



Washington Court Apartments  
Housing Development Plan

May 26, 2006; Revised June 2, 2006

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# Washington Court Apartments Housing Development Plan

May 26, 2006; Revised June 2, 2006

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# Washington Court Apartments Housing Development Plan

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## I. Introduction

Two plan documents have been prepared to facilitate the development of a proposed 38-unit rental housing complex on vacant land located at 2101 Washington Street Northeast:

- 1) this **Washington Court Apartments Housing Development Plan** establishes a new housing development project area encompassing the development site, establishes objectives for redevelopment, and identifies the future land use for the project area; and
- 2) the **Washington Court Apartments Tax Increment Finance Plan** establishes a new housing tax increment financing district within the housing development project area to finance the anticipated costs of public redevelopment activities and to establish a preliminary project budget.

## II. Description of Project

### A. Boundary of Housing Development Project

Under the authority of Minnesota Statutes §469.001 to §469.047, approval of this Housing Development Plan establishes a new Housing Development Project as defined in Minnesota Statutes §469.002, Subdivision 15.

The Washington Court Apartments Housing Development Project Area consists of one tax parcel (identified below) within the block bounded on the west by Washington Street Northeast, on the north by 22<sup>nd</sup> Avenue Northeast, on the east by Jefferson Street Northeast and railroad tracks, and on the south by 20<sup>th</sup> Avenue Northeast. The Project Area is located within the Holland neighborhood, the Northeast community and Ward 1 in northeast Minneapolis.

<b><i>Property Identification Number</i></b>	<b><i>Address</i></b>
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11-029-24-43-0076	2101 Washington Street Northeast
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The Project Boundary & Land Use Map is included in this Housing Development Plan as Exhibit 1.

### B. Objectives of the Housing Development Plan

The City of Minneapolis seeks to achieve the following objectives through the Washington Court Apartments Housing Development Plan:

- 1) Alleviate a shortage of decent, safe and sanitary housing for persons of low or moderate income and their families.
- 2) Increase the number of housing units and choices within the city.
- 3) Remediate site contamination in accordance with state and federal regulations.
- 4) Support strong and diverse neighborhoods where people choose to live.

#### C. Public Purpose

Public purposes of the Washington Court Apartments Housing Development Plan include:

- provision of decent, safe, and sanitary dwellings;
- provision of affordable housing units; and
- pollution remediation.

#### D. Redevelopment Activities

The objectives of the Housing Development Plan may be accomplished through the following public and private redevelopment activities: site preparation, environmental remediation, new construction of housing units, public improvements, project administration and other related activities.

#### E. Public Financing

A description of public financing of development activity within the Project Area is presented in Section IV of the Washington Court Apartments Tax Increment Finance Plan, dated May 26, 2006 and revised June 2, 2006.

#### F. Citizen Participation

The Washington Court Apartments development proposal has been reviewed by the Holland Neighborhood Improvement Association (HNIA). MWF Properties, LLC met with HNIA several times before and after purchasing the property at 2101 Washington Street Northeast. The site plan reflects neighborhood preferences, including locating the building close to the back of the lot to increase the green space facing Washington Street Northeast.

In June 2005, the HNIA Board of Directors voted to support the development. However, in April 2006, the Board voted against providing Neighborhood Revitalization Program funds for the development.

### III. Land Use Plan

#### A. Conformance with Approved City Plans

The proposed reuse of land within the Washington Court Apartments Housing Development Project is housing (see Project Boundary & Land Use Map, Exhibit 1), which conforms to the City's comprehensive plan (The Minneapolis Plan) and the Zoning Ordinance.

#### **The Minneapolis Plan**

Washington Street NE is not a designated land use feature in the comprehensive plan but it is a street with transit service. The existing land use surrounding the proposed project site consists primarily of duplexes with some higher density housing and commercial to the south and industrial to the north. A rail corridor abuts the site to the east. Because of the presence of the rail corridor, the site is large with an irregular shape which makes it difficult to develop as two or three duplex lots.

The comprehensive plan supports the creation of affordable housing and increasing the housing density where appropriate. While Washington Street NE is not a designated land use feature, the size and configuration of the proposed project site make it appropriate for medium-density housing.

The proposed development conforms to the following comprehensive plan policies:

#### **4.9 Minneapolis will grow by increasing its supply of housing.**

##### **Implementation Steps**

Support the development of new medium- and high-density housing in appropriate locations throughout the City.

Support the development of infill housing on vacant lots. Use partnerships and incentives to reduce city subsidy level and duration of vacancy.

Review policies and practices that determine the appropriate scale of residential development on properties that come into city ownership or request City development assistance.

#### **4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.**

##### **Implementation Steps**

Promote increased development of housing for very low-income households earning 30% or less of metropolitan median income.

