



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

Date: June 19, 2007  
To: Lisa Goodman: Chair, Community Development Committee

**Subject:** Amend Redevelopment Contract

**Recommendation:** Request Authorization to Amend Redevelopment Contract for East Phillips Commons LLC

**Previous Directives:** On March 26, 2001 the MCDA Board authorized staff to proceed with analysis of the 29<sup>th</sup> Street Corridor project proposal and to negotiate terms and conditions of a redevelopment contract with Sherman Associates. On June 21, 2002 the City Council approved adoption of the Redevelopment Plan and the East Phillips Phase I Tax Increment Plan. On September 27, 2002 the City Council gave final approval of \$2,950,000 of Tax Increment Multifamily Housing Entitlement Revenue Bonds for the East Phillips Commons project. On May 20, 2003 the City Council approved \$117,500 of Levy Funds. On July 30, 2003 the City Council approved the issuance of the TIF Note. On September 16, 2003 the MCDA Board approved a land sale of 2931 Bloomington Avenue South to Sherman Associates.

Prepared by: Dollie Crowther, Principal Coordinator 673-5263  
Approved by: Elizabeth Ryan, Director of Housing Policy and Development \_\_\_\_\_

Presenter in Committee: Dollie Crowther

**Reviews**

Permanent Review Committee (PRC): Approval \_\_\_ Date \_\_\_\_\_  
Policy Review Group (PRG): Approval \_\_\_ Date \_\_\_\_\_

**Financial Impact**

- No financial impact
- Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or Operating Budget \_\_\_\_\_
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification; On June 16, 2001 the Powderhorn Park Neighborhood Association approved the project. On July 11, 2001 the Midtown Phillips Council approved this project and on March 26, 2001

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the East Phillips Improvement Coalition approved the development of this project. City Goals: Foster the development and preservation of a mix of quality of housing types that are available, affordable, meets current needs and promotes future growth. Comprehensive Plan: 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods. 4.12 Minneapolis will grow by increasing its supply of housing. 4.12 Minneapolis will reasonably accommodate the housing needs of all its citizens.

Zoning Code: Will comply

Living Wage/Business Subsidy Agreement      Yes \_\_\_\_\_      No  \_\_\_\_\_  
Job Linkage      Yes \_\_\_\_\_      No  \_\_\_\_\_  
Other

### Supporting Information

East Phillips Commons is a newly constructed 30 unit affordable housing development located in the 2900 block of Bloomington Avenue South. The developer is Sherman Associates and the project was completed in May 2004. The project was financed with MHFA funds, AHTFs, housing revenue entitlement bonds, tax credits, NRP, Hennepin County and TIF. Included in the development were 3 live work 2 bedroom ownership units with tuck under garages. The parcel at 2931 Bloomington Avenue is owned by the City and the developer has an offer to purchase to secure this parcel for the ownership development. The land sale was approved by the MCDA Board in September 2003 in the amount of \$30,000. The redevelopment contract signed in October 2003 requires amending to accommodate only 2 live work units. The new units will be 3 bedrooms each and have a shop front. The East Phillips Neighborhood has recently agreed to provide NRP Phase I funds to help enhance the back alleyway of the units. The neighborhood has also assisted with several potential buyers for the homes. The developer experienced major setbacks that have caused the delay in moving forward on the project. Some of these issues included design plan approval from the neighborhood and the affected council member and additional parking issues for the surrounding business owners. Acquisition of the parcel is anticipated to occur in August. The construction of the minimum improvements is scheduled to commence in early August 2007.