

CPED and NRP Lot Redevelopment
Program Guidelines

Purpose

The Lot Redevelopment Program is a special effort of the City of Minneapolis and the Minneapolis Neighborhood Revitalization Program (NRP) to work in partnership to address some of the revitalization needs of the neighborhoods. By acquiring and developing vacant, underutilized and blighted properties, CPED and NRP will be working with the neighborhoods to help them achieve their neighborhood improvement goals and the housing goals of the city.

Process

1. NRP informs neighborhood organizations and sponsors citywide meeting (January 15, 2004) for neighborhoods on the opportunity to leverage resources and work with CPED on the redevelopment of blighted properties in their neighborhood.
2. Neighborhood group establishes lot redevelopment as a neighborhood priority.
3. Neighborhood allocates a dollar amount from its NRP Phase I or II funds (or from other sources) for the lot redevelopment program and includes a lot redevelopment strategy in its Phase I or Phase II neighborhood action plan.
4. CPED commits to a dollar for dollar match of neighborhood commitments up to a maximum of \$250,000 in any one neighborhood and a total for all neighborhoods of \$1.2 million by December 31, 2004.
5. An MOU is signed between the neighborhood organization and CPED.
6. Neighborhood group, Council Member, or CPED staff identifies lots.
7. Neighborhood group Board of Directors approves the lot selection.
8. Reuse and possible developers are determined and agreement is reached between the neighborhood group and CPED before acquisition is initiated.
9. The amount from the neighborhood's funds and the CPED dollars that will be committed to match the neighborhood funds is determined by the neighborhood and CPED.
10. The acquisition price will be the fair re-use value determined by a certified appraiser. The appraisal will be conducted by CPED without cost to the neighborhood. Lots acquired by the City from Hennepin County at the request of the neighborhood will be re-sold at the price paid to Hennepin County if the

developer is a non profit organization or at the fair re-use value for all other developers.

11. Lot acquisition and land assembly is accomplished by CPED.
12. Development and design guidelines, if they are or have been, adopted by the neighborhood group, will be forwarded to CPED for inclusion in the packets for potential developers.
13. CPED will prepare the lot for development and market it to the developers identified in #9 above.
14. The neighborhood group and CPED make a recommendation to the City Council for selection of the developer.
15. The City Council selects the developer from the list provided by the neighborhood and CPED.
16. Developer signs a Development MOU with the neighborhood in which the development will take place.
17. The lot is sold to the developer by CPED. Any profits realized from the sale of a property acquired under this program will be split between CPED and the contributing neighborhood(s) proportionate to their contributions for acquisition. These profits will be returned to the program for re-use in the neighborhood.
18. Construction occurs and is monitored by CPED and the neighborhood group. CPED oversees the construction activities and consults with the neighborhood group on concept, design or construction changes that add costs or vary from the original project approved by the neighborhood, and ensures that the Contract Management Policy of the NRP Policy Board is followed.
19. The house is sold to an owner-occupant household with income of less than 80% of MMI.

Program Criteria

Funding Preferences:

1. Industrial or commercial properties with existing uses that are obsolete or incompatible with revitalization of the neighborhood.
2. Existing land uses that clash with the structures in the surrounding area.
3. Lots that can be redeveloped for homeownership.
4. Redevelopment opportunities that will be marketed to first time homebuyers, seniors or households with incomes of less than 80% of MMI.
5. Development designs that fit the neighborhood and are consistent with existing neighborhood approved redevelopment plans.
6. Acquisition for affordability at 50% of MMI opportunities in non-impacted areas.
7. Projects that are designed to maintain affordability for at least 15 years.

Funding Restrictions:

1. Matching will occur only for lots in the city's inventory on April 1, 2004 or new lots acquired after that date.
2. Real property with buildings or improvements will only be acquired if the buildings or improvements are substandard or nonconforming and eliminate blight.
3. Any property acquired must have a title insurance commitment.
4. Marketing will occur only after all clearances are completed.
5. Construction of the dwelling must be initiated within 6 months of the lot sale closing and completed within 15 months thereafter.
6. Occupancy of the completed dwelling must occur within 18 months of the lot sale closing.
7. The CPED match for neighborhood will not exceed \$250,000 in any one neighborhood. Neighborhoods may commit other NRP dollars from their Phase I or Phase II allocations or from other sources for Site Redevelopment projects but they will not be matched by CPED or City resources.

Advantages:

1. Maximizes leveraging of resources
2. Maximizes amount of dollars available for development
3. Emphasizes neighborhood participation in the process
4. Minimizes duplication of efforts
5. Focuses activities on priority properties
6. Improves relationship between city and neighborhood

Disadvantages:

1. Neighborhoods have considerable control of process
2. Neighborhood or CPED bias for or against a developer
3. Neighborhood priorities that may differ from city priorities
4. Compromise and sharing of control
5. City Council has the final choice on developer