

Request for City Council Action

Date: December 2, 2003

To: Council Member Lisa Goodman, Community Development Committee

Refer to: MCDA Board of Commissioners

Prepared by Cherre' Palenius, Project Coordinator, Phone 612-673-5241
Kevin Dockry, Project Coordinator, Phone 612-673-5075

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: (1) Adoption of Resolution consenting to the Sale of the Ramar properties for the Franklin Lofts housing project, and (2) Adoption of Resolution consenting to Hennepin County's provision of Transit Oriented Development (TOD) Program Funding for a housing project within the West Lowry Avenue Redevelopment Project area.

Previous Directives:

Ramar Project: On October 28, 2003 the City Council authorized staff to submit applications to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account Grant Program and Hennepin County Environmental Response Fund for Franklin Lofts. On October 28, 2003 the MCDA Board of Commissioners approved resolutions authorizing the Executive Director to execute agreements to implement the Metropolitan Council Livable Communities Tax Base Revitalization Account Grant Program and Hennepin County Environmental Response Fund.

West Lowry Housing: On August 11, 2000 the Minneapolis City Council passed Resolution 2000-R-350 supporting the Hennepin Community Works planning and redevelopment efforts for Lowry Avenue. On June 25, 2001 the City Council authorized staff to enter into a Memorandum of Understanding with Hennepin County related to the Lowry Avenue Corridor Project. On October 28, 2002 the City Council approved amending the 2002 MCDA Appropriation Resolution to increase the appropriation in Fund CPP (PPF) by \$54,642 and establish Project CPP58 (Lowry Avenue Corridor). On May 6, 2003 the City Council set the public hearing for the proposed West Lowry Avenue Redevelopment Plan. On May 20, 2003, the City Council approved the resolution creating the West Lowry Avenue Redevelopment Project.

Ward: 6 and 3

Neighborhood Group Notification:

Ramar Project: Whittier Alliance and Stevens Square Community Organizations collectively established the Ramar Task Force. The Task Force held regular public meetings, established neighborhood priorities for the redevelopment of the building, and participated in evaluating the development proposals received. The Whittier Alliance Board of Directors met on July 24, 2003 and the Stevens Square-Loring Heights Housing and Development Committee met on August 4, 2003.

West Lowry Housing: Hawthorne Area Community Council has identified the block bounded by Lowry and 31st Avenues on the north and south, and 4th and 6th Streets on the east and west as their first redevelopment priority area along the Lowry Avenue Corridor.

Consistency with *Building a City That Works*: Projects comply with Goal 2, Objective A: Preserve and expand the number of affordable housing units throughout the city; and Goal 3: Support strong and diverse neighborhoods where people choose to live; and Goal 5: Participate in partnerships to achieve common community development objectives.

Comprehensive Plan Compliance: Projects will comply.

Zoning Code Compliance: Projects will comply.

Impact on MCDA Budget: (Check those that apply)

- No financial impact
- Action requires an appropriation increase to the MCDA Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable

Job Linkage: Not applicable

Affirmative Action Compliance: Projects will comply.

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council

(1) Adopt the attached resolution consenting to the sale of the Ramar properties at 111 East Franklin Avenue and 2007 Stevens Avenue South, by Hennepin County to Franklin Lofts, LLC for the development of the Franklin Lofts housing project; and

(2) Adopt the attached resolution consenting to the Hennepin County Housing and Redevelopment Authority's provision of Transit Oriented Development funding to the Hennepin County Department of Housing, Community Works

and Transit for a housing project within the West Lowry Redevelopment Project area.

MCDA Board Recommendation:

- (1) Adopt the attached resolution consenting to the sale of the Ramar properties at 111 East Franklin Avenue and 2007 Stevens Avenue South, by Hennepin County to Franklin Lofts, LLC for the development of the Franklin Lofts housing project; and**
- (2) Adopt the attached resolution consenting to the Hennepin County Housing and Redevelopment Authority's provision of Transit Oriented Development funding to the Hennepin County Department of Housing, Community Works and Transit for a housing project within the West Lowry Redevelopment Project area.**

Background/Supporting Information – Ramar Project:

In the fall of 2002, Hennepin County began deliberations relative to the sale and reuse of the vacated Ramar Building with Whittier Alliance and the Stevens Square neighborhood organizations. These neighborhood groups collaboratively established the Ramar Task Force, consisting of neighborhood members, working with Hennepin County to establish neighborhood objectives for the reuse of the Ramar Building.

