



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

Date: September 14, 2004

To: MCDA Board of Commissioners

Prepared by: Cherre' Palenius, CPED Project Coordinator Phone 612-673-5241

Presenter in Committee: Cherre' Palenius, CPED Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____
Lee Pao Xiong, Director, Housing _____

Subject: Land Sale – Public Hearing
Parkview Apartments

Recommendation: CPED Executive Director recommends the sale of 1215-27 North 12th Avenue and 1216-20 Banneker Avenue to Parkview Associates for \$6,800.

Previous Directives: MCDA acquired 1215-27 North 12th Avenue on January 2, 1960; MCDA acquired 1216-20 Banneker Avenue North on January 1, 1960.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- 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 (Summarize below)

Ward: 5

Neighborhood Notification: On August 9th, 2004 the Northside Residents Redevelopment Council's Residential and Commercial Task Force reviewed this proposed sale and recommended approval.

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: Chapter 4, Section 4.12, "Minneapolis will reasonably accommodate the housing needs of all of its citizens".

Zoning Code: These properties are zoned R-4.

Living Wage/Job Linkage: Not applicable for this transaction.

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALES PRICE</u>
Grant 2-2	1215 North 12 th Avenue	\$6,800.00
Grant 3-2	1219 North 12 th Avenue	
Grant 1-2	1227 North 12 th Avenue	
Grant 2-3	1216 Banneker Avenue	
Grant 1-3	1220 Banneker Avenue	

Purchaser: Parkview Associates
115 New Street
Glenside, PA 19038

Historical events

Based on information found in archived Real Estate files, a Declaration of Covenants, Conditions, and Restrictions dated April 14, 1970 was recorded in Hennepin County, and created a title problem for all real estate property located in Bethune 1st Addition. The Minneapolis Housing and Redevelopment Authority (HRA) determined the only solution for eliminating this title problem would be to register the title of all affected property. During this registration process, the HRA needed to obtain approval from the Department of Housing & Urban Development (HUD) for the HUD assisted project known as Parkview Apartments (formerly known as Bethune Apartments). Parkview Apartments located at 1201 North 12th Avenue is a HUD subsidized, project based Section 8 family housing development, containing 223 apartments in four buildings. The development consists of one 12-story hi-rise building and three 3-story walk up buildings. At that time, HUD requested HRA-owned land located in the Grant Urban Renewal Area contiguous with Parkview Apartments be conveyed to Parkview for use by their tenants. In exchange, HUD would convey land they owned located south of Olson Highway to the HRA. In 1982, the MCDA (formerly known as MHRA) acquired the HUD-owned land for the Mpls Public Housing Authority's (MPHA) administrative and maintenance facility at 555 Girard Terrace.

The title registration action on the Parkview parcels was completed on March 8, 1991, and the MCDA conveyed a number of parcels to Parkview Apartments. File notes indicate that Parkview Apartments requested the Agency provide a survey of the property they were purchasing. Apparently this request was denied and informed Parkview Apartments if they wanted a survey they could obtain one at their expense. Whether or not a survey was completed is unknown as a copy was not located in the Agency files. In 1992, Parkview Apartments completed landscaping improvements: removal of old sidewalks, surface regrading, hydro seeding, tree removal, installation of perimeter fencing, a B-B-Q grill and picnic tables on the property they acquired from the

Agency. Apparently at this time, Parkview Apartments mistakenly included five (5) parcels of land located between Parkview Apartments and The City, Inc. off 12th Avenue North and Banneker Avenue that was not previously conveyed to Parkview, but instead retained by the MCDA.

