



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

Date: July 14, 2015  
To: Council Member Lisa Goodman, Community Development Committee

**Subject: CPED'S STATE & REGIONAL REDEVELOPMENT GRANT APPLICATIONS and AWARDS – 2013 & 2014 FUNDING ROUNDS; REDEVELOPMENT GRANT TRENDS**

**Recommendation: Receive and file this annual report.**

Prepared by: Paula Mazzacano

Approved by: D. Craig Taylor, Executive Director, CPED \_\_\_\_\_

Presenters in Committee: Paula Mazzacano (612 673-5129)

**Financial Impact**

No financial impact

**Community Impact**

City Goals: The projects funded during 2013 and 2014 will help forward these City goals: Jobs and economic vitality (businesses - big and small - start here, stay here; thrive here; strong commercial corridors, thriving business corners; proactive business development in key growth areas); Livable communities, healthy lives (thoughtful neighborhood design with density done right; plentiful arts, cultural and recreational opportunities; high-quality affordable housing for all ages and stages in every neighborhood; Many people, one Minneapolis (race and class gaps closed in employment and housing; tots school-ready, teens on course); A city that works (strong partnerships with parks, schools, government, non-profits and private sector).

Sustainability Targets: These grant funds will help the City realize its sustainability targets to create affordable housing at several income levels and remediate brownfield sites for redevelopment.

## Supporting Information

### 2013 & 2014 Results

CPED's State & Regional Redevelopment Grant Applications and Awards – 2013 & 2014 Funding Rounds reports list the redevelopment grants applied for and awarded during 2013 and 2014 funding rounds. This report tracks certain major recurring grant products sponsored by other units of government in Minnesota: DEED (Contamination Cleanup and Investigation, Redevelopment) Hennepin County (Environmental Response Fund (ERF) and Transit Oriented Development (TOD)); and the Metropolitan Council Livable Communities Program (Livable Communities Demonstration Account (LCDA and LCDA-TOD), Local Housing Incentive Account (LHIA), Predevelopment, and Tax Base Revitalization Account (TBRA and TBRA-TOD).

There are various statutory and policy limits on the amount of grant funds that can be awarded to Minneapolis projects in any one grant round, and the grant programs are oversubscribed, often dramatically so. In 2013 and 2014, Minneapolis projects secured virtually every grant dollar available to the City through the funding formulas, demonstrating that strong applications, prepared with significant input from CPED staff, were submitted by and on behalf of developers for competitive projects.

In 2013, grant applications totaling over \$23.66 million yielded grant awards of almost \$15.6 million. Seventy eight (78) grant applications were submitted on behalf of thirty nine (39) separate projects; forty nine (49) grants were awarded to thirty one (31) separate projects (some projects received multiple grant awards).

In 2014, grant applications totaling almost \$27.8 million yielded grant awards of almost \$15.7 million. Eighty six (86) grant applications were submitted on behalf of forty five (45) separate projects; forty eight (48) grants were awarded to twenty six (26) separate projects (some projects received multiple grant awards).

In 2013 and 2014, nineteen (19) projects were awarded total grant funds in excess of \$500,000; a handful of these awards leveraged grant funds previously awarded in 2012 grant rounds:

#### **Projects Awarded Grants in Excess of \$500,000**

##### **2013 & 2014 funding rounds**

<b>PROJECT</b>	<b>AWARDED</b>
807 Broadway Revival	\$775,550
Aeon/Prospect Park	\$1,445,000
Anishinabe Bii Gii Wiin	\$1,045,000
Boeser - 4th St Infrastructure	\$1,000,000
Broadway Flats *	\$700,000
Commons @ Penn Avenue	\$1,195,700
Downtown East Phase I	\$787,107
Downtown East Abatement	\$1,500,000
East Side Station (Superior Plating)	\$1,645,283
Hawthorne Eco Village	\$1,427,700
Leef Park	\$740,390

<b>PROJECT</b>	<b>AWARDED</b>
LifeSource	\$836,205
Mill City Quarter *	\$714,000
MoZaic Phase II	\$2,408,474
Plymouth Building Hotel	\$1,525,000
Shapco Printing	\$1,422,940
Velo Flats	\$732,753
WaHu **	\$358,980
Washington & Chicago	\$1,250,275
<b>TOTAL selected projects</b>	<b>\$21,510,357</b>

\* plus \$2M apiece awarded in 2012 grant rounds

\*\* plus \$868,009 awarded in 2012 grant rounds

### **CPED 4-Year Trends – State and Regional Redevelopment Grants 2011-2014**

During the 2011 through 2014 funding rounds, grants awarded Minneapolis projects totaled over \$68.7 million. The programs are listed in rank order of total funds awarded:

