ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: July 22, 2013
Item No.: 14.a

Department Approval | City Manager Approval

P. Trudgeon

Item Description: Discuss Redevelopment of the Hagen Property at 2785 Fairview Ave. and Authorize Application for a Minnesota DEED grant.

BACKGROUND

The Hagen property, located at 2785 Fairview Ave, currently contains a multi-tenant trucking terminal. In 2009, the City purchased approximately 2.05 acres of the property for future Twin Lakes right-of-way. The City was recently approached by representatives of the property and a developer regarding the redevelopment of the remaining 5.83 acres of the Hagen property.

The developer, Sherman Associates, Inc. is proposing to construct a three-phase project over a three-year period beginning in the spring of 2014. Phase 1 would result in approximately 110 units of market rate rental housing. Phase 2 would feature approximately 6,000 square feet of office/retail. Phase 3 would provide approximately 65-80 units of mixed-income rental housing. All units of housing would be non-age restricted. Approximately 80% of the housing units in Phase 3 will be market rate, with the remaining 20% targeted for households earning at or below 50% of area median income (AMI). A project narrative, site plan, and company background are included in Attachment B.

As part of the preliminary discussion with staff, the developers have identified a financing gap to construct the project as proposed. As one way to help close the financial gap, the developer and staff have been working on an application for a redevelopment grant from the Minnesota Department of Employment and Economic Development (DEED). The application is still being completed, but it is anticipated that the request will be for $440,000 to pay for the demolition of buildings on the site (including the building owned by the City), abatement of any hazardous material in the buildings, and stormwater management infrastructure. A local match is required under the grant program, which will be provided by Sherman and Associates. DEED requires the City to pass a standard resolution of support to be included in the grant application. (Attachment C).

Staff and the developer will also look at pursuing other grants from the State, Metropolitan Council, and Ramsey County as they become available. It is anticipated that there will be additional financial gaps for the project and the developer would like to have the City Council consider utilizing TIF from the Twin Lakes district for the project.

At their July 16th meeting, the Roseville HRA reviewed the project and passed a resolution of support for the project stating that the redevelopment will be meeting the housing needs identified in the Roseville HRA Strategic Plan and the recently completed Housing Market Study. (Attachment D).

Staff would like for the City Council to have a discussion about the project in general and discuss the willingness of the City to provide assistance for the project. As mentioned previously, additional analysis will need to be done, therefore a final decision will need to be made at a later date. At this time, staff and the developer would like to gauge the interest of the City Council in exploring the City's involvement with the project before more time is invested in analysis.

POLICY OBJECTIVE

Redevelopment of Twin Lakes has been a high priority for the City for many years. The proposed mixed-used development will help further the goals of the Twin Lakes Redevelopment Area. This proposal also fills the housing needs identified in the Roseville HRA Strategic Plan and the recently completed housing market study.

FINANCIAL IMPACTS

At this time, it is unknown what amount assistance for the project is needed. If the City receives the DEED grant, the required local match will be paid for by the developer. The area lies within TIF District 17/17A. TIF 17 has a small existing balance currently that could potentially help the project. The new development will generate additional TIF revenue that could potentially assist the development. TIF 17A has a healthier balance, but its use is restricted to environmental remediation. It is expected that further analysis of the project will bring forward specific recommendations on how these funds would be affected if assistance is given.

STAFF RECOMMENDATION

Staff believes that the proposed apartment development on the Hagen Property is very desirable and consistent with the vision of Twin Lakes. Staff would recommend that the City approve the resolution of support for the DEED application and continue to work with the developers to determine if financial assistance is possible for the project.

REQUESTED COUNCIL ACTION

Motion to APPROVE a resolution authorizing the submittal of a DEED Redevelopment Grant application for the property located at 2785 Fairview Ave.

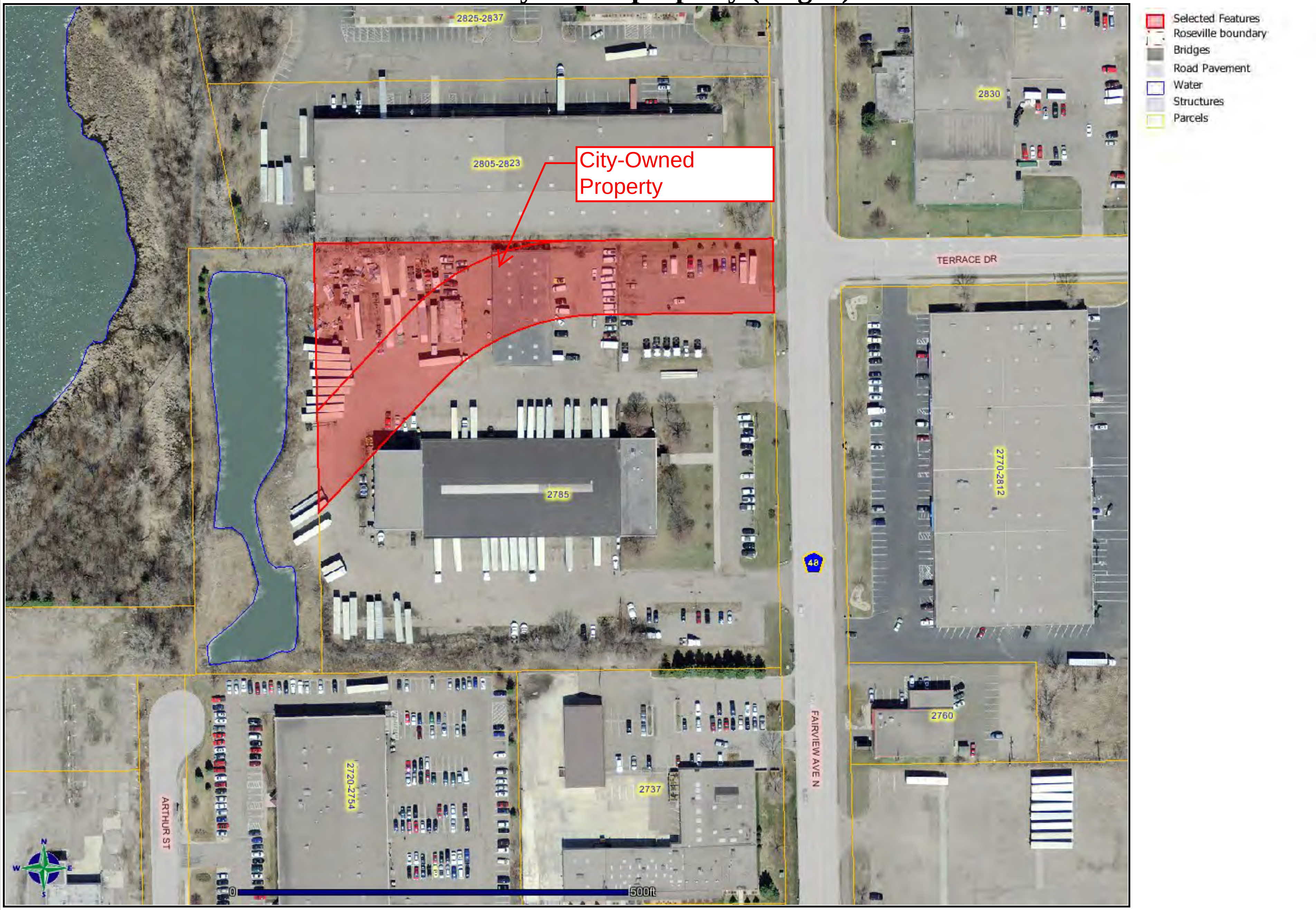
No final decisions are expected at this time in regards to any financial assistance for the redevelopment. However, if it is felt that the project is desirable, the City Council should direct staff to continue work with the developer to determine if financial assistance is possible for the project.

Prepared by: Patrick Trudgeon, Interim City Manager (651) 792-7021

Attachments:
A: Aerial of Hagen Property
B: Project Narrative, Conceptual Site Plan, and Company Background
C: Resolution of support of DEED Grant Application
D: Roseville HRA Resolution of Support

Attachment A

City owned property (Hagen)



DISCLAIMER: This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only.

SOURCES: City of Roseville and Ramsey County, The Lawrence Group;August 2, 2011 for City of Roseville data and Ramsey County property records data, August 2011 for commercial and residential data, April 2009

Attachment A

COMPANY PROFILE

Building Communitie Enriching Neighborhood

sherman
ASSOCIATES

Mission Statement

Sherman Associates is committed to the production of quality urban housing products. With the belief that the healthiest neighborhoods are comprised of a variety of people and uses, we strive to create mixed-use developments which incorporate a variety of housing types and leverage multiple financing tools. Because these projects are never easy, we endeavor to continually develop strong relationships with government and financial institutions that believe in the same vision—strong urban projects with housing opportunities for all.

sherman
ASSOCIATES

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www.sherman-associates.com

CONTENTS

INTRODUCTION

Sherman Associates
Sherman Associates, Inc. is an award-winning development firm specializing in the design, construction and financing of quality commercial and housing properties in Minnesota, Wisconsin, Iowa, Missouri and Colorado.

Having earned a strong reputation for quality and follow-through, cities around the country have turned to Sherman Associates to pioneer redevelopment in their highest priority urban neighborhoods.

Over the past 35 years, Sherman Associates has become an industry leader in tax credit, affordable housing and tax increment financing projects. Such developments have been successful for the participating cities, investors, residents and businesses.

Sherman Associates has developed approximately 8,500 multifamily, townhouse and single-family homes, and 600,000 square feet of commercial and hotel space.

Capacity and Process

Sherman Associates specializies in both new construction, the rehabilitation of existing buildings, or historic adaptive reuse. With over 35 years of development and construction experience, Sherman Associates has developed or rehabilitated housing, retail, office, hotel, and warehouse buildings. Within these multiple facets, our team is able to offer the following diverse range of services in the commercial, single-family and multi-family markets:

- Development Services
- Design-Build Services
- Financial Analysis/Feasibility
- Knowledge of Federal, State and Local Housing Programs
- Property Management
- Construction
- Site Analysis
- Marketing Plans and Feasibility
- Equity and Debt Funding

Sherman Associates has established an impressive and prolific track record, completing over $2 billion in real estate development. On a yearly basis, our pipeline consists of $200 million to $250 million in development of commercial and residential projects.

Biographies and Staffing

George Sherman

George Sherman has planned and delivered multi- and single-family housing for more than 35 years. As principal in developing more than 7,000 rental units and more than 1,200 for-sale housing units, to date the total value of his development portfolio exceeds $2 billion.

Development:

Led directly by George Sherman, the development department has a proven track record of successfully leveraging complex financing packages and strong relationships with local governments and community leaders. It is made up of experts in multiple disciplines, including commercial real estate, affordable housing finance and conventional real estate finance, who continue to build strong relationships throughout the major markets in which Sherman Associates operates.

Key Staff: George Sherman, Tony Kuechle, Paul Keenan, Chris Sherman, Jackie Nickolaus, Andrew Hughes

Legal:

Sherman Associates' in-house legal team spearheads the closing of all projects while also navigating issues that arise in a diverse real estate company. Consisting of staff with high-level knowledge of real estate and land use matters, as well as affordable housing and conventional real estate finance, this team is essential to the Sherman Associates process. Led by Susan Fauver, the team works hand-in-hand with the development group to ensure the stability and long-term success of Sherman Associates projects.

Key Staff: Susan Fauver, Anne Stephenson, Lis Peterson, Lisa Merk

Residential Property Management and Affordable Housing Compliance:

Sherman Associates' professional management team is made of industry veterans with substantial knowledge and experience in the management of low-income, market-rate and special-needs housing projects. The department consists of over 200 employees ranging from caretakers and maintenance staff to upper-level property management and compliance staff. This dynamic and diverse team, led by Don Cappaert, manages both the day-to-day and global processes that allow Sherman Associates' robust, multi-faceted rental portfolio to remain financially successful and to cater to the needs of some 20,000 residents throughout the Midwest and Colorado.

