

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

Date: August 4, 2009

To: Council Member Lisa Goodman, Community Development Committee

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

**Subject: Applications for Grant Funding from the 2009 Metropolitan Council
Livable Communities Demonstration Account (LCDA)**

Recommendation:

Approve the attached resolution 1.) Authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) as discussed within the report; and 2.) Authorizing appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Demonstration Account (LCDA) Grant Program.

Previous Directives:

The City Council considers submission of LCDA applications to the Metropolitan Council on an annual basis.

Prepared by: Amy Geisler, Senior Project Coordinator, CPED
Approved by: Chuck Lutz, Deputy Director, CPED _____
Tom Streitz, Director, Housing Policy & Development _____
Presenters in Committee: Amy Geisler, CPED (612) 673-5266

Financial Impact

No financial impact

Community Impact

Neighborhood Notification: n/a

City Goals: A Safe Place to Call Home, Connected Communities, Enriched Environment.

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 its 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.

Supporting Information

The Livable Communities Demonstration Account, administered by the Metropolitan Council, provides funds to development or redevelopment projects throughout the metropolitan area 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. Demonstration Account funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement these statutory objectives.

Cities may submit applications for projects to be undertaken directly by the City, or may sponsor applications submitted by private developers. The 2009 LCDA Grant Application Guide is attached to this report.

The State Legislature made some changes to the overall Livable Communities budget in 2009 by request of the Metropolitan Council, including a reduction in the amount of LCDA funds available for grants in 2009 (approximately \$4 million is available throughout the metro area, compared to \$8 million in 2008). Of this \$4 million, the cities of Minneapolis and St Paul are eligible to compete for 40% of available funds (approximately \$1.6 million), though the full Metropolitan Council may exceed this percentage in its final approval.

While the LCDA program is always competitive, it will be even more so this year. The Metropolitan Council is also placing an increased emphasis on project readiness for this round, to ensure funded projects can be substantially complete within 2 years of the grant award.

City Application Review Process

In 2008, four Minneapolis projects (Lyndale Green, Creekside Commons, Bystrom Brothers Redevelopment, and Jackson St NE Artist Housing) were awarded LCDA funds totaling \$2 million. In 2009, the City has been requested to sponsor eight (8) projects totaling approximately \$5.8 million. Each city may submit up to five applications, which must be ranked according to priority before submission to the Metropolitan Council.

The CPED Sector Teams (including representatives from Housing, Planning, and Economic Development), along with the assigned CPED project coordinator, reviewed and ranked each submitted project according to criteria based on LCDA program requirements and City priority, including readiness. The review criteria are attached to this report.

The resulting project ranking can be found below. Given the competitive nature of the program, the Metropolitan Council's increased emphasis on project readiness, and the overall development environment, CPED staff is recommending only the top 3 applications for submittal to the Metropolitan Council. These 3 applications total \$1.5 million, just under the amount available to Minneapolis and St Paul. It should be noted, however, that up to 5 applications may be submitted by the City.

2009 LCDA Applications and Recommended Ranking

	Rank	Project	Applicant	Ward	Amount Requested	Score (of 100)
	1	Capri Block	CPED	5	\$ 869,000	87
	2	Gateway Lofts	Alliance Housing	5	\$ 126,400	86
Recommended ▲	3	Riverview Apartments	Plymouth Church Neighborhood Found.	12	\$ 566,148	82
Not recommended ▼	4	East Bank Mills	Schaefer Richardson	3	\$ 504,000	79
	5	Franklin Steele	Aeon	6	\$ 750,000	78
	6	Lyn-Lake	Greco Development	10	\$ 875,000	73

	Creative Comm.				
7	Broadway Plaza	Great Neighborhoods Development Corp.	3	\$ 661,877	72
8	Corcoran Triangle	Wellington	9	\$ 1,400,000	66
			TOTAL:	\$ 5,752,425	

Staff believes that projects not being recommended can be competitive projects for the LCDA program in future years, but are unlikely to secure complete project financing in order to meet the Met Council's readiness requirements for this year (grant funded activities underway by January 2011, and overall project substantially complete by January 2012). The Metropolitan Council is also revising its grant extension policies, such that extensions will be more difficult to obtain in the future. This policy change places an additional burden upon the City to submit projects that are ready to begin, once LCDA funds are awarded.

Metropolitan Council Application Review Process

City Staff will submit final applications to the Metropolitan Council, based upon the final project ranking approved by the City Council. Applications are due August 24, 2009.

A Metropolitan Council staff evaluation team will review and score eligible proposals using LCDA Step One evaluation criteria and guidelines:

- Uses land efficiently;
- Develops land uses linked to the local and regional transportation systems;
- Connects housing and centers of employment, education, retail and recreation uses;
- Develops a range of housing densities, types and costs;
- Conserves, protects and enhances natural resources through development that is sensitive to the environment; and
- The extent to which the application includes tools and processes to ensure successful outcomes.

