



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

Date: November 19, 2013

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

Subject: Land Sale Public Hearing
Capri Theater Expansion

Recommendation:

1. Approve the sale of 2029, 2033, and portion of 2101 West Broadway to Plymouth Christian Youth Center (PCYC) or an affiliate for \$161,650.
2. Authorize appropriate City officials to enter into a Redevelopment contract and related documents in accordance with the terms herein.

Previous Directives: CPED acquired 2029, 2033, and 2101 West Broadway on May 17, 2010. On August 14, 2009 the City Council approved a modification to the West Broadway Redevelopment Plan and added these properties to the list of properties that may be acquired. On February 26, 2010, the City Council accepted a Metropolitan Council Livable Communities Demonstration Account grant of \$869,000 for acquisition of these properties. On April 1, 2011 the City Council approved the sale of 2029-2033 to PCYC for the Capri Expansion.

Prepared by: Jimmy Loyd, Project Coordinator, Phone 612-673-5026
Approved by: Charles T. Lutz, Deputy CPED Director _____
Catherine A. Polasky, Director Economic Policy & Development _____
Presenter(s) in Committee: Jimmy Loyd

Financial Impact

- Eliminate annual property management costs of \$6,468.
- CPED acquired these three properties and five others on the block using an \$869,000 LCDA redevelopment acquisition grant from the Metropolitan Council and \$549,000 of City CDBG funds appropriated to the Higher Density Corridor Housing program and flexible dollars appropriated to the Capital Acquisition Revolving Fund. Another \$261,000 of City funds have been invested in building demolition and holding costs. \$61,081 of

the building demolition costs are to be reimbursed by a FEMA grant. This portion of the assembly is proposed for sale at a fair market price of \$161,650. The remaining parcels of the assembly, which were recently appraised as having a fair market value of \$532,257, were offered for sale through a Request for Proposals issued October 31, 2013. If those properties are sold at fair market value, the City will have just over \$55,000 in sunk costs not recouped through grants or sale proceeds for the entire 2.5 acre redevelopment assembly.

- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0

Community Impact

- Neighborhood Notification: the Northside Residents Redevelopment Council (NRRRC) was notified of this sale and City staff and PCYC presented plans at the March 14, 2011 meeting. The updated plans were discussed at the October 14, 2013 NRRRC board meeting. The NRRRC board of directors voted to support the plans and provided a letter of support.
- City Goals: Jobs & Economic Vitality- strong commercial corridors, thriving business corners and businesses – big and small – start here, stay here, thrive here, arts and artists are economic drivers in and of themselves; Livable Communities, Healthy Lives- plentiful arts, cultural, and recreational opportunities
- Sustainability Targets: Arts and the economy
- Comprehensive Plan: Policy 1.10: Support development along Commercial Corridors that enhances the street’s character, fosters pedestrian movement, expands the range of goods and services available, and improves the ability to accommodate automobile traffic.
- Zoning Code: Will comply
- Other: On October 3, 2013 the Planning Staff completed a land sale review of this parcel. On October 17, 2013 the plan went before the Committee of the Whole. The City Planning Commission found the proposed sale for redevelopment to be consistent with the comprehensive plan on October 28, 2013.

Supporting Information

<u>PARCEL</u>	<u>ADDRESS</u>	<u>SALE PRICE</u>
WB 6-11	2029 West Broadway	\$ 55,780
WB 6-12	2033 West Broadway	\$ 35,750
WB 6-13	2101 West Broadway (portion)	<u>\$ 70,120</u>
		\$161,650

PURCHASER

Plymouth Christian Youth Center (PCYC), or affiliated entity
2210 Oliver Ave. N, Minneapolis, MN, 55411

PROPOSED DEVELOPMENT:

These parcels will be sold to PCYC or an affiliated entity for an expansion of the Capri Theater.

The assembled parcels total 16,165 sq. ft.: 2029 West Broadway is 5,578 sq. ft. 2033 West Broadway is 3,575 sq. ft. and the portion of 2101 West Broadway included in this assembly is 7,012 sq. ft.

LAND DISPOSITION POLICY:

These properties are being sold for redevelopment as defined by City policy.

FINANCING:

PCYC is funding the improvements through a capital campaign that is currently in the quiet phase and expected to ramp up more aggressively in early 2014. Pursuant to City policy, all funds will be in place to purchase and redevelop the properties before closing on the land sale transaction.

OFFERING PROCEDURE:

This is a direct sale and the sale price of the properties reflects the full re-use value. The City purchased these properties with the intent to sell them to PCYC as part of a large scale redevelopment of the block.

