



# Emerson Lane Redevelopment



# 6812 Emerson Lane

- Total area of parcel: 1.38 acres/ 60,193 sq. ft
- Developable area: 1.12 acres / 48,787 sq. ft.
- Current Zoning: Single Family Residential





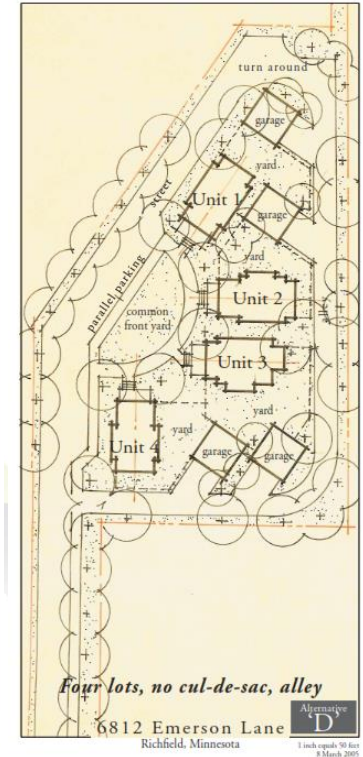
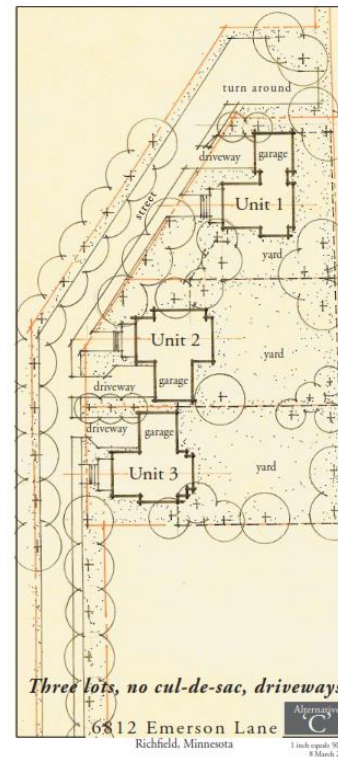
# Emerson Lane - 2005

- Purchased by HRA for \$275,000 in Sept. 2005
- Substandard home and “antique shop”/shed
- New homes to be built on site were meant to off-set the loss of 2 single-family homes purchased for Hwy 62/Crosstown expansion



# Emerson Lane, 2005-2007

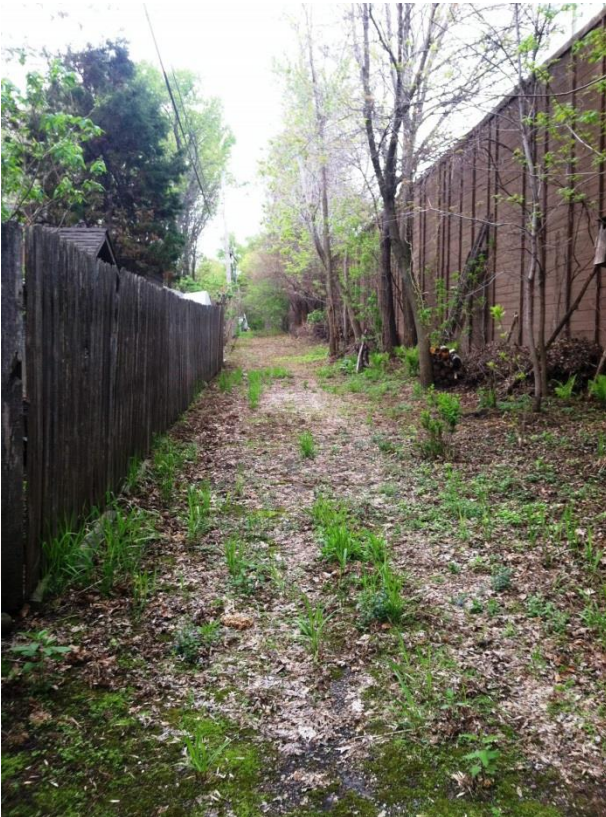
- Original vision was 3 – 4 single family lots, approximately 9,500 sq. feet, selling for \$100,000 each.
- Anticipated new homes valued at \$400k-\$500k
- Staff hired a landscape architect to sketch ideas
- Staff sent out RFP, but received no responses.
- Beginning of the housing market crash





# Emerson Lane Today

- [Video footage from 11/13/18](#)



# Internal Opportunities

## Public Works

- Does not require the property for Metro Transit BRT or MNDOT highway expansion.

## Parks & Rec

- No use for property as habitat-space for WLNC
- Could use property for:
  - Small, small-dog park
  - Archery Range
  - Both uses would require substantial development costs for creation of public road, parking lot, installation of utilities, lighting, fencing, etc.

# Outside Interest

Housing Staff has not proactively marketed the property since 2006.

