

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

Date: January 22, 2008

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

**Subject:** 1. Land exchange with the Minneapolis Park and Recreation Board (Park Board) of properties located at 1610, 1622 and 1700 49<sup>th</sup> Avenue North (the "Shingle Creek Properties") proposed to be acquired by the City in exchange for properties owned by the Park Board located at 901 45<sup>th</sup> Avenue North, 4959 Knox Avenue North, 5201 Oliver Avenue North and 5200 Penn Avenue North, Minneapolis (the "Park Board Properties").

2. The disposition of Lots 9, 10, 11, 12, 13, part of 14 and part of 15, Block 6, part of Lot 10, Block 7, Orth's Addition to the Town of St. Anthony (the "Grain Belt Riverfront Properties"), and additional property within the Grain Belt Riverfront Redevelopment Project Area, all as more particularly to be described, to the Park Board for a \$1 purchase price, \$400,000 in demolition/site clearance proceeds and other consideration as further described herein.

**Recommendation:** It is recommended that the City Council:

1. approves the terms of the land exchange with the Park Board as described in this report;
2. authorizes the CPED Director to acquire the Shingle Creek Properties pursuant to the Vacant Housing Recycling Program and the attached chart;
3. authorizes the City Finance Officer to enter into a land exchange agreement with the Minneapolis Park and Recreation Board;
4. approves the reprogramming of 50% of the CDBG program income from the sale of the Park Board Properties by the City into the Vacant Housing Recycling Program (Fund 0400); and
5. authorizes the City Finance Officer to enter into a land sale contract with the Park Board for the disposition of the Grain Belt Riverfront Properties as described herein.

**Previous Directives:**

Shingle Creek Park Land Exchange

On June 19, 2007, City Council authorized CPED staff to pursue the acquisition of 1622 and 1700 49<sup>th</sup> Avenue North and negotiate a land exchange agreement with the Park

Board. Staff was further directed to negotiate voluntary acquisition of any additional properties that became available in the project area.

Grain Belt Riverfront Redevelopment

In August 2000, the MCDA Board and City Council approved an amendment to the Grain Belt Development Objectives, a modification to the Grain Belt Redevelopment Plan, and an authorization to issue a housing RFP; 2) In February 2001, the MCDA Board selected the Sheridan Development Company (SDC) as the developer of the Grain Belt Housing Project over three other development proposals, and awarded it six-month development rights; 3) In July 2001, the Board approved a one-year extension of the development rights, and approved additional extensions in July 2002 and in February 2003; 4) On June 2003, the Board approved the finance plan and redevelopment contract terms for Phase I of Grain Belt; 5) On September 26, 2003, the Council adopted the Grain Belt TIF Plan and related Plan modifications; 6) On November 5, 2004, the Council approved an amendment to the redevelopment contract business terms for Phase I of the Grain Belt Housing Project; 7) On December 23, 2005, the Council approved an amendment to the redevelopment contract to extend certain performance deadlines; and 8) On May 26, 2006, the Council approved the sale of the Marshall Street Grain Belt site to Sheridan Development Company, although SDC ultimately defaulted on its Redevelopment Contract with the City and lost its redevelopment rights to the Marshall Street site and riverfront site.

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Approved by: Charles T. Lutz, CPED Deputy Director	_____
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator	
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**Financial Impact**

- No financial impact
- Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or Operating Budget \_\_\_\_\_
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification: The Shingle Creek Neighborhood organization is recommending that the City of Minneapolis acquires the subject properties.

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: None

Zoning Code: R4/SH/Shoreland Overlay District

Living Wage/Business Subsidy Agreement

Yes \_\_\_\_\_ No X

Job Linkage

Yes \_\_\_\_\_ No X

Other: None

### **Supporting Information:**

#### Shingle Creek Park Land Exchange

On June 29, 2007, the City Council authorized staff to pursue the acquisition of two of the Shingle Creek Properties subject to successfully negotiating a land exchange agreement with the Park Board. Staff from CPED and Park Board have negotiated terms of a land exchange. The negotiated land exchange language results in the City receiving Park Board Properties in exchange for the City acquiring, demolishing improvements and site clearance at the Shingle Creek Properties. After the land exchange, the Park Board will make the Shingle Creek Properties part of Shingle Creek Park and the City will sell the Park Board Properties for housing development.

