



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: October 12, 2004

To: Council Member Lisa Goodman, Community Development Cmte.
Council Member Barbara Johnson, Ways and Means/Budget Cmte.

Refer To: MCDA Board of Commissioners

Prepared by: Kevin Dockry, Project Coordinator III, Phone 612-673-5075

Presented by: Kevin Dockry, Project Coordinator III

Approved by: Chuck Lutz, Deputy Director, CPED _____
Elizabeth J. Ryan, Interim Director, Housing _____

Subject: Acquisition of Land from Hennepin County for the Humboldt
Greenway Redevelopment Project, Appropriation Increase - Fund
GEN

CITY COUNCIL RECOMMENDATION: Approve the attached resolution authorizing MCDA to pay Hennepin County on a deferred basis for its remaining Humboldt Greenway Phase II land (254,764 sq. ft.) and authorize execution of an amendment to the land conveyance agreement and related documents evidencing such deferred acquisition; Increase the 2004 CPED appropriation in Fund GEN (MCDA General Fund) by \$773,845, increase the 2004 CPED revenue estimate (3485-01 Sale of Land and Buildings) by \$603,057, and forward this report to the MCDA Board of Commissioners.

MCDA BOARD RECOMMENDATION: Approve the attached resolution authorizing MCDA to pay Hennepin County on a deferred basis for its remaining Humboldt Greenway Phase II land (254,764 sq. ft.) and authorize execution of an amendment to the land conveyance agreement and related documents evidencing such deferred acquisition.

Previous Directives:

The MCDA Board of Commissioners authorized acquisition of property in the Humboldt Greenway Redevelopment Project through adoption of the Humboldt Greenway Redevelopment Plan on December 18, 1998 and the Humboldt Greenway Tax Increment Financing Plan on February 4, 2000. The Board of Commissioners approved the selection of CountryHome Builders, Inc./Humboldt Greenway Development, LLC, as developer for this site on February 19, 1999. The Board of Commissioners approved the sale of land in Phase I and Phase II of the project area on July 15, 2000, and July 2, 2004 respectively, to CountryHome Builders, Inc./Humboldt Greenway Development,

LLC. The acquisition of land from Hennepin County was approved by the MCDA Executive Director on June 26, 2000, and January 29, 2001.

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)
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 4

Neighborhood Notification:

The Lind Bohanon and Shingle Creek Neighborhood Associations have been notified of this acquisition.

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." This land sale is consistent with the Comprehensive Plan as shown on the Land Use Map and in conformance with the Humboldt Greenway plan relating to this community.

Zoning Code:

Conforms.

Living Wage/Job Linkage:

Not Applicable

Affirmative Action Compliance:

Will Comply

BACKGROUND/SUPPORTING INFORMATION:

The purpose of this report is to facilitate a pass through sale of Hennepin County land to the developer for Humboldt Greenway Phase II. This report seeks authorization to pay Hennepin County on a deferred basis for its remaining Phase II land and approval of an appropriation increase to make possible these deferred payments.

As described in the Humboldt Greenway Redevelopment Plan and Tax Increment Financing Plan, Hennepin County has acquired and cleared land for the purpose of constructing a new greenway amenity and encouraging new housing development on the surrounding parcels. The County has platted the new right of way for the Humboldt Avenue Greenway, creating a number of sites for new housing development. These development parcels are being conveyed to MCDA for subsequent sale to the project developers for redevelopment.

The Hennepin County Board approved the sale of the land to MCDA on June 20, 2000. Land conveyance terms were negotiated with the County and a Land Conveyance Agreement was executed on February 1, 2001 (amended March 21, 2003). Pursuant to this agreement, MCDA is purchasing 955,935 sq. ft. from the County for approximately \$2,052,250.

To date, MCDA has acquired all of the Phase I land from the County (701,171 sq. ft./\$873,306), upon which a new senior apartment complex, 58 detached single family homes and 36 town homes have been constructed. The MCDA also reimbursed the County for certain sewer installation costs and sewer permit fees.

Phase II is located on the 4900 and 5000 blocks of Humboldt and Girard Avenues North, as well as parcels along 50th Avenue North from Dupont to Humboldt. The developer anticipates construction of 65 detached single family homes, 24 town homes and 19 row homes.

In Phase II, the MCDA will accept conveyance of the remaining County land (254,764 sq. ft.) by December 31, 2004. The total cost to MCDA for the remaining land is \$1,178,943.25. The MCDA will pay the County up to 20% at closing and the balance on a deferred basis (the developer will pay MCDA the purchase price in installments as the developer sells units to homeowners; MCDA, in turn, will direct all net land sale proceeds to the County as and when they are received to pay the County purchase price until it is paid in full). The MCDA will only pay interest to the County to the extent it is received from the developer (the developer will be required to pay deferred interest on units that fail to meet a mutually agreed upon schedule).

In addition, the developer is currently obligated to repay the County approximately \$260,000 for Humboldt Greenway public improvements. It is anticipated that the MCDA may collect this amount for the County on an installment basis as the developer sells units to homeowners in Phase II.

MCDA is requesting an appropriation to pay the 2004-2005 acquisition obligations as described in the Land Conveyance Agreement with Hennepin County. Payment for the land will be provided from future land sale proceeds from the developer (to be credited to fund GEN). Staff anticipates land sale proceeds and other miscellaneous receipts from the developer to total approximately \$603,057 through 2005. Further, staff anticipates making up to \$773,845 in deferred payments to the County through 2005. Funds from past land sales to the developer (already deposited in fund GEN) will be used to cover the difference between the requested appropriation increase and projected revenues.

The County land will promptly be re-conveyed to the developer, so staff anticipates negligible property management and holding costs.

Acquisition of the Phase II County land differs from Phase I in that the MCDA will be accepting conveyance in one transaction. In Phase I, the developer acquired property over time in five transactions, thereby enabling the MCDA to spread the acquisition of County land over time and to use the sale proceeds from the developer to fund the acquisition.

ATTACHMENTS:

Attachment A: Project Data Worksheet