



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

Date: February 14, 2012

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Betsy Hodges, Ways and Means/Budget Committee

Subject: Applications for Grant Funding from the 2012 Metropolitan Council Livable Communities Demonstration Account TOD Grants and Tax Base Revitalization Account Contamination Cleanup TOD Grants

Recommendation:

Approve the attached resolution authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) TOD grants and Metropolitan Council Tax Base Revitalization Account (TBRA) TOD grants as discussed within the report.

Previous Directives:

The City Council considers submission of LCDA and TBRA applications to the Metropolitan Council on an annual basis.

Prepared by: Amy Geisler, Senior Project Coordinator, CPED Multifamily Housing

David Frank, Director of Transit Development

Approved by: Charles T. Lutz, Interim Director, CPED _____

Presenters in Committee: David Frank, Director of Transit Development

Financial Impact

No financial impact

Community Impact

Neighborhood Notification: n/a

City Goals: A Safe Place to Call Home; Jobs and Economic Vitality; Eco-Focused; Livable Communities, Healthy Lives; Many People One Minneapolis; A City That Works.

Sustainability Targets: Affordable Housing Units; Air Quality; Bicycle Lanes and Paths; Permeable Surface.

Comprehensive Plan: 1.5 - Promote growth and encourage overall city vitality by directing new commercial and mixed-use development to designated corridors and districts; 1.13: Support high density development near transit stations in ways that encourage transit use and

contribute to interesting and vibrant places; 3.2: Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; 3.6: Foster complete communities by preserving and increasing high-quality housing opportunities suitable for all ages and household types.

Supporting Information

The Metropolitan Council recently announced the availability of \$13 million in funding for a new program which will support transit oriented development (TOD) activities in several identified "TOD areas." The Livable Communities (LCA) TOD program will leverage the region's public investment in its transit infrastructure by focusing on proposals which are located in the following areas:

- Within a DEED designated Transit Improvement Area (TIA) or area eligible for TIA designation;
- within a one-quarter mile radius along designated high frequency local bus lines; or
- within a one-half mile radius of a bus stop or station on designated high-frequency express routes.

The purpose of this new program is to assist LCA-participating communities to implement transit oriented development which demonstrates how increasing density around transit stations can reduce dependence on automobile ownership, vehicular traffic, and associated parking requirements which would otherwise be necessary to support a similar level of more traditional development and also encourage more transit ridership.

The Livable Communities TOD program is an extension of the established Tax Base Revitalization Account (TBRA) and Livable Communities Demonstration Account (LCDA) funding. Of the \$13 million available in this first round, \$8 million will be awarded for LCDA eligible activities, and \$5 million will be awarded for TBRA eligible activities. The Met Council has indicated that two additional TOD grant rounds may take place this year.

The LCDA program provides funds to development or redevelopment projects throughout the metropolitan area. Funded projects should connect development with transit, intensify land uses, connect housing and employment, provide a mix of housing affordability, and provide infrastructure to connect communities and attract investment. Demonstration Account funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement these statutory objectives.

For the new LCDA TOD grant program, the Metropolitan Council is again making available two types of LCDA Grants: Development Grants (for typical non-construction, development costs) and Pre-Development Grants (for pre-development costs such as feasibility analysis, market analysis, etc). For the entire metropolitan area, there is \$8 million available for Development Grants and Pre-Development Grants. Of these totals, Minneapolis is eligible to compete for 50%, or \$4 million.

The TBRA program also provides funds to development or redevelopment projects throughout the metropolitan area. The program is intended for applicants who have or will purchase a redevelopment site with suspected or perceived contamination and are seeking public funding to assist with the cost of determine the scope and severity of the contamination and to develop a cleanup plan. The investigation grants are intended to encourage an early start to the environmental remediation process, and to help minimize the difference between building on a polluted site and building on a clean site.

For this first TBRA TOD grant round, there is \$5 million available for TBRA TOD Grants. Of this amount, Minneapolis is eligible to compete for 50%, or \$2.5 million, and if requests for TBRA

TOD funding exceed the available funding in a single application cycle, no more than 75% of available funding may be awarded to TOD Projects in Minneapolis and Saint Paul combined.

Cities may submit applications for projects to be undertaken directly by the City, or may sponsor applications submitted by private developers. The 2012 TOD Grants Application Guide is attached to this report.

