



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

Date: April 21, 2015

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

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

**Subject: Applications for Grant Funding from the 2015 Metropolitan Council Livable Communities Demonstration Account and Livable Communities Demonstration Account - Transit Oriented Development Grants**

### Recommendation:

Approve the attached resolutions authorizing submission and priority ranking of grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) and Livable Communities Demonstration Account Transit Oriented Development (LCDA TOD) grant programs as discussed within this report.

### Previous Directives:

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

Prepared by: David Frank, Director of Transit Development  
Carrie Flack, Senior Project Coordinator, CPED Residential Finance

Approved by: D. Craig Taylor, Executive Director, CPED \_\_\_\_\_  
Charles T. Lutz, Deputy Director, CPED \_\_\_\_\_

Presenters in Committee: David Frank, Director of Transit Development  
Carrie Flack, CPED Residential Finance

### Financial Impact

No financial impact

### Community Impact

Neighborhood Notification: All applicants were asked to provide information on the status of neighborhood review of their projects.

**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 Metropolitan Council has announced the availability of funding to support development projects throughout the metropolitan area through two programs: the Livable Communities Demonstration Account (LCDA), and the Transit Oriented Development (TOD) program. 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. 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.

For 2015, the Metropolitan Council will again make available LCDA Development Grants for typical non-construction, development costs. For the entire metropolitan area, there is \$7.5 million available for LCDA Development Grants. Of this total, the cities of Minneapolis and St Paul are eligible to compete for 40% (\$3 million, though the full Metropolitan Council may exceed this percentage in its final approval).

The 2015 program guidelines for this program have not yet been published as of the writing of this report, so City staff is using 2014 program information and conversations with Met Council staff as a basis for this report. The 2014 LCDA and LCDA-TOD Pre-Application Guide is attached to this report.

The Metropolitan Council also announced the availability of \$5 million in TOD program funding for transit oriented development activities in identified "TOD areas." The TOD program has 2 sub-accounts: LCDA-TOD (grants similar to regular LCDA), and TBRA-TOD (grants similar to regular Tax Base Revitalization Account (TBRA)). Recommendations on TBRA-TOD grants will be reviewed by the City Council through a separate staff report. For LCDA-TOD, the Met Council will make available \$5 million for the entire Metro area. If the Met Council receives grant requests exceeding that amount, no more than one-half of that amount may be awarded to any single city, and no more than 75% of that amount may be awarded to Minneapolis and St. Paul combined.

The TOD program will leverage the region's public investment in its transit infrastructure by focusing on proposals which are located in the following areas:

- Within a DEED designated Transit Improvement Area (TIA) or area eligible for TIA designation;
- within a one-quarter mile radius along designated high frequency local bus lines; or
- within a one-half mile radius of a bus stop or station on designated high-frequency express routes.

The purpose of this funding is to help LCA-participating communities to implement transit oriented development which demonstrates how increasing density around transit stations can reduce dependence on automobile ownership, vehicular traffic, and associated parking requirements which would otherwise be necessary to support a similar level of more traditional development and also encourage more transit ridership.

**City Application Review Process**

Based upon the expected application deadlines for both the LCDA and LCDA-TOD programs, and the fact that projects may apply to only one program (not both), City staff released a RFP for projects interested in applying to either funding source.

In this round, the City is recommending to sponsor five grant applications totaling \$4,136,852. Each city may submit up to three applications for each source, which must be ranked according to priority before submission to the Metropolitan Council for a total of six applications.

A cross-CPED staff team reviewed each submitted application and provided comments on overall project readiness and compatibility with the grant programs. The team scored each application according to criteria based on program requirements and City priority, including readiness. The CPED Directors and Managers reviewed the scoring applications, with regard to project readiness and City priority.

The recommended project ranking can be found below; it includes the program (LCDA vs. LCDA-TOD) in which staff believes projects would be most competitive.

**2015 LCDA Applications and Recommended Ranking**

|             | <b>Rank</b> | <b>Project</b>               | <b>Applicant</b>            | <b>Ward</b> | <b>LCDA Request</b> |
|-------------|-------------|------------------------------|-----------------------------|-------------|---------------------|
| recommended | 1           | YouthLink Supportive Housing | Project for Pride In Living |             | \$841,852           |
|             | 2           | Great River Landing          | Beacon Interfaith           |             | \$500,000           |
|             | 3           | Redeemer Family Housing      | Urban Homeworks             |             | \$2,000,000         |
|             |             | <b>Total Requests</b>        |                             |             | <b>\$3,341,852</b>  |

**2015 LCDA TOD Applications and Recommended Ranking**

|             | <b>Rank</b> | <b>Project</b>        | <b>Applicant</b>               | <b>Ward</b> | <b>LCDA Request</b> |
|-------------|-------------|-----------------------|--------------------------------|-------------|---------------------|
| recommended | 1           | Superior Plating      | Lennar Multifamily Communities |             | \$395,000           |
|             | 2           | 4041 Hiawatha         | Dominium Development           |             | \$400,000           |
|             |             | <b>Total Requests</b> |                                |             | <b>\$795,000</b>    |

**Metropolitan Council Application Review Process**

City Staff will submit applications to the Metropolitan Council, based upon the project ranking approved by the City Council. Pre-applications will be due to the Met Council in May, with final applications due in July.

