



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

Date: December 13, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Mark Garner, Senior Project Coordinator, CPED, 673-5037

Presenter in Committee: Mark Garner, Senior Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Authorization to submit grant applications for the Metropolitan Council's Hiawatha Corridor Land Assembly Fund

RECOMMENDATION:

- 1. Approve the attached resolution authorizing submission of applications to the Metropolitan Council for four Hiawatha Corridor land assembly fund proposals; and**
- 2. Direct CPED to communicate the City ranking and funding priorities to the Metropolitan Council.**

Previous Directives: None

Financial Impact (Check those that apply)

- X** No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- 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: Wards 2, 6, 9, and 12

Neighborhood Notification: Not Applicable at this time.

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: Grant proposals were evaluated for consistency with the Minneapolis Plan.

Zoning Code: Not applicable at this time.

Living Wage/Job Linkage: Not applicable at this time.

Background/Supporting Information

On September 21, the Metropolitan Council (METC) notified the City of Minneapolis that it has \$3.5 million in Federal CMAQ funds available for funding land assembly proposals for transit-oriented development projects located within 1,500 feet of an LRT station in the Hiawatha Corridor. Applications can only be submitted by Minneapolis, Bloomington or Hennepin County. However, eligible jurisdictions can also partner with private sector developers and neighborhood development organizations to submit applications. Final applications are due on December 30, and must be accompanied by a City Council resolution authorizing submission. A competitive process is required and there is a minimum 20% local (non-federal) match required, which can be provided with either private or public funds.

On October 11, Minneapolis CPED issued a Request for Proposals (RFP) for these land assembly funds. A total of eight applications were received, including six private site nominations by for-profit or non-profit developers and two public site nominations prepared by CPED staff. Applications submitted to CPED provide documentation that “but for” the availability of the land assembly funding these projects would not occur solely through private or other public investment within the reasonably foreseeable future.

The eight proposals received and the amounts requested were (listed in alphabetical order):

- 1) Capital Growth, for Longfellow Station at the 38th Street LRT station area, \$1,800,000.
- 2) City of Lakes Community Land Trust, for affordable units at the Corridor Flats project at the Lake Street LRT station, \$500,000.
- 3) Fine Associates, for Currie Park Lofts and Station Place at the Cedar Riverside LRT station, \$3,440,000.
- 4) Michael O’Connell, for Midtown Station Rowhouses at the Lake Street LRT Station, \$634,000.
- 5) Michael O’Connell, for 38th Street Flats at the 38th Street LRT Station, \$720,000.
- 6) Minneapolis CPED, for Anishinabe School Site at the Lake Street LRT station, \$3,500,000.

- 7) Minneapolis CPED, for the Snelling Avenue extension r-o-w and Town Square site at the 46th Street LRT Station, \$750,000.
- 8) Seward Redesign, for Franklin LRT Station Area project, \$800,000.

These projects requested a total of \$12,144,000.

A map showing the location of the proposed projects has been attached to this report (Exhibit 1). A more detailed description of these projects is provided in the attached proposal summary document (Exhibit 2).

These proposals were evaluated by the Hiawatha Corridor Working Group, a City working group that includes nine staff:

1. Greg Schroeder, Public Works Engineering Services
2. Pam Miner, CPED Community Planning
3. Mike Larson, CPED Community Planning
4. Cynthia Lee, CPED Multifamily Housing
5. Kevin Dockry, CPED Multifamily Housing
6. Bernadette Hornig, CPED Multifamily Housing
7. Tom Daniel, CPED Economic Development
8. Kate Reilly, CPED Economic Development
9. Mark Garner, CPED Economic Development

The working group evaluated the submitted proposals against eleven evaluation criteria that incorporate both METC program requirements and City planning, housing and economic development policy criteria. These criteria are attached as Exhibit 3 to this report. Evaluations prepared by the Hiawatha Corridor Working Group members were compiled, reviewed at a working group meeting, and a consensus ranking of projects and funding recommendations was developed and submitted to CPED directors for their review and evaluation.

This report recommends that the City authorize the submission of funding applications for four of the projects, in the amounts proposed below, to the Metropolitan Council.

