



LAND USE APPLICATION SUMMARY

Property Location: 3333 41st Street East
Project Name: Rezoning
Prepared By: Lisa Steiner, Senior City Planner, (612) 673-3950
Applicant: MLJ Enterprises, LLC
Project Contact: Carol Lansing, Faegre Baker Daniels
Request: To rezone property
Required Applications:

Rezoning	Petition to rezone the property located at 3333 41 st Street East from the R5 District to the II District, adding the IL Industrial Living Overlay District.
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SITE DATA

Existing Zoning	R5 Multiple-Family District
Lot Area	34,054 square feet / 0.782 acres
Ward	12
Neighborhood	Hiawatha
Designated Future Land Use	Urban Neighborhood
Land Use Features	None
Small Area Plan	<u>38th Street Station Area Plan (2007)</u>

Date Application Deemed Complete	June 14, 2016	Date Extension Letter Sent	July 5, 2016
End of 60-Day Decision Period	August 13, 2016	End of 120-Day Decision Period	October 12, 2016

BACKGROUND

SITE DESCRIPTION AND PRESENT USE. The subject property is a triangular parcel located near Hiawatha Avenue and East 41st Street. An existing grain elevator, “Elevator M,” was constructed in 1930 and encompasses most of the property. The elevator was utilized for grain storage until 2008. The site was sold in 2008 and the property went into tax forfeiture in 2013. The current owner purchased the property at public auction in 2015.

A 2008 study identified the elevator as potentially eligible for listing in the National Register of Historic Places for its association with the development of the Minneapolis grain industry and as the only farmer’ cooperative-owned elevator along the Hiawatha corridor. The elevator has also been identified as a contributing property in a potential Hiawatha Corridor Grain Industry Historic District. Since 1930, changes include a scale house that was built in 1933 followed by an attached stair tower in 1956 and a mechanical room in 1960. A truck-loading shed was added in 1978 and most recently a storage building was built in 1989.¹

SURROUNDING PROPERTIES AND NEIGHBORHOOD. The property is adjacent to Canadian Pacific railroad tracks which bisect the block between Hiawatha and Dight Avenue. A fast-food restaurant is located directly west of the railroad tracks on Hiawatha Avenue as well as a car wash and liquor store. Various lumber and milling uses are located north of East 41st Street. Residential uses are located along Dight Avenue to the east of the subject property. A single-family home which fronts on East 41st Street is located directly east of the elevator. The adjacent residential properties on the block are zoned R5 Multiple-Family District while the majority of properties adjacent to the railroad tracks in the vicinity are zoned I1 Light Industrial with the IL Industrial Living Overlay District. The Blue Line light rail transit, which opened in 2004, travels along Hiawatha Avenue in this area and the property is closest to the 38th Street Station.

PROJECT DESCRIPTION. The applicant has petitioned to rezone the property from the R5 Multiple-Family District to the I1 Light Industrial District and the IL Industrial Living Overlay District. In 2012, the property was rezoned to the R5 District when the City completed a rezoning study to implement the *38th Street Station Area Plan*. The property has been vacant for over a year and thus does not have nonconforming rights to uses permitted under the previous zoning classification. The applicant is not proposing a specific use for the property at this time, though they have indicated that adapting the existing buildings for use as a self-storage facility may be the most realistic near-term use of the property. Conceptual plans exploring the feasibility of that use were included in the application and can be found in the appendix. Because the rezoning request is to change from a residential district to an industrial district, the applicant was required to obtain consent signatures from two-thirds of the property owners within 100 feet of the site. The applicant did obtain these signatures.

PUBLIC COMMENTS. No comments had been received as of the writing of this report. Any correspondence received prior to the public meeting will be forwarded on to the Planning Commission for consideration.

¹ Landscape Research LLC, [Historic Context Development and Cultural Resources Evaluation for the Minnehaha-Hiawatha Community Works Strategic Development Framework](#), pages 119-120.

ANALYSIS

REZONING

The Department of Community Planning and Economic Development has analyzed the application for a petition to rezone the property at 3333 41st Street East from the R5 Multiple-Family District to the II Light Industrial District, adding the IL Industrial Living Overlay District based on the following findings:

1. Whether the amendment is consistent with the applicable policies of the comprehensive plan.

The proposed zoning would be consistent with the applicable policies of *The Minneapolis Plan for Sustainable Growth*. The property is designated as Urban Neighborhood on the future land use map. Urban neighborhoods are predominantly residential areas with a range of densities, with highest densities generally to be concentrated around identified nodes and corridors. Urban neighborhoods typically include undesignated nodes and some other small-scale uses, including neighborhood-serving commercial and institutional and semi-public uses scattered throughout.

