



Van Cleve Redevelopment Plan

March 16, 2007

Prepared by:

Development Finance Division
Finance Department, City of Minneapolis
105 5th Avenue South, Minneapolis, Minnesota 55401

Van Cleve Redevelopment Plan
March 16, 2007

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Van Cleve Redevelopment Plan

March 16, 2007

I. Introduction

Four plan documents have been prepared that are related to a proposed multi-phased rental and homeownership housing project in the Como neighborhood in southeast Minneapolis, located within the boundary of the Van Cleve Redevelopment Project Area. The plan documents are this Van Cleve Redevelopment Plan and three Van Cleve Tax Increment Finance Plans (the "TIF Plans") (collectively, the "Plans").

Project for Pride in Living, Inc. (PPL) has proposed redevelopment of the Bunge Grain Elevator site, a 3-acre location in southeast Minneapolis. The project is a three-phase income-integrated development that may eventually include 236 housing units, consisting of rental and condo apartments and townhouses (85 rental and 151 ownership). Van Cleve Apartments East consists of a new 35-unit rental apartment building that is being planned by Van Cleve Apartments East LLC, a partnership of PPL and Cabrini House. Van Cleve Apartments West includes a second rental building with 50 affordable units. Of these 50 units, 12 units will be affordable at 30% area median income (AMI) with supportive services for chronically homeless single adults. The last phase will consist of 151 ownership town homes and condo apartments, including some units in historic grain elevator structures that may be converted to housing. The project requires multiple funding sources including tax increment financing.

Separate documents, the Van Cleve Apartments East Tax Increment Finance (TIF) Plan, the Van Cleve Apartments West TIF Plan, and the Van Cleve Redevelopment TIF Plan, establish two housing tax increment financing districts and one redevelopment tax increment financing district with boundaries within the boundaries of the Van Cleve Redevelopment Project Area (see Exhibit # 3).

II. Description of Project

A. Boundary of Redevelopment Project

Under the authority of Minnesota Statutes §469.001 to §469.047, approval of this Redevelopment Plan establishes a new Redevelopment Project as defined in Minnesota Statutes §469.002, Subdivision 14.

The Van Cleve Redevelopment Project Area consists of five (5) tax parcels (identified below) and an adjacent alley on the northern boundary located in the Como neighborhood of Ward 2 in southeast Minneapolis. The site is a vacant industrial site and contains empty grain storage silos, supporting office,

maintenance and storage buildings, and railcar and truck loading and unloading areas and equipment. The property is located adjacent to a railway corridor.

Property Identification Number	Address
24-029-24-13-0010	917-919 13 th Avenue SE
24-029-24-13-0011	935 13 th Avenue SE
24-029-24-13-0012	941 13 th Avenue SE
24-029-24-13-0013	932 12 th Avenue SE
24-029-24-13-0015	901 13 th Avenue SE

The Project Boundary and Land Use Maps are included in this Redevelopment Plan as Exhibits 1 and 2.

B. Objectives of the Redevelopment Plan

The Minneapolis Plan is the City of Minneapolis' comprehensive land use plan and is used to guide future land development and to outline density levels needed to sustain future population and employment growth as required by the Metropolitan Land Planning Act. Applicable citywide comprehensive plan goals include increasing the City's population and tax base by developing and supporting housing choices city-wide through preservation of existing housing and new construction.

The University of Minnesota/SEMI area is a designated Growth Center and 16th Avenue SE & Como Avenue SE is a designated Neighborhood Commercial Node in the comprehensive plan. As a Growth Center, the comprehensive plan supports increased housing types and densities in the neighborhoods in and around the University of Minnesota campus to accommodate faculty, staff and students. Increased housing density and a mix of housing types with both owner-occupied and rental units at this location will help to bring a greater range of housing options to the neighborhood and will help to support the small-scale commercial node at 16th & Como. The proposed project is also located within a block of a high-frequency bus line and will help to encourage transit ridership.

- 4.9 Minneapolis will grow by increasing its supply of housing
- 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households
- 4.15 Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

Zoning Code:

A rezoning of the site was approved at City Council on January 22, 2007 to add the (Industrial Living Overlay District) to the existing I-1 Industrial base zoning in order to allow for the residential uses proposed by this development. The remainder of the land use approvals were approved by the City Planning Commission on December 18, 2006.

The Heritage Preservation Commission (HPC) reviewed the project on November 14, 2006 and approved issuance of a Historic Resource Demolition permit.¹ A federal environmental assessment for the project was conducted related to federal assistance that will be provided to this project and it has been submitted to HUD. Phase I and II environmental site assessments to assess soil pollution and environmental noise due to the proximity of the railroad have also been conducted.

The City of Minneapolis seeks to achieve the following objectives through the Van Cleve Redevelopment Plan:

- Eliminate blighting influences which impede potential development.
- Ensure that an array of housing choices exist to meet the needs of current residents and attract new residents;
- Provide affordable housing opportunities for homeownership and rental units
- Eliminate or correct physical deterrents to the development of the land.
- Remediate site pollution and contamination in accordance with state and federal regulations
- Participate in partnerships to achieve common community development objectives.
- Achieve a high level of design and landscaping quality to enhance the physical environment.
- Support strong and diverse neighborhoods where people choose to live.

