



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

**Date:** December 13, 2012  
**To:** Lisa Goodman, Chair, Community Development Committee  
**Referral to:** Betsy Hodges, Chair, Ways and Means/Budget Committee  
**Subject:** DEED Redevelopment Grant Applications  
(January 3, 2012 Application Deadline)

### **Recommendation:**

Approve the attached resolution authorizing staff to submit applications to the Minnesota Department of Employment and Economic Development [DEED] Redevelopment Grant Program for the following projects: 430 Oak Grove, 700 Central, Currie Park Lofts, Hennepin County West Broadway Hub, Parcel A, Pillsbury Lofts, Spirit on Lake, and West Broadway Curve.

### **Previous Directives:**

**430 Oak Grove** (430 Oak Grove St.): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to the Metropolitan Council and Hennepin County on behalf of this project.

**700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. The City Council may have taken action(s) in connection with earlier (but ultimately unsuccessful) development proposals by other parties in the 2006-2008 range.

**Currie Park Lofts** (515 15<sup>th</sup> Ave. S.): On December 23, 2005, the City Council authorized Fine Associates to submit an application in the amount of \$1,720,000 for Hiawatha LRT Land Assembly Funds for the Currie Park Lofts and Station Place project. On March 31, 2006, the City Council authorized the acceptance of an award in the amount of \$1,720,000 from the Hiawatha LRT Land Assembly Fund for the Currie Park Lofts and Station Place project. On December 22, 2006, the City Council approved an AHTF loan of up to \$400,000 for Currie Park Lofts, Phase I. On February 9, 2007, the City Council accepted a Met Council LCDA grant in the amount of \$341,341 for the Currie Park Lofts project. On October 5, 2007, the City Council accepted a Hennepin County TOD grant in the amount of \$370,000 for Currie Park Lofts, Phase I.

**Hennepin County West Broadway Hub** (1314 to 1410 W. Broadway, 1301 to 1409 21<sup>st</sup> Ave. N., 2017 Girard Ave. N.): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project.

**Parcel A** (2<sup>nd</sup> St. S. between 3<sup>rd</sup> Ave. S. and 5<sup>th</sup> Ave. S.): On March 6, 2009, the City Council awarded exclusive development rights to Eagle Iron Partners Joint Venture, Lupe Development Partners LLC and North First Ventures LLC. On December 18, 2009, the City Council extended the aforementioned exclusive development rights and authorized the filing of an application for title registration. On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project.

**Pillsbury Lofts** (301 Main Street SE): On November 4, 2011, the City Council authorized the submission of brownfield grant applications to DEED, the Metropolitan Council and Hennepin County on behalf of this project. On the same date, the City Council approved the ranking and submission of an application to the Minnesota Statewide Historical and Cultural Grants program (a/k/a "Legacy Grants Program") in the amount of \$320,000 for a "Pillsbury A Mill Tunnel System Condition Study."

**Spirit on Lake** (2930 13<sup>th</sup> Ave. S., 1238 E. Lake St.): On December 23, 2005, the City Council approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing Program. On November 3, 2006, the City Council approved Project Analysis Authorization (PAA) to evaluate the use of tax increment financing for this project. On April 27, 2007, the City Council adopted a resolution of support for Spirit on Lake as part of the City's 2007 list of priority projects for Hennepin County Transit Oriented Development (TOD) grant funding. On August 3, 2007, the City Council approved the expenditure of Hennepin County HRA Affordable Housing Incentive Fund (AHIF) for this project in the amount of \$225,000. On October 5, 2007, the City Council authorized the execution of a Cooperative Agreement between Hennepin County and the Hennepin County Housing and Redevelopment Authority related to a \$75,000 Hennepin County TOD grant award to the project. On October 19, 2007, the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the project. On January 31, 2008, the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the project. On February 29, 2008, the City Council accepted two brownfield grants to the project; \$235,600 from Hennepin County ERF and \$328,800 from Metropolitan Council TBRA. On May 2, 2008, the City Council accepted a \$391,500 DEED Redevelopment grant for the project. [Ultimately the AHIF, TBRA, ERF and DEED funds referred to above, and approximately \$25,000 of the \$75,000 TOD award, were relinquished because the project did not move forward as quickly as originally envisioned.] On January 12, 2011, the City Council approved an Affordable Housing Trust Fund allocation in the amount of \$1,449,000 for this project. On November 4, 2011, the City Council authorized the submission of brownfield grant applications to the Metropolitan Council and Hennepin County on behalf of this project.

