

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/3/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Roxanne Young Kimball
Presented by: Roxanne Young Kimball
File Type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 4640 Portland Ave. S. to Wilson Molina.

Description:

Passage of a Resolution approving the sale of the property at 4640 Portland Ave. S., TF-866, to Wilson Molina for \$80,000, 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.

Ward/Address:

Ward 8
4640 Portland Ave. S.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-866	4640 Portland Ave. S.	\$80,000

PURCHASER

Wilson Molina
1515 E Lake St, Suite 203
Minneapolis, MN 55407

PROPOSED DEVELOPMENT:

The property was constructed in 1923 and is a 2,496 square foot, three-bedroom, one-bath single family home that will be rehabilitated to meet the Vacant Housing Recycling Program's (VHRP) rehabilitation standards.

The lot size is 40' x 119' = approximately 4,760 total square feet.

Purchaser proposes to rehabilitate 4640 Portland Ave. S. as a three-bedroom, three-bath single family home and sell for homeownership.

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 financial statement dated within 30 days of application.

COMMENTS:

On November 20, 2015, the City acquired this single family home from the State of Minnesota as tax-forfeited land for \$1.00 through a negotiated discount with Hennepin County.

This property was publicly advertised 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 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.

There was one offer received for the property. The offer was evaluated based on program criteria stated in the VHRP manual, including: financial capacity, experience, responsibility, scope of work, subsidy request (if any), and occupancy intentions.

Staff recommends Wilson Molina as the Purchaser for 4640 Portland Ave. S. Mr. Molina intends to invest \$88,700 to rehabilitate the property. Construction management staff has reviewed the scope of work and construction estimate and confirmed it is sufficient to meet the Vacant Housing Recycling Program's rehabilitation standards.

Notification was provided to the Field neighborhood. Staff attended the April 4, 2016 Crime and Safety meeting of the Field Regina Northrop Neighborhood Association (FRNNG). At the meeting, concerns were raised about the extended period of vacancy for this property and a strong desire was expressed to see it either rehabilitated or demolished in 2016. Although the City of Minneapolis acquired the subject property less than a year ago, the building has been vacant since at least 2009. Community members at the April 4 FRNNG meeting support Wilson Molina's proposal, and added that if Wilson Molina fails to close, the property should be demolished.

At the October 13, 2015 meeting of the Community Development and Regulatory Services Committee, it was requested that staff provide an update regarding Wilson Molina's progress on all properties purchased through the VHRP. Staff inspected the two vacant structures that were approved for sale at the February 27, 2015 meeting and the eight vacant structures that were approved for sale at the October 13, 2015 meeting of the Community Development and Regulatory Services Committee and prepared the attached report. Staff is comfortable with the accomplishments on the properties acquired.

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 Proceeds (see attached table): \$63,901
- 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. 4640 Portland Ave. S. Land Sale_Resolution
2. 4640 Portland Ave. S. Land Sale_Ward Map
3. 4640 Portland Ave. S. Land Sale_Cost Sheet
4. 4640 Portland Ave. S. Land Sale_Example Wilson Molina Property
5. 4640 Portland Ave. S. Land Sale_Status of VHRP Property Sold to Wilson Molina