

C Community Development Committee
Meeting date: August 17, 2009

| ADVISORY INFORMATION | |
|----------------------------------|--|
| Date: | August 12, 2009 |
| Subject: | City of Maplewood Request for An Additional Extension of Livable Communities Demonstration Account (LCDA) Grant SG006-168 - Gladstone Neighborhood Redevelopment |
| District(s), Member(s): | District 11 Georgeanne Hilker |
| Policy/Legal Reference: | 473.253 Livable Communities Demonstration Account |
| Staff Prepared/Presented: | Paul Burns, Manger, Livable Communities, 651/602-1106 |
| Division/Department: | Housing and Livable Communities/Community Development |

Proposed Action

Respond to a request from the City of Maplewood to approve a second one-year extension of the Livable Communities Demonstration Account (LCDA) Grant #SG006-168 to December 31, 2010 contingent upon the grantee fulfilling the conditions stated below prior to December 31, 2009.

Background

The Metropolitan Council awarded a \$1,800,000 LCDA grant to the City of Maplewood on December 13, 2006 to construct street reconstruction and improvements on Frost Avenue, construct a roundabout at the Frost Avenue and East Shore Drive intersection and construct a stormwater pond, in order to build a senior housing development.

The original owner/developer removed relocated homeowners from the rental manufactured homes, and removed all homes from the site. The site is now vacant with no buildings. The owner/developer lost control of the site late last year. A bank now owns the property. The City has been in discussions with the bank and prospective developers and has informed Council staff that a new developer has been identified and is scheduled to sign a development agreement by the end of August.

The city is preparing final details for the public improvements including roadway, sidewalks, and storm water improvements. Attached are a copy of the City's letter requesting an extension and several supporting documents. City officials will be the CDC meeting to present their request for an extension.

Rationale

Under procedures for existing Livable Communities grants, grants may be extended administratively only once for a period not to exceed one year. This request for a further extension should be decided by the Council at the recommendation of the Community Development Committee.

Staff recommends that, if the Committee and Council approve the grantee's request, the following conditions be written into an amendment of the current grant agreement:

1. The City must provide the Council with documentation that a development agreement has been executed for the project, and any other documentation that can demonstrate progress on the project, as well as a schedule for completion of the senior housing in 2010.
2. The developer must begin development of the senior housing building before December 31, 2009, and complete construction in 2010.
3. Until development begins on the senior housing building, the Council will not reimburse the city for any monies it spends on the grant-funded activities.

4. The grant agreement be amended to indicate that if these conditions are not met, the grant is considered expired on December 31, 2009 with no grant funds paid to the city, but if met, the grant is extended to December 31, 2010.

Funding

The 2006 grant amount was \$1,800,000. The requested extension envisions keeping the grant amount the same.

Known Support / Opposition

The City supports the request. Staff is not aware of any opposition.



August 11, 2009

Paul Burns, AICP
Manager, Livable Communities Program
Metropolitan Council – 390 Robert Street North
St. Paul, MN 55101-1805

**METROPOLITAN COUNCIL LCA GRANT – GLADSTONE EXTENSION
REQUEST**

Mr. Burns.

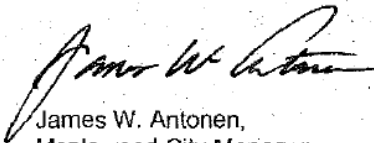
This letter is being sent to formally request that the City of Maplewood be placed on the agenda for the Metropolitan Council's Community Development Committee's meeting on August 17, 2009. The City of Maplewood is formally requesting a deadline extension for the Livable Communities Act grant the city received to be used in the Gladstone neighborhood.

With this cover letter you will find several items supporting the City of Maplewood's request. The items included are:

- 2009 Metropolitan Council LCA Grant Status Update Narrative
- 2009 Metropolitan Council LCA Grant Status Update Response Form
- Maplewood City Council Resolution of Support, dated August 10, 2009
- Letter of Intent – Maplewood Senior Living

Please call me at 651-249-2050 or email me at Jim.Antonen@ci.maplewood.mn.us if you have any questions or need additional materials.

