



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

Date: February 28, 2006

To: Council Member Lisa Goodman, Community Development Committee
Council Member Paul Ostrow, Ways & Means/Budget Committee

Prepared by: Theresa Cunningham, Senior Project Coordinator, Phone 612-673-5237

Approved by: Chuck Lutz, Deputy Director, CPED _____
Elizabeth Ryan, Director, Housing Policy & Development _____

Subject: Request for Community Development Block Grant/Homeownership Program assistance (not to exceed \$77,000) under the Housing Replacement TIF District II for the Lowell Curve Project located at 1900 Willow Avenue

RECOMMENDATIONS:

Approve the use of Community Development Block Grant (CDBG) Homeownership Program Fund FBGO/2206/FED00168 not to exceed \$77,000 to cover unforeseen infrastructure site improvements and winter construction cost; authorize execution of the necessary documents

Previous Directives: On May 27, 2005, the City Council authorized the City to purchase from the School Board and pass-through the Lowell School Site to the developer, Project for Pride in Living, and the use of Vacant Housing Recycling Funds (\$220,000) to assist in the redevelopment of the Lowell School Site in the Jordan neighborhood of North Minneapolis.

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): Proceeds from Fund FBGO will be utilized to pay for this deferred forgivable loan.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 5

Neighborhood Notification: N/A

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: Minneapolis will increase its housing that is affordable to low and moderate income households (Section 4.10), and improve the availability of housing options to all of its citizens (Section 4.11).

Zoning Code: Complies. 1900 Willow Avenue is zoned R2B. The developer will seek approval of a PUD. Development of the site as proposed may require approval of a variance on a portion of the site to allow for smaller sized buildable lots.

Background/Supporting Information

The Lowell School Site is a 2.18-acre site that was recently purchased from the Minneapolis School Board and passed through to PPL for the development of the Lowell Curve Project. Fourteen homes will be constructed on the site which will consist of five different house plans designed by LHB Architects. Homes will feature 1,400 to 1,700 square feet of finished living space, three and four bedroom units with two or more bathrooms and detached two-car garages.

The site was included in the Minneapolis Housing Replacement Tax Increment Financing District II on June 18, 2004. On May 17, 2005, City Council approved \$220,000 in Vacant Housing Recycling Program funds to assist with the proposed development as well as the purchase and pass-through.

The project closed on October 26, 2005, with the total development cost estimated at \$3,388,600. However, prior to issuance of the building permit, City Public Works staff required additional site infrastructure improvements. In addition, a delayed construction start added more winter construction cost increasing the development cost of approximately \$77,000 in added cost, all of which are eligible costs under the Housing Replacement TIF District. PPL is now requesting gap assistance not to exceed \$77,000. CPED will provide this assistance on an interim basis from CDBG funds, to be repaid over time from the Housing Replacement TIF District revenues. Attached is a Project Data Worksheet which provides additional details regarding the proposed development.