Key Staff: Don Cappaert, Shiva Anderson, Eduardo Christ, Simone Achkar, Joe Keilen

Condominium Sales:

With a vast portfolio ranging from single-family homes to multi-million dollar high-end luxury condominiums, Brad Goering has led the for-sale department at Sherman Associates through numerous successful sales. His extensive knowledge of homeowner association matters, together with his ability to manage multiple selling agents, marketing efforts and homeowner association warranty concerns in multiple regional markets, has allowed Sherman Associates to progress and continue to grow in spite of the recent economic recession and the significant downturn in the home ownership market.

Key Staff: Brad Goering, Lisa Merk

Commercial Property Management:
The commercial team at Sherman Associates manages real estate and brokerage throughout the five-state portfolio. Leveraging important community connections and strong tenant relationships, this group has been a key on-the-ground presence. They have added important community amenities to Sherman Associates' mixed-use developments, ensuing the long-term growth of the neighborhoods and local economies in which they are located.
Key Staff: Rob Kost, Katherine Marinac, Heather Nelson, Tony Kuechle

Hotel Operations
Sherman Associates' hotel operations have added a key component to our ever-expanding portfolio of diverse and highly-acclaimed projects. Boasting a hotel ranked in the top five of all Sheraton hotels nationwide, the aloft and the Sheraton have continually operated with high occupancy and regional acclaim. With the second largest staff pool in the company, consisting of upwards of 175 employees, this department is professionally managed by leaders with decades of experience in the field.
Key Staff: Adam Herbranson, Troy Whelan, Karen Pionk, Doug Bremer, Deanna Somvong

Construction and Facilities Management:
The construction and facilities management team at Sherman Associates is one of the most essential components to the completion of development projects and the continued maintenance of the portfolio. Led by Rich Kiemen, this team coordinates with general contractors, architects, engineers and the property management staff on a daily basis. Their continued diligence has been integral to Sherman Associates in staying on schedule and within budget to deliver new construction, occupied rehabilitation and historic rehabilitation projects. This group is also responsible for the oversight of day-to-day maintenance operations and preparation for numerous required site inspections throughout the portfolio.
Key Staff: Rich Kiemen, Ron Wagner, Gordy Willey

Accounting:
With the complexity of financing in many projects, along with the vast diversity and sheer volume of products offered, the accounting department at Sherman Associates is fundamental to the daily operations of the company. Managing property accounting, financial reporting, relationships with financial institutions, support of the property management, commercial, and home ownership teams, the department acts as the core linkage between the internal and external transactions for the company. Led by Deanna Somvong, the team consists of staff with expertise in residential accounting, commercial accounting and high-level auditing.
Key Staff: Deanna Somvong, Renee DeRosia

DEVELOPMENT EXPERIENCE

Completed Projects and Selected Experience

The following pages outline a full list of Sherman Associates' completed projects in Rental Housing, Commercial Real Estate, Hotels and For Sale Housing. We have also included detailed descriptions of selected projects that successfully demonstrate Sherman Associates' commitment to producing effective quality developments in urban markets with opportunities for users of all income levels.

Completed Rental Projects

	Project Name	City	State	Year Completed	# Units	Project Type	LIHTC	Historic	Mixed Use
1.	3100 Clinton	Minneapolis	MN	1990	12	Rehabilitation	■		
2.	3100 Fourth Avenue	Minneapolis	MN	1992	10	Rehabilitation			
3.	Autumn Ridge	Brooklyn Park	MN	2007	366	Rehabilitation	■		
4.	Bell Building	Minneapolis	MN	1985	25	Rehabilitation			
5.	Blaine Town Square Senior Apartments	Blaine	MN	2005	87	New Construction			
6.	Bottineau Commons Apartments	Minneapolis	MN	2003	119	New Construction	■		
7.	Bottineau Lofts	Minneapolis	MN	2003	37	Adaptive Reuse	■	■	
8.	Boulevard Apartments	Milwaukee	WI	2007	235	Rehabilitation	■		
9.	Browns Meadow	Coon Rapids	MN	1992	148	New Construction			
10.	Castle Apartments	Minneapolis	MN	1990	11	New Construction			
11.	Central Avenue Lofts	Minneapolis	MN	2007	66	New Construction	■		■
12.	Community Plaza	St. Paul	MN	1999	40	Rehabilitation	■		
13.	Cromwell Commons (Marvin Gardens)	Minneapolis	MN	1996	18	Rehabilitation	■		
14.	East Phillips Commons	Minneapolis	MN	2004	34	New Construction	■		
15.	Falcon Heights Multifamily	Falcon Heights	MN	2004	119	New Construction	■		■
16.	Falcon Heights Senior Apartments	Falcon Heights	MN	2004	56	New Construction			
17.	Farmington Townhomes	Farmington	MN	2001	16	New Construction	■		
18.	Gateway Terrace	Grand Forks	ND	1994		New Construction			
19.	Grand Boulevard Lofts	Kansas City	MO	2009	134	Adaptive Reuse	■	■	■
20.	Grande Market Place	Burnsville	MN	2003	113	New Construction	■		■
21.	Greysolon Apartments	Duluth	MN	2006	150	Adaptive Reuse	■	■	■
22.	Guardian Angels of Hastings	Hastings	MN	2002	30	New Construction	■		■
23.	Harrison Lofts	Davenport	IA	*UC	60	New Construction	■		
24.	Highland Chateau	Duluth	MN	1999	60	Rehabilitation			
25.	Highland Park	Milwaukee	WI	2008	150	Rehabilitation	■		
26.	Irving School	Duluth	MN	2011	44	Rehabilitation			
27.	Jefferson Square Apartments	Duluth	MN	2000	25	Rehabilitation			
28.	Le Sueur Meadows Apartments	Le Sueur	MN	2002	40	New Construction	■		
29.	Lexington Shores	Shoreview	MN	2002	68	New Construction	■		■
30.	Lodge at Little Canada	Little Canada	MN	2003	79	New Construction			■
31.	Longfellow Station	Minneapolis	MN	*UC	180	New Construction	■		
32.	Lyons Court*	St. Paul	MN	2005	60	New Construction	■		
33.	Merritt School	Duluth	MN	2004	19	Adaptive Reuse			
34.	Metro Lofts	Des Moines	IA	2010	111	New Construction	■		
35.	Midtown Exchange	Minneapolis	MN	2005	219	Adaptive Reuse	■	■	■
36.	Mount Royal Manor	Duluth	MN	2002	114	Adaptive Reuse			
37.	New Paris Apartments	Benson	MN	1985	40	Rehabilitation			
38.	Phalen Senior Lofts	St. Paul	MN	2006	73	New Construction	■		
39.	Phoenix on the Fax	Denver	CO	2012	50	New Construction	■		
40.	River Run Apartments	Minneapolis	MN	2005	74	New Construction	■		
41.	Riverside Plaza	Minneapolis	MN	2012	1303	Rehabilitation	■		■
42.	Rumely Lofts	Des Moines	IA	2009	66	Adaptive Reuse	■	■	■
43.	Russell Lamson	Des Moines	IA	2012	90	Adaptive Reuse	■		
44.	Seward Flats (2)	Minneapolis	MN	1997	123	Rehabilitation			
45.	Sibley Court Apartments*	St. Paul	MN	2003	122	New Construction	■		■
46.	Sibley Park Apartments*	St. Paul	MN	2001	114	New Construction	■		■
47.	Stradford Flats	Minneapolis	MN	*UC	62	Rehabilitation	■		
48.	Straus Apartments	St. Paul	MN	2003	49	Adaptive Reuse	■	■	■
49.	Syndicate Trust	St. Louis	MO	2007	70	Adaptive Reuse	■	■	■
50.	The Chateaus (3 Buildings)	Duluth	MN	1998	141	Rehabilitation			
51.	The Crossings at Valley View	Bloomington	MN	2009	50	New Construction	■		
52.	The Roosevelt	Cedar Rapids	IA	2008	96	Adaptive Reuse	■	■	■
53.	Vine Street Lofts*	Des Moines	IA	2004	110	New Construction	■		
54.	West Gate Townhomes	Duluth	MN	2001	28	New Construction	■		
55.	West Side Flats	St. Paul	MN	*UC	178	New Construction			
	TOTALS:				**5,894**		**38**	**8**	**16**

Completed Condominium Projects

	Project Name	City	State	Completed	# Homes	Project Type	Housing Type
1.	Zenith - Phase I	Minneapolis	MN	2008	64	New Construction	Condominiums
2.	The Syndicate	St. Louis	MO	2007	102	Adaptive Reuse	Condominiums
3.	311 Superior	Duluth	MN	2007	33	New Construction	Condominiums
4.	Vista San Jacinto	San Jacinto	CA	2007	34	New Construction	Townhomes
5.	Homes of Emerson Hill	West St. Paul	MN	2007	35	New Construction	Townhomes
6.	Groveland Terrace	Minneapolis	MN	2007	128	Adaptive Reuse	Condominiums
7.	The Villas of Little Canada	Little Canada	MN	2007	45	New Construction	Townhomes
8.	The Brownstones at River Run	Minneapolis	MN	2007	10	New Construction	Townhomes
9.	The Bridges of Blaine	Blaine	MN	2006	12	New Construction	Townhomes
10.	The Chicago	Minneapolis	MN	2006	88	Adaptive Reuse	Condominiums
11.	Printer's Row*	St. Paul	MN	2006	42	New Construction	Condominiums
12.	Midtown Lofts*	Minneapolis	MN	2005	72	New Construction	Condominiums
13.	Keene Creek Townhomes	Hermantown	MN	2005	44	New Construction	Townhomes
14.	9th Street Lofts*	St. Paul	MN	2005	49	Adaptive Reuse	Condominiums
15.	Water Street Brownstones*	Des Moines	IA	2004	37	New Construction	Condominiums
16.	Bottineau Commons Townhomes	Minneapolis	MN	2003	27	New Construction	Townhomes
17.	The Dakota*	St. Paul	MN	2003	32	New Construction	Condominiums
18.	Capital Heights City Homes	St. Paul	MN	2003	25	New Construction	Townhomes
19.	Landings at Sawmill Run	Minneapolis	MN	2003	58	New Construction	Townhomes
20.	The Shores	Shoreview	MN	2003	15	New Construction	Townhomes
21.	The Essex*	St. Paul	MN	2002	38	New Construction	Condominiums
22.	City Homes on Park Avenue	Minneapolis	MN	2000	29	New Construction	Mix
23.	3100 Fourth Avenue	Minneapolis	MN	1992	9	New Construction	Single Family
24.	3100 Clinton	Minneapolis	MN	1990	8	New Construction	Single Family
25.	Parkway Terrace	Maplewood	MN	1990	90	New Construction	Single Family
26.	Highland Terrace	Minneapolis	MN	1990	22	New Construction	Single Family
27.	Kenwood Isles	Minneapolis	MN	1988	40	New Construction	Townhomes
28.	Lakes Citihomes	Minneapolis	MN	1985	83	New Construction	Townhomes
29.	Boardwalk and Park Place Townhomes	Minneapolis	MN	1982	63	New Construction	Townhomes
					1,270		

* Lander-Sherman Development

Completed Commercial Projects

Project Name	City	State	Completed	Size		Project Type
1. Zenith Commercial	Minneapolis	MN	2007	10,000	SF	New Construction
2. Syndicate Trust Building	St. Louis	MO	2007	20,000	SF	Rehabilitation
3. Wentworth Commons	West St. Paul	MN	2007	13,000	SF	New Construction
4. Blaine Town Square	Blaine	MN	2005	50,000	SF	New Construction
5. Robert Street Retail	St. Paul	MN	2005	4,400	SF	New Construction
6. Garfield Business Park	Duluth	MN	2005	50,000	SF	New Construction
7. Grande Market Square	Burnsville	MN	2004	30,000	SF	New Construction
8. Village of Little Canada	Little Canada	MN	2004	20,000	SF	New Construction
9. Grande Market Place	Burnsville	MN	2004	14,000	SF	New Construction
10. The Lodge at Little Canada	Little Canada	MN	2004	12,000	SF	New Construction
11. Deephaven Court	Deephaven	MN	2003	18,200	SF	Rehabilitation
12. Sibley Park Place*	St. Paul	MN	2003	12,000	SF	New Construction
13. The Straus Building	St. Paul	MN	2003	10,000	SF	Rehabilitation
14. 233 Park	Minneapolis	MN	2001	60,000	SF	Rehabilitation
15. Deephaven Square	Deephaven	MN	1999	25,000	SF	Rehabilitation
16. Canal Park Square	Duluth	MN	1998	60,000	SF	Rehabilitation
17. Hawthorne Crossings	Minneapolis	MN	1997	50,000	SF	New Construction
18. Camden Center	Minneapolis	MN	1997	15,000	SF	New Construction
				473,600	SF	

HOTEL PROPERTIES

Project Name	City	State	Completed	Size		Project Type
1. Aloft Hotel	Minneapolis	MN	2007	155	rooms	New Construction
2. Sheraton Duluth Hotel	Duluth	MN	2007	147	rooms	New Construction
				302	rooms	

RIVERSIDE PLAZA

Minneapolis, MN

Riverside Plaza represents the largest housing development project in the state of Minnesota and one of only two projects in the United States that were built as part of a HUD pilot program called "New Town, In Town." Originally constructed between 1971-1973, Riverside Plaza consists of 1,303 rental units. Sherman Associates acquired the property in 1988 and at that time performed the first substantial rehab of the complex utilizing low-income housing tax credits and a HUD-insured mortgage as the primary sources of financing.

