

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

September 26, 2006

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
New Housing Program
Tax Forfeiture Program

Recommendation: Approve the sale of 1905 & 1909 5th Avenue North to Gregory Langford for \$19,600, 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. The sale conditions may be waived or amended with approval of the CPED Director.

Previous Directives: CPED acquired 1905 5th Avenue North on August 24, 1978 and 1909 5th Avenue North on January 24, 2003.

Prepared or Submitted by: Edith Johnson, Senior Project Coordinator
Phone 612-673-5262

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director, Housing Policy _____
& Development

Permanent Review Committee (PRC) Approval _____ Not Applicable X

Policy Review Group (PRG) Approval ___ Date of Approval ___ Not Applicable X

Presenters in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the _____ Capital Budget or _____ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.

Business Plan: Action is within the plan. Action requires a change to plan.
 Other financial impact (Explain): Eliminate property management costs.
 Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Ward: 5

Neighborhood Notification: Harrison Neighborhood Association reviewed this proposal and recommended it not be approved.

City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the City's infrastructure will be well-maintained and people will feel safe in the City.

Comprehensive Plan: The land sale was reviewed by the Planning Commission for consistency with the Comprehensive Plan on June 12, 2006. The Planning Commission approved the duplex proposal as being consistent with the Comprehensive Plan.

Zoning Code: R2B/Two Family District

Other: Elevations and site plan were submitted to planning and zoning staff for review and comments. Staff comments note that 1) the lot is buildable if 1905 and 1909 5th Avenue North are combined and the L shaped portion of the parcel is sold to the adjacent property owner (1901-5th Avenue North), and 2) it is suitable for the proposed use.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
NH-402 & TF-676	1905 & 1909 5th Avenue North	\$19,600

PURCHASER

Gregory Langford
1028 Portland Avenue South
Minneapolis, MN 55408

PROPOSED DEVELOPMENT:

The developer is proposing construction of a 2-story side by side twin home, with each unit consisting of 3 bedrooms, 2 ½ bathrooms, full basement and approximately 1,584 square feet of finished living space. A detached three car garage will be constructed on site.

The developer estimates each unit's after-construction value at \$169,950. The developer's offer documents note that the units will be sold to owner occupants.

Norse Building Systems of Ladysmith, Wisconsin, is listed as general contractor/builder.

The lot size for this development project will be approximately 75' x 99' = 8,059 total square feet. The total square feet reflects Parcels NH-402 and TF-676 combined (to be referred to as 1905 5th Avenue North).

LAND DISPOSITION POLICY:

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

FINANCING*:

Gregory Langford has demonstrated sufficient financing for the proposed development project.

*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 August 1978, 1905 5th Avenue North was purchased as a dilapidated structure and later demolished due to unreasonably high costs for rehabilitation. In January 2003, MCDA purchased 1909 5th Avenue North as vacant land. The properties will be combined to form one property which is legally described as Lots 3, 4, 5 and 6, Block 5, Stough Subdivisions and referred to as 1905 5th Avenue North.

After acquiring and proposing a combination of 1905 & 1909 5th Avenues North, the Single Family Housing and Planning staff decided that a replat of 1909 5th Avenue North was desirable to provide a more normal lot configuration for both 1909 5th and the adjacent property at 1901 5th Avenue North. 1909 5th Avenue North is an L-shaped property, with a portion of the property lying directly behind 1901 5th Avenue North. The owner of 1901 5th Avenue North expressed interest in purchasing that portion of 1909 5th that lies directly behind 1901 5th Avenue North. There is no public alley behind the properties. All necessary documents were furnished to the adjacent owner for processing a land sale, however, the owner did not return the documents. All efforts to ensure the documents were filled out and returned were unsuccessful. The owner was informed that if staff did not receive the proper documents for processing, staff would sell the property to a developer for a housing development project.

In March 2006, 1905 5th Avenue North (as combined) was advertised in the Minneapolis Star Tribune and Finance and Commerce newspapers, noting a due date of April 10, 2006, for submission of proposals on the property. On March 10, 2006, Gregory Langford submitted to CPED an offer to purchase the property.

Due to the water table concerns in the Harrison neighborhood related to Bassett Creek, American Engineering Testing, Inc. prepared a geotechnical report regarding the soil conditions on the property. Gregory Langford was informed of the geotechnical report

on file. Generally speaking, the report shows that a structure with basement can be constructed on the property with specific soil preparation.