¹ A Memorandum of Agreement has been entered into by the City, the HPC, SHPO, PPL and the Southeast Como Improvement Association regarding historical review.

Specific goals include:

- Mixed income/mixed use housing that accommodates renters and homeowners.
- Increased density that offers more residents proximity to transit

C. Public Purpose

Public purposes of the Van Cleve Redevelopment Plan include accommodation of growth/density along an identified corridor, facilitation of improved access to public transportation, and the City's goal of creating affordable housing.

- redevelopment of a vacant, underused, blighted area
- provision of affordable rental and homeownership opportunities
- job creation
- property tax generation
- pollution remediation
- adaptive reuse

D. Redevelopment Activities

The objectives of the redevelopment plan will be accomplished through the following public and private redevelopment activities: acquisition, demolition, site preparation, pollution remediation, adaptive reuse to housing, new construction, parking, public improvements, environmental, infrastructure including roads, lighting, sidewalks, sewer and storm water management, project administration and other related activities.

E. Public Financing

Descriptions of public financing of development activities within the Project Area are presented in Section IV of the Van Cleve TIF Plans, dated March 16, 2007. The developer is requesting approximately \$3.8 million in tax increment assistance to fund TIF-eligible costs. The project is dependent on tax increment financing and on receipt of Low Income Housing Tax Credits, CPED AHTF loan funds, CPED Non-Profit Development Assistance funds; Metropolitan Council for Livable Communities (LCDA) funds, MHFA funds, Hennepin County AHIF, Hennepin County TOD, FHLB, Metropolitan Council TBRA grant and Hennepin County ERF grant for contamination investigation and cleanup.

F. Citizen Participation

PPL and Cabrini have worked closely with the Southeast Como Improvement Association (SECIA) over the past few years in developing this project. PPL has been working closely with local officials and neighborhood groups to develop a

plan consistent with neighborhood and city goals. SECIA supports the vision PPL and Cabrini Partnership have laid out to redevelop this site. Demolition of the outbuildings is imperative for neighborhood safety as there have been several complaints about suspicious activity in and around these vacant structures. This Redevelopment Plan and the TIF Plans will be reviewed by the SECIA.

III. Land Use Plan

A. Conformance with Approved City Plans

The proposed development is within the Como neighborhood on a blighted industrial site that contains a grain elevator, grain storage towers, and an office building. Most of the site was owned by the Bunge Corporation, who vacated it two years ago.

A rezoning of the site was approved at City Council on January 22, 2007 to add the (Industrial Living Overlay District) to the existing I-1 Industrial base zoning in order to allow for the residential uses proposed by this development. The remainder of the land use approvals were approved by the City Planning Commission on December 18, 2006.

The Heritage Preservation Commission (HPC) reviewed the project on November 14, 2006 and approved issuance of a Historic Resource Demolition permit.² A federal environmental assessment for the project was conducted related to federal assistance that will be provided to this project and it has been submitted to HUD. Phase I and II environmental site assessments to assess soil pollution and environmental noise due to the proximity of the railroad have also been conducted.

A site plan and elevations of the project are attached as Exhibit #6. The City Planning Commission approved the rezoning petition to add the Industrial Living overlay district on the properties to allow a residential planned unit development with a mix of new construction and conversion of an existing building. The City Planning Commission also approved applications for appropriate conditional use permits and variances. Site plan reviews, alley vacations, and preliminary plat applications were also approved.

B. Land Use Restrictions

A redevelopment contract between the City and the developer of property within the Project Area will contain specific requirements regarding the terms and conditions under which City assistance is provided, including land use restrictions.

² A Memorandum of Agreement has been entered into by the City, the HPC, SHPO, PPL and the Southeast Como Improvement Association regarding historical review.

IV. Project Proposals

A. Van Cleve Development Proposal

Project for Pride in Living, Inc. (PPL) has proposed redevelopment of the Bunge Grain Elevator site, located near 13th Avenue and Como Avenue Southeast. The project is a three-phase income-integrated development that may eventually include 236 housing units, consisting of rental and condo apartments and townhouses (85 rental and 151 ownership). PPL is planning the adaptive reuse of the landmark “headhouse” (a rectilinear vertical structure used for grain distribution) for housing and will also be constructing four new residential buildings as part of this development. The project will have 85 rental units affordable at or below 50% of Metropolitan Median Income (MMI) and 5 Habitat for Humanity townhomes, which exceeds the 20% requirement under the City Affordable Housing Policy.

The first phase of this project is Van Cleve Apartments East, which will consist of 35 rental units (identified at “Building B” on the site plan Exhibit # 6) and will be undertaken by the Van Cleve Apartments East LLC, a partnership of PPL and Cabrini House³.

