

MEMORANDUM

progress
through
partnership

MCDA

Request for City Council Action

Date: March 4, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Refer to: MCDA Board of Commissioners

Prepared by Judy Cedar, Phone 612-673-5025

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

Subject: Allocation of CDBG-CEDF FBGO-2201 Funds; Concept Approval and Authorization to Negotiate Redevelopment Contract
Parcels 216- 1, 2 and 24; West Broadway Commercial Corridor
1101-1105 West Broadway and 1831 Emerson North

Previous Directives: The City Council authorized the MCDA to apply to the Metropolitan Council Livable Communities Act Tax Base Revitalization Account Grant Program for 1101 West Broadway in October, 2002.

Ward: 5

Neighborhood Group Notification: Neighborhood Group Notification: Both Northside Residents Redevelopment Council (NRRC) and West Broadway Area Coalition (WBAC) reviewed and supported this proposal concept in October, 2002. Both neighborhood groups met again in February to review the uses of funds and the proposed Modification to Redevelopment Plan.

Consistency with *Building a City That Works*: The rehabilitation and reuse of the Hubbard Building is consistent with many objectives of the MCDA Work Plan: assist in development that leads to an increase in the property tax base of the city to increase the city's economic competitiveness (1F); coordinate marketing of MCDA programs in commercial corridors with other public projects; (3A2); provide funds for improving existing buildings (3B3); assemble sites as required to ... implement appropriate commercial use (3B4); and, preserve and enhance unique neighborhood characteristics (3D).

Comprehensive Plan Compliance: It complies.

Zoning Code Compliance: The C2 zoning category allows for commercial/retail uses.

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): Allocation of Funds -

The available CEDF allocation of \$1,335,838.73, Fund FBGO 2201, would be reduced by \$300,000, leaving an unreserved balance of approximately \$1,036,000 available for other projects.

Living Wage / Business Subsidy: Will comply.

Job Linkage: Will comply.

Affirmative Action Compliance: Will comply.

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council consider the Developer Funding Cycle - March 2003 report and approve the Hubbard Project for funding.

MCDA Board Recommendation: The Executive Director recommends that the MCDA Board allocate CEDF CDBG Funds from Fund FBGO-2201 to the Hubbard Building Project in the amount of \$300,000 and direct staff to negotiate a redevelopment contract with developer.

This report asks for an allocation of Community Economic Development Funding Program (CEDF) funds for the Hubbard Building Project. It also includes background information, explains the overall project and summarizes issues and challenges.

Introduction

Phil Greenberg and Tony Cohen of Broadway Center Associates, LLP (the Developer) have been evaluating the potential reuse of the Hubbard Building at 1101 West Broadway as commercial office lease-space. This Developer submitted September, 2002, in response to our Request for Proposals for the Rehabilitation of the Hubbard Building. The project requires additional site assembly of 1105 West Broadway. A companion Redevelopment Plan Modification Report is also under consideration by the City Council and the MCDA Board of Commissioners this cycle. Section 106 Review by the State Historic Preservation Office (SHPO) is a requirement for this project and that review has been initiated. The MCDA was recently awarded a Metropolitan Council Tax Abatement Grant of \$100,000 to abate lead-based paint and asbestos in this building.

Background

The proposed redevelopment of the Hubbard Building, built in 1890, will involve its reuse for retail and commercial office spaces. This building is located at 1101 West Broadway. Although this building is not designated for historic preservation, the preservation of the structure's exterior features is deemed important to the neighborhood. The Developer intends to rehabilitate the building and return it to its original uses as commercial offices on the upper level and retail on the lower level. The building, at the intersection of Emerson and West Broadway, is at a commercial node. Its rehabilitation may act as a catalyst for future development projects along the West Broadway Commercial Corridor. Phil Greenberg has experience leasing commercial spaces in this neighborhood and has successfully owned, leased, and operated Broadway Center (617 West Broadway) since the early 1980s. The project's design concept has neighborhood support.

The Site

The proposed redevelopment site actually combines three distinct parcels of land, commonly known as 1101 West Broadway, 1105 West Broadway, and 1831 Emerson.

The Hubbard Building, at 1101 West Broadway, was tax forfeited in 1992. The MCDA owns this parcel. This parcel's land area is 6,100 square feet with a building footprint of 6,050 square feet. Lot dimensions are 55.5 X 110 feet. The building was purchased for \$50,000 by the MCDA as a tax-forfeited parcel. The purchase price reimbursed Hennepin County for its costs to install a heating system to a prepared an *Asbestos and Hazard Survey Report* that indicates a need for abatement of mostly asbestos and lead-based paint from within the building.

