

**City of Minneapolis**  
**Request for Committee Action**

**To:** Community Development & Regulatory Services  
**Date:** 4/5/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Prepared by:** Tiffany Glasper, Senior Project Coordinator – Residential Finance  
**Presented by:** Tiffany Glasper, Senior Project Coordinator – Residential Finance  
**File type:** Resolution  
**Subcategory:** Land Sale

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**Subject:**

Land Sale: 617 Lowry Avenue North, 3110 Lyndale Avenue North, 3116 Lyndale Avenue North, 3113 6<sup>th</sup> Street North, 3117 6<sup>th</sup> Street North to PPL Hawthorne EcoVillage LLC or an affiliated entity.

**Description:**

1. Passage of a Resolution approving the sale of the City owned parcels at 617 Lowry Avenue North, 3110 Lyndale Avenue North, 3116 Lyndale Avenue North, 3113 6<sup>th</sup> Street North and 3117 6<sup>th</sup> Street North to PPL Hawthorne EcoVillage LLC or an affiliate for \$111,866 and authorize appropriate City officials to enter into a Redevelopment Contract and related documents in accordance with the terms herein.
2. Authorize appropriate City staff to sign documents affecting the required replatting of the City land prior to the sale of the City land to PPL Hawthorne EcoVillage, LLC or an affiliate.

**Previous Actions:**

- April 26, 2013 – City Council approved exclusive development rights for 12 months with the option for a 6-month administrative extension for PPL Hawthorne EcoVillage LLC on five City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6<sup>th</sup> Street North
  - October 18, 2013 – City Council approved an Affordable Housing Trust Fund award in an amount up to \$1,875,000 for the Hawthorne EcoVillage Apartments affordable housing project.
  - October 31, 2014 – City Council approved a 24-month extension of the exclusive development rights on five City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6<sup>th</sup> Street North.
  - December 11, 2015 – City Council approved Preliminary Analysis Authorization for the subject Tax Increment Financing Plan.
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**Ward/Address:**

Ward 5  
617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North, 3113 and 3117 6<sup>th</sup> Street North

**Background/Analysis:**

<b><u>PARCEL</u></b>	<b><u>ADDRESS</u></b>	<b><u>SALE PRICE</u></b>	<b><u>SQ. FT.</u></b>
WL 13	617 Lowry Avenue North	\$30,962	15,481
WL 14	3110 Lyndale Avenue North	\$21,054	10,527
WL 15	3116 Lyndale Avenue North	\$21,570	10,785
WL 1	3113 6 <sup>th</sup> Street North	\$19,140	9,570
WL 2	3117 6 <sup>th</sup> Street North	\$19,140	9,570

**PURCHASER**

PPL Hawthorne EcoVillage LLC  
1035 East Franklin Avenue  
Minneapolis, MN 55404

These City owned properties will be sold to PPL Hawthorne EcoVillage LLC or an affiliate for the Hawthorne EcoVillage Apartments affordable housing project. The project is proposed to contain 75 units of affordable rental housing along with underground parking, public pedestrian amenities, public art, indoor and outdoor bicycle parking/storage, a community room and on-site property management facilities.

The lots, assembled, have 55,933 total square feet.

**LAND DISPOSITION POLICY**

The sale of these properties is in compliance with the City's Disposition Policy and the sales price of each parcel reflects the full re-use value.

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

**FINANCING**

PPL Hawthorne EcoVillage LLC has demonstrated that it has secured all of the necessary financing for the new construction project.

**COMMENTS**

The City acquired the properties at 3110 Lyndale, 3116 Lyndale and 617 Lowry from Hennepin County in 2010 for a total of approximately \$18,200. All three parcels were vacant land at the time of acquisition. The properties at 3113 6<sup>th</sup> Street North and 3117 6<sup>th</sup> Street North were acquired from private parties in 2007 and 2008 for approximately \$40,000 and \$395,000 respectively. Both of these addresses contained blighted structures that were subsequently demolished.

On February 1, 2016 PPL Hawthorne EcoVillage LLC submitted to the City an offer to purchase for the five (5) parcels as part of their overall funding application.

The Hawthorne Neighborhood Council has had an opportunity to review and comment on all aspects of the proposed project.

The developer is proposing new construction of a four-story apartment building containing 71 units of affordable rental housing and two townhouse-style buildings each containing two units and a single tuck-under garage. The project is also proposed to feature underground parking, a community room, on-site property management, community green space and outdoor play area, public art, in-unit washers and dryers and indoor and outdoor bicycle storage.

The project will be 100% affordable to households at or below 50% MMI with four units set aside for households experience long term homelessness.

The total development costs for the project are estimated at \$17.6 million and all necessary financing has been secured.

The project is scheduled to close in May 2016 and construction will begin immediately thereafter.

In addition to the standard disposition of the City land, there is also a necessary replat which must occur prior to closing in order for the developer to secure the necessary building permits.

**Financial Review:**

**No additional appropriation required, amount included in current budget.**

**Future budget impact anticipated.**

Elimination of future property management costs estimated at \$18,000 annually (\$3,600 per lot per year)

- Proposed Net Write off (see attached table): \$402,361
- Proposed Re-Use Value Write-Down (see attached table): \$0

**Approved by the Permanent Review Committee.**

**Meets Small and Underutilized Business Program goals.**

**Attachments:**

1. Hawthorne EcoVillage Land Sale Report\_Resolution
2. Hawthorne EcoVillage Land Sale Report\_Ward Map
3. Hawthorne EcoVillage Land Sale Report\_Cost Sheet(s)
4. Hawthorne EcoVillage Land Sale Report\_Project Schematics