



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

Date: December 13, 2011
To: Council Member Lisa Goodman, Chair, Community Development Committee
Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 1411 Sheridan Avenue North to City of Lakes Community Land Trust for \$12,250, subject to the following conditions; 1) land sale closing must occur no later than April 15, 2012 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 & Economic Development (CPED) Director.

Previous Directives: CPED acquired 1411 Sheridan Avenue North on October 1, 2008.

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: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Northside Residents Redevelopment Council reviewed this proposal and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME People and businesses thrive in a safe and secure city.
- Sustainability Targets: A Vital Community—Affordable housing.
- Comprehensive Plan: On December 12, 2011, 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 14, 2008, the Planning Staff completed a land sale review of this parcel and deemed it consistent with future land use plans.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-337	1411 Sheridan Avenue North	\$12,250

PURCHASER

City of Lakes Community Land Trust
2017 East 30th Street, Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

City of Lakes Community Land Trust (CLCLT) proposes to acquire the existing three-bedroom, one-bath single family home for rehabilitation and after rehabilitation market the home for sale to an owner occupant whose income is at or below 80% of the area median income (\$64,200 for a family of four).

The lot size is 40' x 129' = 5,160 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for redevelopment and will be improved by rehabilitation as defined by City policy.

FINANCING*:

CLCLT has demonstrated it has sufficient funds for the proposed project. Funding sources include Hennepin County, City of Lakes Community Land Trust and HOME (part of the City's Home Ownership Works program).

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value.

COMMENTS:

1411 Sheridan Avenue North was acquired from the US Department of Housing and Urban Development on October 1, 2008. After acquisition, CPED reached out to its housing development partners for rehabilitation of the home, with no success. In 2011, CPED sent to Minneapolis Star and Tribune an advertisement for publication on Sunday, May 22, 2011, and Wednesday, May 25, 2011. The advertisement requested proposals for development of four city-owned properties, including 1411 Sheridan Avenue North. Proposals were due Monday, June 20, 2011. No proposals were received for 1411 Sheridan Avenue North.

Shortly thereafter, CLCLT and Hennepin County inspected the property and determined that the property is financially feasible for rehabilitation, which Hennepin County Sentence To Service (STS) will undertake as contractor. In November 2011, CLCLT submitted to CPED an offer to purchase the property for rehabilitation. The property is being sold in its as-is condition.

Northside Residents Redevelopment Council reviewed the developer's proposal and recommended approval.

Authorizing sale of land Vacant Housing Recycling Program

Disposition Parcel No. VH-337.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-337 in the Willard - Hay Neighborhood, from City of Lakes Community Land Trust, hereinafter known as the Redeveloper, the Parcel VH-337, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-337; 1411 Sheridan Avenue North

Lot 13, Block 1, W.H. Lauderdales Addition to Minneapolis, Hennepin County, Minnesota.

Whereas, the Redeveloper has offered to pay the sum of \$12,250, for Parcel VH-337; 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, December 2, 2011, a public hearing on the proposed sale was duly held on December 13, 2011, 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 \$24,500, for Parcel VH-337.

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.