Respectively submitted,



James W. Antonen,
Maplewood City Manager

Letter of Intent – Maplewood Senior Living

To: City of Maplewood (Attention Mr. Chuck Ahl)
From: Rand Financial, Inc.
Date: August 11, 2009
Re: Maplewood Senior Living Development

Dear Mr. Ahl:

Title to certain real property consisting of approximately seven (7) acres as described on **Schedule 1** attached to and incorporated by reference into this letter (the “**Real Property**”) located in the City of Maplewood, Ramsey County, Minnesota (the “**City**”), was acquired at foreclosure proceeding filed in Ramsey County, Minnesota (the “**Foreclosure Action**”) by Rand Financial, Inc, a Minnesota corporation (“**Rand**”). In addition to title to the Real Property, Rand acquired in the Foreclosure Action all of the rights and entitlements associated with the Real Property (the “**Entitlements**” and, together with the Real Property, collectively, the “**Property**”). Upon termination of the former owner’s right of redemption, Rand conveyed its rights in the Property to Highland Bank as collateral for certain indebtedness, but subject to a covenant from Highland Bank to convey title to the Property to Rand or Rand’s designee so that Rand or its designee may proceed with development of the Real Property.

The City and Lance Lemieux, Jack Rajchenbach and Albert Miller (collectively, the “**Development Group**”) have been engaged in active discussions regarding the feasibility of and schedule for proceeding with a phased development of the Real Property in a manner that will permit development of the Real Property to commence in keeping with a schedule that would have the City to retain and use some \$1,800,000 in grant monies (the “**Grant Monies**”) allocated by the Metropolitan Council to the City, based on a finding that the Real Property constituted a “**Blighted Site**”, for use in connection with the development of the Real Property. The Development Group, the members of which have successfully developed, opened and operated senior living projects in the Twin Cities Metropolitan Area, including Select Senior Living of Coon Rapids, Senior Living of Inver Grove and Southview Acres in West St. Paul, is interested in pursuing a phased development of the Real Property. The conditions governing the development will be articulated in a Development Agreement between Maplewood Senior Living, LLC, a Minnesota limited liability company that will be organized as Rand’s designee, the interests in which shall be held by the Development Group, and the City. The Development Group has received advice from the City that the Development Agreement must be signed not later than August 31, 2009.

The project will include two (2) phases. Phase 1 will involve the construction of approximately one hundred ten (110) units of senior housing, including, both independent living units and assisted living units. Phase 1 of the project will include memory care space as well. Phase 2 will include up to seventy (70) additional units of senior housing.

Although the project schedule has not yet been finalized, the Development Group understands that site clearing and grading work need to begin in November, 2009 and, further, that the project schedule will provide for commencement of construction of the improvements during the late Spring, 2010, with the goal of accepting residents by the end of 2010. While negotiating the Development Agreement with the City, the Development Group will use its best efforts to complete its development plans, identify contractors and generally prepare to mobilize to begin work on the project according to the schedule outlined above. To this end, the Development Group has scheduled meetings later this week with Kass Wilson Architects and Pioneer Engineering to review and update the plans and specifications for the project, which are close to being complete.

Given the need to have this letter submitted and approved by the City not later than August 11, 2009 in order to proceed with the negotiation of a definitive Development Agreement and satisfy certain notice requirements relating to tax increment financing which the City has offered to consider making available for the project, Rand is submitting this letter of intent without completing its review of the Property and a feasibility study with respect to the project. Accordingly, Rand submits this letter of intent subject to its completion of a complete review of the Property and the project and subject to Rand and the City entering into a mutually satisfactory Development Agreement.

Enclosed is a check in the amount of \$6,700.00, which is submitted as the filing fee for an application for tax increment financing for the project. In submitting the filing fee, Rand understands from prior discussions with City officials that promptly upon receipt of the enclosed check the City will timely provide the requisite forty-five (45) day notice to the Ramsey County and the school district that must precede tax increment financing for the project. Furthermore, Rand understands that the filing fee is non-refundable if the Development Group does not pursue the project.

