

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

Date: February 28, 2006

To: Council Member Lisa Goodman, Community Development Committee

Council Member Paul Ostrow, Ways and Means/Budget Committee

Subject: Accept and Appropriate Metropolitan Council Livable Communities
Demonstration Account (LCDA) Grants of \$1,000,000 for the Heritage Park project,
\$450,000 for the Ripley Gardens project, and \$600,000 for the Midtown Exchange
Condos on the Greenway project; Accept and Appropriate Metropolitan Council Livable
Communities Local Housing Incentives Account (LHIA) Grant of \$150,000 for Village in
Phillips Phase II; and authorize execution of Grant and Sub-recipient Agreements.

Recommendation:

1) Accept and appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) Grants of \$1,000,000 (Heritage Park), \$450,000 (Ripley Gardens), and \$600,000 (Midtown Exchange Condos on the Greenway); accept and appropriate \$150,000 Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant for Village in Phillips Phase II 2a) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 - Other Grants - State and Local (0600-890-8952) by \$1,200,000 (\$450,000 Ripley Gardens; \$600,000 Midtown Exchange Condos on the Greenway; and \$150,000 Village in Phillips Phase II); 2b) Amend the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 600 - Other Grants -State and Local (0600-890-8953) by \$1,000,000 (\$1,000,000 Heritage Park); 3) Increase the 2006 Revenue Budget for the Community Planning & Economic Development Agency Fund 600 - Other Grants - State and Local (0600-890-8490) by \$2,200,000 (\$1,000,000 Heritage Park; \$450,000 Ripley Gardens; \$600,000 Midtown Exchange Condos on the Greenway; and \$150,000 Village in Phillips Phase II); and 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, Central Community Housing Trust (or affiliated entity as general partner) and Project For Pride In Living (or affiliated entity as general partner) and the Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) grant with Powderhorn Residents Group (or affiliated entity as general partner).

Previous Directives:

In June, 2005, the City Council authorized submission of five (5) grant applications (Heritage Park, Midtown Exchange Condos on the Greenway, Ripley Gardens, Midtown Exchange 1928 Building

Housing, and Higher Density Corridor Housing Acquisition Program) to the Metropolitan Council Livable Communities Demonstration Account (LCDA) program. Powderhorn Residents Group (PRG) applied directly to the Metropolitan Council for Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) funds.

Prepared by:	Kevin Dockry, Senior Project Coordinator (612) 673-5075 Paula Mazzacano, Financial Analyst (612) 673-5129					
Approved by:	Elizabeth J. Ryan, Director, Housing Policy and Development Chuck Lutz, CPED Deputy Director Jack Kryst, Director, Development Finance					
Note: To determine if ap	Permanent Review Committee (PRC) Approval Not Applicable X oplicable see http://insite/finance/purchasing/permanent-review-committee-overview.asp					
Presenters in Com	mittee: Kevin Dockry, Senior Project Coordinator					
Financial Impact (Check those that apply)					
No financial impac	ct (If checked, go directly to Background/Supporting Information).					
<u>X</u> Action requires ar Budget.	appropriation increase to the Capital Budget or <u>X</u> Operating					
X Action provides in	creased revenue for appropriation increase.					
Action requires us	e of contingency or reserves.					
Business Plan:	Action is within the plan Action requires a change to plan.					
Other financial im	pact (Explain):					
Request provided Coordinator.	Request provided to department's finance contact when provided to the Committee Coordinator.					
Community Impac	et (use any categories that annly)					

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals: 1) Increase the city's population and tax base by developing and supporting housing choices citywide through preservation of existing housing and new construction; and 8) Strengthen our city through infrastructure investment.

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.

Zoning Code

Other: N/A

Background/Supporting Information

On December 7, 2005, the Metropolitan Council awarded a Livable Communities Local Housing Incentives Account (LHIA) grant to Village in Phillips Phase II (\$150,000). On January 25, 2006, the Metropolitan Council approved Livable Communities Demonstration Account (LCDA) grant

awards to the City of Minneapolis for the Heritage Park project (awarded \$1,000,000), Ripley Gardens project (awarded \$450,000), and Midtown Exchange Condos on the Greenway project (awarded \$600,000).

