



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

**Date:** January 16, 2006

**To:** Council Member Lisa Goodman, Community Development Committee

**Subject:** Extend Exclusive Development Rights for American Indian Community  
Development Corporation

### Recommendation:

- 1) Extend the Exclusive Development Rights for 24 months, expiring October 10, 2007, on five parcels for the American Indian Community Development Corporation and authorize appropriate staff to execute the necessary documents.
- 2) Award Exclusive Development Rights for one year to the American Indian Community Development Corporation for the three City-owned parcels at 726 and 730 East Franklin Avenue and 2111 14<sup>th</sup> Avenue South and authorize appropriate staff to execute the necessary documents.

### Previous Directives:

On October 10, 2003 the MCDA Board of Directors approved Exclusive Development Rights for the American Indian Community Development Corporation for 2313 13<sup>th</sup> Avenue South, 2119 14<sup>th</sup> Avenue South and 1913, 1919 and 1929 Columbus Avenue South. On October 24, 2004, that same body approved an extension of these Exclusive Development Rights. On September 14, 2004, the MCDA Board of Commissioners approved the land sale of 1408 East 22<sup>nd</sup> Street to the American Indian Community Development Corporation. On September 24, 2004 the City Council approved the conveyance of the tax forfeit parcel at 2111 14<sup>th</sup> Avenue South to the American Indian Community Development Corporation. On June 17, 2005 the City Council approved the sale of 2119 14<sup>th</sup> Avenue South to the American Indian Community Development Corporation. On July 1, 2005, the City Council approved the sale of 2313 13<sup>th</sup> Avenue South to the American Indian Community Development Corporation. In December 2005, the Pokegama Affordable Housing project was awarded \$260,000 in Affordable Ownership Housing Program funds.

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

**Approved by:** Elizabeth Ryan, Director, Housing Policy & Development \_\_\_\_\_  
Chuck Lutz, Deputy CPED Director \_\_\_\_\_

**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)**

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): All property management costs will be paid by AICDC during the term of the exclusive development rights. Therefore, holding these properties under these terms would have the effect of reducing CPED property management costs

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

**Community Impact (use any categories that apply)**

**Neighborhood Notification:** The Ventura Village neighborhood has reviewed and approved the development proposals from American Indian Community Development Corporation.

**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.

**Comprehensive Plan:** Not Applicable

**Zoning Code:** Will comply.

**Other:** None

**Background/Supporting Information:**

**PURCHASER**

American Indian Community Development Corporation  
2020 Bloomington Avenue South  
Minneapolis, MN 55404

**PARCEL**

**ADDRESS**

NH – 681, 682	2313 13 <sup>th</sup> Avenue South
TF – 682	2111 14 <sup>th</sup> Avenue South
TF - 433	2119 14 <sup>th</sup> Avenue South
TF – 492	1913 Columbus Avenue South
TF – 493	1919 Columbus Avenue South
MC 21 – 2	1929 Columbus Avenue South
MC 21 – 9, 10B, 1	726 East Franklin Avenue

MC 21 – 9, 10B, 1

730 East Franklin Avenue

The National

Coalition for Urban Indian Development, The National Urban Indian Development Corporation, and the center for Community Change have developed a demonstration program called the Self-Sufficient Urban Indian Communities Initiative. This national model will use five cities to demonstrate the effectiveness of creating a sense of place for native peoples through the creation of affordable homeownership opportunities. Minneapolis has been chosen to participate in this program. The American Indian Community Development Corporation (AICDC) has been designated as the developer for the program.

In October 2004, AICDC was granted an extension on their Exclusive Development Rights for five (5) of the above parcels – 1913 Columbus Avenue South, 1919 Columbus Avenue South, 1929 Columbus Avenue South, 2313 13<sup>th</sup> Avenue South and 2119 14<sup>th</sup> Avenue South. AICDC has been working with the City of Minneapolis, the Mille Lacs Band of Ojibwe and Hennepin County to facilitate the development of these parcels. In addition to these five parcels, the parcels at 726 and 730 East Franklin Avenue are vital to the success of the proposed developments. These two parcels have not been part of any Exclusive Development Rights agreement to date and the parcel at 1408 East 22<sup>nd</sup> Street is already owned by AICDC.

As outlined below, AICDC is requesting an extension of the Exclusive Development Rights awarded them on the parcels associated with these developments. The current rights expired in October 2005. **Staff was delayed in bringing the request for an extension forward due to major factors facing the developer that would have had an effect on the feasibility of the developments. Staff felt a responsibility to bring forward this request only when the site assembly and zoning issues had been resolved and it was clear that the developments could move forward as originally proposed.**

AICDC has already paid \$15,000 in holding costs for the five parcels covered under the Exclusive Development Rights agreement for the period October 2003 through October 2005. AICDC will pay an additional \$15,000 for the period October 2005 through October 2007 if this agreement is extended plus an additional \$4,500 for the additional three properties for a total of \$19,500.

