



Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: September 27, 2005

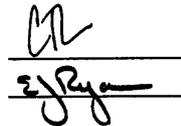
To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Theresa Cunningham, Phone 612-673-5237

Presenter in Committee: Theresa Cunningham, Sr. Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director
Elizabeth Ryan, Director, Housing Policy & Development

Subject: Land Sale – Public Hearing
Kingsley Commons – Portion of 4550 Humboldt Avenue North
Lind/Bohanon Neighborhood



RECOMMENDATION: Approve the sale of a portion of 4550 Humboldt Avenue North to CommonBond Communities or its development entity as an LLC or limited partnership for \$167,121.00

Previous Directives:

- On February 11, 2005, the City Council approved a previous allocation of Tax Credits to Kingsley Commons Project (previously know as MS Residents) to Central Avenue Lofts Project.
- On January 4, 2005, the City Council approved a 2005 Federal Low Income Housing Tax Credit allocation of \$32,000 for the MS Residence Project (now known as the Kinsley Commons Project).
- On June 22, 2004, the City Council granted Exclusive Development Rights, a Right of Entry, and Non-profit Housing Development Program Assistance to CommonBond Communities for the development of the subject property.
- On February 2, 2001, the subject property was acquired as part of a pass-thru with Hennepin County under the Humboldt Greenway Project and is now available for disposition.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves

Other financial impact (Explain): Sale of this land will reduce property management costs.
 Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 4th

Neighborhood Notification: On May 3, 2004, the Lind-Bohanon Neighborhood Association was advised of the proposed development and has subsequently been provided several opportunities to review and provide comments. The neighborhood expressed concerns regarding: 1) excessive noise and vibrations from adjacent train activity, 2) high levels of diesel fume pollutants, and 3) concern for a lack of public transportation. The developer has worked extensively with the neighborhood and other entities to address and resolve these issues within the proposed development.

City Goals: Foster the development and preservation of a mix of quality housing types that are available, affordable, and meets current needs and promotes future growth.

Comprehensive Plan: The land sale has been reviewed and approved by the Planning Commission for consistency with the Comprehensive Plan on August 29, 2005.

Zoning Code: This land is currently zoned R-5 for Multi-family District classification which will accommodate the proposed development; however, a conditional use permit was approved on August 29, 2005 for a Planned Residential Development, to increase the height in the Shoreline Overlay District from 2 ½ stories or 35 ft., whichever is lower, to 3 stories and 41 ft. A variance was also requested to increase the maximum height of a fence from 6 ft. to 20 ft. (which was not approved) as well as approval of a replat.

Living Wage/Job Linkage: N/A

Background/Supporting Information

PARCEL

HG-1B

ADDRESS

4550 Humboldt Avenue North (part)

SALE PRICE

\$167,121.00

PURCHASER

CommonBond Communities
328 Kellogg Blvd. West
Saint Paul, MN 55102

PROPOSED DEVELOPMENT:

The subject parcel of land is an irregularly shaped site with approximately 83,649 square feet or 1.9203 acres. Initially, CommonBond Communities (CBC) anticipated utilizing the entire parcel for the development of the Kingsley Commons (formerly known as the Multiple Sclerosis (MS) Residence) project; however, during the process of securing financing for the development, the project was scaled back from the creation of 45 units to 25 units. Attached is a site plan for the proposed development.

As a result of the scaled-back number of dwelling units, the actual size of the development site needed was decreased to approximately 55,707 square feet or 1.2789 acres. Attached is a copy of the preliminary plat which depicts that the development site (Lot 1) is setback from Humboldt Avenue some 135 to 161 feet. CBC will need access to the development site across Outlot A during the entire construction period (9 months). A Right of Entry (ROE) will be provided which will require CBC to require they pay an access fee of \$1,000 and provide a Letter of Credit totaling \$5,000 to restore Outlot A to its current condition after construction completion. The developer's replat, conditional use permit and site plan requests were approved by the Planning Commission on August 29, 2005; however, a variance for a 20 foot sound wall was rejected.

