

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

Date: June 24, 2008

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

Subject: Land Sale Public Hearing
Hennepin County, Greater Metropolitan Housing Corporation Collaboration

Recommendation: Approve the sale of 2638-40 14th Ave. S. for \$1 and 3223 22nd Ave. S. for \$1 to Greater Metropolitan Housing Corporation, subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date of approval, and 2) payment of holding costs of \$150.00 per month per parcel from the date of approval to the date of closing if land sale closing does not occur on or before 30 days from date of approval. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Previous Directives: September 25, 2007 the City Council approved the Collaborative with Hennepin County, Greater Metropolitan Housing Corporation and Hennepin County Sentence to Service Program to construct new homes through the Home Ownership Program on sites conveyed to the City from Hennepin County Taxpayer Services. CPED acquired 2638 14th Ave. S. on September 11, 1981, acquired 2640 14th Ave. S. on November 21, 2007 and acquired 3223 22nd Ave. S. on November 21, 2007.

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229

Approved by: Charles T. Lutz, Deputy CPED Director _____

Thomas A. Streitz, Director Housing Policy & Development _____

Presenters in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Midtown Phillips and Corcoran Neighborhood Organization reviewed this proposal and recommended it be approved.
- 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.
- Comprehensive Plan: On April 28, 2008, the Planning Commission approved the sale of these parcels as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x
- Other: On March 24, 2008, the Planning Staff completed a land sale review of these parcels and deemed them buildable lots.

Supporting Information

PARCEL

TF-708 & MC 190-23B

ADDRESS

2638-40 14th Ave. S.

SALE PRICE

\$1

TF-707

3223 22nd Ave. S.

\$1

PURCHASER

Greater Metropolitan Housing Corporation
15 South Fifth Street, Suite 710
Minneapolis, MN 55402

PROPOSED DEVELOPMENT:

2638-40 14th Ave. S.

The proposal is to construct a 3-bedroom, 3 bathroom, 1,702 square foot single family home to be sold to an owner occupant.

The combined lot size is 45' x 128' =5,760 total square feet.

3223 22nd Ave. S.

The proposal is to construct a 3-bedroom, 3 bathroom, 1,651 square foot single family home to be sold to an owner occupant.

The lot size is 40' x 172' =6,880 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

GMHC has received sufficient financing from US Bank to complete construction of these structures.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Negotiated. The sales price of these properties does not reflect the full re-use value.

COMMENTS:

On September 25, 2007, the City Council approved a collaborative program between the City of Minneapolis, Hennepin County, Greater Metropolitan Housing Corporation (GMHC), and the Sentence to Service Program which authorizes acquisition from Hennepin County and sale to GMHC of these properties as a pass through for \$1 each. These two properties will be developed by GMHC in accordance with the collaboration and the GMHC Home Ownership Program guidelines. These high quality single family homes will be sold to owner occupants whose income is at or below 80% of MMI.

**Authorizing sale of land Vacant Housing Disposition Parcel Nos.
TF-708 & MC 190-23B; and TF-707.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels TF-708 & MC 190-23B and TF-707, in the Midtown Phillips neighborhood, from Greater Metropolitan Housing Corporation, hereinafter known as the Redeveloper, the Parcels TF-708 & MC 190-23B, and TF-707, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-708 & MC190-23B :2638-40 14th Avenue South

Lot 7 and the South ½ of Lot 6, Block 1, Barnes Rearrangement of Block One (1) of Wright's Addition.

A portion of which is registered land as is evidenced by Certificate of Title No. 1221840.

TF-707; 3223 22nd Avenue South

Lot 7, Block 1, Perkins' Addition to Minneapolis Minn, Except the North 10 feet thereof.

Whereas, the Redeveloper has offered to pay the sum of \$1 each for Parcel TF-708 & MC 190-23B and for Parcel TF-707 to the City for the land, and the Redeveloper's proposal is in accordance with the Collaborative Program between the City, Hennepin County, Greater Metropolitan Housing Corporation and Hennepin County Sentence to Serve Program approved by the City Council on September 25, 2007 (Collaborative Program); and

Whereas, the purposes of the Collaborative Program are to reduce blight and crime and to provide affordable housing; and

Whereas, the City hereby finds that the development of such parcels is necessary to help alleviate a shortage of decent, safe and sanitary housing for persons of low and moderate income and their families; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on June 13, 2008, a public hearing on the proposed sale was duly held on June 24, 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 re-use value of the parcels is estimated to be \$23,000 for TF-708 & MC 190-23B and \$46,000 for TF-707; however, in accordance with and to advance the purposes of the Collaborative Program, the City is selling the parcels for sum of \$1 each.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the City's goals and the goals of the Collaborative Program.

