



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: March 19, 2013

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Land Sale Public Hearing
Vacant Housing Recycling Program

Recommendation: Approve the sale of 1522 Hillside Avenue North to Detroit Renovations, LLC for \$2.00, subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and 2) payment of holding costs of \$300.00 per month (or portion thereof) if the land sale closing does not occur on or before the closing deadline. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

Previous Directives: On March 30, 2012, City Council authorized staff to begin marketing and selling properties acquired under the Land Bank strategy of the City's Neighborhood Stabilization Program (NSP 1, 2 and 3) using the City's normal disposition policies and procedures for development parcels. CPED acquired 1522 Hillside Avenue North on March 14, 2012.

Prepared by: Earl S. Pettiford, Senior Project Coordinator, Phone 612-673-5231
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Earl S. Pettiford, Senior Project Coordinator

Financial Impact

- Action is within the Business Plan

Community Impact

- Neighborhood Notification: Jordan Area Community Council has been notified in compliance with the Citizen Participation agreement.
- City Goals: A SAFE PLACE TO CALL HOME People and businesses thrive in a safe and secure city.
- Sustainability Targets: Vital Community – Affordable Housing
- Comprehensive Plan: On November 13, 2012, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code: R2B
- Living Wage/Business Subsidy Agreement Yes _____ No x _____
- Job Linkage Yes _____ No x _____

- Other: On October 19, 2012, the Planning Staff completed a land sale review of this parcel and deemed a single-family home is in conformance with the policy guidance of the Urban Neighborhood category of the Comprehensive Plan.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
VH-486	1522 Hillside Avenue North	\$2.00

PURCHASER

Detroit Renovations, LLC
 3036 Colfax Avenue South
 Minneapolis, MN 55408

PROPOSED DEVELOPMENT:

The developer proposes to retrofit this multi-unit residential structure into a single family dwelling. This property is zoned R2B and has a 8,960 square foot land area. The property improvements have been vacant and boarded since April 21, 2008. The property, as improved, lost its grandparent rights as a multi-plex and as a consequence it must be improved consistent with the R2B zoning. The developer proposes to demolish approximately 30% of the existing structure and substantially redesign the floor plan to accommodate a single family home plan.

The lot irregularly shaped, with approximately 8,960 total square feet.

LAND DISPOSITION POLICY:

This property is being sold for development and will be improved by rehabilitation as permitted by City policy.

FINANCING*:

The developer is using funds in its account at Wells Fargo. The funds shall be enhanced by donations pledged by subcontractors and material suppliers.

*As verified by Wells Fargo.

OFFERING PROCEDURE:

Negotiated. The sales price of this property does reflect the full re-use value.

COMMENTS:

On March 14, 2012, CPED acquired a multi-family dwelling from Hennepin Forfeited Land for \$2.00 under the Neighborhood Stabilization Program (NSP), Land Banking activity. CPED subsequently held the property in the city's property inventory for future housing development. All land sale proceeds, equal to the fair market value, will be returned to the NSP Program to cover ongoing program costs. The developer will improve the property by rehabilitation as a single family dwelling.

The Detroit Renovations, LLC is represented by Nicole Curtis, President, and this retrofit is planned to be featured on her television show the Rehab Addict. She recently acquired and rehabbed a distressed single family home located at 3049 2nd Avenue South and has sold that home to an owner occupant. It is her expressed plan to sell this home to an owner occupant, but may elect to sell it to an investor if she is unable to secure a purchase agreement from an owner occupant buyer in a reasonable time frame.

Authorizing sale of land Vacant Housing Recycling Program

Disposition Parcel VH-486.

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel VH-486 in the Jordan neighborhood, from Detroit Renovations, LLC, hereinafter known as the Redeveloper, the Parcel VH-486, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-486; 1522 Hillside Avenue North

All of Lot 30, Block 15, Forest Heights, and also parts of Lots 29 and 31, said Block 15, adjacent to said Lot 30, and also part of vacated alley in said Block 15, more particularly described as follows:

Beginning at a point on Southerly boundary line of Lot 29, being the Northerly boundary line of Hillside Avenue in the City of Minneapolis, said point being 8.3 feet Easterly from the Southwesterly corner of said Lot 29; thence Northwesterly along the said Northerly boundary line of said Hillside Avenue and along the Southerly boundary line of Lots 29, 30 and 31, to a point in said boundary line of Lot 31, 5.07 feet Northwesterly from the southeasterly corner of said Lot 31, thence Northeasterly in a straight line to a point in the Northerly boundary line of Lot 31, 2.46 feet Westerly from the Northeasterly corner of said Lot 31, thence Northeasterly on an extension of said straight line a further distance of 33 feet, more or less, to a point on the Southerly line of alley in said Block, now laid out by the City Council, thence running Southeasterly along the Southerly boundary line of said alley a distance of 44 feet, more or less to the Northerly corner of a parcel of land conveyed to Charlotte Y. Voegeli by Warranty Deed, Book 589 of Deeds, Page 59 and also by Quit Claim Deed to said Voegeli in Book 568 of Deeds, Page 586, thence Southwesterly along the Westerly line of the land conveyed to Charlotte Y. Voegeli, aforesaid, to the place of beginning, Hennepin County, Minnesota.

