



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

Date: October 20, 2009

To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Paul Ostrow, Ways & Means/Budget Committee

Subject: Approval of the East Bank Mills Redevelopment Plan

Recommendation: Adopt the attached City Council Resolution approving the East Bank Mills Redevelopment Plan and Modification No. 10 to the Holmes Urban Renewal Plan

Previous Directives: On October 2, 2009, the City Council approved a \$30,000 loan for Schafer Richardson to complete a Hydrothermal Engineering Feasibility Study and authorized staff to execute letters in support of funding applications for the East Bank Energy Center. On June 26, 2009, the City Council accepted a redevelopment grant from Minnesota DEED for the East Bank Mills project. On October 24, 2008, the City Council approved a resolution in support of a fall 2008 brownfield grant application to the Hennepin County Environmental Response Fund for the East Bank Mills project. On September 22, 2006, the City Council approved re-zoning of the East Bank Mills site from I1 to C3A and approved the removal of the ILOD on a portion of the site. On February 24, 2006, the City Council granted the developer's appeal of the HPC's determinations regarding the height and design on the new tower buildings proposed for the east end of the site.

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Approved by: Charles T. Lutz, Deputy Director, CPED

Thomas Streitz, Director, Housing Policy and Development

Wesley Butler, MF Housing Manager

Presenters in Committee: Matt Goldstein, Senior Project Coordinator

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 Dept. when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification: The Marcy Holmes and Nicollet Island-East Bank Neighborhood Associations were advised of this Redevelopment Plan prior to the September 4, 2009 issuance of the notice for the October 20, 2009 public hearing

- City Goals: A safe place to call home, One Minneapolis, Connected communities, Enriched environment.
- Sustainability Targets: Affordable housing production.
- Comprehensive Plan: The Minneapolis City Planning Commission approved this Redevelopment Plan on September 28, 2009 finding that it was consistent with the following relevant policies in The Minneapolis Plan for Sustainable Growth: *Policy 1.12: Support Activity Centers by preserving the mix and intensity of land uses and by enhancing the design features that give each center its unique urban character. Policy 3.1: Grow by increasing the supply of housing. Policy 3.2: Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities.*
- Zoning Code: On September 22, 2006, the City Council approved re-zoning of the East Bank Mills site from I1 to C3A and approved the removal of the ILOD on a portion of the site. No additional zoning changes are required.
- Living Wage/Business Subsidy Agreement Yes _____ No X
- Job Linkage Yes _____ No X
- Other: N/A

Background/Supporting Information

The East Bank Mills Redevelopment Plan establishes the East Bank Mills Redevelopment Project, an approximately 2½-block, 8-acre area located along the east bank of the Mississippi River in the Saint Anthony Falls Historic District and the Marcy-Holmes neighborhood. The area is the site of the Pillsbury A Mill complex, a former flour milling facility that has been vacant since 2003. The property owner, Mill Development, LLC, an entity of Schafer Richardson, Inc., has proposed the redevelopment and preservation of this historic property.

Mill Development, LLC is in the process of securing Hennepin County Transit-Oriented Development (TOD) Program funds to help pay development costs and to act as a catalyst for private investment in the project. It is a requirement of the County TOD Program that the site be located within a redevelopment project area. The developer has also submitted an Application for Public Financial Assistance (TIF application). Due to the large scale of the project and the developer's efforts to secure various funding sources for affordable housing and heritage preservation, the Project Analysis Authorization (PAA) request will follow separately from the creation of the redevelopment project area.

CPED staff has conducted the necessary blight analysis of the existing structures on the site and have determined that the proposed project area qualifies for inclusion in a Redevelopment Project under Minnesota Statutes Section 469.002, Subdivision 14. Documentation supporting this finding is on file in the office of the City of Minneapolis Development Finance Division and is summarized in Exhibit 2 to the Redevelopment Plan.

The East Bank Mills Redevelopment Project Area consists of eight existing tax parcels generally bounded by 2nd St. SE to the north, 3rd Ave. SE to the west, Main St. SE to the south, and 6th Ave. SE to the east. The project area is located within the Marcy Holmes neighborhood and Ward 3 of Northeast Minneapolis. The tax parcels to be included in the proposed Project Area are:

<u>Property Identification Number</u>	<u>Address</u>
23-029-24-41-0023	400 2nd Street Southeast
23-029-24-41-0025	413 Main Street Southeast
23-029-24-41-0026	419 Main Street Southeast
23-029-24-41-0027	425 Main Street Southeast
23-029-24-41-0032	501 Main Street Southeast
23-029-24-41-0037	300 2nd Street Southeast

23-029-24-42-0006
23-029-24-42-0007

100 3rd Avenue Southeast
199 Main Street Southeast

One tax parcel to be included in the East Bank Mills Redevelopment Project, 501 Main Street Southeast, is currently located within the Holmes Urban Renewal Area, which was established in 1968, and the Minneapolis Common Development and Redevelopment Project (the "Common Project"), established in 1989. The proposed Modification No. 10 to the Holmes Urban Renewal Plan, which is under consideration concurrent with the East Bank Mills Redevelopment Plan, removes the parcel from the Holmes Urban Renewal Area. The parcel will remain within the boundaries of the Common Project.

