

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

Date: February 16, 2010

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

Subject: Land Sale Public Hearing
NSP1 Purchase Rehabilitation

Recommendation: Approve the sale of 2519 Fremont Avenue North to Alliance Housing Incorporated for \$4,270, 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 2519 Fremont Avenue North on July 17, 2009.

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: Jordan 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.
- Sustainability Targets: Affordable Housing
- Comprehensive Plan: On February 8, 2010, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: It complies.
- Other: On January 12, 2010, the Planning Staff completed a land sale review of this parcel and determined that a seven-unit multiple family dwelling is a nonconforming use in the R2B Two family residence district. A nonconforming use or structure may continue to operate lawfully, but cannot be expanded, altered, or enlarged without a public hearing.

Supporting Information

PARCEL

PR033

ADDRESS

2519 Fremont Avenue North

SALE PRICE

\$4,270

PURCHASER

Alliance Housing Incorporated
2211 Clinton Avenue
Minneapolis, MN 55404

PROPOSED DEVELOPMENT:

Alliance Housing Incorporated will rehabilitate this seven unit structure and operate it as affordable rental housing for households at or below 50% AMI.

The lot size is 50' x 157' = 7,850 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING:

\$175,000 NSP Funding
Hennepin County AHIF and Federal Home Loan Bank funds

OFFERING PROCEDURE:

Direct Sale: The sales price of this property does not reflect the full re-use value.

COMMENTS:

The subject property forfeited to the State of Minnesota for unpaid property taxes on June 12, 2008. On September 26, 2008, the City Council approved placing this property on a six month hold to allow staff to determine if there was an appropriate reuse for this structure. Upon approval of the Neighborhood Stabilization Program (NSP), Alliance Housing Incorporated came forward with a proposal to rehabilitate the structure and provide long term affordable housing opportunities for households whose income is at or below 50% AMI which meets the NSP funding requirements.

The property is being sold in its as-is condition and the City is conveying tax title. The buyer will incur the additional costs of title clearance normally paid by CPED. Based on the long term success of Alliance Housing Incorporated to both develop and operate housing for this population, staff is recommending sale of this property to Alliance Housing.

Authorizing sale of land and improvements NSP1 Purchase Rehabilitation Program Disposition Parcel No PR033.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR033 in the NSP1 Purchase Rehabilitation Program, from Alliance Housing Incorporated, hereinafter known as the Redeveloper, the Parcel(s) PR033, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR033; 2519 Fremont Avenue North

Lot 3, Block 42, Highland Park Addition to the City of Minneapolis
Registered land as evidenced by Certificate of Title No. 830592

Whereas, the Redeveloper has offered to pay the sum of \$4,270, for Parcel PR033; 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, February 5, 2010, a public hearing on the proposed sale was duly held on February 16, 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 NSP1 Purchase Rehabilitation program, as amended, is hereby estimated to be the sum of \$24,200, for Parcel PR033; however, in accordance with public purpose consideration including extraordinary rehabilitative expenses, the City is selling Parcel PR033 for the sum of \$4,270.

