



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

**Date:** October 7, 2014  
**To:** Lisa Goodman, Chair, Community Development and Regulatory Services Committee  
**Referral to:** John Quincy, Chair, Ways and Means Committee  
**Subject:** Accept and Appropriate Redevelopment Program 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 Broadway Flats project and the Downtown East project.
- 2) Amend the 2014 General Appropriation Resolution by increasing the Community Planning & Economic Development agency fund 01600-Other Grants-State and Local (01600-8900220) appropriation by \$300,000 and by increasing the Community Planning & Economic Development agency fund 01600-Other Grants-State and Local (01600-8900320) appropriation by \$500,000.
- 3) Increase the 2014 Revenue Budget for the Community Planning & Economic Development agency fund 01600-Other Grants-State and Local (01600-8900900-321515) by \$800,000.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related documents and agreements for these grants.

**Previous Directives:**

**Broadway Flats** (2220 W. Broadway Ave.): On February 24, 2012, the City Council authorized the submission of LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council on behalf of this project, and granted exclusive development rights to Rose Development for the City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months. On June 29, 2012, the City Council accepted an LCDA-TOD grant in the amount of \$1,536,100 and a TBRA-TOD grant in the amount of \$463,900 that had been awarded by the Metropolitan Council. On November 2, 2012, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000 for this project. On April 26, 2013, the City Council granted exclusive development rights to Rose Development for the City-owned properties at 2425, 2503, 2507 and 2511 Penn

Avenue North for a period of 24 months. On October 18, 2013, the City Council approved an additional loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$300,000. On January 23, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project. On June 13, 2014, the City Council authorized staff to continue the PAA (project authorization analysis) to determine if tax increment financing (TIF) assistance is appropriate and justifiable, and authorized staff to negotiate the terms and conditions of a redevelopment contract and prepare a TIF Plan and any necessary Redevelopment Plan modifications for the project. On July 22, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project. On August 29, 2014, the City Council approved an extension of the exclusive development rights for the City-owned parcels at 2413 and 2423 Penn Avenue North for a period of 12 months for the Broadway Flats project.

**Downtown East** (425 Portland Ave. and multiple other parcels covering five blocks): On July 19, 2013, the City Council received and filed a City staff report on the general conceptual framework for the Ryan Companies' development proposal and authorized staff to negotiate term sheets and/or agreements. On December 13, 2013, the City Council approved the term sheet with Ryan and the Minnesota Sports Facilities Authority, adopted resolutions establishing the development district and authorizing the issuance of bonds, adopted an ordinance related to the issuance of bonds, and authorized City officials to execute necessary agreements. On February 21, 2014, the City Council accepted a \$787,107 brownfield cleanup grant that had been awarded by DEED. On April 25, 2014, the City Council authorized the submission of a TBRA-TOD brownfield cleanup application on behalf of this project. On July 22, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project.

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

**Financial Impact**

  X   Action requires an appropriation increase to the Capital Budget \_\_\_\_\_ or  
 Operating Budget   X  

Dept Name: CPED (8900320)  
 Fund Name: 01600 - Other Grants – State & Local  
 Amount: \$300,000

Dept Name: CPED (8900320)  
 Fund Name: 01600 - Other Grants – State & Local  
 Amount: \$500,000

X  Action provides increased revenue for appropriation increase

Dept Name: CPED (8900900)

Fund Name: 01600 - Other Grants – State & Local

Amount: \$800,000

X  Action is within the Business Plan

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, will act as a pass-through and conduit for all related grant reimbursement payments, and will receive related grant administration fees per the adopted fee policy.

### **Community Impact**

Neighborhood Notification:

**Broadway Flats** (2220 W. Broadway Ave.): The Jordan Area Community Council and the West Broadway Business and Area Coalition have issued letters of support dated June 10, 2013 and February 22, 2012, respectively.

**Downtown East** (425 Portland Ave. and multiple other parcels covering five blocks): The Elliot Park neighborhood and the East Downtown Council have both issued letters (dated July 8, 2013 and June 28, 2013, respectively) that are generally supportive of this project's overall development concept. Ryan provided an update on the project to joint meetings of the Elliott Park/East Downtown Council/Downtown Minneapolis Neighborhood Association on January 16, 2014 and on May 15, 2014.

**City Goals:** Living Well; A Hub of Economic Activity and Innovation; Great Places

**Sustainability Targets:** The projects identified herein are expected to contribute to one or more of the following targets identified in or by the City's Sustainability Initiative: Stormwater, Brownfield Sites, Lead Poisoning and Affordable Housing.

