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

Date: May 17, 2005

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

Prepared by: Beverly A. Wilson, Development Process Specialist
Phone 612-673-5030

Presenter in Committee: Donna Wiemann, Principal Project Coordinator
Phone 612-673-5257

Approved by: Elizabeth Ryan, Director of Housing Policy and Development

Subject: Proposed Ripley Gardens Apartments/Marshall Stacey Town Homes TIF Plan, and Penn & Glenwood Redevelopment Plan

RECOMMENDATION: Schedule public hearing for consideration of Ripley Gardens Apartments/Marshall Stacey Town Homes TIF Plan for June 7, 2005; and request Ways & Means/Budget Committee review subject plans and submit its comments at the Community Development Committee public hearing scheduled for June 7, 2005.

Previous Directives: Not Applicable.

Financial Impact (Check those that apply)

X No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
___ 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

Background/Supporting Information

Plan documents have been prepared related to a proposed mixed-income rental and ownership housing project in the Harrison neighborhood of north Minneapolis: Penn & Glenwood Redevelopment Plan and Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance Plan (the "Plans").

The **Penn & Glenwood Redevelopment Plan** authorizes the creation of a new redevelopment project, establishes objectives for the redevelopment of the project area, and designates future land use. The **Ripley Gardens Apartments/Marshall Stacey Town Homes TIF Plan** establishes a new redevelopment tax increment financing district, authorizes public redevelopment activities, and creates a budget for expenditures.

Central Community Housing Trust (CCHT) proposes to redevelop the historic Ripley Maternity Hospital site at 300 Queen Avenue N. into a mixed-income rental and ownership housing project that will combine the rehabilitation and re-use of historic buildings with new construction. The Ripley Maternity Hospital site is on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis. Anticipated public redevelopment activities include demolition, site preparation, environmental remediation, rehabilitation, historic preservation, new construction of housing units, public improvements, project administration, and other related activities.

It is requested that the Community Development Committee schedule a public hearing on the proposed Plans, to be held by the Community Development Committee on Tuesday, June 7, 2005 at 9:30 a.m. Final Council action will be held on Friday, June 17, 2005.

It is requested that the Ways and Means/Budget Committee review the proposed Plans and submit its comments at the public hearing to be held by the Community Development Committee on Tuesday, June 7, 2005.

Minneapolis
City of Lakes

Ripley Gardens Apartments/Marshall Stacey Town Homes
Tax Increment Finance Plan

March 3, 2005

Prepared by the Development Finance Division
Crown Roller Mill, 105 5th Avenue S., Minneapolis, Minnesota 55401

Ripley Gardens Apartments/Marshall Stacey Town Homes
Tax Increment Finance Plan
March 3, 2005

TABLE OF CONTENTS

Introduction

I. Tax Increment District Boundary
II. Statement of Objectives
III. Development Program
  A. Description of Development Program
  B. List of Property That May Be Acquired
  C. Development Activity for Which Contracts Have Been Signed
  D. Other Development Activity
IV. Description of Financing
  A. Project Costs
  B. Bonded Indebtedness to be Incurred
  C. Sources of Revenue
  D. Original Net Tax Capacity
  E. Estimated Captured Net Tax Capacity
  F. Duration of District
  G. Fiscal Disparities Election
  H. Original Tax Capacity Rate
  I. Permit Activity and Prior Planned Improvements
V. Type of Tax Increment Finance District
VI. Project Area Report and Eligibility Documentation
VII. Estimated Impact on Other Taxing Jurisdictions
VIII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Exhibits

Exhibit 1 Boundary Map
Exhibit 2 Site Plan

Ripley Gardens Apartments/Marshall Stacey Town Homes
Tax Increment Finance Plan

March 3, 2005

Introduction

Two plan documents have been prepared that are related to a proposed mixed-income rental and ownership housing project: Penn & Glenwood Redevelopment Plan, and Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance Plan (the "Plans"). The Ripley Gardens/Marshall Stacey Town Homes development will be a mixed-income rental and ownership housing project that will combine the rehabilitation and re-use of historic buildings with new construction.

The Ripley Maternity Hospital site is on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis. The proposed redevelopment will preserve the social and physical history of the Ripley Maternity Hospital while transforming the property to meet the current needs of the community.

The site is located within the existing Harrison Urban Renewal Area. The Harrison Urban Renewal Plan is not being modified; with the approval of the Penn & Glenwood Redevelopment Plan, the development site will be located within two project areas. The provisions and requirements of the Penn & Glenwood Redevelopment Plan with respect to the development site supersede those of the Harrison Urban Renewal Plan.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary

The Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance (TIF) Plan authorizes the creation of a new redevelopment TIF district to finance a portion of the anticipated costs of public redevelopment activities, and establishes a preliminary budget for the project. The proposed TIF District is located in the Harrison neighborhood and Near North community in Ward 5 of north Minneapolis, and includes one tax parcel located at 300 Queen Avenue North, within the boundary of the newly created Penn & Glenwood Redevelopment Project Area. The 1.9-acre property is south of Glenwood Avenue between Queen Avenue and Penn Avenue.

The tax parcel included in the Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District is:

Property Identification Number	***Address***
20-029-24-44-0070	300 Queen Avenue North

A map showing the boundary of the proposed TIF District is included as Exhibit #1 to this Plan. The Project Area Report and Eligibility Documentation provides a more detailed description of the existing property conditions and documents the eligibility of this site for the establishment of a Redevelopment TIF District (see Section VI of this Plan).

II. Statement of Objectives

The objectives for this project are described in Section II. B. of the Penn & Glenwood Redevelopment Plan.

1) Eliminate blighting influences which impede potential development.
2) Eliminate or correct physical deterrents to the development of the land.
3) Remediate asbestos, lead and other site contamination in accordance with state and federal regulations.
4) Increase the number of housing units and choices within the city.
5) Provide opportunities for affordable rental and ownership housing.
6) Preserve and rehabilitate a significant and unique historic site.
7) Support strong and diverse neighborhoods where people choose to live.
8) Participate in partnerships to achieve common community development objectives.
9) Promote the revitalization of a prominent intersection in the Harrison neighborhood.

III. Development Program

A. Description of Development Program

Central Community Housing Trust (CCHT) proposes to redevelop the historic Ripley Maternity Hospital site to create a mixed-income housing development containing rental and ownership housing opportunities for households at very low, low, moderate, and median income levels. In addition to the renovation of the three existing historic buildings into housing and community space, it is the intention of CCHT to add to the site three new buildings containing rental and homeownership units that will enhance and reflect the existing structures. The Ripley Maternity Hospital site is on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis. All design plans have been submitted for approval through the appropriate historic processes. CCHT has been working closely with local and state historic entities and concept approval has been obtained. CCHT is committed to preserving the social and physical history of the Ripley Maternity Hospital while transforming the property to meet the present needs of the community.

There will be 60 total units, with 52 rental units and 8 owner-occupied units.

The rental units will be affordable to households at very low, low, moderate and median income levels, including four units that will be for chronically homeless single adults needing support services. The sales prices of the ownership units are expected to range from just below $200,000 to the mid to upper $200,000, however, CCHT is seeking buyer subsidies in an attempt to provide some of the ownership units to households with incomes at or below 60% of median income.

The buildings to be renovated are the main hospital building, the Tudor House, and the small stone bungalow. The physical conditions of the buildings vary and the renovation of each building will involve historically appropriate stabilization of the building exteriors.

