

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: October 11, 2016
From: Community Planning & Economic Development
Prepared by: Kevin Carroll, Principal Project Coordinator
Presented by: Kevin Carroll
File type: Resolution
Subcategory: Grant

Subject:

Applications for Environmental Grant Funding in the Fall 2016 Brownfield Grant Round

Description:

1. Passage of Resolution authorizing application to the Minnesota Department of Employment and Economic Development [DEED] Contamination Cleanup and Investigation Grant Program for environmental investigation and/or remediation funding for the following projects: The Bessemer at Seward (2200 Snelling Ave, 2206 Snelling Ave, 2210 Snelling Ave, 2214 Snelling Ave, 2218 Snelling Ave), East Town Apartments (815 6th Street S, 827 6th Street S, 810 7th Street S), The Foundry (115 1st St N, 117 1st St N, 119 1st St N, 121 1st St N, 123 1st St N, 125 1st St N, 128 1st Ave N, 128 2nd St N), Hook & Ladder Apartments (2212 Jefferson St NE, 2316 Jefferson St NE, 2320 Jefferson St NE), Ironclad Minneapolis (811 Washington Ave S, 243 Chicago Ave, 247 Chicago Ave, 247 1/2 Chicago Ave, 249 Chicago Ave, 800 1/2 3rd St S), Lake Street Affordable Housing (510 W Lake St, 514 W Lake St, 516 W Lake St, 2946 Harriet Ave S, 2948 Harriet Ave S), Penn Ave Union (1906 Queen Ave N, 1910 Queen Ave N, 1914 Queen Ave N, 2200 Golden Valley Rd, 1911 Penn Ave N, 1915 Penn Ave N), Theater Garage Marquee Apartments (2004 Lyndale Ave S, 2008 Lyndale Ave S, 2012 Lyndale Ave S, 2014 Lyndale Ave S, 2018 Lyndale Ave S), and THOR P3 (1256 Penn Ave N, 1235 Oliver Ave N, 1237 Oliver Ave N, 1243 Oliver Ave N).
2. Passage of Resolution authorizing application to the Metropolitan Council's Tax Base Revitalization Account [TBRA] Grant Program for environmental investigation and/or remediation funding for the following projects: The Foundry (115 1st St N, 117 1st St N, 119 1st St N, 121 1st St N, 123 1st St N, 125 1st St N, 128 1st Ave N, 128 2nd St N), Hook & Ladder Apartments (2212 Jefferson St NE, 2316 Jefferson St NE, 2320 Jefferson St NE), Ironclad Minneapolis (811 Washington Ave S, 243 Chicago Ave, 247 Chicago Ave, 247 1/2 Chicago Ave, 249 Chicago Ave, 800 1/2 3rd St S), Park7 (615 S 7th St, 714 Park Ave S), Penn Ave Union (1906 Queen Ave N, 1910 Queen Ave N, 1914 Queen Ave N, 2200 Golden Valley Rd, 1911 Penn Ave N, 1915 Penn Ave N), Theater Garage Marquee Apartments (2004 Lyndale Ave S, 2008 Lyndale Ave S, 2012 Lyndale Ave S, 2014 Lyndale Ave S, 2018 Lyndale Ave S), and The Quarry (Outlots A and B; 1526 Arthur St NE and a portion of 1600 New Brighton Blvd).
3. Passage of Resolution authorizing application to the Hennepin County Environmental Response Fund [ERF] for environmental investigation and/or remediation funding for the following projects: The Bessemer at Seward (2200 Snelling Ave, 2206 Snelling Ave, 2210 Snelling Ave, 2214 Snelling Ave, 2218 Snelling Ave), Bryant Square Park Improvements (3125 Bryant Ave S), CLCLT Homes – Fall 2016 (multiple addresses TBD), Ebenezer Park Improvements (2700 Park Ave), The Foundry (115 1st St N, 117 1st St N, 119 1st St N, 121 1st St N, 123 1st St N, 125 1st St

