



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

Date: May 18, 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 Director, CPED \_\_\_\_\_  
Lee Pao Xiong, Director, Housing \_\_\_\_\_

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

**RECOMMENDATION:** Approve sale of 2300 James Avenue North to Alyeldin El-Nagdy for \$19,950.

As amended to use design submitted for 2509 Irving Av N.

**Previous Directives:** MCDA acquired 2300 James Avenue North on August 6, 1999.

**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: 3

Neighborhood Notification: Jordan Area Community Council's Housing Committee reviewed the proposal presented by Alyeldin El-Nagdy on April 6, 2004 and recommended approval of that proposal.

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. 2300 James Avenue North is zoned R2B.

Living Wage/Job Linkage: NA

Other: None

**BACKGROUND/SUPPORTING INFORMATION:**

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF – 479	2300 James Avenue North	\$19,950

**PURCHASER**

Alyeldin El-Nagdy  
4556 Winnetka Avenue North  
New Hope, MN 55428

Global Construction & Investment Co., Inc.  
4521 Orchard Avenue North  
Robbinsdale, MN 55422

DPK Properties, LLC (Dream Homes)  
1359 Park Road  
Chanhassen, MN 55317

MCDA acquired 2300 James Avenue North from Hennepin County on August 6, 1999. The parcel contained a vacant and blighted structure. The lot size is 47' x 141' = 6,627 sq. ft.

**PROPOSED DEVELOPMENT:**

**Alyeldin El-Nagdy** is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain three bedrooms, 1 ½ bathrooms and a total of approximately 1,700 sq. ft. of finished living space. They have estimated the home's value upon completion at \$205,000 and it will be sold to an owner-occupant.

**Global Construction & Investment Co., 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 1,600 sq. ft. of finished living space. They have estimated the home's value upon completion at \$195,000 and it will be sold to an owner-occupant.

**DPK Properties, LLC (Dream Homes)** is proposing construction of a two-story single family modular/manufactured home with a detached, two-car garage. The home will contain six bedrooms, two bathrooms and a total of approximately 2,000 sq. ft. of finished living space. They have estimated the home's value upon completion at \$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:**

Alyeldin El-Nagdy has demonstrated sufficient financing for the proposed new construction project. The developer has submitted evidence of a personal line of credit in the amount of \$100,000 and a written statement from the general contractor indicating the general contractor's willingness to defer payment of construction costs until the sale of the home.

As of the writing of this report, Global Construction & Investment Co., Inc. has not demonstrated sufficient financing for the proposed new construction project. The developer has submitted a financing approval letter from Main Street Bank for the purchase of the lot, but no evidence of construction financing. Staff have communicated with the developer regarding what is required and a satisfactory financing commitment is forthcoming.

DPK Properties, LLC (Dream Homes) has demonstrated sufficient financing for the proposed new construction project in the form of a \$4,000,000 line of credit.

**OFFERING PROCEDURE:**

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

**COMMENTS:**

CPED staff received competing development proposals from Alyeldin El-Nagdy, Global Construction & Investment Co., Inc., and DPK Properties, LLC (Dream Homes) for the redevelopment of 2300 James Avenue North.

2300 James Avenue North has been available to the public via our web site since December 2003.

Alyeldin El-Nagdy is a non-corporate entity with whom CPED/MCDA has not previously done business. Mr. El-Nagdy has secured the services of AA Contracting to perform the construction work for this home. CPED/MCDA has worked with AA Contracting in the past on several of its HOW rehabilitation projects, but not in the capacity of new construction. Staff understands that AA Contracting has recently completed new construction of three single family homes with Project for Pride in Living at 2110, 2114 and 2118 Ilion Avenue North. Staff is planning a tour of these new construction projects on Tuesday, May 4, 2004. It should be noted that the floor plans of the new construction projects are different from the plans presented and the purpose of the tour was to assess quality of construction, not to assess aesthetics related to floor plans, room size or general layout.