Three new buildings will be added to the site. A large rental unit building, an ownership town house building and finally, a condominium building will be added to the northwest corner of the site. The new buildings will have underground parking to accommodate necessary parking requirements.

The objectives of the redevelopment plan will be accomplished through the following public and private redevelopment activities: demolition, site preparation, environmental remediation, rehabilitation, historic preservation, new construction of housing units, public improvements, project administration and other related activities.

The purpose of this plan is to authorize the use of tax increment revenue to pay for a portion of the eligible costs of public redevelopment activity which may include rehabilitation, demolition, site preparation, public improvements, historic preservation, parking, project administration, and other eligible TIF costs.

Ripley Gardens Apartments/Marshall Stacey Town Homes will have a total of 60 housing units. The 52-unit rental element will have 6 zero-bedroom units, 12 one-bedroom units, 27 two-bedroom units, and 7 three-bedroom units, with a variety of rents and affordability levels.

Rental Units

Unit Composition			Unit Affordability					
Unit	# of Units		Unit	<30 %	<50%	<60%	<80%	Mkt
0 BR	6		0 BR	6	0	0	0	0
1 BR	12		1 BR	0	0	0	0	12
2 BR	27		2 BR	0	13	0	0	14
3 BR	7		3 BR	0	7	0	0	0
4+ BR	0		4+ BR	0	0	0	0	0
Total	52		Total	6	20	0	0	26

Since 26 units are at or below 50% of Metropolitan Median Income (MMI), the project complies with the City Affordable Housing Policy, which would require at least 12 affordable units (i.e. 20% of 60).

Ownership Units

Unit Composition	Unit	# of Units
	0 BR	0
	1 BR	0
	2 BR	2
	3 BR	6
	4+ BR	0
	Total	8

Unit Affordability	Unit	<30 %	<50%	<60%	<80%	Mkt
	0 BR	0	0	0	0	0
	1 BR	0	0	0	0	0
	2 BR	0	0	2	0	0
	3 BR	0	0	0	6	0
	4+ BR	0	0	0	0	0
	Total	0	0	2	6	0

A workforce homeownership funding request has been submitted to the City and is directly related to two units affordable at 60% AMI. The funds requested would provide affordability gap funds (via deferred loans to home purchasers) of $10,000 per unit, for a combined total amount of $20,000. Development gap of $10,000 per unit is also being requested. The grand total requested in the application (affordability gap plus development gap) is $40,000.

For both the rental and ownership components of the project, there are 26 affordable units or 43% (26 of 60).

B. List of Property That May Be Acquired

The Ripley Gardens site is currently owned by Central Community Housing Trust of Minneapolis, a non-profit corporation. Because the site combines multi-family rental and ownership housing, it will be replatted to allow for the purchase of the for sale units by individual households.

C. Development Activity for which Contracts Have Been Signed

As of the date of the preparation of this plan, the City of Minneapolis has not yet entered into any redevelopment contracts related to these activities. It is anticipated that a development agreement will be executed with Central Community Housing Trust of Minneapolis, a non-profit corporation, and/or the M. Ripley Limited Partnership.

D. Other Development Activity

No other future redevelopment activity has been identified at this time. Any activities or expenditures not identified in this plan, or consistent with the plan objectives and budget included herein, would require a modification of this plan, pursuant to Minnesota Statutes Section 469.175, Subdivision 4.

IV. Description of Financing

It is anticipated that public redevelopment costs will be financed in part with pay-as-you-go tax increment financing.

The figures, sources and methods of financing identified in this preliminary finance plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the project costs or bonded indebtedness of this project beyond the amounts listed herein, a modification to this plan might be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan.

A. Project Costs

Total up-front project costs for the Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District are estimated at $920,000. These costs may include demolition, building renovation, public improvements, parking, project administration and other related project costs. Total estimated expenditures over time are estimated at $2,140,000; which include Pay-As-You-Go Note Principal, Pay-As-You-Go Interest and Project Administration.

Ripley Gardens Apartments/Marshall Stacey Town Homes
TIF District Budget

Sources	**Up Front**	**Over Time**
Developer Funds	$920,000	--
Tax Increment		$2,140,000
Total Sources	$920,000	$2,140,000
Uses		
Building Renovation	$920,000	
Pay-As-You-Go Note Principal		920,000
Pay-As-You-Go Note Interest		1,006,000
Administration		214,000
Total Uses	$920,000	**$2,140,000**

B. Bonded Indebtedness to be Incurred

It is anticipated that public redevelopment costs will be financed through the City's issuance to the developer of a pay-as-you-go tax increment financing note. It is **not** anticipated that any tax increment bonded

indebtedness will be issued by the City for the Ripley Gardens Apartments/Marshall Stacey Town Homes project.

With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City, in exchange for a note that pledges repayment of these costs, with interest, out of the tax increment revenue generated by the project. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

C. Sources of Revenue

Tax increment generated within the TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the Ripley Gardens Apartments/Marshall Stacey Town Homes Project. These public redevelopment activities are necessary to facilitate the provision of affordable rental units, homeownership units, and pollution cleanup of the site. The new development will require a higher level of public financial assistance because it is a lower density project and burdened by a substantial contamination cleanup cost. To date, CCHT has secured the following development funds: Hennepin County Environmental Response Fund, City Affordable Housing Trust Fund, Non Profit Admin Assistance, and 2005 Federal Low Income Housing Tax Credits. Other sources of funding include Historic Tax Credits, Housing and Urban Development (HUD) funds, Equity funds, Affordable Housing Incentive Funds (AHIF), Metropolitan Council Livable Communities Development Account funds, Family Housing Funds, Minnesota Housing Finance Agency funds, Neighborhood Revitalization Program (NRP) funds, Enterprise Zone funds, and Low Income Housing Tax Credit (LIHTC) funds. Tax increment assistance will be in the form of a pay-as-you-go note that the developer plans to use as an additional revenue source.

D. Original Net Tax Capacity

It is currently projected that the Estimated Market Value (EMV) of taxable property in the TIF District will be approximately $320,000. The Original Net Tax Capacity of the TIF District is therefore projected to be approximately $4,000.

E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the development, it is anticipated that the estimated market value of taxable property in the District will increase from $320,000 to approximately $5,800,000. This represents an increase of 5,480,000;

and will generate a total net tax capacity of approximately $67,500, and an estimated captured net tax capacity of $63,500.

F. Duration of District

The Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District is a Redevelopment Tax Increment Financing District. Tax increment can be paid to the City for up to twenty-six years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

G. Fiscal Disparities Election

It is the intent of the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District. The election provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

H. Original Tax Capacity Rate

It is anticipated that the Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2005. For tax increment projection purposes, a tax rate of 134.000% has been used. For impact purposes (see Section VII), the tax rate for taxes payable in 2005 (136.379%) has been used.

I. Permit Activity and Prior Planned Improvements

The TIF District does not include any "prior planned improvements" as that term is described in Minnesota Statutes, Section 469.177, Subd. 4.

The letter requesting certification by Hennepin County of the TIF District will be accompanied by a list of all of the building permits issued for the property included in this TIF District during the eighteen months immediately preceding approval of this TIF Plan, as mandated by Minnesota Statutes, Section 469.175, Subd. 3.

V. Type of Tax Increment Financing District

The proposed Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District is a redevelopment district pursuant to Minnesota Statutes Section 469.174 Subdivision 10. Additional information about the physical conditions in the District and the eligibility of this area for inclusion within a redevelopment TIF district can be found in Section VI.

