



**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 2809 Bloomington Avenue South to David Zhao for \$27,500.

Previous Directives: MCDA acquired 2809 Bloomington Avenue South on July 27, 1998.

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 David Zhao'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> |
|---------------|-------------------------------|--------------------|
| 255-3 | 2809 Bloomington Avenue South | \$27,500 |

In July 1998, MCDA purchased this property from HUD as a vacant, dilapidated, one and one-half story single family house with 818 square feet of living space. The property was demolished in March 2000 due to unreasonably high estimates for rehabilitation.

PURCHASER: David Zhao
14426 Fossil Lane
Apple Valley MN 55124

PROPOSED DEVELOPMENT:

Construction of a two-story, single family home with 4 bedrooms, 2 1/2 baths, full unfinished basement and a detached two-car garage. There will be approximately 2,300 sq. ft. of finished living space.

David Zhao estimates the value and sale price of the home upon completion at \$225,000, and he states in his offer documents that he will own and occupy the home upon completion.

The lot size at 2809 Bloomington Avenue South is 41' x 123' = 5,043 total square feet.

LAND DISPOSITION POLICY:

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

FINANCING:

David Zhao has demonstrated sufficient private and personal financing for the above proposed development project.

OFFERING PROCEDURE:

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

COMMENTS:

David Zhao submitted to CPED a development proposal for 2809 Bloomington Avenue South in response to CPED's May 2004 vacant residential lots advertisements in the Minneapolis Star Tribune and Finance and Commerce newspapers. There is no competing proposal for this property.

Staff reviewed David Zhao's 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 David Zhao's proposal.

David Zhao, who will be the owner occupant of the property, has no development experience with CPED Single Family Housing Development staff. In his offer documents, David Zhao notes that the general contractor/builder will be Doubletree Development, which has contractor experience in residential and commercial properties and has worked in the Twin Cities area for nine years.

CPED staff concurs with East Phillips Improvement Coalition's acceptance of David Zhao's proposal and recommends the sale of 2809 Bloomington Avenue South to David Zhao.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Model City Urban Renewal Project
Disposition Parcel No. MC 255-3

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcel MC 255-3, in the Phillips neighborhood, from David Zhao, hereinafter known as the Redeveloper, the Parcel MC 255-3, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 10, Block 2, Hastings Addition to Minneapolis.

WHEREAS, the Redeveloper has offered to pay the sum of \$27,500, for Parcel MC 255-3 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 MC 255-3, 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, | | | | | | |
| Niziolek | | | | | | | chair | | | | | | |
| Vote: NV - Not Voting | | | Abs - Absent | | | Ovrd - Vote to Override | | | Sust - Vote to Sustain | | | | |

ADOPTED _____: _____
APPROVED _____: _____
NOT APPROVED _____: _____
VETOED _____: _____
Chairperson
Mayor

Address: 2809 Bloomington Avenue South
Parcel: MC 255-3
Purchaser: David Zhao
Sq. Footage: 5,043
Zoning: R2B

WARD 6

