



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

June 20, 2006

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

Subject: Land Sale Public Hearing
Model Cities

Recommendation:

1. Approve the sale of 1109 E. 28th Street to J.D. Roofing & Construction, Inc. for \$23,000, subject to the following conditions: a) land sale closing must occur on or before 30 days from date of approval, and b) 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.
2. If J.D. Roofing & Construction, Inc. fails to close, approve the sale of 1109 E. 28th Street to AA Contracting Inc. for \$23,000, subject to the following conditions: a) land sale must occur on or before 30 days from date of CPED notification, and b) 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.
3. The sale conditions may be waived or amended with approval of the CPED Director.

Previous Directives: CPED acquired 1109 E. 28th Street on August 5, 1996.

Prepared or Submitted by: Edie Oliveto-Oates, Senior Project Coordinator
Phone 612-673-5229

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: Edie Oliveto-Oates, 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: 9

Neighborhood Notification: Midtown Phillips reviewed this proposal and took no action.

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

Comprehensive Plan: This lot is located within the Model Cities Urban Renewal Plan which was adopted on October 23, 1970 and the sale is therefore consistent with City's Comprehensive Plan.

Zoning Code: R2B

Other: On May 22, 2006, Planning Commission found that the sale of this lot is consistent with the City's Comprehensive Plan.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
MC 250-24	1109 E. 28th Street	\$23,000

PURCHASER

J.D. Roofing & Construction, Inc.
11345 Uplander Street
Coon Rapids, MN 55433

ALTERNATE PURCHASER

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

Or

SECOND ALTERNATE PURCHASER

Metro Capital Ventures
2230 W. County Road C
Roseville, MN 55113

PROPOSED DEVELOPMENT:

J.D. Roofing & Construction, Inc. is proposing to develop a 3 bedroom, 1,500 square foot single family home with a detached garage.

AA Contracting Inc. is proposing to develop a 5 bedroom, 2,368 square foot single family home with 3 bathrooms with an attached garage.

Metro Capital Ventures is proposing to develop a 4 bedroom, 2,000 square foot single family home with 3 bathrooms and a detached garage.

The lot size is 42' X 100' = 4,200 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING*:

All of the developers have private financing.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

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

COMMENTS:

All of the above developers have proposed single family homes that will be sold to owner occupants. J.D. Roofing & Construction, Inc. has been working with a family that has been a long time renter in the Phillips West Neighborhood who is interesting in staying in the neighborhood and becoming a home owner. AA Contracting Inc. has a long standing working relationship with CPED both through rehabilitation of homes in the Home Ownership Works program and currently with new construction. Metro Capital Ventures is new to working with the City of Minneapolis.

When the neighborhood reviewed all of these proposals they expressed concerns over the adjacent properties and requested that CPED look at these properties. Staff has completed the review of the adjacent properties and both appear to be occupied structures with 1105 E. 28th Street being condemned for lack of utilities. All efforts by staff to have the owner of 1105 E. 28th Street respond to inquiries have been

unsuccessful. Staff is currently investigating the mortgage company to determine the possible status of a foreclosure on the property. The property at 1113 E. 28th Street appears to have been sold on a contract from a lender in 2005 and is currently licensed through July, 2006.

The neighborhood has enjoyed a positive working relationship with AA Contracting Inc. on the homes that have been constructed to date. With the interest from multiple developers, staff is comfortable moving forward a recommendation for sale to J.D. Roofing & Construction, Inc. and will continue to work with the neighborhood in addressing their concerns regarding the identified problem properties.

**Authorizing sale of land Model Cities
Disposition Parcel No MC 250-24**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel MC 250-24, in the Phillips neighborhood, from J.D. Roofing & Construction, Inc., hereinafter known as the Redeveloper, and another offer to purchase and develop Parcel MC 250-24, from AA Contracting, hereinafter known as the Alternate Redeveloper, and another offer to purchase and develop Parcel MC 250-24 from Metro Capital Ventures hereinafter known as the second Alternate Redeveloper, the Parcel MC 250-24, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

MC 250-24; 1109 E. 28th Street

The East 42 feet of Lots 30, 31 and 32, Block 1, Avery's Chicago Avenue Addition to Minneapolis.

Being registered land as is evidenced by Certificate of Title No. 1142762.

Whereas, the Redeveloper has offered to pay the sum of \$23,000, for Parcel MC 250-24 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 Alternate Redeveloper, and the Second Alternate Redeveloper, each have offered to pay the sum of \$23,000 for Parcel MC 250-24 to the City for the land, and the Alternate and Second Alternate Redeveloper's proposals are in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, each the Redeveloper, the Alternate Redeveloper, and the Second Alternate Redeveloper have submitted to the City statements 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 9, 2006, a public hearing on the proposed sale was duly held on June 20, 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 Model Cities Renewal Plan, as amended, is hereby estimated to be the sum of \$23,000 for Parcel MC 250-24.

Be It Further Resolved that the acceptance of the offers and proposals are both hereby determined to be in accordance with the City's approved disposition policy and it is further determined that each the Redeveloper, the Alternate Redeveloper, and the Second Alternate Redeveloper possess the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program, but that the City prefers the Redeveloper's proposal over the Alternate or Second Alternate Redeveloper's proposal.

Be It Further Resolved that the Redeveloper's proposal 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 if and only if Redeveloper fails to close on the land sale pursuant to the conditions described above, the Alternate Redeveloper's proposal 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 of City notification to the Alternate Redeveloper, and 2) payment of holding costs of \$150.00 per month from the date of notification if the land sale closing does not occur on or before 30 days from the date of City notification to the Alternate Redeveloper.

Be It Further Resolved that if and only if Alternate Redeveloper fails to close on the land sale pursuant to the conditions described above, the Second Alternate Redeveloper's proposal 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 of City notification to the Alternate Redeveloper, and 2) payment of holding costs of \$150.00 per month from the date of notification if the land sale closing does not occur on or before 30 days from the date of City notification to the Alternate Redeveloper.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director. Furthermore, that the Finance Officer or other appropriate official of the City is hereby authorized consistent with the terms herein to execute and deliver the contract to the Redeveloper, Alternate Redeveloper, or Second Alternate Redeveloper, as appropriate; 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 consistent with the terms herein to execute and deliver a conveyance of the land to the Redeveloper, the Alternate Redeveloper, or the Second Alternate Redeveloper, as appropriate 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.