



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

Date: April 22, 2008

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 Bassett Creek Valley, SEMI/URP (University Research Park) Bioscience Zone and Spirit on Lake Cooperative**

Recommendation:

- 1) Accept Redevelopment Program Grants awarded by the Minnesota Department of Employment and Economic Development (DEED) for Bassett Creek Valley (\$483,371), SEMI/URP (University Research Park) Bioscience Zone (\$500,000) and Spirit on Lake Cooperative (\$391,500).
- 2) a. Amend the 2008 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$983,371 (\$483,371 Bassett Creek Valley and \$500,000 SEMI/URP Bioscience Zone) and b. Amend the 2008 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$391,500 (Spirit on Lake Cooperative).
- 3) Increase the 2008 Revenue Budget for the Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,374,871.
- 4) Authorize the appropriate City staff to execute grant, subrecipient and/or disbursement and related documents and agreements for these grants.

Previous Directives: On January 31, 2008, the City Council authorized staff to submit applications to the Redevelopment Grant Program sponsored by the Minnesota Department of Employment and Economic Development (DEED).

Bassett Creek Valley: January 12, 2007 – City Council approved the 2006 Bassett Creek Valley Master Plan as a small area plan. August 17, 2007 – City Council authorized application to DEED’s Redevelopment Grant Program for infrastructure funding.

SEMI/URP (University Research Park) Bioscience Zone: June 22, 2001, September 23, 2003, September 23, 2005 and June 29, 2007 – requests for State bond funds were included in the City’s requests to the Legislature. June 30, 2006 – City Council authorized application to Metropolitan Council for Livable Communities Demonstration Account Grant Program for infrastructure funding. August 17, 2007 – City Council authorized application to DEED’s Redevelopment Grant Program for infrastructure funding.

Spirit on Lake Cooperative (1238 East Lake Street): December 2005 – City Council approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing program. November 2006 – City Council approved Project Analysis Authorization. August 3, 2007 – City Council accepted and appropriated a \$37,150 Hennepin County Emergency Respond Fund (ERF) grant. August 17, 2007 – City Council authorized application to DEED’s Redevelopment Grant Program for infrastructure funding.

Prepared by: Paula Mazzacano, Financial Analyst Kevin Carroll, Senior Project Coordinator
Approved by: Cathy Polasky, Director, Economic Policy & Development _____ Tom Streitz, Director, Housing Policy & Development _____ 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:

Bassett Creek Valley: A redevelopment proposal from the Ryan Companies was presented to Harrison neighborhood on September 18, 2007 and to Bryn Mawr neighborhood in November 2007. The 2006 Bassett Creek Valley Master Plan was formally supported by Harrison Neighborhood Association and Bryn Mawr Neighborhood Association.

SEMI/URP (University Research Park) Bioscience Zone: In a letter dated June 25, 2007, the South East Economic Development (SEED) Committee endorsed the City's request for state financing for infrastructure.

Spirit on Lake Cooperative: The project received letters of support from Powderhorn Park Neighborhood Association (July 13, 2005) and Midtown Phillips neighborhood Association, Inc. (February 10, 2007).

City Goals: A Premier Destination, Enriched Environment

Sustainability Targets: Brownfield Sites – clean up 100 sites between 2004 and 2014. These redevelopment projects will also help the City realize sustainability targets related to 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 X (see below)

Job Linkage: Yes___ No X (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 February 1, 2008, the City submitted applications to DEED's Redevelopment Grant Program for four projects totaling \$2,066,500. On March 21, 2008, the City was informed that three of these projects, Bassett Creek Valley (Linden Yards West), SEMI/URP Bioscience Zone and Spirit on Lake Cooperative, were awarded a total of \$1,374,871 of Redevelopment Grant funds. Total grant funds awarded through the Redevelopment Grant Program this cycle total \$3,238,743; Minneapolis' award represents 42.5% of the funds awarded.

The two largest grants awarded by DEED in this cycle went to Minneapolis projects that had unsuccessfully sought grant funds in the prior cycle of the DEED Redevelopment Grant Program. After that grant round, City staff members proactively met with DEED staff members at their office in St. Paul to review the applications in detail and discuss ways in which they could potentially be improved. That input was reflected in the "new" applications that were submitted on February 1, 2008, and in the favorable results referred to above.

The table below shows the outcome of the February 2008 grant round for City projects:

Project	Amount Requested	Amount Awarded
Bassett Creek Valley/Linden Yards	\$800,000	\$483,371
Franklin Avenue LRT Project Area	\$375,000	\$0
SEMI/URP Bioscience Zone	\$500,000	\$500,000
Spirit on Lake Co-op	\$391,500	\$391,500
TOTAL	\$2,066,500	\$1,374,871

Redevelopment Grants require a 50% local match. State bond funds, which were awarded to Bassett Creek Valley and SEMI/URP Bioscience Zone, can be spent only to implement projects on publicly owned land, where the end use has a long-term public purpose. State general funds, the source of the award to Spirit on Lake, can be spent to implement projects on privately owned land.

Bassett Creek Valley (Linden Yards West)

Source of 50% Local Match: special assessments and/or other non-state funds
DEED Award: \$483,371

Redevelopment bond funds were awarded to pay a portion of the cost of creating an integrated stormwater management system for the western half of Linden Yards. The redevelopment site proposed by the developer, Ryan Companies, is west of Van White Boulevard along Linden Yards, in an area currently used by Public Works for outside storage of materials. The site will be redeveloped in phases. Phase I is proposed to include over 800,000 square feet of office space in three buildings, and two residential buildings with approximately 400 units.

SEMI/URP (University Research Park) Bioscience Zone

Source of 50% Local Match: MSA and other non-state funds
DEED Award: \$500,000

Redevelopment bond funds were awarded to help pay acquisition and infrastructure costs related to the construction of Granary Road. Road construction will open up a portion of the 51 acre site for redevelopment. The proposed redevelopment includes 300,000 square feet of bioscience research space located in two buildings.

Spirit on Lake Cooperative (1238 East Lake Street)

Source of 50% Local Match: developer funds
DEED Award: \$391,500

Redevelopment general funds were awarded to help pay for soil stabilization costs on a .82 acre site. The proposed redevelopment is a 41-unit limited equity cooperative. The

units will be affordable at a range of incomes; 9 units will be affordable at 50% AMI, 7 units will be affordable at 80% AMI, 15 units will be affordable at 115% AMI, and 10 units will be priced at market rate.

Amending the 2008 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 01600-Other Grants-State and Local (01600-8900320) by \$983,371.
2. Increasing the appropriation for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900220) by \$391,500.
3. Increasing the revenue source for Community Planning & Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321504) by \$1,374,871.