COMMENTS:

PCYC plans to expand the Capri Theater, the historic 250 seat theater adjacent to the subject properties. In 2009, PCYC invested close to \$1 million in capital improvements by improving the façade and the marquee and upgrading the lighting and sound systems. This next phase of the Capri Theater Renaissance is focused on expanding the theater and adding uses that complement the existing theater. This phase will require approximately \$5.8 million of investment. PCYC plans to construct a two-story addition to the existing Capri Theater building that will include a multi-purpose performance/rehearsal space, dressing rooms, back stage space, and a second floor for youth arts and other PCYC programming. The development will include an outdoor plaza on the west side of the expansion.

The expansion will provide space to enhance programmatic activities such as afterschool programs, youth employment training, youth entrepreneurship projects, talent discovery and development and structured post-secondary study. The new space will serve the community in a variety of ways by offering meeting and conference space for local businesses and other space rental options. The Capri Theater expansion creates an opportunity for potential partnerships with other entities such as St. Paul Chamber Orchestra, Children's Theater, Illusion Theater, and Children's Museum. The creation of the new space will bring great things to not only the students enrolled at PCYC, but the community as a whole.

PCYC initially planned to expand the Capri Theater into the buildings located at 2029 and 2033 West Broadway after City Council authorized selling each of these properties to PCYC on April 1, 2011. In May of 2011 a powerful tornado struck North Minneapolis. It significantly damaged many properties, including the buildings at 2029 and 2033 West Broadway. The buildings were damaged beyond repair and demolished. PCYC then revised their expansion plans from renovation to new construction, including a plaza adjacent to a new black box theater and green room space. PCYC is now requesting that the City sell a portion of the property at 2101 West Broadway to accommodate the proposed plaza. With this sale, approximately 37,900 square feet of 2101 West Broadway would remain available for mixed use redevelopment. An RFP offering that remaining portion of 2101 and several other properties on the block for sale for mixed use redevelopment was issued on October 31, 2013.

Timeframe: PCYC expects to have funding in place to purchase the properties by September, 2015 and complete the redevelopment by October, 2016. The authorization for sale at this time will provide a level of assurance that the property is secured as PCYC continues their capital campaign.

The properties, along with 2114 23rd Avenue North, were acquired from Strongtower Financial dba 2029-2031 W Broadway LLC using an LCDA Grant from the Metropolitan Council in the amount of \$869,000 as well as City Higher Density Corridor Housing funds (to be repaid from the proceeds from the sale of these and other properties acquired on the

block) and \$5,000 from the Capital Acquisition Revolving Fund (also to be repaid to the City upon sale).

**Resolution
Of the
City of Minneapolis**

**Authorizing sale of land West Broadway Redevelopment
Disposition Parcels WB 6-11, WB 6-12 and WB 6-13(PORTION)**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels WB 6-11, WB 6-12 and a portion of WB 6-13 in the Willard - Hay neighborhood, from Plymouth Christian Youth Center or an affiliate, hereinafter known as the Redeveloper, the Parcels WB 6-11, WB 6-12 and a portion of WB 6-13 being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

WB 6-11; 2029 West Broadway
Lot 2, Block 21, Forest Heights

WB 6-12; 2033 West Broadway
The SE 30 feet of Lot 3, Block 21, Forest Heights

WB 6-13; 2101 West Broadway (PORTION)
The Northwest 15 feet of Lot 3, all of Lot 4, Block 21, Forest Heights

Whereas, the Redeveloper has offered to pay the sum of \$161,650, for Parcels WB 6-11, WB 6-12 and WB 6-13 (PORTION) 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 Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on November 8, 2013, a public hearing on the proposed sale was duly held on November 19, 2013, 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:

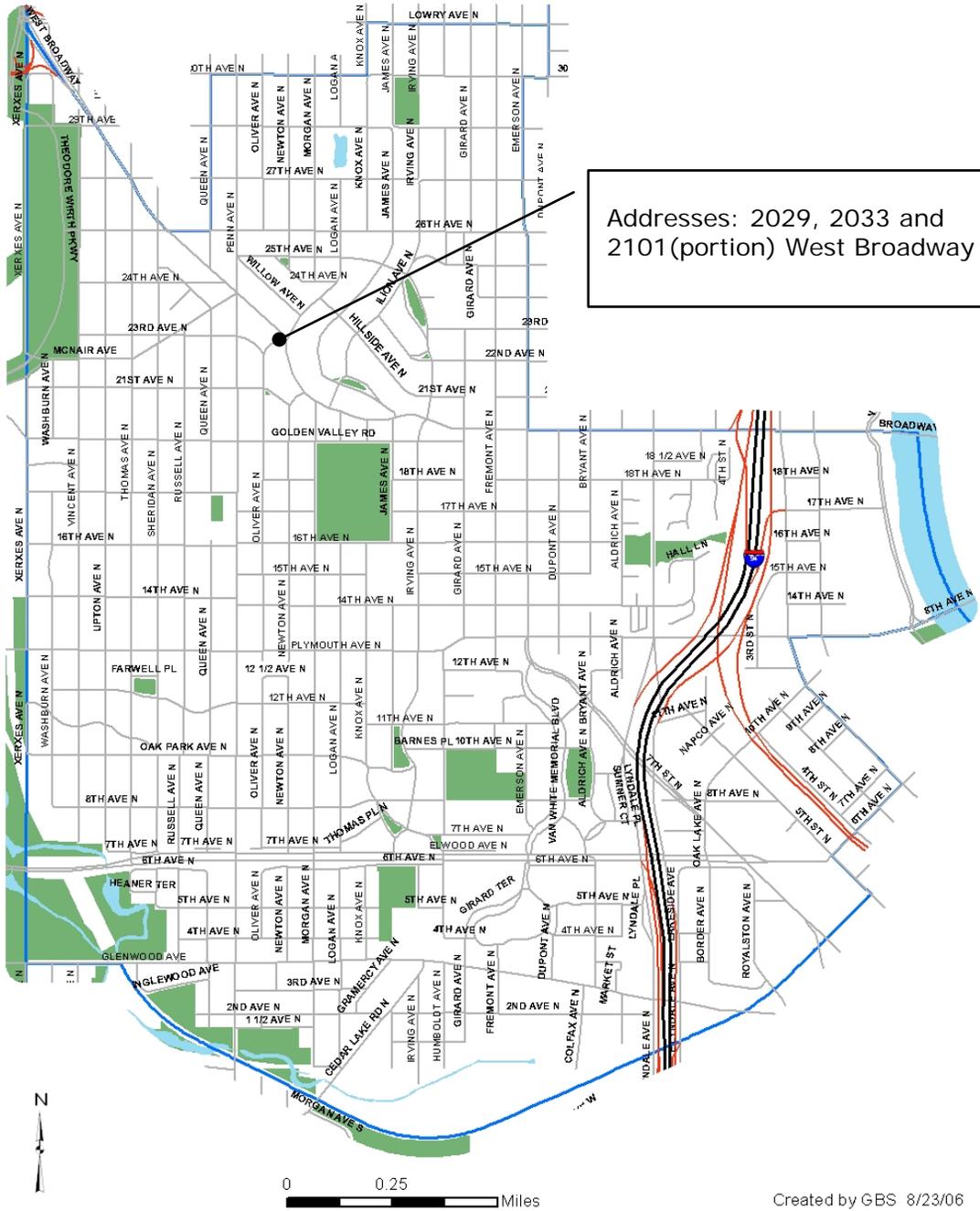
That the re-use value for uses in accordance with the West Broadway Redevelopment plan, as amended, is hereby estimated to be the sum of \$161,650 for Parcels WB 6-11, WB 6-12 and WB 6-13 (PORTION).

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.

WARD 5



Addresses: 2029, 2033 and
2101 (portion) West Broadway



0 0.25 Miles

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

Date: November 19, 2013
 Subject: Land Sale – Public Hearing
 Capri Theater Expansion
 Address: 2029, 2033, and 2101(Portion) West Broadway
 Purchaser: Plymouth Christian Youth Center or an affiliate

CPED acquired these three properties and five others on the block using an \$869,000 LCDA redevelopment acquisition grant from the Metropolitan Council as well as \$549,000 of City CDBG funds appropriated to the Higher Density Corridor Housing program and flexible dollars appropriated to the Capital Acquisition Revolving Fund. Another \$261,000 of City funds have been invested in building demolition and holding costs for the entire assembly. \$61,081 of the building demolition costs are to be reimbursed by a FEMA grant. This portion of the assembly is proposed for sale at a fair market price of \$161,650. The remaining parcels of the assembly, which were recently appraised as having a fair market value of \$532,257, are currently offered for sale through a Request for Proposals issued October 31, 2013. If those properties are sold at fair market value, the City will have just over \$55,000 in sunk costs not recouped through grants or sale proceeds for the entire 2.5 acre redevelopment assembly.

