

Community Development Committee

Meeting date: May 20, 2019

Per Council policy, the Community Development Committee is the final authority on this item.

Subject: City of Minneapolis Request for a Project Change to the Tax Base Revitalization Account Grant, Midtown Corner Senior Housing SG-09274

District(s), Member(s): 8 -- Abdirahman Muse

Policy/Legal Reference: Minn. Stat. § 473.252

Staff Prepared/Presented: Marcus Martin, Senior Planner (651-602-1054)

Division/Department: Community Development / Regional Planning

Proposed Action

That the Community Development Committee:

1. Approve a grant amendment changing the project for the Tax Base Revitalization Account (TBRA) grant agreement SG-09274 Midtown Corner Senior Housing awarded to the City of Minneapolis; and
2. Authorize its Community Development Division Director to amend the grant agreement on behalf of the Council.

Background

In January 2018, the Metropolitan Council granted \$85,600 from the Tax Base Revitalization Account (TBRA) to the City of Minneapolis for contamination cleanup of a surface parking lot contaminated with fill soils from prior uses. The lot was expected to be developed into 90 affordable apartments known as the Midtown Corner Senior Housing project located at the intersection of 26th Avenue South and 29th Street East ([Business Item 2017-290](#)).

In February 2019, after multiple attempts by the real estate developer to secure additional financing for the original proposal, the City of Minneapolis requested an amendment to the grant to change the proposed use from 90 units of senior housing to 191 units of workforce housing now known generally as Midtown Corner. The proposed changes to the development will:

- Increase of the number of apartment units from 90 to 191. (Forty of the units affordable to families earning 51% to 60% of the area median income (AMI) will be income-restricted for 10 years. However, per LCA policy when evaluating grant proposals or amendments, units that are not income- and rent-restricted for a minimum of 15 years are not considered affordable units. The remaining 151 units will be priced at market rents affordable to families earning 61%-80% of AMI.)
- Reduce commercial space from 15,000 square feet to 8,600 square feet
- Reduce future jobs from 40 to 23 new full-time equivalent (FTE) jobs (-43%)
- Increase the future net tax capacity from \$138,700 to \$250,950
- Not require a new cleanup plan

Livable Communities grant amendment guidelines approved by the Community Development Committee (CDC) ([Business Item 2011-302](#)) require TBRA project changes to be approved by the Community Development Committee if the

proposed changes reduce the total percentage of affordable housing units from the Project as originally proposed.

Rationale

The original project received the highest evaluation score of all applications in the fall 2017 funding cycle. The revised project will result in a high level of tax base increase, private investment, and modest additions of affordable units and jobs to the Longfellow area in Minneapolis. Staff would have recommended the revised project for funding to the Community Development Committee in that grant round.

Thrive Lens Analysis

Investing in cleaning up contamination on undeveloped surface parking lots advances several Thrive outcomes including Stewardship of prior infrastructure investments, and increased opportunities for Prosperity and Livability by encouraging redevelopment and infill.

Funding

In 2018, the Council approved a grant of \$85,600 for this project. With approval of this business item, there are no changes to the funding amount of this grant.

Known Support / Opposition

No opposition has been submitted for the amendment.

Revised Project Summary

Grant # SG-09274
Grant Type Contamination Cleanup
Applicant Minneapolis
Project Name Midtown Corner
Project Location 2601 East 29th Street, Minneapolis
Council District 8 – Abdirahman Muse

Project Detail		
Contaminant history	The 0.7-acre site is currently used for surface parking but historically has been used for a variety of commercial purposes including auto repair and sheet metal business and a former machine shop and a gas station. The contaminants of concern identified include petroleum, metals, polycyclic aromatic hydrocarbons in the soil and petroleum compounds in the ground water.	
Redevelopment project to start construction by the end of the grant term	Expected benefits include 90 affordable apartments and 15,000 square feet of commercial space.	Expected benefits include 191 mixed-income apartments and 8,600 square feet of commercial space.
Jobs (FTEs)	40	23
Net tax capacity increase	\$138,700	\$250,950
Acres cleaned	0.7	0.7
Total housing units	90	191
Affordable units	90 at 31% - 50% AMI	0
Funding		
Requested amount	\$103,150	
Funding partner requests	\$98,800 from DEED; \$54,323 Hennepin Environmental Response Fund	
Previous LCA funding	\$0	
Comments	Costs associated with soil excavation and soil vapor mitigation are <u>not</u> eligible for grant funding.	
Use of Funds		
Amount	Uses to be completed by the end of the grant term.	
\$85,600	For Response Action Plan development, transport, and disposal of contaminated soil.	