

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

Date: October 12, 2010

To: Lisa Goodman, Chair, Community Development Committee

Referral to: Betsy Hodges, Chair, Ways and Means/Budget Committee

Subject: **Accept and Appropriate Redevelopment Grant Awarded by the Minnesota Department of Employment and Economic Development (DEED) for Seward Commons Redevelopment Phase I (Bystrom/Touchstone)**

Recommendation:

- 1) Accept Redevelopment Program Grant awarded by the Minnesota Department of Employment and Economic Development (DEED) for the Seward Commons Redevelopment Phase I (Bystrom/Touchstone) project.
- 2) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$290,472.
- 3) Increase the 2010 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$290,472.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related documents and agreements for this grant.

Previous Directives:

Seward Commons Redevelopment Phase I (Bystrom/Touchstone): On July 1, 2005, the City Council approved submission of federal transportation funding applications for planned work including street and pedestrian facility improvements near the Cedar/Franklin/Minnehaha intersection(s) and the Franklin Avenue LRT Station. On December 23, 2005, the City Council approved an application by Seward Redesign to the Metropolitan Council Hiawatha Corridor Land Assembly Fund for the Franklin Station Project. On March 31, 2006, the City Council approved acceptance and appropriation of Metropolitan Council Hiawatha Light Rail Land Assembly Fund Grants of \$3,500,000 for projects along the Hiawatha Light Rail line. On April 14, 2006, the City Council approved application by Seward Redesign to the Hennepin County Transit-Oriented Development Program for the Franklin Station Project. On September 1, 2006, the City Council approved Modification No. 109 to the Common Plan as well as the expansion of the Franklin LRT Station Redevelopment Project to include additional properties, including the Bystrom Brothers property. On October 10, 2008, the City

Council authorized a City application to the Metropolitan Council's Land Acquisition for Affordable New Development (LAAND) Program for the Franklin Station Project. On December 12, 2008, the City Council approved acceptance of \$500,000 funding award from the Metropolitan Council LAAND (Land Acquisition for Affordable New Development) Program for the Franklin Station Project, approved appropriation increases, authorized the execution of loan, subrecipient and/or disbursement and related agreements for the LAAND award, and set aside \$600,000 from the Minneapolis Hiawatha LRT Corridor Transit Oriented Development Program for property acquisition. On April 24, 2009, the City Council authorized the submission of applications to DEED and Hennepin County requesting environmental remediation funds. On August 14, 2009, the City Council accepted brownfield remediation grants that were awarded by DEED (\$140,500) and Hennepin County (\$270,000). On October 2, 2009, the City Council approved the sale of a portion of 2304 Snelling Avenue to Project for Pride in Living for the subject project. On February 26, 2010 the City Council approved a \$1,000,000 2010 AHTF loan and a \$30,000 Non Profit Development Assistance Fund grant to the project. On April 2, 2010, the City Council approved an extension of the land sale authorization to June 2, 2010. On July 23, 2010, the City Council approved submission of a DEED Redevelopment Grant Application for the Seward Commons Redevelopment Phase I (Bystrom/Touchstone) project. On September 3, 2010 the City Council authorized acceptance of \$400,000 in AHIF funds from Hennepin County for the Touchstone/PPL 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. _____
 Presenter in Committee: Mark Garner, Senior Project Coordinator, 612-673-5037

Financial Impact

- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan

There is no direct financial impact at this time. However, DEED redevelopment grants require a commitment of local match funds, to be provided by the developer. The City of Minneapolis has sponsored the grant request in question and will act as a pass-through and conduit for its expenditure.

Community Impact

Neighborhood Notification:

Seward Commons Redevelopment Phase I (Bystrom/Touchstone): The Seward Neighborhood Group and the Ventura Village Neighborhood Group both submitted letters requesting that the City adopt the Franklin Avenue redevelopment plan in 2005, and have periodically indicated their ongoing support. The Seward Neighborhood Group's Community Development Committee [CDC] has been involved in the Seward

Common's project and has had a number of meetings with PPL/Touchstone/Seward Redesign about the proposed Seward Commons Phase I development.

City Goals: The project identified herein will assist the City in achieving one or more of the following goals: Jobs and Economic Vitality (Strategic Directions: "Strong Commercial Corridors, Thriving Business Corners" and "Proactive Business Development in Key Growth Areas"); Livable Communities, Healthy Lives (Strategic Directions: "Equitable, Integrated Transit Systems," "High Quality, Affordable Housing"); A City That Works (Strategic Direction: "Infrastructure — streets, bridges, sidewalks, sewers, bike lanes & paths — well-managed and maintained").

Sustainability Targets: The project identified herein will help the City realize sustainability targets related to Combined Sewer Overflow, Permeable Surfaces and Water Quality.

Comprehensive Plan: The 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."

Zoning Code: The proposed project is either in compliance or will comply.

Living Wage/Business Subsidy Agreement: Yes___ No X (see below)

Job Linkage: Yes___ No X (see below)

Although a Job Linkage Agreement will not be mandatory in this instance, any business that occupies a redeveloped or remediated site may be asked to voluntarily sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

Supporting Information: On August 2, 2010, the City submitted an application to DEED's Redevelopment Grant Program for the project known as Seward Commons Redevelopment Phase I (Bystrom/Touchstone). By letter dated September 17, 2010, the City was informed that the project in question had been awarded a grant in the amount of \$290,472.

Redevelopment Grants require a 50% local match. State bond funds, which were awarded to the project in question, can be spent only to implement projects on publicly-owned land, where the end use has a long-term public purpose.

Seward Commons Redevelopment Phase I (Bystrom/Touchstone)

DEED Award: \$290,472

Anticipated Source(s) of 50% Local Match: Special assessments, developer contributions, Watershed District assistance, City assistance, and tax-increment financing, subject to City Council approval/authorization.

The Touchstone mixed use (housing/office) project at 2304 Snelling Avenue will be the first phase of the redevelopment of the Seward Commons/Bystrom Brothers site. The total redevelopment cost (exclusive of public infrastructure improvements) is expected to be about \$10.5 million. The project will provide 40 units of supportive housing for individuals with chronic and persistent mental illness, along with 10,000 sq. ft. of office/commercial space for Touchstone, which is a non-profit provider of community mental health services. Touchstone will provide on-site services for building residents, but the aforementioned office space will also serve as Touchstone's regional offices and will include a wellness center providing services for clients from outside the building.

DEED funds will be used for roadway improvements, storm water management boulevard improvements within the public right-of-way, pedestrian facilities, and connections to trails and bike paths.

2010R-
RESOLUTION of the CITY OF MINNEAPOLIS

Amending the 2010 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 (01600-8900320) by \$290,472.
2. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$290,472.