



**Request for MCDA Board of Commissioners Action
From the Department of Community Planning & Economic Development**

Date: April 6, 2004

To: MCDA Board of Commissioners

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

Approved by Chuck Lutz, Deputy CPED Director _____
Lee Pao Xiong, Director, Housing _____

Subject: Land Sale – Public Hearing
Jordan – Vacant Housing Recycling Program

RECOMMENDATION: Approve sale of 2742 Queen Avenue North to Drum Major Building, Inc for \$20,000. Further recommends that if Drum Major Building, Inc. does not perform, that the sale of 2742 Queen Avenue North be granted to the alternate purchaser, The Greater Metropolitan Housing Corporation of the Twin Cities with payment of the purchase price made at closing.

Previous Directives: MCDA acquired 2742 Queen Avenue North on December 18, 2000.

On July 26, 2002, the MCDA Board of Commissioners approved the land sale of this parcel to Garold Kutnink under Resolution No. 2002-2619M. The sale was cancelled because the buyer did not wish to proceed with the purchase of the property.

On October 2, 2003, the MCDA Board of Commissioners approved the land sale of this parcel to Wisdom Builders under Resolution #2003-2813M. The sale was cancelled because the buyer did not wish to proceed with the purchase of the property.

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): Sale of this parcel will eliminate future property management expenses.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact**Ward:** 4

Neighborhood Notification: Jordan Area Community Council's Housing Committee reviewed proposals presented by Dream Homes, The Greater Metropolitan Housing Corporation of the Twin Cities and Drum Major Building on March 9, 2004 and recommended approval of the proposal presented by Drum Major Building, Inc.

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: 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: Complies. 2742 Queen Avenue North is zoned R1A.

Living Wage/Job Linkage: NA

Other: None

BACKGROUND/SUPPORTING INFORMATION:

The parcel contained a severely blighted single family home which was demolished. The lot size is 40' x 127' = 5,080 sq. ft.

PARCEL

TF – 573

ADDRESS

2742 Queen Avenue North

SALE PRICE

\$20,000

PURCHASER

Drum Major Building, Inc.
2315 Portland Avenue South
Minneapolis, MN 55404

OR

The Greater Metropolitan Housing Corporation
of the Twin Cities
15 South 5th Street, Suite 710
Minneapolis, MN 55402

OR

DPK Properties, LLC (Dream Homes)
1359 Park Road

PROPOSED DEVELOPMENT:

GMHC is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,700 sq. ft. of finished living space. The home's estimated value upon completion is \$205,000 and it will be sold to an owner-occupant.

Drum Major Building, Inc. is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, two and a half bathrooms and a total of approximately 1,900 sq. ft. of finished living space. The home also features a main floor laundry room and family room. The home's estimated value upon completion is \$210,000 and it will be sold to an owner-occupant.

DPK Properties, LLC (Dream Homes) is proposing construction of a two-story single family home and a detached single-stall garage. The home will contain six bedrooms, two bathrooms and a total of approximately 2,000 sq. ft. of finished living space. The home's estimated value upon completion is \$269,000 and it will be sold to an owner-occupant.

LAND DISPOSITION POLICY:

This lot is buildable as defined by CPED's policy.

FINANCING:

DPK Properties, LLC (Dream Homes), Drum Major Building, Inc. and The Greater Metropolitan Housing Corporation of the Twin Cities have demonstrated sufficient financing for the proposed new construction projects. The Greater Metropolitan Housing Corporation of the Twin Cities is requesting to defer the purchase price until the sale of the completed project to help them reduce their initial development and holding costs, which ultimately increases the number of developments they are able to produce. This is in compliance with CPED's Land Disposition Policy.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) and CPED are partners in the Century Homes Program. Per this partnership agreement, GMHC and CPED have agreed to split equally any profits (or deficits) realized from the sale of properties. Per the above development proposal, budget projections indicate an estimated profit as follows:

	2742 Queen Ave N
Development Costs	\$196,890
Est. Sales Price	\$205,000
Total Profit	+\$ 8,110.00
MCDA Profit	+\$ 4,055.00

OFFERING PROCEDURE:

Public advertisement. The sale price reflects the appraised reuse value for this parcel.