The following principles and policies outlined in the plan apply to this proposal:

Land Use Policy 1.1: Establish land use regulations to achieve the highest possible development standards, enhance the environment, protect public health, support a vital mix of land uses, and promote flexible approaches to carry out the comprehensive plan.

- 1.1.4 Support context-sensitive regulations for development and land use, such as overlay districts, in order to promote additional land use objectives.

Land Use Policy 1.6: Recognize that market conditions and neighborhood traditions significantly influence the viability of businesses in areas of the city not designated as commercial corridors and districts.

- 1.6.1 Allow for retention of existing commercial uses and zoning districts in designated Urban Neighborhood areas, to the extent they are consistent with other city goals and do not adversely impact surrounding areas.

The property is located within the boundaries of the *38th Street Station Area Plan*, adopted by the City Council in 2006. This site is within the identified “Hiawatha South” subarea in the plan, which includes the grain elevator and a mix of low-intensity industrial uses, auto-oriented commercial uses, and low-density residential uses. The plan envisioned this area as primarily evolving toward a moderate density residential district south of 39th Street. The planned future land use for the properties between the railroad tracks and Dight Avenue was identified as “townhomes/stacked flats.” However, most of the remaining industrial uses in the area kept II zoning after the rezoning study and added the IL Overlay District. This property was one of the only industrial properties in this subarea that had been identified for townhome/mixed flats that was ultimately rezoned to R5 when the rezoning study was completed in 2012.

The following statement in the station area plan is applicable to this property:

“In some cases, immediately changing a site may be impractical. This could be because of the size or configuration of the site or the type of building on it. Rezoning the site could discourage reinvestment and reuse of the site. In these cases, continued investment in property or adaptive reuse of a site may be more important than consistency with the land use envisioned in the plan. The City may choose to maintain current zoning in this case. Another possibility is that the City may change the zoning to a district that still allows the current use but restricts the uses to be more consistent with the plan.” (Page 18)

The applicant contends that rezoning of the site to R5 has discouraged reinvestment due to the impracticality of either demolition of the building or the adaptive reuse potential of the buildings for uses permitted in the R5 District. Because the property has not been utilized since 2008, the property retains no nonconforming rights to uses allowed in the previous zoning classification. Rezoning the property to the II District with the IL Overlay District will allow the property to be utilized for light industrial uses that would be more easily accomplished within the existing structure, while still permitting future residential uses which would be more consistent with the land use guidance in the small area plan. Overall, the proposed amendment is consistent with the applicable policies of the comprehensive plan and small area plan.

2. *Whether the amendment is in the public interest and is not solely for the interest of a single property owner.*

The amendment is both in the public interest and in the interest of the property owner. Rezoning the property to the II Light Industrial District with the IL Industrial Living Overlay District will allow for the existing grain elevator structures to be reused with light industrial uses permitted in the II District while also providing the flexibility for future housing on the site as permitted in the IL Industrial Overlay District. The IL Industrial Living Overlay District is intended to encourage the rehabilitation and reuse of existing industrial structures and to provide for limited residential and retail uses in the II District where such uses are compatible with other uses in the area. The amendment is in the public interest and is not solely for the interest of a single property owner.

3. *Whether the existing uses of property and the zoning classification of property within the general area of the property in question are compatible with the proposed zoning classification, where the amendment is to change the zoning classification of particular property.*

The majority of properties between Hiawatha and Dight Avenue from 32nd Street East to 45th Street East are zoned industrially. The property is currently vacant and has not been utilized for grain storage in eight years. Reestablishing the grain elevator use would not be possible under the proposed II Light Industrial zoning as a grain elevator is only a conditional use in the I3 General Industrial District. The intent of the II Light Industrial District is to provide clean, attractive locations for low impact and technology-based light industrial uses, research and development, and similar uses which produce little or no noise, odor, vibration, glare or other objectionable influences, and have little or no adverse effect on surrounding properties. A single-family home which fronts on East 41st Street is located directly east of the elevator. The adjacent residential properties on the block are zoned R5 Multiple-Family District while the majority of properties adjacent to the railroad tracks in the vicinity are zoned II Light Industrial with the IL Industrial Living Overlay District. The grain elevator has existed on this site since 1930 and rezoning the property back to a light industrial zoning district is generally compatible with the uses and zoning classifications in the general area.

