 East Franklin Avenue
Minneapolis, MN 55404

PROPOSED DEVELOPMENT:

400 31st Avenue North—The lot size is 41' x 116' = 4,756 total square feet.

3035 6th Street North—The lot size is 45' x 157' = 7,065 total square feet.

On both parcels, the same house design will be constructed. Construction will be a single family home with 3 bedrooms, 1 ¾ baths, 2,820 square feet and a 2-car detached garage. Both homes will be affordable, energy efficient and marketed for sale for owner-occupancy.

For both properties, PPL selected BCB Construction, Inc. (BCB), of St. Paul, Minnesota, as general contractor/builder. BCB Construction was incorporated in 1998 and has concentrated on building affordable, highly energy efficient homes on behalf of neighborhood groups and nonprofit developers in Minneapolis and St. Paul. One of BCB's projects in St. Paul was recently awarded a rating of LEED Gold by the United States Green Building Council (USGBC). BCB's project was also designated residential green building project of the year in 2008 by the St. Paul mayor and city council. Additionally, on three separate occasions, BCB received awards of recognition by the St. Paul Heritage Preservation Association and American Institute of Architects—St. Paul Chapter for its work on projects in St. Paul.

LAND DISPOSITION POLICY:

These properties are buildable lots as defined by City policy and are being sold for development.

FINANCING*:

PPL has demonstrated that sufficient funding is available for both development proposals.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Negotiated Sale. The sales price of these properties does reflect the full re-use value.

COMMENTS:

CPED, Northside Home Fund and PPL have been diligently working as development partners in the designated Eco-Village cluster in the Hawthorne neighborhood to improve the quality of life and offer housing options for persons who wish to reside in the area. PPL is the designated cluster developer, who was selected by the Hawthorne neighborhood, with concurrence from CPED and other partners. Recently, PPL approached CPED regarding the acquisition of city-owned parcels at 400 31st Avenue and 3035 6th Avenue North to construct affordable, energy efficient single family housing units for home ownership.

CPED acquired 400 31st Avenue North on September 15, 2008 and 3035 6th Street North on February 19, 2008. The properties were not publicly marketed for sale by CPED, as the acquisitions were done to support the cluster development effort, where PPL is the selected development partner. PPL has developed a strategy that includes rehab and construction of single and multifamily housing units.

Hawthorne neighborhood concurs with PPL's development proposals. The Hawthorne Neighborhood Council dedicated up to \$10,000 per housing unit from its *Construct New*

Single Family Homes fund for gap financing required in construction of 400 31st Avenue and 3035 6th Street North.

PPL notes that construction funding for the housing units is from the Twin Cities Community Land Bank. Other funding is from Minnesota Housing and the Home Depot Foundation.

On November 12, 2009, the City's Planning Committee of the Whole found that the sales of the subject parcels for the proposed developments are consistent with the City's Comprehensive Plan. On November 30, 2009, the City's Planning Commission approved the sales of the parcels as consistent with the City's Comprehensive Plan.

Authorizing sale of land Vacant Housing Recycling Program

Disposition Parcel Nos. VH-316 and VH-275

Whereas, the City of Minneapolis, hereinafter known as the City, has received offers to purchase and develop Disposition Parcels VH-316 and VH-275, in the Hawthorne neighborhood from Project for Pride in Living, Inc., hereinafter known as the Redeveloper; Parcels VH-316 and VH-275 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-316; 400 31st Avenue North

The East 41.25 feet of Lots 5 and 6, Block 7, Morrison's Addition to North Minneapolis

VH-275; 3036 6th Street North

Lot 1, Duryea & Wilson's Addition to Minneapolis,

Being registered land as is evidenced by Certificate of Title No. 1218793.

Whereas, the Redeveloper has offered to pay the sum of \$5,000 each, for Parcels VH-316 and VH-275 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 values 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 values for the Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on November 27, 2009, a public hearing on the proposed sale was duly held on December 8, 2009, 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 \$5,000 each for Parcels VH-316 and VH-275.

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.

