



**Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED**

Date: February 17, 2015

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

**Subject:** Land Sale Public Hearing  
Vacant Housing Recycling Program

**Recommendation:** Approve the sale of 2658 Queen Avenue North to Kameron Alexander and David Erickson for \$8,000, subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and 2) payment of holding costs of \$300.00 per month 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:** The City acquired 2658 Queen Avenue North on December 9, 2013.

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229  
Approved by: D. Craig Taylor, Executive Director CPED \_\_\_\_\_  
Charles T. Lutz, Deputy Director CPED \_\_\_\_\_  
Presenter(s) in Committee: Edie Oliveto-Oates, Senior Project Coordinator

**Financial Impact**

- Action is within the Business Plan
- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Write-off (see attached table): \$33,107
- Proposed Re-Use Value Write Down (see attached table): \$22,000

**Community Impact**

- Neighborhood Notification: Jordan Area Community Council reviewed this proposal and recommended it be approved.
- City Goals: LIVING WELL - Minneapolis is safe and livable and has an active and connected way of life.
- Comprehensive Plan: On February 12, 2015, the Planning Commission Committee of the Whole reviewed this proposal and recommended approval; it is anticipated that the Planning Commission will approve the sale of this parcel as being consistent with the Comprehensive Plan on February 23, 2015.
- Zoning Code: Project complies with current zoning.
- Other: On January 23, 2015, the Planning Staff completed the land sale review process.

## Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH 518	2658 Queen Avenue N.	\$8,000

### PURCHASER

Kameron Alexander and David Erickson  
2638 Queen Ave. N.  
Minneapolis, MN 55411

### PROPOSED DEVELOPMENT:

The developer proposes the rehabilitation of the existing single family home, which contains 1 bedroom, 1 bathroom and is approximately 616 square feet.

The lot size is 38' x 127' = approximately 4,925 total square feet.

### LAND DISPOSITION POLICY:

This property is being sold for development and will be improved by rehabilitation as defined by City policy.

### FINANCING\*:

Private

\*Subject to application and underwriting requirements.

### OFFERING PROCEDURE:

Public Advertisement. The sales price of this property is less than its full re-use value. The City is selling the property based on the only offer we received, after marketing the property three times. Staff is comfortable with the offer amount considering the size and condition (tornado-damaged) of the property.

### COMMENTS:

The property was publicly advertised in the Minneapolis Star and Tribune on three occasions. An informational meeting was held to inform all potential developers about the City's disposition process and the information was posted on the City's web site. An open house was held to allow potential developers to inspect the property, as part of their due diligence. Interested parties submitted the required initial statements of interest and all interested developers were vetted through the City's Department of Regulatory Services. Subsequently, the applicable Truth and Housing Reports or Code Compliance reports were completed and provided to the interested developers including the price of the property. Developers informed staff of their continued interest in the properties and the neighborhoods were informed and provided 45 days to meet with the interested developers and provide feedback regarding their review.

Only one offer was received. The purchasers live on the block of the subject property. Their plan is to rehabilitate the home for the primary residence of Mr. Alexander's elderly mother. It is his desire to have her close by him, where he is able to readily check on her and provide any needed care in a timely fashion. The subject property was tornado-damaged and the sale and subsequent rehab will put the property back to productive use and will eliminate the blighting influence on the block. This property is being sold in its as-is condition.

**Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel VH-518.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-518 in the Jordan neighborhood, from Kameron Alexander and David Erickson, hereinafter known as the Redeveloper, the ParcelVH-518 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-518; 2658 Queen Avenue N.

Lot 30, Block 7, Nichols-Frissell Co's. Penn-Lawn Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$8,000, for Parcel VH-518; 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, February 6, 2015, a public hearing on the proposed sale was duly held on February 17, 2015, 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 Vacant Housing Recycling Program plan, as amended, is hereby estimated to be the sum of \$30,000 for Parcel VH-518.

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 on or before 90 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month 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.



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

Date: February 17, 2015  
 Subject: Land Sale – Public Hearing  
 Vacant Housing Recycling Program  
 Address: 2658 Queen Avenue N.  
 Purchaser: Kameron Alexander and David Erickson

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble (A+B)	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0) (E-C)	Re-Use Value Write Down (E-D)
2658 Queen Ave N	\$40,000	\$1,107	\$41,107	\$30,000	\$8,000	(\$33,107)	(\$22,000)
Total	\$40,000	\$1,107	\$41,107	\$30,000	\$8,000	(\$33,107)	(\$22,000)

Write-Down

The property was marketed three times and this was the only offer received. Staff believes that size and condition of the property may reflect the lack of interest in the property and the offer amount may be reflective of the market price.

Developer History with CPED:

This is the first time the purchaser is buying property from the City of Minneapolis.

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