

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

Date: December 2, 2008  
To: Council Member Lisa Goodman, Community Development Committee

**Subject:** Re-assignment of Redevelopment Rights to a portion of the Lowell Curve Redevelopment Project and Extension of the Project Completion Date to December 31, 2010

**Recommendation:** Approve the re-assignment of redevelopment rights to a portion of the Lowell Curve Redevelopment Project to Twin Cities Habitat for Humanity and an extension of the project completion date to December 31, 2010

**Previous Directives:**

- On February 28, 2006, the City Council approved a request for Community Development Block Grant/Homeownership Program assistance (not to exceed \$77,000) under the Housing Replacement TIF District II for the Lowell Curve Project located at 1900 Willow Avenue.
- On May 17, 2005, the City Council approved the purchase and pass-through of the former Lowell School Site located at 1900 Willow Ave. to PPL for \$142,500 and the use of Vacant Housing Recycling Program funds not to exceed \$200,000 to cover the acquisition cost and provide value gap assistance to PPL.
- On September 14, 2004, the City Council approved adoption of the Lowell Redevelopment Plan, authorizing the acceptance of a Metropolitan Council Local Housing Incentive Account Grant and authorization to execute the necessary documents.
- On June 18, 2004, the City Council approved the site to be added to the Minneapolis Housing Replacement Tax Increment Financing District II.
- On September 6, 2002, the Board of Commissioners granted PPL exclusive development rights to the Lowell School Site & 10 In-Fill Vacant Lots in the Jordan neighborhood for 12-months.

Prepared by: Theresa Cunningham, Senior Project Coordinator X5237
Approved by: Charles T. Lutz, Deputy Director _____
Thomas Streitz, Director of Housing Policy & Development _____
Presenters in Committee: Theresa Cunningham

**Reviews**

Permanent Review Committee (PRC): Approval \_\_\_ Date \_\_\_ N/A \_\_\_  
Policy Review Group (PRG): Approval \_\_\_ Date \_\_\_ N/A \_\_\_

**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 Department when provided to the Committee Coordinator

**Community Impact**

**Neighborhood Notification** – On September 25, 2008, the Jordan Area Community Council (JACC) was advised of this proposal. On November 6, 2008, JACC provided their full support for the proposed re-assignment of redevelopment rights as are outlined in this report.

**City Goals** – A safe place to call home, 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. A connected community, a connected collection of sustainable urban villages where residents will live within walking distance of what they need or of public transit; there will be a connected network of transportation options; streets will be destinations; a mix of unique small businesses will be thriving; and Minneapolis’ neighborhoods will have unique identities and character.

**Sustainability Targets** – Affordable housing units, economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

**Comprehensive Plan** – This action is consistent with the Comprehensive Plan.

**Zoning Code** – R2B – Two family district (low density)

**Living Wage/Business Subsidy Agreement** Yes \_\_\_\_\_ No  X

**Job Linkage** Yes \_\_\_\_\_ No  X

**Other:** None

**Background Information**

The Lowell School Site is a 2.18-acre site located at 1900 Willow Avenue North in the Jordan neighborhood (Ward 3) of north Minneapolis. The site was previously occupied by the former Lowell Elementary School which was razed in the early 1970s and has since been a priority for the City and neighborhood to redevelop into needed housing for newcomers to the Twin Cities area or local residents who have chosen to stay and buy in the North Minneapolis area. The site is located just north of West Broadway and is bounded by Logan, Willow and 24<sup>th</sup> Avenues North. The site was owned by the Minneapolis Public Schools and declared “excess land” in 1997. In January, 2002, the School Board requested that the former MCDA issue a Request for Proposals (RFP) to redevelop the site. In addition to the school site, the RFP included 17 other vacant lots in the immediate area, to be developed with in-fill single-family houses.

As a result of the RFP process, exclusive development rights were awarded in September 2002 to a partnership formed by Project for Pride in Living, Inc. (PPL) and Twin Cities Habitat for Humanity, Inc. (Habitat). In return, in-fill houses were developed on surrounding lots by Habitat. Project for Pride in Living, Inc. (PPL) has worked continually and consistently to implement the Lowell School Site redevelopment initiative envisioned by the Jordan community, City planning and housing development staff.

On October 26, 2005, PPL purchased the site and moved ahead in the redevelopment of the Lowell School Redevelopment Plan and constructed 10 of the 14 homes planned for the site. An additional home was completed by the Builders Exchange. To date, only three of the eleven completed homes have sold to qualifying families earning less than 80% of median income. PPL has had to drop the asking prices for the completed homes to reflect the declining home sales prices in the area.

**Current Situation/Request**

It has now been three years since PPL began constructing and marketing the homes and the local market is not seeing any relief as prices continue to decline and development deadlines come and go with no new purchase contracts signed or property viewings scheduled with potential home buyers. PPL is now proposing to sell the last three remaining vacant lots (two with foundations in place) to Habitat pursuant to the existing construction plans. Habitat will sell the homes to qualified families and provide zero-interest mortgage loans to those families. The three remaining lots are the last lots left on the development site on which single-family homes are yet to be constructed.

PPL is requesting that CPED allow the transfer of the three last lots (1918 Willow, 2359 Logan, and 1917 – 24<sup>th</sup> Avenues North) to Habitat allowing a partial re-assignment of the original development agreement to accommodate the construction of the remaining homes; and extend the project completion date to December 31, 2010. They feel that this partnership will benefit both the site and the surrounding community by enabling the construction of the homes to proceed sooner than might otherwise be possible. PPL has not wanted to construct additional homes until they sell most of the homes already constructed on the site. As you are aware, home sales have been sluggish at Lowell Curve as well as across the nation. Attached is a spreadsheet presenting PPL's history of unit pricing as well as a map showing where the three lots are located on the site. Habitat's involvement will allow these homes to be constructed sooner than later and will ensure occupancy by a well qualified and financed buyer. Considering the slow-down of real estate sales and the number of unoccupied properties in the area, having "more eyes on the street" will benefit the development and the neighborhood.

PPL and Habitat share the mutual goal of providing homeownership opportunities to low income families and helping to stabilize neighborhoods in North Minneapolis. PPL is requesting an extension through 2010 to accommodate Habitat's construction schedule to stabilize and secure the two foundations this fall and to complete construction of these two homes by the end of 2009. They plan to begin construction on the last vacant lot in spring of 2010 with completion and occupancy by the end of 2010.

CPED supports and encourages the City Council to approve PPL's request to re-assign a portion of their redevelopment rights to three lots on the Lowell School Site to Habitat and to extend the project completion deadline to December 31, 2010.