

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

Date: April 5, 2011

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: **2011 Hennepin County Transit Oriented Development (TOD) Grant Applications for projects located in Minneapolis**

Recommendation:

1. Adopt the multi-jurisdictional program approval resolution for the submission of ten applications to the Hennepin County Transit-Oriented Development (TOD) Program and authorize appropriate City officers to execute cooperative agreements for the County funded projects; and

2. Approve the City of Minneapolis priority rankings for the 2011 TOD program applications and direct staff to submit the advisory rankings to the Hennepin County Department of Housing, Community Works and Transit.

1. Longfellow Station; Longfellow Station SA LLC
2. Emerge Career and Technology Center; Emerge Community Development Corporation
3. Hi-Lake Triangle Apartments; Wellington Management, Inc.
4. Dunwoody Flats; Gateway Commons LLC
5. Seward Commons Public Infrastructure; Seward Redesign
6. West Broadway Office/Retail Building; Ackerberg Group
7. Corcoran Triangle; Wellington Management, Inc.
8. ArtCube; Artspace Projects, Inc.
9. 520 Second Street SE; Second Street Holding, LLC
10. Lehmann Building; Minneapolis Leased Housing Associates II, LP

Previous Directives: Since 2003, the Minneapolis City Council has annually adopted multi-jurisdictional program approval resolutions and provided a City advisory ranking for projects located within Minneapolis that apply for funding through the Hennepin County Transit-Oriented Development (TOD) Program.

Department Information

Prepared by:

Mark Garner, CPED Senior Project Coordinator, Phone (612) 673-5037

Approved by:

Michael D. Christenson, CPED Director _____

Presenters in Committee: Mark Garner

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Not applicable.
- City Goals: Connected communities, enriched environment, and premier destination.
- Sustainability Targets: Economically vibrant and higher density transit corridors create attractive urban neighborhoods for development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.
- Comprehensive Plan: Policy 1.3. Ensure that development plans incorporate appropriate transportation access and facilities, particularly for bicycles, pedestrians and transit; Policy 1.5. Promote growth and encourage overall city vitality by directing new commercial and mixed-use development to designated corridors and districts; Policy 1.13. Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places; Policy 2.3. Encourage walking throughout the City by ensuring that routes are safe, comfortable, pleasant and accessible; Policy 2.4. Make transit a more attractive option for both new and existing riders; Policy 3.2. Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; and Policy 4.11. Attract businesses to the City through strategic infrastructure investments.
- Zoning Code: Not applicable

Supporting Information

Applications to the annual solicitation for the Hennepin County Transit-Oriented Development (TOD) Program were submitted in late February, 2011. Eligible applicants for this funding program may include cities, public development authorities and private and non-profit development entities. This is the ninth year of the Hennepin County TOD program, which has previously provided funding to projects in many corridors throughout Minneapolis.

Transit-Oriented Development promotes a mixture of housing, retail, services, workplaces and open space within walking distance of transit to maximize use of the transit system. Well-planned pedestrian and bike-friendly TOD has numerous benefits including decreased congestion, a greater range of housing options, fewer emissions, and improved public health by creating walkable neighborhoods that promote physical activity. TOD projects often feature reduced parking, increased density, and buildings oriented toward transit and the pedestrian environment. TOD lowers combined housing and transportation costs by reducing the need to drive and own cars for commuting and daily trips, and promotes economic opportunity by linking residents with employment and service destinations.

Program Priorities

Funding through this program is only available to those multi-jurisdictional projects that occur within or near Hennepin County Transit Corridors, and in recent years the program has increasingly focused on higher frequency transitways.

There is \$4 million available for County-wide project allocations in the 2011 TOD program solicitation. This is twice the amount available in previous years. \$2 million is available from county bonds as in past years. This year \$2 million is also available from a County HRA levy, which will provide greater flexibility for funding projects. This year the County may offer either grants or negotiated loan agreements. Loans may be made with negotiated rates and terms. Loan payments will be utilized to fund a revolving loan to support future TOD projects.

The TOD Program is highly competitive. This year Hennepin County has received fourteen applications for funding requesting a total of about \$6.1 million. Ten of these applications are for projects located within the City of Minneapolis, requesting a total of \$4.35 million. Four applications, requesting \$1.8 million, were submitted for projects located in other Hennepin County municipalities, including two applications submitted by suburban municipalities.

Project Evaluations

A complete list of the projects requesting funds that are located within the City of Minneapolis is attached to this report.

