



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

Date: June 17, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory  
Services Committee

**Subject:** Land Sale Public Hearing  
Willard-Homewood Renewal Area

**Recommendation**

1. Approve the sale of 2201 Golden Valley Road and 1823 Penn Avenue North to Commons at Penn Limited Partnership or an affiliate for \$73,880.
2. Authorize appropriate City officials to enter into a Redevelopment Contract and related documents in accordance with the terms herein.

**Previous Directives:** On June 29, 2012, the City Council granted exclusive development rights to Building Blocks Non-Profit, Inc. for a period of 12 months with the potential for an administrative 6 month extension. On August 3, 2012, the City Council authorized the submission of a TBRA brownfield investigation grant on behalf of this project. On October 19, 2012, the City Council accepted a TBRA brownfield investigation grant that had been awarded for this project. On November 2, 2012, the City Council approved up to \$1,125,000 in Affordable Housing Trust Funds for this project. On December 7, 2012, the City Council approved up to \$5 million in Tax Exempt Multi-Family Housing Entitlement Revenue Bonds. On April 12, 2013, the City Council authorized the submission of an application to the Metropolitan Council for LCDA-TOD funds on behalf of this project. On November 1, 2013 the City Council authorized the submission of an application for Hennepin County ERF Grant funding for this project.

CPED acquired 2201 Golden Valley Road on July 1, 1980 for \$36,000 and acquired 1823 Penn Avenue North on October 5, 1979 for \$25,000.

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

Approved by: Charles T. Lutz, Interim CPED Director \_\_\_\_\_

Catherine A. Polasky, Director, Economic Policy & Development \_\_\_\_\_

Presenter(s) in Committee: Tiffany Glasper, Senior Project Coordinator

**Financial Impact**

- Elimination of future property management costs estimated at \$7,200 per year.
- Proposed Total CPED Land Assembly Costs Net Sale Proceeds: \$ 12,800
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0

**Community Impact**

- Neighborhood Notification: Northside Residents’ Redevelopment Council reviewed this proposal.
- City Goals: Living well: Minneapolis is safe and livable and has an active and connected way of life.
- Sustainability Targets: Vital Community-Affordable housing
- Comprehensive Plan: On March 3, 2014, the Planning Commission approved the sale of these parcels as being consistent with the Comprehensive Plan.
- Zoning Code: C1
- Living Wage/Business Subsidy Agreement      Yes\_\_\_\_\_      No\_\_x\_\_
- Job Linkage      Yes\_\_\_\_\_      No\_\_x\_\_
- Other: On February 6, 2014, the Planning Staff completed a land sale review of these parcels and deemed the site buildable.

**Supporting Information**

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
WH 34-24	2201 Golden Valley Road	\$47,890
WH 34-23	1823 Penn Avenue North	\$25,990

**PURCHASER**

Commons at Penn Limited Partnership  
1161 Wayzata Boulevard East, #403  
Wayzata, MN 55391

**PROPOSED DEVELOPMENT:**

These parcels will be sold to Commons at Penn Limited Partnership or an affiliate for assemblage with 2213, 2217 and 2221 Golden Valley Road for the “Commons @ Penn” affordable housing project, proposed to contain 45 units of rental housing above community services and retail space. The redevelopment project will also contain underground parking, green space and public pedestrian amenities.

The assembled lots have 75,199 total square feet

**LAND DISPOSITION POLICY:**

The assembled site is buildable as defined by City policy and is being sold for development.

**FINANCING:**

Commons at Penn Limited Partnership has demonstrated that it has secured the necessary funding for the redevelopment project.

**OFFERING PROCEDURE:**

Public Advertisement. The sales price of these properties does reflect the full re-use value as it was determined in December, 2013.

**COMMENTS:**

The City acquired the vacant lots at 1823 Penn Avenue North and 2201 Golden Valley Road on October 5, 1979 and July 1, 1980, respectively. The total acquisition cost for both parcels is approximately \$61,000 plus additional costs for demolition and property management. The properties were acquired under the Vacant Housing Recycling Program.

On April 1, 2014, Commons at Penn Limited Partnership submitted to CPED an offer to purchase for the two (2) subject parcels as part of their overall funding application.

The Northside Residents' Redevelopment Council has had an opportunity to review and comment on various aspects of the proposed project.

The developer is proposing to construct a four-story, mixed use building containing 45 units of affordable housing and approximately 4,500 square feet of community services and programming space.

The project is proposed to be 100% affordable to households at or below 50% MMI.

The project's community services space is proposed to be occupied by Building Blocks offices and programming space, North Point Health and Wellness Center and resident amenities.

The project will also include surface and underground parking, CPTED design elements, public pedestrian-scale improvements, green space, a tot lot and attractive façade elements as part of this project.

The total development cost (TDC) of the project is estimated at \$10.7 million and all necessary financing has been secured.

The project is scheduled to close by the middle of August 2014, begin construction immediately thereafter and be complete by approximately November 2015.

