

Community Development Committee

Meeting date: June 15, 2015

Subject: City of Richfield request for a Project Change to the LCDA TOD Grant, Lyndale Garden Center, Grant No. SG011-202

District(s), Member(s): 5 – Steve Elkins

Policy/Legal Reference: 473.25

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 Livable Communities Demonstration Account Transit Oriented Development grant for the *Lyndale Garden Center* project in the City of Richfield, acknowledging a change from mixed-income to all market rate rental units; and (2) authorize the Community Development Director to execute an amendment to Grant No. SG011-202 reflecting the change.

Background

In the first round of Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) grants in 2011, the Council awarded a \$1,500,000 grant to the City of Richfield to assist with site acquisition and placemaking public improvements for the mixed use, mixed income Lyndale Garden Center project. Because Livable Communities grants are awarded competitively, guidelines established by the Community Development Committee (CDC) require that projects undergoing significant changes obtain CDC approval to retain their grants. For Livable Communities Demonstration Account Transit Oriented Development (LCDA TOD) grants, a change is defined as 'significant' if, among other things, it reduces the overall percentage of affordable housing units in a project. The residential component of the mixed-use Lyndale Garden Center project was originally defined as having 120 rental housing units, 24 of them affordable. The redefined project proposes to eliminate all of the affordable units, and therefore the grantee's request requires approval by the CDC.

The developer has been working unsuccessfully for several years to secure financing for the mixed income project. The developer feels they have exhausted all avenues and cannot construct the project as originally planned. The City of Richfield agrees. City staff has expressed that the mixed-use, higher density nature of the development, with the public placemaking features of the development and its location next to Richfield Lake still makes the project worthy of continued Livable Communities Demonstration Account support. The City is contributing a \$350,000 grant, a \$335,000 forgivable loan and making up to \$5,037,425 in Tax Increment Financing available to the project. The project was also awarded a Local Housing Incentives Account grant in the amount of \$200,000 in support of the affordable units. The LHIA grant has been relinquished.

The Lakewinds natural foods coop has been built on the site, and the City and developer are prepared to construct the public placemaking features.

Multiple regional housing stakeholders – including the Family Housing Fund, the Predevelopment Funders Roundtable and Twin Cities LISC – worked in support of the developer's efforts to make the mixed-income project viable for Lyndale Gardens. While the region has seen some successful mixed-income projects built – such as the West

Side Flats – financing mixed-income developments remains a challenge. Council staff will continue to collaborate with other housing stakeholders to advance the 2040 Housing Policy Plan strategy to “reduce barriers to development of mixed-income housing and neighborhoods.”

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 2011 evaluation criteria for LCDA TOD grant applications with the current affordability level demonstrated that the project would still have been recommended for funding in the 2011 grant round.

Even though the project has lost its affordable component, the rental units themselves represent an important addition to the City of Richfield. According to the City’s [2012 Rental Housing Inventory](#), it has only one general-occupancy rental property less than 30 years old. The study said that “Richfield is sorely lacking in two- and three-bedroom rental units. . . in order for Richfield to diversify its supply of rental housing it should look for ways to increase the number of two-bedroom units. . .” The redefined Lyndale Gardens project will deliver 82 one-bedroom units, 38 two-bedroom units, and two three-bedroom units.

The level of need for additional rental housing, plus the project’s commitment to delivering a mixed-use high-amenity development with a central public space and multiple publically-accessible green areas leads staff to recommend approval of the proposed change. The Council has funded 46 other market-rate-only grants since 2010.

Funding

There is no impact to funding.

Known Support / Opposition

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