



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

**Date:** July 25, 2006

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

**Subject:** Authority to negotiate redevelopment agreement for City owned real property at 1800 Plymouth Avenue North with Olson Development Consultants, Inc. and Mississippi Pathways Development Company, LLC as co-developers

**Recommendation:**

Authorize appropriate staff to negotiate the terms of a redevelopment agreement and a land sale for City owned real property at 1800 Plymouth Avenue North with Olson Development Consultants, Inc. and Mississippi Pathways Development Company, LLC, as co-developers.

**Previous Directives:** None.

**Prepared by:** Theresa Cunningham, Senior Project Coordinator **Phone:** 612.673.5237

**Approved by:** Chuck Lutz, Deputy Director CPED \_\_\_\_\_  
Elizabeth Ryan, Director of Housing Policy & Development \_\_\_\_\_

**Permanent Review Committee (PRC)** Approval  Not Applicable

**Note:** To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Presenter in Committee:** Theresa Cunningham, Senior Project Coordinator, Phone 612.673.5237

**Financial Impact (Check those that apply)**

- No financial impact (If checked, go directly to Background/Supporting Information).
- 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.
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

**Community Impact (use any categories that apply)**

**Neighborhood Notification:** On April 19, 2006, the Northside Residents Redevelopment Council, Inc. (NRRC) was advised of the three development

proposals received in response to a Request for Proposal solicitation by CPED staff on May 2, 2006 and was provided copies of the proposals to assist them in providing comments regarding the proposed development proposals.

**City Goals:** Consistent with the goal that 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 to "create a safe place to call home" with lifecycle housing throughout the City.

**Comprehensive Plan:** The proposed development is consistent with the desired land-uses at this location. The redevelopment site is a vacant, underutilized assemblage of real estate that includes approximately 32,990 square feet of land with a zoning classification of C1 for Neighborhood Commercial District use. C1 zoning districts allow both commercial and residential development.

**Zoning Code:** The site is zoned C1. A rezoning will not be required to facilitate the proposed redevelopment plan.

**Other: N/A**

### **Background/Supporting Information**

The development site consists of seven vacant parcels of land including 1800, 1806, 1810, 1810-1/2, 1812, and 1822 Plymouth Avenue North and 1306 Morgan Avenue North. The site lies along the northern border of Plymouth Avenue between Logan and Morgan Avenues North. These parcels of land were purchased, cleared and remained undeveloped in public ownership since 1968. They are being combined to make up one large redevelopment site that includes a 125 ft. X 264 ft. site with approximately 32,990 square feet of land. Phase I and II Environmental Assessment Reports have been prepared stating that there is evidence of potential petroleum and/or dry cleaning solvent pollutants on site.

On March 2, 2006, CPED staff released a Request for Proposals (RFP) seeking residential development proposals for the site. Based on CPED's in-house appraiser, the land's estimated fair reuse value was determined to be approximately \$6.00 to \$8.00 per square foot (depending on density) or approximately \$197,940 to \$263,920.

CPED staff from the Planning, Housing and Development Finance divisions collaborated as an inter-departmental review committee to create a Request for Proposals (RRP) for the City owned land. Development goals (attached as Exhibit A) were drafted by the review committee and forwarded to the Northside Residents Redevelopment Council (NRRRC), the recognized neighborhood organization, for their review and comments. Their comments were incorporated into the development goals, as stated. To view a complete copy of the RFP document, please access the Internet website at: [http://www.ci.minneapolis.mn.us/cped/docs/1800\\_plymouth\\_rfp.pdf](http://www.ci.minneapolis.mn.us/cped/docs/1800_plymouth_rfp.pdf)

### **Proposal Descriptions**

On April 17, 2006, three proposals were received from the following developers: Dan Bar Homes, Ltd., Olson Development Consultants, Inc. & Mississippi Pathways Development Corporation, LLC, as co-developers, and Urban Homeworks. All three proposals were remarkably similar in that they included a cluster type townhouse development. The following is a brief recap of the three proposals and a little background on the development team:

**Dan Bar Homes, Ltd.** is a for-profit developer/general contractor corporation. The principals are Daniel A. Bartus (Owner and Agent for Edina Realty) and George S. Bar. Bruce Knutson of Knutson Architects is lead architect and provided all schematic drawings for the proposed development. Dan Bar's work has primarily involved building homes in Plymouth, Maple Grove and Minnetonka. They are proposing to construct 12 for-sale 4 bedroom townhouse units with approximately 1,400 square feet of living area, 3 baths, a

two-car garage for each unit and surface parking for up to 24 vehicles. Sales prices are proposed to start at \$260,000+. They are offering \$231,000 for the City owned land.

