



**Request for City Council Committee Action**  
**From the Department of Community Planning & Economic Development**

**Date:** June 21, 2005

**To:** Council Member Lisa Goodman, Community Development Cmte

**Prepared by:** Edith Johnson, Senior Project Coordinator, Phone 673-5262

**Presenter in Committee:** Edith Johnson, Senior Project Coordinator

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_  
Elizabeth Ryan, Director, Housing Policy \_\_\_\_\_  
& Development \_\_\_\_\_

**Subject:** Land Sale – Public Hearing  
Willard Homewood

**RECOMMENDATION:** Approve the sale of 2616 Plymouth Avenue North to Affordable Custom Builders, Inc. for \$24,000, subject to the following conditions: 1) land sale closing must occur on or before 30 days from date of approval, and 2) payment of holding costs of \$150.00 per month from the date of approval to the date of closing if land sale closing does not occur on or before 30 days from date of approval.

Approve sale of 2616 Plymouth Avenue North to Powderhorn Community Council (PCC) for \$24,000 if Affordable Custom Builders, Inc. fails to close. Sale to Powderhorn Community Council (PCC) is subject to the following conditions: 1) land sale closing must occur on or before 30 days from date of CPED notification, and 2) payment of holding costs of \$150.00 per month from the date of notification to the date of closing if land sale closing does not occur on or before 30 days from the date of CPED notification.

The sale conditions may be waived or amended with the approval of the CPED Director.

**Previous Directives:** CPED acquired 2616 Plymouth Avenue North on July 24, 1978.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget

- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Eliminate property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact** (Summarize below)

**Ward:** 5

**Neighborhood Notification:** Northside Residents Redevelopment Council (NRRC) reviewed the two developers' proposals and recommended approval of Affordable Custom Builders, Inc's proposal.

**City Goals:** Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.

**Comprehensive Plan:** This lot is located within the Willard Homewood Urban Renewal Plan that was adopted on May 20, 1971, Resolution No. 71-1839, and subsequently amended. The sale is therefore consistent with the City's Comprehensive Plan.

**Zoning Code:** R1A

**Living Wage/Job Linkage:** N/A

**Other:** Both developers' elevations and site plans were submitted for Planning and Zoning Departments review and comments.

**Background/Supporting Information**

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
WH 71-14	2616 Plymouth Avenue North	\$24,000

**PURCHASER**  
 Affordable Custom Builders, Inc.  
 3900 94th Avenue North  
 Brooklyn Park, MN 55443

**ALTERNATE PURCHASER**  
 Powderhorn Community Council  
 3751 17th Avenue South  
 Minneapolis, MN 55407

**PROPOSED DEVELOPMENT:**

**Affordable Custom Builders, Inc.**, proposes construction of a single family 2-story home with 3 bedrooms, 2 ½ baths, unfinished full basement, approximately 1,538 square feet of finished living space and a detached 2-car garage.

The developer's estimated after construction value of the home is \$230,000. It is noted that Tom's Home Repair, Inc., of Brooklyn Park, Minnesota, will be the general contractor/builder. After construction, the home will be sold to an owner occupant.

**Powderhorn Community Council (PCC)** proposes construction of a single family 2-story home with 4 bedrooms, 2 baths, unfinished full basement, approximately 1,451 square feet of finished living space and a detached 2-car garage.

The developer's estimated after construction value of the home is \$215,000. It is noted that Michlitsch Builders, Inc., of Plymouth, Minnesota, will be the general contractor/builder.

After construction, the home will be sold to a family with an annual income at or below 80% of the Metropolitan Median Income. Additionally, there will be a buyer deferred payment loan from MHFA that will bridge the gap (\$18,450) between the appraised value (\$215,000) and total development cost (\$233,450).

The lot size is 38' x 114' = 4,332 total square feet.

**LAND DISPOSITION POLICY:**

This property is a buildable lot as defined by City policy and is being sold for development.

**FINANCING\*:**

The developers have demonstrated sufficient financing for their proposed projects.

\*Subject to application and underwriting requirements.

**OFFERING PROCEDURE:**

Public Advertisement. The sales price of this property does reflect the full re-use value.

**COMMENTS:**

In July 1978, 2616 Plymouth Avenue North was purchased from a private party as a vacant property. The property was on the MCDA/CPED lot list before CPED received competing offers from Affordable Custom Builders, Inc., and Powderhorn Community Council (PCC).

CPED staff reviewed the proposals and forwarded them to Northside Residents Redevelopment Council (NRRC) for the forty-five day review process. At its meeting on May 9, 2005, NRRC's Residential and Commercial Task Force (RCTF) had only two task force members present and each voted to support each developer's proposal. In other words, there was one vote for Affordable Custom Builders, Inc. and one vote for Powderhorn Community Council (PCC). RCTF mentioned that its recommendation would be forwarded to the NRRC Board for action.

At its meeting on May 16, 2005, the NRRC Board voted to support Affordable Custom Builders, Inc's proposal for 2616 Plymouth Avenue North. The Board's letter of support is included with this report. CPED staff concurs with NRRC's recommendation because Affordable Custom Builders, Inc's home has more square footage, has an aesthetically pleasing design and fits well in the neighborhood.

**Authorizing sale of land  
Willard Homewood Urban Renewal Project  
Disposition Parcel No. WH 71-14**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel WH 71-14, in the Willard Homewood neighborhood, from Affordable Custom Builders, Inc., hereinafter known as the Redeveloper, the Parcel WH 71-14, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 16, Block 3, W.H. Lauderdale's Addition to Minneapolis.

Being registered property as is evidenced by Certificate of Title No. 1142840.

Whereas, the Redeveloper has offered to pay the sum of \$24,000, for Parcel WH 71-14 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on June 10, 2005, a public hearing on the proposed sale was duly held on June 21, 2005, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the Willard Homewood Urban Renewal Project plan, as amended, is hereby estimated to be the sum of \$24,000 for Parcel WH 71-14.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the

Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.

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# WARD 5

Address: 2616 Plymouth Avenue North  
Parcel: WH 71-14  
Purchaser: Affordable Customer Builders, Inc. OR  
Powderhorn Community Council (PCC)  
Sq. Footage: 4,332  
Zoning: R1A