#### **4.11 Minneapolis will improve the availability of housing options for its residents.**

##### **Implementation Steps**

Increase the variety of housing styles and affordability levels available to prospective buyers and renters.

Provide and maintain moderate and high-density residential areas.

## **Small Area Plans**

There are no Small Area Plans adopted for this area of the city.

## **Zoning Ordinance**

The City's zoning code regulates land use and development intensity in order to carry out the policies of the city's comprehensive plan. The proposed project site has been rezoned to the R3 Multiple Family District, a medium density residential district. The project has already received approval on its land use applications from the City Planning Commission on March 27, 2006. The rezoning from R2B to R3 was approved by the Minneapolis City Council on April 28, 2006.

### **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.

## **IV. Project Proposals**

### **A. Washington Court Apartments Development Proposal**

MWF Properties, LLC has proposed construction of a 38-unit rental "workforce" housing complex on vacant land located at 2101 Washington Street Northeast. The three-story apartment building will be a handicapped-accessible elevator building with 40 underground and 16 surface parking stalls. The development will include one-, two- and three-bedroom apartments to meet the demand for workforce family housing and will accommodate households of one to six persons. All 38 units will be affordable at or below 60 percent of the Metropolitan Median Income (MMI); eight of the 38 units will be affordable at or below 50 percent of MMI. The development will include a community room, fitness center, computer room and leasing office.

A detailed description of the Washington Court Apartments development is presented in Section III of the Washington Court Apartments Tax Increment Finance Plan, dated May 26, 2006 and revised June 2, 2006.

### **B. Property Acquisition**

No property within the Project Area has been identified for acquisition by the City of Minneapolis.

### **C. Relocation**

No public relocation activity within the Project Area is expected.

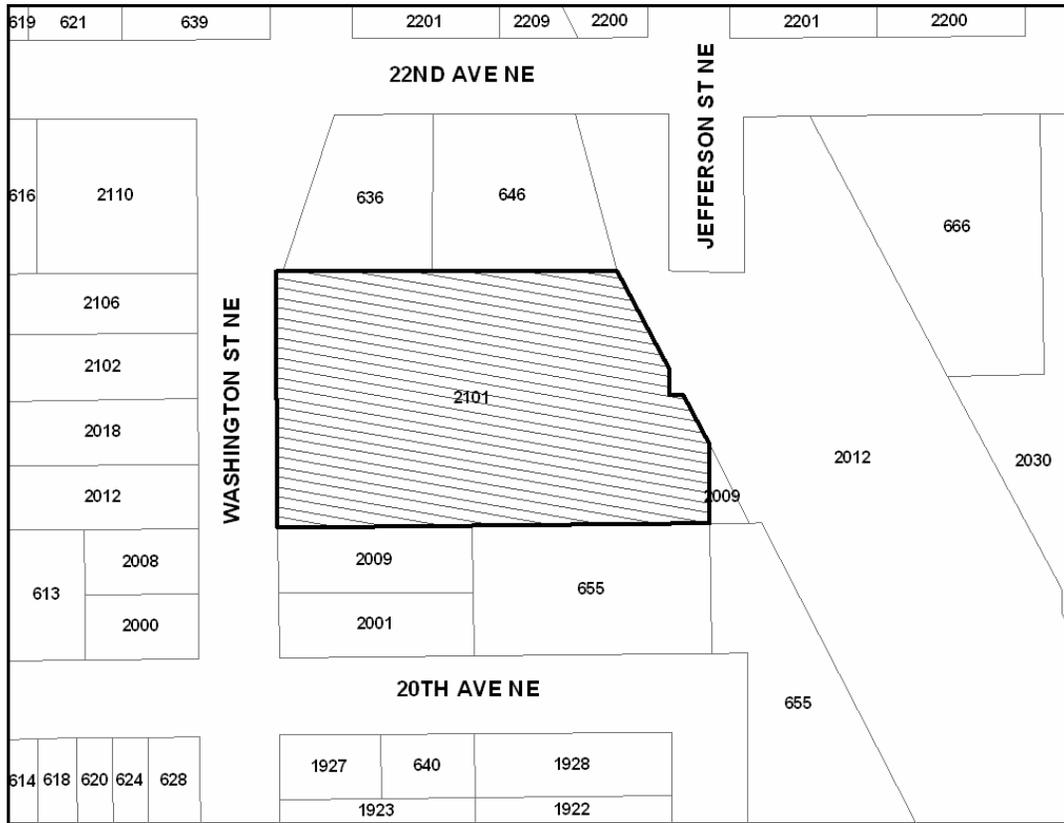
#### D. Redeveloper's Obligations

The requirements to be imposed upon the redeveloper, and its successors or assigns, will be established in the development agreement. It is anticipated that a development agreement will be executed with MWF Properties, LLC, a Minnesota limited liability company, on behalf of Washington Court Limited Partnership.

