



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

Date: May 15, 2007
To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Paul Ostrow, Ways and Means/Budget Committee

Subject: Applications for Grant Funding from the 2007 Metropolitan Council Livable Communities Demonstration Account (LCDA).

Recommendation:

Approve the attached resolution 1.) Authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA); and 2.) Authorizing appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Demonstration Account (LCDA) Grant Program.

Previous Directives: None

Prepared by: Kevin Dockry, Senior Project Coordinator (612) 673-5075
Approved by: Elizabeth J. Ryan, Director, Housing Policy & Development _____
Presenters in Committee: Kevin Dockry, Senior Project Coordinator

Reviews

Permanent Review Committee (PRC): Approval n/a Date _____
Policy Review Group (PRG): Approval n/a Date _____

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: n/a
City Goals: A SAFE PLACE TO CALL HOME - 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.

Sustainability Targets: Affordable Housing Units; Air Quality; Bicycle Lanes and Paths; Permeable Surface.

Comprehensive Plan: Section 4.1: Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods. Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents. Section 4.15: Minneapolis will carefully identify project sites where housing redevelopment or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

Zoning Code: n/a

Living Wage/Business Subsidy Agreement Yes_____ No X

Job Linkage Yes_____ No X

Other: n/a

Supporting Information

The Livable Communities Demonstration Account was established by the Livable Communities Act [Minnesota Statutes section 473.25-(b)]. The Demonstration Account provides funds to development or redevelopment projects that connect development with transit, intensify land uses, connect housing and employment, provide a mix of housing affordability, and provide infrastructure to connect communities and attract investment. Demonstration Account funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement these statutory objectives. See Attachment A for a detailed LCDA Program Summary.

City Applications

In 2006, three Minneapolis projects (Van Cleve Court, Longfellow Station and Currie Park Lofts/Station Place) were awarded LCDA funds totaling \$2,610,387. In 2007, the City has been requested to sponsor eight (8) projects totaling approximately \$11.8 million.

The priorities reflected in this staff report are based upon LCDA program criteria and city policies and are consistent with criteria applied over the past several years. A 7-member multi-disciplinary staff review committee reviewed and ranked the applications according to the criteria shown in Attachment C as follows:

Rank	Project	Applicant	Ward	Address	Amount Requested	Staff Ranking Score
1	Longfellow Station Project	Capital Growth Real Estate	12	3800 Hiawatha	\$500,000	494
2	West Broadway Curve	City of Minneapolis	5	West Broadway/James Avenue North	\$1,445,000	490

3	SEMI/University Research Park	City of Minneapolis	2	5 th Street S.E. & Malcolm Ave S.E.	\$971,000	471
4	Jackson Street Northeast Artists Affordable Housing	Northeast Community Development Corp.	1	Jackson Street NE/ 18 ½ Avenue NE	\$1,224,000	464
5	Bystrom Bros./Franklin Station Redevelopment	Seward Redesign	2	Franklin Avenue and Hiawatha Avenue	\$2,334,200	458
6	Franklin Steele Commons	CCHT	6	1900 Portland Ave	\$830,000	454
7	Currie Park Lofts/Station Place	Fine Associates	2	415/515 15 th Ave S	\$1,964,743	450
8	North Loop Village TOD	Hines Northstar Crossing Limited Partnership	7	Washington Avenue/ 5 th Street	\$2,500,000	424

Metropolitan Council Process

The City must submit a 3-page “Pre-Application” for its top five ranked projects by June 11. Metropolitan Council staff will provide feedback on the pre-applications by June 18 on 1) eligibility of items requested for funding, and 2) how well the proposal is targeted to the program criteria. If the City receives feedback from the Metropolitan Council indicating a project will not score high enough to be competitive, the City may substitute another project application (as a result, the accompanying resolution includes project rankings 1 through 8 and the City may elect to submit the next highest ranking project for consideration).

Based on this report, and any feedback received from Metropolitan Council staff, the City will submit its top-five applications on July 16, 2007. A Metropolitan Council staff evaluation team will review and score eligible proposals using Step One evaluation criteria and guidelines:

- Uses land efficiently;
- Develops land uses linked to the local and regional transportation systems;
- Connects housing and centers of employment, education, retail and recreation uses;
- Develops a range of housing densities, types and costs;
- Conserves, protects and enhances natural resources through development that is sensitive to the environment; and
- The extent to which the application includes tools and processes to ensure successful outcomes.

