



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

Date: October 9, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

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

Subject: Accept and Appropriate Environmental Investigation Grants Awarded by the Metropolitan Council's Tax Base Revitalization Account (TBRA) Grant Program

Recommendation:

1. Accept the following grants:

Metropolitan Tax Base Revitalization Account (TBRA) Grants
(The local match for these projects will come from developer's funds.)

Project	Recipient	Grant Award
Heritage Park (Outlot C)	City of Minneapolis	\$50,000
Minneapolis Preservation Portfolio Project ---	City of Minneapolis	16,300
The Adams: \$4,300		
The Barrington: \$3,300		
The Elms: \$4,100		
The Maryland: \$3,400		
Paige Hall: \$1,200		
The Commons @ Penn Avenue	City of Minneapolis	22,500
Total Metropolitan Council TBRA:		\$88,800

2. a) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$88,800.

3. Increase the 2012 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$88,800.
4. Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: On August 3, 2012, the City Council authorized staff to submit a number of applications for investigation grant funds to the Metropolitan Council's Tax Base Revitalization Account (TBRA) Grant Program. Additional project-specific City Council actions are as follows:

Heritage Park (Outlot C) (1108 Van White Memorial Boulevard): On June 15, 2012, the City Council authorized the termination of the existing Redevelopment Contract in exchange for cooperation from Heritage Housing, LLC with a voluntary foreclosure and winding-down of activities and appropriated funds for foreclosure and property maintenance costs. On December 16, 2011, the City Council authorized pursuing foreclosure proceedings for properties owned by Heritage Housing, LLC in the Heritage Park redevelopment area and executing appropriate documents. On May 16, 2008, the City Council authorized the execution of the Fifth Amendment to the Heritage Park Redevelopment Contract, Phases 1 and 2 with Heritage Housing, LLC. reducing the total number of units to be developed from 174 units to 169 units, extending the build out performance deadline to June 1, 2010, and extending the turn-back of the triangle parcel to April 2010. On October 5, 2007, the City Council authorized the execution of the Fourth Amendment to the Heritage Park Redevelopment Contract, Phases 1 and 2 with Heritage Housing, LLC. reducing the total number of units to be developed from 180 units to 174 units.

On April 13, 2007, the City Council authorized the sale of Outlots I & J to Heritage Housing, LLC and authorized the Second Amendment to the Land Conveyance Agreement with Minneapolis Public Housing Authority. On March 30, 2007, the City Council approved the Third Amendment to the Heritage Park Redevelopment Contract with Heritage Housing, LLC increasing the total number of units; extending the completion timeframes; expanding the middle income limit; revised the timing for developer reimbursement of land sale proceeds for soil correction; increased payments to the public improvement cost note; and assigned a new Town Architect for the project. On May 26, 2006, the City Council approved a request to provide up to \$500,000 of Residential Finance Mortgage program income to Heritage Housing, LLC to be used as affordability loans for the Heritage Park Redevelopment Project; and authorized amending the 2006 Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund SRF-Residential Finance Mortgage Fund by \$500,000. On April 29, 2005, the City Council approved the Second Amendment to the Heritage Park Redevelopment Contract with Heritage Housing, LLC extending the commencement and completion timeframes; amending Section 5.05 Construction Plans and Specifications, and amending Section 11.02 Phases 3 and 4 Improvements. On May 28, 2004, the City Council approved an amendment to the Heritage Park Redevelopment Contract with Heritage Housing, LLC increasing the total number of for-sale units to be developed in Phases 1 and 2 and providing an option to develop a commercial component. On December 29, 2003, the City Council approved the terms of an amendment to the Land Conveyance Agreement with Minneapolis Public Housing Authority for the Heritage Park For-Sale Development Project, Phases 1 and 2. On August 22, 2003, the City Council authorized the appropriate MCDA officials to execute the Land Conveyance Agreement with Minneapolis Public Housing Authority for the Heritage Park For-Sale Development Project, Phases 1 and 2. On August 8, 2003, the City Council approved the business terms and conditions for the Phases 1 and 2 Heritage Park Development Agreement with Heritage

Housing, LLC; increased the appropriation in Fund SDA by \$668,000; and increased the revenue in Fund SDA by \$668,000. On July 29, 2003, the MCDA Board of Commissioners authorized the sale of property to Heritage Housing, LLC; approved the business terms and conditions; and authorized the execution of a Development Agreement with Heritage Housing, LLC. On May 2, 2003, the MCDA Board of Commissioners authorized staff to enter into negotiations with Heritage Housing, LLC based on their proposed Scope of Services, returning with a term sheet within 90 days.

Minneapolis Preservation Portfolio Project (eight addresses; see project description below): There have been multiple prior City Council actions related to the original affordable housing financing for most or all of the Aeon properties in question.

The Commons @ Penn Avenue (2201-2213-2217-2221 Golden Valley Road and 1823 Penn Ave. N.): On June 29, 2012 the City Council approved an exclusive development rights agreement between the City and Building Blocks Non-Profit, Inc.

Prepared by: Kevin Carroll, Principal Project Coordinator
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Catherine A. Polasky, Director of Economic Development _____
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

Community Impact

Neighborhood Notification:

Heritage Park (Outlot C) (1108 Van White Memorial Boulevard): The Heritage Park Neighborhood Association was notified prior to the December 16, 2011 Council action authorizing foreclosure proceedings involving Heritage Housing, LLC.

