

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

Date: January 22, 2008

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Paul Ostrow, Ways and Means/Budget Committee

Subject: Accept and Appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) Grants of \$500,000 for the Longfellow Station project and \$1,325,000 for West Broadway Curve; Accept and Appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$193,000 for Alliance Scattered Site Rehab; and authorize execution of Grant and Sub-recipient Agreements.

Recommendation:

- 1) Accept and appropriate Metropolitan Council Livable Communities Demonstration Account (LCDA) Grants of \$500,000 (Longfellow Station) and \$1,325,000 (West Broadway Curve); accept and appropriate \$193,000 Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$193,000 for Alliance Scattered Site Rehab.
- 2) Amend the 2008 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900220) by \$2,018,000 (\$500,000 Longfellow Station, \$1,325,000 West Broadway Curve, and \$193,000 Alliance Scattered Site Rehab).
- 3) Increase the 2008 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900900-3215/13) by \$2,018,000 (\$500,000 Longfellow Station, \$1,325,000 West Broadway Curve, and \$193,000 Alliance Scattered Site Rehab).
- 4) Authorize appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Demonstration Account (LCDA) grants with the Metropolitan Council, Capital Growth Real Estate (or affiliated entity) and project for Pride in Living (or affiliated entity); and the Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) grant with the Metropolitan Council and Alliance Housing Inc. (or affiliated entity).

Previous Directives:

- In May, 2007, the City Council authorized submission of five (5) grant applications to the Metropolitan Council Livable Communities Demonstration Account (LCDA) program (Longfellow Station project, West Broadway Curve, SEMI University Research Park,

Jackson Street Northeast Artists Affordable Housing and Bystrom Brothers/Franklin Station Redevelopment).

- The City Council has approved Affordable Housing Trust Fund (AHTF) funding for the Longfellow Station project, and successful funding applications to the following grant programs: Congestion Mitigation and Air Quality (CMAQ); Hennepin County Environmental Response Fund and Transit Oriented Development; Minnesota Department of Employment and Economic Development Contamination Cleanup and Redevelopment; and Metropolitan Council Livable Communities Demonstration Account and Tax Base Revitalization Account.
- On August 31, 2007, the City Council adopted the Longfellow Station Redevelopment Plan.
- On December 7, 2007, the City Council awarded Affordable Housing Trust Fund (AHTF) funding of \$300,000 and Non-Profit Development Assistance funds of \$30,000 to the Alliance Scattered Site Rehab project
- On November 18, 2005, the City Council approved Modification No. 6 to the West Broadway Redevelopment Plan, expanding the project area boundaries and adding objectives to the plan. There is no previous City Council action related to West Broadway Curve.

Prepared by Paula Mazzacano, Financial Analyst (612) 673-5129

Approved by: Connie Fournier, Acting Director, Housing Policy & Development _____
Jack Kryst, Director, Development Finance _____
Charles T. Lutz, CPED Deputy Director _____

Presenters in Committee: Paula Mazzacano (612) 673-5129

Reviews

- Permanent Review Committee (PRC): Approval n/a Date _____
- Policy Review Group (PRG): Approval n/a Date _____

Financial Impact

- Action requires an appropriation increase to the ___ Capital Budget or X Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification – The project proposals have been reviewed by the official neighborhood organization representing the area in which the project is located.
- City Goals - A Safe Place to Call Home – In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city’s infrastructure will be well-maintained and people will feel safe in the city. Connected Communities – In five years, Minneapolis will be a connected collection of sustainable urban villages where residents will live within walking distance of what they need or of public transit; there will be a connected network of transportation options; streets will be destinations; a mix of unique small

businesses will be thriving; and Minneapolis' neighborhoods will have unique identities and character.

- Sustainability Targets - Affordable rental/Affordable ownership housing: Longfellow Station – 185-215 new housing units of which approximately 119 will be affordable; West Broadway Curve - 50-60 units new mixed income rental, 24 units of ownership housing and 24-30 ownership townhomes; Alliance Scattered Site Rehab – renovate 28 units of scattered site rental housing, with 0- and 1-bedroom units affordable at 30% AMI, and 2- and 3-bedroom units affordable at 50% AMI.
- Comprehensive Plan - Section 4.1: Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods. Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents. Section 4.15: Minneapolis will carefully identify project sites where housing redevelopment or housing revitalization are the appropriate responses to neighborhood conditions and market demand.
- Zoning Code – All of the projects either comply or will comply with the zoning code.
- Living Wage/Business Subsidy Agreement Yes _____ No X
- Job Linkage Yes _____ No X
- Other – N/A

Background/Supporting Information

On December 12, 2007, the Metropolitan Council awarded Livable Communities Demonstration Account (LCDA) grants to Longfellow Station (\$500,000), and West Broadway Curve (\$1,325,000), and awarded a Livable Communities Local Housing Incentives Account (LHIA) grant to Alliance Scattered Site Rehab (\$193,000). Staff is now requesting City Council authorization to accept and appropriate the LCDA and LHIA grant awards.