4. *Whether there are reasonable uses of the property in question permitted under the existing zoning classification, where the amendment is to change the zoning classification of particular property.*

The R5 District significantly limits potential uses of the property without demolition or significant alteration of the grain elevator. As the vacant property does not retain nonconforming rights, the site is limited to uses permitted in the R5 District. Under the current zoning, permitted uses are limited to a multi-family dwelling, small community residential facility, small market garden, community garden, park, place of assembly, or child care center. The applicant has indicated that Hennepin County previously completed a demolition study of the property and concluded that full demolition and site clearance would cost approximately two million dollars. The applicant contends that the feasibility of adapting the existing building or demolishing and clearing the site for the uses

permitted in the R5 District is unlikely. Without significant changes to the existing building and site, there are not reasonable uses of the property permitted in the existing R5 zoning classification.

5. *Whether there has been a change in the character or trend of development in the general area of the property in question, which has taken place since such property was placed in its present zoning classification, where the amendment is to change the zoning classification of particular property.*

Some changes have occurred in the area primarily in response to the introduction of the Blue Line light rail transit which travels along Hiawatha Avenue and opened in 2004. Several residential projects have been constructed along the light rail line in recent years.

The existing grain elevator was constructed in 1930 and was utilized as such until 2008. The building has been vacant since this time. With the adoption of the 1963 Zoning Code, the property was zoned M1-I Light Manufacturing District. The property was placed in the II Light Industrial District with the adoption of the 1999 Zoning Code. In 2012, the property was rezoned from the II District to the R5 District as a result of the rezoning study intended to implement the policies in the 38th Street Station Area Plan. The plan designated this property's future land use as "townhomes/stacked flats" and the rezoning study concluded that the property should be rezoned to the R5 District.

The grain elevator had been out of use since the 2008 and was vacant at the time of the rezoning. The majority of industrial uses along this corridor kept industrial zoning after the rezoning study, with the addition of the IL Industrial Living Overlay District. Had the property been in use and remained in use, it could have retained nonconforming rights to uses allowed under the previous zoning classification. The subject property went into tax forfeiture in 2013 and the current owner purchased the property at public auction in 2015. The applicant has indicated that Hennepin County previously completed a demolition study of the property prior to auctioning the property and concluded that full demolition and site clearance would cost approximately two million dollars. The character of the area has somewhat changed as the feasibility of either demolition or adaptive reuse of the existing building is unclear under the R5 District and the site does not have nonconforming rights to other uses. Rezoning the property to the II District with the IL Industrial Living Overlay District will allow for light industrial uses with limited impact on surrounding properties while retaining the option for future residential uses as recommended in the station area plan.

FOR REZONINGS ONLY

ZONING PLATE NUMBER. 33

LEGAL DESCRIPTION. All of Block 41, Palmer's Addition to Minneapolis, Hennepin County, Minnesota.

RECOMMENDATIONS

The Department of Community Planning and Economic Development recommends that the City Planning Commission adopt staff findings for the application by Carol Lansing for the property located at 3333 41st Street East:

- A. Rezoning the property located at 3333 41st Street East from the R5 Multiple- Family District to the II Light Industrial District, adding the IL Industrial Living Overlay District .**

