



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

Date: March 18, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Referral to: Council Member John Quincy, Chair, Ways and Means Committee

Subject: **2013 Metropolitan Council Livable Communities Demonstration Account (LCDA) and Livable Communities Demonstration Account, Transit-Oriented Development (LCDA-TOD) Grant Awards**

Recommendation:

1) Accept and appropriate Metropolitan Council LCDA grants of \$1,000,000 for the Commons at Penn Project, \$1,000,000 for the Hawthorne Eco Village project, and \$750,000 for the Mozaic Phase II project; accept and appropriate Metropolitan Council LCDA-TOD grants of \$1,000,000 to the 4th Street Infrastructure/Boeser project, and \$1,045,000 to the Anishinabe Bii Gii Wiin project.

2) Amend the 2014 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900220) by \$4,795,000 (distributed as noted above).

3) Increase the 2014 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600–Other Grants-State and Local (01600-8900900-321513) by \$4,795,000 (distributed as noted above).

4) Authorize appropriate City staff to execute such agreements as may be necessary or desirable to implement the LCDA and LCDA-TOD grants with the Metropolitan Council, Building Blocks Non Profit, Project for Pride in Living, Ackerberg Group, and Cornerstone Group (or affiliated entities).

Department Information

Prepared by: Amy Geisler, Senior Project Coordinator (CPED - Residential Finance)
David Frank, CPED - Director of Transit Development

Approved by: Charles T. Lutz, Interim Director, CPED _____

Thomas A. Streitz, Director, Housing Policy & Development _____

Presenters in Committee: Amy Geisler, CPED – Residential Finance (612) 673-5266

Funding Source and Appropriation

Language Reviewed by Development Finance: _____

Previous Directives:

- On April 12, 2013, the City Council authorized submission of three (3) LCDA grant applications to the Metropolitan Council (Commons at Penn Ave, Hawthorne Eco Village, and Mozaic Phase II), and three (3) LCDA-TOD grants applications (4th Street Infrastructure project/Boeser site, Anishinabe Bii Gii Wiin, and 8th Ave Pocket Park).
- For Commons at Penn Ave, the City Council has previously awarded Affordable Housing Trust Funds, preliminary Housing Revenue Bond (HRB) approval, and development rights (a portion of the site is owned by the City).
- For Hawthorne Eco Village, the City Council has previously awarded Affordable Housing Trust Funds and development rights (a portion of the site is owned by the City).
- For Mozaic Phase II, there are no prior City Council actions.
- For 4th Street Infrastructure/Boeser project, the City Council has previously authorized acceptance of several Met Council and Hennepin County grants for the Boeser project
- For the Anishinabe Bii Gii Wiin project, there were City Council approvals related to the original Wakaigan development in the 1990s, but none to date for Bii Gii Wiin.

Financial Impact

- Action requires an appropriation increase to the Operating Budget
Dept Name: Community Planning & Economic Development – 8900220 and 8900320
Fund Name: 01600 - Other Grants-State and Local
Amount: \$4,795,000
- Action provides increased revenue for appropriation increase
Dept Name: Community Planning & Economic Development - 8900900
Fund Name: 01600 - Other Grants-State and Local
Amount: \$4,795,000
- Action is within the Business Plan
- Request provided to the Finance Department

Community Impact

- Neighborhood Notification: All listed projects have undergone neighborhood review.
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Sustainability Targets: Affordable Housing Units; Air Quality; Bicycle Lanes and Paths; Permeable Surface.
- Comprehensive Plan: Section 4.1: Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods. Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents. Section 4.15: Minneapolis will carefully identify project sites where housing redevelopment or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

Supporting Information – 2013 LCDA and LCDA-TOD Awards

On January 23, 2014 the Metropolitan Council awarded Livable Communities Demonstration Account (LCDA) development grants to Commons at Penn (\$1,000,000), Hawthorne Eco Village (\$1,000,000), and Mozaic Phase II (\$750,000). On December 11, 2013 the Metropolitan Council awarded Livable Communities Demonstration Account – Transit Oriented Development (LCDA-TOD) grants to the 4th Street Infrastructure/Boeser project (\$1,000,000) and the Anishinabe Bii Gii Wiin project (\$1,045,000). Staff is now requesting City Council authorization to accept and appropriate the LCDA and LCDA-TOD grant awards, and to enter into any necessary grant, loan, and related agreements.

Grant Application and Award Process

The Metropolitan Council provides funding to development projects through their Livable Communities Demonstration Account (LCDA), and the Transit Oriented Development (TOD) programs. Funded projects 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. LCDA grants have no geographic requirements, while TOD funds may only be awarded to projects that meet proximity requirements to transit. 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.