Staff is now requesting City Council authorization to accept and appropriate the LCDA and LHIA awards.

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.

In June, 2005, the City Council authorized staff to submit LCDA applications for the following projects: 1) Heritage Park (CPED); 2) Midtown Exchange Condos on the Greenway (Project for Pride in Living); 3) Ripley Gardens (CCHT); 4) Midtown Exchange 1928 Building Housing (Sherman Associates); and 5) Higher Density Corridor Acquisition Program (CPED). PRG applied directly to the Metropolitan Council for Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) funds for Village in Phillips Phase II.

Metropolitan Council staff and a 17-member Livable Communities Advisory Committee evaluated LCDA applications and recommended funding for 10 projects, including 3 projects in the City of Minneapolis: 1) Heritage Park; 2) Ripley Gardens; and 3) Midtown Exchange Condos on the Greenway. The Advisory Committee also awarded a total of \$1.3 million LHIA grants to six (6) projects, including one project in Minneapolis, PRG's Village in Phillips Phase II.

On December 7, 2005, the Metropolitan Council approved a Livable Communities Local Housing Incentives Account (LHIA) grant award to PRG for the Village in Phillips Phase II project (awarded \$150,000), with the City of Minneapolis as the grantee. On January 25, 2006, the Metropolitan Council approved Livable Communities Demonstration Account (LCDA) grant awards to the City of Minneapolis for the Heritage Park project (awarded \$1,000,000), Ripley Gardens project (awarded \$450,000), and Midtown Exchange Condos on the Greenway project (awarded \$600,000).

Project Summaries

Heritage Park (CPED) \$1,000,000

Creation of a mixed-income, mixed-density, culturally diverse neighborhood on 143 acres one mile northwest of downtown; Over 900 new housing units will be created. Phases 3 and 4 include 95 rental housing units (affordable and market), a 102-unit elderly public housing facility, and 190 affordable and market rate ownership units.

LCDA funds will assist in the completion of Van White Memorial Boulevard in the Phase III and IV housing areas, including site preparation, modification of utilities, construction, parking, tot lot, streetscape and sidewalks.

Ripley Gardens (Central Community Housing Trust (CCHT) or affiliated entity) \$450,000

Redevelopment of the former Ripley Maternity Hospital, including rehabilitation of 3 existing buildings along with the construction of 3 new buildings; sixty new housing units will be created (8 townhouse ownership units and 52 rental apartments). Twenty-six (26) units will be affordable at 50% of the MMI and 4 units will be affordable at 80% MMI.

LCDA funds will assist in the construction of underground parking for residential rental units.

<u>Midtown Exchange Greenway Condos (Project For Pride in Living (PPL) or affiliated entity)</u> \$600,000

Project is part of the renovation of the 1 million square foot former Sears facility in south Minneapolis. The mixed-use project includes Allina's corporate headquarters, 219 units of affordable and market rate rental housing, 146 affordable and market rate ownership units, the Global Marketplace and a 128-room full service hotel.

LCDA funds will assist in the construction of structured parking for the ownership housing units.

Village in Phillips - Phase II (Powderhorn Residents Group (PRG) or affiliated entity) \$150,000

Project will construct 36 owner-occupied condominiums in Village in Phillips Phase II. Anticipated sales prices range from \$139,500 to \$196,000. The LHIA grant funding will enable eight of the units to be marketed to households with incomes at 50% of the area median income, which is currently \$38,500 for a family of four.

Attachment 1: Ripley Gardens Project Data Worksheet

Attachment 2: Midtown Exchange Condos on the Greenway Project Data Worksheet

Attachment 3: Village in Phillips Phase II Project Data Worksheet

Attachment 4: Heritage Park Project Summary

Amending the 2006 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 600 Other Grants State and Local (0600-890-8952) by \$1,200,000
- 2) increasing the appropriation for Community Planning & Economic Development Agency Fund 600 Other Grants State and Local (0600-890-8953) by \$1,000,000
- 3) increasing the revenue source for the Community Planning and Economic Development Agency in the Other Grants State & Local Fund (0600-890-8490) by \$2,200,000.