In January of 2011, Sherman Associates closed on one of the largest tax credit rehabilitation projects in the nation's history and began a $132 million, two-year refinance and renovation of this iconic property. In the process, Riverside Plaza was placed on the National Register of Historic Places less than 40 years after it was initially constructed. The historic designation was in part due to the concepts and design brought forward by world renowned architect Ralph Rapson. During the construction period, the building remained occupied, conducting a temporary relocation that is unmatched in size and complexity. The rehabilitation, completed in November of 2012, focused on substantial upgrades to the mechanical and electrical systems, along with exterior and site work that returned the Riverside Plaza complex to its original 1970s appearance.

Project Details

- Historic Rehabilitation and Stabilization
- 1,303 Total Apartments in 11 Buildings
- 1,174 Tax Credit Units (60% AMI)
- 669 Project-Based Section 8 Units
- Project Value: $132 Million
- Financing: Federal 4% LIHTC Equity, HUD-Guaranteed 1st Mortgage, Federal and State Historic Tax Credits, MN Housing Finance Agency EDHC & PARIF, City of Minneapolis AHTF, Greater Metro Housing Corp Funds, Met Council LHIA, Family Housing Fund, Met Council/Brownfield TBRA, Hennepin County/Brownfield Environmental Response Fund, Deferred Developer Fee

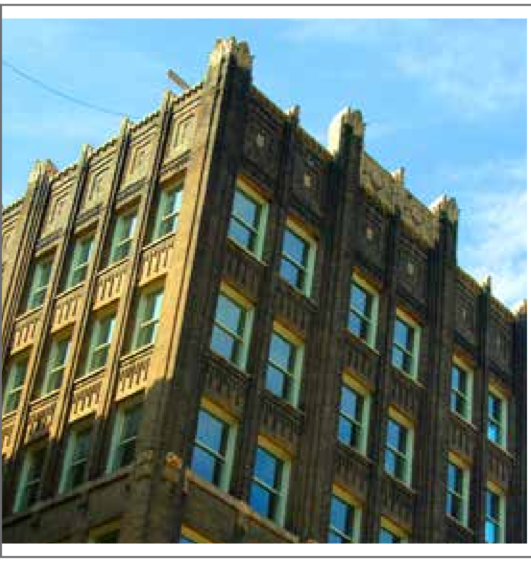
Role: Developer, General Partner, Property Manager

Rehabilitation Completed: November 2012

Awards and Recognition:

- 2012 Best in Real Estate: Multifamily Development or Redevelopment

GRAND BOULEVARD LOFTS



Kansas City, Missouri

The former Dierks Building, a 17-story, steel frame, brick-clad office building in the heart of downtown Kansas City, sat vacant for a decade. Through the help of City, State and Federal funds, this project now houses 134 families offering them rental opportunities that are integral to Kansas City's efforts towards downtown revitalization.

Re-christened Grand Boulevard Lofts, this project represents Sherman Associates' first move into the Kansas City housing market. Opening to fanfare from city officials, the community has gained tremendous support from community organizations such as The Urban Core Group. The building is listed on the National Register of Historic Places and contains two first floor and sub-level commercial spaces which are being marketed to top-rate national and local retailers.

Project Details

- Historic Acquisition and Rehabilitation
- 134 Affordable Apartments
- 6,700 Square Feet Retail - Ground Floor
- Project Value: $33.3 Million
- Financing: State and Federal Low Income Housing Tax Credits, State and Federal Historic Tax Credits, HUD Insured Mortgage, MHDC TCAP Soft Loan, Kansas City CDBG Loan

Role: Developer, General Partner, Property Manager

Completed: December 2010

Awards and Recognition:

- 2011 Capstone Award by Kansas City Business Journal
- 2011 T. Timothy Anderson Award for Best Historic Rehab involving LIHTC - Finalist

THE SYNDICATE



St. Louis, Missouri

The Syndicate Trust Building is a prominent historic property located at the intersection of 10th and Olive Streets in the heart of downtown St. Louis. Originally built in 1907, the 16-story building is comprised of approximately 450,000 square feet and was previously used for office and retail space. The building was placed on the National Register of Historic Places because of its notable architecture.

Retail has returned to the Syndicate Trust Building with top-rate national and local retailers located in the street level space. Loft condominiums, located on floors 9 through 16, and rental apartments, located on floors 4 through 8, provide residents with the convenience, features and amenities associated with urban living.

Project Details

- Historic Acquisition and Rehabilitation
- 28 Affordable Apartments - Floors 4-5
- 42 Market-rate Apartments - Floors 6-8
- 102 Condominiums - Floors 9-17
- 20,000 Square Feet Retail - Ground Floor
- Project Value: $81 Million
- Financing: City of St. Louis, Federal Low Income Housing Tax Credits, New Markets Tax Credits, Federal Historic Tax Credits, Missouri State Historic Tax Credits, Missouri State LIHTC, Brownfield Redevelopment Credits

Role: Developer, General Partner, Property Manager

Completed: December 2008

Awards and Recognition:
- 2008 Development of the Year

ALOFT HOTEL & ZENITH CONDOMINIUMS

Minneapolis, Minnesota

In 2008, Sherman Associates opened the new 155-room aloft Hotel along Washington Avenue South in downtown Minneapolis. Part of Starwood Hotels, aloft has five stories with guest rooms on 2 through 5. The ground level includes approximately 4,000 square feet of retail space and the hotel's common areas.

Adjacent to the project is the Zenith Condominiums. Located in the prestigious Mill District, the project provides an opportunity for contemporary living in a dynamic downtown neighborhood. Just steps from the exciting new Guthrie Theater, and a few blocks from the heart of downtown, the Zenith offers dramatic views of the Minneapolis skyline and the Mississippi River. With shops, river trails and light rail service all within walking distance, this project provides high-end housing in the downtown market.

Project Details

- New Construction
- 155-Room Hotel
- 64 Condominiums
- 4,000 Square Feet of Retail in the aloft
- 7,800 Square Feet of Retail in the Zenith
- Project Value: $61 Million
- Financing: New Market Tax Credits, Environmental Grant

Role: Developer, Owner, Sales Broker

Completed: August / November 2008

Awards and Recognition:

- 2008 Finalist in Hospitality Development/ Redevelopment by Minneapolis/St. Paul Business Journal
- 2010 Honor Award for Excellence in Concrete Design & Construction

GREYSOLON PLAZA | SHERATON HOTEL | 311 SUPERIOR



Duluth, Minnesota

In 2006, Sherman Associates acquired and rehabilitated the historic Greysolon Plaza building in downtown Duluth, Minnesota. Built in 1910 as the Hotel Duluth, Greysolon Plaza's guests have included several former US presidents. The building was converted to affordable senior housing in the 1990s. As part of its redevelopment plan, Sherman Associates has rehabilitated and preserved this affordable senior housing.

Across the street, Sherman Associates constructed a new building that includes the Sheraton Duluth Hotel which is connected to the historic ballroom of the Greysolon Plaza by skyway. Five floors of luxury condominiums have been constructed on top of the six-story, full-service hotel. The renovation and construction of the two buildings are part of a multi-project redevelopment of the historic "Old Downtown" area of Duluth.

Project Details

- Historic Acquisition and Rehabilitation
- 150 Affordable Senior Apartments
- 147 Guest Rooms and Suites Hotel
- 33 Condominiums
- Project Value: $55 Million
- Financing: Federal Historic Tax Credits, Federal Low Income Housing Tax Credits, Minnesota Housing Finance Agency Soft Debt, Section 8, New Market Tax Credits, Tax Increment Financing

Role: Developer, General Partner, Owner, Property Manager

Completed: Summer 2007

MIDTOWN EXCHANGE | CHICAGO LOFTS

Minneapolis, MN

In 2004, a collaboration between developers Sherman Associates and Ryan Companies transformed the mammoth 1.2 million square-foot historic Sears, Roebuck building in South Minneapolis into a mixed-use masterpiece featuring 88 loft and penthouse condo units, 219 rental units (including affordable units), the headquarters of Allina Health Systems and a global food market. The Global Market features a variety of small businesses started by local entrepreneurs.

Midtown Exchange was designed, developed and financed in record time spanning only six months initial inception to the beginning of construction. Sherman Associates took the lead on the development of the condominiums and apartments at Midtown Exchange, which remains one of Sherman Associates' most celebrated projects earning continued awards and recognition from both local and national sources.

Project Details

- Historic Rehabilitation and Mixed-Use Conversion
- 41 Market-rate Apartments
- 178 Affordable Apartments
- 88 Condominiums
- Project Value: $77 Million
- Financing: Federal Low Income Housing Tax Credits, US Bank first mortgage (Housing Revenue Bonds), Minnesota Housing Finance Agency, City of Minneapolis, Hennepin County,Tax Increment, Metropolitan Council

Role: Co-Developer, General Partner, Property Manager

Completed: December 2005

Awards and Recognition:

- 2010 Property Excellence Award by Minnesota Multi Housing Association
- 2009 Best of the Decade by Minneapolis/St. Paul Business Journal
- 2007 Affordable Housing Finance Magazine: Best Historic Rehabilitation
- 2006 National Trust/HUD Secretary's Award for Excellence in Historic Preservation
- 2005 Best in American Living by Professional Builder Magazine
- 2004 Best in Real Estate: Best Overall by Minneapolis/St. Paul Business Journal

VINE STREET | WATER STREET



Des Moines, Iowa

Completed in 2004, Vine Street Lofts and its sister condominium project, Water Street Brownstones, were the first significant new construction residential projects in Des Moines in over 20 years. Located on a prime site overlooking the Des Moines River, the parcel had been a surface parking lot for decades.

Selected through a competitive request for proposal process, Sherman Associates and partner Lander Urban Development introduced a model that was untried in Des Moines high-end home ownership opportunities; market-rate rental units and affordable rental units on the same block sharing the same underground parking system. The project is a resounding success and is considered the project that jump-started the downtown housing market.

