

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

Date: November 27, 2007

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

Subject: Land Sale Public Hearing
Model Cities Urban Renewal

Recommendation: Approve the sale of 2407 14th Avenue South to the Indian Health Board of Minneapolis, Inc. for \$177,480 in conformance with the terms described herein.

Previous Directives: CPED acquired 2407 14th Avenue South on June 26, 1991.

Prepared by: Rebecca Brown, Project Coordinator, Phone 673-5018

Approved by: Charles T. Lutz, Deputy CPED Director _____

Presenter in Committee: Rebecca Brown, Project Coordinator

Financial Impact

- Action is within the Business Plan

Community Impact

- Neighborhood Notification: The Midtown Phillips Neighborhood Association was notified of this proposed sale and reviewed this proposal at two monthly meetings: October 9, 2007 and November 13, 2007. At the November 13 meeting, the community members made and passed a motion in support of the proposed sale and added suggestions to improve the maintenance of the landscaping and fencing and to maintain the existing memorial on the property.
- City Goals: A SAFE PLACE TO CALL HOME In five years 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. ONE MINNEAPOLIS In five years the gap will be closing for access to housing, health care, education and employment; diversity will be welcome, respected and valued; the city's middle class will be thriving; there will be living-wage jobs or entrepreneurial opportunities for everyone; all residents will have confidence in public safety services; and residents will have access to fair, open and transparent decision-making
- Sustainability Targets: NA
- Comprehensive Plan: On September 17, 2007, the Planning Commission approved the sale of this parcel for continued use as a parking lot as being consistent with the Comprehensive Plan.
- Zoning Code: Zoning Code is consistent with allowing the continued use as a parking lot
- Living Wage/Business Subsidy Agreement: Yes____ No X
- Job Linkage: Yes____ No X
- Other: On November 10, 2005, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot for many different uses.

Supporting Information

PARCEL

ADDRESS

SALE PRICE

MC 129-1&2

2407 14th Avenue South

\$177,480

PURCHASER

Indian Health Board of Minneapolis, Inc.
1315 East 24th Street
Minneapolis, MN 55404

PROPOSED DEVELOPMENT

This parcel has been used for parking by the Indian Health Board since January, 1996 in exchange for payment of maintenance and utilities on the site. The Indian Health Board intends to continue using the parking lot for the ongoing operations of their offices across the street at 1315 East 24th Street.

The lot size is 116' x 127.5' = 14,790 total square feet.

LAND DISPOSITION POLICY

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

FINANCING*

The Indian Health Board requested that the City of Minneapolis take a promissory note from them, secured with a mortgage on the property, to pay for the property. City staff recommends the following financing structure:

- ✓ \$177,480 - Purchase price
- ✓ \$17,748 – 10% earnest money deposit
- ✓ \$159,732 – Principal
- ✓ 5-year straight-line amortization
- ✓ 4% annual interest rate
- ✓ Require improved maintenance of the parking lot landscaping during the loan period

Within the last two years, the City provided financing to a different entity to the purchase of a City-owned parking lot at 1401 Ramsey Street.

* Subject to application and underwriting requirements

ABILITY TO REPAY

According to the Statement of Financial Position as of May 31, 2007 provided by the Indian Health Board of Minneapolis, Inc., the organization will be able to make the scheduled principal and interest payments on the five-year promissory note. The following ratios and financial measures were calculated from the financial statement:

	2006	2007
Working Capital	\$2,259,052	\$1,913,028
Current Ratio	6.25	5.93
Quick Ratio	2.96	3.28
Debt/Equity Ratio	0.16	0.17
Ending Net Worth	\$2,624,300	\$2,249,691
Beginning Net Worth		\$2,624,300

OFFERING PROCEDURE

Negotiated. The sales price of this property reflects the full re-use value as a parking lot.

COMMENTS

The property is zoned OR2, High Density Office Residence District and has a conditional use permit for use as a parking lot. The parking spaces serve to meet the parking requirements

in the City's Zoning Code for the Indian Health Board's office use across the street. The Indian Health Board presently employs 70 full-time equivalent employees.

**Authorizing sale of land Model Cities
Disposition Parcel No MC 129-1&2.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel MC 129-1&2, in the Midtown Phillips neighborhood, from Indian Health Board of Minneapolis, Inc., hereinafter known as the Redeveloper, the Parcel MC 129-1&2, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

MC 129-1&2; 2407 14th Av S
Lots 9 and 10, Block 2, "Gales 1st Addition to Minneapolis".

Being registered property as is evidenced by Certificate of Title No. 1142733.

