



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

Date: July 28, 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 2732 4th Street North to Beneficial Investments Co. for \$1.00, 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 Beneficial Investments Co. fails to close, approve the sale of 2732 4th Street North to Abdi Mahamed and Abdurahman Adan for \$1.00, 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 this property through Hennepin County Forfeited Land on April 17, 2015.

Prepared by: Roxanne Young Kimball, Senior Project Coordinator, Phone 612-673-2794
Approved by: D. Craig Taylor, Director CPED _____
Charles T. Lutz, Deputy Director CPED _____
Presenters in Committee: Roxanne Young Kimball, Senior Project Coordinator

Financial Impact

- Action is within the Business Plan
- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Write-off (see attached table): \$2,745
- Proposed Re-Use Value Write-Down (see attached table): \$0

Community Impact

- Neighborhood Notification: Hawthorne Neighborhood Council reviewed all proposals received and recommended sale to Beneficial Investments Co.
- City Goals: LIVING WELL Minneapolis is safe and livable and has an active and connected way of life.

- Comprehensive Plan: On February 23, 2015, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: It complies.
- Living Wage/Business Subsidy Agreement Yes_____ No x
- Job Linkage Yes_____ No x
- Other: On January 23, 2015 the Planning Staff completed a land sale review of this parcel.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF 870	2732 4th St. N.	\$1.00

PURCHASER

Beneficial Investments Co.
1959 Geneva Ave. N., Oakdale, MN 55128

ALTERNATE PURCHASER

Abdi Mahamed and Abdurahman Adan
3601 Portland Ave. S., Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

The property was constructed in 1909 and is a duplex with a 1,526 sq. ft. three-bedroom, one and three-quarter-bath unit on the first floor and a 1,376 sq. ft. two-bedroom, one-bath unit on the second floor that will be rehabilitated to meet the Vacant Housing Recycling Program’s rehabilitation standards. It was registered as a vacant building in July 2007.

Beneficial Investments Co. proposes to rehab the property as a duplex and retain it as a rental property.

Abdi Mahamed and Abdurahman Adan proposes to rehab the property as a duplex. In the submitted Offer to Purchase, Abdi Mahamed and Abdurahman Adan indicated the property would be retained as rental property. Five days after the application period was closed, Abdi Mahamed sent an e-mail indicating an intent to owner occupy one of the two units. The intent to owner occupy was not considered during the staff review and recommendation process because it was viewed as a substantive change after the application period was closed. An opportunity to make substantive changes was not afforded to the four other applicants. Abdi Mahamed currently owns two additional single family homes in the City of Minneapolis.

The lot size is 44’ x 157’ = approximately 6,908 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

Purchaser: Loan from Red Dirt Lending, documented with a pre-approval letter.

Alternate Purchaser: Cash, documented with bank statements dated within 30 days of application.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value.

COMMENTS:

This property was publicly advertised on the City of Minneapolis website and through e-mail notification to a list of 200+ developers and homebuyers. Two informational meetings were held to inform potential developers and homebuyers about the City's disposition process and the information was posted on the City's website. An open house was held to allow potential purchasers to inspect the property and a two-week application period was provided after the open house. Four complete offers were received. Offers were evaluated for proposal strength and the two strongest proposals are recommended in this action. The City is selling this property in its as-is condition.

Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel TF-870.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel TF-870, in the Hawthorne neighborhood, from Beneficial Investments Co., hereinafter known as the Redeveloper and another offer to purchase and develop Parcel TF-870, from Abdi Mahamed and Abdurahman Adan hereinafter known as the Alternate Redeveloper, the Parcel TF-870, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-870; 2732 4th Street North

Lot 1, Block 3, Holway and Taylor's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$1.00, for Parcel TF-870; the offer included a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Alternate Redeveloper has offered to pay the sum of \$1.00 for Parcel TF-870; the offer included a development plan and commitment to improve by rehabilitating the existing structure. This offer 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 July 17, 2015, a public hearing on the proposed sale was duly held on July 28, 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 \$1.00 for Parcel TF-870.

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.

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

Date: July 28, 2015
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 2732 4th St. N.
 Purchaser: Beneficial Investments Co.

	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)
2732 4th Street North	\$1	\$2,745	\$2,746	\$1	\$1	(\$2,745)	\$0
Total	\$1	\$2,745	\$2,746	\$1	\$1	(\$2,745)	\$0

Write-Down

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

Developer History with CPED:

None

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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