



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

Date: April 20, 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
Harrison Urban Renewal Project

RECOMMENDATION: Approve the sale of these properties to Twin Cities Habitat for Humanity, Inc. for \$1.00 each parcel.

Previous Directives: MCDA acquired 271 Girard Avenue North on June 1, 1988, and acquired 529 Knox Avenue North on July 7, 1998.

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

Community Impact

Ward: 5

Neighborhood Notification: The Harrison Neighborhood Association (HNA) Housing Committee met several times with Habitat for Humanity. HNA's staff was directed to contact the neighbor adjacent to the 529 Knox Avenue North property because years ago that neighbor had an interest in purchasing 529 Knox Avenue. Staff contacted the neighbor, who reportedly stated that she had no problem with Habitat for Humanity or its

program. Her primary concern was that a house at 529 Knox Avenue would be too close to her house, and she just didn't want a house at 529 Knox Avenue. The HNA Board of Directors later passed motions "to support the sale of 529 Knox Avenue North to Habitat for Humanity for construction of an owner-occupied single family home with a 6/12 roof pitch and 271 Girard Avenue North with an 8/12 roof pitch and Greek Return," and "to support the sale of the above named properties with painted wood porches." Habitat for Humanity agreed to make all of HNA's recommended changes to the house plans for 271 Girard and 529 Knox Avenues North.

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: R1A (271 Girard and 529 Knox Avenues North)

Living Wage/Job Linkage: N/A

Other: The city's Community Planning staff found the single family development projects to be acceptable for 271 Girard and 529 Knox Avenues North in the Harrison neighborhood.

Background/Supporting Information

Parcels: MF 13 271 Girard Avenue North
TF 414 529 Knox Avenue North

Purchaser: Twin Cities Habitat for Humanity, Inc.
3001 Fourth Street SE
Minneapolis, MN 55414

Sale Price: \$1.00 (each parcel)

In June 1988, MCDA acquired title via a foreclosure of its first mortgage on 271 Girard Avenue North as a vacant, dilapidated single family structure and later demolished it due to unreasonably high rehabilitation estimate. In July 1998, MCDA acquired from Hennepin County 529 Knox Avenue North as a tax forfeit 1 ½ story single family structure with mold and asbestos and later demolished it due to unreasonably high rehabilitation estimate.

PROPOSED DEVELOPMENT:

271 Girard Avenue

Construction of a 2-story single family home with 4 bedrooms, 1 ½ baths, living room, dining room, kitchen, unfinished basement and a detached 1 ½ car garage. The house will have approximately 1,400 square feet of finished living space. Total development cost is estimated at \$175,000, with developer's estimated value after construction of \$175,000.

The lot size at 271 Girard Avenue is 40' x 118' = 4,720 total square feet.

529 Knox Avenue

Construction of a two-story single family home with 3 bedrooms, 1 ½ baths, living/dining area, kitchen, unfinished basement and a detached 1 ½ car garage. The house will have approximately 1,400 square feet of finished living space. Total development cost is estimated at \$165,000, with developer's estimated value after construction of \$165,000.

The lot size at 529 Knox Avenue is 33' X 126' = 4,158 total square feet.

Please note Harrison Neighborhood Association's suggested modifications to both house plans in the Neighborhood Notification section of this report. CPED staff suggested additional windows for the 529 Knox Avenue rear and left elevations. Twin Cities Habitat for Humanity, Inc. informed CPED staff that windows could be added to the left elevations, such as stairway and stair landing windows. Rear windows will be a challenge due to the layout of the house, but Habitat will review the house plan for possible modifications.

Twin Cities Habitat for Humanity's proposals noted that both houses will be sold to owner occupants, who will be selected by Twin Cities Habitat for Humanity's Family Selection Committee based on need for adequate housing, income level and past credit history. According to Twin Cities Habitat for Humanity, Inc. there are more than 6 qualified applicants for each of its houses.

