



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

**Date:** September 14, 2004

**To:** MCDA Board of Commissioners

**Prepared by:** Bill Koncak, Project Coordinator, Phone 612-673-5233

**Presenter in Committee:** Bill Koncak

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_

**Subject:** Land Sale – Public Hearing  
Home Ownership Works (HOW) Program

**RECOMMENDATION:** Approve the sale of 4100 Columbus Avenue South to Lynn R. Coleman and Ernest C. Coleman for \$195,000.

**Previous Directives:** The MCDA acquired 4100 Columbus Avenue South on February 19, 2002.

**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): Eliminate property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact** (Summarize below)

**Ward:** 8

**Neighborhood Notification:** Bryant Neighborhood Organization reviewed this proposed purchase of this property for inclusion in the HOW program on October 24, 2001, and recommended it be approved.

**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:** R1A

**Living Wage/Job Linkage:** N/A

### **Background/Supporting Information**

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
HOME-53	4100 Columbus Avenue South	\$195,000

#### **PURCHASER**

Lynn R. Coleman and  
Ernest C. Coleman  
3620-20th Avenue South  
Minneapolis, MN 55407

#### **PROPOSED DEVELOPMENT:**

Rehab is complete on this 3-bedroom, 1-1/2 bath, 1,440 square foot single-family home with detached double garage. The lot size is 45' x 117' = 5,265 total square feet.

#### **LAND DISPOSITION POLICY:**

This property has an existing structure on a lot that is a buildable lot as defined by MCDA policy. The structure has been totally renovated and is being sold to a buyer who will occupy the structure as per HOW's guidelines.

#### **FINANCING\*:**

\$146,300	Wells Fargo Home Mortgage
\$ 1,950	Owner's Cash down payment (1% of the purchase price)
\$ 20,000	CPED's HOW Second Mortgage
\$ 20,000	Family Housing Fund (FHF)—down payment assistance
\$ 2,000	HUD grant administered by MPHA
\$ 3,000	ECHO
\$ 1,750	Family Self-Sufficiency Account – Family Housing Fund (FHF)
<hr/>	<hr/>
\$195,000	Total Sales Price

\*Subject to application and underwriting requirements.

#### **OFFERING PROCEDURE:**

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

**COMMENTS:**

This single-family residence was a vacant property acquired from a private party and placed into the Home Ownership Works (HOW) program. The HOW program buys homes in need of major repairs, renovates them and sells them to income qualifying borrowers (less than 80% MMI). The completed renovation brings the structure and its mechanical systems to a very high standard of repair. By meeting these standards, it ensures that the program-required first time home buyer(s) should not need to perform major repairs in the near future. The program allows for a construction gap (acquisition plus renovation less sales) of up to \$65,000 and an affordability gap of up to \$20,000.

The buyers are scheduled to attend the home maintenance workshop given by Northside Neighborhood Housing Services before closing and have completed pre-purchase counseling from Thompson and Associates. The buyers are participating in a HUD grant program administered by the Minneapolis Public Housing Authority which expires on September 30, 2004.

No other offers were received on this property. The number of people occupying this property (three—two adults and one child) complies with the program policy. The construction gap required in this case is \$28,300 and the HOW program's affordability gap in the form of a deferred second mortgage is \$20,000. It should be noted that there are other funding sources totaling \$26,750 excluding the required 1% of the buyer's funds for down payment.



# RESOLUTION

of the

## MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By \_\_\_\_\_

Authorizing Sale of Land  
HOME Program  
Disposition Parcel No. HOME-53

**WHEREAS**, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel HOME-53 in the Bryant neighborhood, from Lynn R. Coleman and Ernest C. Coleman, hereinafter known as the Redeveloper, the Parcel(s) HOME-53, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

### LEGAL DESCRIPTION

Lot 1, Block 2, C.W. Bowen's Addition to Minneapolis.