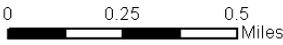
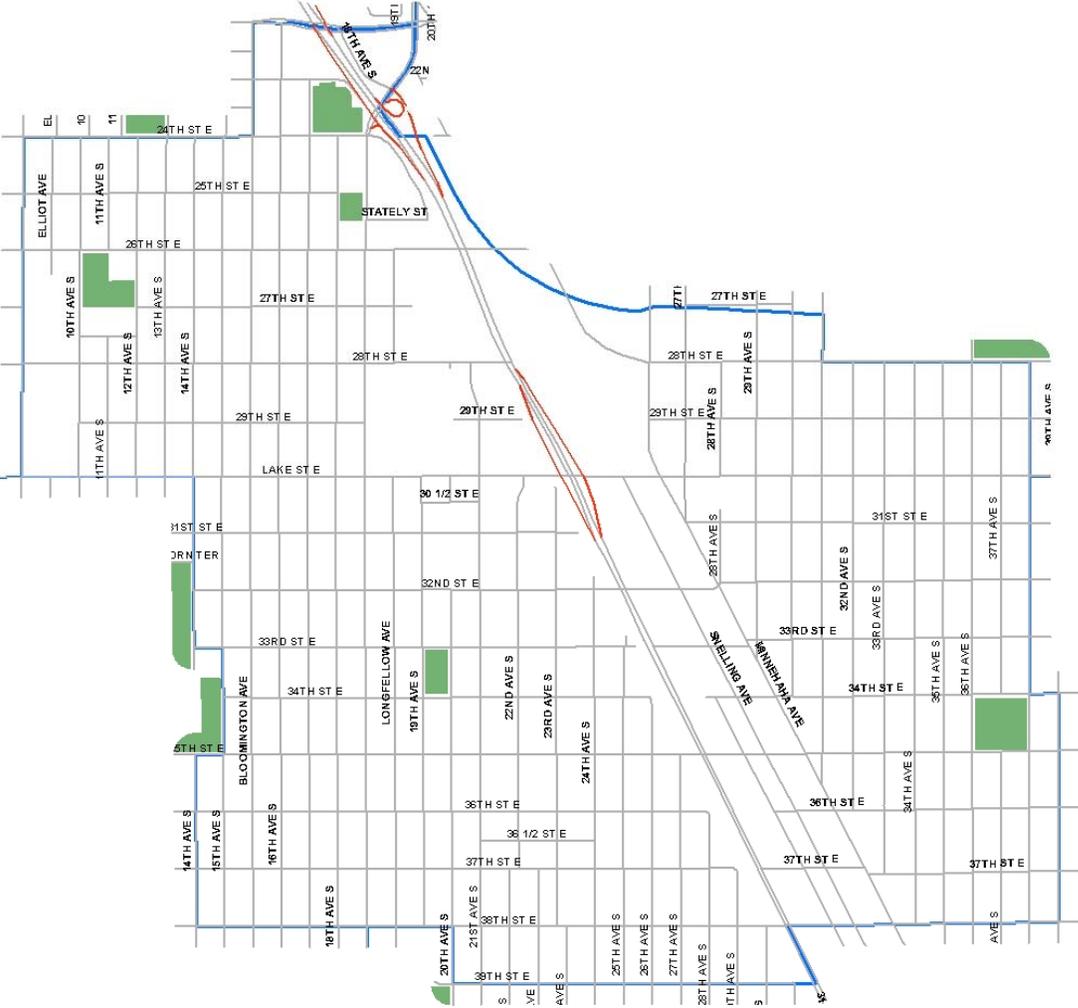
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment 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 30 days from the date of approval.

Be It Further Resolved that the sale conditions described immediately 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 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 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 the Redeveloper 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 City official of the City.

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

Date: June 24, 2008
 Subject: Land Sale – Public Hearing
 Hennepin County, Greater Metropolitan Housing Corporation Collaboration
 Address: 2638-40 14th Ave. S.
 3223 22nd Ave. S.
 Purchaser: Greater Metropolitan Housing Corporation

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
TF-708 & MC 190-23B 11/21/07 & 9/11/81	2638-40 14th Ave. S.	\$14,341	(-)\$1	(-)\$14,340
TF-707 11/21/07	3223 - 22nd Ave. S.	\$1,701	(-)\$1	(-)\$1,700

Re-Use Value Opinion	Less Sales Price	Write-Down
\$23,000	\$1	\$22,999
\$46,000	\$1	\$45,999

Write-Down

Reason: In accordance with the approval of the collaborative program the council approved sale of these properties to GMHC as a pass through for \$1 as a pilot program.

Developer History with CPED:

GMHC has successfully worked in partnership with the City of Minneapolis/CPED to develop high quality single family homes which are sold to owner occupants for many years.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other