Global Construction & Investment Co., Inc. is a corporate entity owned by Global Realty, a licensed real estate brokerage with whom CPED/MCDA has not previously done business. Global Construction & Investment Co., Inc. has experience in both rehabilitation and new construction associated with various projects in the City of Minneapolis. Staff and members of the Jordan Area Community Council are currently working to schedule a tour of some of Global Construction & Investment Co., Inc. projects. This will better position the neighborhood group and staff to assess the quality and aesthetics of Global Construction's work and product.

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

Representatives from Alyeldin El-Nadgy, Global Construction & Investment Co., Inc. and DPK Properties, LLC (Dream Homes) and presented their proposals at the April 6, 2004 meeting of the Jordan Area Community Council's Housing Committee. Members of JACC's Housing Committee recommended approval of Alyeldin El-Nadgy's proposal.

The Jordan Area Community Council's Housing Committee members asserted several concerns related to the development proposed by DPK Properties, LLC. Of primary concern is the price points for DPK Properties' developments. JACC feels that there are comparable, if not better, quality proposals and developments at significantly lower price points. Additional concerns include the number of bathrooms/bathroom amenities with relation to the number of bedrooms. JACC feels that two bathrooms are inadequate to serve the number of people who would potentially be housed. JACC also expressed concerns regarding the number of bedrooms. Although DPK Properties, LLC conveyed a desire to serve the large and extended family market, JACC is concerned and believes that the product delivered by DPK Properties, LLC would be inadequate. Although there are more bedrooms (6), there is not substantially more space. The result is more separation of spaces without actually making the spaces larger. The bedrooms range in size from 98 sq. ft to 145 sq. ft.

JACC recognizes the efforts that DPK Properties, LLC is making in modifying and perfecting their product and although they do not support a recommendation for sale at this time, they are willing to work with DPK Properties, LLC on suggestions for areas of improvement that would make their product more appealing and conducive to the needs of the neighborhood, its residents and the City at large. There is currently a meeting planned between the two entities for sometime in May 2004.

Additionally, as of the writing of this report, staff are aware of at least two new construction single family homes that have been completed by DPK Properties. To the best of our knowledge, these homes have been on the market for more than 45 days. Our understanding is that these homes are the same design as is currently being proposed.

CPED staff conducted a formal professional review of both proposals and supports the neighborhood's recommendation. Staff recommends the sale of 2300 James Avenue North to Alyeldin El-Nadgy.







# RESOLUTION

of the

## MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By \_\_\_\_\_

Authorizing Sale of Land  
Vacant Housing Recycling Program-Jordan  
Disposition Parcel No. TF-479

**WHEREAS**, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-479, in the Jordan neighborhood, from Alyedin El-Nagdy, hereinafter known as the Redeveloper, the Parcel TF-479, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

### LEGAL DESCRIPTION

Lot 21, Block 18, Forest Heights.

Being registered land as is evidenced by Certificate of Title No. 1041178.

**WHEREAS**, the Redeveloper has offered to pay the sum of \$19,950, for Parcel TF-479 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 May 7, 2004, a public hearing on the proposed sale was duly held on May 18, 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 \$19,950 for Parcel TF-479, 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

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**ADOPTED** \_\_\_\_\_.

\_\_\_\_\_  
Chairperson

**APPROVED**  
**NOT APPROVED** \_\_\_\_\_.

\_\_\_\_\_  
Mayor

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Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