**West Broadway Curve** (1926-2022 W. Broadway Ave.): City Council approval of a proposed AHTF loan in the amount of \$750,000 is expected to be sought in January of 2012.

Prepared by: Kevin Carroll, Principal Project Coordinator
Approved by: Mike Christenson, CPED Director _____
Catherine A. Polasky, Dir. of Economic Development _____
Presenter in Committee: Kevin Carroll, 612-673-5181

**Financial Impact**

X Other financial impact: There is no direct financial impact at this time. However, any DEED redevelopment grant that is ultimately approved by DEED will have a 50% "local match" requirement. For private sector projects, typical sources for the required match are developer funds, governmental assistance (if any) and/or grant proceeds from sources other than DEED.

**Community Impact**

**Neighborhood Notification:**

**430 Oak Grove** (430 Oak Grove St.): The minutes of a September 12, 2011 meeting of the Board of Directors of the Citizens for a Loring Park Community indicate that a motion in support of this project was unanimously approved at an August meeting of the CLPC's Land Use Committee.

**700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE): In a letter dated August 18, 2011, the Marcy-Holmes Neighborhood Association indicated that this project had been unanimously approved at an August 16, 2011 meeting of MHNA's Board of Directors.

**Currie Park Lofts** (515 15<sup>th</sup> Ave. S.): Letters of support have been issued by the West Bank Community Coalition (4/20/11) and the West Bank Business Association (9/14/11).

**Hennepin County West Broadway Hub** (1314 to 1410 W. Broadway, 1301 to 1409 21<sup>st</sup> Ave. N., 2017 Girard Ave. N.): Letters of support have been issued by the East Gateway Partnership (10/25/11), the Northside Achievement Zone (undated), the Northway Community Trust (11/8/11), the Plymouth Christian Youth Center (undated), and the West Broadway Business and Area Coalition (undated). The project's development team has also met with the Jordan Area Coalition and the Northside Residents Redevelopment Council [NRRC], both of which are supportive but are waiting to write letters of support until after the development team has finalized its design documents for the project.

**Parcel A** (2<sup>nd</sup> St. S. between 3<sup>rd</sup> Ave. S. and 5<sup>th</sup> Ave. S.): The developer was chosen through a City RFP [Request for Proposals] process that included a presentation to (and review by) the Industry Square Project Committee on March 12, 2008. Additional input from the Downtown Minneapolis Neighborhood Association will be sought when the developer is prepared to seek required Planning Commission approvals.

**Pillsbury Lofts** (301 Main Street SE): The Marcy-Holmes Neighborhood Association issued a letter of support on October 19, 2011.

**Spirit on Lake** (2930 13<sup>th</sup> Ave. S., 1238 E. Lake St.): The Powderhorn Park Neighborhood Association prepared a letter of support dated September 2, 2010.

**West Broadway Curve** ((1926-2022 W. Broadway Ave.): Members of CommonBond’s development team met with the Jordan Area Community Council’s [JACC’s] Housing Committee Meeting on July 12, 2011. The JACC Board provided a letter of approval/recommendation for the proposed project on August 29, 2011.

**City Goals:**

The projects identified herein will assist the City in achieving one or more of the following goals:

- Jobs and Economic Vitality (Strategic Directions: “Strong Commercial Corridors, Thriving Business Corners” and “Proactive Business Development in Key Growth Areas.”)
- Livable Communities, Healthy Lives (Strategic Directions: “Equitable, Integrated Transit Systems,” “High Quality, Affordable Housing”)
- A City That Works (Strategic Direction: “Infrastructure — streets, bridges, sidewalks, sewers, bike lanes & paths — well-managed and maintained”)

**Sustainability Targets:**

The projects identified herein are expected to contribute to one or more of the following targets identified in or by the City’s Sustainability Initiative: Stormwater, Brownfield Sites, Lead Poisoning and Affordable Housing.