A Metropolitan Council staff evaluation team will review and score eligible LCDA and LCDA TOD proposals using TOD grant criteria and guidelines. Based on the 2014 process, applications must score 45 or more points out of a possible 75 points on the Step One criteria to advance to the Step Two evaluation process. These criteria include:

- The proposal's ability to produce affordable housing;
- The proposal's ability to create or preserve employment opportunities;
- The degree to which the proposal is visible from the station area and the intensity of future use of the site;
- Established funding partnerships;
- The proposal's demonstration value and potential to provide area-wide benefits;
- The proposal's ability to be catalytic to attracting private sector investment; and
- Project readiness and anticipated timeframe of development.

Met Council staff will recommend TOD awards to the Council's Community Development Committee in October 2015. Awards are expected to be considered by the full Council around the same timeframe. With regard to the LCDA grants, Met Council will recommend awards to the Council's Community Development Committee in December 2015 with awards expected to be considered by the full Council in January 2016.

### **Project Summaries - LCDA Development Applications**

**YouthLink Supportive Housing**, 41 12<sup>th</sup> Street North (Project for Pride in Living (PPL), requesting \$841,852). The proposed project is affordable housing serving homeless youth between the ages of 18-23. YouthLink operates the Youth Opportunity Center which provides supportive services to primarily youth of color. The project consists of an addition to their existing building that will house 46 new efficiency/supportive housing units. The ground floor will be re-oriented to provide additional community and office spaces, and a new highly visible entry area with garden. They are requesting funds for energy efficiency components, sewer and water line modifications, stormwater infrastructure, and placemaking enhancements for the site.

**Great River Landing**, 813 5<sup>th</sup> Street North (Beacon Interfaith, requesting \$500,000). The proposed project is affordable housing serving households at 30% AMI or below, mostly homeless households. Better Futures Minnesota, who primarily serves high-risk African American men, will be the service provider. The project consists of six-story, 45,000 sf building with 72 efficiency/supportive housing units. The development team includes a minority owned architectural firm, 4RM+ULA, and an artist associated with Juxtaposition Arts. They are requesting funds for land acquisition.

**Redeemer Family Housing**, northwest corner of Glenwood and Logan Avenues (Urban Homeworks and Redeemer Center for Life requesting \$2,000,000). The proposed project is affordable family housing consisting of 5 one-bedroom units, 27 two-bedroom units, and 23 three-bedroom units for a total of 55 units. The first floor is a community serving facility hosting Venture North Bike and Coffee shop and Redeemer Center for Life programming space. They are requesting funds for energy efficiency components, infrastructure, site assembly, and placemaking enhancements.

### **Project Summaries - LCDA TOD Development Applications**

**Superior Plating**, 315 1<sup>st</sup> Avenue NE (Lennar Multifamily Communities, LLC requesting \$395,000). The proposed project is a mixed-use development consisting of a low-rise base of commercial and residential building as well as an 18-story building set back from the street. It will include 22,000 sf of commercial space and total of 253 residential units. The design incorporates a widened streetscape with landscaping and outdoor seating along 1<sup>st</sup> Avenue NE. They are requesting funds for further brownfield remediation due the history of this particular site as a Superfund site.

**4041 Hiawatha**, 4041 Hiawatha Avenue (Dominium Development requesting \$400,000). The proposed project consists of the redevelopment of a 3-story historic industrial warehouse site for 80 new affordable workforce housing units. They are requesting funding for site assembly.

**Attachments:**

Resolutions

2014 LCDA and LCDA-TOD Pre-Application Guide

City of Minneapolis 2015 LCDA and LCDA-TOD Grant Application Ranking Tool

**RESOLUTION NO. \_\_\_\_\_**  
**OF THE CITY OF MINNEAPOLIS**  
**By Goodman and Quincy**

**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 2015 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 2015; 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 three 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 | Project Name                 | Grant Amount Requested |
|----------|------------------------------|------------------------|
| (1)      | YouthLink Supportive Housing | \$841,852              |
| (2)      | Great River Landing          | \$500,000              |
| (3)      | Redeemer Family Housing      | \$2,000,000            |

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:

YouthLink Supportive Housing: LCDA is a primary funding source for the uses requested in the application. The requested elements may not be of the quality or demonstration value possible, without an award of LCDA funds.

