

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

Date: October 26, 2010

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

Subject: Land Sale Public Hearing
Neighborhood Stabilization Program (NSP)

Recommendation: Approve the sale of 2047 3rd Avenue North to PRG, Inc. for \$111,375, plus \$2,383 in additional costs incurred by the City to acquire the property.

Previous Directives: CPED acquired 2047 3rd Avenue North on July 16, 2010.

Prepared by: Edith Johnson, Senior Project Coordinator, Phone 612-673-5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminates property management costs.

Community Impact

- Neighborhood Notification: Harrison Neighborhood Association reviewed this proposal and recommended it be approved.
- City Goals: Livable Communities, Healthy Lives: Our built and natural environment adds character to our city, enhances our health and enriches our lives. Thoughtful neighborhood design with density done right.
- Sustainability Targets: A Vital Community-Affordable Housing
- Comprehensive Plan: On October 18, 2010, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R1A
- Living Wage/Business Subsidy Agreement Yes____ No x
- Job Linkage Yes____ No x
- Other: On September 8, 2010, 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>
PR-101	2047 3rd Avenue North	\$111,375

PURCHASER
PRG, Inc.

2017 East 38th Street, Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

PRG, Inc. will rehabilitate the existing single family home and market it for sale to owner occupants. The rehabilitated single family home will contain 3-Bedrooms, 2½ Bathrooms and a two-car detached garage.

The lot size is 42' x 135' = 5,670 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development. The existing structure will be rehabilitated.

FINANCING*:

PRG, Inc. has demonstrated that sufficient funding is available for its proposal.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Direct Sale. The sales price of this property reflects a 1% discount of the re-use value.

COMMENTS:

On July 16, 2010, the City acting in an intermediary role, acquired the property from the Federal National Mortgage Association as a pass thru to one of the approved Neighborhood Stabilization Program (NSP) developers for rehabilitation. Harrison Neighborhood requested that PRG, Inc. rehabilitates the property, since it has a contract with Harrison to work on various housing development activities in the neighborhood. The property was not advertised to the public.

On September 28, 2010, PRG, Inc. submitted to CPED an offer to purchase the property for rehabilitation in accordance with the NSP program. On September 29, 2010, the appropriate offer materials were sent to Harrison neighborhood for the 45-day review process. Harrison reviewed the proposal and concurs with rehabilitation of the property.

Staff recommends approval of the land sale to PRG, Inc.

Authorizing sale of land Neighborhood Stabilization Program Disposition Parcel No PR-101.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR-101 in the Neighborhood Stabilization Program, from PRG, Inc., hereinafter known as the Redeveloper, the Parcel(s) PR-101, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR-101; 2047 3rd Avenue North
The East 1/3 of Lots 11, 12, 13, and 14, F.W. Malmsten's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$111,375, plus \$2,383 in CPED costs for Parcel PR-101; the offer includes a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the 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 accepted methods of 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 Friday, October 15, 2010, a public hearing on the proposed sale was duly held on October 26, 2010, 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:

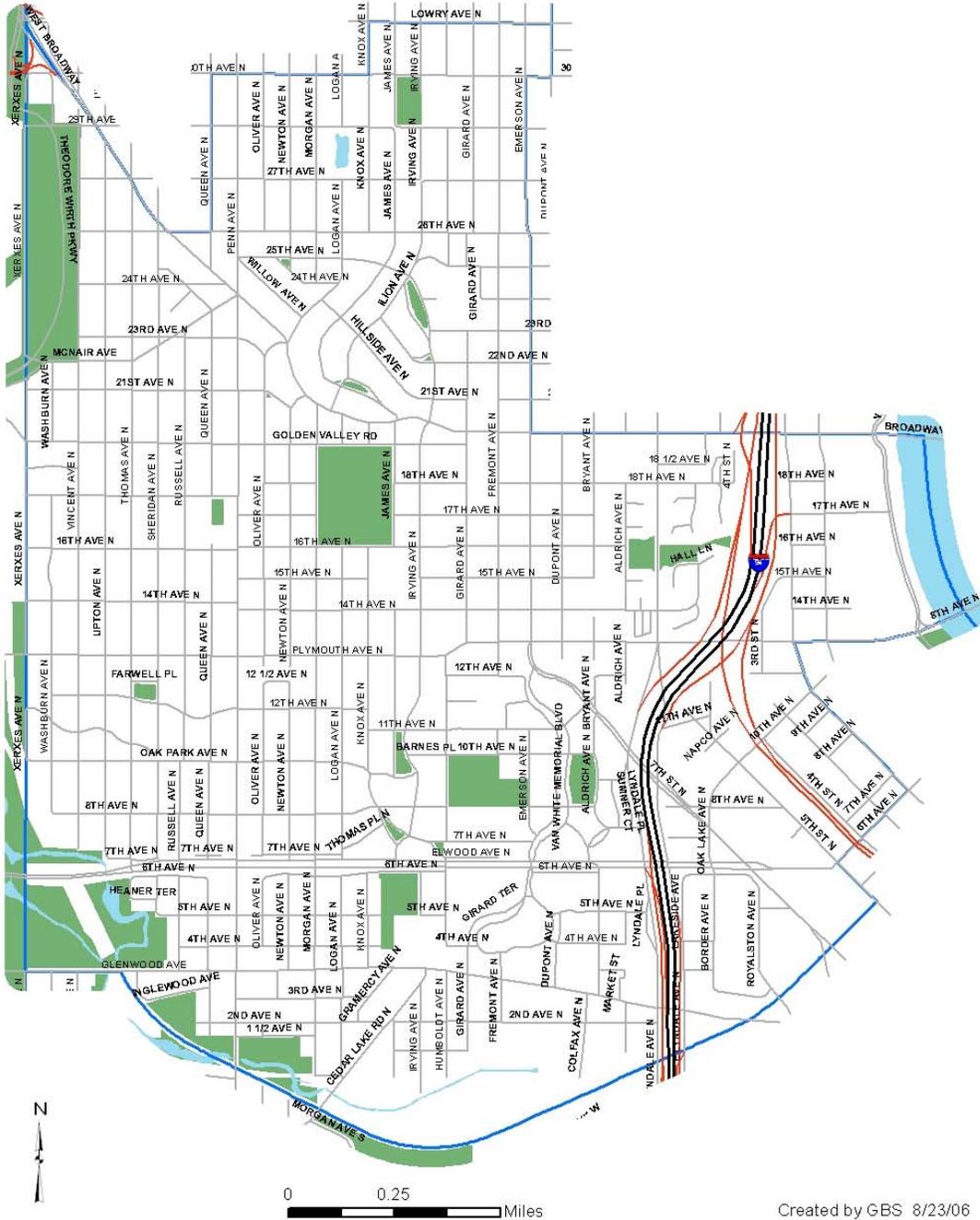
That the re-use value, for uses in accordance with the Neighborhood Stabilization Program plan, as amended, is hereby estimated to be the sum of \$112,500 for Parcel PR-101; however, in accordance with public purpose consideration and federal Neighborhood Stabilization Program guidelines, the City is selling Parcel PR-101 for the sum of \$111,375.

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 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 upon publication of this Resolution, 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 official of the City.

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

Date: October 26, 2010
 Subject: Land Sale – Public Hearing
 Neighborhood Stabilization Program (NSP)
 Address: 2047 3rd Avenue North
 Purchaser: PRG, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
PR-101 07/16/10	2047 3rd Avenue North	\$113,758	(-)\$111,375 plus \$2,383 in additional costs incurred by the City.	(+/-)\$0

Re-Use Value Opinion	Less Sales Price	Write-Down
\$112,500	\$111,375	\$1,125

Write-Down
 Reason: N/A

Developer History with CPED:
 PRG, Inc. has work with CPED on various housing development projects.

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