N, 128 1st Ave N, 128 2nd St N), Hook & Ladder Apartments (2212 Jefferson St NE, 2316 Jefferson St NE, 2320 Jefferson St NE), Ironclad Minneapolis (811 Washington Ave S, 243 Chicago Ave, 247 Chicago Ave, 247 1/2 Chicago Ave, 249 Chicago Ave, 800 1/2 3rd St S), Lake Street Affordable Housing (510 W Lake St, 514 W Lake St, 516 W Lake St, 2946 Harriet Ave S, 2948 Harriet Ave S), Minnesota Brownfields (multiple addresses TBD), Park7 (615 S 7th St, 714 Park Ave S), Penn Ave Union (1906 Queen Ave N, 1910 Queen Ave N, 1914 Queen Ave N, 2200 Golden Valley Rd, 1911 Penn Ave N, 1915 Penn Ave N), Sheridan Memorial Park Improvements (1300 Water St, 1342 Water St, 1404 Water St), and Theater Garage Marquee Apartments (2004 Lyndale Ave S, 2008 Lyndale Ave S, 2012 Lyndale Ave S, 2014 Lyndale Ave S, 2018 Lyndale Ave S).

Previous Actions: None (with respect to brownfield grant funding for the current grant round).

Ward/Neighborhood/Address: All Wards

[The projects referred to below involve multiple wards, neighborhoods and addresses.]

Background/Analysis:

The sixteen projects/programs and the twenty-nine related grant applications that are being recommended for submission to DEED, the Metropolitan Council and Hennepin County in the fall 2016 brownfield grant round are as follows:

Project Name	GRANTORS			Total Grant Requests*
	DEED	Met Council TBRA	Hennepin Co. ERF	
Bessemer at Seward, The	501,500		110,000	611,500
Bryant Square Park Improvements			68,000	68,000
CLCLT Homes – Fall 2016			230,000	230,000
East Town Apartments	496,361			496,361
Ebenezer Park Apartments			132,400	132,400
Foundry, The	489,775	397,075	117,455	1,004,305
Hook & Ladder Apartments	328,350	217,250	71,994	617,594
Ironclad Minneapolis	552,207	262,359	96,663	911,229
Lake Street Affordable Housing	30,000		30,000	60,000
Minnesota Brownfields			250,000	250,000
Park7		197,031	123,250	320,281
Penn Avenue Union	221,430	129,170	42,614	393,214
Sheridan Memorial Park Improvements			142,000	142,000
Theater Garage Marquee Apartments	163,185	119,965	31,603	314,753
The Quarry (Outlots A and B)		36,026		36,026
THOR P3	198,750			198,750
TOTALS:	2,981,558	1,358,876	1,445,979	5,786,413

*Amounts shown are based on applications submitted to the City by September 6, 2016. 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 6, 2016.

The Minnesota Contamination Cleanup and Investigation Grant Program was established in 1993 to clean up contaminated sites and convert contaminated properties into marketable assets. The Department of Employment and Economic Development [DEED] is the administering state agency. Applications for the fall grant round are due by November 1, 2016. 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 will be available to fund brownfield investigation and cleanup grants in the fall 2016 round is expected to be about \$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.

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the Tax Base Revitalization Account [TBRA] 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, 2016. No local match is required. The amount that will be available to fund brownfield cleanup grants in the fall 2016 round is expected to be about \$2.5 million, 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, 2016. 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.

All three of the aforementioned grantors are expected to finalize awards for the fall brownfield round sometime between late December of this year and mid-January of 2017. For the fall 2016 brownfield grant round, details regarding the City's pre-application process and related program requirements were provided to CPED project coordinators and potential applicants in early August. Relevant information was posted on the City's website and distributed via email to the 700+ parties on CPED's Development Notices Distribution List. Staff processing of the submitted pre-applications included review by City planning staff and consideration of factors such as readiness to proceed with cleanup, removal of blighting influences, commitment of City funds, creation or retention of affordable housing, compliance with zoning requirements and comprehensive plan designations, and job creation.

