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

Date: June 8, 2010
To: Council Member Lisa Goodman, Chair, Community Development Committee

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

Recommendation: Approve the sale of 2640 Colfax Avenue N. to PRG, Inc. for $15,000 plus reimbursement of City acquisition costs of $9,699.43, subject to the following conditions; 1) land sale closing must occur on or before 30 days from the 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 Community Planning & Economic Development (CPED) Director.

Previous Directives: CPED acquired 2640 Colfax Avenue N. on May 7, 2010. On November 7, 2008, the City Council approved an Amendment #1 – Neighborhood Stabilization Program Funding to the Consolidated Plan that authorized the City to perform activities in compliance with the federally funded Neighborhood Stabilization Program (NSP).

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact
- Other financial impact: Eliminate property management costs.

Community Impact
- Neighborhood Notification: Hawthorne Area Community Council reviewed this proposal and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis 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.
- Comprehensive Plan: On April 12, 2010, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code:R2B
- Living Wage/Business Subsidy Agreement Yes____ No__x__
- Job Linkage Yes____ No__x__
- Other: On March 28, 2010, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

Supporting Information

PARCEL	ADDRESS	SALE PRICE
PR-049	2640 Colfax Avenue N.	15,000

PURCHASER
PRG, Inc.
2017 E. 38th Street
Minneapolis, MN 55407

PROPOSED DEVELOPMENT:
The existing 3-bedroom home will be rehabilitated in accordance with the NSP program and will be sold to an owner occupant.

The lot size is 43' x 127' = 5,429 total square feet.

LAND DISPOSITION POLICY:
This property is being sold for development under the Neighborhood Stabilization Program and will be improved by rehabilitation as defined by City policy.

FINANCING*:
PRG, Inc. has secured private construction financing and CPED is providing construction gap financing under the NSP Program.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:
The sales price of this property reflects a 1% discount of the re-use value. .

COMMENTS:
This property forfeited to the State of Minnesota for unpaid taxes in June 2009. The City of Minneapolis identified this property as a potential rehabilitation project under the NSP Program in August 2009 and the City Council approved the acquisition of this property for that program on September 11, 2009. PRG, Inc. has analyzed this property and determined that the property is financially feasible to rehabilitate under the NSP program. When rehabilitation is complete the property will be marketed and sold for owner occupancy. Under the guidelines of the program the household income can not exceed 120% of the area median income.

This property is being sold in its as-is condition and the City is conveying tax title. Developer will reimburse the City's acquisition costs of $9,699.43.

Authorizing sale of land Neighborhood Stabilization Program Disposition Parcel No. PR-049.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR-049 in the Neighborhood Stabilization Program, from PRG, Inc., hereinafter known as the Redeveloper, the Parcel PR-049, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR-049; 2640 Colfax Avenue N.
Lot 11, Block 11, Fairmount Park Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of $15,000, for Parcel PR-049; 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, May 28, 2010, a public hearing on the proposed sale was duly held on June 8, 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 $15,500, for Parcel PR-049; however, in accordance with public purpose consideration and federal Neighborhood Stabilization Program guidelines, the City is selling Parcel PR-049 for the sum of $15,000.

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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Created by GBS 8/23/06

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

Date: June 8, 2010

Subject: Land Sale – Public Hearing
Neighborhood Stabilization Program

Address: 2640 Colfax Avenue N.

Purchaser: PRG, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price + costs	Write Off
PR-049 05/07/10	2640 Colfax Avenue N.	$24,699.43	(-)24,699.43	0

Re-Use Value Opinion	Less Sales Price	Write-Down
$15,500	15,000	$500

Write-Down
Reason: In accordance with the NSP program, developers must receive a minimum of a 1% discount based on the appraised value of the property.

Developer History with CPED:
PRG, Inc. has worked with the City of Minneapolis for many years and successfully developed and sold properties to owner occupants.

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
X___ Nonprofit Corporation of the State of Minnesota
____ Other