

Request for Committee Action

To: Community Development & Regulatory Services
Date: 9/29/2015
From: Community Planning & Economic Development
Prepared by: Roxanne Young Kimball
Presented by: Roxanne Young Kimball
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 2101 26th Ave. N., to Homes Minnesota LLC

Description:

Adopting of Resolution approving the sale of the property at 2101 26th Ave. N., VH-491 to Homes Minnesota LLC for \$1.00, subject to conditions.

Previous Actions:

The City acquired 2101 26th Ave. N. on May 23, 2013.

Ward/Neighborhood/Address:

Ward 5
Jordan
2101 26th Ave. N.

Background/Analysis:

| <u>PARCEL</u> | <u>ADDRESS</u> | <u>SALE PRICE</u> |
|---------------|-------------------|-------------------|
| VH-491 | 2101 26th Ave. N. | \$1.00 |

PURCHASER

Homes Minnesota LLC
5601 Indiana Ave. N.
Brooklyn Center, MN 55429

PROPOSED DEVELOPMENT:

The property was constructed in 1911 and is a 1,075 square foot, three-bedroom, one-bath single family home that will be rehabilitated to meet the Vacant Housing Recycling Program's rehabilitation standards, including addressing all code deficiencies.

The lot size is 45' x 125' = 5,625 total square feet.

Purchaser proposes to rehabilitate 2101 26th Ave. N. and sell the property for owner-occupancy.

LAND DISPOSITION POLICY:

The sale of this property is in compliance with the City's Disposition Policy. The sales price of this property reflects the full re-use value. The write off is due to the property's deterioration during the holding period.

FINANCING:

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

COMMENTS:

This property was publicly advertised on the City of Minneapolis website and through e-mail notification to a list of over 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. Homes Minnesota LLC was one of two proposals received for this property. The City is selling this property in its as-is condition.

Homes Minnesota LLC was reviewed for ownership history in the City of Minneapolis; currently nine properties are owned in the City of Minneapolis. None of the nine properties are registered vacant buildings or Tier 3 rental properties. Homes Minnesota LLC owns one Tier 2 rental property; however the property has no outstanding complaints or code compliance issues. Tier 2 and 3 rental properties are categorized due to receiving a higher rate of citations, police calls, or other nuisances that result in a use of city services. Before and after pictures were provided for a vacant building that was fully rehabbed at 3410 Colfax Ave. N.

Wilson Molina was the other applicant and submitted a proposal for a total of 10 properties that were offered for sale through the Vacant Housing Recycling Program. Staff is conducting additional due diligence with Wilson Molina for eight of the 10 properties that he submitted proposals to clarify how the proposed scope of work will achieve CPED minimum property standards.

Notification was provided to the Jordan neighborhood.

Financial Review:

No additional appropriation required, amount included in current budget.

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Write-off(see attached table): \$ 28,819
- Proposed Re-Use Value Write-Down(see attached table): \$ 0

Future budget impact anticipated.

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. 2101 26th Ave. N. Land Sale_Resolution
2. 2101 26th Ave. N. Land Sale_Ward Map
3. 2101 26th Ave. N. Land Sale_Cost Sheet
4. 2101 26th Ave. N. Land Sale_Photo
4. 2101 26th Ave. N. Before and After Pictures of 3410 Colfax Ave. N.

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

Date: September 29, 2015
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 2101 26th Ave. N.
 Purchaser: Homes Minnesota 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) |
| 2101 26th Ave. N. | \$27,000 | \$1,820 | \$28,820 | \$1 | \$1 | (\$28,819) | \$0 |
| Total | \$27,000 | \$1,820 | \$28,820 | \$1 | \$1 | (\$28,819) | \$0 |

Write-Down

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

Developer History with CPED:

Homes Minnesota LLC has not previously purchased property from CPED.

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