



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

Date: August 8, 2006

To: Council Member Lisa Goodman, Community Development Committee
Council Member Paul Ostrow, Ways & Means Budget/Committee

Subject: **Accept and Appropriate Environmental Remediation Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF)**

Recommendation:

1. **Accept the following grants:**

Metropolitan Tax Base Revitalization Account (TBRA) Grants
(There is no local match required for these grants.)

<u>Project</u>	<u>Grant Award</u>
2112 Broadway Street NE	\$70,800
The Bridge for Runaway Youth	\$51,000
Van Cleve Court	\$121,500
Total Metropolitan Council TBRA:	\$243,300

MN Department of Employment and Economic Development (DEED) Grants
(The local match for this project will come from developer's funds and/or from other grant funds, not from the City.)

<u>Project</u>	<u>Grant Award</u>
Pacific Block	\$50,000
Total DEED:	\$50,000

Hennepin County Environmental Response Fund (ERF) Grants
(There is no local match required for these grants.)

Project	Recipient	Grant Award
3445 1 st Avenue South	Hennepin County	\$90,000
Anishinabe Bii-Gii-Winn	City on behalf of American Indian Community Development Corporation	\$26,000
Fusion	Gateway LLC	\$40,000
Pacific Block	City on behalf of Pacific Flats LLC	\$25,000
The Bridge for Runaway Youth	The Bridge for Runaway Youth	\$136,600
Van Cleve Court	Project for Pride in Living	\$243,000
Riverside Market	Seward Redesign	\$149,700
Total Hennepin County ERF:		\$710,300

2. a) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 – Other Grants - State and Local (0600-890-8933) by \$145,800 (\$70,800 2112 Broadway St. NE; \$75,000 Pacific Block) and b) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 – Other Grants - State and Local (0600-890-8952) by \$198,500 (\$26,000 Anishinabe Bii-Gii-Winn; \$51,000 The Bridge for Runaway Youth; \$121,500 Van Cleve Court).
3. Increase the 2006 Revenue Budget for the Community Planning & Economic Development Agency Fund 600 – Other Grants - State and Local (0600-890-8490) by \$344,300.
4. Authorize appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives:

1. On April 28, 2006, the City Council prioritized and authorized submission of environmental investigation and remediation grant applications to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account Grant Program for The Bridge for Runaway Youth, Van Cleve Court, Anishinabe Bii-Gii-Winn, 2112 Broadway Street NE, 3445 1st Avenue S and Aloft Hotel (Parcel F); to the Minnesota Department of Employment and Economic Development Contamination Cleanup Grant Program for environmental remediation for Anishinabe Bii-Gii-Winn, Fusion (investigation), Aloft Hotel and Pacific Block (investigation); and to the Hennepin County Environmental Response Fund for The Bridge For Runaway Youth, Van Cleve Court, Anishinabe Bii-Gii-Winn, Fusion (investigation), 3445 1st Avenue S and Pacific Block (investigation).
2. On July 1, 2005, the City Council approved a Hennepin County HRA conduit land sale between MnDoT and AICDC for the land located north of Franklin Avenue east and west of Highway 55, the site of the proposed **Anishinabe Bii-Gii-Winn** project.

3. On November 17, 2005, the City Council approved up to \$376,823 to **The Bridge for Runaway Youth** for the rehabilitation of offices/administrative space for The Bridge's transitional housing facility. The Council also approved up to \$523,177 of Affordable Housing Trust Fund monies and \$29,000 Non-Profit Administrative Assistance funds for construction of The Bridge's transitional housing facility for 18 youth on November 4. In August 2005 the Council approved up to \$500,000 of NRP Affordable Housing Reserve Fund monies for the project.
4. On October 7, 2005, the City Council allocated \$488,828 in Federal Low Income Housing Tax Credits to **Van Cleve Court Apartments** Phase I. On November 4, 2005, the City Council approved up to \$412,000 in loan funds from the Affordable Housing Trust Fund and \$30,000 from the Non-Profit Assistance Fund for the project.