- **Summer 2014** – Neighbor interested in subdividing and building 3 single family homes. Infrastructure costs make it unworkable.
- **Spring 2017**– Individual proposed to build 3 slab-on-grade homes. More information needed, and no formal application ever submitted.
- **Spring 2018** – Previous neighbor interested in building 1 single family home for someone in the family
- **Spring 2018** – Different neighbor interested in purchasing the lot from the HRA for \$10,000+
- **Spring 2018** - Dustin Endres, Endres Custom Homes inquires about lot, begins research



# Proposal Under Development

- Endres Custom Homes has built 20+ homes in Richfield since 2012.
- Proposing 5 homes, on 46' wide lots
- Public Road w/turnaround
- Has worked with Public Works, Utilities and Fire to determine the feasibility and cost of project





# Proposal Under Development



# Endres Custom Homes

- Model proposed to be built is the same model built on 5 lots in NE Richfield in early 2018.
- List prices would be \$330,000-\$340,000, marketed to people on existing wait-list.
- Sound attenuation enhancements would be added to account for noise from 35W
- Development costs for the site estimated at \$300,000 (excluding acquisition)



# Financials

- HRA has spent approximately \$336,000 since 2005
  - Acquisition, Demolition, Legal, Taxes, Property Maintenance
- Development of the site estimated at \$50,000 - \$300,000
- Staff has reviewed the following scenarios:
  - No action on the property
  - Sale of vacant property to neighbor
  - Divide and Sell property to neighbors
  - Sell/Transfer to Parks and Recreation
  - Development of 1 single-family home
  - Development of 3 single-family homes
  - Development of 5 single-family homes



# Option 1: Do Nothing

	DO NOTHING
HRA COSTS	\$ (336,200)
Development Costs	
Development Revenue	
PROJECT GAIN/LOSS	
HRA NET GAIN/LOSS	\$ (336,200)
ADDITIONAL CITY NET GAIN/LOSS	No tax value to capture
Other factors	Ongoing maintenance and liability

\*Costs estimated by City Staff

# Option 2: Sell as Vacant Land

	SELL TO NEIGHBOR AS VACANT
HRA COSTS	\$ (336,200)
Development Costs	\$ (1,000)
Development Revenue	\$ 10,000
PROJECT GAIN/LOSS	\$ 9,000
HRA NET GAIN/LOSS	\$ (327,200)
ADDITIONAL CITY NET GAIN/LOSS	Minimal tax gain
Other factors	No assurances of land use.
*Costs estimated by City Staff	

# Option 3: Divide & Sell

	DIVIDE and SELL
HRA COSTS	\$ (336,200)
Development Costs	\$ (40,000)
Development Revenue	\$ 10,000
PROJECT GAIN/LOSS	\$ (30,000)
HRA NET GAIN/LOSS	\$ (366,200)
ADDITIONAL CITY NET GAIN/LOSS	Minimal tax gain
Other factors	Significant cost to survey and plat, uncertain of desire/ability to buy.
*Costs estimated by City Staff	



# Option 4: Parks and Recreation

	Parks & Rec
HRA COSTS	\$ (336,200)
Development Costs	\$ (300,000)
Development Revenue	\$ -
PROJECT GAIN/LOSS	\$ (300,000)
HRA NET GAIN/LOSS	\$ (636,200)
ADDITIONAL CITY NET GAIN/LOSS	\$ (300,000) in project costs
Other factors	Need for further city approval and additional budget, no property tax value to gain.
*Costs estimated by City Staff	

# Option 5: Development of 1 home

	1 Home
HRA COSTS	\$ (336,200)
Development Costs	\$ (50,000)
Development Revenue	\$ 60,000
PROJECT GAIN/LOSS	\$ 10,000
HRA NET GAIN/LOSS	\$ (326,200)
ADDITIONAL CITY NET GAIN/LOSS	\$2,050 in estimated annual tax
Other factors	<p>May not be feasible for individual buyer, may require an additional city subsidy (non HRF).</p> <p>Tax estimated based on 2018 taxes paid to City/HRA levies by a nearby household valued at approximately \$330,000.</p>
*Costs estimated by City Staff	

# Option 6: Development of 3 homes

	3 Homes
HRA COSTS	\$ (336,200)
Development Costs	\$ (300,000)
Development Revenue	\$ 180,000
PROJECT GAIN/LOSS	\$ (120,000)
HRA NET GAIN/LOSS	\$ (456,200)
ADDITIONAL CITY NET GAIN/LOSS	\$6,150 in estimated annual tax
Other factors	<p>Consistent with plan from 2005, would require further HRA subsidy.</p> <p>Tax estimated based on 2018 taxes paid to City/HRA levies by a nearby household valued at approximately \$330,000.</p>
*Costs estimated by City Staff	



# Option 7: Development of 5 homes

	5 Homes
HRA COSTS	\$ (336,200)
Development Costs	\$ (300,000)
Development Revenue	\$ 300,000
PROJECT GAIN/LOSS	\$ -
HRA NET GAIN/LOSS	\$ (336,200)
ADDITIONAL CITY NET GAIN/LOSS	\$10,250 in estimated annual tax
Other factors	<p>Would require CC approval for platting of 46' wide lots.</p> <p>Tax estimated based on 2018 taxes paid to City/HRA levies by a nearby household valued at approximately \$330,000.</p>
*Costs estimated by City Staff	

# Questions?

