



**Request for MCDA Board of Commissioners Action
From the Department of Community Planning & Economic Development**

Date: April 20, 2004

To: MCDA Board of Commissioners

Prepared by: Theresa Cunningham, Project Coordinator III,
Phone 612-673-5237

Presenter in Committee: Theresa Cunningham, Project Coordinator III

Approved by: Chuck Lutz, Deputy CPED Director _____
Lee Pao Xiong, Director, Housing _____

Subject: Land Sale – Public Hearing
Karamu West Project

RECOMMENDATION: Approve the sale of 2201 and 2215 Plymouth Avenue North and 1245 Penn Avenue North to Mississippi Pathway Development Company, LLC for \$176,000.

Previous Directives: MCDA acquired 2201 Plymouth Avenue North on November 29, 1979, 2215 Plymouth Avenue North on July 23, 1990 and 1245 Penn Avenue North on January 8, 1990.

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): Sale of this parcel will eliminate future property management expenses.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact:

Ward: 5

Neighborhood Notification: Northside Residents Redevelopment Council, the Willard-Hay City recognized representative neighborhood organization will review the

proposed development on April 12, 2004. Comments will be provided at the Committee meeting.

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 OR-2 for high-density office residential district classification. To implement the proposed development, the developer will be required to rezone the site to the appropriate zoning classification and apply to vacate a portion of the alleyway bisecting the development area.

Living Wage/Job Linkage: NA

BACKGROUND/SUPPORTING INFORMATION:

PARCEL	ADDRESS
WH 86-19	1245 Penn Avenue North
WH 86-20	2201 Plymouth Avenue North
WH 143-3	2215 Plymouth Avenue North

PURCHASER

Mississippi Pathway Development Company, LLC
1313 Plymouth Avenue North
Minneapolis, MN 55411

The lot size is approximately 35,294 sq. ft. or 0.81 acres.

DEVELOPMENT TEAM:

NRRC, as the recognized neighborhood organization has worked with others to form a development team that is proposing the referenced mixed-use residential-commercial development. NRRC has worked diligently over the past year to assemble funding. Mississippi Pathway Development Company, LLC (MPDC) is the for-profit development subsidiary of Northside Residents Redevelopment Council (NRRC). It was created on November 13, 2003 to separate NRRC’s community development functions from those of its community representation responsibilities.

The development team consists of **Mississippi Pathway** as lead developer providing overall project coordination, finance assembly, tenant selection, and with NRRC’s oversight: responsibility for community review & participation.

Legacy Management is acting as co-developer responsible for project management, finance assembly, bidding and contract negotiations.

BKV Group is architect for the development and is responsible for overall project schematic design and construction management.

Master Civil & Construction Engineering, Inc. acting as lead construction manager and assisting with finance assembly.

PROPOSED DEVELOPMENT:

The developer proposes to purchase the above parcels of land from CPED, initiate and complete environmental remediation activities pursuant to Braun Intertec Development Response Action Plan prepared for the site on May 3, 2002. The developer then proposes to construct a 63,043 square foot building with four levels above ground and one level of underground parking. The building will feature approximately 9,500 square feet of commercial retail space on the main level with the remainder of the main level and the upper three levels including up to 52 for-sale units with 1 and 2-bedrooms (plus den) condominiums and walk-up loft type units, one 3-bedroom unit, 54 underground restricted parking stalls for residents and 8 on-site surface parking spaces for commercial tenants and resident visitors.

The residential units will feature from 750 to 1,475 square feet of living space with sales prices ranging from \$120,000 to \$210,000. Commercial/retail space will be subdivided and sold as condominiums at approximately \$145 per square foot.

Northside Residents Redevelopment Council neighborhood offices will purchase and occupy approximately 4,000 square feet of the commercial space.

FINANCING

Total development cost is estimated at approximately \$10,428,466. This includes hard construction costs of approximately \$8,416,397. A preliminary commitment for construction financing has been provided by Franklin Bank. Attached is a Project Data Worksheet which reflects in more detail the sources and uses of financing, unit mix and income levels of potential homebuyers.

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 has been designated for commercial development. The development team, working with the neighborhood proposed this mixed-use development directly to CPED. The offer amount and sale price reflects CPED's in-house fair reuse value based on the developer's proposed reuse. NRRC has provided a Good Faith Deposit of \$37,500.

COMMENTS:

The developer is also requesting \$30,000 in assistance from the Non-Profit Housing Development Assistance Program. CPED staff supports the developers request for assistance.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Karamu Project
Disposition Parcel No's WH 86-19, 86-20 & 143-3

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcels WH 86-19, 86-20 & 143-3, in the Willard-Hay neighborhood, from Mississippi Pathway Development Company, LLC, hereinafter known as the Redeveloper, the Parcels WH 86-19, 86-20 & 143-3, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

(See Exhibit A Attached Hereto)

WHEREAS, the Redeveloper has offered to pay the sum of \$176,000, for Parcel WH 86-19, 86-20 & 143-3 to the Agency for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

WHEREAS, the Redeveloper has submitted to the Agency a statement of financial responsibility and qualifications; and

WHEREAS, the Agency has had the re-use values reviewed by an appraisal expert, stating that the re-use value opinions are consistent with the accepted methods in aiding the Agency in determining re-use values for the Parcels; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on April 9, 2004, a public hearing on the proposed sale was duly held on April 20, 2004, following the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that the re-use value for uses in accordance with the Karamu Project plan, as amended, is hereby estimated to be the sum of \$176,000 for Parcels WH 86-19, 86-20 & 143-3, and

BE IT FURTHER RESOLVED, that the acceptance of the offers and proposals are hereby determined to be in accordance with the Agency's approved disposition program and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcels in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposals be and the same are hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Executive Director or other appropriate official of the Agency be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Executive Director or other appropriate official of the Agency; and

BE IT ALSO FURTHER RESOLVED, that the Chairman and Secretary, or any other two Commissioners of the Agency, are hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the Agency for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Chairman and Secretary, or any other two Commissioners of the Agency.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman,						
Niziolek							chair						
Vote: NV - Not Voting		Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain					

ADOPTED _____ . _____ .
Chairperson

APPROVED
NOT APPROVED _____ . _____ .

VETOED _____ . **Mayor**

1245 Penn Avenue North (WH 86-19)

Lot 3, The North ½ of Lot 4, Block 1, Homewood, Minneapolis, Minnesota.

Being registered land as is evidenced by Certificate of Title No. 742568.

2201 Plymouth Avenue North (WH 86-20)

Lots 1 and 2 in Block 1 of Homewood, Minneapolis, Minnesota.

Being registered land as is evidenced by Certificate of Title No. 595949.

2215 Plymouth Avenue North (WH 143-3)

Lots 27, 28, 29 and Lot 26, except the South 28.6 feet thereof,
Block 1, Homewood, Hennepin County, Minnesota.

Being registered land as is evidenced by Certificate of Title No. 750224.

WARD 5

Address: 1245 Penn Av N (WH-86-19)
2201 Plymouth Av N (WH 86-20)
2215 Plymouth Av N (WH 143-3)
Purchaser: Mississippi Pathway Development
Company, LLC.
Sq. Footage: 35,193 sf/0.81 acres
Zoning: OR-2

