



APEX plans housing for Elliot Park

Proposal Receives Land-Use Approval
By Liz Wolf

St. Louis Park-based APEX Asset Management Corp. plans to acquire a blighted block in the **Elliot Park** neighborhood in Minneapolis and develop a 27-story, 291-unit residential condominium tower and 47 units of for-sale rowhouses on the site. Redevelopment of the block is a priority for the neighborhood, which has targeted high-density, market-rate housing.

The site is the former Northland Electric Co. property, bounded by 10th Street on the north, Portland Avenue on the east, Grant Street on the south and an Interstate 35W entrance ramp on the west. The block is located immediately south of the city's central business district (CBD).



On Feb. 28, APEX received zoning and site plan approval from the city's planning commission for its proposal, according to Hilary Watson of the city's planning department.

The developer's next step is to pursue tax increment financing (TIF) for the block, a crucial step in moving forward with the project. APEX is requesting pay-as-you-go TIF from the Minneapolis Community Development Agency (MCDA).

"We're in the process of analyzing the proposal and have hired a financial consultant to work with us," says Cynthia Lee, senior housing project coordinator for the MCDA. "We hope to have some conclusions in the next week."

Lee says if the MCDA finds the project feasible and agrees there is a need for public assistance, the 60- to 90-day process of establishing a TIF district would begin.

APEX officials say they will not comment on their plans until after the MCDA process is complete.

According to documents submitted to the city, APEX's development would be a phased project, taking up to two years to complete.

The condominium tower would have its main entrance on Grant Street and have views of downtown and the south. It would be built over a two-level, 77-space parking structure.

Plans also call for two buildings of rowhouses: one building would be a three-story, 19-unit project with 40 stalls of underground parking. The other would be a three-story, 28-unit building that would wrap around a six-level, 600-stall parking structure, to be developed at 10th and Portland. The rowhouses would be tall enough to conceal the parking ramp. Also, the 28-unit building would include 8,000 square feet of service retail, such as a coffee shop, tailor and dry-cleaners, according to plans.

The rowhouses would be designed to fit in with the architecture of the neighborhood, some of which was built as early as the late 1800s and early 1900s. The buildings would be brownstones with curved windows, flat roofs and brick facades.

The units would be priced between \$114,000 and \$200,000 plus, according to City Council Member Lisa Goodman, Ward 7, which includes Elliot Park.

A courtyard is designed for the center of the project, and 50 percent of the block would be green space.

The project architect is Dallas-based **Humphrey & Partners Architects**.

Essentially, APEX has the entire three-acre block under contract. Three-fourths of the block is owned by Northland Electric, with which APEX has a purchase agreement. APEX also has a letter of intent with STS Enterprises Inc., which owns the second-largest parcel of land. In addition, the Minnesota Department of Transportation owns a right-of-way on the property and has agreed to deed the land to the developer. Also, the Minneapolis Park Board has agreed to sell APEX a small parcel of park land it owns on the site.



Currently, there are several buildings that would be razed for the redevelopment, including two Northland Electric Buildings and an old gas station.

Neighborhood backs project

Redevelopment of the block to owner-occupied housing is a vital step toward revitalizing the neighborhood, Goodman says. In fact, she says developers proposing other projects for the site, including a parking ramp, have been turned away.

"It's no secret that our office has aggressively intervened to make sure our vision for the site becomes a reality," she says, adding that APEX is proposing what she calls an "incredible project" that fits with the neighborhood's objectives.

"The neighborhood considers the block to be a prime piece of property because of its proximity to downtown," says David Fields, community development coordinator for Elliot Park Neighborhood Inc., a nonprofit organization. "We want to use the site to create move-up housing opportunities, so APEX's proposal fell on very fertile ground. They've come up with what the neighborhood is looking for."

Currently, 95 percent of the housing in Elliot Park is rental and a huge chunk of that is low income, according to Goodman. The neighborhood is pushing for market-rate, owner-occupied housing to help diversify the area's income base.

"To succeed, we need mixed-use and mixed-income housing," Goodman says. "This project will offer the opportunity for homeownership in a neighborhood that has 95 percent rental property. Currently, there is no place in the immediate neighborhood to move up into a house, which would free up some of the affordable units."

Although Elliot Park has struggled, Goodman points out that the timing for redevelopment couldn't be better. The south end of downtown Minneapolis has a lot of development taking place, and she is counting on some of that new-found vitality to spill over into Elliot Park, which is "within a stone's throw from the CBD."

Current projects include the 1 million square foot American Express Financial Advisors Service Center, under construction at South 10th Street and Fourth Avenue and the Minneapolis Convention Center expansion and American Express' and Target's new headquarters on the south end of Nicollet Mall. In addition, Lutheran Brotherhood has considered plans for a new headquarters campus on that side of town.

With the new American Express service center alone, Goodman says Elliot Park will have a concentration of 6,000 employees at its edge. "A lot of the thinking behind the residential project is how can we capitalize on the 6,000 employees that the new client service center will bring in?" she asks. "We hope to capture some of those employees who make \$28,000 to \$32,000 a year."

The future of Elliot Park

Fields says Elliot Park is feeling "incredible pressure," as it likely will become the next neighborhood slated for redevelopment as downtown continues to expand.

"It's a foregone conclusion that in the next five years, Elliot Park will change," he says. "We want to make it a sustainable urban neighborhood where people want to live. With this project, we believe we will set the tone for the next 10 to 20 years."

Fields says APEX's plans were especially attractive to the neighborhood because the developer would offer a unique financial package to owners of the units. He says APEX would offer conventional mortgages but also is working on a type of financing that would be similar to a contract for deed. It would allow people who may not have enough money for a down payment to still take advantage of the benefits of ownership.

Despite all of the optimism about the project, however, the targeted site is not without its challenges. The property sits kiddy-corner from a housing shelter, which will relocate by the end of the year, and is in the heart of a neighborhood that continues to battle a negative reputation. Yet, city and neighborhood officials say APEX is clear about its vision for the area.

Source: Minnesota Real Estate Journal