

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

Date: March 23, 2010

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

Subject: Land Sale Option Agreement for Touchstone Project

Recommendation: Approve a deadline extension for the execution of the Land Sale Option two months until June 15, 2010 for the sale of a portion of 2304 Snelling Avenue to Project for Pride in Living, Inc. or an affiliate

Previous Directives: CPED acquired 2304 Snelling Ave in June 2009 with a combination of City Transit-Oriented Development (TOD) funds and Met Council Land Acquisition for Affordable New Development (LAAND) funds. Council authorization for this action, and the approval of a Redevelopment Agreement with Seward Redesign, was granted on May 8, 2009. The City Council approved the sale of a portion of the 2304 Snelling Ave parcel to Project for Pride in Living, Inc or an affiliate for the proposed Touchstone Project on October 2, 2009. On February 26, 2010 the City Council approved \$1,000,000 from the Affordable Housing Trust Fund and \$30,000 from the Non Profit Assistance Fund for Touchstone Supportive Housing, 2304 Snelling Ave by Project for Pride in Living.

Department Information

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Approved by: Catherine A. Polasky, Economic Development Director _____

Tom Streitz, Housing Director _____

Charles T. Lutz, Deputy CPED Director _____

Presenters in Committee: Mark Garner

Financial Impact

- No financial impact
- Action is within the Business Plan

Community Impact

- Neighborhood Notification: No new notification. Seward Neighborhood Group was notified previously about the Land Sale Public Hearing in September 2009, and has already reviewed the Touchstone Project proposal.
- City Goals: A SAFE PLACE TO CALL HOME. 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: Affordable Housing Units, Special Needs Housing
- Comprehensive Plan: The Planning Commission has previously approved the Land Sale in March 2009 as consistent with the Comprehensive Plan.
- Zoning Code: I2/IL/PO
- Other: Planning Staff has previously approved the land sale review for this parcel in February 2009.

Supporting Information

CPED acquired 2304 Snelling Ave in June 2009 with a combination of City Transit-Oriented Development (TOD) funds and Met Council Land Acquisition for Affordable New Development (LAAND) funds. The City acquisition was part of the larger Seward Commons financing and acquisition, and included the May 2009 City Council approval of a Redevelopment Agreement with Seward Redesign. Seward Redesign acquired the adjacent parcels of the former Bystrom Brothers holdings. Under the terms of the redevelopment agreement, in addition to securing a period of exclusive development rights for coordinating future redevelopment of the 2304 Snelling Ave property, Seward Redesign manages interim uses on the property, including leases, taxes, insurance and all costs of maintenance and operations.

On October 2, 2009 the City Council approved the sale of a small portion of the 2304 Snelling Ave parcel to Project for Pride in Living, Inc or an affiliate for the proposed Touchstone Project. The Touchstone Project is the proposed first phase of the redevelopment of the Bystrom Brothers property and will be developed by Project for Pride in Living, Inc (PPL), in partnership with Seward Redesign and Touchstone Mental Health Services, a supportive services provider. The Touchstone development will include 40 units of supportive housing for individuals with severe and persistent mental health issues, service provision areas, and office space for Touchstone staff. Four units will be designated for single adults who have experienced homelessness. On February 26, 2010 the City Council approved an allocation of \$1,000,000 from the Affordable Housing Trust Fund (AHTF) and \$30,000 from the Non Profit Assistance Fund for Touchstone Supportive Housing, 2304 Snelling Ave by PPL.

The land sale approval for the sale of a portion of the 2304 Snelling Avenue property to PPL for the Touchstone Project included a number of conditions, including closing on the sale by December 31, 2011. The City land sale also requires the execution of an option agreement within 6 months of Council action. The option agreement deadline is currently April 2, 2010.

PPL and Seward Redesign have jointly requested that the deadline for the execution of the option agreement be extended to June 15, 2010. Although substantial progress has been made on negotiating the draft option agreement, there are still details being resolved between PPL and Seward Redesign regarding the terms of the transaction. Extension of the deadline is also necessary to accommodate the time for review of the option agreement and consent signature by the Metropolitan Council, as required by LAAND program financing of the initial City acquisition of the entire 2304 Snelling Ave parcel last year.