



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

Date: April 2, 2013

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 2013 Metropolitan Council Livable Communities Demonstration Account and Livable Communities Demonstration Account Transit Oriented Development Grants**

### Recommendation:

Approve the attached resolution authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) and Livable Communities Demonstration Account Transit Oriented Development (LCDA TOD) grant programs as discussed within this report.

### Previous Directives:

The City Council considers submission of LCDA and LCDA TOD applications to the Metropolitan Council on an annual basis. The Council has taken prior action on several of the submitted applications, including awarding Affordable Housing Trust Funds (Commons at Penn Ave), development rights (Commons and Penn Ave and Hawthorne Eco Village), and previous grants (Boeser site).

Prepared by: David Frank, Director of Transit Development  
Amy Geisler, Senior Project Coordinator, CPED Residential Finance

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

Presenters in Committee: David Frank, Director of Transit Development  
Amy Geisler, CPED Residential Finance

### Financial Impact

No financial impact

### Community Impact

Neighborhood Notification: All applicants were asked to provide information on the status of neighborhood review of their projects.

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 funding to support development projects throughout the metropolitan area through two programs: the Livable Communities Demonstration Account (LCDA), and the Transit Oriented Development (TOD) program. 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. 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.

For 2013, the Metropolitan Council will again make available LCDA Development Grants for typical non-construction, development costs. For the entire metropolitan area, there is \$7.5 million available for LCDA Development Grants. Of this total, the cities of Minneapolis and St Paul are eligible to compete for 40% (\$3 million, though the full Metropolitan Council may exceed this percentage in its final approval).

The 2013 program guidelines for this program have not yet been published, so City staff is using 2012 program information and conversations with Met Council staff as a basis for this report. The 2012 LCDA Grants Application Guide is also attached to this report.

The Metropolitan Council also recently announced the availability of \$8 million in TOD program funding for transit oriented development activities in identified "TOD areas." The TOD program has 2 sub-accounts: LCDA-TOD (grants similar to regular LCDA), and TBRA-TOD (grants similar to regular Tax Base Revitalization Account (TBRA)). Recommendations on TBRA-TOD grants will be reviewed by the City Council at a future meeting. For LCDA-TOD, the Met Council will make available \$5 million for the entire metro area, of which up to \$2 million may be awarded per city. Under the LCDA-TOD umbrella, the Met Council is also soliciting applications for Pre-Development grants, which may be used for pre-development costs such as feasibility analysis, market analysis, etc.

The 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 funding 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 2013 program guidelines for the TOD program have not yet been published, so City staff is using 2012 program information and conversations with Met Council staff as a basis for this report. The 2012 LCDA TOD Grants Application Guide is also attached to this report.

**City Application Review Process**

Based upon the expected application deadlines for both the LCDA and LCDA-TOD programs, and the fact that projects may apply to only one program (not both), City staff released a RFP for projects interested in applying to either funding source.

In this round, the City has been requested to sponsor seven grant applications totaling \$7.1 million. Each city may submit up to three applications for each source, which must be ranked according to priority before submission to the Metropolitan Council.

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 grant programs. A cross-CPED staff team scored each application according to criteria based on program requirements and City priority, including readiness. The CPED Directors also participate in scoring applications, with regard to project readiness and City priority.

The recommended project ranking can be found below; it includes the program (LCDA vs. LCDA-TOD) in which staff believes projects would be most competitive. Only one application is being recommended for TOD Pre-development funding (Bassett Creek North – see the Project Summary for additional information)

**2013 LCDA Applications and Recommended Ranking**

	Rank	Project	Applicant	Ward	LCDA Request
all recommended	1	MoZaic Phase II	Ackerberg Group	10	750,000
	2	Commons at Penn	Building Blocks	5	1,000,000
	3	Hawthorne Eco Village	PPL	3	1,000,000
		<b>Total Requests</b>			<b>2,750,000</b>

