



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

June 20, 2006

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

Subject: Land Sale Public Hearing
Hawthorne Neighborhood Redevelopment Project

Recommendation: Approve the sale of 1029 22nd Avenue North to Twin Cities Habitat for Humanity, Inc. for \$1.00, subject to the following conditions: 1) land sale closing must occur on or before 30 days from date of approval; and 2) payment of holding costs of \$150.00 per month from the date of approval to the date of closing. If land sale closing does not occur on or before 30 days from date of approval, the sale conditions may be waived or amended with approval of the CPED Director.

Previous Directives: CPED acquired 1029 22nd Avenue North on March 23, 2005.

Prepared or Submitted by: Jackie Nawalany, Project Coordinator
Phone 612-673-5255

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: Edith Johnson, 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: 3

Neighborhood Notification: Hawthorne Area Community Council (HACC) reviewed this proposal and recommended it be approved.

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: The land sale was reviewed by the Planning Commission for consistency with the Comprehensive Plan on May 8, 2006. The Commission's minutes show that the sale of the parcel for single family housing development is consistent with the plan.

Zoning Code: R2B

Other: Proposed elevations and site plan were submitted to planning and zoning staff for review and comments. Staff comments show that the parcel is buildable and is suitable for the proposed use.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF 695	1029 22nd Avenue North	\$1.00

PURCHASER

Twin Cities Habitat for Humanity, Inc. (TCHFH)
3001 4th Street SE
Minneapolis, MN 55414

PROPOSED DEVELOPMENT:

Construction of a 2-story single family home containing 5 bedrooms, 2 bathrooms, approximately 1,824 square feet of finished living space, unfinished full basement and single car detached garage.

The developer estimated the after construction value and sales price at \$190,000 and states it will be sold to an owner occupant. Additionally, it is noted that buyers of all TCHFH properties are selected by the TCHFH Family Selection Committee based on need for adequate housing, income level and past credit history. The offer also shows that there are more than six qualified applicants for each TCHFH house. TCHFH homes are purchased by families who earn less than 50% of MMI. Last year, the median income for its homeowners was \$27,500.

The lot size is 79' x 97' = 7,663 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

TCHFH has demonstrated sufficient financing for the proposed development project.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does not reflect the full re-use value.

COMMENTS:

TCHFH is a non-profit entity with which CPED has previously done business. TCHFH has been constructing single family homes in the City of Minneapolis for many years and has a successful history of providing affordable housing opportunities to low and moderate income households.

On April 28, 2006, TCHFH submitted to CPED an offer to purchase 1029 22nd Avenue North. Staff reviewed the offer and submitted the appropriate documents to the Hawthorne Area Community Council (HACC). At its May 2006 board meeting, HACC supported the TCHFH proposal.

A Memorandum of Understanding (MOU) between Twin Cities Habitat for Humanity, Inc. (TCHFH) and the City of Minneapolis, dated December 7, 1998, as amended September 29, 2005, provides language that supports the production of affordable ownership to households whose incomes do not exceed 50% of the area median income. Additionally, CPED's Real Estate Disposition Procedure affords us the opportunity of doing a write-down that supports a public purpose, in this case the creation of affordable housing. Since 1998 we have sold parcels to TCHFH for \$1.00 each. To date, 54 parcels have been sold to TCHFH and an additional three parcels have been approved but have not yet closed.

CPED staff concurs with HACC's support of the TCHFH proposal and recommends approval of the sale of 1029 2nd Avenue North for construction of a single family home for sale to an owner occupant.

**Authorizing sale of land
Disposition Parcel No TF 695**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF 695, in the Hawthorne neighborhood, from Twin Cities Habitat for Humanity, Inc. (TCHFH), hereinafter known as the Redeveloper, the Parcel TF 695, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF 695; 1029 22nd Avenue North

The West half of Lots 15 and 16, Block 24, Highland Park Addition to the City of Minneapolis.

Being registered as evidenced by Certificate of Possessory Title No. 1172604.

Whereas, the Redeveloper has offered to pay the sum of \$1.00, for TF 695 to the City for the land, and the Redeveloper's proposal is in accordance with the a Memorandum of Understanding between the City and TCHFH dated December 7, 1998, as amended September 29, 2005 (MOU); 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 June 9, 2006, a public hearing on the proposed sale was duly held on June 20, 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 of the parcel is estimated to be \$19,500; however, in accordance with and for such uses as described in the MOU, the City is selling TF 695 for the sum of \$1.

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.