
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: Stacy Marquardt, Community Development Planner
SUBJECT: **City Owned Properties**
DATE: April 11, 2023

Background:

On February 2, 2023 City Council Workshop Staff presented a PowerPoint presentation showing several city-owned parcels that we would like to sell at some point. The Council approved all of the parcels to proceed as shown, however some were approved to proceed in 2024 so we could budget for them. The parcels that were approved to move forward for sale in 2023 were as follows:

PID 24-320-0380 – This parcel was acquired for the fire station in 1999 but is no longer needed. It is .19 acres and is zoned to allow for one home on it. It cannot be subdivided.

Realtor Comments: I believe a builder would be interested in this lot to build a small spec home. I suppose it is possible that the apartment building to the north may have interest to expand their parking lot possibly? Hard to say but regarding value based on a sold comp my number is \$35,000 approximately on this one. (The sale is a few years old but the only one I could find)

PID 24-080-0030 – This is a pie shaped parcel along the Rum River. It is in the Floodplain so there will be some hoops to jump through if purchased but Staff feel it could support a single family home on it. There is city sewer and water near the site to hook into. It is .57 acres.

Realtor Comments: Regarding the river lot in the flood zone. There are a few listings. 2 active, 1 pending. There are no sold comparable properties. Again, when there are no comparable properties it's really just an opinion and ultimately the only opinion that matters is the buyers. Listing it at a number that intrigues the buyers is the goal. With this lot, due to the flood plain, possible backfill needed, and water sewer hookup costs my thought on this one is \$40,000, Flood zone is the biggest concern here, I feel like it could take a while to sell.

PID's 24-041-0350 and 24-041-0360 – This is the parking lot south of the Pantry building and the Higgins building and north of Ultimate Sports. A combination form was submitted to the County to create one parcel to sell. It is .28 acres.

Realtor Comments: Regarding the two parking lots. Again, ZERO parking lot sales are available to compare to that I can find. The values on these two are the hardest to say. The assessor believes that lot values are combined at \$36,700 and with the asphalt an added \$24,000. With that I am going to say \$50,000 give or take for this lot combined.

PID 24-040-0370 - This parking lot has some right of way that we will be vacating at a later date. It is .62 acres. It is located in between Trinity Lutheran Church and First Congregational Church. On the deed we will need to include an easement over the parking lot for drainage and utilities as there is a drain pipe under it.

Realtor Comments: Regarding the north parking lot. Assessor has this one at \$136,000. I believe that is high. I am not saying one is right or wrong but that seems like a steep price for a parking lot in my opinion. I am thinking \$65,000.

PID's 90-407-0320 and 90-407-0325 – These parcels are in Sherburne County and a combination was submitted to the County so we can sell as one parcel. It is 1.7 acres. It is zoned Industrial.

Realtor Comments: I have a few items regarding this Industrial lot. Pathfinder purchased a property with in close proximity to these Industrial pieces combined and there is a listing for an acre commercial lot nearby. This is the only competitive listing I could find. Pathfinder bought that off market two 8 acre parcels up the street but it's not comparable considering the lot size and the ponds in the middle of the lots. Because of the wastelands in the back of this lot the assessor has a tax base value of \$21,600. Combining the lots would be best considering separate they are too small to be useful. My thought regarding price on this combined piece is \$150,000 plus. Unfortunately, with no solid sold comparable properties. We look at what is competing, with that being said I feel this lot competes well with the only current lot I see listed at \$149,000.

PID 24-561-0060 – Staff recommended to combine this parcel into the Sumser's property to the north which is PID 24-161-0065 since the house straddles the property line. Staff have spoke with Sumser's and they would like to proceed. Staff suggest to the Council that we offer this at no expense to the Sumser's but have our council draft an agreement that stipulates that this must be transferred into the exact same fee ownership of their existing parcel and combined as one lot with no further stipulations on the Cities end. This would clean up the issue of the home straddling the line while getting it back onto the tax rolls and off the Cities books. The County has approved an exception for these two parcels to be combined as one even though they are in two different plats because of the house situation.

Realtor's overall comments on the properties: These are some properties that I could go back and forth over and over with the possibilities but getting them sold and benefitting more from the income they'll bring after the sale is more important, I suspect. I feel these numbers should bring interest and also not being under sold at the same time. I hope this helps you determine a start value. I have to say, market exposure will be the only way to really know. These parcels are hard to put a price tag on. I did drive by, spoke to the county assessors about any off-market sales they may have seen, but no such luck, they seem to be struggling with the lack of comparable sales as well.

Recommendation:

Staff is looking for direction from Council on pricing for each of the parcels laid out. For the Sumser parcel, Staff would like to proceed with selling the parcel at no cost to the Sumser's. Staff recommend to approve resolution 23-22 for the sale of the city owned property PID 24-561-060 to the Sumser's with the attached Land Agreement which requires the land to be combined as one parcel with no further obligation for the City.

Staff also would like discussion from the Council on having the realtor that assisted us with this information help advertise and sell these properties. There would be a cost associated with this but Staff have not approached this subject yet with the realtor as we would like direction from the Council first. Maria Solberg with Edina Realty is who helped gather all this information for the City.