On June 22, 2004, the City Council granted Exclusive Development Rights, a Right of Entry (ROE), and Non-profit Housing Development Program Assistance Funds to CommonBond Communities for the proposed development and site. The ROE granted CBC access to the site to conduct soil test, at which time, it was discovered that fill encountered on the site was not placed with proper control over fill material or compaction with the intent of supporting a structure. CBC estimates the cost to correct the soil at \$71,700 and plan to request reimbursement of the cost when the actual cost is determined. CPED Real Estate Disposition Procedures for Development Property allows for the reimbursement of soil correction cost.

CBC has expressed an interest in developing the remainder of the site (which includes approximately 27,942 square feet or .6414 acres) with market rate housing, upon completion of the proposed Kingsley Commons development.

LAND DISPOSITION POLICY:

The subject property is a buildable lot as well as the replatted site of approximately 55,707 square feet, as defined by City policy and is being sold for redevelopment.

FINANCING: Total development cost is estimated at \$3,149,700 with financing provided by HUD, Hennepin County, the Neighborhood Revitalization Program, the local Multiple Sclerosis Society and CPED. See the attached Project Data Worksheet for further details regarding the proposed development.

OFFERING PROCEDURE:

The former MCDA has owned the subject parcel of land since February 2, 2001 as excess land from the Humboldt Greenway Project. The site has not been previously marketed for sale on the open market. CBC has worked extensively, over the past three years, with the local MS Society and other non-profit entities to create housing for individuals living with multiple sclerosis or similar physical disabilities and identified the

subject property as their preferred development site. Their offer amount reflects the fair reuse value of this parcel at \$3.00 per square foot or \$167,121.

COMMENTS:

Upon initial receipt of the offer to purchase, staff forwarded the request to the Lind-Bohanon Neighborhood Organization for review. CPED has received a recommendation from the neighborhood organization supporting the sale of a portion of 4550 Humboldt Avenue North for development of the Kingsley Commons proposed development with comments as noted above under "Neighborhood Notification". Staff concurs and recommends the sale of this parcel to CommonBond Communities for \$167,121.

**Authorizing sale of land Kingsley Commons
Disposition Parcel No HG-1B.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel HG-1B, in the Lind-Bohanon neighborhood, from CommonBond Communities or its development entity as an LLC or limited partnership, hereinafter known as the Redeveloper, the Parcel HG-1B, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lot 1, Block 1, Kingsley Commons.

Whereas, the Redeveloper has offered to pay the sum of \$167,121, for Parcel HG-1B to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on September 16, 2005, a public hearing on the proposed sale was duly held on September 27, 2005, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

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

That the re-use value for uses in accordance with the Kingsley Commons plan, as amended, is hereby estimated to be the sum of \$167,121 for Parcel HG-1B.