VI. Project Area Report and Eligibility Documentation

The purpose of this section is to describe the conditions that qualify the Ripley Gardens site for inclusion in a redevelopment project area as defined in 469.002, Subd. 11, and to describe the conditions that qualify the site for inclusion in a redevelopment TIF district.

The Penn & Glenwood Redevelopment Project was found to be a blighted area, as defined in Minnesota Statutes Section 469.002, Subd. 11:

> "any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community."

Description of the Site The site of the proposed development is the former Ripley Maternity Hospital located at 300 Queen Avenue North. The 1.9-acre property is south of Glenwood Avenue between Queen Avenue and Penn Avenue. The site is listed on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis.

The site was undeveloped farmland until approximately 1910, at which time it was developed as a hospital facility and infant nursery which operated until approximately 1957. A nursing home occupied the site from 1957 through 2000.

The site has been tested for lead, asbestos, and other hazards in accordance with state and federal regulations. Phase I and Phase II investigations have been completed, and a project manual has been written for the abatement needed at the site. All necessary funding for the abatement work has been awarded by Hennepin County through its Environmental Response Fund program.

Interior and exterior inspections of the property were conducted by Geri Meyer and Kathleen Murphy, CPED Construction Management Specialists, in August 2004. Field notes from their inspections reveal the following:

The site contains one parcel, approximately 83,853 square feet, which includes a field stone retaining wall on the east, and contains three separate structures, with two of the three structures connected by a tunnel. The parcel is zoned R-4 Multiple Family District; and the assessor use is GRES – Group Residence. The three original structures have been vacant since approximately 2000. Minimal permits, police incidents, and/or fire incidents are recorded on this property.

Ripley Memorial Hospital is a four-story concrete and brick structure built in 1915. In 1933, a rear addition was added which consists of a laundry area,

mechanical room and incinerator. Due to the grade difference, the front of the hospital is only two stories, while the rear is four stories.

The Tudor House is a three-story, wood framed structure built in 1910. It may have housed a combination of office space and/or living quarters. A rear addition was added in 1920 and consisted of a commercial kitchen, dining area, and walkway between the hospital and Tudor House.

The Babies Bungalow (stone cottage) housed children with communicable diseases. Access to the building was not available, but it should be noted that the building needs tuckpoint work at both the foundation and the chimney.

The retaining wall that runs along the east side of the parcel is field stone, and needs extensive repair due to cracked and broken concrete, missing or broken stones. Because of the change in grade where the retaining wall is over 36" from the ground, a guardrail or fence would need to be installed per code. The retaining wall on the south side behind the kitchen addition is deteriorated and in need of repair, due to cracks in the wall, and missing bricks and top caps.

Concrete walks throughout the site are deteriorated and in need of repair. The front concrete steps for the main entrance to the hospital building have been removed, and must be replaced to code to include new guardrails/handrails. Grade steps to the property are narrow, deteriorated and lack handrails. The steps must be replaced and handrails installed per code. Other stairways on the property lack handrails/guardrails. Areas of concrete walks are uneven, cracked and narrow. These are all code violations.

The existing parking lot on the east side of the structure is deteriorated and lacks adequate ground cover, perimeter boundaries and/or parking spaces. The parking lot on the south side is in better condition, but is inadequate in terms of size for the three structures.

The entire site, which has been vacant for four or more years, is overgrown with volunteer trees, vines and weeds, all of which need to be removed or trimmed. Old and damaged fencing needs to be replaced or removed per code.

Building Deficiencies

Several downspouts are peeling, and elbows and leaders are missing, causing dampness in walls, ceilings or floors. The hospital building's exterior and chimney have evidence of deterioration, including missing bricks and cracks and need repair/replacement and tuckpointing to the entire building.

Roof replacement is necessary for the three structures. The Tudor House has substantial water damage on the third floor to both walls and ceilings. The Tudor House and parts of the Babies Bungalow are in need of new paint or stain. The Tudor House appears to be stained, but the stain is fading and bare wood is showing. Some areas will require new wood, due to rot. The Tudor House has

cracks in the stucco and needs repair. The Babies Bungalow walls are deteriorated with cracked, missing and broken stucco, lacks sheathing, has rotten studs, and lacks adequate insulation. Parts of the Babies Bungalow will need to be rebuilt and new stucco installed. Per the International Building Code, all foundation walls enclosing a basement below finished grade must be damp proofed. None of the three buildings are damp proofed.

Interior Deficiencies

Several doors and windows within the buildings are located in areas that require safety glass. Based on the age of construction and location, these areas do not contain the required glass. Fire doors are not self-closing or automatic. The buildings lack draft stopping above and in line with dwelling unit separations. The properties lack adequate smoke detectors. Interior stairwells lack adequate handrails/guardrails and are required by code. The property does not currently have a working fire alarm system. Currently, walls, corridors and doors of these buildings are not fire rated. All walls and ceilings that separate sleeping units are required to be fire resistance-rated. The existing elevator/lobby does not have a required draft curtain. The property lacks adequate parking, ADA accessibility route, elevator ADA accessibility, bathroom facility ADA accessibility, and unobstructed floor or ground space required to accommodate a single, stationary wheelchair and occupant, as well as adequate circulation path.

Currently, the buildings do not meet the existing Energy Code, but because they have been specifically designated as historically significant by the state or local government body, they are exempt from this code. However, a change in the occupancy or use of an existing building may include compliance with the requirements of the Minnesota State Energy Code. The original boiler is still on site; it is unknown if this boiler heats all three buildings. The property may have contained an oil tank for dual heat. The ground is likely contaminated. Straw insulation is visible in the Tudor House.

Based on the age of these structures, lead-based paint is assumed to be present. Several areas within the property have loose, chipped or peeling paint. Several pipes within the building appear to be wrapped with asbestos insulation pipe wrap. The basement area and some upper floors of the Tudor House have a strong smell of mildew, and mold is visible on the walls.

General

All electrical, plumbing, heating and ventilation will need to be updated and brought up to the current code. Evidence of knob and tube wiring was present. The existing commercial kitchen and laundry room need updating to include fire suppression systems, wiring, plumbing, adequate ventilation, heating equipment, and energy efficient appliances.

The existing commercial spaces are obsolete for their present or continued use and are functionally obsolete, lacking certain life safety factors, obsolete wall coverings, and mechanical and electrical systems essential for continued

occupancy. In addition, these buildings lack energy conservation standards essential for continued occupancy in order to be in compliance with the International Building Code.

The existing buildings were found to be detrimental to the safety, health, morals or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation.

TIF Eligibility Findings The parcels are found to be blighted and substandard to a degree requiring substantial renovation and the parcels show signs of deficiencies in other categories such as lacking essential utilities, (heat, light, ventilation etc.) facilities, fire protection, additional factors such as asbestos and lead containing materials, and basic energy conservation code requirements under statutory criteria, Minnesota Statutes Section 469.174, Subdivision 10.

> "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:
>
> (1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.
>
> "Structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.
>
> A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site.

The estimated cost to bring these structures into compliance with the building codes exceeds 15% of the cost of constructing a new structure on the site with the same square footage and type. The subject properties are blighted properties to a degree requiring substantial renovation or clearance and exhibit deficiencies in other categories such as lacking essential utilities (heat, light, ventilation, domestic water, etc.), facilities, fire protection, and factors such as asbestos and lead containing materials, basic energy conservation code requirements.

