



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

Date: April 28, 2009

To: Lisa Goodman, Chair, Community Development Committee

Subject: Adopt Resolution for Redevelopment Program Grant awarded by the Minnesota Department of Employment and Economic Development (DEED) for Center for Changing Lives and LSS Park Avenue Apartments

Recommendation: Adopt attached Resolution

1. **Authorizing acceptance of the Minnesota Department of Employment and Economic Development (DEED) Redevelopment Grant for the Lutheran Social Services/Center for Changing Lives Project in the amount of \$204,400;**
2. **Entering into agreements with the Minnesota DEED for the project and stating intent to comply with all applicable laws and regulations stated in such agreements; and**
3. **Authorizing the Director or Deputy Director of the CPED to accept the Minnesota DEED Redevelopment Program Grant funding for the Lutheran Social Services/Center for Changing Lives project and the Finance Officer, Citywide Contracts Administrator or City Purchasing Agent to execute such agreements, including sub recipient funding agreements, as are necessary to implement the project.**

Previous Directives: In December, 2005, the Council approved a loan up to \$500,000 from the Affordable Housing Trust Fund for the development of LSS Park Avenue Apartments, a 38 unit tax credit project located at 2414 Park Avenue South. In September, 2006, the Council awarded \$616,805 of 2007 Low Income Housing Tax Credits to the project. On March 6, 2009, the Council accepted the Minnesota DEED Redevelopment Grant for the Center for Changing Lives and LSS Park Avenue Apartments, amended the 2009 General Appropriation Resolution by \$204,400, increased the 2009 Revenue Budget by \$204,400, and authorized the appropriate City staff to execute grant/sub recipient and/or disbursement and related agreements for this grant.

Prepared by: Donna Wiemann, Principal Project Coordinator, X5257

Approved by: Thomas A. Streitz, Director of Housing Development
Charles T. Lutz, CPED Deputy Executive Director

Presenters in Committee: Donna Wiemann

Financial Impact

 X Other financial impact: There is no direct financial impact at this time, however, any DEED redevelopment grants have a 50% “local match” requirement. In this case of a private sector application, the City of Minneapolis merely “sponsors” the grant request and acts as a pass-through and conduit for any grant funds that are awarded, with the understanding that it will be the responsibility of the developer, property owner, or anticipated end user to satisfy the match requirement.

Community Impact

Neighborhood Notification: The project was reviewed and approved by the Phillips West Neighborhood Organization on June, 20, 2006.

City Goals: Clean up of contaminated land supports sustainability goals and this project includes ‘green’ design and construction elements.

Sustainability Targets: Remediation will help the City meet its goal to remediate 100 Brownfield sites by 2014.

Comprehensive Plan: The project will comply with “providing a healthy environment” elements of the Minneapolis Plan. Consistent with the following policies identified in The Minneapolis Plan: - 2.3 Minneapolis will continue to provide high quality physical infrastructure to serve the needs of businesses. 8.3 Minneapolis will continue to build and maintain road infrastructure in order to assure resident and motorist safety and mobility within the City.

Zoning Code: The project is in compliance.

<u>Living Wage/Business Subsidy Agreement</u>	Yes _____	No <u> x </u>
<u>Job Linkage</u>	Yes _____	No <u> x </u>

Supporting Information

On August 1, 2007, Hennepin County Housing & Redevelopment Authority (Hennepin County HRA), in partnership with Lutheran Social Services of Minnesota (LSS), submitted a \$350,000 application to the State Department of Employment and Economic Development (DEED) for the Center for Changing Lives project located on 24th Street and Park Avenue. The project is comprised of two components: 1) 48 units of affordable rental housing named LSS Park Avenue Apartments (of which 38 are low income housing tax credit units) and 2) the Center for Changing Lives program administration and service center, which will be home to LSS and community partners including Messiah Lutheran Church, Faith in the City and the Phillips West Neighborhood Organization.

On October 18, 2007, the Hennepin County HRA, in partnership with LSS, received notification from the DEED that it had approved an award for the Center for Changing Lives project in the amount of \$350,000 for infrastructure costs. Upon further discussion of appropriate uses of these funds, the total award was reduced to \$204,400.

The approved work scope for this DEED money includes site utilities (water/sewer/storm sewer), new public sidewalk, street lighting, asphalt paving, and curb and gutter.

DEED awarded funds to Hennepin County HRA for improvements that will be owned and maintained by the City of Minneapolis. The DEED grant is funded with general obligation bond money which requires that the Entity receiving the funds have sufficient interest in the property where the money will be spent. Bond funds can be used only for eligible costs on publicly owned land where the end use has a public purpose.

Since the land is owned by the City and will continue to be owned by the City, Hennepin County HRA has requested that the City accept the grant in its place. The City will then enter into the grant agreement with DEED. The grant agreement will be the standard general obligation bond contract that DEED uses for all Redevelopment Grant agreements for grants funded with bond

money. The City assumes responsibility for all sections that pertain to owning and maintain the property.

Staff requests Council adoption of the attached resolution authorizing acceptance of the \$204,000 Minnesota DEED grant, providing confirmation that the sources and amounts of the local match identified in the application and grant awarded are committed to the project, approving of the application for and transfer to the City of the project, and authorizes the appropriate staff to accept the funds and the appropriate staff to execute such agreements, including sub recipient funding agreements, as are necessary to implement the project.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

Authorizing acceptance of the Minnesota Department of Employment and Economic Development (DEED) Redevelopment Grant for the Lutheran Social Services/Center for Changing Lives Project.

Whereas, the City of Minneapolis intends to act as the legal sponsor for Lutheran Social Services/Center for Changing Lives Redevelopment Grant in the amount of \$204,400 in place of the Hennepin county Housing and Redevelopment Authority; and

Whereas, the City has the legal authority to apply for financial assistance and the institutional, managerial and financial capacity to ensure adequate project administration; and

Whereas, the sources and amounts of the local match identified in the application and grant award are committed to the Lutheran Social Services/Center for Changing Lives Project; and

Whereas, the City has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, given the approval of the previously submitted application and the change of legal sponsorship from the Hennepin County Housing and Redevelopment Authority to the City for the Lutheran Social Services/Center for Changing Lives Project, the City will enter into agreements with the State of Minnesota/DEED and LSS Park Avenue Apartments Limited Partnership for the project and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City Council authorizes the Director or Deputy of the Department of Community Planning and Economic Development to accept the Minnesota Department of Economic Development for Redevelopment Program grant funding for the Lutheran Social Services/Center for Changing Lives Project and the Finance Officer, Citywide Contracts

Administrator or City Purchasing Agent to execute such agreements, including subrecipient funding agreements, as are necessary to implement the project.