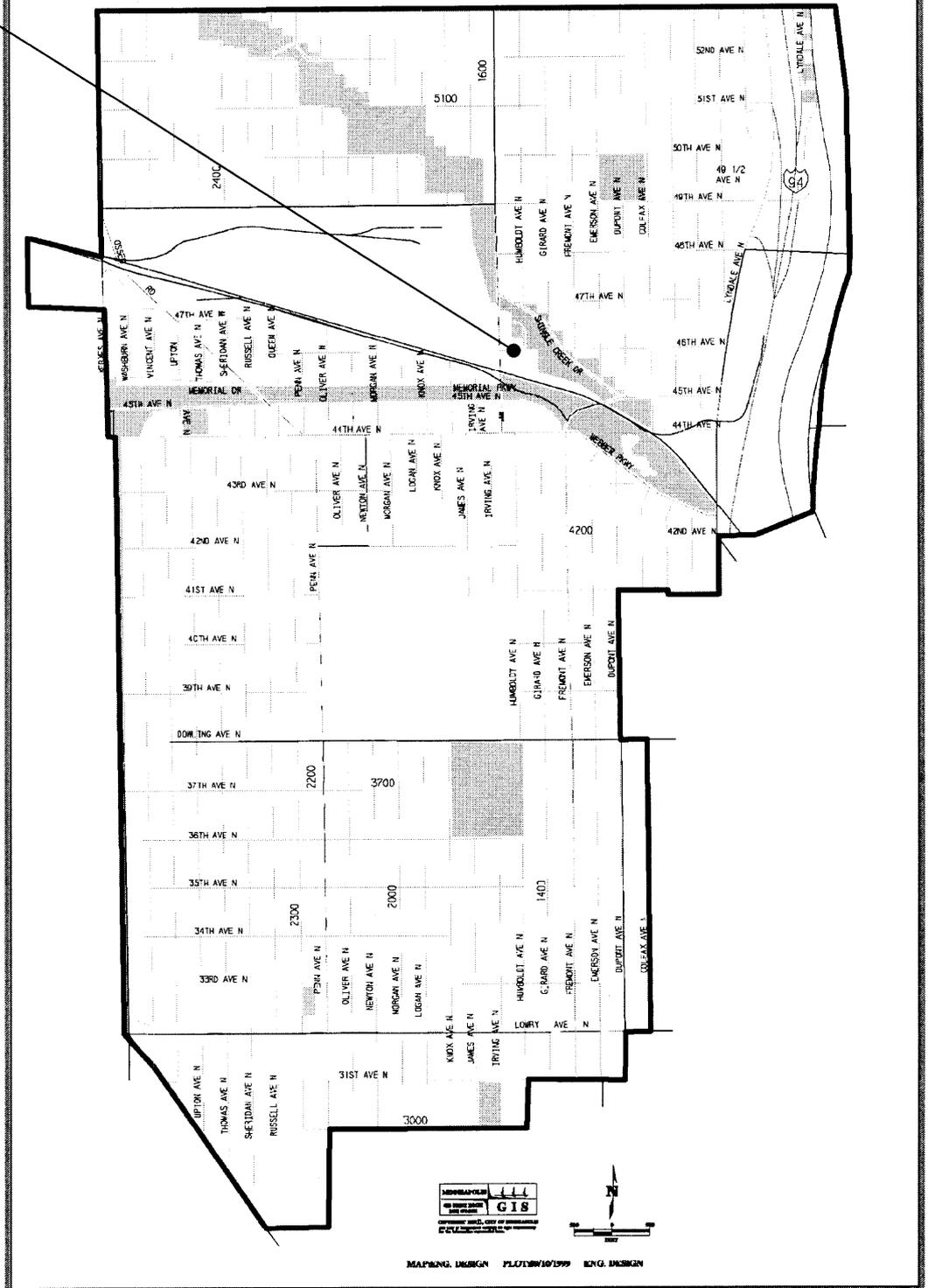
Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.

Address: 4550 Humboldt Av N (part)
 Parcel: HG-1B
 Purchaser: CommonBond Properties
 Sq. Footage: 83,649
 Zoning: R5

WARD 4



CPED MULTIFAMILY HOUSING DEPARTMENT
Affordable Housing Inventory Project Data Worksheet



Project Status
 Proposed: 5/1/2004
 Approved:
 Closed:
 Complete:

Impaction
 Non-Impacted
 Impacted

Occupancy
 Rental
 Ownership

Project Name: Kingsley Commons
 Main Address: 4550 Humboldt Ave N
 Project Aliases: MS Residence and Community Center
 Additional Addresses:
 Ward: 1 Neighborhood: Lind-Bohanon

Project Activity
 New Construction
 Rehabilitation
 Stabilization
 Preservation
 Year Built: _____

Development
 Apartment/Condo
 Townhome
 Coop
 Shelter
 Transitional
 Scattered Site/Other

Household
 General
 Family w/Children
 Senior
 Single
 Special Needs
 Homeless

Housing Production and Affordability

UNIT COMPOSITION	UNIT	QTY	UNIT AFFORDABILITY				MKT
			<30%	<50%	<60%	<80%	
	0BR	0	0	0	0	0	0
	1BR	18	3	15	0	0	0
	2BR	7	0	6	0	0	1
	3BR	0	0	0	0	0	0
	4+BR	0	0	0	0	0	0
	TOT	25	3	21	0	0	1

Shelter Units: _____ + Conversion Units: _____
 Section 8: _____

GENERAL INFORMATION

CommonBond Communities (CBC) proposes to develop a groundbreaking model of affordable housing for people with multiple sclerosis and other similar handicap disabilities. Up to 24 units will be developed with fully-accessible one and two-bedroom rental apartment units featuring central A/C, call system, 42" doorways, and many additional features designed for this population. 24-hour personal care services will be available to residents. The development will include an additional two-bedroom caretaker unit.

