



Request for MCDA Board of Commissioner Action
From the Department of Community Planning & Economic Development
Document No. 2004-001M

Date: January 6, 2004

To: MCDA Board of Commissioners

Prepared by Tiffany Glasper, Project Coordinator, Phone 612-673-5221
Presenter in Committee: Tiffany Glasper, Project Coordinator

Approved by Chuck Lutz, Deputy CPED Director _____

Subject: Land Sale-Public Hearing (2315 Ilion Av N; Parcel TF-187)

RECOMMENDATION: Approve the sale of 2315 Ilion Avenue North to Gendeco, LLC.

Previous Directives: MCDA acquired 2315 Ilion Avenue North on May 26, 1995. The MCDA Board of Commissioners denied the sale of 2315 Ilion Avenue North on June 20, 2003 to Craftsmen Home Builders, LLC.

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):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 3

Neighborhood Notification: Jordan Area Community Council's Housing Committee reviewed the proposal presented by Gendeco, LLC on December 2, 2003 and recommended approval of that proposal. The competing developer, Heritage Housing, LLC was not present at the meeting..

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 development complies with the Minneapolis Comprehensive plan Chapter 4 section 4.9 states "Minneapolis will grow by

increasing its supply of housing and section 4.11 states “Minneapolis will improve the availability of housing options for its residents.” Also this area is designated for low density housing in accordance with the Land Use Policy Map.
Zoning Code: R2B; (Two Family District)
Living Wage/Job Linkage: Not applicable.

Other:

Background/Supporting Information

PARCEL

TF – 187

ADDRESS

2315 Ilion Avenue North

PURCHASER

Gendeco, LLC
6009 Wayzata Boulevard, Suite 200
St. Louis Park, MN 55416

SALES PRICE

\$15,600

ALTERNATE PURCHASER(S)

Heritage Housing, LLC
1313 Plymouth Avenue North
Minneapolis, MN 55411

\$15,087

PROPOSED DEVELOPMENT:

2315 Ilion Avenue North

MCDA acquired 2315 Ilion Avenue North via tax forfeiture from Hennepin County on May 26, 1995. The parcel was a vacant lot. The lot size is 45' x 134' = 6,030 sq. ft.

Gendeco, LLC is proposing construction of a single-story single-family home containing approximately 1,450 sq. ft. of finished living space. The home will consist of 2 bedrooms, 2 bathrooms, a kitchen, a dining room, a living room, a full basement, and a detached 2-car garage. The home's estimated value upon completion is \$209,000 and it will be sold for owner-occupancy.

Heritage Housing, LLC is proposing construction of a 1½-story single-family home containing approximately 1,670 sq. ft. of finished living space. The home will consist of 3 bedrooms, 2 bathrooms, a kitchen, a dining room, a living room, a full basement and a detached 2-car garage. The home's estimated value upon completion is \$250,950 and it will be sold for owner-occupancy.

LAND DISPOSITION POLICY:

This lot is buildable as defined by MCDA policy.

FINANCING:

Gendeco, LLC has demonstrated sufficient financing for the proposed new construction project. Heritage Housing, LLC has not provided staff with an updated financing commitment.

OFFERING PROCEDURE:

Public advertisement. The sale price reflects the appraised reuse value for this parcel if sold to Gendeco, LLC. Heritage Housing, LLC is proposing \$0 down at closing and deferred payment of 6% of the development value (\$15,057), payable upon sale of the home. This is less than the appraised reuse value for this parcel.

COMMENTS:

CPED staff received competing development proposals from Gendeco, LLC and Heritage Housing, LLC for the redevelopment of 2315 Ilion Avenue North. Offers were received during the week of October 6, 2003. 2315 Ilion Avenue North has been in the MCDA/CPED inventory since approximately January 1996 and has been available via our web site since December 1999.

Gendeco, LLC is an experienced developer who has done a moderate amount of business with MCDA/CPED. Gendeco, LLC has successfully completed two single-family new construction projects in North Minneapolis and has also successfully completed two major rehabilitation projects through the Agency's HOW Program.

Heritage Housing, LLC is comprised of Northside Residents Redevelopment Council (NRRC), Sienna Corporation and Thor Construction. Thor Construction and NRRC have both done business with MCDA/CPED before on both new construction projects and major rehabilitation projects. Sienna Corporation has not done business with MCDA/CPED before.

Representatives from Gendeco, LLC presented their proposal at the December 2, 2003 meeting of the Jordan Area Community Council's Housing Committee. Representatives from Heritage Housing, LLC although notified of the meeting, did not attend. Therefore, the JACC Housing Committee was not able to conduct a full review of their proposal. Members of JACC's Housing Committee recommended approval of the proposal presented by Gendeco, LLC.

Staff conducted a formal professional review of the proposals and noted the following:

Gendeco, LLC is proposing a single-story home with 1,450 square feet at an estimated value of \$209,000. Heritage Housing, LLC is proposing a significantly larger home (1,670 sq. ft) at a higher estimated value of \$250,950.

The aesthetics of the Jordan Neighborhood typically call for 1½ and 2-story homes. However, the lot at 2315 Ilion is adjacent to a 1½-story home at 2319 Ilion, a vacant lot at 1700 Hillside and a small single story home at 1706 Hillside. Based on this information, the single-story home being proposed by Gendeco should blend in well with the surrounding properties.

Additionally, staff also considered the number of bedrooms being proposed by each developer. Gendeco's proposal is for a two-bedroom single family home and Heritage Housing, LLC is proposing three bedrooms. Both homes are designed to allow for a

completely finished basement, allowing for the possibility of an additional 1-2 bedrooms on the basement level of each home.

Staff recommends the sale of 2315 Ilion Avenue North to Gendeco, LLC with stipulation that the developer meet again with the neighborhood group to discuss minor changes to the exterior design.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program-Jordan
Disposition Parcel No. TF-187

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-187, in the Jordan neighborhood, from Gendeco, LLC, hereinafter known as the Redeveloper, the Parcel TF-187, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 16, Block 9, Forest Heights.

Being registered land as is evidenced by Certificate of Title No. 829521.

WHEREAS, the Redeveloper has offered to pay the sum of \$15,600, for Parcel TF-187 to the Agency 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 Agency a statement of financial responsibility and qualifications; and

WHEREAS, the Agency 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 Agency in determining a re-use value for the Parcel; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on December 26, 2003, a public hearing on the proposed sale was duly held on January 6, 2004, following 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, that the re-use value for uses in accordance with the Vacant Housing Recycling Program-Jordan plan, as amended, is hereby estimated to be the sum of \$15,600 for Parcel TF-187, and

BE IT FURTHER RESOLVED, that the acceptance of the offer and proposal is hereby determined to be in accordance with the Agency's approved disposition program 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; and

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 Executive Director or other appropriate official of the Agency 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 Executive Director or other appropriate official of the Agency; and

BE IT ALSO FURTHER RESOLVED, that the Chairman and Secretary, or any other two Commissioners of the Agency, are 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 Agency 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 Chairman and Secretary, or any other two Commissioners of the Agency.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____: _____

Chairperson

APPROVED
NOT APPROVED _____: _____

Mayor

Address: 2315 Iliion Avenue North

Parcel: TF-187

Purchaser: Gendeco, LLC OR Heritage Housing, LLC

Sq. Footage: 6,030

Zoning: R2B

WARD 3

