

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

Date: November 9, 2010

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
Neighborhood Stabilization Program (NSP)

Recommendation: Approve the sale of 1406 Girard Avenue North to Neighborhood Housing Services of Minneapolis, Inc. for \$1.00 subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date of approval and 2) payment of holding costs of \$300.00 per month (or portion thereof) 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 and Economic Development (CPED) Director.

Previous Directives: CPED acquired 1406 Girard Avenue North on June 4, 2010.

Prepared by: Edith Johnson, Senior Project Coordinator, Phone 612-673-5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminates property management costs.

Community Impact

- Neighborhood Notification: Northside Residents Redevelopment Council reviewed this proposal and recommended it be approved.
- City Goals: Livable Communities, Healthy Lives: Our built and natural environment adds character to our city, enhances our health and enriches our lives. Thoughtful neighborhood design with density done right.
- Sustainability Targets: A Vital Community—Affordable Housing
- Comprehensive Plan: On July 19, 2010, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes____ No x
- Job Linkage Yes____ No x
- Other: On December 15, 2009, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
PR-104	1406 Girard Avenue North	\$1.00

PURCHASER

Neighborhood Housing Services of Minneapolis, Inc.
1501 Dupont Avenue North

Minneapolis, MN 55411

PROPOSED DEVELOPMENT:

Neighborhood Housing Services of Minneapolis, Inc. (NHS) will convert the existing duplex to a single family home and rehabilitate it for sale to owner-occupants. The single family home will have a minimum of 4-Bedrooms, 3-Bathrooms and a two-car detached garage.

The lot size is approximately 47' x 155' = 7,281 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for development under the Neighborhood Stabilization Program and will be improved by rehabilitation as defined by City policy.

FINANCING*:

NHS has demonstrated that sufficient funding is available for its proposal.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Direct Sale. The sales price of the property does not reflect the full re-use value of \$45,000. This is due to the fact that it was bought as a pass thru for sale to one of the Neighborhood Stabilization Program (NSP) developers to convert from a duplex to its original one-unit design. The cost of said conversion warrants the City selling for less than the full re-use value, coupled with the fact that the City will be reimbursed 100% of the cost to acquire the property through the NSP program.

COMMENTS:

On June 4, 2010, the City acting as an intermediary acquired the property from Hennepin County tax forfeited land to pass thru to one of the approved NSP developers. The property was offered to all of the NSP developers. It was not advertised to the public.

On August 25, 2010, NHS submitted to CPED an offer to purchase the property for conversion and rehabilitation in accordance with the NSP program. On August 27, 2010, the appropriate offer materials were sent to Northside Residents Redevelopment Council (NRRC) for their review and comment. NRRC reviewed and concurred with the developer's proposal for the property.

Staff recommends approval of the land sale to Neighborhood Housing Services of Minneapolis, Inc.

Authorizing sale of land Neighborhood Stabilization Program Disposition Parcel No. PR-104.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR-104 in the Neighborhood Stabilization Program, from Neighborhood Housing Services of Minneapolis, Inc., hereinafter known as the Redeveloper, the Parcel(s) PR-104, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR-104; 1406 Girard Avenue North

Lot 9, Block 10, Gale's Subdivisions in Sherburne & Beebe's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$1, for Parcel PR-104; 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, October 29, 2010, a public hearing on the proposed sale was duly held on November 9, 2010, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 4:00 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 Neighborhood Stabilization Program plan, as amended, is hereby estimated to be the sum of \$45,000, for Parcel PR-104; however, in accordance with public purpose consideration and Federal Neighborhood Stabilization Program guidelines, the City is selling Parcel PR-104 for the sum of \$1.

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.