MS Residence and Community Center has been renamed "Kingsley Commons" after one of the first board members of the local MS Society Chapter, Mr. Kingsley Murphy, who has been a MS volunteer for almost 30 years. Mr. Murphy has served on the national Board as well.

The project will include 540 sq ft one-bedroom units, and 800 sq ft two-bedroom units. The entire building will include 25,850 square feet of livable space. Residents in 21 units will pay 30% of their adjusted gross income for rent which will be subsidized by a HUD 811-Supportive Housing for Persons with Disabilities grant. CBC has applied to MHFA for a Housing Trust Fund Rental assistance grant to provide rent subsidy for the additional 3 units at 30% AMI.

Partnership: Kingsley Commons Housing

Contact Information:

Developer:
 Jon Weiss
 CommonBond Communities
 328 Kellogg Blvd W
 Saint Paul, MN 55102-1900
 Phone: (651) 290-6247 ext
 Fax: (651) 291-1003
 weiss@commonbond.org

Owner:
 Jon Weiss
 CommonBond Communities
 328 Kellogg Blvd W
 Saint Paul, MN 55102-1900
 Phone: (651) 290-6247 ext-
 Fax: (651) 291-1003
 weiss@commonbond.org

Consultant:

Contractor:
 To Be Determined
 Phone: _____ ext-
 Fax: _____

Architect:
 Bekah Padilla
 Miller Hanson Partners
 1201 Hawthorne Ave
 Minneapolis, MN 55403-
 Phone: (612) 332-5420 ext-
 Fax: (612) 332-5425
 bpadilla@millerhanson.com

Property Manager:
 CommonBond Communities
 Phone: (651) 291-1750 ext-
 Fax: (651) 291-1003

Support Services:
 CBC Advantage Services
 Phone: (651) 290-6243 ext-
 Fax: (651) 291-1003

CPED Coordinator:
 Theresa Cunningham
 CPED
 105 5th Ave S Suite 200
 Minneapolis, MN 55401-
 Phone: (612) 673-5237 ext-
 Fax: (612) 673-5248
 theresa.cunningham@ci.minneapolis.mn.us

CPED Legal:
 Ruben Acosta
 Phone: (612) 673-5052 ext-
 Fax: (612) 673-5112

CPED Rehab:
 Geri Meyer
 Phone: (612) 673-5252 ext-
 Fax: (612) 673-5207

CPED Support Coordinator
 Connie Green
 Phone: (612) 673-5234 ext-
 Fax: (612) 673-5259

MPLS Affirmative Action

CPED MULTIFAMILY HOUSING DEPARTMENT
Affordable Housing Inventory Project Data Worksheet



Project Status	
Proposed:	5/1/2004
Approved:	<input checked="" type="checkbox"/>
Closed:	
Complete:	

Project Name:	Kingsley Commons
Main Address:	4550 Humboldt Ave N
Project Aliases:	MS Residence and Community Center
Additional Addresses:	
Ward:	1
Neighborhood:	Lind-Bohanon

Impaction	
<input checked="" type="radio"/> Non-Impacted	
<input type="radio"/> Impacted	

Occupancy	
<input checked="" type="radio"/> Rental	
<input type="radio"/> Ownership	

Housing Production and Affordability

UNIT COMPOSITION	UNIT	QTY	UNIT AFFORDABILITY	UNIT	<30%	<50%	<60%	<80%	MKT
	0BR	0		0BR	0	0	0	0	0
1BR	18	1BR	3	15	0	0	0	0	
2BR	7	2BR	0	6	0	0	0	1	
3BR	0	3BR	0	0	0	0	0	0	
4+BR	0	4+BR	0	0	0	0	0	0	
TOT	25	TOT	3	21	0	0	0	1	

Project Activity	
<input checked="" type="checkbox"/> New Construction	
<input type="checkbox"/> Rehabilitation	
<input type="checkbox"/> Stabilization	
<input type="checkbox"/> Preservation	
Year Built:	

Development	
<input checked="" type="radio"/> Apartment/Condo	
<input type="radio"/> Townhome	
<input type="radio"/> Coop	
<input type="radio"/> Shelter	
<input type="radio"/> Transitional	
<input type="radio"/> Scattered Site/Other	