Project Details

- 65 Market-Rate Apartments
- 44 Affordable Apartments
- 32 Condominiums
- Project Value: $15 Million
- Financing: HUD, Fannie Mae, City of Des Moines, Polk County Housing Trust Fund, Neighborhood Finance Corporation, Federal Low Income Housing Tax Credits, Tax Abatement

Role: Developer, General Partner, Property Manager

Completed: September 2004

WACOUTA COMMONS

Saint Paul, Minnesota

Wacouta Commons is a multi-phase redevelopment of the previously blighted industrial space in downtown St. Paul. The area was redeveloped to include mixed-income rental and ownership housing along with ground level retail space. The multi-faceted project fully revitalized the entire northeast quadrant of downtown Saint Paul and remains an essential housing component to the city's continued redevelopment.

Project Details

- Retail Space: Approximately 14,000 sq ft
- Dakota on the Park / 38 Units - For Sale Housing
- Essex on the Park / 38 units - For Sale Housing
- Sibley Park Apartments / 113 Units - Rental Housing
- Sibley Court Apartments / 121 Units - Rental Housing
- 9th Street Lofts / 49 Units - For Sale Housing
- Printer's Row / 48 units - For Sale Housing
- Lyons Court/60 units - Senior Rent
- Total Project value: $96.2 million

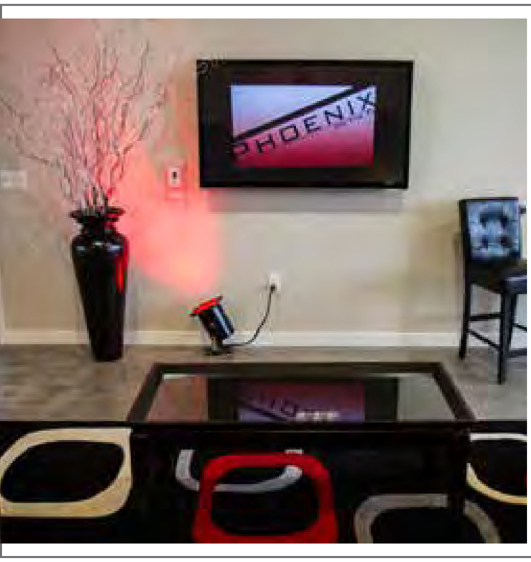
Role: Developer, Property Manager, General Partner

Completed: 2001 through 2006

Awards and Recognition:

- 2001 Best in Real Estate by Minneapolis/St. Paul Business Journal

PHOENIX ON THE FAX



Denver, Colorado

Sherman Associates brought its expertise in urban redevelopment to Denver with the Phoenix on the Fax project. Located southeast of City Park along Colfax Avenue, and midway between downtown Denver and the employment centers in the Fitzsimmons redevelopment area, it represents the first new construction development in an area of Denver quoted to have an "infamous" past.

Phoenix on the Fax has garnered the support of The Fax Partnership, Denver City Council, Denver Office of Economic Development, State of Colorado, HUD, Colorado Housing Finance Agency, and local investor RBC Capital Markets.

The new construction project features 50 affordable rental units and 4,500 square feet of retail space. Completed in February of 2012, Phoenix on the Fax had tremendous interest from renters and leased up very quickly.

Project Details

- New Construction
- 4,500 Square Feet Retail - Ground Floor
- 50 Affordable Apartments
- Project Value: $10.5 Million
- Financing: Federal Low Income Housing Tax Credits, Tax Credit Assistance Program, HUD Insured Mortgage, City of Denver HOME Funds, State of Colorado HOME Funds.

Role: Developer, General Partner, Property Manager

Completed: February 2012

THE ROOSEVELT

Cedar Rapids, Iowa

The historic Hotel Roosevelt is a 12-story masonry building located in downtown Cedar Rapids. After sustaining damage from the Flood of 2008, the adaptive reuse converted the hotel into 96 apartment units with income restricted units at 60% AMI and market-rate units. The second floor houses project amenities that include a large community room, a fully-equipped fitness center, a laundry room and a business center equipped with computers for resident use. The first floor contains over 15,000 SF of commercial space, and the remaining space in the basement was converted into additional, secure resident storage lockers.

The historic designation of the building dictated the exterior restoration of the brickwork, the refurbishing of the windows, and the revitalization of the interior corridors and doors. After 12 months of construction, the Hotel Roosevelt now provides four studio, 59 one-bedroom and 33 two-bedroom units with upgraded amenities, including new flooring and fixtures, central heat and air conditioning, and a secure intercom entry system.

Project Details

- Historic Rehabilitation
- 96 Affordable Apartments
- 15,522 Sq. Ft. Commercial Space
- Project Value: $11.0 Million
- Financing: Iowa Finance Authority Mortgage, Federal Low Income Housing Tax Credits, State Historic Tax Credits, City of Cedar Rapids, EZ Tax Credit Equity, IFA 1602 Funds

Role: Developer, General Partner, Property Manager

Completed: October, 2010

THE RUSSELL LAMSON



Waterloo, Iowa

The Russell Lamson Apartments is an eight-story masonry and concrete building originally constructed in 1914. In that same year, an edition of the Hotel Bulletin refered to the Hotel Russell Lamson as "one of the most complete, up-to-date and modern hotels to be found anywhere on the American continent. It bears a very favorable comparison with the best to be seen in any of the largest cities." The building has been on the National Register of Historic Places since 1988.

Before the renovation began, the building had been previously converted into 75 apartment units on floors 3 though 8, with commercial space on the first and second floors. To minimize the relocation of existing residents, construction was completed in two stages. This allowed approximately half of the current residents as well as all the commercial tenants on the street level to remain in the building during the renovation.

The newly renovated building contains 90 affordable housing apartments. The layouts consist mainly of studio and one-bedrooms, with a few two- and three-bedroom units. Within the units, the historic windows were refurbished, kitchens were replaced and bathrooms were upgraded. A new exercise facility was built in addition to a laundry facility. During the renovation, forgotten architectural pieces like the magnificent windows in the lobby were also rediscovered and restored. The end result provided high-demand affordable housing while revitalizing a Waterloo icon.

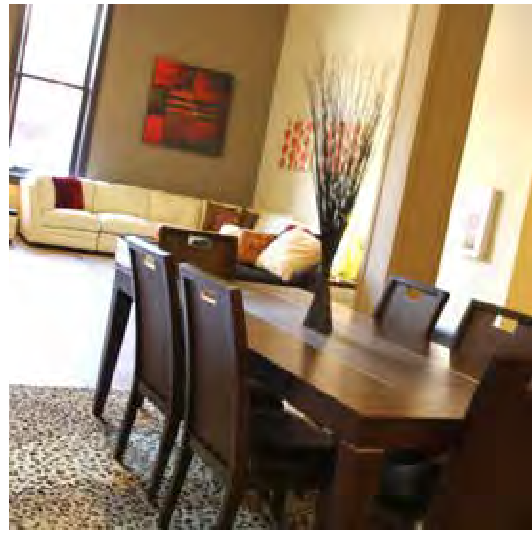
Project Details

- Historic Rehabilitation
- 90 Affordable Units
- 12,105 Sq. Ft. Commercial
- Project Value: $15.3 Million
- Financing: FNMA Mortgage, Federal Low Income Housing Tax Credits, Federal Historic Tax Credits, State Historic Tax Credits, EZ Tax Credit Equity, EZ Sales Tax Rebate

Role: Developer, General Partner, Property Manager

Completed: August, 2012

RUMELY LOFTS



Des Moines, Iowa

As a historic landmark in downtown Des Moines, this six-story structure was transformed into 66 affordable apartments and approximately 7,000 square feet of retail space. The building boasts a large 1,500 SF community room and is accompanied by a computer learning center, a fitness center and an on-site leasing office on the main level. Bike storage and surface parking is also available at the site.

The units provide historic details coupled with modern finishes. Original windows were restored and provide wonderful views of downtown and the surrounding area. In addition to the historical details of the apartments, residents enjoy unit upgrades that include in-unit washer and dryers, dishwashers and sink garbage disposal systems.

Project Details

- Historic Rehabilitation
- 66 Affordable Units
- 5,345 Sq. Ft. Commercial
- Project Value: $17.1
- Financing: Iowa Finance Authority Mortgage, State Historic Tax Credits, Federal Historic Tax Credits, Federal Low Income Housing Tax Credits, Other Funding Sources

Role: Developer, General Partner, Property Manager

Completed: October, 2010

METRO LOFTS

Des Moines, Iowa

Located in downtown Des Moines, Metro Lofts is a four-story new construction development with a total of 111 apartment units. The building offers an amenity package including a large community room, fully-equipped exercise room, a computer learning center, underground parking, secure entry, and an on-site leasing office and manager.

The apartment units have modern, durable finishes. Residents enjoy central air conditioning, in-unit washers and dryers, high-speed internet connection, energy-conserving fixtures, and an additional interior storage closet. Select units have walk-in closets, patios or balconies.

With downtown Des Moines right outside its front door, Metro Lofts offers quality affordable housing in a convenient location.

Project Details

- New Construction
- 102 Affordable Units
- 11 Market-Rate Units
- Project Value: $21.0 Million
- Financing: HUD Insured 1st Mortgage, Federal Low Income Housing Tax Credits, IDED - EZ Tax Credits and Sales Tax Credits, IFA 1602 Funds, CIty of Des Moines, Other Sources

Role: Developer, General Partner, Property Manager

Completed: December, 2010

LONGFELLOW STATION

Minneapolis, Minnesota

Longfellow Station is a 180-unit transit-oriented development located along the Hiawatha Light Rail Line in Minneapolis. Located within the mill district of the Longfellow Neighborhood, Longfellow Station will appeal to families and single adults that rely on public transportation to connect them to employment and educational opportunities. It is conveniently located a few miles south of downtown Minneapolis with easy access to major job centers such as Downtown Minneapolis, Mall of America, The University of Minnesota, Fairview-Riverside Medical Campus, and the Minneapolis/St. Paul International Airport. The development of the Central Corridor Light Rail Line will give additional benefit to the residents of Longfellow Station when completed.

Emphasis in the design process has been placed on unit and common area amenities in order to compete with market-rate product in the area. Units feature open layouts, dishwasher, in-unit washer & dryer, a built-in office niche, and fiber optic wiring. Common area amenities include a community room, coffee area, business center, fitness room, theatre room, bike repair area, bike storage, heated underground parking, a dog run, and tot-lot.

Project Details

- New Construction
- 180 Rental Apartments
- 10,000 SqFt Commercial / Retail Space
- 36 Market-Rate Apartments
- 144 Affordable Apartments
- Project Value: $28.3 Million
- Financing: US Bank Construction Loan, Mass Mutual 1st Mortgage, Low Income Housing Tax Credits, MHFA Challenge Fund, Family Housing Fund, Affordable Housing Trust Fund, Minneapolis CPED Deferred Loan, Hennepin County Affordable Housing Investment Funds, Met Council Livable Communities Demonstration Funds,

Role: Developer, General Partner, Property Manager

Anticipated Completion: November, 2013

Project Currently Under Construction

HARRISON LOFTS

Davenport, Iowa

Harrison Lofts is a new construction development of mixed-use housing and retail located on the 14th block of Harrison Street in Davenport, Iowa. On the street level, there are two retail spaces positioned along each of the 14th and 15th street corners. Residential parking is located behind the building, and retail customers will utilize the ample street parking on 14th and 15th Street. The community room has a large area for tenants to gather or watch television, and also provides workstations complete with computer and internet access. In addition to the community room there is a fully-equipped exercise room and a laundry facility. The building will also have an on-site leasing office and is fully-equipped with a 24/7 monitored security system.

The 60 apartment units consist of efficiency, one-bedroom and two-bedroom layouts. As a mixed-income building providing affordable housing, the project targets single individuals and families. The units feature high quality interior finishes and amenities such as high ceilings, oversized windows, in-unit washer and dryers, energy efficient fixtures and appliances, and additional tenant storage.

