



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

Date: October 26, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Bernadette Hornig, Phone 612-673-5236

Presenter in
Committee: Bernadette Hornig, Project Coordinator

Approved by: Elizabeth Ryan, Interim Director, Housing _____

Subject: Redevelopment of Hennepin County owned property at 3345 1st Avenue South for multifamily housing

RECOMMENDATION: Adopt the attached Resolution Authorizing Hennepin County to plan and manage the sale and redevelopment of a tax forfeit property at 3345 1st Avenue South for a multifamily housing project.

Previous Directives: None.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 10

Neighborhood Notification: Lyndale Neighborhood Association (LNA) supports Hennepin County's goal of redeveloping this site as housing.

City Goals: Projects comply with Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city; Objective A: Preserve and expand the number of affordable housing units throughout the city; Goal 3: Support strong and diverse neighborhoods where people choose to live; and Goal 5: Participate in

partnerships to achieve common community development objectives.

Comprehensive Plan: Selected project will comply.

Zoning Code: Current zoning is R2B.

Living Wage/Job Linkage: N/A

Other: N/A

Background/Supporting Information

3345 1st Avenue South is a vacant tax forfeit lot; the former site of an eight-unit townhouse complex demolished in 1999. Since Hennepin County currently owns the property, representatives from the Lyndale neighborhood approached Hennepin County to seek options for redeveloping the site as housing.

At the neighborhood's request, Hennepin County Tax Payer Services agreed to engage the Hennepin County Housing and Redevelopment Authority (HCHRA) to complete a RFP process to select a developer for the site, in partnership with LNDC, rather than selling the property at a tax forfeit auction. A copy of the draft request for proposals that HCHRA intends to issue for the site is attached.

A geotechnical evaluation of the property completed by the environmental consulting firm Braun Intertec found that fill material used after the demolition in 1999 is unsuitable for new construction and soil corrections will be required to redevelop the site. In addition, Braun discovered potential environmental contamination that will likely require some level of remediation.

As part of the RFP process, HCHRA intends to work with the selected developer to seek approval for soil corrections and site remediation grant funds provided by the Hennepin County Environmental Response Fund (ERF). In addition, HCHRA will deposit the proceeds from the sale of the property in escrow until completion and will use up to \$60,000 to fund soil correction and site remediation costs not covered by the ERF.

If approved, this project will result in the redevelopment of a vacant site with substandard soils into a new housing project, thereby enhancing the quality housing of the stock in the Lyndale neighborhood and adding to tax base of the City.

Resolution approving Hennepin County to manage the sale and redevelopment of a tax forfeit property at 3345 1st Avenue South for a housing development project.

Whereas, the Hennepin County Housing and Redevelopment Authority proposes to sell a tax forfeit property at 3345 1st Avenue South for a housing redevelopment project to be located at 3445 1st Avenue South in Minneapolis, Minnesota (the "Project"); and

Whereas, Minnesota Statutes, Section 383B.77, Subd 3, requires that this City Council must approve a project undertaken by the Hennepin County Housing and Redevelopment Authority before such a project may be undertaken within this City; and

Whereas, the Project is subject to the approval of this City Council; and

Whereas, it is deemed in the best interest of this community to approve the Hennepin County Housing and Redevelopment Authority's implementation of the Project as an approved project;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That pursuant to Minnesota Statutes, Section 383B.77, subd. 3, the City Council approves the Project and approves of the Project assistance to be provided by the Hennepin County Housing and Redevelopment Authority to facilitate the acquisition and new construction of a housing project by Borrower, subject to the following requirements:

(a) That this City retains its jurisdiction over all issues of local concern relating to zoning, land usage, building code requirements and compliance with all applicable city codes and ordinances.

(b) That repayment of the financing obligations owed the Hennepin County Housing and Redevelopment Authority by the Borrower will be made solely from revenues derived from the project.

(c) That the full faith and credit of this City will not be pledged in any fashion as a source of repayment of said financing obligation owed the Hennepin County Housing and Redevelopment Authority by the Borrower.

