



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

Date: November 18, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory  
Services Committee

**Subject:** Land Sale Public Hearing  
Penn Avenue North Redevelopment Plan  
Broadway Flats Affordable Housing Project

### **Recommendation**

1. Approve the sale of 2413, 2423, 2425, 2503, 2507 and 2511 Penn Avenue North to Broadway Flats, LLLP or an affiliate for \$152,256.
2. Authorize appropriate City officials to enter into a Redevelopment Contract and related documents in accordance with the terms herein.
3. Authorize the Mayor and City Clerk to sign a joint application for a Certificate of Possessory Title (CPT) and appropriate City staff to sign a Registered Land Survey (RLS) on the land to be included in the Broadway Flats Project.

**Previous Directives:** On February 24, 2012, the City Council authorized the submission of LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council on behalf of this project, and granted exclusive development rights to Rose Development for the City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months. On March 30, 2012, City Council authorized staff to begin marketing and selling properties acquired under the Land Bank strategy of the City's Neighborhood Stabilization Program (NSP 1, 2 and 3) using the City's normal disposition policies and procedures for development parcels. On June 29, 2012, the City Council accepted an LCDA-TOD grant in the amount of \$1,536,100 and a TBRA-TOD grant in the amount of \$463,900 that had been awarded by the Metropolitan Council. On November 2, 2012, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000 for this project. On April 26, 2013, the City Council granted exclusive development rights to Rose Development for the City-owned properties at 2425, 2503, 2507 and 2511 Penn Avenue North for a period of 24 months. On October 18, 2013, the City Council approved an additional loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$300,000. On January 23, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project. On June 13, 2014, the City Council authorized staff to continue the PAA (project authorization analysis) to determine if tax increment financing



project, proposed to contain 103 units of rental housing above 19,000 square feet of commercial/retail space. The redevelopment project will also contain underground parking, bike racks, an integrated transit shelter, green space and public pedestrian amenities.

The assembled lots have 83,697 total square feet

**LAND DISPOSITION POLICY:**

The assembled site is buildable as defined by City policy and is being sold for development.

**FINANCING:**

Broadway Flats, LLLP has demonstrated that it has secured the necessary funding for the redevelopment project.

**OFFERING PROCEDURE:**

Public Advertisement. The sales price of these properties does reflect the full re-use value as it was determined in August 2014.

**COMMENTS:**

The City acquired the properties identified above under the Vacant Housing Recycling Program, via tax forfeiture and through its Neighborhood Stabilization Program (NSP). The City acquired the four-plex at 2413 Penn Av N on July 20, 2011 from Twin Cities Community Land Bank for \$1.00 under the Neighborhood Stabilization Program, Land Banking activity. The City subsequently demolished the structures and the vacant land is in the City's property inventory for housing development. All land sales proceeds for this parcel, equal to the fair market value, will be returned to the NSP Program to cover ongoing program costs.

On September 23, 2014, Broadway Flats, LLLP submitted to the City an offer to purchase for the six (6) subject parcels as part of their overall funding application.

The Jordan Area Community Council and the West Broadway Business and Area Coalition has had an opportunity to review and comment on various aspects of the proposed project.

The developer is proposing to construct a four-story, mixed use building containing 103 units of affordable housing and approximately 18,000 square feet of commercial/retail space.

The project is proposed to be 100% affordable to households at or below 50% and 60% MMI.

The project's commercial/retail space is proposed to be occupied by the new Broadway Liquor Outlet, a small Laundromat and a third entity as yet to be identified.

The project will also include shared surface parking and underground resident parking, CPTED design elements, public pedestrian-scale improvements, green space, bike racks, an integrated transit shelter and attractive façade elements as part of this project.

The total development cost (TDC) of the project is estimated at \$23 million and all necessary financing has been secured.

The project is scheduled to close by the end of January 2015, begin construction immediately thereafter and be complete by approximately March 2016.