#### V. Procedure for Changes in Approved Housing Development Plan

This Housing Development 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."





**Washington Court Apartments**  
**Housing Development Plan**  
**Boundary & Land Use Map**  
 May 26, 2006; Revised June 2, 2006

Boundary

Land Use: Housing

## DOCUMENTATION OF ELIGIBILITY

### Washington Court Apartments Housing Development Plan May 26, 2006; Revised June 2, 2006

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The purpose of this exhibit is to document that the proposed Washington Court Apartments development at 2101 Washington Street Northeast conforms with the statutory requirements for the creation of a Housing Development Project.

There are two statutory requirements: 1) there must be a shortage of low and moderate income housing; and 2) the proposed development must meet the definition of a Housing Development Project.

#### **Shortage of Low and Moderate Income Housing**

Pursuant to Minnesota Statutes, §469.017, “before carrying out a housing development project, an authority must find that the project is necessary to alleviate a shortage of decent, safe, and sanitary housing for persons of low or moderate income and their families as such income is determined by the authority.”

There is general and widespread agreement that there is a shortage of affordable housing in Minneapolis and in the metropolitan region as a whole. The demand for affordable rental housing has been fueled by the city’s population and household growth since the early 1990s, and is expected to continue. The local economy has also experienced growth that has added to the demand for workforce housing.

*The Next Decade of Housing in Minnesota*, a November 2003 report prepared by BBC Research & Consulting for the Family Housing Fund, the Minnesota Housing Finance Agency and the Greater Minnesota Housing Fund, concluded that approximately 171,000 low-income households in the Twin Cities metropolitan area pay more than they can afford for housing. The report cites demographic trends that will result in 60,500 new metro area low-income households seeking affordable housing by 2010. It is expected that the private market will satisfy 40 percent of the increased demand for affordable housing, resulting in a shortfall of 36,100 units. The report projects that public and philanthropic funding may create 13,900 new affordable units, but 22,300 households will still lack affordable housing in 2010. The *Twin Cities Metropolitan Area Regional Housing Needs Report*, based on the study and also prepared by BBC Research & Consulting, estimates there will be 13,226 new Hennepin County low-income households not served by the private market during 2000 through 2010.

The City of Minneapolis’ *Consolidated Plan for Housing and Community Development* approved by the federal Department of Housing and Urban Development in June 2005 estimates there is a shortage of 7,068 affordable rental units for Minneapolis residents earning 30 percent or less of metropolitan median family income. The report states that although the number of rental housing units

affordable to very low income households has increased since 1990, vacancy rates have decreased over that time period.

The Metropolitan Council's January 2006 *Summary Report: Determining Affordable Housing Need in the Twin Cities 2011 – 2020*, estimates that 4,088 new affordable housing units will be needed in Minneapolis during 2011 through 2020.

A June 2005 market study conducted by Maxfield Research Inc. identified demand for 411 affordable rental housing units through 2010 in the Washington Court Apartments market area (northeast Minneapolis, the Marcy-Holmes neighborhood, the University of Minnesota area, Columbia Heights, Hilltop and St. Anthony Village). After accounting for units to be added by pending developments, the study found excess demand for 295 affordable rental housing units in the market area between 2005 and 2010. It is projected that the Washington Court Apartments project could capture 20 percent of the demand, which equates to demand for 59 affordable rental units on the site between 2005 and 2010.

### **Qualification of Washington Court Apartments as a Housing Development Project**

A Housing Development Project is defined in Minnesota Statutes, §469.002, Subdivision 15 as:

“any work or undertaking to provide housing for persons of moderate income and their families. This work or undertaking may include the planning of buildings and improvements, the acquisition of real property which may be needed immediately or in the future for housing purposes, the construction, reconstruction, alteration and repair of new or existing buildings and the provisions of all equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances, streets, sewers, water service, utilities, site preparation, landscaping, administrative, community health, recreation or welfare or other purposes.”

The proposed housing development activity is construction of a 38-unit rental “workforce” housing complex, which will include one-, two- and three-bedroom apartments to meet the demand for workforce family housing. All 38 units will be affordable at or below 60 percent of the Metropolitan Median Income (MMI); eight of the 38 units will be affordable at or below 50 percent of MMI. The proposed development therefore meets the definition of a Housing Development Project.

The Washington Court Apartments development is described in more detail in Section IV.A. of the Washington Court Apartments Housing Development Plan and in Section III of the Washington Court Apartments Tax Increment Finance Plan.

Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Suite 575, 105 5<sup>th</sup> Avenue South, Minneapolis, Minnesota 55401.