**Comprehensive Plan:**

The projects herein are consistent with Policies 4.1.2 and 4.11.1 of the Minneapolis Plan for Sustainable Growth (adopted 10/2/09), which provide that Minneapolis will “seek out and implement long-term redevelopment projects that catalyze revitalization and private sector investment” and “enhance and maintain transportation, wastewater, green space, and other physical infrastructure to serve the needs of businesses where appropriate.”

**Zoning Code:**

The proposed projects are either in compliance or will comply.

**Living Wage/Business Subsidy Agreement:** Yes\_\_\_ No X (see below)

**Job Linkage:** Yes\_\_\_ No X (see below)

**Other:** Any business that occupies a redeveloped site may be asked to voluntarily sign a Job Linkage Agreement that includes five year hiring goals (with an emphasis on living wage jobs for Minneapolis residents) and seeks to connect the business with a neighborhood workforce organization.

**Background/Supporting Information**

DEED’s Redevelopment Grant Program was created in 1998 to assist development authorities with costs for redeveloping blighted industrial, residential, or commercial sites where the need to recycle the land for a more productive use exists. Grants can pay for land acquisition, demolition, infrastructure improvements, soil stabilization when infill is required, ponding or other environmental infrastructure, and adaptive reuse of buildings, including remedial activities at sites where a

subsequent redevelopment will occur. Grants pay up to 50 percent of redevelopment costs for a qualifying site. There is a 50 percent local match required from the eligible applicant.

Priority, as per state statute, is given to projects with one or more of the following characteristics:

1. There is a need for redevelopment in conjunction with contamination remediation.
2. The redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increment will contribute to the project.
3. There is redevelopment potential within the municipality.
4. There is proximity to public transit if located in the Minneapolis/St. Paul metropolitan area.
5. The project is multi-jurisdictional in nature and takes into account transportation, environmental impact(s) and the need for affordable housing.

From 1998 to 2001, the DEED Redevelopment Grant Program provided assistance to both metro and Greater Minnesota communities. In 2001, the Legislature modified the Program by creating a statutory preference or priority for Greater Minnesota projects. The City of Minneapolis was therefore not awarded any Redevelopment Grant Program funds between 2001 and 2006 (inclusive).

The 2007 legislature modified the Redevelopment Grant Program by making it a statewide program once again. Grant funds may currently be split between Greater Minnesota and the seven-county metropolitan area. At least 50% of the grant money must be awarded to sites located outside of the metro area, unless insufficient eligible applications are received for qualifying Greater Minnesota projects, in which case more than 50% of the available funds can potentially be awarded to metro-area projects.

The eight anticipated City of Minneapolis grant applications referred to herein are expected to seek approximately \$3,822,500 in Redevelopment Grant Program funds. DEED staff members have indicated that there will be approximately \$2.0 million available in this round, with a minimum of about \$1.0 million available for metro-area projects. (This amount may increase between now and December 31, 2011 if any previously awarded DEED grant funds are relinquished due to project delays.)

For all of the rounds of this grant program since 2007, City staff reviewed and compared the applications in the context of four criteria believed to be of critical importance to the City: creation of new public infrastructure, proximity to light rail transit, creation of affordable housing, and job creation. The eight projects referred to above all satisfy one or more of these criteria. Accordingly, the staff recommendation in this instance is that the City submit to DEED all eight of the grant applications in question.

## Details of Proposed Projects

### **430 Oak Grove** (430 Oak Grove St.)

*Projected DEED request: \$500,000*

The developer, 430 Oak Grove Holdings LLC (an ownership/development entity created by Krause Anderson Realty and TruCore Realty) intends to rehabilitate an existing 1923 four-story office building on a .86-acre site and convert it into a 75-unit market rate apartment building. The conversion of the building from office use to residential is consistent with the future use of Urban Neighborhood from *The Minneapolis Plan for Sustainable Growth*. The project has received its zoning approvals. Grant funds, if awarded, will be used primarily for the abatement of asbestos and lead-based paint.