Eight of the 35 units in Van Cleve Apartments East will serve as permanent supportive housing for the long-term homeless and will be affordable at 30% of MMI. Cabrini House has applied for rental assistance for these eight (8) units through HUD’s “Shelter Plus Care” (SPC) program, and its application was approved. The remaining 27 units (18 two-bedroom and 9 three-bedroom) will be affordable at 50% of MMI.

Van Cleve Apartments West will consist of another rental building that will include 50 units (“Building A” on the site plan Exhibit #6) and will be similar to the first building in terms of bedroom breakdown and affordability. However, any affordable units at 30% of MMI will be dependent on securing rental assistance, which will likely be through HUD’s Shelter Plus Care program.

Van Cleve Redevelopment includes the development of 151 ownership units. Of this total, approximately 139 units will be market rate units that will be developed in the preserved “headhouse” structure (“Building F” on site plan Exhibit #6) by a partnership consisting of PPL and a group headed by Jeffrey Laux. Twelve new townhomes are planned, 7 of which will be developed by PPL (“Building D” on site plan Exhibit #6), and 5 units by Habitat for Humanity (“Building C” of site plan Exhibit #6).

³ PPL and Cabrini House have signed a Memorandum of Understanding to undertake this project and to form the Van Cleve Apartments East LLC as co-general partners. PPL will function as the developer partner, and Cabrini will be responsible for planning and serving as the provider of the supportive services.

Overall, the project site has 260 parking stalls for the 236 units (1.10 ratio). The majority of parking for the site will be underground. The Van Cleve Apartments East has one level of underground parking, accessed from the existing alley. The facility has 38 stalls, which will provide direct access to the 35 units in Building B. Van Cleve Apartments West also has one level of underground parking accessed from 12th Avenue. The facility has 44 stalls serving 50 units and the parking provides direct access to the units. The five Habitat Townhomes will be served by five single stall, tuck-under garages. The for-sale condos will be served by a single underground parking facility. This two level parking facility will be below Building D, but will provide direct access to both buildings. The underground facility will have 144 stalls, serving 146 units. In addition, a surface parking lot adjacent to Building F will contain 29 stalls to serve Building F.

The project requires multiple funding sources including tax increment financing. PPL has successfully developed similar projects and has demonstrated an ability to work with the City. PPL's mission is to assist lower-income individuals and families to work toward self-sufficiency by providing housing, jobs and training, utilizing a variety of several integrated programs. Environmental remediation of the site will be required, utilizing grant funds that have been secured from the Metropolitan Council and Hennepin County. The Van Cleve project was awarded \$1,334,523 in Livable Communities funds (LCDA) from the Metropolitan Council for infrastructure costs.

B. Property Acquisition

No property within the Project Area has been identified for acquisition by the City of Minneapolis. The PPL-Cabrini partnership purchased the property for the Van Cleve project from the Bunge Corporation in May 2006 in anticipation of redevelopment.

C. Relocation

The development site is currently unoccupied, and therefore there will be no relocation of households or businesses.

