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

Date: July 26, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Donna Wiemann, Principal Project Coordinator, 612-673-5257

Presenter in Committee: Donna Wiemann

Approved by: Elizabeth J. Ryan, Director, Housing Policy & Development

Subject: Proposed Section 106 Memorandum of Agreement relative to St. Anthony Mills Apartments and the Mill Quarter Parking Ramp

RECOMMENDATION: Authorize execution by the proper City officials of the Section 106 Memorandum of Agreement among the Department of HUD, the Minnesota State Historic Preservation Office, BD St. Anthony Mills Limited Partnership, and the City of Minneapolis regarding construction of St. Anthony Mills Apartments and the Mill Quarter Parking Ramp.

Previous Directives: On February 2, 2000, the Council approved the concept plan for Parcel D which includes the location of St. Anthony Mills Apartments (SAMA) and the Mill Quarter Parking Ramp. On May 16, 2003, the Council approved a $500,000 Affordable Housing Trust Fund (AHTF) loan to SAMA. On May 28, 2004, the Council approved a $500,000 AHTF loan to SAMA. On April 30, 2004, the Council approved the Public Analysis Authorization for Parcel D East. On April 15, 2005 the Council approved a $400,000 NRP Affordable Housing Reserve Fund loan to SAMA. On May 27, 2005, the Council authorized the proper City officials to execute a grant agreement between the City and the St. Anthony Falls Heritage Board accepting a $15,000 grant to fund the historical archeological study of the future site of SAMA and increase Fund SMN (State Grant and Loan Program) appropriation by $15,000. On May 27, 2005, the Council granted preliminary approval to issue up to $9.1 million in Housing Revenue Bonds for SAMA.

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
_X_ Other financial impact (Explain): Refer to body of report.
___Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: Ward 2.

Neighborhood Notification: The Downtown Minneapolis Residents Association (DMNA) supports this project. DMNA approved up to $500,000 NRP funds to the project in 2003.

City Goals: Foster the development and preservation of a mix of quality housing types that are available, affordable, meet current needs, and promote future growth.

Comprehensive Plan: Section 4.10 - Minneapolis will increase its housing that is affordable to low and moderate income households.

Zoning Code: The site to be developed into SAMA is zoned C3A which reflects the correct and proper zoning code for the proposed development.

Living Wage/Job Linkage: NA.

Background/Supporting Information

Since 2000, the City/MCDA has been working with Brighton Development Corporation to develop a mixed use, affordable rental housing project named St. Anthony Mills Apartments (SAMA) on City-owned property west of Chicago Avenue between Washington Avenue and Second Street. The Council has awarded up to $1,000,000 from the Affordable Housing Trust Fund (AHTF) to assist in the development of this 93 unit project and has granted preliminary approval of up to $9.1 million of housing revenue bonds.

Development Proposal

SAMA will be a five story building with 93 rental units and approximately 5,500 square feet of ground floor commercial space. The project developer is BD St. Anthony Mills Limited Partnership whose general partner will be Brighton Development Corporation or an affiliated entity. Of the 93 units, 80 will provide affordable housing targeted to downtown workers and those who use public transportation.

The project is designed to conceal on three sides the publicly-owned parking facility (Mill Quarter Municipal Ramp) located in the middle of the block. The parking ramp has 324 parking spaces and is scheduled to be completed within the next few weeks.

Seventy seven (77) of the parking spaces will be subject to a long-term lease for use by the SAMA tenants.

Attached is the Project Data Worksheet with more project details and the estimated sources and uses.

Financial Information

The estimated total development cost is approximately $15,038,000. To date, the Council has approved up to $1,000,000 AHTF monies; the source will be federal HOME funds. The Council has also approved up to $400,000 NRP funds and granted preliminary approval of up to $9.1 million of Housing Revenue Bonds. Other funding sources secured to date include MHFA, Hennepin County, Downtown Minneapolis Residents Association NRP, and Metropolitan Council.

Section 106 of the National Historic Preservation Act

Both SAMA and the Mill Quarter Parking Ramp are located in the historic Minneapolis riverfront area. The property is located directly across Second Street from the St. Anthony Falls Historic District, which is listed on the National Register of Historic Places, and from the Washburn A Mill Complex, which is a National Historic Landmark. The property was the location of the Minnesota Central Railroad Shops and Roundhouse which met the criteria of the National Register of Historic Places. Also, the project site was included in an archaeological assessment of the Milwaukee Road Depot Area prepared by Woodward-Clyde in November, 1998, and was considered to have high archaeological potential.

