



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

**Date:** October 25, 2011  
**To:** Lisa Goodman, Chair, Community Development Committee  
**Referral to:** Betsy Hodges, Chair, Ways and Means/Budget Committee  
**Subject:** Environmental Remediation Grant Applications,  
Fall 2011 Grant Round

### **Recommendation:**

1. Authorize application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for environmental remediation and/or investigation funding for the following projects: 222 Hennepin [former Jaguar site], 700 Central, 1100 2<sup>nd</sup> Street S., Hennepin County West Broadway Hub a/k/a WB Equities, Hobbs Bar-B-Que, Parcel A, Pillsbury Lofts, Seward Commons Phase II a/k/a Snelling Apartments, and The GAV; and,
2. Authorize application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program for environmental remediation and/or investigation funding for the following projects: 222 Hennepin [former Jaguar site], 430 Oak Grove, 700 Central, 1100 2<sup>nd</sup> Street S., Artspace Jackson Flats, Grain Belt Office Building, Hennepin County West Broadway Hub a/k/a WB Equities, Parcel A, Pillsbury Lofts, Riverside Plaza, Seward Commons Phase II a/k/a Snelling Apartments, Spirit on Lake, and The GAV; and
3. Authorize application to the Hennepin County Environmental Response Fund [ERF] for environmental remediation and/or investigation funding for the following projects: 430 Oak Grove, 700 Central, 1100 2<sup>nd</sup> Street S., Bryant Lofts a/k/a Track 29, Cameron Building, Grain Belt Office Building, Hennepin County West Broadway Hub a/k/a WB Equities, Parcel A, Pillsbury Lofts, Riverside Plaza, Seward Commons Phase II a/k/a Snelling Apartments, and Spirit on Lake;
4. Approve the attached resolutions authorizing appropriate City staff to submit the aforesaid applications to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program, the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program, and the Hennepin County Environmental Response Fund [ERF].

## **Previous Directives:**

**222 Hennepin [former Jaguar site]** (222 Hennepin Avenue): None.

**430 Oak Grove** (430 Oak Grove St.): None.

**700 Central** (700 Central Ave. NE, 119 7<sup>th</sup> St. SE and 123 7<sup>th</sup> St. SE): None since the current developer acquired the site; 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.

**1100 2<sup>nd</sup> Street S.**: None.

**Artspace Jackson Flats** (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE): On November 5, 2010, the City Council authorized City staff to preliminarily reserve 2011 Federal Low Income Housing Tax Credits for this project. On May 27, 2011, the City Council adopted a resolution authorizing the sale of two City-owned parcels to Artspace for this project.

**Bryant Lofts a/k/a Track 29** (2813 to 2841 Bryant Ave. S., 811 28<sup>th</sup> St. W.): On April 15, 2010, the City Council denied in part and granted in part (subject to conditions) an appeal from the decision of the Planning Commission granting applications for a conditional use permit for a planned unit development and site plan review to allow for an amended Planned Unit Development with 198 additional dwelling units.

**Cameron Building** (756 4<sup>th</sup> Street N.): On August 5, 2011, the City Council authorized the submission of a brownfield investigation grant application to the Metropolitan Council's TBRA [Tax Base Revitalization Account] Program on behalf of this project. On September 23, 2011, the City Council accepted a TBRA investigation grant in the amount of \$15,200 that was awarded to the project. This project will require the rezoning of a portion of the project site; that rezoning was approved by the Planning Commission on October 3, 2011 and is scheduled to be considered by the City Council on November 4, 2011.

**Grain Belt Office Building** (1215 Marshall St. NE): The MCDA Board of Commissioners approved the acquisition of 1215 Marshall Street N.E. on December 17, 1989. In August 2000, the MCDA Board and City Council approved an amendment to the Grain Belt Development Objectives, a modification to the Grain Belt Redevelopment Plan, and an authorization to issue a housing RFP. In February 2001, the MCDA Board selected the Sheridan Development Company LLC (SDC) as the developer of the Grain Belt Housing Project. On June 2003, the Board approved the finance plan and redevelopment contract terms for Phase I of the Grain Belt Housing Project. On September 26, 2003, the Council adopted the Grain Belt TIF Plan and related Plan modifications. On November 5, 2004, the Council approved an amendment to the redevelopment contract business terms for Phase I of the Grain Belt Housing Project. On December 23, 2005, the Council approved an amendment to the redevelopment contract to extend certain performance deadlines.

