

Business Item

Community Development Committee



Committee Meeting Date: December 19, 2022

For the Metropolitan Council: January 11, 2023

Business Item: 2022-340

Funding Recommendations for 2022 Round Two Tax Base Revitalization Account

District(s), Member(s): All

Policy/Legal Reference: Livable Communities Act, Minn. Stat. § 473.25

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

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

1. Award six (6) Tax Base Revitalization Account grants totaling \$2,077,600 as shown in Table 1 below.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Table 1. Tax Base Revitalization Account Grant Recommendations

Applicant	Seeding Equitable Environmental Development	Recommended Amount
Minneapolis	1301 W Lake	\$28,900
Applicant	Environmental Investigation	Recommended Amount
Saint Paul	892 7 th Street E	24,900
Applicant	Contamination Cleanup	Recommended Amount
Saint Paul Port Authority	Hillcrest	\$750,000
Rogers	Rogers Main Street Redevelopment	\$231,400
North Saint Paul	7 th Ave Redevelopment	\$179,000
Brooklyn Center	North 100 Business Park	\$863,400
Total Recommended (All Grant Categories)		\$2,077,600

Background

The 1995 Livable Communities Act (LCA) funds community investment that revitalizes economies, creates viable housing options, and links land use and transportation. Under State statute, communities choosing to participate in the program are eligible to compete for LCA funds. Participation is voluntary.

The Tax Base Revitalization Account (TBRA) is one of three active accounts established by the Livable Communities Act (LCA). The TBRA provides grants to clean up and redevelop contaminated land and buildings. The Council adopted 2022 TBRA guidelines, criteria, schedule, and evaluation process as part of the 2022 Livable Communities Act Fund Distribution Plan (FDP) ([Business Item 2022-50](#)) this year. The Council awards funds for TBRA in two rounds each year. The attached Review Record describes the Round 2 applications and recommended awards for the 2022 grant cycle.

Rationale

The Council awards TBRA grants based on how well the proposals meet the requirements of the LCA and the Council's development goals described in Thrive MSP 2040. Each of the recommended proposals received in the first funding cycle of 2022 implements Council policy by working with local communities to accommodate growth in a flexible, connected, and efficient manner. All the recommended projects comply with guidelines established in the 2022 Fund Distribution Plan.

As outlined in the 2022 Fund Distribution Plan, the Council planned two rounds of TBRA funding in 2022 offering \$5.5M for the year. There is an award limit of 50% per city and 75% for the cities of Minneapolis and St Paul per round. In the spring funding cycle, \$2,610,800 was awarded.

Thrive Lens Analysis

Investigating and cleaning up contamination to encourage new residential choices and business opportunities supports stewardship of prior infrastructure investments, increased Prosperity and Livability, and encourages redevelopment and infill. Investments in equitable development areas or areas of concern for environmental justice as well as investments supporting a mix of housing affordability also support the Equity outcome identified in Thrive.

Funding

Funds are available in the Livable Communities authorized 2022 budget and Livable Communities reserve accounts. Reserve funds may need to be added in future budget amendments if grantee draws are forecasted to exceed annual authorized budgets for Livable Communities multi-year grants. In the spring funding cycle, \$2,610,800 was awarded resulting in \$2,889,200 remaining for the current funding cycle.

The 6 projects recommended for funding total \$2,077,600. The remaining amount (\$811,600) would be available for future programming.



Review Process

Council staff issued an initial notice of funding availability in March 2022, and a follow-up notice for the second round of funding in August. Technical assistance was offered in a workshop in September for prospective applicants, in collaboration with the Minnesota Department of Employment and Economic Development (DEED), Hennepin County, and Ramsey County. Staff also provided additional technical assistance to applicants when requested prior to the application deadline.

The Council received 8 applications in November totaling \$2.5M in requests. Two applications (Emerson Village Apartments, Oxboro Heights) were withdrawn by the applicant during the evaluation process and are omitted from Table 2 below.

Table 2. Application Summary

Grant Category	Submitted Applications	Eligible Applications	Applications that met the minimum score	Applications recommended for funding
SEED	1	1	1	1
Investigation	1	1	1	1
Cleanup	4	4	4	4

Staff reviewed the cleanup applications in November and December using the following general evaluation categories approved in the Fund Distribution Plan:

- Project outcomes and impact
 - Increase to the tax base
 - Jobs and/or affordable housing
 - Compact, connected development
- Environmental & livability
- Project process
- Project capacity

Council staff in Environmental Services, Transportation, Regional Parks, Local Planning Assistance, and the Livable Communities Act team also reviewed submissions and provided evaluation comments. Minnesota Department of Employment and Economic Development (DEED), the Council's largest brownfield funding partner in the metro area (as measured by funding available) and staff from the Minnesota Pollution Control Agency (MPCA), provided additional comments. Local Planning Assistance staff reviewed projects for consistency with each City's comprehensive plan.

