



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

**Date:** April 8, 2008

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

**Subject:** City/CPED Acquisition of 3749 Chicago Avenue South

**Recommendation:** (1) Reserve up to \$500,000 of Capital Acquisition Revolving Fund (CARF) for CPED to acquire 3749 Chicago Ave S in July 2008, after City Council adoption of the *38<sup>th</sup> and Chicago Redevelopment Area Plan* in June 2008

**Previous Directives:** (1) On Friday, March 21, 2008, the City Council adopted the *38th St & Chicago Ave Corridor Framework/Small Area Plan: with focus on Chicago, Bloomington and 4th Ave Business Nodes*. (2) City Council adopted the Capital Acquisition Revolving Fund Guidelines on July 21, 2006. The guidelines determining the use of CARF funds include City acquisition of property for commercial redevelopment at commercial nodes, with sale proceeds returning to the fund.

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Approved by: Charles T. Lutz, Deputy Director, CPED \_\_\_\_\_

Catherine A. Polasky, Director, Economic Policy and Development \_\_\_\_\_

Presenter in Committee: Rebecca Brown

**Financial Impact**

- Action is within the Business Plan
- Other financial impact, Use of up to \$500,000 of the \$1 million Capital Acquisition Revolving Fund dollars, to be repaid from land sale.

**Community Impact**

Neighborhood Notification: NA

City Goals: \* Enriched environment \* Connected communities \* Lifelong learning second to none

Sustainability Targets: \* Economically active neighborhood commercial nodes create attractive urban neighborhoods for redevelopment, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan: 1.1 Promotes opportunities and activities that allow neighbors and residents to get to know each other better

- 2.9 Strengthen long-term confidence in the economy by building innovative public to private sector partners
- 4.1 Encourage reinvestment along major corridors
- 4.2 Coordinate land use and transportation planning on designated Community Corridor streets through attention to the mix and intensity of land uses, the pedestrian character and residential livability of the streets
- 4.4 Provide a wide range of goods and services for city residents, to promote employment opportunities, encourage the use and adaptive reuse of existing commercial buildings, and to maintain and improve compatibility with surrounding areas

Zoning Code: Parcel zoned C2: Neighborhood Corridor Commercial District, proposed future use by the Chicago Avenue Fire Arts Center (CAFAC) requires a variance of the development standards for an artist studio, to allow for metalwork. The Minneapolis Zoning Board of Adjusted voted on March 6, 2008 to approve a variance on the specific development standards for an artist studio to allow for metalwork (Fire Arts Center) at 3749 Chicago Avenue in the C2 Neighborhood Corridor Commercial District, subject to CPED–Planning review and approval of the final site plan, floor plans, and elevation.

### **Supporting Information**

The City Council recently adopted the *38th St & Chicago Ave Corridor Framework/Small Area Plan*. The plan was a product of an extensive community engagement process, “to support the ongoing improvement and revitalization of the area of 38<sup>th</sup> Street and Chicago Avenue by proposing specific polices and strategies to guide its evolution.”

With many artists already living in the four neighborhoods that meet at 38<sup>th</sup> and Chicago, one key component of the small area plan relates to arts involvement in both the economic development and community/human development of the area. The arts section of the plan explores many ways for the arts and artists to help revitalize the area.

The Chicago Avenue Fire Arts Center (CAFAC) was founded in 2007 by area resident artists to fill a unique niche in arts education programming, by focusing on fine and industrial art forms that are produced by heat, spark, or flame; to include sculptural welding, blacksmithing, jewelry-making, glassworking, foundry, electronics, and others. The general term they use for these forms is “fire arts.” Their mission is to inspire hands, hearts, and minds through art forms produced by heat, spark, or flame.

The founders of the CAFAC are committed to bringing their artistic passions to the community in which they live. In order to fulfill their mission to provide classes in fire arts and open access to fire arts tools and equipment, the CAFAC needs a physical space to call home. They propose the property at 3749 Chicago Avenue South become their home. With a physical space, the CAFAC plans to offer the following services, classes, programs, and activities:

- fire arts classes open to the community, from youth to adult, beginner to master-level artisans;
- studio rental facilities to working and emerging artists;
- a membership program;
- gallery space for student and visiting artists' work;
- a supportive learning environment, open to all with an interest;
- an inspirational place for creativity and innovation;

- space for sharing knowledge of traditional arts and crafts in order to preserve them for future generations;
- promotion of adaptive reuse of materials and promote sustainability practices;
- partnerships with local schools providing educational opportunities for youth;
- public art projects, including a summer program for inner city youth;
- an inviting storefront presence, providing emerging artists an opportunity to display and sell their work;
- special events, including fundraisers and neighborhood celebrations; and
- educational, team-building programs for corporate clients.