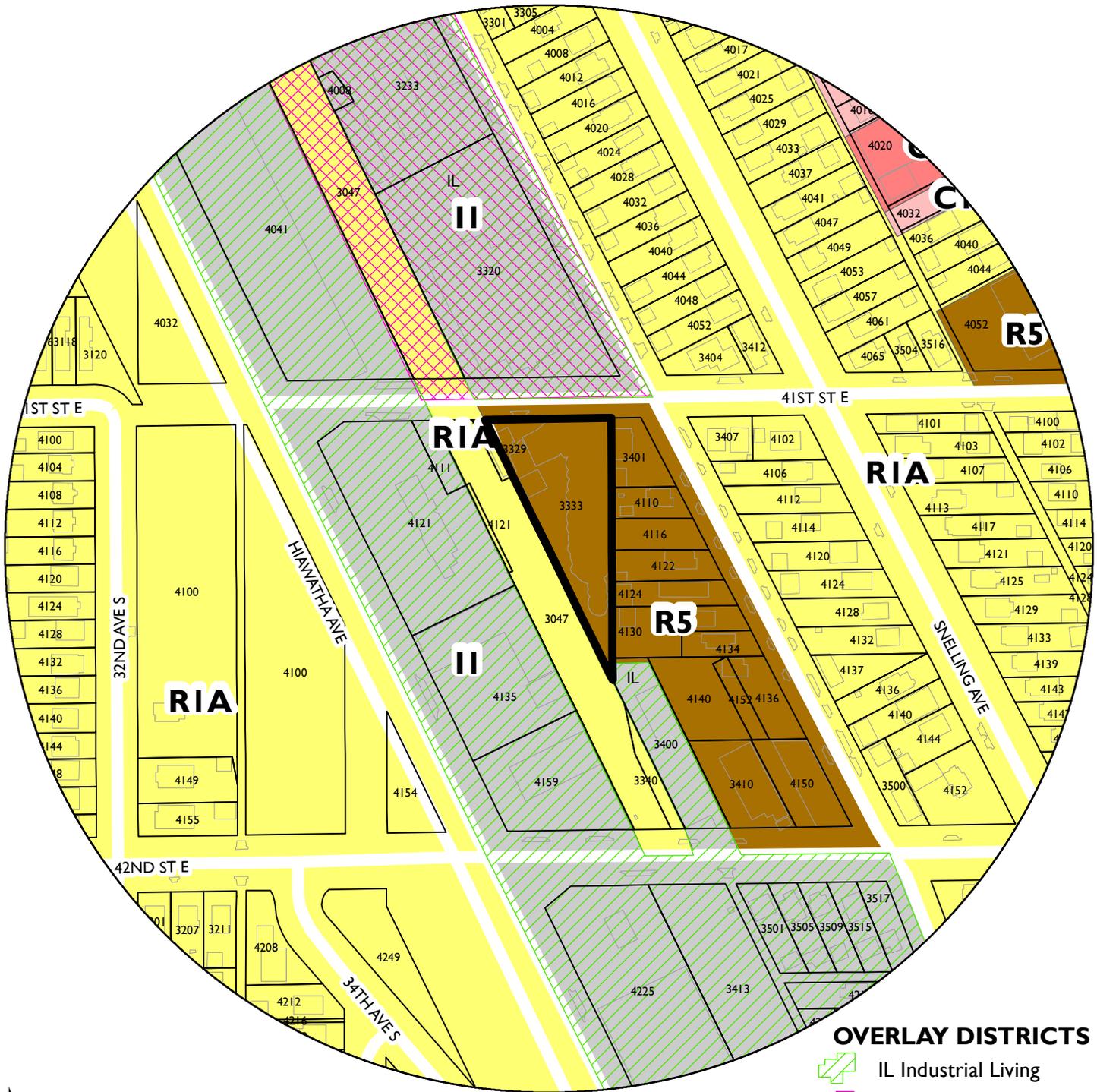
Recommended motion: **Approve** the application for a rezoning.

ATTACHMENTS

1. Zoning map
2. Oblique aerial photo
3. Memo from City Attorney Re: Petition for the Amendment of the Zoning Ordinance
4. Written description and findings submitted by applicant
5. Survey
6. Conceptual plans exploring self-storage feasibility
7. Photos
8. Correspondence