City Application Review Process

In this first LCDA TOD grant round, the City has been asked to sponsor two Development Grant applications and CPED has prepared one Pre-Development Grant application (totaling \$3,636,100). Each city may submit up to three total applications (from either category), which must be ranked according to priority before submission to the Metropolitan Council.

In this first TBRA TOD grant round, the City has been asked to sponsor five TBRA Contamination Cleanup TOD grant applications and CPED has prepared a sixth application for a City-owned property (totaling \$2,669,353). Each city may submit up to six total applications, which must be ranked according to priority before submission to the Metropolitan Council.

A cross-CPED staff team met to review possible TOD applications and their competitiveness, including alignment with Metropolitan Council TOD program goals, City priorities, and overall project readiness. The recommended project ranking can be found below.

2012 First Round LCDA TOD Development and Pre-Development Applications and Recommended Ranking

Rank	Project	Applicant	Ward	Amount Requested
1	Penn & Broadway	Lupe Development	5	\$1,536,100
2	Boeser Site	Cornerstone	2	\$2,000,000
3	Bassett Creek Valley Predevelopment	CPED	7	\$100,000
TOTAL				\$3,636,100

2012 First Round TBRA TOD Contamination Cleanup Applications and Recommended Ranking

Rank	Project	Applicant	Ward	Amount Requested
1	1100 2nd Street S	Izzy's Ice Cream	7	\$70,923
2	Penn & Broadway	Lupe Development	5	\$463,900
3	Boeser Site	Cornerstone	2	\$720,306
4	Spirit on Lake	PRG	9	\$329,099
5	Pillsbury Lofts	Dominium	3	\$585,745
6	700 Central	Nolan Properties	3	\$499,380
TOTAL				\$2,669,353

Metropolitan Council Application Review Process

City Staff will submit applications to the Metropolitan Council, based upon the project ranking approved by the City Council. Applications are due February 15, 2012.

A Metropolitan Council staff evaluation team will review and score eligible LCDA TOD and TBRA TOD proposals using TOD grant criteria and guidelines. Applications must score 60 or more points out of a possible 100 points on the Step One criteria to advance to the Step Two evaluation process. These criteria include:

- Affordable housing production, and City affordability requirements in the area;
- Lower than typical reliance on automobile usage;
- Creating or preserving employment opportunities;
- City TOD guidelines;
- City hiring and procurement goals and processes which advance and promote the employment of local workers and/or disadvantaged businesses;
- Existing funding commitments to advance the proposal and leverage other resources;
- The proposal's ability to be catalytic and to attract private sector investment;
- Project readiness, including acquisition readiness, if applicable;
- Proximity / high visibility from the Platform/Station area;
- Incorporating TOD design features;
- Providing ridership impact; and
- The project's demonstration value and potential to provide area-wide benefits.

Met Council staff will recommend awards to the Council's Community Development Committee (CDC) in April 2012. Awards are expected to be considered by the full Council that same month.

Project Summaries - LCDA TOD Development Applications

Penn & Broadway (Lupe Development, requesting \$1,536,100), 2200 West Broadway, 2413 Penn Ave N, 2414 Penn Ave N, and 2423 Penn Ave N. Lupe is proposing a new multi-story, mixed use, high density redevelopment. This project will contain between 16,000 to 20,000 square feet of retail on the ground floor with 60 -75 units of affordable rental housing on three floors above. The rental marketing focus is "workforce" housing serving single and small households near transit.

The project will have underground parking, which will primarily serve residents. The affordable housing units will meet a mix of income ranges, with at least 35% of the units affordable at 50% MMI and the remainder affordable at 60% MMI.

The project will be constructed with hard street edges on both the Broadway and Penn Avenue façades, with the exception of the transit facility at the corner of Penn and Broadway. This corner will be specifically designed to incorporate rapid bus transit amenities for westbound/southbound traffic. The development team will emphasize the integral transit amenity as part of the redevelopment project, and this could also include secure bicycle parking if space permits.

Retail will be served by both front and rear entrances promoting foot traffic and 'eyes on the street' on the main façade, while still providing necessary automobile parking spaces to meet the needs of the retail component of the development. The development team has already secured Broadway Liquor Outlet, and its new wine and deli concept as the anchor retail tenant for up to 7,500 square feet of the proposed retail space. Additional planned uses include a dry cleaner, coffee/food and transit-oriented neighborhood retail services.

