



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

Date: April 17, 2012

To: Council Member Lisa Goodman, Chair
Community Development Committee

Subject: Old Third Avenue Townhomes Development - Redevelopment
Contract Amendment – Tot-Lot Location Change

Recommendation: Authorization to Amend the Redevelopment Contract for the
Development of the Old Third Avenue Townhomes
Development

Previous Directives:

- On November 5, 2010, the City Council authorized CPED staff to execute the necessary agreements to extend the development rights and financial assistance provided to Twin Cities Habitat for Humanity, Inc. to extend the closing date to on or before June 30, 2011 and commitment of Affordable Ownership Housing Program funding of \$360,000 to the development of the Old Third Avenue Townhomes Development to be constructed at 929 Third Avenue NE.
- On December 4, 2009, the City Council authorized CPED staff to execute the necessary agreements to extend the development rights and financial assistance to the proposed development to start construction no later than November 1, 2010 and construction completion by December 31, 2011.
- On November 7, 2008, the City Council approved the sale of the referenced land to Twin Cities Habitat for Humanity, Inc. for \$79,650 for the development of the Old Third Avenue Townhomes Project.
- On October 5, 2007, the City Council approved up to \$360,000 for construction and/or affordability gap financing for the Old Third Townhomes project.
- On July 29, 2003, the MCDA Board of Commissioners approved the sale of the referenced land to Central Community Housing Trust of Minneapolis for \$79,650 for development of the Old Third Avenue Townhomes Project.

Department Information

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Approved by: Charles T. Lutz, CPED Interim Executive Director _____	
Thomas A. Streitz, Director Housing Policy & Development _____	
Presenter in Committee: Theresa Cunningham, Phone 612.673.5237	

Reviews: Not Applicable

Financial Impact: No financial impact

Community Impact

Neighborhood Notification: On February 25, 2008, the St. Anthony East Neighborhood Organization was advised of the proposed sale of the reference land to Twin Cities Habitat for Humanity, Inc. for development of the Old Third Avenue Townhomes project. It has provided its full support for the proposed development.

City Goals – A safe place to call home, One Minneapolis, connected communities, enriched environment, premier destination. In five years, all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city’s infrastructure will be well-maintained and people will feel safe in the city.

Sustainability Targets – Affordable housing units, economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan – On April 14, 2008, the Planning Commission approved the sale of 929 Third Avenue NE as being consistent with the Comprehensive Plan.

Zoning Code: R3 - Multiple-Family Residential District.

Living Wage/Business Subsidy Agreement Yes___ No X
Job Linkage Yes___ No X

Supporting Information

CPED closed on the Old Third Avenue Townhomes development with Twin Cities Habitat for Humanity Inc. (TCHFH) on April 26, 2011. The development is now under construction (nearing 85% completion) creating eight-units of long-term affordable home ownership housing at 929 Third Avenue NE in the St. Anthony East neighborhood of NE Minneapolis. In addition to the construction of the housing units and garages, the development also includes a Tot-Lot area for children living in the development. The proposed Tot-Lot improvements were to be constructed on adjacent land owned by the Minneapolis Public Housing Authority (MPHA), as owner of Spring Manor Apartments located at 838 Spring Street NE located just northeast of the Old Third Avenue development site.

During the initial planning and negotiations for the proposed development, Ward 3 Council Representative and neighborhood representatives negotiated numerous development features for the proposed development which are outlined in Exhibit A attached to this report as “Additional Project Terms and Renderings.” These additional features conditioned the City’s support and approval of the original development plan and City funds. Item #4 specifically addresses the Tot-Lot improvements.

Subsequent to the initial planning for this development, the MPHA decided that they no longer want the Tot-Lot area located on their land unless TCHFH and/or the soon-to-be-formed Condominium Homeowners Association will indemnify them from any potential liability and by providing additional liability insurance coverage. It has always been the intent of TCHFH that the Condominium Homeowners Association would cover the cost of maintaining the Tot-Lot area; however, they did not project the additional liability and insurance coverage expenses which the MPHA is requiring.

After extensive negotiations with MPHA, TCHFH has decided to move the Tot-Lot improvements onto the development site and apply for a variance to reduce the front yard setback requirement adjacent to 3rd Avenue NE from 20 feet to 7 feet to allow for the installation and construction of the Tot-Lot area improvements. The Board of Adjustment

considered and approved the variance request on April 5, 2012 pending a 10-day appeal period.

In order to meet the conditions of the City's support of the proposed development outlined in Exhibit A, staff is now requesting authorization to amend conditions of the Redevelopment Contract to move the Tot-Lot improvements to the front yard of the development site and to remove the Tot-Lot improvements from the original development to a Second Phase of the development severing the two components and allowing the townhomes to move ahead to the planned unit closings on or before June 29, 2012. While the Tot-Lot improvements will proceed simultaneous with the unit closings, they will not stall the closings due to the timing and completion of the Tot-Lot improvements.

