

# City of Minneapolis

## Request for Committee Action

**To:** Community Development & Regulatory Services  
**Date:** 6/7/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Lead Staff:** Cherie Shoquist, Principal Project Coordinator X 5078  
**Presented by:** Cherie Shoquist, Principal Project Coordinator  
**File Type:** Action  
**Subcategory:** Contracts & Agreements

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**Subject:**

**Amendments to the Humboldt Greenway Redevelopment Option Contract.**

**Description:**

Approving the proposed amendments to the Humboldt Greenway Redevelopment Option Contract.

**Previous Actions:**

- The City approved the sale of the 95 Humboldt Greenway Fifth Addition properties to Greater Metropolitan Housing Corporation, September 25, 2015. ([15-01142](#))
  - The City entered into an Option to Purchase with Hennepin County on March 1, 2015, for 47 State-owned tax forfeited properties in Humboldt Greenway Fifth Addition.
  - The City Council authorized the execution of an Option to Purchase Agreement and related Purchase Agreements with Hennepin County, as administrator of State of Minnesota tax-forfeited lands, to purchase 47 tax-forfeited vacant lots for the Humboldt Greenway Housing Development Project on January 30, 2015. ([15-00089](#))
  - The City Council authorized staff to consent to the voluntary foreclosure by Builders Mortgage Company and to acquire the 49 vacant lots in the Humboldt Greenway Fifth Addition on April 2, 2010. The City acquired 47 of the lots on December 22, 2011 from Humboldt Greenway Development LLC. The remaining lots were tax-forfeited.
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**Ward/Address:**

Ward 4  
Lind –Bohanon and Shingle Creek Neighborhoods

**Background/Analysis:**

**Proposed Development Overview:**

MyHomeSource and their development partner Greater Metropolitan Housing Corporation, propose to develop 65 single family homes, improving on their previous proposal to develop 52 single family homes and 11 townhomes, in three phases in the Humboldt Greenway. The lots for townhome development and the 2 outlots will now be incorporated into the replatting of the development to provide buildable lots for single family homes to better meet the current housing market. See the attached Parkside at Humboldt Greenway Development Map and Listings.

The single family homes feature three bedrooms, two and one-half bathrooms, and a detached two-car garage, and 1,800 square feet. Features include landscaping, ledger stone and LP Smart Siding, Anderson Dual Pane windows, nine-foot first floor ceilings, wood flooring, wall-to-wall

carpeting and tile flooring, a fireplace, granite kitchen countertops and stainless steel appliances, marble vanity tops and tiled flooring in the full baths, and energy efficient systems and utilities.

There are currently 2 spec homes completed and an additional 4 homes under construction. GMHC and MyHomeSource have purchase agreements on all 6 homes with sales price ranging from \$300,000 - \$350,000 to date. There is significant homebuyer interest in the development. The project is performing well and is moving forward.

**Proposed Amendments to the Redevelopment Option Contract:**

- **Housing Type (Townhome/Single Family)** MyHomeSource and GMHC propose to replace the 11 townhome units with 13 single family units.
  - Townhome units are not in line with the current greater market demand for single family homes.
- **Timing/Phasing** MyHomeSource and GMHC propose a revised construction schedule pushing the completion of acquisition out 1 year and the completion of construction out 2 years as outlined in the table below. Modifications to the timelines in the contract are necessitated by several factors.
  - The issues related to the existing condominium regime that encumbered a portion of the property delayed the ability for MyHomeSource and GMHC to enter into purchase agreements until late April 2016.
  - The replatting to accommodate additional single family housing development on previous town home lots is expected to be complete in July 2016.
  - The delay caused the construction lender to limit the number of spec homes under construction initially to 6. MyHomeSource has replaced GMHC in the role of providing the project financing. MyHomeSource LLC is willing to assume the ownership obligations and commit to financing the remaining phases of the project and have worked with their lender to determine revised construction schedule. GMHC may step back into the ownership and financing obligations in later phases of the project.
- **Public Art** MyHomeSource and GMHC propose to eliminate the requirement for public art on Outlot A.
  - Outlot A will be eliminated in the replat to enable a traditional city lot configuration that will create two additional lots, resulting in more housing, increased tax base and land payment.
  - The Homeowners Association is reluctant to maintain public art.

**2015 Proposed Phased Construction Timeline:**

Phase	Single Family Homes	Town Homes	Out-Lots	Acquisition	Completion
1	15	8	-	10/1/15	60% Complete by 8/1/16
2	13	3	2	9/1/16	80% Complete by 8/1/17
3	24	-	-	9/1/17	100% Complete by 9/1/18
<b>TOTAL</b>	<b>52</b>	<b>11</b>	<b>2</b>		

## 2016 Revised Phased Construction Timeline

Phase	Single Family Homes	Town Homes	Out-lots	Acquisition <sup>1</sup>	Purchase Agreements Complete <sup>2</sup>	Construction Complete <sup>3</sup>
1-A	15	0	0	11/9/15	60% (16 units) by 8/1/17	August 1, 2018
1-B	11	-	0	7/1/16		
2	15	0	0	9/1/17	80% (12 units) by 8/1/18	August 1, 2019
3	24	-	0	3/1/18	100% by 9/1/18	August 31, 2020
<b>TOTAL</b>	<b>65</b>	<b>0</b>	<b>0</b>			

<sup>1</sup>The acquisition date is when the developer acquires the property from the City of Minneapolis.

<sup>2</sup>The purchase agreements complete date is when the developer has entered into purchase agreements with homebuyers.

<sup>3</sup>The construction complete date is when construction of units is complete.

The revisions to the proposed development continue to meet City goals to build a high quality and high value housing market, preserve housing design styles, increase the sense of community connectedness, and put the Humboldt Greenway properties back into productive, taxable use.

### **Financial Review:**

**No financial impact.**

### **Attachments:**

1. Humboldt Greenway Redevelopment Map