



**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 CPED Director _____
Lee Pao Xiong, Director, Housing _____

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

RECOMMENDATION: Approve sale of 2611 Fremont Avenue North to Global Construction & Investment Co., Inc.

Previous Directives: MCDA acquired 2611 Fremont Avenue North on July 25, 1994.

On May 21, 2001, the MCDA Board of Commissioners approved the land sale of this parcel to Siwek Lumber & Millwork, Inc. under Resolution #2001-2431M. The sale was cancelled and replaced with an alternate parcel.

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 Global Construction &

Investment Co., Inc. 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. 2611 Fremont 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 – 126	2611 Fremont Avenue North	\$16,500

PURCHASER

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 2611 Fremont Avenue North from Hennepin County on July 25, 1994. The parcel was a vacant lot. The lot size is 43' x 127' = 5,461 5,443 sq. ft.

PROPOSED DEVELOPMENT:

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 1,800 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:

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 development proposals from Global Construction & Investment Co., Inc. and DPK Properties, LLC (Dream Homes) for the redevelopment of 2611 Fremont Avenue North.

2611 Fremont Avenue North has been available to the public via our web site since December 1999.

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. Members of the Jordan Area Community Council and CPED staff are currently planning a tour of some of Global Construction's projects for sometime in May 2004.

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

Representatives from Global Construction & Investment Co., Inc. and DPK Properties, LLC (Dream Homes) 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 Global Construction's proposal.

The Jordan Area Community Council's Housing Committee members asserted several concerns related to the development proposed by DPK Properties, LLC (Dream Homes). 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 (Dream Homes) 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. feet.

JACC recognizes the efforts that DPK Properties, LLC (Dream Homes) 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 (Dream Homes) 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 is aware of at least two new construction single family homes that have been completed by DPK Properties, LLC (Dream Homes). To the best of our knowledge, these homes have been on the market for more than 45 days.

CPED staff conducted a formal professional review of both proposals and supports the neighborhood's recommendation.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program-Jordan
Disposition Parcel No. TF-126

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-126, in the Jordan neighborhood, from Global Construction & Investment Co., Inc., hereinafter known as the Redeveloper, the Parcel TF-126, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 5, Block 28, Fairmount Park Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$16,500, for Parcel TF-126 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.

WHEREAS, the Agency on May 21, 2001, by its Resolution No. 2001-2431M, authorized the sale of Parcel TF-126; and

WHEREAS, *Siwek Lumber & Millwork, Inc.* has withdrawn their offer to purchase; and

NOW, THEREFORE, BE IT RESOLVED, that the action taken by the Agency in its Resolution No. 2001-2431M, authorizing the sale of Parcel TF-126 to Siwek Lumber & Millwork, Inc. be rescinded; and

BE IT FURTHER 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 \$16,500 for Parcel TF-126, 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, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____ . _____
APPROVED _____ . _____
NOT APPROVED _____ . _____
VETOED _____ . _____
Chairperson
Mayor

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program-Jordan
Disposition Parcel No. TF-126

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-126, in the Jordan neighborhood, from DPK Properties, LLC (Dream Homes), hereinafter known as the Redeveloper, the Parcel TF-126, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 5, Block 28, Fairmount Park Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$16,500, for Parcel TF-126 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.

WHEREAS, the Agency on May 21, 2001, by its Resolution No. 2001-2431M, authorized the sale of Parcel TF-126; and

WHEREAS, *Siwek Lumber & Millwork, Inc.* has withdrawn their offer to purchase; and

NOW, THEREFORE, BE IT RESOLVED, that the action taken by the Agency in its Resolution No. 2001-2431M, authorizing the sale of Parcel TF-126 to Siwek Lumber & Millwork, Inc. be rescinded; and

BE IT FURTHER 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 \$16,500 for Parcel TF-126, 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, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____ . _____
APPROVED _____ . _____
NOT APPROVED _____ . _____
VETOED _____ . _____
Chairperson
Mayor

Address: 2611 Fremont Ave. N.

