



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

May 16, 2006

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

Subject: Land Sale Public Hearing
Near North Side

Recommendation:

1. Approve the sale of 1135 Irving Avenue North to Twin Cities Habitat for Humanity, Inc. for \$1.00, 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 Twin Cities Habitat for Humanity, Inc. fails to close, approve the sale of 1135 Irving Avenue North to Chris Aimua and Associates, Inc. for \$26,000, 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 1135 Irving Avenue North on September 21, 1995.

Prepared or Submitted by: Edith Johnson, Senior Project Coordinator
Phone 612-673-5262

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

Permanent Review Committee (PRC) Approval _____ **Not Applicable** X

Presenters in Committee: Edith Johnson, 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: 5

Neighborhood Notification: Northside Residents Redevelopment Council reviewed the proposals and recommended that the proposal from Twin Cities Habitat for Humanity, Inc., (TCHFH) 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: The land sale was reviewed by the Planning Commission for consistency with the Comprehensive Plan on May 8, 2006. The Commission's action shows that the sale of the property for the proposed development is consistent with the plan.

Zoning Code: R2B

Other: Elevations and site plans were submitted to the planning and zoning staff for review and comments. Staff noted that the lot is buildable and suitable for the proposed use.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
NN 96-30	1135 Irving Avenue North	\$1.00

PURCHASER

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

ALTERNATE PURCHASER

Chris Aimua and Associates, Inc.
14637 White Tail Ridge
Prior Lake, MN 55372

PROPOSED DEVELOPMENT:

Twin Cities Habitat for Humanity, Inc. (TCHFH)

Construction of a single family 2-story home with 4 bedrooms, 1 ½ bathrooms, full unfinished basement, approximately 1,632 square feet of finished living space and detached two-car garage.

The developer's estimated after construction value is \$190,000. The offer documents note that the home will be sold to an owner occupant. Additionally, it is noted that the buyers of all TCHFH properties are selected by the TCHFH Family Selection Committee based on need for adequate housing, income level and past credit history. The offer also shows that there are more than 6 qualified applicants for each TCHFH house. Habitat homes are purchased by families who earn less than 50% of MMI. Last year, the median income of its homeowners was \$27,500.

Chris Aimua and Associates, Inc.

Construction of a single family 2-story home with 5 bedrooms, 4 bathrooms, full finished basement, approximately 2,500 square feet of finished living space and detached two-car garage.

The developer's estimated after construction value is \$268,000. The offer documents note that the home will be marketed and sold to an owner occupant.

The lot size is 45' x 110' = 4,950 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

Both developers have demonstrated sufficient financing for their proposed development projects.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value if the property is sold to Chris Aimua and Associates, Inc. The sales price of this property does not reflect the full re-use value if the property is sold to Twin Cities Habitat for Humanity, Inc.

COMMENTS:

In September 1995, 1135 Irving Avenue North was purchased as privately donated residential property and later demolished due to unreasonably high estimates for rehabilitation.

On March 9, 2006, TCHFH submitted to CPED an offer to purchase the property. On March 17, 2006, Chris Aimua and Associates submitted to CPED an offer to purchase the property. CPED staff reviewed both offer documents and forwarded the appropriate materials to Northside Residents Redevelopment Council (NRRC) for the required 45-day review process. At its meeting on April 10, 2006, NRRC's Residential and Commercial Task Force did not support Chris Aimua's proposal and supported TCHFH's proposal, stating that it better fits the undersized lot and was more in scale with surrounding properties. Design recommendations noted for TCHFH's house were as follows:

1. Install fiber cement siding with 5" or less exposure,
2. Install shingle siding at front roof gable,
3. Install barge board at front gable,
4. Construct garage at alley in lieu of parking pad, and
5. Paint front porch.

The Memorandum of Understanding (MOU) between Twin Cities Habitat for Humanity (TCHFH) and the City of Minneapolis, which was extended on September 29, 2005, provides language that supports the lot purchase write-down. Since 1998, the City has sold parcels to TCHFH for \$1.00 each, and TCHFH has provided affordable housing opportunities to low and moderate income households. To date, 54 parcels have been sold to TCHFH.

CPED staff concurs with NRRC's recommendation to sell 1135 Irving Avenue North to Twin Cities Habitat for Humanity, Inc., for construction of a single family home for sale to an owner occupant.

**Authorizing sale of land
Near North Side
Disposition Parcel No. NN 96-30**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel NN 96-30, in the Near North neighborhood, from Twin Cities Habitat for Humanity, Inc.(TCHFH), hereinafter known as the Redeveloper and another offer to purchase and develop Parcel NN 96-30, from Chris Aimua and Associates, Inc. hereinafter known as the Alternate Redeveloper, the Parcel NN 96-30, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

NN 96-30; 1135 Irving Avenue North
Lot 25, Block 2, Oak Park Addition to Minneapolis.

Whereas, the Redeveloper has offered to pay the sum of \$1 for Parcel NN 96-30 to the City for the land, and the Redeveloper's proposal is in accordance with the a Memorandum of Understanding between the City and TCHFH dated December 7, 1998, as amended September 29, 2005 (MOU); and

Whereas, the Alternate Redeveloper has offered to pay the sum of \$26,000 for Parcel NN 96-30 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 May 5, 2006, a public hearing on the proposed sale 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 of the Parcel is estimated to be \$26,000; however, in accordance with and for such uses as described in the MOU, the City is selling Parcel NN 96-30 for the sum of \$1 to TCHFH.

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.