The Office Building was severed from the Grain Belt Housing Project and an appropriation of \$65,000 was approved to cover certain costs related to issuing a Request for Proposals (RFP). On May 26, 2006, the Council approved the sale of the Phase I site to the developer and modified the development timetable in July 2006 but said project was never initiated. In August 2006, the CPED Director authorized the issuance of a Request for Proposals for the Grain Belt Office Building at 1215 Marshall. The selected developer withdrew the Offer to Purchase in May 2007 before a land sale report could be presented to the Council. A subsequent Invitation to Submit an Offer was issued with a deadline of December 2007. Sale of the

property to the developer that responded was rejected by Council in 2009, and the Council directed staff to issue a request for proposals [RFP]. On September 1, 2009, the Council authorized staff to extend the RFP response timeframe for up to 90 days. No feasible proposals were received. On December 4, 2009 the City Council appropriated \$68,000 in tax increment funds to provide for a storm sewer connection for this building and authorized staff to apply to the Minnesota Historical Society for a Legacy Grant of \$554,000 to stabilize the building by halting water infiltration. On April 2, 2010, City Council accepted a \$50,000 Legacy Grant from the Minnesota Historical Society for the Grain Belt Office Building and authorized staff to submit another Legacy Grant application to the Minnesota Historical Society for \$290,000. On April 30, 2010, City Council approved an appropriation of \$220,295 in tax increment funds to supplement grant funds sought for building repairs. On September 3, 2010, the City Council accepted a \$125,000 Legacy Grant from the Minnesota Historical Society for the Grain Belt Office Building.

**Hennepin County West Broadway Hub a/k/a WB Equities** (1314 to 1410 W. Broadway, 1301 to 1409 21<sup>st</sup> Ave. N., 2017 Girard Ave. N.): None.

**Hobbs Bar-B-Que** (600 5<sup>th</sup> Street N.): None.

**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.

**Pillsbury Lofts** (301 Main Street SE): None.

**Riverside Plaza** (1600 S. 6<sup>th</sup> Street): On February 25, 2011, the City Council accepted a Metropolitan Council TBRA grant in the amount of \$800,000 and a Hennepin County ERF grant in the amount of \$150,000 that had been awarded to this project. On November 5, 2010 the City Council a) approved a resolution granting final approval of up to \$80,000,000 in tax exempt multifamily housing entitlement revenue bonds for the Riverside Plaza stabilization & rehabilitation project; b) authorized a loan to Cedar Riverside Limited Partnership of up to \$1,900,000 from the 2010 Affordable Housing Trust Fund; c) authorized the execution of a Memorandum of Understanding with Cedar Riverside Limited Partnership and such other documents necessary to implement the project; d) authorized submittal of a HUD Choice Neighborhoods application seeking funding for road, sidewalk, infrastructure and related improvements to 4th St S, 15th Ave S & 6th St S in the immediate vicinity of Riverside Plaza. On October 22, 2010, the City Council authorized staff to submit brownfield grant applications to the Metropolitan Council and Hennepin County on behalf of this project. On July 23, 2010, the City Council and the MCDA Board of Commissioners approved (a) execution of a reimbursement agreement settling the City's indemnity and access obligations and (b) the appropriation of \$161,908 as additional funds for reimbursement of up to \$700,000 in costs related to relocation of the vacated 5th Street driveway as the Relocated E-Building Driveway. On July 23, 2010, after conducting the required public hearing, the City Council granted approval of the issuance of up to \$80,000,000 in Tax-Exempt Multi-family Housing Entitlement Revenue Bonds. On July 23, 2010, the City Council and the MCDA Board of Commissioners approved an agreement closing out the Contract for Deed and conveying title to Riverside Plaza Limited Partnership. On April 3, 2010, the City Council accepted and appropriated a Metropolitan Council Livable Communities

Local Housing Incentives Account (LHIA) Grant of \$575,000 for Riverside Plaza, and authorized execution of grant and funding sub-recipient agreements. [A long series of Council directives going back to 1988, when the MCDA approved the acquisition of this property from HUD, has been omitted in the interest of brevity.]

**Seward Commons, Phase II a/k/a Snelling Apartments** (2218 and 2304 Snelling Ave.): CPED acquired 2304 Snelling Ave on June 2, 2009 with a combination of City Transit-Oriented Development (TOD) funds and Met Council Land Acquisition for Affordable New Development (LAAND) funds. Council authorization for this action was granted on May 8, 2009. On October 2, 2009 the City Council authorized the sale of a portion of the site to PPL for a Phase I housing development. On May 13, 2010 the City Council authorized the sale of the balance of the site to CRS Housing, LLC for development of a 60-unit affordable senior rental project.

**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.

**The GAV** (1307 Glenwood Ave.): None.

Prepared by: Kevin Carroll, Principal Project Coordinator, 612-673-5181	
Approved by: Charles T. Lutz, Deputy Director, CPED	_____
Catherine A. Polasky, Director of Economic Policy & Development	_____
Presenter in Committee: Kevin Carroll, Prin. Project Coordinator, Bus. Dev., 612-673-5181	

## Financial Impact

**X Other financial impact:** There is no direct financial impact at this time. However, some of the grant requests have been identified as requiring a commitment of local match funds, to be provided in most cases by the developer or other non-City funding sources. The City of Minneapolis is sponsoring these grant requests, acting in some cases as a pass-through and conduit for environmental investigations and cleanup. Sponsoring these grant applications does not commit (or imply a commitment of) City funds as the required match. Partial compensation for City staff time required to review and process grant applications, and to administer any pass-through grants that are awarded, will be obtained through application fees and grant administration fees that were approved by the City Council on April 16, 2010.

