



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

Date: July 10, 2007

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

Subject: Land Sale Public Hearing
Model Cities Urban Renewal Plan

Recommendation: Approve the sale of 2912 - 16th Avenue South to AA Contracting, Inc. for \$30,000, subject to the following conditions; 1) land sale closing must occur on or before 30 days from the 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 Community Planning & Economic Development (CPED) Director.

Previous Directives: On February 10, 2006, the City Council approved the sale of 2912 16th Avenue South to Powderhorn Community Council. The sale was cancelled by the developer. CPED acquired 2912 - 16th Avenue South on November 27, 2001.

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229
Approved by: Charles T. Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director Housing Policy & Development _____
Presenters in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Financial Impact

- Other financial impact: Eliminate property management costs.

Community Impact

- Neighborhood Notification: East Phillips Improvement Coalition reviewed this proposal and recommended it be approved.
- City Goals: A SAFE PLACE TO CALL HOME. 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.
- Sustainability Targets: N/A
- Comprehensive Plan: Planning staff has reviewed this for consistency with the comprehensive plan and is recommending that on June 14, 2007, the Planning Commission Committee of the Whole approves the consistency with the plan. The Planning Commission will take final action on June 25, 2007 prior to the full City Council action on June 29, 2007 to approve the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: The parcel is zoned R2B, it complies.
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x

- Other: On March 27, 2007, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot. The Zoning Staff also completed a review of this parcel and found that this parcel is nonconforming as to lot area, but a single family home may be built per the lot of record exception in 531.100.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-111	2912 - 16th Avenue South	\$30,000

PURCHASER
 AA Contracting, Inc.
 12425 - 53rd Street N.
 Stillwater, MN 55082

PROPOSED DEVELOPMENT:
 The proposal is for the construction of a five-bedroom, 1,920 square foot single family home with a detached double garage.

The lot size is approximately 40' x 123' = 4,938 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 purchaser is using personal funds.

*Subject to application and underwriting requirements.

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

COMMENTS:
 AA Contracting, Inc., a construction company owned and operated by Mohammad Thabet, has purchased and successfully developed and sold two other homes on this block. Both of these homes have been sold to owner-occupants. Mr. Thabet has had conversations with the neighborhood about development of this lot and the neighborhood is in support of his design with the addition of a front porch similar to other homes Mr. Thabet has developed in the area. Mr. Thabet has agreed to the neighborhood's request.

On February 10, 2006, the City Council approved the sale of 2912 16th Avenue South to Powderhorn Community Council (PCC) for \$36,900. At the time of the sale there was a garage existing on the rear of the lot that spanned across the lot line to service both properties. Staff unsuccessfully tried to contact the adjacent owner to gain access to that property to facilitate the complete demolition of the portion of the structure on the CPED lot. When that failed, to insure that the remaining structure was structurally safe, all but one foot of the structure on the CPED lot was demolished. In addition, PCC has completed a new home in North Minneapolis which they have been unable to sell and has made their funds inaccessible. Due to these combined problems, PCC was unable to close on the purchase of the land.

Staff remarketed the land and received only one offer. At this time, staff is recommending the sale of 2912 16th Avenue South to AA Contracting, Inc.

**Authorizing sale of land Vacant Housing Program
Disposition Parcel No VH-111.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-111, in the East Phillips neighborhood, from AA Contracting, Inc., hereinafter known as the Redeveloper, the Parcel VH-111, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-111; 2912 16th Avenue South
Lot 4, Block 4, Allan and Anderson's Addition

Whereas, the Redeveloper has offered to pay the sum of \$30,000, for Parcel VH-111 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 29, 2007, a public hearing on the proposed sale was duly held on July 10, 2007, 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 Vacant Housing Program plan, as amended, is hereby estimated to be the sum of \$30,000 for Parcel VH-111.

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.

Address: 2912 16th Ave South

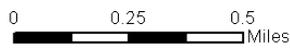
Parcel: VH-111

Purchaser: AA Contracting, Inc.

Sq. Footage: 4,938

Zoning: R2B

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

Date: July 10, 2007
 Subject: Land Sale – Public Hearing
 Model Cities Urban Renewal Plan
 Address: 2912 - 16th Avenue South
 Purchaser: AA Contracting, Inc.

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
VH-111 11-27-2001	2912 - 16th Avenue South	\$43,245	(-) \$30,000	(-) \$13,245

Re-Use Value Opinion	Less Sales Price	Write-Down
\$30,000	\$30,000	\$0

Write-Down
 Reason: N/A

Developer History with CPED:

AA Contracting, Inc., a construction company owned and operated by Mohammad K. Thabet, has purchased and developed several lots from the City. In addition, Mr. Thabet has extensive experience working on rehabilitation projects through the City's Home Ownership Works program.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other