Household	
<input type="checkbox"/> General	
<input type="checkbox"/> Family w/Children	
<input type="checkbox"/> Senior	
<input type="checkbox"/> Single	
<input checked="" type="checkbox"/> Special Needs	
<input type="checkbox"/> Homeless	

Shelter Units:

Section 8:

+ Conversion Units:

USES AND PERMANENT SOURCES

Project Uses:

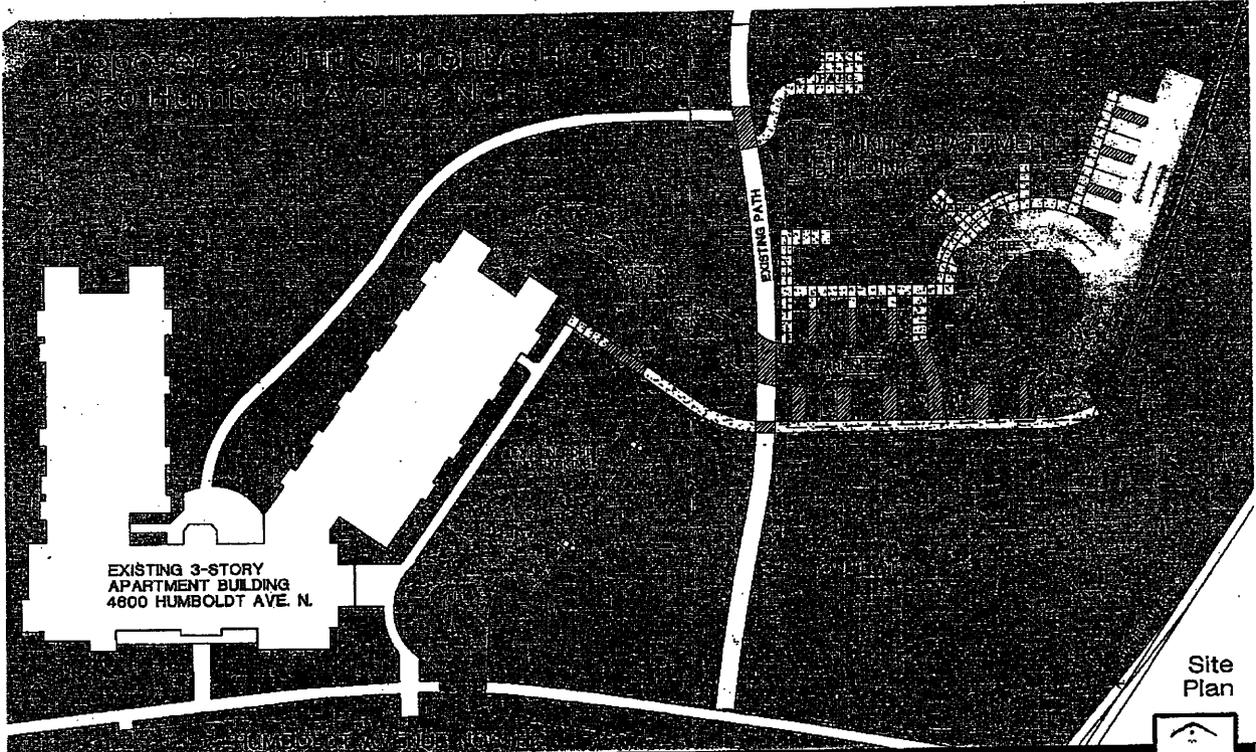
Land:	\$174,621.00
Construction:	\$2,330,000.00
Construction Contingency:	\$50,879.00
Construction Interest:	\$0.00
Relocation:	\$0.00
Developer Fee:	\$175,400.00
Legal Fees:	\$31,500.00
Architect Fees:	\$111,000.00
Other Costs:	\$241,300.00
Reserves:	\$35,000.00
Non-Housing:	\$0.00
TDC:	\$3,149,700.00
TDC/Unit:	\$125,988.00

Project Permanent Sources:

Source / Program	Amount	%	Term	Committed
1 MS Society	\$435,400.00		Grant	5/1/2004
2 HUD HUD 211	\$2,082,600.00		Grant	10/25/2004
3 CPED Non Profit Admin	\$30,000.00		Grant	7/2/2004
4 Hennepin County AHIF	\$300,000.00		Grant	1/5/2005
5 City of Minneapolis NRP (AHRF)	\$200,000.00	1.00%	Deferred	3/1/2005
6 Bremer	\$30,000.00		Grant	3/15/2005
7 CPED Remediation Escrow	\$71,700.00			
TDC:	\$3,149,700.00			

Financing Notes:

MS Society has committed \$600,000 over 3 years.

