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

Date: January 27, 2009

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Paul Ostrow, Ways and Means/Budget Committee

Subject: Accept and Appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) Grants of \$211,764 for the Creekside Commons project, \$550,000 for the Bystrom Bros/Franklin Station project, \$850,000 for the Lyndale Green/Salem Redevelopment project, and \$408,977 for the Jackson St Artist Housing project; Accept and Appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$220,000 for Habitat for Humanity Foreclosure Remediation; and authorize execution of Grant and Subrecipient Agreements.

#### Recommendation:

- 1) Accept and Appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) Grants of \$211,764 for the Creekside Commons project, \$550,000 for the Bystrom Bros/Franklin Station project, \$850,000 for the Lyndale Green/Salem Redevelopment project, and \$408,977 for the Jackson St Artist Housing project; Accept and Appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$220,000 for Habitat for Humanity Foreclosure Remediation; and authorize execution of Grant and Subrecipient Agreements.
- 2a) Amend the 2009 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600 Other Grants State and Local (01600-8900220) by \$2,020,741 (\$211,764 for Creekside Commons; \$550,000 for Bystrom Bros/Franklin Station; \$850,000 for Lyndale Green/Salem Redevelopment; and \$408,977 for Jackson St Artist Housing; 2b) Amend the 2009 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600 Other Grants State and Local (01600-8900230) by \$220,000 (Habitat for Humanity Foreclosure Remediation).
- 3) Increase the 2009 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600 Other Grants State and Local (01600-8900900-321513) by \$2,240,741 (\$211,764 for Creekside Commons; \$550,000 for Bystrom Bros/Franklin Station; \$850,000 for Lyndale Green/Salem Redevelopment; \$408,977 for Jackson St Artist Housing; and \$220,000 (Habitat for Humanity Foreclosure Remediation).
- 4) Authorize appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities

Demonstration Account (LCDA) grants with the Metropolitan Council, Plymouth Church Neighborhood Foundation (or affiliated entity), Seward Redesign (or affiliated entity), Brighton Development (or affiliated entity), and Northeast CDC (or affiliated entity), and the Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) grant with Habitat for Humanity (or affiliated entity).

#### **Previous Directives:**

- In June, 2008, the City Council authorized submission of five (5) grant applications (Creekside Commons, Bystrom Bros/Franklin Station, Linden Yards West, Lyndale Green/Salem Redevelopment, and Jackson St NE Artist Affordable Housing) to the Metropolitan Council Livable Communities Demonstration Account (LCDA) program.
- The City Council has approved a number of funding requests for the listed projects, including Affordable Housing Trust Fund (AHTF) funds (Creekside Commons and Lyndale Green), Tax Increment Financing (Jackson St NE Artist Housing), Affordable Home Ownership Program (AHOP) funds (Jackson Street NE Artist Housing), Low-Income Housing Tax Credits (LIHTC) (Creekside Commons), and Hiawatha Land Assembly Funds (HLAF) (Bystrom Bros).

Prepared by: Amy Geisler, Senior Project Coordinator, (612) 673-5266						
Approved by: Thomas Streitz, Director, Housing Policy & Development Charles T. Lutz, CPED Deputy Director						
Presenters in Committee: Amy Geisler (612) 673-5266						
	Review Committee (PRC): ew Group (PRG):	Approval n/a DateApproval n/a Date				
Financial Imp	pact					
• <u>X</u> No fi	inancial impact					
<ul> <li>X Action requires an appropriation increase to the Capital Budget or Operating Budget</li> </ul>						
<ul><li>X Action provides increased revenue for appropriation increase</li><li>X Action is within the Business Plan</li></ul>						

### **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 it 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

#### **Background/Supporting Information**

On December 10, 2008 the Metropolitan Council awarded LCDA grants to Lyndale Green/Salem Redevelopment (\$850,000), Creekside Commons (\$211,764), Bystrom Bros/Franklin Station (\$550,000), and Jackson St NE Artist Housing (\$408,977). On the same date, the Metropolitan Council also awarded an LHIA grant to Habitat for Humanity – Foreclose Remediation (\$220,000). Staff is now requesting City Council authorization to accept and appropriate the LCDA and LHIA grant awards.

