

**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 3807 5<sup>th</sup> Avenue South to Twin Cities Habitat for Humanity, Inc. for \$39,600, plus reimbursement of City acquisition costs of \$2,335.41 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 3807 5<sup>th</sup> Avenue South on June 30, 2010.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231  
Approved by: Charles T. Lutz, Deputy CPED Director \_\_\_\_\_  
Thomas A. Streitz, Director Housing Policy & Development \_\_\_\_\_  
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator

**Financial Impact**

- Other financial impact: Eliminate property management costs.

**Community Impact**

- Neighborhood Notification: The Bryant Neighborhood Organization reviewed this proposal and recommended it be approved.
- City Goals: Livable Communities, Healthy Lives—Our built and natural environment add character to our city, enhance our health and enrich our lives. Thoughtful neighborhood design with density done right.
- Sustainability Targets: A Vital Community-Affordable Housing
- Comprehensive Plan: On November 1, 2010, 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 August 25, 2010, 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-083	3807 5th Avenue South	\$39,600

**PURCHASER**

Twin Cities Habitat for Humanity, Inc.

3001 4th Street SE  
Minneapolis, MN 55414

**PROPOSED DEVELOPMENT:**

Twin Cities Habitat for Humanity, Inc. (Habitat) will demolish the existing structure and work with the neighborhood group and a prospective buyer on a single family house design that they will construct for owner-occupancy.

The lot size is 50' x 121' = 6,050 total square feet.

**LAND DISPOSITION POLICY:**

This property is a buildable lot as defined by City policy and is being sold for development. The existing structure will be demolished for construction of a single family housing unit.

**FINANCING\*:**

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

\*Subject to application and underwriting requirements.

**OFFERING PROCEDURE:**

Direct Sale. The sales price of this property does reflect the full re-use value of \$39,600.

**COMMENTS:**

On June 30, 2010, the City acting as an intermediary, acquired the property from Fannie Mae for \$39,600 as a pass thru to Habitat, an approved Neighborhood Stabilization Program (NSP) developer. It was not advertised to the public.

On August 6, 2010, Habitat submitted to CPED an offer to purchase the property. Habitat has submitted a basic house plan that they will refine, once a buyer has been identified. Considering the property has outlived its economic life, Habitat requests that the City allows them to acquire the property and demolish it. In the interim, they will work to identify a buyer and refine the plans to meet the buyer's needs and the neighborhood design criteria. Habitat further requests that the redevelopment agreement be written to reflect a completion date that coincides with the NSP completion date.

Staff concurs with this position because it eliminates ongoing property management costs, provides additional time for Habitat to work on identifying a buyer before construction and allows Habitat to remove the blighting influence.

On September 8, 2010, the appropriate offer materials were sent to the Bryant Neighborhood Organization (BNO) for review. BNO reviewed the documents and concurred with the developer's proposal.

Staff recommends approval of the land sale to Twin Cities Habitat for Humanity, Inc.

**Authorizing sale of land Neighborhood Stabilization Program Disposition Parcel  
PR-083.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel PR-083, in the Bryant neighborhood, from Twin Cities Habitat for Humanity, Inc., hereinafter known as the Redeveloper, the Parcel PR-083, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

PR-083; 3807 5<sup>th</sup> Avenue South

Lots 20 and 21, Block 1, Fifth Avenue Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$39,600 (plus reimbursement of \$2,335.41 in additional costs incurred by the City), for Parcel PR-083 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable 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 the accepted methods in 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 October 29, 2010, a public hearing on the proposed sale was duly held on November 9, 2010, at the regularly scheduled Community Development Committee meeting of the City Council, 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 \$39,600 for Parcel PR-083;

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.

