

Community Development Committee

Meeting date: June 2, 2014

For the Metropolitan Council meeting of June 11, 2014

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| Subject: | City of Minneapolis' Request for a Budget Reallocation of LCDA Grant SG010-144 for <i>The Rose</i> , formerly known as <i>Franklin-Portland Gateway IV (South Quarter)</i> . |
| District(s), Member(s): | District 7 – Gary Cunningham |
| Policy/Legal Reference: | Minnesota Statutes, Section 473.25 |
| Staff Prepared/Presented: | Deborah Streets Jensen, LCA Grant Administrator, 651-602-1554 Paul Burns, Manager, Livable Communities, 651-602-1106 |
| Division/Department: | Community Development / Livable Communities |

Proposed Action

That the Metropolitan Council approve a budget reallocation to the Livable Communities Demonstration Account (LCDA) grant for the project *The Rose*, formerly known as *Franklin-Portland Gateway IV (South Quarter)* as described in the attached Revised Project Summary for the City of Minneapolis' grant SG010-144.

Background

The City of Minneapolis was awarded \$793,900 in 2010 for an Aeon/Hope Community project then known as *Franklin-Portland Gateway IV (South Quarter)*. The project proposed 120 units of lifecycle housing, half of which were to be affordable, completing the four-corner development at Franklin and Portland Avenues.

Rationale

Fundraising for this project, which initially proceeded more slowly than expected, is now complete, and the project will move forward with construction this season. The developers have increased the number of affordable units by 17, to a total of 77 out of 120.

The original project budget included significantly more street lights than were required by the City. Since site preparation and stormwater management costs have increased dramatically, the City is seeking to reallocate the budget to accommodate the change in project needs.

The grant agreement states that a variance of 20% in the budget amounts for grant-funded activities shall be considered acceptable without Council approval provided no budget amount for any individual grant-funded activity may be increased or decreased by more than 20%. Budget variances for any individual grant-funded activity exceeding 20% require approval of the governing body of the Metropolitan Council. The attached Revised Project Summary reflects changes to all budget line items that exceed the 20% change, triggering Council action. The budget changes do not reflect a significant change to the overall Project, nor to the mix of uses, density or number of affordable units.

Funding

There is no impact to funding; the \$793,900 remains on account in the LCDA fund.

Known Support / Opposition

There is no known opposition.

REVISED PROJECT SUMMARY

Project Name: The Rose (fka, Franklin-Portland Gateway IV)
Project Location: Northwest corner of Franklin and Portland Avenues
Council District: 7 – Adam Duininck

Project Description:

The Rose will transform a once blighted lot into a thriving urban apartment community featuring 120 units of mixed-income, lifecycle rental housing. LCDA funds are needed to secure the final parcel of land, site preparation, on-site stormwater management and pedestrian enhancements. Stormwater will be handled on-site with underground water retention basins, pervious pavement and native vegetation. Walkability around the site will be improved with widened sidewalks, pedestrian lighting, and boulevard plantings. Bike racks and benches will be available for visitors and other pedestrians. As the fourth and final phase of the Franklin Portland Gateway development, The Rose will attract mixed-income residents, with 77 units affordable at or below 60% AMI. It will offer one-, two-, and three-bedroom floor plans, underground parking, fitness and community rooms, outdoor gathering spaces, healthy “green” indoor environments and innovative sustainability features that meet or exceed MN Green Communities’ criteria. The five-story building will complement the surrounding architecture and add new market-rate and affordable housing to the neighborhood, as well as connect residents to employment, education and other services. Note that the city wishes to use this grant as a loan to capture Low Income Housing Tax Credits.

Funding:

Amount requested: \$793,900

Amount awarded:

\$793,900

| Original Amount | Amended Amount | Use of Funds | Scheduled completion date |
|-----------------|----------------|---|---------------------------|
| \$75,000 | \$43,200 | Land acquisition | August 2014 |
| 9,000 | 25,750 | Remove and dispose of sidewalks, curb/gutter | April 2015 |
| 46,200 | 59,000 | Widen sidewalks and add colored concrete | July 2015 |
| 15,500 | 27,250 | Reconstruct / install 800 linear feet of curb/gutter | July 2015 |
| 290,000 | 192,000 | Add street lights | July 2015 |
| 9,100 | 11,300 | 5 pedestrian benches | July 2015 |
| 5,600 | 14,750 | 5 permanent bike racks | July 2015 |
| 38,500 | 98,150 | Site clearing, grading, correction | September 2015 |
| 60,000 | 219,000 | Stormwater basins | May 2015 |
| 245,000 | 103,500 | Pervious pavers | July 2015 |
| | | 120 units of mixed income rental housing: 77 affordable at or below 60% Area Median Income | |
| \$793,900 | \$793,900 | | |