



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

Date: June 22, 2004

To: MCDA Board of Commissioners

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: Land Sale-Public Hearing
Near North Urban Renewal Project
Willard Homewood Urban Renewal Project

RECOMMENDATION: Approve the sale of 700 Penn Avenue North for \$17,700, 1927 Penn Avenue North for \$17,500, 2003 Penn Avenue North for \$17,500 and 2127 Penn Avenue North for \$17,900 to The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) with payment deferred with a note and mortgage until the property is sold.

Previous Directives: MCDA acquired 700 Penn Avenue North on December 8, 1995; 1927 Penn Avenue North on December 30, 1996; 2003 Penn Avenue North on November 26, 1996; and 2127 Penn Avenue North on June 5, 1997.

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): Eliminates property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 5

Neighborhood Notification: Northside Residents Redevelopment Council's Residential and Commercial Task Force on May 10, 2004, reviewed GMHC's proposals and recommended the sale of these properties to GMHC for construction of single family homes for sale to owner occupants. The Task Force's recommendations for all of GMHC's designs were 1) paint or solid color stain all wood components of front porches (floors, posts, columns, rails, spindles), 2) front porch rails shall be built at 30" height where allowable by code (where the porch floor is within 30" of grade), 3) use framed out 1"x4" for porch skirting instead of lattice and 4) incorporate new exterior color schemes unless specified by buyers.

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," and "Promote public, community and private partnerships to address disparities and to support strong, healthy families and communities."

Comprehensive Plan: Chapter 4, Section 4.9, states "Minneapolis will grow by increasing its supply of housing" and Section 4.11 states "Minneapolis will improve the availability of housing options for its residents."

Zoning Code: R2B-700 Penn N; R1A-1927, 2003 & 2127 Penn Av N.

Living Wage/Job Linkage: Not applicable.

Other: The city's Community Planning staff reviewed the proposed house and site plans for these properties and believed the properties were appropriate for the proposed plans and would be supported by the city's comprehensive plan. The same plans were submitted to the city's Zoning Department staff for preliminary variance review.

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALES PRICE</u>
NN TF-266	700 Penn Avenue North	\$17,700
WH TF372	1927 Penn Avenue North	\$17,500
WH 21-22	2003 Penn Avenue North	\$17,500
WH TF-395	2127 Penn Avenue North	\$17,900

PURCHASER: The Greater Metropolitan Housing Corporation
of the Twin Cities (GMHC)
15 South Fifth Street, Suite 710
Minneapolis, MN 55402

In December 1995, MCDA purchased from Hennepin County 700 Penn Avenue North as tax forfeited vacant land. In December 1996, MCDA acquired from Hennepin County 1927 Penn Avenue North as a vacant, boarded single family house and later demolished it due to unreasonably high estimates for rehabilitation. In November 1996, MCDA purchased from private parties 2003 Penn Avenue North as vacant land. In June 1997, MCDA purchased from Hennepin County 2127 Penn Avenue North as tax forfeited vacant land.

PROPOSED DEVELOPMENT(S):

**The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC)
700 Penn Avenue North**

GMHC proposes construction of a two-story single family home with a detached two-car garage. The home will contain 3 bedrooms, 2 1/2 baths, living room, dining room, kitchen, with center island, mud room and full unfinished basement. There will be approximately 1,651 sq. ft. of finished living space.

GMHC estimates the sale price of the home upon completion at \$205,000 and expects to market and sell the home to owner occupants with income at or below 115% of area median income.

The lot size at 700 Penn Avenue North is 42' x 125' = 5,250 total square feet.

1927 Penn Avenue North

GMHC proposes construction of a two-story single family home with a detached two-car garage. The home will contain 3 bedrooms, 2 1/2 baths, living room, dining room, kitchen with center island, mud room and full unfinished basement. There will be approximately 1,651 sq. ft. of finished living space.

GMHC estimates the sale price of the home upon completion at \$200,000 and expects to market and sell the home to owner occupants with income at or below 115% of area median income.

The lot size at 1927 Penn Avenue North is 40' x 127' = 5,080 total square feet.

2003 Penn Avenue North

GMHC proposes construction of a two-story single family home with a detached two-car garage. The home will contain 3 bedrooms, 2 1/2 baths, living room, dining room, kitchen with center island, mud room and full unfinished basement. There will be approximately 1,702 sq. ft. of finished living space.

GMHC estimates the sale price of the home upon completion at \$200,000 and expects to market and sell the home to owner occupants with income at or below 115% of area median income.

The lot size at 2003 Penn Avenue North is 40' x 127' = 5,080 total square feet.

2127 Penn Avenue North

GMHC proposes construction of a two-story single family home with a detached two-car garage. The home will contain 3 bedrooms, 2 1/2 baths, living room, dining room, kitchen with center island, mud room and full unfinished basement. There will be approximately 1,702 sq. ft. of finished living space.

GMHC estimates the sale price of the home upon completion at \$200,000 and expects to market and sell the home to owner occupants with income at or below 115% of area median income.

