



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

Date: September 11, 2007

To: Council Member Lisa Goodman, Chair, Community Development Committee

**Subject:** Locus Architecture Ltd. Development of 1401 Central Avenue NE: Extension of Development Timeline

**Recommendation:** Approve the project timeline extension as described in this report. Authorize the preparation and execution of the necessary contract amendment.

**Previous Directives:** On October 7, 2005, the City Council adopted Modification No. 5 to the Central Avenue Redevelopment Plan changing the acquisition and land use plans to accommodate this development. On March 10, 2006, the City Council approved the land sale and development terms and authorized contract execution.

Prepared by: Sharrin Miller-Bassi, Senior Project Coordinator, 673-5019  
Approved by: Charles T. Lutz, Deputy Director CPED \_\_\_\_\_  
Presenter in Committee: Sharrin Miller-Bassi

**Financial Impact**

  X   No financial impact

**Community Impact**

Neighborhood Notification: The Northeast Park Neighborhood Association has been notified of the timeline change.

City Goals: Enriched Environment and a Premier Destination and Connected Communities

Sustainability Targets: The developer plans to use sustainable technologies which may include solar power, heat recovery and radiant heating.

Comprehensive Plan: The land sale also was reviewed by the Planning Commission on July 20, 2005 and found consistent.

Zoning Code: Complies

Living Wage/Business Subsidy Agreement: Yes\_\_\_\_\_ No   X  

Job Linkage: Yes\_\_\_\_\_ No   X

## **Supporting Information**

On May 26, 2006, CPED closed on the sale of 1401 Central Avenue NE to Locus Architecture Ltd. (Locus). The site had been in the Hennepin County tax forfeit land inventory since 1993.

Locus plans to develop a four story approximately 40,000 square foot signature sustainable commercial building on the site to serve as the company's headquarters and provide space for additional commercial businesses. The redevelopment contract specifies a construction start by August 31, 2006, and completion by August 31, 2007. The developer has been unable to perform in accordance with this timeline and as a result is technically in default. Locus needs to demonstrate sale or lease of 50% of the facility in order to secure the necessary construction financing. To date they have been unable to reach this threshold. Factors contributing to the difficulty in marketing the project include the slow real estate market, the lack of a finished product to market from and the price for a quality sustainable product with the proposed aesthetic features at this time in this location.

Earlier this year Locus recognized the need to expand their team to include a marketing firm that has the time and expertise needed to market their product given its unique attributes. Welsh Co. was added to the development team in May of this year. They have been marketing the project to both potential ownership and rental clients.

Staff has discussed the project status and original timeline with the developer. Agreement has been reached on extending the timeline to require a construction start by May 1, 2008, and completion by December 31, 2008. Other contractual terms will remain the same. This transaction is consistent with other neighborhood projects in not applying additional fees for the extension of the timelines. Locus paid a 10% administrative fee (\$10,700) at closing. This amount remains on deposit in addition to the good faith deposit of \$12,228.23 which was paid to CPED in July of 2005.

Staff recommends that the City Council approve extension of the construction start deadline to May 1, 2008 and the construction completion deadline to December 31, 2008 and authorize preparation and execution of the necessary contract amendment.