



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

Date: May 16, 2006

To: Council Member Lisa Goodman, Community Development Committee

Subject: Land Swap & Alley Re-alignment
2427 Bloomington Avenue for 2412 – 16th Avenue South
Village In Phillips – Phase 2

Recommendation: Approve the land swap request of Center School, Inc. of vacant land located at 2427 Bloomington Avenue for 2412 – 16th Avenue South and authorize CPED or the appropriate City official to execute the necessary documents and agreements.

Previous Directives:

CPED (formerly the MCDA) acquired the vacant lot located at 2427 Bloomington Avenue on October 19, 2001.

Prepared by: Theresa Cunningham, Senior Project Coordinator – CPED Multi-family Housing
Phone: 612-673-5237

Approved by: Chuck Lutz, Deputy Director CPED _____
Elizabeth Ryan, Director, Housing Policy & Development _____

Permanent Review Committee (PRC) Approval Approval Not Applicable

Presenter in Committee: Cynthia Lee, Manager – Multi-family Housing Development

Financial Impact (Check those that apply)

No financial impact (If checked, go directly to Background/Supporting Information). **The City will not realize any land sale proceeds as a result of this land swap.**

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):

Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Ward: 9

Neighborhood Notification: The Midtown Phillips Neighborhood Association, Phillips West Neighborhood Organization, and the East Phillips Improvement Coalition were advised of the proposed land swap on January 26, 2006 and have provided their full support.

City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe City; and strengthen City government management and enhance community engagement.

Preserve and enhance our environmental, economic and social realms to promote a sustainable Minneapolis.

Comprehensive Plan: The proposed alley vacation/re-route and land swap described in this report is being reviewed by the Planning Commission's Committee of the Whole for consistency with the Comprehensive Plan on April 27, 2006 and will be reviewed at the full Planning Commission on May 8, 2006. However, due to report submission deadlines, comments are not available at the time of preparing this report.

Zoning Code: Both vacant lots are currently zoned R2B for a Two-Family District classification. Designation of 2412 – 16th Avenue South as an alley right-of-way will not require any zoning changes.

Other: None.

Background/Supporting Information

Since 1971, Center School, Inc., an alternative school for American Indian youth, has been located at 2421 Bloomington just south and adjacent to the Village in Phillips (VIP) – Phase 2 development site. The school also owns an unused vacant lot located at 2412 – 16th Avenue South (just south of VIP – Phase 1 development). Over the past several years, the school erected fencing and a parking pad on City owned land located at 2417-19 Bloomington, which is within the footprint of the VIP – Phase 2 development. These improvements will be removed during construction of VIP – Phase 2.

On January 26, 2006, CPED staff received an offer from Center School to swap 2412 – 16th Avenue South for 2427 Bloomington Avenue South on an even exchange. **The City will not realize any land sale proceeds as a result of this land swap.** The lot at 2427 Bloomington is located adjacent to the school facility and is a much better location for their parking rather than the 2412 – 16th Avenue South lot, which is located around the corner from the school. Center School plans to erect a fence and parking pad on the 2427 Bloomington lot once the land swap and a potential conditional use permit is requested and approved.

<u>Block/Parcel</u>	<u>Address</u>	<u>Estimated Reuse Value</u>	<u>Lot Dimensions</u>	<u>Total Square Feet</u>
MC 131-8	2427 Bloomington	\$30,000	44 ft. X 124 ft.	5,456
MC 131-22B	2412 – 16 th Avenue	\$30,000	52 ft. X 124 ft.	6,448

Land Swap Purchaser

Center School, Inc.
2421 Bloomington Avenue South
Minneapolis, MN 55404

ALLEY RE-ALIGNMENT PROPOSAL

After the land swap, the vacant lot at 2412 – 16th Avenue South will be transferred to the ownership of the City of Minneapolis and will be reconfigured to provide a new alley right-of-way for residents on the block. The existing L-shaped alley accesses both Bloomington Avenue and 25th Street East. The VIP – Phase 2 development will be constructed along Bloomington Avenue on both southern corners of 24th Street East and across the existing alleyway.