## Community Impact

### Neighborhood Notification:

**222 Hennepin [former Jaguar site]** (222 Hennepin Avenue): Letters of support for this project were prepared by the Downtown Minneapolis Neighborhood Association on August 10, 2011 and the North Loop Neighborhood Organization on August 1, 2011.

**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.

**1100 2<sup>nd</sup> Street S.**: It is currently anticipated that a presentation will be made to the Downtown Minneapolis Neighborhood Association at its meeting in November.

**Artspace Jackson Flats** (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE): Letters of support for this project have been prepared by the Logan Park Neighborhood Association (June 5, 2011), the Northeast Minneapolis Arts Association (June 12, 2011) and the Northeast Minneapolis Chamber of Commerce (July 12, 2011).

**Bryant Lofts a/k/a Track 29** (2813 to 2841 Bryant Ave. S., 811 28<sup>th</sup> St. W.): On January 19, 2011, The Board of Directors of the Lowry Hill East Neighborhood Association [LHENA] voted to not recommend approval of this project, citing concerns regarding building materials, height, design and other matters. Similar concerns prompted a group of neighbors to subsequently appeal the Planning Commission's approval of the project. The developer then engaged in a series of meetings with the appellants, LHENA's Zoning and Planning Committee and other interested parties, which resulted in project modifications that ultimately resolved the appeal and enabled the project to move forward with conditions attached.

**Cameron Building** (756 4<sup>th</sup> Street N.): The North Loop Neighborhood Association has prepared a letter of support dated August 1, 2011.

**Grain Belt Office Building** (1215 Marshall St. NE): The four development groups that responded to the City's RFP [Request for Proposals] for this property made presentations to the Sheridan Neighborhood Organization on September 26, 2011. **Hennepin County West Broadway Hub a/k/a WB Equities** (1314 to 1410 W. Broadway, 1301 to 1409 21<sup>st</sup> Ave. N., 2017 Girard Ave. N.): The developer (Ackerberg) has indicated that Catalyst Community Partners, acting as co-developer, is preparing a public participation plan for the project, and that staff from Catalyst and Ackerberg will be meeting with the Jordan Area Community Council, the West Broadway Coalition and others as soon as site control has been achieved.

**Hobbs Bar-B-Que** (600 5<sup>th</sup> Street N.): None.

**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): Presentations regarding this project have been made to the Marcy-Holmes Neighborhood Association.

**Riverside Plaza** (1600 S. 6<sup>th</sup> Street): The West Bank Community Coalition discussed this project on June 9, 2010 and provided a letter of support dated July 22, 2010. The Riverside Plaza Tenants' Association issued a letter of support dated June 23, 2010.

**Seward Commons, Phase II a/k/a Snelling Apartments** (2218 and 2304 Snelling Ave.): The Seward Neighborhood Group has prepared a letter of support dated April 28, 2011.

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

**The GAV** (1307 Glenwood Ave.): None.

City Goals: Jobs and Economic Vitality; Livable Communities, Healthy Lives; Eco-Focused. Cleanup of contaminated land supports sustainability goals and some projects include "green" design and construction elements.

Sustainability Targets: Brownfield Sites

Comprehensive Plan: The proposed projects generally comply with the "land reclamation" and "providing a healthy environment" elements of The Minneapolis Plan for Sustainable Growth.

Zoning Code: The proposed projects either are in compliance or will comply.

Living Wage/Business Subsidy Agreement: Yes\_\_\_\_\_ No X

Job Linkage: Yes\_\_\_\_\_ No X

Other: Environmental remediation assistance is generally exempt from the City's Living Wage Ordinance and the State's Business Subsidy Act. However, any business that occupies a remediated site may be asked to 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

The sixteen projects and the thirty-four related grant applications that are being recommended for submission to DEED, the Metropolitan Council and Hennepin County in the fall brownfield grant round are as follows:

Project Name	GRANTORS			Total Grant Requests*
	DEED	Met Council TBRA	Henn. County ERF	
222 Hennepin [former Jaguar site]	400,000	381,770		781,770
430 Oak Grove		490,025	442,500	932,525
700 Central	536,800	400,000	200,000	1,136,800
1100 2 <sup>nd</sup> Street S.	196,070	16,993	16,993	230,056
Artspace Jackson Flats		28,050		28,050
Bryant Lofts a/k/a Track 29			154,000	154,000
Cameron Building			65,000	65,000
Grain Belt Office Building		100,000	100,000	200,000
Hennepin County West Broadway Hub a/k/a WB Equities	176,000	176,000	176,000	528,000
Hobbs Bar-B-Que	82,694			82,694
Parcel A	796,875	250,000	138,125	1,185,000
Pillsbury Lofts	300,000	445,000	445,000	1,190,000
Riverside Plaza		300,000	100,000	400,000
Seward Commons Phase II a/k/a Snelling Apartments	200,000	102,542	112,500	415,042
Spirit on Lake		328,500	235,600	564,100
The GAV	25,000	25,000		50,000
<b>TOTALS:</b>	<b>2,713,439</b>	<b>3,043,880</b>	<b>2,185,718</b>	<b>7,943,037</b>

\*Amounts shown are based on pre-applications submitted to the City by September 15, 2011. The final amounts shown on grant applications submitted to the grantors by their respective application deadlines may differ, due to project cost updates prepared after September 15, 2011.

The Minnesota Contamination Cleanup and Investigation Grant Program was established in 1993 to clean up contaminated sites and convert contaminated property into a marketable asset. The Department of Employment and Economic Development [DEED] is the administering state agency. Applications for the fall grant round are due by November 1, 2011. A local match equal to twenty-five percent of the project costs is required, of which twelve percent must come from non-tax increment local funds (typically provided by the developer). The amount that is potentially available to fund brownfield investigation and cleanup grants in the fall 2011 round is \$4.25 million, which includes up to \$250,000 for investigation grants. The legislature has designated that at least 35% of available funds be

spent on remediating sites in Greater Minnesota unless sufficient applications are not received. This allows the grant program to assist with cleanup efforts statewide.

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the Tax Base Revitalization Program. This program makes grants to clean up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications for the fall round of this program are due by November 1, 2011. No local match is required. The amount that is potentially available to fund brownfield cleanup grants in the fall 2011 round is projected to be \$2,405,000, which includes up to \$125,000 for investigation grants. The TBRA program reserves at least one-quarter of the funding available in each grant cycle for projects outside of the two core cities of Minneapolis and St. Paul, and restricts any one municipality from receiving more than half of the funding in any given round.

Hennepin County has been collecting mortgage registry and deed taxes for deposit into an Environmental Response Fund (ERF) and has awarded grants from that fund since the fall of 2001. The ERF is used for the assessment and cleanup of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications for the fall round of this program are due by November 1, 2011. Historically, Hennepin County has usually awarded a total amount in the \$1.0 - \$1.5 million range per grant round (for cleanup and investigation grants). Typically, about 50% of the available grant funds are awarded to projects within the City of Minneapolis, and the remainder is awarded to projects within suburban communities.

Projects assisted by these grants have, from their inception through the last (spring 2011) grant round, triggered more than an estimated \$1 billion in additional private investment in the City of Minneapolis.

**New Funding Requests for Fall 2011**

	Grant Applications	Grant Funding Requested
DEED	9	\$2,713,439
Metropolitan Council	13	\$3,043,880
Hennepin County	12	\$2,185,718
<b>TOTAL:</b>	<b>34</b>	<b>\$7,943,037</b>

For the fall 2011 grant round, details regarding the City's pre-application process and related program requirements were provided to CPED project coordinators and potential applicants in August. Relevant information was posted on the City's website and distributed via email to the 650+ parties on CPED's Development Notices Distribution List. Staff processing of the submitted pre-applications included review by the affected geographic Sector teams and consideration of factors such as readiness to proceed with cleanup, removal of blighting influences, commitment of City funds, affordable housing, compliance with zoning requirements and comprehensive plan designations, and job creation.

Thirty-eight pre-applications were received, thirty-four of which are being recommended for submission to the grantors. One project withdrew its two pre-applications on October 7, 2011. Two pre-applications were also submitted to remove contamination from the former Universal Plating site at 1900 Monroe St. NE, seeking cleanup grants from DEED (\$1,200,000) and Hennepin County (\$619,500). However, the submission of applications to the grantors is not being recommended by City staff, because the project upon which the applications are based does not satisfy the minimum "project readiness" expectations of the City or the grantors. The project envisions spending over \$1.8 million in grant funds so that the applicant can clean up contamination at the site of a former plating business with the intention of selling the site to Minneapolis Public Schools [MPS] for athletic facilities. The property is adjacent to Edison High School, and the applicant suggests that the remediated plating site could be used for new athletic fields. However, neither the brownfield grant pre-applications nor subsequent City staff inquiries have produced any evidence that (a) MPS has agreed (even in principle) to buy the property or that (b) MPS funding is available for such an acquisition or that (c) funding is available for the installation of new athletic fields at Edison High. Accordingly, the submission of brownfield grant applications seems premature at this time.

