

## Community Development Committee

Meeting Date: April 6, 2019

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

**Subject:** Project change and term extension for 510 West Lake Street Apartments (SG-09262)

**District(s), Members(s):** 7, Robert Lilligren

**Policy/Legal Reference:** Minn. Stat. § 473.252

**Staff Prepared/Presented:** Josiah Waderich, Senior Project Administrator (651-602-1297)

**Division/Department:** CD/MTS Finance and Admin/Livable Communities

### Proposed Action

That the Community Development Committee:

1. Approve the project change and 12-month extension for the 510 West Lake Street Apartments grant (SG-09262) awarded to the City of Minneapolis; and
2. Authorize its Community Development Director to execute the amendment reflecting the changes on behalf of the Council.

### Background

Livable Communities grants are awarded through a competitive process. To maintain the fairness of the scoring process, grantees are required to notify Council staff of any changes to the funded project that would have impacted how it was initially scored. When Council staff are notified of a change, the project changes are reviewed against guidelines that have been established by the Community Development Committee (CDC). If the changes are considered significant, Council staff rescore the project to compare with other scores from the initial funding round in which the grant was awarded. The results are then presented to the CDC, which must then approve the change in order for the grantee to retain the grant.

The City of Minneapolis was awarded a \$215,300 Tax Base Revitalization (TBRA) Cleanup grant in the Fall 2017 funding cycle ([Business Item 2017-290](#)) for transport and disposal of contaminated soil. The project as originally proposed included new construction of 128 affordable apartments. The City submitted a request for a project change and 12-month extension on February 28, 2020, informing staff the number of affordable units located on the project site will be reduced from the original proposal. Reduction in the percentage of affordable units is a significant change that requires approval by the CDC. No changes are expected in the total cleanup costs.

The project change resulted from the development expanding from a single building to a larger three-phase project. The project as originally funded is now Phase II of a three phase development. Phase II will change from 128 affordable units to 131 market-rate units with 1,000 square feet of commercial space. Phase I to the east of the project site is underway and will deliver 111 affordable units. Phase III, just west of the project site, is in the planning stages and is planning to construct 95 affordable units. While only Phase II is part of the project change under consideration, the number of total affordable units produced in Phases I and III as currently proposed would be greater than the original proposal funded by the grant.

## **Rationale**

The impact of the project change was determined by rescoring the new project (Phase II only, as discussed above) based on the criteria approved in the LCA Grant Amendment Process. The criteria used for evaluation are jobs created, tax base increase, and the number of affordable housing units produced. The score is then compared against the other projects it was competing against in the original grant round to estimate if it still would have been funded.

The original score for the project was 91. The revised score was 84, resulting from a decrease in the affordable housing component and an increase in the tax base component from the original. While the revised score is less than the original score, it is still greater than the lowest ranking project recommended for funding in the same grant round, which received a score of 75. Therefore, the new project would have been recommended for funding in the original grant round.

## **Thrive Lens Analysis**

Taking all three phases in account, the project supports livability by helping to bring a mix of housing opportunities to a rapidly developing Minneapolis neighborhood. Redevelopment of brownfield sites in areas well-served by transit also supports stewardship of existing transit infrastructure and sustainability through the cleanup of contaminated site and potential for decreasing emissions when compared to greenfield developments. An increase in tax base supports regional prosperity and allows cities to invest in needed public services.

## **Funding**

There is no impact to funding.

## **Known Support / Opposition**

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