



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: June 18, 2013
To: Council Member Lisa Goodman, Chair, Community Development Committee
Subject: **Transfer, Assignment and Assumption of the 201 Lowry Avenue Northeast Site and Redevelopment Contract**

Recommendation:

1. Approve the transfer of the 201 Lowry Avenue NE site from First & First LLC to 201 Lowry Development, LLC (or an affiliate) and consent to the assignment and assumption of the Redevelopment Contract between the City of Minneapolis and First & First to 201 Lowry Development, LLC (or an affiliate) for the redevelopment of the 201 Lowry Avenue Northeast site as outlined in this report.

Previous Directives: On April 26, 2013 the City Council approved the acquisition of 201 Lowry Avenue NE from Hennepin County–Tax Forfeited Land and simultaneous disposition to First & First LLC or an affiliated entity for \$150,000 plus Hennepin County and City of Minneapolis costs incurred in acquisition, holding, maintaining and administration of the property, including the City's 10% administration fee. The Council authorized the appropriate City officials to enter into a redevelopment contract and related documents. On March 8, 2012, the Public Hearing and Approval of the 201 Lowry Avenue Northeast Redevelopment Plan was approved by the City Council.

Prepared by: Cherie Shoquist, Principal Project Coordinator Phone 612-673-5078
Approved by: Charles T. Lutz, Deputy CPED Director _____
Thomas A. Streitz, Director Housing Policy & Development _____
Presenters in Committee: Cherie Shoquist

Community Impact

- Neighborhood Notification: Bottineau Neighborhood Group and Marshall Terrace reviewed the redevelopment proposal.
- City Goals: A SAFE PLACE TO CALL HOME 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.
- Comprehensive Plan: The development of these properties is consistent with the Comprehensive Plan as commercial development and a high density rental housing development. As the project proceeds to development, additional review will be necessary to further ensure consistency the Comprehensive Plan and with the Zoning Code.
- Zoning Code: C2/Neighborhood Corridor Commercial District.

Supporting Information

Staff recommends the City consent to this transfer of the site and assignment and assumption of the redevelopment contract outlined below. The authorized development team led by local architect DJR Architecture, Inc., including developer First & First, LLC and broker Java Properties proposed to renovate the existing vacant building (the former Little Jack's restaurant) for restaurant and/or other commercial use and, in a partnership with Clare Housing, construct new high-density affordable rental housing on the portion of the site formerly used for surface parking. The sale of 201 Lowry Avenue Northeast to First & First LLC or an affiliated entity was approved for construction of the Phase 1 commercial project and, subject to satisfaction of reasonable conditions to assignment, consent to subsequent transfer of a subdivided portion of the site to an affiliate of Clare Housing for construction of the Phase 2 rental housing project.

Clare Housing is developing a proposal and request for funding to the Minnesota Housing Finance Agency. First & First will provide Clare Housing with a purchase agreement before the funding deadline of June 18, 2013. First & First is committed to assisting Clare Housing in meeting these timelines to move forward on Phase 2.

However, First & First would like to transfer its role as developer to a new entity to move forward on Phase 1. The new entity, 201 Lowry Development, LCC consists of:

DJR Architecture and Java Properties have completed several mixed-use developments in Minneapolis in recent years including: the mixed-use Vertical Endeavors redevelopment at Nicollet Avenue South and 26th Street and the mixed-use development at 945 Broadway Avenue Northeast.

Master Properties Minnesota, LLC has completed over 30 projects in the City of Minneapolis since 2003 including: the Arts Quarter Lofts at Nicollet Avenue South and Second Street, the SOHO mixed-use building at 718 Washington Ave North, and the mixed use Keg House Arts Building on the Grain Belt Brewery Campus in the Northeast Arts District.

David Nelson Properties, a real estate investment and property management company with ownership of multi-family, industrial, retail and commercial properties throughout the Minneapolis-St. Paul area.

The commercial redevelopment will be privately financed with a combination of owner equity and conventional bank financing.

With the exception of the new development entity, 201 Lowry Development LLC, Phase 1 and Phase 2 of the project remain the same as proposed to the Community Development Committee on April 16, 2013.