

Request for Committee Action

To: Community Development & Regulatory Services
Date: 2/16/2016
Referral: Ways & Means
From: Community Planning & Economic Development
Prepared by: Cherie Shoquist, Principal Project Coordinator, X5078
Presented by: Cherie Shoquist
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: Green Homes North Round 5

Description:

1. Considering the passage of the attached Resolutions approving the sale of the properties identified below to the developers or affiliated entities for the prices shown, subject to conditions, as follows:

1. Approving sale of property at 4131 James Ave. N. (Disposition Parcel No. VH-647) to AA Contracting Inc. for \$5,300.
2. Approving sale of property at 3242 Washburn Ave. N. (Disposition Parcel No. VH-627) to AQDuke, LLC for \$5,000.
3. Approving sale of property at 1205 Irving Ave. N. (Disposition Parcel No. VH-565) to Build Wealth MN for \$2,500.
4. Approving sale of property at 1505 Russell Ave. N. (Disposition Parcel No. VH-404) to City of Lakes Community Land Trust for \$5,100.
5. Approving sale of properties at 2700 Morgan Ave. N., 2819 Knox Ave. N., 296 Oliver Ave. N., 2950 Oliver Ave. N. (Disposition Parcel No. VH-630, VH-639, TF-746, and TF-634) to Twin Cities Habitat for Humanity, Inc. for \$10,000.
6. Approving sale of properties at 3927 Vincent Ave. N., 5113 Dupont Ave. N., 4746 Dupont Ave. N., 4718 Emerson Ave. N., 4634 Aldrich Ave. N., 4626 Aldrich Ave. N. (Disposition Parcel No. VH-577, VH-364, VH-640, VH637, VH-641, and VH-635) to Ibiza, LLC for \$45,100.
7. Approving sale of properties at 4311 Girard Ave. N., 1511 Queen Ave. N., 4155 Irving Ave. N., 4241 Dupont Ave. N., 4847 6th St. E., 706 Newton Ave. N., (Disposition Parcel No. VH-634, VH-652, VH-638, VH-622, VH-608, and VH-247) to kayak Properties, Inc. for \$28,000.
8. Approving sale of properties at 2412 Plymouth Ave. N., 1514 Thomas Ave. N., 1352 Thomas Ave. N., (Disposition Parcel No. TF-429, VH-650, and VH-241) to Prestige Contractors, Inc. for \$15,000.

2. Approving the acceptance of a \$416,670 grant from the Minnesota Housing Finance Agency for the Green Homes North Program and authorizing the appropriate City officials to execute an agreement for the grant.

3. Authorizing the increase of the 2016 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321519) by \$416,670 and the amendment of the 2016 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900230) appropriation by \$416,670.

4. Approving the recommendation to award up to \$1,314,363 for development gap funding for the construction of 23 green homes on City-owned vacant lots in North Minneapolis, as submitted by selected qualified developers in response to the City’s Request for Proposals.

5. Authorizing related agreements with the selected qualified developers or affiliated entities.

Previous Actions:

The City Council approved Green Homes North Round 1 on October 19, 2012, Round 2 on June 28, 2013, Round 3 on April 25, 2014 and Round 4 on January 30, 2015. On December 11, 2015, Council authorized the release of the Request for Proposals for Round 5. All Round 5 properties were acquired on the dates shown below.

Ward/Neighborhood/Address:

Ward 4 and Ward 5

See table below for neighborhoods and addresses.

Background/Analysis:

The Green Homes North (GHN) Program provides an avenue for developers to build newly constructed energy efficient and sustainable, green homes on City-owned vacant lots in North Minneapolis to strengthen the sustainability of our communities. The completed projects are sold to owner-occupied buyers.

GHN Round 5 proposals were received from 12 developers: AA Contracting Inc. (AA Contracting), AQDuke, LLC (AQDuke), City of Lake Community Land Trust (CLCLT), Ibiza LLC (Ibiza), Kayak Properties, Inc. (Kayak), Build Wealth MN, Inc. (Build Wealth), Peyser LLC (Peyser), PPL Homes LLC (PPL), PRG, Inc. (PRG), Prestige Contractors, Inc. (Prestige), Twin Cities Habitat for Humanity, Inc. (Habitat) and Urban Homeworks, Inc. (UHW).

We received 48 developer proposals in accordance with the GHN program guidelines. Staff reviewed the proposals received and ranked them with emphasis on:

- the least amount of Green Home North Program funds,
- ratio of non-City leveraged funds to GHN Program funds,
- most ready to proceed, and
- capacity to perform.