There are no other identified previous directives for 2112 Broadway Street NE, the Fusion project, the Pacific Block project, the 3445 1st Avenue S project, or the Riverside Market project. **The Jourdain** previously received funding from Metropolitan Council but was awarded no TBRA funds this round.

Prepared by: Paula Mazzacano, Financial Analyst **Phone:** (612) 673-5129
 John Harrington, Senior Project Coordinator **Phone:** (612) 673-5018

Approved by: Chuck Lutz, Deputy Director CPED _____
 Jack Kryst, Director Development Finance _____

Permanent Review Committee (PRC) Approval Not Applicable X

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Presenter in Committee: Paula Mazzacano, Financial Analyst

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- X Action requires an appropriation increase to the Capital Budget or X Operating Budget.
- X Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: X Action is within the plan. Action requires a change to plan.
- X Other financial impact (Explain): Some of the awarded grants require a commitment of local match funds, which will be provided by the developer or other non-City funding sources.
- Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification: Wards: 1, 2, 6, 7, 8, 10, 11

The **2112 Broadway Street NE** project is in the Mid-City Industrial Area, for which there is no neighborhood association. The Council Member's office was notified on February 21, 2006. Ventura Village was informed of the **Anishinabe Bii-Gii-Winn** project on February 14, 2006. Steven's Square Community organization was notified about the **Fusion** project during several meetings in 2005. The Warehouse District-

North Loop Association was notified about the **Pacific Block** project on January 18, 2006. The Lowry Hill Residents, Inc. and East Isles Residents Associations were notified about **The Bridge for Runaway Youth** project in June 2004. The Southeast Como Improvement Association was notified about the proposed **Van Cleve Court** project in 2004. The environmental remediation grant notification was provided on March 3, 2006.

City Goals: The proposed projects are consistent with and contribute to attainment of the City goal "In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city."

Comprehensive Plan: The projects generally comply with land reclamation and providing a healthy environment elements of the Minneapolis Plan.

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

Other:

Background/Supporting Information

On May 1, 2006, the City of Minneapolis/CPED submitted or supported grant applications to the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program, Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program and the Hennepin County Environmental Response Fund (ERF) for a number of projects, including The Bridge for Runaway Youth, Van Cleve Court, Anishinabe Bii-Gii-Winn, 2112 Broadway Street NE, The Jourdain, 3445 1st Avenue S, Aloft Hotel (Parcel F) and the Pacific Block. The City also provided a letter in support of the Riverside Market project. Of these projects, all but Aloft Hotel and The Jourdain were awarded grant funds.

Total grant funds awarded to projects located in the City of Minneapolis are \$1,003,600:

Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program – of the \$4,334,255 awarded statewide, Minneapolis projects received \$50,000, or 1.15% of available grant funds.

Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program – of the \$2,910,000 awarded metro-wide, Minneapolis projects received \$243,300, or 8.36% of available grant funds.

Hennepin County Environmental Response Fund (ERF) - of the \$1,643,529 awarded county-wide, Minneapolis projects received \$710,300, or 43.2% of available grant funds.

A description of each of the projects awarded grant funds is provided below. The Hennepin County ERF grants for The Bridge for Runaway Youth, Van Cleve Court, Fusion, 3445 1st Avenue S and Riverside Market will be made directly to the developers, not to the City of Minneapolis. The awards to the City of Minneapolis are listed first; the awards to developers are listed second.

CITY OF MINNEAPOLIS AS GRANT RECIPIENT:

2112 Broadway Street NE (Ward 1) - \$70,800

2112 Broadway Street NE

Metro Council TBRA award \$70,800

Abatement of asbestos and lead-based paint at this 1.4 acre site will support a building conversion to incubator rental space for 10 to 15 new businesses.

Anishinabe Bii-Gii-Winn (Ward 6) - \$26,000

MN/DoT Right of Way at Franklin Avenue

Hennepin County ERF award \$26,000

American Indian Community Development Corporation (AIBCD) will use the funds to conduct additional assessment and fill excavation of the project site. The end-use of the site will be 60 units of very affordable rental housing (<30% AMI geared toward homeless) and ground floor retail space.

