

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

Date: January 22, 2008

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: MCDA Board of Commissioners

Subject: Request to transfer Minneapolis Community Development Agency (MCDA) owned parcel to the City of Minneapolis
Land Sale Public Hearing
HOW/HOME Program

City Council Recommendation:

1. That the City Council adopts the attached resolution transferring 2411 Aldrich Avenue North from the MCDA to the City of Minneapolis.
2. That the City Council approves the sale of 2411 Aldrich Avenue North for approximately \$160,000 to a qualified Home Ownership Works (HOW) Program Purchaser for the fair market value, subject to the following conditions: 1) land sale closing must occur on or before 60 days from the date of offer acceptance, and 2) payment of holding costs of \$150.00 per month from the date of offer acceptance to the date of closing if land sale closing does not occur on or before 60 days from date of offer acceptance. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.
3. That the City Council approves a second mortgage affordability loan in accordance with the HOW Program guidelines of not more than \$30,000 for the purchaser, if necessary.

MCDA Board Recommendation: That the MCDA Board adopts the attached resolution authorizing the transfer of 2411 Aldrich Avenue North to the City of Minneapolis.

Previous Directives: MCDA acquired 2411 Aldrich Avenue North on December 18, 2000. On April 4, 2006, the City Council approved the guidelines to allow CPED to obtain authorization to sell HOW Program properties prior to the identification of a qualified buyer.

Prepared by: Jackie Nawalany, Phone 612-673-5255 Approved by: Charles T. Lutz, Deputy CPED Director Presenters in Committee: Edie Oliveto-Oates, Phone 612-673-5229	_____
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Financial Impact

Action is within the Business Plan

Other financial impact: Eliminate property management costs.

Community Impact

Neighborhood Notification:

<u>Address</u>	<u>Neighborhood Group</u>	<u>Date Notified</u>
2411 Aldrich Avenue North	Hawthorne Area Community Council	August 13, 2004

The Hawthorne neighborhood was informed of the acquisition, construction and sale to a first time homebuyer.

City Goals: A SAFE PLACE TO CALL HOME In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.

Sustainability Targets: Affordable Housing Units

Comprehensive Plan: On January 14, 2008, the Planning Commission approved the sale of 2411 Aldrich Avenue North as being consistent with the Comprehensive Plan.

Zoning Code: R2B

Living Wage/Business Subsidy Agreement Yes___ No X

Job Linkage Yes___ No X

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>ESTIMATED SALE PRICE</u>
HOME-71	2411 Aldrich Avenue North	\$160,000

PROPOSED DEVELOPMENT:

The completed project at 2411 Aldrich Avenue North is a new construction with 3 bedrooms, 2 1/2 bathroom, two story house, with 1,496 square feet of finished floor space. The lot size is 35' x 157' = 5,495 total square feet.

The house is being marketed for sale to low/moderate income owner-occupants.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold after development.

FINANCING*:

The buyers will secure mortgage financing. The buyers may require a HOW second mortgage in an amount not to exceed \$30,000.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full market value.

COMMENTS:

The Home Ownership Works (HOW) Program is designed to address the goal of providing home ownership opportunities for residents who otherwise would have difficulty in attaining home ownership. The program can be used to treat properties in need of rehabilitation or demolition and new construction. HOW properties are owned by the City of Minneapolis during the renovation and/or construction period. All properties will meet the HOW Program Standards which exceed the minimum city code requirements.

The buyer will be pre-approved by their mortgage lender. The buyer will also complete the Purchase Education and Counseling Course and will complete the Housing Maintenance Class at Neighborhood Housing Services of Minneapolis prior to closing as is required by the program guidelines.

Additionally, a HOW second mortgage in an amount not to exceed \$30,000 may be required by the buyer.

