



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

Date: September 14, 2004

To: MCDA Board of Commissioners

Prepared by: Earl Pettiford, Project Coordinator IV, Phone 612-673-5231

Presenter in Committee: Earl Pettiford, Project Coordinator IV

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

Subject: Land Sale-Public Hearing
Model Cities Urban Renewal Project

RECOMMENDATION: Approve the sale of 2607 Longfellow Avenue South to Jeffrey and Linda Litzau d/b/a Lutz Construction for \$27,500.

Previous Directives: MCDA acquired 2607 Longfellow Avenue South on October 18, 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): Eliminates property management costs.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 6

Neighborhood Notification: On August 12, 2004, East Phillips Improvement Coalition (EPIC) reviewed Jeffrey and Linda Litzau dba Lutz Construction's development proposal. EPIC and the Housing Committee accepted the proposal. A copy of East Phillips Improvement Coalition's letter is included with this land sale report.

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: The elevations and site plan will be submitted to the city’s Planning and Zoning Departments for review and comments.

Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALES PRICE</u>
TF658	2607 Longfellow Avenue South	\$27,500

PURCHASER: Jeffrey and Linda Litzau
d/b/a Lutz Construction
241 Kadler Avenue NE
St. Michael, MN 55376

In October 2002, MCDA purchased this property from Hennepin County Tax Forfeited Land as a vacant, dilapidated one and one-half story single family house with 996 square feet of finished living space. The property was demolished in September 2003 due to unreasonably high estimates for rehabilitation.

PROPOSED DEVELOPMENT:

Construction of a two-story, single family home with 4 bedrooms, 3 baths, full unfinished basement and a detached two-car garage. There will be approximately 1,920 sq. ft. of finished living space.

Jeffrey and Linda Litzau d/b/a Lutz Construction estimates the value and sale price of the home upon completion at \$240,000. Lutz Construction has entered into a purchase agreement with Francisco Solis Noyola for the sale of this home at \$240,000.

Documentation submitted to CPED shows Francisco Solis Noyola has secured pre-approved mortgage loan financing, subject to the lender’s conditions.

The lot size at 2607 Longfellow Avenue South is 40’ x 128’ = 5,120 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING:

Jeffrey and Linda Litzau d/b/a Lutz Construction show no construction financing in the offer documents and note that financing and carrying costs will not be needed because the supplier and subcontractors will carry the costs until closing. The \$27,500 sales price will be paid in cash at the Closing.

OFFERING PROCEDURE:

Public Advertisement. The sale price reflects the appraised re-use value for this property.

COMMENTS:

Jeffrey and Linda Litzau d/b/a Lutz Construction submitted to CPED a development proposal for 2607 Longfellow Avenue South in response to CPED's June 2004 vacant residential lots advertisements in the Minneapolis Star Tribune and Finance and Commerce newspapers. There was no competing proposal for this property.

Staff reviewed Jeffrey and Linda Litzau d/b/a Lutz Construction's development proposal and forwarded it to East Phillips Improvement Coalition (EPIC) for the 45-day review process. CPED staff received East Phillips Improvement Coalition's letter dated August 19, 2004, which stated EPIC and the Housing Committee accepted the proposal.

Lutz Construction has experience in constructing single family homes and is a home builder for The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC).

CPED staff concurs with East Phillips Improvement Coalition's acceptance of the above-mentioned development proposal and recommends the sale of 2607 Longfellow Avenue South to Jeffrey and Linda Litzau dba Lutz Construction.

FOR COMMISSIONERS USE ONLY

TOTAL ACQUISITION COSTS INCURRED BY MCDA ATTRIBUTABLE TO THE FOLLOWING PROPERTIES:

Date: September 14, 2004

Subject: Land Sale – Public Hearing
Model Cities Urban Renewal Project

Address: 2607 Longfellow Avenue South

Purchaser: Jeffrey and Linda Litzau d/b/a Lutz Construction

Disposition Parcel No. Date Acq.	Address	Total MCDA Costs	Less Sales Price	Write-off
TF 658 10-18-02	2607 Longfellow Avenue South	\$8,858.73	(-) \$27,500	+\$18,891.27

Reuse Value Opinion	Less Sales Price	Write-Down
\$27,500	(-) \$27,500	\$0

Write-Down

Reason: N/A

Developer History with MCDA:

CPED staff has no direct development experience with Jeffrey and Linda Litzau d/b/a Lutz Construction. However, CPED staff is aware that Lutz Construction has built single family homes and is one of the primary construction companies for The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC).

The offer document shows Lutz Construction as the general contractor/builder for the proposed development project. The offer also shows that Lutz Construction has built numerous single family houses in the City of Minneapolis.