## **Grant Application and Award Process**

The Livable Communities Demonstration Account was established by the Livable Communities Act [Minnesota Statutes Chapter 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. Application is open to cities participating in the Local Housing Incentives Program of the Livable Communities Act, on behalf of proposals in their communities.

Habitat for Humanity applied directly to the Metropolitan Council for the Livable Communities Local Housing Incentives Account (LHIA) program funding (the LHIA program does not require direct city application). LHIA grants, however, are made to the City and passed to the applicant via a sub-recipient agreement.

As is the case most years, there was considerable competition for LCDA funds. Metropolitan Council staff and the Livable Communities Advisory Committee reviewed 20 LCDA applications totaling \$17.5 million. On December 10, 2008, the Metropolitan Council approved 12 LCDA grants totaling \$6.9 million, including \$2,020,741 (or 30%) to the City of Minneapolis. Minneapolis projects also represented the Top-4 ranked projects, among all LCDA awards this year. Also on December 10, the Metropolitan Council awarded \$1,120,000 in LHIA grants, including \$220,000 to Habitat for Humanity for foreclosure remediation.

#### **Project Summaries - LCDA**

<u>Lyndale Green/Salem Redevelopment</u> (Brighton Development or an affiliated entity): \$850,000 to assist with site acquisition and demolition associated

with the redevelopment of a portion of the Salem English Lutheran Church site with a new mixed-income, mixed-use building at 28<sup>th</sup> and Lyndale.

<u>Creekside Commons</u> (Plymouth Church Neighborhood Foundation or an affiliated entity): \$211,764 to assist with relocating a city water main, stormwater improvements, pedestrian improvements, and design work on a 30-unit, mixed-income workforce housing project on a portion of the Mayflower Congregational Church parking lot on Stevens Ave at 54<sup>th</sup> St E.

<u>Bystrom Bros/Franklin Station Redevelopment</u> (Seward Redesign or an affiliated entity): \$550,000 to assist with right-of-way acquisition to facilitate the re-configuration of East 22<sup>nd</sup> St, in coordination with the redevelopment of the overall Bystrom Brothers property near the Franklin Avenue LRT Station.

<u>Jackson St NE Artist Affordable Housing</u> (Northeast Community Development Corporation or an affiliated entity): \$408,977 to assist with pedestrian improvements, utility construction, and design work on a 43-unit mixed-income ownership housing project that will include 3,200-square-feet of arts production building.

City Rank	Project	Ward	Requested	Awarded
1	Creekside Commons	11	\$211,764	\$211,764
2	Bystrom Bros/Franklin Station	2	\$550,000	\$550,000
3	Linden Yards West	7	\$1,500,000	\$0
4	Lyndale Green/Salem Redev.	6	\$850,000	\$850,000
5	Jackson St NE Artist Housing	1	\$1,445,877	\$408,977
	TOTAL		\$4,557,641	\$2,020,741

#### **Project Summary – LHIA**

Habitat for Humanity – Foreclosure Remediation (Habitat for Humanity or affiliated entity): \$220,000 to acquire foreclosed properties in partnership with the cities of Minneapolis and St. Paul, rehabilitate the units, and resell to low- and moderate-income families. Funds will assist families with incomes between 30% and 50% of Area Median Income (AMI). LHIA funds are expected to be matched with funds provided by Minneapolis and St. Paul. MHFA also funded this proposal jointly with the Metropolitan Council, in the amount of \$780,000. LHIA funds will assist with the purchase and/or improvements for 4 of the 20 units.

Project	Ward	Requested	Awarded
Habitat for Humanity – foreclosure remediation	various	\$220,000	\$220,000
TOTAL		\$220,000	\$220,000