



ULI MINNESOTA HOUSING STUDY | 2021

Missing Housing for Middle Incomes

CASE STUDY

MN46

Project Summary

MN46 is a 54-unit multifamily rental apartment development located in Minneapolis, MN, in what is known as the Longfellow neighborhood. The project includes a mix of studios, 1-BR, and 2-BR units and offers surface and interior covered parking. The project delivers first class in-unit finishes and features attractive to market rate renters. Controlling costs of construction and operations was accomplished through trade-offs including smaller scale common area amenities and surface parking as opposed to underground parking. The building design highlights the busy corner providing great exposure for the project. The corner is highlighted by copper railings at balconies, the common amenity space, and a concentrated energy of the residential entry and a small commercial area.

The design also utilizes on grade townhomes, and steps down in height and steps back from the street to provide a gracious transition into the single family neighborhood to the north. The building design responds to a complex trapezoidal site. The shape of the site provided opportunities for a wide mix of unit shapes and styles, it also created challenges to efficient construction.

- High construction costs are often a barrier to delivering residents great units at a reasonable price. The team designed the project to minimize construction costs with slab on grade construction, efficient wood framing, smaller unit sizes and minimal circulation areas. These savings trickled down to the residents as the costs for comparable new construction units of this size are 10-20% more expensive on other projects.

Rent ranges for the various unit types are as follows:

| Unit Mix & Rents | | |
|------------------|-------|-------------------|
| Type | Count | Rent |
| Studio | 7 | \$1,050 – \$1,215 |
| 1 Bed | 44 | \$1,175 – \$1,750 |
| 2 Bed | 3 | \$2,195 – \$2,395 |

QUICK FACTS

Location

Minneapolis, MN

Site size

0.358 acres

Website

<https://mn46apartments.com>

Project address

4555 Minnehaha Ave
Minneapolis, MN 55406

Developer

ACKERBERG
Hayes Harlow
Left Lane Ventures
Twin Cities Home Rental

General Contractor

YellowTree Construction Services
1834 East 38th Street
Minneapolis, MN 55407

Architect

Collage
708 15th Ave NE
Minneapolis, MN 55413

Interior Design

E. Christen Design

Site Challenges

The site and shape of the site was a small, tight, irregular corner lot situation in a commercial residential neighborhood. The challenge was met with an opportunity to get creative and develop a building that was complementary in size and style to the neighborhood, but also very efficient from a density perspective.

Lessons Learned

Neighborhood relationships matter.

The City of Minneapolis had adopted a new Comprehensive Plan that called for considerably increased density in this low-rise single-family neighborhood. There was general concern in the neighborhood regarding the change in density and its effect. The development team approached the neighborhood early to develop trust and acceptance, but mostly brought to the table a design that responded to known concerns. First and foremost the plan went to great lengths to lower the building mass near the residential starting at one story, and then to three stories before the eventual five story building structure. The three-story portion was pulled back to approximate the residential setback complete with more robust plantings. This portion was designed to look like an individual townhome to create a transition to the neighborhood. Careful attention to this issue garnered the project written support from the neighborhood.

Relationships with city and other government staff matter.

The City of Minneapolis had adopted a new Comprehensive Plan and this project was one of the early projects that was evaluated. The project team worked with staff to find a project that met the development needs while still complying with new standards. The project is located within ½ mile of a rail line and if it had been 50 units or less there was no parking requirement. However, at 54 units it had a requirement of 27 stalls. To meet the desired market and keep units affordable the extra parking would have required an underground solution which was very inefficient. Losing 4 units also was problematic for the proforma. Thus the team worked with staff on a compromise to allow the parking variance. Part of the acceptance of the variance was the development has enhanced bike parking and facilities, and the team was able to articulate many other areas where the project was in alignment with the new comprehensive plan.

Security. Providing units on the street near the residential neighborhood allowed for direct ‘eyes on the street’. Careful consideration was given to providing doorways and access closer to the well-lit intersection.



SOURCES & USES / FLOW OF FUNDS

| Sources | Permanent | Per Unit | % TDC |
|----------------------|-------------------|----------------|---------------|
| Debt | 7,880,000 | 145,926 | 75.9% |
| Developer Equity | 2,500,000 | 46,296 | 24.1% |
| Total sources | 10,380,000 | 192,222 | 100.0% |
| Uses | | | |
| Land | 598,350 | 11,081 | 5.8% |
| Hard & Site Costs | 7,522,524 | 139,306 | 72.5% |
| Developer Fee | 650,000 | 12,037 | 6.3% |
| Soft Costs | 853,682 | 15,809 | 8.2% |
| Interest | 275,000 | 5,093 | 2.6% |
| Contingency | 480,444 | 8,896 | 4.6% |
| Total Uses | 10,380,000 | 192,222 | 100.0% |





Project amenity: community room.



Project amenity: community room.



Project amenity: fitness center.



Project amenity: community room.



Typical kitchen, open to the living room with floor to ceiling windows allowing natural light to infiltrate the unit



Typical bedroom.



Minnesota

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