Whereas, the Redeveloper has offered to pay the sum of \$177,480, for Parcel MC 129-1&2 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 November 16, 2007, a public hearing on the proposed sale was duly held on November 27, 2007, 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:

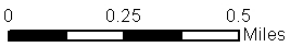
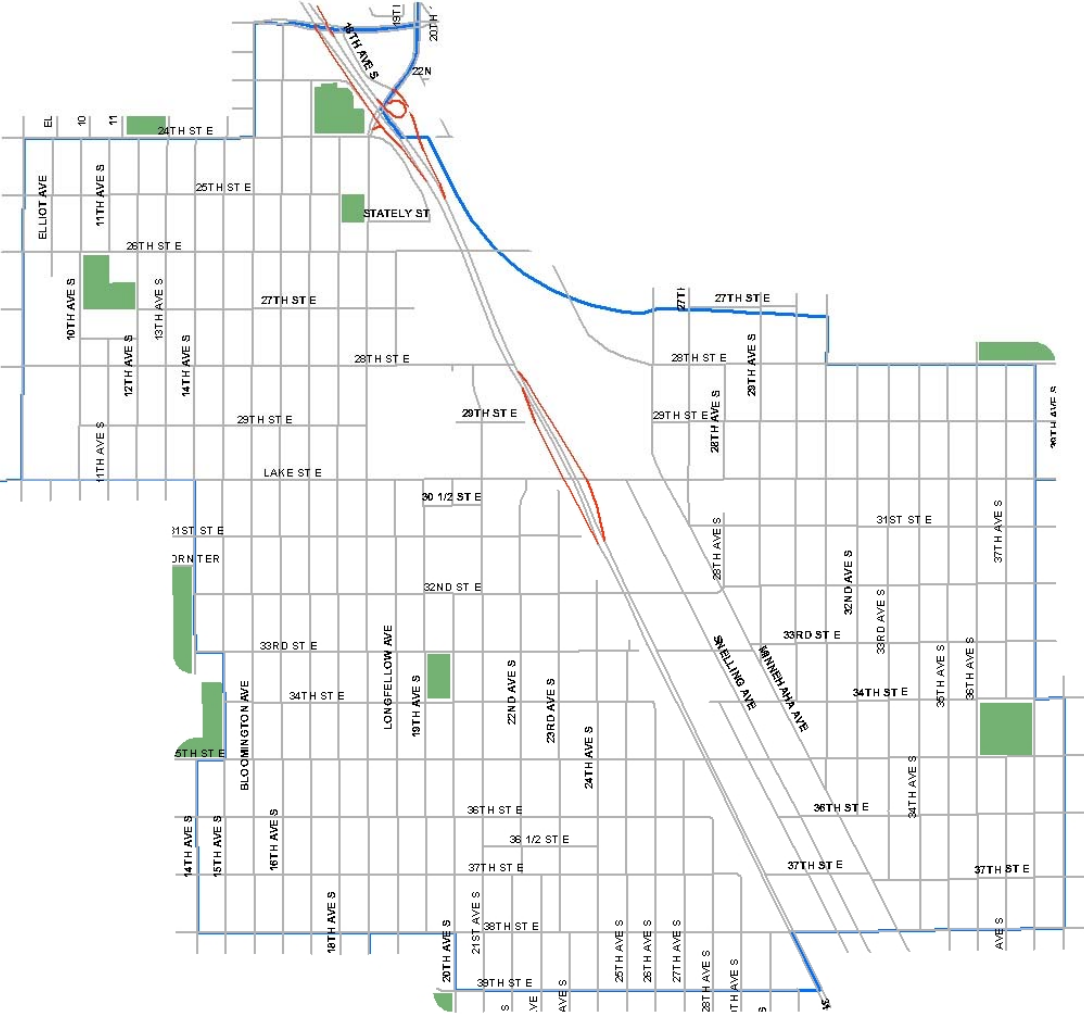
That the re-use value for uses in accordance with the Model Cities plan, as amended, is hereby estimated to be the sum of \$177,480 for Parcel MC 129-1&2.

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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Created by GBS 8/23/06

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

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Address: 2407 14th Avenue South
 Purchaser: Indian Health Board of Minneapolis, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
MC 129-1&2 June 26, 1991	2407 14 th Ave S	\$0???	(-)\$177,480	(+/-)\$0???

Re-Use Value Opinion	Less Sales Price	Write-Down
\$177,480	\$177,480	\$0

Write-Down

No write-down applied

Developer History with CPED

The Indian Health Board has no outstanding loan with the City of Minneapolis and no history of loan defaults with the City of Minneapolis.

Developer Information

- 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