



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

Date: June 5, 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 (LCDA)**

### Recommendation:

- 1) Approve the attached resolution authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA).
- 2) Authorize changes to the processing of LCDA application fees, as discussed within the report.

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

Approved by: Charles T. Lutz, Deputy Director, CPED \_\_\_\_\_

Thomas A. Streitz, Director, Housing Policy & Development \_\_\_\_\_

Presenters in Committee: Amy Geisler, CPED (612) 673-5266

### Previous Directives:

The City Council considers submission of LCDA applications to the Metropolitan Council on an annual basis. Below are details of previous directives on projects under consideration for 2012:

Commons at Penn Avenue: None to date.

Corcoran Triangle: On February 16, 2010 the City Council awarded \$735,000 in Affordable Housing Trust Funds (AHTF) to the project. In 2011, it was also approved by the City Council to submit a LCDA application to the Metropolitan Council (but was not ultimately funded).

L&H Station: None to date.

Pillsbury Lofts: On May 1, 2012 the Community Development Committee considered an application for Housing Revenue Bonds (HRB) for the project; the request was delayed to a June 2012 agenda. On November 4, 2011 the City Council approved authorization for submission of a DEED Contamination Cleanup and Investigation Grant application, a Tax Base Revitalization Account (TBRA) Grant to the Metropolitan Council and a Hennepin County Environmental Response Fund (ERF) grant to the project.

Seward Commons Infrastructure/Snelling Apartments: On February 10, 2012 the City Council awarded \$944,584 in AHTF to Snelling Apartments. The City Council has also authorized acceptance of a number of pass-through grants to the project (DEED, ERF, and TBRA). The City Council also authorized CPED acquisition of the site in 2009.

The Natural: On April 13, 2012, the City Council authorized submission of a Hennepin County TOD application for the project.

Washburn Center for Children: None to date.

West Broadway Curve: On December 13, 2011, the City Council approved the submission of an application for DEED Redevelopment Grant Program funding for the West Broadway Curve development. On February 10, 2012, the City Council approved an AHTF award of up to \$750,000. On February 28, 2012, the City Council adopted a resolution providing preliminary approval for the issuance of \$5.8 million of tax exempt multifamily housing revenue bonds.

West Broadway District Parking and Transit Plaza: None to date.

### **Financial Impact**

No financial impact

### **Community Impact**

Neighborhood Notification – the following information was provided by applicants, regarding their contact with the designated neighborhood group:

Commons at Penn Avenue: The developer planned to meet with the Housing Committee of the Northside Residents Redevelopment Council on May 14, 2012.

Corcoran Triangle: On February 15, 2010 the Corcoran Neighborhood Organization provided a letter of conditional support to the project.

L&H Station: On November 10, 2011 the Corcoran Neighborhood Organization provided a letter of conditional support to the project.

Pillsbury Lofts: The Marcy Holmes Neighborhood Association Land Use Committee has voted to support the plan for the development of the Pillsbury site with Dominium.

Seward Commons Infrastructure/Snelling Apartments: On April 28, 2011 the Seward Neighborhood Group provided a letter of support for the Snelling Apartments project.

The Natural: The developer reports that the North Loop neighborhood has provided a letter of support to the project; staff is awaiting receipt of this letter.

Washburn Center for Children: On April 25, 2012 the Harrison Neighborhood Association provided a letter of support to the project.

West Broadway Curve: The Jordan Area Community Council has written a letter of support for the project.

West Broadway District Parking: The developer reports preliminary discussions with leadership of the Near North neighborhood.

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 – 2012 LCDA Applications**

The Livable Communities Demonstration Account (LCDA), administered by the Metropolitan Council, 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.

Cities may submit applications for projects to be undertaken directly by the City, or may sponsor applications submitted by private developers. The 2012 LCDA Development Grant Pre-application Guide is attached to this report.

For 2012, the City solicited applications for the LCDA Development Grant program, which provides funds for typical non-construction development costs. For the entire metropolitan area, there is \$8 million available in LCDA funding for 2012. Minneapolis and St. Paul are eligible to compete for up to 40% of this total (\$3.2 million), though the Metropolitan Council may exceed this percentage in its final approval.

The LCDA program is always competitive, both within the City of Minneapolis and across the metropolitan area. The Metropolitan Council is looking for grant-funded elements to be complete and the overall development project to be initiated by January 2015.

### **City Application Review Process**

In 2012, the City has been requested to sponsor 10 Development Grant applications (totaling \$8.6 million). One submitted application (Spirit on Lake) was subsequently withdrawn. Each city may submit up to three applications, which must be ranked according to priority before submission to the Metropolitan Council. In 2011, each city was permitted to submit up to six LCDA applications.

