



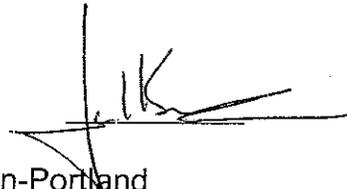
Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: August 23, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Dollie Crowther, Principal Project Coordinator, Phone 612-673-5263

Presenter in Committee: Dollie Crowther

Approved by: Jack Kryst, Director, Development Finance 

Subject: Project Analysis Authorization Request for Franklin-Portland Gateway Phase II – The Wellstone

RECOMMENDATION: Authorize Staff to Continue Analysis of the Franklin-Portland Gateway Phase III Project – The Wellstone

Previous Directives: In January 28, 2005 the City Council approved \$900,000 of Affordable Housing Trust Funds (AHTF) and \$30,000 of Non Profit Development Assistance Funds for The Wellstone Project.

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 (Summarize below)

Ward: 6

Neighborhood Notification: On February 13, 2001 the Ventura Village approved the plans for the Franklin-Portland Gateway Phase III – The Wellstone

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs and promotes future growth.

Comprehensive Plan: 4.9.1 Minneapolis will grow by increasing its supply of housing. 4.15 Minneapolis will carefully identify project sites where housing development and/or housing revitalization are the appropriate responses to neighborhood conditions.

Zoning Code: Will comply.

Living Wage/Job Linkage: Not applicable.

Background/Supporting Information

Phase I of the Franklin-Portland Gateway Project consists of the previously approved Children's Village Center, a four story multi-use community and education space, mixed income project on the S.E. corner of Franklin and Portland Avenues. A portion of this phase provides 30 units of affordable housing. Included in this phase is Hope Community Court, a cluster development which features 6 affordable rental and 4 homeownership row houses and carriage houses. Also on the first level is the office's for Hope Community, Inc. This phase is complete and the building is now fully occupied. Franklin-Portland Gateway Phase II – The Jourdain has been fully funded and is expected to close in September 2005. This phase features 41 units of mixed rental housing and 4,000 sq. feet of commercial space and is located on the southwest corner of Franklin and Portland Avenues.

Franklin-Portland Gateway Phase III – The Wellstone, is a collaborative effort by Central Community Housing Trust (CCHT) and Hope Community to develop the northeast corner of Franklin and Portland Avenues. This partnership with CCHT and Hope Community will offer quality housing opportunities and is a great example of inclusive urban revitalization.

Ideas for the phased project were taken from residents and workers in the neighborhood and enhanced by engaging professionals in architecture, urban planning and real estate development. Indications now are that this area is poised for development. The technical expertise of CCHT and Hope represents a unique

collaborative arrangement of two very skilled non-profit community developers who are prepared to carry forth the Gateway Project as part of the Ventura Village Master Plan.

Project Description

The Wellstone, located at 1931 Portland, and 612, 20, 24 E. Franklin Avenue will feature fifty nine (59) units of mixed-income rental housing, ranging from studios to 3 bedroom townhome style family units. Of the 59 units, thirty (30) will be market rate and the remaining units will be at 30%-50% and 60% of median income. All residential parking is provided via a below grade parking garage, thus preserving much of the site for shared green space, playground and landscaping. Additionally, approximately 6,000 square feet of commercial space is planned for the Wellstone which is presently under discussion with a variety of potential tenants. See data worksheet attached for unit composition.

The developers have submitted an Application for Public Financial Assistance for the use of tax increment financing. Staff has analyzed the eligibility of the Wellstone as a tax increment district and finds that it does meet the requirement for a Housing TIF District.