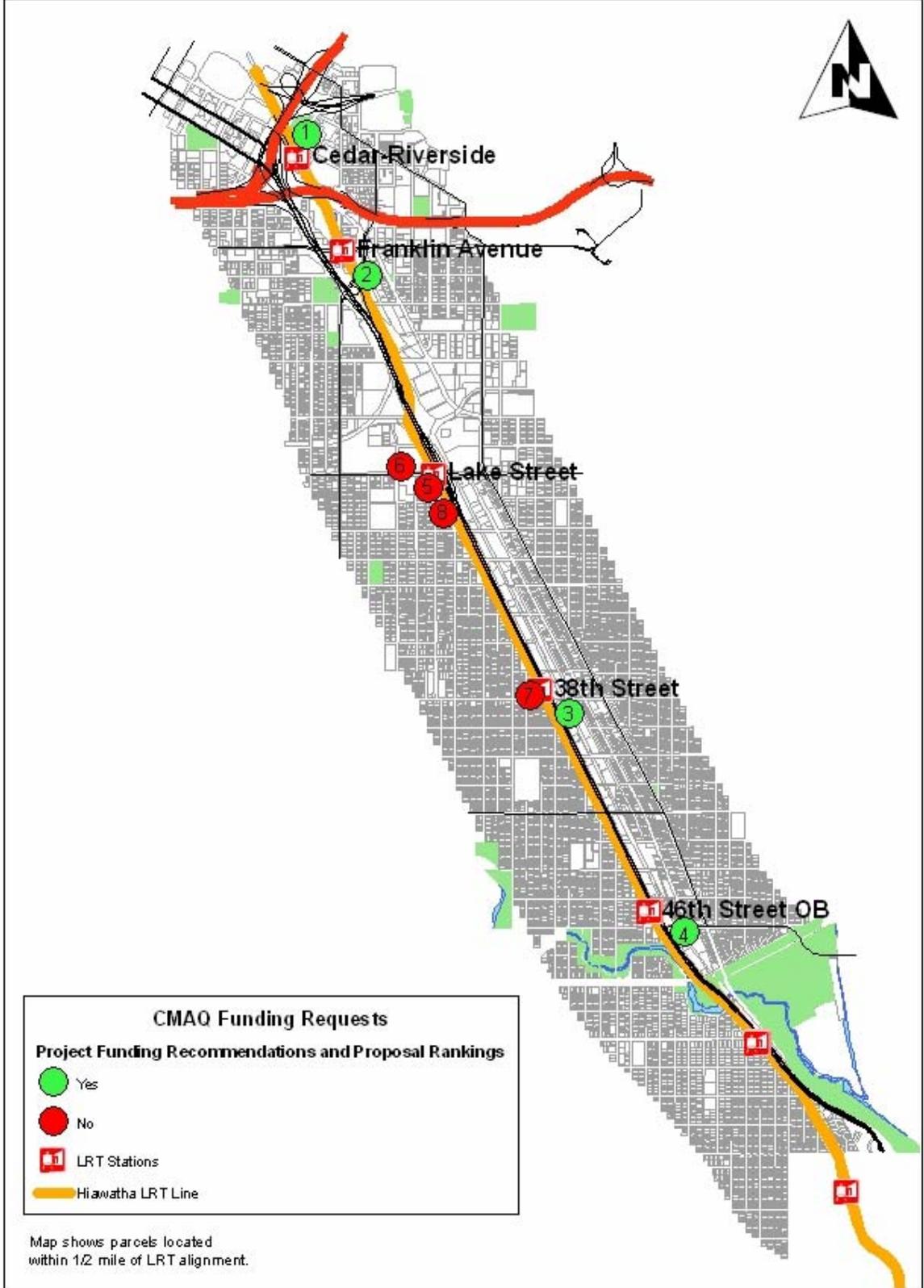
Proposals below are listed in the recommended order of City priority for funding by the METC. The recommendation is:

- 1) Fine Associates, for Currie Park Lofts and Station Place at the Cedar Riverside LRT station, application recommended at \$1,720,000.
- 2) Seward Redesign, for the Franklin LRT Station Area Project, application recommended at \$800,000.
- 3) Capital Growth, for Longfellow Station at the 38th Street LRT station area, application recommended at \$1,000,000.
- 4) Minneapolis CPED, for the Snelling Avenue extension r-o-w and Town Square site at the 46th Street LRT Station, application recommended at \$750,000.

These four applications represent a total funding request of \$4,270,000, which exceeds the amount available in the METC program - an option contemplated in the METC's invitation to the City to recommend under this program. CPED elected to identify those proposals which ranked highest under the City's objectives, even if the amount exceeded program limits, in order to provide the METC with options and to display projects that might draw funds from other sources. Bloomington is also eligible to submit applications to this program. Hennepin County staff has indicated that they will not be submitting any applications for funding in this program.