Project Details

- 3-Story New Construction
- 60 Apartments, 2 Retail Spaces
- 54 Affordable Units (40% & 60% AMI)
- 6 Market-Rate Units
- 3,100 SqFt Commercial
- Project Value:
- Financing: Iowa Finance Authority Mortgage, Low Income Housing Tax Credits, EZ Tax Credit Equity, EZ Sales Tax Rebate, City of Davenport NSP Funds

Role: Developer, General Partner, Property Manager

Anticipated Completion: July 2013

Project Currently Under Construction

Public Profile

Novogradac
Journal of Tax Credits
News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

March 2011, Volume II, Issue III — Published by Novogradac & Company LLP

Developer Begins Makeover of Largest Affordable Housing Development in Minnesota

By Jennifer Dockery, Assignment Editor, Novogradac & Company LLP

Riverside Plaza Apartments' colorful exterior represents a colorful past. The apartment complex was the first phase of a U.S. Department of Housing and Urban Development (HUD) revitalization program known as New Town-In Town, which planned to create a 12,000-unit mixed-income "utopian village" in Minneapolis, Minn.'s Cedar-Riverside neighborhood. It was also the fictional home of Mary Tyler Moore's character in later seasons of The Mary Tyler Moore Show. Yet, within a few years of its 1973 completion, the development had fallen on hard times. HUD had scrapped the New Town plan. The development faced water shutoffs, rent strikes and mortgage defaults. In 1988, Sherman Associates and others used the nascent low-income housing tax credit (LIHTC) program to acquire the development. Twenty-three years later, Riverside Plaza is poised for a comeback. Sherman Associates will use an allocation of LIHTCs, along with state and federal historic tax credits (HTCs), tax-exempt bonds (TEBs), a HUD loan and other public and private financing to complete a $132 million makeover of the 1,303-unit development.

Photo: Courtesy of Sherman Associates

FINANCE & COMMERCE

VOL.124, NO. 84 — FINANCE-COMMERCE.COM — FRIDAY | APRIL 29, 2011
THE DOLAN COMPANY

Rehabbing Riverside — 'Ellis Island' of city

BY MARK ANDERSON
Staff Writer

The $132.4 million renovation of the Riverside Plaza housing complex in Minneapolis' West Bank started in February, but owner George Sherman hosted a party and groundbreaking on Wednesday — giving guests a glimpse of one of the region's biggest housing investments and one of its most distinctive communities.

"This is the city's Ellis Island," said Mike Christensen, executive director of the Minneapolis Community Planning and Economic Development agency.

Christensen helped lead a tour on Wednesday, but he is aware that the housing complex's West Bank neighborhood has long been Minneapolis' gateway for immi-

Mike Christensen, left, director of Minneapolis' Community Planning Economic Development agency, and George Sherman, president of Sherman Associates, explain some of the renovations at Riverside Plaza while a couple of residents walk by. (Staff photo: Bill Klotz)

Sherman Associates

The following pages highlight some of Sherman Associates' recent awards and press coverage. More can be found at www.sherman-associates.com/media-center.

Awards and Recognition

2012 Best In Real Estate - Multifamily Development or Redevelopment:
Riverside Plaza

2012 Minnesota Public Health Achievement Award:
Sherman Associates

2012 Property Excellence Award - Senior Housing:
Blaine Town Square Senior Apartments

2012 Property Excellence Award - Affordable Housing 101+Units:
Midtown Exchange

2011 Lifetime Achievement Award - Minneapolis/St. Paul Business Journal:
George Sherman

2011 Capstone Award - Multifamily:
Grand Boulevard Lofts

2011 T. Timothy Anderson Award for Best Historic Rehab Involving LIHTC Finalist:
Grand Boulevard Lofts

2011 Honorable Mention for Historic Rehabilitation:
Grand Boulevard Lofts

2010 Property Excellence Award - Affordable Housing 101+Units:
Midtown Exchange

2009 Best of the Decade by Minneapolis/St. Paul Business Journal:
Midtown Exchange and The Chicago Lofts

2008 Development of the Year:
Syndicate Trust Building, St. Louis

2007 Affordable Housing Finance Magazine: Best Historic Rehabilitation:
Midtown Exchange and The Chicago Lofts

2006 National Trust/HUD Secretary's Award for Excellence in Historic Preservation:
Midtown Exchange and The Chicago Lofts

2006 Project of the Year: Adaptive Reuse by Multifamily Executive Magazine:
Midtown Exchange and The Chicago Lofts

2005 Best in American Living by Professional Builder Magazine:
Midtown Exchange and The Chicago Lofts

2005 Trillium Award by Builders Association of the Twin Cities:
Midtown Exchange and The Chicago Lofts

2004 Best in Real Estate: Best Overall by Minneapolis/St. Paul Business Journal:
Midtown Exchange and The Chicago Lofts

2003 Best in Real Estate by Minneapolis/St. Paul Business Journal:
Falcon Heights Town Square

2002 Best in Real Estate by Minneapolis/St. Paul Business Journal:
Burnsville Heart of the City

2001 Best in Real Estate by Minneapolis/St. Paul Business Journal:
Wacouta Commons

The Second Time Around

Historic Minneapolis Housing Complex Under Redevelopment With Fresh Tax Credits

As he oversees his biggest project ever, Minneapolis developer George Sherman is living out one of Yogi Berra's old lines – It's déjà vu all over again.

"Our first experience with low-income housing tax credits was on this same project – Riverside Plaza – in 1988. We acquired it through a negotiated sale from HUD, which had foreclosed on it. And we did a bond transaction using four percent credits. We got a whopping 50 cents per credit dollar [in equity], paid over a couple years"

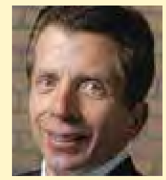
This time around, Sherman's outfit, Sherman Associates, is re-syndicating and redeveloping the massive housing project – 1,303 units in 11 buildings occupying four city blocks – using various tax credits and other resources. "Hopefully we'll be done by October 2012," says Sherman.

The $132 million project will involve more than $60 million in renovations to the complex, which has about 4,500 residents, including a number of college students. Work includes replacing the plumbing, mechanical, and electrical systems; sealing the exterior of the buildings; installing new windows and doors; refurbishing all of the apartments and common areas; and other improvements.

Nearly 90% of the apartments will be LIHTC units; the rest market-rate. Of the 1,303 units, 669 will continue to receive project-based Section 8 rent subsidies. After completion, the projected initial monthly gross rents for the LIHTC units will range from $545 for efficiencies up to $1,295 for three-bedroom apartments. Market-rate rents will range from $795 for one-bedrooms up to $1,595 for four-bedrooms.

The improvements could cut the development's annual utility costs – now nearly $3 million, or 28% of annual operating expenses – by $500,000 to $1 million.

As with other pre-1990 LIHTC transactions, Riverside Plaza wasn't subject to a 30-year extended use commitment, but rather just a 15-year compliance period. After the compliance period expired, in the 2000s, Sherman Associates continued to operate the complex as affordable rental housing. But by now, the development was aging and in need of rehabilitation.



George Sherman

"We had known for a period of time that the property's mechanical systems had to be replaced," says Sherman. "The plumbing, both in domestic and hot water systems, had failed to the point of having routine emergencies and shutoffs and flooding of the buildings, because the pipes had deteriorated." Tenants often wait for 25 minutes to get hot water, letting the water run and driving up the property's water bills.

Sherman planned to seek fresh housing credits for a new acquisition/rehab transaction. But the timing was off.

"About the time we started to put a game plan together for the rehab of the project and the re-syndication," he recalls, "the market for credits evaporated." In addition, the massive size and scale of the development made it even tougher to win an allocation of 9% housing credits and to secure tax credit equity. "But that didn't stop us," Sherman notes.

After considering but ruling out an application for 9% housing tax credits, Sherman Associates pursued tax-exempt financing, which brings 4% credits. The U.S. Department of Housing and Urban Development (HUD) agreed to provide a new FHA-insured mortgage, and the city, state, and others committed to provide $15 million in gap financing. The new HUD Section 221(d)(4) loan, nearly $50 million and funded by bond proceeds, has a 42-year term and fixed interest rate of 5.895%.

But even with all these funds, Sherman still came up short. "That still left us with a thirty to forty million dollar gap. So we took the unusual step of looking at whether a 35-year-old building could be declared historic."

It's rare for a building less than 50 years ago to be certified as historic by the National Park Service. But Sherman Associates succeeded after just six months, and Riverside Plaza was listed on the National Register of Historic Places in December 2010.

Constructed during 1971-73, Riverside Plaza was designed by well-known local architect Ralph Rapson,

Riverside, continued on page 4

Riverside, continued from page 3

and reflects modernism and brutalist architectural styles. The buildings range from two to 39 stories, and are 70% concrete/30% glass with colored glass panels.

Also significant is that Riverside Plaza (originally Cedar Square West) is one of only two projects (the other is Roosevelt Island in New York City) built and funded under HUD's "New Town, In Town" initiative. Under legislation enacted in 1968 and expanded in 1970, the U.S. government provided funding to encourage the development of four types of "new communities" across the U.S. The "New Town, In Town" communities, one of these, were to be very large self-contained mixed-use rental communities or "urban villages" with tenants of low to high incomes.

"This was just to be the first phase of a 10,000-unit project," says Sherman. "They only built the first 1,300 units before both the funding stopped and the financial model stopped working." Underwritten for the larger, ultimate size, Riverside Plaza struggled financially from the start and HUD foreclosed on its mortgage in 1987.

AEGON USA Realty Advisors LLC purchased the federal housing and historic tax credits, placing the investment in a proprietary fund for investor Google and providing nearly $44 million in equity. The developer elected to receive about $14 million in cash from the state in lieu of claiming the state historic credits.

The city of Minneapolis issued $69.9 million in tax-exempt bonds, of which nearly $50 million funded the HUD mortgage, and provided nearly $2 million in affordable housing trust fund monies. Other sources of soft funds included the Minnesota Housing Finance Agency (two loans), the Family Housing Fund, and the Greater Metropolitan Housing Corporation.

Tom Streitz, of the City of Minneapolis Department of Community Planning and Economic Development, praises the Riverside Plaza renovation project and says it is needed, estimating the local affordable rental housing vacancy rate at around 1%. "It's absolutely fantastic; it's something that needed to happen."

Tom Streitz

He noted, "The city's investment and the other investment that's going into this building is a huge statement about what we see as the future of this neighborhood being a transit hub, being a place where affordable housing and market-rate housing meet, and an important architectural symbol and an important symbol to the immigrant community of Minneapolis. There's a lot of value embodied in those buildings."

Riverside Plaza and the surrounding neighborhood are home to many East African immigrants. The neighborhood already has a station on one existing light rail line, and a second light rail line will be coming through in the near future. TCA

Riverside Plaza – Source and Uses Summary

SOURCES

Tax-Exempt Bond Proceeds / HUD 221(d)(4) Mortgage - City of Minneapolis, AFL-CIO Housing Investment Trust	$49.950,000
4% Low-Income Housing Tax Credit Equity - AEGON USA Realty Advisors LLC	$29,106,635
Federal Historic Tax Credit Equity - AEGON USA Realty Advisors LLC	$14,767,244
State Historic Tax Credit Equity	$14,126,603.04
MHFA - PARIF Loan	$7,016,350.00
MHFA - EHDC Loan	$5,083,650.00
Family Housing Fund Loan	$200,000.00
CPED - AHTF Loan	$1,900,000.00
Met Council - LHIA Loan	$575,000.00
GMHC Loan	$1,300,000.00
Seller Note	$2,000,000.00
Rebates (Xcel/CenterPoint)	$400,000.00
Cash Flow from Operations for Development	$2,962,909.48
Deferred Developer Fee	$3,000,000
Total Sources	**$132,388,393**

USES

Acquisition Cost	$41,300,000.00
Construction + Construction Contingency	$65,030,914.00
Architectural/Engineering/Legal Fees	$2,640,000.00
Construction Interest	$4,300,000.00
Other General Development/Financine Fees	$3,728,479.00
Relocation	$2,250,000.00
Reserves	$5,139,000.00
Total Development Cost	**$132,388,393**

MHFA – Minnesota Housing Finance Agency
CPED – City of Minneapolis Department of Community Planning and Economic Development
PARIF - Preservation Affordable Rental Investment Fund
EDHC - Economic Development and Housing Challenge Program
AHTF - Affordable Housing Trust Fund
GMHC – Greater Metropolitan Housing Corporation
LHIA- Metropolitan Council Local Housing Incentives Account - Metropolitan Livable Communities Act

business insider

STARTRIBUNE.COM/BUSINESS • SECTION D • MONDAY, APRIL 11, 2011

The industry veteran has weathered the real estate recession and managed to hang on to a $1.3 billion portfolio.

