

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

**To:** Community Development & Regulatory Services  
**Date:** 9/27/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Lead Staff:** Cherie Shoquist, Principal Project Coordinator X 5078  
**Presented by:** Cherie Shoquist  
**File Type:** Resolution  
**Subcategory:** Land Sale

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**Subject:**

Green Homes North Round 6 Land Sales

**Description:**

1. Passage of the attached Resolutions approving the sale of the properties identified below to the developers or affiliated entities for the prices shown, subject to conditions.
  - A. Approving sale of property at 1530 Hillside Ave. N. (Parcel No. VH-663) to Build Wealth MN, Inc. for \$2,600.
  - B. Approving sale of property at 3543 Oliver Ave. N., 3656 Colfax Ave. N. and 3955 Emerson Ave. N. (Parcel No. VH-589, VH-671, and VH-665) to Greater Metropolitan Housing Corporation for \$12,600.
  - C. Approving sale of property at 2313 James Ave. N. and 2352 James Ave. N. (Parcel No. VH-672 and VH-603) to Twin Cities Habitat for Humanity, Inc. for \$5,000.
  - D. Approving sale of property at 3016 Knox Ave. N. and 4754 Camden Ave. N. (Parcel No. VH-596 and VH-610) to Homes Minnesota LLC for \$10,000.
  - E. Approving sale of property at 3454 Knox Ave. N. (Parcel No. VH-591) to Noor Development Group L.L.C. for \$3,800.
  - F. Approving sale of property at 1919 Queen Ave. N. (Parcel No. VH-664) to Prestige Contractors, Inc. for \$5,000.
  - G. Approving sale of property at 4133 Colfax Ave. N. and 4241 Dupont Ave. N. (Parcel No. VH-667 and VH-622) to PRG, Inc. for \$10,200.
  - H. Approving sale of property at 3627 Emerson Ave. N. and 4522 Aldrich Ave. N. (Parcel No. VH-670 and VH-636) to Singular Development Resources, Inc. for \$8,800.
  - I. Approving sale of property at 2034 James Ave. N., 2038 James Ave. N. and 2610 Newton Ave. N. (Parcel No. VH-599, VH-606 and VH-669) to Sm+RT Homes, LLP for \$7,500.
  - J. Approving sale of property at 1320 Knox Ave. N., 2718 Thomas Ave. N. and 2938 Sheridan Ave. N. (Parcel No. VH-673, VH-662 and VH-668) to Urban Homeworks, Inc. for \$7,400.

- K. Approving sale of property at 3750 Queen Ave. N. and 4323 Newton Ave. N. (Parcel No. VH-643 and VH-618) to eStoreMasters LLC for \$10,000.
2. Authorizing the appropriate City officials to enter into related agreements with the selected qualified developers or affiliated entities.

**Previous Actions:**

The City Council approved Green Homes North Round 1 on October 19, 2012, Round 2 on June 28, 2013, Round 3 on April 25, 2014, Round 4 on January 30, 2015 ([15-00076](#)), and Round 5 on February 26, 2016 ([16-00223](#)) and July 1, 2016 ([16-00835](#)).

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**Ward/Address:**

Ward 4

Ward 5

See table below for neighborhoods and addresses.

**Background/Analysis:**

Green Homes North is an initiative of the City of Minneapolis and our partners to build 100 energy efficient homes to revitalize neighborhoods in North Minneapolis. With the approval of staff's recommendation of an additional 22 homes, the total number of City-funded Green Homes North projects will be 106.

Staff is allocating up to \$1,464,248 (\$1,354,248 in development gap assistance and \$110,000 in affordability gap assistance) in Neighborhood Stabilization Program (NSP) Program Income funds received from Minnesota Housing to support Green Homes North Round 6. Affordability gap assistance is necessary to meet the NSP long term affordability requirements. In addition, the City of Minneapolis is writing off \$384,786 associated with the cost to assemble these sites. The Twin Cities Community Land Bank is providing loans to Green Homes North developers with 4% interest for non-profit developers and 5% interest for private developers.

The Green Homes North (GHN) Program provides an avenue for developers to build newly constructed energy efficient and sustainable, green homes on City-owned vacant lots in North Minneapolis to strengthen the sustainability of our communities. Green Homes North homes have an average sale price of \$184,832, compared to the current non-Green Homes North homes sales in North Minneapolis averaging \$125,549.

We received proposals from 17 developers: AQDuke, LLC (AQDuke), Build Wealth MN, Inc. (Build Wealth MN), City of Lake Community Land Trust (CLCLT), Greater Metropolitan Housing Corporation (GMHC), Homes Minnesota LLC (Homes Minnesota), Ibiza LLC (Ibiza), Kayak Properties, Inc. (Kayak), Noor Development Group LLC (Noor), Peyser LLC (Peyser), PPL Homes LLC (PPL), PRG, Inc. (PRG), Prestige Contractors, Inc. (Prestige), Sm+RT Homes LLP (Sm+RT Homes), Singular Development Resources Inc. (Singular), Twin Cities Habitat for Humanity, Inc. (Habitat), eStoreMasters, LLC (eStoreMasters), and Urban Homeworks, Inc. (UHW). Prior to staff's recommendation, six of the developers withdrew their applications—AQDuke, CLCLT, Ibiza, Kayak, Peyser and PPL.