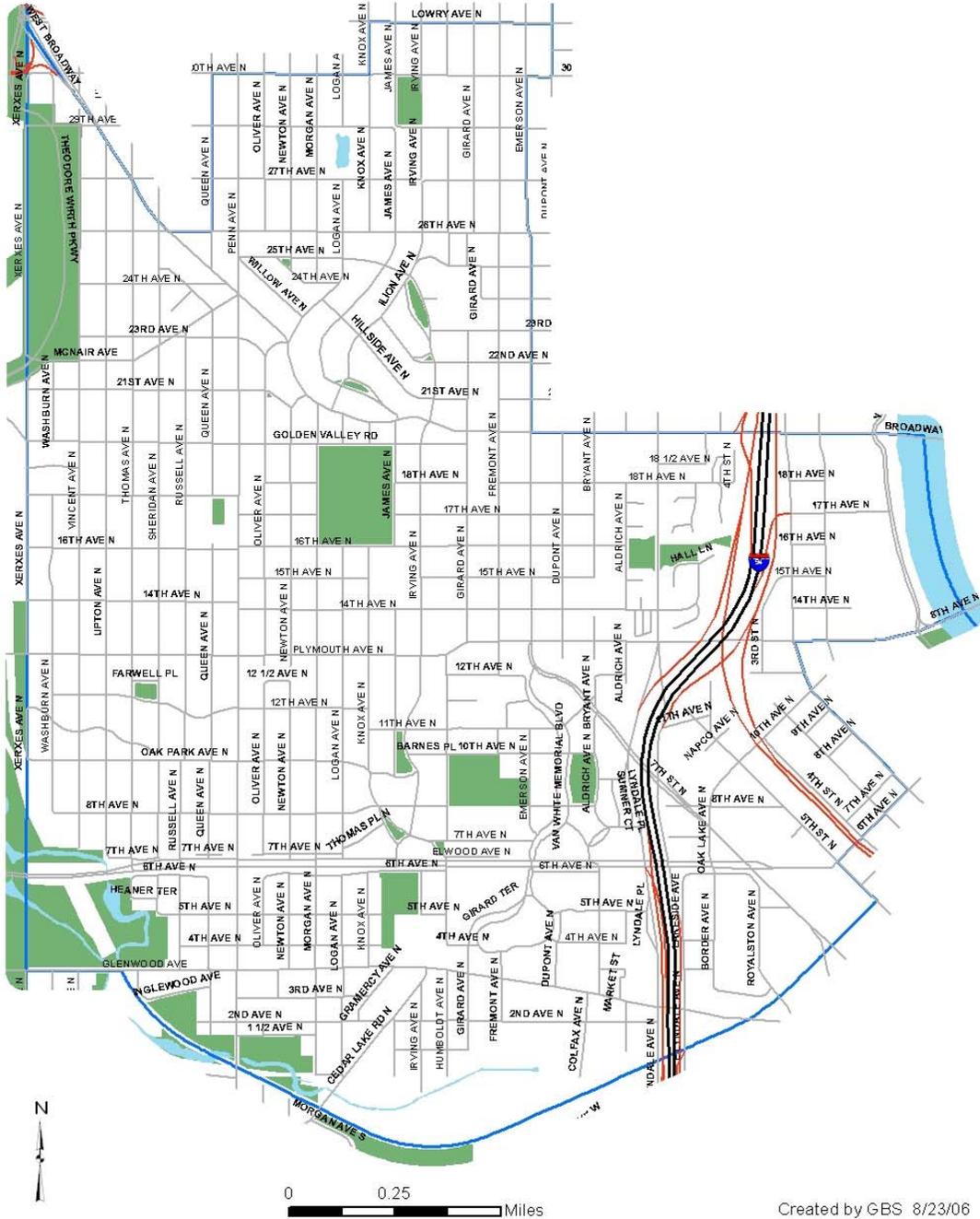
Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the Parcel 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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TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

Date: February 16, 2010
 Subject: Land Sale – Public Hearing
 NSP1 Purchase Rehabilitation
 Address: 2519 Fremont Ave. N.
 Purchaser: Alliance Housing Incorporated

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
PR033 7/17/09	2519 Fremont Ave. N.	\$1	(-) \$4,270	+\$4,269

Re-Use Value Opinion	Less Sales Price	Write-Down
\$24,200	\$4,270	\$19,930

Write-Down

Reason: Alliance Housing Incorporated identified this property for development under the NSP Purchase Rehabilitation Program to create long term affordable housing for households whose income is at or below 50% AMI. To assist with filling the development gap, they requested that the City of Minneapolis purchase the property and pass it through to them using our authority to acquire properties for \$1. State Statute provides that only the municipality can purchase properties directly from the State outside of the auction process. The property is being sold in its as-is condition and the City is conveying tax title. The buyer will incur the additional costs of title clearance normally paid by CPED.

Developer History with CPED:

Alliance Housing Incorporated has purchased properties and received development funding from the City for over 20 years.

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
- Nonprofit Corporation of the State of Minnesota
- Other