



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

April 4, 2006

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

Subject: Land Sale Public Hearing
Tax Forfeiture Program

Recommendation: Approve the sale of 3504 Longfellow Avenue South to A. A. Contracting, Inc. for \$30,000, subject to the following conditions; 1) land sale closing must occur on or before 30 days from date of approval of variance needed to proceed with this development, and 2) payment of holding costs of \$150.00 per month from the date of variance approval to the date of closing, if land sale closing does not occur on or before 30 days from date of variance approval. The sale conditions may be waived or amended with the approval of the CPED Director.

Previous Directives: CPED acquired 3504 Longfellow Avenue South on March 23, 2005.

Prepared or Submitted by: Earl S. Pettiford, Senior Project Coordinator
Phone 612-673-5231

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

Permanent Review Committee (PRC) Approval _____ Not Applicable X

Policy Review Group (PRG) Approval ___ Date of Approval ___ Not Applicable X

Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator

Financial Impact (Check those that apply)

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

- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain): Eliminate property management costs.
- Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Ward: 9

Neighborhood Notification: Corcoran Neighborhood Organization reviewed this proposal and recommended the proposal from Millerville, Inc.

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

Comprehensive Plan: This land sale will be reviewed by the Planning Commission for consistency with the Comprehensive Plan on March 27, 2006. Findings from that meeting will be presented at the Community Development Committee on April 4, 2006.

Zoning Code: R2B

Other: Planning staff has reviewed this for consistency with the Comprehensive Plan and recommended sale to the Planning Commission.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-698	3504 Longfellow Avenue South	\$30,000

PURCHASER
 A. A. Contracting, Inc.
 12425-53rd Street North
 Stillwater, MN 55082

PURCHASER
 Millerville, Inc.
 1566 Murphy Parkway
 Eagan, MN 55122

PROPOSED DEVELOPMENT:

A. A. Contracting, Inc. is proposing to build a two story, 22' x 38', 1684 square foot single family home with 4 bedrooms, 3 baths and a double car detached garage with an estimated value of \$247,000. The proposer has stated that it has secured an owner

occupant purchaser for this home consistent with its proposal to sell the home for owner occupancy.

The proposed design has a 22' width for more than 80% of the habitable floor area as required by zoning code.

Millerville, Inc. is proposing to build a two story, 22' x 66', 2,050 square foot single family home with 3 bedrooms, 3 baths and a double car detached garage with an estimated value of \$364,000. The proposer has stated that it works with the Norwood group as its agent and Edina Realty as its broker, and that there is potential of selling it as a parade model.

The proposed design does not meet the zoning requirement for an interior building dimension of 22' of width for 80% of the habitable area.

The lot size is 30' x 125' = 3,750 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development.

FINANCING*:

A. A. Contracting, Inc. has a financing commitment from Northwest Community Bank.

Millerville, Inc. has a financing commitment from Lakeland Construction Finance.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

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

COMMENTS:

The Corcoran neighborhood invited interested builders and developers to submit letters of interest for the purpose of a neighborhood process. As a result, the neighborhood interviewed and selected a developer they desired to work with in creating a plan to develop this small buildable parcel. The neighborhood selected Millerville, Inc. as their choice developer to develop the site. The Millerville, Inc. team consisted of Ray Miller and Albertson Hansen Architecture, Ltd.

The single family home to the south of the subject parcel is approximately 1.5 feet from the common property line of the subject parcel. The neighborhood group requested that the proposed development be placed on the site to allow for a two foot strip along the southern boundary to be sold to the adjacent owner to assure that there is adequate physical space to maintain the north elevation of their home. In addition, the immediate adjacent neighbors requested that the proposed home design have windows located on the side elevations in a fashion that would not be in line with their windows. They are hopeful that if the proposed design accommodated their request, they will experience a greater sense of privacy.

The resulting plan by Millerville, Inc. though an attractive two-story home, does not meet a minimum City of Minneapolis zoning code that requires the single family house have 22 feet of width for 80% of the gross habitable floor area. This code, per Planning staff, cannot be varied. The neighborhood has sent a letter of strong support for this proposal and the Powderhorn Park Neighborhood Association who sponsored a narrow lot house plan competition has also sent a letter recommending the Millerville's proposal.

The proposal submitted by A. A. Contracting, Inc. is buildable under the zoning code with a variance to the sideyard setback requirement. Due to the size of this lot, any proposal will require a variance to the sideyard setback requirements. It is staff's opinion that this proposal meets all of the basic requirements and is recommending approval. In addition, staff does not support the sale of the two foot strip of this already undersized parcel as proposed by the neighborhood. Instead is recommending a two foot maintenance easement be approved.

**Authorizing sale of land Tax Forfeiture Program
Disposition Parcel No TF-698.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-698, in the Corcoran neighborhood, from AA Contracting, Inc., hereinafter known as the Redeveloper, the Parcel TF-698, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-698; 3504 Longfellow Av S

The South 30 feet of the North 39 feet of Lot 2, Block 12, Wilburs
2nd Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1167204.

Whereas, the Redeveloper has offered to pay the sum of \$30,000, for Parcel TF-698 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 March 24, 2006, a public hearing on the proposed sale was duly held on April 4, 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 Tax Forfeiture Program plan, as amended, is hereby estimated to be the sum of \$30,000 for Parcel TF-698.

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.