Interactions with the three grantors during the last ten semi-annual grant rounds have clarified and reinforced the fact that their internal processes for reviewing, scoring and ranking applications give no weight to any city's prioritization of the applications that it submits to the grantors. The analyses conducted by the grantors' staff, and the decisions that they make in awarding grants, are based on statutory criteria and adopted guidelines that do not include the (relative) preferences of municipal applicants. Accordingly, and in keeping with the practice that has been followed by the City in the last nine brownfield grant rounds, the recommendation of City staff is that the City Council not rank or prioritize the applications that it authorizes staff to submit to the grantors on or by their joint November 1, 2011 application deadline.

### **Details of Proposed Projects:**

[This section of the report presents projects in alphabetical order. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question.]

#### **222 Hennepin [former Jaguar site] (222 Hennepin Avenue)**

*Projected DEED Request: \$440,000*

*Projected Metropolitan Council TBRA Request: \$381,770*

The developer, Ryan Companies, plans to demolish the existing building and a portion of the existing parking ramp, and construct 287 market rate (high end) rental units and a 40,000 square foot grocery store in two new (connected) six-story buildings on this 2.5-acre site. The proposed residential use with a ground-floor grocery store is consistent with the *North Loop Small Area Plan* and policies related to Commercial Corridors in *The Minneapolis Plan for Sustainable Growth*. The project has received its zoning approvals. Grant funds, if awarded, will be used to clean up soil contamination and to remove asbestos, lead-based paint and PCB-containing caulk from the existing building prior to demolition.

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

*Projected Metropolitan Council TBRA Request: \$490,025*

*Projected Hennepin County ERF Request: \$442,500*

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: \$536,800*

*Projected Metropolitan Council TBRA Request: \$400,000*

*Projected Hennepin County ERF Request: \$200,000*

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 remediating soil contamination, installing a vapor mitigation system and abating asbestos and lead-based paint.

**1100 2<sup>nd</sup> Street S.**

*Projected DEED Request: \$196,070*

*Projected Metropolitan Council TBRA Request: \$16,993*

*Projected Hennepin County ERF Request: \$16,993*

This City-owned .22-acre site is currently a vacant lot. City staff members are currently discussing a sale of the property to a local company that would construct a new 1½-story, approximately 5,800 square foot building that would include space for light manufacturing, wholesale customer pickup, demonstrations to corporate and small groups, and administrative offices. *The Minneapolis Plan for Sustainable Growth* identifies this site for Mixed-Use. The proposed uses are permitted under the existing I1 zoning but the proposed project has not been through a formal zoning review and approval process at this time. Grant funds, if awarded, would be used for soil remediation and the installation of the vapor mitigation system.

**Artspace Jackson Flats** (1839 to 1847 Jackson St. NE, 901 to 913 18½ Ave. NE)

*Projected Metropolitan Council TBRA Request: \$28,050*

This .82-acre site currently includes ten adjacent vacant lots. The developer, Artspace Projects, Inc., intends to construct a new 69,000 square foot, four-story building containing 35 units of affordable live/work space and 2500 square feet of gallery/commercial space.

This project has not yet been approved by the Planning Commission, although it has been under discussion for several years. The proposed use - moderate density live/work artist housing - is consistent with both the Comprehensive Plan and the Central Avenue Small Area Plan. The proposal also has strong community support, and was originally a project of the Northeast CDC. The City has been involved in this project via a land sale of some of the parcels assembled for the project, and assisting with applications for funding (LCDA, tax credits, etc). Grant funds, if awarded, will be used to conduct an environmental site assessment in order to develop a better understanding of the site's overall environmental condition.

**Bryant Lofts a/k/a Track 29** (2813 to 2841 Bryant Ave. S., 811 28<sup>th</sup> St. W.)  
*Projected Hennepin County ERF Request: \$154,000*

Ross Fefercorn of Bryant Lofts LLC, the developer, intends to construct a new six-story building with 123 market rate apartment units (Phase I) and a new four-story building with 75 market rate apartment units (Phase II) on a vacant 1.74-acre site that is adjacent to the Midtown Greenway. This project was approved by the Planning Commission on February 7, 2011, at which time the project was found to be in keeping with the Comprehensive Plan and with the parameters of the zoning code. Grant funds, if awarded, will be used for soil remediation and the installation of a vapor barrier.

**Cameron Building** (756 4<sup>th</sup> Street)  
*Projected Hennepin County ERF Request: \$65,000 [Direct application to Hennepin County]*

This project involves the proposed redevelopment of an existing 1909 four-story building on a .689-acre site in the North Loop neighborhood. A conversion of the building to 44 market rate apartments is envisioned by the developer, Schafer Richardson. The proposed residential use and historic rehabilitation is consistent with the *North Loop Small Area Plan*. The proposed use is permitted under the existing B4S-1 zoning. The rezoning of a vacated alley will be required; that rezoning was approved by the Planning Commission on October 3, 2011 and is scheduled to be considered by the City Council on November 4, 2011. Grant funds, if awarded, will be used for soil remediation and the abatement of asbestos and lead-based paint.