**2013 LCDA TOD Applications and Recommended Ranking**

	Rank	Project	Applicant	Ward	LCDA Request
	1	Boeser site/ 4 <sup>th</sup> St SE infrastructure	CPED/Cornerstone	2	1,000,000
	2	Anishinabe Bii Gii Wiin	PPL	6	1,000,000
recommended	3	8 <sup>th</sup> Ave Pocket Park	Gunsbury & Miller	7	370,500
not recommended	4	L&H Station	L&H	9	2,000,000
		<b>Total Requests</b>			<b>4,370,500</b>

**Metropolitan Council Application Review Process**

City Staff will submit applications to the Metropolitan Council, based upon the project ranking approved by the City Council. Pre-applications will be due to the Met Council in late April or early May, with final applications due in July.

A Metropolitan Council staff evaluation team will review and score eligible LCDA and LCDA TOD proposals using TOD grant criteria and guidelines. Based on the 2012 process, applications

must score 45 or more points out of a possible 75 points on the Step One criteria to advance to the Step Two evaluation process. These criteria include:

- The proposal's ability to produce affordable housing;
- The proposal's ability to create or preserve employment opportunities;
- The degree to which the proposal is visible from the station area and the intensity of future use of the site;
- Established funding partnerships;
- The proposal's demonstration value and potential to provide area-wide benefits;
- The proposal's ability to be catalytic to attracting private sector investment; and
- Project readiness and anticipated timeframe of development.

Met Council staff will recommend awards to the Council's Community Development Committee in October/November 2013. Awards are expected to be considered by the full Council in November/December 2013.

### **Project Summaries - LCDA Development Applications**

**MoZaic Phase II** (Ackerberg Group, requesting \$750,000), 1350 Lagoon Ave S. MoZaic Phase II is the second phase to the MoZaic Project located in Uptown, immediately adjacent to the Uptown Transit Station and an access point to the Midtown Greenway. MoZaic currently includes over 65,000 SF of Class A office space, 12,000 SF of restaurant space, and public parking facility along with a large public plaza. MoZaic East will replace a surface parking lot with a new building that will include approximately 110,000 SF of Class A office space, 25,000 SF of clinic space, and 25,000 SF of Movie Theater or retail space. The building is designed to maximize employee access to daylight and reduce shadowing on the Midtown Greenway by stepping the building back as the building height increases. The various floor plate sizes allows for tenant flexibility, which can accommodate both large and small businesses. This also allows for businesses to grow within the building over time. The project team is in discussions with several potential larger tenants who have indicated that they have further interest in the space. The property is owned by the development team and there is equity committed. The developer is seeking LCDA funds for site preparation, placemaking, and stormwater costs.

**Commons at Penn Avenue** (Building Blocks, requesting \$1,000,000), 1823 Penn Ave N. The Commons @ Penn Avenue is a 45 unit, three-story affordable multi-family housing complex with 4,500 square feet of commercial space on the first floor that will house Building Blocks services, Mind, Body and Soul, and retail tenants. The housing unit mix includes one, two and three bedrooms, including four two-story walk up units with front porches along the Golden Valley elevation that create a strong interrelation between the housing community and the street level. The majority of units are two and three bedrooms to accommodate a need for family units in the market area. A combination of underground and street level parking will serve the residential and commercial uses, respectively. Pedestrian infrastructure and green space are included. A portion of the site is owned by the City, for which the developer has been awarded development rights by the City Council. The developer is seeking LCDA funds for demolition, site preparation, and infrastructure costs.

**Hawthorne Eco Village** (PPL, requesting \$1,000,000), 617 Lowry Ave N. Project for Pride in Living, Inc. proposes to develop a 75-unit apartment building at the intersection of Lowry and Lyndale Aves N in Minneapolis. The various parcels making up the 1.84 acre site are currently owned by Hennepin County and the City of Minneapolis. As cornerstone of the Hawthorne EcoVillage Cluster, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be PPL's first multi-family project designed to LEED for Homes or LEED NC standard. The developer is seeking LCDA funds for site preparation, placemaking, and stormwater costs.