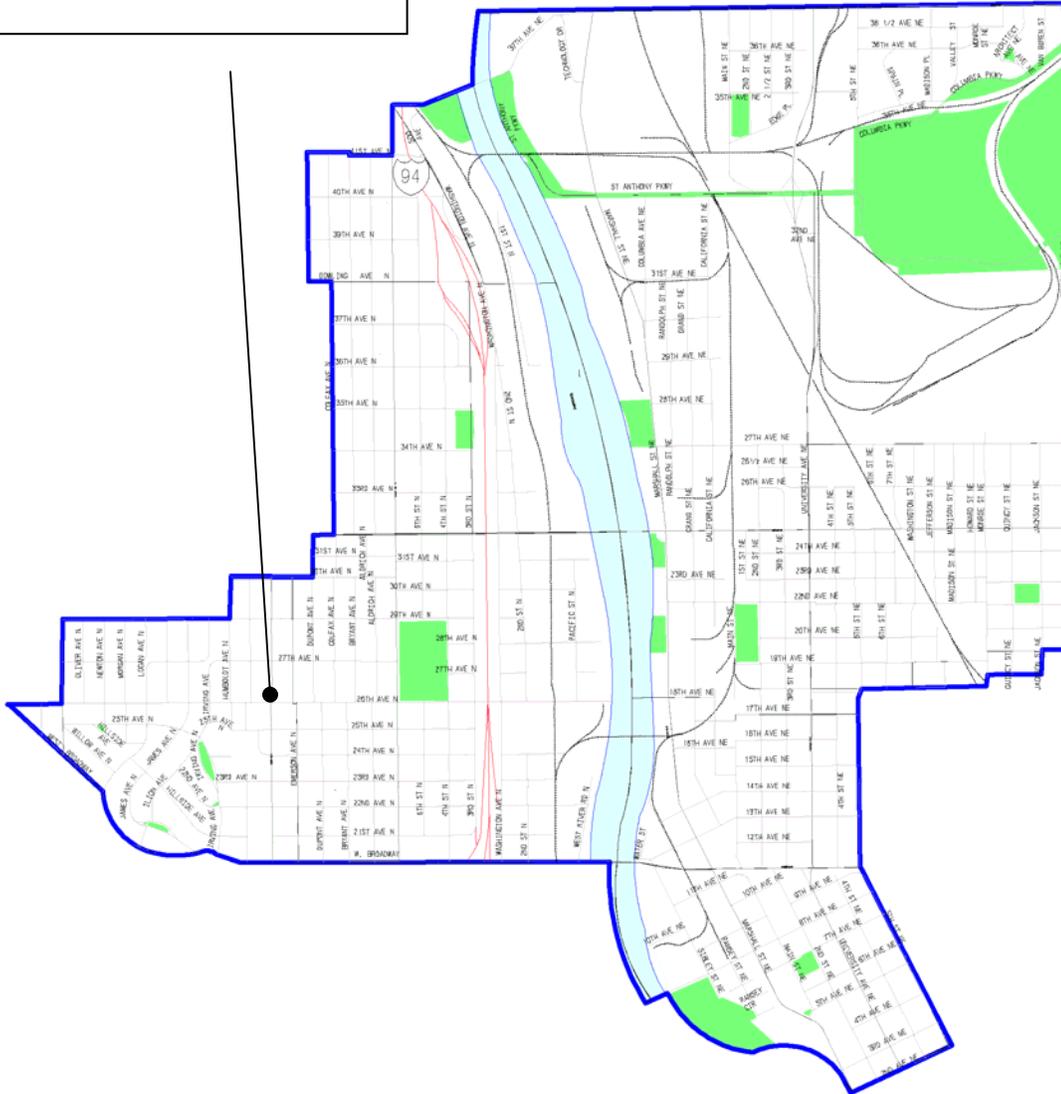
Parcel: TF-126

Purchaser: Global Construction & Investment Co.,
Inc. OR DPK Properties, LLC (Dream Homes)

Sq. Footage: 5,433

Zoning: R2B

WARD 3



COPYRIGHT 1999 ©, CITY OF MINNEAPOLIS
The City of Minneapolis accepts no legal responsibility
for the information reported here.