In this round, staff continued the use of a more rigorous review process that was first implemented during the fall 2012 round. This process required developers to submit a Grant Assessment Worksheet [GAW] that included a project fact sheet with information important to the City such as jobs created or displaced and the number of affordable housing units to be created or retained. The review also included other sections regarding readiness measures, policy alignment and developer experience.

Thirty-two pre-applications were received on September 6, 2016. Three pre-applications were subsequently withdrawn (voluntarily) for project readiness reasons, but all of the remaining twenty-nine applications are being recommended for submission to the three grantors. The City's interactions with the three grantors during past grant rounds have established that their internal processes for reviewing, scoring and ranking brownfield applications give no weight to any city's prioritization of the applications that it submits to the grantors. The analyses conducted by the three grantors, and the decisions that they make in awarding brownfield grants, are based on statutory criteria and adopted guidelines that do not include the (relative) preferences of municipal applicants regarding the applications submitted. Accordingly, and in keeping with the practice that has been followed by the City in recent years, the recommendation of City staff is that the City Council not rank or prioritize the brownfield

applications that it authorizes staff to submit to the three brownfield grantors on or by their joint November 1, 2016 application deadline.

Details of Recommended Brownfield Projects:

This section of the report presents projects/programs, in alphabetical order, that City staff recommend for submission to the brownfield grantors. The summary descriptions were based upon information provided by the developers or by others familiar with the details of the projects in question. A map of the development projects listed below appears in Attachment 1, and planning-related comments appear in Attachment 2.

Bessemer at Seward, The (2200/2206/2210/2214/2218 Snelling Avenue)

Projected DEED Request: \$501,500

Projected Hennepin County ERF Request: \$110,000

The developer, Seward Redesign, intends to demolish four vacant buildings and construct 121 units of market rate rental housing as part of the continuing redevelopment of the former Bystrom Brothers site, located near the Franklin Avenue Blue Line Station. The site plan includes park dedication and a new public bicycle/pedestrian access to the LRT trail. The total projected development cost is \$23,800,000. Grant funds, if awarded, will be used primarily for demolition and soil remediation, along with the abatement of asbestos and/or lead based paint in the existing building prior to demolition.

Bryant Square Park Improvements (3125 Bryant Avenue)

Projected Hennepin County ERF Request: \$68,000

The Minneapolis Park & Recreation Board intends to demolish and then reconstruct an existing public park wading pool, with related improvements to immediately adjacent areas. The planned renovation includes a new mechanical building and utilities. The total projected development cost is \$910,000. Grant funds, if awarded, will be used for soil remediation under and around the wading pool area.

CLCLT Homes – Fall 2016 (various locations TBD)

Projected Hennepin County ERF Request: \$230,000

The City of Lakes Community Land Trust (CLCLT) intends to rehabilitate several single-family homes (for low-income owners/buyers) that it has acquired (or will acquire) through its Homebuyer Initiated Program, or via partnerships with neighborhood groups, the City of Minneapolis and Hennepin County. The total projected rehabilitation cost is \$1,484,000 for the properties in question. Grant funds, if awarded, will be used for the abatement of asbestos and/or lead based paint in the homes in question.

East Town Apartments (815/827 6th St. S., 810 7th St. S.)

Projected DEED Request: \$496,361

The co-developers, Community Housing Development Corporation (CHDC) and First Covenant Church, intend to redevelop several vacant Church-adjacent parcels with a six-story, 168-unit affordable housing project. The project is directly across the street from the new US Bank Stadium and will expand the range of available housing types in this area. The total projected development cost is \$36,900,000. Grant funds, if awarded, will be used for soil remediation.

Ebenezer Park Apartments (2700 Park Avenue)

Projected Hennepin County ERF Request: \$132,400

The Ebenezer Society intends to extensively renovate Ebenezer Park Apartments, a 200-unit Section 8 building that is occupied primarily by low income seniors and disabled persons. The total projected redevelopment cost is \$15,053,825. Grant funds, if awarded, will be used primarily for the testing and removal of asbestos-containing materials.

