

Attachment B

Background

The Payne-Phalen Boulevard Mainstreet Redevelopment Plan was a concentrated effort to redevelop a major gateway to the District 5 neighborhood. Originally the project was conceived as a four phase redevelopment.

*Phase 1: Phalen Senior Lofts – complete as of 2006. This project resulted in 72 units of housing and some commercial space. \$925,000 of TIF financing and \$1.9 million of HOME funds were provided for the project. The units included 20 units affordable to households at or below 50% of the area median income (AMI) and the remaining units affordable at 60% or below AMI.

*Phase 2 and 3: Whitall Twinhomes site – partially complete. Originally, this site was conceived as a high density, mixed use residential and commercial tax credit project that would be complete in two phases. However, acquisition of the full redevelopment area was not completed and tax credits were ruled out as a funding source. A series of development amendments have come before the HRA (see Attachment B - Background), resulting in the current concept of 18 twinhome units on the site. To date, 2 units have been completed successfully and sold and 2 additional units have been started.

*Phase 4: Wells/Wadena site – incomplete. Progress toward this objective was minimal and as a result Sherman Associates developer rights were terminated as of 2008.

History

The Phalen Corridor Development Strategy was adopted by the City Council on April 4th, 2001; the strategy included a directive to shape redevelopment investment in the Payne'Phalen intersection. HRA staff worked in partnership with neighborhood stakeholders, including District 4 and 5 Community Councils, to create a Request for Qualifications (RFQ) for development alternatives. The HRA released an RFQ for the Payne/Phalen intersection and received six proposals. Community groups were engaged in selection of a preferred developer and selected Sherman Associates, which was approved by the HRA in 2003. A summary of HRA and city council actions since that time is summarized below:

November 24, 2003 - A public hearing was held related to the development concept.

January 28th 2004 - the HRA authorized staff to execute a Memorandum of Understanding with Sherman Associates for the site.

May 26, 2004 – HRA approved Master Development Agreement with Sherman Associates and approved funding for Phase 1, 2, and 3.

August 25, 2004 – HRA approved sale of two parcels to Sherman Associates for the Phalen Senior Lofts project (Phase 1).

November 3, 2004 – The City Council approved the Tax Increment Financing (TIF) plan for Phalen Senior Lofts and the Payne-Phalen Boulevard Mainstreet Redevelopment Plan.

November 10, 2004 – The HRA approved the Tax Increment Financing (TIF) plan for Phalen Senior Lofts and the Payne-Phalen Boulevard Mainstreet Redevelopment Plan.

April 13, 2005 – HRA approved the Second Amendment to the Master Development Agreement, including financing approval of \$2.1 million (\$1,946,000 of STAR funds and \$154,000 of CDBG) to move forward with completion acquisition, relocation, and demolition on the Whitall Twinhomes site (Phase 2/3).

December 14, 2005 – HRA approved acquisition of 623-625 Whitall Street through negotiations and/or eminent domain to benefit the Whitall Twinhomes project (Phase 2/3).

February 22, 2006 – HRA approved acquisition of six properties located within the Whitall Twinhomes project site (Phase 2/3).

May 24, 2006 – HRA approved the Third Amendment to the Master Development Agreement, including additional financing of \$500,000 of STAR funds to complete development of Whitall Twinhomes Project Phase 2/3.