



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

Date: September 14, 2004

To: Council Member Lisa Goodman, Community Development Cmte
Council Member Barbara Johnson, Ways and Means/Budget Cmte

Prepared by: Jerry LePage, Phone 612-673-5240

**Presenter in
Committee:** Jerry LePage, Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Accept & Appropriate Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) grant for \$59,546 and Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup grant (CCGP-04-0006-Z-FY04) for \$343,535.

RECOMMENDATIONS:

1. Accept the following grants:
 - Minnesota Department of Employment and Economic Development (DEED) Contamination Cleanup Grant Program grant (CCGP-04-0006-Z-FY04) for \$343,535.
 - Metropolitan Council Livable Communities TBRA grant for \$59,546.
2. Amend the 2004 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund SMN0 – CPED State Grants & Loans (SMN0-890-8933) appropriation by \$403,081;
3. Increase the 2004 Revenue Budget for the Community Planning & Economic Development Agency in Fund SMN0 – CPED State Grants & Loans (SMN0-890-8490) by \$403,081; and
4. Authorize appropriate City officers to execute grant and subrecipient agreements.

Previous Directives: On July 15, 2003, a public hearing was held regarding the preliminary approval of the proposed housing revenue bonds for the original River Run proposal. The CD Committee forwarded the report without recommendation, and on July 25, 2003, the Council referred it back to Committee. On October 10, 2003, the City Council again considered the project and the proposed housing revenue bonds but voted to reject the project as proposed. On January 30, 2004, the City Council granted a

Project Analysis Authorization to allow staff to analyze the revised Marshall River Run project with rental and ownership housing. On April 16, 2004, the City Council authorized submission of the subject grant applications to DEED and the Metropolitan Council. On April 30, 2004, the City Council granted preliminary approval for up to \$8,000,000 in housing revenue bonds. On May 28, 2004, the City Council approved \$850,000 in loan funds from the City Affordable Housing Trust Fund. On July 23, 2004, the City Council approved the Marshall River Run TIF Plan and related Plan modification, a Limited Revenue, Pay-As-You-Go Tax Increment Financing Note in a principal amount not to exceed \$1,331,000, and the redevelopment contract business terms. At the request of the developer, the City Council postponed action on the final approval of up to \$7,600,000 in tax-exempt Multifamily Housing Development Bonds, pending further revisions to be made by the developer.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: Third

Neighborhood Notification: The Sheridan Neighborhood Organization (SNO) has been notified regarding the proposed acceptance of these grant funds.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.

Comprehensive Plan: Minneapolis will increase its housing that is affordable to low and moderate income households (Section 4.10), and improve the availability of housing options to all of its citizens (Section 4.11).

Zoning Code: On May 3, 2004, the City Planning Commission approved Sherman Associates land use application, including an Industrial Living Overlay District (ILOD), a Planned Unit Development/CUP, a setback variance, site plan review, and a preliminary plat. On May 28, 2004, the City Council approved the rezoning/ILOD.

Living Wage/Job Linkage: NA

Other:

Background/Supporting Information

The Community Planning & Economic Development Department is pleased to report that the Marshall River Run housing project that was submitted in the spring of 2004 grant round to the Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) and the Minnesota Department of Employment and Economic

Development (DEED) Contamination Cleanup Grant Program have been approved for funding. The awards total \$403,081 in pollution remediation grants.

The Metropolitan Livable Communities Act was enacted by the legislature in 1995, and the Metropolitan Council was designed as the administrator of the TBRA Program. This program makes grants to clean-up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications to this program were due on May 1, 2004. Local match is not required. The City of Minneapolis geographic area is restricted to receiving no more than \$1.3 million.

The Minnesota Contamination Cleanup Grant Program was established in 1993 to clean up contaminated sites and convert contaminated property into a marketable asset. DEED is the administering state agency. Applications were due May 1, 2004 and a local match equal to twenty-five percent of the project costs is required, of which twelve percent of the clean-up costs must come from non-tax increment local funds. There is no financial limit for the City of Minneapolis geographic area. However, there is a maximum of \$4,025,500 available statewide for the spring 2004 round.

The Marshall River Run project will include a total of 85 units, consisting of 74 rental units and 11 ownership townhomes. The site consists of two properties (1424 and 1448 Marshall), which are both owned by the developer. A Project Data Worksheet is attached to this report that details the sources and uses, the unit mix, and other information about the project.

The Marshall River Run project has received approval for \$54,966 for contamination cleanup from the Hennepin County Environmental Response Fund and will be entering into agreement directly with the County for these funds.