

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

Date: October 26, 2010

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

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

Recommendation: Approve the sale of 401 Newton Avenue North to Twin Cities Habitat for Humanity, Inc. for \$1.00, plus \$26,621.21 in additional costs incurred by the City to acquire the property.

Previous Directives: CPED acquired 401 Newton Avenue North on June 30, 2010.

Prepared by: Edith Johnson, Senior Project Coordinator, Phone 612-673-5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Harrison reviewed this proposal and recommended it be approved.
- City Goals: Livable Communities, Healthy Lives—Our built and natural environment add character to our city, enhance our health and enrich our lives. Thoughtful neighborhood design with density done right.
- Sustainability Targets: A Vital Community-Affordable Housing
- Comprehensive Plan: On October 18, 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 September 28, 2010, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
PR-084	401 Newton Avenue North	\$1.00

PURCHASER

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

PROPOSED DEVELOPMENT:

Twin Cities Habitat for Humanity, Inc. (Habitat) will demolish the existing structure and work with the neighborhood group and a prospective buyer on a single family house design that they will construct for owner-occupancy.

The lot size is 40' x 128' = 5,120 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development. The existing structure will be demolished for construction of a single family housing unit.

FINANCING*:

Habitat has demonstrated that sufficient funding is available for its proposal.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Direct Sale. While the sales price of this property does not reflect the full re-use value of \$18,000, sale of the property for \$1 for the creation of affordable housing meets the public purpose requirements of the City's disposition policy, as well as Chapter 469 of the state statute. Further, Habitat has agreed to reimburse the City for its costs related to acquisition of \$26,621.21.

COMMENTS:

On June 30, 2010, the City acting as an intermediary, acquired the property from City County Federal Credit Union for \$1.00 as a pass thru to one of the approved Neighborhood Stabilization Program (NSP) developers. The property was offered to all of the NSP developers. It was not advertised to the public.

On September 28, 2010, Habitat submitted to CPED an offer to purchase the property. Habitat has submitted a basic house plan that they will refine, once a buyer has been identified. Considering the property has outlived its economic life, Habitat requests that the City allows them to acquire the property and demolish it. In the interim, they will work to identify a buyer and refine the plans to meet the buyer's needs and the neighborhood design criteria. Habitat further requests that the redevelopment agreement be written to reflect a completion date that coincides with the NSP completion date.

Staff concurs with this position because it eliminates ongoing property management costs, provides additional time for Habitat to work on identifying a buyer before construction and allows Habitat to remove the blighting influence.

On September 29, 2010, the appropriate offer materials were sent to Harrison Neighborhood Association (HNA) for review. HNA reviewed the documents and concurs with the developer's proposal.

Staff recommends approval of the land sale to Twin Cities Habitat for Humanity, Inc.

**Authorizing sale of land Neighborhood Stabilization Program
Disposition Parcel PR-084.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR-084, in the Harrison neighborhood, from Twin Cities Habitat for Humanity, Inc., hereinafter known as the Redeveloper, the Parcel PR-084, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR-084; 401 Newton Avenue North
Lot 9, Block 3, Drews Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$1 (plus reimbursement of \$26,621.21 in additional costs incurred by the City), for Parcel PR-084 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 October 15, 2010, a public hearing on the proposed sale was duly held on October 26, 2010, 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:

