



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

Date: December 12, 2006

To: Council Member Lisa Goodman, Community Development Cmte

Subject: Memorandum of Understanding between Hennepin County and the City of Minneapolis

Recommendation: The CPED Director recommends that the City Council authorizes staff to execute a Memorandum of Understanding between the City of Minneapolis and Hennepin County related to the acquisition of tax forfeited land for \$1.00.

Previous Directives: On December 13, 2005, the City Council approved entering into Amendment Two to the Memorandum of Understanding (MOU) between the City of Minneapolis and Hennepin County related to tax forfeited land. On September 3, 2004, the City Council approved entering into Amendment One to the MOU between the City of Minneapolis and Hennepin County related to tax forfeited land. On November 8, 2002, the Minneapolis Community Development Agency Board of Commissioners authorized the execution of the MOU between MCDA and Hennepin County regarding disposition of tax forfeited land.

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Approved by: Charles T. Lutz, Deputy CPED Director

Elizabeth Ryan, Director, Housing Policy
& Development

Presenters in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Not Applicable
- City Goals: Not Applicable
- Sustainability Targets: Not Applicable
- Comprehensive Plan: Not Applicable
- Zoning Code: Not Applicable
- Living Wage/Business Subsidy: Not Applicable
- Other

Supporting Information

In 2002, due to State Legislative changes regarding tax forfeited properties, Hennepin County and MCDA negotiated an MOU as to a procedure both bodies would follow. That agreement was amended in 2004 and 2005, with the most recent amendment expiring on December 31, 2006. In 2006, the City approved acquisition of four properties in accordance with the MOU. Those properties are:

- 906 – 22nd Ave. N. (October 2006)
- 2525 James Ave. N. (July 2006)
- 2542 – 12th Ave. S. (approved but not yet acquired)
- 2535 – 16th Ave. S. (approved but not yet acquired)

At this time, staffs at Hennepin County (County) and City of Minneapolis (City) are negotiating a new MOU. This agreement shall only cover tax-forfeited parcels situated in the City of Minneapolis Targeted Neighborhoods that become tax-forfeit between January 1, 2007 and December 31, 2008. The terms of the new MOU that will expire on December 31, 2008 are essentially the same as those contained in all of the previous versions of the MOU.

- 20% of the net forfeitures located in target neighborhoods would be conveyed to the City for \$1. The City would continue to have the ability to purchase any tax forfeited properties for its fair market value as determined by the County.
- The City shall provide for the redevelopment of these tax-forfeited parcels as productive taxable property within 18 months from the date each title transfers to the City unless the parties agree to an extension for any specific tax-forfeited parcel.
- By mutual agreement of the parties, the 18-month period may be extended for any tax-forfeited parcel subject to this MOU where significant demolition, soil correction or environmental investigation or remediation is required.

In addition, in response to the time frames we have recently experience with the title clearance process, staff is negotiating that the County completes the title clearance prior to the conveyance to the City. City will reimburse the County for all eligible costs incurred by the County for title clearance. Staff anticipates that, due to the extensive work that has already been completed by the County which is applicable to title

clearance this will significantly reduce the holding period and allow staff to begin marketing the parcels sooner.

Based on the above, staff seeks authorization to execute a Memorandum of Understanding between the City of Minneapolis and Hennepin County related to the acquisition of tax forfeited land for \$1.00.