



Document No. 2004-008M

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

Date: February 3, 2004

To: MCDA Board of Commissioners

Prepared by: Jackie Nawalany, Project Coordinator II, Phone 612-673-5255  
Presenter in Committee: Jackie Nawalany, Project Coordinator II

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

**Subject:** Land Sale-Public Hearing 2824 Dupont Ave. No. VH-151 / GC-252

**RECOMMENDATION:** Approve the sale of 2824 Dupont Avenue North to The Greater Metropolitan Housing Corporation of the Twin Cities for \$20,000.

**Previous Directives:** MCDA acquired 2824 Dupont Avenue North on July 29, 2003

**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: The Hawthorne Area Community Council met on January 6, 2004 and voted to support development of this lot by Drum Major Builders.

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 Map.  
Zoning Code: R2B  
Living Wage/Job Linkage: Not applicable  
Other: NA

### **Background/Supporting Information**

Purchaser: The Greater Metropolitan Housing Corporation  
of the Twin Cities  
15 South 5<sup>th</sup> Street, Suite 710  
Minneapolis, Mn. 55402  
Or  
Drum Major Building Inc.  
2315 Portland Ave. So.  
Minneapolis, Mn. 55404

### **PROPOSED DEVELOPMENT**

2824 Dupont Avenue North is a buildable vacant lot. Dimensions are 33' x 126' or 5,207 total square feet. Previously a burned out single family house was on this parcel.

The Greater Metropolitan Housing Corporation of the Twin Cities is proposing to construct an owner occupied, single family, 2 story home with three bedrooms, 2 ½ bathrooms, and a 2 car detached garage. The home will have approximately 1,650 square feet of finished living area.

Drum Major Building Inc. is proposing to construct an owner occupied, single family, 2 story home with three bedrooms, 2 ½ bathrooms, and a 2 car detached garage. The home will have approximately 1,900 square feet of finished living area.

### **LAND DISPOSITION POLICY**

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

### **FINANCING\***

GMHC	Drum Major Building
\$148,000 Private Financing	\$ 175,000 Private Financing*
\$ 48,890 Developer Equity	\$ 12,474 Developer Equity
<u>\$ 0 Public Subsidy</u>	<u>\$ 0 Public subsidy</u>
\$196,890 Total Development Cost	\$ 187,474 Total Development Cost

Permanent end loans will be provided through the Minneapolis / St. Paul mortgage programs or conventional lenders at market rates.

\* Subject to lender application and underwriting approval.

### **OFFERING PROCEDURE**

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

## COMMENTS

GMHC has estimated the cost of development to be \$198,890 with an estimated sale price of \$205,000. Current budget projections indicate an estimated profit of \$6,110. If the market softens and the house cannot be sold at the proposed price, a construction subsidy may be needed and would be funded from the Century Homes program. GMHC and the Agency have agreed to split any profits or losses equally.

Drum Major Building, Inc. has estimated the cost of development to be \$187,474 with an estimated sales price of \$210,000. Current budget projections indicate a profit of \$22,526. The Hawthorne Area Community Council has reviewed the proposal and has voted to support Drum Major Building Inc plan to build a single family home with a detached garage at this site with the stipulation that this house is built on site and not be a modular house.

At the November HACC Housing Committee meeting the neighborhood reviewed competitive proposals on two MCDA owned parcels. In an attempt to afford each developer an opportunity for development, and to provide diversity in design throughout the neighborhood, the group decided to support one lot for each developer. For the parcel at 2824 Dupont Avenue North, HACC is supporting the proposal from Drum Major Building, Inc. Staff has reviewed the plans and feels the design proposed by Drum Major Building Inc fits well with the other houses on the block in size and mass. However, staff is concerned about performance issues with the developer and wants the developer to have the opportunity to correct the issues prior to awarding any additional development opportunities.

Staff recommends the sale of 2824 Dupont Avenue North to the Greater Metropolitan Housing Corporation of the Twin Cities.

No. 2004-2871M

## RESOLUTION

of the

### MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By \_\_\_\_\_

Authorizing Sale of Land  
GMHC Century Homes Program  
Disposition Parcel No. GC-252

**WHEREAS**, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel GC-252, in the Hawthorne neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities, hereinafter known as the Redeveloper, the Parcel GC-252, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

#### LEGAL DESCRIPTION

Lot 14, Block 16, Fairmount Park Addition to Minneapolis, Hennepin County, Minnesota.

**WHEREAS**, the Redeveloper has offered to pay the sum of \$20,000, for Parcel VH-151 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 January 23, 2004, a public hearing on the proposed sale was duly held on February 3, 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 plan, as amended, is hereby estimated to be the sum of \$20,000 for Parcel GC-252, 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** \_\_\_\_\_.

\_\_\_\_\_  
Mayor