Foundry, The (115/117/119/121/123/125 1st St. N., 128 1st Ave. N., 128 2nd St. N.)

Projected DEED Request: \$489,775

Projected Metropolitan Council TBRA Request: \$397,075

Projected Hennepin County ERF Request: \$117,455

The developer, Foundry Development, plans to demolish three existing buildings, renovate two buildings (including the historic foundry building), and construct a two-story retail and recreation building and a six-story 150-unit mixed-use residential building, with street-level parking areas and two levels of underground parking. The total projected development cost is \$49,285,533. Grant funds, if awarded, will be used for soil remediation, the abatement of asbestos and/or lead based paint in the existing historic buildings, and the installation of a sub-slab vapor mitigation system.

Hook & Ladder Apartments (2212/2316/2320 Jefferson St. NE)

Projected DEED Request: \$328,350

Projected Metropolitan Council TBRA Request: \$217,250

Projected Hennepin County ERF Request: \$71,994

The developer, Newport Midwest LLC, plans to demolish three pole-barn type structures on a blighted industrial site and construct two buildings containing a total of 118 units of affordable workforce housing. The project will incorporate sustainable, energy-efficient building techniques. The total projected development cost is \$31,653,318. Grant funds, if awarded, will be used for soil remediation and for the abatement of asbestos and/or lead based paint in the existing structures.

Ironclad Minneapolis (811 Washington Ave. S., 243/247/247½/249 Chicago Ave., 800½ 3rd St. S.)

Projected DEED Request: \$552,207

Projected Metropolitan Council TBRA Request: \$262,359

Projected Hennepin County ERF Request: \$96,663

The developer, Grave Hospitality, plans to construct (on a current parking lot site located near the US Bank stadium) a building that will include a 15-story 178-unit apartment building, a 148-room Marriot Hotel, and a four level parking ramp (507 total parking spaces, with one underground level and three above-ground levels). The total projected development cost is \$74,000,000. Grant funds, if awarded, will be used for soil remediation.

Lake Street Affordable Housing (510/514/516 W. Lake St., 2946/2948 Harriet Avenue S.)

Projected DEED Request: \$30,000

Projected Hennepin County ERF Request: \$30,000

The developer, Lupe Holdings Corporation, intends to construct a five-story 100-unit affordable housing development, with amenity space on the first floor and one level of underground parking. The total projected development cost is \$23,000,000. Investigation grant funds, if awarded, will be used for an environmental site assessment and testing to determine the nature, quantity and location of site contamination.

Minnesota Brownfields (various locations TBD)
Projected Hennepin County ERF Request: \$250,000

Additional funding is being sought for Hennepin County's Brownfield Gap Financing (BGF) Program, which is currently being administered by Minnesota Brownfields (a nonprofit organization). The BGF Program provides small grants, primarily to non-profit organizations and mostly for environmental site investigations. To date, the BGF Program has provided financial support for 90 projects, 79 of which were located in the City of Minneapolis. Of the \$650,000 in Hennepin County ERF funding that has been awarded to the BGF program, \$574,830 (88%) has been used to benefit Minneapolis projects.

Park7 (615 S. 7th St., 714 Park Ave. S.)
Projected Metropolitan Council TBRA Request: \$197,031
Projected Hennepin County ERF Request: \$123,250

The co-developers, Community Housing Development Corporation (CHDC) and House of Charity, plan to demolish two existing/older single-story structures and construct a five-story building that will provide permanent supportive housing for 55 long-term homeless single adults, focusing on individuals with chemical dependency and/or serious mental illness. The Downtown East location is key to serving this population, as many already occupy the streets in that area. The on-site free food service and counseling services of House of Charity will help meet the nutritional health and mental health needs of the residents. The total projected development cost is \$17,715,122. Grant funds, if awarded, will be used for soil remediation and for the abatement of asbestos and/or lead based paint in the existing structures prior to demolition.