## **Project Summaries - LCDA TOD Development Applications**

**Boeser Site / 4<sup>th</sup> Street SE** infrastructure (CPED/Cornerstone, requesting \$1,000,000), 2901 4<sup>th</sup> St SE. The Cornerstone Group (TCG) acquired the Boeser site in 2012 with LCDA-TOD funds. The vacant, blighted commercial building at 2901 4th Street SE, adjacent to the 29th Ave LRT station, will be demolished and redeveloped into 200+ units of transit-oriented, mixed-income housing. At least 20% of the units will be affordable. As part of the Prospect Park Master Plan to create a walkable arts-centered cultural district with a vibrant mix of uses, The City of Minneapolis will rebuild 4th Street SE, which is in need of major reconstruction. "Green Fourth" will be a pilot project for a Green/Living Street that is pedestrian/bicycle focused, integrating connecting elements, stormwater management, and potentially district energy and shared parking to attract people and other investment to the project area. CPED is seeking LCDA-TOD funds for stormwater, lighting, water main, and sidewalks.

**Anishinabe Bii Gii Wiin** (PPL, requesting \$1,000,000), 1600 19<sup>th</sup> St E. Anishinabe Bii Gii Wiin is a 32-unit, single room occupancy, permanent supportive housing/assisted living facility to be located on the campus of and adjacent to, Anishinabe Wakiagun, 0.25 mi from the Franklin LRT Station. Bii Gii Wiin will provide sober housing opportunities for homeless and near homeless individuals. Group Residential Housing supportive services will be made available through funding provided by the Minnesota Department of Health/Hennepin County HSPHD. Bii Gii Wiin, like Anishinabe Wakiagun, will employ the Housing First/Harm Reduction model which permits residents to take advantage of available services and programs at their discretion. Anishinabe Wakiagun will be minimally rehabbed and incorporated into the new project. The developer is seeking LCDA-TOD funds for stormwater, placemaking, sidewalks, and other site preparation costs.

**8<sup>th</sup> Ave Pocket Park** (Gunsbury & Miller, requesting \$370,500), 901 2<sup>nd</sup> St N. The project is a multi-family new construction building (approximately 140 units) to replace an existing surface parking lot at 901 2nd St. N. The building's design will be consistent with the modern warmth of adjoining apartment construction by the same developer at Soltva (opened Aug. 2012) and Solhavn (opens Aug. 2013). The developer is proposing to create a new pedestrian/bike passageway from the development site on 2<sup>nd</sup> St North to Washington Avenue at 8<sup>th</sup> Avenue. This would be accomplished by demolishing a small portion of the North Loop Fitness building. The developer is seeking LCDA-TOD funds for demolition, placemaking elements, sidewalks, and lighting.

**L&H Station** (L&H Development, requesting \$2,000,000), Hiawatha Ave & Lake St. L&H Station is a mixed-use residential, civic, and commercial development at the Lake Street/Midtown LRT Station. The site will consist of 4 distinct components forming a modern, transit-oriented development that promotes smart growth while leveraging recent investment in Lake Street and the Hiawatha Corridor: A public market plaza that transforms LRT access and safety, and hosts the Midtown Farmer's Market, a commercial building that will host the Minneapolis Public Schools and a Hennepin County Human Services Hub, plus underground parking, a mixed-use building with 225 units of market-rate housing, commercial space and underground parking, and a mixed-income housing building with 100 units of affordable and 200 units of market-rate housing. The developer is seeking LCDA-TOD funds for site acquisition. As of the preparation of this report, the developer has not yet secured site control with the Minneapolis School District.

