

Minneapolis Community Development Agency

## Request for City Council Action

Date: March 4, 2003

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Jack Kryst, Phone 612-673-5130

Approved by Lee Sheehy, MCDA Executive Director  
Chuck Lutz, MCDA Deputy Executive Director \_\_\_\_\_

**Subject: Development Funding Cycle – March 2003**

**Previous Directives:** On October 25, 2002, the City Council approved a process for implementing development funding cycles, to be effective March 2003.

(See the Hubbard Project report for details on the specific proposal)

**RECOMMENDATION:**

**City Council Recommendation: The Executive Director recommends that the City Council approve the Hubbard Project for funding.**

### Background/Supporting Information

On October 25, 2002, the City Council approved a process for implementing development funding cycles. Requests for the following types of public financial assistance are subject to development funding cycles:

- tax abatement approvals
- Leveraged Investment Fund approvals
- other gap funding approvals
- Commercial Corridor Fund approvals
- Neighborhood Economic Development Fund (NEDF) approvals
- Community Commercial Economic Development Fund (CEDF) approvals
- Minneapolis Industrial Land and Employment Strategy (MILES) approvals
- developer selection following a Request for Proposals (RFP) process

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Actions subject to development funding cycles are to be presented for City Council and/or MCDA Board consideration during the first Council meeting cycles of March, June, September and December.

### **March 2003 Development Funding Cycle**

One request for MCDA Board action is included in the March 2003 development funding cycle – a request for allocation of \$300,000 in Community Commercial Economic Development Fund (CEDF) resources for site assembly and asbestos and lead paint abatement for the Hubbard building at 1101 West Broadway. This proposed use of CEDF funds is compared to two previously approved CEDF or Commercial Corridor Fund allocations in the table on the next page. More detailed information on the Hubbard building proposal is provided in a separate report to the City Council.

**Comparison of Proposals for Use of CEDF or Commercial Corridor Funds**

	<b>Hubbard Building</b>	West River Commons	Do All Building
<b>Location</b>			
Ward	5	9	2
Neighborhood	Near North	Longfellow	Seward
Address	1101 & 1105 W. Broadway; 1821 Emerson Avenue N	4610 & 4630 East Lake St.	2327 East Franklin Ave.
<b>Type of Project</b>	Commercial Rehabilitation	New Construction Mixed Use (Hsg/Comml)	Commercial Rehabilitation
<b>Date Approved</b>	(Current Request)	August 2, 2002	December 28, 2001
<b>Project Description</b>			
Size (sq. ft.) – Industrial	----	----	----
Size (sq. ft.)-Office/Comml	6,050 square feet	----	14,000 square feet
Size (sq. ft.) – Retail	6,050 square feet	7,800 square feet	----
Jobs Created/Retained	20 created	5 created (staff estimate)	(not available)
Total Living Wage Jobs	(not available)	5 (staff estimate)	(not available)
Total Housing Units	----	56	----
0-1 Bedroom	----	28	----
2 Bedroom	----	28	----
3+ Bedroom	----	----	----
Total Affordable Units	----	12	----
Percent Affordable Units	----	21%	----
Parking Stalls - Surface	40	35	51
Parking Stalls - Structured	----	74	----
EMV Upon Completion	\$725,000	\$12,000,000	\$737,000
Projected Annual Taxes	\$28,796	\$70,000	\$16,136
<b>Financing</b>			
Total Development Costs	\$1,530,000	\$11,468,000	\$1,597,245
Private Costs	\$1,130,000	\$9,790,000	\$1,477,245
Public Costs	\$400,000	\$1,678,000	\$120,000
Percent Public	26%	15%	8%
Sources of Public Assistance	\$100,000 Met Council \$300,000 CEDF	\$800,000 TIF \$500,000 HOME \$100,000 CEDF \$228,000 Henn Co \$25,000 Mpls. Art Grant \$25,000 Neigh. Art Grant	\$80,000 Comml Corridors \$40,000 2% Loan
Tax Exempt Financing	None	\$8,200,000 Hsg Rev Bond	None
Recapture Provisions	To be determined	50% of surplus cash flow	Loan repayment
<b>Other Information</b>			
City Priorities	Economic Development	Affordable Housing Economic Development	Economic Development
Neighborhood Support	Yes (NRCC & WBAC)	Yes (Longfellow)	Yes