NAME OF APPLICANT

WARD



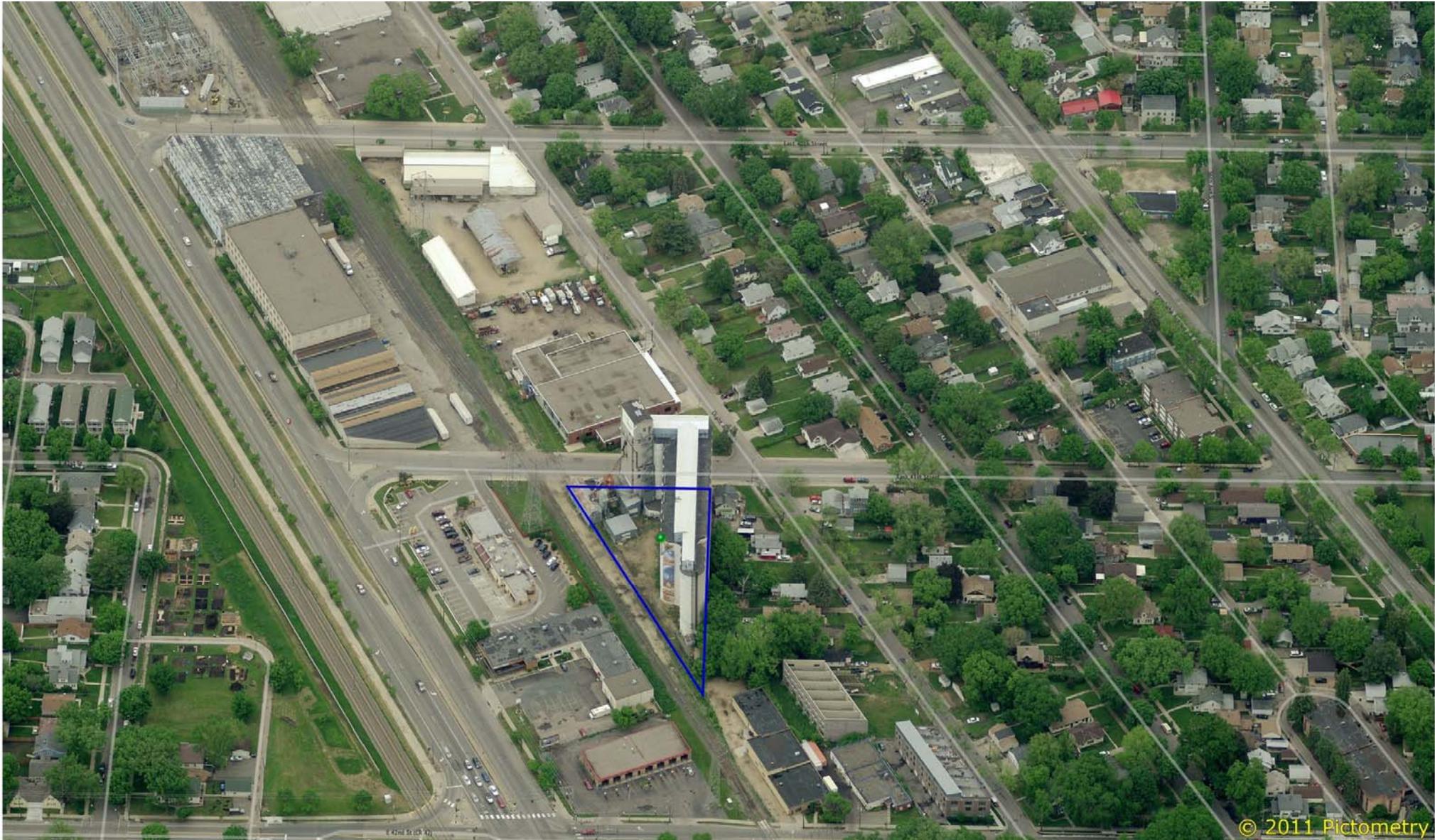
OVERLAY DISTRICTS

-  IL Industrial Living
-  PO Pedestrian Oriented



PROPERTY ADDRESS
3333 41st Street East

FILE NUMBER
BZZ-7759





Office of the City Attorney
Susan L. Segal
City Attorney
350 S. Fifth St., Room 210
Minneapolis, MN 55415
TEL 612.673.3000 TTY 612.673.2157
www.minneapolismn.gov

June 21, 2016

The Minneapolis City Council
Room 307, City Hall
350 South Fifth Street
Minneapolis, MN 55415

Minneapolis Planning Commission
Room 300, Public Service Center
250 South Fourth Street
Minneapolis, MN 55415

Re: Petition for Amendment of the Zoning Ordinance – 3333 41st Street East

Dear Members of the City Council and Planning Commission:

Pursuant to the requirements of the Zoning Code, I certify that the above petition submitted by Adam Mackie, MLJ Enterprises LLC, for rezoning of the property located at 3333 41st Street East from the R5 zoning district to the I1 zoning district with the Industrial Living Overlay district (ILOD) complies with the signature consent requirements of Minnesota Statutes § 462.357, subd. 5.