Reviewer comments: Staff noted that two of the projects recommended for funding (North 100 Business Park, Hillcrest) will require comprehensive plan amendments to be consistent with the respective 2040 comprehensive plans. Some concerns regarding ongoing or potential impacts to regional systems were raised regarding the projects recommended for funding during the review. For example during the environmental review of the Hillcrest project, Council staff noted that the Hillcrest redevelopment site drains to the Mississippi River and Beaver Lake. Beaver Lake was removed from the impaired waters list in 2014. To protect improvements in water quality, the developer should recognize the recent change in impaired waters status while designing the district water system to ensure that water leaving the site does not threaten both bodies of water.

All proposals met or exceed a minimum score needed to be recommended for funding.



Project Recommendations

The following projects are recommended for TBRA funding:

Table 3. SEED Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding
1	Minneapolis -- 1301 W Lake ±	36	\$28,900	\$28,900

± Located in a Transit-Oriented Development Area.

Table 4. SEED Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Saint Paul - 892 7th Street E ±	51	\$24,923	\$24,900

* Recommended funds are rounded down to the nearest \$100.

± Located in a Transit-Oriented Development Area.

Table 5. Contamination Cleanup Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Saint Paul Port Authority – Hillcrest	111	\$750,000	\$750,000
2	Rogers – Rogers Main Street Redevelopment	85	\$231,405	\$321,400
3	North Saint Paul – 7 th Ave Redevelopment	82	\$179,000	\$179,000
4	Brooklyn Center – North 100 Business Park ±	79	\$884,931	\$863,400

* Recommended funds are rounded down to the nearest \$100.

± Located in a Transit-Oriented Development Area.

^ Not eligible for funding

Additional Funding Considerations

As outlined in the Fund Distribution Plan, the Council approved the following funding for 2022:

- \$5.0M for TBRA investigation and cleanup activities, with up to \$250,000 of that amount set aside for the site investigation. The approved plan included two funding cycles for the calendar year: half of the investigation and cleanup category funds (\$2,500,000) available to be awarded in the current cycle and half available in the second cycle.
- \$500,000 for Seeding Equitable Environmental Development (SEED) to encourage development on strategic sites. Similarly, the approved plan two funding cycles for the calendar year: half of the SEED funds (\$250,000) available to be awarded in the current cycle and half in the second cycle.

Sufficient funding is available to fund all the grant requests.

Statutory limits

The LCA statutes limit funding when competition for funds exceeds the amount available. To comply with the statute, no more than 75% of the available TBRA funding may be awarded to Minneapolis and Saint Paul, and no more than 50% of the available funding may be awarded to a single city.

In this grant cycle, the total amount requested after subtracting the requests that were withdrawn, \$2.2M, is below the amount of funding made available, \$2.75M. The statutory limits for a single city and awards to the central cities does not apply when funds are undersubscribed. Furthermore, the recommended funding would have met the statutory guidance if applicable.

Table 5. TBRA Funding Recommendations and Statutory Funding Limits

Statutory Funding Limit Types	Statutory Funding Limit Percentage	Recommended Award Amount	Percentage of Recommended Award Amount
Combined Total Award for Minneapolis and Saint Paul	75%	\$803,800	39%
Single City (St Paul)	50%	\$774,900	37%

Partner funding

In addition to TBRA funding, other sources of public funding are available to investigate and clean up contaminated sites. In the current funding cycle, there are projects that have also applied for state and/or county cleanup funding. By statute, the Council must consider the probability of funding from other sources when making grants (Minn. Stat. § 473.252, subd. 3). For projects that are a priority for the Metropolitan Council, the Council has the discretion to increase funding to make up for shortfalls or reduce Council funding due to sources expected from other funding partners. Priorities are evaluated using Council evaluation criteria, and funding awarded by the Council is limited to TBRA-eligible cleanup expenses. As of the writing of this report, funding partners DEED, Hennepin County and Ramsey County are near completing their funding recommendations. The TBRA funding recommendations incorporate a consideration of funding expected from other sources.

Affordable Housing Need

To compete for LCA funding, each community negotiates long-term affordable and life-cycle housing goals with the Council. The Council uses the community's Need for Affordable Housing (Housing Need) as the basis for negotiating the Goal, and the community and Council also consider availability of resources to develop affordable housing as a factor in determining Affordable Housing Goal ranges.

The housing units proposed in this grant cycle are projected to be available for occupancy in the year 2023 - 2024. The following table shows the projected affordable housing need for the decade between 2021 and 2030 and the number of proposed affordable units that are expected to be built within each city for projects recommended for funding within a 3-year grant term. If completed as planned, the proposed affordable units supported by TBRA grant funding will address part of the affordable housing need in the current decade.



