



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

Date: August 19, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Subject: Land Sale Public Hearing
Vacant Housing

Recommendation:

1. Approve the sale of 5227 Girard Avenue North to TimberCraft Enterprises, Inc. for \$5,000, subject to the following conditions; a) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and b) 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.
2. If TimberCraft Enterprises, Inc. fails to close, approve the sale of 5227 Girard Avenue North to Kevis Estates, LLC for \$5,000, subject to the following conditions; a) land sale closing must occur on or before 30 days from date of City notification, and b) payment of holding costs of \$300.00 per month from the date of notification to the date of closing if the land sale closing does not occur on or before 30 days from the date of City notification. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Previous Directives: CPED acquired 5227 Girard Avenue North on September 13, 2011. 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.

| | | |
|--------------------------|---|----------|
| Prepared by: | Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231 | Approved |
| by: | Charles T. Lutz, Interim CPED Director | _____ |
| | Catherine A. Polasky, Director Economic Policy & Development | _____ |
| Presenters in Committee: | Earl S. Pettiford, Senior Project Coordinator | |

Financial

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Total CPED Land Assembly Costs (Write-off): \$ 32,339
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0

Community Impact

- Neighborhood Notification: Lind-Bohanon Neighborhood Association reviewed this proposal and recommended it be approved.
- City Goals: Living Well: Minneapolis is safe and livable and has an active and connected way of life.
- Comprehensive Plan: On June 9, 2014, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R1A
- Living Wage/Business Subsidy Agreement Yes_____ No__x__
- Job Linkage Yes_____ No__x__
- Other: On May 1, 2014, 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-558 | 5227 Girard Avenue North | \$5,000 |

PURCHASER

TimberCraft Enterprises, Inc.
338 Cleveland Avenue SW, New Brighton, MN 55112

ALTERNATE PURCHASER

Kevis Estates, LLC
1485 Creekside Dr., Waconia, MN 55387

PROPOSED DEVELOPMENT:

TimberCraft Enterprises, Inc.

The developer has proposed to build a two-story single family house with 1,100 square feet of finished living space. The home will feature 3 bedrooms, 2 baths, a full basement and a double car garage and will be priced at \$159,900. The home will be marketed for owner occupancy.

Kevis Estates, LLC

The developer has proposed to build a two-story single family house with 1,297 square feet of finished living space. The home will feature 3 bedrooms, 2 baths, a full basement and a double car garage and will be priced at \$150,000. The home will be marketed for owner occupancy.

The lot size is 40' x 126' = 5,040 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

TimberCraft Enterprises, Inc. has funds in its working capital account to finance this development. Kevis Estates, LLC has adequate liquidity to finance this development as stated in statement from Americana Community Bank.

*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 September 13, 2011, CPED acquired a single family home from Wells Fargo Bank for \$16,500 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, TimberCraft Enterprises, Inc., will construct a three-bedroom single family home. The proposers met with the Lind-Bohanon Neighborhood Association and the neighborhood is recommending the TimberCraft Enterprises, Inc. proposal because it provided the best match to the neighborhood housing stock and based on its long and positive work history on developing lots acquired from the City of Minneapolis. Staff also recommends the TimberCraft proposal based on its strong work history in developing lots acquired from the City of Minneapolis. In the event that TimberCraft Enterprises, Inc. fails to close within the approved timeline then Kevis Estates, LLC will be provided with the rights to acquire and develop this parcel.

Authorizing sale of land Vacant Housing Disposition Parcel No VH-558.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel VH-558, in the Lind-Bohanon neighborhood, from TimberCraft Enterprises, Inc., hereinafter known as the Redeveloper and another offer to purchase and develop Parcel VH-558, from Kevis Estates, LLC hereinafter known as the Alternate Redeveloper, the Parcel VH-558, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-558; 5227 Girard Avenue North
Lot 9, Block 4, Kenmore Krest

Whereas, the Redeveloper has offered to pay the sum of \$5,000, for Parcel VH-558 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 Alternate Redeveloper has offered to pay the sum of \$5,000 for Parcel VH-558 to the City for the land, and the Alternate Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, both the Redeveloper and the Alternate Redeveloper have submitted to the City statements 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 August 8, 2014, a public hearing on the proposed sale was duly held on August 19, 2014, at the regularly scheduled Community Development & Regulatory Services 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 plan, as amended, is hereby estimated to be the sum of \$5,000 for Parcel VH-558.

Be It Further Resolved that the acceptance of the offers and proposals are both hereby determined to be in accordance with the City's approved disposition policy and it is further determined that both the Redeveloper and the Alternate Redeveloper possess the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program, but that the City prefers the Redeveloper's proposal over the Alternate Redeveloper's proposal.

Be It Further Resolved that the Redeveloper's proposal 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 on or before 90 days from the date this Resolution is approved by the City 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.