#### Grain Belt Riverfront Redevelopment

The Park Board is finalizing plans for the Sheridan Memorial Park with CPED and Public Works staff as part of the Grain Belt Riverfront Redevelopment Project. The Grain Belt Riverfront Redevelopment Project Area includes the Grain Belt Riverfront Properties which have been reserved for the Sheridan Memorial Park by previous Council actions and by the City's "Above the Falls" Area Plan. The Grain Belt Riverfront Properties have been designated as open space or park property and are appraised at a fair reuse value of \$1.00. Currently, there are three existing warehouse addition buildings (which were constructed in the 1950's and 1960's) that are located in Grain Belt Riverfront Redevelopment Project Area and are being leased by the City to tenants. These three warehouse additions have been slated for demolition for several years to accommodate eventual park development and housing development, and the tenants in these additions have been aware of the temporary nature of their occupancy. Based on a recent market study by Maxfield Research, Inc., the re-marketing of the Grain Belt riverfront housing parcel and the Marshall Street parcel for ownership housing development is not recommended until 2009 or 2010 when the ownership market improves.

One of the three warehouse addition buildings also provides office space for CPED Construction Management staff and office and warehouse space for City Public Works staff, who will both need to be moved to other locations. However, the original Historic Grain Belt Warehouse and the Historic Bottling House (built in the early 1900's), which were sold to Artspace a few years ago and are also occupied, will of course remain and are not included in park and housing development plans.

The proposed disposition of the Grain Belt Riverfront Properties requires the Park Board to (i) pay the City a \$1.00 purchase price; (ii) give the City \$400,000 for the demolition and site clearance of the Grain Belt Riverfront Properties; (iii) lease back the buildings

on the Grain Belt Riverfront Properties to the City for 18 months with an option to extend the lease period six additional months (this affords the City enough time to relocate City staff and the tenants to find a new space); and (iv) acquire the properties located at 9 and 15 13<sup>th</sup> Avenue NE for street improvements (see GALKA on Attachment #4). The City will have all the responsibilities of managing the warehouse buildings and grounds and providing tenant notices to vacate the premises and building maintenance and collecting and retaining all rents during the lease period. The City and the Park Board will jointly replat the Grain Belt Riverfront Redevelopment project area in the future for park space and housing development (see Attachment #3). CPED and Park Board staff are also currently working with the Public Works Department to design the new Water Street, which will form the boundary between the park development and the future housing development. Any residual land not platted for housing development or street uses and lying on the Sheridan Memorial Park side of the replatted Water Street will be conveyed by the City to the Park Board as part of the Grain Belt Riverfront Properties disposition. CPED staff will provide the City Council with an informational report prior to the conveyance of the residual land.

### Summary

The attached chart lists all of the land parcels discussed in this report and each entity's costs associated with the land exchange. The combination of the land parcels to be exchanged for the City of Minneapolis owned parcels and \$400,000 in demolition/site clearance proceeds bring the terms of the Shingle Creek Park land exchange well within the direction of the City Council's action of June 29, 2007.

It is recommended that the City Council approves the terms of the Shingle Creek Park land exchange with and the disposition of the Grain Belt Riverfront Properties to the Minneapolis Park and Recreation Board as described in this Report and authorizes the appropriate City officials to enter into a land exchange agreement for the Shingle Creek Properties and a land sale contract for the Grain Belt Riverfront Properties with the Minneapolis Park and Recreation Board.

As part of the adoption of the 2008 budget, City Council adopted a policy that requires 50% of all CDBG program income received in 2008 and thereafter be used to reduce the CDBG deficit. The remaining 50% is eligible for reprogramming and staff is therefore, recommending that the balance 50% of the program income resulting from sale of the Park Board Properties be reprogrammed to the Vacant Housing Recycling Program (Fund 0400).

### **Attachments:**

- Attachment #1: Ward Map—Proposed Properties the City to acquire from MPRB
- Attachment #2: Ward Map—Proposed Properties MPRB to acquire from the City
- Attachment #3: Concept Layout—Sheridan Memorial Park
- Attachment #4: Grain Belt Riverfront Ownership Map
- Attachment #5: Chart—Comparative Summary for the 49<sup>th</sup> Avenue Project Land Exchange

## **Authorizing Sale of Land Vacant Housing Recycling Program**

### **Disposition Parcels: VH-217 (1700 49<sup>th</sup> Avenue North), VH-302 (1622 49<sup>th</sup> Avenue North & VH-303 (1622 49<sup>th</sup> Avenue North)**

Whereas, the City of Minneapolis, hereinafter known as the City, has offered to acquire through a land exchange, the property located at 4959 Knox Avenue North, 901 45<sup>th</sup> Avenue North, 5200 Penn Avenue North and 5201 Oliver Avenue North (Park Board Parcels), from the Minneapolis Park and Recreation Board, hereinafter known as the Park Board; and