The Affordable Housing Trust Fund federal HOME funds require HUD's approval that the project complies with the Section 106 requirements. Section 106 of the National Historic Preservation Act requires federal agencies which provide funds to projects to take into account potential effects those projects may have on historic properties.

The developer and the City have been working closely with the Minnesota State Preservation Office (MnSHPO) to insure that the project meets the historic design and requirements of this historic area. MnSHPO notified the City of the need for an archaeological survey of the area of the proposed housing project; the area includes both the property being developed into the Mill Quarter Parking Ramp and the SAMA housing development. Although the parking ramp construction is almost complete, there may be remaining archaeological features, which, together with archival documentation on the area, can provide an important interpretation of the area's early railroad activity.

To secure Section 106 approval for the federal HOME funds, it is necessary for the City to enter a Section 106 Memorandum of Agreement (MOA) with HUD, MnSHPO, and BD St. Anthony Mills Apartments which supports that certain stipulations are an appropriate means of taking into account the effect of the undertaking historic properties. Attached is a copy of the MOA and the following is a summary of required stipulations:

1. Completion of an archaeological survey report by a historical archaeologist and submitted to the Minnesota Historic Preservation Commission. NOTE: CPED staff has selected Michael Madson of HDR One Company/Many Solutions, a member of the financial and engineering panel. Mr. Madsen has the required credentials to accomplish this work. The total contract cost will not exceed $28,000; the funding sources are 1) a $15,000 grant from the St. Anthony Falls Heritage Board and 2) the balance from the SAMA and/or Parcel D Preliminary Planning Fund.

2. Completion of an article about the role of railroading in the early development of the Minneapolis mill district will be written by a historian. The article will be submitted by the City to the appropriate journal for publication consideration. NOTE: CPED staff is working with MnSHPO to identify a person with the appropriate skills for this work. Once the person has been identified, a scope of work and budget will be prepared. CPED staff will seek funding sources including, but not limited to, SAMA and/or Parcel D preliminary planning funds.

3. The design of SAMA will be compatible with the adjoining buildings of the St. Anthony Falls Historic District. The project will be designed in consultation with the MHPC, the SAFHB, and MnSHPO and the design will be submitted to MnSHPO for review and concurrence.

4. HUD will provide training to City staff regarding the City's responsibilities in carrying out the Section 106 review process for projects using HUD funds.

The Section 106 MOA will be in effect until December 31, 2006 with the possibility to extend or amend if work remains to be completed on that date.

CPED MULTIFAMILY HOUSING DEPARTMENT
Affordable Housing Inventory Project Data Worksheet

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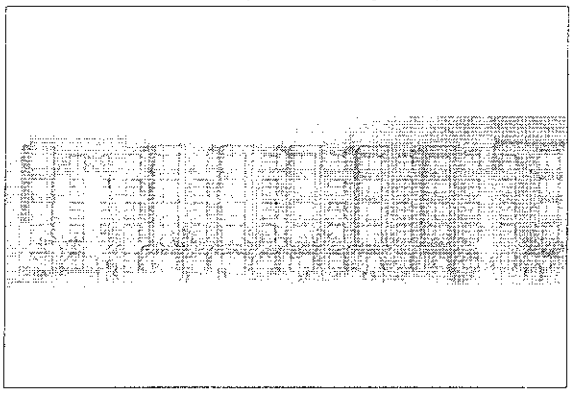

Project Status

Proposed:	5/3/2004
Approved:	☑
Closed:	
Complete:	

Impaction
- (●) Non-Impacted
- ( ) Impacted

Occupancy
- (●) Rental
- ( ) Ownership

Project Name:	Saint Anthony Mills Apts
Main Address:	Washington Ave, Chicago Ave, 2nd St
Project Aliases:	Parcel D Mills Housing
Additional Addresses:	

Ward: 2 Neighborhood: Downtown East

Project Activity
- ☑ New Construction
- ☐ Rehabilitation
- ☐ Stabilization
- ☐ Preservation

Year Built:

Development
- (●) Apartment/Condo
- ( ) Townhome
- ( ) Coop
- ( ) Shelter
- ( ) Transitional
- ( ) Scattered Site/Other

