



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

Date: April 19, 2005

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Jerry LePage, Phone 612-673-5240

Presenter in

Committee: Jerry LePage, Senior Project Coordinator

Approved by: Elizabeth Ryan, Director of Housing Policy & Development _____

Subject: Grain Belt Housing Project - Phase I Redevelopment Contract Executed

RECOMMENDATION: Receive and File.

Previous Directives: On August 11, 2000, the MCDA Board and City Council approved an amendment to the Grain Belt Development Objectives, a modification to the Grain Belt Redevelopment Plan, and an authorization to issue a housing RFP. On February 2, 2001, the MCDA Board selected the Sheridan Development Company (SDC) as the developer of the Grain Belt Housing Project over three other development proposals, and awarded it six-month development rights. In July 2001, the Board approved a one-year extension of the development rights, and approved additional extensions in July 2002 and in February 2003. On June 4, 2003, the Board approved the finance plan and redevelopment contract terms for Phase I of Grain Belt. On September 26, 2003, the Council adopted the Grain Belt TIF Plan and related Plan modifications. On November 5, 2004, the Council approved an amendment to the redevelopment contract business terms for Phase I of the Grain Belt Housing Project. On December 23, 2004, the Council approved a modification to the Grain Belt Redevelopment Plan removing properties on the "Dusty's Bar/Old Science" block from the possible acquisition category.

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):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: Third.

Neighborhood Notification: The Sheridan Neighborhood Organization (SNO) has been notified that this report will be presented by the City Council.

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

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

Zoning Code: The Phase I site will require a change in zoning to permit the proposed development.

Living Wage/Job Linkage: NA

Other:

Background/Supporting Information

In November 2004, the City Council approved an amendment to the business terms for the redevelopment contract with the Sheridan Development Company (SDC), which is composed of Ross Fefercorn of RMF Entities and his partners: Peter Pflaum (Plum Investment Company) and Barry Berg and John Wanninger (Berg & Wanninger). A Project Data Worksheet is attached to this report as background information on Phase I of the Grain Belt Housing Project.

The amended business terms approved by the Council last fall included a deadline for the execution of the redevelopment contract of March 31, 2005. This deadline was met with the signing a redevelopment contract with SDC on March 31st. This contract deals primarily with the development of Grain Belt Phase I, but also includes some provisions regarding Phase II development rights (the riverfront parcel) and SDC's option to develop the Grain Belt Office Building (1215 Marshall Street NE).

The important contract deadlines for Grain Belt Phase I are:

- January 1, 2006: Closing and start of construction of Phase I.
- December 31, 2007: Completion of construction of Phase I.

The following are the contract deadlines for SDC's preservation of Phase II development rights. These events assume SDC's satisfactory performance on Phase I and the submission of an acceptable Phase II proposal that is approved by the City Council.

- January 1, 2007: Execution of a redevelopment contract with the City for Phase II.
- January 1, 2008: Closing and start of construction of Phase II.

The redevelopment contract also grants SDC a 1-year option (from the date of the signing of the Phase I contract) to purchase and develop the Grain Belt Office Building according to the following timetable:

- March 31, 2005: Granting of an option to SDC for the Grain Belt Office Building.
- May 31, 2005: Completion by the City of an appraisal of the Office Building to determine its fair market value.
- January 1, 2006: Deadline for submission by SDC of a development proposal and Offer to Purchase for the Office Building.
- February 14, 2006: Deadline for submission of preliminary plans for the renovation and reuse of the Office Building.
- March 31, 2006: Expiration date of SDC's option.

Although the deadline for an Office Building proposal is January 1, 2006, CPED staff expects that SDC will actually submit a proposal much earlier, probably sometime this summer.

Now that the redevelopment contract is executed, SDC will proceed with preparing detailed development/construction plans for Phase I, seeking historical review by the State Historic Preservation Society (SHPO) and the Minneapolis Historic Preservation Commission (HPC), securing various City land use and regulatory approvals, and finalizing its debt and equity financing. CPED staff will also be returning to the City Council sometime this summer for a public hearing on the sale of the Phase I land to SDC.