



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

Date: June 22, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Theresa Cunningham, Project Coordinator III
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Presenter in Committee: Theresa Cunningham, Project Coordinator III

Approved by: Lee Pao Xiong, Director, Housing _____

Subject: Granting of Exclusive Development Rights, a Right of Entry, and Non-Profit Housing Development Program Assistance to CommonBond Communities for the proposed development of the Multiple Sclerosis (MS) Residence and Community Center at 4550 Humboldt Avenue North

RECOMMENDATION: Approve granting Exclusive Development Rights, a Right of Entry (not to exceed 18 Months), and Non-Profit Housing Development Program Assistance for the proposed development of the Multiple Sclerosis (MS) Residence and Community Center at 4550 Humboldt Avenue North and authorize the appropriate official to negotiate and execute the necessary documents.

PREVIOUS DIRECTIVES:

- The subject property was acquired as part of a pass-thru with Hennepin County under the Humboldt Greenway Project and is now available for disposition.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Granting Exclusive Development Rights will require that the Developer pay for property management holding cost of approximately \$5,000 per year or up to \$7,500 for the 18-month term.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact:

Ward: 1

Neighborhood Group Notification: On June 3, 2004, the Lind-Bohanon Neighborhood Association's regular neighborhood meeting discussed the proposed CommonBond Communities' MS Residence and Community Center development and provided comments regarding 1) excessive noise and vibrations from adjacent train activity, 2) high levels of diesel fume pollutants, and 3) concern for a lack of public transportation. Attached is a letter from the neighborhood organization expressing their concerns.

City Goals: Foster the development and preservation of a mix of quality housing types that are available, affordable, and meets current needs and promotes future growth.

Comprehensive Plan: Chapter 4, Section 4.9 states "Minneapolis will grow by increasing its supply of housing" and Section 4.11 states "Minneapolis will improve the availability of housing options for its residents."

Zoning Code: This land is currently zoned R-5 for Multi-family District classification; however, a conditional use permit will be required to accommodate the proposed development for assisted living.

BACKGROUND/SUPPORTING INFORMATION:

Over the past decade, a Working Group comprised of representatives of Powderhorn Community Council, the MN Chapter of the Multiple Sclerosis (MS) Society, Hennepin County and other social service providers have worked to define a plan to meet the basic living needs of persons living with multiple sclerosis. Based on a recent survey of the local MS community, respondents stated the need for safe, decent, non-traditional, affordable rental housing with services for people living with Multiple Sclerosis and other physically challenging diseases. During the summer of 2003 a RFP was released and 3 responses were received of which CommonBond Communities (CBC) was the selected developer. As proposed CBC will own and operate the apartment building, acting as co-developer with MS Society, PCC and Hennepin County.

PURCHASER

CommonBond Communities
328 Kellogg Blvd. West
Saint Paul, MN 55102

The lot size is approximately 83,649 sq. ft. or 1.92 acres.

DEVELOPMENT TEAM:

CommonBond Communities is a non-profit 501(c) 3 corporation established in 1971 and the largest provider of affordable housing with services to families, seniors and persons with special needs. CBC currently provides services to over 5000 people living in over 3500 units in 47 different housing communities. They have been dedicated to that mission for more than 32 years. CBC will be responsible for the development, construction and management of the MS Residence and Community Center.

Powderhorn Community Council (PCC) is a non-profit 501(c) 3 corporation established in 1975 that seeks to improve the quality, availability and affordability of housing in the community. PCC will continue to participate in the planning work groups and assist with fundraising.

Hennepin County has committed to making available various social service resources to residents of the development and the surrounding community within the development. County staff will participate in the overall planning of the development, including design and programming.

The National **Multiple Sclerosis (MS) Society**, founded in 1946, is a voluntary health organization with a network of chapters and branches throughout the country. The MN Chapter, headquartered in Minneapolis, serves Minnesota and western Wisconsin. The mission of the MS Society is to end the devastating effects of multiple sclerosis. Society staff will participate in the overall planning of the development, including design, programming and fundraising initiatives.

PROPOSED DEVELOPMENT:

CommonBond Communities proposes to develop a groundbreaking model of affordable housing and community services for people with multiple sclerosis. Up to 45 fully-accessible one to three bedroom mixed-income rental and ownership apartment units featuring assisted living plus personal care, meals, and adult day care, as needed, with 25 underground handicap parking stalls will be developed. The proposed unit configurations, sizes and quantities follow.

Bedrooms	Est. Sq. Ft.	# of Units
1	450 – 750	30
2	850 – 950	10
3	1,750	4 (Condo/Coop Units)
1	1,400	1 - four (4) Bed Care Suite

Adult day care will be open to non-residents as well. It is proposed that up to 20 units will be Project Based Section-8 assisted.

The adjacent Shingle Creek Commons senior rental development (also owned by CommonBond Communities) provides a unique opportunity for shared services and social functions.

FINANCING

Total development cost is estimated at approximately \$7.5 million. This includes hard construction cost of approximately \$4.5 million. CBC anticipates seeking funding from various sources including HUD funds specifically targeted towards serving persons with special needs, MHFA, NRP, Low Income Housing Tax Credits, Tax Increment Financing, and other sources. The MS Society has already pledged \$600,000 over the next 3 years to project.

CBC is also requesting Non-Profit Housing Development Program funds of \$30,000. Staff has determined that based on the proposed development and the population served, the developer qualifies for the assistance. Staff supports CBC's request for Non-Profit Housing Development Program assistance.

Attached is a Project Data Worksheet which reflects in more detail the proposed (preliminary) sources and uses of financing, unit mix and income levels of the potential residents/homeowners.

LAND DISPOSITION POLICY:

This lot is buildable as defined by MCDA's policy.

OFFERING PROCEDURE:

This property is being sold under the Direct Sale provision of the Disposition Policy. It has not been publicly advertised, as it is excess land from the Humboldt Greenway development. The offer amount and sale price of \$418,245 is consistent with CPED's in-house fair reuse value based on the developer's proposed development. CBC will provide a Good Faith Deposit of \$21,000 upon land sale approval, which it is estimated will occur prior to the expiration of the Exclusive Development Rights term. In addition, the developer is requesting, and CPED staff supports their request, that the sale price of \$418,245 (\$5.00 per square foot) be frozen throughout the 18 month development rights period in anticipation that the formal land sale request and any request for financing will be presented for approval within the same period.

COMMENTS:

The developer is requesting Exclusive Development Rights and a Right of Entry to the development site for a period of eighteen (18) months to assemble the necessary financing to complete the proposed development. CPED staff supports the developer's request and further recommends that the developer be required to provide a holding cost/property management fee of approximately \$5,000 per calendar year to offset future property management expenses of the City during the Exclusive Development Rights term.