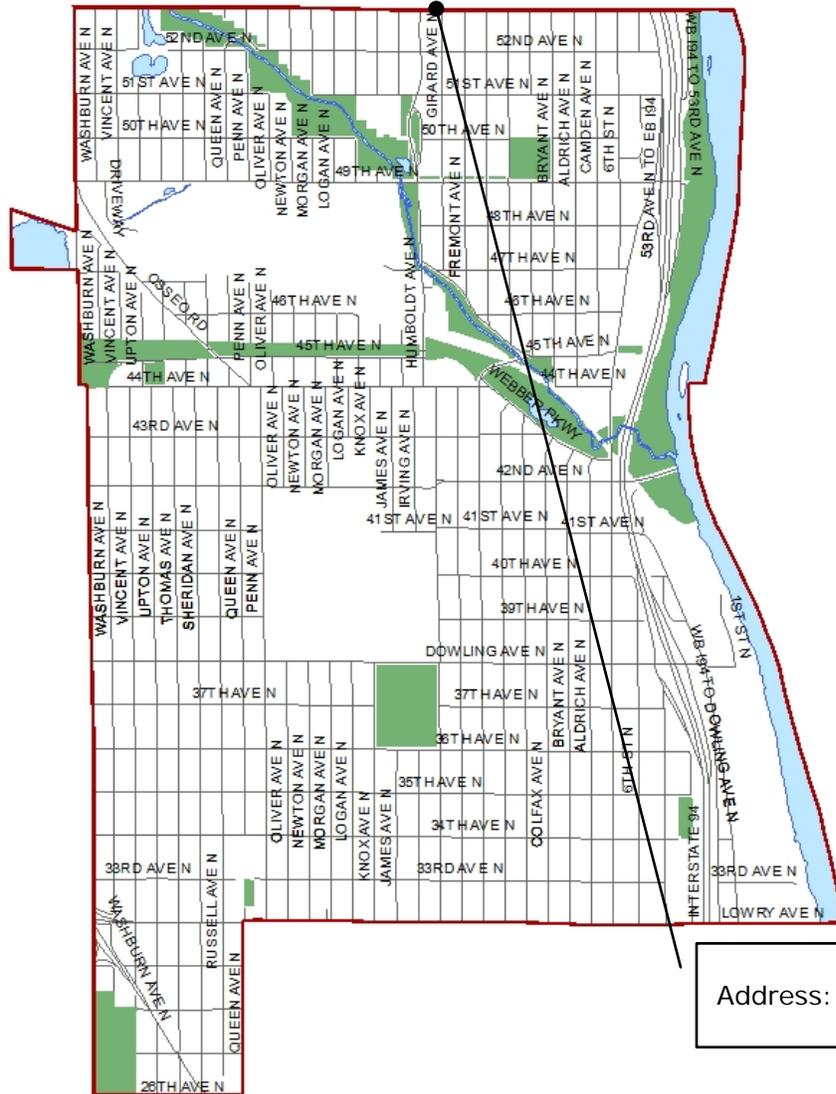
Be It Further Resolved that if and only if Redeveloper fails to close on the land sale pursuant to the conditions described above, the Alternate Redeveloper's proposal is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date of City notification to the Alternate Redeveloper and 2) payment of holding costs of \$300.00 per month from the date of notification if the land sale closing does not occur on or before 30 days from the date of City notification to the Alternate Redeveloper.

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 or Alternate Redeveloper, as appropriate; 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 to execute and deliver a conveyance of the land to the Redeveloper or the Alternate Redeveloper, as appropriate; 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 4



Address: 5227 Girard Avenue North



Community Planning & Economic Development

CPED Long Range Planning, 12/18/2013



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

Date: August 19, 2014
 Subject: Land Sale – Public Hearing
 Vacant Housing
 Address: 5227 Girard Avenue North
 Purchaser: TimberCraft Enterprises, Inc.

| | 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) |
| 5227 Girard Avenue North | \$16,500 | \$20,839 | \$37,339 | \$5,000 | \$5,000 | (\$32,339) | \$0 |
| Total | \$16,500 | \$20,839 | \$37,339 | \$5,000 | \$5,000 | (\$32,339) | \$0 |
| | | | | | | | |
| | | | | | | | |

Write-Down

Reason: Not applicable.

Developer History with CPED:

This developer has a history with MCDA/CPED that started in the 1980s and they have developed over 100 single family units on scattered sites and they have developed and sold a 45-unit condo at 35th and Hiawatha.

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

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

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 Address: 5227 Girard Avenue North
 Alternate Purchaser: Kevis Estates, LLC

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| Total | \$16,500 | \$20,839 | \$37,339 | \$5,000 | \$5,000 | (\$32,339) | \$0 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Write-Down
 Reason: Not applicable.

Developer History with CPED:
 None

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