



Document No. 2004-009M

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

Date: February 3, 2004

To: MCDA Board of Commissioners

Prepared by Edith Johnson, Project Coordinator, Phone 612-673-5262
Presenter in Committee: Edith Johnson, Project Coordinator

Approved by Chuck Lutz, Deputy CPED Director _____
Lee Pao Xiong, Director, Housing _____

Subject: Land Sale-Public Hearing (2015 Glenwood Avenue North)
Parcel: HAR 32-1/GC-253

RECOMMENDATION: Approve the sale of this property to The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) for \$15,400.

Previous Directives: MCDA acquired 2015 Glenwood Avenue North on July 12, 1963.

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): Eliminates future property management expenditures.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 5
Neighborhood Notification: The Harrison Neighborhood Association (NHA) on September 30, 2003, reviewed the proposals and recommended the sale of this property to The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC).
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,” and “Promote public, community and private partnerships to address disparities and to support strong, healthy families and communities.”
Comprehensive Plan: Will Comply.
Zoning Code: R2B Living Wage/Job Linkage: Not applicable.
Other:

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALES PRICE</u>
32-1/ GC-253	2015 Glenwood Avenue North	
PURCHASER:	The Greater Metropolitan Housing Corporation of the Twin Cities 15 South Fifth Street, Suite 710 Minneapolis, MN 55402	\$15,400
OR		
	“Home Sweet Home” Real Estate & Development Co., LLC P.O. Box 65225 St. Paul, MN 55165-0225	\$28,600

PROPOSED DEVELOPMENT:

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC)

Construction of a 2-story single family home with 3 bedrooms, 2 1/2 baths, approximately 1,651 sq. ft. of finished living space, full basement and a detached 2-car garage. Total development costs are estimated at \$189,725, with developer’s estimated value after construction of \$220,000.

GMHC expects to market and sell the home to persons with low to moderate incomes.

“Home Sweet Home” Real Estate & Development Co., LLC

Construction of a 2 story side-by-side duplex with each unit having 3 bedrooms, 1 ½ baths, approximately 1,288 sq. ft. of finished living space, full basement, rear deck and a 1-car garage. Total development costs are estimated at \$339,280, with developer’s estimated value after construction of \$340,000.

“Home Sweet Home” Real Estate & Development Co., LLC expects to market and sell the duplex to an owner-occupant who will rent the other unit in this duplex.

The lot size at 2015 Glenwood Avenue is 43’ x 133’ = 5,719 total square feet.

LAND DISPOSITION POLICY:

This property is a buildable lot as defined by MCDA policy and is being sold for development.

FINANCING:

GMHC and “Home Sweet Home” Real Estate & Development Co., LLC have secured pre-approved private financing commitments, which are subject to final application and underwriting requirements.

OFFERING PROCEDURE:

Public Advertisement. The sales prices of this property do reflect the full re-use values.

COMMENTS:

In July 1963, MCDA purchased 2015 James Avenue as a vacant commercial structure that was classified as a small retail store (ceramic business). In April 1996, the agency demolished the structure.

Three proposals were received by August 11, 2003, in response to a public advertisement for single family development: The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC), “Home Sweet Home” Real Estate and Development Company, LLC and Wisdom Builders. Wisdom Builders’ proposal was returned because of staff’s concerns regarding its financial matters. Staff reviewed all proposals and on August 29, 2003, forwarded the proposals to Northside Residents Redevelopment Council (NRRC) for the 45-day review process.

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

Total Development Costs	\$189,725.00
Estimated Sales Price	\$220,000.00
Total Profit	\$ 30,275.00
½ Profit	\$ 15,137.50

GMHC is proposing to build a single family home with approximately 1,650 sq. ft. of finished living space, and “Home Sweet Home” Real Estate & Development Co., LLC is proposing a side-by-side duplex with each unit having approximately 1,288 sq. ft of finished living space. GMHC’s estimated value after construction is \$220,000 and “Home Sweet Homes’ Real Estate & Development Co., LLC estimated value is \$340,000. Although Home Sweet Home’s proposal shows a higher estimated value after construction, a higher land sale price and potentially more density than GMHC’s proposal, staff believes that the agency’s share of profit from GMHC’s project can offset more of the agency’s costs associated with the property. Taking into account the Total MCDA Costs of \$29,854, the sale of the property to GMHC shows potential revenues of \$30,537.50 (\$15,400 lot price and \$15,137.50 share of profit), or a net profit of \$683.50. A sale to “Home Sweet Home” Real Estate & Development Co., LLC shows \$28,600 for the lot price and net profit of (\$1,254).

The neighborhood group feels that north Minneapolis has experienced its share of low income rental housing units; it wants to encourage more single family homeownership.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
GMHC Century Homes Program
Disposition Parcel No. GC-253

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel GC-253, in the Harrison neighborhood, from The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC), hereinafter known as the Redeveloper, the Parcel GC-253, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

All that part of Lot 6, Auditor's Subdivision No. 26, Hennepin County, Minnesota lying North of the center line of the alley running Easterly and Westerly thru said Lot 6, from Morgan Avenue North to Penn Avenue North, except part taken for Newton Avenue.

WHEREAS, the Redeveloper has offered to pay the sum of \$15,400, for Parcel GC-253 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 December 26, 2003, a public hearing on the proposed sale was duly held on January 6, 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 Harrison Urban Renewal Project plan, as amended, is hereby estimated to be the sum of \$15,400 for Parcel GC-253, 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