Applications must score 20 or more points out of a possible 50 points on the Step One criteria to advance to the Step Two evaluation process.

A 13-member Metropolitan Council Livable Communities Advisory Committee will score applications according to the evaluation and selection criteria in Step Two:

- Innovation and demonstration – the extent to which the project shows innovative elements, and demonstrates or shows potential to demonstrate new development concepts or elements in one or more of the scoring factor areas; and
- The extent to which the element for which funding is requested will be a catalyst to implement the project of which it is a part.

Applications must score 30 or more points out of a possible 50 points on the Step Two criteria, or be supported by a two-thirds vote of the advisory committee.

The Step Three selection criteria assess readiness as: 1) status of implementation tools, 2) status of funding commitments to ensure construction start by January 2011, and 3) whether grant funds have been expended or progress made on a prior LCDA award.

LCDA awards are expected to be approved by the Metropolitan Council in January, 2010.

Project Summaries (alphabetical)

Broadway Plaza (Great Neighborhoods! Development Corporation, requesting \$661,877). Broadway Plaza is a 165,000-square-foot mixed use development which would include a YWCA fitness center, retail/office building, a Community Safety Center (in collaboration with the Minneapolis PD), and a public parking ramp. The site is located on West Broadway Ave and Aldrich Ave N. LCDA funding is being requested for stormwater improvements, street and sidewalk construction, storm and sanitary sewer work, and lighting improvements.

Capri Block Redevelopment (CPED, requesting \$869,000). The Capri Block Redevelopment seeks to complete property acquisitions on the block occupied by the Capri Theater and Delisi's, on West Broadway at Penn Ave. The redevelopment itself is envisioned to contain a mix of housing and commercial uses. LCDA funding is being requested for site acquisition and demolition.

Corcoran Triangle (Wellington Management, requesting \$1,400,000). Wellington Management is proposing to develop a 132-unit mixed-income residential project on the Corcoran Triangle, located at the intersection of 32nd St E and Hiawatha Ave. LCDA funding is being requested for site acquisition and public infrastructure improvements, including street, sidewalk, and trail construction.

East Bank Mills (Schaefer Richardson, requesting \$504,000). Schaefer Richardson is requesting funding for Phase I of the redevelopment of the Pillsbury A Mill site along the Mississippi River. Phase I is expected to include approximately 100 units of mixed-income housing (rental and ownership). LCDA funding is being requested for demolition, site preparation, stormwater improvements (including design and engineering) associated with Phase I.

Franklin Steele Commons (Aeon/Hope Community, requesting \$750,000). This is the fourth and final phase of the Franklin-Portland Gateway project. Franklin Steele will consist of approximately 120 rental housing units for a mix of low- and moderate-income households. LCDA funding is being requested for site acquisition and stormwater management improvements.

Gateway Lofts (Alliance Housing, requesting \$126,400). Alliance Housing is proposing a high-density, mixed-income residential project on West Broadway near the Minneapolis border with Robbinsdale. The project is proposed to contain 46 units of housing, including 5 at market rate. LCDA funding is being requested for stormwater management improvements, demolition, bike racks, a bus shelter, outdoor patio, and related engineering work.

Riverview Apartments (Plymouth Church Neighborhood Foundation and CommonBond Communities, requesting \$566,148). Riverview Apartments is the first phase of the redevelopment of the 54th and Riverview Road site. The site is a remnant right-of-way parcel acquired from MNDOT by the City, and subsequently sold to the developer. This first phase will include 42 affordable senior rental units and is expected to be funded primarily with HUD 202 financing. LCDA funding is being requested for site acquisition costs.

Lyn-Lake Creative Community (Greco Development and Lutheran Social Service, requesting \$875,000). Lyn-Lake Creative Community is proposed as a new mixed-use, mixed-income development for artists near the Midtown Greenway at Lyndale Ave South and West 29th St. The project is expected to contain 84 units of mixed-income housing along with 11,000 square feet of commercial space. LCDA funding is being requested for site acquisition.

CITY OF MINNEAPOLIS
2009 LCDA APPLICATION RANKING TOOL

(Updated July 1, 2009)

Uses land efficiently (8 points)

- Makes cost-effective use of infrastructure and increases density to maximize the site's potential

Develops land uses linked to the local and regional transportation system (10 points)

- Is located within 1/2 mile of a transitway, local bus route, or park and ride on an express bus route
- Achieves development that complements available transit and transportation infrastructure
- Provides optimal convenience for pedestrian access to transit

Connects housing and centers of employment, education, retail and recreation uses (8 points)

- Provides a diversity of uses (within the project and compared to adjacent development)
- Provides jobs-housing balance

Develop a range of housing densities, types and costs (8 points)

- Integrates new housing into existing neighborhoods and increases overall density
- The development provides a mix of housing types - lifecycle
- Uses Green Communities criteria, MN GreenStar, or other accepted green building criteria
- Addresses one or more of Minnesota Housing's goals
- Meets City's affordable housing requirements (if City-funded)

Conserves, protects and enhances natural resources through development that is sensitive to the environment (8 points)

- Does the project achieve development that optimally integrates natural resources?
- Best Management Practices for water resource management are part of overall design
- Is consideration given to the site's relationship to nearby park, open and green space amenities?