Current Situation

In December, 2003 the MPHA-owned and MCDA-owned real estate located in the newly established Heritage Park neighborhood was sold to Heritage Housing, LLC. In January, 2004 CPED staff discovered that the Agency still owned 5 parcels in the Grant Urban Renewal area located on 12th Avenue North and Banneker Avenue. Upon further investigation, staff discovered this property was privately maintained with a perimeter fence surrounding all five parcels. In May 2004, CPED staff contacted the manager at Parkview Apartments to inform them that these 5 parcels are owned by the MCDA and requested they review their records related to the 1991 real estate transaction. Unfortunately, due to the extensive timeframe (10+ years) these files were no longer available.

Despite this, Parkview Apartments indicated they were very interested in retaining this property for continued use by their tenants, suggesting a long-term easement, no cost title transfer, or a 10 year purchase agreement with nominal payments so as not to cripple the project. Typically, the owners have used residual receipts derived from the rents for needed site improvements, examples are: new siding, elevator replacement, and installation of generators for power outages, etc. As a project-based section 8 housing project HUD limits the gross rents, which in turn limits the residual receipts available for discretionary spending. According to HUD staff, Parkview Apartments was inspected in 2003 and received a rating score of 90 out of a possible 100. Currently, 407 people reside at this development of which 115 are under the age of 18 years. The average annual tenant income is approximately \$10,500 or less than 30% of the median family income. Over the years, the Parkview tenants have used the MCDA-owned property for summer activities, a play area for the children, gathering space, and their annual National Night Out event.

LAND DISPOSITION POLICY:

These properties are buildable lots as defined by MCDA policy and are being sold as sideyard with conservation easements.

FINANCING:

\$6,800 Cash from buyer

COMMENTS

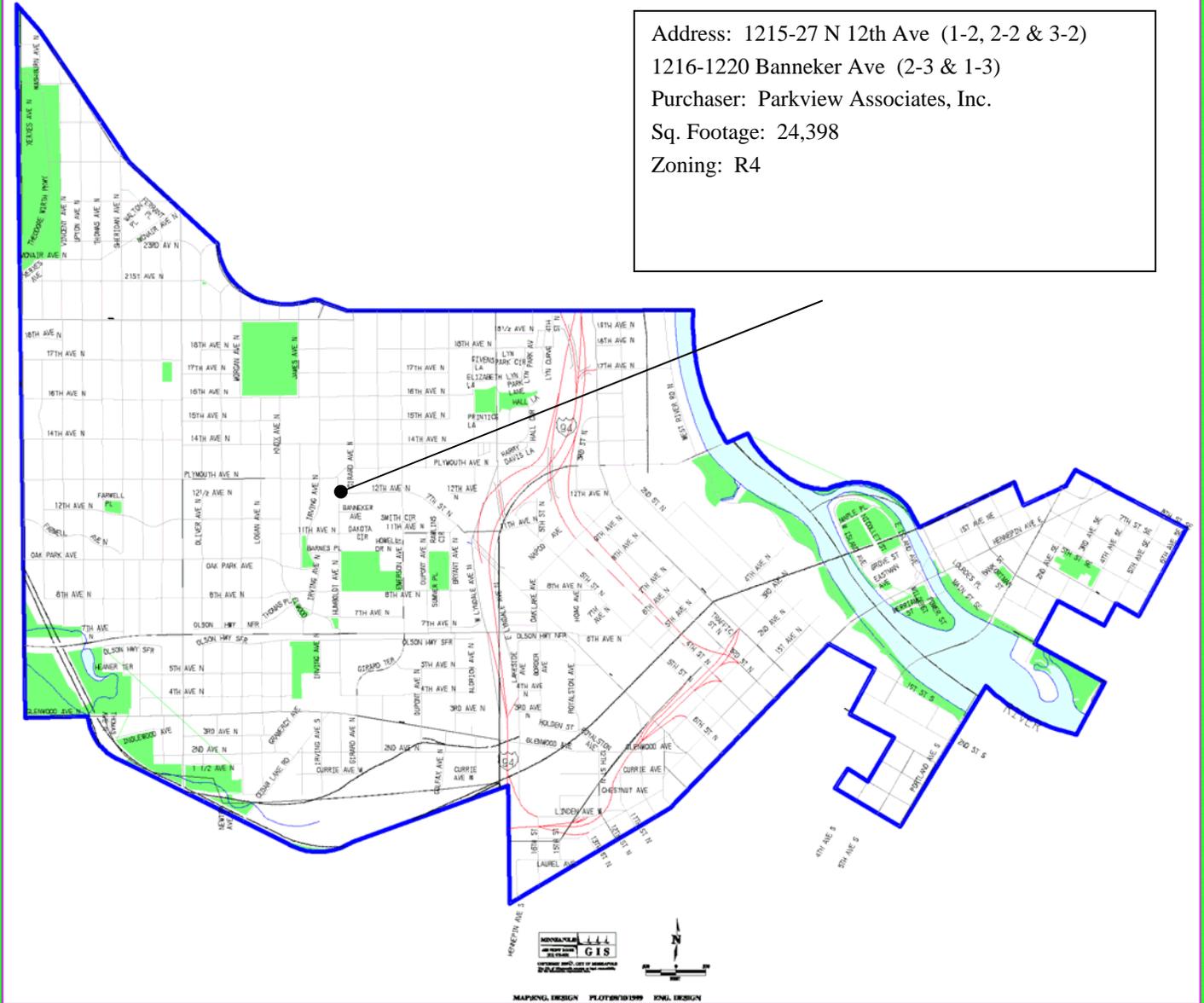
The CPED staff review appraiser has determined the fair market value of this property with a recorded conservation easement is \$1.00 per sq. ft. or \$24,400. During the past 10+ years, Parkview Apartments has estimated expenditures in the amount of \$17,600 for landscape improvements (completed in 1992) and for on-going annual property maintenance. Parkview Associates has requested CPED take these expenditures into account offsetting the purchase price for this property. Parkview Associates has submitted an offer to purchase for these five parcels for \$6,800 along with their 10% earnest money deposit.