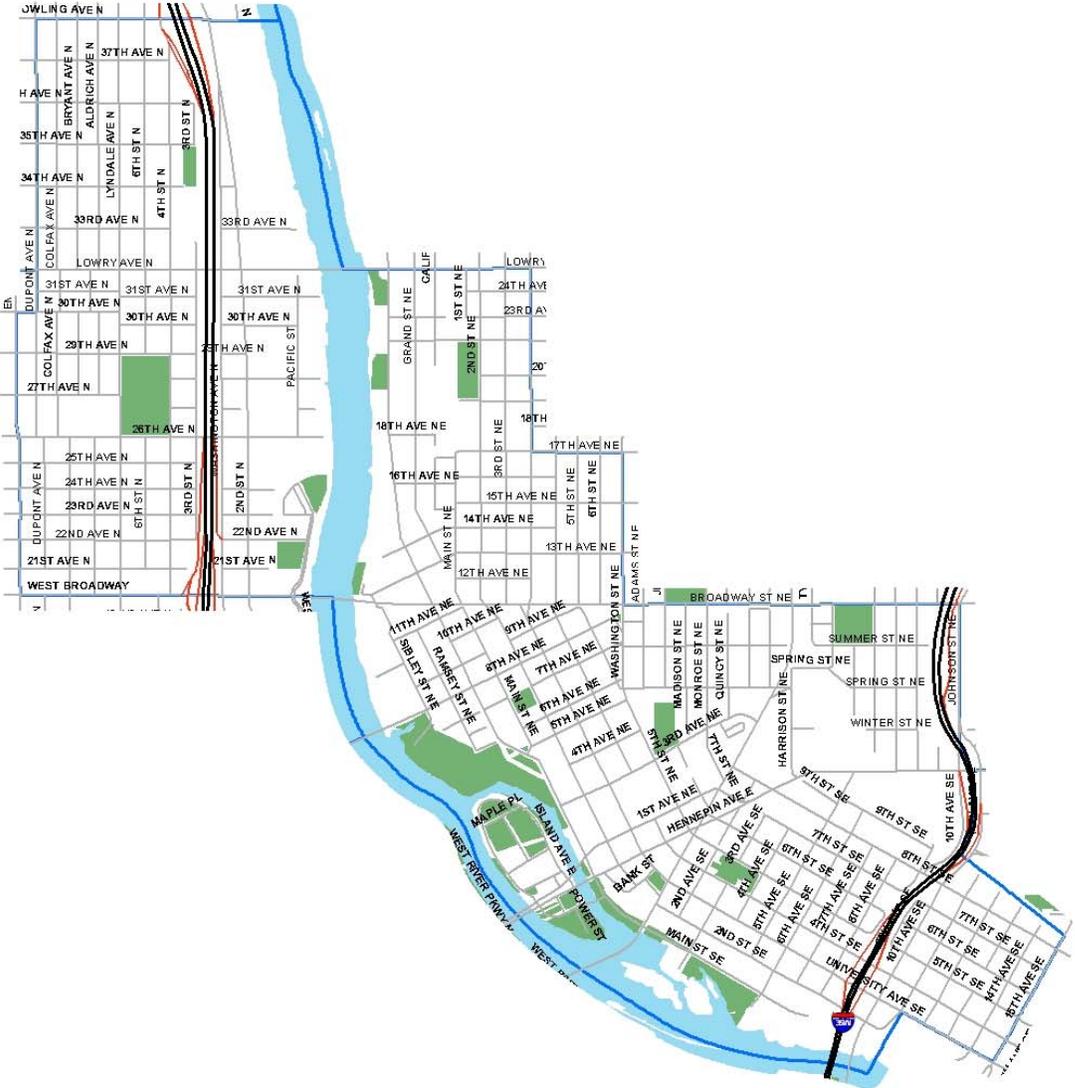
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment 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 3



0 0.25 0.5 Miles

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

Date: December 8, 2009
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 400 31st Avenue North
 3035 6th Street North
 Purchaser: Project for Pride in Living, Inc

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
VH-316 09/15/08	400 31st Avenue North	\$14,900	(-) \$5,000	(-) \$9,900
VH-275 02/19/08	3035 6th Street North	\$53,141	(-) \$5,000	(-) \$48,141

Re-Use Value Opinion	Less Sales Price	Write-Down
\$5,000	\$5,000	\$0
\$5,000	\$5,000	\$0

Reason: N/A

Developer History with CPED:

PPL has been developing projects in the City of Minneapolis for many years and is the City's development partner in the Hawthorne neighborhood Eco-Village cluster in north Minneapolis.

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