Table 6: Affordable Housing Need 2021-2030 and Total Proposed Affordable Units for TBRA Cleanup Projects Recommended for Funding by City

City	Housing Units	Total Affordable	At or below 30% of AMI	31% to 50% of AMI	51% to 80% of AMI*
North Saint Paul	Proposed Units	20	0	0	20
	Need Met by TBRA	80%	0%	0%	200%
	Total Affordable Units Needed	25	13	2	10
Rogers	Proposed Units	40	10	30	0
	Need Met by TBRA	6%	3%	14%	0%
	Total Affordable Units Needed	630	354	207	69
Saint Paul Units Proposed**	Proposed Units	66	13	20	33
	Need Met by TBRA	3%	2%	16%	3%
	Total Affordable Units Needed	1,973	832	128	1,013
TOTAL Units Proposed		445	23	50	33
Total Need Met by TBRA			2%	15%	3%
Total Need for Grantee Cities		2,628	1,199	337	1,092

* Only units affordable to households with income 51% to 60% of AMI included for proposed units per grant distribution criteria

** Units proposed for St Paul are estimate based on a proportion after completion of the 10-year project. Actual levels of affordability have yet to be determined.

Demonstrated Need for TBRA funding

Eligible applications need to demonstrate that the project requires TBRA funding for the project to be completed as proposed. This determination is made by reviewing the applications, verifying eligible costs and sources, and obtaining additional information from the various partners.

For cleanup assistance requests, staff first compares the amount of the eligible cleanup funding requested to the overall project costs. Where the eligible cleanup costs are 1% or less of the total development costs, the program expectation is that the cleanup cost can be reasonably absorbed in the development costs without Council assistance. The second measure considered is the amount of funding committed from other public and private sources to conduct the environmental work.

All the applications recommended demonstrated a need for TBRA funding.



