



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

Date: August 23, 2011

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Betsy Hodges, Ways and Means/Budget Committee

Subject: Approval of the Dunwoody Apartments Redevelopment Plan

Recommendation: Adopt the resolution approving the Dunwoody Apartments Redevelopment Plan

Previous Directives: In 2008, the City Council authorized acceptance of environmental remediation funds to the project: \$161,600 in Met Council TBRA funds, and \$494,400 in Hennepin County ERF funds. On May 13, 2011 the City Council approved Project Analysis Authorization (PAA), which enables staff to conduct detailed analysis of the submitted TIF application for the project. On June 17, 2011, the City Council awarded Affordable Housing Trust Funds (AHTF) to the project, in the amount of \$875,000.

Prepared by: Amy Geisler, CPED Senior Project Coordinator (612) 673-5266
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Thomas A. Streitz, Director, Housing Policy & Development _____
Presenters in Committee: Amy Geisler

Financial Impact

- No financial impact.

Community Impact

- Neighborhood Notification: The Stevens Square Neighborhood Organization received notice of the public hearing and of the opportunity to review and comment on the proposed redevelopment plan.
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Sustainability Targets: Affordable housing production.
- Comprehensive Plan: *The Minneapolis Plan for Sustainable Growth* contains the following relevant policy, among others: *Policy 3:3*: Increase housing that is affordable to low and moderate income households.
- Zoning Code: The zoning is OR3. The property has received a Conditional Use Permit for a Planned Unit Development; all planning approvals are in place.

Background/Supporting Information

The Dunwoody Apartments Redevelopment Plan establishes a new redevelopment project area, establishes objectives for redevelopment, and identifies land uses for the redevelopment of the project area.

CPED staff has conducted the necessary blight analysis of the existing structures on the site and have determined that the proposed project area qualifies for inclusion in a Redevelopment Project under Minnesota Statutes 469.001 through 469.047.

The Dunwoody Apartments Redevelopment Project Area consists of one existing tax parcel located at 110 18th St East. The project area is located within the Stevens Square-Loring Heights neighborhood and Ward 6 of South Minneapolis. The tax parcel to be included in the proposed Project Area is:

<u>Property Identification Number</u>	<u>Address</u>
27-029-24-43-0001	110 18 th St East

The City of Minneapolis seeks to achieve the following objectives through the Dunwoody Apartments Redevelopment Plan:

- Eliminate blighting influences by rehabilitating a vacant and deteriorated building
- Preserve a historic structure
- Increase the number of housing units and choices within the city
- Increase housing density
- Remedy the shortage of housing for low and moderate income residents
- Support strong and diverse neighborhoods where people choose to live
- Promote transit-oriented and sustainable development
- Clean a contaminated property
- Increase the property tax base

The objectives of the redevelopment plan may be accomplished through the following actions: site preparation, environmental remediation, rehabilitation, public improvements, construction of below-grade parking garages, project administration, and other related activities.

Future land use on property within the Project Area will be mixed-use. The property is currently zoned OR3 (Institutional Office Residence).

Proposed Development

Gateway Commons, LLC owns the property at 110 18th Street East, which is the site of the original Abbott hospital building. The developer proposes to convert the building to 123 rental apartments along with 40 underground and 64 surface parking spaces. The project is located in the Stevens Square neighborhood, and includes the original Dunwoody building (constructed in 1910), and 4 additions that were constructed up through the 1950s.

The proposed unit mix is 9 studios, 90 one-bedroom units, and 24 two-bedroom units. The building will also include a leasing/management office, community room for use by residents, indoor bike storage, and tenant storage lockers.

Twenty-five units will be affordable to households at or below 50% of Area Median Income, and the balance of the units will be market-rate. The owner will pay trash, water/sewer, and heat, with other utilities the responsibility of the tenants.

The site has been the subject of extensive review by the Minneapolis Historic Preservation Commission over the past several years. The Dunwoody building is contributing to the Stevens Square Historic District and the National Register of Historic Places District. Later building additions have differing relationships to the local and national districts. The later additions were originally proposed to be torn down, and a new condominium building constructed in their place. As the real estate market has evolved over the past several years, the project has also evolved into its current proposal for substantial rehabilitation of

the building into rental apartments. Historic elements to be preserved include some of the existing windows, interior finishes where possible, ceiling heights, and other detailing. The project has received Part 2 approval from the National Park Service for the Historic tax credits.

The developer has submitted an application for Tax Increment Financing, which is currently under review by City staff. The creation of a redevelopment project area separate from the tax increment financing process is required to meet Hennepin County's timing condition for receiving a \$361,500 County TOD award that has been approved for the proposed development (i.e. the proposed development must be located within a redevelopment project area by September 2011).

Attachments:

Project data worksheet

Resolution

Draft redevelopment plan

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman and Hodges

Approving the Dunwoody Apartments Redevelopment Plan.

Resolved by the City Council of the City of Minneapolis:

Section 1. Recitals

1.1. Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").

1.2. It has been proposed and the City has caused to be prepared, and this Council has investigated the facts with respect to, the Dunwoody Apartments Redevelopment Plan (the "Plan"). The Plan creates a new redevelopment project area (the "Project Area"), states the City's objectives, describes proposed development activity and indicates a land use to facilitate redevelopment of the Project Area, all pursuant to and in accordance with the Project Laws.

1.3. The City has performed all actions required by law to be performed prior to the adoption of the Plan, including, but not limited to, a review of the proposed Plan by the affected neighborhood group and the City Planning Commission, and the holding of a public hearing after published notice as required by law.

Section 2. Findings

2.1. The Council hereby finds, determines and declares that the objectives and actions authorized by the Plan are all pursuant to and in accordance with the Project Laws.

2.2. The Council further finds, determines and declares that the land in the Project Area would not be made available for redevelopment without the financial aid and public assistance to be sought.

2.3. The Council further finds, determines and declares that the Plan will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the redevelopment of the Project Area by private enterprise.

2.4. The Council further finds, determines and declares that the Plan conforms to the general plan for the development or redevelopment of the city as a whole.

2.5. The Council further finds, determines and declares that the Dunwoody Apartments Redevelopment Project is a redevelopment project pursuant to Minnesota Statutes, Section 469.002, Subdivisions 14 and 16 and that the Project Area is a "blighted area" pursuant to Minnesota Statutes, Section 469.002, Subdivision 11.

2.6. The Council further finds, determines and declares that the reasons and facts supporting the findings in this Resolution are described in the Plan.

2.7. The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plan.

Section 3. Approval of the Plan

3.1. Based upon the findings set forth in Section 2 hereof, the Plan presented to the Council on this date is hereby approved and shall be placed on file in the office of the City Clerk.

Section 4. Implementation of the Plan

4.1. After passage and publication of this Resolution, the officers and staff of the City and the City's consultants and counsel are authorized and directed to proceed with the implementation of the Plan, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further modifications, plans, resolutions, documents and contracts necessary for this purpose.