The CPED Sector teams, along with the assigned CPED project coordinator, reviewed each application and provided comments on overall project readiness and compatibility with the LCDA program. A cross-CPED staff team then scored each application according to criteria based on LCDA program requirements and City priority, including readiness. The CPED Directors also participate in scoring applications, with regard to project readiness and City priority. The review criteria are attached to this report.

The resulting project ranking can be found below.

### **2012 LCDA Development Applications and Recommended Ranking**

	Rank	Project	Applicant	Ward	LCDA Request
	1	Seward Commons Infrastructure/Snelling Apts	CPED/Seward Redesign	2	1,100,000
	2	West Broadway Curve	CommonBond	5	1,000,000
Recommended ▲	3	Pillsbury Lofts	Dominium	3	555,000
Not recommended ▼	4	Corcoran Triangle	Wellington, McNellis, & Swenson	9	505,000
	5	L&H Station	L&H Station	9	1,250,000
	6	Washburn Center for Children	Washburn Center for Children	5	392,500
	7	The Natural	McNellis & Swenson	5	500,000
	8	Commons at Penn Avenue	Building Blocks	5	860,381
	9	West Broadway District Parking	Shiloh Church	5	2,500,000
	NA	Spirit on Lake - withdrawn	PRG	9	---

**Total \$8,662,881**

## **Metropolitan Council Application Review Process**

City Staff will submit final applications to the Metropolitan Council, based upon the final project ranking approved by the City Council. Applications are due in July.

A Metropolitan Council staff evaluation team will review and score eligible LCDA Development proposals using LCDA Step One evaluation criteria and guidelines:

- Uses land efficiently;
- Develops land uses linked to the local and regional transportation systems;
- Connects housing and centers of employment, education, retail and recreation uses;
- Develops a range of housing densities, types and costs;
- Conserves, protects and enhances natural resources through development that is sensitive to the environment; and
- The extent to which the application includes tools and processes to ensure successful outcomes.
- The City's housing performance score

Applications must score 30 or more points out of a possible 60 points on the Step One criteria to advance to the Step Two evaluation process.

A 13-member Metropolitan Council Livable Communities Advisory Committee will then score applications according to the evaluation and selection criteria in Step Two:

- Innovation and demonstration – the extent to which the project shows innovative elements, and demonstrates or shows potential to demonstrate new development concepts or elements in one or more of the scoring factor areas; and
- The extent to which the element for which funding is requested will be a catalyst to implement the project of which it is a part.
- Readiness assessment - 1) status of implementation tools, 2) status of funding commitments to ensure construction start or further progress by December 2015, and 3) whether grant funds have been expended or progress made on a prior LCDA award.

Applications must score 30 or more points out of a possible 50 points on the Step Two criteria, or be supported by a two-thirds vote of the advisory committee.

LCDA awards are expected to be approved by the Metropolitan Council in December 2012.

## **Project Summaries**

Commons at Penn Avenue (Building Blocks Community Developers, requesting \$860,381). Commons at Penn Avenue is a 50-unit affordable rental project, located at Penn Avenue and Golden Valley Road. The building will also include 8,000 square feet of service space for kids and families. A portion of the site is owned by the City; however, the City has not yet made the site available for development. LCDA funding is requested for site preparation, sidewalks, and stormwater improvements.

Corcoran Triangle (Wellington, McNellis, and Swenson, requesting \$505,000). Corcoran Triangle is a 103-unit mixed-income rental project, located at the intersection of 32<sup>nd</sup> St E and Hiawatha Ave. Eleven units will be set aside for homeless individuals. LCDA funding is being requested for stormwater improvements, pedestrian and bicycle improvements, and site preparation.

L&H Station (L&H Station, requesting \$1,250,000). L&H Station is a multi-phase redevelopment of the Minneapolis Public School site at 2225 E. Lake St, which will include a Market Plaza, 225 units of market-rate rental housing, 100 units of affordable rental housing, an 80,000-square-foot office/commercial building, and an additional 125 units of market-rate rental housing. LCDA funding is being requested to assist in site acquisition.

Pillsbury Lofts (Dominium, requesting \$555,000). Dominium is proposing 252 affordable rental apartments for artists located on a portion of the historic Pillsbury Mill site. The project will also include 30,000 square feet of office/program space. LCDA funding is being requested for bike and pedestrian improvements, sidewalks, and street improvements.

Seward Commons Infrastructure/Snelling Apartments (CPED/Seward Commons, requesting \$1,100,000). Snelling Apartments is a 60-unit affordable senior rental project, which is Phase II of the redevelopment of the Bystrom Brothers industrial site near the Franklin Avenue LRT station. The site is owned by the City. LCDA funding is being requested for street reconstruction, sidewalks, and associated design and engineering costs.

The Natural (McNellis & Swenson, requesting \$500,000). The Natural is a 70-unit market-rate rental project with 4,000 square feet of commercial space, to be constructed at 600 North 5<sup>th</sup> Street near the Interchange. LCDA funding is being requested for soil correction and shoring.

