



## Legislation Text

**File #:** 18-002-O, **Version:** 1

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE LINCOLN PARK NEIGHBORHOOD TO ECOLIBRIUM3 FOR \$3,596.

### 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 17-0614 and legally described as East Half (E ½) of Lot Three Hundred Twenty-eight (328), Block Thirty-seven (37), DULUTH PROPER, SECOND DIVISION, according to the recorded plat thereof (the "Property").

(b) Pursuant to Section 2-176(b) of the Code, the City's planning department reviewed the proposed conveyance of the Property for conformity to the City's comprehensive plan and reported that the conveyance of the Property conforms with said comprehensive plan and the Property is surplus to the City's current or future needs.

(c) Pursuant to Section 2-176(c) of the Code, the city determined that the estimated market value of the property is \$35,960.

#### Section 2.

(a) Pursuant to Section 2-177.4 of the Code, the city may convey property to a non-governmental entity at less than market value if the city council finds that such conveyance will further other important city interests or objectives and that such conveyance is necessary to the accomplishment of such interests.

(b) Development of the Property was originally completed using HUD funding through the Community Development Block Grant ("CDBG") program. The CDBG funds were allocated to support economic development in the Lincoln Park neighborhood. The HUD requirements for the Property have been met, but the neighborhood remains CDBG eligible. The Property currently remains mostly vacant with limited use by the Duluth Citizen's Patrol for Lincoln Park ("Citizen's Patrol"). The building on the Property has a number of deferred maintenance items that require attention within a short timeframe, including a roof repair.

(c) Ecolibrium3 ("Eco3") is a Duluth-based non-profit corporation whose mission is to inspire and lead change in our community toward an equitable and sustainable future. Eco3 provides services in energy, resilience, and revitalization to the Lincoln Park neighborhood through funding support from the City's CDBG program and other sources.

(e) Sale or transfer of the Property to Eco3 will further the goals of the City's original development as Eco3 would provide its continued services to eligible individuals and homeowners in the Lincoln Park neighborhood. To guarantee the continuation of these services on the Property, Eco3 will provide a minimum five-year guarantee to remain in the building and provide its services to the Lincoln Park neighborhood and other eligible areas of the city. Additionally, the sale or transfer of the Property to Eco3 will allow for the deferred maintenance repairs to occur immediately because of Eco3's expertise in building repair and energy efficiency. Eco3's maintenance and occupancy of the building will provide for new activity along Superior Street in Lincoln Park, avoiding blight conditions in this location that may occur from continued vacancy on the Property.

(f) In Resolution No. 15-0524, the city council adopted the Lincoln Park Small Area Plan (the "Plan"), which created numerous goals for the neighborhood. The proposed use of the Property by Eco3 directly supports two of the Plan's goals to: (1) enhance the appearance of the area to foster a vibrant neighborhood and (2) support economic development through the shift of an underutilized site to active use and Eco3's provision of its continued services.

(g) Eco3 intends to continue working with the Citizen's Patrol and agrees to allow the Citizen's

Patrol use of the building on the Property for a minimum period of five years. The partnership between Eco3 and the Citizen's Patrol also furthers the goal of the Plan to reduce crime rate in and around the Lincoln Park neighborhood.

(h) The city council finds that a conveyance of the Property to Eco3 for the purpose of providing its continuing services to low and moderate income individuals in the community furthers the interests of the city. The city desires to use the Property to assist with Eco3's mission of serving low and moderate income individuals for improved energy efficiency in housing and economic development activities in Lincoln Park by conveying the Property at less than market value. The city also desires to reduce the chance of creation of blight in a neighborhood business area that is suitable for reinvestment. Consistent with the adopted Comprehensive Plan, transfer of the Property achieves Governing Principles #1 (reuse previously developed lands) and #5 (strengthen neighborhoods). Transfer of the Property and Eco's subsequent reinvestment of the building will provide certainty about the future of this site in Lincoln Park to other nearby property owners, creating a more predictable understanding of the future of the neighborhood business district and a more suitable framework for private reinvestment in other nearby properties.

Section 3. That, upon Eco3's fulfillment of all contingencies, terms, and conditions in the purchase agreement approved in Resolution No. 18-0042, the proper city officials are hereby authorized to execute the deed and all other documents necessary to effectuate the conveyance of the Property to Ecolibrium3, a Minnesota non-profit corporation, for the sum of \$3,596. Funds to be deposited into 110-700-1420-4640 (General Fund, Transfers and Other Functions, Capital Program, Sale of Land).

Section 4. That the deed to Ecolibrium3 for the Property 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 any of the following conditions occur within 60 months of the date of this deed:*

- (i) grantee ceases to exist as a legal entity in the State of Minnesota;*
- (ii) grantee stops providing its services in the City of Duluth, Minnesota, which services include creating healthy, efficient, and resilient built environments; building partnerships and enabling participation in the community; and protecting the environment and advancing community sustainability;*
- (iii) grantee attempts to transfer, sell, lease, sublease or otherwise convey any interest of grantee, legal or equitable, in the property; or*
- (iv) grantee shall make any assignment for the benefit of its creditors, or generally not be paying its debts as they become due, or a petition shall be filed by or against grantee under the United States Bankruptcy Code, or grantee shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of any part of the property.*

*This restrictive covenant shall run with the land and be enforceable by grantor.*

Section 5. 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 as East Half (E ½) of Lot Three Hundred Twenty-eight (328), Block Thirty-seven (37), DULUTH PROPER, SECOND DIVISION, according to the recorded plat thereof (the "Property") to Ecolibrium3, a Minnesota non-profit corporation ("Eco3"), under all the terms and conditions in the Purchase Agreement approved in Resolution No 18-0042. The Property is located at 2014 W. Superior Street and depicted on the attached Exhibit A.

Eco3 agrees to purchase the Property for \$3,596 and bear all costs incurred with the conveyance, including deed tax and recordation filing fees. Eco3 also agrees to remain on the Property for a minimum of five years and provide its continued services to the Lincoln Park neighborhood and other eligible areas of the city, as well as allow the Duluth Citizen's Patrol for Lincoln Park to use the building for no less than five years.

