



Homes for Generations

Date: June 18, 2008

To: Theresa Cunningham, CPED

From: Gina Ciganik, Vice President – Housing Development

CC: Tom Streitz, CPED, and Gary Winter, CPED

Re: Transfer of city lot to Old Third Avenue Townhome development

This memo is to provide some background and clarity to the CPED lot transfer request for the Old Third Avenue Townhome development.

As you are aware, Aeon was selected as a member of the development team for Old Third Avenue. As part of the pre-development activities and costs, Aeon worked through and paid for a city supported land development plan that included (but was not limited to) the vacation of a street and utility lines (Old Third Avenue), the relocation of the MPHA parking lot, land preparation, and the creation of a rain garden that mitigates storm water run-off. This work and financial investment produced a developable parcel, and essentially increased the value of the land. While the land is owned by the city, the city has not incurred development costs for the improvements.

Aeon is requesting that the lot be transferred to the Old Third Avenue Townhome project at no *additional* cost, since compensation for the land already has been given through Aeon's improvements in the site as part of the city's plan.

I understand that some Council Members have asked Aeon to pay fair market value for the land. Requiring Aeon or Habitat for Humanity to pay for the lot, on top of the land development costs that already have been incurred, is duplicative.

I realize that some of this misunderstanding might have arisen because not all parties are aware of the history of the plan and Aeon's investments in the site to make it developable. I also realize that some individuals have informally used the phrase "lot donation"; this mischaracterizes the history, process, and specific action that Aeon is requesting for the Old Third Townhomes project.

Aeon respectfully requests land parcel at 929 3rd Avenue NE, Minneapolis be transferred to Twin Cities Habitat for Humanity and/or Aeon, and that the city acknowledges a portion of the land development costs as a fair market payment for the property.

I can be reached at 612-314-3148 ext 204 with questions or comments. Thank you for your consideration.