

City of Minneapolis Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/17/2016
Referral: N/A
From: Finance & Property Services
Lead Staff: Paula Mazzacano, Development Grants Coordinator, 612 673-5129
Presented by: Paula Mazzacano
File Type: Receive & File
Subcategory: Report

Subject:

CPED's State and Regional Grant Applications and Awards for Selected Programs – 2015 Funding Rounds; Grant Trends

Description:

Receiving the 2015 annual report detailing grant applications to and awards from certain recurring State of Minnesota, Metropolitan Council and Hennepin County brownfields and construction assistance grant programs.

Previous Actions:

- 1) The City Council authorized staff to submit applications to the DEED Redevelopment Grant Program on January 30, 2015.
 - 2) The City Council authorized staff to submit applications to the Spring brownfields grant round on May 1, 2015, and accepted and appropriated awarded grants on August 21, 2015.
 - 3) The City Council authorized staff to submit applications to the Metropolitan Council LCDA and TOD grant rounds on May 1, 2015, and accepted and appropriated awarded grants on January 29, 2016.
 - 4) On May 1, 2015, the City Council authorized submission of grant applications to the Hennepin County Transit-Oriented Development (TOD) Program and authorized City officers to execute cooperative agreements for the awarded projects.
 - 5) The City Council authorized staff to submit applications to the Metropolitan Council TBRA Pilot grant round on June 2, 2015, and accepted and appropriated awarded grants on July 24, 2015.
 - 6) The City Council authorized staff to submit applications to the Fall brownfields grant round on October 23, 2015, and accepted and appropriated awarded grants on March 18, 2016.
 - 7) The City Council authorized City officials to sign an Acknowledgement of Receptivity and LCA Funding Award form on behalf of projects under consideration by Metropolitan Council for LHIA grant funding on December 11, 2015, and accepted and appropriated awarded grants on January 29, 2016.
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Ward/Address:

Projects awarded grant funds in 2015 grant rounds are located in Wards 1, 2, 3, 4, 5, 6, 7, 9, 12 and 13.

Background/Analysis:

CPED's State & Regional Redevelopment Grant Applications and Awards – 2015 Funding Round report lists the grants applied for and awarded during the 2015 funding rounds. This report

tracks certain major recurring grant products sponsored by other units of government in Minnesota: Minnesota Department of Employment and Economic Development (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, TBRA Pilot 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 2015, 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 2015, grant applications totaling over \$23.66 million yielded grant awards of almost \$11.61 million. Seventy four (74) grant applications were submitted on behalf of thirty six (36) separate projects; forty three (43) grants were awarded to twenty nine (29) separate projects (some projects received multiple grant awards). Of these projects, eight (8) were awarded total grant funds in excess of \$500,000; a handful of these awards leveraged grant funds awarded in previous grant rounds:

Projects Awarded Grants in Excess of \$500,000 2015 funding rounds	
PROJECT	AWARDED
700 Central *	\$785,031
2200 Snelling *	\$600,000
Great River Landing	\$687,200
Kraus Anderson Block	\$761,106
Seward Towers East & West	\$739,200
Superior Plating Site *	\$2,026,306
Target Field Station Office Bldg	\$626,842
YouthLink Supportive Housing	\$841,852
TOTAL selected projects	\$7,067,537
* grant funds also awarded in previous years	

CPED 4-Year Trends – State and Regional Redevelopment Grants 2012-2015

During the 2012 through 2015 funding rounds, grants awarded Minneapolis projects totaled over \$67 million. The programs are listed in rank order of total funds awarded.

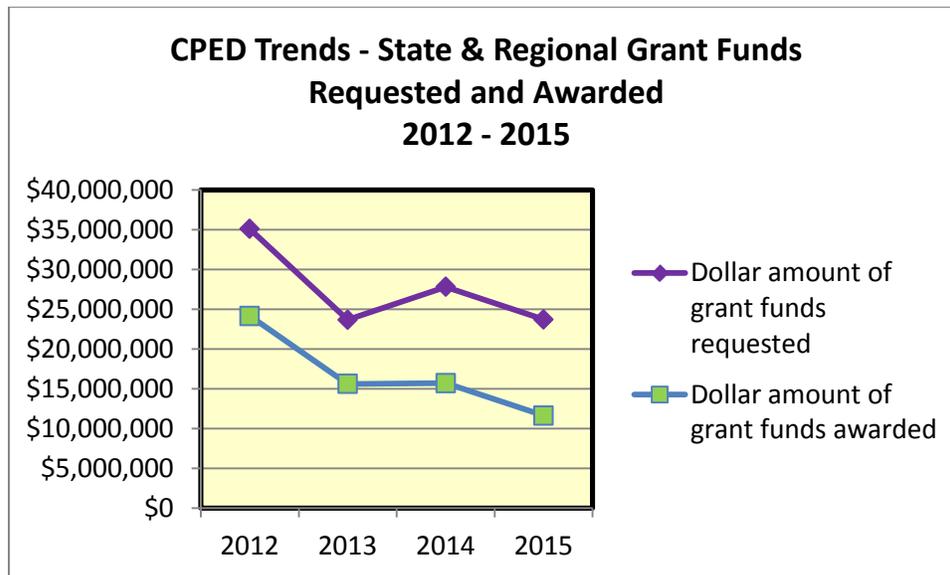
Grant Program:	Grant funds awarded 2012- 2015:
Metropolitan Council Livable Communities Demonstration Account (LCDA and LCDA TOD)	\$17,922,952
Metropolitan Council Tax Base Revitalization Account (TBRA and TBRA TOD)	\$16,909,622
MN Department of Employment & Economic Development (DEED) Contamination Investigation and Cleanup	\$15,145,221
Hennepin County Environmental Response Fund (ERF)	\$7,290,368
Hennepin County Transit Oriented Development (TOD)	\$5,025,000
Metropolitan Council Local Housing Incentives Account (LHIA)	\$2,464,000
MN Department of Employment & Economic Development (DEED) Redevelopment	\$2,019,350
Metropolitan Council Predevelopment	\$260,000
Total Grant Awards – Major Programs	\$67,036,513