In April 2003, Hennepin County Community Works and Transit department released a request for proposals (RFP) seeking proposals for the purchase and redevelopment of the County-owned Ramar property located at 111 East Franklin Avenue along with the surface parking lot at 2007 Stevens Avenue South for conversion to ownership housing. The deadline for submitting proposals was June 2, 2003. Proposals were received from the following organizations:

- African-American Family Services
- Lupe Development Partners, LLC
- Master Engineering/Legacy Management
- Americus Development/Miller-Hanson Architects

On July 15, 2003, each of the four developers made a presentation to the review committee comprised of the Ramar Task Force, Hennepin County staff, Council Member Zimmerman, City of Minneapolis Planning staff and CPED staff. On August 19, 2003, the Board of Commissioners of the Hennepin County Housing and Redevelopment Authority (County HRA) authorized staff to negotiate a purchase agreement with the development team comprised of Lupe Development Partners, LLC, Metro Affordable Housing, and Elness Swenson Graham Architects, Inc. for the sale and redevelopment of the Ramar properties. This proposal was selected as it retains the Ramar building facade and an immediate reuse of 2007 Stevens Avenue South for owner-occupied housing was identified.

On October 28, 2003 the County HRA approved the business terms for the sale and redevelopment of the Ramar properties to Franklin Lofts, LLC, the development entity established by Lupe Development Partners, LLC. On November 4, 2003 the County HRA authorized the submission of grant applications to the Metropolitan Council Tax Base Revitalization Account (TBRA) in the amount of \$115,000 and to Hennepin County Environmental Response Fund (ERF) in the amount of \$115,000 on behalf of Franklin Lofts, LLC to address asbestos contamination and cleanup within the Ramar Building.

Hennepin County Community Works and Transit and Hennepin County Housing and Redevelopment Authority are requesting the City of Minneapolis support the sale and reuse of the Ramar properties and is requesting the Minneapolis Community Development Agency (MCDA) authorize through resolution, Hennepin County Housing and Redevelopment Authority to redevelop the Ramar properties in accordance with Minnesota Statutes 383B.77, Subd. 2.

Background/Supporting Information – West Lowry Housing

On July 12, 2002, the Minneapolis City Council approved the Hennepin County sponsored *Lowry Avenue Corridor Plan*¹. This plan demonstrates how one citywide transportation corridor can induce social, environmental, and economic changes that will improve the livability of the ten adjoining neighborhoods by concentrating commercial spaces around transit nodes, enhancing access to jobs, offering mixed-income housing, and providing multi-modal transportation options.

Since 2001, Hennepin County, MCDA and the Hawthorne Area Community Council have been working to develop a multi-family housing project encompassing the block bounded by Lowry and 31st Avenues on the north and south, and 4th and 6th Streets on the east and west. Hennepin County expressed a desire to incorporate a redevelopment project on this block into its comprehensive plan to make major infrastructure improvements to the Lowry Avenue transportation corridor. Preliminary plans call for the construction of a new 72-unit affordable housing project, including a mix of 52 ownership and 20 rental housing units. Approximately 27 existing housing units would be acquired and demolished as part of the plans. Future plans may include the rehabilitation of three apartment buildings containing 32 units on the block just west of the new affordable housing.

The project area is located in an economically disadvantaged neighborhood plagued by crime, prostitution, and drug dealing. Absentee landlords have neglected many of the existing substandard buildings; others are vacant and/or boarded. Redeveloping this block with quality, mixed-income housing will assist in creating a stable community.

Redevelopment of this area is identified in both the Hennepin County sponsored *Lowry Avenue Corridor Plan* and in the Hawthorne neighborhood sponsored *Master Plan for the Crossings at Lowry West*. The *Lowry Avenue Corridor Plan* was developed through

¹ *Lowry Avenue Corridor Plan*, prepared for Hennepin County, Minnesota by Dahlgren, Shardlow, and Uban, Inc., Meyer Mohaddes Associates, Inc., Maxfield Research, Inc., Hess Roise and Company, and Northern Environmental Technologies, Inc. dated May 2002.

a series of three public meetings held in February, June and November of 2001, and through input from the Technical and Community Advisory Committees. The *Master Plan for the Crossings at Lowry West* was created from input gathered from residents during a three-day design charette.

Hennepin County anticipates finalizing their preliminary Lowry roadway design in early 2004. An environmental assessment is being completed as part of the preliminary roadway design process. Currently, the Hennepin County Housing and Redevelopment Authority proposes to provide \$400,000 for a housing project in the redevelopment area from the 2003 Capital Improvement Bond Allocation for Transit Oriented Development Projects in Hennepin County.

The Hennepin County HRA's authorizing legislation requires both the City and the MCDA consent to the County's participation in this project.