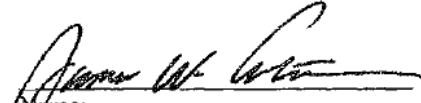
Upon receipt of a duplicate original copy of this letter counter-signed by the City together with a copy of the notice regarding tax increment financing for the project, the Development Group will promptly submit for the City's consideration a proposed Development Agreement for the project.

Sincerely,

Rand Financial, Inc., on its behalf and on behalf
of the Development Group

By: Albert Miller
Albert Miller

REVIEWED AND AGREED TO BY THE CITY OF MAPLEWOOD:


Name: _____
Title: *City Manager*
Date: August *11*, 2009

SCHEDULE I

1

LEGAL DESCRIPTION OF THE REAL PROPERTY

Property Identification Number: 162922310024

Existing Legal Description: That part of Government Lot 2, Sec. 16, T. 29, R. 22, Ramsey County, Minnesota which lies S' of Frost Avenue as described in Document No. 1999021, W' of Frost Avenue Connection as described in Document No. 1999021, N' of East Shore Drive as described in Document No. 367903, and NE' of a line described as commencing at the center of said Section 16, thence S 89 degrees 32 minutes 38 seconds W, assumed bearing, along the N line of said Government Lot 2, 1130.00 feet, to the point of beginning; thence South 27 degrees 23 minutes 03 seconds East, 1121.18 feet to an angle in the north line of said East Shore Drive, said angle point being 658.56 feet westerly of the East line of said government lot 2 as measured along the N line of said East Shore Drive and said line there terminating.

New Legal Description (After Platting): Lot 1, Block 1, The Shores.

2009 MET COUNCIL LCA GRANT STATUS UPDATE

Grant Information:

| | | | |
|------------------|-------------------|-----------------------------|--------------------------------------|
| Grantee: | City of Maplewood | Project: | Gladstone Neighborhood Redevelopment |
| Grant #: | SG006-168 | Report date: | August 10, 2009 |
| Grant award: | \$1,800,000 | Balance available: | \$1,800,000 |
| Expiration date: | 12/31/2009 | Extension request deadline: | |
| # extensions: | 1 | | |

Grant Contact Information:

| | | | |
|---------------------------|--|--------|--|
| Project manager: | Shann Finwall, AICP, Environmental Planner | | |
| Phone: | (651) 249-2340 | Email: | shann.finwall@ci.maplewood.mn.us |
| Other contact: | DuWayne Konewko | Title: | Community Development and Parks Director |
| Phone: | (651) 249-2330 | Email: | duwayne.konewko@ci.maplewood.mn.us |
| This report completed by: | Shann Finwall | Email: | shann.finwall@ci.maplewood.mn.us |

Project Description (from the grant application):

A. Funding Proposal

Describe goals and features of the element, building, or phase(s) that will go forward to construction within one year, if this funding request is granted, and be completed or substantially completed within two years of the grant award.
(Limit 20 lines)

The first phase of the Gladstone Neighborhood Redevelopment Plan includes the redevelopment of the St. Paul Tourist Cabin site located on the west side of the redevelopment area (940 Frost Avenue). The St. Paul Tourist Cabin site is 6.5 acres in size, was established in approximately 1955, and is the oldest manufactured home site in Maplewood. Manufactured homes in this site date back to the 1950s and 1960s and do not meet current building code standards. In addition to the manufactured homes, there are 20 seasonal "tourist" cabins on the site.

Bart Montanari of Dabar Companies, LLC, is negotiating the purchase of the site with the owner, Philip Johnson. Mr. Montanari proposes to construct a senior housing development with underground parking on the site. Proposed density for the development is approximately 25 units per acre. Mr. Johnson has been cooperatively working with All Parks Alliance for Change (APAC) since the spring of 2006 to help assist residents relocate from the St. Paul Tourist Cabin site. The site was originally approved with 45 manufactured home sites. To date, only 24 of the 45 manufactured homes are occupied. Mr. Johnson is preparing a manufactured home park closing statement to submit to the remaining residents and the City of Maplewood, as required by state statute.