Penn Avenue Union (1906/1910/1914 Queen Ave. N., 2200 Golden Valley Rd., 1911/1915 Penn Ave. N.)
Projected DEED Request: \$221,430
Projected Metropolitan Council TBRA Request: \$129,170
Projected Hennepin County ERF Request: \$42,614

The developer, Northside Partners GP LLC, plans to demolish three existing single-family homes and build a new four-story, 43-unit, mixed-income, mixed-use rental apartment building with ground level commercial space at the intersection of Penn Avenue and Golden Valley Road. The Penn Avenue Union building will include 33 affordable three- and four-bedroom units, to help meet the local demand for safe, high-quality housing for families. The remaining units will be a mix of affordable and market-rate 1- and 2-bedroom units. The total projected development cost is \$17,211,497. Grant funds, if awarded, will be used for soil remediation and for the abatement of asbestos and/or lead based paint in the existing buildings prior to demolition.

Sheridan Memorial Park Improvements (1300/1342/1404 Water St.)
Projected Hennepin County ERF Request: \$142,000

Sheridan Memorial Park is part of the Above the Falls Regional Park. In 2015, the Minneapolis Park & Recreation Board received a federal LAWCON grant to develop new playground and picnic facilities. Subsequent investigations disclosed the presence of soil contamination at Sheridan Memorial Park that must be removed in conjunction with new/planned development activity. The total projected development cost is \$1,000,000. Grant funds, if awarded, will be used for soil remediation.

Theater Garage Marquee Apartments (2004/2008/2012/2014/2018 Lyndale Ave. S.)
Projected DEED Request: \$163,185

Projected Metropolitan Council TBRA Request: \$119,965

Projected Hennepin County ERF Request: \$31,603

The developer, TGMA Developers LLC, intend to demolish two existing structures and construct a mixed-use building with 113 market-rate units ranging from alcoves to 2 bed/2bath lofted walk-ups. The ground level will include a 6700 square foot restaurant and a 1200 square foot fitness space. 149 enclosed parking stalls will be provided in an underground garage and within the first level. The total projected development cost is \$25,145,000. Grant funds, if awarded, will be used for soil remediation and for the abatement of asbestos and/or lead based paint in the existing buildings prior to demolition.

The Quarry (Outlots A and B) (1526 Arthur St NE and portion of 1600 New Brighton Blvd.)

Projected Metropolitan Council TBRA Request: \$36,026

IRC Retail Centers plans to develop new retail space at The Quarry. IRC's plans include the acquisition of Outlot A and the construction of three retail buildings totaling 18,500 square feet. IRC also plans to acquire a portion of the nearby Target Outlot B and redevelop it with 7,000 square feet of additional retail space. The total projected development cost is \$7,400,000 (exclusive of land acquisition, geotechnical soil correction and environmental cleanup costs). Investigation grant funds, if awarded, will be used for an environmental site assessment and testing to determine the nature, quantity and location of site contamination.

THOR P3 (1256 Penn Ave. N., 1235/1237/1243 Oliver Ave. N.)

Projected DEED Request: \$198,750

THOR Construction and the Hennepin County HRA are planning a new mixed-used building (to be constructed on currently vacant land) that will include 76,000 square feet of office space, 14,000 square feet of retail space and a parking structure. The planned building will be the new headquarters for THOR Construction and will also provide space for medical offices and entrepreneurially-focused tenants. The total projected development cost is \$25,745,477. Grant funds, if awarded, will be used for soil remediation.

Financial Review:

No financial impact.

With regard to the private sector projects referred to herein, there is no direct financial impact. However, some of those grant requests require a commitment of local match funds, to be provided by the developer (or other non-City funding sources). The City of Minneapolis is sponsoring those grant requests, acting in most cases as a pass-through and conduit for environmental investigations and cleanup. Sponsoring those 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.

Attachments:

1. Map
2. Planning Comments
3. DEED Resolution
4. Metropolitan Council TBRA Resolution
5. Hennepin County ERF Resolution