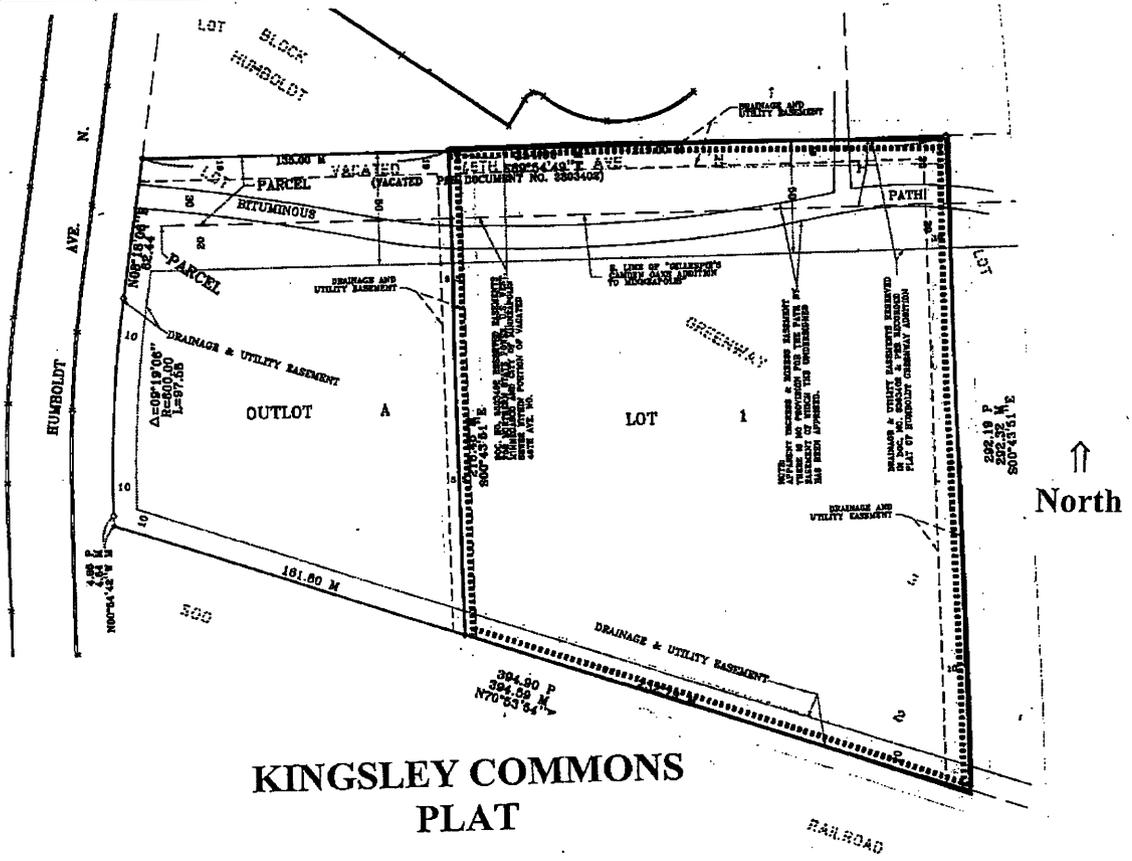


EXISTING 3-STORY
APARTMENT BUILDING
4600 HUMBOLDT AVE. N.

Site
Plan



Kingsley Commons
CommonBond Communities



**KINGSLEY COMMONS
PLAT**

EXHIBIT A

Block/Parcel: HG-1B

(Eastern 55,707 sq. ft. of 4550 Humboldt Ave. N.)

LOT 1, BLOCK 1, KINGSLEY COMMONS (which is the subsequent legal description after the plat approved on August 29, 2005 is filed and recorded as a matter of record)