**Transferring Certain Real Property of the Minneapolis
Community Development Agency to the City of Minneapolis.**

Whereas, the City Council exercising powers granted by Minnesota Laws, 2003, Chapter 127, Article 12, Sections 31-34, adopted Chapter 415, Minneapolis Code of Ordinances, establishing the Department of Community Planning and Economic Development ("CPED") and authorizing transfers to the City of money, real property, investments, personal property, assets, programs, projects, districts, developments and obligations of the Minneapolis Community Development Agency ("MCDA"); and

Whereas, pursuant to Resolution Nos. 2003R-625 and 2003R-626, both adopted on December 29, 2003, the City Council approved transfer of the money, investments, personal property, programs, projects, districts and obligations of the MCDA described therein, including the assets, rights and obligations of the Common Bond Fund, effective as of January 1, 2004; and

Whereas, the City Council has decided to now transfer certain MCDA-owned real estate;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis as follows:

1. The City Council hereby transfers and conveys to the City the MCDA real property being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME 71; 2411 Aldrich Avenue North

The South half of Lot 4 and the North 10 feet of Lot 5, Block 13, Highland Park Addition to the City of Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1061685.

2. The transfer authorized by this resolution shall be effective upon execution and delivery of a deed with respect to the property identified above or other appropriate instrument from the MCDA in favor of the City.

**Authorizing the Transfer of Certain Real Property of the Minneapolis
Community Development Agency to the City of Minneapolis.**

Whereas, the City Council exercising powers granted by Minnesota Laws, 2003, Chapter 127, Article 12, Sections 31-34, adopted Chapter 415, Minneapolis Code of Ordinances, establishing the Department of Community Planning and Economic Development ("CPED") and authorizing transfers to the City of money, real property, investments, personal property, assets, programs, projects, districts, developments and obligations of the Minneapolis Community Development Agency ("MCDA"); and

Whereas, the City Council has determined that it is in the best interests of the City and the MCDA to now transfer real property as described in that certain resolution of the City Council dated of even date herewith (the "Transfer Resolution"); and

Whereas, the MCDA concurs with the City Council's determination that the transfer is in the best interest of the City and MCDA;

Now, Therefore, Be It Resolved by The Board of Commissioners of the Minneapolis Community Development Agency as follows:

That the adoption of the Transfer Resolution is hereby approved by the Board of Commissioners of the MCDA.

Be It Further Resolved that the proper MCDA officers and officials are hereby authorized and directed to sign and deliver such documents and agreements as may be required to accomplish the transfer identified in the Transfer Resolution, including without limitation, a deed to the real property identified on the Transfer Resolution.

Authorizing sale of land Homeownership Works Program

Disposition Parcel No. HOME-71.

Whereas, the City of Minneapolis, hereinafter known as the City, has adopted Home Ownership Works Program Guidelines pursuant to which the City purchases residential properties that are renovated or upon which a new home is constructed which is then offered for sale to target buyers under the program; and

Whereas, the City has acquired Parcel HOME-71, in the HOW/HOME Program upon which the existing home was renovated or a new home was constructed, the Parcel HOME-71, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

HOME-71; 2411 Aldrich Avenue North

The south half of Lot 4 and the North 10 feet of Lot 5, Block 13, Highland Park Addition to the City of Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1061685.

Whereas, the City has had the fair market value reviewed by an appraisal expert, stating that the fair market value opinion is consistent with accepted methods in aiding the City in determining market value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on January 11, 2008, a public hearing on the proposed sale was duly held on January 22, 2008 at 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 by The City Council of The City of Minneapolis:

That the fair market value in accordance with the City's Homeownership Works Program, as amended, is hereby estimated to be the sum of \$160,000 for Parcel HOME-71.

Be It Further Resolved that the sale of the parcel pursuant to the Home Ownership Works Program is hereby determined to be in accordance with the City's approved CPED disposition policy.

