



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

**Document No. 2004-002M**

Date: January 6, 2004

To: MCDA Board of Commissioners

Prepared by Tiffany Glasper, Project Coordinator, Phone 612-673-5221  
Presenter in Committee: Tiffany Glasper, Project Coordinator

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

**Subject:** Land Sale-Public Hearing (2122 Fremont Av N; Parcel JOR 106-5)

**RECOMMENDATION:** Approve the sale of 2122 Fremont Avenue North to Drum Major Building, Inc for \$15,800.

**Previous Directives:** MCDA acquired 2122 Fremont Avenue North on December 14, 2000.

**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):
- 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 proposals presented by Drum Major Building, Inc. and The Greater Metropolitan Housing Corporation of the Twin Cities on December 2, 2003 and recommended approval of the proposal presented by Drum Major Building, Inc. Heritage Housing, LLC was not present at the meeting to present their proposal December 2, 2003

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: This development complies with the Minneapolis 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: R2B (Two Family District)

Living Wage/Job Linkage: Not applicable.

Other:

## Background/Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	
JOR 106 – 5	2122 Fremont Avenue North	
<u>PURCHASERS</u>		<u>SALES PRICE</u>
Drum Major Building, Inc 2315 Portland Avenue South Minneapolis, MN 55404		\$15,800.
Heritage Housing, LLC 1313 Plymouth Avenue North Minneapolis, MN 55411		\$14,859
The Greater Metropolitan Housing Corporation of the Twin Cities 15 South 5 <sup>th</sup> Street, Suite 710 Minneapolis, MN 55402		\$15,800

## PROPOSED DEVELOPMENT:

### 2122 Fremont Avenue North

MCDA acquired 2122 Fremont Avenue North from M&I Bank, FSB on December 14, 2000. The parcel contained a vacant and severely blighted converted duplex. The lot size is 40' x 157' = 6,280 sq. ft.

**Drum Major Building, Inc.** is proposing construction of a two-story single-family home containing approximately 1,900 sq. ft. of finished living space. The home will consist of 3 bedrooms, 2½ bathrooms, a kitchen, a dining room, a living room, an optional family room/den, a fireplace, a full basement and a detached 2-car garage. The home's estimated value upon completion is \$200,000 and it will be sold for owner-occupancy.

**Heritage Housing, LLC** is proposing construction of a two-story single-family home containing approximately 1,650 sq. ft. of finished living space. The home will consist of 3 bedrooms, 2½ bathrooms, a kitchen, a dining room, a living room, a full basement, and a detached 2-car garage. The home's estimated value upon completion is \$247,650 and it will be sold for owner-occupancy.

**The Greater Metropolitan Housing Corporation of the Twin Cities** is proposing construction of a 2-story single-family home containing approximately 1,650 sq. ft. of finished living space. The home will consist of 3 bedrooms, 2½ bathrooms, a kitchen, a dining room, a living room, a full basement and a detached 2-car garage. The home's estimated value upon completion is \$205,000 and it will be sold for owner-occupancy.

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

	<b><u>2122 Fremont Ave N</u></b>
Total Dev Costs	\$189,600
Est. Sales Price	\$205,000
<b>Profit</b>	<b>\$ 15,400</b>

**LAND DISPOSITION POLICY:**

This lot is buildable as defined by MCDA policy.

**FINANCING:**

Drum Major Building, Inc. and The Greater Metropolitan Housing Corporation of the Twin Cities have demonstrated sufficient financing for the proposed new construction projects. Heritage Housing, LLC has not provided staff with an updated financing commitment.

**OFFERING PROCEDURE:**

Public advertisement. The sale price reflects the appraised reuse value for this parcel when sold to The Greater Metropolitan Housing Corporation of the Twin Cities or Drum Major Building, Inc. Heritage Housing, LLC is proposing \$0 down at closing and deferred payment of 6% of the development value (\$247,650), which equals \$14,859. This is slightly lower than the appraised reuse value for the parcel.