What the CAFAC has planned for their organization and physical space meets two goals and two recommendations listed in the small area plan for revitalizing the area. The goals are “to support and promote artistic activity already taking place<sup>1</sup>” and “make artistic activity accessible to artists and non-artists alike” (page 60). The recommendations are to “establish a high-visibility arts center” by seeding the startup of an arts practice and instruction space near the intersection of 38<sup>th</sup> and Chicago and “encourage public art and arts-infused development” by supporting projects that directly involve young people and area residents in the creation and installation of art in the public realm of 38<sup>th</sup> and Chicago; supporting opportunities for arts-making activities, festivals, and celebrations; and including public arts-making workshops as part of improvements or investments to the public realm” (page 63).

The CAFAC founders identified the Wreck Bros. building at 3749 Chicago Avenue South as an ideal location for the CAFAC home when it was listed for sale in 2007. The founders secured a purchase agreement on the property in January 2008. When the organization was unable to secure financing to purchase the building on their own, they turned to the City of Minneapolis and Artspace Projects, Inc. for assistance in realizing both their plans and the *38th St & Chicago Ave Corridor Framework/Small Area Plan*.

The Minneapolis-based not-for-profit Artspace Projects, Inc. has agreed to partner with both the CAFAC and the City of Minneapolis. They plan to purchase the property at 3749 Chicago Avenue South and lease it to the CAFAC, subject to their due diligence review. In the event that Artspace is not prepared to purchase the property by July 2008, the City of Minneapolis has agreed to move forward, following standard CPED processes for acquiring property, and purchase the property, hold it briefly, and sell it to Artspace. At present, Artspace proposes to finance the purchase of 3749 Chicago Ave S with three sources: Bank Qualified Bank Direct tax-exempt revenue bonds, a Great Streets gap financing loan, and a City 2% commercial corridor loan.

State law requires that property acquired for commercial uses be located within a redevelopment plan area and identified for possible acquisition. At the writing of this report, the property at 3749 Chicago Ave S is not located within a redevelopment plan area. CPED staff will bring a *38<sup>th</sup> and Chicago Redevelopment Area Plan* for City Council review in the second cycle of June 2008.

Contingent upon City Council approval of the redevelopment area plan, and City due diligence, if Artspace is not ready to acquire, CPED would acquire 3749 Chicago Ave S using dollars from the Capital Acquisition Revolving Fund (CARF). The primary objective for the use of CARF is to acquire property for redevelopment of sites on commercial and transit corridors and at

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<sup>1</sup> The Speak Project, conceived by Central resident and co-founder of the Chicago Avenue Fire Arts Center, Heather Doyle, worked with youth from each of the four neighborhoods surrounding 38<sup>th</sup> St and Chicago Ave to produce a metal sculpture installation at 3644 Chicago Ave S.

commercial nodes for mixed commercial and residential use. The guidelines set forth 12 criteria for priority projects. The purchase and resale of 3749 Chicago Ave S for future use by the Chicago Avenue Fire Arts Center meets seven of the twelve criteria:

- Consistent with the goals and objectives articulated in *The Minneapolis Plan* and the newly adopted *38th St & Chicago Ave Corridor Framework/Small Area Plan*
- Neighborhood support
- Highly visible, catalytic project
- Development would result in no displacement
- Site is appropriate location for commercial development
- Demonstrated need for public intervention
- Leverages funds for acquisition

Direct city acquisition of property using CARF does not require City Council authorization. By reserving CARF dollars through this action, the City Council signals to the Chicago Avenue Fire Arts Center (CAFAC), Artspace, and the owner of the property, the City's commitment to acquiring the property, if necessary, contingent upon further due diligence and their authorization of the redevelopment area plan. At the time the City acquires the property, the City will also enter into a redevelopment agreement with Artspace, providing Artspace with six months to acquire the property and repay the CARF money spent on acquisition in full. If the Artspace acquisition were not complete within six months of the City's purchase of the property, the City would offer the property for sale through a Request for Proposals process.