



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: October 9, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 1322 Washington Street NE to Grub Guys LLC for \$14,000, subject to the following conditions; 1) land sale closing must occur no later than April 15, 2013 and 2) payment of holding costs of \$300.00 per month (or portion thereof), 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: On March 30, 2012, City Council authorize staff to begin marketing and selling properties acquired under the Land Banking strategy of the City's Neighborhood Stabilization Program (NSP 1, 2 and 3) using the City's normal disposition policies and procedures for development parcels. On October 16, 2009, CPED acquired 1322 Washington Street NE.

Prepared by: Earl S. Pettiford, Phone 612-673-5231

Approved by: Charles T. Lutz, Deputy CPED Director

Thomas A. Streitz, Director Housing Policy & Development

Presenters in Committee: Earl S. Pettiford

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: Sheridan Neighborhood Group reviewed this proposal and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME People and businesses thrive in a safe and secure city.
- Sustainability Targets: Vital Community-Affordable housing.
- Comprehensive Plan: On June 11, 2012, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R2B

- Living Wage/Business Subsidy Agreement Yes_____ No x
- Job Linkage Yes_____ No x
- Other: On April 23, 2012, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-472	1322 Washington Street NE	\$14,000

PURCHASER

Grub Guys LLC
 1400 Lagoon Avenue #201
 Minneapolis, MN 55408

PROPOSED DEVELOPMENT:

The developer proposes to build a 1,616 square foot single family home with three bedrooms and 2½ bathrooms, with a two-car detached garage, which he proposes to market for \$200,000 to an owner-occupied buyer.

The lot size is approximately 40' x 138' = 5,552 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development.

FINANCING*:

Grub Guys LLC has secured a commitment for financing from WELLS FARGO BANK, N.A.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales price of this property does reflect the full re-use value.

COMMENTS:

On October 16, 2009, CPED acquired a vacant and boarded single family home from FANNIE MAE for \$12,000 under the Neighborhood Stabilization Program (NSP), Land Banking activity. CPED subsequently demolished the structure and the vacant land is in the city's property inventory for housing development. All land sale proceeds, equal to the fair market value, will be returned to the NSP Program to cover ongoing program costs. The developer will construct a single family home which will be marketed for owner occupancy.

The Sheridan Neighborhood group concurs with Grub Guys LLC development proposal.

Authorizing sale of land Vacant Housing Recycling Program

Disposition Parcel No. VH-472.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-472, in the Sheridan neighborhood, from Grub Guys LLC, hereinafter known as the Redeveloper, the Parcel VH-472, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-472; 1322 Washington Street NE
Lot 6, Block 6, Cutter's Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$14,000, for Parcel VH-472 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable 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 the accepted methods in 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 September 28, 2012, a public hearing on the proposed sale was duly held on October 9, 2012, at the regularly scheduled Community Development Committee meeting of the City Council, 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 \$14,000 for Parcel VH-472.

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.

