

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

Date: June 7, 2011

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 2011 Metropolitan Council Livable Communities Demonstration Account (LCDA)

Recommendation:

Approve the attached resolution authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) as discussed within the report.

Previous Directives:

The City Council considers submission of LCDA applications to the Metropolitan Council on an annual basis.

Prepared by: Amy Geisler, Senior Project Coordinator, CPED Multifamily Housing

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; Jobs and Economic Vitality; Eco-Focused; Livable Communities, Healthy Lives; Many People One Minneapolis; A City That Works.

Sustainability Targets: Affordable Housing Units; Air Quality; Bicycle Lanes and Paths; Permeable Surface.

Comprehensive Plan: 1.5 - Promote growth and encourage overall city vitality by directing new commercial and mixed-use development to designated corridors and districts; 1.13:

Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places; 3.2: Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; 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. Funded projects should 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 2011 LCDA Grant Application Guides are attached to this report.

For 2011, 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 \$8 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% (\$3.2 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. This year, the LCDA program rules were amended to allow more time for project completion. The Met Council is now looking for grant-funded elements to be complete and the overall development project to be initiated by January 2014.

City Application Review Process

In 2011, the City has been requested to sponsor 14 Development Grant applications (totaling \$8.6 million), and 4 Pre-Development applications (totaling \$312,500). 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 CPED Directors also participate in scoring applications, with regard to project readiness and City priority. The review criteria are attached to this report.

The resulting project ranking can be found below.

2011 LCDA Development Applications and Recommended Ranking

	Rank	Project	Applicant	Ward	Amount Requested
	1	Emanuel Housing	RS Eden	7	\$488,170
	2	Corcoran Triangle	Wellington, McNellis & Swenson	9	\$505,000
	3	ArtCube	Artspace	7	\$400,000
	4	Spirit on Lake	PRG	9	\$391,500
Recommended ▲	5	Currie Park Lofts	Fine Associates	2	\$1,010,210
Not recommended ▼	6	Jackson Flats	Artspace	1	\$600,881

7	Franklin/Portland Gateway IV	Aeon	6	\$1,000,000
8	Linden Yards Utilities	CPED/Ryan Cos.	7	\$650,000
9	Parcel A	Eagle Iron Partners	7	\$1,074,805
10	Pillsbury Lofts	Dominium	3	\$750,000
11	Applewood Pointe/Northrop school site	United Properties	11	\$602,364
12	West Broadway Hub	Ackerberg Group	5	\$600,000
13	Riverside Plaza	Sherman	2	\$523,000
14	2600 17 th Ave S	Alliance Housing	9	\$66,436

TOTAL \$8,662,366

2011 LCDA Pre-Development Applications and Recommended Ranking

	Rank	Project	Applicant	Ward	Amount Requested
Recommended▲	1	West Bank right-of-way parcel study	CPED	2	\$100,000
Not recommended▼	2	Linden Yards East	CPED	7	\$100,000
	3	West Lake LRT Station area	CPED	7, 10, 13	\$62,500
	4	Machine Shop	CPED	3	\$50,000
				TOTAL	\$312,500

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 15, 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.
- The City's housing performance score

Applications must score 30 or more points out of a possible 60 points on the Step One criteria to advance to the Step Two evaluation process.

A 13-member Metropolitan Council Livable Communities Advisory Committee will then 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.
- Readiness assessment - 1) status of implementation tools, 2) status of funding commitments to ensure construction start or further progress by December 2012, and 3) whether grant funds have been expended or progress made on a prior LCDA award.

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.

LCDA awards are expected to be approved by the Metropolitan Council in December 2011.

Project Summaries - Development Grants

2600 17th Avenue S (Alliance Addition, requesting \$66,436). Alliance is proposing a 20-unit rental project on the SW corner of 17th Ave S and East 26th St. The project will serve older, homeless single adults. The project will be constructed on four existing lots, two of which are owned by the City. LCDA funding is being requested for demolition, site preparation, utility, and infrastructure work.

Applewood Pointe (United Properties, requesting \$602,364). United Properties is proposed to redevelop the Northrop School site into 107 units of cooperative senior housing. The project will be built over two phases. LCDA funding is being requested for demolition, acquisition, and site improvements.

ArtCube (Artspace, requesting \$400,000). Artspace is proposing to construct a new building on the Washington Avenue frontage of the City-owned liner parcel across from the Guthrie Theater. The project will include 45 live-work units of affordable rental housing for artists, 8,000 square feet of first-floor commercial space, and a 20,000-square foot ArtCube that will serve as an arts incubator to various arts organizations. LCDA funding is being requested for stormwater and other site improvements.

Corcoran Triangle (Wellington, McNellis, and Swenson, requesting \$505,000). Corcoran Triangle is a 103-unit mixed-income rental project, located at the intersection of 32nd St E and Hiawatha Ave. Six units will be set aside for homeless individuals. LCDA funding is being requested for stormwater improvements, pedestrian and bicycle improvements, and site preparation.