Based on said ranking, staff recommends the following 23 projects be approved for sale under the GHN Round 5 program, as identified in the table below:

ADDRESS	PARCEL	NEIGHBORHOOD	PURCHASER	SALES PRICE	DATE ACQUIRED	AWARD
---------	--------	--------------	-----------	-------------	---------------	-------

4131	James Ave N	VH-647	Webber-Camden	AA Contracting	\$ 5,300	7/14/11	\$96,850
3242	Washburn Ave N	VH-627	Cleveland	AQDuke	\$ 5,000	5/1/13	\$ 6,100
1205	Irving Ave N	VH-565	Near North	Build Wealth	\$ 2,500	6/11/10	\$62,450
1505	Russell Ave N	VH-404	Willard-Hay	CLCLT	\$ 5,100	4/16/09	\$75,000
2819	Knox Ave N	VH-639	Jordan	Habitat	\$ 2,500	10/9/12	\$71,460
2946	Oliver Ave N	TF-746	Jordan	Habitat	\$ 2,500	6/4/10	\$75,000
2950	Oliver Ave N	TF-634	Jordan	Habitat	\$ 2,500	1/2/09	\$75,000
2700	Morgan Ave N	VH-630	Jordan	Habitat	\$ 2,500	1/20/10	\$75,000
3927	Vincent Ave N	VH-577	Victory	Ibiza	\$20,000	2/10/12	\$49,675
5113	Dupont Ave N	VH-363	Lind-Bohanon	Ibiza	\$ 5,100	11/26/08	\$49,775
4746	Dupont Ave N	VH-640	Lind-Bohanon	Ibiza	\$ 5,000	4/22/11	\$49,675
4718	Emerson Ave N	VH-637	Lind-Bohanon	Ibiza	\$ 5,000	8/2/11	\$49,675
4634	Aldrich Ave N	VH-641	Lind-Bohanon	Ibiza	\$ 5,000	9/16/10	\$49,675
4626	Aldrich Ave N	VH-635	Lind-Bohanon	Ibiza	\$ 5,000	9/15/09	\$49,675
4311	Girard Ave N	VH-634	Webber-Camden	Kayak	\$ 5,000	8/22/11	\$46,975
1511	Queen Ave N	VH-652	Willard-Hay	Kayak	\$ 5,000	8/31/10	\$46,975
4155	Irving Ave N	VH-638	Webber-Camden	Kayak	\$ 5,100	12/30/09	\$47,075
4241	Dupont Ave N	VH-622	Webber-Camden	Kayak	\$ 5,100	1/15/16	\$47,075
4847	6th St. N.	VH-608	Lind-Bohanon	Kayak	\$ 5,300	1/15/16	\$47,075
706	Newton Ave N	VH-247	Near North	Kayak	\$ 2,500	6/11/07	\$48,678
2412	Plymouth Ave N	TF-429	Willard-Hay	Prestige	\$ 5,000	12/18/00	\$57,500
1514	Thomas Ave N	VH-650	Willard-Hay	Prestige	\$ 5,000	1/20/10	\$69,000
1352	Thomas Ave N	VH-341	Willard-Hay	Prestige	\$ 5,000	11/14/08	\$69,000

The sales are subject to the following conditions:

- A. land sale closing must occur on or before 90 days from the date the Resolution is approved by the City, and
- B. payment of holding costs of \$300 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.

In the 2016 budget, the City Council approved \$596,900 for GHN Round 5 in Fund 00100. In addition to the development gap assistance, the City of Minneapolis is writing off \$382,139 associated with the cost to assemble these sites. Minnesota Housing awarded \$416,670 in Community Housing Impact Fund capital resources. Staff is allocating \$296,460 in Neighborhood Stabilization Program (NSP2) funds to support four of the Habitat's proposals to meet the program's goal of serving households at 50% AMI. The Twin Cities Community Land Bank is providing construction loans at a 4% interest to all approved GHN developers.

The GHN awards will be structured as no-interest loans that are forgivable upon sale to a qualified homebuyer. Some developers are also leveraging the GHN award with other public, private and philanthropic sources.

GHN is an initiative of the City of Minneapolis and our partners to build 100 energy efficient homes to revitalize neighborhoods in North Minneapolis. The approval of these awards will bring the total number of City-funded GHN projects to 85.

In Round 5, the construction timeline from CPED's issuance of the Notice to Proceed to the issuance of the Certificate of Completion must be six months or less. Additionally, developers are required to start marketing these homes within two weeks of construction start.

