



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

**Date:** January 30, 2007

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

**Subject:** Public Hearing – Land Sale  
Cedar Riverside-1813 Riverside Avenue South (part)

**Recommendation:** Approve the sale of Lot 1, Block 1, Le Pham Addition to Yang Pham & Chanh T. Le dba K-Wok Restaurant which includes land previously approved subject to the exercise of an option from a 1989 agreement with the City and 1,173 square feet of additional land needed to meet City requirements related to the option parcel.

**Previous Directives:** The MCDA acquired the subject parcel December 31, 1985, as part of the Master Parcel purchase from the Cedar Riverside Land Company. The MCDA Board authorized the Option to Purchase for this Property on April 20, 1989 to K-Wok (formerly Golden Bowl). The City Council approved revisions to terms for land sale in May 2004 and in December 2004.

Prepared by: Judy Cedar, Senior Project Coordinator, 612-673-5025

Approved by: Charles T. Lutz, Deputy CPED Director \_\_\_\_\_

Mike Christenson, Director Economic Policy & Development \_\_\_\_\_

Presenter in Committee: Judy Cedar

**Financial Impact**

- No financial impact – The proceeds from the sale of the parcel will not change from the previously approved amount of \$185,000.
- This action will satisfy a previous legal obligation and is within the Business Plan.

**Community Impact**

- Neighborhood Notification – West Bank Community Coalition and the Cedar Riverside Business Association support the land sale to K-Wok.
- City Goals – This proposal is consistent with the Connected Communities goal, especially great spaces and places, thriving neighborhoods.
- Sustainability Targets – N/A
- Comprehensive Plan – This proposal is consistent with the Minneapolis Plan goal of creating strong, vital community corridors.

- Zoning Code – A restaurant is a permitted use under the C3A Community Center Activity District and Pedestrian Oriented Overlay District.
- Living Wage/Business Subsidy Agreement – Property is being sold at fair market value and without any public subsidy and is thereby exempt from this ordinance.
- Job Linkage – Job creation/retention is not the primary development objective of this sale. The K-Wok Restaurant is a family owned and operated business.
- Other

### **Description of Land Area Increase as Proposed in this Report**

The parcel sale related to this report's recommendation arises from a legal obligation based on a 1989 Option to Purchase Agreement with the Buyer. The Buyer exercised this said Option to Purchase in 2004. The recommended conveyance of an additional 1,173 square feet of land related to the subject sale is necessary to obtain plat approval.

Based on conversations with CPED Planning staff, setbacks were to be provided for by a maintenance and ingress/egress easement. However, in 2006, as part of the plat approval as required under Chapter 598 of the Municipal Code, it was determined that the proposed easements on the southerly and easterly lot lines were not satisfactory. Buyer ownership of the land setback would be required to meet building codes. The building code citations related to the requirements are International Building Code (IBC) Sections 704.8 (allowable area of openings) and 1006.3.1.2 (egress courts). The authority to enforce land subdivision is granted to the City by Minnesota Statute sections 462.351 through 462.365, Minnesota Statutes Chapter 505, and the Minneapolis City Charter, Charter 13, Section 5.

In addition to the setback requirement, CPED staff have worked together, in preparation for closing, to clear the title and to comply with landscaping, fencing, and parking variance items. The application for subdivision was approved by the City Planning Commission on January 8, 2007 subject to 1) providing an easement along the west boundary of the Buyer's parcel and 2) treating the remaining parcel as one disposition parcel.

The proposed increase of land area by approximately 1,173 square feet would increase the size of lot to be sold to the Buyer to 3,817 square feet. The legal description of the subject parcel is Lot 1, Block 1, Le Pham Addition to Minneapolis. The attached plat map identifies said Lot 1.

The fair market value (FMV) of the parcel's reuse value increases from the 2004 FMV of \$160,000 to a current FMV of \$185,000. The current appraised value equals the sale price of \$185,000. The 1989 Option to Purchase Agreement required that the Buyer pay FMV or \$185,000, whichever amount is greater.

### **Timeline For Sale Transaction**

The preliminary plat, reflecting the changes explained above, has been approved by Hennepin County. The preliminary and final plat applications were approved by the City Planning Commission on January 8, 2007, and will be registered by Hennepin County. Once plat registration is complete and the closing documents finalized, CPED will schedule a closing date subject to Council approval of the proposed increase in the land area to be sold to the Buyer.

## **Parcel Background**

The subject property is part of a larger land area that was acquired by the Minneapolis Community Development Agency (MCDA) in 1985 from the Cedar Riverside Land Company. The structure existed at this address at the time of the MCDA's acquisition. The building was modified for use as a restaurant by Pumpernik's Deli. Pumpernik's Deli was displaced by MCDA from the site in 1988 in order to relocate Orient Express (subsequently known as Golden Bowl and finally renamed K-Wok) under the Uniform Relocation Act from their property at 325 Cedar Avenue.

The MCDA entered into a long-term lease that included an option to purchase the leased property. The Option to Purchase requires the Buyer to purchase at fair market value or for \$185,000, whichever is greater. The current appraised value equals the sale price of \$185,000.

CPED Planning initiated the Cedar Riverside Small Area Plan last autumn. CPED requested forbearance from the Buyer to allow the completion of the Small Area Plan prior to a sale transaction. The Buyer has indicated that he does not wish to postpone the closing for the sale of the above subject property. The Buyer's desire is to close on this sale soon, noting that the Option to Purchase was exercised quite some time ago.

