



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

Date: July 13, 2004

To: MCDA Board of Commissioners

Prepared by Tiffany Glasper, Project Coordinator III, Phone 612-673-5221
Presenter in Committee: Tiffany Glasper, Project Coordinator III

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

Subject: Land Sale – Public Hearing
Jordan – Vacant Housing Recycling Program

RECOMMENDATION: Approve sales of 2618 Penn Avenue North for \$21,000.00 and 2501 Girard Avenue North for \$19,000.00 to The Greater Metropolitan Housing Corporation of the Twin Cities and authorize deferment of the purchase price until the sale of the completed projects.

Previous Directives: MCDA acquired 2618 Penn Avenue North on August 19, 1994 and acquired 2501 Girard Avenue North on December 10, 1996.

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): Sale of these parcels will eliminate future property management expenses.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 3

Neighborhood Notification: Jordan Area Community Council's Housing Committee reviewed the proposals presented by Greater Metropolitan Housing Corporation on June 1, 2004 and recommended approval of the proposals.

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 4.9 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.” Also this area is designated for low density housing in accordance with the Land Use Policy Map.

Zoning Code: Complies. 2618 Penn Avenue North is zoned R1A; 2501 Girard Avenue North is zoned R2B.

Living Wage/Job Linkage: NA

Other: None

BACKGROUND/SUPPORTING INFORMATION:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
JOR 58 – 10	2618 Penn Avenue North	\$21,000
JOR 92 – 9	2501 Girard Avenue North	\$19,000

PURCHASER

The Greater Metropolitan Housing Corporation
of the Twin Cities
15 South 5th Street, Suite 710
Minneapolis, MN 55402

MCDA acquired 2618 Penn Avenue North from HUD on August 19, 1994. The parcel contained a vacant and blighted structure. The lot size is 42' x 125' = 5,250 sq. ft.

MCDA acquired 2501 Girard Avenue North from a private individual on December 10, 1996. The parcel contained a vacant and blighted structure. The lot size is 50' x 90' = 4,500 sq. ft.

PROPOSED DEVELOPMENT:

The Greater Metropolitan Housing Corporation of the Twin Cities is proposing the following developments:

2618 Penn Avenue North

The Greater Metropolitan Housing Corporation of the Twin Cities is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of

approximately 1,700 sq. ft. of finished living space. The developer is estimating the home's value upon completion at \$195,000 and it will be sold to an owner-occupant.

2501 Girard Avenue North

The Greater Metropolitan Housing Corporation of the Twin Cities is proposing construction of a two-story single family home with a attached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,670 sq. ft. of finished living space. The developer is estimating the home's value upon completion at \$205,000 and it will be sold to an owner-occupant.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) and MCDA/CPED are partners in the Century Homes Program. Per this partnership agreement, GMHC and MCDA/CPED have agreed to split equally any profits or losses realized from the sale of properties. Per the above development proposal, budget projections indicate an estimated net profit as follows:

	2501 Girard Ave N	2618 Penn Ave N	TOTAL
Development Costs	\$195,890	\$197,540	
Est. Sales Price	\$205,000	\$195,000	
Total Loss/Profit	+ \$9,110	-\$ 2,540	+ \$ 6,570
CPED Loss/Profit	+ \$4,555	-\$ 1,270	+ \$ 3,285

LAND DISPOSITION POLICY:

These lots are buildable as defined by CPED's policy and are being sold for redevelopment.

FINANCING:

The Greater Metropolitan Housing Corporation of the Twin Cities has demonstrated sufficient financing for the proposed new construction projects. However, The Greater Metropolitan Housing Corporation of the Twin Cities is requesting to defer the purchase price until the sale of the completed projects. This request is in compliance with CPED's Disposition Policy.

OFFERING PROCEDURE:

Public advertisement. The sale price reflects the appraised reuse value for these parcels.

COMMENTS:

2618 Penn Avenue North has been available to the public via our web site since January 2000. 2501 Girard Avenue North has been available to the public via our web site since November 2003.

CPED staff received development proposals from The Greater Metropolitan Housing Corporation of the Twin Cities for the redevelopment of 2618 Penn Avenue North and 2501 Girard Avenue North. There were no competing proposals.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) has an established and successful relationship with CPED/MCDA as a partner in the Century

Homes Program. Through the Century Homes program, CPED/MCDA is committed to providing 100 lots per year to GMHC for the development of market rate single family homes. GMHC has a long history of building quality single-family homes in the City of Minneapolis.

Representatives from The Greater Metropolitan Housing Corporation of the Twin Cities attended the June 1, 2004 meeting of the Jordan Area Community Council's (JACC) Housing Committee to present their proposals. Members of JACC's Housing Committee recommended approval of GMHC's proposals.

Staff conducted a formal, professional review of the proposal and is recommending approval of the sale to The Greater Metropolitan Housing Corporation of the Twin Cities.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program
Disposition Parcel No's. JOR 58-10 & 92-9

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received offers to purchase and develop Disposition Parcels JOR 58-10 & 92-9, in the Jordan neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities, hereinafter known as the Redeveloper, the Parcels JOR 58-10 & 92-9, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

2618 Penn Avenue North (JOR 58-10)

Lot 12, Block 12, Supplement to Forest Heights, Minneapolis,
Minnesota, in Hennepin County, Minnesota.

