

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 10/25/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Earl S. Pettiford, Senior Project Coordinator.
Presented by: Earl S. Pettiford, Senior Project Coordinator.
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 1505 California St NE to Grandville Ricks

Description:

Considering passage of a Resolution approving the sale of the property at 1505 California St NE, TF-884, to Grandville Ricks for \$40,800, subject to conditions. If Grandville Ricks fails to close, approve the sale of 1505 California St NE to Cecil Edmund Smith and Gwendolyn Dee Smith for \$40,800, subject to conditions.

Previous Actions:

On December 11, 2015, the City Council approved the Vacant Housing Recycling Program that defines the program guidelines for disposition of vacant buildings and lots for housing development ([15-01481](#)).

Ward/ Address:

Ward 3
1505 California St. NE

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-884	1505 California St. NE	\$40,800

PURCHASER

Grandville Ricks
290 Market St. Unit 505
Minneapolis, MN 55405

ALTERNATE PURCHASER

Cecil Edmund Smith and Gwendolyn Dee Smith
1600 Third St. NE
Minneapolis, MN 55413

PROPOSED DEVELOPMENT:

Grandville Ricks proposes to build a 2,688 square foot, four-bedroom and three-bath, single family home with a three-car detached garage.

Cecil Edmund Smith and Gwendolyn Dee Smith propose to build a 2,575 square foot, four-bedroom and four-bath, single family home with a two-car detached garage.

The lot size is 50' x 120' = approximately 6,000 total square feet.

LAND DISPOSITION POLICY:

The sale of this property is in compliance with the City's Disposition Policy. The sales price of this property reflects the full re-use value.

FINANCING*:

Grandville Ricks has conditional financial commitment from Trustone Financial, requiring an investment of personal contribution.

Cecil Edmund Smith and Gwendolyn Smith have a conditional commitment from Affinity Plus, coupled with projected sale proceeds of real estate (no sale pending).

*Subject to application and underwriting requirements.

COMMENTS:

On November 6, 2015, the City acquired this tax-forfeited property from Hennepin County for \$1.00, as part of a memorandum of understanding. The vacant parcel was subsequently publicly advertised on the City's website and through e-mail notification to a list of over 900 developers and homebuyers. An informational meeting was held in December 2015 to inform potential developers and homebuyers about the City's disposition process and the VHRP information is posted on the City's website.

There were four proposals received. Two proposals are for the development of single family homes for their individual homestead, from Grandville Ricks and Cecil Edmund Smith and Gwendolyn Smith. The third proposal is from Shaffer Hartman who proposes the development of a duplex. Hartman plans to owner-occupy one unit and rent the other. The fourth proposal is from Renovo Properties, LLC who plans to develop a single family house to be marketed for sale after completion.

The Sheridan Neighborhood Organization (SNO) was afforded the customary 45-day review period. On July 26, 2016, the neighborhood formally expressed an equal preference for the two owner-occupied single family home proposals from Grandville Ricks and Cecil Edmund Smith and Gwendolyn Smith. The neighborhood had a subsequent meeting on September 26, 2016 and has informed staff that they now are recommending the proposals forwarded by Cecil Edmund Smith and Gwendolyn Smith, based on the Smiths' previous investment in the neighborhood. The SNO did not express a preference for either proposal's design.

The offers were evaluated based on program criteria stated in the VHRP manual, including: financial capacity, experience, responsibility, scope of work and occupancy intentions. The offers from Grandville Ricks and Cecil Edmund Smith and Gwendolyn Smith are recommended based on both proposers' intent to homestead the property and the SNO recommendation of these two proposals. Staff recommends the priority sale of the property to Grandville Ricks based on financial capacity. The VHRP manual states that the sale proceeds from other real estate may be used to demonstrate financial capacity, if a sale is pending. The Smiths' proposal is contingent on the sale of properties that are not yet listed, with no pending sale. Staff recommends the sale of the property to the Smiths as the alternate purchasers in the event that Mr. Ricks is not able to close on the property.

Financial Review:

No additional appropriation required, amount included in current budget.

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Net Sale Proceeds (see attached table): \$ 36,904
- Proposed Re-Use Value Write-Down (see attached table): \$ 0

Future budget impact anticipated.

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. 1505 California St. NE Land Sale_Resolution
2. 1505 California St. NE Land Sale_Ward Map
3. 1505 California St. NE Land Sale_Cost Sheet
4. 1505 California St. NE Land Sale_Schematics