Great River Landing: LCDA is a primary funding source for the uses requested in the application. The requested elements may not be of the quality or demonstration value possible, without an award of LCDA funds.

Redeemer Family Housing: LCDA is a primary funding source for the uses requested in the application. The requested elements may not be of the quality or demonstration value possible, without an award of LCDA funds.

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 upon acceptance of any awards by the City Council its Finance Officer or designee to execute such agreements as may be necessary to implement the projects on behalf of the City.

**RESOLUTION**  
**OF THE**  
**CITY OF MINNEAPOLIS**  
**By Goodman and Quincy**

**Identifying the need for livable communities transit oriented development funding and authorizing applications for grant funds.**

Whereas, the City of Minneapolis ("City") is a participant in the Metropolitan Livable Communities Act ("LCA") Local Housing Incentives Program for 2015 as determined by the Metropolitan Council, and is therefore eligible to apply for LCA Livable Communities Demonstration Account and Tax Base Revitalization Account Transit Oriented Development (collectively, "TOD") funds; and

Whereas, the City has identified proposed projects within the City that meet TOD 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 adequately manage an LCA TOD grant; and

Whereas, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement; and

Whereas, the City acknowledges Livable Communities TOD grants are intended to fund projects or project components that can serve as models, examples or prototypes for TOD development or redevelopment 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 TOD initiative 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 TOD grant funding; and

Whereas, cities may submit grant applications for up to three TOD Demonstration Account projects during each funding cycle, but, using the City's 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 by The City Council of The City of Minneapolis:

That the City finds that it is in the best interests of the City's development goals and priorities for the proposed projects to occur at the sites indicated in the grant applications at this particular time.

Be It Further Resolved that the City finds that the TOD project components for which Livable Communities TOD funding is sought (a) will not occur solely through private or other public investment within the reasonably foreseeable future; and (b) will occur within the term of the grant award (two years for Pre-Development grants, and three years for Development grants) only if Livable Communities TOD funding is made available for these projects at this time.

Be It Further Resolved that the City ranks the TOD project funding applications according to the City's own internal priorities in the following order:

| <b>Priority</b> | <b>LCDA TOD Project Names</b> | <b>Grant Amount Requested</b> |
|-----------------|-------------------------------|-------------------------------|
| 1               | Superior Plating              | \$395,000                     |
| 2               | 4041 Hiawatha                 | \$400,000                     |

Be It Further Resolved that the City authorizes its Department of Community Planning and Economic Development to submit on behalf of the City applications for Metropolitan Council Livable Communities TOD grant funds for the TOD project components identified in the applications and upon acceptance of any awards by the City Council 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  
2015 LCDA AND LCDA-TOD  
GRANT APPLICATION RANKING TOOL

*(Based upon 2014 Metropolitan Council program criteria;  
subject to final Metropolitan Council approval)*

**Housing (20 points):** The proposal's ability to produce affordable housing; City has adopted affordability requirements for housing assisted with City funds or other fiscal devices applicable in the TOD Area.

**TOD Design (16 points):** Degree to which the City has formalized TOD guidelines; intensity of future use of the site; proposal's ability to demonstrate TOD design features that promote walking, bicycling, recreation, and the use of transit.

**Jobs and Economic Competitiveness (15 points):** Proposal's ability to create or preserve employment opportunities within 24 months (for construction jobs) and/or 48 months (for permanent jobs) and livable wage jobs; proximity to employment centers with high job densities; proposal's ability to enhance the local tax base.

**Transit Accessibility, Walkability, and Ridership (14 points):** The degree to which the TOD Area provides the opportunity for residents and/or employees in that TOD Area to live or work there without reliance on an automobile, for meeting daily needs through the use of transit or walking, for reducing automobile ownership and vehicular traffic; proposal's ability to increase the share of transit ridership to a level above what would be expected from a more traditional development.

**Environmental Design (6 points):** Proposal's ability to minimize stormwater runoff, filter sediments, and promote infiltration; incorporate green building design and energy efficiency standards; minimize greenhouse gas emissions; and clean contaminated land.

**Leverage and Partnerships (4 points):** A partnership has been established with an existing funding commitment to advance the proposal and leverage other resources.

**TOD Model/Demonstration Value (20 points):** Proposal's demonstration value and potential to provide area-wide benefits; degree to which the proposal's development plan demonstrates TOD design features as listed under the above threshold criteria. Consideration will be given to how well the proposal addresses the four criteria categories from the Step 1 process: transit access/design/ridership impact, housing, jobs, and TOD design.

**Catalyst (10 points):** Proposal's ability to be catalytic to attract private sector investment.

**City priority and readiness (20 points)**

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