All free standing buildings are found structurally substandard due to a combination of building code defects that are of sufficient total significance to justify substantial renovation or clearance, and the buildings qualify as eligible under the statutory criteria and formula for inclusion in a redevelopment tax increment finance district. The number of buildings and parcels and ancillary features meet the 70% occupied test. The structures are in poor/blighted condition; none of the properties inspected were found to be in compliance with present Uniform Building and Mechanical Codes, Energy Codes, and the Minneapolis Maintenance Codes and Ordinances.

Environmental Site Surveys Conducted

The Javelin Group, Inc. was authorized by the current owner of the property, Central Community Housing Trust, to conduct a survey for asbestos-containing building materials (ACBMs) of the site. The survey was conducted during May 2001 by Minnesota Department of Health certified asbestos inspector John E. Findley. Javelin collected samples of 51 suspect ACBM homogeneous material types and submitted 135 samples for laboratory analysis. Several of the suspect materials were multi-layered requiring laboratory analysis of each layer resulting in 197 analyses.

An Environmental Profile Phase I Environmental Site Assessment was performed by Enpro Assessment Corp in November 2000. The Profile stated that potential asbestos-containing materials were present in sufficient quantities that abatement may substantially affect the cost of renovation. The assessment revealed two underground storage tanks and a possible storage tank. It was noted that there were fill and vent pipes and a concrete pad indicative of an underground storage tank on the west side of the laundry/boiler building. There was also a possible vault in the northwest corner of the building. Also noted was suspect asbestos-containing materials in ceiling and wall plaster/paint in the east and west buildings, the boiler building, pipe insulation, pipe fittings, boiler and oven gaskets, floor coverings and mastic, ceiling tile and mastic, wall board and joint compound, and fire doors.

The Javelin Group also performed a lead-based paint building survey report dated June 2001. Several building components tested positive for the presence of lead. A total of 578 XRF scans of building components were completed during the survey, of which 187 of the components or 32% tested positive for the presence of lead-based paint. Approximately 33% of the components that tested positive for the presence of lead-based paint were observed in non-intact or poor to fair condition. The majority of the damaged lead-based paint surfaces were located on the third floor of the Queen Board & Care House and within the kitchen area. Paint chip debris was identified on the floors and other horizontal surfaces in these areas. It was recommended that the damaged lead-based paint should be abated and paint chips and debris removed in accordance with state and federal regulations.

A Limited Site Investigation report by The Javelin Group dated January 2003 stated that the fuel oil tanks and all associated remote fill and distribution pipelines were removed in August 2002. Two fuel oil tanks were present on the property. One tank was located within a subgrade vault adjacent to the boiler room. The size of the tank was estimated to be approximately 6000 gallons. A remote fill pipe was observed underground along the west side of the building. The second tank was located underground outside the boiler room in the west lawn area. The size of the UST was estimated to be approximately 4000 gallons. Contaminated soils and groundwater were identified during a Phase II Environmental Site Assessment and subsequent tank excavation activities. The tank located within the subgrade vault was surrounded with sand which was contaminated with fuel oil and subsequently removed, stockpiled on site, and transported to Central Soils Remediation for thermal treatment. No soils associated with the UST were excavated. Results of the investigation indicate that groundwater beneath the site had been impacted by petroleum hydrocarbons from the former fuel oil tanks and appear to be limited to the subject property. On February 6, 2003 the Minnesota Pollution Control Agency Petroleum Remediation Program staff issued a Site File Closure and determined that the investigation and/or cleanup has adequately addressed the petroleum tank release at the site.

A geotechnical evaluation dated July 2004 was conducted by Braun Intertec Corporation to assist in evaluating the soils for support of the proposed buildings. Braun Intertec Corporation conducted an Additional Geotechnical Assessment and Phase II Environmental Site Assessment (Phase II ESA) of the site to further evaluate the geotechnical and environmental soil correction needs for the site redevelopment and to evaluate the site buildings and surrounding surface soils for the presence and concentration of mercury based on past use of the site as a medical facility.

Location of Documentation
Documentation supporting these findings is on file in the office of the Development Finance Division, Crown Roller Mill, Room 575, 105 5th Avenue South, Minneapolis, Minnesota.

VII. Estimated Impact on Other Taxing Jurisdictions

It is the position of the City of Minneapolis that the redevelopment of the property included in this TIF District would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for the purpose of analysis that the proposed development described herein would occur without tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

Taxing Jurisdictions	Tax Capacity Rate Payable 2005	Property Tax Revenues Resulting from $ 63,500 Captured Tax Capacity
City of Minneapolis	61.870%	$39,287
Hennepin County	39.085	24,819
Special School District #1	26.784	17,008
Other Taxing Jurisdictions	8.640	5,486
Total	**136.379%**	**$86,600**

Fiscal calculations contained in this Plan are based upon the current property tax formulas and property values, and an estimate of the likely assessed market value of the proposed new development. The assumptions utilized for this analysis are shown on the schedules presented in this plan document for the Market Value test. This was the best information available at the time that this plan was prepared.

VIII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Minnesota Statutes, Section 469.175, Subdivision 3, provides that prior to the approval of a tax increment financing plan, the City Council must find that the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance. This conclusion is based upon the following factors.

Rents and the prices of the for-sale units, as well as the high costs of contamination cleanup, are not sufficient to amortize the entire cost of this development. The proposed project meets a need for provision of affordable rental housing, the provision of homeownership opportunities, eliminates the blighting influences of deteriorated and substandard structures, and contamination cleanup. Since 26 units are at or below 50% of MMI, this project complies with the City Affordable Housing Policy, which would require at least 12 affordable units (i.e. 20% of 60).

The City has adopted an Affordable Housing Policy as a part of its Housing Policy. This Policy recognizes the serious shortage of affordable housing in Minneapolis and puts forth the goal to "grow the population and to have no net loss of housing across all income levels". Development of the project will benefit residents by providing more housing choices as the affordable housing component will provide new quality housing to very low, low, and low to moderate income.

The renovation of each building will involve historically appropriate stabilization of the building exteriors. Some interior walls of each building will be stabilized and others will be demolished to make the buildings suitable for their new use as housing. Some elements of the interiors, such as the wide hallways of the main hospital building, will be preserved at the request of the historic agencies. Tile flooring in the entry to the hospital will be preserved, and the historic front door of the hospital will be restored to its original character. Also, the windows will be replaced with new windows that closely match the design of the original windows. Currently, Part II of the Historic Tax Credit Application has been granted conditional approval by the National Park Service. Part III of the Historic Tax Credit Application will be submitted after completion of the construction.

The site has been tested for lead, asbestos, and other hazards in accordance with state and federal regulations. Phase I and Phase II investigations have been completed. All necessary funding for the abatement work has been awarded by Hennepin County through its Environmental Response Fund program.

The Ripley Gardens redevelopment requires public financial assistance because the rents and sales prices for the housing on the site will not be sufficient to fund traditional financing in the amount necessary to build the project. The rental and homeownership housing prices in the Harrison Neighborhood would not support the costs of a market rate private development of the site. Therefore in order to avoid prolonged vacancy and deterioration of the site, public investment will be essential.

Prior to CCHT's acquisition of the land, it was reviewed by at least two other developers. Each decided that despite the property's historic appeal, they could not commit to purchasing or redeveloping the site.