Of the four years spanning 2012 through 2015, 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 funding of its Redevelopment grant program is sporadic, and there was no grant round in August 2015 (or February 2016).

Applications & Awards:	2012	2013	2014	2015
Number of grants applied for	99	81	87	74
Number of grants awarded	73	52	49	43
Percent of requested grants awarded	73.7%	64.2%	56.3%	58.1%
Dollar amount of grant funds requested	\$35,074,969	\$23,662,858	\$27,792,676	\$23,686,893
Dollar amount of grants awarded	\$24,135,931	\$15,596,490	\$15,695,782	\$11,608,310
Percent of requested grant funds awarded	68.8%	65.9%	56.5%	49.0%

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 projects, including hotels, 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 2012 through 2015:

MAJOR STATE AND REGIONAL GRANTS REQUESTED & AWARDED 2012-2015

REQUEST BY GRANT PROGRAM	2012	2013	2014	2015	4-YR TOTAL
DEED Contamination Cleanup/ Investigation	\$5,671,314	\$4,590,948	\$3,159,428	\$3,159,428	\$19,213,518
DEED Redevelopment	\$5,557,916	\$2,788,595	\$4,303,371	\$1,229,743	\$13,879,625
Hennepin County ERF	\$2,070,603	\$3,483,987	\$3,074,659	\$2,597,255	\$11,226,504
Hennepin County TOD	\$3,688,000	\$2,438,286	\$7,550,508	\$4,199,720	\$17,876,514
Met Council LCDA & LCDA-TOD	\$7,696,100	\$5,120,500	\$3,700,000	\$4,136,852	\$20,653,452
Met Council LHIA	\$750,000	\$400,000	\$764,000	\$550,000	\$2,464,000
Met Council Predevelopment	\$100,000	\$90,000	\$200,000	\$0	\$390,000
Met Council TBRA & TBRA-TOD	\$9,541,036	\$4,750,542	\$5,040,710	\$5,181,495	\$24,513,783
TOTAL REQUESTED	\$35,074,969	\$23,662,858	\$27,792,676	\$23,686,893	\$110,217,396
AWARD BY GRANT PROGRAM	2012	2013	2014	2015	4-YR TOTAL
DEED Contamination Cleanup/ Investigation	\$4,327,084	\$3,914,869	\$2,819,321	\$4,083,947	\$15,145,221
DEED Redevelopment	\$880,500	\$338,850	\$800,000	\$0	\$2,019,350
Hennepin County ERF	\$2,001,400	\$2,443,471	\$1,549,636	\$1,295,861	\$7,290,368
Hennepin County TOD	\$1,300,000	\$1,300,000	\$1,525,000	\$900,000	\$5,025,000
Met Council LCDA & LCDA-TOD	\$7,696,100	\$4,795,000	\$3,695,000	\$1,736,852	\$17,922,952
Met Council LHIA	\$750,000	\$400,000	\$764,000	\$550,000	\$2,464,000
Met Council Predevelopment	\$100,000	\$0	\$160,000	\$0	\$260,000
Met Council TBRA & TBRA-TOD	\$7,080,847	\$2,404,300	\$4,382,825	\$3,041,650	\$16,909,622
TOTAL AWARDED	\$24,135,931	\$15,596,490	\$15,695,782	\$11,608,310	\$67,036,513

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, 2015, total \$2,266,386. Application fees are collected with the first submission of a draft grant application. 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, 2014 and 2015 that are not yet underway.

GRANT PROGRAM	TOTAL GRANT FEES PAID TO 12/31/2015
Brownfields	\$1,846,459
LCDA & LCDA-TOD, Predevelopment	\$353,088
LHIA	\$24,420
Redevelopment	\$42,419
TOTAL	\$2,266,386

Financial Review:

No additional appropriation required, amount included in current budget.

Future budget impact anticipated. As developers move forward with grant-funded projects, a grant administration fee will be paid to help offset the City’s costs of administering these grants and ongoing reporting responsibilities.

As subrecipient developers undertake grant-funded work, the City will collect an administration fee to help offset the cost of administering these grants.

Enter SUPB goals explanation.

Attachments:

1. CPED’s State & Regional Redevelopment Grant Applications & Awards – 2015 Funding Rounds