



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

Date: May 5, 2015

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

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 1418 Sheridan Avenue North to City of Lakes Community Land Trust (CLCLT) for \$1 plus reimbursement of City costs of \$5,415 subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date the City receives title 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.

Previous Directives: The City is in the process of acquiring 1418 Sheridan Avenue North from Hennepin County.

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229
Approved by: D. Craig Taylor, Director CPED _____
Charles T. Lutz, Deputy Director CPED _____
Presenter(s) in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact

- Action is within the Business Plan
- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Proceeds (see attached table): \$0
- Proposed Re-Use Value Write-Down (see attached table): \$7,499

Community Impact

- Neighborhood Notification: Willard Hay reviewed this proposal and recommended it be approved.
- City Goals: LIVING WELL Minneapolis is safe and livable and has an active and connected way of life.
- Sustainability Targets: The project will be sold for affordable housing.
- Comprehensive Plan: On January 26, 2015, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: The proposal is consistent with the zoning
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x
- Other: On December 11, 2014, the Planning Staff completed the land sale review process.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-815	1418 Sheridan Avenue North	\$1

PURCHASER

City of Lakes Community Land Trust (CLCLT)
1930 Glenwood Avenue
Minneapolis, MN 55405

PROPOSED DEVELOPMENT:

The developer proposes the rehabilitation of the existing 1,412 square foot single family structure which contains 3 bedrooms and 1 bathroom.

The lot size is 40' x 128' = 5,120 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for development and will be improved by rehabilitation, as defined by City policy.

FINANCING*:

CLCLT will receive HOME funding from the City of Minneapolis through the Home Ownership Works program. Additional funds will be provided by CLCLT.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property is greater than the full re-use value because the developer is reimbursing the City its acquisition and all related costs.

COMMENTS:

This tax-forfeited property has been identified by CLCLT as a priority for rehabilitation and sale to an owner-occupant. CLCLCT will be selling the property with resale restrictions which require long term affordability of the home. The City will be reimbursed for acquisition related costs. The property is being sold in its as-is condition and the City is conveying tax title. This will be the second property on this block that CLCLCT will rehabilitate. The first was a former HUD home that they purchased from the City of Minneapolis and sold to an owner-occupant after the rehabilitation was completed.

The City is purchasing the subject property from the State through tax forfeiture for \$1 plus holding and administrative fees. This was in accordance with Minnesota Statute 282.01, Subd. 1a, section D1, "The county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced prices will lead to the development of affordable housing." In this case, rehabilitation of the subject property meets both of those criteria—blight removal and development of affordable housing.

Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel TF-815.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-815 in the Willard-Hay Neighborhood, from City of Lakes Community Land Trust, hereinafter known as the Redeveloper, the Parcel TF-815 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-815; 1418 Sheridan Avenue North
Lot 20, Block 3, South Lawn Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$1 plus the reimbursement of City costs of \$5,415 for Parcel TF-815; the offer includes a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the 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 accepted methods of 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 Friday, April 24, 2015, a public hearing on the proposed sale was duly held on May 5, 2015, 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 Recycling Program plan, as amended, is hereby estimated to be the sum of \$7,500 for Parcel TF-815.

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 the City receives title, 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.

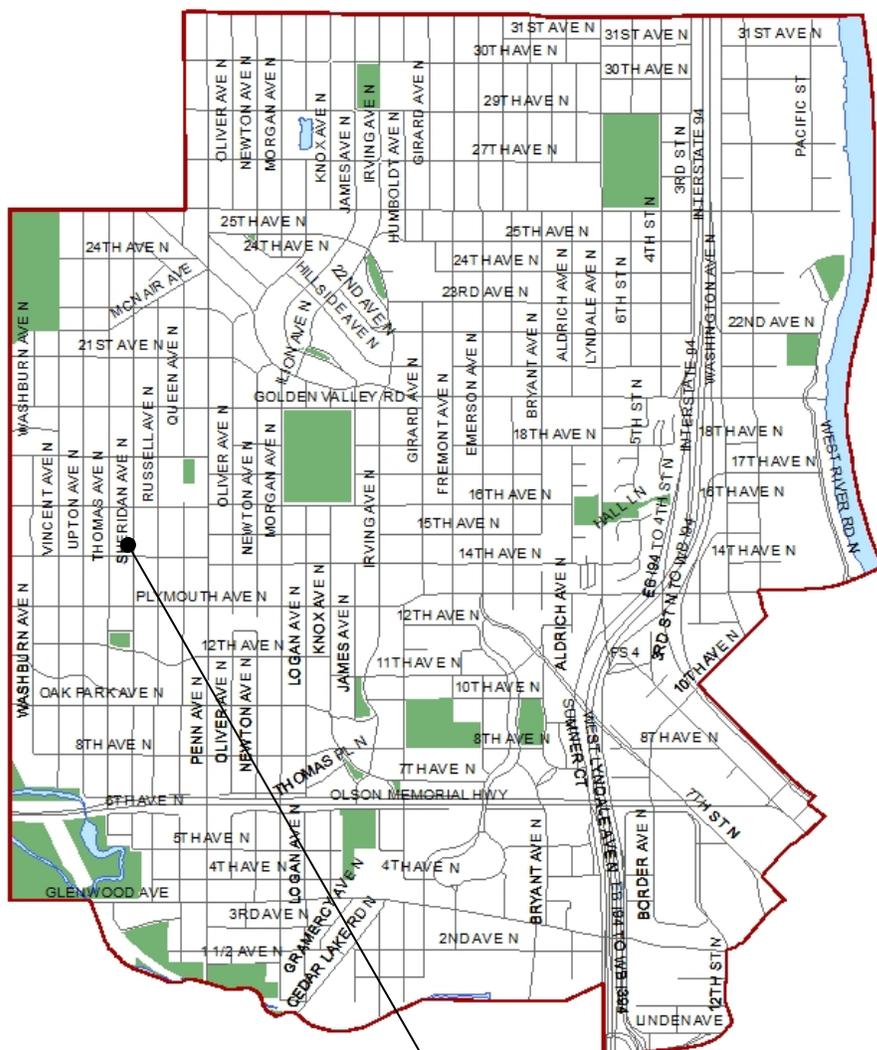
Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

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 official of the City.

Ward 5



Address: 1418 Sheridan Avenue N



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

Date: May 5, 2015
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 1418 Sheridan Avenue North
 Purchaser: City of Lakes Community Land Trust (CLCLT)

	A	B	C	D	E	F	G	H
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble (A+B)	Re-Use Value Opinion	Sale Price	Cost Reimbursement	CPED Cost Write-Off or Sale Proceeds (if > 0) (E+F-C)	Re-Use Value Write Down (if < 0) (E-D)
1418 Sheridan Avenue North	\$1	\$5,415	\$5,416	\$7,500	\$1	\$5,415	\$0	(\$7,499)
Total	\$1	\$5,415	\$5,416	\$7,500	\$1	\$5,415	\$0	(\$7,499)

Write-Down

Reason: The home will remain as long term, owner occupied affordable housing through the CLCLT covenants. The City is purchasing the subject property from the State through tax forfeiture for \$1 plus holding and administrative fees. This was in accordance with Minnesota Statute 282.01, Subd. 1a, section D1, "The county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced prices will lead to the development of affordable housing." In this case rehabilitation of the subject property meets both of those criteria—blight removal and development of affordable housing.

Developer History with CPED:

CLCLT has successfully worked as a development partner with the City for many years through the HOW Program and all phases of the Neighborhood Stabilization Program.

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