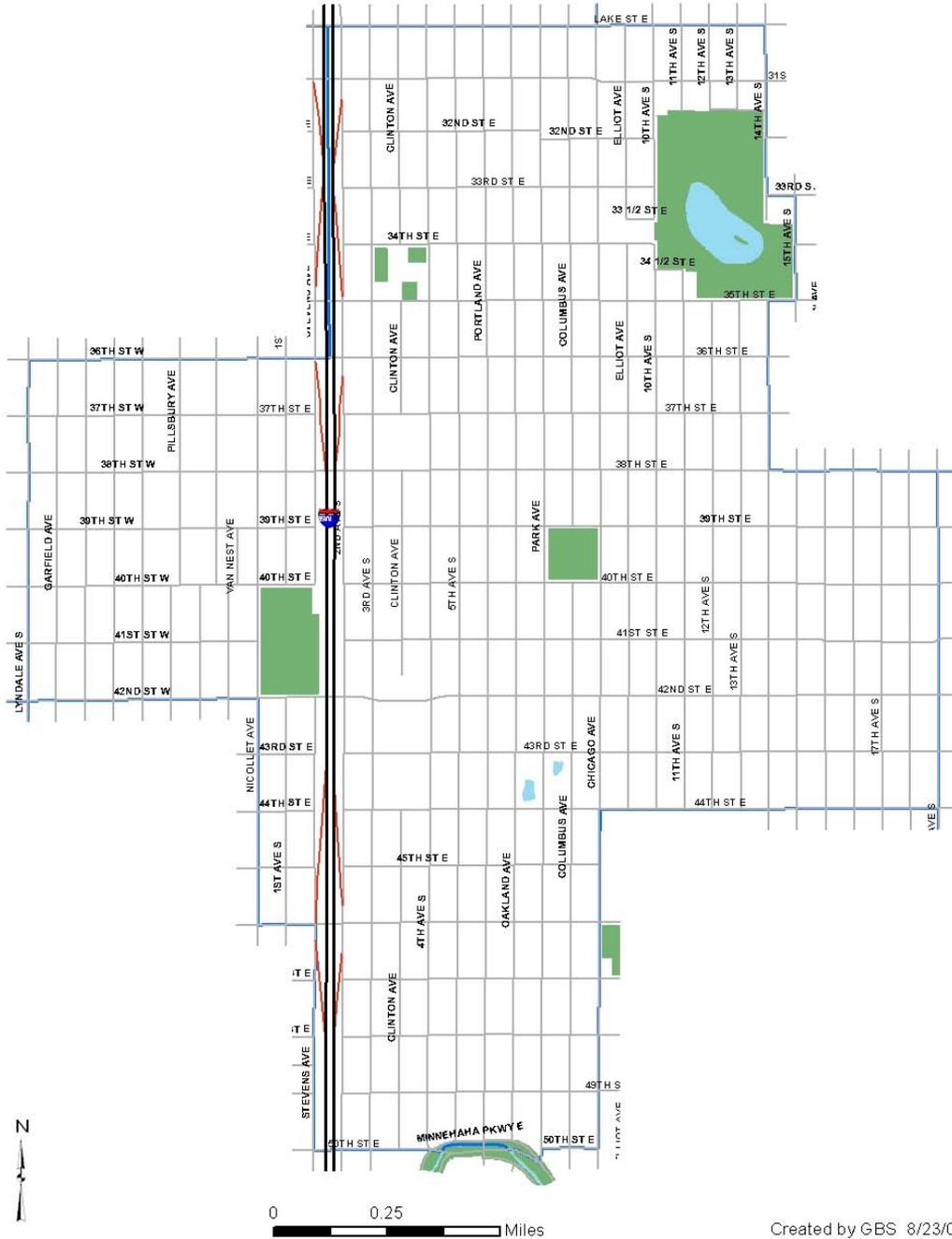
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment 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 City official of the City.

# WARD 8



**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: 3807 5<sup>th</sup> Avenue South  
 Purchaser: Twin Cities Habitat for Humanity, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
PR-083 06/30/10	3807 5 <sup>th</sup> Avenue South	\$41,935.41	(-)\$39,600 *plus reimbursement of \$2,335.41 additional costs incurred by the City	(+/-)\$0

Re-Use Value Opinion	Less Sales Price	Write-Down
\$39,600	\$39,600	\$0

Write-Down  
None

Developer History with CPED:  
Twin Cities Habitat for Humanity, Inc. has developed many housing units in the City of Minneapolis.

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