Applications must score 20 or more points out of a possible 50 points on the Step One criteria to advance to the Step Two evaluation process.

A 13-member Metropolitan Council Livable Communities Advisory Committee will score applications according to the evaluation and selection criteria in Step Two:

- Innovation and demonstration – the extent to which the project shows innovative elements, and demonstrates or shows potential to demonstrate new development concepts or elements in one or more of the scoring factor areas; and
- The extent to which the element for which funding is requested will be a catalyst to implement the project of which it is a part.

Applications must score 30 or more points out of a possible 50 points on the Step Two criteria, or be supported by a two-thirds vote of the advisory committee.

The Step Three selection criteria is readiness (status of implementation tools and status of funding commitments to ensure construction start for funded element(s) or further progress within a year from the date of the grant award).

In addition to City priority, staff has considered all three Metropolitan Council step criteria in soliciting, evaluating and ranking City applications.

Project Summaries (alphabetical)

Bystrom Bros./Franklin Station Redevelopment (Seward redesign requested up to \$2,334,200):

Transforms a low-density, functionally obsolete, polluted industrial area into a mixed-use, transit oriented neighborhood; the 3.85 acre site is located within one block of the Franklin LRT station and has direct access to the station Platform. The four phase project will result in approximately 187 ownership and rental housing units, and 20,000 s.f. of commercial office space.

Currie Park Lofts & Station Place (Fine Associates requested up to \$1,964,743):

Phase I will include up to 168 rental housing units, expansion of the Mixed Blood Theatre, and structured parking near the Cedar-Riverside LRT Station. Phase II will include approximately 11,000 s.f. of retail space and up to 213 units of mixed-income rental housing. Phase III will include approximately 10,000 s.f. of retail space and up to 309 mixed-income residential housing units.

Franklin Steele Commons (CCHT requested up to \$830,000):

Phase IV of the Franklin-Portland Gateway project; Franklin Steele Commons includes up to 92 mixed-income rental and ownership housing units for households at low, moderate and median income levels.

Jackson Street Northeast Artist Affordable Housing (Northeast Community Development Corp. requested up to \$1,224,000):

Creates ownership housing opportunities by replacing blighted rental stock with a four-story, fully accessible, environmentally sustainable artist live/work condominium building replete with a green rooftop; the project will include approximately 39 for-sale housing units.

Longfellow Station Project (Capital Growth Real Estate requested up to \$500,000):

Phase I of the multi-phased, mixed-use transit oriented development project includes up to 300 housing units, 45,000 s.f. of commercial/retail space and 486 structured below-grade parking spaces.

North Loop Village TOD (Hines Northstar Crossing L.P. requested up to \$2,500,000):

New construction of a multi-phased, high density, mixed-use transit oriented development project located in the North Loop area now primarily used for surface parking. The first phase of the project will include 250-300 market-rate condominiums and approximately 20,000 s.f. of retail.

SEMI/University Research Park (City of Minneapolis requested up to \$971,000):

Roadway construction to provide necessary access to approximately 75 acres of land now occupied by vacant or underused grain elevators, railroad right-of-way, and remnants of the 19th century milling industry; access to land-locked parcels provides future redevelopment opportunities for commercial and office space, residential housing and open/public space, as

well as serving as a reliever of traffic on University Avenue during construction of the Central Corridor light rail line.

West Broadway Curve (City of Minneapolis requested up to \$1,445,000):

Project seeks to stabilize and build the housing market in a concentrated geographic area of North Minneapolis, to improve the environment and encourage positive street activity, and to increase market demand through increased density and improved socio-economic mix of residents. Project includes approximately 85 mixed-income housing units, pedestrian-friendly streetscape, lighting, greenspace, and traffic-calming improvements.

METROPOLITAN COUNCIL LCDA PROGRAM SUMMARY

Program Goals:

Consistent with regional policy in the Metropolitan Council's *2030 Regional Development Framework*, program goals for all communities are to:

- Accommodate regional growth while using regional systems and land efficiently,
- Increase transportation choices,
- Appropriately mix land uses,
- Increase the variety of housing types and costs,
- Leverage private investment.

