



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

Date: June 23, 2015

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

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation:

1. Approve the sale of 3901 22nd Avenue South to Accent Homes, Inc. for \$25,200, subject to the following conditions; a) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and b) 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.

2. If Accent Homes, Inc. fails to close, approve the sale of 3901 22nd Avenue South to Paramount Investment Group, LLC. for \$25,200, subject to the following conditions; a) land sale closing must occur on or before 30 days from date of City notification, and b) payment of holding costs of \$300.00 per month from the date of notification to the date of closing if the land sale closing does not occur on or before 30 days from the date of City notification. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Previous Directives: The City acquired 3901 22nd Avenue South on June 7, 2013.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231
Approved by: D. Craig Taylor, Director CPED _____
Charles T. Lutz, Deputy Director CPED _____
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator

Financial Impact:

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Proceeds (see attached table): \$18,675
- Proposed Re-Use Value Write-Down (see attached table): \$0

Community Impact

- Neighborhood Notification: Standish-Ericsson Neighborhood Association reviewed these proposals and recommended Accent Homes, Inc. be approved.
- City Goals: LIVING WELL Minneapolis is safe and livable and has an active and connected way of life.
- Comprehensive Plan: On April 27, 2015, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.

- Zoning Code: The proposed development complies with the existing zoning.
- Living Wage/Business Subsidy Agreement Yes_____ No x
- Job Linkage Yes_____ No x
- Other: On March 19, 2015, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-803	3901 22nd Avenue South	\$25,200

PURCHASER

Accent Homes, Inc.
 13739 Lincoln Street NE
 Ham Lake, MN 55309

ALTERNATE PURCHASER

Paramount Investment Group, LLC.
 8763 Highwood Way
 Apple Valley, MN 55124

PROPOSED DEVELOPMENT:

Accent Homes, Inc. proposes to build a 1,901 square foot single family home with three bedrooms and two baths, with a double-car detached garage. They will sell the home for owner-occupancy with an asking price of \$360,000.

Paramount Investment Group, LLC. proposes to build a 2,208 square foot single family home with three bedrooms and two and one-half baths, with a double-car detached garage. They will sell the home for owner-occupancy with an asking price of \$350,000.

JRM Estates, Inc. proposes to build a 2,000 square foot single family home with three bedrooms and three baths, with a double-car detached garage. They will sell the home for owner occupancy with an asking price of \$400,000.

The lot size is 41' x 134' = approximately 5,495 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development.

FINANCING*:

Accent Homes has provided financial information that is dedicated to the development of this project.

Paramount Investment has provided financial information that is dedicated to the development of this project.

JRM Estates, Inc. has provided financial information that is dedicated to the development of this project.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value, as established by an independent fee appraiser.

COMMENTS:

Three offers were submitted for this parcel. The Standish-Ericsson Neighborhood Association reviewed the three proposals. They recommended the proposal submitted by Accent Homes Inc. because the proposed design best fit the architecture of the existing houses on the block. Staff concurs with this position, but is further recommending that should Accent Homes Inc. not meet the closing requirements on this parcel, that staff is authorized to proceed with the sale to Paramount Investment Group, LLC. The Standish-Ericsson Neighborhood Association determined the proposed design submitted by JRM Estates Inc. does not fit the scale of the existing houses on the block.

This site was acquired from Hennepin County as a vacant land site. The improvements that were on the site were demolished under a Directors Order by the City of Minneapolis Department of Regulatory Services. The demolition contractor's sub-contractor, Pete's Water and Sewer, found a joint sewer connection with the house at 3907 22nd Avenue South. They cut the sewer service for 3901 22nd Avenue South at the house and left the service to the main which served both houses. The sewer line which now serves 3907 22nd Avenue South encroaches on the city-owned parcel and must be corrected to have clear title for the new development. The recommended developer has secured bids for installing a new sewer to 3907 22nd Avenue South, repairing the damage caused to the landscape and public sidewalk. The total cost for all essential repairs is \$14,355. The developer is requesting that the City of Minneapolis provide for reimbursement.

Staff has requested and Accent Homes has secured multiple bids for the work associated with the sewer correction. After staff's review of the bids, it is recommended that the City reimburse the purchaser no more than \$14,355, to be paid out of the land sale proceeds.

Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel TF-803.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel TF-803, in the Standish neighborhood, from Accent Homes, Inc., hereinafter known as the Redeveloper and another offer to purchase and develop Parcel TF-803, from Paramount Investment Group, LLC., hereinafter known as the Alternate Redeveloper, the Parcel TF-803, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-803; 3901 22nd Avenue South

Lot 28, Block 2, Byrona Addition to the City of Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$25,200 for Parcel TF-803 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Alternate Redeveloper has offered to pay the sum of \$25,200 for Parcel TF-803 to the City for the land, and the Alternate Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, both the Redeveloper and the Alternate Redeveloper have submitted to the City statements 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 the accepted methods in 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 June 12, 2015, a public hearing on the proposed sale was duly held on June 23, 2015, at the regularly scheduled Community Development & Regulatory Services Committee meeting of the City Council, 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 \$25,200 for Parcel TF-803.

