



Minnehaha Avenue Apartments Redevelopment Plan

May 25, 2007

Prepared by the Development Finance Division
105 5th Avenue South, Minneapolis, Minnesota 55401

Minnehaha Avenue Apartments Redevelopment Plan
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Table of Contents

Introduction

Redevelopment Plan

- I. Description of Project
 - A. Boundary of Redevelopment Project
 - B. Project Boundary Map
 - C. Objectives of the Redevelopment Plan
 - D. Types of Redevelopment Activities

- II. Land Use Plan
 - A. Land Use Map
 - B. Land Use Provisions and Requirements
 - C. Period During Which Land Use Provisions and Requirements Will Be In Effect

- III. Project Proposals
 - A. Property Acquisition
 - B. Rehabilitation
 - C. Redevelopers' Obligations

- IV. Relocation

- V. Official Action to Carry Out Redevelopment Plan

- VI. Procedure for Changes in Approved Redevelopment Plan

EXHIBITS

- #1..... Project Boundary/Land Use Map
- #2..... Citizen Participation Report
- #3..... Environmental Review
- #4..... Project Area Report and Documentation of Eligibility
- #5..... Method Proposed for Financing
- #6..... Site Rendering

Minnehaha Avenue Apartments Redevelopment Plan May 25, 2007

Introduction

This plan document has been prepared to facilitate a proposed mixed-income rental four-story elevator apartment building with several common areas and green design elements, including innovative stormwater retention strategies in the Minnehaha neighborhood in Ward 12 of South Minneapolis.

The Minnehaha Avenue Apartments Redevelopment Plan establishes a new redevelopment project area, establishes objectives for redevelopment, and identifies land uses for the redevelopment of the project area.

Development Proposal

MDI Limited Partnership #64 has proposed a mixed-income residential project which will consist of new construction apartment homes within a compact high density site along the light rail transit corridor. The development is comprised of 37 rental one-, two- and three-bedroom units in a four story elevator building over below grade parking. There will be additional covered parking for a total of 41 parking spaces. The exterior will be designed with durable materials which will likely include fiber cement board siding, metal and stucco. Twenty-three of the apartment homes will be rented to households at or below 50% of the area median income (AMI), with the remainder at or below 60% of AMI. Plans are for a successful demonstration of affordable workforce housing with green design features. The project will also include a community room with an outdoor deck area on the fourth floor. The deck will include a tot lot and exceptional views to the Mississippi River Valley. A workout facility will also be located directly off the community room. The project will also have easy access to the LRT providing an alternate transportation option, thereby providing affordable housing and workforce residents the same opportunities as others to efficiently connect not only to job opportunities, but also to education, retail and recreation uses in downtown Minneapolis, the Veterans Administration Hospital, Bloomington commercial districts, as well as the International Airport, Fort Snelling, and many others.

REDEVELOPMENT PLAN

I. Description of Project

A. Boundary of Redevelopment Project

Under the authority of the Housing and Redevelopment Authorities Act, approval of this Redevelopment Plan establishes a new Redevelopment Project as defined in Minnesota Statutes Section 469.002, Subdivision 14. The

Project Area Report and Documentation of Eligibility is attached as Exhibit #4 to this Plan.

The Minnehaha Avenue Apartments Redevelopment Project Area consists of three existing tax parcels on 53rd and Minnehaha identified below. The project area is located within the Minnehaha neighborhood and Ward 12 of South Minneapolis. The tax parcels to be included in the proposed Project Area are:

Property Identification Number	Address
17-028-23-33-0012	5341 Minnehaha Avenue
17-028-23-33-0011	5345 Minnehaha Avenue
17-028-23-33-0046	5359 Minnehaha Avenue

B. Project Boundary Map

The Project Boundary Map is included in this Redevelopment Plan as Exhibit #1 (Project Boundary/Land Use map).

C. Objectives of the Redevelopment Plan

The City of Minneapolis seeks to achieve the following objectives through the Minnehaha Avenue Apartments Redevelopment Plan:

- Increase the City's property tax base and maintain its population diversity.
- Provide an array of housing choices that meet the needs of current residents and attract new residents to the city with an emphasis on providing affordable housing.
- Eliminate blighting influences throughout the city.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities.
- Provide affordable workforce housing on a major fixed transit line.
- Maximize use of nearby light-rail transit through significant increase in housing density.

D. Types of Redevelopment Activities

The objectives of the redevelopment plan will be accomplished through the following actions: site assembly and preparation, demolition, relocation, new construction, parking, project administration, public improvements and other related activities. Public purposes include the provision of affordable workforce rental housing units, removal of blight or the causes of blight, including vacant, underused land, and the provision of decent, safe, and sanitary dwellings for persons of low and moderate income.

