



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

Date: July 10, 2012

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

Referral to: Council Member Betsy Hodges, Chair, Ways and Means/Budget Committee

Subject: Public Hearing – Dwell at Calhoun Greenway Redevelopment Plan and 3129 Ewing Avenue South Land Sale

Recommendation

1) Conduct a public hearing and adopt the attached resolution approving the Dwell at Calhoun Greenway Redevelopment Plan; 2) Approve the acquisition of 3129 Ewing Avenue South from Hennepin County for \$10,410 and disposition to Bigos-Calhoun Greenway, LLC for \$62,000; and 3) Authorize appropriate City staff to execute any documents which may be required for these transactions.

Previous Directives

None.

Prepared by:	David Frank, Director of Transit Development, Phone 612-673-5238
Approved by:	Charles T. Lutz, Deputy Director, CPED _____
Presenter in Committee:	David Frank, Director of Transit Development

Financial Impact

The City will acquire the property from Hennepin County for \$10,410 and sell the property to Bigos-Calhoun Greenway, LLC for \$62,000. The net proceeds will be used to further CPED's redevelopment efforts.

Community Impact

- Neighborhood Notification: On May 4, 2012, the West Calhoun Neighborhood Council was notified of the opportunity to review and comment on the proposed Dwell at Calhoun Greenway Redevelopment Plan.
- City Goals: Livable Communities, Healthy Lives.

- Sustainability Targets: Economically vibrant and higher density transit corridors create attractive urban neighborhoods for development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.
- Comprehensive Plan: On June 11, 2012, the City Planning Commission found that the Dwell at Calhoun Greenway Redevelopment Plan and the sale of this property are consistent with *The Minneapolis Plan for Sustainable Growth*.
- Zoning Code: The proposed project area is zoned R6 (Multiple Family) District, an appropriate zoning to facilitate the goals of the comprehensive plan, the Midtown Greenway Land Use and Development Plan, and the Redevelopment Plan. The developer intends to apply for a Conditional Use Permit for a Planned Unit Development, Site Plan Review, and a preliminary and final plat. These applications will be considered by the City Planning Commission.
- Living Wage/Business Subsidy Agreement Yes _____ No x
- Job Linkage Yes _____ No x
- Other: On August 17, 2011 planning staff completed a land sale review of this parcel and deemed it is a buildable lot.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
TF-763	3129 Ewing Avenue South	\$62,000.00

PURCHASER

Bigos-Calhoun Greenway, LLC
 8325 Wayzata Blvd., Suite 200
 Golden Valley, MN 55426

PROPOSED DEVELOPMENT

This property is a tax forfeited parcel that had been owned by Hennepin County Regional Rail Authority (HCRRA) along the Southwest LRT alignment, adjacent to an existing apartment project near Lake Calhoun. HCRRA agreed to sell it to the adjacent owner, Bigos-Calhoun Greenway, LLC, for a better designed, denser phase 2 of their apartment project rather than wait several years to see if they need the property for construction staging. HCRRA intended to sell the land to the developer directly, but because they had a use deed for rail purposes, they could only convey title for another rail purpose. Therefore HCRRA has deeded the property to Hennepin County taxpayer services, which will sell it to the City for \$10,410. This irregular landlocked parcel has value only to the adjacent owner and is being sold within the re-use value range established by the CPED appraiser.

The Dwell at Calhoun Greenway Redevelopment Plan will facilitate the redevelopment of the parcel. The Redevelopment Plan establishes a new redevelopment project and identifies its boundary, redevelopment objectives, land use provisions and property that may be acquired by the City.

Bigos-Calhoun Greenway, LLC proposes to construct a six-story, 187-unit market rate rental apartment building, an expansion of the existing 151-unit Calhoun Greenway Apartments. The development site will include 3129 Ewing Avenue South (the parcel included in the Dwell at Calhoun Greenway Redevelopment Project area) and a portion of an adjacent parcel at 3140 Chownen Avenue South (not included in the Redevelopment Project area). Including the 0.8-acre 3129 Ewing Avenue South parcel in the development site will make it possible for the developer to provide a better-designed and denser development with a higher property tax base.

This irregular lot size is 32,728 square feet.