Attached as Exhibit B is a site plan that reflects the location of the original and the new proposed location of the Tot-Lot improvements. Exhibit C reflects a partial site plan for just the Tot-Lot area which reflects the location of the play equipment, benches and tables. A complete description of the proposed development is provided in the attached Exhibit D – Project Data Worksheet.

CPED staff supports the developer's request to move the Tot-Lot area, separate the two components (housing units and Tot-Lot improvements) and amend the Redevelopment Contract as necessary. Staff now request authorization to make the appropriate modifications as requested and outlined in this report and have the required City officials prepare and sign the amendment to the Redevelopment Contract.

Attachments

- Exhibit A – Additional Project Terms and Renderings
- Exhibit B – Original and New Proposed Tot-Lot Area Location Plan
- Exhibit C – Partial Tot-Lot Area Site Plan
- Exhibit D – Project Data Worksheet

EXHIBIT A

Old Third Town Homes - Additional Project Terms and Renderings

Included in the agreement regarding Old Third Townhomes are the following improvements to the design and changes that are proposed to condition city support and approval:

- 1) **Design Renderings:** See attached four pages of design renderings and one page revised site plan, which shall be made part of the approval of the project.
- 2) **Permeable Surfaces:** Permeable surfaces in the parking areas in front of the garages and additional parking for one car to the side of each garage.
- 3) **Garages:** Each garage to be one stall with storage, specific size to be detailed in the agreement.
- 4) **Tot-Lot:** A tot-lot playground constructed across from the front of the town homes, near the rain garden areas, and maintenance of it shall be addressed in an agreement between the town home association, the MPHA and Clare Housing. The tot-lot will accommodate approximately 15-30 children estimated to be the number of children who will be residents of the 8 town homes on the site.
- 5) **Tot-Lot Benches and Picnic Tables:** Benches and picnic tables shall be included in the Tot-Lot area.
- 6) **Landscaping:** The landscaping plan will be submitted for approval and include the potential for annual flowering plantings to be replaced seasonally. Additionally the proposed landscape plan shall include shrubs, trees and groundcovers.
- 7) **Windows:** The project shall include Anderson double-paned windows, low-E (hard coating), with the top sash to include a triple-divided light style, and the specifications to be included in the approval.
- 8) **South End Porch:** The south end town home shall have an additional porch, approximately 6' x 15' or larger. Other porches shall be approximately 6' x 14' and shared by two town homes.
- 9) **Ornamental Lighting:** At least four pedestrian level lights on ornamental poles, with at least one between each pair of units, to be complementary to the lighting design style installed on 3rd Avenue between Central and University Avenues.
- 10) **Roof Design:** A roof re-design, changing from a hip-roof design, to a predominately gable design, per the four upgraded design renderings cited above.
- 11) **Design Improvement Costs:** Design improvements are expected to be up to, but not limited to, an additional cost of \$100,000 for the overall project.
- 12) **Material Quality:** Basic qualities of the materials shall be graded as good or better.
- 13) **Exterior Utility Space:** The exterior utility space or structure shall be attractively and unobtrusively incorporated into the project.
- 14) **Water Heaters:** Units shall each include a tankless hot water heater.
- 15) **Bike racks:** Bike racks shall be appropriately integrated into the project.
- 16) **Lattice:** All lattice work shall not be wood but either a cementitious product (such as hardi-plank material) or other more maintainable product than wood.
- 17) **Trash Receptacles:** There shall be at least two decorative trash receptacles installed in the shared greenway space, and maintained by the partnership of the town home association, MPHA, and Clare Housing as part of their agreement.

- 18) **Pathways/Walkways:** Placement of the walkways shall be carefully considered to ensure that they will be the paths that are actually most efficient and likely to be used.
- 19) **Interior Design:** Interior design features shall be provided and cited in the agreement.
- 20) **Artists:** As much as possible, local artists will be collaborated with to help make the project better, including possible involvement in the design of the trash receptacles and entry area to the green space.
- 21) **Household Incomes:** All household incomes for all eight town home units shall meet Habitat for Humanity guidelines.
- 22) **Shared Responsibility:** There shall be a shared security and operating agreement for the shared green space between the town home association, Clare housing and the Minneapolis public housing authority.
- 23) **Neighborhood Outreach and Household Selection:** Habitat for Humanity shall:
 - a) Work with the St. Anthony East neighborhood organization to devise an outreach plan to actively and aggressively promote the availability of these town homes 1) first to the residents of St. Anthony East, and then 2) to other northeast neighborhoods; and
 - b) Once Habitat has selected the top 50 annual candidates to participate in the 2009 program according to its standard rating and selection process, it will to the best of its ability match 1) St. Anthony East and, 2) northeast candidates, to these specific eight Habitat town homes.