

# THE CITY OF



# OWATONNA

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DATE: July 1, 2021  
TO: Mayor and City Council  
FROM: Community Development Dept. - Troy Klecker  
SUBJECT: 216 North Oak Avenue.

**Purpose:** City Council to authorize purchase of the property at 216 North Oak Avenue as recommended by the EDA.

**Background:** The City has a history of initiating successful redevelopment projects by first acquiring property that is desirable for redevelopment. Many of these projects take years to complete but all started with the City initiating the project. Some examples include:

- Purchased the OTC Warehouse and Kaplan's apartments for a 36-unit apartment building on Rose St.
- Purchased the old movie theater downtown for a 106-unit Marriott Courtyard Hotel.
- Purchased 5 homes on East Pearl Street for a 43-unit apartment building.
- Purchased the old Arnold House downtown for the new Ace Hardware Store.
- Purchased a warehouse and 2 homes on Cherry Street for a 36-unit apartment building.

We have several redevelopment projects in process with the Bubba's Building, the lot next to Dollar General, 100 block of Fremont Street, 117 West Bridge Street, and 148 West Main Street. Most of these redevelopment projects are in the downtown area which is an emphasis of City Council's Strategic Plan and there are just more opportunities for redevelopment in this area.

With the apartment building on Pearl Street and the hotel starting construction in the downtown area, staff is looking for the next redevelopment project; this property and the area around it have redevelopment potential. The plan would be to demolish the building and make the site available for development. The property is 49.5 feet wide and 90 feet deep and is probably not large enough to redevelop on its own but there is vacant property to the north that could be combined with this property for a redevelopment project. Staff will be working with that property owner on redevelopment plans.

There is a signed purchase agreement contingent on City Council approval to purchase this property for \$75,000; the cost will be paid by the EDA which approved this purchase during their June 16<sup>th</sup> Meeting. Staff will seek bids to demolish the building upon closing on the property, staff estimates \$30,000 to demolish the building.

**Budget Impact:** The \$75,000 purchase price and the estimated \$30,000 demolition cost will be paid for by the EDA with plan to recoup these costs through a redevelopment project.

**Staff Recommendation:** Staff would recommend approval to purchase the property at 216 North Oak Avenue.