DAVID BREWSTER • dbrewster@startribune.com

Developer George Sherman this month officially will break ground on the $132 million overhaul of Riverside Plaza in Minneapolis.

The patient developer

ON BUSINESS NEAL ST. ANTHONY

Four years into a real estate recession that's busted developers from the urban core to the cornfields, George Sherman is still standing.

"If I had to do it over again, I would have stopped building sooner and sold more faster," said the veteran developer and project owner. "I was fortunate. I had at least one tire getting traction throughout."

Sherman, 57, an analytical biochemist by training, has a lighter wallet these days. But he still has a future as a developer.

His diversified portfolio of rental housing, commercial buildings and hotels, most of it in urban centers of Minneapolis, St. Paul, Duluth, Des Moines and St. Louis, has lost several hundred million in value. And his lenders required him in 2008-09 to inject about $35 million through asset sales and equity into a portfolio that he estimates is still worth more than $1.3 billion.

He had to sell dozens of condos in the Twin Cities, and 35 luxury houses through an ill-fated foray into Palm Springs, Calif., for as little as 50 cents on the dollar. But so far Sherman has not lost any major properties to his lenders. He knows his markets, keeps a conservative debt-to-equity ratio that approaches 50 percent and has demonstrated an ability to restructure deals outside of courtrooms, which these days are clogged with lawsuits among developers, con-

Sherman continues on D8 ►

◄ **SHERMAN FROM D1**

DAVID BREWSTER •

GEORGE E. SHERMAN

Age: 57 **Owner:** Sherman Associates

Education: B.S. Biochemistry 1976, MBA, 1977 University of Minnesota

Career: Sherman started buying and converting Uptown Minneapolis apartment buildings into condominiums in 1978; he built new townhouses on the site of former public housing on Minneapolis' near North Side in 1979-81. He's known for urban renewal projects that often include public financing. Today, Sherman employs 350 people who develop and manage Sherman-owned apartment buildings, commercial buildings and several hotels in Minneapolis, St. Paul, Duluth, Burnsville, Des Moines and St. Louis. Sherman values the portfolio at more than $1.3 billion.

Notable projects: The $132 million ongoing renovation of 1,300-unit Riverside Plaza (Cedar-Riverside) in Minneapolis; the $61 million Aloft Minneapolis Hotel/Zenith Condominiums (2008) near the Guthrie Theater on Washington Avenue; the $55 million refurbishment of Duluth's Greysolon Plaza and construction of the Sheraton Duluth Hotel (2007); the $77 million Midtown Exchange Apartments and Chicago Lofts in the former Sears, Roebuck building on E. Lake Street in Minneapolis (2005), and the $96 million Wacouta Commons housing-retail complex in downtown St. Paul (2001-06).

tractors, lenders and tenants.

"He's been through tough times, and he's more sophisticated than a lot of developers," said Jim White, a former Minneapolis development official who watched Sherman during the 1980s and 1990s. "He was always willing to do what was needed when the cities needed developments done."

Sherman got in early and deep 30 years ago as Minneapolis and St. Paul used incentives to redevelop their abandoned, polluted riverfronts and turned skid rows into upscale art-and-entertainment nooks, and upscale housing.

On a whim in 1978, while working in sales for a medical company, he borrowed $100,000 from U.S. Bank (still his primary lender) and bought a small Uptown apartment building, refurbished it and sold the units as condominiums, grossing about $300,000.

"I had no idea what I was doing," Sherman recalled. Yet he quit his day job to focus on real estate projects.

"I like getting the numbers to work," said Sherman, a trim jogger, who grew up the son of a doctor whose early death was tied to smoking and drinking. Sherman has abstained for 25 years, wears a $35 runner's watch and drives a 10-year-old Audi that sports 230,000 miles.

Sherman is a political independent who voted for Independence Party candidate Tom Horner for governor. He generally avoids political contributions to municipal candidates. He has contributed to Republicans, including former U.S. Sen. Norm Coleman and Gov. Tim Pawlenty.

Sherman and his wife live in a house they paid $1 million for near Interlachen Country Club a decade ago. He reads a lot, watches the History Channel and hangs out with family and close associates.

"Developers have egos," acknowledged Sherman. "My ego may be quieter, but I like getting a good project to work. I like to have an impact."

Sherman has done upscale condo projects on the Mississippi River, new housing projects and signature renovations of old buildings, including his headquarters at 233 Park Av. S., where the Old Spaghetti Factory is the first-floor tenant. The offices of Sherman and Associates occupy the upper floor.

Major renovation

Sherman also is one of the Twin Cities' biggest developers of subsidized and workforce housing. This month he officially will break ground on Minnesota's biggest-ever residential-project restoration. The $132 million overhaul of Riverside Plaza near the U of M's West Bank campus, a development that's challenged and intrigued him since he and minority partners bought the former Cedar Square West from the federal government for $17 million in 1988.

The then-controversial complex was born in the early 1970s as a federally backed urban renewal effort to help replace slums. But critics called the complex a Soviet-style model of several towers around a central courtyard and indoor community rooms that house charter schools and nonprofits. The complex boasts 1,300 apartments for students, immigrant families and workers.

When Sherman took over, it was mostly Vietnamese and Hmong. Now, the immigrants are mostly Somali.

Sherman is using a myriad of public and private sources to finance renovation. He got a boost in February when the AFL-CIO Housing Investment Trust committed $50 million in pension funds to help finance a renovation that will employ hundreds of workers over the next two years. The building-by-building overhaul will include new energy, mechanical, plumbing and kitchens.

Sherman plans to cut Riverside's $3 million annual utility bill by a third and create a much better place to live. He said the project has thrown off less than $2 million in cash flow over the years, while requiring about $1.5 million annually in repairs.

"We had to get ahead of this," Sherman said. "We were using the cash flow to constantly fix the property."

The financial package got traction last December when the 15-building complex was granted status on the National Register of Historic Places. The designation enabled Sherman to raise $28.9 million in federal and state historic tax credits that he sold to investors to help finance the project.

To make the financial package work, Sherman, under some pressure from critics, effectively cut his development fee from $8 million to $5 million. Sherman is buying out other minority partners in the deal and adding Google as a limited partner through its foundation. He also has agreed to take the balance of the development fee over several years out of cash flow from the project.

"George does good work," said Tom Streitz, the Minneapolis housing director who once negotiated with Sherman as a young Legal Aid lawyer.

Sherman has a personal connection to Riverside Plaza. He knows immigrant kids who grew up to be cabdrivers, carpenters, doctors, lawyers and businessmen.

The complex includes day cares, a charter school, employment center, community rooms and a tenants association that Sherman funds at about $150,000 a year.

"Twenty years ago the tenants needed social services," he said. "The last 10 [years] it has been education and employment."

Cecile Bedor, the planning director in St. Paul who once was an inner-city housing developer, called Sherman a patient developer.

"George works with the community and the city," Bedor said. "He doesn't storm in and say, 'If you don't do this, I'll raise hell.' He keeps his cool. He wants to make money, but he's in it for the long haul."

Neal St. Anthony •

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Developer Begins Makeover of Largest Affordable Housing Development in Minnesota

By Jennifer Dockery, Assignment Editor, Novogradac & Company LLP

Riverside Plaza Apartments' colorful exterior represents a colorful past. The apartment complex was the first phase of a U.S. Department of Housing and Urban Development (HUD) revitalization program known as New Town-In Town, which planned to create a 12,000-unit mixed-income "utopian village" in Minneapolis, Minn.'s Cedar-Riverside neighborhood. It was also the fictional home of Mary Tyler Moore's character in later seasons of The Mary Tyler Moore Show. Yet, within a few years of its 1973 completion, the development had fallen on hard times. HUD had scrapped the New Town plan. The development faced water shutoffs, rent strikes and mortgage defaults. In 1988, Sherman Associates and others used the nascent low-income housing tax credit (LIHTC) program to acquire the development. Twenty-three years later, Riverside Plaza is poised for a comeback. Sherman Associates will use an allocation of LIHTCs, along with state and federal historic tax credits (HTCs), tax-exempt bonds (TEBs), a HUD loan and other public and private financing to complete a $132 million makeover of the 1,303-unit development.

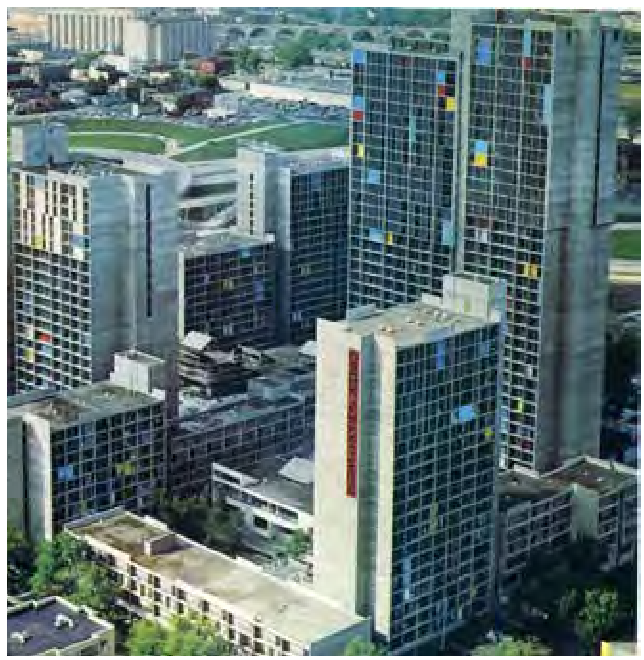

Photo: Courtesy of Sherman Associates
Riverside Plaza Apartments, originally called Cedar Square West, was built in the 1970s as part of the U.S. Department of Housing and Urban Development's New Town-In Town initiative.

A Storied History

Architect Ralph Rapson designed Riverside Plaza, originally called Cedar Square West, in the Brutalist style, which was popular from the 1950s through the mid-1970s. Since acquiring the 11 buildings, Sherman Associates has improved the buildings, increasing the number of elevators in the 12- to 40-story highrises and installing life safety features, such as sprinklers. At present, Riverside Plaza houses more than 4,400 people in mixed-income units; the development has 669 project-based Section 8 units and 634 market rate units. Many residents of the market rate units also receive housing choice vouchers. The campus includes a K-8 charter school, grocery store and tenant resource center that provides social services to more than 400 individuals each month. Many tenants attend the adjacent University of Minnesota or have recently arrived from Somalia.