The formal role of the City is to adopt a multi-jurisdictional program resolution for the projects that submitted funding applications. Hennepin County staff has requested that the City approve the resolution in April, prior to action by the Hennepin County Board of Commissioners the following month. Approval of this report also authorizes the City Finance Officer or their designee to execute one or more cooperation agreements authorizing Hennepin County to contract and implement any TOD program projects located in Minneapolis that receive County funding.

A redevelopment project area is required by State Statutes for the expenditure of TOD program funds on approved multi-jurisdictional projects. This year, two of the proposed projects (Dunwoody Flats and the Lehmann Building) are not located within a previously created City redevelopment project area. Approval of the multi-jurisdictional program resolution supporting the submittal of the TOD applications for funding consideration implies that the City intends to pursue the adoption of a redevelopment plan during the next six months to provide the legal authority for the execution of funding agreements and expenditure of TOD funds, if those projects are approved for funding by the Hennepin County Board of Commissioners.

This year, as in previous years, this report is also proposing a City ranking of the projects located within Minneapolis. This ranking is provided to Hennepin County for advisory purposes. The rankings are intended to clarify City TOD and transitway project priorities, improve communications, and facilitate better jurisdictional alignment around shared policy perspectives. This year input for ranking projects has been received from approximately 20 City staff; including project coordinators and planning staff, members of inter-disciplinary geographical Sector Teams, Development Finance staff, as well as CPED executive level staff. Projects were evaluated on 12 criteria:

1. Project increases transit use through improved access and connections or increased development, origins and destinations near transit;
2. Project leverages other public and private resources;

3. Project is located within a designated Transit Improvement Area and/or Hennepin County designated transitway corridor;
4. Project increases density;
5. Project reflects high quality design and pedestrian-oriented development;
6. Project enjoys community support;
7. Capacity and track record of project sponsor or developer;
8. Project readiness for construction within two years, including review of financing sources and public commitments;
9. Catalytic impact of project on transit access, neighborhood revitalization and TOD development market;
10. Relationship of project to current geographic sector infrastructure and development priorities;
11. Character and scale of public benefit provided by project; and
12. The consistency of the project with Minneapolis Plan for Sustainable Growth and Small Area Plans, Access Minneapolis Plan and CIP, with no identified regulatory or policy barriers.

A Matrix showing the City ranking recommendation for the 2011 TOD project proposals is attached to this report.

Projects that are funded in 2011 by the Hennepin County TOD program are required to complete funded project improvements within two years of contract execution: which means they must be completed in 2013.

This year, the most important criteria and policy consideration that shaped the 2011 ranking recommendations was project readiness and financial need.

Project readiness was evaluated to determine the likelihood that a project could be completed within two years given the current public funding cycles, status of projects in funding pipelines, as well as the private financing and market context. In addition to project readiness, the extent to which the projects demonstrated that funding from other private and public sources was insufficient was also evaluated. The importance of near-term economic stimulus and successful project completion within two years supports the targeting of funds to the most shovel ready TOD projects.

All of the projects proposed achieve a high standard of urban infill development appropriate for a walkable and transit-oriented environment. Several of the projects proposed for funding are relatively new proposals that meet many of the TOD policy criteria, but have not yet secured as high a level of public or private funding commitments to move forward within this timeframe.

List of Applications for 2011 Hennepin County Transit Oriented Development program for Projects located in the City of Minneapolis (Priority Rank Order)

The following list of projects summarizes 2011 applicant information:

1. Longfellow Station

Applicant:	Longfellow Station SA LLC (Sherman Associates)
Location:	3815 Hiawatha Avenue
TOD \$ Request:	\$ 483,750 (Grant or Loan)
Proposed Use of TOD funds:	Hiawatha Avenue Streetscape, Bike Facilities, North lobby & elevator for transit access
Name of Redevelopment Project Area:	Longfellow Station Redevelopment Project
Designated Transit Improvement Area?	Yes; 38 th Street LRT Station, Hiawatha LRT
County-Identified Transit Corridor?	Yes; Hiawatha Corridor
Contact:	Paul Keenan, (612) – 604-0867

Project Description: 180 units of new construction affordable housing within 1 block of the 38th Street Station of the Hiawatha Light Rail Line.