**Authorizing sale of land Cedar Riverside Urban Renewal Area  
Disposition Parcel No CR-28-14A.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase Disposition Parcel CR-28-14A, in the Cedar Riverside neighborhood, from Yang Pham & Chanh T. Le dba K-Wok Restaurant, hereinafter known as the Redeveloper, the Parcel CR-28-14A, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

CR-28-14A; 1813 Riverside Avenue South (part)

Lot 1, Block 1, Le Pham Addition.

Whereas, the Redeveloper has offered to pay the sum of \$185,000, for Parcel CR-28-14A 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 January 19, 2007, a public hearing on the proposed sale was duly held on January 30, 2007, 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 Cedar Riverside Urban Renewal Area plan, as amended, is hereby estimated to be the sum of \$185,000 for Parcel CR-28-14A.

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 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 2

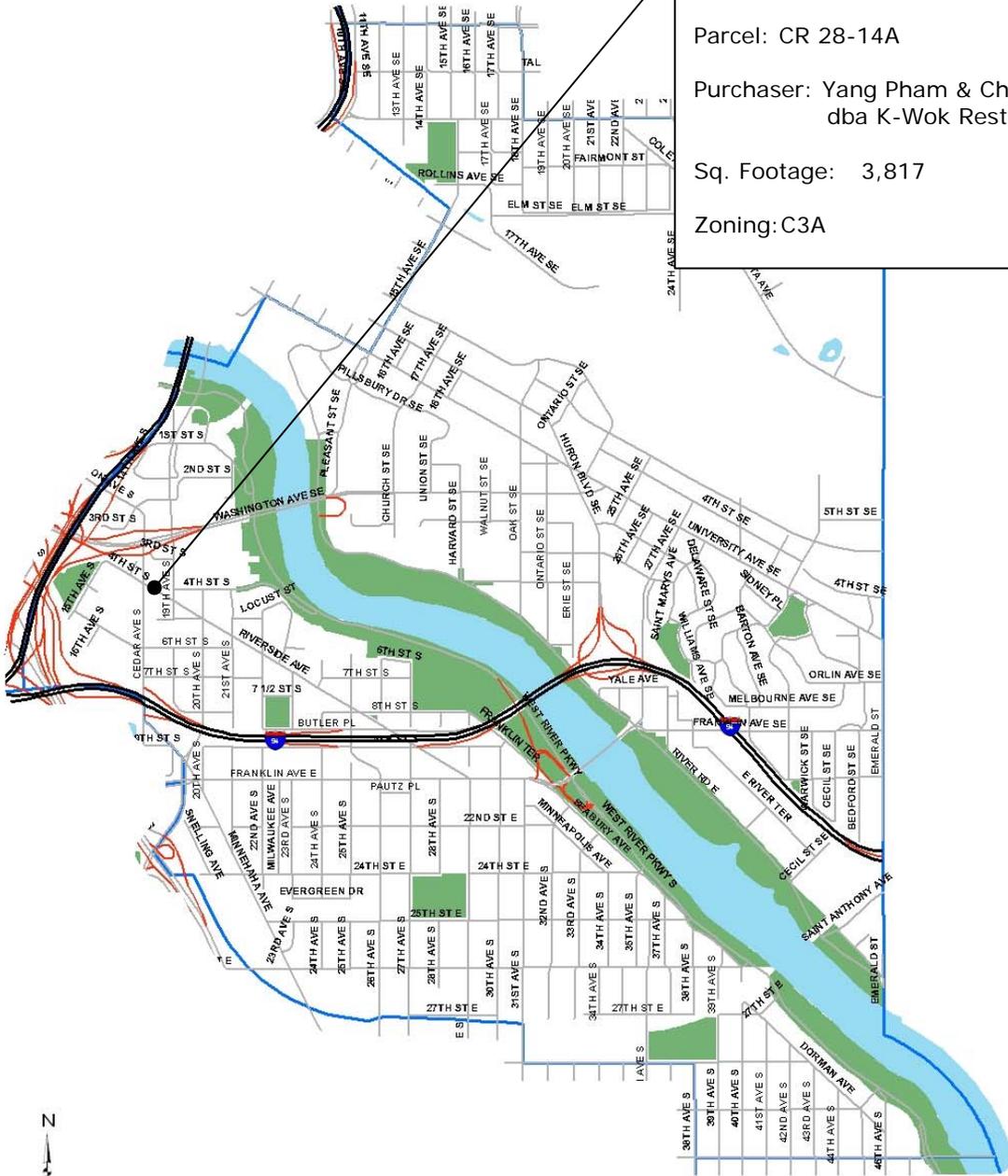
Address: 1813 Riverside Av S (part)

Parcel: CR 28-14A

Purchaser: Yang Pham & Chanh T. Le  
dba K-Wok Restaurant

Sq. Footage: 3,817

Zoning: C3A



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

Date: January 30, 2007

Subject: Land Sale – Public Hearing  
Cedar Riverside

Address: 1813 Riverside Avenue South (Part)

Purchaser: Yang Pham & Chanh T. Le dba K-Wok Restaurant

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
CR 28-14A 12/31/85	1813 Riverside Av S	\$185,000	(-)\$185,000	\$0

Re-Use Value Opinion	Less Sales Price	Write-Down
\$185,000	\$185,000	\$0

Write-Down

Reason: None

Developer History with CPED:

Lessee of the property for 16 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