COMMENTS:

CPED staff received development proposals from Drum Major Building, Inc. and The Greater Metropolitan Housing Corporation of the Twin Cities for the redevelopment of 2742 Queen Avenue North. Proposals were received on Monday, February 9, 2004 in response to a public advertisement.

2742 Queen Avenue North has been in the MCDA/CPED inventory since approximately September 2002 and has been available to the public via our web site since October 2003.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) has an established and successful relationship with CPED/MCDA as a partner in the Century Homes Program. Through the Century Homes program, the CPED/MCDA is committed to providing 100 lots per year to GMHC for the development of market rate single family homes. GMHC has a long history of building quality single-family homes in the City of Minneapolis.

Drum Major Building, Inc. is a sole proprietorship, with Robert Bailey as its President. Robert Bailey as a private individual was approved to purchase two lots in South Minneapolis for the construction of a single family home with an adjacent carriage house. Construction of this development is currently underway. Drum Major Building has not done business with CPED/MCDA before, but was recently approved to purchase and develop a lot at 2122 Fremont Avenue North. The land sale closing on this parcel has not yet occurred. Robert Bailey as a representative and Officer of Craftsmen Home Builders, is currently developing two single family homes in North Minneapolis. Members of the Jordan Area Community Council and CPED Construction Management staff participated in a tour of these two developments and found them to be of sound construction.

DPK Properties, LLC (Dream Homes) has not done business with MCDA/CPED before.

Representatives from DPK Properties, LLC (Dream Homes), The Greater Metropolitan Housing Corporation of the Twin Cities and Drum Major Building, Inc. presented their proposals at the March 9, 2004 meeting of the Jordan Area Community Council's Housing Committee and members of JACC's Housing Committee recommended approval of the proposal presented by Drum Major Building.

Staff concurs with this recommendation and is recommending approval of the proposal presented by Drum Major Building, Inc. Staff is further recommending that, in the event Drum Major Building is unable to perform, that the lot be sold to the alternate purchaser, Greater Metropolitan Housing Corporation, with payment of the purchase price to be made at the time of closing.

Staff is recommending an alternate purchaser in this case because there is more than one acceptable proposal. Electing an alternate purchaser at this time, eliminates the necessity of remarketing the parcel, reviewing additional proposals, etc. Eliminating these steps will ultimately insure the quick disposition of this parcel and save both staff time and resources.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program-Jordan
Disposition Parcel No. TF-576

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-576, in the Jordan neighborhood, from Drum Major Building, Inc., hereinafter known as the Redeveloper, the Parcel TF-576, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 26, Block 3, "Penn Avenue Addition" to Minneapolis.

Being registered land as is evidenced by Certificate of Title #1060355.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,000, for Parcel TF-576 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 March 26, 2004, a public hearing on the proposed sale was duly held on April 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.

WHEREAS, the Agency on July 26, 2002, by its Resolution No. 2002-2619M, authorized the sale of Parcel TF-573; and

WHEREAS, *Garold Kutnink* has withdrawn his offer to purchase; and

NOW, THEREFORE, BE IT RESOLVED, that the action taken by the Agency in its Resolution No. 2002-2619M, authorizing the sale of Parcel TF-573 to Garold Kutnink be rescinded; and

WHEREAS, the Agency on October 2, 2004, by its Resolution No. 2003-2813M, authorized the sale of Parcel TF-573; and

WHEREAS, *Wisdom Builders* has withdrawn their offer to purchase; and

NOW, THEREFORE, BE IT RESOLVED, that the action taken by the Agency in its Resolution No. 2003-2813M, authorizing the sale of Parcel TF-573 to Wisdom Builders be rescinded; and

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 \$20,000 for Parcel TF-576, 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,						
Niziolek							chair						
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____

_____ **Chairperson**

APPROVED
NOT APPROVED
VETOED _____

_____ **Mayor**

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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

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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 ram-Jordan plan, as amended, is hereby estimated to be the sum of \$20,000 for Parcel TF-576, and

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ADOPTED _____.

_____ **Chairperson**

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ADOPTED _____

_____ **Chairperson**

APPROVED
NOT APPROVED _____

_____ **Mayor**

Address: 2742 Queen Avenue North

Parcel: TF-576

Purchaser: Drum Major Building, Inc. OR The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) OR DPK Properties, LLC (Dream Homes)

Sq. Footage: 5,080

Zoning: R1A

WARD 4