Currie Park Lofts (Fine Associates, requesting \$1,010,210). Currie Park Lofts will include 260 mixed-income rental units along with first-floor commercial space. The project is located along 15th Ave S at 6th St S, near the West Bank LRT station. LCDA funding is being requested for demolition, excavation, utility work, and improvements to 15th Ave and 6th St.

Emanuel Housing (RS Eden, requesting \$488,170). Emanuel Housing is a 101-unit supportive housing project to be located at 822 S Third Street, near the Downtown East LRT Station. The project will serve very low-income individuals, many of whom are currently homeless and/or disabled. The building will also include space for the Council on Crime and Justice and Minnesota Health Care for Homeless Veterans. LCDA funding is being requested for stormwater improvements and other site preparation work.

Gateway IV (Aeon/Hope Community, requesting \$1,000,000). This is the fourth and final phase of the Franklin-Portland Gateway project. This phase will include 100-120 rental housing units for a mix of low- and moderate-income households. The project is also planned to include

a grocery/co-op tenant. LCDA funding is being requested for underground parking to serve this tenant. The project received a 2010 LCDA award of \$793,900.

Jackson Flats (Artspace, requesting \$600,881). Artspace is proposing 35 units of affordable live-work rental units for artists and their families. The project site is located on Jackson St NE just off Central Ave NE; a portion of the site is currently owned by the City. LCDA funding is being requested for stormwater and other site improvements.

Linden Yards utility work (CPED/Ryan Cos., requesting \$650,000). Ryan Cos. is working to secure a tenant for a new corporate headquarters on the City-owned Linden Yards site, located at Van White Blvd and Linden Ave. LCDA funding is being requested for utility work in both Linden Yards East and West, along with funds to re-locate the Cedar Lake Trail in conjunction with overall plans for the site.

Parcel A (Eagle Iron Partners, requesting \$1,074,805). Eagle Iron Partners is proposing a two-phase, mixed-use project that will include rental apartments (senior and general occupancy) along with some street-level retail space on a City-owned site along S 2nd St at 3rd Ave S. LCDA funding is being requested for underground parking, street construction, stormwater, and other site improvements.

Pillsbury Lofts (Dominium, requesting \$750,000). Dominium is proposing 240 rental apartments located on a portion of the historic Pillsbury Mill site. The project will include some affordable units. LCDA funding is being requested for land acquisition.

Riverside Plaza (Sherman Associates, requesting \$523,000). The Riverside Plaza project is currently underway, including rehabilitation of the buildings themselves and related site and infrastructure improvements. Sherman is requesting LCDA funding for additional site improvements, including utilities, sidewalks, demolition, fencing, and signage.

Spirit on Lake (PRG, requesting \$391,500). PRG is proposing a 46-unit mixed-use, affordable rental housing project on Lake St at 13th Ave S. LCDA funding is being requested for soil stabilization necessary for the deep foundation required for the project.

West Broadway Office & Retail Hub (Ackerberg, requesting \$600,000). Ackerberg is working with Hennepin County on a proposed 2-story commercial building on West Broadway between Girard Ave S and Irving Ave S. The County is expected to be the primary tenant with its proposed North Minneapolis Regional Hub Facility. LCDA funding is being requested for demolition, utilities, and other site preparation work.

Project Summaries – Pre-Development Applications

Linden Yards East (CPED, requesting \$100,000). LCDA funding would be used to continue the 2010 LCDA-funded work for soil testing and to study the feasibility of development above rail storage areas.

Machine Shop (CPED, requesting \$50,000). LCDA funding would be used for design and engineering studies needed to re-purpose the Machine Shop as a museum.

West Lake LRT Station Area (CPED, requesting \$62,500). LCDA funding would be used to conduct a parking and traffic analysis of the West Lake LRT Station area, in anticipation of future development near the station.

West Bank right-of-way parcels study (CPED, requesting \$100,000). LCDA funding would be used for title and survey work necessary to facilitate development of excess right-of-way near the West Bank.

Attachments:

2011 LCDA Application Map

Resolution

2011 LCDA Grant Guides

2011 LCDA Ranking Tools

**RESOLUTION
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 2011 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 15, 2011; 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 occur within three years after the grant award only if 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:

Development Grants

Priority Ranking	Grant Amount	Project Name	Requested
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(1)		Emanuel Housing	\$488,170
(2)		Corcoran Triangle	\$505,000
(3)		ArtCube	\$400,000
(4)		Spirit on Lake	\$391,500
(5)		Currie Park Lofts	\$1,010,210

Pre-Development Grants

Priority Ranking	Grant Amount	Project Name	Requested
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(1)		West Bank Right-of-Way Parcel Study	\$100,000
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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 three years and states that this representation is based on the following reasons and supporting facts:

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

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

ArtCube: Funding for site improvements will help catalyze the remaining project funds.