The developers proposed to construct 94 new homes on 32 vacant lots in accordance with the GHN program guidelines. Staff reviewed the proposals and ranked them with emphasis on:

- amount of Green Home North Program funds requested,
- amount of non-City leveraged funds to Green Homes North Program funds,
- most ready to proceed, and

- capacity to perform.

The sales are subject to the following conditions:

- land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and
- payment of holding costs of \$300 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.

The Green Homes North development gap awards will be structured as no-interest loans that are forgivable upon sale to a qualified homebuyer. Some developers are also leveraging the GHN award with other public, private and philanthropic sources.

Based on the selection criteria and priority ranking, staff recommends the following 22 projects be approved for sale under the GHN Round 6 program, as identified in the table below.

Address Number	Street	Parcel	Neighborhood	Developer	Date Acquired	Sale Price	Up to Award
1530	Hillside Ave. N.	VH-663	Jordan	Build Wealth MN	12/18/09	\$2,600	\$75,000
3543	Oliver Ave. N.	VH-589	Folwell	GMHC	1/15/16	\$3,800	\$75,000
3656	Colfax Ave. N.	VH-671	Mckinley	GMHC	5/19/10	\$3,800	\$75,000
3955	Emerson Ave. N.	VH-665	Webber-Camden	GMHC	3/26/10	\$5,000	\$75,000
2313	James Ave. N.	VH-672	Jordan	Habitat	9/30/09	\$2,500	\$75,000
2352	James Ave. N.	VH-603	Jordan	Habitat	1/15/16	\$2,500	\$75,000
3016	Knox Ave. N.	VH-596	Jordan	Homes Minnesota	1/15/16	\$5,000	\$64,550
4754	Camden Ave. N.	VH-610	Lind-Bohanon	Homes Minnesota	1/15/16	\$5,000	\$54,550
3454	Knox Ave. N.	VH-591	Folwell	Noor	1/15/16	\$3,800	\$74,968
1919	Queen Ave. N.	VH-664	Willard Hay	Prestige	5/18/10	\$5,000	\$74,600
4133	Colfax Ave. N.	VH-667	Webber-Camden	PRG	4/26/10	\$5,100	\$49,000
4241	Dupont Ave. N.	VH-622	Webber-Camden	PRG	1/15/16	\$5,100	\$49,000
3627	Emerson Ave. N.	VH-670	Folwell	Singular	11/9/09	\$3,800	\$74,415
4522	Aldrich Ave. N.	VH-636	Lind-Bohanon	Singular	8/30/10	\$5,000	\$74,415
2034	James Ave. N.	VH-599	Jordan	Sm+RT Homes	1/15/16	\$2,500	\$44,850
2038	James Ave. N.	VH-606	Jordan	Sm+RT Homes	1/15/16	\$2,500	\$44,850
2610	Newton Ave. N.	VH-669	Jordan	Sm+RT Homes	6/7/10	\$2,500	\$44,850
1320	Knox Ave. N.	VH-673	Near North	UHW	12/18/09	\$2,400	\$74,800
2718	Thomas Ave. N.	VH-662	Jordan	UHW	12/18/09	\$2,500	\$74,800
2938	Sheridan Ave. N.	VH-668	Jordan	UHW	1/13/10	\$2,500	\$74,800
3750	Queen Ave. N.	VH-643	Cleveland	eStoreMasters	3/26/10	\$5,000	\$69,900
4323	Newton Ave. N.	VH-618	Victory	eStoreMasters	1/15/16	\$5,000	\$69,900
<b>Total</b>						<b>\$82,900</b>	<b>\$1,464,248</b>

**PROPOSED DEVELOPMENT:**

All of the Green Homes North projects are new energy efficient green homes that will be sold to owner-occupants for fair market value. These Green Homes North homes include an average of 1,800 square feet, three or four bedrooms, two or more baths, and a two-car garage. Green Homes North homes are built to Enterprise Green Communities standards.

Below is a brief description of the housing development being proposed by each selected developer.

**Build Wealth MN**

2100 Plymouth Ave N, Suite 104  
Minneapolis, MN 55411

Build Wealth MN proposes to build one home in the Jordan Neighborhood. The home features four bedrooms and two baths and 2,400 square feet.

**GMHC**

15 South 5<sup>th</sup> Street, Suite 710  
Minneapolis, MN 55402

GMHC proposes to build one home in the Folwell Neighborhood, one in the Webber-Camden Neighborhood and one in the Mckinley Neighborhood. The homes feature three bedrooms and three baths and 1,750 square feet.