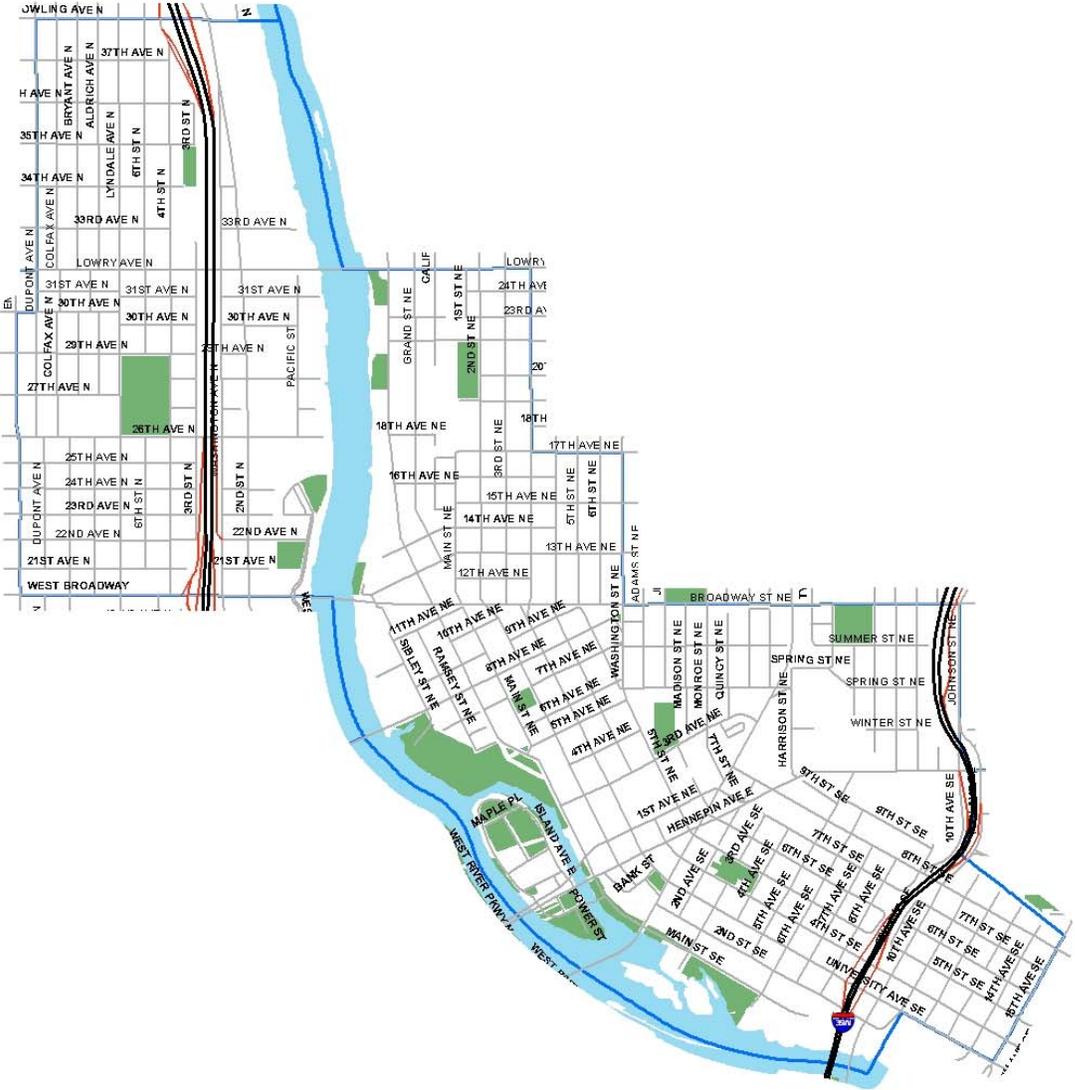
Be It Further Resolved that the sale of the parcel is hereby approved, subject to the execution of a contract for the sale of land consistent with the Home Ownership Works Program Guidelines and further subject to the following conditions; 1) land sale closing must occur on or before 60 days from the date of offer acceptance and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 60 days from the date of offer acceptance.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a contract to a qualified Purchaser; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to a qualified Purchaser in accordance with the provisions of the executed contract and upon payment to the City 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 Finance Officer or other appropriate official of the City

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TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

Date: January 22, 2008
 Subject: Land Sale – Public Hearing
 HOW/HOME Program
 Address: 2411 Aldrich Avenue North

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
HOME 71 12/18/2000	2411 Aldrich Avenue North	\$165,561	(-)\$160,000	(-)\$5,560

Re-Use Value Opinion	Less Sales Price	Write-Down
\$160,000	\$160,000	\$0

Write-Down
 Reason: Not Applicable