



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

Date: August 19, 2014

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

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

Recommendation:

Extend Exclusive Development Rights for 12 months on two (2) City-owned parcels located at 2413 and 2423 Penn Avenue North.

Previous Directives:

On February 24, 2012 the Minneapolis City Council approved exclusive development rights for Lupe Development Partners on two City-owned parcels located at 2413 and 2423 Penn Avenue North.

Department Information

Prepared by: Tiffany Glasper, Sr. Project Coordinator, 673-5221

Approved by: Cathy Polasky, Director, Economic Development _____

Charles T. Lutz, Interim CPED Deputy 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 has been established 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

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 has approved the establishment of 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.

These two properties are proposed to be part of an assemblage with the properties at 2425, 2503, 2507 and 2511 Penn Avenue North and the properties 2220 West Broadway Avenue and 2419 Penn Avenue North. A small portion of 2512 Queen Avenue North is also part of the proposed redevelopment project.

2220 West Broadway and 2419 Penn Avenue North are owned by Dean Rose, owner of Broadway Liquor Outlet, which was destroyed in the May 22, 2011 tornado. 2512 Queen Avenue North is currently under contract per a purchase agreement between Lupe Development Partners and St. Anne's Church.

Mr. Rose has partnered with Lupe Development Corporation to move the liquor store (and associated license) from its current location at 2201 West Broadway Avenue to the property at 2220 West Broadway. 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. The ultimate vision is for a mixed-use development at this corner that would consist of first floor commercial and retail with approximately 100 units of housing above. The proposal currently envisions both underground parking to serve the housing residents and surface parking to serve the business patrons.

This development proposal also requires the vacation of the existing alley from its current configuration.

The original site plan located the majority of the building along West Broadway. However, due to some staff concerns with the original site plan and related parking the building footprint is shifting to occupy less space along West Broadway and more space along Penn Avenue North. Staff believes this is a better and more

aesthetically appealing project and also afforded an opportunity for more housing units.

CPED staff are excited about this 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 extending the exclusive development rights for the properties at 2413 and 2423 Penn Avenue North for a period of 12 months. Dean Rose and Lupe Development will pay holding costs of \$2,000 per lot for the 12-month period.