After reviewing Mr. Langford's proposal, staff requested additional documents and revisions to the submission and received them on May 4, 2006. After staff review, the appropriate materials were forwarded to Harrison Neighborhood Association (HNA) for the required 45-day review process. At its meeting on May 17, 2006, the HNA Housing Committee did not support Mr. Langford's proposal.

HNA's letter to CPED dated June 27, 2006, notes that Gregory Langford and Jay Nord presented the twin home proposal to the Housing Committee. There was a concern about the quality of the home since they were proposing to build a modular home. The committee postponed a vote and asked for references of other properties that Jay had built. The letter noted that this is Jay's first project, but he provided references of modular homes built by the manufacturer that will build the twin home proposed for 1905 5th Avenue North.

The letter states that an HNA staff and Housing Committee member viewed one of the referenced homes and were impressed, but the home was listed at \$600,000. HNA's staff and committee member felt that the \$600,000 home did not reflect the quality of home or materials that will be used in the proposed project.

HNA invited Carolyn Olson, President of the Greater Metropolitan Housing Corporation (GMHC), to its Housing Committee meeting to share her experience in building modular and twin homes. The letter states that Carolyn stated that modular homes are quality homes if you use quality building materials. Her issue was with twin homes, of which GMHC reportedly has built 12 in the past several years for owner occupancy. The homes were originally sold for owner occupancy, but due to disagreements between owners GMHC had to buy back the homes, which are now rental properties.

Because of the above situations, along with the high percentage of rental property in the Harrison neighborhood, the Housing Committee voted not to support Gregory's proposal to build a twin home at 1905 5th Avenue North. It is noted that the HNA Board endorsed the Housing Committee's recommendation to not sell the parcel to Gregory Langford.

In a letter dated July 28, 2006, Jay Nord informed staff that about \$5,000 in soil corrections cost will be necessary to construct the proposed project. He also inquired if such costs are reimbursable under the City's existing disposition policy, which our engineering staff stated are reimbursable.

Because of the City's planning department's comments that a twin home is buildable and suitable for the proposed purpose, coupled with the fact that modular construction is an accepted method of construction, staff recommends that 1905 & 1909 5th Avenue North be sold to Gregory Langford for construction of a twin home for sale to owner occupants.

**Authorizing sale of land New Housing Program and Tax Forfeiture Program
Disposition Parcel No. NH-402 and TF-676.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel NH-402 and TF-676, in the Harrison neighborhood, from Gregory Langford, hereinafter known as the Redeveloper, the Parcel NH-402 and TF-676, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

NH-402 and TF-676; 1905 & 1909 5th Avenue North

Lots 3, 4, 5 and 6, Block 5, Stough Subdivisions.

Whereas, the Redeveloper has offered to pay the sum of \$19,600, for Parcel NH-402 and TF-676 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 September 15, 2006, a public hearing on the proposed sale was duly held on September 26, 2006, 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 New Housing Program and Tax Forfeiture Program plan, as amended, is hereby estimated to be the sum of \$19,600 for Parcel NH-402 and TF-676.

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 and further subject to the following conditions; 1) land sale closing must occur on or before 30 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$150.00 per month from the date of approval of this Resolution if the land sale closing does not occur on or before 30 days from the date of approval.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution, 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.



Right-West Facing Alley



Left-East Facing



FRONT – FACING 5TH

TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTIES:

Date: September 12, 2006

Subject: Land Sale – Public Hearing
New Housing Program
Tax Forfeiture Program

Address: 1905 & 1909 5th Avenue North

Purchaser: Gregory Langford

Disposition Parcel No. Date Acq.	Address	Total CPED Cost	Less Sales Price	Write-off
NH402 & T-F678 8/24/78 & 1/24/03	1905 & 1909 5th Avenue North	\$11,549	(-)19,600	(+) \$8,051

Reuse Value Opinion	Less Sales Price	Write-Down
\$19,600	(-)19,600	\$0

Write-Down

Reason: Not Applicable.

Developer History With CPED:

Gregory Langford, whose offer documents note that he is a married individual and a licensed real estate broker in the State of Minnesota, has no previous housing development experience with CPED. Gregory's general contractor/builder, Norse Building Systems of Ladysmith, Wisconsin, is a builder of modular homes and has built homes in the twin cities metropolitan area.

Developer Information:

- Single Individual(s)
- Family with 1 Dependents (one or more adults with dependents)
- General Partnership
- Limited Partnership
- Corporation of the State of
- Other

