



Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: February 14, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Grant Exclusive Development Rights for Lupe Development Partners, LLC for the Penn-Broadway Mixed Use Project

Recommendation:

Grant Exclusive Development Rights for 24 months on two (2) City-owned parcels located at 2413 and 2423 Penn Avenue North.

Previous Directives:

None.

Department Information

Prepared by:	Tiffany Glasper, Sr. Project Coordinator, 673-5221
Approved by:	Thomas Streitz, Director, Housing Policy & Development _____ Charles T. Lutz, Interim CPED Director _____
Presenters in Committee:	Tiffany Glasper, Senior Project Coordinator

Financial Impact

- Other financial impact: The developer will pay for property management expenses during the holding period, thereby eliminating the City's cost.

Community Impact

- Neighborhood Notification: The Jordan Area Community Council's input and engagement is being sought through a series of meetings hosted by the proposing developer.
- City Goals: A Safe Place to Call Home; Jobs & Economic Vitality; Livable Communities, Healthy Lives
- Sustainability Targets: Affordable Housing
- Comprehensive Plan: Future redevelopment will comply with all applicable City approved plans
- Zoning Code: Will Comply

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>PIN</u>
VH -450	2423 Penn Avenue North	17-029-24-11-0152
2N 138	2413 Penn Avenue North	17-029-24-11-0154

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The property at 2413 Penn Avenue North was purchased on July 20, 2011 for \$1. At the time of acquisition, the property contained a condemned, vacant and foreclosed four unit structure.

The property at 2423 Penn Avenue North was purchased on December 13, 2011 for \$25,000. At the time of acquisition, the property contained a vacant tornado-damaged duplex. This property was acquired with NSP 2 funds and requires a housing component as part of the end redevelopment.

The Minneapolis City Council recently recommended approval of a resolution establishing the Penn Avenue North Redevelopment Project area in which these two parcels are located. Penn Avenue North is currently the epicenter of development interest and activity in north Minneapolis.

2423 and 2413 Penn Avenue North are proposed to be part of an assemblage with the properties at 2220 West Broadway Avenue and 2419 Penn Avenue North.

2220 West Broadway is currently owned by Dean Rose, owner of Broadway Liquor Outlet, which was destroyed in the May 22, 2011 tornado. 2419 Penn Avenue North is owned by a third party.

Mr. Rose has partnered with Lupe Development Corporation to explore the possibility of moving the liquor store (and associated license) from its current location at 2201 West Broadway Avenue to the property at 2220 West Broadway. The ultimate vision is for a mixed-use development at this corner that would consist of first floor commercial and retail with approximately 75 units of housing above. The proposal currently envisions both underground parking to serve the housing residents and surface parking to serve the business patrons. The building at 2220 (formerly Fire and Ice restaurant and the former site of the Bean Scene I) was also badly damaged in the tornado.

This development proposal also requires the realignment of the existing alley from its current configuration to one that redirects it straight, east to west, through the 2423 Penn Avenue North parcel.

Mr. Rose and Lupe Development Corporation are currently in the process of negotiating with the owner of the property at 2419 Penn as well as planning meetings with the Jordan Area Community Council, West Broadway Business Coalition and other stakeholders.

CPED staff are excited about this potential project in light of the other development activities in the area, such as the 5 Points Building, the Capri Theater Expansion and the redevelopment of the West Broadway Curve. Mr. Rose's concept is well

aligned with the West Broadway Alive plan which calls for increased density and additional retail space in this area. There has been significant population loss on the Northside over the last several years. Increased housing density and more quality housing options will be a positive draw which will also facilitate the future success of the business districts.

Dean Rose and Lupe Development are requesting and we are recommending the granting of exclusive development rights for the properties at 2413 and 2423 Penn Avenue North for a period of 24 months. Dean Rose and Lupe Development will pay holding costs of \$2,000 per lot for the 24-month period.