

Request for MCDA Board of Commissioners Action

From the Department of Community Planning & Economic Development

Date: February 17, 2004

To: MCDA Board of Commissioners

Prepared by Tiffany Glasper, Project Coordinator III, Phone 612-673-5221

Presenter in Committee: Tiffany Glasper, Project Coordinator III

Approved by Chuck Lutz, Deputy CPED Director

Lee Pao Xiong, Director, Housing

Subject: Land Sale – Public Hearing

Jordan – Vacant Housing Recycling Program

RECOMMENDATION: Approve the sale of 2822 Penn Avenue North, 2116 Willow Avenue North and 2415 Irving Avenue North to The Greater Metropolitan Housing Corporation of the Twin Cities with payment of the purchase price to be paid upon closing.

Previous Directives: MCDA acquired 2822 Penn Avenue North on June 26, 2001; acquired 2116 Willow Avenue North on July 3, 1996; and acquired 2415 Irving on November 11, 1997.

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): Sale of these parcels will eliminate future property management expenses.

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

Community Impact

Ward: 3

Neighborhood Notification: Jordan Area Community Council's Housing Committee reviewed proposals presented by The Greater Metropolitan Housing Corporation of the Twin Cities on January 6, 2004 and recommended approval of those proposals.

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." Also this area is designated for low density housing in accordance with the Land Use Policy Map.

Zoning Code: Complies. 2822 Penn Avenue North is zoned R1A; 2116 Willow Avenue North is zoned R2B; and 2415 Irving Avenue North is zoned R2B.

Living Wage/Job Linkage: NA

Other: None

BACKGROUND/SUPPORTING INFORMATION:

PARCEL ADDRESS SALE PRICE

JOR 48 – 2 2822 Penn Avenue North \$15,250

JOR 77 – 3 2116 Willow Avenue North \$19,100

JOR 83 – 33 2415 Irving Avenue North \$19,725

PURCHASER

The Greater Metropolitan Housing Corporation of the Twin Cities
15 South 5th Street, Suite 710
Minneapolis, MN 55402

2822 Penn Avenue North

MCDA acquired 2822 Penn Avenue North from a private individual on June 26, 2001. The parcel contained a condemned and fire-damaged single family home. The lot size is 43' x 126' = 5,418 sq. ft.

2116 Willow Avenue North

MCDA acquired 2116 Willow Avenue North from a private individual on July 3, 1996. The parcel contained a blighted single family home. The lot size is 44' x 125' = 5,500 sq. ft.

2415 Irving Avenue North

MCDA acquired 2415 Irving Avenue North from a private individual on November 11, 1997. The parcel contained a vacant and blighted duplex. The lot size is 45' x 140' = 6,300 sq. ft.

PROPOSED DEVELOPMENT:

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) is proposing the following new construction, single-family homes:

2822 Penn Avenue North

GMHC is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,700 sq. ft. of finished living space. The home's estimated value upon completion is \$200,000 and it will be sold to an owner-occupant.

2116 Willow Avenue North

GMHC is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,700 sq. ft. of finished living space. The home's estimated value upon completion is \$200,000 and it will be sold to an owner-occupant.

2415 Irving Avenue North

GMHC is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,650 sq. ft. of finished living space. The home's estimated value upon completion is \$200,000 and it will be sold to an owner-occupant.

GMHC and MCDA/CPED are partners in the Century Homes Program. Per this partnership agreement, GMHC and MCDA/CPED have agreed to split equally any profits realized from the sale of properties. Per the above development proposals, budget projections indicate an estimated profit as follows:

	2822 Penn	2116 Willow	2415 Irving
Development Costs	\$191,965	\$195,815	\$196,440
Est. Sales Price	\$200,000	\$200,000	\$200,000
Total Profit	\$ 8,035	\$ 4,185	\$ 3,560
MCDA Profit	\$ 4,017.50	\$ 2,092.50	\$ 1,780

LAND DISPOSITION POLICY:

These lots are buildable as defined by MCDA's policy.

FINANCING:

GMHC has demonstrated sufficient financing for the proposed new construction projects. However, GMHC is requesting to defer the purchase price until the sale of the completed project. Deferred payment of the purchase price will reduce the total redevelopment costs to GMHC and will increase the net profit to be shared equally with the MCDA.