**Grain Belt Office Building** (1215 Marshall St. NE)  
*Projected Metropolitan Council TBRA Request: \$100,000*  
*Projected Hennepin County ERF Request: \$100,000*

This vacant, City-owned building on a .53-acre parcel is the subject of a Request for Proposals [RFP] process that also involves an adjacent City-owned vacant lot that is envisioned as a housing site. The City has received and is currently reviewing four proposals for the purchase and redevelopment of the Office Building. Staff recommendations regarding the preferred purchaser/developer are expected to be presented to the City Council in November or December. This is within a designated Activity Center, so the aforementioned mix of uses and density is consistent with the Comprehensive Plan. Additionally, the reuse as proposed is consistent with the overall vision for the area in the Above the Falls Master Plan. It is also generally consistent with the Grain Belt Brewery Area Development Objectives, as amended. Grant funds, if awarded, will be used to abate asbestos and lead-based paint and thereby facilitate/accelerate the redevelopment of the property by the chosen purchaser/developer.

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

*Projected DEED Request: \$176,000*

*Projected Metropolitan Council TBRA Request: \$176,000*

*Projected Hennepin County ERF Request: \$176,000*

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. This planned Hennepin County service hub is on a part of West Broadway designated as Commercial Corridor by the Comprehensive Plan. Additionally, the *West Broadway Alive Plan* shows it as Urban Neighborhood, which is predominantly residential. 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 soil remediation and the abatement of asbestos and lead-based paint in the existing structures prior to demolition.

**Hobbs Bar-B-Que** (600 5<sup>th</sup> Street N.)

*Projected DEED Request: \$82,694*

Randall Hobbs, d/b/a 600 5<sup>th</sup> Street North LLC, intends to remodel a vacant gas station (formerly Palmer's Automotive) into a restaurant on this .36-acre site, which is located about two blocks from the Target Field LRT station. He plans to expand the current footprint of the 1953 gas station building by 625 square feet, to a new total of 2828 square feet. The restaurant use is consistent with recommendations in the *North Loop Small Area Plan* to offer more commercial options in the neighborhood as well as more active uses along 5<sup>th</sup> St N. The applicant has received zoning approvals. Grant funds, if awarded, will be used to clean up soil contamination.

**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: \$796,875*

*Projected Metropolitan Council TBRA Request: \$250,000*

*Projected Hennepin County ERF Request: \$138,125*

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. 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 soil remediation and the installation of a soil vapor mitigation system.

**Pillsbury Lofts** (301 Main Street SE):

*Projected DEED Request: \$300,000*

*Projected Metropolitan Council TBRA Request: \$445,000*

*Projected Hennepin County ERF Request: \$445,000*

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 soil remediation and the abatement of asbestos and lead-based paint.

**Riverside Plaza** (1600 S. 6<sup>th</sup> Street):

*Projected Metropolitan Council TBRA Request: \$300,000*

*Projected Hennepin County ERF Request: \$100,000*

Sherman Associates is currently in the process of remodeling and rehabilitating this existing 10-acre, 1303-unit apartment complex. Among other things, the work in question and some related financial restructuring will increase the number of affordable units from 669 (currently) to a new total of 1174 (an increase of 505 units). This project sought and obtained brownfield funds in a prior grant round. However, brownfield remediation costs have been higher than originally estimated, due in part to fire safety enhancements that required the removal of more asbestos-containing wallboard than was envisioned when the prior brownfield grant applications were submitted. Support for the rehab of the Riverside Plaza structure is well-established in City policy. Preservation of this large affordable housing development is consistent with the Comprehensive Plan, the Cedar Riverside Small Area Plan, and various other plans and policies. It is located within an Activity Center, Transit Station Area, and Growth Area, all of which support high density development such as this. Grant funds, if awarded, will be used for the abatement of asbestos.

**Seward Commons, Phase II a/k/a Snelling Apartments** (2218 & 2304 Snelling Ave.)

*Projected DEED Request: \$200,000*

*Projected Metropolitan Council TBRA Request: \$102,542*

*Projected Hennepin County ERF Request: \$112,500*

CRS Housing Corporation (a development entity created by Seward Redesign in partnership with CommonBond Communities) intends to demolish two existing warehouse buildings on this .62-acre site and construct a new 56,388 square foot, four-story building with underground parking and 60 units of affordable senior housing. This project is consistent with Comprehensive Plan policies and City zoning. The City and numerous funding partners have provided significant funding to the Seward Commons redevelopment to effectuate the transition from industrial uses to TOD housing in the Franklin Station area. The City has a redevelopment contract with master developer Seward Redesign, and this particular project is consistent with that contract. The site is in a designated Transit Station Area (Franklin Ave), which calls for high-density housing near the station. It is also in a "transitional industrial" area, which anticipates industrial land uses shifting to other uses (such as housing) over time. The zoning is currently I2/ILOD, which allows for industrial uses as well as housing. Depending on the final number of housing units, a rezoning may be necessary. Such a rezoning would be consistent with the Comprehensive Plan and would likely be supported by City staff. Grant funds, if awarded, will be used for soil remediation and for the abatement of asbestos and lead-based paint.