## **Project Summary - Pre-Development Application**

**Bassett Creek North Predevelopment** (CPED, requesting \$90,000), Van White LRT station area. The Van White Memorial Boulevard project is nearing completion; the roadway will connect north and south Minneapolis and open the Bassett Creek Valley area west of downtown to more visibility and redevelopment. As part of the effort to secure right-of-way

from businesses in the area, the City of Minneapolis acquired a total of approximately 5 acres of "surplus" land that will not be required for the Van White project. These 5 acres are composed of five very irregularly-shaped parcels, separated by other property owned by CP Rail and a private party. If the City could combine the five acres of "surplus" land from Van White Memorial Boulevard with the CP Rail and private parcels, it would be able to assemble developable parcels both east and west of Van White near 2nd Ave. S. This area is strategically located in the Van White TIA areas for both the Southwest LRT and Bottineau Transitway projects and is in the Harrison Neighborhood that has substantial poverty and social distress. Appropriate development of these parcels would build upon the strategic public investment in the new Van White Boulevard, act as a catalyst to encourage redevelopment within the Harrison neighborhood and support transit use on two corridors. CPED is seeking funds to conduct appraisals, evaluate development feasibility, and legal/survey/geotechnical costs.

**Attachments:**

2012 LCDA Grants Application Guide

2012 LCDA TOD Grants Application Guide

Resolution

City of Minneapolis 2013 LCDA and LCDA-TOD Grant Application Ranking Tool

**RESOLUTION  
OF THE  
CITY OF MINNEAPOLIS**

**Identifying the need for livable communities transit oriented development funding and authorizing applications for grant funds.**

Whereas, the City of Minneapolis ("City") is a participant in the Metropolitan Livable Communities Act ("LCA") Local Housing Incentives Program for 2013 as determined by the Metropolitan Council, and is therefore eligible to apply for LCA Livable Communities Demonstration Account and Tax Base Revitalization Account Transit Oriented Development (collectively, "TOD") funds; and

Whereas, the City has identified proposed projects within the City that meet TOD 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 adequately manage an LCA TOD grant; and

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

Whereas, the City acknowledges Livable Communities TOD grants are intended to fund projects or project components that can serve as models, examples or prototypes for TOD development or redevelopment 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 TOD initiative 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 TOD grant funding; and

Whereas, cities may submit grant applications for up to three TOD Demonstration Account projects during each funding cycle, but, using the City's 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 by The City Council of The City of Minneapolis:

That the City finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at the sites indicated in the grant applications at this particular time.

Be It Further Resolved that the City finds that the TOD project components for which Livable Communities TOD funding is sought (a) will not occur solely through private or other public investment within the reasonably foreseeable future; and (b) will occur within the term of the grant award (two years for Pre-Development grants, and three years for Development grants) only if Livable Communities TOD funding is made available for these projects at this time.

Be It Further Resolved that the City ranks the TOD project funding applications according to the City's own internal priorities in the following order:

<b>Priority</b>	<b>LCDA TOD Project Names</b>	<b>Grant Amount Requested</b>
1	Boeser site/4 <sup>th</sup> St SE Infrastructure	\$1,000,000
2	Anishinabe Bii Gii Wiin	\$1,000,000
3	8 <sup>th</sup> Avenue Pocket Park	\$370,500

<b>Priority</b>	<b>LCDA TOD Pre-Development Project Names</b>	<b>Grant Amount Requested</b>
1	Bassett Creek North	\$90,000

Be It Further Resolved that the City authorizes its Department of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities TOD grant funds for the TOD 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.

**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 2013 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 2013; 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 Ranking	Grant Amount	Project Name	Requested
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(1)		MoZaic Phase II	\$750,000
(2)		Commons at Penn Ave	\$1,000,000
(3)		Hawthorne Eco Village	\$1,000,000

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:

MoZaic Phase II: LCDA is a primary funding source for the uses requested in the application. The requested elements may not be of the quality or demonstration value possible, without an award of LCDA funds.

Commons at Penn Avenue: Funding already committed to the project (various public affordable housing sources) cannot typically be used for the infrastructure/site improvements described in the application.

Hawthorne Eco Village: Funding being considered for the project (various public affordable housing 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.