Washburn Center for Children (Washburn Center for Children, requesting \$392,500). Washburn is proposing a new 50,000-square-foot building with space for Washburn offices, classrooms, and training. The building will be located at 1100 Glenwood Avenue. LCDA funding is being requested for stormwater management, sewer line upgrades, and associated design and engineering costs.

West Broadway Curve (CommonBond, requesting \$1,000,000). CommonBond is proposing a 53-unit mixed-income rental project, which will include an Advantage Service Center. The building will be located at 1926-2022 West Broadway Avenue. The site is owned by the City. LCDA funding is being requested for site preparation, stormwater management, placemaking elements, and other costs.

West Broadway District Parking Ramp and Transit Plaza (Shiloh Church, requesting \$2,500,000). Shiloh Church is proposing to construct a 305-space parking ramp and associated transit plaza on the Shiloh Church property at 1201 West Broadway Avenue. LCDA funding is being requested for construction of the parking ramp.

### **Supporting Information – LCDA Grant Application Fees**

In January 2011, the City Council approved the collection of LCDA Grant Application and Administration Fees for applications sponsored by the City to the Metropolitan Council's LCDA program. A \$750 application fee was approved, with the condition that only applications ultimately approved by the City Council for submittal to the Metropolitan Council would pay the fee (non-selected applications were to have their application fee refunded).

In light of the staff time involved in reviewing and processing LCDA pre-applications submitted to the City, staff is now recommending that the \$750 LCDA Application Fee be non-refundable, regardless of whether they receive City Council approval to submit to the Metropolitan Council. No changes are proposed to the 3% LCDA Grant Award Administration Fee.

### **Attachments:**

2012 LCDA Application Map

Resolution

2012 LCDA Development Grant: Pre-application Guide

2012 LCDA Ranking Tool

## RESOLUTION OF THE CITY OF MINNEAPOLIS

### **Identifying the Need for Livable Communities Demonstration Account Funding and Authorizing Applications for Grant Funds**

**Whereas**, the City of Minneapolis is a participant in the Livable Communities Act's Housing Incentives Program for 2012 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Demonstration Account funds; and

**Whereas**, the City has identified proposed projects within the City that meet the Demonstration Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

**Whereas**, the City has the institutional, managerial and financial capability to ensure adequate project administration; and

**Whereas**, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreements; and

**Whereas**, the City agrees to act as legal sponsor for the projects contained in the grant applications to be submitted by July 9, 2012; and

**Whereas**, the City acknowledges Livable Communities Demonstration Account grants are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the proposed projects or key components of the proposed projects can be replicated in other metropolitan-area communities; and

**Whereas**, only a limited amount of grant funding is available through the Metropolitan Council's Livable Communities Demonstration Account during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of Demonstration Account grant funding; and

**Whereas**, cities may submit grant applications for up to three projects during each funding cycle for LCDA Development Grants and Pre-Development Grants combined, but, using

the cities' own internal ranking processes, must rank their projects by priority so the Metropolitan Council may consider those priority rankings as it reviews applications and makes grant awards.

**Now, Therefore, Be It Resolved** that, after appropriate examination and consideration, the City Council of the City of Minneapolis:

1. Finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at these particular sites at this particular time.
  
2. Finds that the project components for which Livable Communities Demonstration Account funding is sought:
  - (a) will not occur solely through private or other public investment within the reasonably foreseeable future; and
  
  - (b) will occur within three years after the grant award only if Livable Communities Demonstration Account funding is made available for these projects at this time.
  
3. Ranks the project funding applications, according to the City's own internal priorities, in the following order:

**Development Grants**

Priority		Grant Amount
Ranking	Project Name	Requested

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(1)	Seward Commons Infrastructure/Snelling Apartments	\$1,100,000
(2)	West Broadway Curve	\$1,000,000
(3)	Pillsbury Lofts	\$555,000

4. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project components for which Livable Communities Demonstration Account funding is sought but was not able to find or secure from other sources funding that is necessary for project component completion within three years and states that this representation is based on the following reasons and supporting facts:

Seward Commons Infrastructure/Snelling Apartments: LCDA is a primary funding source for the public infrastructure work, as described in the application. Other requested uses typically cannot be funded with traditional affordable housing sources.

West Broadway Curve: Funding already committed to the project (various public affordable housing sources) cannot typically be used for the infrastructure/site improvements described in the application.

Pillsbury Lofts: Funding being considered for the project (various public affordable housing and historic preservation sources) cannot typically be used for the infrastructure/site improvements described in the application.

5. Authorizes its Director of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities Demonstration Account grant funds for the project components identified in the applications, and upon acceptance of any awards by the City Council its Finance Officer or designee to execute such agreements as may be necessary to implement the projects on behalf of the City.