II. Land Use Plan

Future land use on property within the Project Area will be high-density residential. The proposed development will require a rezoning to accommodate the density level proposed.

A. Land Use Map

The Land Use map is included in this Redevelopment Plan as Exhibit #1 (Project Boundary/Land Use Map).

The development of this site is consistent with *The Minneapolis Plan* as shown on the Land Use Map and in conformance with this Redevelopment Plan.

B. Land Use Provisions and Requirements

Future land use designation will be high-density residential, and shall conform to the Minneapolis Zoning Ordinance. The land use provision and building requirements shall be applied in addition to official codes, ordinances, and other legal controls in the City of Minneapolis and the State of Minnesota. Where there is a conflict between any of the existing official codes ordinances and other legal controls in the City of Minneapolis and State of Minnesota with these land use provisions and building requirements, the stricter and more limiting requirement shall apply.

C. Period During Which Land Use Provisions and Requirements Will Be In Effect

The requirements and provisions of Section II. B. of this Redevelopment Plan shall apply to all of the properties located in the Project Area except where strict compliance thereto would in the judgment of the City either not be in the best interest of the project or the City, or would not contribute to the achievement of the objectives of this Redevelopment Plan. These requirements shall remain in effect for twenty years from the date of conveyance of the disposition parcels.

III. Project Proposals

A. Property Acquisition

1. Property That May Be Acquired

No properties within the Project Area have been identified as “property that may be acquired” by the City of Minneapolis. All acquisition will be completed by the developer.

B. Rehabilitation

Rehabilitation will not be one of the redevelopment activities carried out through this Redevelopment Plan.

C. Redevelopers' Obligations

The general requirements to be imposed upon the redevelopers, their successors or assigns, will be established in the development agreements.

IV. Relocation

There are 8 apartment residences in a boarding house, one two-bedroom single-family home, and one commercial space on the property. The relocation activity will be carried out by the developer in accordance with all applicable guidelines and regulations.

V. Official Action to Carry Out the Redevelopment Plan

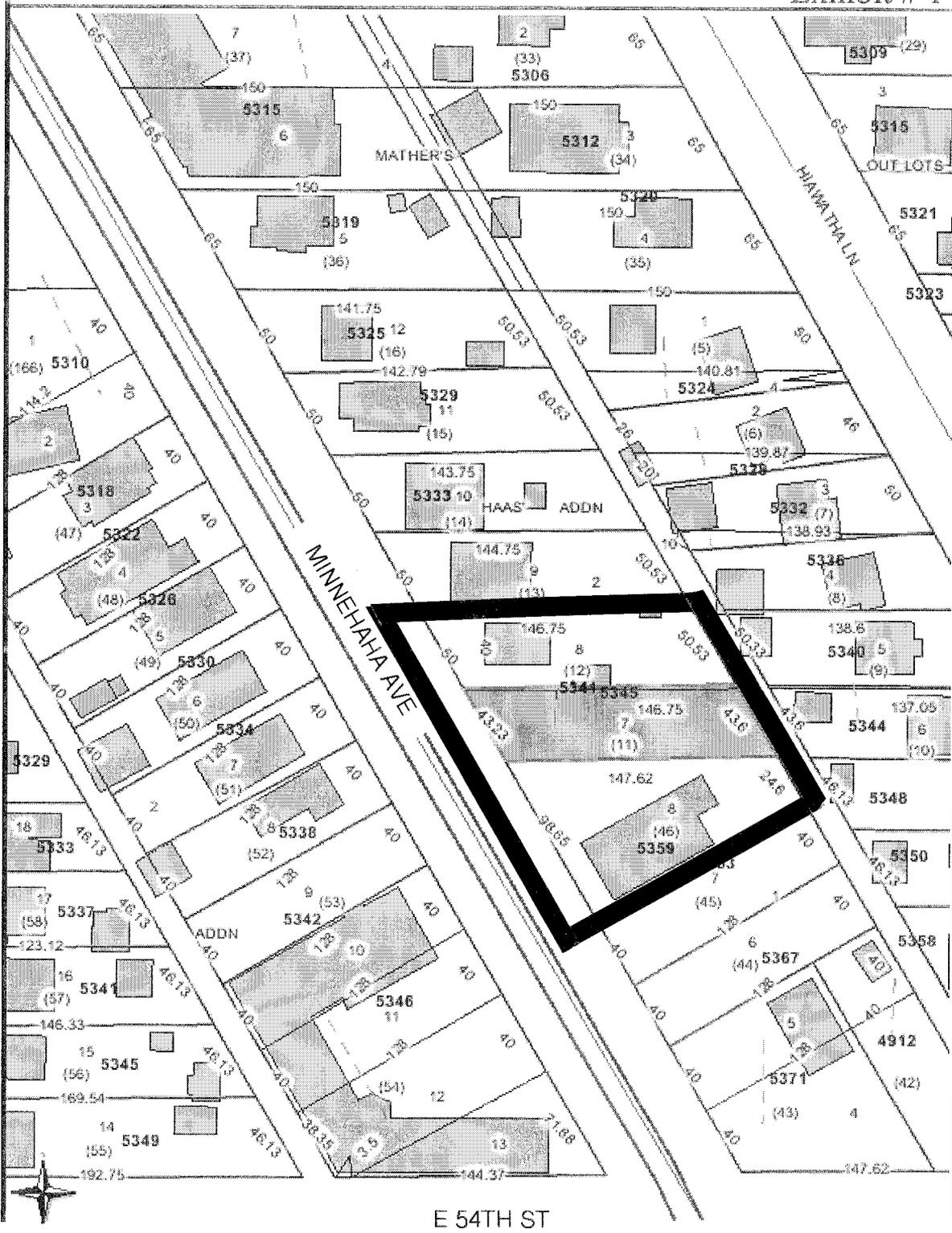
Minnesota law requires that the Minneapolis City Planning Commission review this Redevelopment Plan and that its written opinion, if any, accompany the Redevelopment Plan when it is officially submitted to the City Council for approval (Minnesota Statutes, Section 469.027).

