



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

Date: July 8, 2014

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

Subject: Land Sale Public Hearing
Vacant Housing

Recommendation:

1. Approve the sale of 3532 Chicago Avenue for \$15,500 and 3545 Columbus Avenue for \$1 plus reimbursement of City acquisition costs to Greater Metropolitan Housing Corporation, subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and 2) payment of holding costs of \$300.00 per month if the land sale closing does not occur on or before the closing deadline. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.
2. Approve granting a right of entry for each parcel to Greater Metropolitan Housing Corporation to accommodate the move being completed by the August 1, 2014 deadline.

Previous Directives: CPED acquired 3532 Chicago Avenue on 2/8/2013. CPED is in the process of acquiring 3545 Columbus Avenue from the State of Minnesota through tax forfeiture.

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

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

Catherine A. Polasky, Director Economic Policy & Development _____

Presenter(s) in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact

- Elimination of future property management costs estimated at \$3,600 per year per property.
- Proposed Total CPED Land Assembly Costs Net Sale Proceeds: \$14,109
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$19,999

Community Impact

- Neighborhood Notification: Central Neighborhood Improvement Agency has been notified of this proposal.
- City Goals: Living Well: Minneapolis is safe and livable and has an active and connected way of life. High-quality, affordable housing choices exist for all ages, incomes and circumstances.
- Comprehensive Plan: On June 23, 2014, the Planning Commission approved the sale of these parcels as being consistent with the Comprehensive Plan.
- Zoning Code: It complies
- Other: On June 10, 2014, the Planning Staff completed a land sale review of these parcels and deemed them buildable lots.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-784	3532 Chicago Avenue	\$15,500
TF828	3545 Columbus Avenue	*\$1

*Plus reimbursement of City acquisition costs.

PURCHASER

Greater Metropolitan Housing Corporation
15 South 5th Street Minneapolis, MN 55402

PROPOSED DEVELOPMENT:

3532 Chicago Avenue

The existing duplex at 3821 3rd Avenue South will be moved to this lot, rehabilitated to return it to its original use as a single family home and sold to an owner occupant with income at, or below, 80% of the area median income.

The lot size is 42' x 122' = 5,124 total square feet.

3545 Columbus Avenue

The existing 3-bedroom 1 bathroom single family structure at 3808 Clinton Avenue will be moved to this lot, rehabilitated and sold to an owner occupant with income at, or below, 80% of the area median income.

The lot size is 40' x 128' = 5,100 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

The project will be funded under the Home Ownership Program (Fund 01400) and a line of credit (Fund 01SHW). The City will provide a zero interest construction loan (Fund 01SHW) to be repaid at the time of sale.

OFFERING PROCEDURE:

Public Advertisement. The sales price of 3532 Chicago Avenue does reflect the full re-use value. The property at 3545 Columbus Avenue is being acquired for \$1 from the County to support the development of affordable housing. GMHC will reimburse the City for all acquisition-related costs associated with the 3545 Columbus Avenue parcel.

COMMENTS:

These properties will be the site for the relocation of two houses located in the foot print of the construction of the new Seward Friendship Co-op Grocery Store at 38th and Clinton.

In November 2013, Seward Community Co-op, Inc. submitted an offer to purchase the City-owned development property located at 3800 Clinton Avenue South as part of the site assemblage required to develop a proposed grocery store. Since that time, Seward Co-op has acquired seven adjacent private properties, creating a 52,000 square foot contiguous development site. This site includes the vacant structures and vacant land which had previously been owned and operated by the Friendship Missionary Baptist Church, as well as three single-family homes and one duplex. The Bryant Neighborhood Organization requested that the Co-op work with the City to preserve as many of the four residential structures as possible. The Co-op has offered to donate all four structures for development, with the stipulation that the structures be moved off the development site no later than August 1, 2014 so that site preparation timing requirements can be met.

The City in partnership with Greater Metropolitan Housing Corporation (GMHC) has completed its due diligence and determined that two of the four structures are viable candidates for relocation and rehabilitation, which would be carried out through the CDBG funded Home Ownership Program.

The City is purchasing the lot at 3545 Columbus Avenue from Hennepin County. The County has agreed to sell the property to the City for \$1 on the condition that the resulting use is for the provision of affordable housing [household with income at or below 80% AMI (\$63,900 for a family of four)]. GMHC will work in partnership with the City of Lakes Community Land Trust to market these homes and provide a priority for land trust-qualified purchasers to ensure long-term affordability for all of these homes. The City will convey tax title to GMHC.

Staff believes, on the basis of the analysis completed to date, that it is appropriate for the City to sell these lots to GMHC to accommodate the move of these two homes.