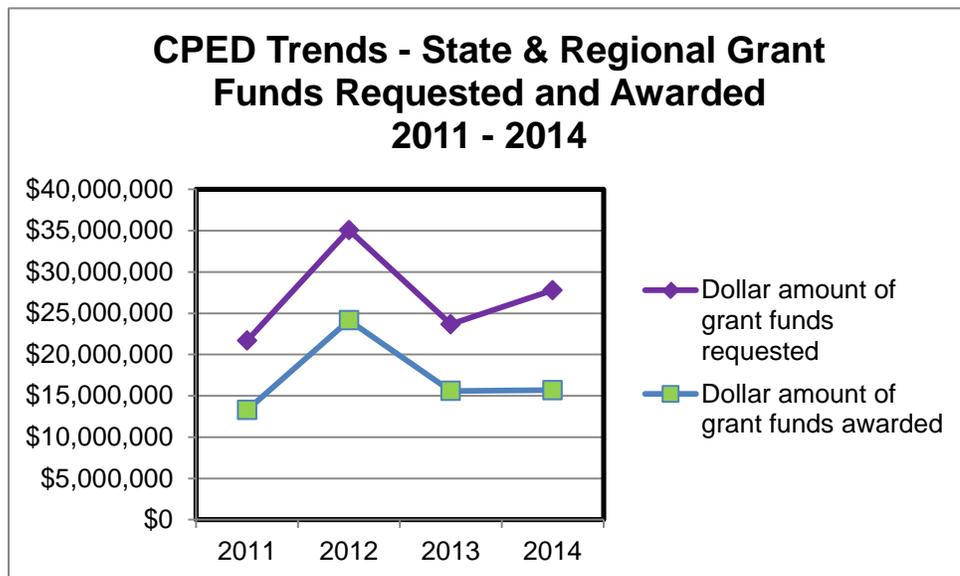
<b>Grant Program:</b>	<b>Grant funds awarded 2011- 2014:</b>
Metropolitan Council Livable Communities Demonstration Account (LCDA and LCDA TOD)	\$17,508,041
Metropolitan Council Tax Base Revitalization Account (TBRA and TBRA TOD)	\$16,384,172
MN Department of Employment & Economic Development (DEED) Contamination Investigation and Cleanup	\$15,471,963
Hennepin County Environmental Response Fund (ERF)	\$8,149,444
Hennepin County Transit Oriented Development (TOD)	\$6,070,000
Metropolitan Council Local Housing Incentives Account (LHIA)	\$2,739,000
MN Department of Employment & Economic Development (DEED) Redevelopment	\$2,019,350
<b>Total Grant Awards – Major Programs</b>	<b>\$68,701,970</b>

Of the four years spanning 2011 through 2014, 2012 saw the most activity in terms of both the number of grants applied for and grant funds awarded. Critical projects funded in 2012, some of which are just getting underway, include Boeser Site, Broadway Flats, Currie Park Lofts (Five15), Dwell at Calhoun Greenway, Mill & Main II, Mill City Quarter, Pillsbury Lofts, Seward Infrastructure, Surly Destination Brewery, WaHu Student Housing, and West Broadway Curve.

While Minneapolis projects continue to rank highly with grantors, competing strongly at county, regional and state levels, funding for the various grant programs is not assured, or stable from one grant round to the next. Metropolitan Council introduced new TOD components of its LCDA and TBRA Livable Communities grant programs in 2012, and created a Pilot program under TBRA in 2015. During the 2013 session, the Legislature reauthorized the funding mechanism that supports the Hennepin County ERF grant program, for an additional 15 years. DEED does not have funding to conduct a Redevelopment grant round in August 2015.

<b>Applications &amp; Awards:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Number of grants applied for	87	99	78	86
Number of grants awarded	58	73	49	48
Percent of requested grants awarded	66.7%	73.7%	62.8%	55.8%
Dollar amount of grant funds requested	\$22,299,248	\$36,900,657	\$23,662,858	\$27,792,676
Dollar amount of grants awarded	\$13,423,767	\$25,314,619	\$15,596,490	\$15,695,782
Percent of requested grant funds awarded	60.2%	68.6%	65.9%	56.5%

Grantors focused on projects demonstrating a high level of readiness to proceed, and Minneapolis projects scored well on this criterion. Many of the projects funded will add to the City's supply of affordable housing. We are seeing the end of the market rate student housing boom in the area surrounding the University of Minnesota, but demand for funds to assist market rate rental housing remains strong. The demand for cleanup and abatement funds for commercial and institutional projects has also strengthened. As is evident in the graph below, state and regional redevelopment grants provide an important source of revenue for CPED projects.