**REQUEST FOR PROPOSALS
FOR THE PURCHASE AND REDEVELOPMENT
OF THE TAX-FORFEITED PROPERTY**



Located at:

3445 FIRST AVENUE SOUTH, MINNEAPOLIS, MN 55408

Issued Jointly by:

HENNEPIN COUNTY TAXPAYER SERVICES DEPARTMENT

Harold W. Troup, Property Management Specialist [612-348-2995](tel:612-348-2995)

Tax-Forfeited Real Estate Management Unit

A-600 Government Center, 300 South Sixth Street

Minneapolis, MN 55487 – 0060

Harold.w.troup@co.hennepin.mn.us

HENNEPIN COUNTY HOUSING & REDEVELOPMENT AUTHORITY

Patrick R. Connoy, Economic Development Project Coordinator 612-348-2215

Hennepin County Housing, Community Works and Transit

417 North Fifth Street, Suite 320

Minneapolis, MN 55401-1362

[Patrick R Connoy@co.hennepin.mn.us](mailto:Patrick.R.Connoy@co.hennepin.mn.us)

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LYNDALE NEIGHBORHOOD DEVELOPMENT CORPORATION

Cara Letofsy, Executive Director 612-824-9402x22

3537 Nicollet Avenue South

Minneapolis, MN 55408

Cara@lyndale.org

1. PURPOSE

This request for Proposals (RFP) is being issued jointly by the Hennepin County Taxpayer Services Department, the Hennepin County Housing and Redevelopment Authority and the Lyndale Neighborhood Development Corporation (LNDC) to solicit proposals for the purchase and redevelopment of the tax-forfeited property located at: 3445 First Avenue South, in the Lyndale Neighborhood of south Minneapolis.

2. BACKGROUND AND CURRENT CONDITION

This vacant tax-forfeited property located at 3445 1st Avenue South (PID# 03 028 24 42 0200) is the former site of an approximately 52 ft by 71 ft, I shaped, wood framed, eight-unit townhouse complex that was demolished in 1999. The foundation was subsequently backfilled with material that contained soil, ash, cinders and debris. A preliminary geotechnical evaluation of the property focused on the former building footprint and determined that the fill material in this area is unsuitable for supporting new structures.

A subsequent geotechnical and environmental evaluation of the property has been completed by Braun Intertec. This evaluation consisted of the completion of four borings outside of the original building footprint and a 60-foot test trench that extended across the former foundation in a north-south direction to a depth of 12 feet. All the borings encountered fill material to a depth of at least 11 feet below the ground surface. Fill material in one boring extended to 19 feet below the ground surface. Fill material within the test trench extended to a depth of 9 feet and was underlain by a 2 foot thick peat layer. A 1 to 2 foot thick layer of ash at a depth of approximately 7 feet was identified in the fill material placed in the former building foundation. In the borings located outside of the foundation, ash and cinders appeared to be intermixed with the soil fill.

No organic vapors or other indications of contamination were detected in soil samples retrieved from the borings and the test trench. Given the presence of ash, two soil samples were analyzed for total Resource Conservation and Recovery Act (RCRA) hazardous metals concentrations. The RCRA established hazardous concentration levels in eight routinely sampled metals. Arsenic concentrations (11 & 18 ppm) slightly in excess of the residential soil cleanup standard (10 ppm) were identified in two samples collected from fill material where ash was visible. The other metals concentrations were within residential cleanup standards. No indications of asbestos-containing materials were detected. According to the Braun Intertec report, none of the fill material is suitable for supporting building construction.

It should be noted that there is no information as to whether arsenic in excess of residential cleanup standards is present in the upper 4 feet of soil on-site. Any soil in the upper 4 feet with contaminant concentrations in excess of the residential cleanup standards likely would have to be removed. Hennepin County intends to conduct additional investigation of the upper 4 feet of soil at the property.

Hennepin County intends to deliver marketable tax title to the selected developer upon receipt of payment in full.

Hennepin County intends to cooperate with the selected developer and LNDC to seek approval from the City of Minneapolis and the Hennepin County Board of Commissioners for site clean-up or soil remediation grant funds provided by the Hennepin County Environmental Response Fund (ERF). Any clean-up and soil remediation costs will be directly related to the type of construction design contemplated by the developer. Any cost, up to (\$60,000.00) sixty thousand dollars, not funded by ERF investigation and remediation, will be paid for out of the property purchase price for the property. The purchase price for the property will be deposited in an escrow account by the County until project completion.

