



Legislation Text

File #: 21-0888R, **Version:** 1

RESOLUTION OF INTENT TO CONVEY PARK PROPERTY WITHIN THE LESTER PARK GOLF COURSE TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO ADVANCE THE DEVELOPMENT OF MIXED INCOME HOUSING UNITS AND SMALL-SCALE COMMERCIAL DEVELOPMENT ON SAID PROPERTY.

CITY PROPOSAL:

WHEREAS, the city issued a request for proposals for the development of all or a portion of the Lester Park golf course in August 2014;

WHEREAS, the city council on May 13, 2019 approved Resolution 19-0358R, A Resolution of Support for Recommended Changes to Ownership and Use of Public Green Space in the Lester Park and Enger Park Areas, that called on the city to, "Attempt to develop 50-acre lower portion of Lester Park Golf Course for multifamily housing."

WHEREAS, pursuant to city council Resolution 19-0358R, the city issued additional requests for proposals for the development of approximately 50 acres of Lester Park golf course in January and April of 2020;

WHEREAS, the city determined that neither the 2014 or 2020 RFP processes resulted in proposals to development all or portions of the Lester Park Golf Course that would obtain or complement the needs and goals of the city;

WHEREAS, the city council finds that:

- (a) There continues to be a need for additional housing in Duluth and, in particular, affordable housing;
- (b) An increase in the density of housing encourages and affords new small-scale retail and commercial opportunities that can serve existing and future neighborhood residents;
- (c) Sale of the specified portion of Lester Park Golf Course and dedication of sale proceeds to renovation of Enger Park Golf Course will help to preserve the City of Duluth's public golf program;

(d) The sale will not prohibit the City's plan to reopen 18 holes at Lester Park Golf Course for one year only while Enger Park Golf Course undergoes renovation; and

(e) Approximately the 37 acres of the property currently used for Lester Park Golf Course described below (the "Property") would be appropriate for mixed use development;

WHEREAS, the city council finds that a sale or conveyance of the Property could help facilitate the goals described in the foregoing paragraph and is ready to convey the Property for such purposes;

WHEREAS, the city council finds that the Duluth Economic Development Authority (the "Authority") is equipped to facilitate development of the Property;

WHEREAS, it is the intention of the city council that the revenue generated from the sale of the Property shall be re-invested into the Enger Park Golf Course; and

WHEREAS, Section 2-176(a) of the Duluth City Code, 1959, as amended, requires that prior to any city-owned property being offered for sale or conveyance, the city council shall, by resolution, state its intention to sell or convey such property.

NOW, THEREFORE, BE IT RESOLVED, that the Duluth city council hereby states its intention to offer for conveyance the real property located within the Lester Park Golf Course that is generally described and outlined on the attached Exhibit A (the "Property") to the Authority upon the condition that the Authority shall sell the Property at a public sale and enter into one or more development agreements with a developer or developers for development of the Property, which agreements shall include the following minimum conditions:

- (a) Reserve two development sites on the Property for affordable housing projects that rent to tenants earning 60 percent of the area median income or less on average.
- (b) Not less than 20 percent of units within any multifamily housing project shall be reserved for rental to individuals earning 60 percent of the area median income or less.
- (c) Any commercial development on the Property must be no greater than 20,000 square feet per development site or development phase.
- (d) All development of the Property must be consistent with environmental and sustainability goals described in the City's adopted comprehensive plan and include public pedestrian, bicycle and trail connections to surrounding public amenities and neighborhoods.
- (e) Any development agreement for any portion of the Property shall require that the development approved by said agreement must occur within seven years of the approval of the subject development agreement by the Authority and be completed within nine years of said date and provide that any property not developed within said time frames be conveyed to the city free and clear of any and all mortgages, liens and other encumbrances, except for those already in favor of the city or general public, and at no cost to city unless the time for sale or development is further extended by resolution of city council; the city will be a third party beneficiary of such agreement.
- (f) The Property will be sold at market value, and such value shall be determined through a competitive process for its sale and development or otherwise agreed to by the city. DEDA shall not reduce the sale price of the Property to incentivize development and, if public assistance is required to render a desired project economically feasible, DEDA and the city or both must pursue other means of providing any necessary financial assistance. All proceeds from the sale of any portion of the Property will be transferred to the city into the Duluth Park Fund and dedicated to renovation of golf facilities at Enger Park Golf Course.
- (g) Such development agreements must include a requirement for an evaluation of traffic impact, public transit access and multimodal transportation options subject to approval of the city engineer.
- (h) Any development must follow all applicable statutes and city code.

FURTHER RESOLVED, that the conveyance of the Property to the Authority shall not occur unless and until: (a) the city council authorizes the sale of the Property through an ordinance that has been approved by no less than eight affirmative votes of the city council; and (b) all terms and conditions required in 1955 Minn. Laws, Chapter 82, the Duluth City Code, and all other applicable law have been satisfied.

STATEMENT OF PURPOSE: The purpose of this resolution is to state the City's intent to convey approximately 37 acres of park property located within Lester Park Golf Course, which specific area is generally described and outlined on the attached Exhibit A (the "Property"), and to set forth the conditions of the proposed conveyance to the Duluth Economic Development Authority (the "Authority") for the development of housing and commercial activity on the Property. While the City received proposals from both the 2014 and 2020 RFP processes, neither resulted in the development of all or portions of the Lester Park Golf Course. City administration believes that the conveyance of the Property to the Authority, under the conditions listed above, will improve the ability of both the city and DEDA staff to engage developers and encourage the development of mixed income housing at this location.

The City's planning department reviewed the conveyance for conformity to the city's comprehensive plan and determined that a conveyance of the Property conforms with said comprehensive plan and the Property is surplus to the City's future needs. The letter of conformity is attached as Exhibit B.

According to the St. Louis County assessor, the Property intended to be conveyed has a current estimated market value of \$72,000 for a two-acre site, as evidenced by the letter attached Exhibit C. A simple calculation of that value across 37 acres equates to approximately \$1.3 million. However, as noted in the letter attached as Exhibit C, there are several factors to consider when valuing real property and the City should engage with a licensed appraiser to obtain a more accurate analysis of the estimated market value. Typically, the larger the

site, the less value per square foot. The final value of the Property shall be determined through DEDA's competitive process for the sale and development of the Property or otherwise agreed to by the city.

The proposed conveyance supports the plan approved in 2019 by the Parks Commission and the City Council to preserve the City of Duluth's public golf program by consolidating golf operations at Enger Park Golf Course, selling the specified Property at Lester Park Golf Course, and dedicating sale proceeds to help pay for renovation of deteriorated golf facilities at Enger. All proceeds from the sale of any portion of the Property will be transferred to the city into the Duluth Park Fund and dedicated to renovation of golf facilities at Enger Park Golf Course.

In accordance with the provisions of 1955 Minn. Laws, Chapter 82 (the "Special Legislation"), the Planning Commission recommended to convey the Property with at least three-fourths vote in the affirmative, as evidenced by the minutes of the special meeting on September 14, 2020 attached Exhibit D. Additionally, the Parks Commission and Golf Committee have also recommended the conveyance of the Property, as evidenced by minutes of the special meeting on September 15, 2021 attached as Exhibit E and the minutes for the meeting on September 8, 2021 attached as Exhibit F.

The Special Legislation requires no less than a 4/5 vote by the government board of the city to authorize a conveyance via ordinance. In addition, city administration is requesting approval of this resolution of intent with no less than 8/9 affirmative votes.