



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

Date: May 19, 2015

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

**Subject:** Land Sale Public Hearing  
Vacant Housing Recycling Program

**Recommendation:**

1. Approve the sale of 2321 Fillmore Street NE to Accent Homes Inc. for \$19,800, 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 Accent Homes Inc. fails to close, approve the sale of 2321 Fillmore Street NE to Shafer Hartman for \$19,800, 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:** The City acquired 2321 Fillmore Street NE on December 19, 2014.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231	
Approved by: D. Craig Taylor, Executive Director CPED	_____
Charles T. Lutz, Deputy Director CPED	_____
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator	

**Financial Impact** Elimination of future property management costs estimated at \$3,600 per year.

- Proposed Net Sale Proceeds (see attached table): \$18,424
- Proposed Re-Use Value Write-Down (see attached table): \$0

**Community Impact**

- Neighborhood Notification: Windom Park Citizens in Action 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 April 27, 2015, 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 March 31, 2015 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>
TF-845	2321 Fillmore Street NE	\$19,800

**PURCHASER**

Accent Homes Inc.  
13739 Lincoln Street NE  
Ham Lake, MN 55304

**ALTERNATE PURCHASER**

Shafer Hartman  
1018 19<sup>th</sup> Avenue NE, #203  
Minneapolis, MN 55418

**PROPOSED DEVELOPMENT:**

Accent Homes Inc. proposes the development of a two-story single family home featuring 1,831 square feet of finished living space with a full basement and a two-car detached garage. The home will have three bedrooms and two baths and will be marketed for an estimated price of \$330,000.

Shafer Hartman proposes the development of a two-story single family home featuring 1,144 square feet of finished living space with a full basement and a two-car detached garage. The home will have three bedrooms and two and one-half baths and will have an estimated value of \$250,000.

The lot size is 38' x 131' = 4,978 total square feet.

**LAND DISPOSITION POLICY:**

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

**FINANCING\*:**

Accent Homes Inc.: The developer has financing for this development at Village Bank.

Shafer Hartman: The developer has secured financing from an individual investor.

\*Subject to application and underwriting requirements.

**OFFERING PROCEDURE:**

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

**COMMENTS:**

The Windom Park Citizens in Action reviewed the two proposals and stated that the Accent Homes proposal is a better fit with the neighborhood design criteria. The proposed homes are substantially different in size, the proposal from Accent Homes Inc. is 687 square feet larger and the exterior treatment of the Accent Home has greater compatibility with adjacent homes with narrow siding which is a combination of cement board and high quality vinyl. Accent Homes Inc. acquired 2319 Fillmore Street NE from a private seller and constructed and sold a single family home on this parcel within the last two years. The homes both feature a two-car detached garage with a driveway from the Fillmore Street frontage, since there is not an alley that serves this parcel. Shafer Hartman proposes to develop for his occupancy, which the neighborhood group took into consideration, but their strong recommendation is for Accent Homes Inc.

**Authorizing sale of land Vacant Home Recycling Program Disposition Parcel TF-845.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel TF-845, in the Windom Park neighborhood, from Accent Homes Inc., hereinafter known as the Redeveloper and another offer to purchase and develop Parcel TF-845, from Shafer Hartman hereinafter known as the Alternate Redeveloper, the Parcel TF-845, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-845; 2321 Fillmore Street NE

South 37.5 feet of Lot 18, Block 4, Lincoln Street Supplement to East Side Addition to Minneapolis

Whereas, the Redeveloper has offered to pay the sum of \$19,800, for Parcel TF-845 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 \$19,800 for Parcel TF-845 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 May 8, 2015, a public hearing on the proposed sale was duly held on May 19, 2015, 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 Home Recycling Program plan, as amended, is hereby estimated to be the sum of \$19,800 for Parcel TF-845.

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 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.



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

Date: May 19, 2015  
 Subject: Land Sale – Public Hearing  
 Vacant Housing Recycling Program  
 Address: 2321 Fillmore Street NE  
 Purchaser: Accent Homes 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 (if < 0) (E-D)
2321 Fillmore Street NE	\$1	\$1,375	\$1,376	\$19,800	\$19,800	\$18,424	\$0
<b>Total</b>	<b>\$1</b>	<b>\$1,375</b>	<b>\$1,376</b>	<b>\$19,800</b>	<b>\$19,800</b>	<b>\$18,424</b>	<b>\$0</b>

Write-Down

Reason: Not applicable as the sales price is equal to the re-use value.

Developer History with CPED:

The developer has acquired five sites from the city and has successfully completed each development and sold for owner-occupancy.

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

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<b>Total</b>	<b>\$1</b>	<b>\$1,375</b>	<b>\$1,376</b>	<b>\$19,800</b>	<b>\$19,800</b>	<b>\$18,424</b>	<b>\$0</b>

Write-Down

Reason: Not applicable as the sales price is equal to the re-use value.

Developer History with CPED:

Has completed and sold two homes for owner occupancy on lots acquired 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