

Community Development Committee

Meeting date: November 16, 2015

For the Metropolitan Council meeting of December 9, 2015

Subject: Livable Communities Act Livable Communities Demonstration Account Grant Recommendations

District(s), Member(s): All

Policy/Legal Reference: §473.253

Staff Prepared/Presented: Erin Heelan, Senior Planner (651) 602-1633

Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council (1) award six Livable Communities Demonstration Account grants, as follows, and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

| Development Projects | Applicant | Points | Recommendation |
|-----------------------------|----------------|--------|--------------------|
| Youth Link | Minneapolis | 82 | \$841,852 |
| Selby-Milton-Victoria | St. Paul | 79 | \$597,000 |
| Great River Landing | Minneapolis | 77 | \$500,000 |
| Village on Rivoli | St. Paul | 74 | \$975,000 |
| Arlington Row | St. Louis Park | 65 | \$581,000 |
| Great River Landing Parking | Hastings | 60 | \$1,485,000 |
| Total Recommended | | | \$4,979,852 |
| Total Available | | | \$7,500,000 |

Background

The Livable Communities Act (LCA) requires that the Livable Communities Demonstration Account (LCDA) fund projects that:

- (1) interrelate development or redevelopment and transit;
- (2) interrelate affordable housing and employment growth areas;
- (3) intensify land use that leads to more compact development or redevelopment;
- (4) involve development or redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities; or
- (5) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment.

The LCA also requires the Council to adopt an annual plan for the distribution of funds in all LCA accounts. The 2015 Fund Distribution Plan allocated \$7.5 million for LCDA awards for development projects.

LCDA applications are reviewed in a rigorous two-step process. Council staff, from Community Development, Metropolitan Transportation Services and Metro Transit, conduct a technical review of all applications, focusing on quantifiable elements, including connections, housing, impact on transit ridership, and the environment. Applications meeting the minimum point threshold move forward to the second step, which focuses on qualitative elements, including the innovation and demonstration value of the proposed project, as well as the degree to which LCDA funds would act as a catalyst to move the

project forward. The second step of the review is conducted by the Livable Communities Advisory Committee (LCAC), a fifteen-member panel of external subject matter experts in the fields of finance, local government, site design, development, transportation, the environment and community-based planning, economic and community development/engagement. The LCAC scores the applications and makes the final funding recommendations.

Seven applications were submitted for LCDA funds this year. All seven applications met the combined Step One and Step Two scoring threshold of 60 points to be considered for funding. The application from St. Paul for the West Side Flats project was the lowest scoring project from the central cities, and funding that application would have exceeded Council guidelines on distribution of funds between the central cities and the other participating communities. See the explanation below, and in the Review Record.

Rationale

All projects recommended for funding meet the program guidelines as stated in the Fund Distribution Plan. Project summaries for recommended awards and a list of projects not recommended are attached.

According to long standing Council guidance on the distribution of LCDA grants, which is included in the Fund Distribution Plan, the LCAC may recommend no more than 40% of the available funding to the central cities of Minneapolis and Saint Paul. The LCAC discussed whether to suggest the Council exceed that guideline for the West Side Flats application, but decided not to. The 2015 LCDA funding recommendation for the central cities equals 39%.

Funding

As outline in the FDP, \$7.5 million is available for 2015 LCDA funding. Six projects are recommended, totaling \$4,979,852 in awards.

Known Support / Opposition

Resolutions of support were received from each applicant community. There is no known opposition to any of the applications recommended for funding.

Review Record

Review Process

The Council issued a notice of funding availability and held one-on-one working sessions for potential applicants in April 2015. LCDA Development grant applicants were required to submit a Project Concept Plan (PCP) in May, and 12 PCPs were reviewed. Staff provided technical assistance to applicants to ensure the goals of the program were addressed. Full applications were due in July, seven were submitted. During July and August, staff reviewed and scored the applications from their areas of expertise; the applications were discussed, and the staff team agreed upon final scoring. Applications meeting the minimum scoring threshold were referred on to the LCAC for final review and recommendation. Criteria for both Step One and Step Two evaluations are set forth in the annual Fund Distribution Plan.