Copies of the following documents will be provided upon request to qualified Developers:

- Former Site Plan dated 7/31/86
- Current Survey ordered 8/26/04
- Aerial Map of Neighborhood
- Certificate of Possessory Title
- Tax Forfeited Land Appraisal
- Soil Boring Report dated 04/02/02 - Development Engineering , P.A.
- Environmental and Preliminary Geotechnical Evaluation Report dated 02/27/03 - Braun Intertec Corporation

3. SUMMARY OF PROPERTY

ADDRESS: 3445 FIRST AVENUE SOUTH
MINNEAPOLIS, MN 55408

PID # (01) 03-028-24 42 0200

LEGAL DESCRIPTION: LOTS 010 & 011
"SHARTLE'S SECOND ADDITION TO MINNEAPOLIS"

GENERAL DESCRIPTION: VACANT DOUBLE LOT

NEIGHBORHOOD: LYNDALE

WARD: 08

LAND AREA: 80 Ft. by 129.4 Ft. or 10,352 Sq. Ft. or 0.238 Acre.

LOT SHAPE: RECTANGULAR

TOPOGRAPHY: ACCESS GOOD / HIGH GRADE (ALLEY IN REAR)

CURRENT ZONING: R2B – TWO FAMILY DISTRICT ('99)

The R2B Two Family District is established to provide for an environment of predominantly low density, single and two-family dwellings and cluster developments. The minimum lot area requirement is 2,500 sq. ft. per unit.

YARD REQUIREMENTS: Required Building set-backs are:
R2B Front = 20 ft. Interior Side & Rear = 5 x 2X ft.

X = # of stories above first floor

BULK REQUIREMENTS: R2B - The maximum height of all principal structures shall be two and one-half (2.5) stories or thirty-five (35) feet in height, whichever is less.

ALTERNATIVE CITY OF MINNEAPOLIS ZONING AND YARD REQUIREMENTS

ZONING OPTION: R4 – MULTIPLE FAMILY DISTRICT

A Conditional Use Permit would be required for the construction of a medium density development with four (4) or more single family dwelling units. The minimum lot area requirement is 1,500 sq. ft. per unit.

YARD REQUIREMENTS: The required building set-backs are:
R4 Front - 15 ft. Interior side & Rear - 5 + 2X

BULK REQUIREMENTS R4 – The maximum height of all principal structures shall be four (4) stories, or fifty-six (56) feet in height, whichever is less.

Note: All Building and Zoning requirements must be confirmed with the City of Minneapolis. The developer will be responsible for obtaining appropriate zoning permits, variances and Planning Commission approvals for the proposed redevelopment.

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4. HENNEPIN COUNTY PUBLIC PURPOSE

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Projected reuse of this site must contribute toward improving the quality of life of all residents of Hennepin County through quality housing and economic opportunities supported by transit and transportation options. Respondents must identify how their proposal:

- Increases housing options;
- Increases the Hennepin County tax base;
- Is consistent with the Minneapolis Plan, Zoning requirements and City of Minneapolis Affordable Housing Policy;
- Enhances the existing fabric of the block and surrounding neighborhood; and
- Responds to the jointly sponsored development objectives (listed as follows).

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5. DEVELOPMENT OBJECTIVES

The Lyndale Neighborhood seeks to enhance the existing fabric of the block and surrounding neighborhood by being actively involved in the redevelopment process. To achieve a portion of this goal, it has expressed a strong preference for the following:

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- Structure(s) that fit into the scale and design of the surrounding area, including:
 - Limiting redevelopment to no more than two (2) structures, excluding garages
 - Two to five (2-5) owner occupied, residential units with mainly three (3) bedrooms, thereby designed to appeal to families
- Energy efficient and sustainable design features
- Sufficient open green space

- Separate entrances with perhaps patios and decks that contribute to privacy
- On-site and enclosed parking
- Attention to storage and individual unit, laundry facilities
- An opportunity for the LNDC to participate in initial marketing activities, so as to give sales preference to current local residents to purchase and occupy
- While not required, the neighborhood encourages developers to explore making the units perpetually affordable through the community land trust option.

6. SITE TOUR

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Potential respondents may tour and inspect the property on their own or with representatives of the Hennepin County Taxpayer Services, Hennepin County Housing & Redevelopment Authority and Hennepin County Environmental Services Departments and the Lyndale Neighborhood Redevelopment Corporation's Housing Committee, at the site on Friday, October 1st, 2004, from 10:00 am to 11:30 am.

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7. COMMUNITY COMMUNICATION AND INVOLVEMENT

Residents, businesses and others in the City of Minneapolis, and specifically the Lyndale Neighborhood through a technical advisory committee partially comprised of representatives of the Lyndale Neighborhood Development Corporation, will have an opportunity to review, comment and make recommendations on all proposals submitted in response to this solicitation, prior to the selection of any developer by Hennepin County's Taxpayer Services Department.