2501 Girard Avenue North (JOR 92-9)

The East 90 feet of Lot 7, Block 43, Highland Addition
to the City of Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$21,000 (2618 Penn Avenue North) and \$19,000 (2501 Girard Avenue North), for Parcels JOR 58-10 & 92-9 to the Agency for the land, and the Redeveloper's proposals are 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 July 2, 2004, a public hearing on the proposed sales was duly held on July 13, 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 Vacant Housing Recycling Program plan, as amended, is hereby estimated to be the sum of \$21,000 (2618 Penn Avenue North) and \$19,000 (2501 Girard Avenue North) for Parcels JOR 58-10 & 92-9, 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 proposals 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.

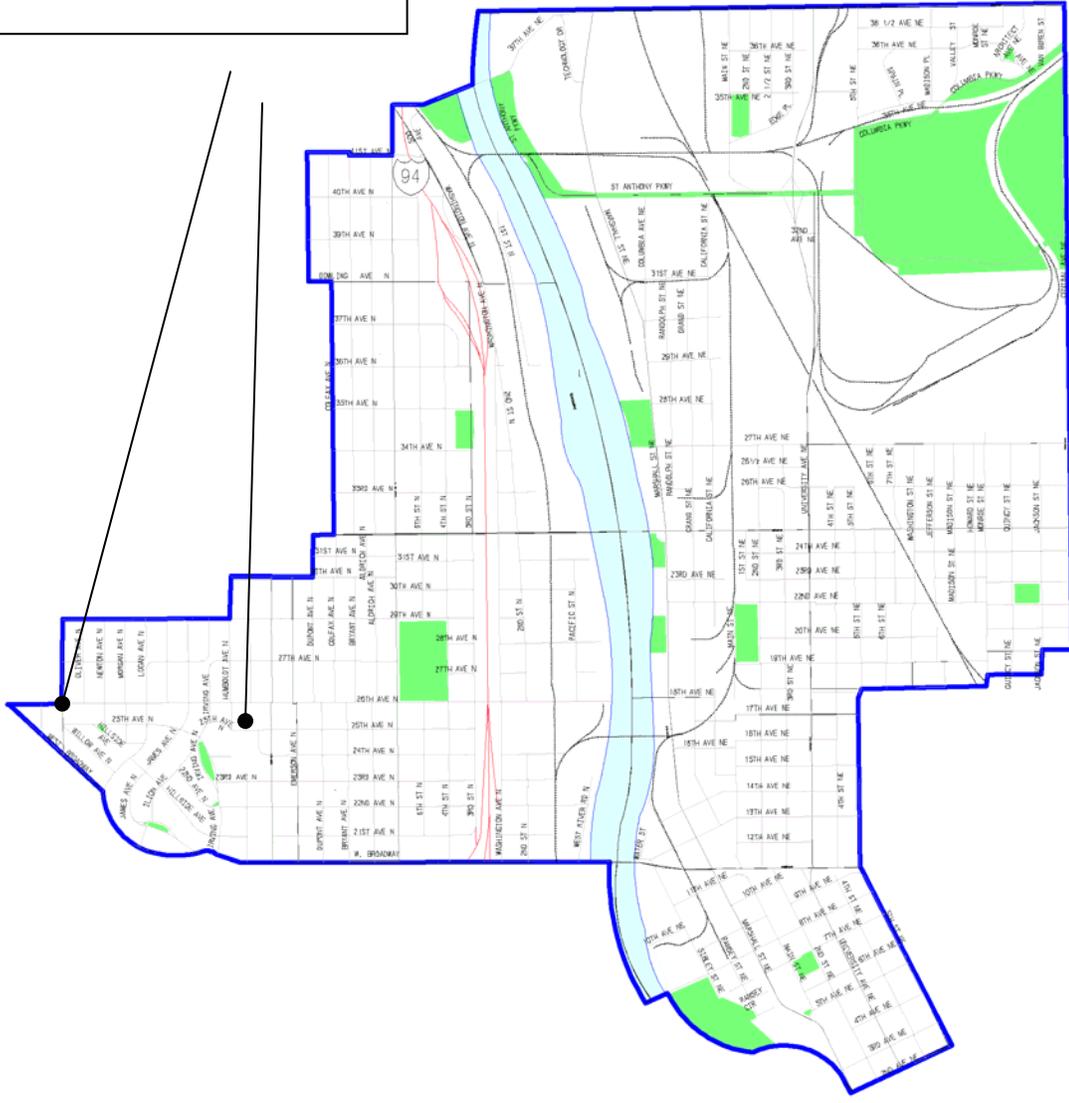
RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman,						
Niziolek		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

ADOPTED _____ _____
Chairperson

APPROVED
NOT APPROVED _____ _____
VETOED **Mayor**

Address: 2618 Penn Av N (JOR 58-10), 5,250 sf;
 zoned: R1A
 2501 Girard Av N (JOR 92-9), 4,500 sf; zoned R2B
 Purchaser: The Greater Metropolitan Housing
 Corporation of the Twin Cities (GMHC)
 Sq.

WARD 3



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