Without the TIF investment in the project, it would not be possible to complete the Ripley Gardens redevelopment. The Ripley Gardens site will serve multiple public purposes. The financial structure of this project already proposes major contributions from all state and local housing funders. Therefore, the City of Minneapolis would be the primary source to cover additional gap created if the TIF were not available. Given the current level of competition for gap funding, the owner believes that raising an additional $900,000 – $1,000,000 from the City of Minneapolis would be difficult, making the TIF financing an important key to the development of this site.

A potential tax increment financing district site must also pass a "market value" test in order to make a finding that development could not occur without tax increment assistance. The calculations necessary to pass this test are contained on the following page of this plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the development that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District could not occur without public participation and financial assistance within the foreseeable future.

Ripley Gardens Apartments TIF District

Valuation and Tax Increment Assumptions

	Pay 2006	Pay 2007	Pay 2008
Total Estimated Market Value (EMV)	$5,800,000	$5,800,000	$5,800,000
Less: Original EMV	320,000	320,000	320,000
Captured EMV	$5,480,000	$5,480,000	$5,480,000
Total Net Tax Capacity (NTC)	$67,500	$67,500	$67,500
Less: Original NTC	4,000	4,000	4,000
Captured NTC	$63,500	$63,500	$63,500
Times: Projected Total Tax Rate	134.000%	134.000%	134.000%
Gross Tax Increment	$85,090	$85,090	$85,090
Less: State Auditor's Fee (.5%)	425	425	425
Tax Increment Distributed to City	$84,665	$84,665	$84,665

25 Years of TI Collection

Years of TIF Collection	Payable Year	Tax Increment Distributed To City
---	2004	$0
---	2005	0
1	2006	84,665
2	2007	84,665
3	2008	84,665
4	2009	84,665
5	2010	84,665
6	2011	84,665
7	2012	84,665
8	2013	84,665
9	2014	84,665
10	2015	84,665
11	2016	84,665
12	2017	84,665
13	2018	84,665
14	2019	84,665
15	2020	84,665
16	2021	84,665
17	2022	84,665
18	2023	84,665
19	2024	84,665
20	2025	84,665
21	2026	84,665
22	2027	84,665
23	2028	84,665
24	2029	84,665
25	2030	84,665
26	2031	84,665
		$2,201,290
P.V. @	**5.00%**	**$1,159,119**

Market Value Test

Analysis Required by M.S. Section 469.175, Subd. 3 (2)

(1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":

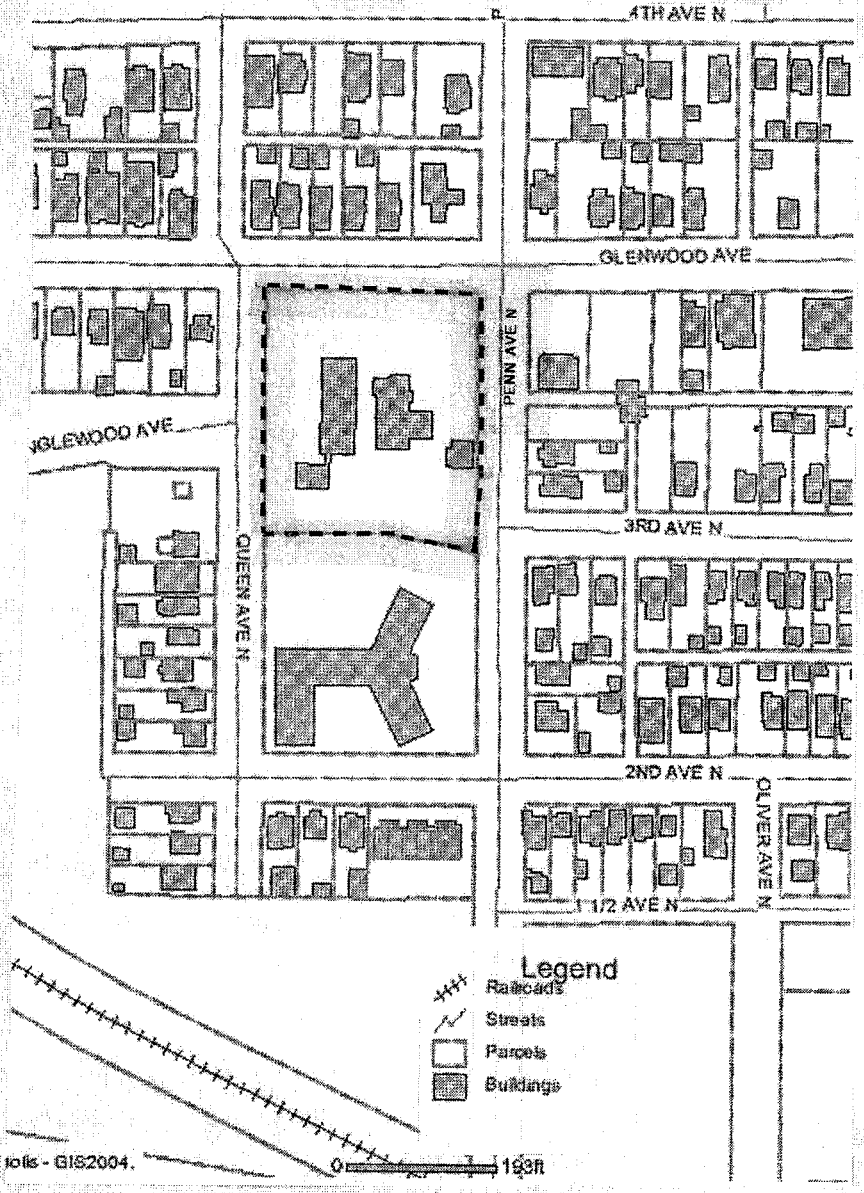
(a) Projected estimated market value without the use of tax increment	$320,000
(b) Original estimated market value	320,000
(c) Increased estimated market value without the use of tax increment = (a) - (b)	$0

(2) "... increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan.":

(d) Increase in the estimated market value of the completed development.	$5,800,000
(e) Present value of the projected tax increment for the maximum duration of the district	1,159,119
(f) Difference = (d) - (e)	$4,640,881

(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.

