



Lupe Development Partners and Wall Cos. broke ground Wednesday on The Flats at Malcolm Yards, a 143-unit affordable apartment building at 505 Malcolm Ave. in Minneapolis. (Submitted rendering: Pope Architects)

Malcolm Yards project to boost Minneapolis' affordable housing stock

By: Brian Johnson March 31, 2022 4:33 pm

A roughly \$40 million project that will bring more than 140 new affordable housing units to Minneapolis is officially underway.

Lupe Development Partners and Wall Cos. broke out their ceremonial groundbreaking shovels Wednesday for The Flats at Malcolm Yards, a 143-unit affordable apartment building at 505 Malcolm Ave.

Near a Green Line light rail transit station, the long-planned project is part of a larger development that includes an "urban food hall" known as The Market at Malcolm Yards, the market-rate Malcolm Station Apartments, and 8,500 square feet of commercial space.

The total development cost is in the \$90 million-plus range, said John Wall, president of Wall Cos., a prolific developer of residential, retail, office and industrial projects.

The Malcolm Station Apartments project started "a couple of months ago," Wall said in an interview Wednesday. Malcolm Station Apartments will be connected underground to the new building.





"We had to get the first building, the Malcolm Station Apartments, far enough along so that when they started to build the basement of the new building, the Flats at Malcolm Yards, the parts would be lined up right," Wall said.

The buildings are scheduled for completion in 2023.

With a mix of studio, one- and two-bedroom units, The Flats at Malcolm Yards is 100% affordable housing. The project offers 16 apartments for previously homeless people, and all of the units will be affordable to households at 60% average median income or less.

Amenities include one level of underground parking, a fitness and business center, a coffee bar, and a "sky lounge with views of the Minneapolis skyline," the developers said.

The development team cobbled together an array of funding sources, including the city of Minneapolis Affordable Housing Trust Fund, and the Minnesota Department of Employment and Economic Development's Redevelopment Grant Fund.

Hennepin County funds for affordable housing, transit-oriented development and environmental work are also in the mix. Other investors include Allianz Life Insurance Company of North America (Allianz Life) and tax-exempt lender R4 Capital.

Wall said the development team has been working for two to three years to obtain grants and financing for the project. The tax increment financing from the city "really pulled this together," he added.

"The city has made it their policy lately to provide TIF only for affordable housing projects. And even with a little bit of that help and all the other help we've gotten — and it has been a lot — we were still short," he said.

"So the city said, 'Well, John, we really like your project. What do we have to do to get this one over the hump?'"

That overture from the city resulted in an arrangement to provide infrastructure support using tax increment financing on the market-rate project, and "that helped fill the final gap," Wall said.

Minneapolis Mayor Jacob Frey said in a statement that The Flats at Malcolm Yards is "an extraordinary example of how affordable housing can be thoughtfully integrated into major mixed-use developments. This will be life-changing for families and individuals in our community, including those experiencing long-term homelessness."

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ABOUT BRIAN JOHNSON



Brian joined Finance and Commerce in February 1998. His primary beat has been construction and development.



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