**ADOPTED** \_\_\_\_\_.

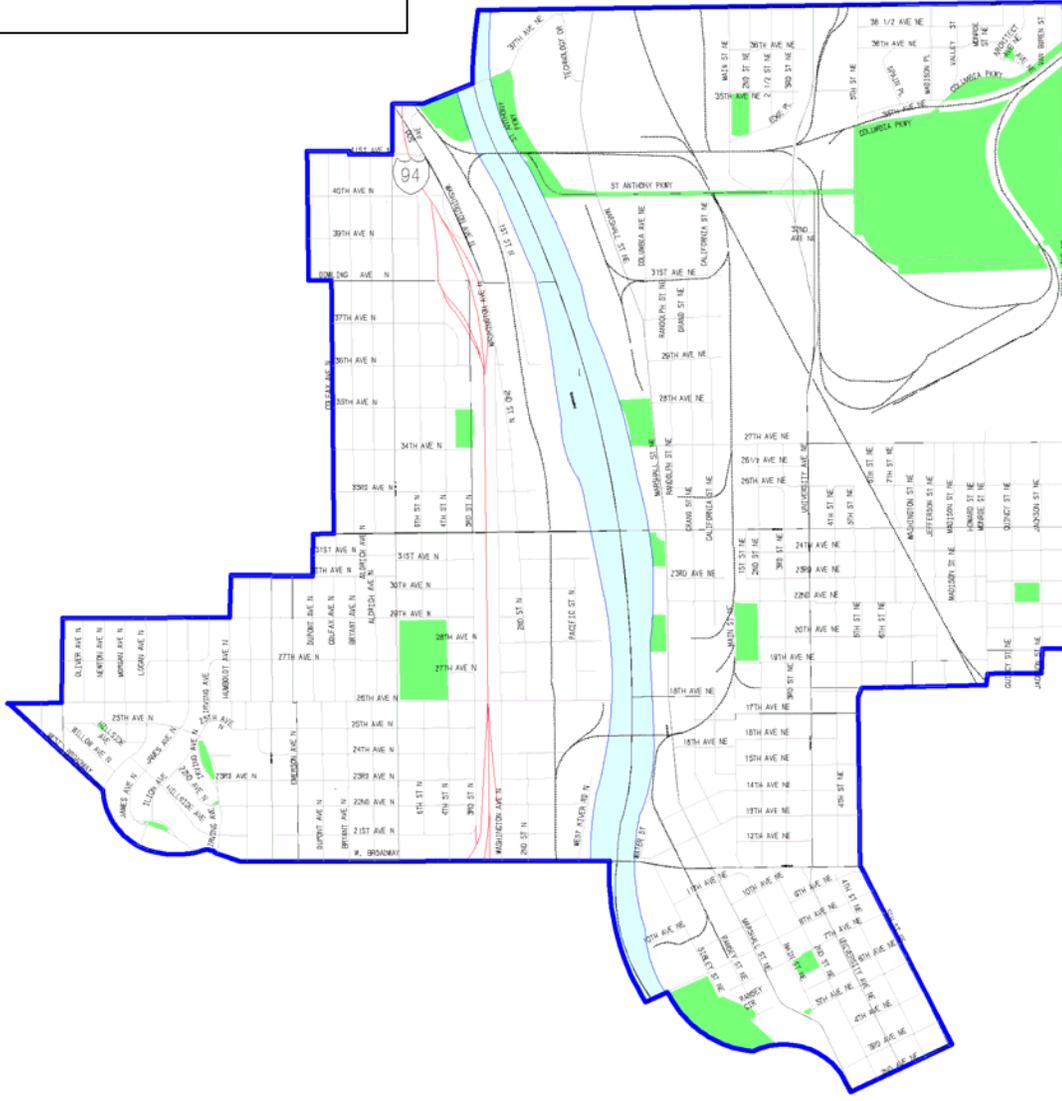
\_\_\_\_\_  
Chairperson

**APPROVED**  
**NOT APPROVED**  
**VETOED** \_\_\_\_\_.

\_\_\_\_\_  
Mayor

Address: 2300 James Avenue North  
Parcel: TF-479  
Purchaser: Alyeldin El-Nagdy OR Global  
Construction & Investment Co., Inc. OR DPK  
Properties, LLC (Dream Homes)  
Sq. Footage: 6,610  
Zoning: R2B

# WARD 3



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