Boeser Site (The Cornerstone Group, requesting \$2,000,000), 2901 4th St SE. Cornerstone is proposing approximately 250 units of mixed-income housing at the Boeser site along Central Corridor. This is the first phase of a larger master plan concept for the station area which may include: Public plazas, parks, trails, pedestrian and bike connections to the existing

Intercampus Transitway and University Avenue, retail, office, and civic uses. Grant funds would be used towards the acquisition of 2901 4th St SE (known as the Boeser site).

Cornerstone is working with a number of potential partners to implement the larger master plan including Prospect Park East River Road Improvement Association, the Textile Center, Hennepin County, and the University of Minnesota. The goal of these partnerships is to create an iconic district around the station area that incorporates art and artists, nature and open space, local foods and urban agriculture, sustainable design, and active living which demonstrates how transit can be an integral part of the community.

Cornerstone has received approval of its purchase agreement from the bankruptcy court which acts as trustee of the site, and Cornerstone is conducting its initial due diligence to review any title issues, secure acquisition funding, continue site investigation, and continue due diligence work with potential partners. In addition to this grant source, Cornerstone is applying for acquisition and pre-development funds from Hennepin County Corridors of Opportunity Challenge Fund and Hennepin County TOD Program.

Project Summary – LCDA TOD Pre-Development Applications

Bassett Creek Valley Predevelopment (CPED, requesting \$100,000), adjacent to the Van White Station. The Linden Yards area of Minneapolis presents a challenge due to multiple new infrastructure projects (Van White bridge, Southwest LRT, potential commuter rail storage, Linden Yards redevelopment) which have been planned independently for the same area. The proposal will “fit the pieces together” to learn how things relate to one another to facilitate high density development adjacent to the Van White LRT station. The City of Minneapolis has granted Ryan Companies development rights for Linden Yards West through 2015. This study will provide an updated development plan for Phase 1, Linden Yards West, including phased site access from the new Van White Memorial Boulevard, relocation of the Cedar Lake Trail, utilities including storm water, and private development of mid-rise office and multifamily housing. To visualize this plan, a 3-D computer model will be developed for all of Linden Yards West, the Van White Memorial Bridge, Cedar Lake Trail, and I-394 access. The study will also analyze the initial feasibility of utilizing geothermal energy from the deep structural piling required for private development construction onsite.

Project Summaries - TBRA TOD Contamination Cleanup Applications

1100 2nd St S - Izzy's Ice Cream (CPED, requesting \$70,923), 1100 2nd St S. This City-owned .22-acre site is currently a vacant lot. City Council has approved the sale of the property to an affiliate of Izzy's Ice Cream for the construction of a 1½-story, approximately 5,200 square foot building which would include space for ice cream making, small event hosting, an administrative office, and a retail outlet. The City Planning Commission has found this use to be consistent with The Minneapolis Plan for Sustainable Growth, which designates this area as mixed use, and the use is allowed in the existing I1 zoning. The proposed project has yet to go through its formal design and site plan approval process. Grant funds would be used for soil remediation and the installation of a soil vapor mitigation system. The design of the project will be transit and pedestrian oriented by the placement of the building with no setback, with the main entrance and windowed production space located along the sidewalks fronting the building.

Penn & Broadway (Lupe Development, requesting \$463,900), 2200 West Broadway, 2413 Penn Ave N, 2414 Penn Ave N, and 2423 Penn Ave N. Lupe is proposing a new multi-story, mixed use, high density redevelopment. This project will contain between 16,000 to 20,000 square feet of retail on the ground floor with 60 -75 units of affordable rental housing on three floors above. The rental marketing focus is "workforce" housing serving single and small households near transit.

The project will have underground parking, which will primarily serve residents. The affordable housing units will meet a mix of income ranges, with at least 35% of the units affordable at 50% MMI and the remainder affordable at 60% MMI.

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Boeser Site (The Cornerstone Group, requesting \$720,306), 2901 4th St SE. Cornerstone is proposing approximately 250 units of mixed-income housing at the Boeser site along Central Corridor. This is the first phase of a larger master plan concept for the station area which may include: Public plazas, parks, trails, pedestrian and bike connections to the existing Intercampus Transitway and University Avenue, retail, office, and civic uses. Grant funds would be used towards the acquisition of 2901 4th St SE (known as the Boeser site).

