

**City of Minneapolis**  
**Request for Committee Action**

**To:** Community Development & Regulatory Services  
**Date:** 2/16/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Prepared by:** Roxanne Young Kimball  
**Presented by:** Roxanne Young Kimball  
**File type:** Resolution  
**Subcategory:** Land Sale

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**Subject:**

Land Sale: 3115 Knox Ave. N., to Homes Minnesota LLC

**Description:**

Adopting of Resolution approving the sale of the property at 3115 Knox Ave. N., TF-792, to Homes Minnesota LLC for \$1.00, subject to conditions, and if Homes Minnesota LLC fails to close, approving the sale of the property at 3115 Knox Ave. N., TF-792, to Tai Hon, L.L.C. for \$1.00, 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. The City acquired 3115 Knox Ave. N. on May 17, 2013.

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**Ward/Address:**

Ward 5  
3115 Knox Ave. N.

**Background/Analysis:**

<b><u>PARCEL</u></b>	<b><u>ADDRESS</u></b>	<b><u>SALE PRICE</u></b>
TF-792	3115 Knox Ave. N.	\$1.00

**PURCHASER**

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

**ALTERNATE PURCHASER**

Tai Hon, L.L.C.  
2675 118<sup>th</sup> Circle N.E.  
Blaine, MN 55449

**PROPOSED DEVELOPMENT:**

The property was constructed in 1941 and is a 792 square foot, two-bedroom, one-bath single family home that will be rehabilitated to meet the Vacant Housing Recycling Program's (VHRP) rehabilitation standards, including addressing all code deficiencies.

The lot size is 40' x 126' = approximately 5,051 total square feet.

Purchaser proposes to rehabilitate 3115 Knox Ave. N. as a two-bedroom, one-bath single family home and sell the property for owner-occupancy.

Alternate Purchaser proposes to rehabilitate 3115 Knox Ave. N. and sell for owner-occupancy. The Alternate Purchaser intends to add an additional bedroom in the basement of the property, resulting in a three-bedroom, one-bath single family home.

**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: Cash, documented with bank statements dated within 30 days of application.

Alternate Purchaser: Cash, documented with bank statements dated within 30 days of application.

**COMMENTS:**

On May 17, 2013, the City acquired this single family home from the State of Minnesota as tax-forfeited land for \$1.00.

3115 Knox Ave. N. was previously advertised twice through the VHRP in the summer of 2015. Although offers were received and recommended by staff, in each case the recommended applicant withdrew their application prior to City Council approval.

This property was publicly advertised for a third time on the City's website and through e-mail notification to a list of over 600 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. Six offers were received for the acquisition and rehabilitation of the subject property.

Staff recommends Homes Minnesota LLC as the Purchaser because the scope of work to rehabilitate the property was the most extensive. All major home systems (plumbing, HVAC, insulation, and electric) will be replaced, the house will receive new siding and roof, and the bathroom and kitchen will be updated. Homes Minnesota LLC has previously purchased 2101 26<sup>th</sup> Ave. N. through the Vacant Housing Recycling Program and rehabilitation is well underway.

The Alternate Purchaser recommended is Tai Hon LLC. Tai Hon LLC intends to rehabilitate the property to meet VHRP rehabilitation standards. Tai Hon LLC has previously purchased 4049 Dupont Ave. N. through the Vacant Housing Recycling Program and is in process of rehabilitating the home.

Remaining offers were received from CJC Minneapolis-Atlanta LLC, ATI Investments LLC, Blue Ocean Properties, and Tranquility Housing Corporation. The remaining offers were not competitive due to one or more of the following reasons: scope of work that was not as extensive as recommended applicants, intention to lease the property upon completion, and/or inadequate financing.

Notification was provided to the Jordan 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 Write-off (see attached table): \$2,209
- 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. 3115 Knox Ave. N. Land Sale\_Resolution
2. 3115 Knox Ave. N. Land Sale\_Cost Sheet
3. 3115 Knox Ave. N. Land Sale\_Alternative Cost Sheet
4. 3115 Knox Ave. N. Land Sale\_Ward Map
5. 3115 Knox Ave. N. Land Sale\_Examples of Homes Minnesota LLC Property