This opinion is for the sole benefit of the Minneapolis City Council and Minneapolis City Planning Commission. Other persons are advised that they must seek their own legal counsel relative to the matters herein discussed.

Very truly yours,

A handwritten signature in black ink that reads "Erik E. Nilsson". The signature is fluid and cursive, with a long horizontal line extending to the right.

ERIK E. NILSSON
Assistant City Attorney
(612) 673-2192

cc: Lisa Steiner, Senior City Planner (CPED)
Diana Armstrong, City Clerk's Office

3333 41ST STREET EAST
HARVEST STATES GRAIN ELEVATOR PROPERTY

APPLICATION FOR REZONING
JUNE 14, 2016

The triangular, 0.782 acre property at 3333 41st Street East contains abandoned grain silos and associated grain elevator buildings known as the Harvest States Grain Elevator. The property is currently zoned R5, Multiple-family District. Rezoning to I1, Light Industrial District, with an Industrial Living Overlay District (ILOD) is requested to allow the abandoned grain elevator buildings to be reused to generate revenue to provide for maintenance of the site.

Cenex/Harvest States owned and used the site for grain storage until 2008. The storage site was sold to J&F Acquisitions in 2008, which failed to find grain storage users and allowed the property to go into tax forfeiture in 2013. While holding the property for the State of Minnesota after the tax forfeiture, Hennepin County investigated the potential for reuse of the elevator buildings and commissioned a demolition study. Full demolition and site clearing was estimated at about \$2 million. Ultimately, unable to interest developers in the site, the County held a public auction and the only bidder, MLJ Enterprises LLC, a single purpose entity belonging to Adam Mackie, purchased the property on January 6, 2015, for \$23,000.

The current owner bought the property with the intent of repurposing the existing buildings for housing or mixed use. It quickly became apparent, however, that any redevelopment of the property will be an expensive and a long term proposition. The barriers to near-term redevelopment include:

- Conversion of the grain silos for reuse as housing consistent with the current R5 zoning would require large (probably excessive) public subsidies.
- Demolition costs to clear the site for new construction are extremely high, due in part to a zero lot line condition with the residential properties to the east.
- The proximity of overhead high voltage power lines and railroad tracks are environmental conditions that make HUD financing challenging, if impossible. Again, it is likely that public subsidies will be required.
- Feasible redevelopment scenarios involve the need to assemble adjacent residential properties.
- J&F Acquisitions sold a perpetual wireless communications easement immediately upon its purchase of the silo site in 2008. The easement provides no revenue to the current owner. The communications easement either needs to be acquired, relocated, or litigated.

The owner needs to achieve some immediate cash flow to provide for the maintenance and safe operation of the site, to pay property tax, and to prevent trespass, graffiti, vandalism and other risks associated with an inactive commercial property. There is no use allowed under R5 zoning that can realistically be made of the property. The most feasible option for achieving a near-

term reuse of the site is self-storage. Other adaptive reuse of the silos and existing buildings that would require greater but potentially feasible investment includes indoor recreation like a climbing wall, a coffee shop or microbrewery. The proposed I1 and ILOD zoning would allow these types of reuse of the existing buildings.

REZONING REQUIRED FINDINGS

The proposed rezoning from R5 to I1 with the Industrial Living Overlay District is consistent with the required findings under § 525.280 of the Zoning Code.

1) *Whether the amendment is consistent with the applicable policies of the comprehensive plan.*

The property lies within the area studied in the 38th Street Station Area Plan (Station Area Plan), which was adopted by the City Council in 2006. That plan anticipated that the “Hiawatha South” area would evolve to moderate density housing east of the railroad tracks along Dight Avenue and that properties fronting on Hiawatha would have continuing value for light industrial uses, with possible conversion to office or residential. In accordance with the Station Area Plan, the future land use map of the Comprehensive Plan adopted in 2009 guided properties east of the railroad as Urban Neighborhood and west of the railroad as Transitional Industrial.