Spirit on Lake: 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.

Currie Park: LCDA is a primary funding source for the street construction, as described in the application. Other requested uses typically cannot be funded with traditional affordable housing sources.

West Bank ROW Parcel Evaluation, requesting \$100,000: The City has evaluated other funding sources and has not identified any that could be utilized for this type of complex, cross-jurisdictional analysis.

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.

CITY OF MINNEAPOLIS
2011 LCDA PRE-DEVELOPMENT GRANT
APPLICATION RANKING TOOL
(Based upon Metropolitan Council LCDA program criteria)

Land use criteria

Will the grant-funded work lead to development that:

- Intensifies land use and increases density to maximize the potential of the site (8 points)

- Improves jobs/housing balance by connecting housing to employment, education, retail, recreation, and other uses (8 points)

- Diversifies housing options within the future development site, neighborhood, and city (8 points)

- Is located within a DEED-designated Transit Improvement Area (TIA) (5 points)
-or-
Is located ½ mile or less from a park and ride facility on an express bus route or within ¼ mile of a fixed stop on a high-frequency bus route (3 points)
-or-
Is located ½ mile or less from a stop on a future arterial BRT corridor (1 point)

- Provides optimal convenience for pedestrian access to transit (5 points)

- Employs natural resources, where feasible, as community assets and amenities (8 points)

Local Planning and Implementation Processes (8 points)

Will the grant-funded work lead to development that:

- Implements the City's Comprehensive Plan
- Helps achieve the City's affordable and life-cycle housing goals
- Implements any redevelopment, corridor, or other local plans
- Will the grant-funded activities help achieve the intent of the overall proposal?

Innovation and demonstration (30 points)

Will the grant-funded work lead to development that demonstrates new development concepts in one or more of the following areas:

- Uses land efficiently to maximize the site's potential
- Leverages major state transportation and transit investments
- Connects housing to employment, recreation, and other uses
- Provides a range of housing densities, types, and costs
- Is environmentally sensitive
- Utilizes appropriate tools to implement the project
- Includes innovative elements or demonstrate new development concepts, both for the City and the region. Does the project serve as a model of LCDA goals?

How LCDA funding is a catalyst (10 points)

- The extent to which LCDA funding is a catalyst to implement development in the project area

City priority and other criteria (20 points)

- Is site control sufficient to undertake the grant-funded work?
- Is the development consistent with City policy and plans?
- Is the project/site a priority within its geographic sector?
- Is there demonstrated neighborhood and City Council support for the project area/project concept?
- Will there be meaningful and appropriate public involvement in carrying out the grant-funded activities?
- Is there a plan for successful project implementation, including appropriate partners?
- Will the grant-funded work allow the City to capitalize on unique opportunities? Will these opportunities be lost if the grant-funded work does not occur in a timely manner?
- Will major City and regional investments be leveraged?
- Can the grant-funded work be replicated in other parts of the City or metropolitan area?
- Will the project be able to utilize the LCDA grant within the 24-month grant term?

**CITY OF MINNEAPOLIS
2011 LCDA DEVELOPMENT GRANT
APPLICATION RANKING TOOL**

(Based upon Metropolitan Council LCDA program criteria)

Land Use Criteria

- Development that intensifies land use and increases density to maximize the potential of the site (8 points)

- Location within a DEED-designated Transit Improvement Area (TIA) (5 points)
-or-
Location ½ mile or less from a park and ride facility on an express bus route or within ¼ mile of a fixed stop on a high-frequency bus route (3 points)
-or-
Location ½ mile or less from a stop on a future arterial BRT corridor (1 point)

- Development that provides optimal convenience for pedestrian access to transit (5 points)

- Development that connects housing to employment, education, retail, and other uses (8 points)

- Development that provides a range of housing densities, types, and costs (8 points)

- Development that is environmentally sensitive (8 points)

Tools and Processes (8 points)

- Does the proposal include tools and processes to ensure successful outcomes, such as: regulatory tools, public/private partnerships, community participation, and local leadership?

Innovation and demonstration (30 points)

- Does the project include innovative elements or demonstrate new development concepts, both for the City and the region? Does the project serve as a model of LCDA goals?

How LCDA funding is a catalyst (10 points)

- The extent to which LCDA funding is a catalyst to overall project success

City priority and readiness (20 points)

- Is the development consistent with City policy and plans?
- Does the developer have site control?
- Is the project/site a priority within its geographic sector?
- Has the City Council taken action in support of the project?
- Are there City funds committed to the project?
- What percentage of overall project funds is committed?
- Is there documented neighborhood support for the project?
- Does the project have an unspent LCDA award from a prior year?
- Will the project be able to utilize the LCDA grant within the 36-month grant term?