



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:

Approve the sale of 4049 Dupont Ave. N. to Tai Hon LLC for \$16,000.00 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.

Previous Directives: The City acquired this property on May 31, 2011.

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 _____
Presenter(s) 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 Cost Write-Off (see attached table): \$1,372
- Proposed Re-Use Value Write-Down (see attached table): \$0

Community Impact

- Neighborhood Notification: The Webber Camden neighborhood was notified of the sale.
- City Goals: LIVING WELL Minneapolis is safe and livable and has an active and connected way of life.
- Comprehensive Plan: On June 1, 2015, the Planning Commission reviewed this proposal and recommended approval for consistency with the Comprehensive Plan.
- Zoning Code: It complies.
- Other: On April 20, 2015, the Planning Staff completed the land sale review process.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-446	4049 Dupont Ave. N.	\$16,000.00

PURCHASER

Tai Hon, LLC
2675 118th Circle NE
Blaine, MN 55449

PROPOSED DEVELOPMENT:

The property was constructed in 1904 and is a 1,764 sq. ft. duplex with a one-bedroom unit and a two-bedroom unit, each unit has one bath. The home will be rehabilitated to meet the Vacant Housing Recycling Program's rehabilitation standards, including addressing all code deficiencies. The building was registered as a vacant building in December 2009.

The lot size is 54' x 128' = approximately 6,963 total square feet.

Tai Hon LLC proposes to rehab and retain the property in its rental portfolio. Tai Hon LLC is utilizing Simplified Housing Solutions LLC, a licensed general contractor, to perform the rehab of the property. The company has previous experience rehabilitating and managing two vacant buildings in the City of Minneapolis that are currently leased with no housing complaints or police calls.

LAND DISPOSITION POLICY:

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

FINANCING*:

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

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property is a restricted appraisal performed by an independent fee appraiser and reflects the fair reuse value.

COMMENTS:

The property was acquired by CPED at the request of the Department of Regulatory Services. The intent was to demolish the structure to expand the parking lot for Emergency Preparedness staff. The project did not materialize and CPED was asked to dispose of the property.

The property was publicly advertised on the City of Minneapolis website and through e-mail notification to a list serve 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. Three offers were received; two of the offers were ineligible under program criteria because they did not demonstrate financial capacity. The City is selling this property in its as-is condition.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman

Authorizing sale of land Vacant Housing Recycling Program Disposition Parcel VH-446 at 4049 Dupont Ave N, Minneapolis.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-446 in the Camden neighborhood, from Tai Hon LLC, hereinafter known as the Redeveloper, the Parcel VH-446, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-446; 4049 Dupont Avenue North
Lot 1, Block 3, Wyoming Park, Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$16,000, for Parcel VH-446; 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, July 17, 2015, a public hearing on the proposed sale was duly held on July 28, 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 \$16,000, for Parcel VH-446.

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.

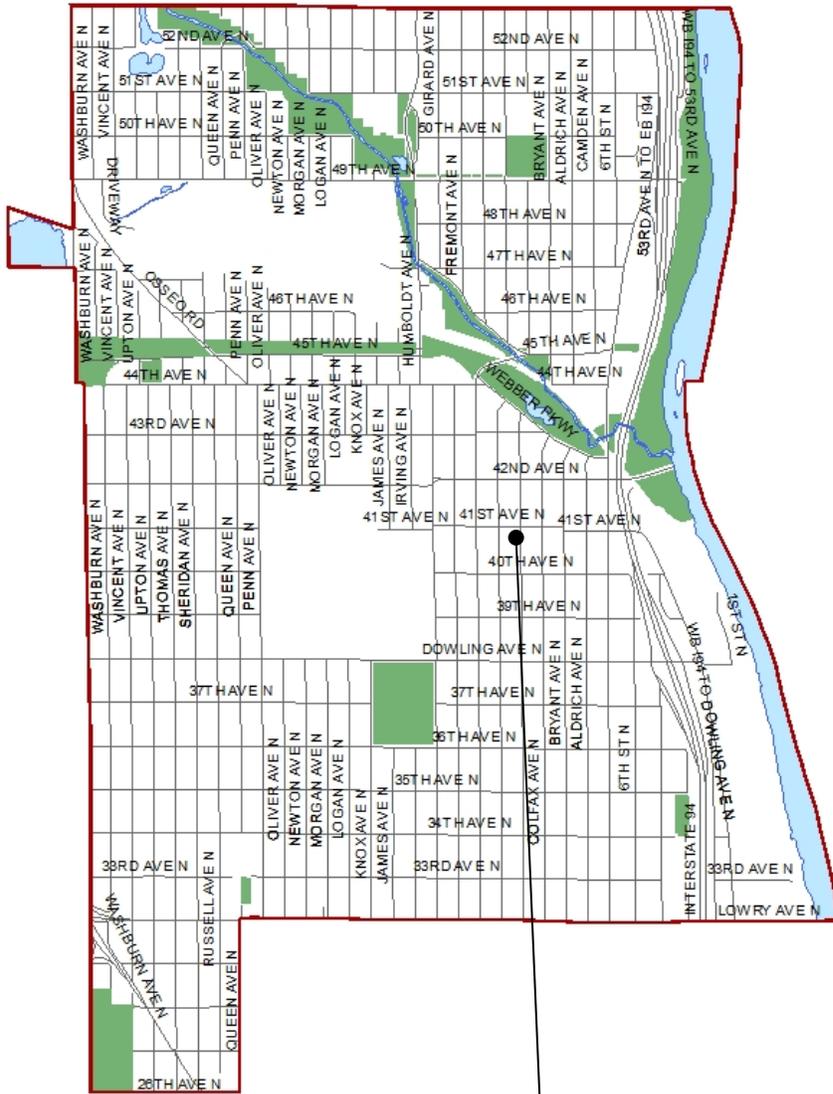
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment 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.

Ward 4



Address: 4049 Dupont Avenue North



Minneapolis
City of Lakes
Community Planning &
Economic Development



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: 4049 Dupont Avenue North
 Purchaser: Tai Hon LLC

	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)
4049 Dupont Ave N	\$17,000	\$372	\$17,372	\$16,000	\$16,000	(\$1,372)	\$0
Total	\$17,000	\$372	\$17,372	\$16,000	\$16,000	(\$1,372)	\$0

Write-Down
 Not applicable.

Developer History with CPED:
 This is the developer's first proposal to purchase property from the City for development. The general contractor, Simplified Housing Solutions, LLC, has previous experience rehabilitating and managing properties in the City.

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