

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 3/22/2016
Referral: N/A
From: Community Planning & Economic Development
Prepared by: Roxanne Young Kimball
Presented by: Roxanne Young Kimball
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 2701 Oliver Ave. N., to Ram Construction and Remodeling

Description:

Passage of a Resolution approving the sale of the property at 2701 Oliver Ave. N., TF-849, to Ram Construction and Remodeling for \$1.00, subject to conditions.

Previous Actions:

On December 11, 2015, the City Council approved the Vacant Housing Recycling Program that defines the program guidelines for disposition of vacant buildings and lots for housing development. On December 12, 2014, the City acquired 2701 Oliver Ave. N. On June 19, 2015, the City Council approved sale of this property to Reliable Property Maint. & Home Srv. LLC, however the applicant did not purchase the property.

Ward/Address:

Ward 5
2701 Oliver Ave. N.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-849	2701 Oliver Ave. N.	\$1.00

PURCHASER

Ram Construction and Remodeling
2825 Oliver Ave. N.
Minneapolis, MN 55411

PROPOSED DEVELOPMENT:

The property was constructed in 1900 and is a 2,124 square foot, six-bedroom, two-bath duplex.

The lot size is 44' x 126' = approximately 5,486 total square feet.

Purchaser proposes to rehabilitate 2701 Oliver Ave. N. as a five-bedroom, three-bath single family home and sell the property for owner-occupancy. It will be rehabilitated to meet the Vacant Housing Recycling Program's (VHRP) rehabilitation standards, including addressing all code deficiencies.

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.

FINANCING:

Purchaser: Cash, documented with bank statements dated within 30 days of application, and credit, documented with statements from suppliers dated within 30 days of application.

COMMENTS:

On December 12, 2014, the City acquired this duplex from the State of Minnesota as tax-forfeited land for \$10,000.

This property was previously advertised in spring of 2015, an offer was received from Reliable Property Maint. & Home Srv. LLC to rehabilitate the property as a single family home. On June 19, 2015, the Minneapolis City Council approved of the sale. Reliable Property Maint. & Home Srv. LLC was not able to close on the property due to financing challenges and cancelled their contract with the City of Minneapolis in October 2015. The property was marketed again in December 2015 and received no offers.

In January of 2016, the property was advertised for a third time. It was publicly advertised on the City's website and through e-mail notification to a list of over 600 developers and homebuyers. The City is selling this property in its as-is condition. An informational meeting was held in December 2015 to inform potential developers and homebuyers about the City's disposition process and VHRP program information is 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. There were two offers received for the acquisition and rehabilitation of the subject property.

Staff recommends Ram Construction and Remodeling (RAM) as the Purchaser. RAM intends to rehabilitate the property to meet the VHRP rehabilitation standards and also intends to convert the property from a duplex to a single family home, with five bedrooms and three bathrooms to be sold to an owner-occupant suitable for a large family or multi-generational household.

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): \$11,910
- 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. 2701 Oliver Ave. N. Land Sale_Resolution
2. 2701 Oliver Ave. N. Land Sale_Ward Map
3. 2701 Oliver Ave. N. Land Sale_Cost Sheet
4. 2701 Oliver Ave. N. Land Sale_Example of RAM Construction and Remodeling LLC