In approving this Redevelopment Plan, the City Council is responsible for carrying out those elements of the Redevelopment Plan requiring official action by the City.

VI. Procedure for Changes in Approved Redevelopment Plan

This Redevelopment Plan may be modified as provided in Minnesota Statutes, Section 469.029, Subdivision 6, as follows:

"A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located."



E 54TH ST



**Minnehaha Avenue Apartments
Redevelopment Plan
Boundary/Land Use Map
May 25, 2007**



Boundary
Land use: high-density residential

CITIZEN PARTICIPATION REPORT

**53rd and Minnehaha Redevelopment Plan
May 25, 2007**

Nokomis East Neighborhood Association (NENA) is the official neighborhood group for this project. NENA has reviewed the 53rd and Minnehaha project proposal and was “pleased to support” the project in a letter to CPED dated June 7, 2006.

The neighborhood group found the project to be consistent with the Nokomis East Station Area Plan (since adopted by the City Council in January 2007). Since the letter, the developer has continued to meet periodically with the neighborhood group, CPED staff, and the City Council representative to apprise all of progress in planning. NENA continues to support this project amidst further design refinements.

NENA and other neighborhood participants will be given the opportunity to review and comment on the 53rd and Minnehaha Redevelopment Plan prior to consideration of the Plans by the City Council.

The City of Minneapolis will continue to work with these groups throughout the implementation of the Redevelopment Plan.

ENVIRONMENTAL REVIEW

**Minnehaha Avenue Apartments Redevelopment Plan
May 25, 2007**

The developers have no knowledge of any environmental issues at the site, and an environmental Phase I assessment is currently underway with Professional Services, Inc.

The City of Minneapolis will comply with all applicable local, state and federal regulations and procedures regarding the assessment of potential environmental impacts resulting from project activities.

**PROJECT AREA REPORT
AND ELIGIBILITY DOCUMENTATION**

**Minnehaha Avenue Apartments Redevelopment Plan
May 25, 2007**

MDI Limited Partnership #64 has proposed a mixed-income residential project which will consist of new construction apartment homes within a compact high density site along the light rail transit corridor. The development is comprised of 37 rental one-, two-, and three-bedroom units in a four story elevator building over below grade parking. There will be additional covered parking for a total of 41 parking spaces. The exterior will be designed with durable materials which will likely include fiber cement board siding, metal and stucco. Twenty-three of the apartment homes will be rented to households at or below 50% of the area median income (AMI), with the remainder at or below 60% of AMI. Plans are for a successful demonstration of affordable workforce housing with green design features. The project will also include a community room with an outdoor deck area on the fourth floor. The deck will include a tot lot and exceptional views to the Mississippi River Valley. A workout facility will also be located directly off the community room. The project will also have easy access to the LRT providing an alternate transportation option, thereby providing affordable housing and workforce residents the same opportunities as others to efficiently connect not only to job opportunities, but also to education, retail and recreation uses in downtown Minneapolis, the VA Hospital, Bloomington commercial districts, as well as the International Airport, Fort Snelling, and many others.

This Project Area Report and Documentation of Eligibility describes the conditions that qualify the Minnehaha Avenue Apartments site as a redevelopment project.