In 2013, the Metropolitan Council received 7 applications to the LCDA program, competing for a total of \$7,500,000. The Metropolitan Council also received 7 applications to the LCDA-TOD program, competing for a total of \$4,900,000. Ultimately, the Metropolitan Council awarded 5 LCDA grants totaling \$5,592,000, including \$2,750,000 (or 49%) to the City of Minneapolis. For the TOD program, the Metropolitan Council awarded a total of \$3,882,000, including \$2,045,000 (or 53%) to the City of Minneapolis. All submitted City applications were funded, with the exception of the 8th Avenue Pocket Park proposal.

Project Summaries - LCDA Development Awards

Commons at Penn Avenue (Building Blocks, \$1,000,000 award), 1823 Penn Ave N. The Commons @ Penn Avenue is a 45 unit, three-story affordable multi-family housing complex with 4,500 square feet of commercial space on the first floor that will house Building Blocks services, Mind, Body and Soul, and retail tenants. The housing unit mix includes one, two and three bedrooms, including four two-story walk up units with front porches along the Golden Valley elevation that create a strong interrelation between the housing community and the street level. The majority of units are two and three bedrooms to accommodate a need for family units in the market area. A combination of underground and street level parking will serve the residential and commercial uses, respectively. Pedestrian infrastructure and green space are included. A portion of the site is owned by the City, for which the developer has been awarded development rights by the City Council. LCDA funds will be used for demolition, site preparation, and infrastructure costs.

Hawthorne Eco Village (PPL, \$1,000,000 award), 617 Lowry Ave N. Project for Pride in Living, Inc. proposes to develop a 75-unit apartment building at the intersection of Lowry and Lyndale Aves N in Minneapolis. The various parcels making up the 1.84 acre site are currently owned by Hennepin County and the City of Minneapolis. As cornerstone of the Hawthorne EcoVillage Cluster, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be PPL's first multi-family project designed to LEED for Homes or LEED NC standard. LCDA funds will be used for site preparation, placemaking, and stormwater costs.

MoZaic Phase II (Ackerberg Group, \$750,000 award), 1350 Lagoon Ave S. MoZaic Phase II is the second phase to the MoZaic Project located in Uptown, immediately adjacent to the Uptown Transit Station and an access point to the Midtown Greenway. MoZaic currently includes over 65,000 SF of Class A office space, 12,000 SF of restaurant space, and public parking facility along with a large public plaza. MoZaic Phase II will replace a surface parking lot with a new building that will include approximately 175,000 SF of Class A office space and 10,000 SF of retail space. The building is designed to maximize employee access to daylight and reduce shadowing on the Midtown Greenway by stepping the building back as the building height increases. The various floor plate sizes allows for tenant flexibility, which can accommodate both large and small businesses. This also allows for businesses to grow within the building over time. The project team is in discussions with several potential

larger tenants who have indicated that they have further interest in the space. The property is owned by the development team and there is equity committed. LCDA funds will be used for site preparation, placemaking, and stormwater costs.

Project Summaries - LCDA TOD Development Awards

4th Street SE infrastructure/Boeser Site (CPED/Cornerstone, \$1,000,000 award), 2901 4th St SE. The Cornerstone Group (TCG) acquired the Boeser site in 2012 with LCDA-TOD funds and Hennepin County funds. The site, adjacent to the 29th Ave LRT station, will be redeveloped into 200+ units of transit-oriented, mixed-income housing. At least 20% of the units will be affordable. As part of the Prospect Park Master Plan to create a walkable arts-centered cultural district with a vibrant mix of uses, The City of Minneapolis will rebuild 4th Street SE, which is in need of major reconstruction. "Green Fourth" will be a pilot project for a Green/Living Street that is pedestrian/bicycle focused, integrating connecting elements, stormwater management, and potentially district energy and shared parking to attract people and other investment to the project area. LCDA-TOD funds will be used for stormwater, lighting, water main, and sidewalks.

Anishinabe Bii Gii Wiin (PPL, \$1,045,000 award), 1600 19th St E. Anishinabe Bii Gii Wiin is a 32-unit, single room occupancy, permanent supportive housing/assisted living facility to be constructed on the campus of and adjacent to, Anishinabe Wakiagun, 0.25 mi from the Franklin LRT Station. Bii Gii Wiin will provide sober housing opportunities for homeless and near homeless individuals. Group Residential Housing supportive services will be made available through funding provided by the Minnesota Department of Health/Hennepin County HSPHD. Bii Gii Wiin, like Anishinabe Wakiagun, will employ the Housing First/Harm Reduction model which permits residents to take advantage of available services and programs at their discretion. Anishinabe Wakiagun will be minimally rehabbed and incorporated into the new project. LCDA-TOD funds will be used for stormwater, placemaking, sidewalks, and other site preparation costs.