The adjacent parcel, at 1105 West Broadway, was built in 1921 and is owned privately by Carolyn Haywood. The developer is requesting that MCDA acquire and demolish 1105 West Broadway for a new entrance plaza (see below). This site assembly will require Section 106 review by the State Historic Preservation Office (SHPO). The parcel has a land area of 3,615 square feet and building area of 4,968 square feet. The one-story building has a footprint of 2,484 square feet. Lot dimensions are 31.5 X 110 feet. The building is currently occupied by C & J Barbers Stylists. It is unclear at this time if the parcel can be purchased as a voluntary land sale. The Developer has stated it will make best efforts to provide lease space to this business in the new project. Conversations with the parcel owner and tenant are pending.

The property at 1831 Emerson is owned by the MCDA. The land area of this property is 21,069 square feet with lot dimensions of 136 X 155 feet. The parcel was previously used for customer parking by the bank (US Bank) before it relocated. The condition of this former parking lot is poor.

Reuse and Design Concept

The Developer envisions a reuse of storefront retail spaces mixed with commercial office on the second floor. Small, community oriented stores (approximately six) will

provide needed services to area residents. The proposal requires the acquisition of the adjacent parcel (1105 West Broadway) to create a new entrance plaza that incorporates landscaping, canopy overhangs, lighting, and outdoor seating. The purchase of the adjacent parcel will also allow for a new curb cut along West Broadway to provide for a new drive lane to the parking at the rear of the building. A portion of the alley will be vacated (see attached site plan).

Site Assembly

The purchase of 1105 West Broadway will require a Modification to the existing West Broadway Redevelopment Plan and funds to achieve site assembly of 1105 West Broadway including the acquisition, relocation of the existing business, and the demolition of the building.

Financing

Estimated project costs total \$1,530,000. The Developer's proposal includes an Offer to Purchase lands and building for \$65,000. A future report will reflect this land sale amount close to or at reuse value. Uses of funds include a clean-up budget of \$111,000, site assembly (including alley realignment) estimated at \$289,000, and construction of \$1,065,000. Proposed public activities are CDBG eligible and this project meets the national objective of benefiting low-and-moderate income persons based on data compiled for Census Tract 1029. Sources of funds will include a mix of public and private funds as follows:

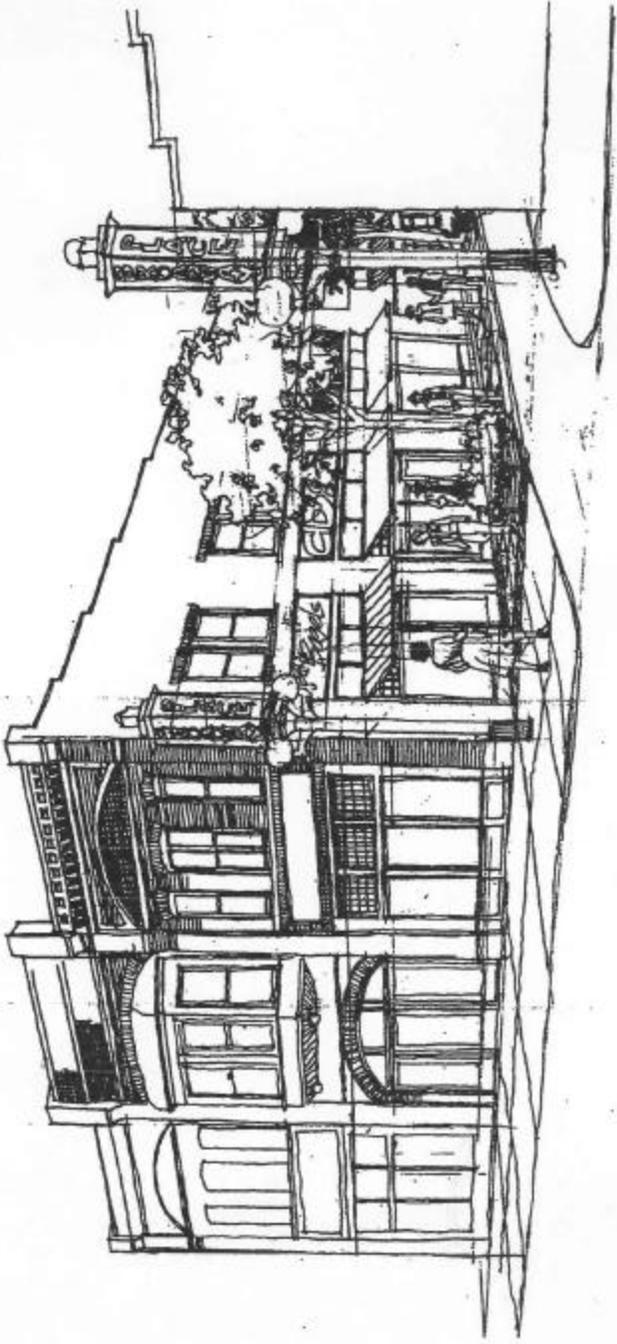
	Met Council Funds	CDBG Funds	Equity	Mortgage Loan ¹	Total
Land Purchase ²			\$65,000		\$ 65,000
Construction			\$35,000	\$1,030,000	1,065,000
Abatement	\$100,000	\$11,000			111,000
Site Assembly		289,000			289,000
Totals	\$100,000	\$300,000	\$100,000	\$1,030,000	\$1,530,000
Percents	6.5%	19.6%	6.5%	67.3%	99.9%

Ratio Private/Public is 3.8 : 1

¹ Mortgage loan may be privately or publicly financed including an EZ financial component.