CPED has been working with the VIP lead developer, Powderhorn Residents Group (PRG), since 1999 to realize the VIP redevelopment project. Phase 1 was completed this past fall 2005 and Phase 2 is now being implemented. On February 28, 2006, the City Council adopted the VIP, Phase 2 Tax Increment Finance Plan and District and the sale of 2400, 2401, 2415, 2417, and 2419 Bloomington Avenue to PRG for Phase 2. As proposed and approved, Phase 2 requires an alley vacation and re-routing. The actual request to vacate the current alley right-of-way will be submitted by the Planning Department.

The vacant parcel at 2412 – 16th Avenue South is a 52 foot x 142 foot parcel of vacant land that will be re-configured to include an alley right-of-way of 16 feet and a 26 foot wide drainage facility, which will include approximately 10 feet of excess land to be landscaped. (See attached map) The entire parcel will be owned by the City with the City's Public Works Department maintaining the alley right-of-way after construction and vacation of the existing alley. PRG will be responsible for the design and layout of the swapped parcel of land at 2412 – 16th Avenue South. A maintenance agreement between the City's Public Works Department and the future Franklin Station Condominium Association will provide for the upkeep and maintenance of all excess land adjacent to the new alley right-of-way.

Additional technical details regarding the new alley re-configuration, specifications and cost allocations are being provided under an accompanying report prepared by the Public Works Department.

LAND DISPOSITION POLICY:

The City owned vacant lot at 2427 Bloomington is a buildable lot as defined by City policy and is being exchanged for use as additional sideyard for the school. To install the parking lot on the vacant lot, Center School will be required to request approval of a Conditional Use Permit to allow the installation of the improvements prior to issuance of a building permit.

FINANCING:

As proposed, the developer estimates the cost to re-route and install the new alleyway at approximately \$75,000 and is included in the total development cost of the entire VIP – Phase 2 project, which is estimated at approximately \$7.4 million. A combination of various financial resources have been secured for the proposed development from a number of public and private non-profit entities including Hennepin County, LISC, Metropolitan Transit, Metropolitan Council, MHFA, NRP and the City. Attached is a Project Data Worksheet that provides additional detail and information on the various sources of financing.

OFFERING PROCEDURE:

This project represents a direct sale; the City-owned parcel has not been advertised for sale on the open market.

**Authorizing sale of land
Village In Phillips Redevelopment Project
Disposition Parcel No. MC 131-8**

Whereas, the City of Minneapolis, hereinafter known as the City, has offered to acquire, through a land exchange, the property located at 2412 16th Avenue South (Parcel MC 131-22B), in the Village In Phillips Redevelopment Project Area from Center School, Inc., hereinafter known as the Redeveloper, for new alley right-of-way and storm water drainage public improvements; and

Whereas, the Redeveloper has agreed to exchange Parcel MC 131-22B for the City-owned parcel located at 2427 Bloomington Av S (Parcel MC 131-8), in the Village In Phillips Redevelopment Project Area situated in the City of Minneapolis, County of Hennepin, State of Minnesota and described as follows:

LEGAL DESCRIPTION

MC 131-8; 2427 Bloomington Av S

Lot 1, Block 1, Bowens Addition to Minneapolis

Whereas, the City has determined that the exchange of Parcel MC 131-8 with Redeveloper's Parcel MC 131-22B is reasonable given the comparable reuse values of the two parcels; and the City's desire to acquire Parcel MC 131-22B to construct the new alley right-of-way and other public improvements; and

Whereas, the land exchange is consistent with the purposes of the Village in Phillips Redevelopment Plan; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on May 5, 2006, a public hearing on the proposed exchange was duly held on May 16, 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 Village In Phillips Redevelopment Project Plan, as amended, is hereby estimated to be the sum of \$30,000 for Parcel MC 131-8 and \$30,000 for Parcel MC 131-22B; and

Be It Further Resolved that the acceptance of the land exchange 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 Parcel MC 131-8 in accordance with the Village In Phillips Redevelopment Plan and/or Program.

Be It Further Resolved that the land exchange proposal be and the same is hereby accepted, subject to the execution of a contract for the exchange and conveyance 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 Parcel MC 131-8 to the Redeveloper in accordance with the provisions of the executed contract and upon the exchange and conveyance of Parcel MC 131-22B to the City; provided, however, that this Resolution does not constitute such an exchange and conveyance and no such exchanged and conveyance shall be created until an appropriate contract for the exchange and conveyance of land has been executed by the Finance Officer or other appropriate City official of the City.