



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

Date: June 23, 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 5147 Penn Avenue N. to PRG, Inc. for \$10,000, 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 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 acquired 5147 Penn Avenue N. on December 12, 2014 from the State of Minnesota through Hennepin County Tax forfeited Land.

Prepared by: Edie Oliveto-Oates, 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**

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Proceeds see attached table): \$6,124
- Proposed Re-Use Value Write-Down (see attached table): \$0

**Community Impact**

- Neighborhood Notification: SCNA 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: Affordable Housing
- Comprehensive Plan: On February 23, 2015, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R1A
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_\_ No x
- Job Linkage Yes\_\_\_\_\_ No x
- Other: On January 23, 2015, the Planning Staff completed a land sale review of this parcel that rehabilitation of the single-family home is in conformance with the policy guidance of the Urban Neighborhood category of the comprehensive plan.

## Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-850	5147 Penn Avenue N.	\$10,000

### PURCHASER

PRG, Inc.  
2017 E. 38th Street  
Minneapolis, MN 55407

### PROPOSED DEVELOPMENT:

The existing 2,112 square foot single family home will be rehabilitated as a three- bedroom, two-bath home and sold to an owner-occupant.

The lot size is 40' x 124' = 4,960 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\*:

\*Subject to application and underwriting requirements.

### OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value, as established by an independent fee appraiser.

### COMMENTS:

The subject property forfeited to the State of Minnesota for unpaid taxes in 2014. The City of Minneapolis placed the property on a six-month hold to work with potential developers to rehabilitate the property. PRG Inc. is the only developer who has stated an interest in the acquisition and rehabilitation of the property. The home will be rehabilitated under the City's Home Ownership Works program and sold to an income-qualified home owner who will owner-occupy the property. Therefore, staff believes it is appropriate to sell the property to PRG, Inc. The City will convey tax title to PRG, Inc.

**Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel TF-850.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-850 in the Shingle Creek neighborhood, from PRG, Inc., hereinafter known as the Redeveloper, the Parcel TF-850, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-850; 5147 Penn Avenue N.

Lot 4, Block 16, "Englewood, Hennepin Co. Minn."

Whereas, the Redeveloper has offered to pay the sum of \$10,000, for Parcel TF-850; 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, June 12, 2015, a public hearing on the proposed sale was duly held on June 23, 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 \$10,000, for Parcel TF-850.

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 official of the City.



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

Date: June 23, 2015  
 Subject: Land Sale – Public Hearing  
 Vacant Housing Recycling Program  
 Address: 5147 Penn Avenue N.  
 Purchaser: PRG, Inc.

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0)	Re-Use Value Write Down (if < 0)
			(A+B)			(E-C)	(E-D)
5147 Penn Avenue N.	\$1	\$3,875	\$3,876	\$10,000	\$10,000	\$6,124	\$0
Total	\$1	\$3,875	\$3,876	\$10,000	\$10,000	\$6,124	\$0

Write-Down

Reason: Not applicable as the sales price is equal to the re-use value.

Developer History with CPED:

PRG has successfully worked in partnership with the City of Minneapolis for many years and developed hundreds of properties.

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