Exhibit # 1



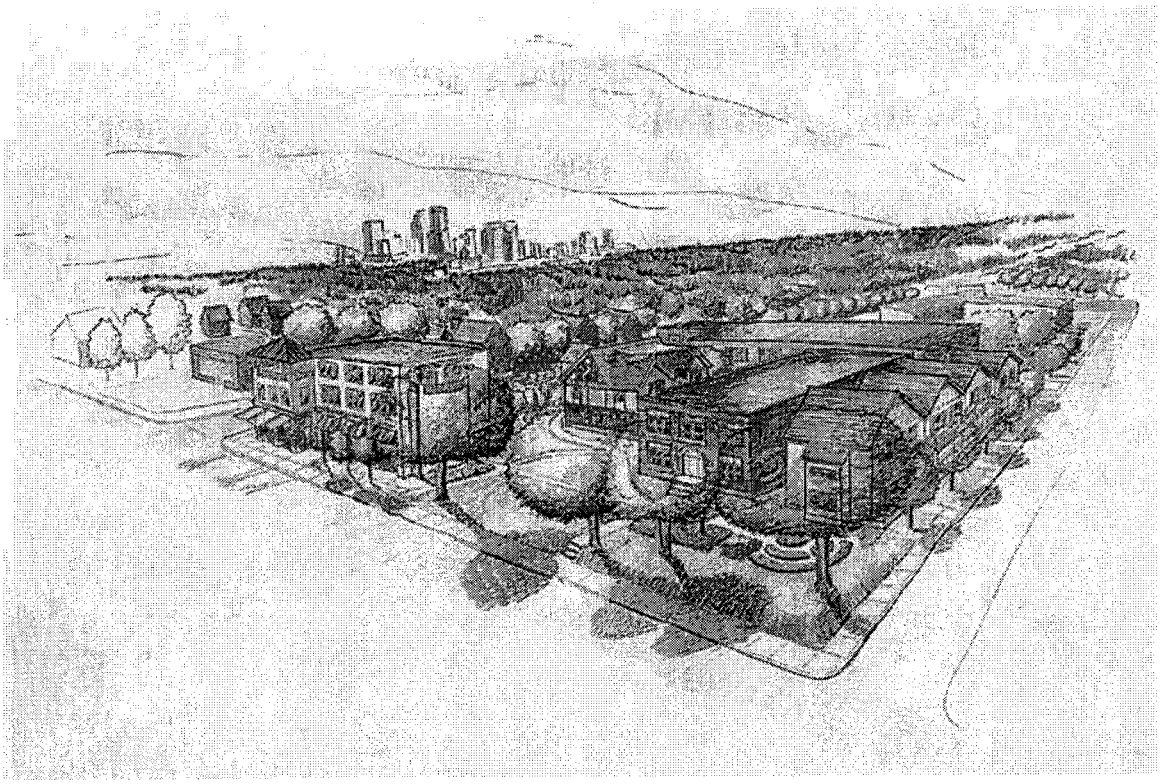
Minneapolis
City of Lakes

Ripley Gardens Apartments/Marshall Stacey Townhomes Tax Increment Finance Plan
Boundary Map
March 3, 2005

Boundary

Prepared by Development Finance Division
105 5th Avenue S., Minneapolis, Minnesota

Ripley Gardens Apartments/Marshall Stacey Town Home Site Plan



Minneapolis
City of Lakes

Penn & Glenwood Redevelopment Plan

March 3, 2005

Prepared by:

Development Finance Division
Finance Department, City of Minneapolis
105 5th Avenue South, Minneapolis, Minnesota 55401

Penn & Glenwood Redevelopment Plan

March 3, 2005

Table of Contents

I. Introduction

II. Description of Project

- A. Boundary of Redevelopment Project
- B. Objectives of the Redevelopment Plan
- C. Public Purpose
- D. Redevelopment Activities
- E. Public Financing
- F. Citizen Participation

III. Land Use Plan

- A. Conformance with Approved City Plans
- B. Land Use Restrictions

IV. Project Proposals

- A. Ripley Gardens/Marshall Stacey Town Homes Development Proposal
- B. Property Acquisition
- C. Relocation
- D. Redeveloper's Obligations

V. Procedure for Changes in Approved Redevelopment Plan

Exhibits

1. Project Boundary & Land Use Map
2. Project Area Report and Eligibility Documentation

Penn & Glenwood Redevelopment Plan

March 3, 2005

I. Introduction

Central Community Housing Trust (CCHT) proposes to redevelop the 1.9-acre site of the former Ripley Maternity Hospital at 300 Queen Avenue North, on the south side of Glenwood Avenue between Queen and Penn Avenues North. The Ripley Gardens/Marshall Stacey Town Homes development will be a mixed-income rental and ownership housing project that will combine the rehabilitation and re-use of historic buildings with new construction.

The Ripley Maternity Hospital site is on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis. The proposed redevelopment will preserve the social and physical history of the Ripley Maternity Hospital while transforming the property to meet the current needs of the community.

The site is located within the existing Harrison Urban Renewal Area. The Harrison Urban Renewal Plan is not being modified; with the approval of the Penn & Glenwood Redevelopment Plan, the development site will be located within two project areas. The provisions and requirements of the Penn & Glenwood Redevelopment Plan with respect to the development site supersede those of the Harrison Urban Renewal Plan.

A separate document, the Ripley Gardens/Marshall Stacey Town Homes Tax Increment Finance Plan, establishes a redevelopment tax increment financing district with boundaries coterminous with the boundaries of the Penn & Glenwood Redevelopment Project.

II. Description of Project

A. Boundary of Redevelopment Project

Under the authority of Minnesota Statutes §469.001 to §469.047, approval of this Redevelopment Plan establishes a new Redevelopment Project as defined in Minnesota Statutes §469.002, Subdivision 14.

The Penn & Glenwood Redevelopment Project Area consists of one tax parcel (identified below) located on the south side of Glenwood Avenue between Queen and Penn Avenues North. The Project Area is located within the Harrison neighborhood, the Near North community and Ward 5 in north Minneapolis.

Property Identification Number	***Address***
20-029-24-44-0070	300 Queen Avenue North

The Project Boundary & Land Use Map is included in this Redevelopment Plan as Exhibit 1.

B. Objectives of the Redevelopment Plan

The City of Minneapolis seeks to achieve the following objectives through the Penn & Glenwood Redevelopment Plan:

1) Eliminate blighting influences which impede potential development.
2) Eliminate or correct physical deterrents to the development of the land.
3) Remediate asbestos, lead and other site contamination in accordance with state and federal regulations.
4) Increase the number of housing units and choices within the city.
5) Provide opportunities for affordable rental and ownership housing.
6) Preserve and rehabilitate a significant and unique historic site.
7) Support strong and diverse neighborhoods where people choose to live.
8) Participate in partnerships to achieve common community development objectives.
9) Promote the revitalization of a prominent intersection in the Harrison neighborhood.

C. Public Purpose

Public purposes of the Penn & Glenwood Redevelopment Plan include:

- redevelopment of a blighted area;
- provision of adequate, safe, and sanitary dwellings;
- provision of affordable housing units;
- pollution remediation; and
- historic preservation.

D. Redevelopment Activities

The objectives of the redevelopment plan will be accomplished through the following public and private redevelopment activities: demolition, site preparation, environmental remediation, rehabilitation, historic preservation, new construction of housing units, public improvements, project administration and other related activities.

E. Public Financing

A description of public financing of development activity within the Project Area is presented in Section IV of the Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance Plan, dated March 3, 2005.

F. Citizen Participation

On April 15, 2003, the Harrison Neighborhood Association voted in support of the redevelopment activity described in this Redevelopment Plan. This Redevelopment Plan and the Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance Plan have been reviewed by the Harrison Neighborhood Association.

III. Land Use Plan

A. Conformance with Approved City Plans

The proposed reuse of land within the Penn & Glenwood Redevelopment Project is housing (see Project Boundary & Land Use Map, Exhibit 1), which conforms to the City's comprehensive plan (The Minneapolis Plan) and the Zoning Ordinance.

The Minneapolis Plan

Both Penn and Glenwood Avenues are designated as community corridors in The Minneapolis Plan. Policies related to community corridors support the "presence of small-scale retail sales and commercial services" and the development of "more intensive residential development." Housing or mixed use redevelopment in the Penn & Glenwood Redevelopment Project would be in conformance with the following comprehensive plan policies related to community corridors:

4.2 Minneapolis will coordinate land use and transportation planning on designated Community Corridor streets through attention to the mix and intensity of land uses, the pedestrian character and residential livability of the streets, and the type of transit service provided on these streets.

Implementation steps:

Strengthen the residential character of Community Corridors by developing appropriate housing types that represent variety and a range of affordability levels.

Promote more intensive residential development along these corridors where appropriate.