Whereas, the Redeveloper has offered to pay the sum of \$2, for Parcel VH-486; the offer includes a development plan and commitment to improve by rehabilitating the

existing structure. This offer is in accordance with the Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with accepted methods of aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in Finance and Commerce on Saturday, March 9, 2013, a public hearing on the proposed sale was duly held on March 19, 2013, 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 by The City Council of The City of Minneapolis:

That the re-use value, for uses in accordance with the Redevelopment Plan and/or Program, is hereby estimated to be the sum of \$2, for Parcel VH-486.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy 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.

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 and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month (or portion thereof) if the land sale closing does not occur on or before the closing deadline.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution the Finance Officer or other appropriate official of the City 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 Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is 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 City 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 and delivered by the Finance Officer or other appropriate official of the City.

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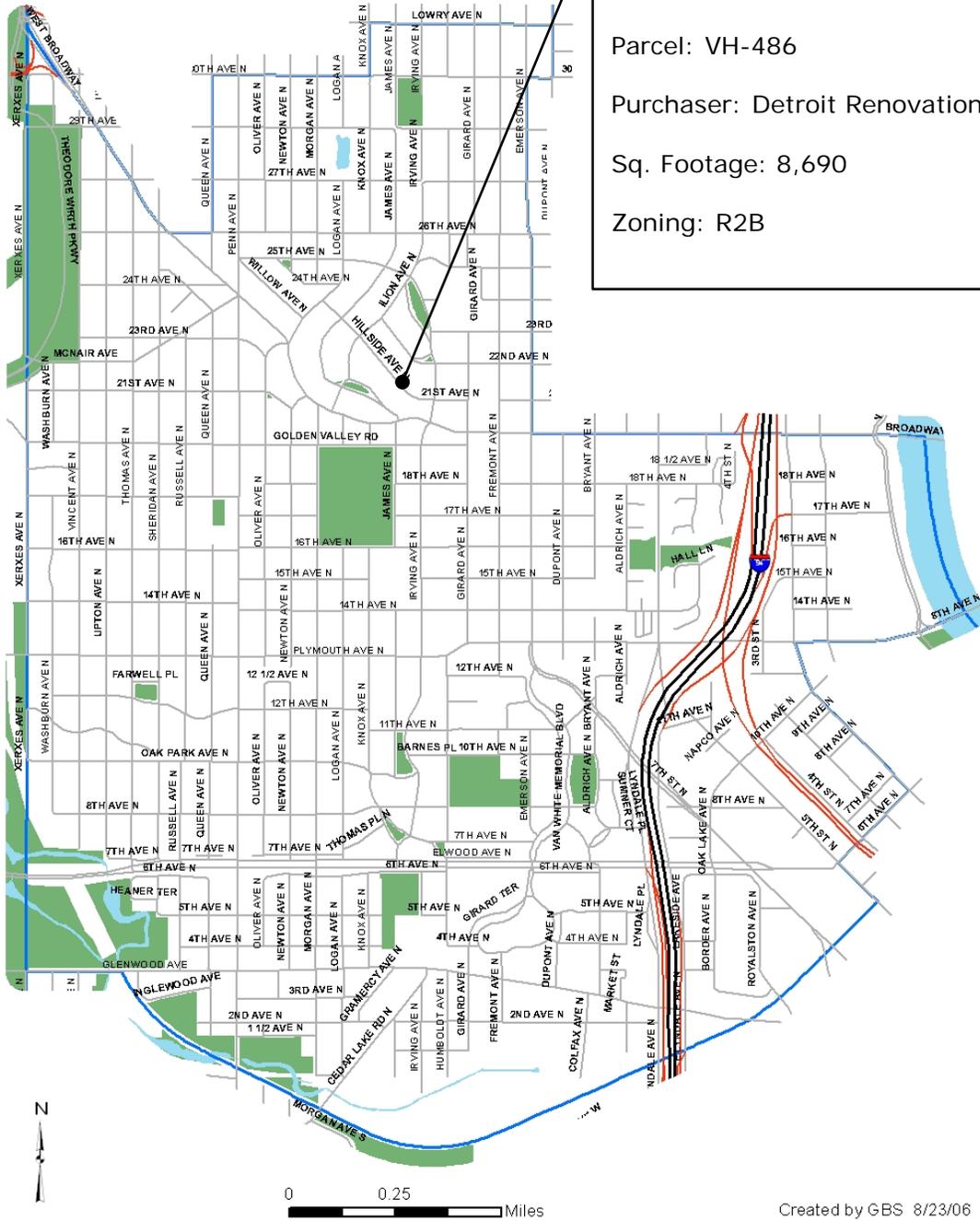
Address: 1522 Hillside Avenue North

Parcel: VH-486

Purchaser: Detroit Renovations, LLC

Sq. Footage: 8,690

Zoning: R2B



TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

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Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
VH-486 03/14/12	1522 Hillside Avenue North	\$11,173.54	(-) \$2.00	\$11,171.54

Re-Use Value Opinion	Less Sales Price	Write-Down
\$2.00	\$2.00	\$0.00

Write-Down
 Reason: None

Developer History with CPED:
 This developer is proposing this as its first development effort with the City of Minneapolis.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other