**Spirit on Lake** (2930 13<sup>th</sup> Ave. S., 1238 E. Lake St.):

*Projected Metropolitan Council TBRA Request: \$328,500*

*Projected Hennepin County ERF Request: \$235,600*

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 soil remediation and the installation of a soil vapor mitigation system.

**The GAV** (1307 Glenwood Ave.)

*Projected DEED Request: \$25,000*

*Projected Metropolitan Council TBRA Request: \$25,000*

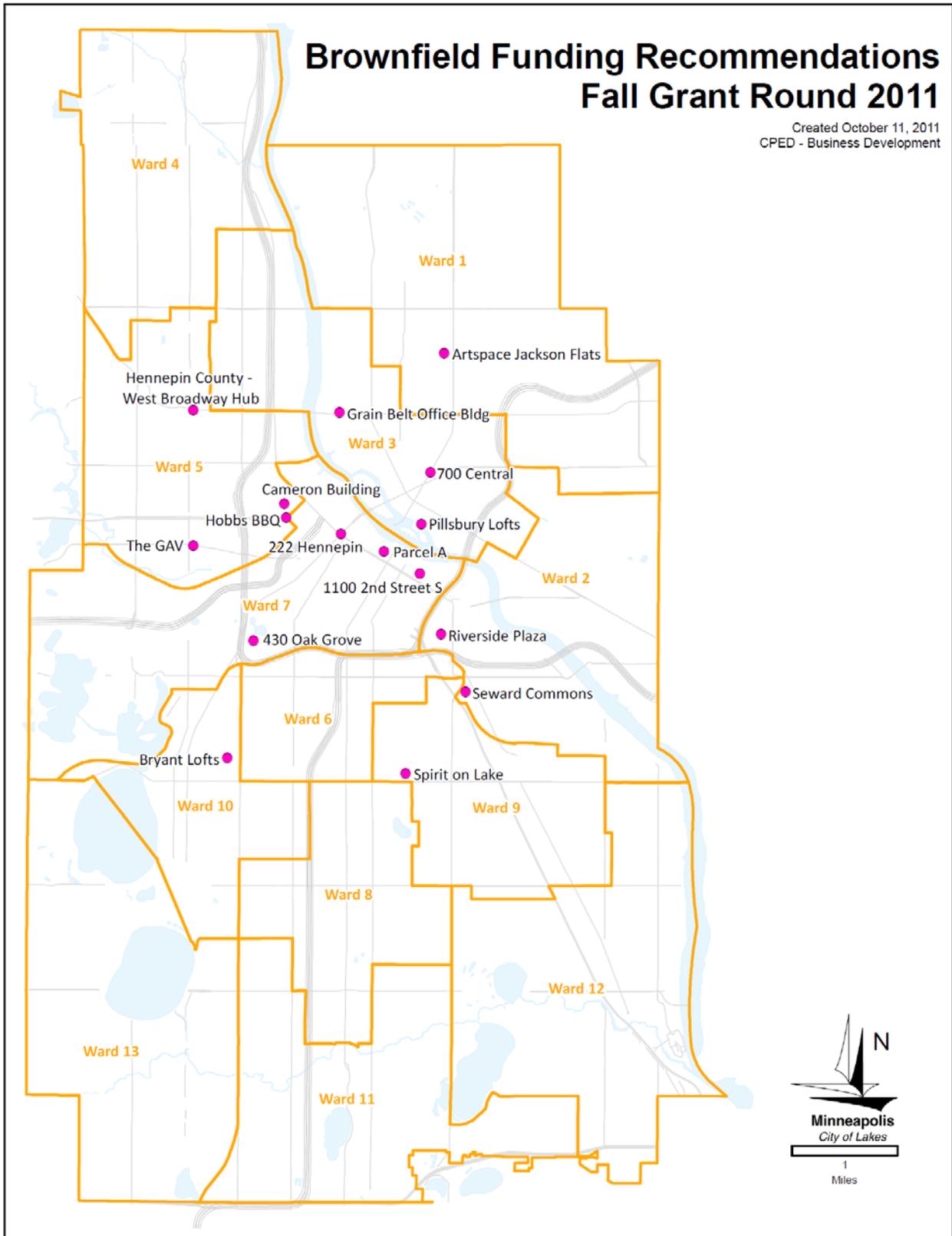
Lili Hall d/b/a The GAV LLC has indicated an interest in demolishing a former gas station on this .3-acre site and constructing a new two-story commercial building of approximately 20,000 square feet. Ms. Hall owns an adjacent property and the business (Knock, Inc.) located thereon; the new building that is envisioned for the former gas station site would provide office space for new employees as the current advertising and marketing business expands on the adjoining property. This part of Glenwood Avenue is a Commercial Corridor with C2 zoning. Additionally, the *Bassett Creek Valley Master Plan* shows this area as mixed-use office/retail/housing. Grant funds, if awarded, will be used to conduct an environmental site investigation to determine the nature and extent of any contamination that may be present.