LAND DISPOSITION POLICY

This property is a buildable lot as defined by City policy and is being sold for development. Given that the purchase price has been negotiated above the County's established fair market value, staff is requesting that the Council authorize a waiver of the standard policy requiring that a 10% good faith deposit be submitted in escrow with the City to secure project completion. CPED will collect a good faith deposit of \$12,000 upon execution of the redevelopment contract to be used for acquisition and title clearance expenses. The good faith deposit will be credited toward the purchase price at closing.

FINANCING

Bigos-Calhoun Greenway will demonstrate to staff's satisfaction before closing that it has sufficient funds in place and committed for the proposed project.

OFFERING PROCEDURE

Negotiated Sale. The sales price of this property reflects full reuse value, as well as the City's typical administrative fee.

COMMENTS

No financial assistance will be provided for this project.

City ordinance and state law exempt redevelopment property transactions for which the developer pays market value from Living Wage/Business Subsidy Agreement.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman and Hodges

Approving the Dwell at Calhoun Greenway Redevelopment Plan.

Resolved by the City Council of the City of Minneapolis:

Section 1. Recitals

1.1. Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").

1.2. It has been proposed and the City has caused to be prepared, and this Council has investigated the facts with respect to, the Dwell at Calhoun Greenway Redevelopment Plan (the "Plan"). The Plan creates a new redevelopment project area (the "Project Area"), states the City's objectives, describes proposed development activity, describes a proposed land use and identifies property that may be acquired by the City to facilitate redevelopment of the Project Area, all pursuant to and in accordance with the Project Laws.

1.3. The City has performed all actions required by law to be performed prior to the adoption of the Plan, including, but not limited to, a review of the proposed Plan by the affected

neighborhood group and the City Planning Commission, and the holding of a public hearing after published notice as required by law.

Section 2. Findings

2.1. The Council hereby finds, determines and declares that the objectives and actions authorized by the Plan are all pursuant to and in accordance with the Project Laws.

2.2. The Council further finds, determines and declares that the land in the Project Area would not be made available for redevelopment without the financial aid and public assistance to be sought.

2.3. The Council further finds, determines and declares that the Plan will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the redevelopment of the Project Area by private enterprise.

2.4. The Council further finds, determines and declares that the Plan conforms to the general plan for the development or redevelopment of the city as a whole. Written comments of the City Planning Commission with respect to the Plan were issued, are incorporated herein by reference, and are on file in the office of the City Clerk.

2.5. The Council further finds, determines and declares that the Dwell at Calhoun Greenway Redevelopment Project is a redevelopment project pursuant to Minnesota Statutes, Section 469.002, Subdivisions 14 and 16 and that the Project Area is a "blighted area" pursuant to Minnesota Statutes, Section 469.002, Subdivision 11.

2.6. The Council further finds, determines and declares that the reasons and facts supporting the findings in this Resolution are described in the Plan.

1. 2.7. The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plan.

2.

Section 3. Approval of the Plan

3.1. Based upon the findings set forth in Section 2 hereof, the Plan presented to the Council on this date is hereby approved and shall be placed on file in the office of the City Clerk.

Section 4. Implementation of the Plan

4.1. After passage and publication of this Resolution, the officers and staff of the City and the City's consultants and counsel are authorized and directed to proceed with the implementation of the Plan, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further modifications, plans, resolutions, documents and contracts necessary for this purpose.

**Authorizing sale of land Dwell at Calhoun Greenway Project
Disposition Parcel No TF-763.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-763, in the West Calhoun neighborhood, from Bigos-Calhoun Greenway, LLC, hereinafter known as the Redeveloper, the Parcel TF-763, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

TF-763; 3129 Ewing Avenue South

LOTS 1 AND 2 BLK 3 INCL ADJ E ½ VAC ALLEY AND W ½ OF VAC DREW AVE S LYING NLY OF EXT OF S LINE SAID LOT 2 AND SLY OF HCRRRA RAIL CORRIDOR ALSO LOTS 14 AND 15 BLK 3 INCL ADJ W ½ VAC ALLEY AND E ½ VAC EWING AVE S LYING NLY OF EXT OF S LINE SAID LOT 14 AND SLY OF HCRRRA RAIL CORRIDOR, CALHOUN BOULEVARD ADDITION TO MINNEAPOLIS, MINN.