Grant Application and Award Processes

The Livable Communities Demonstration Account (LCDA) was established by the Livable Communities Act [Minnesota Statutes Chapter 473.25, (b)]. The Demonstration Account provides funds to development or redevelopment projects that connect new 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. Application is open to cities participating in the Local Housing Incentives Program of the Livable Communities Act, on behalf of proposals in their communities.

The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals. This program is conducted in coordination with the Minnesota Housing Finance Agency.

In May, 2007, the City Council authorized submission of five (5) LCDA grant applications for the following projects, which are listed in the City's rank order, to the Metropolitan Council: 1) Longfellow Station project; 2) West Broadway Curve; 3) SEMI University Research Park; 4)

Jackson Street Northeast Artist Affordable Housing; and 5) Bystrom Brothers/Franklin Station Redevelopment.

Alliance Housing applied directly to the Metropolitan Council for the Livable Communities Local Housing Incentives Account (LHIA) program funding. The LHIA program does not require direct city application; however, LHIA grants are made to the City and passed to the applicant via a sub-recipient agreement.

LCDA and LHIA Grant Awards

Metropolitan Council staff and the Livable Communities Advisory Committee reviewed 16 LCDA applications totaling \$18.4 million. On December 12, 2007, the Metropolitan Council awarded seven LCDA grants totaling almost \$5.94 million, including \$1,825,000 (or 30.74% of funds awarded) to the City of Minneapolis for Longfellow Station and West Broadway Curve.

Also on December 12, the Metropolitan Council awarded LHIA grants totaling \$1,889,806 to nine projects, including \$193,000 (or 10.2% of funds awarded) to the City of Minneapolis for the application submitted by Alliance Housing, Inc. for Scattered Site Rehab.

Grant Award Summaries - LCDA

Longfellow Station Project (Capital Growth Real Estate or affiliated entity): Longfellow Station Phase I is a mixed-use, transit-oriented project at 3815 Hiawatha that includes approximately 185-215 units of rental housing (approximately 119 affordable), 35,000-50,000 square feet of commercial space, structured and surface parking and pedestrian connections. Metropolitan Council awarded \$500,000 for construction of a new comprehensive stormwater management system for the project site.

West Broadway Curve (Project for Pride in Living or affiliated entity): West Broadway Curve encompasses the stretch of West Broadway between James and Oliver Avenues North. Metropolitan Council awarded \$1,325,000 to be used for acquisition, demolition and site preparation, as well as pedestrian improvements to sidewalks and street lighting, for several projects, including Agape Apartments, West Broadway Curve and Western Motors Site. Redevelopment will result in a mix of housing types, anticipated to include 50-60 units of rental housing and 48-60 units of ownership housing.

Grant Award Summaries - LHIA

Alliance Scattered Site Housing Rehab (Alliance Housing, Inc. or affiliated entity): Alliance Housing, Inc. sought gap funding from both Metropolitan Council and Minnesota Housing to stabilize eight of their scattered site properties, including seven duplexes and one 8-plex. Metropolitan Council awarded \$193,000 to the City of Minneapolis for this purpose. (Other funders include Minnesota Housing, CPED, Hennepin County and private sources.) Improvements to these 28 affordable housing units will extend their use and financial viability as affordable housing for another twenty to thirty years.

The table summarizes the results of the 2007 LCDA grant round for the City of Minneapolis:

City Rank	Project	Ward	Requested	Awarded
1	Longfellow Station Project	12	\$500,000	\$500,000
2	West Broadway Curve	5	\$1,445,000	\$1,325,000
3	SEMI/University Research Park	2	\$971,000	\$0
4	Jackson Street NE Artist Affordable Housing	1	\$1,224,000	\$0
5	Bystrom Brothers/Franklin Station Redevelopment	2	\$2,334,200	\$0
	TOTAL		\$6,474,200	\$1,825,000

Amending the 2008 General Appropriation Resolution.

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

- 1) Increasing the appropriation for Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900220) by \$2,018,000.
- 3) Increasing the revenue source for Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900900-3215/13) by \$2,018,000.