The applicants and selected developer agrees to defend, indemnify and hold the Lyndale Neighborhood Redevelopment Corporation (LNDC) and Hennepin County harmless from any and all claims or lawsuits that may arise from the applicant's or selected developer's activities under the provisions of this agreement, that are attributable to the negligent or otherwise wrongful acts or omissions, including breach of specific contractual duties of the Applicant or the Applicant's independent contractors, agents, employees or delegates. Nothing herein shall be construed to obligate the Applicant to protect, indemnify and save the LNDC or Hennepin County, its officers and employees harmless from and against liabilities, losses, damages, costs, expenses (including attorney's fees), causes of action, suits, claims, demands and judgements arising from or by reason of the negligent or wrongful acts or omissions of the LNDC or Hennepin County, or any of its agents, employees or officers.

8. SCHEDULE & REVIEW

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Proposals must be submitted and received by the Hennepin County Taxpayer Services Department, no later than 4:30 pm, Thursday, October 21, 2004.

All eligible proposals will be reviewed by representatives of the three sponsoring authorities, hereafter called the Technical Advisory Committee or "TAC", the week of October 25th – 29th, 2004.

Interviews / Presentations with selected Developers will be scheduled with the TAC on Monday, November 1st, 2004.

The Hennepin County Taxpayer Services Department will review the Technical Advisory Committee's recommendations and select a Developer by, Thursday, November 11th, 2004.

9. SELECTION CRITERIA

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The following criteria will be used to evaluate proposals for development of the aforementioned and described project. There is no priority or weight assigned to the order presented.

- Purchase Price of the entire site
- Quality and completeness of the submission
- Experience and workmanship of the proposer
- Attention to neighborhood preferences
- Willingness to allow the neighborhood organization to Participate in the design & initial marketing process.
- Design creativity utilizing their knowledge of materials and alternative construction methodology
- Previous customer references / completed project examples.
- Evidence of schedule adherence and sufficient liability insurance.

Note: All responses must include a minimum purchase price of: (\$ 85,000.00) Eighty-five thousand dollars, to be considered.

10. PROPOSAL FORMAT

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COVER LETTER:

Provide a cover letter that indicates intent and identifies the respondent and all partners or participants.

SUGGESTED COMPONENTS:

1. Offer to Purchase
2. Site plan showing building locations, parking, landscaping & access.
3. Typical floor plans and elevations.
4. Developer's qualifications
5. Developer's financial statements
6. Statement describing project financing, including sources and uses of funds that indicates equity participation, both private and public sources.
7. Development schedule.
8. Description of previous successfully completed projects.
9. Preliminary marketing plan.

DISCLOSURES:

Proposers must identify past or present involvement in the project area and all current projects that are public in nature. Proposals must include references, financing plans, a timetable of proposed actions, examples of similar projects completed and a general description with graphic presentations of their preferred conceptual design.

LIMITATIONS:

Under Minnesota law, data submitted by a business to a government entity in response to a request for proposal are private or non-public until the responses are opened. Once the

responses are opened, the name of the proposer becomes public. All other data in the proposer's response to a request for proposal are private or non-public data until completion of the evaluation process. Completion of the evaluation process means that the government entity has completed negotiating the contract with the selected proposer. After a government entity has completed the evaluation process, all remaining data submitted by all proposers are public with the exception of trade secret data, as defined and classified in Minn. Statute Section 13.37. A statement by a proposer that data is copy-written or otherwise protected does not prevent public access to the data contained in the response if such data does not qualify as trade secret data.

This RFP does not commit Hennepin County to sell property or to pay costs incurred in the preparation of a proposal for this request. The sponsors reserve the right to accept or reject any or all proposals received as a result of this RFP, to not accept the highest offer, to negotiate with all qualified proposers, to use any or all proposer ideas and/or approaches presented, or to cancel in part or in its entirety this RFP, if it is in the best interests of the County or Neighborhood to do so. The sponsors of this Request for Proposals may also require the entities selected to participate in negotiations to submit fiscal, technical, or other revisions of their proposals that may result from negotiations.

Prior to making a final recommendation to the Hennepin County Board or its authorized representative, staff will require the selected proposer to make a Good Faith Deposit, equal to one-percent (1%) of the offer price, which would be refundable, when the development is successfully completed.

SOLICITATION:

All applicants must submit their original proposal with (8) eight copies to:

HENNEPIN COUNTY TAXPAYER SERVICES DEPARTMENT
Tax-Forfeited Real Estate Management Unit
Harold W. Troup, Property Management Specialist
A-600 Government Center, 300 South Sixth Street
Minneapolis, Minnesota 55487-0060

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