Consenting to the sale of the Ramar Properties located at 111 East Franklin Avenue and 2007 Stevens Avenue South, Minneapolis, by Hennepin County Housing and Redevelopment Authority to Franklin Lofts, LLC, for the Franklin Lofts housing project.

Whereas, the Hennepin County Housing and Redevelopment Authority proposes to sell the Ramar Properties for \$2,000,000 to Franklin Lofts, LLC, a Minnesota limited liability company (the "Developer"), for the acquisition and rehabilitation of a housing project to be located at 111 East Franklin Avenue in Minneapolis, Minnesota (the "Project"); and

Whereas, Minnesota Statutes, Section 383B.77, Subd 3, requires that this City Council must approve a project undertaken by the Hennepin County Housing and Redevelopment Authority before such a project may be undertaken within this City; and

Whereas, the Project is subject to the approval of this City Council; and

Whereas, it is deemed in the best interest of this community to approve the Hennepin County Housing and Redevelopment Authority's implementation of the Project as an approved project;

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

That pursuant to Minnesota Statutes, Section 383B.77, subd. 3, the City Council approves the Project and approves of the Project assistance to be provided by the Hennepin County Housing and Redevelopment Authority to facilitate the acquisition and rehabilitation of a housing project by Borrower, subject to the following requirements:

(a) That this City retains its jurisdiction over all issues of local concern relating to zoning, land usage, building code requirements and compliance with all applicable city codes and ordinances.

(b) That payment or repayment of any financial obligations owed the Hennepin County Housing and Redevelopment Authority by the Developer will be made solely from the Developer or revenues derived from the project.

(c) That the full faith and credit of this City will not be pledged in any fashion as a source of payment or repayment of said financial obligation owed the Hennepin County Housing and Redevelopment Authority by the Developer.

Consenting to the Hennepin County Housing and Redevelopment Authority providing financial assistance to the Hennepin County Department of Housing, Community Works and Transit for a housing project within the West Lowry Avenue Redevelopment Project area.

Whereas, the Hennepin County Housing and Redevelopment Authority (the “County HRA”) proposes to provide financial assistance from Hennepin County’s 2003 Capital Improvement Bond Allocation for Transit Oriented Development Projects in Hennepin County in an amount up to \$400,000, to the Hennepin County Department of Housing, Community Works and Transit (the “Borrower”), for the acquisition and new construction of a housing project to be located on the block between 4th and 6th Streets North and Lowry and 31st Avenues, Minneapolis, Minnesota (the “Project”); and

Whereas, Minnesota Statutes, Section 383B.77, Subd 3, requires that this City Council consent to redevelopment activities undertaken by the County HRA before such activities may be undertaken within the City; and

Whereas, the proposed financial assistance for the Project is subject to the consent of this City Council; and

Whereas, it is deemed in the best interest of this community to consent to the County HRA’s financial assistance for the Project.

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

That pursuant to Minnesota Statutes, Section 383B.77, Subd. 3, the City Council consents to the Project financial assistance to be provided by the County HRA to facilitate the acquisition and new construction of the housing Project by the Borrower, subject to the following requirements:

- (a) That this City retains its jurisdiction over all issues of local concern relating to zoning, land usage, building code requirements and compliance with all applicable city codes and ordinances.
- (b) That repayment of any financing obligations owed the County HRA by the Borrower will be the sole responsibility of the Borrower.
- (c) That the full faith and credit of this City will not be pledged in any fashion as a source of repayment of said financing obligation owed the County HRA by the Borrower.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Consenting to the sale of the Ramar Properties located at 111 East Franklin Avenue and 2007 Stevens Avenue South, Minneapolis, by Hennepin County Housing and Redevelopment Authority to Franklin Lofts, LLC, for the Franklin Lofts housing project.

Whereas, the Hennepin County Housing and Redevelopment Authority (the "County HRA") proposes to sell the Ramar Properties for \$2,000,000 to Franklin Lofts, LLC, a Minnesota limited liability company (the "Developer"), for the acquisition and rehabilitation of a housing project to be located at 111 East Franklin Avenue in Minneapolis, Minnesota (the "Project"); and

Whereas, Minnesota Statutes, Section 383B.77, Subd 2, the County HRA cannot exercise its powers within the boundaries of the City of Minneapolis (the "City") unless the Minneapolis Community Development Agency (the "Agency") requests the County HRA to exercise a specific power or perform a function of the Agency; and

Whereas, the Agency consents to the request of the County HRA to exercise its powers, under Minnesota Statutes, Section 469.001 to 469.047, and other applicable laws through the implementation of the Project; and

