

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/17/2016
Referral: N/A
From: Community Planning & Economic Development
Prepared by: Roxanne Young Kimball
Presented by: Roxanne Young Kimball
File type: Resolution
Subcategory: Land Sale

Subject:

Land Sale: 4318 James Ave. N. to Ibiza LLC

Description:

Passage of a Resolution approving the sale of the property at 4318 James Ave. N., TF-887, to Ibiza LLC for \$26,000, 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.

Ward/Address:

Ward 4
4318 James Ave. N.

Background/Analysis:

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-887	4318 James Ave. N.	\$26,000

PURCHASER

Ibiza LLC
5113 W. 58th St.
Edina, MN 55436

PROPOSED DEVELOPMENT:

The property was constructed in 1914 and is a 1,612 square foot, two-bedroom, one-bath single family home that will be rehabilitated to meet the Vacant Housing Recycling Program's (VHRP) rehabilitation standards.

The lot size is 40' x 128' = approximately 5,120 total square feet.

Purchaser proposes to rehabilitate 4318 James Ave. N. as a three-bedroom, two-bath single family home and sell it for homeownership.

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:

Purchaser: Financing, documented with a pre-approval letter dated within 30 days of application.

COMMENTS:

On January 29, 2016, the City acquired this single family home from the State of Minnesota as tax-forfeited land for \$1.00 through a negotiated discount with Hennepin County. The City is in the process of clearing title and closing will take place after title is cleared.

This property was publicly advertised on the City's website and through e-mail notification to a list of over 750 developers and homebuyers. The City is selling this property in its as-is condition. An informational meeting was held in December 2015 to inform potential developers and homebuyers about the City's disposition process and VHRP program information is posted on the City's website. An open house was held to allow potential purchasers to inspect the property and a two-week application period was provided after the open house.

There was one offer received for the property. The offer was evaluated based on program criteria stated in the VHRP manual, including: financial capacity, experience, responsibility, scope of work, subsidy request (if any), and occupancy intentions. To evaluate responsibility, we consulted with Department of Regulatory Services staff to verify the status of vacant buildings, rental properties, or other properties owned by the applicant in the City of Minneapolis.

Staff recommends Ibiza LLC as the Purchaser. Ibiza LLC intends to invest \$78,500 to rehabilitate the property. Construction management staff has reviewed the scope of work and construction estimate and confirmed it is sufficient to meet VHRP rehabilitation standards.

Notification was provided to the Camden neighborhood.

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): \$22,525
- 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. 4318 James Ave. N. Land Sale_Resolution
2. 4318 James Ave. N. Land Sale_Ward Map
3. 4318 James Ave. N. Land Sale_Cost Sheet
4. 4318 James Ave. N. Land Sale_Example Ibiza LLC Property