

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

Date: June 22, 2010

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Betsy Hodges, Ways and Means/Budget Committee

Subject: Applications for Grant Funding from the 2010 Metropolitan Council Livable Communities Demonstration Account (LCDA)

Recommendation:

Approve the attached resolutions 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.

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Approved by: Charles T. Lutz, Deputy Director, CPED

Thomas A. 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: Policy 1.5. Promote growth and encourage overall city vitality by directing new commercial and mixed-use development to designated corridors and districts; Policy 1.13. Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places; Policy 3.2. Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; Policy 3.6: Foster complete communities by preserving and increasing high-quality housing opportunities suitable for all ages and household types.

Supporting Information

The Livable Communities Demonstration Account (LCDA), 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 2010 LCDA Grant Application Guides are attached to this report.

For 2010, the Metropolitan Council is making available two types of LCDA Grants: Development Grants (for typical non-construction, development costs) and Pre-Development Grants (for pre-development costs, such as feasibility analysis, market analysis, etc). For the entire metropolitan area, there is \$5.5 million available for Development Grants, and \$1 million available for Pre-Development Grants. Of these totals, the cities of Minneapolis and St Paul are eligible to compete for 40% (\$2.2 million and \$400,000 respectively), though the full Metropolitan Council may exceed this percentage in its final approval.

The LCDA program is always competitive, both within the City of Minneapolis and across the metropolitan area. As in past years, the Metropolitan Council is placing an increased emphasis on project readiness, to ensure funded projects can be substantially complete within 2 years of the grant award.

City Application Review Process

In 2009, two Minneapolis projects (Capri Block acquisition and Gateway Lofts) were awarded LCDA funds totaling \$943,000. In 2010, the City has been requested to sponsor 10 Development Grant applications (totaling \$5.5 million), and 4 Pre-Development applications (totaling \$265,000). Each city may submit up to six applications (from either category), which must be ranked according to priority before submission to the Metropolitan Council.

The CPED Sector teams, along with the assigned CPED project coordinator, reviewed each application and provided comments on overall project readiness and compatibility with the LCDA program. A cross-CPED staff team then scored each application 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.

2010 LCDA Development Applications and Recommended Ranking

	Rank	Project	Applicant	Ward	Amount Requested	Score (of 100)
	1	Hi-Lake Triangle	Wellington, McNellis, Swenson	9	\$1,034,000	82
	2	Boxleitner	Catholic Charities/CHDC	5	\$284,000	79
	3	East Bank Mills	Schaefer Richardson	3	\$220,000	75
	4	Gateway IV	Aeon	6	\$793,900	72
Recommended ▲	5	MPHA/Heritage Park	CPED	5	\$170,000	71
Not	6	Corcoran Triangle	Wellington,	9	\$584,000	70

recommended ▼			McNellis, Swenson			
	7	Valspar	Brighton	7	\$925,000	68
	8	Seward Commons/Bystrom	Seward Redesign	2	\$770,000	66
	9	Solhem East Bank (Huron Flats)	Hunt Associates	2	\$430,000	59
	10	Longfellow Senior Manor	Master Development	12	\$325,000	48

TOTAL \$5,535,900

2010 LCDA Pre-Development Applications and Recommended Ranking

	Rank	Project	Applicant	Ward	Amount Requested	Score (of 100)
Recommended ▲	1	Linden Yards/Bassett Creek Valley	CPED	7	\$100,000	88
Not recommended ▼	2	38 th St Station Area	CPED	9 and 12	\$40,000	84
	3	Capri Block	CPED	5	\$25,000	80
	4	Lowry/Lyndale	CPED/Hennepin County	3	\$100,000	78
				TOTAL	\$265,000	

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 July 19, 2010.

A Metropolitan Council staff evaluation team will review and score eligible Development and Pre-Development 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 2012, 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, 2011.

Project Summaries - Development Grants

Boxleitner Place (Catholic Charities/Community Housing Development Corporation, requesting \$284,000). Boxleitner Place is a redevelopment project at 165 Glenwood Ave that will provide 120 shelter beds, 51 overflow mats, 36 permanent supportive housing units for long-term homeless people, and 11 efficiency units. LCDA funding is being requested for sidewalks, bicycle facilities, a canopy, and utility improvements.

Corcoran Triangle (Wellington, McNellis, and Swenson, requesting \$584,000). Corcoran Triangle is a 103-unit mixed-income rental project on the Corcoran Triangle, located at the intersection of 32nd St E and Hiawatha Ave. LCDA funding is being requested for stormwater improvements, landscaping, pedestrian and bicycle improvements, and site preparation.

East Bank Mills: Machine Shop (Schaefer Richardson, requesting \$220,000). The redevelopment of the Machine Shop represents a portion of the first phase of redevelopment of the East Bank Mills site. Once complete, this phase will contain 26,000 square feet of commercial/entertainment uses. LCDA funding is being requested for stormwater improvements, demolition, site preparation, sidewalks, signage, and lighting.

Gateway IV – fka Franklin Steele (Aeon/Hope Community, requesting \$793,000). This is the fourth and final phase of the Franklin-Portland Gateway project. Gateway IV will consist of approximately 120 rental housing units for a mix of low- and moderate-income households. LCDA funding is being requested for acquisition, pedestrian and bicycle improvements, site preparation, and stormwater management improvements.

Hi-Lake Triangle (Wellington, McNellis, and Swenson, requesting \$1,034,000). Hi-Lake Triangle is a 5-story, 54-unit affordable senior rental building with 8,000 square feet of commercial space on the ground floor. The site is located on Lake at Hiawatha, between the Hi-Lake Shopping Center and the Midtown Station on the Hiawatha LRT. LCDA funding is being requested for site preparation, site access improvements, a transit plaza, and a second-story covered walkway connecting to the transit station.