OFFERING PROCEDURE:

Public advertisement. The sale price reflects the appraised reuse value for these parcels.

COMMENTS:

CPED staff received development proposals from GMHC for the redevelopment of 2822 Penn Avenue North, 2116 Willow Avenue North and 2415 Irving Avenue North. There were no competing proposals.

2822 Penn Avenue North has been in the MCDA/CPED inventory since approximately July 2001 and has been available to the public via our web site since September 2001. 2116 Willow Avenue North has been in our inventory since approximately July 1996 and has been available to the public via our web site since January 2000. 2415 Irving Avenue North has been in our inventory since November 1997 and available to the public via our web site since December 2001.

GMHC has an established and successful relationship with CPED/MCDA as a partner in the Century Homes Program. Through the Century Homes program, the CPED/MCDA is committed to providing 100 lots per year to GMHC for the development of market rate single-family homes. GMHC has a long history of building quality single-family homes in the City of Minneapolis.

Representatives from GMHC presented their proposals at the January 6, 2003 meeting of the Jordan Area Community Council's Housing Committee and members of JACC's Housing Committee recommended approval of those proposals.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By

Authorizing Sale of Land

Vacant Housing Recycling Program/Jordan

Disposition Parcel No's. JOR 48-2, 77-3 & 83-33

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received offers to purchase and develop Disposition Parcels JOR 48-2, 77-3 & 83-33, in the Jordan neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities, hereinafter known as the Redeveloper, the Parcels JOR 48-2, 77-3 & 83-33, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

(See [Exhibit A](#) Attached hereto)

WHEREAS, the Redeveloper has offered to pay the sum of \$15,250 (2822 Penn Avenue North), \$19,100 (2116 Willow Avenue North) and \$19,725 (2415 Irving Avenue North), for Parcels JOR 48-2, 77-3 & 83-33 to the Agency for the land, and the Redeveloper's proposals are in accordance with the applicable Redevelopment Plan and/or Program; and

WHEREAS, the Redeveloper has submitted to the Agency a statement of financial responsibility and qualifications; and

WHEREAS, the Agency has had the re-use values reviewed by an appraisal expert, stating that the re-use value opinions are consistent with the accepted methods in aiding the Agency in determining re-use values for the Parcels; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on February 6, 2004, a public hearing on the proposed sale was duly held on February 17, 2004, following 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, that the re-use values for uses in accordance with the Vacant Housing Recycling Program/Jordan plan, as amended, is hereby estimated to be the sum of \$15,250 (2822 Penn Avenue North), \$19,100 (2116 Willow Avenue North) and \$19,725 (2415 Irving Avenue North) for Parcels JOR 48-2, 77-3 & 83-33, and

BE IT FURTHER RESOLVED, that the acceptance of the offers and proposals are hereby determined to be in accordance with the Agency's approved disposition program and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcels in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposals be and the same are hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Executive Director or other appropriate official of the Agency 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 Executive Director or other appropriate official of the Agency; and

BE IT ALSO FURTHER RESOLVED, that the Chairman and Secretary, or any other two Commissioners of the Agency, are 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 Agency 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 Chairman and Secretary, or any other two Commissioners of the Agency.

EXHIBIT A

2822 Penn Avenue North (JOR 48-2)

Lot 13, Block 5, Forest Park Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1070181.

2116 Willow Avenue North (JOR 77-3)

Lot 20, Block 6, Forest Heights.

2415 Irving Avenue North (JOR 83-33)

That part of Lot 1, Block 12, Forest Heights, Minneapolis, MN described as follows:

Commencing at Southeast corner of said Lot 1, Block 12, Forest Heights, and thence running Northerly on line that divided Lot 1 from 15th Street 45 feet; thence across said lot in Westerly direction to a point on the line that separates Lot 1 from 15 ½ Street distant 55 feet from the Southwest corner of said Lot 1 on the alley in said Block 12; thence on divided line between said 15 ½ Street and said lot to Southwest corner of said lot; thence on line that divides said Lot 1 from Lot 2 to Southeast corner of said lot and to beginning, according to the recorded plat thereof, and situate in Hennepin County, Minnesota.