The Minnehaha Avenue Apartments Redevelopment Project (the "Redevelopment Project") will be a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

"... any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete

layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

Area Characteristics

The Minnehaha Avenue Apartments Redevelopment Project Area consists of three existing tax parcels on 53rd and Minnehaha Avenue. The project area is located within the Minnehaha neighborhood and Ward 12 of South Minneapolis.

Findings of Blight within the Proposed Redevelopment Project Area

CPED Senior Construction Management Specialist Duane Nygren conducted exterior inspections of the proposed redevelopment project area in April 2007. The proposed redevelopment project area consists of one single family home, a vacant lot and a multi-purpose residential/ commercial structure. Both structures are poorly maintained. The existing residential and multi-purpose commercial buildings were found to be detrimental to the "safety, health, morals, or welfare of the community", by reason of dilapidation, obsolescence, overcrowding, faulty arrangement and lack of ventilation.

The deterioration of the vacant parcel undermines the value of adjacent property. Vacant parcels may constitute a repository for debris, fire hazard, and may attract vagrants and criminal elements of the population. The vacant space is not only an uneconomic use of inner city real estate, but is considered a blighting condition.

Existing Conditions

A site inspection was performed on the following three parcels on April 23, 2007. The property at 5341 Minnehaha Ave. is a wood frame, single family one and a half story R1A residential home built in 1937. This property is in fair/poor condition; it does not meet today's UBC, MN State Energy Code, or City of Minneapolis Housing Maintenance Code. It has peeling paint, front steps lack a handrail/guardrail, and the driveway has negative slopes towards the garage. The foundation is cracked and has rotten and damaged siding. The windows are obsolete, in poor condition, do not meet current energy code, and are missing several storm windows and screens. The property is hazardous to occupants with children due to the close proximity of the light rail line. The lot has an unusual shape containing 5,888 square feet.

The property at 5345 Minnehaha Ave. is a bituminous parking lot adjacent to 5359 Minnehaha Ave in fair condition but appears to be underused. The lot size is 5,888 square feet, and has angled rear access which is over 6% grade. The land has unusual and difficult physical characteristics, and is considered unused, underused or inappropriately used.

The property at 5359 Minnehaha Ave. is a two-story multi-purpose building built in 1931, with a flat roof and a brick exterior. The building is in need of major repair, is functionally obsolete, lacks ventilation, is incompatible with surrounding uses and inadequate street layout. The building has a residential apartment on the upper floor and a commercial unit on the lower level previously used as a tavern, bar & grill, and

catering business. The property has not been licensed for any business by the City of Minneapolis since 2001, and this unit appears to be vacant. The building does not appear to meet today's UBC, MN State Energy Code, MN State Fire Code, MN Mechanical Code for ventilation, and plumbing, or the City of Minneapolis Housing Maintenance Code. The lot size is 7,888 square feet.

All three parcels are zoned C1/Neighborhood Commercial District with a total square footage of 19,664. There have been no reported police incidents on any of the parcels. There have been no permits for any major work over the last 13 years for any of the parcels. This report does not address environmental issues (e.g. pollution, contamination, fugitive spills, asbestos, PCB containing transformers), or other unknown physical or geo-technical problems.

It is therefore found that the proposed project area qualifies for inclusion in a redevelopment project under Minnesota Statutes 469.001 through 469.047.

Eligibility Findings

Documentation supporting these findings is on file in the office of the Development Finance Division, Finance Department, Suite 575, Crown Roller Mill, 105 5th Avenue South, Minneapolis, Minnesota.

Method Proposed for Financing

Minnehaha Avenue Apartments Redevelopment Plan May 25, 2007

Description of Development

MDI Limited Partnership #64 has proposed a mixed-income residential project which will consist of new construction apartment homes within a compact high density site along the light rail transit corridor. Twenty-three of the apartment homes will be rented to households at or below 50% of the area median income (AMI), with the remainder at or below 60% of AMI. The project will also have easy access to the LRT providing an alternate transportation option, thereby providing affordable housing and workforce residents the same opportunities as others to efficiently connect not only to job opportunities, but also to education, retail and recreation uses in downtown Minneapolis, the Veterans Administration Hospital, Bloomington commercial districts, as well as the International Airport, Fort Snelling, and many others.

Sources of Revenue

Several funding sources have been committed to this development, including, but not limited to, a tax-exempt First Mortgage, MHFA Super RFP funds, Hennepin County TOD funds, Hennepin County AHIF funds, Minneapolis Trust Funds, Owner Contribution, Limited Partner Investment, Tax Credits, Additional Trust Funds, and Employer donation funds.

Minnehaha Avenue Apartments Site Plan