### **700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE)

*Projected DEED request: \$771,000*

The developer, 7<sup>th</sup> & Central LLC (an affiliate of Nolan Properties Group) intends to rehabilitate an existing 1897 four-story timber building and an adjacent 1909 seven-story concrete building (total site acreage, .956 acre). The developer plans to add three new stories to the seven-story building and then convert both of the existing structures into a 105-unit market rate apartment complex with approximately 10,000 square feet of retail and/or restaurant space on the ground floor. This project was approved by the Planning Commission on September 19, 2011. This building has been vacant since the late 1990's. The parcel is located within a designated Activity Center, and the mix of uses and density is appropriate with this location and consistent with the Comprehensive Plan. It is also consistent with the Marcy Holmes Neighborhood Master Plan's vision for this area. Though the existing buildings have not been historically designated, they have been identified as historic resources - the proposed development will stabilize and rehabilitate these buildings. Grant funds, if awarded, will be used for the abatement of asbestos and lead based paint, water/sewer/sidewalk improvements, demolition, an elevator for public infrastructure, costs related to temporary sidewalk rental and city lane closures, water management in a planned parking structure, and the relocation of (and a conduit cover for) existing 3<sup>rd</sup> party equipment on the site.

### **Currie Park Lofts** (515 15<sup>th</sup> Ave. S)

*Projected DEED request: \$442,000*

Currie Park Lofts will include 260 mixed-income rental units in a new six-story building, along with 25,000 square feet of first-floor commercial space. The project is located near the West Bank LRT station. The land uses in question are generally consistent with *The Minneapolis Plan for Sustainable Growth*. The developers (Currie Park Developments LLC and Fine Associates) are currently working with City staff to obtain the necessary land use and zoning approvals. Grant funds, if awarded, will be used for the demolition of existing sidewalks/curbs/gutters, the installation of new sidewalks/curbs/gutters, the removal of an existing structure, and the installation of installation of rooftop stormwater detention ponds.

### **Hennepin County West Broadway Hub** (1314 to 1410 W. Broadway, 1301 to 1409 21<sup>st</sup> Ave. N., 2017 Girard Ave. N.)

*Projected DEED request: \$125,000*

The Ackerberg Group is working with Hennepin County to acquire/assemble 14 adjacent parcels (five commercial, nine residential, 1.77 acres in total) for a planned two-story, 31,000+ square foot building that would house offices for Hennepin County human services and public health. The redevelopment project is consistent with the economic development

goals for West Broadway, increasing office density and employee/visitor activity in the business district. The City Council recently supported submission of brownfield grant applications for this project. The developer has requested that the City sell some City owned vacant property needed for the site, and has submitted a request for a Great Streets gap loan currently being reviewed by staff. Requests for Council action on these project elements are expected in the first quarter of 2012. This planned Hennepin County service hub is on a part of West Broadway designated as Commercial Corridor by the Comprehensive Plan. The proposed office use is in conformance with the adopted plans and the OR2 zoning on part of the site. The north part of the site would need a rezoning to OR2, which staff can support as consistent with broad land use policies, although a rezoning application will need to go through the standard public review process with decisions residing with the City Planning Commission and the City Council. Land use applications have not yet been submitted, but developer representatives have been working with City planning staff. Grant funds, if awarded, will be used for the construction of a publicly accessible plaza adjacent to the development site's West Broadway frontage. The plaza will incorporate educational installations highlighting the project's innovative storm water management techniques.

**Parcel A** (2<sup>nd</sup> St. S. between 3<sup>rd</sup> Ave. S. and 5<sup>th</sup> Ave. S.)  
*Projected DEED request: \$1,000,000*

Eagle Iron Partners, a joint venture of North First Ventures and Lupe Development Partners, intends to construct two new buildings on what is now a 2.51-acre surface parking lot. Each building will contain five floors of affordable senior independent living rental units (approximately 125 units per building) with retail and/or office space on the ground floor. This property is City-owned. Eagle Iron Partners has been granted exclusive development rights to the property subject to a number of conditions. The proposed residential use with ground-floor commercial is consistent with the Mixed-Use designation in the *Update to the Historic Mills District Master Plan*. The project is still conceptual and has not been through a formal zoning review and approval process at this time. Grant funds, if awarded, will be used for property acquisition, the enhanced construction (to support an existing alley and a future extension of 4<sup>th</sup> Avenue) of a planned underground parking ramp, and the construction of a 4<sup>th</sup> Avenue extension (roadway, stormwater infrastructure, etc.)