Because of their current involvement in development in the metropolitan area, LCAC members occasionally are involved with some of the projects under consideration. Each committee member declared his or her conflict of interest at the beginning of the evaluation process and thereafter did not participate in either the discussion and abstained from voting on those applications. LCAC members were provided with all application materials from the Step One staff review. After an initial review, committee members compiled a set of additional questions for each applicant. The questions were forwarded in writing to applicants, and applicants were afforded an opportunity to provide additional information in writing and to present their answers orally in a question-and-answer session.

Table 1: Application Summary

| Grant category | Project Concept Plans received | Full applications received | Applications moved forward to Step Two | Applications recommended for award |
|------------------|--------------------------------|----------------------------|--|------------------------------------|
| LCDA Development | 12 | 7 | 7 | 6 |

Table 2: Application Scoring Summary

| Development Projects | Applicant | Points | Amount Requested | Recommendation |
|-----------------------------|----------------|--------|------------------|--------------------|
| Youth Link | Minneapolis | 82 | \$841,852 | \$841,852 |
| Selby-Milton-Victoria | St. Paul | 79 | \$597,000 | \$597,000 |
| Great River Landing | Minneapolis | 77 | \$500,000 | \$500,000 |
| Village on Rivoli | St. Paul | 74 | \$975,000 | \$975,000 |
| Arlington Row | St. Louis Park | 65 | \$581,000 | \$581,000 |
| West Side Flats | St. Paul | 63 | \$750,000 | |
| Great River Landing Parking | Hastings | 60 | \$1,485,000 | \$1,485,000 |
| Total Recommended | | | | \$4,979,852 |
| Total Available | | | | \$7,500,000 |

Impact of the 40/60 Ratio between the Central Cities and the Suburbs

The impact of this guidance for 2015 is that one application, West Side Flats, from the City of St. Paul, is not recommended for funding. See the explanation below.

Outcomes Summary

The table below shows the expected outcomes for the 2015 LCDA investment in the Metro region.

Table3: Expected outcomes of projects recommended for funding

| | |
|-------------------------------------|--------------------------|
| Total Housing Units 317 | |
| Affordable Housing Units (≤80% AMI) | 169 (53%) |
| Market Rate Housing Units | 148 (47%) |
| Total Jobs (431 FTEs) | |
| Regular (or permanent) Jobs | 50 |
| Regular Jobs Paying a Living Wage* | 40 (80% of regular jobs) |
| Temporary (or construction) Jobs | 381 |
| Net Tax Capacity Increase \$386,604 | |
| Total Investment \$88 million | |
| Private Investment Leveraged | \$57.4 million |
| Other Public Investment Leveraged | \$25.3 million |

One application, Village on Rivoli in St. Paul, is on a site in an Area of Concentrated Poverty where more than 50% of the residents are people of color.

Project not Recommended for Funding

One application is not recommended for funding:

West Side Flats Greenway

Applicant: City of St. Paul

Determination: Score fell below the Fund Distribution Plan 40% award limitation guideline for center city projects

Rationale:

- Met the Step One and Step Two minimum scoring threshold, but was the lowest scoring application from Minneapolis and St. Paul, and fell beyond the 40% limit for center city projects.
- The committee’s consensus was that outstanding concerns about the proposed street design and lack of strong demonstration model components did not warrant exceeding the award limit.
- The LCAC encouraged the city to resubmit an application next year, utilizing committee feedback.

Projects Recommended for Funding

Project summaries for projects recommended for funding are on the following pages.

Livable Communities Project Summary

Grant #
Type: Livable Communities Demonstration Account
Applicant City of Minneapolis
Project Name Youth Link
Project Location 41 12th Street N, Minneapolis
Council District 7 – Gary Cunningham

