



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

Date: March 23, 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
McKinley – Vacant Housing Recycling Program

RECOMMENDATION: Deny sale of 3201 6th Street North, 3601 Lyndale Avenue North and 3658 6th Street North to Mohammad Thabet d/b/a AA Contracting, Inc..

Previous Directives: MCDA acquired 3201 6th Street North on June 27, 2000; acquired 3601 Lyndale Avenue North on April 21, 1995; and acquired 3658 6th Street North on May 26, 1995.

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 these parcels will eliminate future property management expenses.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 3

Neighborhood Notification: McKinley Community was informed of these proposals, but did not include staff in review process as is customary.

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. 3201 6th Street North is zoned R2B; 3601 Lyndale Avenue North is zoned R1A; and 3658 6th Street 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 – 499	3201 6 th Street North	\$20,500
10 – 16, 17B	3601 Lyndale Avenue North	\$18,700
8 – 1	3658 6 th Street North	\$22,000

PURCHASER

Mohammad Thabet
d/b/a AA Contracting, Inc.
12425 53rd Street North
Stillwater, MN 55082

MCDA acquired 3201 6th Street North from HUD on June 27, 2000. The parcel was vacant land. The lot size is 46' X 157' = 7,222 sq. ft.

MCDA acquired 3601 Lyndale Avenue North from a private party on April 21, 1995. The parcel contained a vacant and blighted single family home. MCDA acquired 3607 Lyndale from HUD on 10/3/94. This lot was approved for division on 9/29/95 and the North 20 feet was combined with Lot 13 and sold. The remainder of Lot 14 has been combined with Lot 15 (3601 Lyndale) for a lot size of 60' X 124' = 7,440 sq. ft.

MCDA acquired 3658 6th Street North from HUD on May 26, 1995. The parcel contained a vacant and blighted single family home. The lot size is 35' X 157' = 5,495 sq. ft.

PROPOSED DEVELOPMENT:

3201 6th Street North

Mohammad Thabet d/b/a AA Contracting, Inc. is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain five bedrooms, two and a half bathrooms and a total of approximately 1,940 sq. ft. of finished living space. The home's estimated value upon completion is \$205,000 and it will be sold to an owner-occupant.

3601 Lyndale Avenue North

Mohammad Thabet d/b/a AA Contracting, Inc. is proposing construction of a handicap-accessible two-story single family home with a detached, two-car garage. The home will contain four bedrooms, three and a half bathrooms and a total of approximately 2,200 sq. ft. of finished living space. The home's estimated value upon completion is \$225,000 and it will be sold to an owner-occupant.

3658 6th Street North

Mohammad Thabet d/b/a AA Contracting, Inc. is proposing construction of a two-story single family home with a detached, two-car garage. The home will contain four 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 \$205,000 and it will be sold to an owner-occupant.

LAND DISPOSITION POLICY:

These lots are buildable as defined by MCDA's policy.

FINANCING:*

Mohammad Thabet d/b/a AA Contracting, Inc. has demonstrated sufficient financing for the proposed new construction projects.

*Subject to application and underwriting requirements.

OFFERING PROCEDURE:

Public advertisement. The sale price reflects the appraised reuse value for these parcels.

COMMENTS:

CPED staff received development proposals from Mohammad Thabet d/b/a AA Contracting, Inc. for the redevelopment of 3201 6th Street North, 3601 Lyndale Avenue North and 3658 6th Street North. There were no competing proposals.

3201 6th Street North has been in the MCDA/CPED inventory since approximately July 2000 and has been available to the public via our web site since April 2003. 3601 Lyndale Avenue North has been in the MCDA/CPED inventory since approximately May 1995 and has been available to the public via our web site since August 2000. 3658 6th Street North has been in the MCDA/CPED inventory since approximately April 2003.

Mohammad Thabet d/b/a AA Contracting, Inc. have successfully completed several major rehab projects through CPED's HOW Program and also has rehab experience through other local entities such as Project for Pride in Living and Powderhorn Residents Group. Mohammad Thabet and AA Contracting, Inc. are currently working on some new construction projects with Project for Pride in Living. CPED has not worked with Mohammad Thabet or AA Contracting, Inc. on any new construction projects.

