

Community Development Committee

Meeting date: July 20, 2015

Subject: City of Minneapolis request for a Project Change to the TBRA Grant, 602 Residences, Grant No. SG01691

District(s), Member(s): 7 – Gary Cunningham

Policy/Legal Reference: 473.251

Staff Prepared/Presented: Deb Streets Jensen, Livable Communities Grant Administrator, 651-602-1554

Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council approve a change in the Tax Base Revitalization Account grant for the 602 Residences project in the City of Minneapolis, acknowledging an increase in the number of housing units, a change from ownership to rental, and a lower than anticipated increase in net tax capacity.

Background

The City of Minneapolis was awarded a \$60,100 Tax Base Revitalization Account (TBRA) Contamination Cleanup grant in 2014 for a project expected to produce 30 market rate condominiums. The developer has determined it is unable to secure financing for the condo project and is repositioning it as a 71-unit market rate rental apartment building. No cleanup work has been done to date. The grantee has requested Council approval for the project change.

Rationale

Because TBRA funds are awarded competitively, guidelines established by the Community Development Committee (CDC) require that projects undergoing certain significant changes obtain CDC approval to retain their grants. For TBRA grants, one of the significance thresholds involves a reduction in the expected amount of increased net tax capacity of 20% or more. The redefined 602 Residences project now anticipates an increased net tax capacity that is 68% lower than was proposed when the application was ranked and represented in the grant agreement. Therefore, the requested change requires approval by the CDC.

Livable Communities staff re-scored the original grant application using the updated metrics. The project would still have been recommended for funding in the 2014 fall round if the current outcomes would have been used in the original scoring. Staff therefore recommends that the CDC approve the requested project change.

Funding

When the developer repositioned the project to rental housing, it reduced the footprint of the building, which reduced the amount of contaminated soil to be remediated through the grant. If any TBRA funds remain unused after the cleanup is completed, the grantee will relinquish those funds to the Council for use in future funding rounds.

Known Support / Opposition

The City of Minneapolis supports the request, and there is no known opposition.