**Proposed Project Locations:**

The map that appears on the following page identifies the location of each of the proposed projects.

# Brownfield Funding Recommendations Fall Grant Round 2011

Created October 11, 2011  
CPED - Business Development



**Authorizing application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for various projects.**

Whereas, the City of Minneapolis intends to act as the legal sponsor for one or more of the following projects that will be more completely described in contamination cleanup and/or investigation applications to be submitted to the Minnesota Department of Employment and Economic Development (DEED) on or by November 1, 2011, subject to final staff verification of each such application's compliance with the DEED grant program's purposes and criteria: 222 Hennepin [former Jaguar site], 700 Central, 1100 2<sup>nd</sup> Street S., Hennepin County West Broadway Hub a/k/a WB Equities, Hobbs Bar-B-Que, Parcel A, Pillsbury Lofts, Seward Commons Phase II a/k/a Snelling Apartments, and The GAV; and

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

Whereas, the sources and amounts of the local match identified in the applications are 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 one or more of its applications, the City may enter into agreements with the DEED for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

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

That the City Council authorizes the Director of the Department of Planning and Economic Development or other appropriate City staff to apply to the Department of Employment and Economic Development for Contamination Cleanup and/or Investigation Grant Program funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement any grants that may be awarded.

**Authorizing application to the Metropolitan Council Tax Base Revitalization Account [TBRA] for various projects.**

Whereas, the City of Minneapolis (the "City") was and is a participant in the Livable Communities Act's Housing Incentives Program as determined by the Metropolitan Council, and is therefore eligible to make application for funds under the Tax Base Revitalization Account; and

Whereas, the City has identified the following investigation and/or clean-up projects within the City that preliminarily appear to meet the Tax Base Revitalization Account's purposes and criteria: 222 Hennepin [former Jaguar site], 430 Oak Grove, 700 Central, 1100 2<sup>nd</sup> Street S., Artspace Jackson Flats, Grain Belt Office Building, Hennepin County West Broadway Hub a/k/a WB Equities, Parcel A, Pillsbury Lofts, Riverside Plaza, Seward Commons Phase II a/k/a Snelling Apartments, Spirit on Lake, and The GAV; and,

Whereas, the City intends to act as the legal sponsor for the above-referenced projects, which will be more completely described in Tax Base Revitalization Account grant applications to be submitted to the Metropolitan Council on or by November 1, 2011, subject to final staff verification of each such application's compliance with the TBRA grant program's purposes and criteria; and

Whereas, the City has the institutional, managerial and financial capability to ensure adequate project and grant administration; and

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

Whereas, the City finds that the contamination investigation and/or cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding; and

Whereas, the City represents that it has undertaken reasonable and good faith efforts to procure funding for the activities for which Livable Communities Act Tax Base Revitalization Account funding is sought but was not able to find or secure from other sources funding that is necessary for investigation and/or for cleanup completion;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council authorizes the Director of the Department of Community Planning and Economic Development or other appropriate City staff to apply on behalf of the City of Minneapolis to the Metropolitan Council for Tax Base Revitalization Account funding for one or more of the above-referenced projects. The City acknowledges that for each grant awarded to the City, the City will be the grantee and will act as legal sponsor, and will administer and be responsible for grant funds expended for the project referred to in the applicable grant application.

**Authorizing application to the Hennepin County Environmental Response Fund for various projects.**

Whereas, the City of Minneapolis intends to act as the legal sponsor for one or more of the following projects that will be more completely described in Environmental Response Fund applications to be submitted to Hennepin County on or by November 1, 2011, subject to final staff verification of each such application's compliance with the ERF program's purposes and criteria: 430 Oak Grove, 700 Central, 1100 2<sup>nd</sup> Street S., Bryant Lofts a/k/a Track 29, Cameron Building, Grain Belt Office Building, Hennepin County West Broadway Hub a/k/a WB Equities, Parcel A, Pillsbury Lofts, Riverside Plaza, Seward Commons Phase II a/k/a Snelling Apartments, and Spirit on Lake; and

Whereas, the City has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; 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 one or more of its applications, the City may enter into agreements with Hennepin County for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By the City Council of the City of Minneapolis:

That the City Council authorizes the Director of the Department of Planning and Economic Development or other appropriate City staff to apply to the Hennepin County Environmental Response Fund for funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement any grant funding that may be awarded.