Staff is recommending an extension of an additional 24 months on the five (5) parcels at 1913, 1919 and 1929 Columbus Avenue South, 2313 13<sup>th</sup> Avenue South and 2119 14<sup>th</sup> Avenue South. Staff is also recommending awarding Exclusive Development Rights to AICDC for the three parcels at 2111 14<sup>th</sup> Avenue South and 726 and 730 Franklin Avenue East. This newest Exclusive Development Rights agreement would expire on October 1, 2007. Per the developer's request for this extension, construction on both development projects should be closed by this time.

### **PROPOSED DEVELOPMENT:**

The above identified parcels have been assembled into development sites as follows:

#### **Noko-Wakiagan**

726 East Franklin Avenue

730 East Franklin Avenue

1913 Columbus Avenue South

1919 Columbus Avenue South

1929 Columbus Avenue South

The American Indian Community Development Corporation is proposing construction of a four-story 67,000 square foot, mixed-use building with both underground and ramp parking designed to serve as an elder-only residential facility. The development will contain 32 2-bedroom units of affordable rental housing for Mille Lacs Band Elders, plus community space above one level of commercial space dedicated to serving the Native American community. Please refer to the attached Data Worksheet(s).

AICDC has been working with Hennepin County to acquire a parcel they own at 1909 Columbus Avenue South. Acquisition of this parcel is vital to the development as proposed. Without it, the development may not be able to proceed or may have to proceed on a much smaller scale. Please refer to the attached map for detail.

1909 Columbus Avenue South is currently being utilized for parking space for the County Detox Center. AICDC and Hennepin County are working together to resolve the parking issue and County officials have expressed a sincere willingness to assist in moving the Noko-Wakiagan housing project forward. Per communications with Hennepin County in September 2006, the remaining issue to be resolved is one of designing the parking structure and ensuring that adequate parking is provided for both the Noko-Wakiagan housing project and the Detox Center. Once AICDC and Hennepin County have come to an agreement, the parcel at 1909 Columbus Avenue South will be transferred to AICDC and CPED can move forward with a land sale recommendation on the five (5) parcels identified above.

AICDC has worked with great success to secure construction and gap financing from the Mille Lacs Band of Ojibwe, as well as ongoing affordability financing to maintain affordability for the residents.

**Pokegama (north and south)**

2111 14<sup>th</sup> Avenue South  
2119 14<sup>th</sup> Avenue South  
1408 East 22<sup>nd</sup> Street  
2313 13<sup>th</sup> Avenue South

The American Indian Community Development Corporation is proposing construction of a 26-unit affordable ownership housing project consisting of six single family homes (Pokegama North) located at 2111 and 2119 14<sup>th</sup> Avenue South and 1408 22<sup>nd</sup> Street East and 20 town homes (Pokegama South) to be located at 2313 13<sup>th</sup> Avenue South. Both sites are located in the Phillips neighborhood in South Minneapolis. The project will include 11 units at 60%, 13 units at 50% and 2 market rate units. All units are designed as family units containing four bedrooms.

The land sales for all four (4) parcels have been approved, but a closing has not yet occurred on 2111 and 2119 14<sup>th</sup> Avenue South pending approval of a rezoning application to accommodate the proposed development for Pokegama North. A closing also has not yet occurred on 2313 13<sup>th</sup> Avenue South as staff favored closing on all these related parcels at one time. The rezoning approval had been significantly delayed due to the need for an updated survey of the site. The Land Use Application has been reviewed and the requests for the required variances were approved at the November 13, 2006 City Planning Commission meeting.

Now that the rezoning has been approved a closing can occur. Although the Pokegama project is a phased development – Pokegama North and Pokegama South – CPED staff desired to coordinate a single closing for the entire Pokegama project.

AICDC expects to begin construction at Pokegama South (2313 13<sup>th</sup> Avenue South) immediately upon closing and transfer of title, which is expected to occur by the end of 2006, with construction complete no later than summer of 2007.

AICDC expects to begin construction at Pokegama North (2111 and 2119 14<sup>th</sup> Ave S and 1408 E. 22<sup>nd</sup> St.) immediately upon closing and transfer of title, with construction complete by February 2007.

AICDC has secured buyers for the Pokegama project and has continued to work successfully with the Mille Lacs Band of Ojibwe to secure construction and gap financing for the project.

**FINANCING:**

The Mille Lacs Band of Ojibwe is providing all necessary financing for the construction of the Noko-Wakiagan affordable housing project. Monies are made available to AICDC on a reimbursement for costs incurred basis through a trust account established by Mille Lacs. The Mille Lacs band is also providing 100% of the rental subsidy required to maintain the project as affordable to Mille Lacs Band elders at 30% MMI.

The Mille Lacs Band is providing more than \$3 million in first mortgage loans for the Pokegama project, as well as a gap financing grant in the amount of \$1,530,000. AICDC has secured all other financing needed for the Pokegama project, including \$260,000 of Affordable Ownership Housing Program Funds from the City.

