



## Request for City Council Committee Action from the Department of Community Planning & Economic Development

**Date:** April 17, 2012  
**To:** Lisa Goodman, Chair, Community Development Committee  
**Referral to:** Betsy Hodges, Chair, Ways and Means/Budget Committee  
**Subject:** Accept and Appropriate Redevelopment Grants Awarded by the Minnesota Department of Employment and Economic Development

### Recommendation:

- 1) Accept Redevelopment Program grants awarded by the Minnesota Department of Employment and Economic Development (DEED) for the following projects: 430 Oak Grove, 700 Central and Pillsbury Lofts.
- 2) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$880,500.
- 3) Increase the 2012 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$880,500.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related documents and agreements for these grants.

### Previous Directives:

**430 Oak Grove** (430 Oak Grove St.): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to the Metropolitan Council and Hennepin County on behalf of this project. On March 9, 2012, the City Council accepted Metropolitan Council and Hennepin County grants that were awarded to the project.

**700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. The City Council may have taken action(s) in connection with earlier (but ultimately unsuccessful) development proposals by other parties in the 2006-2008 range. On March 9, 2012, the

City Council accepted DEED and Hennepin County grants that were awarded to the project.

**Pillsbury Lofts** (301 Main Street SE): On September 23, 2011, the City Council accepted a Metropolitan Council TBRA investigation grant in the amount of \$47,300 that had been awarded to the project. On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On the same date, the City Council approved the ranking and submission of an application to the Minnesota Statewide Historical and Cultural Grants program (a/k/a “Legacy Grants Program”) in the amount of \$320,000 for a “Pillsbury A Mill Tunnel System Condition Study.” On March 8, 2012 the City Council accepted environmental clean-up funds from Hennepin County ERF and DEED that had been awarded to the project.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181	
Approved by: Charles T. Lutz, Interim Director, CPED	_____
Catherine A. Polasky, Director, Economic Policy & Dev.	_____
Funding Source and Appropriation Language	
Reviewed by Development Finance:	_____
Presenter in Committee: Kevin Carroll, Principal Project Coordinator, 612-673-5181	

**Financial Impact**

- Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan

There is no direct financial impact. However, DEED redevelopment grants require a commitment of local match funds, to be provided by the developer. The City of Minneapolis has sponsored the grant requests in question and will act as a pass-through and conduit for their expenditure.

**Community Impact**

Neighborhood Notification:

**430 Oak Grove** (430 Oak Grove St.): The minutes of a September 12, 2011 meeting of the Board of Directors of the Citizens for a Loring Park Community indicate that a motion in support of this project was unanimously approved at an August meeting of the CLPC’s Land Use Committee.

**700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE): In a letter dated August 18, 2011, the Marcy-Holmes Neighborhood Association indicated that this project had been unanimously approved at an August 16, 2011 meeting of MHNA’s Board of Directors.

**Pillsbury Lofts** (301 Main Street SE): The Marcy-Holmes Neighborhood Association has issued a letter dated February 22, 2012 that indicates (among other things) that the

“[MHNA] remains committed to near term development of the historic Pillsbury A Mill as artists lofts, affordable housing, with public support from various tax incentive vehicles. We encourage your ...support for timely action through the City of Minneapolis approval process.”

**City Goals:** Jobs and Economic Vitality; Livable Communities, Healthy Lives; Eco-Focused. Cleanup of contaminated land supports sustainability goals and some projects include “green” design and construction elements.

**Sustainability Targets:** The projects identified herein will help the City realize sustainability targets related to Brownfield Sites inasmuch as each project will require the abatement of asbestos and lead based paint at a minimum (and also soil remediation, in some circumstances).

**Comprehensive Plan:** The proposed projects generally comply with the “land reclamation” and “providing a healthy environment” elements of The Minneapolis Plan for Sustainable Growth.

**Zoning Code:** The proposed projects either are in compliance or will comply.

**Living Wage/Business Subsidy Agreement:** Yes\_\_ No X (see below)

**Job Linkage:** Yes\_\_ No X (see below)  
(Not applicable; all of the projects in question are housing-related.)

**Supporting Information:** On January 2, 2012, the City submitted applications to DEED’s Redevelopment Grant Program for the following projects: 430 Oak Grove, 700 Central, Currie Park Lofts, Hennepin County Hub, Parcel A, Pillsbury Lofts, Spirit on Lake and West Broadway Curve. By letter dated March 19, 2012, DEED notified the City that grants had been awarded to 430 Oak Grove, 700 Central and Pillsbury Lofts. Redevelopment Grants require a 50% local match, to be provided by the developers.

### **430 Oak Grove**

DEED Award: \$500,000

Anticipated Source(s) of 50% Local Match: Developer funds.

The developer, 430 Oak Grove Holdings LLC (an ownership/development entity created by Krause Anderson Realty and TruCore Realty) intends to rehabilitate an existing four-story office building build in 1923 on a .86-acre site and convert it into a 75-unit market rate apartment building. The conversion of the building from office use to residential is consistent with the future use of Urban Neighborhood from *The Minneapolis Plan for Sustainable Growth*. The project has received its zoning approvals.

DEED funds will be used primarily for the abatement of asbestos and lead-based paint.

## **700 Central**

DEED Award: \$180,500

Anticipated Source(s) of 50% Local Match: Developer funds.

The developer, 7<sup>th</sup> & Central LLC (an affiliate of Nolan Properties Group) intends to rehabilitate an existing four-story timber building built in 1897 and an adjacent seven-story concrete building constructed in 1909 (total site acreage, .956 acre). The developer plans to add three new stories to the seven-story building and then convert both of the existing structures into a 105-unit market rate apartment complex with approximately 10,000 square feet of retail and/or restaurant space on the ground floor. This project was approved by the Planning Commission on September 19, 2011. This building has been vacant since the late 1990's. The parcel is located within a designated Activity Center, and the mix of uses and density is appropriate with this location and consistent with the Comprehensive Plan. It is also consistent with the Marcy Holmes Neighborhood Master Plan's vision for this area. Though the existing buildings have not been historically designated, they have been identified as historic resources - the proposed development will stabilize and rehabilitate these buildings.

DEED funds will be used primarily for demolition.

## **Pillsbury Lofts**

DEED Award: \$200,000

Anticipated Source(s) of 50% Local Match: Developer funds and/or private equity.

The developer, Minneapolis Leased Housing Associates IV Limited Partnership (an affiliate of Dominion Development and Acquisition LLC), intends to redevelop six existing buildings (five of which are adjoining) on this 4.8-acre site, to create 255 affordable rental units. This project covers a significant portion of the Pillsbury A Mill campus, including all the historically significant structures. Another portion of the campus is controlled by a different developer (Doran). The Pillsbury Lofts project has not yet been approved by the Planning Commission. The project is currently under HPC review, with some issues (e.g., parking) still to be resolved.

DEED funds will be used for stormwater management, plaza and green space improvements, underground parking, and the replacement of historic railroad tracks.

**2012R-  
RESOLUTION of the CITY OF MINNEAPOLIS**

**Amending the 2012 General Appropriation Resolution.**

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$880,500.
2. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$880,500.