



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

July 25, 2006

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

Subject: Land Sale Public Hearing
GMHC Century Homes Program/Model Cities Urban Renewal

Recommendation:

1. Approve the sale of 2826 - 14th Avenue South to The Greater Metropolitan Housing Corporation for \$25,900, subject to the following conditions; a) land sale closing must occur on or before 30 days from date of approval, and b) 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.
2. If The Greater Metropolitan Housing Corporation fails to close, approve the sale of 2826 - 14th Avenue South to Powderhorn Community Council (PCC) for \$25,900, subject to the following conditions; a) land sale must occur on or before 30 days from date of CPED notification, and b) payment of holding costs of \$150.00 per month from the date of notification to the date of closing if land sale closing does not occur on or before 30 days from the date of CPED notification.

The sale conditions may be waived or amended with approval of the CPED Director.

Previous Directives: CPED acquired 2826 - 14th Avenue South on March 23, 2005.

Prepared or Submitted by: Edie Oliveto-Oates, Senior Project Coordinator
Phone 612-673-5229

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: Edie Oliveto-Oates, 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: 9

Neighborhood Notification: Midtown Phillips 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: This lot is located within the Model Cities Urban Renewal plan which was adopted on October 23, 1970 and the sale is therefore consistent with City's Comprehensive Plan.

Zoning Code: R2B, it complies

Other: In May, 2006, the Planning staff completed a land sale review of this parcel and deemed it a buildable lot.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
GC-282/TF-690	2826 - 14th Avenue South	25,900

PURCHASER
 The Greater Metropolitan Housing Corporation
 15 South 5th Street, Suite 710
 Minneapolis, MN 55402

ALTERNATE PURCHASER
 Powderhorn Community Council (PCC)
 3751 - 17th Avenue South
 Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

The Greater Metropolitan Housing Corporation

GMHC is proposing to develop a two story, four square three-bedroom, two full bathroom and one-half bathroom, 1,496 square foot home with a two-car detached garage. The home will be sold to a low-to-moderate income owner-occupant. The price of the home is \$230,000.

Powderhorn Community Council (PCC)

PCC is proposing to develop a two-story, four-bedroom, two-bathroom, 1,430 square foot single family home with a two-car detached garage. The home will be sold to an owner-occupant with income at or below 80% of the area median income. The price of the home is \$237,200.

The lot size is approximately 34' x 127' = 4,332 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

GMHC has private financing through US Bank.

PCC has private financing from Franklin Bank for \$32,490 and the remaining funds are MHFA.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value.

COMMENTS:

This is a property that the City acquired from Hennepin County in accordance with the Memorandum of Understanding in March 2005. The sale of this property satisfies our obligation to Hennepin County under the terms of that agreement regarding this property. The sale of this lot was advertised twice in the Star Tribune and Finance and Commerce in March and April 2006. Two high quality proposals were received from two experienced developers. In analyzing these proposals, staff believes that the home proposed by GMHC to be developed through the Century Homes Program is slightly larger and provides a quality home to a comparable income buyer for a more affordable price and is therefore recommending sale of the lot to GMHC.

GMHC and CPED are partners in the Century Homes Program. Per this partnership agreement, GMHC and CPED have agreed to split equally any profits or losses realized from the sale of properties. The pro-forma for the development of this property indicates that there will be net sales proceeds of approximately \$9,800 of which the City will receive 50%.

**Authorizing sale of land GMHC Century Homes Program/Model Cities Urban
Renewal Disposition Parcel No GC-282/TF-690.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel GC-282/TF-690, in the Midtown Phillips neighborhood, from The Greater Metropolitan Housing Corporation through the Century Homes Program, hereinafter known as the Redeveloper and another offer to purchase and develop Parcel GC-282/TF-690, from Powderhorn Community Council (PCC) hereinafter known as the Alternate Redeveloper, the Parcel GC-282/TF-690, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

GC-282/TF-690; 2826 14th Ave S

Lot 1; That part of Lot 2 lying North of the South 14 feet of said Lot 2, all in Block 1, Shaw's Subdivision of Merriam And Shaws Addition To Minneapolis
Minnesota

As evidenced by Certificate of Possessory Title No. 1178344

Whereas, the Redeveloper has offered to pay the sum of \$25,900, for Parcel GC-282/TF-690 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 Alternate Redeveloper has offered to pay the sum of \$25,900 for Parcel GC-282/TF-690 to the City for the land, and the Alternate Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, both the Redeveloper and the Alternate Redeveloper have submitted to the City statements 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 July 14, 2006, a public hearing on the proposed sale was duly held on July 25, 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 for uses in accordance with the Model Cities Urban Renewal plan, as amended, is hereby estimated to be the sum of \$25,900 for Parcel GC-282/TF-690.

Be It Further Resolved that the acceptance of the offers and proposals are both hereby determined to be in accordance with the City's approved disposition policy and it is further determined that both the Redeveloper and the Alternate Redeveloper possess the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program, but that the City prefers the Redeveloper's proposal over the Alternate Redeveloper's proposal.

Be It Further Resolved that the Redeveloper's proposal 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 if and only if Redeveloper fails to close on the land sale pursuant to the conditions described above, the Alternate Redeveloper's proposal 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 of City notification to the Alternate Redeveloper and 2) payment of holding costs of \$150.00 per month from the date of notification if the land sale closing does not occur on or before 30 days from the date of City notification to the Alternate Redeveloper.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director. Furthermore, that the Finance Officer or other appropriate official of the City is hereby authorized consistent with the terms herein to execute and deliver the contract to the Redeveloper or Alternate Redeveloper, as appropriate; 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 consistent with the terms herein to execute and deliver a conveyance of the land to the Redeveloper or the Alternate Redeveloper as appropriate 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.