In 2007, the City initiated a rezoning study for the 38th Street Station Area. Rezoning of areas east of Hiawatha Avenue was brought through the public hearing process in 2012. Planning staff initially recommended rezoning many of the existing, operational industrial sites along the rail corridor from industrial to non-industrial zoning districts to match the future land use map and Station Area Plan guidance. In response to concerns raised by owners and operators of active industrial properties, the City Council ultimately retained industrial zoning for those properties and added the ILOD, which would allow residential use that was more consistent with the future redevelopment envisioned in the Station Area Plan. This incremental approach was consistent with the Station Area Plan guidance, which recognizes that “though current zoning may be inconsistent with the long-term vision identified in the plan, it may be appropriate for the time being, in part because rezoning could discourage investment and reuse of some sites.” Station Area Plan, page18. The result was that there remain many industrially-zoned properties, now with an ILOD, along the rail corridor that are guided for longer-term conversion to residential or mixed use.

Unfortunately, 3333 41st Street was abandoned when the rezoning study was debated, with no engaged property owner to make the same request to maintain the industrial zoning of the site, and the property was rezoned in 2012 from I1 to R5. Rezoning the property back to I1 and adding the ILOD will be consistent with how the Station Area Plan was applied to similar properties in 2012.

2) *Whether the amendment is in the public interest and is not solely for the interest of a single property owner.*

The proposed rezoning is not solely for the interest of the property owner. Rezoning of the site to I1 and ILOD will allow for reuse of an abandoned property in a way that generates revenue necessary for its maintenance and safe operation.

3) *Whether the existing uses of property and the zoning classification of property within the general area of the property in question are compatible with the proposed zoning classification, where the amendment is to change the zoning classification of a particular property.*

Properties to the north, west and south of the site are zoned I1 and ILOD. (The rail corridor is zoned R1A.) These properties are used for light industrial manufacturing, fast food, retail, day care and car wash. Most of them turn their "back" to the grain elevator site and are separated from it by the rail corridor. A property across 41st Street to the northwest, zoned I1 and ILOD, is to be converted to affordable housing. The majority of the properties on the block are located southeast of the grain elevator site, are zoned R5, and contain single family homes or apartment buildings. Their rear yards abut the back of the existing silo structures. The proposed I1 and ILOD zoning is the same as the zoning for most of the surrounding property. Potential uses allowed in the I1 District will be compatible with existing uses of property in the area. It is important to note that I1 zoning will not allow resumption of the abandoned grain elevator use, which requires I3 zoning. Access to the site and activity on the site will be along the rail corridor and will not impact the residential uses east of the silos.

4) *Whether there are reasonable uses of the property in question permitted under the existing zoning classification, where the amendment is to change the zoning classification of particular property.*

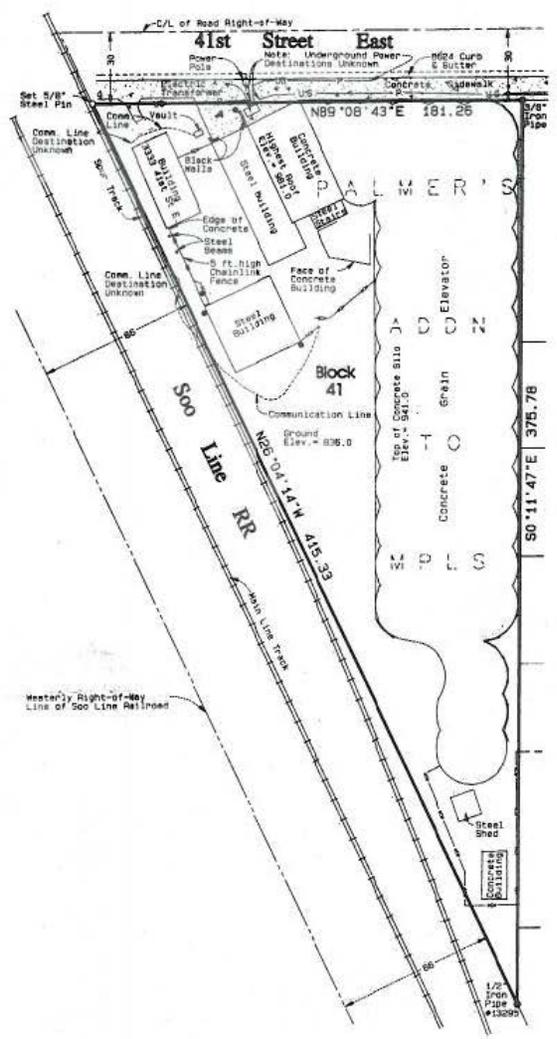
There is no reasonable use of the grain elevator structures under the exiting R5 zoning. Demolition and redevelopment for uses allowed in the R5 District is financially infeasible.

