

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

Date: March 25, 2008

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

Subject: Land Sale Public Hearing
Model Cities Urban Renewal

Recommendation: Approve the sale of 2407 14th Avenue South to the Indian Health Board of Minneapolis, Inc. for \$177,480 in conformance with the terms described herein.

Previous Directives: CPED acquired 2407 14th Avenue South on June 26, 1991.

Prepared by: Rebecca Brown, Project Coordinator, Phone 673-5018

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

Catherine A. Polasky, Director Economic Policy & Development _____

Presenter in Committee: Rebecca Brown, Project Coordinator

Financial Impact

Action is within the Business Plan

Community Impact

Neighborhood Notification:

The Midtown Phillips Neighborhood Association was notified of this proposed sale and reviewed this proposal at two monthly meetings: October 9, 2007 and November 13, 2007. There were no neighborhood concerns on October 9, 2007, but the group asked for an additional month to alert the immediate neighbors of the property. On November 13, 2007, the association unanimously passed a motion supporting the sale of the parking lot at 2407 14th Ave. S. to the Indian Health Board. The motion also requested the Indian Health Board keep the memorial that is located on the property, maintain attractive landscaping, and improve the fencing.

City Goals:

A SAFE PLACE TO CALL HOME In five years 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. ONE MINNEAPOLIS In five years the gap will be closing for access to housing, health care, education and employment; diversity will be welcome, respected and valued; the city's middle class will be thriving; there will be living-wage jobs or entrepreneurial opportunities for everyone; all residents will have confidence in public safety services; and residents will have access to fair, open and transparent decision-making

Sustainability Targets: NA

Comprehensive Plan:

On September 17, 2007, the Planning Commission approved the sale of this parcel for continued use as a parking lot as being consistent with the Comprehensive Plan.

Zoning Code:

Zoning Code is consistent with allowing the continued use as a parking lot

Living Wage/Business Subsidy Agreement: Yes____ No__X__

Job Linkage: Yes____ No__X__

Other:

On November 10, 2005, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot for many different uses.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
MC 129-1&2	2407 14th Avenue South	\$177,480

PURCHASER

Indian Health Board of Minneapolis, Inc.
1315 East 24th Street
Minneapolis, MN 55404

PROPOSED DEVELOPMENT

This parcel has been used for parking by the Indian Health Board since January, 1996 in exchange for payment of maintenance and utilities on the site. The Indian Health Board intends to continue using the parking lot for the ongoing operations of their offices across the street at 1315 East 24th Street.

The lot size is 116' x 127.5' = 14,790 total square feet.

LAND DISPOSITION POLICY

This property is a buildable lot as defined by City policy and is being sold for continued use as a parking lot. There is no redevelopment activity proposed with this land sale; therefore, staff is recommending a two percent good faith deposit rather than policy's standard ten percent. The deposit will be returned after minor repair on the existing fence is complete.

FINANCING

The Indian Health Board (IHB) has negotiated a loan with Wells Fargo Bank, N.A. for \$178,000 to finance the full purchase price. The proposed loan terms are a 7.25 percent fixed interest rate with monthly principal and interest payments amortized over 15 years, with a balloon payment at 5 years. Wells Fargo is using the value of the Indian Health Board's office building to meet their necessary loan-to-value ratios.

OFFERING PROCEDURE

Negotiated. The sales price of this property reflects the full re-use value as a parking lot. On November 5, 2007, the CEPD staff appraiser determined the Estimated Reuse Value to be \$177,480.

BACKGROUND INFORMATION

The City acquired this parcel when it purchased Lutheran Deaconess Site in 1991. In 1970, the parcel was added to the Model Cities Urban Renewal Redevelopment Area. Model Cities, created in 1970, covered a large swath of south Minneapolis, including much of the Phillips

neighborhood and 2407 14th Avenue South. The City has modified the area's boundaries, but it still covers the parcel in question (map attached). The Indian Health Board began using the property for parking in 1996 under annual Right-Of-Entry agreements. In 2002, the MCDA began to gauge the Indian Health Board's interest in purchasing the lot, rather than continuing to extend annual Right-Of-Entry agreements.

The property is zoned OR2, *High Density Office Residence District* and has a conditional use permit for use as a parking lot. The parking lot has 32 spaces that contribute to the parking requirement under the City's Zoning Code for the Indian Health Board's office/clinic use across the street. The Indian Health Board employs 70 full-time equivalent employees and has approximately 16 additional parking spots on their office site.

One of the Midtown Phillips Neighborhood concerns was to repair the fencing along the alley that suffered damage from snow removal during the winter months. The City's redevelopment contract with the Indian Health Board will either require the fencing be repaired before closing on the sale of the parcel or prior to returning the good faith deposit.

Authorizing sale of land Model Cities Disposition Parcel No MC 129-1&2.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel MC 129-1&2, in the Midtown Phillips neighborhood, from Indian Health Board of Minneapolis, Inc., hereinafter known as the Redeveloper, the Parcel MC 129-1&2, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

MC 129-1&2; 2407 14th Av S

Lots 9 and 10, Block 2, "Gales 1st Addition to Minneapolis".

Being registered property as is evidenced by Certificate of Title No. 1142733.

Whereas, the Redeveloper has offered to pay the sum of \$177,480, for Parcel MC 129-1&2 to the City 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 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 Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on March 14, 2008, a public hearing on the proposed sale was duly held on March 25, 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:

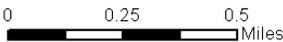
That the re-use value for uses in accordance with the Model Cities plan, as amended, is hereby estimated to be the sum of \$177,480 for Parcel MC 129-1&2.

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 Redevelopment Plan and/or 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. Furthermore, that 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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Created by GBS 8/23/06

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

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Address: 2407 14th Avenue South
 Purchaser: Indian Health Board of Minneapolis, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
MC 129-1&2 June 26, 1991	2407 14 th Ave S	Unknown*	(-)\$177,480	Unable to determine

*Acquisition costs unknown, part of the Lutheran Deaconess Site acquisition.

Re-Use Value Opinion	Less Sales Price	Write-Down
\$177,480	\$177,480	\$0

Write-Down

No write-down applied

Developer History with CPED

The Indian Health Board has no development or loan history with the City of Minneapolis.

Developer Information

- 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