



Legislation Text

File #: 19-014-O, **Version:** 1

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE DULUTH HEIGHTS NEIGHBORHOOD TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1.

(a) Pursuant to Section 2-176(a) of the Duluth City Code, 1959, as amended (the "Code"), the city council stated its intention to sell or convey certain property as set forth in Resolution 18-0552, which property is legally described as (the "LSC Property"):

All that part of WILLARD AND PIPER'S DIVISION, in the SW1/4 of SE1/4 Section 29, Township 50 North of Range 14 West, which lies West of the Trinity Road and North of a line 500.00 feet distant from and parallel to the North line of said plat (Line B), and NE of a line drawn between a point on the West line of said SW1/4 of SE1/4, 75.00 feet North of Line B, and a point on Line B 115.00 feet East of the West line of said SW1/4 of SE1/4 (Line A). St. Louis County, Minnesota.

(b) Pursuant to Section 2-176(b) of the Code, the city's planning department reviewed the proposed conveyance of the LSC Property for conformity to the city's comprehensive plan and reported that (i) the conveyance of the LSC Property conforms with said comprehensive plan, and (ii) the LSC Property is not necessary for the city's future needs.

(c) Pursuant to Section 2-176(c) of the Code, the St. Louis County Assessor determined that the estimated market value of the LSC Property is \$52,800.

Section 2.

(a) Pursuant to Section 2-177.3 of the Code, the city may convey city property to another governmental unit by sale or exchange where the council finds by ordinance that (i) the needs of said governmental unit are greater in importance than the need of the city to retain said property, and (ii) the best interests of the citizens of the city will be best served by accomplishing such conveyance.

(b) The city wishes to convey the LSC Property to the Duluth Economic Development Authority, an economic development authority under Minnesota Statutes Chapter 469 ("DEDA"), conditioned on (i) construction of at least 100 units of student housing on the LSC Property within 60 months of the date of the conveyance; and (ii) the conveyance of DEDA's real property located in

Bayfront Park, as shown on the attached Exhibit A, to the city (the “Bayfront Property”). The LSC Property is located near Lake Superior College, and DEDA intends to enter into a development agreement with a private party to construct at least 100 units of student housing on the LSC Property. Construction of needed student housing is an important objective in supporting the city’s economic development, and conveyance of the LSC Property to DEDA will help to accomplish this objective.

(c) The city council finds, in relation to the conveyance of the LSC Property to DEDA: (i) the needs of DEDA are greater in importance than the need of the city to retain the LSC Property, and (ii) the best interests of the citizens of the city will be best served by accomplishing such conveyance.

Section 3.

(a) That the proper city officials are hereby authorized to convey the LSC Property to DEDA for the sum of \$1.00 and execute a quitclaim deed (the “Deed”) and all other documents necessary to effectuate the conveyance of the LSC Property to DEDA, conditioned on the following: (i) completion of construction of no fewer than 100 units of student housing on the LSC Property within 60 months of the date of the Deed; and (ii) DEDA’s conveyance of the Bayfront Property to the city on or before November 1, 2019. DEDA shall be responsible to bear all costs associated with the conveyance of the LSC Property and the Bayfront Property, including but not limited to closing costs, recording fees, any real estate transfer tax or conveyance fees, and title company costs.

(b) The Deed shall include the following restrictive covenant in favor of the city:

This deed is subject to the condition that title to the property shall automatically revert to the grantor in the event that, within 60 months of the date of this deed, the fee owner has failed to complete construction of at least 100 units of student housing on the property. This restrictive covenant shall run with the land and be enforceable by grantor.

(c) That this ordinance shall take effect 30 days after its passage and publication.

STATEMENT OF PURPOSE: The purpose of this ordinance is to authorize the conveyance of real property legally described above (the “LSC Property”) to the Duluth Economic Development Authority, an economic development authority under Minnesota Statutes Chapter 469 (“DEDA”). The LSC Property is located at the intersection of Trinity Road and Arlington Avenue in the Duluth Heights neighborhood. An aerial view of the real property to be conveyed is outlined in red on the attached Exhibit B.

The LSC Property is located adjacent to Lake Superior College along Trinity Road (Hwy 53). The city desires to transfer ownership of the LSC Property so that it can be developed into student housing to serve Lake Superior College.

The city’s planning department reviewed the proposed conveyance for conformity to the city’s comprehensive plan and determined that (i) the conveyance of the LSC Property conforms with said

comprehensive plan, and (ii) the LSC Property is not necessary for the city's future needs. The letter of conformity is attached as Exhibit C.

According to the St. Louis County assessor, the LSC Property has a current estimated market value of \$52,800. The city has agreed to exchange the LSC Property for the DEDA-owned property in Bayfront Park outlined in the attached Exhibit A. The resolution of intent to sell was approved on July 16, 2018.