

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: 4826 Girard Ave. N. to Homes Minnesota LLC

Description:

Passage of a Resolution approving the sale of the property at 4826 Girard Ave. N., TF-904, to Homes Minnesota LLC for \$34,000, subject to conditions, and, if Homes Minnesota LLC fails to close on the property, sale to Prima Land Inc. for \$34,000, 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
4826 Girard Ave. N.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-904	4826 Girard Ave. N.	\$34,000

PURCHASER

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

ALTERNATE PURCHASER

Prima Land Inc.
P.O. Box 188
Wayzata, MN 55391

PROPOSED DEVELOPMENT:

The property was constructed in 1925 and is a 1,608 square foot, two-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 50' x 130' = approximately 6,506 total square feet.

Purchaser proposes to rehabilitate 4826 Girard Ave. N. as a three-bedroom, two-bath single family home and sell it for homeownership.

Alternate Purchaser proposes to rehabilitate 4826 Girard Ave. N. as a two-bedroom, one-bath single family home and sell it 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: Credit, documented with a bank statement dated within 30 days of application.

Alternate Purchaser: Financing, documented with a pre-approval letter 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.

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 three offers received for the property. The 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.

Staff recommends Homes Minnesota LLC (Homes MN) as the Purchaser. Homes MN intends to invest \$102,281 to rehabilitate the property. Should Homes MN fail to close, staff recommends Prima Land Inc (Prima) as the Alternate Purchaser. Prima intends to invest \$109,500 to rehabilitate the property. Construction management staff has reviewed the scope of work and construction estimate of both proposals and confirmed they meet the Vacant Housing Recycling Program's rehabilitation standards. Homes MN is recommended as the Purchaser because their application demonstrated stronger financial capacity than Prima.

One additional proposal was received from Justin Jacobs. The application is not recommended for the following reasons: extent of rehab was less significant, developer had less experience, and less financial capacity.

Notification was provided to the Lind-Bohanon 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): \$27,420
- 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. 4826 Girard Ave. N. Land Sale_Resolution
2. 4826 Girard Ave. N. Land Sale_Ward Map
3. 4826 Girard Ave. N. Land Sale_Cost Sheet
4. 4826 Girard Ave. N. Land Sale_Example Homes Minnesota LLC Property
5. 4826 Girard Ave. N. Land Sale_Example Prima Land Inc. Property