

Community Development Committee

Meeting Date: April 5, 2021

Per Livable Communities Act Grant Amendment Process (Business Item [2012-296](#) and [2014-182](#)) the Community Development Committee is the final authority on this item.

Subject: Project Change for Malcolm Yards Housing Contamination Cleanup Grant (SG-13993)

District(s), Members(s): 8, Abdirahman Muse

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 as detailed in this report for the Malcolm Yards Housing grant (SG-13993) awarded to the City of Minneapolis; and
2. Authorize the 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 \$191,700 Tax Base Revitalization (TBRA) Cleanup grant in the Spring 2020 funding cycle ([Business Item 2020-171](#)) for additional waste characterization sampling of foundry sands, contaminated soil remediation, active soil vapor mitigation, related environmental oversight, and post-construction vapor sampling. The project as originally proposed included 143 market-rate apartments, 30,000 square feet of ground level commercial space, and an estimated 111 full-time equivalent (FTE) jobs created. The City submitted a request for a project change on November 14, 2020, informing staff that commercial space will be reduced, decreasing the number of jobs and net tax capacity expected from the development. The number of market rate units also significantly increased from the original proposal. Changes to the commercial space and jobs numbers were driven by the pandemic and investor's reluctance to finance new commercial space in the current economic climate. The reduction in the number of jobs from 111 to 28 is a significant change that requires approval by the CDC. No changes are expected in the total cleanup costs.

Rationale

The impact of the project change was determined by rescoring the new project using 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 85. The revised score was 77, resulting from a decrease in the jobs 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 70. Therefore, the new project would have been recommended for funding in the original grant round.

Thrive Lens Analysis

Investigating and cleaning up contamination to encourage new residential choices and business opportunities supports stewardship of prior infrastructure investments, increases Prosperity and Livability, and encourages redevelopment and infill. An increase in tax base supports regional prosperity and allows cities to invest in needed public services.

Funding

There is no impact to funding. The proposed changes affect only the project scope and have no impact on the award amount given to the project.

Known Support / Opposition

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