Per policy, CPED staff notified the McKinley Community of these proposals and requested an opportunity to attend their February 10, 2004 meeting for the developer to present his proposals. The McKinley Community did not respond to our request to attend this meeting, but met with the developer on Wednesday, February 25 without notifying staff. As a result, staff was not present as is customary. On March 1, 2004, staff received a written recommendation from the McKinley Community, which recommends approval of Mr. Thabet's proposal for 3601 Lyndale Avenue North on the condition that, "He uses the same woodwork as in the property on Elliot and that the exterior is stucco."

Staff conducted a formal, professional review of the proposals and noted numerous concerns related to the submitted plans. The initial plans were returned to Mr. Thabet with the request that he address staff's concerns. Mr. Thabet revised his plans based on staff's concerns and comments and resubmitted them. However, the revised plans also have unsatisfactory issues that need to be addressed. The issues include:

- 3601 Lyndale plans indicate development is handicap-accessible. There are several aspects of the home that are not handicap accessible, including doorway widths, kitchen cabinet layout, bathroom dimensions and layout, and laundry closet dimensions.
- 3658 6th Street plans are lacking adequate closet space and require a re-working of the first floor bathroom layout and dimensions. First floor bathroom is extremely small (only three feet in width) and may be unworkable in its current layout with only 19 inches between the edge of the vanity and the door jam.
- 3201 6th Street plans are also lacking adequate closet space on the main floor. The main floor bedroom is extremely small and allows for the placement of a single bed, a dresser and not much more. The main floor bathroom is also very small, with only 19 inches between the edge of the vanity and the door jam.
- All submitted plans indicate the rear exterior door opening outward, which poses security issues.
- All submitted plans indicate a first-level laundry closet which is only two feet deep, approximately three feet in width. These dimensions will not accommodate a standard washer and dryer.

Considering these issues and our lack of experience with this developer in the capacity of new construction, staff is unable to concur with the McKinley Community's recommendation.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Vacant Housing Recycling Program (McKinley)
Disposition Parcel No's TF-499, MCKLY 10-16, 17B & 8-1

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received offer to purchase and develop Disposition Parcels TF-499, MCKLY 10-16, 17B & 8-1, in the McKinley neighborhood, from Mohammad K. Thabet d/b/a AA Contracting, Inc., hereinafter known as the Redeveloper, the Parcels TF-499, MCKLY 10-16, 17B & 8-1, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

See Exhibit A attached hereto.

WHEREAS, the Redeveloper has offered to pay the sum of \$20,500 (3201-6th St N), \$18,700 (3601 Lyndale Av N) and \$22,000 (3658-6th St N), for Parcels TF-499, MCKLY 10-16, 17B & 8-1 to the Agency for the land, and the Redeveloper's proposals are 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 values reviewed by an appraisal expert, stating that the re-use value opinions are consistent with the accepted methods in aiding the Agency in determining re-use values for the Parcels; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on March 12, 2004, a public hearing on the proposed sale was duly held on March 23, 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 values for uses in accordance with the Vacant Housing Recycling Program plan, as amended, is hereby estimated to be the sum of \$20,500 (3201-6th St N), \$18,700 (3601 Lyndale Av N) and \$22,000 (3658-6th St N) for Parcels TF-499, MCKLY 10-16, 17B & 8-1, and

BE IT FURTHER RESOLVED, that the acceptance of the offers and proposals are 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 parcels in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposals be and the same are 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.

EXHIBIT A

3201-6th St N (TF-499)

Lot 6, Block 42, Baker's Fourth Addition to Minneapolis.

3601 Lyndale Av. N. (MCKLY 10-16 & 17B)

Lot 15 and that part of Lot 14 lying South of the North 20 feet thereof,
Block 16, Walton Park.

3658-6th St. N. (MCKLY 8-1)

Lot 30, Block 5, Nichols-Frissell Co.'s Lyndale Park Addition to
Minneapolis.