

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/17/2016
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: 3449 Lyndale Ave. N. to Hawkeye Real Estate Investments LLC

Description:

Passage of a Resolution approving the sale of the property at 3449 Lyndale Ave. N., TF-902, to Hawkeye Real Estate Investments LLC for \$30,000, 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 4
3449 Lyndale Ave. N.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-902	3449 Lyndale Ave. N.	\$30,000

PURCHASER

Hawkeye Real Estate Investments LLC
900 Broadway Ave.
St. Paul Park, MN 55071

PROPOSED DEVELOPMENT:

The property was constructed in 1922 and is a 2,302 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 124' = approximately 4,977 total square feet.

Purchaser proposes to rehabilitate 3449 Lyndale Ave. N. as a three-bedroom, two-bath single family home and retain it as a rental, managed by the Purchaser.

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 statement dated within 30 days of application.

COMMENTS:

On November 13, 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. The City is in the process of clearing title and closing will take place after title is cleared.

This property was publicly advertised on the City's website and through e-mail notification to a list of over 750 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.

There were two offers received for the property. Offers were 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. To evaluate responsibility, we consulted with Department of Regulatory Services staff to verify the status of vacant buildings, rental properties, or other properties owned by the applicant in the City of Minneapolis.

Staff recommends Hawkeye Real Estate Investments LLC (Hawkeye) as the Purchaser. Hawkeye intends to invest \$68,860 to rehabilitate the property. Construction management staff has reviewed the scope of work and construction estimate and confirmed it is sufficient to meet VHRP rehabilitation standards.

The other application received was from Benjamin Properties, LLC, who also proposed rehabilitation of the property as a rental. Benjamin Properties, LLC proposal is not recommended for the following reasons: extent of rehab was less significant than recommended purchasers, developer had less experience and financial capacity.

Notification was provided to the McKinley 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 Proceeds (see attached table): \$22,861
- 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. 3449 Lyndale Ave. N. Land Sale_Resolution
2. 3449 Lyndale Ave. N. Land Sale_Ward Map
3. 3449 Lyndale Ave. N. Land Sale_Cost Sheet
4. 3449 Lyndale Ave. N. Land Sale_Example Hawkeye Property