D. Redeveloper's Obligations

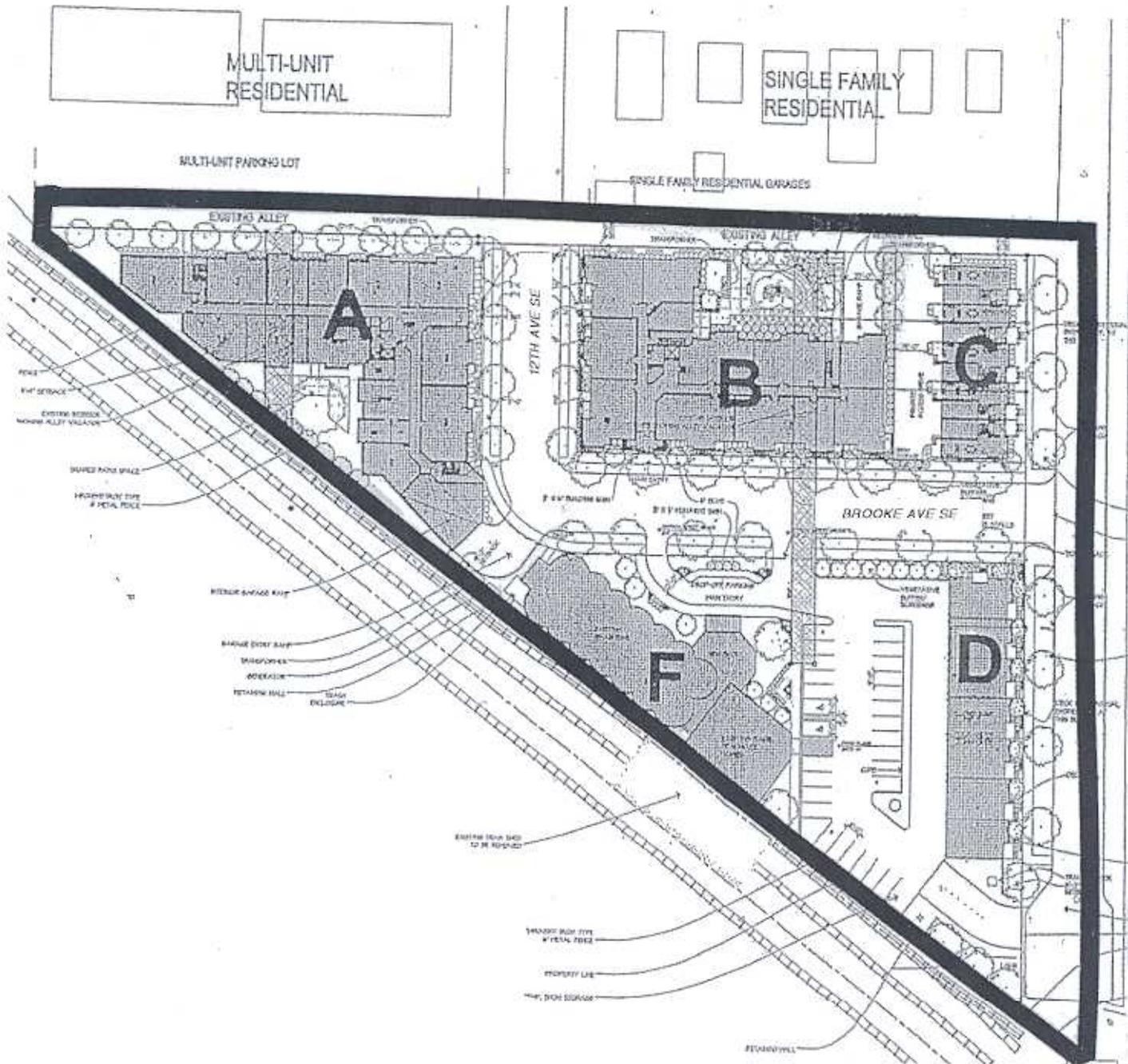
The requirements to be imposed upon the redeveloper, and its successors or assigns, will be established in the redevelopment contract. It is anticipated that the City will enter into a redevelopment contract with PPL or its development subsidiary.

V. Procedure for Changes in Approved Redevelopment Plan

This Redevelopment Plan may be modified as provided in Minnesota Statutes, §469.029, Subdivision 6, as follows:

"A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located."