Whereas, the Redeveloper has offered to pay the sum of \$62,000, for Parcel TF-763 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on June 29, 2012, a public hearing on the proposed sale was duly held on July 10, 2012, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the Dwell At Calhoun Greenway Project plan, as amended, is hereby estimated to be the sum of \$62,000 for Parcel TF-763.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that upon publication of this

Resolution, the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed and delivered by the Finance Officer or other appropriate City official of the City.

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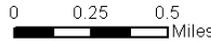
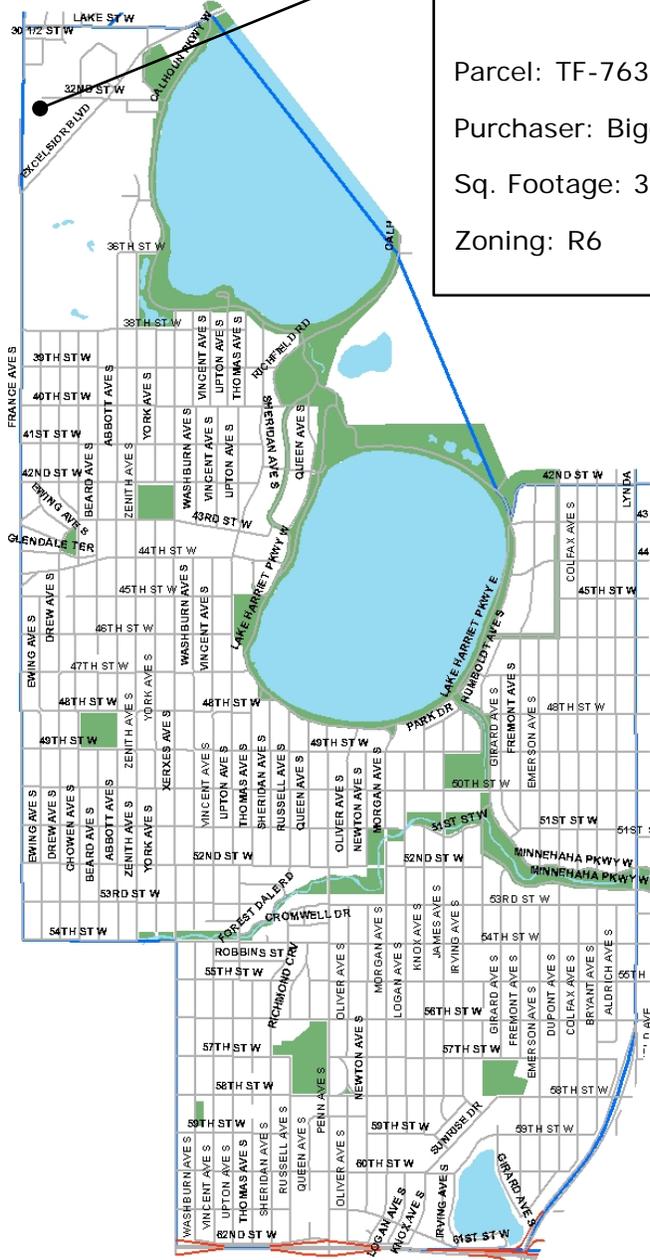
Address: 3129 Ewing Avenue South

Parcel: TF-763

Purchaser: Bigos-Calhoun Greenway, LLC

Sq. Footage: 32,728

Zoning: R6



Created by GBS 8/23/06

TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:

Date: July 10, 2012
 Subject: Land Sale – Public Hearing
 Dwell At Calhoun Greenway Project
 Address: 3129 Ewing Avenue South
 Purchaser: Bigos-Calhoun Greenway, LLC

Disposition Parcel No. Acq Date	Address	Total CPED Costs	Less Sales Price	Write Off
TF-763 Pass Thru Sale	3129 Ewing Avenue South	\$10,410	(-) \$62,000	-\$51,590

Re-Use Value Opinion	Less Sales Price	Write-Down
\$50,000-\$75,000	\$62,000	\$0.00

Write Down

Not applicable. Sale price is within the re-use value range established by the CPED appraiser.

Developer History with CPED

Bigos Management is one of the largest owner / managers of multifamily rental property in Minnesota. They have been in business for 40 years. They currently manage 6,500 units. Recent projects include Gables at Park Pointe in St. Louis Park – 49 units completed in 2007 and Lowertown Lofts in Saint Paul – 106 units completed in 2008, as well as the adjacent Calhoun Greenway Apartments with 353 units.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Liability Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other