Discourage the conversion of existing residential uses to commercial uses, but encourage the development of mixed-use residential dwelling units in commercial buildings where appropriate.

Support the continued presence of small-scale retail sales and commercial services along Community Corridors.

Ensure that commercial uses do not negatively impact nearby residential areas.

Housing or mixed use redevelopment in the Penn & Glenwood Redevelopment Project would also be in conformance with the following general policies related to housing:

4.4 Minneapolis will continue to provide a wide range of goods and services for city residents, to promote employment opportunities, to encourage the use and adaptive reuse of existing commercial buildings, and to maintain and improve compatibility with surrounding areas.

4.9 Minneapolis will grow by increasing its supply of housing.

4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.

4.11 Minneapolis will improve the availability of housing options for its residents

4.15 Minneapolis will carefully identify project sites where housing redevelopment and or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

Zoning Ordinance

The City's zoning code establishes guidance pertinent to land use and development intensity. The Penn & Glenwood Redevelopment Project is in the R4 Multiple-Family District, which would support medium density housing development. Housing or mixed use development in the Project Area is subject to a formal development review process that includes applications (such as a conditional use permit for multi-family housing) and site plan review. This review ensures conformance with the City's zoning regulations.

Heritage Preservation

The Penn & Glenwood Redevelopment Project encompasses property that was listed on the National Register of Historic Places in 1980 as "Maternity Hospital." The property was designated as a landmark by the City of Minneapolis in 1986. Any redevelopment activity on this site must respect the historic character of the site. This is ensured by the review and approval of the Minnesota State Historic Preservation Office and the Minneapolis Heritage Preservation Commission.

B. Land Use Restrictions

A redevelopment contract between the City and the developer of property within the Project Area will contain specific requirements regarding the terms and conditions under which City assistance is provided, including land use restrictions.

IV. Project Proposals

A. Ripley Gardens/Marshall Stacey Town Homes Development Proposal

Central Community Housing Trust has submitted a proposal to develop mixed-income rental and ownership housing that will combine the rehabilitation and re-use of historic buildings with new construction. A detailed description of the proposal is presented in Section III of the Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance Plan dated, March 3, 2005.

B. Property Acquisition

No property within the Project Area has been identified for acquisition by the City of Minneapolis.

C. Relocation

The development site is currently unoccupied, and therefore there will be no relocation of households or businesses.

D. Redeveloper's Obligations

The requirements to be imposed upon the redeveloper, and its successors or assigns, will be established in the redevelopment contract. It is anticipated that the City will enter into a redevelopment contract with M. Ripley Limited Partnership, an affiliate of Central Community Housing Trust.

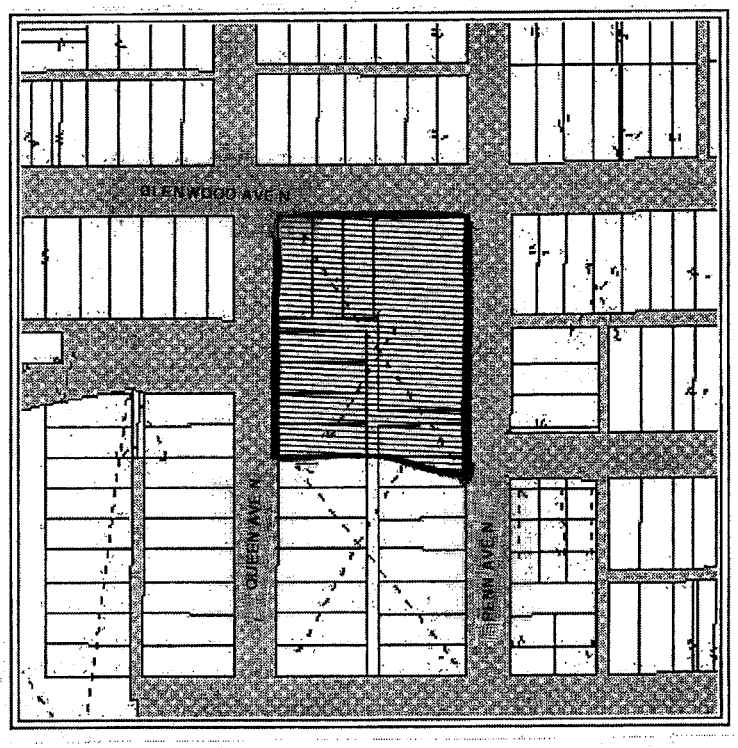
V. Procedure for Changes in Approved Redevelopment Plan

This Redevelopment Plan may be modified as provided in Minnesota Statutes, §469.029, Subdivision 6, as follows:

"A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries,

and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located."

Exhibit 1



Minneapolis
City of Lakes

Penn & Glenwood Redevelopment Project
Project Boundary & Land Use Map
March 3, 2005

Boundary

Land Use: Housing

PROJECT AREA REPORT
AND DOCUMENTATION OF ELIGIBILITY

Penn & Glenwood Redevelopment Plan
March 3, 2005

The conditions that qualify the Ripley Gardens site for inclusion in a redevelopment project area are described herein.

The Queen & Glenwood Redevelopment Project was found to be a blighted area, as defined in Minnesota Statutes §469.002, Subd. 11:

> "any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community."

Description of the Site

The site of the proposed development is the former Ripley Maternity Hospital located at 300 Queen Avenue North. The 1.9-acre property is south of Glenwood Avenue between Queen Avenue and Penn Avenue. The site is listed on the National Register of Historic Places and has been designated a landmark by the City of Minneapolis.

The site was undeveloped farmland until approximately 1910, at which time it was developed as a hospital facility and infant nursery which operated until approximately 1957. A nursing home occupied the site from 1957 through 2000.

The site has been tested for lead, asbestos, and other hazards in accordance with state and federal regulations. Phase I and Phase II investigations have been completed, and a project manual has been written for the abatement needed at the site. All necessary funding for the abatement work has been awarded by Hennepin County through its Environmental Response Fund program.

Interior and exterior inspections of the property were conducted by Geri Meyer and Kathleen Murphy, CPED Construction Management Specialists, in August 2004. Field notes from their inspections reveal the following:

The site contains one parcel, approximately 83,853 square feet, which includes a field stone retaining wall on the east, and contains three separate structures, with two of the three structures connected by a tunnel. The parcel is zoned R-4 Multiple Family District; and the assessor use is GRES – Group Residence. The three original

structures have been vacant since approximately 2000. Minimal permits, police incidents, and/or fire incidents are recorded on this property.

Ripley Memorial Hospital is a four-story concrete and brick structure built in 1915. In 1933, a rear addition was added which consists of a laundry area, mechanical room and incinerator. Due to the grade difference, the front of the hospital is only two stories, while the rear is four stories.

The Tudor House is a three-story, wood framed structure built in 1910. It may have housed a combination of office space and/or living quarters. A rear addition was added in 1920 and consisted of a commercial kitchen, dining area, and walkway between the hospital and Tudor House.

The Babies Bungalow (stone cottage) was housed children with communicable diseases. Access to the building was not available, but it should be noted that the building needs tuckpoint work at both the foundation and the chimney.

The retaining wall that runs along the east side of the parcel is field stone, and needs extensive repair due to cracked and broken concrete, missing or broken stones. Because of the change in grade where the retaining wall is over 36" from the ground, a guardrail or fence would need to be installed per code. The retaining wall on the south side behind the kitchen addition is deteriorated and in need of repair, due to cracks in the wall and missing bricks and top caps.