LAND DISPOSITION POLICY:

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

FINANCING:

Twin Cities Habitat for Humanity's sources of funds will be self financing for construction and fundraising for end loans. Considered in the self financing for construction are in-kind, pro bono and volunteer hours and services.

OFFERING PROCEDURE:

Public Advertisement. The sales prices of these properties do not reflect the full re-use values. However, the MCDA Real Estate Disposition Policy, Section 8(c), Determining Purchase Price, Lease Rate and Writedowns, states "MCDA staff may recommend that a Writedown be given to the Purchaser for a redevelopment proposal where there is a valid public purpose pursuant to the Redevelopment Law, and where the Writedown is necessary for the financial viability of the redevelopment proposal. The amount of the Writedown shall be equal value of the public benefit to be received as approved by the

MCDA Board. In no event shall a Writedown reduce the Purchase Price...to less than one dollar (\$1.00).”

In discussions between CPED and Twin Cities Habitat for Humanity, Inc. Twin Cities Habitat for Humanity, Inc. agreed to pay for all costs associated with soil corrections at 217 Girard and 529 Knox Avenues North, and Twin Cities Habitat for Humanity, Inc. stated that these costs were being incorporated into the proposed budgets that were included with the offers for the two development projects. Twin Cities Habitat for Humanity, Inc. will submit to CPED copies of the revised budgets for the two projects.

Because of Twin Cities Habitat for Humanity’s willingness to pay for all costs associated with soil corrections at 271 Girard and 529 Knox Avenues North, CPED staff recommends the sale price of \$1.00 per parcel.

COMMENTS:

Due to Twin Cities Habitat for Humanity’s concerns regarding the prior existence of Basset Creek at the 271 Girard and 529 Logan Avenues North locations, Twin Cities Habitat for Humanity, Inc. requested and received from CPED a copy of the soil report for 529 Knox Avenue North and a Right of Entry to conduct site investigation and testing at 271 Girard Avenue North. Staff is processing the Right of Entry document. According to Twin Cities Habitat for Humanity, Inc. the soil report for 529 Knox Avenue suggested that it was acceptable to construct a house on the property. Twin Cities Habitat for Humanity, Inc. requested that the land sale for 271 Girard be contingent on the results of the soil investigation and testing.

Both homes will be constructed in impacted areas of the City of Minneapolis according to the most recent census data.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Harrison Urban Renewal Project
Disposition Parcel No's MF-13 & TF-414

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcels MF-13 & TF-414, in the Harrison neighborhood, from Twin Cities Habitat for Humanity, Inc., hereinafter known as the Redeveloper, the Parcels MF-13 & TF-414, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

271 Girard Avenue North (MF-13)
Lot 6, Hedderlys Addition to Minneapolis.

529 Knox Avenue North (TF-414)
Lot 32, Block 4, Maben, White & LeBron's Addition to Minneapolis.

Being registered property as is evidenced by Certificate of Title No. 1025800.

WHEREAS, the Redeveloper has offered to pay the sum of \$1.00 (ea. parcel), for Parcels MF-13 & TF-414 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 opinion is 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 April 9, 2004, a public hearing on the proposed sale was duly held on April 20, 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 Harrison Urban Renewal Project plan, as amended, is hereby

estimated to be the sum of \$22,500 for 271 Girard Avenue North and \$18,700 for 529 Knox Avenue North for Parcels MF-13 & TF-414, 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 _____:

Mayor

WARD 5

WARD 5

WARD 5

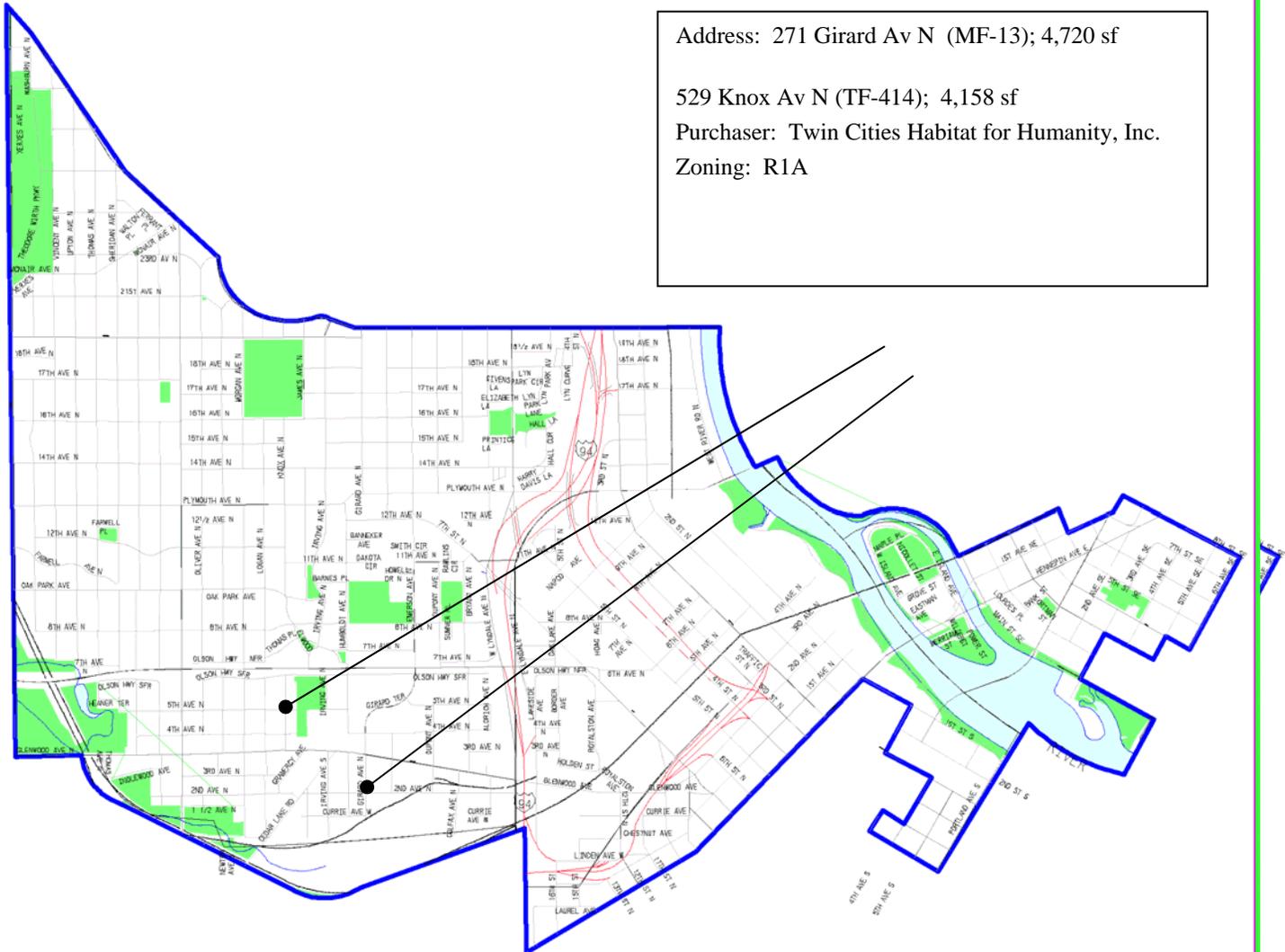
WARD 5

Address: 271 Girard Av N (MF-13); 4,720 sf

529 Knox Av N (TF-414); 4,158 sf

Purchaser: Twin Cities Habitat for Humanity, Inc.

Zoning: R1A



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MAPPING, DESIGN, PLANNING 1999
ENGINEERING DESIGN