This table shows the amounts requested and awarded, by grant program, for the years spanning 2011 through 2014:

**MAJOR STATE AND REGIONAL GRANTS REQUESTED & AWARDED 2011-2014**

REQUEST BY GRANT PROGRAM	2011	2012	2013	2014	4-YR TOTAL
DEED Contam Cleanup/Investigation	\$4,928,188	\$5,671,314	\$4,590,948	\$3,159,428	\$18,349,878
DEED Redevelopment	\$0	\$5,557,916	\$2,788,595	\$4,303,371	\$12,649,882
Hennepin County ERF	\$3,713,240	\$2,070,603	\$3,483,987	\$3,074,659	\$12,342,489
Hennepin County TOD	\$4,342,015	\$3,688,000	\$2,438,286	\$7,550,508	\$18,018,809
Met Council LCDA & LCDA-TOD	\$2,794,880	\$7,696,100	\$5,120,500	\$3,700,000	\$19,311,480
Met Council LHIA	\$825,000	\$750,000	\$400,000	\$764,000	\$2,739,000
Met Council Predevelopment	\$100,000	\$100,000	\$90,000	\$200,000	\$490,000
Met Council TBRA & TBRA-TOD	\$4,975,925	\$9,541,036	\$4,750,542	\$5,040,710	\$24,308,213
<b>TOTAL REQUESTED</b>	<b>\$21,679,248</b>	<b>\$35,074,969</b>	<b>\$23,662,858</b>	<b>\$27,792,676</b>	<b>\$108,209,751</b>
AWARD BY GRANT PROGRAM	2011	2012	2013	2014	4-YR TOTAL
DEED Contam Cleanup/Investigation	\$4,410,689	\$4,327,084	\$3,914,869	\$2,819,321	\$15,471,963
DEED Redevelopment	\$0	\$880,500	\$338,850	\$800,000	\$2,019,350
Hennepin County ERF	\$2,154,937	\$2,001,400	\$2,443,471	\$1,549,636	\$8,149,444
Hennepin County TOD	\$1,945,000	\$1,300,000	\$1,300,000	\$1,525,000	\$6,070,000
Met Council LCDA & LCDA-TOD	\$1,321,941	\$7,696,100	\$4,795,000	\$3,695,000	\$17,508,041
Met Council LHIA	\$825,000	\$750,000	\$400,000	\$764,000	\$2,739,000
Met Council Predevelopment	\$100,000	\$100,000	\$0	\$160,000	\$360,000
Met Council TBRA & TBRA-TOD	\$2,516,200	\$7,080,847	\$2,404,300	\$4,382,825	\$16,384,172
<b>TOTAL AWARDED</b>	<b>\$13,273,767</b>	<b>\$24,135,931</b>	<b>\$15,596,490</b>	<b>\$15,695,782</b>	<b>\$68,701,970</b>

The \$68,701,970 awarded in this 4-year period represents almost 39% of the grant funds awarded Minneapolis projects since the creation of these grant programs and the first award to the City of Minneapolis in 1995.

**Grant Application and Administration Fees**

The City's extraordinary success in securing and administering grant funds on behalf of projects located in Minneapolis is due in no small part to the continued efforts of CPED, City Attorney and Finance staff. By 2009, it was clear that significant City resources were being devoted to this effort, but grant funds cannot be used to support City administrative costs. In April of 2010, the City Council approved a pilot application and administration fee policy proposed by CPED for brownfield grants. The policy has been modified several times to encompass all of the grant products highlighted in this report, save for Hennepin County TOD grants which are most often awarded directly to the applicant developer.

Application and grant administration fees collected through December 31, 2014, total \$1,790, 238.14. Administration fees are typically paid at closing for affordable housing projects, or when the subrecipient funding agreement is executed between the developer and City for market rate housing and commercial projects. Administration fees are still owed for grants awarded in 2012, 2013 and 2014 that are not yet underway.

<b>CPED GRANT FEE REMITTANCE HISTORY - FUNDS ACTUALLY COLLECTED</b>						
	Grant Rounds	Grant Rounds	Grant Rounds	Grant Rounds	Grant Rounds	<b>TOTAL FEES</b>
<b>GRANT FEES PAID TO DATE:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Brownfields	\$68,352.80	\$228,434.39	\$544,841.42	\$477,854.03	\$0.00	\$1,319,482.64
LCDA & LCDA-TOD	\$0.00	\$31,408.23	\$191,646.87	\$24,500.00	\$169,860.90	\$417,416.00
LHIA	\$0.00	\$0.00	\$0.00	\$6,000.00	\$18,750.00	\$24,750.00
Redevelopment	\$0.00	\$0.00	\$0.00	\$22,169.50	\$6,420.00	\$28,589.50
<b>TOTAL</b>	<b>\$68,352.80</b>	<b>\$259,842.62</b>	<b>\$736,488.29</b>	<b>\$530,523.53</b>	<b>\$195,030.90</b>	<b>\$1,790,238.14</b>

As of 6/5/2015: All grant fees due from 2010 & 2011 grant rounds have been collected. Grant administration fees are still owed for the 2012 - 2014 grant rounds, and will be collected as projects actually commence.

**ATTACHMENT A**

**CPED'S STATE & REGIONAL REDEVELOPMENT GRANT  
APPLICATIONS & AWARDS – 2013 & 2014 FUNDING ROUNDS**