Concrete walks throughout the site are deteriorated and in need of repair. The front concrete steps for the main entrance to the hospital building have been removed, and need to be replaced to code to include new guardrails/handrails. Grade steps to the property are narrow, deteriorated and lack handrails. The steps must be replaced and handrails installed per code. Other stairways on the property lack handrails/guardrails. Areas of concrete walks are uneven, cracked and narrow. These are all code violations.

The existing parking lot on the east side of the structure is deteriorated and lacks adequate ground cover, perimeter boundaries and/or parking spaces. The parking lot on the south side is in better condition, but is inadequate in terms of size for the three structures.

The entire site, which has been vacant for four or more years, is overgrown with volunteer trees, vines and weeds, all of which need to be removed or trimmed. Old and damaged fencing needs to be replaced or removed per code.

Building Deficiencies

Several downspouts are peeling, and elbows and leaders are missing, causing dampness in walls, ceilings or floors. The hospital building's exterior and chimney have evidence of deterioration, including missing bricks and cracks and need repair/replacement and tuckpointing to the entire building.

Roof replacement is necessary for the three structures. The Tudor House has substantial water damage on the third floor to both walls and ceilings. The Tudor House and parts of the Babies Bungalow are in need of new paint or stain. The Tudor House appears to be stained, but the stain is fading and bare wood is showing. Some areas will require new wood, due to rot. The Tudor House has cracks in the stucco and needs repair. The Babies Bungalow walls are deteriorated with cracked, missing and broken stucco, lacks sheathing, has rotten studs, and lacks adequate insulation. Parts of the Babies Bungalow will need to be rebuilt and new stucco installed. Per the International Building Code, all foundation walls enclosing a basement below finished grade must be damp proofed. None of the three buildings are damp proofed.

Interior Deficiencies

Several doors and windows within the buildings are located in areas that require safety glass. Based on the age of construction and location, these areas do not contain the required glass. Fire doors are not self-closing or automatic. The buildings lack draft stopping above and in line with dwelling unit separations. The properties lack adequate smoke detectors. Interior stairwells lack adequate handrails/guardrails required by code. The property does not currently have a working fire alarm system. Currently, walls, corridors and doors of these buildings are not fire rated. All walls and ceilings that separate sleeping units are required to be fire resistance-rated. The existing elevator/lobby does not have a required draft curtain. The property lacks adequate parking, ADA accessibility route, elevator ADA accessibility, bathroom facility ADA accessibility, and unobstructed floor or ground space required to accommodate a single, stationary wheelchair and occupant, as well as adequate circulation path.

Currently, the buildings do not meet the existing Energy Code, but because they have been specifically designated as historically significant by the state or local government body, they are exempt from this code. However, a change in the occupancy or use of an existing building may include compliance with the requirements of the Minnesota State Energy Code. The original boiler is still on site; it is unknown if this boiler heats all three buildings. The property may have contained an oil tank for dual heat. The ground is likely contaminated. Straw insulation is visible in the Tudor House.

Based on the age of these structures, lead-based paint is assumed to be present. Several areas within the property have loose, chipped or peeling paint. Several pipes within the building appear to be wrapped with asbestos insulation pipe wrap. The basement area and some upper floors of the Tudor House have a strong smell of mildew, and mold is visible on the walls.

General

All electrical, plumbing, heating and ventilation will need to be updated and brought up to the current code. Evidence of knob and tube wiring was present. The existing commercial kitchen and laundry room need updating to include fire suppression

systems, wiring, plumbing, adequate ventilation, heating equipment, and energy efficient appliances.

The existing commercial spaces are obsolete for their present or continued use and are functionally obsolete, lacking certain life safety factors, obsolete wall coverings, and mechanical and electrical systems essential for continued occupancy. In addition, these buildings lack energy conservation standards essential for continued occupancy in order to be in compliance with the International Building Code.

The existing buildings were found to be detrimental to the safety, health, morals or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation.

Environmental Site Surveys

The Javelin Group, Inc. was authorized by the current owner of the property, Central Community Housing Trust, to conduct a survey for asbestos-containing building materials (ACBMs) of the site. The survey was conducted during May 2001 by Minnesota Department of Health certified asbestos inspector John E. Findley. Javelin collected samples of 51 suspect ACBM homogeneous material types and submitted 135 samples for laboratory analysis. Several of the suspect materials were multi-layered requiring laboratory analysis of each layer resulting in 197 analyses.

An environmental profile Phase I Environmental Site Assessment was performed by Enpro Assessment Corp in November 2000. The profile stated that potential asbestos containing materials were present in sufficient quantities that abatement may substantially affect the cost of renovation. The assessment revealed two underground storage tanks and a possible storage tank. It was noted that there were fill and vent pipes and a concrete pad indicative of an underground storage tank on the west side of the laundry/boiler building. There was also a possible vault in the northwest corner of the building. Also noted was suspect asbestos containing materials in ceiling and wall plaster/paint in the east and west buildings, the boiler building, pipe insulation, pipe fittings, boiler and over gaskets, floor coverings and mastic, ceiling tile and mastic, wall board and joint compound, and fire doors.

The Javelin Group also performed a lead-based paint building survey report dated June 2001. Several building components tested positive for the presence of lead. A total of 578 XRF scans of building components were completed during the survey, of which 187 of the components or 32% tested positive for the presence of lead-based paint. Approximately 33% of the components that tested positive for the presence of lead-based paint were observed in non-intact or poor to fair condition. The majority of the damaged lead-based paint surfaces were located on the third floor of the Queen Board & Care House and within the kitchen area. Paint chip debris was identified on the floors and other horizontal surfaces in these areas. It was recommended that the damaged lead-based paint should be abated and paint chips and debris removed in accordance with state and federal regulations.

A Limited Site Investigation report by The Javelin Group dated January 2003 stated that the fuel oil tanks and all associated remote fill and distribution pipelines were removed in August 2002. Two fuel oil tanks were present on the property. One tank was located within a subgrade vault adjacent to the boiler room. The size of the tank was estimated to be approximately 6000 gallons. A remote fill pipe was observed underground along the west side of the building. The second tank was located underground outside the boiler room in the west lawn area. The size of the UST was estimated to be approximately 4000 gallons. Contaminated soils and groundwater were identified during a Phase II Environmental Site Assessment and subsequent tank excavation activities. The tank located within the subgrade vault was surrounded with sand which was contaminated with fuel oil and subsequently removed, stockpiled on site, and transported to Central Soils Remediation for thermal treatment. No soils associated with the UST were excavated. Results of the investigation indicate that groundwater beneath the site had been impacted by petroleum hydrocarbons from the former fuel oil tanks and appear to be limited to the subject property. On February 6, 2003 the Minnesota Pollution Control Agency Petroleum Remediation Program staff issued a Site File Closure and determined that the investigation and/or cleanup has adequately addressed the petroleum tank release at the site.

A geotechnical evaluation dated July 2004 was conducted by Braun Intertec Corporation to assist in evaluating the soils for support of the proposed buildings. Braun Intertec Corporation conducted an Additional Geotechnical Assessment and Phase II Environmental Site Assessment (Phase II ESA) of the site to further evaluate the geotechnical end environmental soil correction needs for the site redevelopment and to evaluate the site buildings and surrounding surface soils for the presence and concentration of mercury based on past use of the site as a medical facility.

Location of Documentation

Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Room 575, 105 5th Avenue South, Minneapolis, Minnesota.