Final grant applications are due to the METC on December 30, with the METC scheduled to make its funding decision on February 8, 2006. If any City authorized grant applications are awarded funding by the METC, a report to the City Council will be required in 2006 to accept funding. Projects approved for funding by the Metropolitan Council will only move forward if funding agreements can be negotiated and executed between the Metropolitan Council and the City of Minneapolis, and sub-recipient agreements negotiated and executed between the City and the private or non-profit grant applicant. Any sub-recipient of funding under this program will be required to comply with applicable Minneapolis housing and economic development policies, including the affordable housing provisions in the Minneapolis CPED Unified Housing Policy.

RFP for Hiawatha Corridor Land Assembly Funds



CMAQ Funding Requests
Project Funding Recommendations and Proposal Rankings
● Yes
● No
■ LRT Stations
— Hiawatha LRT Line

Map shows parcels located within 1/2 mile of LRT alignment.



This map was prepared for the City of Minneapolis. It is not intended to be used for any other purpose. The City of Minneapolis is not responsible for any errors or omissions in this map. The City of Minneapolis is not responsible for any damages or losses resulting from the use of this map. The City of Minneapolis is not responsible for any legal actions or claims resulting from the use of this map.

Hiawatha Corridor Working Group (HCWG)

Hiawatha Land Assembly Fund Meeting Report, Thursday, November 17

Summarized below are the project descriptions for the four projects that are recommended by the HCWG for inclusion in a report to the City Council requesting authorization to submit City approved funding applications to the Metropolitan Council's Hiawatha Corridor Land Assembly Fund (CMAQ) program. Projects are listed in the priority order that is recommended for City support by the HCWG.

The METC CMAQ program has \$3.5 million. The four applications recommended for submission by the HCWG total \$4,270,000 in funding requests. Only Minneapolis, Bloomington and Hennepin County are eligible to submit applications to the METC.

Brief descriptions are also provided for the other four project proposals that were not recommended for funding. These proposals are also listed in their order of ranking by the working group.

Projects recommended for submission of City applications to the METC Hiawatha Corridor Land Assembly Fund (listed in order of City recommended priority for funding).

1) Fine Associates. Currie Park Lofts and Station Place.

Amount requested by developer: \$3,440,000. HCWG recommendation for City CMAQ application amount: \$1,720,000. Private for-profit sector site nomination.

Location: Cedar Riverside LRT Station Area. Proposal includes two significant housing sites; one directly adjacent to the station and one along 15th Avenue South between 4th Street and 6th Street. Development will be visible from LRT and I-94.

Development Program: Total of 435 housing units and 16,000 sf. of retail in two buildings.

- a. Currie Park Lofts: 251 rental housing units (50% affordable at 50% or 60% MMI) plus 111 student housing units; 15,000 sf. of retail, including preservation and renovation of existing building.
- b. Station Place apartments: 73 housing units plus reopening of 11,000 sf. retail/restaurant.

Station, community and off-site Impacts: Creates active uses on LRT station block, including housing and retail, establishes pedestrian corridor between U of Mn campus and station, and enhances safety around the station. Proposal expands market for retail services on Cedar Avenue. Final funding approval will be subject to successful resolution of access and easement issues with the adjacent Riverside Plaza property.

Readiness: Options secured on all five properties to be assembled. Proposal identifies November 2006 groundbreaking, with 12 – 36 months for construction of all phases.

2). Seward Redesign. Franklin LRT Station Project.

Amount requested: \$800,000. HCWG recommendation for City CMAQ application amount: \$800,000. Private non-profit sector site nomination.

Location: Franklin Avenue LRT Station. Proposal redevelops Bystrum Brothers property located one block south of the station, with direct access to station platform along bike path without crossing any intervening streets. Development will be visible from LRT, Hiawatha Avenue and also Cedar and Minnehaha Avenue arterials.

Development Program: Site plan shows six separate buildings including 60 rental apartments, 127 ownership condominiums and townhouses, 8,000 sf of retail, and a 20,000 sf. light industrial building. 20% of housing would be affordable at 50% of MMI.

Station, community, and off-site impacts: Proposal also secures right-of-way for street improvements proposed for funding in current TEA-21 cycle, and is critical for reconfiguring the Minnehaha and Franklin Avenue intersection, which is the 3rd most dangerous in the City. Improves pedestrian and bike access to the station from Seward neighborhood. Project is consistent with implementation plan of the Franklin Avenue LRT partnership.