Whereas, the City intends to acquire through its Vacant Housing Recycling Program the parcels located at 1700 49<sup>th</sup> Avenue North, 1610 49<sup>th</sup> Avenue North and 1610 49<sup>th</sup> Avenue North (Shingle Creek Parcels), in the Shingle Creek Neighborhood of Minneapolis, and legally described as follows:

#### LEGAL DESCRIPTION

##### VH-217 (1700 49<sup>th</sup> Av N)

That part of the Southeast Quarter of the Northeast Quarter of Section 11, Township 118, Range 21, described as follows:

Beginning at a point 33 feet North and 721.9 feet West of the Southeast corner of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said Section; thence North parallel with the East line of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  a distance of 139 feet; thence East parallel with the North line of said Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  to the West line of James Avenue; thence South on the West line of James Avenue 132 feet; thence West to the place of beginning.

##### VH-302 (1610 49<sup>th</sup> Av N)

The West 22 feet of the East 497.86 feet of the North 132 feet of the South 165 feet of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of Section 11, Township 118 North, Range 21 West of the 5<sup>th</sup> Principal Meridian.

##### VH-303 (1622 49<sup>th</sup> Av N)

That part of the Southeast quarter of the Northeast quarter of Section 11, Township 118, Range 21, described as follows: Commencing at a point 577.86 feet West of a point thirty-three (33) feet North of the Southeast corner of the Northeast quarter of Section 11, Township 118, Range 21; thence West 40 feet to the East line of James Avenue North; thence North 132 feet; thence East 40 feet; thence South 132 feet to the point of beginning; and

The West 40 feet of the East 577.86 feet of the North 132 feet of the South 165 feet of the Southeast Quarter of the Northeast Quarter of Section 11, Township 118, Range 21.

And;

Whereas, the Park Board has agreed to exchange the Park Board Parcels for the Shingle Creek Parcels

Whereas, the City has determined that the exchange of the Park Board Parcels for the Shingle Creek Parcels is reasonable given the comparable reuse values of the parcels and the City's desire to acquire the Park Board Parcels for development; and

Whereas, the land exchange is consistent with the purposes of the Vacant Housing Recycling Program;

Now, Therefore, Be It Resolved by the City Council of the City of Minneapolis:

That the acceptance of the land exchange offer and proposal is hereby determined to be in accordance with the City's approved disposition policy.

Be It Further Resolved that the land exchange proposal be and the same is hereby accepted, subject to the execution of a land exchange agreement. Furthermore, that the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the land exchange agreement to the Redeveloper; provided, however, that this Resolution does not constitute such an agreement and no such agreement 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 Shingle Creek Parcels to the Park Board in accordance with the provisions of the executed land exchange agreement and upon the exchange and conveyance of the Park Board Parcels to the City; provided, however, that this Resolution does not constitute such an exchange and conveyance and no such exchange and conveyance shall be created until an appropriate land exchange agreement for the exchange and conveyance of land has been executed by the Finance Officer or other appropriate City official of the City.

## **Authorizing Sale of Land Grain Belt Project**

### **Disposition Parcel No GB-1B.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase Disposition Parcel GB-1B, in the Sheridan neighborhood, from the Minneapolis Park and Recreation Board, hereinafter known as the Park Board; and

Whereas, the Parcel GB-1B, located in the City of Minneapolis, County of Hennepin, State of Minnesota and legally described as:

#### LEGAL DESCRIPTION

GB-1B; 39 13<sup>th</sup> Avenue NE (portion)

Lots 9, 10, 11, 12, 13, 14, and 15, Block 6 except that part of Lots 14 and 15 lying Easterly of the Westerly Railroad easement curved line.

Lot 10, Block 7.

That part of Vacated River Street described as beginning at the most Northerly corner of Block 7; thence Northwesterly along the extension of the Northeasterly line of Block 7 to the Easterly line of Block 6; thence Southerly along said Easterly line to the Southeasterly corner of Lot 9, Block 6; thence Easterly along the extension of the Southerly line of Lot 9, Block 6 to the center line of Vacated River Street; thence Northerly along said center line to the intersection of South line of Lot 10, Block 7 extended; thence Easterly along the South line of Lot 10, Block 7 extended to the West corner of Lot 10, Block 7; thence Northeasterly along the Westerly line of Block 7 to the point of beginning.

All in Orth's Addition to the Town of St. Anthony (the "Grain Belt Parcels").

Whereas, the Park Board has offered to pay the sum of \$1.00, and other consideration for the Grain Belt Parcels to the City; 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 \$1.00 re-use value for the Grain Belt Parcels;

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 Grain Belt Project plan, as amended, is hereby estimated to be the sum of \$1.00 for the Grain Belt Parcels.

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.

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 Park Board; 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 Park Board in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof and other consideration; 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.