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

The Downtown East project identified herein is consistent with Policies 4.1.2 and 4.11.1 of the Minneapolis Plan for Sustainable Growth (adopted 10/2/09), which provide that Minneapolis will "seek out and implement long-term redevelopment projects that catalyze revitalization and private sector investment" and "enhance and maintain transportation, wastewater, green space, and other physical infrastructure to serve the needs of businesses where appropriate."

The Broadway Flats project identified herein is consistent with policies of the Minneapolis Plan for Sustainable Growth, including the following:

3.1.1 Support the development of new medium- and high-density housing in appropriate locations throughout the city.

3.2.1 Encourage and support housing development along commercial and community corridors, and in and near growth centers, activity centers, retail centers, transit station areas, and neighborhood commercial nodes.

3.3.3 Work to provide affordable housing for both rental and ownership markets at a broad range of income levels.

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

Living Wage/Business Subsidy Agreement: Yes\_\_\_ No\_\_\_  
(Will be determined on a project-by-project basis for this particular grant program.)

**Job Linkage:** Yes\_\_\_ No\_\_\_  
(Will be determined on a project-by-project basis for this particular grant program.)

**Supporting Information:** On August 4, 2014, the City submitted applications to DEED's Redevelopment Grant Program for a number of projects. By letter dated September 12, 2014, DEED notified the City that grants in the amount of \$300,000 and \$500,000 had been awarded to the Broadway Flats project and the Downtown East project (respectively). Redevelopment Program grants require a 50% local match.

### **Project Details:**

**Broadway Flats** (various parcels including 2220 W. Broadway Ave.)

*DEED Request: \$300,000*

*DEED Award: \$300,000*

The developer, Broadway Flats, LLLP, plans to construct 103 units of affordable, workforce housing over 19,000 square feet of new retail, including Broadway Liquors as the anchor tenant. The project's 1.85 acre site is located on the northwest corner of the intersection of Penn and Broadway, at the epicenter of the 2011 tornado. DEED funding will be used for new sewer and water extensions/improvements and new sidewalks, street lights and parking lot lighting. The projected total development cost is \$24,000,000.

The Broadway Flats site is zoned C3A Community Activity Center District. It is classified as residential/commercial mixed-use building, which is a permitted use in the C3A District. The development was approved by the City Planning Commission on October 28, 2013. The development site is located at the northwest corner of Penn Avenue North and West Broadway. The site is located in a Neighborhood Commercial Node, the Penn Avenue Community Corridor, and the West Broadway Commercial Corridor as identified in The Minneapolis Plan for Sustainable Growth.

The future land use map in The Minneapolis Plan for Sustainable Growth designates the site as mixed-use, which supports the proposed development. The development is an appropriate use in a Neighborhood Commercial Node and is in conformance with the comprehensive plan for land use.

**Downtown East** (425 Portland Ave. and multiple other parcels covering five blocks)

*DEED Request: \$500,000*

*DEED Award: \$500,000*

This Ryan Companies project involves the redevelopment of multiple blocks into two major office buildings totaling over 1 million square feet, approximately 22,000 square feet of retail space, approximately 200 housing units, and one and two-thirds blocks of public green space. The two planned Wells Fargo office towers are expected to house approximately 5,000 employees. The projected total development cost is over \$400 million.

DEED funding will be used for the demolition of an office building to clear the site for the public green space. The City is obligated to purchase the green space once the site clearing and certain basic improvements are complete. Staff believes that this project qualifies as a City project under the grant administration fee policy. That policy was approved by City Council action in January 2013 and includes the following language:

5. Grant applications to support City projects are exempt from grant application fees and grant administration fees. City projects are those where the City is directly assuming responsibility for delivering an outcome, as in conducting redevelopment studies or constructing infrastructure.

In this case, the outcome for which the City is responsible is the City's purchase of the improved green space. Further, per the Development Agreement for the Downtown East project, if the City were to charge Ryan Companies for any administrative fee(s) related to the grant, it would effectively increase the cost to the City to purchase the park property.

The Downtown East project site is zoned B4S-2 and B4N with the Downtown Parking Overlay. It is classified as a mixed-use project, which is a permitted/conditional use in these districts. The project has received its city land use approvals. The site is located in the Downtown Growth Center and a Transit Station Area and along the Chicago Commercial Corridor as identified in The Minneapolis Plan for Sustainable Growth. The future land use map in The Minneapolis Plan for Sustainable Growth designates the site as Commercial and Mixed Use which supports the proposed uses, including office, housing, restaurants, and retail. The project's proposed uses would be appropriate in this area and would be in conformance with the comprehensive plan for land use.

**2014R-  
RESOLUTION of the CITY OF MINNEAPOLIS**

**Amending the 2014 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 \$300,000.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$500,000.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321515) by \$800,000.