

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

Date: October 26, 2010

To: Council Member Lisa Goodman, Community Development Committee

Subject:

Approval of a second extension of development rights and financial assistance to Twin Cities Habitat for Humanity, Inc. for the proposed Old Third Avenue Townhomes Project at 929 Third Avenue NE.

Recommendation:

Authorize CPED staff to execute the necessary agreements to extend the development rights and financial assistance provided to Twin Cities Habitat for Humanity, Inc. to:

1. allow the land sale to close on or before June 30, 2011; and
2. commit Affordable Ownership Housing Program funding to provide \$360,000 in assistance for construction gap financing for the proposed development.

Previous Directives:

- On December 4, 2009, the City Council authorized CPED staff to execute the necessary agreements to extend the development rights and financial assistance to the proposed development to start construction no later than November 1, 2010 and construction completion by December 31, 2011.
- On November 7, 2008, the City Council approved the sale of the referenced land to Twin Cities Habitat for Humanity, Inc. for \$79,650 for the development of the Old Third Avenue Townhomes Project.
- On October 5, 2007, the City Council approved up to \$360,000 for construction and/or affordability gap financing for the Old Third Townhomes project.
- On July 29, 2003, the MCDA Board of Commissioners approved the sale of the referenced land to Central Community Housing Trust of Minneapolis for \$79,650 for development of the Old Third Avenue Townhomes Project.
- On November 25, 2002, the MCDA Board of Commissioners granted exclusive development rights to Clare Housing for a 6-month period, which initially included this land as well as the actual site the Clare Apartments development was constructed on.
- MCDA acquired 929 Third Avenue NE on November 21, 1983 for \$40,000 during site assembly for the I-335 Highway Corridor.

Department Information

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Approved by: Charles T. Lutz, Deputy CPED Director _____

Thomas A. Streitz, Director Housing Policy & Development _____

Presenter in Committee: Theresa Cunningham, Phone 612.673.5237

Financial Impact:

Action is within the Business Plan

Other financial impact: Eliminate property management costs.

Community Impact

Neighborhood Notification: On February 25, 2008, the St. Anthony East Neighborhood Organization was advised of the proposed sale of the reference land to Twin Cities Habitat for Humanity, Inc. for development of the Old Third Avenue Townhomes project. It has provided its full support for the proposed development.

City Goals – A safe place to call home, One Minneapolis, connected communities, enriched environment, premier destination. In five years, 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.

Sustainability Targets – Affordable housing units, economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan – On April 14, 2008, the Planning Commission approved the sale of 929 Third Avenue NE as being consistent with the Comprehensive Plan.

Zoning Code: R3 - Multiple-family District, which permits 1-4 unit residential buildings. Site plan review and a conditional use permit approval will be required.

Living Wage/Business Subsidy Agreement Yes___ No_X
Job Linkage Yes___ No_X

Supporting Information

The Old Third Avenue Townhomes development project proposes the creation of eight units of long-term affordable home ownership housing constructed by Twin Cities Habitat for Humanity, Inc. (TCHFH) at 929 Third Avenue NE. The development will be located at the western edge of a larger development site which includes common green space shared with the Clare Apartments and MPHA’s Spring Manor Apartments just north and northeast of the development site.

The developer has been working closely with the City of Minneapolis and its site development partner, Aeon, to finalize the approvals needed to construct the proposed development. The City Council did consider and approved an extension of the development rights last December 4, 2009, which the development team had initially expected to be able to close and get under construction by November 1, 2010. However, TCHFH is now requesting a second extension to allow time to finalize additional design work required in the preliminary development review process and to work with the Department of Civil Rights to determine and finalize requirements for this project.

As a result of these hurdles, TCHFH anticipates the following timeline:

- October/November 2010 Sign CPED contracts and secure building permits and pre-construction approvals
- December 2010 Close and transfer land
- Early Spring 2011 Begin construction of the townhomes
- December 2011 Construction completion
- Spring/Summer 2012 All units purchased and occupied by qualified buyers

CPED staff has reviewed the developer’s request and progress to date, further supports their request for an extension and urges the City Council to approve this request for an extension to close on or before June 30, 2011 with construction and complete occupancy of all the townhomes by summer 2012.