



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
Neighborhood Stabilization Program (NSP)

Recommendation: Approve the sale of 1819 Girard Avenue North to PRG, Inc. for \$1.00, plus reimbursement of City acquisition, holding and title costs, 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 1819 Girard Avenue North on November 4, 2011.

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| 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: R2B
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x
- Other: On November 2, 2011, the Planning Staff completed a land sale review of this parcel and deemed continued use as a single-family home is in conformance with the policy guidance of the Urban Neighborhood category of the comprehensive plan.

Supporting Information

| <u>PARCEL</u> | <u>ADDRESS</u> | <u>SALE PRICE</u> |
|---------------|--------------------------|-------------------|
| 2N-157 | 1819 Girard Avenue North | \$1.00 |

PURCHASER

PRG, Inc.
2017 East 38th Street
Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

PRG, Inc. (PRG) proposes to acquire the existing three-bedroom, one-bath single family home for rehabilitation to a three-bedroom, one and one-half bath home. After rehabilitation, PRG will market the home for sale to an owner occupant, with income at or below 120% of the area median income (\$99,250 for a family of four).

The lot size is 37' x 103' = 3,811 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*:

PRG has demonstrated it has sufficient funds for the proposed project. Funding sources include the City of Minneapolis' Neighborhood Stabilization Program (NSP) and Twin Cities Community Land Bank (TCCLB).

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Negotiated Sale. The sales price of this property does not reflect the full re-use value.

COMMENTS:

This property is a highly visible home that the neighborhood and the block club have identified as a stabilizing factor on the block and a priority for rehabilitation. 1819 Girard Avenue North was acquired from Hennepin County as tax forfeited property on November 4, 2011 to be rehabbed under the NSP program. All of the NSP developers were afforded an opportunity to review the property to determine interest. PRG submitted to CPED an offer to purchase the property for rehabilitation under the Neighborhood Stabilization Program. The property is being sold in its "as is" condition. No other offers to develop or purchase this property were received.

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

Authorizing sale of land Neighborhood Stabilization Program

Disposition Parcel No 2N-157.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel 2N-157 in the Near - North Neighborhood, from PRG, Inc., hereinafter known as the Redeveloper, the Parcel 2N-157, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

2N-157; 1819 Girard Avenue North
Lot 14, Block 1, Ball's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$1.00 plus reimbursement of City acquisition, holding and title costs for Parcel 2N-157; 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 Neighborhood Stabilization Program plan, as amended, is hereby estimated to be the sum of \$16,600 for Parcel 2N-157.

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.

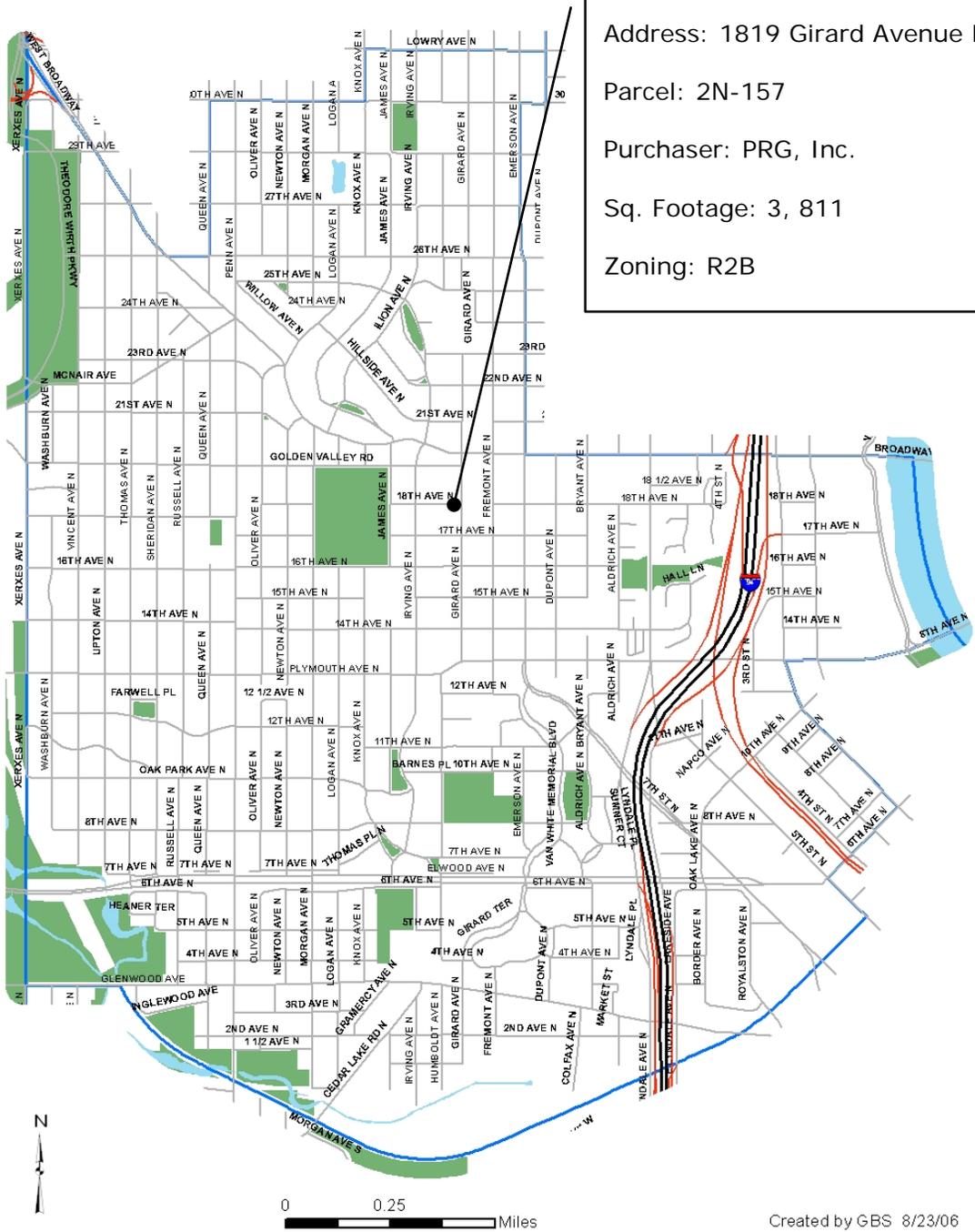
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur no later than April 15, 2012 and 2) payment of holding costs of \$300.00 per month (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: 1819 Girard Avenue North
Parcel: 2N-157
Purchaser: PRG, Inc.
Sq. Footage: 3, 811
Zoning: R2B

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

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 Neighborhood Stabilization Program (NSP)
 Address: 1819 Girard Avenue North
 Purchaser: PRG, Inc.

| Disposition Parcel No. Acq Date | Address | Total CPED Costs | Less Sales Price | Write Off |
|---------------------------------|--------------------------|------------------|---|-----------|
| 2N-157 11/04/11 | 1819 Girard Avenue North | \$890.20* | (-)\$1.00, plus reimbursement of \$889.20 additional cost incurred by the City* | \$0 |

*City will incur additional holding and title costs, which will be reimbursed by the developer

| Re-Use Value Opinion | Less Sales Price | Write-Down |
|----------------------|--|------------|
| \$16,600 | \$1.00 plus reimbursement of additional costs incurred by the City | \$0 |

Write-Down

Reason: Not Applicable.

Developer History with CPED:

PRG has partnered and worked with the City of Minneapolis/CPED on many 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