Be It Further Resolved that the acceptance of the offers and proposals are both hereby determined to be in accordance with the City's approved disposition policy and it is further determined that both the Redeveloper and the Alternate Redeveloper possess the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program, but that the City prefers the Redeveloper's proposal over the Alternate Redeveloper's proposal.

Be It Further Resolved that the Redeveloper's proposal 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 if and only if Redeveloper fails to close on the land sale pursuant to the conditions described above, the Alternate Redeveloper's proposal 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 30 days from the date of City notification to the Alternate Redeveloper and 2) payment of holding costs of \$300.00 per month from the date of notification if the land sale closing does not occur on or before 30 days from the date of City notification to the Alternate Redeveloper.

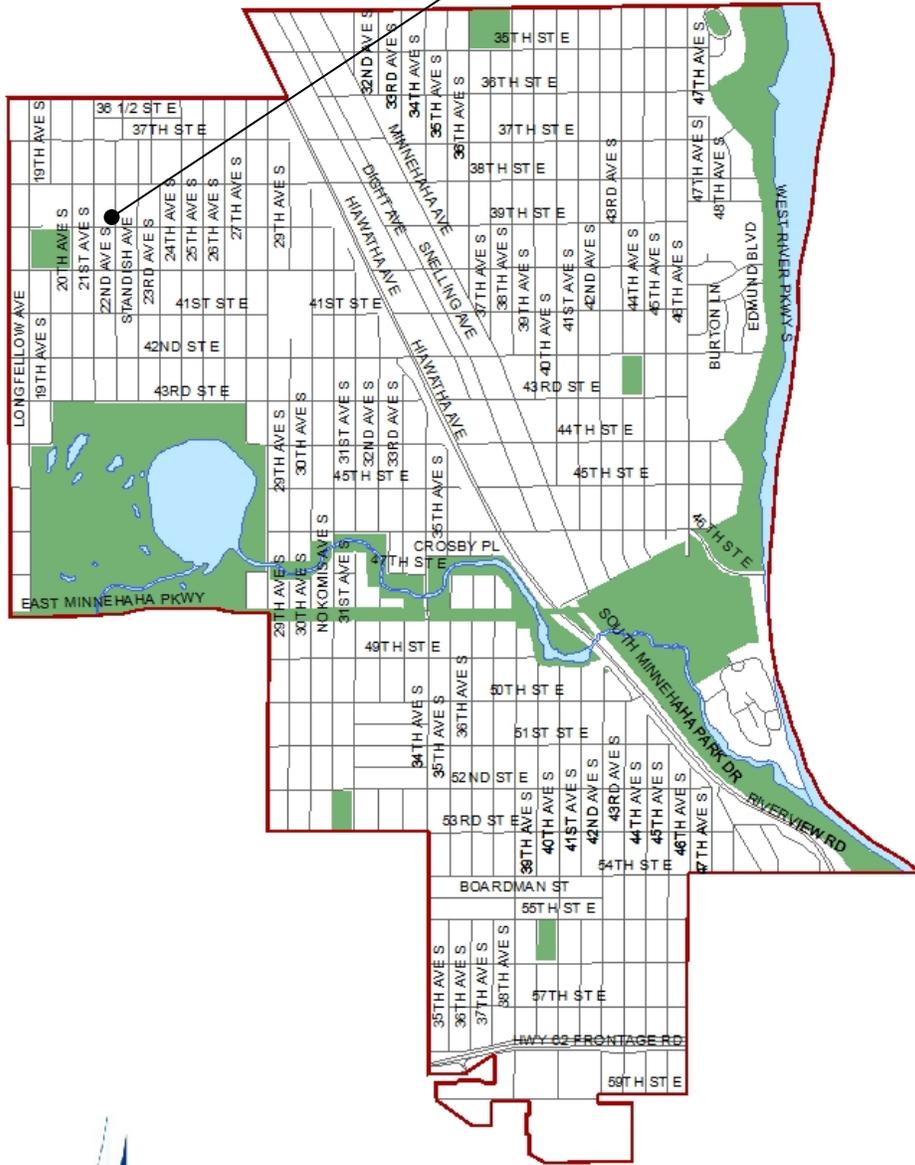
Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

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 or Alternate Redeveloper, as appropriate; 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 to execute and deliver a conveyance of the land to the Redeveloper or the Alternate Redeveloper, as appropriate; 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 City official of the City.

Ward 12

Address: 3901 22nd Avenue South



Minneapolis
City of Lakes
Community Planning &
Economic Development

CPED Long Range Planning, 12/18/2013



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

Date: June 23, 2015
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 3901 22nd Avenue South
 Purchaser: Accent Homes, Inc.

	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 (if < 0) (E-D)
3901 22nd Avenue South	\$5,500	\$1,025	\$6,525	\$25,200	\$25,200	\$18,675	\$0
Total	\$5,500	\$1,025	\$6,525	\$25,200	\$25,200	\$18,675	\$0

Write-Down

Reason: Not applicable as the sales price is equal to the re-use value.

Developer History with CPED:

Accent Homes, Inc. has developed five homes on sites acquired from the City of Minneapolis and sold them to owner-occupied buyers.

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

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Write-Down

Reason: Not applicable as the sales price is equal to the re-use value.

Developer History with CPED:

None.

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- 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
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