



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

Date: October 22, 2013

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

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 2648 Emerson Avenue North to Charlie Browning and Carrie Browning for \$17,500, subject to the following conditions; 1) land sale closing must occur no later than April 15, 2014, and 2) payment of holding costs of \$300.00 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.

Previous Directives: On March 30, 2012, City Council authorized staff to begin marketing and selling properties acquired under the Land Bank 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. CPED acquired 2648 Emerson Avenue North on January 7, 2010.

Prepared by: Edith Johnson, Senior Project Coordinator, Phone 612-673-5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenter(s) in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- Action is within the Business Plan
- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Total CPED Land Assembly Costs Write-off: \$ 1,287
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0

Community Impact

- Neighborhood Notification: Hawthorne Neighborhood Council, Inc. 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.
- Comprehensive Plan: On October 17, 2013, the Committee of the Whole approved the sale 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 October 3, 2013, the Planning Staff completed a land sale review of this property and deemed the use of the building as a duplex is in conformance with the urban neighborhood category of the comprehensive plan.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-519	2648 Emerson Avenue North	\$17,500

PURCHASER

Charlie Browning and Carrie Browning
 145 Hawthorne Road
 Hopkins, MN 55343

PROPOSED DEVELOPMENT:

Convert an existing 4-unit structure to a 2-unit structure and rehab it as rental housing. After rehabilitation, the property will be sold.

Each unit will have 3 bedrooms and 2.5 bathrooms, with approximately 2,000 square feet of finished living space. The unfinished basement space will be divided between the two units using a fire-barrier wall. The attic space above each unit will be unfinished.

This property is believed to be the site of the Sheltering Arms Orphanage. Rehabilitation of the property will be privately financed by the developer; no city funding will be provided to the project.

The lot size is approximately 64' x 127' = approximately 8,143 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for development and will be improved by rehabilitation as permitted by City policy.

FINANCING*:

The project will be privately financed.
 *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 January 7, 2010, CPED acquired the vacant, boarded and condemned 4-unit housing structure from Deutsche Bank National Trust for \$17,300 under the Neighborhood Stabilization Program (NSP), Land Banking activity. The vacant structure is in the city's property inventory for housing redevelopment. The developer will convert the 4-unit structure to a 2-unit structure and rehab it as rental housing. All land sale proceeds, equal to the fair market value, will be returned to the NSP Program to cover ongoing program costs.

CPED was informed by the neighborhood of the property's potential historic significance as a site of the former Sheltering Arms Orphanage. CPED invited various developers and the neighborhood group to inspect the property for feasibility and potential rehabilitation. The property was advertised to the public for sale in May of 2011 with proposals due in June 2011. No proposals were received. Later, a couple of developers informed CPED of their interest in rehabbing the property, but the deals did not materialize.

Charlie and Carrie Browning recently submitted to CPED an offer to purchase the property. Staff has worked with the couple to complete their rehabilitation scope and financing. At this time, all City predevelopment requirements have been met.

Charlie Browning, through his contractor company Charlies Angles LLC, has done similar projects in the past. He currently has some properties in his inventory that he has successfully rehabbed in South Minneapolis. He is familiar with the Restoration Agreement process through the Department of Regulatory Services. This is crucial as this building is currently condemned and would have to go through the process.

The property does not have national or local designation of place with historic significance. The proposed development will maintain the current character of the building, which blends in with the neighborhood's existing architecture.

Authorizing sale of land Vacant Housing Recycling Program

Disposition Parcel No VH-519.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-519 in the Hawthorne Neighborhood, from Charlie Browning and Carrie Browning, hereinafter known as the Redeveloper, the Parcel VH-519, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-519; 2648 Emerson Avenue North

Lot 12 and the South ½ of Lot 13, Block 19, Fairmount Park, Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$17,500, for Parcel VH-519; the offer includes a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the 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 accepted methods of 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 Friday, October 11, 2013, a public hearing on the proposed sale was duly held on October 22, 2013, 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 \$17,500, for Parcel VH-519.

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.

