



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

Date: June 19, 2007

To: Council Member Lisa Goodman, Community Development Committee

Subject: Release of Reversionary Rights

Recommendation: Request Authorization to Release Reversionary Rights on 2508 and 2520 Bloomington Avenue South

Previous Directives: In June 2003, the MCDA Board of Commissioners Approved a Land Sale of 2508 and 2520 Bloomington Avenue South to Thea, LLC

Prepared by: Dollie Crowther, Principal Coordinator 763-5263
Approved by: Elizabeth Ryan, Director of Housing Policy & Development
Presenter in Committee: Dollie Crowther

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____
Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification : The Midtown Phillips Neighborhood Association was informed of the future Open Arms Development and will announce it at its June 12th meeting.

City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the City's infrastructure will be well maintained and people will feel safe in the City.

Sustainability Targets: Access to support services.

Comprehensive Plan: Minneapolis will develop the existing economic base by emphasizing business retention and expansion. 2.9 Minneapolis will strengthen long term confidence in the economy by building innovative public to private sector partnerships.

Zoning Code: Will require compliance with required zoning codes.

Living Wage/Business Subsidy Agreement Yes_____ No___X___
Job Linkage Yes_____ No___X___
Other

Supporting Information:

In June 2003, Thea, LLC acquired 2 parcels located at 2508 and 2520 Bloomington Avenue South from the Minneapolis Community Development Agency for \$40,000. Thea, LLC proposed to build 16 two story, two bedroom homeownership townhouse units, 4 clusters of 4 each with detached garages. There were 3 lots between the two MCDA parcels that were already purchased for the development from private owners.

DDK Development financially assisted Thea, LLC with the transaction and received mortgages in favor of DDK which were recorded against all 5 of the properties. Thea, LLC failed to begin construction of the development and was in default of the Redevelopment Contract. The Contract officially expired on June 26, 2004. Thea, LLC never cured the default. DDK Development who was now in ownership of all the parcels, sold them to John Frey and Mary Letourneau in 2006. Mr. Frey and Ms. Letourneau acquired these parcels with the intention of gifting them to Open Arms of Minnesota for the construction of a new facility.

John Frey who serves as the President of the Board of Open Arms of Minnesota views this building initiative as crucial to the long term success of Open Arms. In order to expand their services, a new larger location is necessary. Open Arms is presently located at 1414 East Franklin Avenue and serves as a respected employer, resource and strong catalyst in the community. Open Arms, a non- profit organization prepares and delivers meals free of charge to people living with HIV/AIDS throughout the Twin Cities and surrounding suburbs. They have expanded their service to include breast cancer, multiple sclerosis victims and Lou Gehrig's disease (ALS). Open Arms long range goal is to be a nutrition service for anyone dealing with potentially life threatening disease in the Twin Cities area. They receive operating support from individuals, foundations, corporations, the federal Ryan White CARE Act, faith communities, schools and special events.