

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

Date: February 27, 2007
To: Council Member Lisa Goodman, Community Development Committee

Subject: Redevelopment of 1501 Nicollet Avenue South – Meter Farm

Recommendation:

Authorize appropriate staff to negotiate the business terms of a redevelopment agreement and land sale for city-owned property at 1501 Nicollet Avenue South with Clare Housing for a period not exceed sixty (60) days. If the Clare Housing proposal does not move forward, staff shall return to this committee with an update and proceed as directed by the Council.

Previous Directives:

None. In May 2006, the CPED Executive Director authorized the issuance of the Request for Proposals for the redevelopment of this site.

Prepared by: Tiffany Glasper, Sr. Project Coordinator, 673-5221

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

Permanent Review Committee (PRC) Approval _____ Not Applicable XX

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Presenter in Committee: Tiffany Glasper, Sr. Project Coordinator

Financial Impact (Check those that apply)

XXX No financial impact (If checked, go directly to Background/Supporting Information).

___ Action requires an appropriation increase to the ___ Capital Budget or ___ Operating Budget.

___ Action provides increased revenue for appropriation increase.

___ Action requires use of contingency or reserves.

___ Business Plan: ___ Action is within the plan. ___ Action requires a change to plan.

___ Other financial impact (Explain):

___ Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification: Citizens for a Loring Park Community (CLPC) have been integral in the review process and have participated as active members of the

internal proposal review team. CLPC has done an extraordinary job of involving neighborhood business owners, members of the Nicollet Avenue Task force and neighborhood property owners.

City Goals: A SAFE PLACE TO CALL HOME – 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 production

Comprehensive Plan:

4.9 Minneapolis will grow by increasing its supply of housing. 4.12 Minneapolis will reasonably accommodate the housing needs of all its citizens. Policy 35: Within the constraints imposed by state and federal regulations, the City should continue to sell tax exempt revenue bonds to provide below market rate housing development financing.

Zoning Code: Will comply

Other: None

Background/Supporting Information:

The property at 1501 Nicollet Avenue South – commonly referred to as the Meter Farm – was transferred from Public Works to CPED's inventory in March 2006. The purpose of the land transfer was to make the site available for redevelopment. In July 2006 CPED staff issued a Request for Proposals for redevelopment of the site.

The site is currently operated as a metered surface parking lot containing 53 metered parking spaces. The site is approximately 19,040 total square feet and is zoned C1. The front half of the site, fronting Nicollet Avenue South is part of a Pedestrian-Oriented Overlay District. The current zoning and overlay district serve to advocate for development that provides a range of goods and services for local residents, to promote employment opportunities and the adaptive reuse of existing commercial buildings and to maintain and improve compatibility with surrounding areas. In addition to commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed. The overlay district was established to preserve and encourage the pedestrian character of commercial areas and to promote street life and activity by regulating building orientation and design and accessory parking facilities, and by prohibiting certain high impact and automobile-oriented uses, such as drive-through facilities.

In addition to these regulatory restrictions, the redevelopment of the site is also subject to the neighborhood's development objectives. The Meter Farm site was one of the neighborhood's focus areas for the 2004 Nicollet Avenue Corridor Housing Initiative process, which resulted in the CLPC Nicollet Avenue Development Guidelines. These guidelines call for higher density housing, both rental and ownership with a special emphasis on affordable housing opportunities. The neighborhood is also looking for a development that will add to the character and identity of this area of Nicollet Avenue through appropriate usage of the ground floor space. Citizens for a Loring Park Community are also looking for a development that offers high quality architecture, addresses long term parking challenges for area businesses and that can comply with the neighborhood's policy regarding streetscapes, lighting and green space.

In response to the Request for Proposals issued in July 2006, CPED received four (4) competing proposals. CPED staff established a review team consisting of staff from CPED Housing, Planning,

Traffic and Parking, Economic Development, members of CLPC, Council Aide for Ward 7 and a staff intern. The proposing developers met with the review team to deliver presentations and answer questions and also met with the CLPC Land Use Committee and Nicollet Avenue Task Force. Additionally, the review team members met on several occasions to discuss and analyze the benefits and shortcomings of each proposal.

The review team reviewed the following proposals:

Ivizion

Ivizion is proposing a 30-story mixed-use development containing 114 hotel units, first level retail and gallery space and 71 units of mixed-income ownership housing units. Their proposal also includes 141 spaces of underground parking.