**Habitat**

1954 University Ave.  
St. Paul, MN 55104

Habitat proposes to build two homes in the Jordan Neighborhood. Each home features four bedrooms and two baths and a total of 1,480 square feet.

**Homes Minnesota**

5601 Indiana Ave. N  
Brooklyn Center, MN 55429

Homes Minnesota proposes to build one home in the Jordan Neighborhood and one home in the Lind-Bohanon Neighborhood. The homes feature six bedrooms and four baths and 2,500 square feet.

**Noor**

6600 Pleasant Ave. #117  
Richfield, MN 55423

Noor proposes to build one home in the Folwell Neighborhood. The home features three bedrooms and two and one-half baths and 1,600 square feet.

**Prestige**

13025 George Weber Dr.  
Rogers, MN 55374

Prestige proposes to build one home in the Willard-Hay Neighborhood. The home features three bedrooms and two baths and 1,902 square feet.

**PRG**

2017 E 38th St,  
Minneapolis, MN 55407

PRG proposes to build two homes in the Webber-Camden Neighborhood. The homes feature three bedrooms and one and one-half baths and 1,856 square feet.

**Singular**

6440 County Road 110 West  
Minnetrista, MN 55364

Singular proposes to build one home in the Folwell Neighborhood and one home in the Lind-Bohanon Neighborhood. The homes feature four bedrooms and two baths and 1,600 square feet.

**Sm+RT Homes**

5400 Main Street NE, #207  
Minneapolis, MN 55421

Sm+RT Homes proposes to build three homes in the Jordan Neighborhood. The homes feature four bedrooms and two and one-half baths and 1,400 square feet.

**eStoreMasters**

7101 Northland Circle N., Suite 210  
Brooklyn Park MN 55428

eStoreMasters proposes to build one home in the Cleveland Neighborhood and one home in the Victory Neighborhood. The homes feature three bedrooms and three baths and 1,900 square feet.

**UHW**

2015 Emerson Ave. N.  
Minneapolis, MN 55411

UHW proposes to build two homes in the Jordan Neighborhood and one home in the Near North Neighborhood. The homes feature four bedrooms and two baths and 1,920 square feet.

**LAND DISPOSITION POLICY:**

The sale of these properties is in compliance with the City's Disposition Policy. The sales price of each property reflects the full re-use value.

**FINANCING\*:**

All projects are fully financed using a combination of public and private funding.

\*Subject to application and underwriting requirements.

**COMMENTS:**

A request for proposals was issued for Green Homes North Round 6 on June 1, 2016, with proposals due on July 1, 2016. All proposers were afforded an opportunity to present to the design review committee and CPED Housing staff completed the scoring and ranking of the proposals. The developers are making final amendments to their plans in keeping with

neighborhood and the design review committee's recommendations. The final plan for each home will be further reviewed by CPED zoning and construction management staff. Some of the properties being sold were purchased under the Neighborhood Stabilization Program 1 and 2. In accordance with HUD guidance "change in use" requirements apply to all properties acquired or improved in the NSP program. Under "change in use" rules, a property must continue to meet a national objective until five years after grant closeout. If a national objective is no longer going to be met, the City can, after consulting affected citizens, repay the current Fair Market Value (FMV) of the property and the new use does not need to meet a national objective. The requirement states that the City's NSP program must be reimbursed the current FMV.

The properties were included in a Request for Proposal that was available to the public on the City's Web site. The public hearing for the sale of these properties is advertised and the hearing is open for comment from the public. These actions meet HUD's requirements for a "Change in Use" and the NSP requirements are removed from the property when the program is reimbursed the Fair Market Value of the properties. Therefore, the City is not required to place any NSP restrictions on the sale of these properties.

The proposed total development cost ranged from \$237,000 to \$360,000. Minnesota Housing Finance Agency's cost containment analysis includes the following Impact Fund Total Development Cost Benchmarks for Minneapolis/Saint Paul:

- Mean \$280,761
- Median \$289,903
- 20th percentile \$234,698
- 80th percentile \$313,625

Notification was provided to the applicable neighborhood organizations for comments.

**Financial Review:**

**No additional appropriation required, amount included in current budget.**

- Elimination of future property management costs estimated at \$3,600 per year per property.
- Proposed Net Write-off (see attached table): \$384,786
- Proposed Re-Use Value Write-Down (see attached table): \$0

**Future budget impact anticipated.**

**Meets Small and Underutilized Business Program goals.**

**Attachments:**

1. Green Homes North Land Sale Report\_Resolutions
2. Green Homes North Land Sale Report\_Cost Sheets
3. Green Homes North Land Sale Report\_Schematics
4. Green Homes North Land Sale Report\_Round 6 Proposed Project Locations Map
5. Green Homes North Land Sale Report\_Round 1-5 Project Locations