Community Development Committee

Meeting date: June 1, 2015

Subject: City of Minneapolis request for a Project Change to the TBRA Grant, East Side Station, Grant No. SG014-023

District(s), Member(s): 8 – Cara Letofsky

Policy/Legal Reference: 473.252

Staff Prepared/Presented: Paul Burns, Manager, Livable Communities (651-602-1106)

Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council (1) approve a project change for the Tax Base Revitalization Account grant for the *East Side Station* project in the City of Minneapolis, formerly known as *Superior Plating*, acknowledging a reduction in the number of housing units and the amount of increased net tax capacity to be produced by the project; and (2) authorize the Community Development Director to execute an amendment to Grant No. SG014-023 reflecting the change.

Background

Because Livable Communities grants 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, two of the significance thresholds involve a reduction of the overall number of housing units by 10% or 50 units, whichever is higher, and a reduction of 20% or more in the amount of total net tax capacity expected to be generated by the project. The redefined East Side Station project exceeds both these thresholds and therefore requires approval by the CDC.

The City was awarded a $712,200 Tax Base Revitalization Account (TBRA) grant in 2014 to help clean up the soil and groundwater at the two-block Superfund site of the former Superior Plating. The project originally proposed a mixed-use development with 472 market rate apartments and 25,000 square feet of retail/commercial space. However, as the project moved through the city entitlement process, the Nicollet Island East Bank Neighborhood Association informed the developer that they were seeking more intense development of the site and would not approve the proposed project. The developer decided not to pursue a denser project.

A new developer has been identified who expects to close in June 2015 on the entire two-block site and develop it in two phases. Phase I, which will begin construction within the term of the grant, will include a 20-story residential tower with 206 market rate units and 72 units in a lower-rise building that also will contain 22,000 square feet of retail/commercial space. The number of expected housing units will drop by 194 from the originally-planned 472 units, and the expected net tax capacity increase will drop by 27%. Because this phase will be concentrated on one block, density on that block will increase as compared to the original proposal.

Rationale

Livable Communities staff analyzed the impact of project changes in part by estimating how the original application would have scored using the updated information. Rescoring the project using the approved 2014 evaluation criteria for TBRA grant applications with the current number of housing units and the current amount of net tax capacity increase demonstrated that the project would still have been recommended for funding in the 2014 grant round.

Funding

There is no impact to funding.

Known Support / Opposition

The City is supportive of the project, and there is no known opposition.