RESOLUTION
Of the
City of Minneapolis

By Goodman

Authorizing sale of land Vacant Housing Disposition Parcel Nos. TF-784 and TF-828.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels TF-784 and TF-828 in the Central neighborhood, from Greater Metropolitan Housing Corporation, hereinafter known as the Redeveloper, the Parcels TF-784 and TF-828, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-784; 3532 Chicago Avenue

Lot 3, Block 1, French's Addition to Minneapolis

TF-828; 3545 Columbus Avenue

The West 22 feet of Lot 9, Block 1, French's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$15,500 for Parcel TF-784 and \$1 plus reimbursement of City costs for Parcel TF-828 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 June 27, 2014, a public hearing on the proposed sale was duly held on July 8, 2014, at the regularly scheduled Community Development and Regulatory services 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 Vacant Housing plan, as amended, is hereby estimated to be the sum of \$15,500 for Parcel TF-784, and \$20,000 for Parcel TF-828.

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.

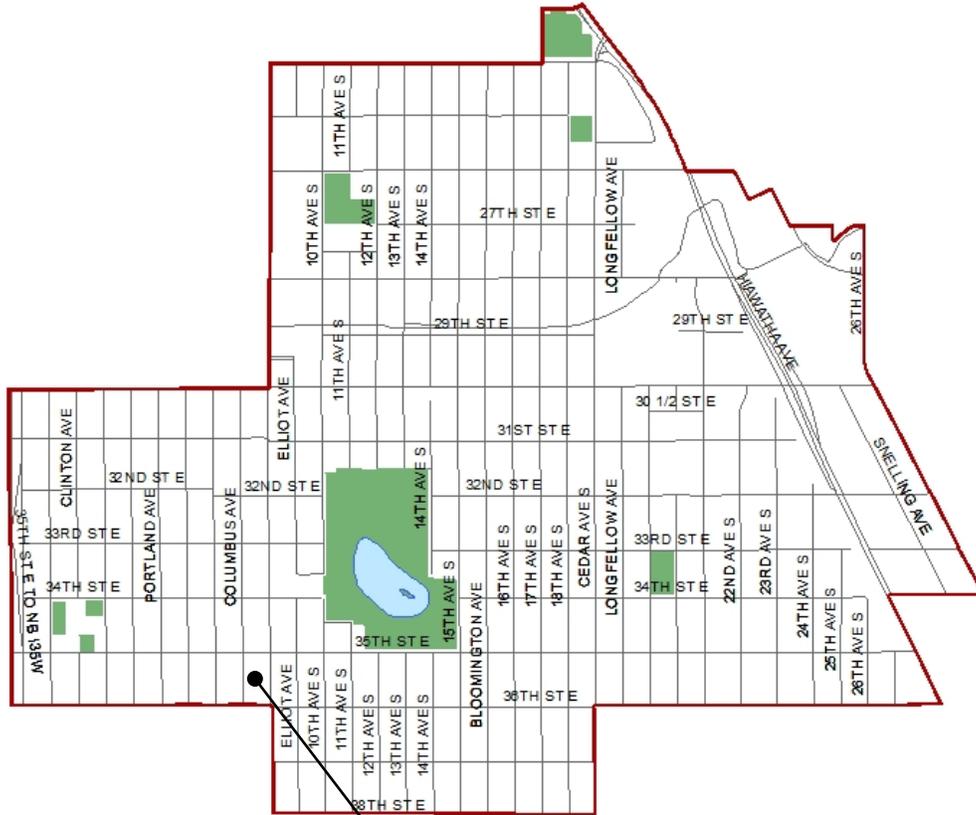
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month if the land sale closing does not occur on or before the closing deadline.

Be It Further Resolved that the sale conditions described 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 and delivered by the Finance Officer or other appropriate City official of the City.

Ward 9



Address: 3532 Chicago Av and
3545 Columbus Avenue



Minneapolis
City of Lakes
Community Planning &
Economic Development

CPED Long Range Planning, 12/18/2013



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

Date: July 8, 2014
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 3532 Chicago Avenue
 3545 Columbus Avenue
 Purchaser: Greater Metropolitan Housing Corporation

	A	B	C	D	E	F	G	H
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble	Re-Use Value Opinion	Sale Price	Cost Reimb	CPED Cost Write-Off or Sale Proceeds (if > 0)	Re-Use Value Write Down
			(A+B)				(E+F-C)	(E-D)
3532 Chicago Av	\$1	\$1,390	\$1,391	\$15,500	\$15,500	\$0	\$14,109	\$0
3545 Columbus Av*	\$1	\$5,144	\$5,145	\$20,000	\$1	\$5,144	\$0	(\$19,999)
Total	\$2	\$6,534	\$6,536	\$35,500	\$15,501	\$5,144	\$14,109	(\$19,999)

*The City is in the process of acquiring this tax forfeited parcel from Hennepin County. The sale price of \$1 will also include reimbursement of City acquisition-related costs.

Write-Down

Reason: The City will be fully reimbursed for the cost of acquisition by the developer. Sale of this lot for \$1.00 plus reimbursement of City acquisition-related costs will help support the development of affordable housing.

Developer History with CPED:

GMHC has been developing housing units in the City of Minneapolis 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