Additional program goals specifically for Developed Communities such as the City are to invest resources to facilitate reinvestment—infill, adaptive reuse and redevelopment.

Funding Goals:

Funding goals are to support projects that will help meet the *2030 Regional Development Framework* goals for all communities:

- Develop land uses linked to the local and regional transportation systems,
- Connect housing and centers of employment, education, retail and recreation uses,
- Develop a range of housing densities, types and costs,
- Conserve, protect and enhance natural resources.

Program focus and funding goals specifically for Developed Communities include maintaining, renewing and improving infrastructure, buildings and land to provide developments that integrate land uses.

Eligible Applicants:

Application is open to cities participating in the Metropolitan Livable Communities Housing Incentives Program, on behalf of proposals in their communities; or to metropolitan-area counties, housing and redevelopment authorities, economic development authorities or port authorities on behalf of projects located in LCA participant communities.

Other Eligibility Regarding Eminent Domain:

Projects that require the use of eminent domain for the purposes of "economic development" are not eligible to apply for LCDA funds.

Number of Applications:

No more than five applications may be submitted by the City. If the City submits more than one application per cycle (year), it must prioritize applications according to the City's internal priorities.

Eligible Uses of Funds:

LCDA funds may be used for basic public infrastructure and site assembly to support development projects that meet the funding goals (see Attachment A for a detailed listing of eligible and ineligible uses of LCDA funds).

Amount of Awards:

No minimum or maximum award levels for projects have been established.

Distribution of Funds:

Metropolitan Council staff may recommend up to 40 percent of the total funds available in a grant cycle for projects located in Minneapolis and St. Paul. The Metropolitan Council reserves the right to subsequently consider awarding more than 40 percent of the total available funds in the grant cycle to projects located in Minneapolis and St. Paul.

City Resolution:

A resolution from the City in support of applications(s) must be submitted no later than July 16, 2007.

ELIGIBLE AND INELIGIBLE USES OF LCDA FUNDING

Eligible Uses of Funds: Grant funds may be used for basic public infrastructure and site assembly to support development projects that meet the funding goals. Funded elements must directly contribute to completion of built or finished projects that meet the funding goals. Requests will be evaluated in the context of individual projects.

1. Basic public infrastructure items include and are defined as:
 - a) Local public streets
 - new streets, street realignment, reconstruction of existing street grid, street extensions or connections.
 - street lighting and street signs, when requested in conjunction with one of the eligible items in 1a), or to retrofit an existing street with these elements, as part of a proposal that meets the funding goals.
 - permanent public pedestrian features, including sidewalks and benches, when requested in conjunction with one of the eligible items in 1a), or to retrofit an existing street with these elements as part of a proposal that meets the funding goals.
 - b) Other infrastructure
 - public parking structures (above- or underground), or the public portion of parking structures that will be for shared public-private use.
 - extensions or modifications of local public sewer and water lines, telecommunications lines.
 - c) Other public connecting elements
 - Sidewalks and trails connected to transit.
 - Site-integrated transit shelters, permanent bike racks.
 - Bridge construction for vehicle or pedestrian use
 - d) Storm water management improvements
 - new or expanded stormwater ponds, rain gardens, infiltration swales, pervious pavement, underground stormwater retention/infiltration structures, native vegetation for infiltration and erosion control, that are integral to the development.
 - e) Design and engineering for items listed in 1.a) through 1.d)
2. Site assembly for lands to be used for construction of buildings; streets; sidewalks; parks, plazas and other public spaces; trails; that are integral to future development. Eligible items are:
 - a) Land acquisition
 - b) Demolition and removal of obsolete structures, pavement, curb and gutter, sewer and water pipes, on sites the city has already acquired or will acquire.
 - c) Site preparation—site grading and soil correction to enable construction.