| Project Detail | |
|--|--|
| (Re)Development summary of project to commence by 12/31/2018 | The proposed project has two components: (1) an addition to, and re-orientation of, Youth Link's existing youth service center, and (2) the addition of 47 units of new housing, 46 of which will be affordable and supportive housing for formerly homeless young people, ages 18-23. Both aspects of this development will better support walking, biking, and transit use, and will add to the vibrancy of this formerly-industrial part of downtown Minneapolis. The addition will provide space for YouthLink's administrative offices, which will be demolished to make way for the new housing proposed. The addition will also provide space for a new Welcome Center, the primary entrance for the Youth Opportunity Center |
| Jobs (FTEs) | 74 – Temporary construction 11 – Full-time (10 living wage) |
| Net tax capacity increase | \$17,250 |
| Total housing units | 47 |
| Affordable units (80% AMI) | 46 |
| Anticipated # bedrooms | 46 – Studio 1 – 1-bedroom |
| Est. total development cost | \$12.9 million |
| Est. private funds leveraged | \$9.2 million |
| Est. other public funds | \$2.8 million |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Innovative jobs partnership between developer, social service provider, and the downtown business community • Location enables residents to access jobs on foot or by transit • Thorough community engagement process with potential tenants on site and building design |
| Funding | |
| Requested amount | \$841,852 |
| Previous LCA funding | None |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$408,784 | Stormwater improvements |
| \$245,000 | Photovoltaic cells |
| \$83,416 | Site prep and demolition |
| \$54,652 | Sidewalks, furnishings, lighting |
| \$50,000 | Architectural/Engineering |
| \$841,852 | TOTAL RECOMMENDED |

Livable Communities Project Summary

Grant #
Type: Livable Communities Demonstration Account
Applicant City of St. Paul
Project Name Selby-Milton-Victoria
Project Location 838 & 940 Selby, between Milton and Victoria, St. Paul
Council District 14 – Jon Commers

Project Detail

| | |
|--|---|
| (Re)Development summary of project to commence by 12/31/2018 | The Selby Milton Victoria Project (SMV) is a mixed-use commercial/residential project which will combine long-term affordable commercial space for small, local and minority owned businesses with affordable senior housing. This development will intensify land use and increase the St. Paul property tax base by redeveloping two long-vacant City-owned sites, creating higher density housing and commercial space. The proposed project will consist of two buildings, with 34 total units of affordable housing for seniors (55 years or older) on the upper floors. The first floors of the buildings will provide about 9,300 sq. ft. of commercial space. Included in that space is up to 3,300 sq. ft. which could be up to 3 live-work units, regular leased commercial space or some combination, depending on demand. The project will include an innovative, interconnected combination of roof storage, tree trenches, permeable pavers and an infiltration bed which will be able to capture and infiltrate at least 85% of the storm water falling on the site. |
| Jobs (FTEs) | 75 – Temporary construction 7 – full time (all 7 living wage) 10 – part-time (2 living wage) |
| Net tax capacity increase | \$35,572 |
| Total housing units | 34 |
| Affordable units (80% AMI) | 34 (26 below 30% AMI, 8 @ 51-60% AMI) |
| Anticipated # bedrooms | 4 – Studio 26 – 1-bedroom 4 – 2-bedroom |
| Est. total development cost | \$11.1 million |
| Est. private funds leveraged | \$7.8 million |
| Est. other public funds | \$2.7 million |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Strong community partnerships and grassroots support for the project • The project will demonstrate a commercial land trust model • Partnerships pledged to provide services and ongoing support to neighborhood small businesses • High potential to catalyze additional development in the area |
| Funding | |
| Requested amount | \$597,000 |
| Previous LCA funding | None |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$328,000 | Stormwater improvements |
| \$138,750 | Placemaking, bus shelter |
| \$51,916 | Sidewalk, alley improvements |
| \$45,000 | Site prep |
| \$33,334 | Architectural/engineering |
| \$597,000 | TOTAL RECOMMENDED |