**Authorizing sale of land Willard-Homewood Urban Renewal Area Disposition Parcels WH 34-24 and WH 34-23.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels WH 34-24 and WH 34-23, in the Willard-Hay neighborhood, from Commons at Penn Limited Partnership, or an affiliate, hereinafter known as the Redeveloper, the Parcels WH 34-24 and WH 34-23, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

WH 34-24 & WH 34-23; 2201 Golden Valley Road & 1823 Penn Av N

Lots 1, 2 and 3, Block 1, Eastlawn Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$73,880, for Parcels WH 34-24 and WH 34-23 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 Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on June 6, 2014, a public hearing on the proposed sale was duly held on June 17, 2014, 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:

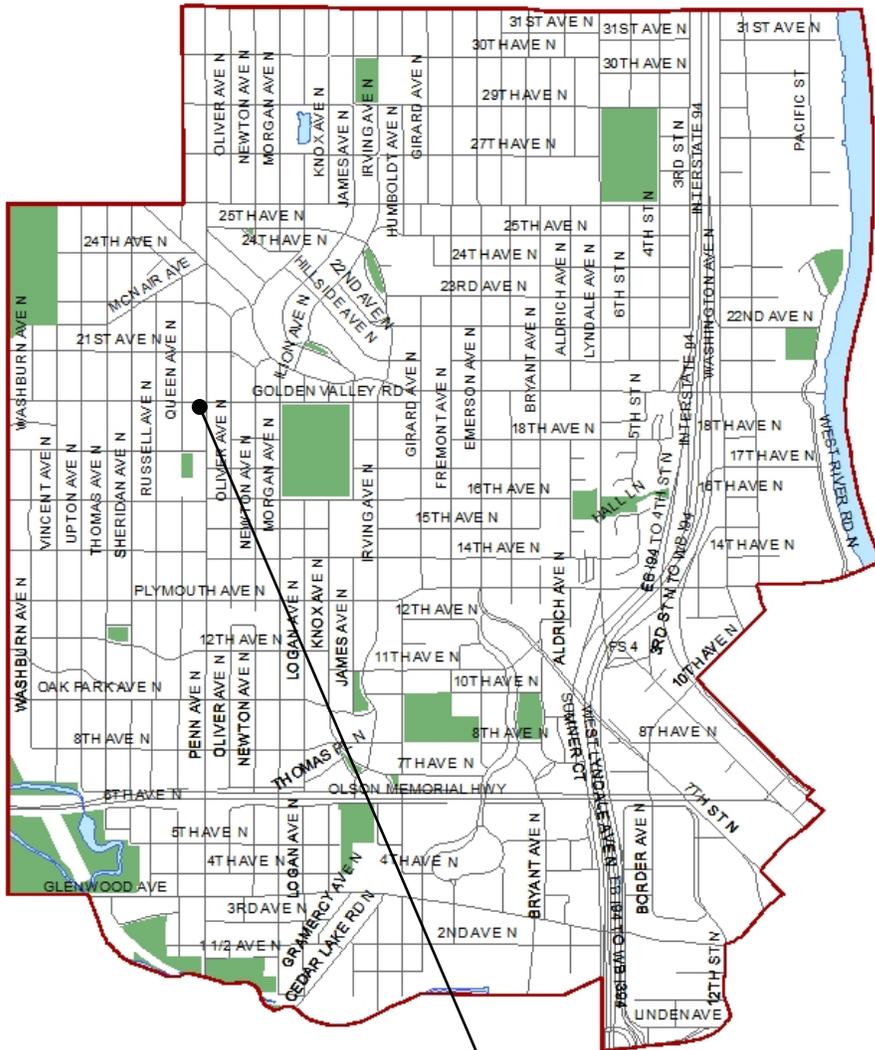
That the re-use value for uses in accordance with the Willard-Homewood Urban Renewal Area plan, as amended, is hereby estimated to be the sum of \$73,880 for Parcels WH 34-24 and WH 34-23.

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 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 and delivered by the Finance Officer or other appropriate City official of the City.

# Ward 5



Addresses: 2201 Golden Valley Road  
1823 Penn Avenue North



Community Planning &  
Economic Development

CPED Long Range Planning, 12/18/2013



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

Date: June 17, 2014  
 Subject: Land Sale – Public Hearing  
 Willard-Homewood Urban Renewal Area  
 Address: 2201 Golden Valley Road and 1823 Penn Avenue N  
 Purchaser: Commons at Penn Limited Partnership, or an affiliate

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble (A+B)	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0) (E-C)	Re-Use Value Write Down (E-D)
2201 Golden Valley Road	\$36,000	\$0	\$36,000	\$47,890	\$47,890	\$11,890	\$0
1823 Penn Av N	\$25,000	\$0	\$25,000	\$25,990	\$25,990	\$990	\$0
<b>Total</b>	<b>\$61,000</b>	<b>\$0</b>	<b>\$61,000</b>	<b>\$73,880</b>	<b>\$73,880</b>	<b>\$12,880</b>	<b>\$0</b>

Write-Down  
 Reason: N/A

Developer History with CPED:  
 Commons at Penn Limited Partnership is a new developer. The City has not done business with this entity before.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited 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