2. Emerge Career and Technology Center

Applicant:	Emerge Community Development
Location:	1834 Emerson Avenue North
TOD \$ Request:	\$ 500,000 (\$400,000 Loan; \$100,000 Grant)
Proposed Use of TOD funds:	Grant for public improvements; loan for historic preservation including windows, roofing, woodwork, plaster, masonry
Name of Redevelopment Project Area:	West Broadway Redevelopment Project
Designated Transit Improvement Area?	No
County-Identified Transit Corridor?	Yes; Bottineau (Including West Broadway and Lowry)
Contact:	Mike Wynne, (612) – 529-9267

Project Description: Redevelopment of an historic former library into a facility housing workforce development activities and a community technology center; plus leased office space serving North Minneapolis.

3. Hi-Lake Triangle Apartments

Applicant:	Wellington Management, Inc.
Location:	NW Corner of Lake and Hiawatha adjacent to LRT Station
TOD \$ Request:	\$ 450,000 (Grant)
Proposed Use of TOD funds:	Property acquisition costs
Name of Redevelopment Project Area:	Hiawatha and Lake Redevelopment Project and Model City Urban Renewal Project
Designated Transit Improvement Area?	Yes; Lake Street/Midtown LRT Station, Hiawatha LRT
County-Identified Transit Corridor?	Yes; Hiawatha Corridor and 29 th Street Midtown Greenway
Contact:	Judd Fenlon, (651) – 292-5528

Project Description: Hi-Lake Triangle will make use of a vacant site directly adjacent to the Midtown LRT station and create an affordable, mixed-use 55+ senior housing community with commercial space along the Lake Street elevation.

4. Dunwoody Flats

Applicant:	Gateway Commons, LLC
Location:	110 18 th Street East
TOD \$ Request:	\$ 361,500 (Grant)
Proposed Use of TOD funds:	Bicycle and pedestrian streetscape improvements, storm sewer improvements, demolition
Name of Redevelopment Project Area:	Not within an existing project area
Designated Transit Improvement Area?	No
County-Identified Transit Corridor?	No.
Contact:	Swami Palanisami, (763) – 504-5262

Project Description: Dunwoody Flats is a proposed substantial rehab consisting of a four-story mixed-income apartment building containing 123 apartment units and 7,629 square feet of commercial space.

5. Seward Commons Public Infrastructure

Applicant:	Seward Redesign
Location:	2312 Snelling Avenue
TOD \$ Request:	\$ 67,765 (Grant)
Proposed Use of TOD funds:	Pedestrian lighting, bicycle facilities, street reconstruction
Name of Redevelopment Project Area:	Franklin LRT Station Area Redevelopment Project
Designated Transit Improvement Area?	Yes; Franklin LRT Station, Hiawatha LRT
County-Identified Transit Corridor?	Yes; Hiawatha Corridor.
Contact:	Brian Miller, (612) – 435-0275

Project Description: Seward Redesign has acquired a 4-acre industrial site near the Franklin LRT Station to transform into a mix of over 200 units of housing and 25,000 square feet of commercial space. The first phase of redevelopment is a joint effort with Project for Pride in Living and Touchstone Mental Health.

6. West Broadway Office/Retail Building

Applicant:	The Ackerberg Group
Location:	1314 West Broadway Avenue
TOD \$ Request:	\$ 650,000 (Loan)
Proposed Use of TOD funds:	Acquisition, demolition, site improvements
Name of Redevelopment Project Area:	West Broadway Redevelopment Project
Designated Transit Improvement Area?	No.
County-Identified Transit Corridor?	Yes; Bottineau (Including West Broadway and Lowry)
Contact:	Thatcher Imboden, (612) – 924-6411

Project Description: Redevelopment of existing underutilized site into new office intended to house a Hennepin County Social Service hub offices and retail along West Broadway Avenue in North Minneapolis.

7. Corcoran Triangle

Applicant: Wellington Management, Inc.
Location: 3100 block of 24th Avenue South
TOD \$ Request: \$ 439,000 (Grant)
Proposed Use of TOD funds: Pedestrian, bicycle and stormwater treatment site improvements, pedestrian lighting and sound-proofing
Name of Redevelopment Project Area: Model City Urban Renewal Project
Designated Transit Improvement Area? Yes; Lake Street/Midtown LRT Station, Hiawatha LRT
County-Identified Transit Corridor? Yes; Hiawatha Corridor and 29th Street Midtown Greenway
Contact: Steve Wellington, (651) – 292-9844

Project Description: Corcoran Triangle is a new construction, multi-family rental housing development adjacent to the Hiawatha LRT line in Minneapolis with a unit mix affordable to a range of incomes.