GHN homes have sold for approximately \$150,000 - \$220,000 providing a boost to the North Minneapolis housing market. The average sales price (\$184,832) of a GHN home is significantly higher than the 2015 average traditional sales price (\$140,236) for homes in all of North Minneapolis.

PROPOSED DEVELOPMENT:

All of the GHN projects are new energy efficient green homes that will be sold to owner-occupants for fair market value. GHN homes typically average 1,600 square feet, three bedrooms, two or more baths, and a two-car garage. GHN homes are built to The Minnesota Overlay to the Enterprise Green Communities standards.

Below is a brief description of the housing development being proposed by each selected developer.

AA Contracting

12429 53rd St N
Stillwater, MN 55082

AA Contracting proposes to build one home in the Webber-Camden Neighborhood. The home features five bedrooms and two and one-half baths and 1,962 square feet.

AQDuke

4230 Georgia Ave N
Crystal MN 55428

AQDuke proposes to build one home in the Cleveland Neighborhood. The home features three bedrooms and two baths and 1,404 square feet.

BuildWealth

2100 Plymouth Ave N, Suite 104
Minneapolis, MN 55411

BuildWealth MN proposes to build one home in the Near-North Neighborhood. The home features five bedrooms and three baths and 2,250 square feet.

CLCLT

1930 Glenwood Ave N
Minneapolis, MN 55405

CLCLT proposes to build one multi-generational home in the Willard-Hay Neighborhood. The home features four bedrooms and three baths and 1,885 square feet.

Habitat

1954 University Avenue West

St. Paul, MN 55104

Habitat proposes to build four homes in the Jordan Neighborhood. Each home features different amenities: five bedrooms and two baths and a total of 1,435 square feet; four bedrooms and two baths and a total of 1,400 square feet; four bedrooms and two baths and a total of 1,480 square feet; and four bedrooms and two baths and a total of 1,797 square feet.

Ibiza

5113 W 58th St
Edina, MN 55436

Ibiza proposes to build six homes, five in the Lind-Bohanon Neighborhood and one in the Victory Neighborhood. Each home features four bedrooms and three baths and 2,300 square feet.

Kayak

11806 Aberdeen St NE, Suite 100
Blaine, MN 55449

Kayak proposes to build six homes in the Lind-Bohanon, Near-North, Webber-Camden, Willard-Hay Neighborhoods. Each home features four bedrooms and three baths and 1,580 square feet.

Prestige

13025 George Weber Dr
Rogers, MN 55374

Prestige proposes to build three homes in the Willard-Hay Neighborhood. One home features three bedrooms and two baths and 1,600 square feet and the other two homes feature three bedrooms and two baths and 1,900 square feet.

LAND DISPOSITION POLICY:

The sale of these properties is in compliance with the City's Disposition Policy. The sales price of each property reflects the full re-use value.

FINANCING*:

All projects are fully financed using a combination of public and private funding.

*Subject to application and underwriting requirements.

COMMENTS:

A request for proposals was issued for GHN Round 5 on December 1, 2015, with proposals due on December 30, 2015. All proposers were afforded an opportunity to make a presentation to the design review committee and CPED Housing staff completed the scoring and ranking of the proposals. The developers are making final amendments to their plans in keeping with neighborhood and the design review committee's recommendations. The final plan for each home will be further reviewed by CPED zoning and construction management staff.

The proposed total development costs range was from under \$240,000 up to nearly \$340,000. Minnesota Housing Finance Agency's cost containment analysis includes the following Impact Fund Total Development Cost Benchmarks for Minneapolis/Saint Paul:

- Mean \$280,761
- Median \$289,903
- 20th percentile \$234,698
- 80th percentile \$313,625

Notification was provided to the applicable neighborhood organizations for comments.

Financial Review:

No additional appropriation required, amount included in current budget.

- Elimination of future property management costs estimated at \$3,600 per year per property.
- Proposed Total Write-off (see attached table): \$382,139
- Proposed Re-Use Value Write-Down(see attached table): \$0

Future budget impact anticipated.

Increase in 2016 revenue budget due to the grant award from Minnesota Housing. Additionally, with the disposition of these parcels, there is an elimination of future property management cost.

Meets Small and Underutilized Business Program goals.

All developers complete an Equity Plan approved by the Minneapolis Department of Civil Rights.

Attachments:

1. GHN Round 5 Land Sale Report_Resolutions
2. GHN Round 5 Land Sale Report_Ward Maps
3. GHN Round 5 Land Sale Report_Cost Sheets
4. GHN Round 5 Land Sale Report_Schematics
5. GHN Round 5 Land Sale Report_Round 1-4 Project Locations Map
6. GHN Round 5 Land Sale Report_Scoring Summary