Minneapolis Preservation Portfolio Project (eight addresses; see project description below): The Elliot Park Neighborhood issued a letter of support on June 11, 2012. Aeon has also notified the Loring Park neighborhood group of its plans. In addition, there were multiple past notifications related to project financing for some or all of these Aeon affordable housing projects.

The Commons @ Penn Avenue (2201-2213-2217-2221 Golden Valley Road and 1823 Penn Ave. N.): The developer met with the Northside Residents Redevelopment Council in May and in June to discuss this project. Additional discussions/meetings are planned.

City Goals: A Safe Place to Call Home; 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: Seven Minneapolis sites were awarded funds in this grant round, which brings the total number of City projects securing brownfield grants (2004-2012) to 144.

The City's original goal of remediating 100 brownfield sites by 2014 was achieved by 2011, so in 2012 a new target of 170 sites was adopted. The City is well on its way to achieving this new goal by 2014.

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 prior to the expenditure of funds.

Other: Environmental remediation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act. However, any business that occupies a remediated site may be asked to sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

Living Wage/Business Subsidy Agreement: Yes ___ No X
Job Linkage: Yes ___ No X

Supporting Information

On August 3, 2012 the City of Minneapolis/CPED submitted or supported grant applications to the Metropolitan Council's Tax Base Revitalization Account (TBRA) Investigation Grant Program for the three projects (involving a total of nine sites) identified herein.

Total grant funds in the amount of \$88,800 were awarded to projects located in the City of Minneapolis during the August 1 round of the TBRA Investigation Grant Program. The amount awarded in the round in question is 82% of the total amount requested (\$108,167) for projects located in the City.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – Of the \$103,800 awarded metro-wide, Minneapolis projects received \$88,800, or 85.5% of the grant funds awarded.

Geographic Distribution of Grant Awards

The Metropolitan Council awarded a total of eight brownfield investigation grants during the August 1 grant round. Projects receiving grants were located in the following jurisdictions:

JURISDICTION	NUMBER OF GRANTS RECEIVED
Minneapolis	7
Waconia	1

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

The City sponsored and submitted grant applications on behalf of these three projects (involving a total of nine sites), and in each case the related grant agreement will be between the grantor and the City. The City will enter into subrecipient agreements with the developers or related entities to enable them to obtain reimbursement for any eligible investigation costs incurred.

Heritage Park (Outlot C) (1108 Van White Memorial Boulevard)
Metropolitan Council TBRA Award: \$50,000

This project site is a 1.71 acre vacant lot. It is currently owned by Heritage Housing, LLC but the City is in the process of reacquiring it through a foreclosure proceeding. A developer for the site is expected to be chosen by the City through a post-foreclosure RFP process in 2013. Envisioned uses for the property include townhomes or a multi-story rental building (15+ units). Between 2003 and 2007, 12,000-17,000 cubic yards of excess topsoil were moved to this site from nearby residential development sites. This pile of soil will have to be moved before the site can be developed. The awarded TBRA funding will be used to assess possible contaminants contained within the stockpiled soil in question.

Minneapolis Preservation Portfolio Project
Metropolitan Council TBRA Award: \$16,300 (total, for five sites)

This project involves the following eight buildings:

- The Adams: 500 S. 10th St. **[TBRA Award: \$4,300]**
- The Barrington: 911 Park Ave. **[TBRA Award: \$3,300]**
- Elliott Court: 1132 S. 8th St. **[no TBRA funds were awarded]**
- The Elms: 1401 Portland Ave. **[TBRA Award: \$4,100]**
- The Heritage: 624 S. 9th St. **[no TBRA funds were awarded]**
- The Maryland: 1346 LaSalle Ave. **[TBRA Award: \$3,400]**
- Paige Hall: 727 S. 5th Avenue **[TBRA Award: \$1,200]**
- The Roselle: 910 Portland Ave. **[no TBRA funds were awarded]**

Overall, the “Minneapolis Preservation Portfolio Project” involves ten separate fully-occupied affordable downtown apartment buildings owned by Aeon. Nine are in the Elliott Park neighborhood and one is in the Loring Park neighborhood. These buildings currently include a total of 566 rental units. Aeon intends to renovate and recapitalize these properties to ensure their viability. This process will add 13 new rental units. Eight of the ten buildings (i.e., the eight properties listed above, comprising a total of 3.72 acres) were constructed between 1886 and the early 1900’s, and Aeon’s renovation of them will include assessments of asbestos and lead based paint. Grant funding will be used for these assessments and/or for hazardous materials surveys.

The Commons @ Penn Avenue (2201-2213-2217-2221 Golden Valley Road and 1823 Penn Ave. N.)
Metropolitan Council TBRA Award: \$22,500

Building Blocks Non-Profit, Inc. intends to develop a three story, 45-unit multifamily apartment building with 4500 square feet of ground floor commercial space on five contiguous parcels (.78 acre in total) in July of 2013. Three of the parcels are currently owned by Building Blocks’ for-profit development partner, George Group Inc.; the other two parcels are currently City owned and are the subject of an exclusive development rights agreement between the City and Building Blocks that was approved by the City Council on June 29, 2012. Grant funding will be used for Phase I and Phase II site assessments and Response Action Plan [RAP] preparation.

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 \$88,800.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$88,800.