VAN CLEVE REDEVELOPMENT PROJECT

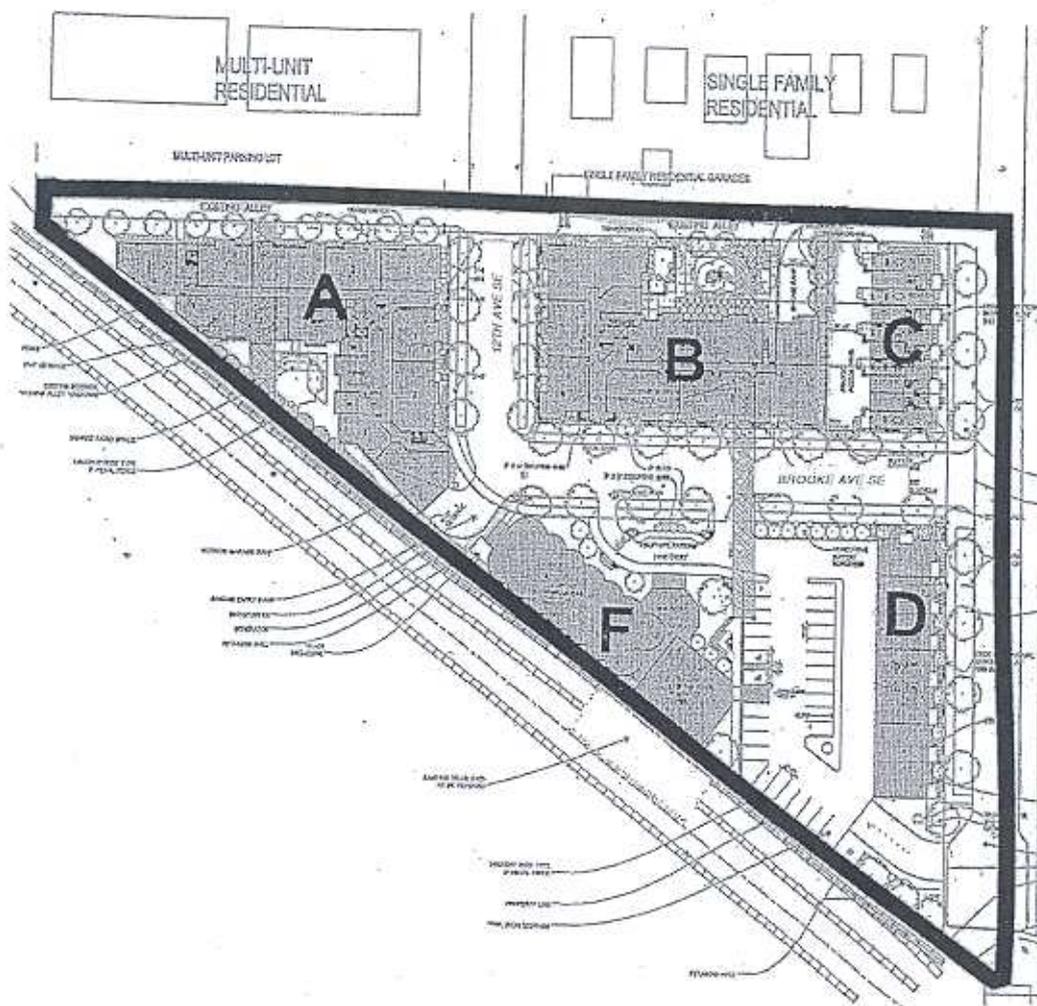


Van Cleve Redevelopment Project Boundary Map

March 16, 2007

Boundary

Prepared by Development Finance Division
105 5th Avenue S., Minneapolis, Minnesota



A rezoning of the site was approved at City Council on January 22, 2007 to add the (Industrial Living Overlay District) to the existing I-1 Industrial base zoning in order to allow for the residential uses proposed by this development. The remainder of the land use approvals were approved by the City Planning Commission on December 18, 2006.



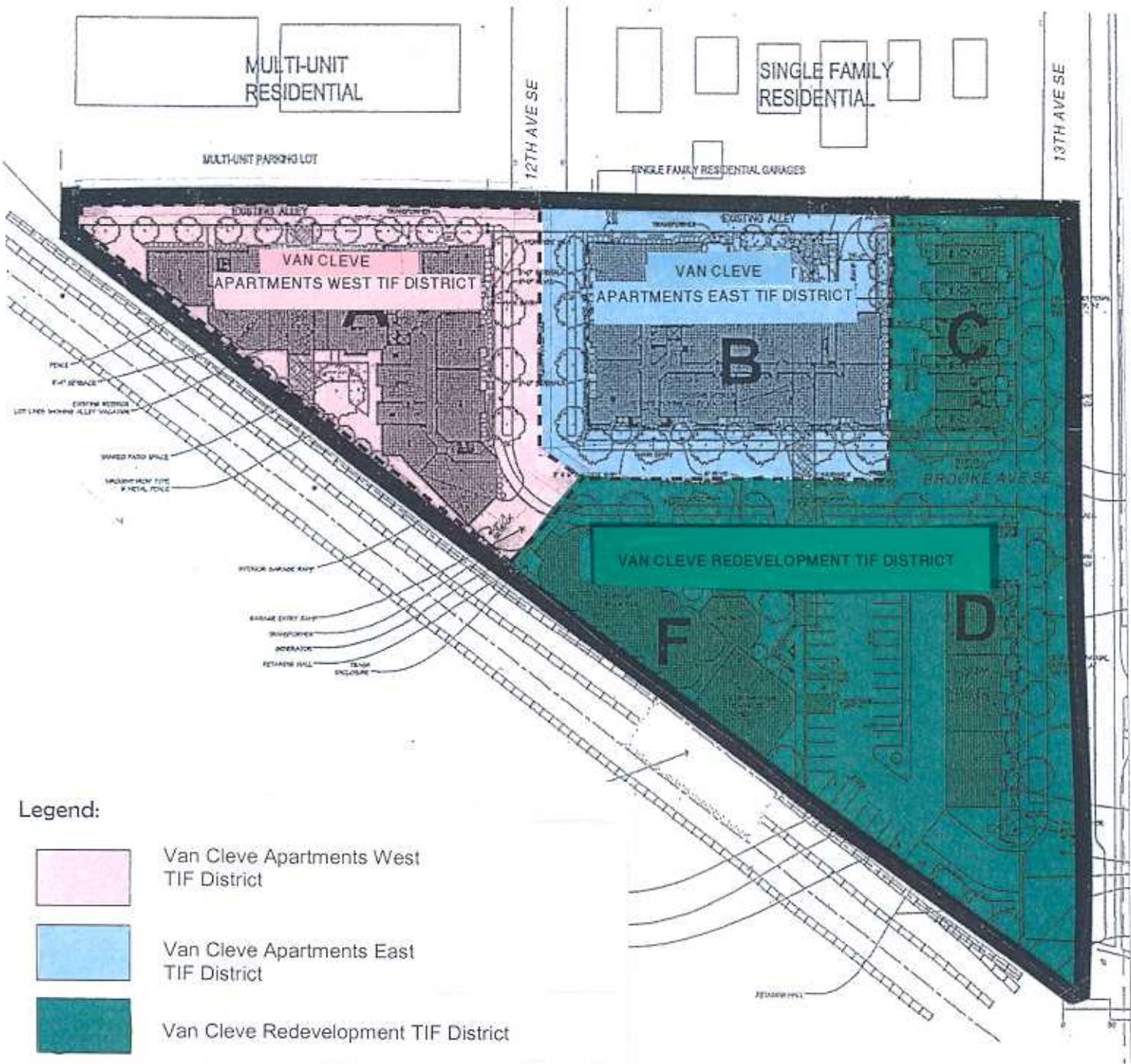
**Van Cleve Redevelopment Project
Land Use Map**