The lot size at 2127 Penn Avenue North is 43' x 128' = 5,504 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING:

GMHC has demonstrated sufficient financing for the above proposed development projects.

GMHC has requested that the purchase price for each property be deferred via a deferred note and mortgage until sale of the property to the buyer. GMHC anticipates home sale closings shortly after construction completion.

OFFERING PROCEDURE:

Public Advertisement. The sale prices reflect the appraised re-use values for these properties.

COMMENTS:

Staff reviewed all proposals and on April 23, 2004, forwarded the proposals to Northside Residents Redevelopment Council (NRRC) for the 45-day review process. GMHC submitted the only proposals for the four properties. The properties were previously advertised and on our lot list.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) and MCDA/CPED are partners in the Century Homes Program. Pursuant to our partnership agreement, GMHC and MCDA/CPED agreed to split equally any profits or deficits realized from the sale of properties. According to the above development proposals, budget projections indicate estimated profits as follows:

700 Penn Avenue North

Total Development Cost	\$194,590.00
Estimated Sales Price	\$ 205,000.00
Total Profit	\$ 10,410.00
½ Profit	\$ 5,205.00

1927 Penn Avenue North

Total Development Cost	\$194,215.00
Estimate Sales Price	\$200,000.00
Total Profit	\$ 5,785.00
½ Profit	\$ 2,892.50

2003 Penn Avenue North

Total Development Cost	\$194,215.00
Estimated Sales Price	\$200,000.00
Total Profit	\$ 5,785.00
½ Profit	\$ 2,892.50

2127 Penn Avenue North

Total Development Cost	\$194,615.00
Estimated Sales Price	\$200,000.00
Total Profit	\$ 5,385.00
½ Profit	\$ 2,692.50

Total GMHC profits are estimated at \$27,365.00. One half of the total profits, or \$13,682.50, will be returned to MCDA/CPED in keeping with our partnership agreement.

Besides the possibility of CPED receiving total profits of \$13,682.50, CPED and GMHC have worked well as partners on many housing development projects in the City of Minneapolis. CPED staff looks forward to working with GMHC on these single family new development projects.

CPED staff requested that GMHC place additional windows on the left elevations of its two-story house plans, where possible.

CPED staff concurs with Northside Residents Redevelopment Council's Residential and Commercial Task Force's recommendation to sell these properties to Greater Metropolitan Housing Corporation of the Twin Cities (GMHC).

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Near North Urban Renewal Project
Willard-Homewood Urban Renewal Project
Disposition Parcel No's TF-266, 372, 395 & WH 21-22

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-266, 372, 395 & WH 21-22, in the Near North and Willard-Homewood neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) , hereinafter known as the Redeveloper, the Parcels TF-266, 372, 395 & WH 21-22, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

(See Exhibit A Attached Hereto)

WHEREAS, the Redeveloper has offered to pay the sum of \$17,700 (700 Penn Av N), \$17,500 (1927 Penn Av N), \$17,500 (2003 Penn Av N) and \$17,900 (2127 Penn Av N), for Parcel TF-266, 372, 395 & WH 21-22 to the Agency 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 Agency a statement of financial responsibility and qualifications; and

WHEREAS, the Agency has had the re-use values reviewed by an appraisal expert, stating that the re-use value opinions are consistent with the accepted methods in aiding the Agency in determining re-use values for the Parcels; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on June 11, 2004, a public hearing on the proposed sale was duly held on June 22, 2004, following 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, that the re-use values for uses in accordance with the Near North Urban Renewal Project and Willard-Homewood Urban Renewal Project plan, as amended, is hereby estimated to be the sum of \$17,700 (700

Penn Av N), \$17,500 (1927 Penn Av N), \$17,500 (2003 Penn Av N) and \$17,900 (2127 Penn Av N) for Parcels TF-266, 372, 395 & WH 21-22, and

BE IT FURTHER RESOLVED, that the acceptance of the offers and proposals are hereby determined to be in accordance with the Agency's approved disposition program and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcels in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposal be and the same are hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Executive Director or other appropriate official of the Agency 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 Executive Director or other appropriate official of the Agency; and

BE IT ALSO FURTHER RESOLVED, that the Chairman and Secretary, or any other two Commissioners of the Agency, are 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 Agency 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 Chairman and Secretary, or any other two Commissioners of the Agency.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____ . _____
Chairperson

APPROVED
NOT APPROVED _____ . _____
VETOED _____
Mayor

700 Penn Avenue North (TF-266)

Lot 18, Block 19, "Oak Park Addition to Minneapolis".

1927 Penn Avenue North (TF-372)

Lot 9, Block 1, Nichols-Frissell Co.'s Shady Oaks Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 861528.

2003 Penn Avenue North (WH 21-22)

Lot 8, Block 1, Nichols Frissell Co. Shady Oaks Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 850619.

2127 Penn Avenue North (TF-395)

Lot 8, Block 7, "Wyant & Kuchli's Addition to Minneapolis".

Being registered land as is evidenced by Certificate of Title No. 016542.