In order to accommodate the first phase of redevelopment, the city must implement street and sidewalk/trail improvements, storm drainage improvements, and park improvements in the western portion of the redevelopment area. The street and sidewalk/trail improvements include the reconstruction/rehabilitation of Frost Avenue between Highway 61 and Phalen Place, including improvements at the Highway 61 and Frost Avenue intersection, and the construction of a roundabout at the Frost Avenue and East Shore Drive intersection. The storm drainage improvements include the construction of a stormwater pond and mechanical treatment systems to treat stormwater before it is discharged into Lake Phalen. The park improvements include improvements to the Gladstone Savanna (23-acres of city owned open space) including trails, oak savanna restoration, and interpretive facilities.

Grant-Funded Activities (from the grant agreement and amendments, if any):

The first phase of the Gladstone Neighborhood Redevelopment Plan includes the redevelopment of the St. Paul Tourist Cabins site located on the west side of the redevelopment area (940 Frost Avenue). The St. Paul Tourist Cabins site is 6.5 acres in size, was established in approximately 1955, and is the oldest manufactured home site in Maplewood. Manufactured homes in this site date back to the 1950s and 1960s and do not meet current building code standards. In addition to the manufactured homes, there are 20 seasonal "tourist" cabins on the site. In order to accommodate the first phase of redevelopment, the city must implement street and sidewalk/trail improvements, storm drainage improvements, and park improvements in the western portion of the redevelopment area. The street and sidewalk/trail improvements include the reconstruction/rehabilitation of Frost Avenue between Highway 61 and Phalen Place, including improvements at the Highway 61 and Frost Avenue intersection, and the construction of a roundabout at the Frost Avenue and East Shore Drive intersection. The storm drainage improvements include the construction of a stormwater pond and mechanical treatment systems to treat stormwater before it is discharged into Lake Phalen. LCDA funds will be used for construction of a roundabout, reconstruction/rehabilitation of Frost Avenue (parking bays, curb removal, sidewalk/trail connections), and construction of a stormwater treatment pond. (Receipt of the grant funds awarded for construction of the roundabout and reconstruction/rehabilitation of Frost Avenue is conditioned on Frost Avenue, a county road, being redesignated a Maplewood street.)

Status update for City of Maplewood: SG006-168 Gladstone Neighborhood Redevelopment

Grant-funded activities (as defined above) – select one of the four status descriptions at right::

Were completed on (date):

Have commenced and are expected to be completed by (date):

Have not commenced and are expected to be completed by (date): December 31, 2010

What caused the delay in the start of grant-funded activities (check as many apply)?

Site control issues Finance issues

Actions of another public body (name:)

Other:

If grant-funded activities are not expected to be completed within the current grant term, explain why:

In 2007, the city approved all land use permits for the redevelopment of the St. Paul Tourist Cabin site into a senior housing development. During 2007 and 2008 the original developer was able to buy out and relocate all manufactured home property owners, and remove all structures from the site. The original developer was ultimately unsuccessful in obtaining financing for the project and lost the land through foreclosure in late 2008 and early 2009. Since that time the city has been working with the new owner and other prospective developers to pick up the project where the previous developer left off.

Since the grant-funded activities, including the street/trail and storm drainage improvements, are directly related to the senior housing development, the city has been unable to complete those activities within the current grant term (end of 2009). The city is therefore requesting a second one-year extension of the grant in order to allow time for the new developer to begin the project and the city time to complete the public improvements. If the second grant extension is denied, the city will relinquish the grant and reapply for 2010 grant funding.

Do you plan on requesting an extension to this grant? No Yes

Do you plan on relinquishing this grant? No Yes (Note – a positive response here does **not** constitute formal relinquishment at this time, nor does it bind you to relinquishing your funds.)