Land Use:

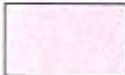
March 16, 2007

Residential

Prepared by Development Finance Division
105 5th Avenue S., Minneapolis, Minnesota



Legend:

-  Van Cleve Apartments West TIF District
-  Van Cleve Apartments East TIF District
-  Van Cleve Redevelopment TIF District



**Van Cleve Redevelopment Project
Tax Increment Finance Districts
Boundary Map**
March 16, 2007

Boundary

Prepared by Development Finance Division
105 5th Avenue S., Minneapolis, Minnesota

**PROJECT AREA REPORT
AND DOCUMENTATION OF ELIGIBILITY**

Van Cleve Redevelopment Plan

The conditions that qualify the Van Cleve site for inclusion in a redevelopment project area are described herein.

The Van Cleve Redevelopment Project was found to be a blighted area, as defined in Minnesota Statutes §469.002, Subd. 11 and Subd. 14:

“any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

"Redevelopment project" means any work or undertaking:

- (1) to acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight;
- (2) to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan . . .

Description of the Site

The site of the proposed development is located on the west side of 13th Avenue SE in east central Minneapolis. The property is bordered by a semi-active railroad corridor to the south, Van Cleve Park to the east, Interstate 35-W to the west and apartment buildings to the north. Although the site is zoned for light industrial uses, the majority of the surrounding neighborhood is residential. The industrial uses follow along the corridor but are not significant. The south side of the railway corridor is zoned R5 for multiple family development. To the immediate north, land is zoned R4. The University of Minnesota East Bank is located to the south. The Bunge Elevator Company property has been operated as a grain elevator since 1935. The buildings no longer contribute any value to the property and are obsolete. The property has been purchased by Project for Pride in Living, Inc. (PPL) in anticipation of redevelopment. PPL intends to

demolish the existing improvements and construct for sale and for rent residential housing.

The Bunge Midway grain elevator complex¹ is comprised of a headhouse and track shed (1936), a block of storage bins extending west from the headhouse (1935), and a block of bins extending north from the headhouse (1936). Other buildings associated with the complex include a one-story, concrete block office building (1936), a two-story concrete block office building (ca. 1965), a metal Quonset storage building (1947) and a metal warehouse (1973).

The project contains five parcels, two contain commercial structures, two are vacant lots and one parcel contains a small vacant residential structure. The parcels exhibit signs of blighting influences such as inability to meet existing MN State Energy Code regulations, IBC or accessibility codes.

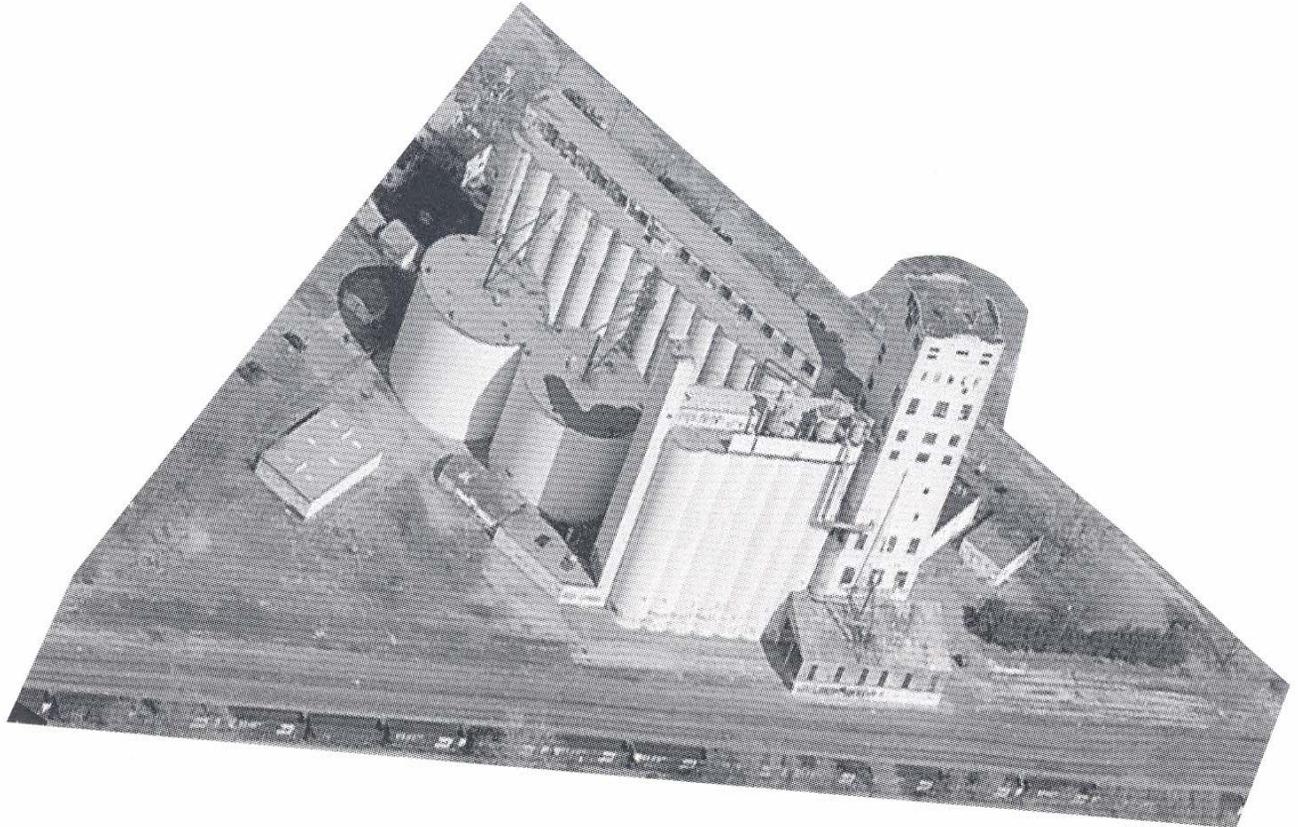
Properties have original prime windows and doors, some are boarded, and need general overall updating and renovation, and minimal settlement cracks are visible. Some areas are exposed/open to the elements. Properties are currently vacant and constitute an attractive nuisance to graffiti artists and vandals. The residential structure has no front storm door and no hand rail on front steps. The property has horizontal cracks along foundation and the roof shows signs of age. The building is without electric or gas utility and evidence of weatherization to protect the plumbing system was not apparent. Walls, floors and ceilings throughout the dwelling are in need of treatment. The basement contains a finished room which has the potential use of an illegal sleeping room, and the room lacks minimum life safety standards and must not be occupied as a sleeping area.