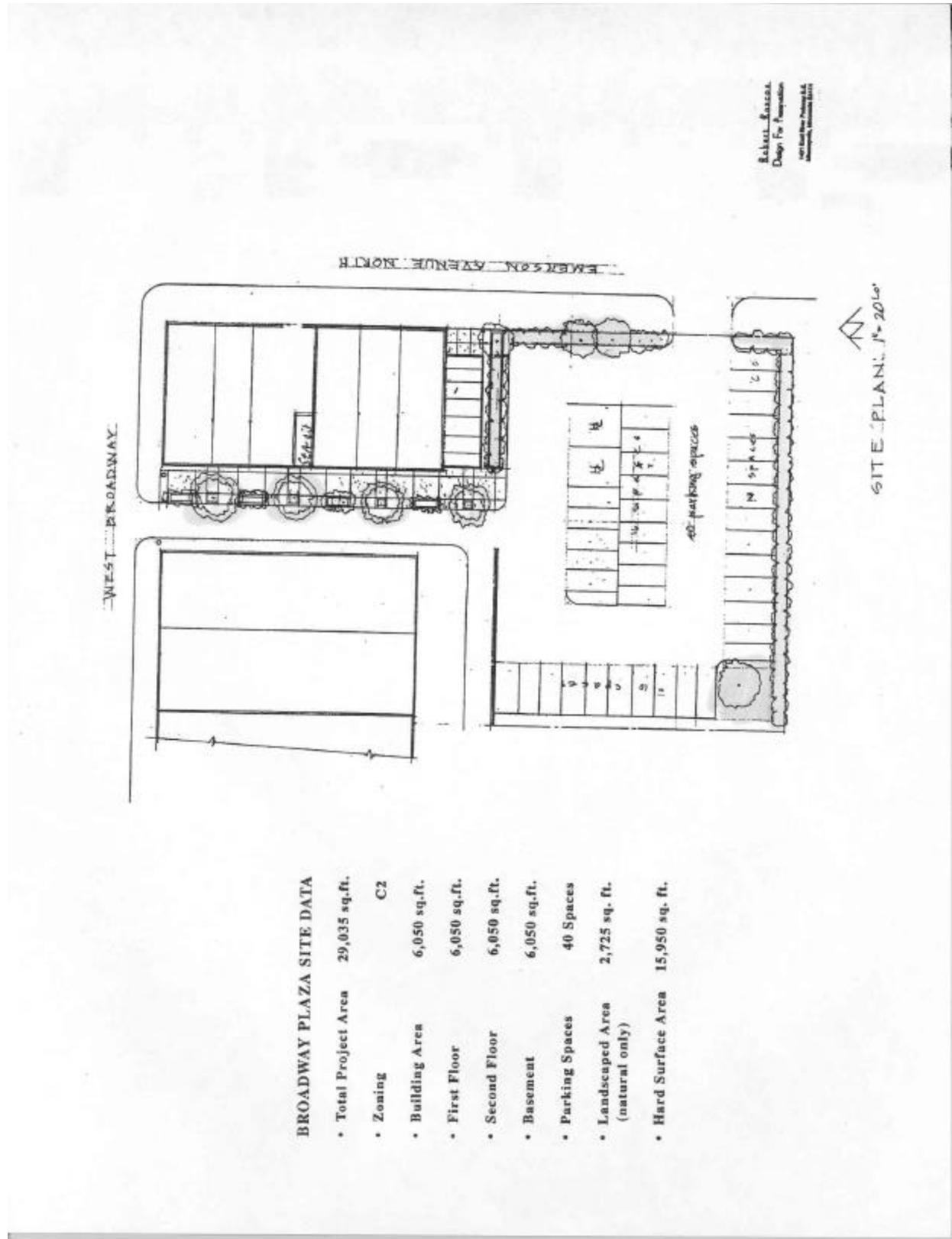
² Land Sale Proceeds get swept to the Development Account.

BROADWAY PLAZA



Roberta Rossini
Design For Preservation
1000 New York Building 201
New York, New York 10011

Broadway Avenue View



Robert Kasza
 Design Professional
 100 East Main Street, Suite 100
 Minneapolis, Minnesota 55401

SITE PLAN: 1/20/02

BROADWAY PLAZA SITE DATA

- Total Project Area 29,035 sq.ft.
- Zoning C2
- Building Area 6,050 sq.ft.
- First Floor 6,050 sq.ft.
- Second Floor 6,050 sq.ft.
- Basement 6,050 sq.ft.
- Parking Spaces 40 Spaces
- Landscaped Area 2,725 sq. ft. (natural only)
- Hard Surface Area 15,950 sq. ft.

Redevelopment Site