Readiness: Seward Redesign has a purchase agreement in negotiations with willing seller. Project for Pride in Living (PPL) has signed commitment letter to partner with Seward Redesign (the Master Developer) on first phase of housing development. Proposal anticipates November 30, 2006 closing on property, and April 15, 2007 first phase construction start.

3) Capital Growth. Longfellow Station.

Amount requested: \$1,800,000. HCWG recommendation for City CMAQ application amount: \$1,000,000. Private for-profit sector site nomination.

Location: 38th Street LRT Station. Proposal redevelops the Purina Mill property located on the SE corner of Hiawatha Avenue and 38th Street, diagonally across the street from the LRT station. Proposal is for phase one of a four block developer master plan vision. Development will be visible from LRT station and Hiawatha Avenue.

Development Program: Phase 1 site plan shows two housing towers, and approximately 250 – 400 housing units, with 50,000 – 100,000 sf. of retail. 20% of housing would be affordable at 50% of MMI.

Station, community, and off-site impacts: Proposal adds significant community serving retail close to station. Active railroad corridor will pose challenges to site phasing, access and traffic management. Completion of the subsequent development phases requires vacation of the railroad to allow construction of a project main street and improve site accessibility.

Readiness: Developer has a purchase agreement for property. Developer has proposed a neighborhood task force process to refine proposal. Proposed schedule is for spring 2006 closing on property, with a 2007 or 2008 development ground breaking.

4) Minneapolis CPED. 46th Street Town Square / Snelling Avenue Extension

Amount requested: \$750,000 + HCWG recommendation for City CMAQ application amount: \$750,000. Public sector site nomination.

Location: 46th Street LRT Station. Proposal is for allocation of partial funding towards the acquisition of the Capp Industries parcel along 46th Street. Parcel is identified in the 46th Street Station Area Master Plan as the Town Center site that bridges development from the LRT station to Minnehaha Park, and is located approximately 800 feet from the station. Parcel also contains the right-of-way for a new Snelling Avenue extension. Development would be visible from LRT, Hiawatha Avenue and the 46th Street arterial.

Development Program. The Master Plan anticipates approximately 200 – 300 housing units on the site, as well as 50,000 sf. of retail, including a medium sized grocery store. 20% of the housing would be affordable at 50% of MMI.

Station, community, and off-site impacts: Acquisition of this property will provide the right-of-way for the extension of Snelling Avenue, a street that was awarded \$1,573,000 funding for construction in 2007 - 2008 by the 2005 CLIC process (The CBR for funded project cost does not include the land acquisition that is needed for the project). The new street is needed to increase safety and capacity on 46th Street by eliminating turning conflicts created by an existing frontage road located close to the intersection with Hiawatha Avenue and also to provide access to the major Town Square development site.

Readiness: The property owner is aware of the City's long-term plans for the property based upon discussions that occurred during and after the completion of the 46th Street LRT Station Area Master Plan. Funding for street construction is included in the City's capital budget. In the second and third quarters of 2006, the City will be working with consultants and a neighborhood advisory committee process to refine street design concepts for the proposed Snelling Avenue extension, and also to prepare development objectives for the Town Square site. The current assessed valuation of the property is \$2,534,200. This funding application will only begin the assembly of dedicated public funding for the property acquisition. Terms of the CMAQ solicitation require that closing must occur by March 31, 2007, with development beginning in 2009.

Projects not recommended for submission of City applications to the METC Hiawatha Corridor Land Assembly Fund (listed in order of ranking after the four supported projects).

5) Minneapolis CPED. Anishinabe Academy Site. Lake Street LRT Station

Amount requested: \$3,500,000. Not recommended for approval or submission by the HCWG. Public sector site nomination.

This is the “100% percent” catalyst site for the Lake Street LRT Station area, currently owned by the school district. Site acquisition is estimated at \$7,125,000. Site could support approximately 256 for-sale and rental housing units and at least 10,000 sf. of retail adjacent to the LRT station valued at approximately \$22,000,000. The committee does support increased CPED staff work on this site to evaluate future options.

6) City of Lakes Community Land Trust. Corridor Flats Lake Street LRT Station.

Amount requested: \$500,000. Not recommended for approval or submission by the HCWG. Private non-profit sector site nomination.