8. ArtCube

Applicant: Artspace Projects, Inc.
Location: 800 Washington Avenue South
TOD \$ Request: \$ 500,000 (Prefer Grant)
Proposed Use of TOD funds: Predevelopment costs, construction of artist incubator space and tenant improvements
Name of Redevelopment Project Area: Industry Square Redevelopment Project
Designated Transit Improvement Area? Yes; DT East/Metrodome, Hiawatha LRT
County-Identified Transit Corridor? Yes; Hiawatha Corridor
Contact: Heidi Kurtze, (612) – 465-0215

Project Description: Mixed-use development comprised of 45 affordable live/work artist studios, 8,000 SF of commercial space, and a 20,000 SF arts incubator to support creative industry.

9. 520 Second Street SE

Applicant: Second Street Holding, LLC
Location: 520 2nd Street SE
TOD \$ Request: \$ 500,000 (Loan)
Proposed Use of TOD funds: Portion of eligible project costs that may include predevelopment, demolition, site preparation, landscaping or public realm and streetscape.
Name of Redevelopment Project Area: Holmes Urban Renewal Area
Designated Transit Improvement Area? No.
County-Identified Transit Corridor? No.
Contact: Lucy Brown Minn, (612) – 436-3205

Project Description: Second Street Holdings will construct a modern, 6-story apartment building with 91 affordable units on an underutilized site positioned between downtown Minneapolis and the University of Minnesota.

10. Lehmann Building

Applicant:	Minneapolis Leased Housing Associates II, LP
Location:	1006 West Lake Street
TOD \$ Request:	\$ 400,000 (Loan)
Proposed Use of TOD funds:	Acquisition and site preparation.
Name of Redevelopment Project Area:	Not within an existing project area
Designated Transit Improvement Area?	No.
County-Identified Transit Corridor?	Yes; 29 th Street Midtown Greenway
Contact:	Shane LaFave, (763) – 354-5636

Project Description: Conversion of the Lehmann Building to affordable housing consisting of approximately 120 – 130-units and associated common area and support spaces.

RESOLUTION

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CITY OF MINNEAPOLIS

WHEREAS the Hennepin County Transit-Oriented Development (TOD) Program was established as a multi-jurisdictional reinvestment program under the authority of Minnesota Statutes 383B.79, Subdivision 1.

WHEREAS ten applications were submitted to Hennepin County for projects located within the City of Minneapolis for consideration in the 2011 Hennepin County TOD Program solicitation.

WHEREAS the city of Minneapolis hereby approves the submission of ten applications for projects located within the City of Minneapolis for consideration for funding by the 2011 Hennepin County TOD Program.

THEREFORE, BE IT RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by the Ackerberg Group for the West Broadway Office/Retail Building project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by Artspace Projects, Inc. for the ArtCube project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by Emerge Community Development for the Emerge Career and Technology Center project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by the Gateway Commons LLC for the Dunwoody Flats project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by the Second Street Holding, LLC for the 520 Second Street SE project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by the Longfellow Station SA LLC for the Longfellow Station project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by Minneapolis Leased Housing Associates II, LP for the Lehmann Building project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County

Housing and Redevelopment Authority on February 24, 2011 by Seward Redesign for the Seward Commons project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by Wellington Management, Inc. for the Corcoran Triangle project.

BE IT FURTHER RESOLVED that the city of Minneapolis, in accordance with Minnesota Statutes 383B.77, Subdivision 3, supports the transit-oriented development loan/grant application submitted to the Hennepin County Housing and Redevelopment Authority on February 24, 2011 by Wellington Management, Inc. for the Hi-Lake Triangle Apartments project.

BE IT FURTHER RESOLVED that the appropriate City staff may execute one or more cooperative agreements authorizing Hennepin County or the Hennepin County Housing and Redevelopment Authority (HRA) to implement the foregoing projects in Minneapolis.

BE IT FURTHER RESOLVED that nothing in this resolution shall create a pecuniary obligation of the City Council to assist any of the foregoing projects nor shall the City be in any way responsible for any financing obligation or agreement of Hennepin County or the Hennepin County HRA with respect to their provision of financial assistance such projects.

BE IT FURTHER RESOLVED that the support expressed herein extends only to the powers of Hennepin County or the Hennepin County HRA with respect to the financial assistance the County or the HRA proposes to provide to the respective projects and the City shall retain all other powers and jurisdiction over matters relating to the City and the projects.