



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

Date: May 18, 2004

To: MCDA Board of Commissioners

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

Presenter in Committee: Jerry LePage, Project Coordinator

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

Subject: Land Sale-Public Hearing
Many River West Housing Project
American Indian Housing & Community Development Corporation
or an affiliated Limited Partnership

RECOMMENDATION: It is recommended that the attached resolution be adopted and the appropriate official be authorized to enter into a contract on behalf of the Agency for the sale of this property to Many Rivers West Limited Partnership.

Previous Directives: On October 13, 2000, the City Council granted preliminary approval of housing revenue bonds for the entire Many Rivers housing project, which was later divided into two phases: Many Rivers East (1st Phase) and Many Rivers West (2nd Phase). On July 6, 2001, the MCDA Board approved a total of \$987,682 in MCDA Multifamily funds for the Many Rivers project, including both phases. On July 13, 2001, the City Council approved the acceptance of a \$200,000 Local Housing Initiatives Account (LHIA) grant from the Metropolitan Council for Many Rivers. On July 27, 2001, the City Council approved the allocation of \$200,000 in Empowerment Zone funds for Many Rivers. On February 13, 2004, the City Council approved a Project Analysis Authorization for the Many Rivers West project. On April 16, 2004, the City Council approved: 1) the Many Rivers West TIF Plan and related Plan Modifications; 2) a TIF pay-as-you-go note in an amount not to exceed \$337,000; 3) tax exempt Housing Development Bonds in an amount not to exceed \$2,900,500; and 4) redevelopment contract business terms with the Many Rivers West Limited Partnership. In a separate report to the City Council dated May 18, 2004, staff is also requesting approval of an additional \$137,000 in loan assistance from the Affordable Housing Trust Fund.

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): Eliminate future property management expenditures.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: 6

Neighborhood Notification: On March 9, 2004, the Ventura Village Organization reaffirmed its support for the AIHCDC Many Rivers West proposal.

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 site is zoned C-2, which permits the proposed development.

Living Wage/Job Linkage: N/A.

Other:

Background/supporting Information:

<u>PARCEL</u>	<u>ADDRESS</u>
MC 32- 9	1404 East Franklin Avenue
MC 32-10	1406 East Franklin Avenue
MC 32-11	1408 ½ East Franklin Avenue
MC 32-12	1410 East Franklin Avenue

Purchaser: American Indian Housing & Community Development Corporation or an affiliated LP
2020 Bloomington Avenue South
Minneapolis, Minnesota 55404

Sales Price: \$71,250

Many Rivers West Limited Partnership was originally proposed by the American Indian Housing & Community Development Corporation (AIHCDC) as a multi-phased, housing project that would be located on East Franklin Avenue on the 1500 block (East Site, Phase 1) and the 1400 block (West Site, Phase 2). The total Many Rivers development will consist of two new four-story mixed-use buildings on these two blocks, with a total of 76 rental apartment units. The 50-unit Many Rivers East project was completed August 2003, and is now 100% occupied.

AIHCDC is now ready to proceed with the development of the Many Rivers West project, which will include 26 housing units, approximately 5,500 sq. ft. of commercial space, and 35 parking spaces (29 underground and 6 surface) at a Total Development Cost of \$5.9 million. At this point, AIHCDC expects to rent from 1,500 to 2,000 sq/ft. of the commercial space to a Tribal College currently located on East Lake Street. An architectural image of the project is also attached to this report.

Many Rivers West will have six 1-bedroom units, six 2-bedroom units, and fourteen 3-bedroom units. There will be 11 units at or below 50% of MMI, so the project complies with the City Affordable Housing Policy, which would require at least 6 affordable units (i.e. 20% of 26). Since this project also consists predominantly of two and three bedroom rental units, it will help meet the critical need for affordable housing for families with children. The interior of the site will be fenced to create a private courtyard area for residents and a play space for children.

The Many Rivers West site consists of a vacant duplex (1915 14th Avenue), a vacant lot at 1921 14th Avenue South, and a vacant commercial building (1400 East Franklin) that are owned by AIHCDC, and a vacant parcel owned by the City (1404-1410 East Franklin). AIHCDC is proposing to purchase the City land, which is 9,500 square feet (100' x 95'), and add it to three parcels that it already owns for a total site of approximately 28,600 square feet.

Financing:

Sources	Amounts
Housing revenue bonds:	
Supported by project revenues	\$2,563,500
Estimated pay-go TIF note	<u>337,000</u>
Total housing revenue bonds	\$2,900,500
LIHTC syndication proceeds	1,075,559
Hennepin County AHIF	224,400
Met Council LHIA	200,000
Empowerment Zone	200,000
MHFA MARIF	450,000
City AHTF loan funds	<u>918,543</u>
Total Sources	\$5,969,002

Offer Procedure:

Negotiated. The property is being sold for its fair market value of \$7.50/sq. ft. (9,500 x \$7.50 = \$71,250).

Comments:

In a related report to the City Council dated May 18, 2004, staff is also requesting approval of an additional \$137,000 in loan assistance from the Affordable Housing Trust Fund for the Many Rivers West project.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing Sale of Land
Many River West Housing Project
Disposition Parcel No's. MC 32-9, 10, 11 & 12

WHEREAS, the Minneapolis Community Development Agency, hereinafter known as the Agency, has received an offer to purchase and develop Disposition Parcels MC 32-9, 10, 11 & 12, in the Phillips neighborhood, from American Indian Housing & Community Development Corporation or the affiliated LP, hereinafter known as the Redeveloper, the Parcels MC 32-9, 10, 11 & 12, 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

WHEREAS, the Redeveloper has offered to pay the sum of \$71,250, for Parcels MC 32-9, 10, 11 & 12 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 opinion is consistent with the accepted methods in aiding the Agency in determining a re-use value for the Parcels; and

WHEREAS, pursuant to due notice thereof published in *Finance and Commerce* on May 7, 2004, a public hearing on the proposed sale was duly held on May 18, 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 Many River West Housing Project plan, as amended, is hereby estimated to be the sum of \$71,250 for Parcels MC 32-9, 10, 11 & 12, and

BE IT FURTHER RESOLVED, that the acceptance of the offer and proposal is 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 parcel in accordance with the Redevelopment Plan and/or Program; and

BE IT FURTHER RESOLVED, that the proposal be and the same is 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

EXHIBIT A

Legal Descriptions

MC 32-9; 1404 East Franklin Avenue

The East 30.875 feet of the West 1 2 of Lot 7, Block 7, C.L. Willes Addition to Minneapolis.

MC 32-10; 1406 East Franklin Avenue

The West 24 feet of the East 70 10/12 feet of Lots 6 and 7, Block 7, C.L. Willes Addition to Minneapolis.

MC 32-11; 1408 ½ East Franklin Avenue

The West 24 feet of the East 46 10/12 feet of Lots 6 and 7, Block 7, C.L. Willes Addition to Minneapolis.

MC 32-12; 1410 East Franklin Avenue

The East 22 10/12 feet of Lots 6 and 7, Block 7, C.L. Willes Addition to Minneapolis; except the North 12 feet of Lot 6; including adjacent ½ of vacated alley.