**WHEREAS**, the Redeveloper has offered to pay the sum of \$195,000, for Parcel HOME-53; the offer includes a development plan and commitment to improve by rehabilitating the existing structure. This offer is in accordance with the 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 Friday, August 27, 2004, a public hearing on the proposed sale was duly held on September 14, 2004, 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 HOME Program plan, as amended, is hereby estimated to be the sum of \$195,000, for Parcel HOME-53; 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 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

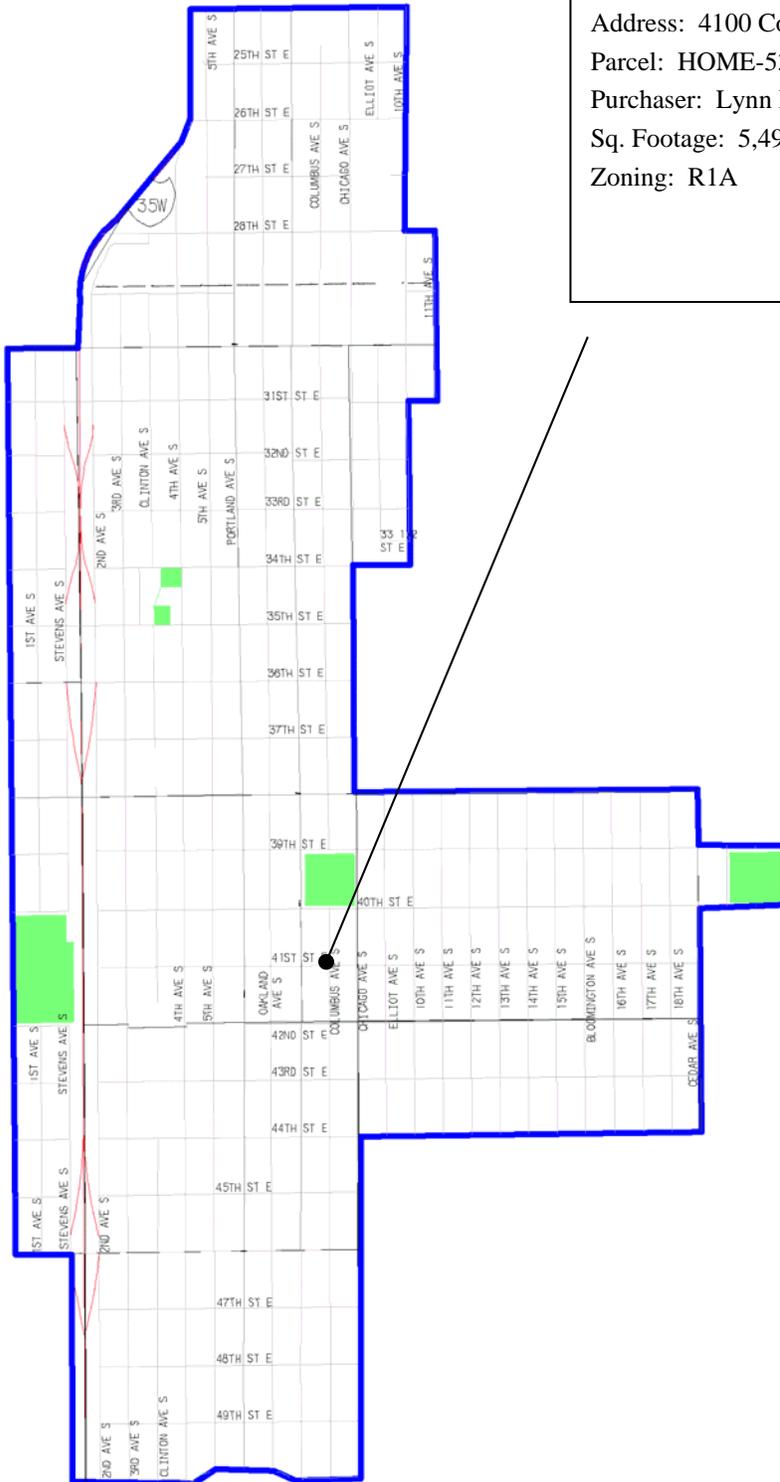
**BE IT ALSO FURTHER RESOLVED**, that the Chairman and Secretary, or any other two Commissioners of the Agency, are hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the Agency for the purchase 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** \_\_\_\_\_: \_\_\_\_\_  
**APPROVED** \_\_\_\_\_: \_\_\_\_\_  
**NOT APPROVED** \_\_\_\_\_: \_\_\_\_\_  
**VETOED** \_\_\_\_\_: \_\_\_\_\_  
**Chairperson**  
**Mayor**

# WARD 8

Address: 4100 Columbus Avenue South  
Parcel: HOME-53  
Purchaser: Lynn R. Coleman & Ernest C. Coleman  
Sq. Footage: 5,499  
Zoning: R1A



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