Household
- ☑ General
- ☑ Family w/Children
- ☐ Senior
- ☑ Single
- ☐ Special Needs
- ☐ Homeless

Housing Production and Affordability

UNIT COMPOSITION

UNIT	QTY
0BR	11
1BR	68
2BR	14
3BR	0
4+BR	0
TOT	93

UNIT AFFORDABILITY

UNIT	<30%	<50%	<60%	<80%	MKT
0BR	0	11	0	0	0
1BR	17	19	19	0	13
2BR	0	0	14	0	0
3BR	0	0	0	0	0
4+BR	0	0	0	0	0
TOT	17	30	33	0	13

Shelter Units: + Conversion Units:

Section 8: 17

GENERAL INFORMATION

The proposed St Anthony Mills Apartments project is part of the redevelopment of the historic Minneapolis riverfront. St. Anthony Mills will be located on Parcel D East Parcel D East is currently a large, bituminous parking lot bound by Portland Ave on the West, Chicago Ave on the East, Washington Ave on the South, and Second St on the North St. Anthony Mills will be built on the eastern portion of Parcel D East St. Anthony Mills will be built as liner on three sides of a City of Minneapolis parking ramp that will serve downtown visitors and the Mill City Museum. Parking for St Anthony Mills Apartments residents will be provided in the parking ramp.

Saint Anthony Mills Apartments will be new construction of 93 rental units. The project creates affordable housing in a moderately affluent community. The project will include two small commercial nodes - one on the corner of Chicago and Washington Avenue and one on the corner of Chicago and Second Street.

Brighton was selected as the Parcel D developer as a result of a competitive selection process involving the community, MCDA and the City of Minneapolis staff.

Partnership:

Contact Information:

Developer:
Dick Brustad
Brighton Development Corporation
614 1st St N Suite 100
Minneapolis, MN 55401-3101
Phone: (612) 333-5664 ext
Fax: (612) 332-1250
dbrustad@brightondevelopment.com

Owner:
Dick Brustad
Brighton Development Corporation
614 1st St N Suite 100
Minneapolis, MN 55401-3101
Phone: (612) 333-5664 ext-
Fax: (612) 332-1250
dbrustad@brightondevelopment.com

Consultant:

Contractor:
Bor-Son Construction
2001 Killebrew Dr Suite 400
Bloomington, MN 55426-
Phone: (952) 854-8444 ext-
Fax:

Architect:
David Jones
Ellness Swenson, Graham Architects Inc.
500 Washington Ave
Minneapolis, MN 55415-
Phone: (612) 339-5508 ext-
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Property Manager:
BDC Management
Phone: (612) 371-0766 ext-
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Support Services:

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MPLS Affirmative Action
Pat Behrend
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CPED MULTIFAMILY HOUSING DEPARTMENT
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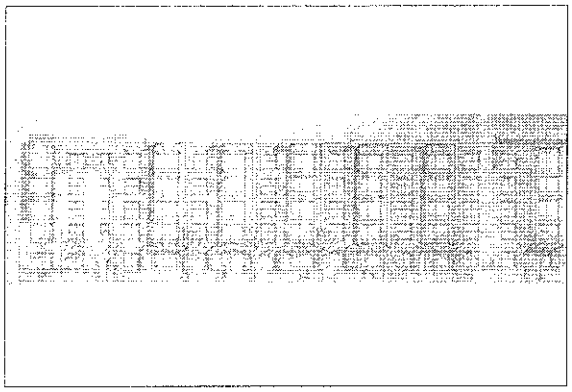

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Section 8: 17

USES AND SOURCES

Project Uses:

Land:	$430,000 00
Construction:	$10,956 700.00
Construction Contingency:	$424,000.00
Construction Interest:	$166,837 00
Relocation:	$0 00
Developer Fee:	$1,030,915.00
Legal Fees:	$106,000.00
Architect Fees:	$455 171 00
Other Costs:	$1,117,684.00
Reserves:	$340,500.00
Non-Housing:	$0.00
TDC:	$15,037,807.00
TDC/Unit:	$161,697.00

Project Sources:

Source / Program	Amount	%	Term	Committed
1 City of Minneapolis *HRB*	$6,350,000 00	5.60%	40 yr	
2 *Syndication Proceeds*	$3,921,857.00			
3 MHFA *MHFA (2003)*	$600,000 00		30 yr Deferred	10/1/2003
4 MHFA *MHFA (2004)*	$600 000 00		30 yr Deferred	1/1/2005
5 Hennepin County *AHIF*	$500,000 00		30 yr Deferred	12/1/2003
6 CPED *AHTF (HOME)*	$1,000,000 00		Deferred	1/1/2005
7 City of Minneapolis *NRP (DMNA-2003)*	$250,000.00			5/1/2003
8 Brighton Development *Deferred Developer Fee*	$326 876 00			1/1/2005
9 Hennepin County *AHIF*	$300,000.00		30 yr Deferred	1/1/2005
10 City of Minneapolis *NRP (DMNA-2004)*	$250 000 00			12/1/2003
11 City of Minneapolis *NRP (AHRF)*	$400,000 00		30 yr Deferred	4/30/2005
12 Hennepin County *TOD*	$250,000.00		Grant	12/1/2003
13 Met Council *TBRA*	$121,194.00		Grant	12/31/2004
14 City of Minneapolis *City Loan of Land Proceeds*	$167 880 00		Deferred	
TDC:	$15,037,807.00			

Financing Notes:

Tax Increment financing is proposed and staff will request City Council consideration at a later date.

SECTION 106
MEMORANDUM OF AGREEMENT

among the U.S. Department of Housing and Urban Development, the City of Minneapolis, the Minnesota State Historic Preservation Office, and BD St. Anthony Mills Limited Partnership

regarding construction of the St. Anthony Mills Apartments and the Mill Quarter Parking Ramp

WHEREAS, the City of Minneapolis (CITY) is constructing a parking ramp (known as the Mill Quarter Parking Ramp) on a site bounded by Second Street South, Chicago Avenue South and Washington Avenue South; and

WHEREAS, the CITY is working with BD St. Anthony Mills Limited Partnership (BDSAMA) to construct a housing component (known as St. Anthony Mills Apartments) which will surround three sides of the ramp and which will utilize part of the ramp to provide parking for residents, and

WHEREAS, the Minneapolis City Council has not yet approved the land sale or the redevelopment terms for the housing component and no contracts have been signed; and

WHEREAS, BDSAMA is proposing to use funds from the U S. Department of Housing and Urban Development (HUD) (from HOME program, [24 CFR part 92], and/or Section 8 Project Based Assistance Program and/or FHA Insurance) to assist in the construction of the housing component, and

WHEREAS, the project site is located directly across Second Street from the St. Anthony Falls Historic District, which is listed on the National Register of Historic Places, and from the Washburn "A" Mill Complex, which is a National Historic Landmark; and,

WHEREAS, the project site itself was the location of the Minnesota Central Railroad Shops and Roundhouse (MINNESOTA CENTRAL), which met the criteria of the National Register of Historic Places; and

WHEREAS, the project site was included in an archaeological assessment of the Milwaukee Road Depot Area prepared for the Minneapolis Community Development Agency by Woodward-Clyde in November 1998, and was considered to have high archaeological potential; and

WHEREAS, MnSHPO provided comments to the CITY on 11 September 2003 and 1 September 2004, regarding the need for an archaeological survey of the area of the proposed housing project and the need for design review of the proposed BDSAMA new construction; and

WHEREAS, the CITY responded to MnSHPO comments on 15 October 2004, stating that the CITY had completed additional map research, and had concluded that the MINNESOTA CENTRAL complex was actually located on a different parcel than the project site; and

WHEREAS, MnSHPO responded to the CITY'S comments on 15 November 2004, stating that the MINNESOTA CENTRAL site was indeed on the project site, and that the railroad complex that had been identified by the CITY on a different parcel was actually a different railroad complex built by a different railroad company, the Minneapolis Transfer Company; and

WHEREAS, the CITY commenced construction of the parking ramp in October 2004, potentially destroying elements of the MINNESOTA CENTRAL site; and

WHEREAS, subsequent review by HUD, the CITY, and MnSHPO concluded that, although elements of the MINNESOTA CENTRAL site may have been destroyed by the construction, other elements, particularly those located in the housing portions of the project site, may still remain; and

WHEREAS, the CITY ordered that any ground disturbance of the project site cease in December 2004 until such time as archaeological field investigation of the site could be completed; and