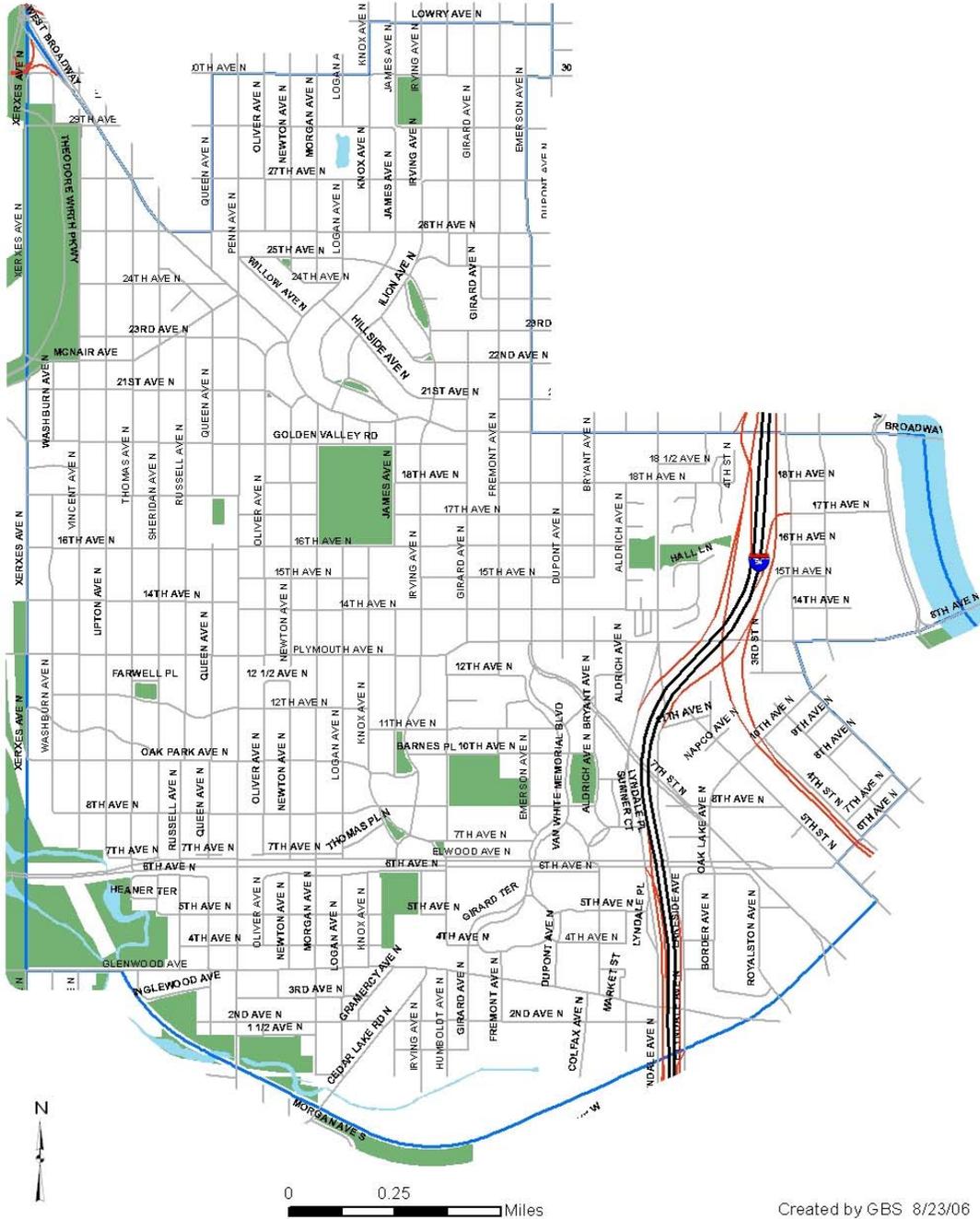
That the re-use value for uses in accordance with the Neighborhood Stabilization Program plan, as amended, is hereby estimated to be the sum of \$18,000 for Parcel PR-084; however, in accordance with public purpose consideration and federal Neighborhood Stabilization Program guidelines, the City is selling Parcel PR-084 for the sum of \$1 plus reimbursement of \$26,621.21 in additional costs incurred by the City.

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.

WARD 5



Created by GBS 8/23/06

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

Date: October 26, 2010
 Subject: Land Sale – Public Hearing
 Neighborhood Stabilization Program (NSP)
 Address: 401 Newton Avenue North
 Purchaser: Twin Cities Habitat for Humanity, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
PR-084 06/30/10	401 Newton Avenue North	\$26,622.21	(-) \$1.00* *plus reimbursement of \$26,621.21 additional costs incurred by the City	(+/-) \$0

Re-Use Value Opinion	Less Sales Price	Write-Down
\$18,000	\$1.00	\$17,999

Write-Down

Reason: While the \$1.00 sales price of this property does not reflect the full re-use value, the developer is paying all of the costs incurred by CPED to acquire this property. Additionally, the write-down is necessary for the creation of affordable housing. This meets the public purpose requirements of the City's disposition policy, as well as Chapter 469 of the state statute.

Developer History with CPED:

Twin Cities Habitat for Humanity has developed many housing units in the City of Minneapolis.

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