Cornerstone is working with a number of potential partners to implement the larger master plan including Prospect Park East River Road Improvement Association, the Textile Center, Hennepin County, and the University of Minnesota. The goal of these partnerships is to create an iconic district around the station area that incorporates art and artists, nature and open space, local foods and urban agriculture, sustainable design, and active living which demonstrates how transit can be an integral part of the community.

Cornerstone has received approval of its purchase agreement from the bankruptcy court which acts as trustee of the site, and Cornerstone is conducting its initial due diligence to review any title issues, secure acquisition funding, continue site investigation, and continue due diligence work with potential partners. In addition to this grant source, Cornerstone is applying for acquisition and pre-development funds from Hennepin County Corridors of Opportunity Challenge Fund and Hennepin County TOD Program.

Spirit on Lake (PRG, requesting \$329,099), 2930 13th Ave S and 1238 E Lake St. Located within a city-designated Growth Area, this project will add an attractive, affordable new housing option to an area of the city with the most significant concentration of employment outside of downtown. Increased residential density builds on tremendous public investments in infrastructure, transit and amenities as well as private entrepreneurial investment in the immediate surroundings. The project will utilize existing utility connections and benefit from the utility upgrades and streetscape improvements included in the Lake Street Repaving project. The development replaces a large surface parking lot and a single story blighted cinderblock building (recently demolished) with a mixed-use building, additional green space, underground parking and on-site storm water management. Higher density residential development in this location supports the increasing numbers of transit users. The project, while adhering to fair housing, will be targeted to the aging gay, lesbian, bisexual and transgender (GLBT) community.

On December 23, 2005, the City Council approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing Program. On November 3, 2006, the City Council approved Project Analysis Authorization (PAA) to evaluate the use of tax increment financing for this project. On April 27, 2007, the City Council adopted a resolution of support for Spirit on Lake as part of the City's 2007 list of priority projects for Hennepin County Transit Oriented Development (TOD) grant funding. On August 3, 2007, the City Council approved the expenditure of Hennepin County HRA Affordable Housing Incentive Fund (AHIF) for this project in the amount of \$225,000. On October 5, 2007, the City Council authorized the execution of a Cooperative Agreement between Hennepin County and the Hennepin County Housing and Redevelopment Authority related to a \$75,000 Hennepin County TOD grant award to the project. On October 19, 2007, the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the project. On January 31, 2008, the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the project. On February 29, 2008, the City Council accepted two brownfield grants to the project; \$235,600 from Hennepin County ERF and \$328,800 from Metropolitan Council TBRA. On May 2, 2008, the City Council accepted a \$391,500 DEED Redevelopment grant for the project. [Ultimately the AHIF, TBRA, ERF and DEED funds referred to above, and approximately \$25,000 of the \$75,000 TOD award, were relinquished because the project did not move forward as quickly as originally envisioned.] On January 14, 2011, the City Council approved a loan up to \$1,449,000 from the AHTF and a grant up to \$30,000 from the Non-Profit Fund for Spirit on Lake. On June 17, 2011 the City Council authorized application to the Metropolitan Council's LCDA grant program. November 4, 2011 the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the project. On December 16, 2011 the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the project.

Pillsbury Lofts (Dominium, requesting \$585,745), 301 Main St SE. Pillsbury Lofts will be the conversion of the Pillsbury Flour Mill and adjacent property into 212 units of affordable rental housing at 60% of AMI income and rent limits. The project will likely achieve LEED Silver certification. Targeted towards artists, the project will provide the infrastructure to support the community of residents with studio space, etc. In addition, with input from an extensive partnership, the site will be able to house an interpretive center and public theatrical space. The site is an endangered historic site at significant risk on the Mississippi River and across from downtown Minneapolis. Providing high density, affordable housing that is transit dependent significantly supports regional redevelopment objectives. The site, as it pertains to this request, is focused on cleanup activities only within the TOD area.

700 Central (Nolan Properties, requesting \$499,380), 700 Central Ave NE, 119 7th St SE, and 123 7th St SE. Nolan Properties has received Planning Commission approval for a 105 unit market rate mixed use renovation project with ground floor commercial. DEED and Hennepin County have awarded the project partial funding to assist in contamination clean up. Requested funds will be used to remove asbestos and lead paint throughout the buildings. Impacted soil will be excavated, transported, and disposed of at an off-site licensed disposal facility. Excavations extending below the subgrade elevations will be backfilled and compacted from the clean soil borrow area.

Attachments:

2012 TOD Application Maps
2012 TOD Grants Application Guide
Resolution