WHEREAS, subsequent archaeological investigation of the site by the CITY between December 2004 and April 2005 has identified remaining archaeological features, which, together with archival documentation on the area, can provide an important interpretation of the area's early railroad activity; and

WHEREAS, BDSAMA has been involved in the consultation and is included as an invited signatory on this memorandum agreement, per 36 CFR 800.6(c)(2); and

WHEREAS, the Minneapolis Heritage Preservation Commission (MHPC) and the St. Anthony Falls Heritage Board (SAFHB) have been involved in the consultation and have been invited to concur in this memorandum of agreement;

NOW, THEREFORE, HUD, the CITY, MnSHPO, and BDSAMA agree that the following stipulations are an appropriate means of taking into account the effect of the undertaking on historic properties.

STIPULATIONS

HUD will ensure that the following actions are carried out:

1. Based on the findings of the archaeological investigations of the project area, the CITY will complete the following mitigation measures relative to the MINNESOTA CENTRAL archaeological site.

   A. An archaeological survey report of the investigations will be competed by an archaeologist who meets the Secretary of the Interior's Professional Qualifications Standards for Historical Archaeologist, and will be submitted to MnSHPO for review and concurrence. The report will meet the Secretary of the Interior's Standards and SHPO Survey Guidelines. A copy of this report shall be submitted to the MHPC.

B An article about the role of railroading in the early development of the Minneapolis mill district will be written by a historian who meets the Secretary of the Interior's Professional Qualifications Standards for Historian. The CITY will consult with MnSHPO in making the selection of a historian to write the article. The article will be written to the standards of a scholarly historical journal, and will be submitted by the CITY to an appropriate journal for publication consideration. A copy of the article will also be submitted to MnSHPO, the MHPC, the Minneapolis Collection of the Minneapolis Public Library and HUD.

2. BDSAMA will design the housing component to be compatible with the adjoining buildings of the St. Anthony Falls Historic District, located across Second Street from the project site. This element of the project will be designed in consultation with the MHPC, the SAFHB, and MnSHPO, and will be submitted to MnSHPO for review and concurrence.

3. The CITY will republish the Finding of No Significant Impact (FONSI) for the project, stating that, pursuant to Section 106 review requirements, a Memorandum of Agreement is being executed.

4. The CITY and BDSAMA will take no further choice limiting actions as defined at 40 CFR Part 1506.1 on the housing component until an Authority to Use Grant Funds has been signed by HUD.

5 HUD, in consultation with MnSHPO, will provide training to CITY staff regarding CITY responsibilities in carrying out the Section 106 review process for projects utilizing funding from HUD The CITY will ensure staff involved with the Section 106 review process will attend the training.

6. After completion of the project and the mitigation stipulated in this agreement, the CITY will provide written documentation to all signatories of this agreement regarding all actions taken to fulfill the agreement terms.

7. Should MnSHPO and/or the CITY object within 30 days to any materials submitted pursuant to this agreement, HUD shall consult with MnSHPO to resolve the objection. If HUD determines that the objection cannot be resolved, HUD shall request the further comments of the Advisory Council on Historic Preservation (COUNCIL) pursuant to 36 CFR 800. Any Council comment provided in response to such a request, will be taken into account by HUD in accordance with 36 CFR 800 with reference only to the subject of the dispute HUD's responsibility to carry out all actions under this agreement that are not the subject of the dispute will remain unchanged.

8. This agreement shall be in effect until December 31, 2006. If work remains to be completed on December 31, 2006, the parties to the agreement will consult to extend or amend the agreement

9. Any party may request that the agreement be amended, whereupon the proposed changes shall be submitted to the other parties and the COUNCIL in accordance with 36 CFR 800.6(c)(7).

Execution of this memorandum of agreement and implementation of its terms evidence that HUD and the City of Minneapolis have taken into account the effects of the St. Anthony Mills Apartments/Mill Quarter Parking Ramp project on historic properties.

Department of Housing and Urban Development

By: _____ Date: 7/12/05

Minnesota State Historic Preservation Office

By: _____ Date: 6/28/05

City of Minneapolis

By: _____ Date: _____

Invited signatories:

BD St. Anthony Mills Limited Partnership

By: _____ Date: _____

Concurring signatories:

Minneapolis Heritage Preservation Commission

By: _____ Date: _____

St. Anthony Falls Heritage Board

By: _____ Date: _____