Whereas, nothing in this resolution shall create a pecuniary liability of the City and neither the full faith and credit of the City nor the full faith and credit of the Agency will be pledged or in any way be responsible for any obligation or agreement created by the County HRA with respect to the Project;

Whereas, it is deemed in the best interest of this community to approve the County HRA's implementation of the Project as an approved project;

Now, Therefore Be It Resolved by The Board of Commissioners of The Minneapolis Community Development Agency:

That as required by Minnesota Statutes, Section 383B.77, Subd.2, the Agency hereby consents to the County HRA exercising its powers in the City and approves of the Project assistance to be provided by the County HRA to facilitate the acquisition and rehabilitation of a housing project by Borrower, subject to the following requirements:

(a) That payment or repayment of any financial obligations owed the County HRA by the Developer will be made solely from the Developer or revenues derived from the project.

(b) That nothing in this resolution shall create a pecuniary liability of the Agency and neither the full faith and credit of the Agency shall be pledged or in any

way be responsible for any financing obligation or agreement of the County HRA with respect to the Project.

- (c) That nothing in this resolution is intended to endorse the merits of any other project to be undertaken by the Borrower in the City, and neither the City nor the Agency make any representation as to whether the Borrower has the ability to repay any financing obligations incurred under the Project.

RECORD OF COMMISSIONER VOTE

Commissioner	Aye	Nay	NV	Abs	Ovr	Sust	Commissioner	Aye	Nay	NV	Abs	Ovr	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting		Abs - Absent			Ovr - Vote to Override			Sust - Vote to Sustain					

ADOPTED _____: _____
Chairperson

APPROVED
NOT APPROVED _____: _____
VETOED **Mayor**

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Consent to the Hennepin County Housing and Redevelopment Authority to provide financial assistance to the Hennepin County Department of Housing, Community Works and Transit, under the Minnesota Housing and Redevelopment Authorities Act.

Whereas, representatives of the Hennepin County Housing and Redevelopment Authority (the "County HRA") have advised the Minneapolis Community Development Agency (the "Agency") that the County HRA proposes to provide financial assistance from Hennepin County's 2003 Capital Improvement Bond Allocation for Transit Oriented Development Projects in Hennepin County in an amount up to \$400,000, to the Hennepin County Department of Housing, Community Works and Transit (the "Borrower") for the acquisition and new construction of a housing project to be located on the block between 4th and 6th Streets North and Lowry and 31st Avenues, Minneapolis, Minnesota (the "Project"); and

Whereas, pursuant to Minnesota Statutes, Section 383.B.77, Subd 2, the County HRA cannot exercise its powers within the boundaries of the City of Minneapolis (the "City") unless the Agency consents to the County HRA exercising a specific power or performing a function of the Agency; and

Whereas, the Agency consents to the County HRA exercising its powers, under Minnesota Statutes, Section 469.001 to 469.047, and other applicable laws by providing up to \$400,000 in financial assistance to the Borrower for the Project; and

Whereas, neither the full faith and credit of the City nor the full faith and credit of the Agency will be pledged or in any way be responsible for any obligation or agreement created by the County HRA with respect to the Project.

Now, Therefore, Be It Resolved by The Board of Commissioners of The Minneapolis Community Development Agency:

That, as required by Minnesota Statutes, Section 383.B.77, Subd 2, the Agency hereby consents to the County HRA exercising its powers in the City by providing financial support to the Borrower, which has requested, or may hereafter request, financial assistance in an amount up to \$400,000 from the County HRA for the acquisition and new construction of the housing Project.

Be It Further Resolved that the County HRA shall issue no financing obligations for the Borrower until the City Council of the City shall have consented to such issuance.

Be It Further Resolved that nothing in this resolution shall create a pecuniary liability of the City or the Agency and neither the full faith and credit of the City nor the Agency shall be pledged or in any way be responsible for any financing obligation or agreement of the County HRA with respect to the Project.

Be It Further Resolved that the consent made hereunder extends only to the powers of the County HRA with respect to the financial assistance the County HRA proposes to provide to the Borrower and the Project and the City shall retain all other powers and jurisdiction over matters of local concern relating to the Borrower and the Project, including without limitation, issues of planning, zoning, land usage, building laws and codes, sanitation, affirmative action and equal employment matters, to the extent applicable, and compliance with all other applicable City Codes and Ordinances.

Be It Further Resolved that nothing in this resolution is intended to endorse the merits of any other project to be undertaken by the Borrower in the City, and neither the City nor the Agency make any representation as to whether the Borrower has the ability to repay any financing obligations incurred under the Project.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____: _____
Chairperson

APPROVED
NOT APPROVED _____: _____
VETOED **Mayor**