

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/17/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Roxanne Young Kimball
Presented by: Roxanne Young Kimball
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 3506 Colfax Ave. N. to Homes Minnesota LLC

Description:

Passage of a Resolution approving the sale of the property at 3506 Colfax Ave. N., TF-881, to Homes Minnesota, LLC for \$14,000, 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.

Ward/Address:

Ward 4
3506 Colfax Ave. N.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-881	3506 Colfax Ave. N.	\$14,000

PURCHASER

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

PROPOSED DEVELOPMENT:

The property was constructed in 1906 and is a 1,830 square foot, three-bedroom, one-bath single family home that will be rehabilitated to meet the Vacant Housing Recycling Program's (VHRP) rehabilitation standards.

The lot size is 46' x 125' = approximately 5,774 total square feet.

Purchaser proposes to rehabilitate 3506 Colfax Ave. N. as a three-bedroom, two-bath single family home and sell it for homeownership.

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: Line of credit, documented with bank statement dated within 30 days of application.

COMMENTS:

On October 23, 2015, the City acquired this single family home from the State of Minnesota as tax-forfeited land for \$1.00 through a negotiated discount with Hennepin County.

This property was publicly advertised on the City's website and through e-mail notification to a list of over 750 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 property. Offers were evaluated based on program criteria stated in the VHRP manual, including: financial capacity, experience, responsibility, scope of work, subsidy request (if any), and occupancy intentions. To evaluate responsibility, we consulted with Department of Regulatory Services staff to verify the status of vacant buildings, rental properties, or other properties owned by the applicant in the City of Minneapolis.

Staff recommends Homes Minnesota LLC (Homes MN) as the Purchaser. Homes MN intends to invest \$104,371 to rehabilitate the property. Construction management staff has reviewed the scope of work and construction estimate and confirmed it is sufficient to meet VHRP rehabilitation standards.

The other application received was from Alicia Barevich, who proposed rehabilitation of the property as a rental. Alicia Barevich's proposal is not recommended for the following reasons: extent of rehab was less significant than recommended purchaser, developer had less experience, intention for occupancy was rental when there is a competing offer for homeownership.

Notification was provided to the McKinley 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 Proceeds (see attached table): \$8,343
- 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. 3506 Colfax Ave. N. Land Sale_Resolution
2. 3506 Colfax Ave. N. Land Sale_Ward Map
3. 3506 Colfax Ave. N. Land Sale_Cost Sheet

4. 3506 Colfax Ave. N. Land Sale_Example Homes MN LLC Property