



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

Date: June 19, 2012

To: Council Member Lisa Goodman, Community Development Committee

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

Subject: 2012 Metropolitan Council Livable Communities Demonstration Account TOD Grants and Tax Base Revitalization Account Contamination Cleanup TOD Grants; Hennepin County Challenge Fund Grant

Recommendation:

1. Accept and appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) grants of \$2,000,000 for the Prospect Park Station Boeser Site, \$1,536,100 for the Penn and Broadway project, and \$100,000 in pre-development funds for the Linden Yards project.
2. Accept and appropriate Metropolitan Council Tax Base Revitalization Account Contamination Cleanup (TBRA) grants of \$720,307 for the Prospect Park Station Boeser Site, \$463,900 for the Penn and Broadway project, \$499,380 for the 700 Central project, and \$318,632 for the Spirit on Lake project.
3. Accept and appropriate Hennepin County Corridors of Opportunity Challenge Fund grant of \$275,000 for the Prospect Park Station Boeser Site.
4. Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900220) by \$5,538,319 (distributed as noted above).
5. Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900320) by \$100,000 (distributed as noted above).
6. Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900220) by \$275,000 (distributed as noted above).
7. Increase the 2012 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900900-321513) by \$5,638,319 and (01600-8900900-322002) by \$275,000 (distributed as noted above).
8. Authorize appropriate City staff to execute such grant, sub-recipient, loan, subordination and other agreements as may be necessary to implement the Metropolitan Council LCDA and TBRA grants with the Metropolitan Council, The

Cornerstone Group, Lupe Development Partners, Nolan Properties Group, and PRG (or affiliated entities).

Previous Directives:

On February 14, 2012, the City Council authorized submission of nine grant applications (the successful applications above, as well as 1100 2nd Street South and Pillsbury Lofts) for LCDA and TBRA TOD grants.

Prepared by:	David Frank, Director of Transit Development
Approved by:	Jeremy Hanson Willis, Director, CPED _____
Presenter in Committee:	David Frank, Director of Transit Development
Funding Source and Appropriation	_____
Language Reviewed by Development Finance:	

Financial Impact

Action requires an appropriation increase to the Capital Budget or Operating Budget

Dept Name: Community Planning & Economic Development – 8900220 and 8900320

Fund Name: 01600 - Other Grants-State and Local

Amount: \$5,913,319 (Challenge Fund amount included)

Action provides increased revenue for appropriation increase

Dept Name: Community Planning & Economic Development - 8900900

Fund Name: 01600 - Other Grants-State and Local

Amount: \$5,913,319 (Challenge Fund amount included)

Action is within the Business Plan.

Request provided to the Finance Department.

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

On April 25, 2012 the Metropolitan Council awarded LCDA TOD and TBRA TOD grants as described above. On May 1, 2012 Hennepin County awarded a Corridors of Opportunity Challenge Fund grant of \$275,000 for the Prospect Park Station Boeser Site. Staff is now requesting City Council authorization to accept and appropriate the LCDA TOD and TBRA TOD grant awards, and the Challenge Fund grant award, and to enter into any necessary related agreements, including loan agreements for the Prospect Park Station project.

Grant Application and Award Process

These grant awards are the result of the first Met Council Livable Communities (LCA) TOD program. The Metropolitan Council had announced \$13 million in funding for this new program which supports transit oriented development (TOD) activities in several identified "TOD areas." After reviewing all the applications, the Met Council awarded \$16.1 million for TOD projects around the region, including the \$5.6 million in Minneapolis.

The \$275,000 County Challenge Fund grant to Cornerstone is a new Hennepin County Housing and Redevelopment Authority directed activity which supports strategic investments which align with coordinated planning efforts now underway. Grant funds are available on an open pipeline basis to Hennepin County municipalities along the Central, Southwest, and Bottineau Corridors. Projects may include investments that improve station area access or safety; enhance development potential; or acquire, clear, or ready sites for redevelopment or public purposes. The Challenge Funds will be awarded directly to the City, and distributed to Cornerstone via a subrecipient agreement.

The LCDA TOD grants and TBRA TOD grants, as well as the Challenge Fund grant, will all follow standard procedures, except the Prospect Park Station Boeser Site project. As noted in the grant application for this project, Cornerstone will acquire the property this summer using these funds and Hennepin County TOD funds awarded to the project. Closing on the property will take place well in advance of closing on construction financing. In order to secure the public benefits proposed in the grant application, both the City (using Met Council grant dollars) and the County will advance loans to the project, instead of grants. As a condition of their \$1 million TOD funding, the County requires a first position. The City's loan will be forgivable when the project is complete.

Project Summaries

- Penn & Broadway (Lupe Development), 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.
- Boeser Site (Cornerstone), 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).

- Linden Yards (aka Bassett Creek Valley) Predevelopment (CPED), 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.
- Spirit on Lake (PRG), 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.
- 700 Central (Nolan Properties), 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.

LCDA and TBRA Grant Application Processing and Administration Fees

The City will collect a 3% grant award administration fee at the time of execution of the subrecipient agreement between the City and the developer. No City or Metropolitan Council funds will be used to pay either fee.