Prior to the conveyance of the City properties to Broadway Flats, LLLP and the Project closing in 2015, Broadway Flats, LLLP would like the City to proceed with the filing of a joint application for a Certificate of Possessory Title (CPT) and a Registered Land Survey (RLS), in an attempt to register title to the abstract portions of the Broadway Flats Project and a vertical separation of the commercial development and housing development portions of the Project. Doing these title registration processes prior to land conveyance and Project closing will greatly facilitate the construction timelines for development of the project. The parcels included in the CPT and RLS that are owned by the developer are 2220 West Broadway, 2412 Queen Av N and 2419 Penn Av N and the parcels owned by the City are 2413, 2423, 2425, 2503, 2507 and 2511 Penn Av N. Broadway Flats, LLLP is paying the full cost of the registration as part of the redevelopment costs; the City will not incur any expenses. The CPED Department is requesting authorization for the Mayor and City Clerk to execute the appropriate documents as required for the CPT and authorization for appropriate City staff to execute the necessary documents for the RLS and other title related documents in support of the project. Broadway Flats, LLLP also plans to replat the Project properties in conjunction with the title registration processes.

**Authorizing sale of land Penn Avenue North Redevelopment Project Area  
Disposition Parcels VH-559, VH-450, VH-448, VH-268, TF-534 and VH-449.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcels VH-559, VH-450, VH-448, VH-268, TF-534 and VH-449, in the Jordan neighborhood, from Broadway Flats, LLLP, or an affiliate, hereinafter known as the Redeveloper, the Parcels VH-559, VH-450, VH-448, VH-268, TF-534 and VH-449, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

VH-559; 2413 Penn Av N

Lot 11, Block 1, "Wenz Addition to Minneapolis", according to the recorded plat thereof, and situate in Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

VH-450; 2423 Penn Av N

Lot 9, Block 1, Wenz Addition to Minneapolis, according to the recorded plat thereof, and situate in Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

VH-448; 2425 Penn Av N

Lot 8, Block 1, Wenz Addition to Minneapolis, according to the recorded plat thereof, and situate in Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

VH-268; 2503 Penn Av N

Lot 7, Block 1, Wenz Addition to Minneapolis, Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

TF-534; 2507 Penn Av N

Lot 6, Block 1, "Wenz Addition to Minneapolis", Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

VH-449; 2511 Penn Av N

Lots 4 and 5, Block 1, Wenz Addition to Minneapolis, Hennepin County, Minnesota, together with that portion of vacated alley which accrued thereto by reason of the vacation thereof.

Whereas, the Redeveloper has offered to pay the sum of \$152,256.00 for Parcels VH-559, TF-534, VH-450, VH-448, VH-268 and VH-449 to the City 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 City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcels; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on November 7, 2014, a public hearing on the proposed sale was duly held on November 18, 2014, at 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; and

Whereas, that certain land owned by Broadway Flats, LLLP at 2220 West Broadway, 2512 Queen Av N and 2419 Penn Av N and those certain parcels of land owned by the City of Minneapolis at 2413, 2423, 2425, 2503, 2507 and 2511 Penn Av N should be registered as Torrens property with the Hennepin County Registrar of Titles;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the Penn Avenue North Redevelopment Plan, as amended, is hereby estimated to be the sum of \$152,256 for Parcels VH-559, TF-534, VH-450, VH-448, VH-268 and VH-449.