**COMMENTS:**

CPED staff received competing development proposals from Drum Major Building, Inc., The Greater Metropolitan Housing Corporation of the Twin Cities and Heritage Housing, LLC for the redevelopment of 2122 Fremont Avenue North. Offers were received in response to a public advertisement with offers being due and received on Monday, October 6, 2003. 2122 Fremont Avenue North has been in the MCDA/CPED

inventory since approximately January 2001 and has been available to the public via our web site since August 2001.

Drum Major Building, Inc. is a sole proprietorship, with Robert Bailey as its President. Drum Major Building, Inc. has not done business with CPED/MCDA before. Craftsmen Home Builders, LLC, another developer with whom Mr. Bailey is affiliated is currently developing two single family homes in North Minneapolis. Robert Bailey has experience in the renovation and remodeling industry, but lacks experience in new construction.

The Greater Metropolitan Housing Corporation of the Twin Cities (GMHC) has an established and successful relationship with CPED/MCDA as a partner in the Century Homes Program. Through the Century Homes program, the CPED/MCDA is committed to providing 100 lots per year to GMHC for the development of market rate single family homes. GMHC has a long history of building quality single-family homes in the City of Minneapolis.

Heritage Housing, LLC is comprised of Northside Residents Redevelopment Council (NRRC), Sienna Corporation and Thor Construction, Inc. Thor Construction, Inc. and NRRC have both done business with MCDA/CPED before on both new construction projects and major rehabilitation projects. Sienna Corporation has not done business with MCDA/CPED before.

Representatives from Drum Major Building, Inc. and The Greater Metropolitan Housing Corporation of the Twin Cities presented their proposals at the December 2, 2003 meeting of the Jordan Area Community Council's Housing Committee. Representatives from Heritage Housing, LLC although notified of the meeting, did not attend. The JACC Housing Committee was not able to conduct a full review of the Heritage Housing, LLC proposal. Members of JACC's Housing Committee recommended approval of the proposal presented by Drum Major Building, Inc..

Staff conducted a formal professional review of the proposals and noted the following:

Drum Major Building, Inc. is proposing a single-family home with 1,900 square feet at an estimated value of \$200,000. Heritage Housing, LLC is proposing a significantly smaller home (1,650 sq. ft) at a higher estimated value of \$247,650. The Greater Metropolitan Housing Corporation of the Twin Cities is proposing a single-family home with 1,650 square feet at an estimated value of \$205,000. All three proposed developments contain the same number of bedrooms and bathrooms.

Staff recommends the sale of 2122 Fremont Avenue North to Drum Major Building, Inc. based on the size and added amenities of the proposed development.

No. 2004-2866M

# RESOLUTION

of the

## MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By \_\_\_\_\_

Authorizing Sale of Land  
Vacant Housing Recycling Program-Jordan  
Disposition Parcel No. JOR 106-5

**WHEREAS**, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel JOR 106-5, in the Jordan neighborhood, from Drum Major Building, Inc., hereinafter known as the Redeveloper, the Parcel JOR 106-5, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

### LEGAL DESCRIPTION

Lot 2, Wyant's Rearrangement of Lots 11, 12, 13 and 14, in Block 33 of Highland Park Addition, Minneapolis, Minn.

**WHEREAS**, the Redeveloper has offered to pay the sum of \$15,800, for Parcel JOR 106-5 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 Vacant Housing Recycling Program-Jordan plan, as amended, is hereby estimated to be the sum of \$15,800 for Parcel JOR 106-5, 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: 2122 Fremont Ave N