Do you plan on re-applying for funds for these grant-funded activities and this project in a future round of funding? No Yes (if yes, remaining funds on this grant *must be relinquished prior to* applying for a future grant)

Will not move forward because (check as many as apply):

Loss of site control Finance issues

Actions of another public body (name:)

Other:

Project activities (as defined above) – select one of the four status descriptions at right::

Were completed on (date):

Have commenced and are expected to be completed by (date):

Have not commenced and are expected to be completed by (date): December 31, 2010

If the project is not expected to be completed within the current grant term, explain why:

As stated above, the city has been working with the new owner and other prospective developers to pick up the project where the previous developer left off. As of August 6, 2009, the city has a verbal commitment from a new developer/operator, Southview Senior Living Communities, to continue with the senior housing development. The city and the developer are working out the specifics of the letter of intent and will have that available for review during the August 17, 2009, Metropolitan Council Community Development Committee meeting. The letter of intent will specify the timeframe, but the city estimates that the development (i.e., the project) will begin grading of the site in fall 2009 and be prepared to rent units by November and December 2010.

What caused the delay in project start-up (check as many as apply)?

Site control issues Finance issues

Actions of another public body (name:)

Other:

Will not move forward because (check as many as apply):

Site control issues Finance issues

Actions of another public body (name:)

Other:

Has the grantee's contribution to this project and its grant-funded activities changed in any way from those provided in the Sources and Uses portion of the grant application? No Yes – explain below

Has the project description or scope changed *in any way* from the information provided in the grant application (see above)? No Yes – explain below – attach documentation as needed

Have the grant-funded activities changed *in any way* from the description provided in the grant agreement (see above)?

No Yes – explain below – attach documentation as needed

Your comments:

On March 12, 2007, the Maplewood city council approved the Gladstone Redevelopment Plan and the related comprehensive plan map amendment. On June 11, 2007, Frost Avenue and East Shore Drive were formally turned back to the city by the county, which was a requirement of the grant. On August 13, 2007, the city council approved the phase I redevelopment project in the Gladstone Neighborhood which includes the redevelopment of the St. Paul Tourist Cabin site with senior housing. On December 20, 2007, the city council approved the final plat for the project. During the summer of 2008, the transportation improvements proposed at the intersection of Frost Avenue and Highway 61 were complete. The city and state expended \$480,000 for these improvements, which were a requirement of the Gladstone Redevelopment Plan alternative urban area review (AUAR).

The city has expended \$250,000 to complete plans and specs for the grant-funded activities (roundabout, street improvements, and stormwater treatment pond). The city council authorized these improvements in July 2009. The city was prepared to begin construction of these activities in 2009, in conjunction with the proposed senior housing project. Due to the site control issues mentioned above, the city was unable to follow through with this timeline. Since that time, however, the city has a verbal commitment from the owner (Highland Bank represented by Albert Miller) and the new developer operator (Southview Senior Living) to complete the senior housing development as planned. The city will have a signed letter of intent from these parties for review by the Community Development Committee during the August 17 Community Development Committee meeting.

The redevelopment of the Gladstone Neighborhood is a very important project for the city and the metropolitan area as a whole. It will be the city's first full-scale redevelopment project and will serve as a model for all other redevelopments within the city. The Gladstone Neighborhood Redevelopment Plan will create new housing, retail, and commercial properties in the city and the metropolitan area. Thank you for your review and consideration of Maplewood's grant extension request.

Thank you for providing this update.

2009 Metropolitan Council LCA Grant Status Update Addendum
Prepared by Shann Finwall, AICP, Environmental Planner
August 11, 2009

In addition to the grant status update requested by the Metropolitan Council on July 24, 2009, for all grant recipients, the Metropolitan Council requested additional information for Maplewood's Gladstone Neighborhood Redevelopment Local Community Assistance Grant:

1. Assurance of site control, secured financing and a development agreement to complete the project described in the grant agreement including the grant-funded activities.

The grant-funded activities could not be complete until the senior housing development began. Due to site control issues as specified in the grant status update, the city was unable to complete the grant funded activities by the December 31, 2009, grant deadline.