Ineligible Uses of Funds:

1. County road improvements (all items relating to county roads listed in “eligible uses,” Item 1. a).
2. Traffic signals for local and county roads.
3. Private parking structures

4. Surface parking
5. Trees, sod, landscape plantings
6. For parks, plazas and other public areas: lighting; retaining walls, seat walls; sidewalks; paths; furnishings and equipment including but not limited to benches, trash receptacles, bike racks, signs, kiosks; playground equipment; water features; entry features; public art; shelters, gazebos, pergolas, bell towers; recreation buildings, amphitheaters.
7. Site assembly for lands to be used for transit infrastructure or capital investments, e.g. transit stations, station platforms, park-and-ride facilities (unless park-and-ride spaces will be used for shared parking).
8. Building construction
9. Building rehabilitation and improvements, exterior and interior
10. Housing "affordability gap" and "value gap" financing.
11. Pollution cleanup and related expenses
12. Applicant's administrative overhead
13. Project coordination
14. Activities prior to the date of the grant award
15. Architect, developer, legal and other fees
16. Local permits, licenses or authorization fees
17. Travel expenses
18. Costs associated with preparing grant proposals
19. Operating expenses
20. Prorated lease and salary costs
21. Marketing costs
22. Comprehensive plan preparation costs
23. Costs associated with master plans or redevelopment plans, design workshops, design standards, market studies, zoning and land use implementation tools.

CPED 2007 APPLICATION RANKING TOOL
(Metropolitan Council LCDA)

1. **Uses Land Efficiently** (8 pts.)
2. **Develops land uses linked to the local and regional transportation system** (8 pts.)
3. **Connects housing and centers of employment, education, retail and recreation uses** (8 pts.)
4. **Develop a range of housing densities, types and costs** (8 pts.)
5. **Conserves, protects and enhances natural resources in innovative ways** (8 pts.)
6. **Tools and Processes to Ensure Successful Outcomes** (5 pts.)
7. **Community Support** (5 pts.)
8. **Developability and Readiness** (20 pts.)
9. **Financing** (10 pts.)
10. **Demonstration Project and "But For" Assistance** (10 pts.)
11. **City Priority** (20 pts.)
12. **Unspent Prior Years (more than 2 years) LCDA Funding** (-10 pts.)

RESOLUTION
OF THE CITY OF MINNEAPOLIS

**Identifying the Need for Livable Communities Demonstration Account
Funding and Authorizing Applications for Grant Funds**

WHEREAS, the City of Minneapolis is a participant in the Livable Communities Act's Housing Incentives Program for 2007 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Demonstration Account funds; and

WHEREAS, the City has identified proposed projects within the City that meet the Demonstration Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

WHEREAS, the City has the institutional, managerial and financial capability to ensure adequate project administration; and

WHEREAS, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement; and

WHEREAS, the City agrees to act as legal sponsor for the projects contained in the grant applications submitted on July 16, 2007;

WHEREAS, the City acknowledges Livable Communities Demonstration Account grants are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the proposed projects or key components of the proposed projects can be replicated in other metropolitan-area communities; and

WHEREAS, only a limited amount of grant funding is available through the Metropolitan Council's Livable Communities Demonstration Account during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of Demonstration Account grant funding; and

WHEREAS, cities may submit grant applications for up to five projects during each funding cycle but, using the cities' own internal ranking processes, must rank their projects by priority so the Metropolitan Council may consider those priority rankings as it reviews applications and makes grant awards.

Now, Therefore, Be It Resolved that, after appropriate examination and consideration, the City Council of the City of Minneapolis:

1. Finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at these particular sites at this particular time.

2. Finds that the project components for which Livable Communities Demonstration Account funding is sought:
 - (a) will not occur solely through private or other public investment within the reasonably foreseeable future; and

 - (b) will not occur within two years after the grant award unless Livable Communities Demonstration Account funding is made available for these projects at this time.

3. Ranks the project funding applications, according to the City's own internal priorities, in the following order:

Priority Ranking	Project Name	Grant Amount Required (up to)
(1)	Longfellow Station Project	\$500,000
(2)	West Broadway Curve	\$1,445,000
(3)	SEMI/University Research Park: East Granary Road	\$971,000
(4)	Jackson Street Northeast Artist Affordable Housing	\$1,224,000
(5)	Bystrom Bros./Franklin Station Redevelopment	\$2,334,200
(6)	Franklin Steele Commons	\$830,000
(7)	Currie Park Lofts and Station Place	\$1,964,743
(8)	North Loop Village TOD Project	\$2,500,000

4. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project components for which Livable Communities

Demonstration Account funding is sought but was not able to find or secure from other sources funding that is necessary for project components completion within two years as described in the project applications.

5. Authorizes its Director of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities Demonstration Account grant funds for the project components identified in the applications, and its Finance Officer or designee to execute such agreements as may be necessary to implement the projects on behalf of the City.