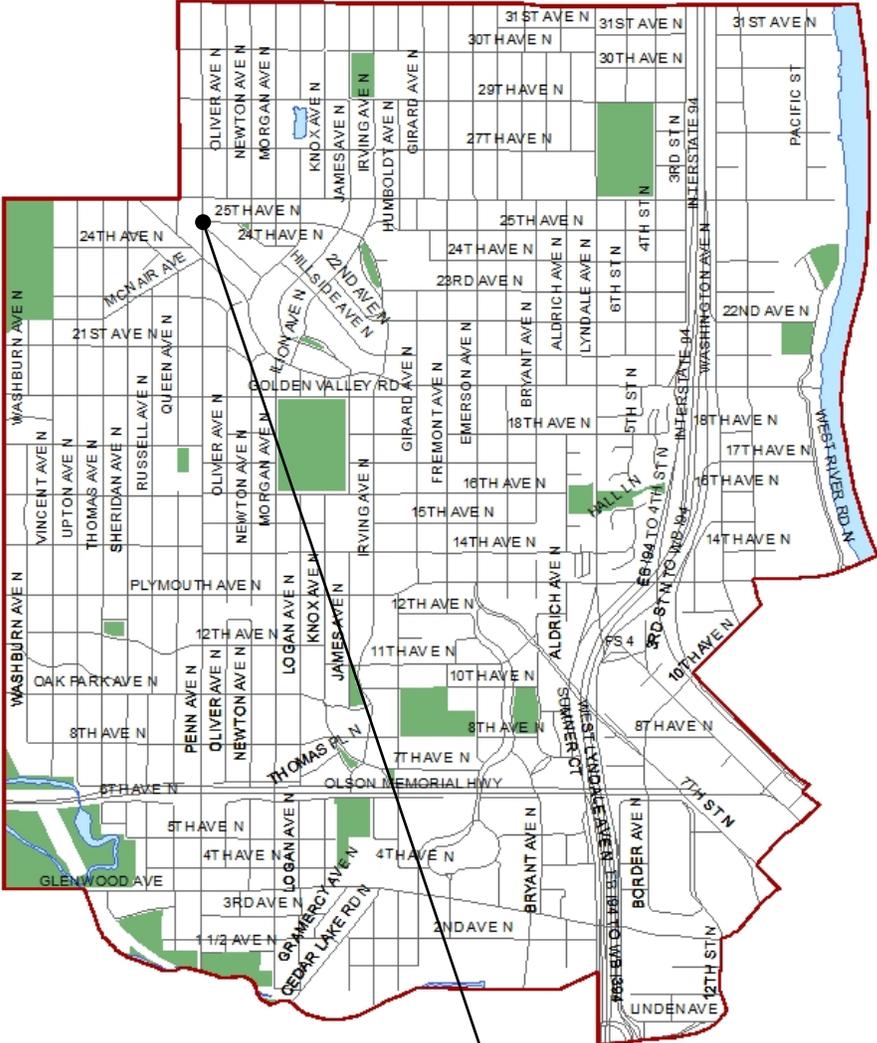
Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

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 upon publication of this Resolution, the Finance Officer or other appropriate official of the City 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 Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is 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 City 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 and delivered by the Finance Officer or other appropriate City official of the City.

Be it Further Resolved that the City is authorized to file a joint application for a Certificate of Possessory Title to be signed by the Mayor and the City Clerk, pursuant to Minnesota Statutes, Chapter 508.03(6) and a Registered Land Survey to be signed by appropriate City staff for the properties included in the Broadway Flats Project including the properties approved for sale in this Resolution.

# Ward 5



Addresses: 2413, 2423, 2425, 2503, 2507 & 2511 Penn Av N



Community Planning & Economic Development



**TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:**

Date: November 18, 2014  
 Subject: Land Sale – Public Hearing  
 Penn Avenue North Redevelopment Plan Area  
 Address: 2413, 2423, 2425, 2503, 2507 and 2511 Penn Avenue North  
 Purchaser: Broadway Flats, LLLP, or an affiliate

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0)	Re-Use Value Write Down
			(A+B)			(E-C)	(E-D)
2413 Penn Av N	\$1	\$27,194	\$27,195	\$23,616	\$23,616	(\$3,579)	\$0
2423 Penn Av N	\$25,000	\$23,032	\$48,032	\$21,440	\$21,440	(\$26,592)	\$0
2425 Penn Av N	\$25,000	\$24,447	\$49,447	\$21,440	\$21,440	(\$28,007)	\$0
2503 Penn Av N	\$25,000	\$17,158	\$42,158	\$21,440	\$21,440	(\$20,718)	\$0
2507 Penn Av N	\$1	\$9,800	\$9,801	\$21,440	\$21,440	\$11,639	\$0
2511 Penn Av N	\$85,000	\$30,721	\$115,721	\$42,880	\$42,880	(\$72,841)	\$0
<b>Total</b>	<b>\$160,002</b>	<b>\$132,352</b>	<b>\$292,354</b>	<b>\$152,256</b>	<b>\$152,256</b>	<b>(\$140,098)</b>	<b>\$0</b>

Write-Down

Reason:

Developer History with CPED:

Broadway Flats, LLLP is a new developer. The City has not done business with this entity before. However, the partnership included entities that the City is familiar with.

Developer Information:

- Single Individual(s)
- Married Individual(s)
- Limited Partnership of the State of Minnesota
- Limited Liability Company of the State of Minnesota
- Corporation of the State of Minnesota
- Nonprofit Corporation of the State of Minnesota
- Other