

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

**Date:** November 27, 2007

**To:** Lisa Goodman, Chair, Community Development Committee

**Referral to:** Paul Ostrow, Chair, Ways and Means/Budget Committee

**Subject: Accept and Appropriate Redevelopment Grants Awarded by the Minnesota Department of Employment and Economic Development (DEED) for Longfellow Station and Minnesota Innovation Center**

**Recommendation:**

- 1) Accept Redevelopment Program Grants awarded by the Minnesota Department of Employment and Economic Development (DEED) for Longfellow Station (\$480,000) and Minnesota Innovation Center (\$520,000).
- 2) Amend the 2007 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 600-Other Grants-State and Local (0600-890-8933) by \$520,000 and (0600-890-8952) by \$480,000.
- 3) Increase the 2007 Revenue Budget for the Community Planning & Economic Development agency Fund 600-Other Grants-State and Local (0600-890-8490-3215-04) by \$1,000,000.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related agreements for these grants.

**Previous Directives:** On August 17, 2007, the City Council authorized staff to submit applications to the Redevelopment Grant Program sponsored by the Minnesota Department of Employment and Economic Development (DEED).

Longfellow Station (3815 Hiawatha Ave.): December 23, 2005 – approved a resolution authorizing submission of applications to the Metropolitan Council for Hiawatha Corridor Land Assembly Fund proposals. March 31, 2006 – 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, including the Longfellow Station Project. June 2006 – authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account (LCDA) funding. October 11, 2006 – authorized submission of an application for a Hennepin County (ERF) brownfield grant. February 2007 – accepted and appropriated \$934,523 Metropolitan Council Livable Communities Demonstration Account (LCDA) grant; accepted and appropriated \$90,000 Hennepin County (ERF) grant. August 3, 2007 – accepted and appropriated \$265,000 DEED grant and \$295,200 Metropolitan Council (TBRA) grant.

Minnesota Innovation Center (504 29<sup>th</sup> Ave. SE): May 14, 2004 – accepted and appropriated \$50,000 DEED Investigation Grant. August 2004 – accepted and

appropriated \$827,420 Metropolitan Council (TBRA) grant and \$85,000 Hennepin County (ERF) grant.

Prepared by: Paula Mazzacano, Financial Analyst
Approved by: Charles T. Lutz, Deputy CPED Director _____
Jack Kryst, Director, Development Finance _____
Presenter in Committee: Kevin Carroll, 612-673-5181

**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

**Community Impact**

Neighborhood Notification:

Longfellow Station (3815 Hiawatha Ave.) received from the Longfellow Community Council a letter of support dated June 19, 2006

Minnesota Innovation Center (504 29<sup>th</sup> Ave. SE): N/A.

**City Goals:** A Premier Destination, Enriched Environment

**Sustainability Targets:** Brownfield Sites – clean up 100 sites between 2004 and 2014. In addition, if the proposals outlined by the developers in question ultimately receive all required City approvals and are fully implemented in the manner proposed, the resulting redevelopment projects will provide benefits consistent with certain other sustainability targets, including Renewable Energy, Combined Sewer Overflow, Permeable Surfaces and Water Quality.

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

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

**Living Wage/Business Subsidy Agreement:** Yes\_\_\_ No  (see below)

**Job Linkage:** Yes\_\_\_ No  (see below)

Any business that occupies a redeveloped or remediated site may be asked to 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. Job Linkage Agreements are voluntary.

**Supporting Information:** On August 1, 2007, the City submitted applications for seven projects totaling \$4,611,500 to DEED's Redevelopment Grant Program. The total amount of funding available for the grant round was \$5,970,000, half of which was to be allocated to projects in greater Minnesota. On October 18, 2007, the City was informed that two of its projects, Longfellow Station and Minnesota Innovation Center, were awarded a total of \$1 million of Redevelopment Grant funds. The table below shows the outcome of the 2007 grant round for City projects:

<b>City Ranking</b>	<b>Project</b>	<b>Amount Requested</b>	<b>Amount Awarded</b>
1	Heritage Park Phases III & IV	\$500,000	\$0
2	Bassett Creek Valley/Linden Yards	\$500,000	\$0
3	SEMI/URP	\$1,000,000	\$0
unranked	Bystrom Brothers	\$800,000	\$0
unranked	Longfellow Station	\$480,000	\$480,000
unranked	Minnesota Innovation Center	\$985,000	\$520,000
unranked	Spirit on Lake Co-op	\$346,500	\$0
<b>TOTAL</b>		<b>\$4,611,500</b>	<b>\$1,000,000</b>

DEED Redevelopment Grants require a 50% local match which, for these successful applicants, will be paid by the developers.

**Longfellow Station** (3815 Hiawatha Avenue)

DEED Award: \$480,000

Source of 50% Local Match: Light Rail Properties I, LLC

The Longfellow Station project is a mixed-use transit oriented development located diagonally across Hiawatha Avenue to the 38<sup>th</sup> Street Station of the Hiawatha LRT line. Phase 1a of the project will include new ownership and rental housing (110-115 affordable units), up to 40,000 square feet of neighborhood retail uses, up to 440 structured parking spaces and other innovative infrastructure improvements. The site is currently a vacant grain milling operation, and significant infrastructure improvements must be made to support redevelopment. These improvements include renovations to the streets and sidewalks bordering the site on 38<sup>th</sup> Street and 39<sup>th</sup> Street; new connections to the City's water and stormwater systems; construction of porous hardscape surfaces on two public plazas; and construction of an innovative stormwater

treatment system which will recirculate stormwater on site. Redevelopment Grant funds will be used for the construction of site and environmental infrastructure.

**Minnesota Innovation Center (504 29<sup>th</sup> Avenue SE)**

DEED Award: \$520,000

Source of 50% Local Match: Developer (Wall Development Co., LLC)

The Minnesota Innovation Center project is the first phase of the redevelopment of an obsolete industrial area into a University-related Research Park (URP). The presence of several 200-foot tall concrete grain elevators presents a significant impediment to redevelopment of the area. The first project in Phase I is construction of two buildings totaling 135,000 square feet, with 400 structured parking spaces. One of the buildings is a 45,000 square foot high-tech office building, which will not go forward until the Del Mar IV grain elevator, located at 504 29<sup>th</sup> Avenue SE, is demolished. Redevelopment Grant funds have been awarded to demolish the Del Mar IV grain elevator.

**Amending the 2007 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 \$520,000.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 600-Other Grants-State and Local (0600-890-8952) by \$480,000.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 600-Other Grants-State and Local (0600-890-8490-3215-04) by \$1,000,000.