



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

February 28, 2006

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

Subject: Land Sale Public Hearing
McKinley

Recommendation: Approve the sale of 3434 4th Street North for \$1 and 3438 4th Street North for \$1 and 3442 4th Street North for \$1 to Twin Cities Habitat for Humanity, Inc., subject to the following conditions; 1) land sale closing must occur on or before 30 days from date of the developer receiving the results of the soil tests to be done on the lots and 2) payment of holding costs of \$150.00 per month per parcel from the date mentioned in 1) above if the land sale closing does not occur. The sale conditions may be waived or amended with approval of the CPED Director.

Previous Directives: CPED acquired 3434 4th Street North on June 18, 1998 and acquired 3438 4th Street North on July 21, 1995 and acquired 3442 4th Street North on January 9, 1998.

Prepared or Submitted by: William Koncak, Senior Project Coordinator
Phone 612-673-5233

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: William Koncak, 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: 3

Neighborhood Notification: McKinley Community reviewed these proposals and recommended they be approved.

City Goals: Foster the development and preservation of a mix of quality housing types that is affordable, meets current needs, and promotes future growth.

Comprehensive Plan: These land sales will be reviewed by the Planning Commission for consistency with the Comprehensive Plan on February 23, 2006. Findings from that meeting will be presented at the Community Development Committee on February 28, 2006

Zoning Code: R1A

Other: Planning staff has reviewed this and are supportive of sale for construction of single family housing development.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
McK 21-6	3434 4th Street North	\$1
McK 21-5	3438 4th Street North	\$1
McK 21-4	3442 4 th Street North	\$1

PURCHASER

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

PROPOSED DEVELOPMENT:

Twin Cities Habitat for Humanity, Inc. (TCHFH) proposes to build three single family homes. Each home will have four bedrooms, two bathrooms and a detached 20' x 20' garage. The home at 3438 4th Street North will be handicap accessible. Each home's value after construction is estimated to be \$185,000 and will be sold to an owner-occupant. The TCHFH homebuyer is required to conduct 300-500 hours of sweat equity on the home and complete 10 training classes.

Each lot size is 6,280 total square feet.

LAND DISPOSITION POLICY:

These properties are buildable lots as defined by City policy and are being sold for development.

FINANCING*:

TCHFH is self financed.

OFFERING PROCEDURE:

Public Advertisement. The sales price of these properties do not reflect the full re-use value.

COMMENTS:

On September 29, 2005, CPED extended the Memorandum of Understanding (MOU) with Twin Cities Habitat for Humanity, Inc. (TCHFH), which was to provide sites for the development of up to 100 housing units for new construction or rehab of affordable housing. Since 1998, we have sold parcels to TCHFH for \$1.00. The sale of these three parcels will bring the total number sold to TCHFH for \$1.00 to 54 parcels.

The developer has requested permission to test the soils of all three lots before acquisition. Staff is preparing a right of entry agreement, which needs the required insurance documentation from TCHFH, to allow them to do the testing. The testing will be done to accommodate an April construction start as requested by TCHFH over a 30 day period starting in February. The test results are normally received in a period of three to four weeks after testing is completed. Therefore, TCHFH would like to postpone a closing on the three lots until the test results are received and reviewed by their staff.

Authorizing sale of land

McKinley Disposition Parcel Nos. McK 21-6, 21-5 & 21-4.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels McK 21-6, 21-5 & 21-4, in the McKinley neighborhood, from Twin Cities Habitat for Humanity, Inc. (TCHFH), hereinafter known as the Redeveloper, the Parcels McK 21-6, 21-5 & 21-4, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

McK 21-6; 3434 4th Street North

Lot 7, Block 1, Perkins Hill Addition to Minneapolis

McK 21-5; 3438 4th Street North

Lot 6, Block 1, Perkins Hill Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1142777.

McK 21-4; 3442 4th Street North

Lot 5, Block 1, Perkins Hill Addition to Minneapolis.

Whereas, the Redeveloper has offered to pay the sum of \$1 each, for Parcels McK 21-6, 21-5 & 21-4 to the City for the land, and the Redeveloper's proposal is in accordance with the Memorandum of Understanding between the City and TCHFH; 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 values 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 Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on February 17, 2006, a public hearing on the proposed sale was duly held on February 28, 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 of the parcels is estimated to be \$18,400 each; however, in accordance with and for such uses as described in the Memorandum of Understanding between the City and TCHFH, the City is selling Parcels McK 21-6, 21-5 & 21-4 for the sum of \$1 each.

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.