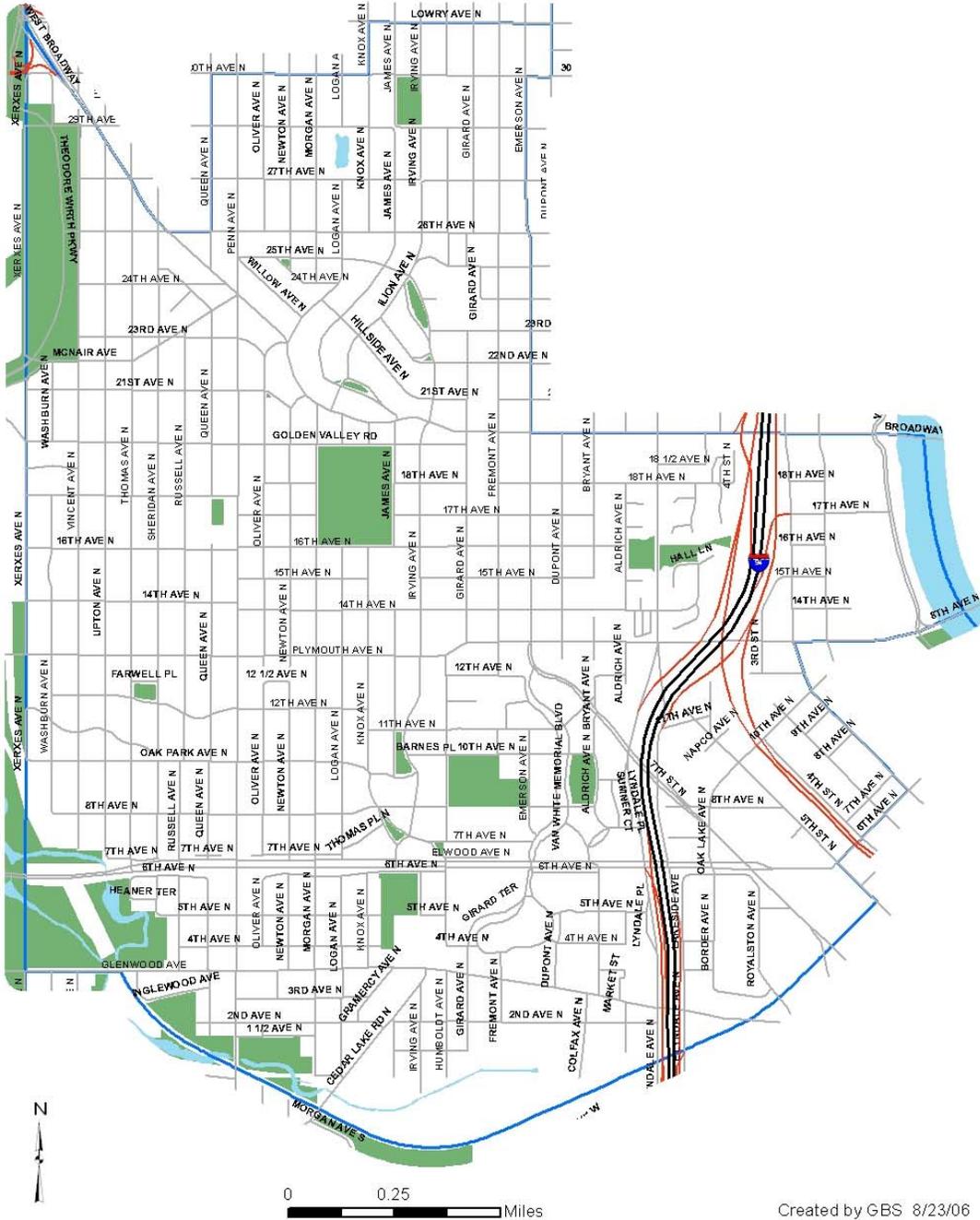
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month (or portion thereof) 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 by the Finance Officer or other appropriate official of the City.

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Created by GBS 8/23/06

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

Date: November 9, 2010
 Subject: Land Sale – Public Hearing
 Neighborhood Stabilization Program (NSP)
 Address: 1406 Girard Avenue North
 Purchaser: Neighborhood Housing Services of Minneapolis, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
PR-104 06/04/10	1406 Girard Avenue North	\$1 *	(-)\$1.00	(+/-)\$0

*Total cost to CPED after reimbursement from NSP Program

Re-Use Value Opinion	Less Sales Price	Write-Down
\$45,000	\$1.00	\$44,999

Write-Down

Reason: This is due to the fact that it was bought as a pass thru for sale to one of the Neighborhood Stabilization Program (NSP) developers to convert from a duplex to its original one-unit design. The cost of said conversion warrants the City selling for less than the full re-use value, coupled with the fact that the City will be reimbursed 100% of the cost to acquire the property through the NSP program.

Developer History with CPED:

The developer has housing development experience with CPED.

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