5) *Whether there has been a change in the character or trend of development in the general area of the property in question, which has taken place since such property was placed in its present zoning classification, where the amendment is to change the zoning classification of particular property.*

As discussed above, retention of I1 zoning and the addition of the ILOD would have been the more appropriate option when the rezoning study that changed the property classification to R5 was implemented in 2012.

BOUNDARY SURVEY

3333 4th STREET EAST - MINNEAPOLIS



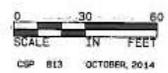
LEGAL DESCRIPTION:

All of Block 41, Palmer's Addition to Minneapolis (Per Certificate No. 1257857)
 Area = 34054 Square feet 0.782 Acres

LEGEND

- PROPERTY LINE
- RIGHT-OF-WAY LINE
- RAILROAD RIGHT-OF-WAY LINE
- 7 FOOT HIGH SECURITY FENCE
- UNDERGROUND POWER LINE
- DENOTES FOUND IRON PIPE
- GUARD POST

NOTE:
 Utility information is from actual field measurements as marked by utility companies. These markings were from previous work done on and around this property. No current contact was made to Gopher State One Call for this boundary survey.



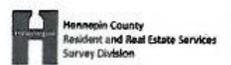
BEARINGS SHOWN ON THIS SURVEY ARE BASED ON HENNEPIN COUNTY SHOWN AND 83 1998 ADJUSTMENT FROM 1991 PUBLISHED VALUES

CHRIS F. MAVIS, HENNEPIN COUNTY SURVEYOR
 4-703 300 South 13th Street
 Minneapolis, MN 55407
 Phone: 612-348-3318
 Email: Chris.Mavis@hennepin.us

I hereby certify that this map or plat and the survey on which it is based were made in accordance with the 2015 Minnesota Standard Detail Requirements for Hennepin County Boundary Surveys, and includes Items 1, 2, & 7(a) and 14 of Table A thereof. The field work was completed on August 20, 2014. I further certify that this plan or report was prepared by me and that I am a duly licensed land surveyor under the laws of the State of Minnesota.

Chris F. Mavis 10/6/2014
 Robert A. Kies
 License No. 25340

This Survey is subject to any facts that may be disclosed by a full and accurate title search.









-  6 Storage Units at approximately 509 square feet
-  12 Storage Units at approximately 593 square feet
-  5 Storage Units at approximately 259 square feet
-  5 Storage Units at approximately 483 square feet
-  5 Storage Units at approximately 322 square feet

33 Total Storage Units at approximately 15490 square feet



Photos of Grain Elevator Property



Photos of Grain Elevator Property



Photos of Grain Elevator Property



Photos of Surrounding Properties



McDonalds to the West across railroad tracks



Back of shopping center and car wash to the Southwest across railroad tracks

Photos of Surrounding Properties



Manufacturing use to the South



Residential uses to Southeast

Photos of Surrounding Properties



Residential use to East



Manufacturing use to North

Lansing, Carol

From: Lansing, Carol
Sent: Tuesday, June 14, 2016 1:41 PM
To: 'joe@longfellow.org'; Andrew.Johnson@minneapolismn.gov
Subject: Notice of Rezoning application for 3333 41st Street East (Harvest States Elevator)

Hello Joe and Andrew.

I am writing to notify you that we have submitted an application to rezone the Harvest States grain elevator property at 3333 41st Street East from R5, Multiple-family District, to I1, Light Industrial, with an Industrial Living Overlay District. As we discussed with the Longfellow Neighborhood Development Committee earlier this month, the purpose for this rezoning request is to allow the owner, MLJ Enterprises LLC, to reuse the exiting grain elevator structures in some manner (most likely self-storage) that will generate revenue for the maintenance of the property while redevelopment is explored as a longer term goal.

Adam Mackie is the owner and manager of MLJ Enterprises LLC. His contact information is: 19950 Dodd Boulevard, #102, Lakeville, MN 55044; (952) 693-5244. I am the applicant's representative for this application and my contact information is below. Please do not hesitate to contact me with any questions you may have.

Thank you.

Carol Lansing

Counsel

carol.lansing@FaegreBD.com Download vCard
D: +1 612 766 7005

Faegre Baker Daniels LLP

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