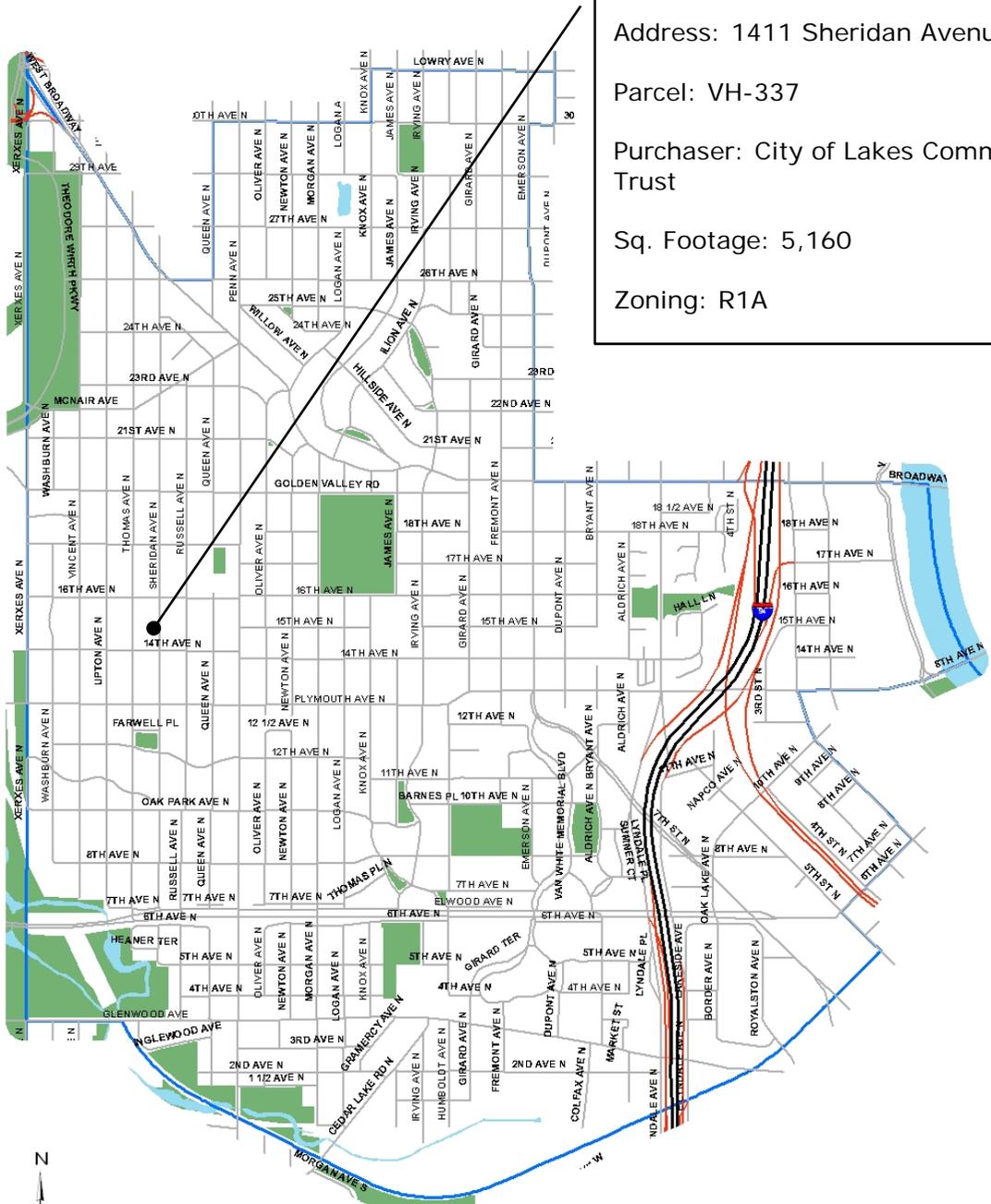
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur no later than April 15, 2012 and 2) payment of holding costs of \$300.00 per month (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 and delivered by the Finance Officer or other appropriate official of the City.

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Address: 1411 Sheridan Avenue North
Parcel: VH-337
Purchaser: City of Lakes Community Land Trust
Sq. Footage: 5,160
Zoning: R1A

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

Date: December 13, 2011
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 1411 Sheridan Avenue North
 Purchaser: City of Lakes Community Land Trust

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
VH-337 10/01/08	1411 Sheridan Avenue North	\$27,801.65	(-) \$12,250	\$15,551.65

Re-Use Value Opinion	Less Sales Price	Write-Down
\$24,500	\$12,250	\$12,250

Write-Down

Reason: A write-down is necessary for financing to work for the project. The project is being developed under the Home Ownership Works (HOW) Program. If after completion of the project less funds are required for redevelopment, CPED will reduce the amount of HOME funds allocated to the project to reduce the Write-Down. Examples of how the cost could be less are if the actual sales price ends up being greater than the projected sales price or if all of the contingency is not used during the rehab phase.

Developer History with CPED:

City of Lakes Community Land Trust has partnered and worked with the City of Minneapolis and Hennepin County STS on other development projects.

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