



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

September 12, 2006

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

Subject: Land Sale Public Hearing
Tax Forfeiture Program

Recommendation:

1. Approve the sale of 1415 18th Avenue NE to Hartman & Son Builders, Inc. for \$30,000, 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. The sale conditions may be waived or amended with approval of the Director of Community Planning & Economic Development ("CPED").
2. If Hartman & Son Builders, Inc. fails to close, approve the sale of 1415 18th Avenue NE to Jay Nord for \$30,000, subject to the following conditions; a) land sale must occur on or before 30 days from date of City 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 City notification. The sale conditions may be waived or amended with approval of the Director of CPED.
3. If Jay Nord fails to close, approve the sale of 1415 18th Avenue NE to Howey Properties, LLC for \$30,000, subject to the following conditions; a) land sale must occur on or before 30 days from date of City 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 City notification.

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

Previous Directives: CPED acquired 1415 18th Avenue NE on September 16, 2005.

Prepared or Submitted by: William Koncak, Senior Project Coordinator
Phone 612-673-5233

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: William Koncak, 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: 1

Neighborhood Notification: Windom Park Citizens In Action reviewed the three proposals and recommended that the sale to Hartman & Son Builders, Inc. 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.

Comprehensive Plan: Planning Commission reviewed this property for consistency

with the Comprehensive Plan and approved its development as a single family development on July 17, 2006.

Zoning Code: R1A

Other: On February 3, 2006, Planning staff completed its land sale review and deemed this parcel a buildable lot.

Background/Supporting Information Attached

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-661	1415 18th Avenue NE	\$30,000

PURCHASER

Hartman & Son Builders, Inc.
2622 Howard Street NE
Minneapolis, MN. 55418

FIRST ALTERNATE PURCHASER

Jay Nord
6440 County Road 110 West
Minnetrista, MN. 55364

OR

SECOND ALTERNATE PURCHASER

Howey Properties, LLC
1023 Washington Avenue South
Minneapolis, MN 55415

PROPOSED DEVELOPMENT:

Hartman and Son Builders, Inc.

A single family dwelling with 3 bedrooms and 2 bathrooms, for a total of 1711 square feet of finished space. The design features an attached double garage. The estimated sales price of this proposal is \$329,000.

Jay Nord

A single family dwelling with 3 bedrooms and 2 bathrooms, for a total of 1584 square feet of finished space. The design features a detached double garage. The estimated sale price of this proposal is \$269,900.

Howey Properties, LLC

A single family dwelling with 4 bedrooms and 2 bathrooms, for a total of 1120 square feet of finished space. The design features an attached double garage. This developer's company builds and renovates existing buildings to a high standard of energy efficiency and their proposal proposed a heating/cooling system using a geothermal source.

The lot size is 56 X 98.4 feet or approximately 5510 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by City policy and is being sold for development of a single family owner-occupied home.

FINANCING*:

Private financing

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

This property was Publicly Advertised. The sales price of this property does reflect the full re-use value of \$30,000.

COMMENTS:

The Windom Park Citizens in Action neighborhood group had created detailed development guidelines, regarding their wishes for the development of this lot. By the deadline, three developers submitted proposals that appear to follow the design guidelines. The neighborhood's housing committee requested and received a presentation by the three developers. After further discussion by the housing committee, they recommended the Hartman and Son Builders, Inc. proposal at the Windom Park Citizens in Action's neighborhood meeting on July 19, 2006. The vote of the general neighborhood was unanimous, except for one vote, for the Hartman and Son Builder's, Inc. proposal.

It should be noted that on the submitted Nord's proposal, which included a list of people in their development team, it named Mr. Jay Nord, Mr. Marty Schriber and Mr. Jose Velez. Mr. Velez is the property owner/occupant of the adjacent property east of the lot. Mr. Nord's proposal also suggested an alternative development option that would have featured a multiple unit development using this lot and Mr. Velez's lot. The design guidelines developed by the neighborhood group had not requested any larger development and in their review of this suggested site expansion option of the Nord's proposal, the Windom Park Housing Committee rejected it.