Livable Communities Project Summary

Grant #
Type: Livable Communities Demonstration Account
Applicant City of Minneapolis
Project Name Great River Landing
Project Location 813 5th Street N, Minneapolis
Council District 7 – Gary Cunningham

| Project Detail | |
|--|---|
| (Re)Development summary of project to commence by 12/31/2018 | Redevelopment of an underutilized lot in the North Loop Neighborhood in downtown Minneapolis. Currently storing abandoned cars for a towing operating and a small garage, an approximately 45,000 square foot residential building is proposed. The project is affordable housing, serving households at 30% AMI or below, most serving homeless households. Great River Landing is a high-quality apartment building for up to 72 adults, most of them fathers, who have struggled with the challenges of homelessness, unemployment and previous incarceration, and are now committed to becoming productive community members. The tenants will have a home, a job and access to services promoting health and recovery. Project partners are Westminster Presbyterian Church, Plymouth Congregational Church and Better Futures Minnesota, an experienced provider of services and support to this group. |
| Jobs (FTEs) | 50 – Temporary construction 14 – Full-time (9 living wage) 3 – Part-time (1 living wage) |
| Net tax capacity increase | \$45,422 |
| Total housing units | 72 |
| Affordable units (0% AMI) | 72 (All at or below 30% AMI) |
| Anticipated # bedrooms | 72 - Studio |
| Est. total development cost | \$17.1 million |
| Est. private funds leveraged | \$300,000 |
| Est. other public funds | \$16.3 million |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Thorough community engagement process with potential tenants on site and building design • Commercial space will be used to provide jobs to building occupants • Innovative partnership between developer, faith-based organization, and social service provider. |
| Funding | |
| Requested amount | \$500,000 |
| Previous LCA funding | None |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$500,000 | Site acquisition |
| \$500,000 | TOTAL RECOMMENDED |

Livable Communities Project Summary

Grant #
Type: **Livable Communities Demonstration Account**
Applicant **City of St. Paul**
Project Name **Village on Rivoli**
Project Location **660 Rivoli, St. Paul**
Council District **13 – Richard Kramer**

| | |
|--|--|
| (Re)Development summary of project to commence by 12/31/2018 | The proposed Village on Rivoli project is a 38 unit "pocket neighborhood" ownership housing development in the Railroad Island (RR Island) neighborhood of St. Paul. It is located less than 1 mile from downtown St. Paul and 8 blocks from Beacon Bluff, where the St. Paul Port Authority is developing a business park that will create more than 1,000 jobs when it is completed. In addition to the 38 units of housing, the project includes a 250 KW community solar garden, a two-acre community orchard, a bike and pedestrian path connecting Minnehaha Avenue to the north with Tedesco Street to the south, shared community space of landscaped/natural areas and a walking connection into an adjacent neighborhood play area. Bike racks and other amenities will be provided at key connection points within the project area. The project will also include a fenced dog park area on the west and south side of the site, adjacent to the BNSF tracks, as well as multiple connections to transit and bikeways. |
| Jobs (FTEs) | 0 |
| Net tax capacity increase | \$81,000 |
| Total housing units | 38 |
| Affordable units (80% AMI) | 0 – all market rate |
| Anticipated # bedrooms | 8 – 2-bedroom 10 – 3-bedroom 20 – 4+ bedroom |
| Est. total development cost | \$17.8 million |
| Est. private funds leveraged | \$14.4 million |
| Est. other public funds | \$ 2.4 million |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Strong community based engagement and support of the project • Long-term cooperation by development partners to complete the project • Market rate housing in an Area of Concentrated Poverty • Community solar garden; potential demonstration of a net-zero energy neighborhood |
| Funding | |
| Requested amount | \$975,000 |
| Previous LCA funding | |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$325,000 | Stormwater improvements |
| \$320,000 | Streets, sidewalks |
| \$100,000 | Furnishings, lighting |
| \$95,000 | Site prep |
| \$85,000 | Architectural/engineering |
| \$50,000 | Project coordination |
| \$975,000 | TOTAL RECOMMENDED |

Livable Communities Project Summary

Grant #
Type: Livable Communities Demonstration Account
Applicant City of St. Louis Park
Project Name Arlington Row
Project Location Site bounded by Wayzata Blvd, Texas Ave. and 13th Lane
Council District 6 – Gail Dorfman