The vacant lots are poorly maintained; one is currently used as illegal storage for a motor vehicle and light utility trailer. There is a depression in the mid-point of the lot that is conducive to improper drainage and water ponding.

In summary, the overall condition of the parcels and structures are in fair to poor condition. Public records indicate minimal permits in the last five years, and minimal police and fire reports. All grain elevators on these parcels are abandoned, as are several of the smaller buildings. The vacant industrial site has been vacant for over two years and is a blighting influence on the neighborhood. All of the sites are poorly maintained with scattered debris, volunteer growth and lack of general maintenance. The structures are substandard and contain broken window glass, lack utilities, have inadequate ground cover and debris. The existing buildings are obsolete for their present or continued use and are functionally obsolete, lacking certain life safety factors, mechanical and electrical systems essential for continued occupancy. In addition these buildings lack energy conservation standards essential for continued occupancy in order to be in compliance with the International Building Code. Staff was allowed entry to the buildings by a representative of the current owner and made on site observations. It is the determination by staff that all subject properties are substandard

¹ Phase II Architectural History Investigation, The 106 Group Ltd., March 2006

and meet the criteria for blighted condition due to the substantial cost to remedy the existing code violations noted at each property. All properties were found to be detrimental to the “safety, health, morals or welfare of the community” by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation. More than 70% of the area of the district is occupied by buildings, streets, utilities, paved or gravel parking lots and other similar structures and more than 50% of the structures (100%) are structurally substandard to a degree requiring substantial renovation or clearance.



Environmental Studies

The Phase I Assessment in 2004 did not identify any recognized environmental conditions associated with the property. However, it was agreed that a Phase II investigation would be conducted to permit rezoning to residential use.

Barr Engineering Company completed a Phase I Environmental Assessment of the property in August 2004. No recognized environmental conditions were identified in the Phase I assessment; however, the parties involved in the sale of the property agreed that a Phase II investigation would be conducted to permit rezoning of the property for future residential use. A Phase II Investigation Report was completed and describes the results of the Phase II Investigation completed from November 2005 through February 2006 at the Bunge North America Midway Elevator property. Barr Engineering Company was retained by Bunge North America to investigate for the presence of hazardous substances and petroleum products in soil and groundwater at

the property. The property was entered into the Minnesota Pollution Control Agency (MPCA) Voluntary Investigation and Cleanup (VIC) Program in November 2005. Samples and analysis of soil and groundwater were completed at various locations on the property in the Phase II investigation.

References:

Barr Engineering Company, 2004. Phase I Environmental Property Assessment: 901, 917, and 941 13th Avenue SE, and 932 12th Avenue SE, prepared August 2004 for Bunge North America.

Eneco Tech Midwest, Inc. (Eneco Tech), 1998. Excavation Report Worksheet for Petroleum Release Sites. Prepared by Eneco Tech for Bunge North America, October 1998.

Phase II Release Investigation Work Plan, Bunge Midway Elevator Property, October 2005

Phase II Investigation Report, Bunge Midway Elevator Property, March 2006

Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Room 575, 105 5th Avenue South, Minneapolis, Minnesota.