Financial Summary

The City will issue a pay-as-you-go TIF Note to the developer in an amount of approximately \$800,000. The TIF Note will support the Glaser 1st Mortgage on the project. The term of the TIF district will be the maximum statutory term of 26 years. Hope and CCHT have also received commitments of \$930,000 from CPED (AHTF and Non Profit Administrative Assistance). Funds have also been committed from Hennepin County (ERF), Metropolitan Council, TEA 21 Funds. A request for a 1st Mortgage from Glaser Financial is pending. Staff is currently reviewing a LIHTC application for this project. Hope and CCHT are awaiting the status of other funds necessary to assist the project.

Sources and Uses of Project – See attached Data Worksheet

Fees and Analysis

The developers previously submitted an Application for Public Assistance for Tax Increment Financing Assistance to CPED and paid the \$1,000 application fee as required by the City's current TIF policy. Staff has determined that the project analysis fee for subsequent analysis of this project is \$5,865 and the developers have been informed of this amount.



Project Status

Proposed: 12/31/2002

Approved:

Closed:

Complete:

Impaction

Non-Impacted

Impacted

Occupancy

Rental

Ownership

Project Name: Franklin Gateway (Phase IIB1) Wellstone

Main Address: 1931 Portland Ave

Project (see also Phase II-Wellstone-Own)

Aliases:

Additional Addresses: 612, 616, 620 624 Franklin Ave E

Ward: 6 Neighborhood: Phillips

Project Activity

New Construction

Rehabilitation

Stabilization

Preservation

Year Built: _____

Development

Apartment/Condo

Townhome

Coop

Shelter

Transitional

Scattered Site/Other

Household

General

Family w/Children

Senior

Single

Special Needs

Homeless

Housing Production and Affordability

UNIT COMPOSITION	UNIT	QTY	UNIT AFFORDABILITY				
			<30%	<50%	<60%	<80%	MKT
0BR	0BR	4	0	0	0	0	4
1BR	1BR	7	0	0	0	0	7
2BR	2BR	31	2	5	5	0	19
3BR	3BR	17	2	3	12	0	0
4+BR	4+BR	0	0	0	0	0	0
TOT	TOT	59	4	8	17	0	30

Shelter Units: _____ + Conversion Units: _____

Section 8: _____

GENERAL INFORMATION

Located at the northeast corner of Franklin & Portland, The Wellstone features 59 units of mixed income townhome-style rental units and 9,000 sf of commercial space that will house a restaurant, retail and second floor office space. Parking for residents will be provided via a below grade parking garage which will preserve much of the site for shared green space, playground and landscaping. 4 units have been designated for long-term homelessness.

Partnership: Franklin-Portland Gateway Phase II LP

Developer:

Deanna Foster
 Hope Community, Inc
 611 E Franklin Ave
 Minneapolis, MN 55404-2862
 Phone: (612) 874-8867 ext x-105
 Fax: (612) 874-8650
 dfoster@hope-community.org

Owner:

CCHT
 1625 Park Avenue
 Minneapolis, MN 55404
 Phone: (612) 341-3148 ext-
 Fax: (612) 341-4208
 ccht@ccht.org

Contact Information:

Consultant:

Property Manager:

Hope Community, Inc
 Phone: (612) 874-8867 ext- x-209
 Fax: (612) 874-8650

Contractor:

Watson-Forsberg Co
 1433 Utica Ave S Suite 252
 Minneapolis, MN 55416-
 Phone: ext-
 Fax:

Architect:

Noah Bly
 Cuningham Group, Construction Serv
 201 Main St SE Suite 222
 Minneapolis, MN 55414
 Phone: (612) 379-3400 ext-
 Fax: (612) 979-4400
 nbly@cuningham.com

Support Services:

Hope Community Inc
 Phone: (612) 874-8867 ext- x-105
 Fax: (612) 874-8650

CPED Coordinator:

Dollie Crowther
 CPED
 105 5th Ave S Suite 200
 Minneapolis, MN 55401
 Phone: (612) 673-5263 ext-
 Fax: (612) 673-5259
 dollie.crowther@ci.minneapolis.mn.us

CPED Legal:

Ruben Acosta
 Phone: (612) 673-5052 ext-
 Fax: (612) 673-5112

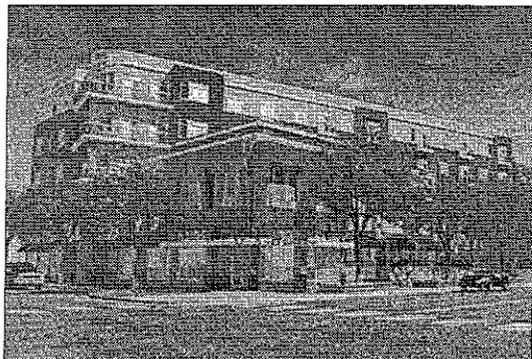
CPED Rehab:

Kathleen Murphy
 Phone: (612) 673-5275 ext-
 Fax: (612) 673-5207

CPED Support Coordinator

Scott Ehrenberg
 Phone: (612) 673-5067 ext-
 Fax: (612) 673-5259

MPLS Affirmative Action



Project Status
 Proposed: 12/31/2002
 Approved:
 Closed:
 Complete:

Impaction
 Non-Impacted
 Impacted

Occupancy
 Rental
 Ownership

Project Name: Franklin Gateway (Phase IIB1) Wellstone
 Main Address: 1931 Portland Ave
 Project (see also Phase II-Wellstone-Own)
 Aliases:
 Additional Addresses: 612 616, 620, 624 Franklin Ave E
 Ward: 6 Neighborhood: Phillips

Project Activity
 New Construction
 Rehabilitation
 Stabilization
 Preservation
 Year Built: _____

Development
 Apartment/Condo
 Townhome
 Coop
 Shelter
 Transitional
 Scattered Site/Other

Household
 General
 Family w/Children
 Senior
 Single
 Special Needs
 Homeless

Housing Production and Affordability

UNIT COMPOSITION	UNIT	QTY	UNIT AFFORDABILITY				MKT
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0BR	0BR	4	0	0	0	0	4
1BR	1BR	7	0	0	0	0	7
2BR	2BR	31	2	5	5	0	19
3BR	3BR	17	2	3	12	0	0
4+BR	4+BR	0	0	0	0	0	0
TOT	TOT	59	4	8	17	0	30

Shelter Units: _____ + Conversion Units: _____
 Section 8: _____

USES AND PERMANENT SOURCES

Project Uses:

Land:	\$796,523.00
Construction:	\$8,510,671.00
Construction Contingency:	\$319,927.00
Construction Interest:	\$159,469.00
Relocation:	
Developer Fee:	\$1,240,670.00
Legal Fees:	\$95,000.00
Architect Fees:	\$556,202.00
Other Costs:	\$989,768.00
Reserves:	\$185,000.00
Non-Housing:	\$568,714.00
TDC:	\$13,421,944.00
TDC/Unit:	\$227,491.00

Project Permanent Sources:

Source / Program	Amount	%	Term	Committed
1 Glaser 1st Mortgage	\$5,103,000.00	6.00%	40 yrs	
2 Deferred Developer Fee	\$305,244.00			11/1/2004
3 Syndication Proceeds	\$4,675,000.00			
4 CPED AHTF	\$900,000.00			1/28/2005
4 CPED AHTF	\$275,000.00			
5 CPED Non Profit Admin	\$30,000.00			1/28/2005
6 City of Minneapolis Empowerment Zone	\$200,000.00			
7 Met Council TEA-21	\$82,600.00			12/20/2002
8 Met Council LCDA	\$246,100.00			1/16/2003
9 MHFA	\$760,000.00			
10 Hennepin County TOD	\$100,000.00			10/1/2003
11 Hennepin County ERF	\$100,000.00			2/6/2003
12 Hennepin County AHIF	\$350,000.00			
13 MN Green Community	\$295,000.00			
TDC:	\$13,421,944.00			

Financing Notes:
 TDC/unit is \$217,851 excluding non-housing.