

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

Date: May 17, 2011
To: Council Member Lisa Goodman, Community Development Committee

Subject: CPED'S STATE & REGIONAL REDEVELOPMENT GRANT APPLICATIONS and AWARDS – 2010 FUNDING ROUNDS; REDEVELOPMENT GRANT TRENDS

Recommendation: Receive and file this annual report.

| | |
|---|-------|
| Prepared by: Paula Mazzacano | |
| Approved by: Charles T. Lutz, Deputy Director CPED | _____ |
| Mark Winkelhake, Acting Director Development Finance | _____ |
| Presenters in Committee: Paula Mazzacano (612 673-5129) | |

Financial Impact

No financial impact

Community Impact

City Goals: The projects funded during 2010 will help forward these City goals: A safe place to call home (homelessness eliminated; youth... in school, involved, inspired and connected to an adult); Jobs and economic vitality (businesses – big and small – start here, stay here; thrive here; strong commercial corridors, thriving business corners; proactive business development in key growth areas); Livable communities, healthy lives (thoughtful neighborhood design with density done right; high-quality affordable housing for all ages and stages in every neighborhood; active lifestyles: walkable, bikeable, swimmable; plentiful arts, cultural and recreational opportunities); Many people, one Minneapolis (family-friendly opportunities and amenities abound); Eco-focused (world-class parks fully enjoyed).

Sustainability Targets: These grant funds will help the City realize its sustainability targets to create affordable housing at several income levels and remediate brownfield sites for redevelopment.

Supporting Information

2010 Results

CPED's State & Regional Redevelopment Grant Applications and Awards – 2010 Funding Rounds report lists the redevelopment grants applied for and awarded during 2010 funding rounds. Most of the grants were awarded directly to CPED; however, Hennepin County granted some funds directly to the developers who applied for the grants. All of these grant awards are reflected in this report, as all grant funds will be expended to further the redevelopment goals of the City of Minneapolis. (This report does not track grants applied for and awarded to METP and Planning, or Federal grant funds.)

In 2010, grant applications totaling almost \$16.4 million yielded awards in excess of \$10 million. Sixty (60) grant applications were submitted on behalf of thirty-nine (39) separate projects; forty-one (41) grants were awarded to twenty-nine (29) separate projects (some projects received multiple grant awards). Details can be found on Attachment A.

Projects awarded grant funds will help the City realize four of its goals:

- A Safe Place to Call Home
- Eco-focused
- Jobs and Economic Vitality
- Many People, One Minneapolis

Grantors include: Hennepin County (Environmental Response Fund, Transit Oriented Development); the Metropolitan Council (Livable Communities Demonstration Account, Livable Communities Predevelopment, and Tax Base Revitalization Account); Minnesota Department of Employment and Economic Development (DEED) (Construction Mitigation, Contamination Cleanup and Investigation Grant Programs, and Redevelopment); and State of Minnesota (Historic Preservation Legacy Grant Program and Minnesota Housing Finance Agency Community Revitalization Program).

CPED Trends – State and Regional Redevelopment Grants

During the 2007 through 2010 funding rounds, eight (8) state and regional grant programs provided the greatest amount of redevelopment grant funding for Minneapolis projects, totaling \$58,243,932 awarded over four years:

| Grant Program: | Grant funds awarded 2007- 2010: |
|---|--|
| Hennepin County Environmental Response Fund (ERF) | \$8,670,005 |
| Metropolitan Council Livable Communities Demonstration Account (LCDA) | \$7,077,641 |
| MN Department of Employment & Economic Development (DEED) Contamination Investigation and Cleanup | \$6,372,036 |
| Grant Program (cont.): | Grant funds awarded 2007- 2010: |

| | |
|---|---------------------|
| Metropolitan Council Tax Base Revitalization Account (TBRA) | \$4,748,710 |
| MN Department of Employment & Economic Development (DEED) Redevelopment | \$4,131,432 |
| Hennepin County Transit Oriented Development (TOD) | \$3,885,000 |
| MN Department of Employment & Economic Development (DEED) Bioscience Business Development Public Infrastructure | \$3,500,000 |
| Metropolitan Council Local Housing Incentives Account (LHIA) | \$1,028,000 |
| Total Grant Awards – Major Programs | \$58,243,932 |

The City has also been successful in securing funds from new and occasional grant sources, including Council for Excellence in Government (\$5,000 in 2008), DEED Construction Mitigation (\$4,600 in 2010), DEED’s Minnesota Investment Fund (\$500,000 in 2007), Living Cities (\$125,000 in 2009), Metropolitan Council Livable Communities Predevelopment (\$100,000 in 2010), Minnesota Housing Community Revitalization \$750,000 in 2010), and Minnesota State Heritage Preservation Office (\$57,000 in 2009 and \$200,000 in 2010).