Longfellow Senior Manor (Master Development, requesting \$325,000). Longfellow Senior Manor is a new proposal for the previous condo development site at 46th St and 46th Ave, containing 60 units of senior rental housing (40 assisted units and 20 memory-care units) with underground parking. LCDA funding is being requested for a green roof, sidewalks, lighting, bike racks, and a bus shelter.

MPHA 4th Avenue Improvements – Heritage Park (CPED, requesting \$177,000). The Minneapolis Public Housing Authority is undertaking two senior residential buildings in the 900

block of 4th Ave N: a 48-unit assisted-living/memory care building, and a 50,000-square-foot Elders Center containing program and activity space. The MPHA project will include construction of the southern portion of 4th Ave between Bryant Ave and Dupont Ave; LCDA funding is being requested to construct the northern portion of the street, including sidewalks.

Seward Commons/Bystrom Brothers Redevelopment (Seward Redesign, requesting \$770,000). The first phase of the Bystrom Brothers site redevelopment is the Touchstone project by PPL, which will contain 40 units of supportive rental housing for individuals with severe and persistent mental health issues. The Bystrom site is located at East 22nd St and Minnehaha Avenue, adjacent to the bike path leading to the Franklin Ave LRT station. LCDA funding is being requested for costs associated with improvements to the connection of 24th St with the bike path, street improvements, streetscape, and stormwater management.

Solhem East Bank - fka Huron Flats (Hunt Associates, requesting \$430,000). Solhem East Bank is a 6-story, 75-unit student rental building with parking on the ground level. The site is located on the southeast corner of Delaware St SE and Huron Blvd SE. LCDA funding is being requested for site preparation, land acquisition, demolition, and stormwater management improvements.

Valspar Building (Brighton Development, requesting \$925,000). This proposal would renovate the historic Valspar buildings into 101 units of affordable rental housing. The site is located at 1101 3rd St South. LCDA funding is being requested for site acquisition, site work, landscaping, bicycle circulation improvements, and other infrastructure.

Project Summaries – Pre-Development Applications

38th St Corridor Improvements (CPED, requesting \$40,000). LCDA funding would be used to complete conceptual design for the corridor, develop cost estimates, and an implementation strategy.

Capri Block (CPED, requesting \$25,000). LCDA funding would be used to refine the overall development concept for the Capri Block, in preparation for releasing an RFP to develop the site.

Linden Yards East/Bassett Creek Valley (CPED, requesting \$100,000). LCDA funding would be used for soil testing and to study the feasibility of development above rail storage areas.

Lowry/Lyndale (CPED and Hennepin County, requesting \$100,000). LCDA funding would be used to conduct design workshops, development of design concepts, feasibility studies, and soil testing in a 6-block area at Lowry and Lyndale, including the Hawthorne Eco Village site.

Attachments:

Resolutions

2010 LCDA Grant Guides

2010 LCDA Ranking Tools

RESOLUTION NO. _____
OF THE CITY OF MINNEAPOLIS

**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 2010 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 agreements; and

Whereas, the City agrees to act as legal sponsor for the projects contained in the grant applications to be submitted by July 19, 2010; 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 six projects during each funding cycle for LCDA Development Grants and Pre-Development Grants combined, 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	Grant Amount
Ranking Requested	Project Name
(1)	Hi-Lake Triangle \$1,034,000
(2)	Boxleitner \$284,000
(3)	East Bank Mills \$220,000
(4)	Gateway IV \$793,900
(5)	MPHA/Heritage Park \$177,000

4. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project components 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:

Hi-Lake: LCDA is a primary funding source for the transit-related improvements and other grant activities requested in the application.

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

East Banks Mills: Funding for demolition and site improvements will help catalyze the remaining project funds.

Gateway IV: Funding for acquisition and site improvements will help catalyze the remaining project funds. The remaining grant activities cannot typically be funded with traditional public affordable housing sources.

MPHA/Heritage Park: LCDA is a primary funding source for the street construction, as described in the application.

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.

RESOLUTION NO. 200-_____

OF THE CITY OF MINNEAPOLIS

Identifying the Need for Livable Communities Demonstration Account Funding and Authorizing an Application for Predevelopment Grant Funds

Whereas, the City of Minneapolis is a participant in the Livable Communities Act's Housing Incentives Program for 2010 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Demonstration Account funds; and

Whereas, the City has identified a proposed project within the City that meets the Demonstration Account's purposes and criteria and is consistent with and promotes 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 project contained in the grant application to be submitted by July 19, 2010; and

Whereas, the City acknowledges Livable Communities Demonstration Account Pre-Development grants are intended to fund activities that can prepare projects to apply for the LCDA Development Grant category; 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 six projects during each funding cycle for LCDA Development Grants and Pre-Development Grants combined, 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 interest of the City's development goals and priorities for the proposed activities to be performed for this particular project area site, as identified in the application, and at this particular time.

2. Finds that the project component(s) for which Livable Communities Demonstration Account funding is sought:

~~(a)~~(c) will not occur solely through private or other public investment within the reasonably foreseeable future; and

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

3. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project activities 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 completion of the activities within two years and states that this representation is based on the following reasons and supporting facts:

Linden Yards East, requesting \$100,000: Because the proposed development configuration is so unusual (likely unprecedented elsewhere in the country), there are no other identified funding sources for this feasibility analysis.

4. Authorizes its Director of Community Planning and Economic Development to submit on behalf of the City an application for Metropolitan Council Livable Communities Demonstration Account Pre-Development Grant funds for the project activities identified in the applications, and its Finance Officer or designee to execute such agreements as may be necessary to implement the project on behalf of the City.