**Pillsbury Lofts** (301 Main Street SE)  
*Projected DEED request: \$225,000*

The developer, Minneapolis Leased Housing Associates IV Limited Partnership (an affiliate of Dominion Development and Acquisition LLC), intends to redevelop six existing buildings (five of which are adjoining) on this 4.8-acre site, to create 255 affordable rental units. This project covers a significant portion of the Pillsbury A Mill campus, including all the historically significant structures. Another portion of the campus is controlled by a different developer (Doran). The Pillsbury Lofts project has not yet been approved by the Planning Commission. The cost of this project is high and likely will require numerous forms of subsidy, including brownfield cleanup grants. The project is currently under HPC review, with some issues (e.g., parking) still to be resolved. Grant funds, if awarded, will be used for stormwater management, plaza and green space improvements, underground parking, and the replacement of historic railroad tracks.

**Spirit on Lake** (2930 13<sup>th</sup> Ave. S., 1238 E. Lake St.)  
*Projected DEED request: \$391,500*

PRG, Inc. intends to construct a four-story mixed-use building on what is currently a .821-acre surface parking lot. The new building will include 46 affordable rental units (65,500 square feet), 4500 square feet of commercial space and underground parking. This project

is consistent with Comprehensive Plan policies and City zoning. The City supported the project's successful past efforts to secure funding from a variety of sources (AHIF funds, and TOD, DEED, Metropolitan Council TBRA and Hennepin County ERF grants) in 2007 and 2008; however, such funds and grants had to be relinquished when the project did not proceed at the pace originally envisioned. The site is on a designated Commercial Corridor (Lake Street), where multifamily mixed-use development is encouraged. The zoning is C2, which allows the proposed project with routine land use applications. This project received approval from the City Planning Commission in 2008, but those approvals have since expired. New land use applications will need to be submitted. Grant funds, if awarded, will be used for a special foundation system consisting of geopiers, the use of engineered fill to replace uncontrolled fill, and extensive shoring.

**West Broadway Curve** (1926-2022 W. Broadway Ave.)

*Projected DEED request: \$350,000*

The developer, CommonBond Communities, intends to construct a new three-story structure with underground parking and 50 units of affordable workforce housing. The development site currently consists of 10 vacant lots. The project's plans meet the goals of the West Broadway Alive plan for design and land use. The developer is currently working with City staff to obtain any required land use/zoning approvals. Grant funds, if awarded, will be used to relocate utilities, stabilize fill, install an underground stormwater management system, and install sidewalks, lighting, and bicycle racks.

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**RESOLUTION of the CITY OF MINNEAPOLIS**

Authorizing Applications to the Minnesota Department of Employment and Economic Development [DEED] Redevelopment Grant Program for the following projects: 430 Oak Grove, 700 Central, Currie Park Lofts, Hennepin County West Broadway Hub, Parcel A, Pillsbury Lofts, Spirit on Lake, and West Broadway Curve.

Whereas, the City of Minneapolis intends to act as the legal sponsor for the following projects that will be more completely described in the Redevelopment Grant applications to be submitted to the Minnesota Department of Employment and Economic Development (DEED) on or by January 3, 2012: 430 Oak Grove, 700 Central, Currie Park Lofts, Hennepin County West Broadway Hub, Parcel A, Pillsbury Lofts, Spirit on Lake, and West Broadway Curve; and

Whereas, the City has the legal authority to apply for financial assistance, and the institutional, managerial and financial capacity to ensure adequate project administration; and

Whereas, the sources and amounts of the local match identified in the applications are (or are expected to be) committed to the identified projects; and

Whereas, the City has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of its applications, the City may enter into agreements with the State of Minnesota for the above-referenced projects and will comply with all applicable laws and regulations as stated in said agreements;

Now, Therefore Be It Resolved by The City Council of The City of Minneapolis:

That the City Council authorizes the Director or Deputy of the Department of Community Planning and Economic Development to apply to the Minnesota Department of Economic Development for Redevelopment Program grant funding for the above-referenced projects, and that the City's Finance Officer, Contracts Administrator or Purchasing Agent and/or other duly authorized City staff are hereby authorized to execute any agreements that may be necessary to implement the projects.