**Olson Development Consultants, Inc.** is a for-profit development consultant corporation. The proposed development will be undertaken in conjunction with Olson Development Consultants, Inc. and Mississippi Pathways Development Company, LLC under a co-developer agreement to be established after the RFP selection process is completed. Wayne Olson is principal of Olson Development, where he provides project management expertise gained from the City of Minneapolis and past private development experience as Director of Development for The Cornerstone Group. **Mississippi Pathways Development Company, LLC** (MPDC) has renovated and built over 35 homes in the Near North and Willard-Hay neighborhoods since its inception in 2003. They have assembled a team of professionals which include: Landmark Environmental, LLC (Ken Haberman), Hannover Ltd. (Don Keysser), LHB Corporation (as architect) and Sarah Huss as Multi-Family Real Estate Finance & Development Consultant. They propose to construct 18 for-sale 2 bedroom townhouse units with attached single-car garages, rear decks and 1 full bath. Units will include approximately 1,100 square feet in living space. In addition, approximately 500 square feet in the lower level will be available for expansion with a roughed in second bath. Surface parking for up to 18 vehicles is also proposed. Sales prices are proposed to start at \$200,000+. They are offering \$197,940 for the City owned land.

**Urban Homeworks** is a nonprofit housing developer committed to Minneapolis' Northside where they have completed projects in Jordan, Hawthorne, and the Near North neighborhoods over the past 4 years. Urban Homeworks portfolio further includes smaller renovation projects in South Minneapolis as well. They propose to construct 12 for-sale townhouse units and 8 rental apartment type units with 12 garages and surface parking for up to 8 vehicles. Unit configurations would include rental studios, 1 and 2 bedroom units and ownership 2 and 3 bedroom units. Living spaces will range in size from 420 to 780 square feet (rental) and from 1,160 to 1,424 square feet (ownership). Sales prices are proposed to start at \$184,900+ with rents ranging from \$412 to \$530 affordable to families earning less than 30% of area median income. They are offering \$197,940 for the City owned land.

While all three developers have put together an established development team with excellent track records; they each will need a significant amount of time to assemble the necessary financing to complete the proposed developments. All proposals included the incorporation of public art in the facade, fencing and/or landscape components of the development.

**Neighborhood Review and Comments:** On April 19, 2006, all three proposals were forwarded to the recognized community organization, Northside Residents Redevelopment Council (NRRC), for their review and comments. On June 6<sup>th</sup>, NRRC recommended the proposals submitted by Dan Bar Homes Ltd. and Olson Development Consulting Inc. and MPDC. Attached as Exhibit B is a copy of the neighborhood's letter in which they were not in favor of the rental component of the Urban Homeworks proposal and recommended it be removed from further consideration.

**Developer Selection:** During the week of June 12<sup>th</sup>, all three development teams presented their individual proposals to the City's inter-departmental review team. Based on the evaluation criteria stated in the RFP, the developers were rated in the following areas:

1. The experience and the financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget.
2. The extent to which the proposed development is in compliance with the Minneapolis Zoning Code, comprehensive plan and other relevant planning documents for the area and the development goals of the RFP.
3. The extent to which the project can move forward on a timetable that will coordinate with the other development in the area.
4. The market and financial feasibility of the project.
5. The ability of the project to secure necessary public and private funds.

6. The public benefits that would be provided by the project, including the proposed land price.
7. Overall quality of the submission.
8. Architectural character and quality of building materials.
9. Review of related previous experience.
10. Quality of exterior environment and public art elements.

The inter-departmental review team rated the proposals and presentations on a scale from 1 – 5 with 5 being exceptional. The developers were scored as outlined in Exhibit C, attached. While all three development teams are to be commended on their proposals, various issues were taken into consideration when rating the individual proposals from the developer. Based on the evaluation criteria, Olson Development Consulting, Inc. & Mississippi Pathways Development Company, LLC were selected as the preferred co-developers. Attached as Exhibit D is a breakdown of their proposed sources and uses of funds and a site plan and front elevational rendering for the proposed development as Exhibit E.

CPED staff is now requesting direction and authorization to negotiate the terms of a redevelopment agreement and land sale for City owned real property located at 1800 Plymouth Avenue North with Olson Development Consultants, Inc. and Mississippi Pathways Development Company, LLC, as co-developers and further to establish productive negotiations and completed terms within 8 to 12 months of final approval of this action.

Attachments:

- A – Development Goals
- B – Neighborhood comments
- C – Evaluation Criteria & Proposal Recap
- D - Sources & Uses of Funds
- E – Olson Development Consulting, Inc. Site Plan