Highland Bank, represented by Albert Miller, now owns the site. On August 6, 2009, the city met with Mr. Miller and the new developer/operator of the senior housing (Southview Senior Living Communities) and received a verbal commitment that will proceed with the senior housing development on the St. Paul Tourists Cabin site. The owner and developer/operator have agreed to sign a letter of intent to complete the project. This document will be available for the Community Development Committee's review on August 17, 2009. The developer/operator will be submitting project applications with a \$6,000 escrow to the city prior to the August 17 Community Development Committee meeting.

2. Assurance that significant progress and/o public and/or private investment, expenditures, or obligations have been made or committed to accomplish the completion of the grant-funded activities and project identified in the grant agreement, including the grant-funded activities.

On March 12, 2007, the Maplewood city council approved the Gladstone Redevelopment Plan and the related comprehensive plan map amendment. On June 11, 2007, Frost Avenue and East Shore Drive were formally turned back to the city by the county, which was a requirement of the grant. On August 13, 2007, the city council approved the phase I redevelopment project in the Gladstone Neighborhood which includes the redevelopment of the St. Paul Tourist Cabin site with senior housing. On December 20, 2007, the city council approved the final plat for the project. During the summer of 2008, the transportation improvements proposed at the intersection of Frost Avenue and Highway 61 were complete. The city and state expended \$480,000 for these improvements, which were a requirement of the Gladstone Redevelopment Plan alternative urban area review (AUAR).

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Since that time, however, the city has a verbal commitment from the owner (Highland Bank represented by Albert Miller) and the new developer operator (Southview Senior Living) to complete the senior housing development as planned. The city will have a signed letter of intent from these parties for review by the Community Development Committee during the August 17 Community Development Committee meeting. The letter of intent will specify that the city will call a Tax Increment Financing hearing in September for approval of the developer/owner's funding request by the city. The developer/operator will then begin grading for the project in October 2009.

3. For LCDA and LHIA grants, a 12-month schedule for the completion of the grant-funded activities and the Project described in the grant agreement.

September 2009 – New development agreement and financing options approved by city council for senior housing project.

October 2009 – City to finalize street/trail and stormwater plans for grant funded activities.

October 2009 – Developer begins grading of the project site and required stormwater ponds in coordination with city.

Spring 2010 – City begins grant-funded street/trail and completes stormwater improvements.

November 2010 – City completes grant funded activities.

November/December 2010 – Developer/operator begins rental of senior housing units.

Resolution of Support for the Gladstone Neighborhood Livable Communities Act Extension

WHEREAS, in 2006 the City of Maplewood received a Livable Communities Demonstration Account Grant (hereinafter termed the "grant") in the amount of \$1.8 million for public improvements associated with Phase I redevelopment of the Gladstone Neighborhood.

WHEREAS, the grant is dependent on the completion of the proposed senior housing development as specified in the April 2007 Gladstone Neighborhood Redevelopment Master Plan and the associated public improvements along Frost Avenue and East Shore Drive.

WHEREAS, the original grant expiration date was December 31, 2008.

WHEREAS, due to the delay in the senior housing development the city was granted a one-year grant extension (December 31, 2009) by the Metropolitan Council for the use of the grant funds.

WHEREAS, the city has been in discussions with a prospective developer for the completion of the senior housing development and the city hopes to have a development agreement for the senior housing in place by the end of August 2009.

WHEREAS, due to the continued delay of the senior housing development the city is unable to complete the public improvements associated with the grant by the December 31, 2009, expiration date and is requesting an additional one-year extension (December 31, 2010) of the grant from the Metropolitan Council.

WHEREAS, the Metropolitan Council has placed the grant review on the August 17, 2009, Community Development Committee agenda for consideration.

NOW, THEREFORE, BE IT RESOLVED that the Maplewood city council would like to express our full support of the proposed one-year grant extension to the Community Development Committee and indicates. The city council further asserts that they have full faith that the senior housing development and associated public improvements can be complete by the requested new expiration date of December 31, 2010.

The Maplewood City Council adopted this resolution on August 10, 2009.

Maplewood City Council adopted this resolution with a 5-0 vote at its meeting on August 10, 2009.