



Minutes - Final

Legislative Hearings

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Tuesday, December 22, 2020

9:00 AM

Remote Hearing

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- 6 [SR 20-137](#) Referring to Legislative Hearing review of a potential stay of enforcement of demolition for Amazing Homes Ecclesia LLC, represented by Michael Aderinkomi, for property at 1179 SEVENTH STREET EAST.

**Sponsors:** Yang

*Any potential partner/purchaser must submit information in writing on their process for reviewing potential redevelopment of the site. If PO is moving forward with redevelopment, they must submit specifics on the project, including additional funding sources and potential tax credits or grants and their timelines. If these are not submitted by close of business January 5, 2021 will recommend that stay of enforcement on the order to remove the building is lifted.*

*Michael Aderinkomi, owner, appeared via phone  
Lawrence Aderinkomi, son and realtor, appeared via phone  
Jonathan Oyinloye, realtor, appeared via phone*

*Moermond: Lawrence Aderinkomi was looking at getting a consultant report of the property and its potential uses. We forwarded to him the previous analysis that was done for the previous owner, by Ms. Lisa Kugler. I am hopeful there is an analysis right now that is completed and ongoing conversation and conclusion about the sale of the property.*

*Lawrence Aderinkomi: I called Mr. Craig Cohen who said he's worked with the City in the past. He was the owner of another historic building. I don't know if you know who that is. I brought him out to the building to get a preliminary assessment before any study. His opinion is that the cost of renovating for any kind of use couldn't be done with just standard financing. I went back to the feasibility report you sent and understood that it included a lot of financing without any debt attached. We didn't move forward with another feasibility report. I sent that to Meegan Elliot, we agreed without funding without debt we wouldn't be able to do any kind of renovation. Especially within the time frame given since those funding sources needed time before awarding them. The next step was contacting a contractor for an estimate of demolition. We had quite a few investors but no offers. Based on the timeline we won't be able to comply with the City's request for a purchaser within that timeframe.*

*Moermond: the parcel value is about \$100,000. That's different in the real market of course. The previous owner, MN Apostolic Church, was looking at establishing their own for-profit corporation they would own in order to secure tax credits to be able to do the rehabilitation. I gather that is not something you are interested in doing, although*

*you are a for-profit. Have you had communication with buyers who believe they could do a rehab and make it work financially through grants or other mechanisms?*

*Oyinlove: I have shown the property several times to prospective buyers. The common thread as far as issues are the involvement of the City and level of interest, as well as the time crunch. That discouraged a lot of prospective buyers. Some pointed out to me that in their professional opinion it shouldn't be classified as category 3. They don't want to fight with the City about that classification. That means they have to work with the City to do anything with it. If that's an option we can put on the table it may make it more attractive to people.*

*Moermond; are you asking for a city grant of money?*

*Oyinlove: I thought that's what I heard?*

*Moermond: I'm not in that business. Other departments may deal with that but it is not part of this process.*

*Lawrence Aderinkomi: Mr. Cohen stated he was aware of tax credits that could be applied to renovate the building but after talking with him and Megan those credits most likely wouldn't be sufficient to take care of a majority of the renovation costs. Just the exterior alone maybe, but inside it would require another substantial amount of funds to renovate. Specifically for the uses in the feasibility study by Ms. Kugler. That was a very good study, the planned uses we had in mind were pretty much aligned with what was in that report. That was why I opted out of having another one. The only two options I really see moving forward are getting time to apply for some of those funding mechanisms and what is the next step to move forward. I know it has been a long process. The condition of the building when bought was better than what it is now. I'm wondering if the category 3 classification was before it was purchased or after?*

*Moermond without looking up the sale date, the determination to make this a category 3 was May 17, 2019.*

*Lawrence Aderinkomi: so after the purchase.*

*Oyinlove: what changed?*

*Moermond: I appreciate you want to have this conversation, that bell won't be un-rung. I don't want to relitigate that, it has been covered exhaustively. It is, it won't be undone.*

*Lawrence Aderinkomi: that wasn't my intention. I just wanted to know.*

*Oyinlove: it is just helpful to know what changed as a realtor.*

*Moermond: I want to give you every opportunity to do something here. If you had a potential purchaser with some conditions, I don't hear a plan like that. I don't hear a date where you would like to apply for certain funds. If there were a proposal we could react to it would be easier. I've been hearing consistently is that the project is going to be at least one million dollars and that it won't cash flow without funds coming from another source. Whether that's a nonprofit grant, tax credits, whatever it is. On its own two feet it won't stand. Is that a fair assessment?*

*Lawrence Aderinkomi: in addition, not only will it take that amount, but whether or not*

we could even privately secure the funding to bridge the gap.

Moermond: have you spoken to a financial institution about that?

Michael Aderinkomi: I have in the past. I knew about two banks and they said no. That is part of the scary part of this. No bank will want to finance that kind of project. That's the problem we are facing. Any suggestions you can give us to move forward is helpful. This gives me sleepless nights. As you said last time, I realize this isn't a time I can say I want to recoup my money. That has passed. I want to see if we can turn it around so it can be useful for the community.

Moermond: it may be that the building is no longer the size and shape of building the market is looking for, that may be part of it.

Michael Aderinkomi: Beacon Project contacted me and said they'd been following the project and want to know if we are interested in talking to them, but they won't make a decision until January. I have their phone number and can contact them.

Moermond: I'm familiar with them. Have they been through the building?

Michael Aderinkomi: I don't know. They called me directly. They said I should let them know what is going on. I asked them to be involved in the discussion and they didn't call me back. If you want me to call them and go that direction--

Moermond: I am not in a position to make any kind of recommendation. I am familiar with them. Mr. Oyinlove, have you showed anyone from Beacon the building?

Michael Aderinkomi: they called me directly, they didn't call him.

Moermond: you can tell I'm looking for reasons to slow this down and come up with a proposal I can hang my hat on. I don't hear that now.

Lawrence Aderinkomi: if the City can give us until the time Beacon could look at the property and in between I can research the different funding mechanisms from the feasibility report, and maybe get time to apply. After we made those applications the City can continue to follow up on the decisions. Those are the only two actionable steps.

Moermond: and understand I want to see that in writing. I don't know dates; I don't know how interested Beacon is. If they haven't seen the building that's not great. What would their process be? I need to see specifics. Asking for a general deadline extension isn't ok at this point in the game. You have to be super clear. I get this is predevelopment but you get where I'm coming from. I'd want them part of this conversation.

Michael Aderinkomi: the end of January.

Moermond: I'd like a letter from Beacon to tell me what they need. This goes to Council January 6. They need to let me know by the 5th. That gives me an idea of what I can ask from the Council.

Michael Aderinkomi: ok, I will call them. What is the end game as far as the building for the City?

*Moermond: the nuisance condition to be abated. I would prefer it be rehabbed, but it needs to be taken care of. The neighborhood has put up with the derelict structure for a very long time. I've been working on it for a very long time. The earmarks of this say it isn't going to work, but there are conditions it may and I want you to have a chance to show me that. If I have to say "no more stay, let's move forward with demolition" that isn't my preferred route but I need to allow the neighborhood and community to move on. IF Beacon is asking for an additional stay then we need specific information submitted in writing from them on their process for reviewing potential redevelopment of the site. If you are moving towards putting forward a redevelopment plan we need specifics on the project, and additional funding sources. Otherwise at the January 6 City Council meeting I will recommend the stay of enforcement on the order to remove the building is lifted.*

**Received and Filed**