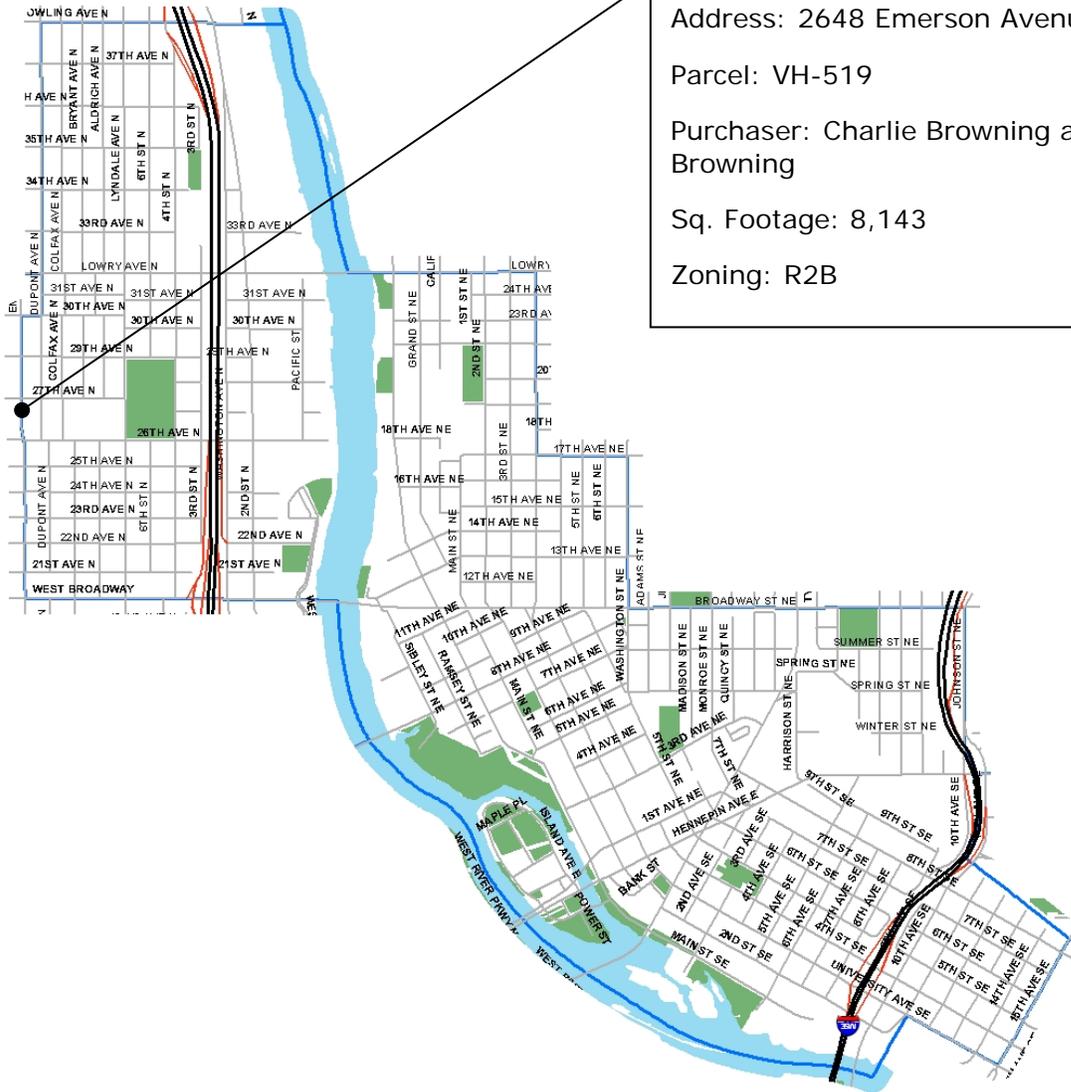
Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur no later than April 15, 2014 and 2) payment of holding costs of \$300.00 per month (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.

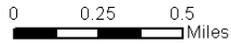
Be It Further Resolved that upon publication of this Resolution the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no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

WARD 3



Address: 2648 Emerson Avenue North
Parcel: VH-519
Purchaser: Charlie Browning and Carrie Browning
Sq. Footage: 8,143
Zoning: R2B



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

Date: October 22, 2013
 Subject: Land Sale – Public Hearing
 Vacant Housing Recycling Program
 Address: 2648 Emerson Avenue North
 Purchaser: Charlie Browning and Carrie Browning

	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 (E-D)
2648 Emerson Avenue North	\$17,300	\$1,487	\$18,787	\$17,500	\$17,500	(\$1,287)	\$0
Total	\$17,300	\$1,487	\$18,787	\$17,500	\$17,500	(\$1,287)	\$0

Write-Down

Reason: Not applicable.

Developer History with CPED:

CPED has no experience working with developers Charlie and Carrie Browning. The offer document shows that their firm, Charlies Angles LLC, was organized in January 2001 in the State of Minnesota.

The offer shows that the Charlies Angles LLC has been involved in the following housing development projects in the City of Minneapolis:

- 2428 Chicago Avenue South-code compliance
- 3025 Chicago Avenue South-restoration agreement
- 3421 Cedar Avenue South-future project

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