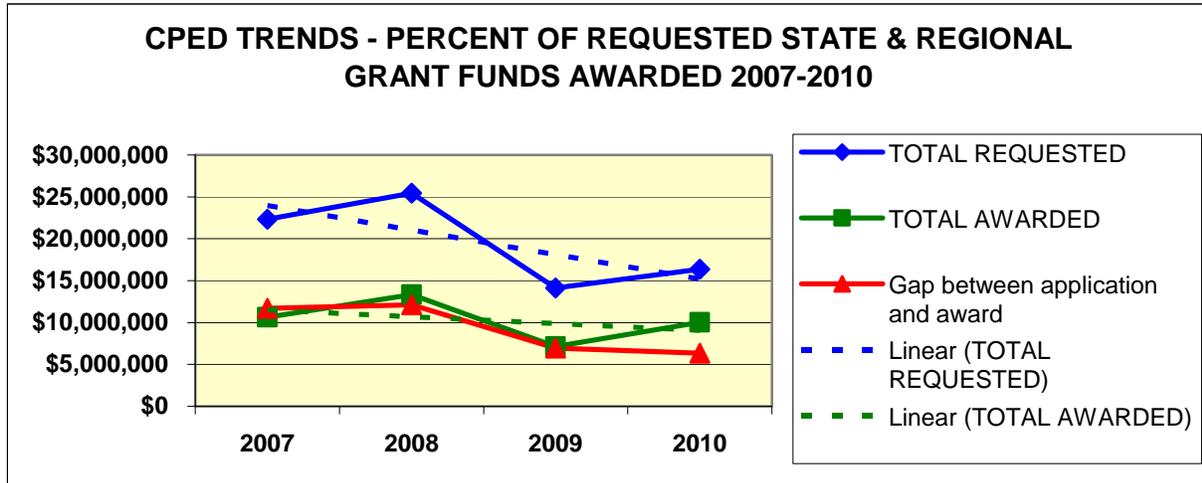
Of the four years spanning 2007 through 2010, 2008 saw the most activity in terms of both the number of grants applied for and funds awarded. Minneapolis projects continue to rank highly with grantors, competing strongly at county, regional and state levels. However, funding for the various grant programs is not assured, or stable from one grant round to the next. Fewer grant funds were available from DEED and Metropolitan Council in 2009, which clearly impacted Minneapolis projects.

| Applications & Awards: | 2007 | 2008 | 2009 | 2010 |
|--|---------------------|---------------------|--------------------|---------------------|
| Number of grants applied for | 66 | 71 | 69 | 60 |
| Number of grants awarded | 43 | 53 | 34 | 41 |
| Percent of requested grants awarded | 68.3% | 74.6% | 49.3% | 68.3% |
| Dollar amount of grant funds requested | \$21,735,063 | \$25,450,698 | \$14,119,810 | \$16,369,757 |
| Dollar amount of grants awarded | \$10,052,931 | \$13,318,219 | \$7,157,772 | \$10,032,502 |
| Percent of requested grant funds awarded | 46.3% | 52.3% | 50.7% | 61.3% |

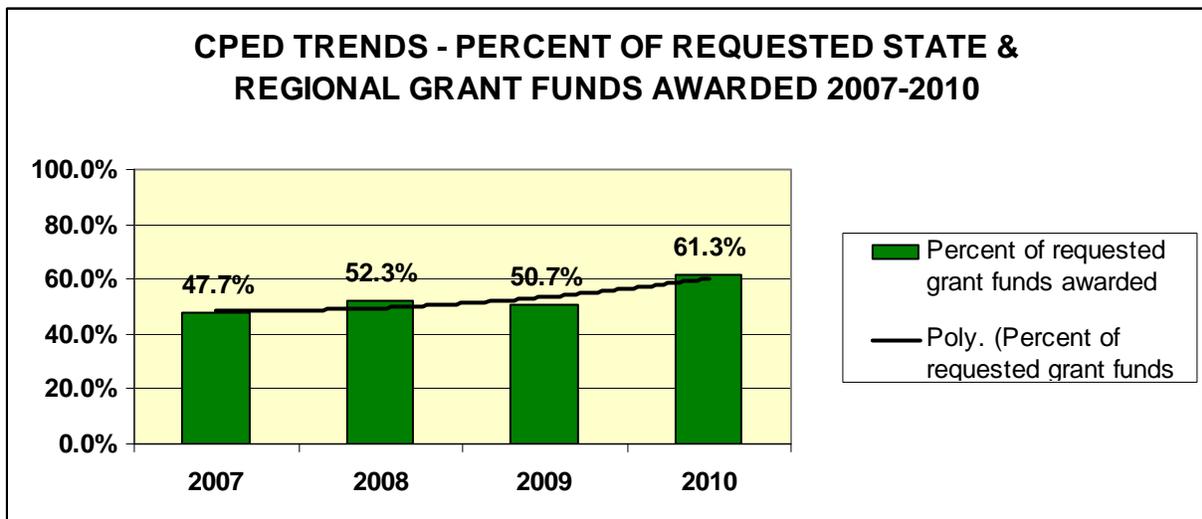
The percentage of requested funds awarded in 2010 grew dramatically. Grantors focused on projects demonstrating a high level of readiness to proceed, and Minneapolis projects scored well. Many of the projects funded in 2010 will add to the City’s supply of affordable housing.