	A	B	C	D	E	F	G	H
Address	Purchase Price	Demolition/ Holding Costs	Total Cost to Assemble/Demo/Hold (A+B)	Grant funds applied	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0) (D+F-C)	Re-Use Value Write Down (E-F)
2029 W. Broadway	\$403,750	\$46,725	\$450,475		\$55,780	\$55,780		\$0
2033 W. Broadway	\$144,500	\$32,822	\$177,322		\$35,750	\$35,750		\$0
2101 W. Broadway (portion)	\$41,344	\$3,948	\$45,292		\$70,120	\$70,120		\$0
Total	\$589,594	\$83,495	\$673,089	\$930,081	\$161,650	\$161,650	\$418,642	\$0

Write-Down - None

Developer History with CPED: 2009 BQ bond financing for renovation of Capri Theater

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

Attachment 1 – Proposed Term Sheet for Redevelopment Contract

1. PROPERTY

Street Address	Property Identification Number	Size (sq.ft.)	Zoning
2029 West Broadway	1602924220177	5,578 sq. ft.	C1/Pedestrian-oriented overlay
2033 West Broadway	1602924220178	3,575 sq. ft.	C1/Pedestrian-oriented overlay
2101 West Broadway (portion)	1602924220195	7,012 sq. ft.	C1/Pedestrian-oriented overlay

2. PURCHASER

Plymouth Christian Youth Center (or an Affiliated Entity)
2210 Oliver Ave North
Minneapolis, MN 55411

(the “Developer”)

3. PURCHASE PRICE

2101 West Broadway (easterly approximately 7,012 sq ft of): \$70,120
2029 West Broadway: \$55,780
2033 West Broadway: \$35,750

Total = \$161,650 in cash at closing

4. PURCHASE CONSIDERATIONS

Subject to City Council approval

5. GOOD FAITH DEPOSIT

\$16,165 (10% of Fair Reuse Value)

6. CLOSING DATE

On or before September 30, 2015 (the “Closing Date”). The developer must demonstrate to the City’s reasonable satisfaction that as of the Closing Date, Developer has available all necessary equity and debt financing commitments to commence and complete the project.

7. TITLE

The City shall provide Developer with a current title insurance commitment from Guaranty Title, Inc. for the Property Buyer shall make any objections to title in writing to the City within twenty (20) days of receiving such commitment. If Developer makes timely written objections to title, then the City shall have until the Closing date to cure the title defects and establish insurable title to the Property. If the City chooses not to or fails to have the

objections to title removed or satisfied to Developer's satisfaction by the Closing date, the Developer may elect, within twenty (20) days after notification from the City of such choice or failure, to (1) purchase the Property subject thereto or (2) declare the Development Agreement null and void and the Good Faith Deposit shall be returned to the Buyer.

8. CONSTRUCTION START DATE

Construction will commence within 1 month of Closing Date (the "Start Date")

9. CONSTRUCTION COMPLETION DATE

Construction will be complete by October 31, 2016.

10. PROPOSED PROJECT

PCYC is purchasing these vacant lots in order to expand the Capri Theater located at 2027 West Broadway.

PCYC would construct a two-story addition that will include a multi-purpose performance/rehearsal space, dressing rooms, back stage space, and a second floor for youth arts and other PCYC programming. The development will include an outdoor plaza on the west side of the expansion.

11. "AS IS" SALE AND INDEMNIFICATION

Subject to Buyer's ability to conduct environmental due diligence prior to the Closing Date, the City shall deliver a Quitclaim Deed to Developer on the Closing Date conveying insurable fee simple title to the Property. The sale shall be "as is" and Developer shall release the City from and indemnify the City against any environmental contamination on the Property. Developer agrees to defend, indemnify and hold the City harmless from any and all claims or lawsuits that may arise from Developer's ownership, acts or omissions after Closing.

12. CONDITIONS TO SITE PLAN

The Developer agrees to make good faith efforts to incorporate green and sustainable design elements throughout the development.

13. PUBLIC ASSISTANCE REQUEST

NONE

14. TAX INCREMENT FINANCING ASSISTANCE

NONE

15. REDEVELOPMENT AGREEMENT

The Redevelopment Agreement shall include, but not be limited to, the following general terms with which the offeror shall be responsible for compliance:

1. Employment Requirements.

Developer shall cause its general contractor with a contract over \$100,000 and subcontractors with contracts over \$50,000.00 to participate in a registered apprenticeship program.

2. Payment and Performance Bond Requirements.

The Developer shall furnish or cause to be furnished, to the City on or before the Closing Date a Payment Bond and a Performance Bond covering the faithful performance of this Agreement with respect to construction of the Minimum Improvements and the payment of all obligations arising thereunder. The Payment Bond and Performance Bond shall name the City as obligee or co-obligee, shall be in the amount of the contracts for the construction of

the Development Improvements, shall be in such form and with such surety or sureties as the City may approve.

3. Living Wage Requirements – None

4. Standard Contract Obligations:

General liability, hazard, builder's risk and worker's compensation insurance requirements; Indemnity and hold the City harmless provisions; standard warranties and representations; and City reversionary rights and certificate of completion requirements.

5. Project pro forma for 25 years