| | |
|--|---|
| (Re)Development summary of project to commence by 12/31/2018 | This project is the new construction of a multi-family development on two properties along Wayzata Boulevard, directly south of I-394. The properties are currently vacant, unplatted parcels. Arlington Row is comprised of 4 buildings containing 64-68 total units. Two buildings will be on each parcel. Each building will be 3-story townhome style with 15-17 units, split between 1 & 2 bedrooms. The densities will be about 33 units per acre on the 13th lane site (less than 1 acre) and about 25 units per acre on the Texas Avenue site (about 1.3 acres). The project is designed to achieve maximum building efficiency. It will incorporate a mix of renewable energy systems including solar powered lighting for all common lighting, geothermal heating and cooling systems, a rainwater retention system for irrigation for the on-site landscaping and community gardens, as well as an integrated storm water retention system. Based upon the cost of the sites, the innovative building plans and the limited level of on-site amenities it is anticipated that this rental project will become workforce priced housing without the inclusion of any public funding beyond the scope of this grant request. |
| Jobs (FTEs) | 25 – Temporary construction 2 – Full-time (both living wage) |
| Net tax capacity increase | \$100,000 |
| Total housing units | 64 |
| Affordable units (80% AMI) | 6 @ 51-60% AMI – naturally occurring, non-subsidized (no affordability mechanism) |
| Anticipated # bedrooms | 32 – 1-bedroom 32 – 2-bedroom |
| Est. total development cost | \$9.9 million |
| Est. private funds leveraged | \$9.3 million |
| Est. other public funds | 0 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Demonstrate how energy efficiency components can assist in enabling naturally occurring affordable housing, without public subsidy beyond the LCDA grant • Demonstration of compact development on remnant MNDot parcels • Located to allow for convenient access to public open space and nearby transit park-and-ride |
| Funding | |
| Requested amount | \$581,000 |
| Previous LCA funding | None |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$436,000 | Geothermal systems |
| \$100,000 | Stormwater improvements |
| \$60,000 | Photovoltaic cells |
| \$581,000 | TOTAL RECOMMENDED |

Note: This project initially scored two points higher in the housing category in the Step One review process, but the City was unable to confirm a mechanism to assure long-term affordability, so the score reported in the Council Action was been reduced by two points. The reduction in points did not impact the thresholds or the ranking of the project.

Livable Communities Project Summary

Grant #
Type: Livable Communities Demonstration Account
Applicant City of Hastings
Project Name Great River Landing Parking
Project Location 200 West 2nd Street
Council District 16 – Wendy Wulff

| | |
|--|--|
| (Re)Development summary of project to commence by 12/31/2018 | This project is the construction of a parking structure containing 155 parking spaces adjacent to the former Hudson Manufacturing Building. Parking capacity to serve Hudson was originally planned for the 1st National Bank Building Site. The Bank site is now planned as a future mixed use phase, requiring parking to be intensified on the Hudson Site. The parking structure provides needed parking for users of the site as well as adjacent public open space, trails, and other downtown amenities. The project is located at a key node on the local and regional river recreational trail system adjacent to the Mississippi River. The project will include a significant outdoor public space that will serve as a nexus of activity for those utilizing the river, and connect the trail system currently in place and planned immediately to the east, west, and across the river. |
| Jobs (FTEs) | 25 – Temporary construction 16 – Full-time (12 living wage) 94 – Part-time (2 living wage) |
| Net tax capacity increase | \$107,360 |
| Total housing units | 62 |
| Affordable units (80% AMI) | 0 – all market rate |
| Anticipated # bedrooms | 6 – Studio 38 – 1-bedroom 18 – 2-bedroom |
| Est. total development cost | \$18.8 million |
| Est. private funds leveraged | \$16.3 million |
| Est. other public funds | \$980,000 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • This will improve the project and help demonstrate how to increase density in a suburban location • Potential catalyst for additional development in downtown Hastings • The project will provide access to riverfront for all, helping downtown Hastings to become a regional destination |
| Funding | |
| Requested amount | \$1,485,000 |
| Previous LCA funding | \$980,000 – LCDA 2014 |
| Use of funds | |
| Amount | Uses to be completed by 12/31/2018 |
| \$1,070,000 | Parking ramp construction |
| \$150,000 | Site prep |
| \$150,000 | Architectural engineering |
| \$50,000 | Stormwater landscaping |
| \$65,000 | Furnishings, lighting |
| \$1,485,000 | TOTAL RECOMMENDED |