As is evident in the graphs below, state and regional redevelopment grants provide an important source of revenue for CPED projects. From 2007 through 2010, the amount of

grant funds both requested and awarded shows a declining trend (hash-marked line). This can largely be explained by the de-funding of the May 2009 TBRA grant round, and CPED's strategic efforts to submit grant applications for projects at a higher level of readiness to commence, per grantor's criteria. The amount of the grant awards did not decline as steeply as the amount of the grant requests, and rebounded from 2009 to 2010. Of particular note is the continued decrease in the gap between grant funds requested and grant funds awarded, which again speaks to CPED's better targeted strategic efforts.



The percentage of requested grant funds awarded from 2007 through 2010 shows a steady increase over the past four years. Although fewer grant funds were available in 2009, the year's performance was still relatively strong.



This table shows the amounts requested and awarded, by grant program, for the years spanning 2007 through 2010:

**CPED TRENDS - STATE AND REGIONAL GRANTS
REQUESTED & AWARDED 2007-2010**

| REQUEST BY GRANT PROGRAM | 2007 | 2008 | 2009 | 2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| Council for Excellence in Government | \$0 | \$5,000 | \$0 | \$0 |
| DEED Construction Mitigation | | | | \$10,000 |
| DEED Contam Cleanup/Investigation | \$2,319,455 | \$1,743,965 | \$2,489,030 | \$1,543,760 |
| DEED Bioscience Business Devel. Public Infrastructure | \$0 | \$6,850,000 | \$0 | \$0 |
| DEED Redevelopment | \$4,961,500 | \$4,681,216 | \$1,514,063 | \$664,972 |
| DEED MN Investment Fund | \$500,000 | \$0 | \$0 | \$0 |
| Hennepin County ERF | \$2,474,120 | \$2,006,033 | \$4,038,031 | \$3,147,172 |
| Hennepin County TOD | \$2,418,600 | \$4,341,000 | \$3,033,673 | \$4,905,832 |
| Living Cities | \$0 | \$0 | \$125,000 | \$0 |
| Met Council LCDA | \$6,922,880 | \$3,520,741 | \$995,400 | \$2,501,900 |
| Met Council LHIA | \$193,000 | \$260,000 | \$575,000 | \$0 |
| Met Council Predevelopment | \$0 | \$0 | \$0 | \$100,000 |
| Met Council TBRA | \$2,538,508 | \$1,542,743 | \$566,613 | \$2,272,121 |
| MHFA Community Revitalization | \$0 | \$500,000 | \$0 | \$750,000 |
| MN SHPO | \$0 | \$0 | \$783,000 | \$474,000 |
| TOTAL REQUESTED | \$22,328,063 | \$25,450,698 | \$14,119,810 | \$16,369,757 |
| AWARD BY GRANT PROGRAM | 2007 | 2008 | 2009 | 2010 |
| Council for Excellence in Government | \$0 | \$5,000 | \$0 | \$0 |
| DEED Construction Mitigation | | | | \$4,600 |
| DEED Contam Cleanup/Investigation | \$2,068,252 | \$1,168,823 | \$1,634,518 | \$1,500,443 |
| DEED Bioscience Business Devel. Public Infrastructure | \$0 | \$3,500,000 | \$0 | \$0 |
| DEED Redevelopment | \$1,350,000 | \$2,169,022 | \$321,938 | \$290,472 |
| DEED MN Investment Fund | \$500,000 | \$0 | \$0 | \$0 |
| Hennepin County ERF | \$2,000,819 | \$2,006,033 | \$2,786,316 | \$1,876,837 |
| Hennepin County TOD | \$1,045,000 | \$1,480,000 | \$545,000 | \$815,000 |
| Living Cities | | | \$125,000 | \$0 |
| Met Council LCDA | \$1,825,000 | \$2,020,741 | \$943,000 | \$2,288,900 |
| Met Council LHIA | \$193,000 | \$260,000 | \$575,000 | \$0 |
| Met Council Predevelopment | \$0 | \$0 | \$0 | \$100,000 |
| Met Council TBRA | \$1,663,860 | \$708,600 | \$170,000 | \$2,206,250 |
| MHFA Community Revitalization | \$0 | \$0 | \$0 | \$750,000 |
| MN SHPO | \$0 | \$0 | \$57,000 | \$200,000 |
| TOTAL AWARDED | \$10,645,931 | \$13,318,219 | \$7,157,772 | \$10,032,502 |

ATTACHMENT A

**CPED'S STATE & REGIONAL REDEVELOPMENT GRANT
APPLICATIONS & AWARDS – 2010 FUNDING ROUNDS**