Attachments:

Correspondence from Parkview Apartments and
Parkview Apartments Community Council

WARD 5

Address: 1215-27 N 12th Ave (1-2, 2-2 & 3-2)
1216-1220 Banneker Ave (2-3 & 1-3)
Purchaser: Parkview Associates, Inc.
Sq. Footage: 24,398
Zoning: R4



RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land Parkview Apartments Disposition Parcel No's. 1-2 & 3, 2-2 & 3, & 3-2

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcels 1-2 & 3, 2-2 & 3, & 3-2, in the Near North neighborhood, from Parkview Associates, hereinafter known as the Redeveloper, the Parcels 1-2 & 3, 2-2 & 3, & 3-2, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

Legal Description

Lots 1, 2 & 3, Block 2, Bethune First Addition.
Lots 1 & 2, Block 3, Bethune First Addition.

Being registered land as is evidenced by Certificate of Title No. 1121665.

WHEREAS, the Redeveloper has offered to pay the sum of \$6,800, for Parcels 1-2 & 3, 2-2 & 3, & 3-2, 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, notwithstanding the lack of a re-use appraisal, the Agency has determined the offer of \$6,800 to purchase the Parcels to be reasonable; 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 a re-use value for the Parcels; and

WHEREAS, the Agency Disposition Policy provided in Section III-I (3) for the sale of land for sideyard and other non-buildable development for a price of \$6,800, that unbuildable property may be sold for development such as the proposed landscaping at a price necessary to achieve the particular development; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on August 27, 2004, a public hearing on said proposal and proposed sale and the provisions thereof, was duly held on September 14, 2004, 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; and

NOW, THEREFORE, BE IT RESOLVED, that the re-use value, for uses in accordance with the Parkview Apartments, as amended, is hereby estimated to be the sum of \$6,800, for Parcels 1-2 & 3, 2-2 & 3, & 3-2; and

BE IT FURTHER RESOLVED, that the acceptance of the offer and proposal is 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 proposals be and the same is 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**