Pacific Block (Ward 7) - \$75,000

Washington Avenue North & 2nd Avenue North

DEED investigation grant award \$50,000

Hennepin County ERF award \$25,000

Pacific Flats LLC will use the funds to perform additional assessment and develop a Response Action Plan. The anticipated intensive reuse of the block includes both rehabilitation of historic buildings and construction of commercial/retail space, for-sale and rental housing, and a hotel.

The Bridge for Runaway Youth (Ward 10) - \$51,000 (plus \$136,600 to developer; see below)

1111 22nd St W, 1119/1121 22nd St W, 2209/2211 Emerson Ave S

Metro Council TBRA award \$51,000

The Bridge for Runaway Youth will use the funds for abatement of asbestos and lead-based paint at a site that will be used to develop 18 to 20 supportive housing units for homeless youth. The Bridge for Runaway Youth will also renovate its office building.

Van Cleve Court (Ward 2) - \$121,500 (plus \$243,000 to developer; see below)

932 12th Ave SE, 941 13th Ave SE, 935 13th Ave SE, 917 13th Ave SE, 901 13th Ave SE

Metro Council TBRA award \$121,500

Project for Pride in Living (PPL) will use the funds for soil remediation to help redevelop the site of a long-term grain elevator complex for 100 ownership units and 90 rental housing units. The rental housing will be affordable at 30% and 50% of AMI, and 20 of the units will provide supportive housing.

DEVELOPER AS GRANT RECIPIENT:

3445 1st Avenue South (Ward 8) – \$90,000

3445 1st Avenue South

Recipient: Hennepin County Property Taxpayer Services

Hennepin County ERF award \$90,000

The Urban Project (developer) will remove contaminated fill and debris and construct 4 units of market-rate housing and 2 garages.

Fusion (Ward 6) - \$40,000

110 18th Street East, block bounded by 18th St E, First Avenue S, Stevens Avenue, 17th Street

Recipient: Gateway LLC

Hennepin County ERF award \$40,000

Gateway LLC will use the funds for additional subsurface investigation and hazardous building material survey costs before renovating historic buildings and constructing 82 units of for-sale housing.

Riverside Market (Ward 2) - \$149,700

2801 & 2823 Franklin Avenue East

Recipient: Seward Redesign

Hennepin County ERF award \$149,700

Seward Redesign will use the funds to deal with known and suspected petroleum contamination of the site, which will be redeveloped to include 25,000 square feet of commercial space and 56 condominiums with underground parking.

The Bridge for Runaway Youth (Ward 10) - \$136,600 (plus \$51,000 to Minneapolis; see above)

1111 22nd St W, 1119/1121 22nd St W, 2209/2211 Emerson Ave S

Recipient: The Bridge for Runaway Youth

Hennepin County ERF award \$136,600

The Bridge for Runaway Youth will use the funds for abatement of asbestos and lead-based paint at a site that will be used to develop 18 to 20 supportive housing units for homeless youth. The Bridge for Runaway Youth will also renovate its office building.

Van Cleve Court (Ward 2) - \$243,000 (plus \$121,500 to Minneapolis; see above)

932 12th Ave SE, 941 13th Ave SE, 935 13th Ave SE, 917 13th Ave SE, 901 13th Ave SE

Hennepin County ERF award \$243,000

Project for Pride in Living (PPL) will use the funds for soil remediation to help redevelop the site of a long-term grain elevator complex for 100 ownership units and 90 rental housing units. The rental housing will be affordable at 30% and 50% of AMI, and 20 of the units will provide supportive housing.

Amending the 2006 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 600 – Other Grants - State and Local (0600-890-8933) by \$145,800
- 2) increasing the appropriation for Community Planning & Economic Development Agency Fund 600 – Other Grants - State and Local (0600-890-8952) by \$198,500
- 3) increasing the revenue source for the Community Planning and Economic Development Agency in the Other Grants – State & Local Fund (0600-890-8490) by \$344,300.