A Gargantuan Task

According to George Sherman, principal and founder of

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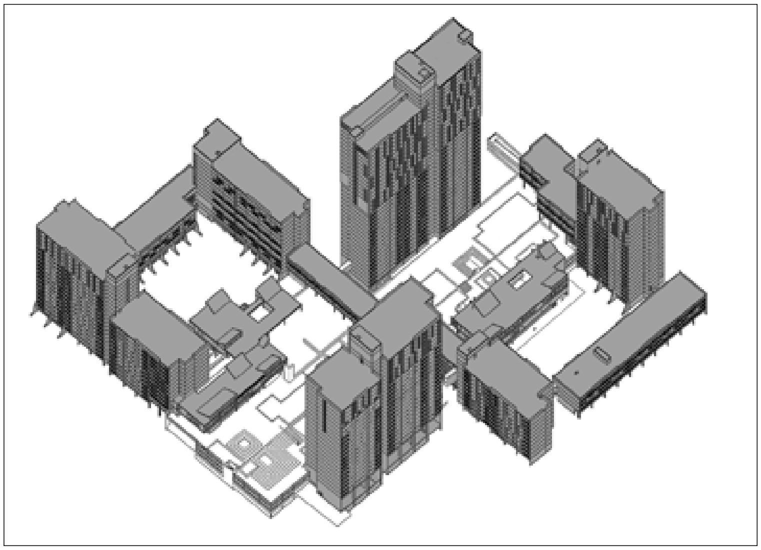

Rendering: Courtesy of Sherman Associates

Sherman Associates, putting together financing for Riverside's redevelopment was a gargantuan task; its size prevented Sherman Associates from applying for 9 percent LIHTCs and to renovate its 1,303 units, the developer would have needed double the state's annual 9 percent credit allowance. Riverside also has the most units of any property under a single HUD mortgage to date.

"Its greatest challenge has always been its size. It doesn't fit into any square or round hole," said Sherman.

Sherman Associates worked with HUD, the state housing finance agency, the city of Minneapolis and others to obtain funding for the $132 million redevelopment. The city awarded 4 percent LIHTCs and TEBs to the property. AEGON USA Realty Advisors LLC (AEGON) provided $29 million in LIHTC equity and AFL-CIO Housing Investment Trust (HIT) invested in the TEBs, which were used to secure a nearly $50 million HUD-guaranteed first mortgage. Funding also came from the Minnesota Housing Finance Agency's (MHFA's) Economic Development and Housing Challenge program – approximately $7 million; MHFA's Preservation Affordable Rental Investment Fund program, – approximately $5 million; City of Minneapolis affordable housing trust fund – $1.9 million; Greater Metropolitan Housing Corporation – $1.3 million; Metropolitan Council's Local Housing Incentive Account program – $575,000; and Family Housing Fund – $200,000. The remaining capital came from a $3 million deferred developer fee, $2 million in seller equity, nearly $3 million in cash flow-operations for the development and $400,000 in energy rebates.

"The key for us … was getting HUD involved early in the scope of the rehab," said Ken Dayton, executive vice president of Oak Grove Capital, the HUD mortgage underwriter/lender.

"From the city's perspective, this project was about enhancing

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the quality of life for the residents," said Matt Goldstein, senior project coordinator for Minneapolis's community planning and economic development's multifamily housing development division. "The project is consistent with the city's goals and policies. It earned the most points of any project that requested money in the 2010 round." He said Riverside Plaza received the points because it is a mixed-income development, preserves existing units, has a longer than required affordability period and because "every public dollar leverages significant private investment." Sherman also agreed to hire 90 workers from the surrounding community. The redevelopment of Riverside Plaza also fits into a larger improvement plan for the Cedar-Riverside neighborhood. The Minneapolis Public Housing Authority renovated units at The Cedars in 2010 and the city is building two light rail transit stations on the site's perimeter.

After securing the LIHTC and bond allocation, Sherman Associates sought out a tax credit syndicator or investor that would be able to invest nearly $34 million in LIHTCs. "It's complex, but it's an important project for the city. AEGON has the ability to take projects of a size that other syndicators may not be able to accommodate," said Anne Simpson, director in AEGON's Community Investments Group. AEGON combined Riverside Plaza's LIHTCs and HTCs into an equity fund that includes Google Inc. as an investor.

The National Park Service (NPS) added the 38-year-old Riverside Plaza to the National Register of Historic Places on December 28, 2010. The NPS agreed with Sherman Associates assessment that, as one of the few remaining New Town-In Town developments, the Rapson-designed complex is significant to the country's historical record. The National Register designation qualified Riverside Plaza for federal and state HTCs. "That's helped raise $28 million in additional equity," Sherman said.

AEGON provided nearly $15 million in equity for the federal HTCs through the same fund that provided the LIHTC equity. Riverside Plaza is also one of the first properties to receive credits through the Minnesota Historic Structure & Community Reinvestment Tax Credit program. The state Legislature created the program last year to encourage redevelopment. Under the program, Riverside is eligible for a 20 percent tax credit that Sherman plans to return the state for a grant equal to 90 percent of its value, or about $14.1 million. "We were struggling with gaps in the project …. The state historic credit was absolutely critical. It really got the gap completed and got the project closed," Sherman said.

Financing for Riverside Plaza closed on January 6 and construction began on February 1. Workers will replace the domestic water, sanitary sewer systems and mechanical systems, as well as individual unit remodels. Sherman Associates plans to reno-

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vate between 60 and 100 units each month. During the renovations, residents will move into furnished "hotel" units at the property. Sherman anticipated that the renovations would be completed by December 2012.

This article first appeared in the March 2011 issue of the Novogradac Journal of Tax Credits.

FINANCE & COMMERCE

VOL.124, NO. 84 FINANCE-COMMERCE.COM FRIDAY | APRIL 29, 2011

THE DOLAN COMPANY

Rehabbing Riverside — 'Ellis Island' of city

BY MARK ANDERSON
Staff Writer

Mike Christensen, left, director of Minneapolis' Community Planning Economic Development agency, and George Sherman, president of Sherman Associates, explain some of the renovations at Riverside Plaza while a couple of residents walk by. (Staff photo: Bill Klotz)

The $132.4 million renovation of the Riverside Plaza housing complex in Minneapolis' West Bank started in February, but owner George Sherman hosted a party and groundbreaking on Wednesday — giving guests a glimpse of one of the region's biggest housing investments and one of its most distinctive communities.

"This is the city's Ellis Island," said Mike Christensen, executive director of the Minneapolis Community Planning and Economic Development agency.

Christensen helped lead a tour on Wednesday, but he is aware that the housing complex's West Bank neighborhood has long been Minneapolis' gateway for immigrants.

RIVERSIDE REDO

$132.4M
Total project cost

14
Sources of equity and debt

The most recent arrivals are mostly from eastern Africa. About 80 percent of Riverside Plaza's 4,400 residents are from Somalia, Ethiopia and Eritrea, said Fredda Scobey, executive director of the Riverside Plaza Tenants Association.

The 38-year-old Riverside Plaza is big, a fact that has annoyed many of its neighbors. But its scale also has enabled it to deliver a major portion of the Twin Cities' affordable housing supply.

More than half its 1,303 apartments are Section 8 units, and 85 percent are designated as affordable for households earning 60 percent or less of the median metro income. That makes Riverside Plaza the biggest affordable housing campus in the Midwest and the biggest single mortgage in the U.S. Housing and Urban Development department's housing portfolio, said Sherman, president of Sherman Associates, which has owned Riverside for 23 years.

It's a city within a city, but that city needs a big renovation. About half the $132.4 million cost will go to refinance its mortgage, while more than $65 million will be spent on major rehabs: replacing

RIVERSIDE TO PAGE 2

Riverside Large complex provides big portion of affordable housing supply

plumbing, heating and cooling, and elevator systems, and fixing wear and tear throughout the campus' interior and exterior public spaces.

Sherman acknowledges those fixes have been needed for years. "The system was designed poorly when it was built, and it's been deteriorating for a long time," he said. "You can crumble the pipes in your hand."

The result is a 30-minute wait for hot water in the morning, residents say, and buildings that are cold in the winter and hot in the summer.

The renovations will end those problems while offering hundreds of jobs. Sherman said the plumbing reconstruction will keep 100 plumbers working steadily over the next two years, and city documents say the project will provide another 200 construction jobs.

The utility fixes will also make the project much "greener." Sherman said the reductions in water usage and more efficient heating and cooling will produce $1 million in annual water and energy savings.

The blueprints include new plazas on the border of the campus, which will better link it to the rest of its Cedar Riverside neighborhood and make it part of a new pedestrian and bicycle path connecting the West Bank's Hiawatha and Central Corridor LRT stations.

Riverside Plaza is an enormous housing community, and the capital stack that is financing its renovation matches the scale.

The $132.4 million project includes 14 sources of equity and debt, ranging from the developer's contribution, state and city funds, to the founders of Google and a union trust fund.

Sherman said his team spent five years trying to assemble the package, knowing that the deterioration was making it urgent to get the project under way.

At the heart of the financing challenge was the decision to keep the project affordable. That decision limited the project's income and its investor pool. It made Riverside eligible for low-income housing tax credits — but that source took a beating during the recession. Proceeds dropped from 90 cents or more for a $1 tax credit five years ago to as low 60 cents by

George Sherman (center) says workers are renovating 60 apartments each month. Residents in those units live in temporary housing on the campus for that month. (Staff photo: Bill Klotz)

The 38-year-old Riverside Plaza, on the West Bank of Minneapolis, was designed by the architect Ralph Rapson. Riverside has 1,303 units, 85 percent of which are designated as affordable housing. (File photo: Bill Klotz)

2009 and 2010.

Sherman kept searching. “It was like a Rubik’s Cube — we just kept turning the pieces hoping to find ways for the colors to line up,” he said.

The pieces finally lined up in early 2010 thanks to the project’s architect, the late Ralph Rapson. Sherman and historic adviser Charlene Roise put together a successful case for historic designation based on the contributions of the renowned local architect — unlocking state and federal historic tax credits that contributed $29 million in equity.

The low-income housing tax credits also strengthened when they went to market by late 2010. Investors paid close to 84 cents for the credits, Sherman said.

That strength came in part from the project’s size, said Angela Christy, an attorney and tax credit specialist with Faegre & Benson who advised Sherman. “An investor looks at this and says I can invest in 13 projects with 100 units, or I can invest in one project,” she said. “They’re going to decide that this is a lot easier to monitor.”

Meanwhile, Riverside’s latest residents stand out in their commitment to education and to self-reliance. “This is an upwardly mobile population,” said Christiansen of CPED. “They’re looking for opportunities to build their lives here, and the city wants to help do that.”

The renovation budget commits $150,000 annually for the next 30 years to the tenants association, aimed in part to meet new learning challenges, and another $15,000 a year to create a new Safety Center on the campus.

The campus includes the Minneapolis School District’s busiest adult education classes, with more than 500 people studying languages or computer courses each week. Riverside also has a successful charter school that will double in size from its current 150 students when new space is created in the renovation.

Sherman said that 120 residents are attending the Minneapolis Community Technical College now and hundreds more are attending the University of Minnesota and other nearby colleges. “Part of Riverside’s appeal is that it’s so close to higher education,” he said.

LIFETIME ACHIEVEMENT AWARD

George Sherman

BY SAM BLACK
STAFF WRITER

You'd never know it unless you asked, but George Sherman has developed about $2 billion worth of real estate over his 30-year career. And he still owns most of it.

Many of the 80 or so projects he's developed are small, costing between $20 million to $30 million each. But there are some biggies too, including the ongoing $150 million Riverside Plaza renovation in Minneapolis. That project is the largest subsidized housing project in the state, and home to about 4,400 Somali immigrants.

Sherman doesn't wear his wealth on his sleeve; he's not flashy. He doesn't make a big deal about being a big deal. But he is.

Local economic development officials in cities where Sherman has worked laud his perseverance to get things done, his role as the catalyst for redeveloping run-down areas of town and his ability to make complicated projects look easy.

For his success over such a long period and the projects he's done in the Twin Cities, the *Minneapolis/St. Paul Business Journal* selected George Sherman, principal of Minneapolis-based Sherman Associates, as its 2011 recipient of the Best in Real Estate Lifetime Achievement Award.

"He's small hat and big cattle," said Mike Christenson, director of Minneapolis' Department Community Planning and Economic Development.

Sherman is less into selling himself than he is into following through on things, Christenson said. "When George says he's going to do something, you can count on it. That's a blessing in the development world and the most prized asset that a city can ask for."

Track record

Sherman, 57, has developed more than 8,000 housing units in the Upper Midwest, about half of which is affordable housing.

