

MEMORANDUM



Request for City Council Committee Action

Date: March 21, 2002

To: Council Member Goodman, Community Development Committee
Council Member Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by Randal Hemmerlin, Phone 612-673-5075;
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Approved by Charles T. Lutz, Interim MCDA Executive Director _____

Subject: Accept & Appropriate the Following Grants on Behalf of the Stone Arch Apartment Project: \$562,500 Minnesota Department of Trade & Economic Development (DTED) Contamination Cleanup Grant, \$97,500 Metropolitan Council Livable Communities Tax Base Revitalization (TBRA) Grant, and \$90,000 Hennepin County Environmental Response Grant; Accept & Appropriate a \$228,000 Hennepin County Environmental Response Grant on behalf of the West River Commons (formerly East Gateway) Housing Project; Execute Grant & Subrecipient Agreements

Previous Directives: On October 26, 2001, the City Council approved submission of grant requests for the Stone Arch Apartment and West River Commons (East Gateway) projects to the Minnesota Department of Trade & Economic Development, Metropolitan Council and Hennepin County pollution remediation grant programs.

Neighborhood Group Notification:

Stone Arch Apartments

Marcy Holmes Neighborhood Association has been notified.

West River Commons

Longfellow Community Council has been notified.

Ward: Stone Arch Apartments - 5th; West River Commons – 9th

Consistency with *Building a City That Works*: Both proposals meet the requirements of Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city. Objective A Preserve and expand the number of affordable housing units throughout the city.

Comprehensive Plan Compliance:

Both proposals are in compliance.

Zoning Code Compliance: Both proposals are in compliance.

Impact on MCDA Budget: (Check those that apply)

- No financial impact
 Action requires an appropriation increase to the MCDA Budget
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves
 Other financial impact (Explain):

Stone Arch Apartments

Receipt of \$750,000 in grant funding for pollution remediation from multiple sources; local match required for DTED grant will be provided by the Metropolitan Council and Hennepin County grants.

West River Commons (formerly East Gateway)

Receipt of \$228,000 Hennepin County Environmental Response grant; no local match required.

Living Wage / Business Subsidy: Not Applicable

Job Linkage: Not Applicable

Affirmative Action Compliance: Will be in compliance

Recommendation:**City Council**

1. Accept the following grants:

Stone Arch Apartment Project

\$562,500 Minnesota Department of Trade & Economic Development (DTED) Contamination Cleanup Grant; \$97,500 Metropolitan Council Livable Communities Tax Base Revitalization (TBRA) Grant, and \$90,000 Hennepin County Environmental Response Grant

West River Commons (formerly East Gateway) Project

\$228,000 Hennepin County Environmental Response

2. Increase the 2002 MCDA Appropriation Resolution in Fund SMN by \$978,000

3. Increase MCDA Revenue Budget in Fund SMN
 (3215-04 MN State Grants) by \$562,500
 (3215-13 Other MN Grantor Agencies) by \$97,500
 (3220-02 County Grants) by \$318,000

4. Forward this report to the MCDA Board of Commissioners for its review and approval

MCDA Board of Commissioners

5. Execute grant and subrecipient agreements

Background/Supporting Information

The MCDA has received three grants from DTED, Metropolitan Council and Hennepin County in the amount of \$750,000 for environmental assessment and remediation activities for the Stone Arch Apartment Project and one grant from Hennepin County in the amount of \$228,000 for environmental assessment activities for the West River Commons (formerly East Gateway) project. The intent of this letter is to request authorization for acceptance and appropriation of the grants as well as authorization to execute grant and subrecipient agreements as required to implement the respective projects.

Stone Arch Apartment Project

The Stone Arch Apartment project is a 221-unit apartment building proposal containing four floors of living space over two levels of underground parking. There will be 45 affordable rental units with an additional 176 market rate rental units. The project is within walking distance of the downtown core via the Stone Arch Bridge and is of extremely high quality construction, in an appropriate mix of studio, one and two bedroom configurations. The project implements the first phase of the University/City approved River Road-to-Main Street Plan (version 2A), and opens the east bank directly for residential use. The developer is Minneapolis Stone Arch Apartments LLC. Total development cost is estimated at \$31.5 million.

The DTED grant awarded for the Stone Arch Apartment project requires a local match. This local match requirement will be met through the Metropolitan Council and Hennepin County grant funds awarded to the project.

West River Commons (formerly East Gateway) Project

The West River Commons project is located at East Lake Street and West River Parkway. The developer is Gateway Real Estate, LLC. The mixed-use building will feature 53 rental apartment units, three town homes for sale to private individuals at a price of approximately \$280,000 each, and approximately 7,800 square feet of commercial space on the easterly side of the project. Proposed use of the commercial space includes a restaurant and coffee shop. Twelve rental units will be designated as affordable housing units.

The project involves the demolition of the existing buildings on the site and the construction of a new three and four story mixed use building with underground parking for 66 cars and additional surface parking. Total development cost is estimated at just under \$10.2 million.

The east end of the project is proposed to be a new neighborhood park.

No local match is required.