Proposal would secure eight units of permanently affordable condominium housing units in the Corridor Flats, a 36 unit housing development over an Aldi’s store that is being constructed by Wellington Management Inc. at the NW corner of the Hi-Lake Shopping Center site. The committee felt that the proposal was a better fit for other funding tools

7) Michael O’Connell, 38th Street Flats.

Amount requested: \$720,000. Not recommended for approval or submission by the HCWG. Private for-profit sector site nomination.

Proposal would support acquisition of five private parcels to construct a mixed use development with 42 market rate condominiums over 7,000 sf of neighborhood convenience retail adjacent to the 38th Street LRT station. Proposal does not include affordable housing or evidence any private site control.

8) Michael O’Connell, Midtown Station Rowhouse.

Amount requested: \$634,000. Not recommended for approval or submission by the HCWG. Private for-profit sector site nomination.

Proposal would support acquisition of three parcels (including one of the Metro Transit excess R-O-W parcels) to construct a 36 unit market rate rowhouse development near the Lake Street LRT station in Corcoran neighborhood. Project would improve neighborhood pedestrian and bicycle connections to the LRT station around the new development. Proposal does not include affordable housing or evidence any private site control.

**Hiawatha Corridor Land Assembly Funds
Proposal Evaluation Criteria**

Selection Criteria	Maximum Points
1. Creation of Transit Benefits Development must demonstrate TOD principles or support TOD in a critical way. (See METC draft ranking criteria).	10
2. Community Benefits: Development will advance neighborhood development and revitalization plans. (See METC draft ranking criteria).	10
3. Community Benefits: Development has positive economic impact on community. (See METC draft ranking criteria).	10
4. Project Impacts on Area and Station: Development's location is in close proximity to, or in a key Location relative to a station. (See METC draft ranking criteria).	10
5. Project Impacts on Area and Station: Development will serve as catalyst for further development. (See METC draft ranking criteria).	10
6. Project Need: Land assembly funds are essential to proceed with TOD in a timely manner. (See METC draft ranking criteria).	10
7. Air Quality Improvement: (See METC draft ranking criteria).	10
8. Community Support: Community participation, local vision and leadership are appropriate for current stage of project development.	10
9. Project Developability and Readiness: Is there a developer committed to the project? Is the development within a development district? Level of site control? Level of environmental review that is completed? Market study?	10
10. Financing: Are there funds committed to the project? What is the leverage (mix of private and public funds)?	10
11. Does Project reflect a City priority: Is project consistent with Minneapolis Plan? Station Area Master Plans? City Unified Housing Policy? Economic Development policies?	100
TOTAL POINTS AVAILABLE	200

Hiawatha LRT Land Assembly Funding
Metropolitan Council's Draft Ranking Criteria¹
& Examples of Information that can Demonstrate Project Merit
September 20, 2005

Creation of Transit Benefits

- **Development must demonstrate transit-oriented development (TOD) principles or support TOD in a critical way, and will increase transit ridership, walking, and other alternatives to the automobile, through one or more of the following:**
 - Intensifies land use (size and impact of development proposed for site --# of units, population, jobs, etc)
 - Creates new jobs, or otherwise provides transit links to employment opportunities
 - High level of jobs/housing/population output per public resource commitment
 - Improves station area safety and security
 - Improves pedestrian connections
 - Provides rider amenities
 - Improves the image and perception of transit

Community Benefits

- **Development will advance neighborhood development & revitalization plans through the following:**
 - Implements neighborhood development plan or strategy
 - Realizes a relatively recent market study
 - Removes blight
 - Expands housing choices, especially affordable housing
 - Creates a mix of uses
 - Improves the pattern of development
 - Aligns with and enhances other public and private projects
- **Development has a positive economic impact on the community**
 - Results in a net increase in tax revenues from the new development
 - Creates jobs for neighborhood residents
 - Creates and catalyzes \$ X in development value near the station

Project Impacts on Area & Station

- **Development's location is in close proximity to, or in a key location, relative to a station**
 - Is in immediate proximity or directly adjacent to a station
 - Is connected to a station with good connections through adjacent developments
 - Is highly visible from the station
- **Development will serve as a catalyst for further development**
 - Will play a pivotal role in spurring further development of area (pivotal project part of larger plan)
 - Will have positive aesthetic and environmental impacts on station area surroundings
 - Development is timely, imminent/planned within a short-timeframe

Project Need

- **Land Assembly funds are essential to proceed with TOD in a timely manner, as demonstrated by:**
 - A resolution by the applicant or city that the project requires this land assembly funding to proceed
 - Market forces absent to spur development on its own