

Request for MCDA Board of Commissioners Action

From the Department of Community Planning & Economic Development

Date: February 17, 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

3106 Thomas Avenue North VH-149/GC-255

RECOMMENDATION: Approve the sale of 3106 Thomas Avenue North to The Greater Metropolitan Housing Corporation of the Twin Cities for \$20,250

Previous Directives: MCDA acquired 3106 Thomas Avenue North on February 6, 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): 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 The Greater Metropolitan Housing Corporation of the Twin Cities, Benoz Enterprise Inc. and Drum Major Bldg, Inc. January 6, 2004 and recommended approval of the

proposal presented by Drum Major Bldg., Inc. Representatives for Gendeco, LLC were 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: 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. 3106 Thomas Avenue North is zoned R1A.

Living Wage/Job Linkage: NA

BACKGROUND/SUPPORTING INFORMATION:

PURCHASER

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

OR

Benoz Enterprise Inc.
17715 48th Place North
Plymouth, MN 55446

OR

Thomas M. Pelant/Gendeco, LLC
6009 Wayzata Boulevard, Suite 220
St. Louis Park, MN 55416

OR

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

MCDA acquired 3106 Thomas Avenue North from HUD on February 6, 2003. The parcel contained a vacant and boarded single family home. The lot size is 42' x 127' = 5,334 sq. ft.

PROPOSED DEVELOPMENT:

The Greater Metropolitan Housing Corporation of the Twin Cities

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 \$215,000 and it will be sold to an owner-occupant.

Benoz Enterprise Inc.

Benoz Enterprise 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's estimated value upon completion is \$215,000 and it will be sold to an owner-occupant.

Thomas M. Pelant/Gendeco, LLC

Gendeco, LLC is proposing construction of a single-story single family home with a detached, two-car garage. The home will contain two bedrooms, two bathrooms and a total of approximately 1,450 sq. ft. of finished living space. The home's estimated value upon completion is \$219,000 and it will be sold to an owner-occupant.

Drum Major Bldg., Inc.

Drum Major Bldg., 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's estimated value upon completion is \$210,000 and it will be sold to an owner-occupant.

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

FINANCING*:

All proposing developers have demonstrated sufficient financing for the proposed new construction projects. It should be noted that the representative for Benoz Homes is proposing to finance approximately 35% of the total development costs with personal finances.

*Subject to lender application and underwriting approval.

	3106 Thomas
Development Costs	\$197,490
Est. Sales Price	\$215,000
Total Profit	\$ 17,510

MCDA Profit	\$ 8,755
-------------	----------

LAND DISPOSITION POLICY:

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

OFFERING PROCEDURE:

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

-

-

COMMENTS:

CPED staff received competing development proposals from The Greater Metropolitan Housing Corporation of the Twin Cities, Benoz Enterprise Inc., Drum Major Bldg., Inc and Gendeco, LLC for the redevelopment of 3106 Thomas Avenue North. Proposals were received in response to a public advertisement with proposals being due on November 10, 2003.

3106 Thomas Avenue North has been in the MCDA/CPED inventory since approximately February 2003 and has been available to the public via our web site since August 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.

Benoz Enterprise Inc. has not done business with MCDA/CPED before, but we are aware that this developer has developed several single-family homes in the City of Minneapolis.

Thomas M. Pelant/Gendeco, LLC is an experienced developer who has done a moderate amount of business with MCDA/CPED. Thomas M. Pelant/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 department's HOW Program. Thomas M. Pelant/Gendeco, LLC was recently recommended and approved to purchase an MCDA-owned lot at 2315 Ilion Avenue North. The land sale closing on this parcel has not yet occurred.

Drum Major Bldg., Inc. has not done business with MCDA/CPED before. However, this developer was recently recommended and approved to purchase an MCDA-owned lot at 2122 Fremont Avenue North. The land sale closing has not yet occurred. Drum Major Bldg., Inc. is a sole proprietorship with Robert Bailey as its President. Robert Bailey is currently in default on his redevelopment contract for two lots purchased from MCDA/CPED.

Representatives from The Greater Metropolitan Housing Corporation of the Twin Cities, Drum Major Bldg., Inc. and Benoz Enterprise Inc. presented their proposals at the

January 6, 2003 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 Bldg., Inc.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By

Authorizing Sale of Land

GMHC Century Homes Program

Disposition Parcel No. GC-255

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel GC255, in the Jordan neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities, hereinafter known as the Redeveloper, the Parcel GC-255, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 23, Seallum Gates Second Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,250, for Parcel GC-255 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 February 6, 2004, a public hearing on the proposed sale was duly held on February 17, 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 \$20,250 for Parcel GC-255, 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.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By

Authorizing Sale of Land
Vacant Housing Recycling Program-Jordan
Disposition Parcel No. VH-149

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel VH-149, in the Jordan neighborhood, from Benoz Enterprise Inc., hereinafter known as the Redeveloper, the Parcel VH-149, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 23, Seallum Gates Second Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,250, for Parcel VH-149 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 February 6, 2004, a public hearing on the proposed sale was duly held on February 17, 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 \$20,250 for Parcel VH-149, 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.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By

Authorizing Sale of Land

Vacant Housing Recycling Program-Jordan

Disposition Parcel No. VH-149

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel VH-149, in the Jordan neighborhood, from Thomas M. Pelant/Gendeco LLC, hereinafter known as the Redeveloper, the Parcel VH-149, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 23, Seallum Gates Second Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,250, for Parcel VH-149 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 February 6, 2004, a public hearing on the proposed sale was duly held on February 17, 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 \$20,250 for Parcel VH-149, 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.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By

Authorizing Sale of Land

Vacant Housing Recycling Program-Jordan

Disposition Parcel No. VH-149

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel VH-149, in the Jordan neighborhood, from Drum Major Bldg. Inc., hereinafter known as the Redeveloper, the Parcel VH-149, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 23, Seallum Gates Second Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,250, for Parcel VH-149 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 February 6, 2004, a public hearing on the proposed sale was duly held on February 17, 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 \$20,250 for Parcel VH-149, 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.