Method Proposed for Financing and Preliminary Budget

Description of Project

Project for Pride in Living, Inc. (PPL) has proposed redevelopment of the Bunge Grain Elevator site, a 3-acre location in southeast Minneapolis. The project is a three-phase income-integrated development that may eventually include 236 housing units, consisting of rental and condo apartments and townhouses (85 rental and 151 ownership). Phase I consists of a new 35-unit rental apartment building that is being planned by Van Cleve Apartments East LLC, a partnership of PPL and Cabrini House. Phase II includes a second rental building with 50 affordable units. Of these 50 units, 12 units will be affordable at 30% area median income (AMI) with supportive services for chronically homeless single adults. Phase III will consist of 151 ownership town homes and condo apartments, including some units in historic grain elevator structures that will be converted to housing. The project requires multiple funding sources including tax increment financing.

Financing Overview

Descriptions of public financing of development activity within the Project Area is presented in Section IV of the three proposed TIF Plans, dated March 16, 2007. The developer is requesting approximately \$3.8 million in tax increment assistance to fund TIF-eligible costs. The project is dependent on tax increment financing and on receipt of Low Income Housing Tax Credits, CPED AHTF loan funds, CPED Non-Profit Development Assistance funds; Metropolitan Council for Livable Communities (LCDA) funds, MHFA funds, Hennepin County AHIF, Hennepin County TOD, FHLB, Metropolitan Council TBRA grant and Hennepin County ERF grant for contamination investigation and cleanup.

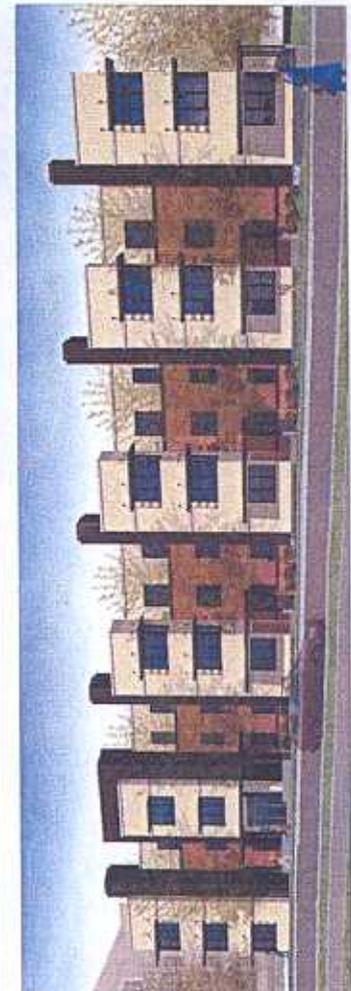
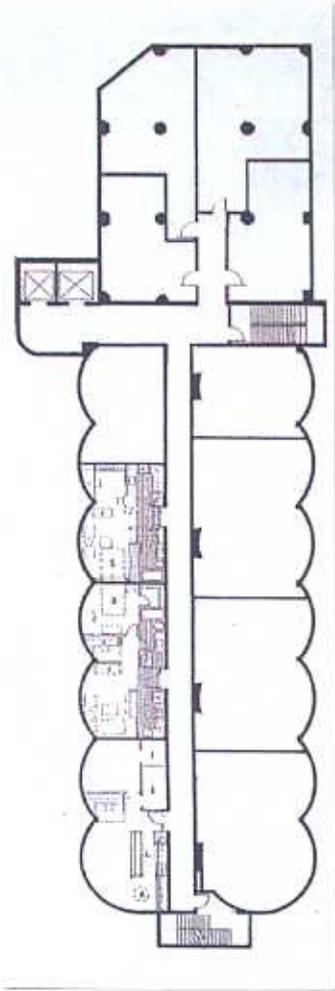
It is projected that public redevelopment costs will be financed through the City's issuance to the developer of pay-as-you-go tax increment financing notes.

It is anticipated that tax exempt tax-increment revenue bonds may be issued by the City to finance public redevelopment costs incurred by PPL with respect to the ownership units and up to 15% of the proceeds would be pooled to pay for excess public redevelopment costs incurred by PPL with respect to the affordable rental housing units.



LEGEND

- For Sale Condos - Reuse of Existing Building
- Rental Apartments
- For Sale Townhomes - Habitat for Humanity
- For Sale Townhomes



Van Cleave Redevelopment

Minneapolis, MN 10.06.2006

Site Plan 1

Brantingham
Architects, Ltd.



PPL
Building futures for over 30 years







View Down Brook Avenue

Van Cleve Apartments

Minneapolis, MN 10.12.2006



PPL
Building futures for over 30 years





View Along Brook Avenue

2

Van Cleve Apartments

Minneapolis, MN 10.12.2006



PPL
Building futures for over 30 years





Van Cleve Apartments
Minneapolis, MN 10.12.2006

View Down 12th Avenue SE
3