Over the years, he also developed market-rate apartments, condos and senior housing. He has more than 1 million square feet of retail space and two hotels, one in Minneapolis and one in Duluth.

He has a half-dozen development projects in the works in multiple cities today, including Riverside Plaza, and apartment projects in Minneapolis and St. Paul.

Sherman attributes his company's success to its attention to detail, its openness and honesty with others and its focus on the niche of complicated urban developments. It's not uncommon for a Sherman Associates project to have a half-dozen sources of public financing.

"We don't do cookie-cutter projects," he said.

In Minneapolis, Sherman was one of the trailblazers of the Mississippi Riverfront revival with his development of The Landings townhomes in the 1990s.

He was also a big, early Mill District supporter, with his development of the Zenith condos and the aLoft Hotel near the Guthrie Theater.

One of Sherman's most significant projects was the apartment component of the Midtown Exchange, at the site of an old Sears building in South Minneapolis.

That entire development, which Sherman did with Minneapolis-based Ryan Cos. US Inc., was recognized as the best local real estate project of the past decade by the *Business Journal* for its role in transforming the Midtown neighborhood.

Midtown Exchange is a great example of Sherman's determination to see that a project gets done despite the hurdles, Christenson said. The various government units that were assisting with financing the $78 million residential component couldn't do it all in one grant year, so Sherman had to take it on faith that he'd get the grants in future years.

"He delivered, and we delivered and Midtown Exchange was also delivered," Christenson said.

George Sherman has helped revitalize Minneapolis' Mill District with his company's development of the aLoft Hotel near the Guthrie Theater.

Sherman Associates also was instrumental in significant redevelopments in Duluth; St. Paul; Kansas City, Mo.; Des Moines, Iowa; and St. Louis.

Caren Dewar, executive director of the Urban Land Institute's Minnesota chapter, said Sherman is a smart, straightforward, consistent developer.

"He's an incredibly hard worker and he loves what he's doing," Dewar said. She described him as an urbanist who embraces cities and loves the value of cities.

"He's been developing these projects-of-the-future for a long time."

Besides helping cities reclaim neighborhoods and old buildings and supplying thousands of affordable apartments, Sherman also has found ways to give back to communities he cares about.

His company funded and built a shelter for abused women and children in Hastings. It also has included Habitat for Humanity housing in some of its condo projects.

"It's not just about doing the development. It's about trying to do the right thing when you're doing the development," Sherman said.

The future

Sherman doesn't plan to retire anytime soon.

"There's a tremendous amount in the Midwest to do urban development," he said. "We haven't even touched the surface. There are things that we want to get better at and we want to try and achieve. I have a big fire inside of me and I have a big entrepreneurship desire, and so I get up every morning wanting to do something that's new and challenging."

zblack@bizjournals.com | (612) 288-2102

GEORGE SHERMAN

Company: **Sherman Associates, based in Minneapolis**

Title: **Principal since 1979**

Employees: **340**

Description: **Developer of almost $2 billion in residential, commercial and hotel properties**

Age: **57**

Education: **University of Minnesota, bachelor of science in biochemistry (1976) and an MBA (1977)**

Family: **He and his wife Linda live in Edina. They have two adult children; a son, Christopher, 25, who is a project manager for Sherman Associates, and daughter, Caroline, who recently graduated from college.**

Hobbies: **Distance running. He's done about 40 marathons in his life. He also enjoys downhill skiing and golfing.**

sherman ASSOCIATES

M E M O R A N D U M

TO: City Councilmembers, City of Roseville

FROM: Andrew Hughes, Project Manager, Sherman Associates, Inc.

DATE: July 17, 2013

RE: 2785 Fairview Avenue North

Redevelopment Proposal

Sherman Associates, Inc. is pleased to present to the Council its redevelopment concept for the property located at 2785 Fairview Avenue North, within the Twin Lakes Redevelopment Area. Sherman Associates envisions a three phase development that will include approximately 110 units of market rate apartments, 6,000 square feet of office/retail space and 65-80 units of mixed income housing.

At this meeting, Sherman Associates is seeking to introduce itself to the Council and present the redevelopment proposal to the Council for feedback. Sherman Associates anticipates submitting an application to the City in August for a Tax Increment Financing request.

Overview of Sherman Associates, Inc.

Sherman Associates is a Minneapolis-based developer, owner and manager of real estate. Founded in 1979, the organization now owns more than 5,000 housing units and several hundred thousand square feet of office, retail and hotel developments across five states. Please see enclosed Company Profile for additional detail on the organization.

Sherman Associates has developed a strong reputation through its ability to tackle difficult redevelopment projects and seeing potential in traditionally difficult to develop sites. The organization also takes pride in its long-standing relationships with communities in which it does business. The following are properties developed, owned and managed by Sherman Associates in surrounding communities:

- Falcon Heights Apartments, 1550 Larpenteur Avenue West, Falcon Heights;
- The Shores, 3150 Lexington Avenue, Shoreview;
- The Lodge at Little Canada, 2880 Rice Street, Little Canada.

Sherman Associates is highly experienced in delivering developments similar to what is proposed at 2785 Fairview Avenue North. 324 First North in the North Loop Neighborhood in downtown Minneapolis and West Side Flats on the riverfront in downtown Saint Paul are two developments that are in process that will target the top of the rental market, providing the amenities, finishes and the quality of management demanded by modern renters. The organization also has developed numerous mixed income apartment communities and is committed to their quality management.

Overview of Redevelopment Proposal

Sherman Associates is enthusiastic about the site due to its excellent location, accessibility & visibility, proximity to amenities and the strong Roseville market.

The following provides more detail on each of the phases, including their composition and expected timing. Please see enclosed Draft Site Plan for additional detail as to how each phase is configured on the site.

- Phase One: Phase One will include approximately 110 units of market rate, general occupancy rental housing. Sherman Associates is targeting a rental rate of up to approximately $1.40 per square foot, which will put it at the top of the Roseville market. The unit mix is expected to be as follows:

Unit Type	Number of Bedrooms	Number in Development
Market Rate	One Bedroom	30
Market Rate	One Bedroom + Den	37
Market Rate	Two Bedroom	43

  Unit sizes and amenities within this development will appeal to younger, smaller households. Amenities will include underground parking, balconies, in-unit washers/driers, high-quality common area amenities (community room, fitness center, etc.) and high-quality finishes.
- Phase Two: Phase Two will include approximately 6,000 square feet of office/retail space. This phase will add value to the adjacent apartments and surrounding land uses by adding an amenity and providing a mix of uses. Drawing from its other mixed-use development experience, Sherman Associates seeks to make this space as flexible and adaptable as possible. This flexibility is accomplished by separating the space from the apartments.
- Phase Three: Phase Three will include approximately 65 to 80 units of mixed income rental housing. Approximately 80% of the units will be rented at market rate rents, with the balance affordable to those with moderate incomes. Targeted rental rates for the market rate units will be similar those proposed for Phase One; the affordable units will be restricted to those earning at or below 50% of the Area Median Income (AMI). The unit mix is expected to be as follows:

Unit Type	Number of Bedrooms	Number in Development
Market Rate	One Bedroom	17
Market Rate	Two Bedroom	22
Market Rate	Three Bedroom	25
Affordable at 50% AMI	One Bedroom	5
Affordable at 50% AMI	Two Bedroom	5
Affordable at 50% AMI	Three Bedroom	6

  Phase Three will be complimentary to Phase One in that it will have larger bedroom sizes (i.e., Two- and Three-Bedroom units) and have a mix of affordability, widening the market for the development. This phase will also include a quality green space component, including a playground, which will serve as amenity for the families that will likely make up a portion community. Finishes in Phase Three will be of a similar, high-quality to that in Phase One, maximizing the potential for the site.

It is anticipated that Phases One and Two will commence construction in the spring of 2014; Phase Three will commence construction in the spring 2015.

Enclosures:

1) Sherman Associates Company Profile;
2) Draft Site Plan.

kaas wilson architects

TWIN LAKES REDEVELOPMENT, ROSEVILLE, MN - Site Plan

scale: 1" = 60'

7/16/13

EXTRACT OF MINUTES OF A MEETING OF THE CITY OF ROSEVILLE

Pursuant to due call and notice thereof, a regular meeting of the City of Roseville, County of Ramsey, Minnesota, was duly called and held at the City Hall on Monday, the 22nd day of July 2013 at 6:00 p.m.

The following members were present: ______________________;

and the following were absent: ______________________.

Councilmember _______________ introduced the following resolution and moved its adoption:

RESOLUTION NO. XXXXX
RESOLUTION OF APPLICANT

BE IT RESOLVED that the City of Roseville acts as the legal sponsor for project contained in the Redevelopment Grant Program to be submitted on August 1, 2008, and that Mayor is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Roseville.

BE IT FURTHER RESOLVED that the City of Roseville has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that the City of Roseville has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state,

The City of Roseville may enter into an agreement with the State of Minnesota for the above referenced project, and that City of Roseville certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT RESOLVED that the Mayor is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember ________, and upon vote being taken thereon, the following voted in favor: __________________;

and voted against:.

WHEREUPON said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

I CERTIFY THAT the above resolution was adopted by the City Council of Roseville, Minnesota, on July 22, 2013.

SIGNED:		WITNESSED:	
(Authorized Official)		(Signature)	
(Title)	(Date)	(Title)	(Date)

EXTRACT OF MINUTES OF MEETING OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ROSEVILLE

Pursuant to due call and notice thereof, a regular meeting of the Housing and Redevelopment Authority in and for the City of Roseville, County of Ramsey, Minnesota, was duly called and held at the City Hall on Tuesday, the 16th day of July, 2013, at 6:00 p.m.

The following members were present:

Commissioners Quam, Willmus, Elkins, Maschka, Lee and Masche

and the following were absent: Commissioner Majerus

Commissioner Quam introduced the following resolution and moved its adoption:

Resolution No. 49

RESOLUTION IN SUPPORT OF CITY OF ROSEVILLE APPLICATION TO THE MINNESOTA DEPARTMENT OF EMPLOYEMENT AND ECONOMIC DEVELOPMENT FOR THE REDEVELOPMENT OF 2785 FAIRVIEW AVENUE

WHEREAS, the 2785 Fairview Avenue in the City of Roseville was identified by the City as a potential mixed use redevelopment site in the Twin Lakes Redevelopment Area; and

WHEREAS, the Housing and Redevelopment Authority has recently completed a Comprehensive Multifamily Housing Needs Analysis and such proposed development meets an identified need in Roseville; and

WHEREAS, proposed redevelopment site meets the Housing and Redevelopment Authority 2012-2016 Strategic Plan; and

WHEREAS, Sherman Associates, INC. a reputable Twin Cities housing developer, has proposed to build approximately 110 units of market rate housing in Phase I, approximately 6,000 sq.ft. office/retail in Phase II and approximately 65-80 units of mixed income housing options in Phase III.

NOW THEREFORE BE IT RESOLVED THAT the Housing and Redevelopment Authority, in and for the City of Roseville hereby supports and strongly recommends funding to Sherman Associates, INC for the redevelopment of 2785 Fairview Avenue with the goal to redevelop the site into mixed use housing options with commercial amenity that will significantly improve the Twin Lakes Redevelopment Area.

Adopted by the Board of the Authority this 16th day of July, 2013.

Certificate

I, the undersigned, being duly appointed and acting Executive Director of the Housing and Redevelopment Authority in and for the City of Roseville, Minnesota, herby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regularly held meeting thereof on July 16, 2013.

I further certify that Commissioner Quam introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner Elkins, and that upon a vote being taken thereon, the following Commissioners voted in favor thereof:

Members Quam, Willmus, Elkins, Maschka, Lee and Masche

And the following voted against the same: None

And the following abstained from voting: None

Whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 16th day of July, 2013

Acting Executive Director
Housing and Redevelopment Authority
In and for the City of Roseville, Minnesota