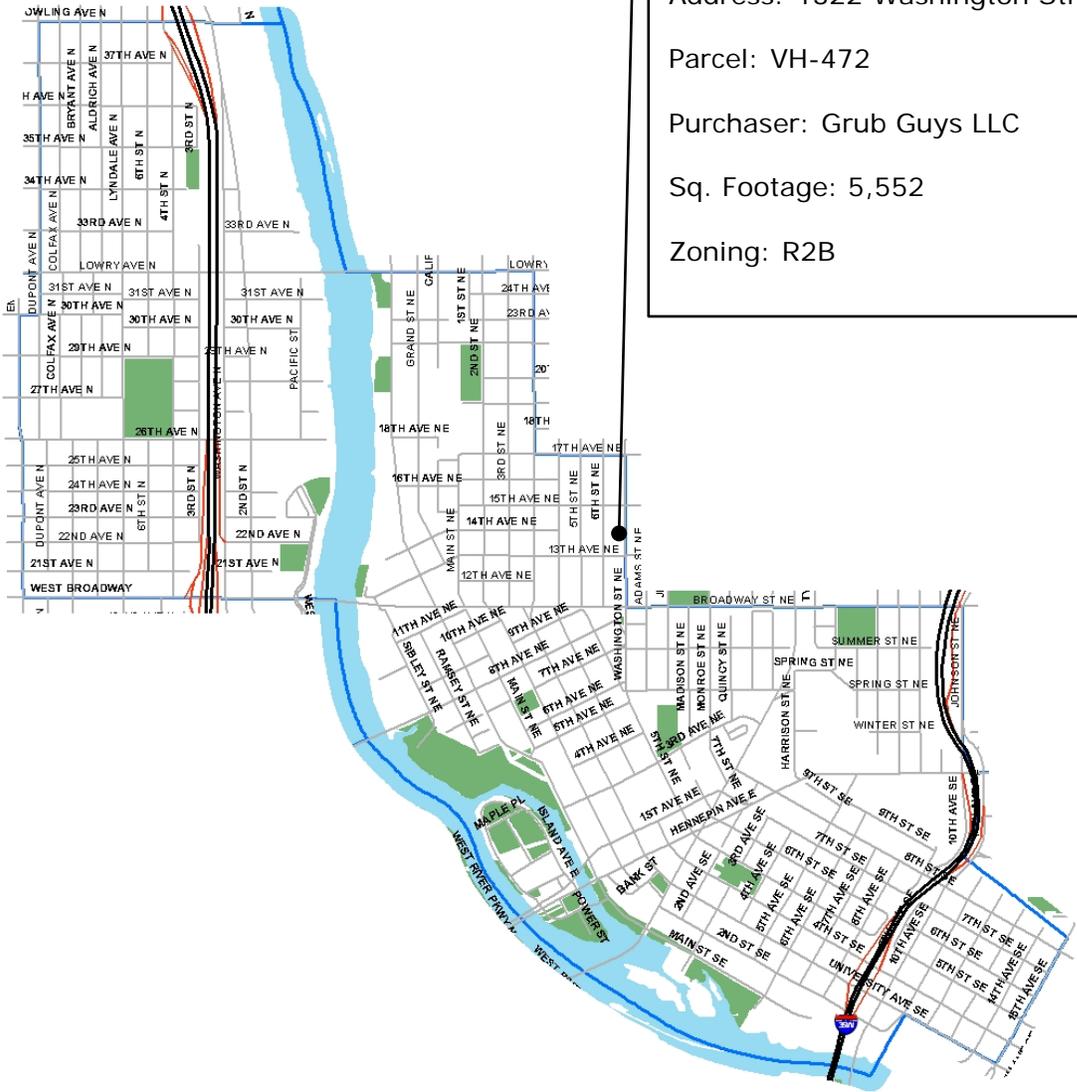
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur no later than April 15, 2013 and 2) payment of holding costs of \$300.00 per month (or portion thereof) 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.

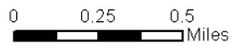
Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no 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 City official of the City.

WARD 3



Address: 1322 Washington Street NE
Parcel: VH-472
Purchaser: Grub Guys LLC
Sq. Footage: 5,552
Zoning: R2B



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

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 Purchaser: Grub Guys LLC

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
VH-472 10/16/09	1322 Washington Street NE	\$25,778.66	(-) \$14,000	(+) \$11,778.66

Re-Use Value Opinion	Less Sales Price	Write-Down
\$14,000	\$14,000	\$0

Write-Down
 Reason: None

Developer History with CPED:

Grub Guys LLC (Founding Member Daniel R. Dinovis) has been in operation for two and one-half years as a Minnesota entity currently in Active/Good Standing with the State of Minnesota. The developer has no experience with CPED, however he is working with Shafer Hartman of Hartman Builders, PMD as the builder. Mr. Hartman developed the first LEED certified single family house in Minneapolis, after purchasing the property from the City of Minneapolis.

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