Tools and processes to ensure successful outcomes (8 points)

- Appropriate and effective regulatory tools, such as zoning codes, design standards, development standards are in place
- Partnerships among government, private for-profit and nonprofit sectors
- Are zoning changes, variances needed?
- Has a market study/feasibility study been completed?

Innovation and demonstration (20 points)

- Does the project include innovative elements or demonstrate new development concepts, both for the City and the region?

How LCDA funding is a catalyst (10 points)

- The extent to which LCDA funding is a catalyst to overall project success

City priority and readiness (20 points)

- Is the development consistent with City policy and plans?
- Does the developer have site control?
- Is the project/site a priority within its geographic sector?
- Has the City Council taken action in support of the project?
- Are there City funds committed to the project?
- What percentage of overall project funds is committed?
- Is there documented neighborhood support for the project?
- Will project construction start within 1 year of the grant award (by January 2011)?
- Will the project be complete within 2 years of the grant award (by January 2012)?

Unspent prior years LCDA funding (-10 points)

- Does the project have an unspent LCDA award from prior years?

RESOLUTION NO. 200-_____

OF THE CITY OF MINNEAPOLIS

By

Identifying the Need for Livable Communities Demonstration Account Funding and Authorizing Applications for Grant Funds

Whereas, the City of Minneapolis is a participant in the Livable Communities Act's Housing Incentives Program for 2009 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Demonstration Account funds; and

Whereas, the City has identified proposed projects within the City that meet the Demonstration Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

Whereas, the City has the institutional, managerial and financial capability to ensure adequate project administration; and

Whereas, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement; and

Whereas, the City agrees to act as legal sponsor for the projects contained in the grant applications to be submitted on August 24, 2009; and

Whereas, the City acknowledges Livable Communities Demonstration Account grants are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the proposed projects or key components of the proposed projects can be replicated in other metropolitan-area communities; and

Whereas, only a limited amount of grant funding is available through the Metropolitan Council's Livable Communities Demonstration Account during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of Demonstration Account grant funding; and

Whereas, cities may submit grant applications for up to five projects during each funding cycle but, using the cities' own internal ranking processes, must rank their projects by priority so the Metropolitan Council may consider those priority rankings as it reviews applications and makes grant awards.

Now, Therefore, Be It Resolved that, after appropriate examination and consideration, the City Council of the City of Minneapolis:

1. Finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at these particular sites at this particular time.

2. Finds that the project components for which Livable Communities Demonstration Account funding is sought:
 - (a) will not occur solely through private or other public investment within the reasonably foreseeable future; and

 - (b) will not occur within two years after the grant award unless Livable Communities Demonstration Account funding is made available for these projects at this time.

3. Ranks the project funding applications, according to the City's own internal priorities, in the following order:

Priority Ranking	Project Name	Grant Amount Requested (up to)
(1)	Capri Block	\$869,000
(2)	Gateway Lofts	\$126,400
(3)	Riverview Apartments	\$566,148
(4)	East Bank Mills	\$504,000
(5)	Franklin Steele Commons	\$750,000
(6)	Lyn-Lake Creative Communities	\$875,000
(7)	Broadway Plaza	\$661,877
(8)	Corcoran Triangle	\$1,400,000

4. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project component for which Livable Communities Demonstration Account funding is sought but was not able to find or secure from other sources funding that is necessary for project component completion within two years and states that this representation is based on the following reasons and supporting facts:

Capri Block: The applicant has investigated other funding sources for the acquisition, and LCDA is the primary source given its mixed commercial/residential nature.

Gateway Lofts: Funding already committed to the project (various public affordable housing sources) cannot typically be used for the infrastructure/site improvements described in the application.

Riverview Apartments: Funding for acquisition and site improvements will help catalyze the remaining project funds.

East Bank Mills: Funding sources for site preparation work, as described in the application, are limited for such a large-scale, complex historic preservation project, especially to implement the Phase I project.

Franklin Steele: Funding for acquisition and site improvements will help catalyze the remaining project funds.

Lyn-Lake Creative Communities: Funding for acquisition will help catalyze the remaining project funds.

Broadway Plaza: Funding sources for the site improvements described in the application are limited, and an LCDA award will help catalyze the remaining project funds.

Corcoran Triangle: Funding for site improvements described in the application will help catalyze the remaining project funds.

5. Authorizes its Director of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities Demonstration Account grant funds for the project components identified in the applications, and its Finance Officer or designee to execute such agreements as may be necessary to implement the projects on behalf of the City.

