



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

Date: February 28, 2006

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Theresa Cunningham, Senior Project Coordinator
Phone 612-673-5237

Presenter in Committee: Theresa Cunningham, Senior Project Coordinator

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

Subject: Land Sale – Public Hearing
Village In Phillips, Phase 2 Redevelopment Project

RECOMMENDATION: Approve the sale of 2400, 2401, 2415, 2417, and 2419 Bloomington Ave. to Powderhorn Residents Group, Incorporated for the purchase price of \$153,078

PREVIOUS DIRECTIVES:

- On July 1, 2005, the City Council approved Project Analysis Authorization and Non-Profit Housing Development Fund Assistance for the Village in Phillips – Phase 2 Redevelopment Project, approved the acquisition of real property located at 2404 Bloomington Avenue South and approved the appraised value of the site; and
- On April 14, 2005, the City Council authorized CPED staff to evaluate Village in Phillips – Phase 2 proposal and application for Tax Increment Financing Assistance; and further to negotiate terms and conditions of a potential redevelopment contract.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- 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: 9

Neighborhood Notification: The Midtown Phillips Neighborhood Association, the Phillips West Neighborhood Organization, and the East Phillips Improvement Coalition were advised of the proposed land sale on January 6, 2006 and have provided their full support for the proposed land sale.

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:

4.9 Minneapolis will grow by increasing its supply of housing.

4.12 Minneapolis will reasonably accommodate the housing needs of all of its citizens.

Zoning Code: R2B

Other: Various land use applications for the Village In Phillips Project have been considered and approved by the City Planning Commission as follows: Rezoning from R2B to R4, Conditional Use Permit for height and multiple yard variances and a alley vacation (all approved 6/2/03), minor subdivision replat (approved 10/7/03) and site plan approval 2/9/06.

Background/Supporting Information:

Property Address	Block/Parcel	Lot Size	Sales Price	Zoning
2400 Bloomington	130-26	7,396 sq. ft.	\$44,376	R2B
2401 Bloomington	131-5B	7,274 sq. ft.	\$43,644	R2B
2415 Bloomington	131-6	5,525 sq. ft.	\$33,150	R2B
2417 Bloomington	131-7A	2,839 sq. ft.	\$17,034	R2B
2419 Bloomington	TF-106	2,479 sq. ft.	\$14,874	R2B
Total Land Area		25,513 sq. ft.	\$153,078	

PURCHASER

Powderhorn Residents Group, Incorporated (PRG)
2017 – 38th Street East
Minneapolis, MN 55407

PROPOSED DEVELOPMENT

The sale of these five parcels of land will complete the redevelopment site for Phase 2 of the Village in Phillips (VIP) redevelopment project. The VIP project is a three and one-half block area in the Phillips Neighborhood (see attached map) of South Minneapolis and represents a unique collaborative planning process among several Minneapolis non-profit community developers and residents producing a design by and for neighborhood residents. VIP is a four phase development undertaken by non-profit developer, Powderhorn Residents Group, Incorporated (PRG). The proposed development will produce between 55 and 65 affordable housing units encompassing 60% homeownership and 40% rental. An additional 15,000 square feet of new commercial space is proposed along Bloomington Avenue in a future phase

Phase 1 is now completed and consists of four buildings containing two and three bedroom units (six 2-bedroom units and twenty-three 3-bedroom units). Sales prices ranged from \$97,500 to \$185,500.

Phase 2 includes the construction of 36 condominium units situated in two buildings to be constructed on the southwest and southeast corners of Bloomington Avenue South and 24th Street East. This component of the project includes the subject parcels of land owned by the City including approximately 25,513 square feet or 0.59 acres and two additional parcels of land already owned by PRG. The entire redevelopment site includes approximately 34,779 square feet of land or 0.80 acres.

LAND DISPOSITION POLICY:

These parcels of land combined represent a buildable lot as defined by City policy and is being sold for the proposed development.

FINANCING:

The developer estimates the total development cost at approximately \$7.4 million. A combination of various financial resources have been secured for the proposed development from a number of public and private non-profit entities including Hennepin County, LISC, Metropolitan Transit, Metropolitan Council, MHFA, NRP and CPED. Attached is a Project Data Worksheet that provides additional detail and information regarding the proposed development. Also being considered is the use of Tax Increment Financing under a separate Committee Item.

OFFERING PROCEDURE:

These parcels were not publicly advertised; this is a Direct Sale under CPED Disposition Policy. The developer, PRG, has submitted an independent offer to purchase and redevelop the site. The sale price of these parcels of land reflects their full re-use value.

COMMENTS:

PRG is a quality developer who has worked with the City for many years on numerous other multi-family residential development projects. Homes completed and sold under Phase 1 of the VIP Project are of a high quality and have all been sold to owner occupants.

**Authorizing sale of land
Village in Phillips
Disposition Parcel No MC 130-26, 131-5B, 131-6, 131-7A & TF-106.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel MC 130-26, 131-5B, 131-6, 131-7A & TF-106, in the Phillips neighborhood, from Powderhorn Residents Group, Incorporated, hereinafter known as the Redeveloper, the Parcel MC 130-26, 131-5B, 131-6, 131-7A & TF-106, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

See Attached Exhibit A

Whereas, the Redeveloper has offered to pay the sum of \$153,078.00, for Parcel MC 130-26, 131-5B, 131-6, 131-7A & TF-106 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 February 17, 2006, a public hearing on the proposed sale was duly held on February 28, 2006, 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 Village in Phillips plan, as amended, is hereby estimated to be the sum of \$153,078.00 for Parcel MC 130-26, 131-5B, 131-6, 131-7A & TF-106.

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.

EXHIBIT A

Address	PIN	Legal Description
2400 Bloomington Ave	35-029-24-13-0001	Lot 1, Block 1, Gales 1 st Addition to Minneapolis
2401 Bloomington Ave	35-029-24-14-0212	Lot 5, Block 4, Gilpatricks Addition to Minneapolis
2415 Bloomington Ave	35-029-24-14-0065	Lot 6 and the North 8 inches of Lot 7, Block 4, Gilpatricks Addition to Minneapolis. Being registered land as is evidenced by Certificate of Title No. 1142786.
2417 Bloomington Ave	35-029-24-14-0066	Commencing at a point in West Line of Lot 7, distance 8 inches South from the Northwest corner thereof thence East parallel with North Line of said Lot to the East line thereof thence South 10 feet thence West parallel with North line of Lot 7 a distance of 47 feet thence South parallel with East line of said Lot to a point 12.83 feet North of the South line thereof thence West parallel with South line of said lot to the West line thereof thence North to beginning, Block 4, Gilpatricks Addition to Minneapolis
2419 Bloomington Ave	35-029-24-14-0067	The South 33 ft 4 inches of the East 47 ft and that part of the South 12-83/100 ft lying West of the East 47 ft thereof, Lot 7, Block 4, Gilpatricks Addition to Minneapolis