The City of Minneapolis seeks to achieve the following objectives through the East Bank Mills Redevelopment Plan:

- Eliminate blighting influences.
- Increase the number of housing units and choices within the city.
- Increase housing density.
- Provide mixed-income housing.
- Support strong and diverse neighborhoods where people choose to live.
- Preserve historic properties.
- Clean contaminated properties.
- Create jobs.
- Enhance the city's tax base.
- Promote transit-oriented development.

The objectives of the redevelopment plan may be accomplished through the following actions: demolition, new construction, rehabilitation, environmental cleanup, project administration, and other related activities. Public purposes of this redevelopment plan include removal of blight, redevelopment of vacant and underused parcels, remediation of contaminated land, preservation of historic properties, provision of housing opportunities, promotion of transit usage, job creation and tax base enhancement.

Future land use on property within the Project Area will be mixed-use commercial and residential. The property is currently zoned C3A.

Proposed Development

Mill Development, LLC's proposal for the redevelopment of the project area includes the rehabilitation of seven existing warehouse and milling structures, and the construction of six new mixed-use buildings, public spaces, a new street, and other public improvements and infrastructure.

The buildings to be renovated include:

- The 6-story, 140,000-square foot Pillsbury A Mill building, a National Historic Landmark, which will house approximately 11 for-sale housing units and 57 mixed-income rental units, with commercial space mixed with housing on the lower levels.
- The Red Tile Elevator, which will contain five for-sale housing units.
- The South Mill, Cleaning House and Warehouse 1, which will contain 39 residential units and first level retail uses along Main Street.
- The Machine Shop, which will be renovated for commercial use.
- Warehouse 2, which will contain office space or approximately 36 rental housing units.

Proposed new construction includes:

- The Cooper building, a 12-story residential building with below-grade parking.

- The Archer building, a 10-story residential building with below-grade parking.
- Building D, a 15-story mixed-use building with residential units, commercial space, and parking spaces at, above and below grade.
- Building E, a 27-story residential building with parking spaces at, above and below grade, and connected to Building D with a three-story “connector” base.
- Building F, a 24-story residential building with parking spaces at, above and below grade.
- Building G, a 20-story mixed-use building with residential units, commercial space, and parking spaces at, above and below grade.

A new private street is proposed for the interior mid-block of the site to provide pedestrian and vehicular access to the existing and new buildings. An extension of the privately owned 5th Avenue Southeast will reconnect the grid and provide neighborhood access through the site.

The project includes new public spaces between the existing and proposed buildings and an elevated pedestrian walkway and bridge linking 2nd Street Southeast to Main Street and the riverfront. The project design includes high density residential development and active uses at the street living, which will increase transit usage.

A site plan, elevations and an aerial perspective are included in the attached East Bank Mills Redevelopment Plan.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman and Ostrow

Approving the East Bank Mills Redevelopment Plan and Modification No 10 to the Holmes Urban Renewal Plan.

Resolved by the City Council of the City of Minneapolis:

Section 1. Recitals

1.1. Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").

1.2. By Resolution duly adopted on November 27, 1968 and approved on December 2, 1968, the City approved the Holmes Urban Renewal Plan and thereby established the Holmes Urban Renewal Area. Nine subsequent modifications to the Holmes Urban Renewal Plan were approved by Council Resolution.

1.3. It has been proposed and the City has caused to be prepared, and this Council has investigated the facts with respect to, the East Bank Mills Redevelopment Plan and Modification No 10 to the Holmes Urban Renewal Plan (collectively, the "Plans"). The Plans create a new redevelopment project area (the "Project Area") and remove one half-block from the Holmes Urban Renewal Area, state the City's objectives, describe proposed development activity and indicate land uses to facilitate redevelopment of the Project Area, all pursuant to and in accordance with the Project Laws.

1.4. The City has performed all actions required by law to be performed prior to the adoption of the Plans, including, but not limited to, a review of the proposed Plans by the affected neighborhood group and the City Planning Commission, and the holding of a public hearing after published notice as required by law.

Section 2. Findings

2.1. The Council hereby finds, determines and declares that the objectives and actions authorized by the Plans are all pursuant to and in accordance with the Project Laws.

2.2. The Council further finds, determines and declares that the land in the Project Area would not be made available for redevelopment without the financial aid and public assistance to be sought.

2.3. The Council further finds, determines and declares that the Plans will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the redevelopment of the Project Area by private enterprise.

2.4. The Council further finds, determines and declares that the Plans conform to the general plan for the development or redevelopment of the city as a whole.

2.5. The Council further finds, determines and declares that the East Bank Mills Redevelopment Project is a redevelopment project pursuant to Minnesota Statutes, Section 469.002, Subdivisions 14 and 16 and that the Project Area is a "blighted area" pursuant to Minnesota Statutes, Section 469.002, Subdivision 11.

2.6. The Council further finds, determines and declares that the reasons and facts supporting the findings in this Resolution are described in the Plans.

2.7. The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plans.

Section 3. Approval of the Plans

3.1. Based upon the findings set forth in Section 2 hereof, the Plans presented to the Council on this date are hereby approved and shall be placed on file in the office of the City Clerk.

Section 4. Implementation of the Plans

4.1. After passage and publication of this Resolution, the officers and staff of the City and the City's consultants and counsel are authorized and directed to proceed with the implementation of the Plans, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further modifications, plans, resolutions, documents and contracts necessary for this purpose.