



**Request for MCDA Board of Commissioner Action  
From the Department of Community Planning & Economic Development**

**Date:** April 20, 2004

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

**Prepared by:** Edith Johnson, Project Coordinator, Phone 612-673-5262

**Presenter in Committee:** Edith Johnson, Project Coordinator

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_  
Lee Pao Xiong, Director, Housing \_\_\_\_\_

**Subject:** Special Assessment for Public Sewer Installation at 246 Irving Avenue North

**RECOMMENDATION:** Approval for CPED to pay the special assessment for 246 Irving Avenue North.

**Previous Directives:** MCDA acquired 246 Irving Avenue North from HUD on July 7, 1997. The MCDA Board approved the sale of this property to David Pergande on November 14, 2002.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Special assessment will be paid from land sale proceeds.
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact**

**Ward:** 5

**Neighborhood Notification:** Harrison Neighborhood Association (HNA) was notified of the public sewer situation and installation on the entire block at 2<sup>nd</sup> and Irving Avenues North. Thereafter, CPED, HNA, affected property owners, Mr. Pergande and others have met to discuss this matter.

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

**Comprehensive Plan:** Will comply.

**Zoning Code:** N/A

**Living Wage/Job Linkage:** N/A

### **Background/Supporting Information**

In 1997, MCDA purchased from the U.S. Department of Housing and Urban Development (HUD) 246 Irving Avenue North, which was a vacant, boarded and condemned duplex. The duplex was later demolished due to unreasonably high rehabilitation estimates. For quite some time, the vacant lot was used as a community garden.

In July 2002, CPED staff placed in the Minneapolis Star and Tribune Newspaper an advertisement regarding the availability of 246 Irving Avenue North for single family housing development. Staff received four proposals, including a proposal from David Pergande. One proposal was later withdrawn and the remaining three proposals were presented at the land sale public hearing.

In November 2002, the MCDA Board of Directors approved the sale of this property to David Pergande. The sales price was \$10,200. Total MCDA cost was \$6,992, the Write-off was + \$3,208 and the Write-down was \$0.

Before and immediately after the land sale was approved by the Board, CPED staff was unaware that 246 Irving Avenue North did not have a public sewer system available for hookup at the street frontage. When David Pergande contacted the City of Minneapolis regarding the submission of his house and site plans, he was informed that he could not build a house at 246 Irving Avenue North because the property lacked access to a public sewer system. David Pergande informed CPED staff of the sewer situation.

After contacting Minneapolis Public Works Department, CPED staff was informed that the entire street at 2<sup>nd</sup> and Irving Avenues North was lacking a public sewer system. Property owners at this street location have private sewer hook up that was not installed by the City of Minneapolis. According to Public Works, the sewer is now and has always been owned by the property at 249 Irving Avenue North. In 1909, Joseph Krumholtz built a private sewer to serve his property. The sewer went south on Irving and connected to the public main on 2<sup>nd</sup> Avenue North. Mr. Krumholtz informed other residents of the sewer situation and allowed them to connect to his sewer.

According to Minneapolis Public Works Department, the City does not purchase or accept private sewers as part of its infrastructure. The City has always built its infrastructure or contracted with another entity, with City oversight. The City does not allow private sewer hook up and is working to resolve the remaining private sewer situations. In order to move forward with a public sewer system at 2<sup>nd</sup> and Irving Avenues North, funding will need to be secured either by assessing the affected property owners or by CPED, Public Works and/or HNA.

At a recent meeting between CPED and HNA, HNA mentioned that it would review its NRP Action Plan for funding; however, any changes to the Plan would not occur until summer or later. HNA and CPED staff agreed that they should pay for any assessment levied against 246 Irving Avenue North since the property was sold without awareness of the sewer situation at that location.

According to Minneapolis Public Work's preliminary budget for the sewer installation project, the total project cost is estimated at \$100,575. The total cost can be equally assessed to all affected property owners. Normally, property owners can elect to pay an assessment such as sewer installation over a period of years, and staff expects this project will be assessed in the same manner.

Because the street at 2<sup>nd</sup> and Irving Avenues North was recently paved, and the sewer system was not considered, the City may consider deducting from the total project cost the paving cost. This may save about \$30,575 on the total project cost, which means the total project cost will be \$70,000 rather than \$100,575.

Minneapolis Public Works Department is conservatively estimating that each affected property owner will be assessed up to \$10,000. The assessment to property owners may be offset with funds from HNA. However, staff recommends that the assessment cost for 246 Irving Avenue North be paid in full by CPED.