The Ivizion team presented a very dynamic proposal with great attention to detail that the internal review team felt was very responsive to the guidelines and criteria outlined in the RFP.

The review team concluded that the proposal may not be feasible based on the site limitations and required rezoning and other variances required in order for this development to move forward. All felt strongly that a development of this scale would be more appropriate on a larger site.

Singular Development Corporation

Singular Development is proposing a 3-story, mixed use development containing 28 units of ownership housing and first level commercial retail space. Included in the proposal are 25 spaces of covered parking.

The proposal addressed the need for affordable ownership housing in the neighborhood and the desire for pedestrian friendly design at the street level.

The proposal review team had concerns related to the financial feasibility of the project and regarding the marketing of the live-work units in the development.

Clare Housing

Clare Housing, in collaboration with District 202, Outfront Minnesota and Quatrefoil Library are proposing a five-story development containing 44 units of affordable rental housing above 18,000 square feet of retail and office space. This proposal includes 40 spaces of covered parking.

The proposal addresses the underserved market for persons afflicted with HIV/AIDS and provides a dynamic mix of services catering to the GLBT community.

Hornig Companies

Hornig Companies is proposing a four-story mixed-used development containing 42 units of affordable rental housing serving households at 50% and 60% MMI. The proposal also includes 3,000 sq. ft. of office and retail space, 46 covered parking spaces and 26 metered parking spaces.

The proposal would provide quality, well-managed affordable rental housing in the neighborhood and additional customers for the local businesses.

All four proposals were considered to be quality submissions that were very responsive in terms of the evaluation criteria and the neighborhood guidelines that were included as part of the RFP. All proposals gave as much attention as possible to both interim and long-term parking issues as well as the applicable city policies and regulations.

All four proposals were reviewed on their own merit and against each other over a three and half month period. During this time, CPED assembled an inter-departmental proposal review team consisting of staff from MultiFamily Housing, Planning, Traffic and Parking, Economic Development and members of the neighborhood group. The team met several times from September through

November 2006. During this time, each development team was invited in to provide additional information, answer questions and give a general presentation representing their proposal. The various development teams were also present at several of the CLPC Land Use meetings.

Citizens for a Loring Park Community organized meetings of interested stakeholders including property owners, business owners and members of the Nicollet Avenue Task Force. The neighborhood group was extremely thoughtful, thorough and inclusive in sharing information about the proposals and soliciting input.

All four proposals were evaluated based on the criteria stated in the RFP:

1. The extent to which the proposal adheres to and/or compliments the neighborhood development objectives and guidelines in this RFP (Exhibit A).
2. The extent to which the proposed development is in compliance with the Minneapolis Zoning Code, comprehensive plan and other relevant planning documents for the area.
3. The extent to which the project can move forward on a timetable that will coordinate with the other development in the area.
4. The market and financial feasibility of the project.
5. The anticipated ability of the project to secure necessary public and private funds.
6. The public benefits that would be provided by the project, including the proposed land price and the replacement of lost commercial parking space.
7. Overall quality of the submission.
8. Consistency with the city's Unified Housing Policy.
9. The experience and the financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget.
10. The extent to which the proposal addresses the interim and permanent parking needs of the area.
11. The use of creative site expansion options.

Each proposal was rated on a scale of 0-20, depending on the importance of the individual criteria, with a maximum possible of 160 points. The developers were scored by the review team as outlined in the attached Exhibit A.

Citizens for a Loring Park Community used both the official evaluation criteria in the RFP and elements from the Nicollet Avenue Guidelines in developing an informed recommendation in favor of the Ivizion proposal. The neighborhood chose this development proposal because it most closely mirrors what is being sought by the neighborhood in terms of density in a dynamic destination-style development.

CPED staff are recommending proceeding with negotiations with Clare Housing for a period not to exceed sixty (60) days. At that time, if the process does not result in a comprehensive business term sheet that is acceptable to both parties, CPED could proceed to explore the remaining proposals in a descending order based on the original ranking, assuming all remaining proposals continue to meeting the RFP criteria and the proposing developers remain interested in pursuing a development at this location.

Attachments:

CLPC letter/resolution

Clare Proposed Funding Sources and Uses

Clare site plan and elevations