After the initial presentation to the Windom Park's Housing Committee by the Nord's team, Mr. Velez sent staff a letter the following day, in which he removed himself from the Nord team. On August 8, 2006, Mr. Velez submitted a petition signed by 19 neighbors not favoring the Hartman and Son's proposal. The petition suggests neighbors' fear of this property being potentially sold for rental property because of the high asking price not typical in this neighborhood. Hartman and Son Builder's, Inc. consulted with a realtor who believes that the proposed sales price is correctly priced, especially considering the residential properties they have recently developed in this area and the sales prices received. Attached to the petition was a comparative summary of older existing properties sold within close proximity of subject property that supports a median sales price of \$227,950.

On August 23, 2006, a meeting was held by Council Member Ostrow's office to hear concerns from the residents and for them to get an opportunity to have the developer explain his proposal. In Mr. Hartman's presentation he stated he had just received an independent real estate appraisal for the proposed development that valued the development at \$320,000. He also stated that he had been contacted by a possible buyer of the completed property and he had not yet commenced marketing the development. After the close of the meeting, the residents showed unanimous support for his proposed development.

Also, it should be noted that when CPED staff had the original structures on the site were demolished as quickly as possible, because of extreme mold and garbage in the house. A garage was left on the northeast corner of the property because of neighbors fear that the demolition of the garage would endanger a large red maple. The red maple tree has grown into the garage and Mr. Hartman is consulting with experts on possible demolition options to allow the tree to remain. But the removal of the garage was CPED's responsibility and consideration of reimbursement to Mr. Hartman should be considered. All three proposals would not use this existing garage.

After review of the three proposals, Staff feels that all the proposals were acceptable and reasonable. Upon staff's review, the size of the development, couple with the inclusion of an egress window in the basement that lends for future expansion for an additional bedroom, staff supports the Windom Park Neighborhood's recommendation of sale of 1415 18th Avenue NE to Hartman and Son Builders, Inc. for \$30,000.

Proposed Resolution

**Authorizing sale of land Tax Forfeiture Program
Disposition Parcel No TF-661.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop disposition Parcel TF-661, in the Windom Park neighborhood, from Hartman & Son Builders, Inc., hereinafter known as the Redeveloper, and two additional offers to purchase and develop Parcel TF-661 from Jay Nord and Howey Properties, LLC, hereinafter known as the Alternate Redevelopers, the Parcel TF-661, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-661; 1415 18th Ave NE

The West 56 feet of Lots 11 and 12, Block 15, Lincoln Street Supplement to East Side Addition to Minneapolis.

Whereas, the Redeveloper has offered to pay the sum of \$30,000, for Parcel TF-661 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 Redevelopers have each offered to pay the sum of \$30,000 for Parcel TF-661 to the City for the land, and the Alternate Redevelopers' proposals are in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper and the Alternate Redevelopers 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 September 1, 2006, a public hearing on the proposed sale was duly held on September 12, 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 Tax Forfeiture Program plan, as amended, is hereby estimated to be the sum of \$30,000 for Parcel TF-661.

Be It Further Resolved that the acceptance of the offers and proposals are all hereby determined to be in accordance with the City's approved disposition policy, and it is further determined that the Redeveloper and the Alternate Redevelopers all 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 Redevelopers' proposals.

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 proposal of Alternate Redeveloper Jay Nord 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 Jay Nord, 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 Jay Nord.

Be It Further Resolved that if and only if Alternate Redeveloper Jay Nord fails to close on the land sale pursuant to the conditions described above, the proposal of Alternate Redeveloper Howey Properties, LLC 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 Howey Properties, LLC., 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 Alternate Redeveloper Howey Properties, LLC.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the Director of Community Planning & Economic Development. 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 or Alternate Redevelopers, 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 or the Alternate Redevelopers 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.