Developer Information:

- Private Individuals (dba Lutz Construction)
- Limited Partnership
- Corporation
- Other

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Model City Urban Renewal Project
Disposition Parcel No. TF-658

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel TF-658, in the Phillips neighborhood, from Jeffrey and Linda Litzau d/b/a Lutz Construction, hereinafter known as the Redeveloper, the Parcel TF-658, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 3, Block 1, "The Holding Company's Addition to Minneapolis."

Being registered land as is evidenced by Certificate of Title No. 1110648.

WHEREAS, the Redeveloper has offered to pay the sum of \$27,500, for Parcel TF-658 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 August 27, 2004, a public hearing on the proposed sale was duly held on September 14, 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 Model City Urban Renewal Project plan, as amended, is hereby estimated to be the sum of \$27,500 for Parcel TF-658, 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 _____: _____

Chairperson

APPROVED
NOT APPROVED _____: _____

Mayor

Address: 2607 Longfellow Avenue South

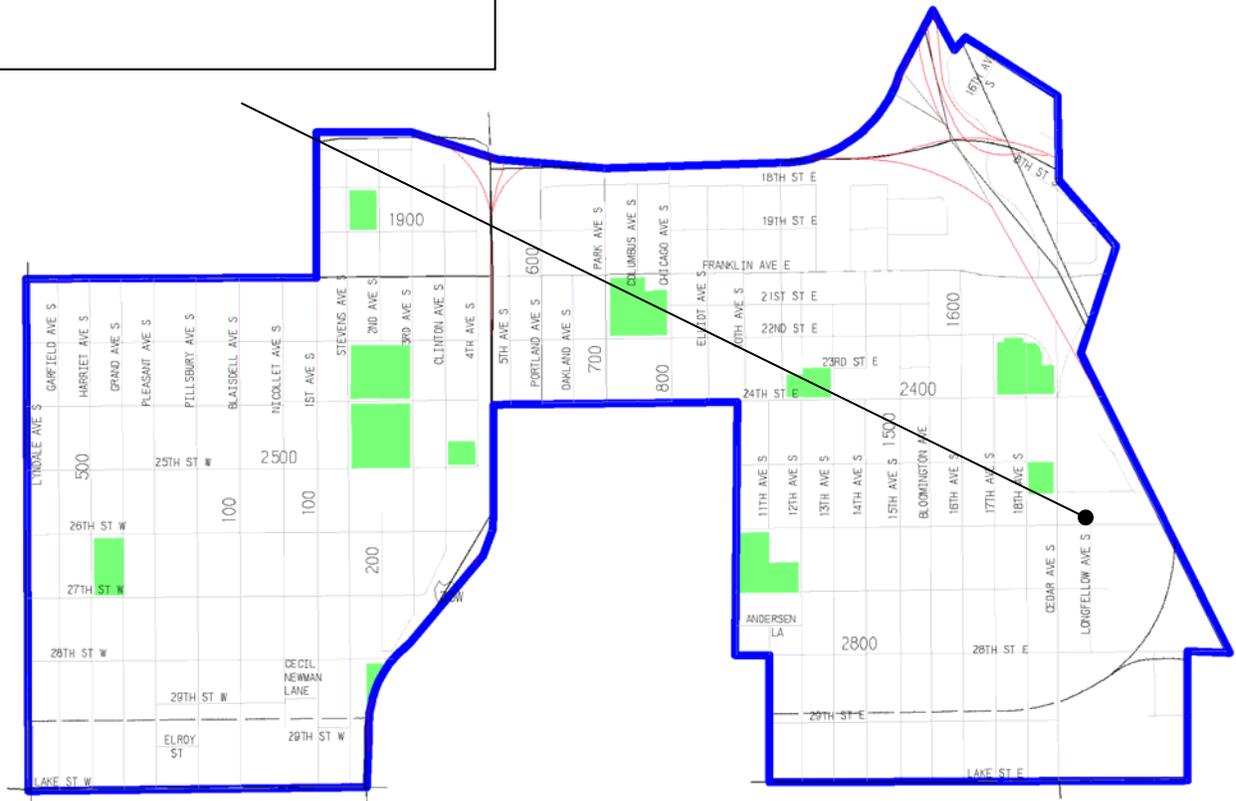
Parcel: TF-658

Purchaser: Jeffrey & Linda **Litzau** d/b/a/ Lutz Construction

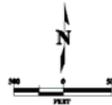
Sq. Footage: 5,120

Zoning: R2B

WARD 6



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MAP:ENG. DESIGN PLOT:09/09/1999 ENG. DESIGN