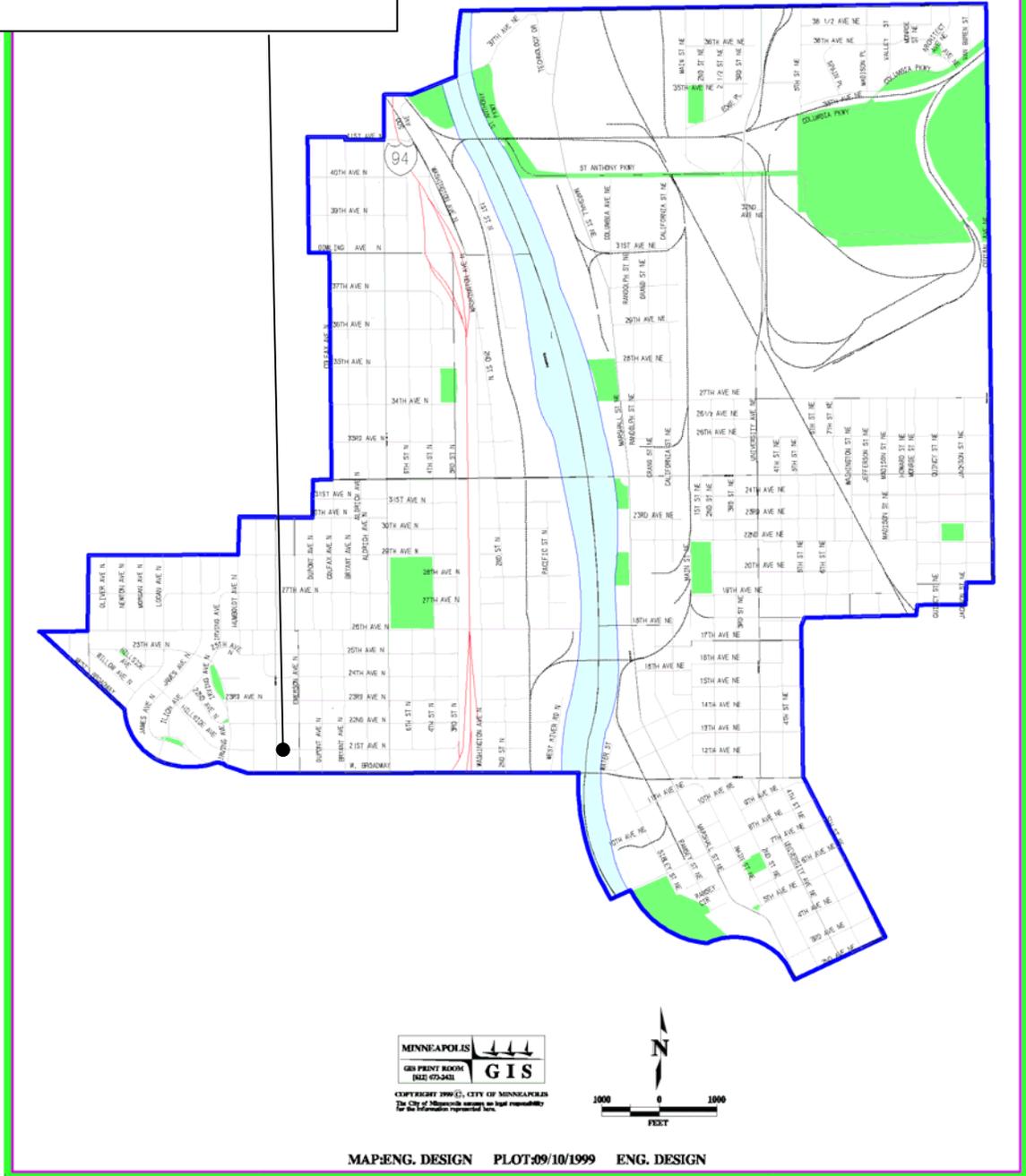
Parcel: JOR 106-5

Purchaser: Drum Major Building, Inc. OR Heritage Housing, LLC OR The Greater Metropolitan Housing Corporation of the Twin Cities

Sq. Footage: 6,280

Zoning: R2B

# WARD 3



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