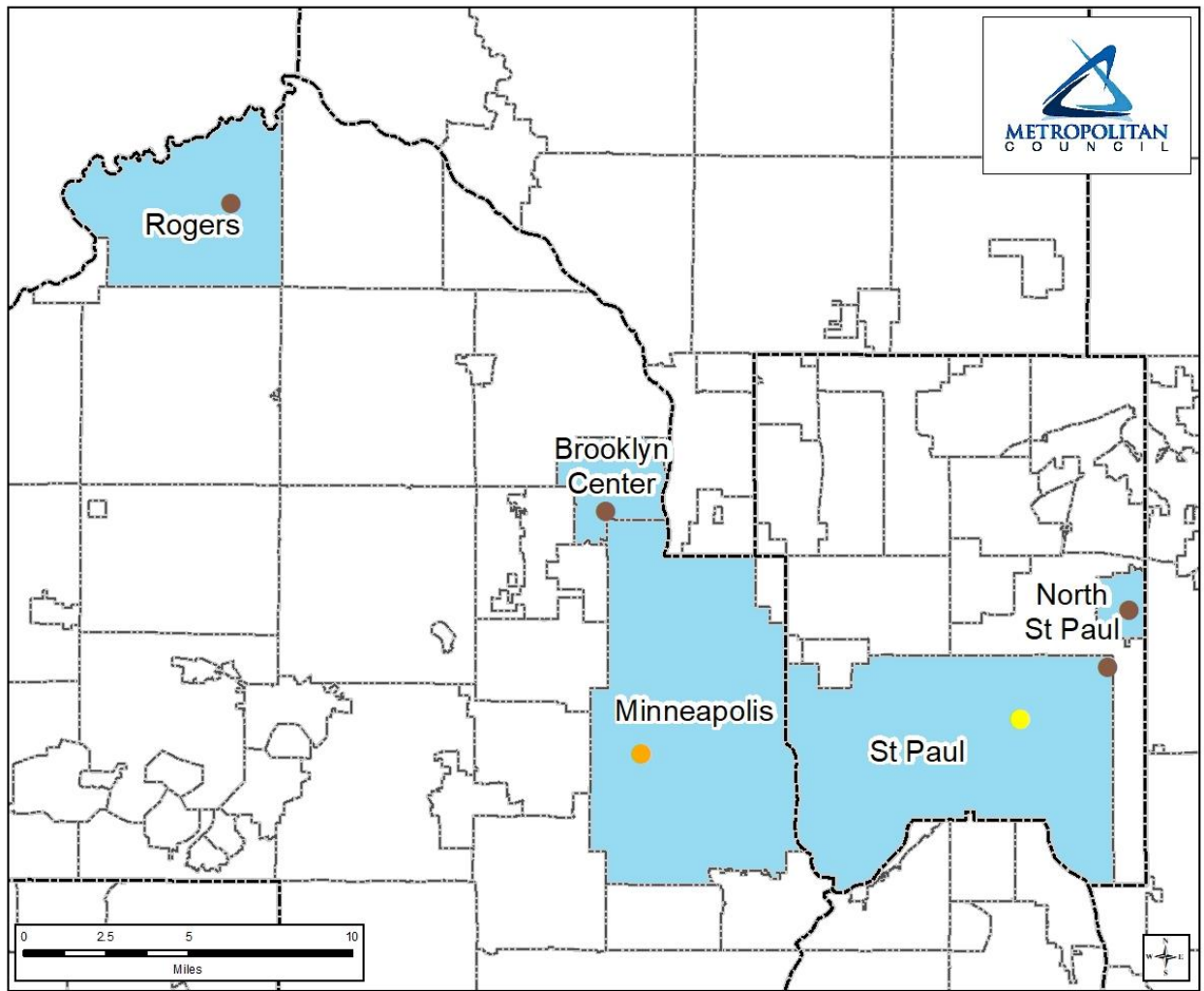
Projects Recommended for TBRA funding

A summary follows for each project recommended for funding, listed alphabetically by applicant and grant type. See Figure 1 for a map of recommended projects. For evaluation purposes, please note:

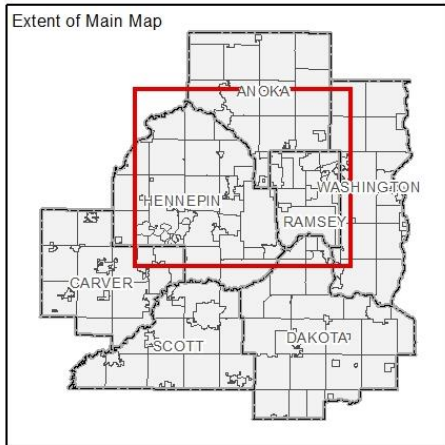
- The grant-funded activities for each of the projects are expected to be completed within the grant term, and each redevelopment project facilitated by the grant must at least start construction within the grant term (for example, the term is three years for cleanup grants).
- Recommended funds are rounded down to the nearest \$100.
- It is possible that not all the total estimated cleanup costs submitted in an application are eligible for reimbursement due to several factors. These can include the responsibility by the individual or organization that caused the pollution; the type of contamination; the date the costs were incurred; costs that are not part of a Response Approval Plan approved by the Minnesota Pollution Control Agency or Minnesota Department of Agriculture; costs for soil management that are not demonstrated to exceed or do not exceed regulatory thresholds or cleanup guidance, ineligibility according to our grant administration guidelines; or insufficient documentation of the proposed costs.
- For cleanup grants, increases in the annual net tax capacity were calculated using a comparison of the net tax capacity assessed in 2022 with the future estimated net tax capacity for improvements that will be completed within a three-year grant term.
- Full-time equivalent (FTE) jobs are based on the number of full-time and part-time hours divided by a 40-hour work week.
- For grant evaluation purposes in 2022, living wage jobs have an annual wage equal to 185% of the federal poverty level for a family of four per job.
- For grant evaluation purposes, affordable units include units affordable to a household of four earning 60% of the regional area median income or less. The number of proposed units by affordability tiers are specified in each project summary.
- Funding Partner Requests listed in the summaries are limited to costs associated with brownfield investigation and/or cleanup.



Figure 1. Map of Recommended TBRA Projects



12/13/2022



Grant Type

- TBRA Cleanup
- TBRA Investigation
- TBRA SEED
- Cities with a Project Recommended for Funding



Project Summary

Grant #	
Grant Type	SEED
Applicant	City of Minneapolis
Project Name	1301 W Lake
Project Location	1301 and 1409 West Lake Street, Minneapolis
Council District	6 – John Pacheco Jr.

Project Detail	
Contaminant history	The 1-acre vacant parking lot historically was used for auto sales & repair and a laundry service. Potential contaminants of concern include asbestos, metals (mercury), polycyclic aromatic hydrocarbons (PAHs), and polychlorinated biphenyls (PCBs) in the fill soil and chloroform in groundwater.
Funding	
Estimated project amount	\$28,900
Recommended amount	\$28,900
Funding partner requests	\$0
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For Phase I Environmental Site Assessment (ESA), Phase II ESA including soil vapor sampling, and related environmental oversight.
Comments	Reimbursement limited to eligible environmental costs incurred after the date of award.



Project Summary

Grant #	
Grant Type	Contamination Investigation
Applicant	City of Saint Paul
Project Name	892 7th Street E
Project Location	892 East 7th Street, Saint Paul
Council District	13 – Chai Lee

Project Detail	
Contaminant history	The 2.2-acre vacant site was primarily used for parking for various commercial businesses, and a social club before becoming vacant greenspace in 2013. Potential contaminants of concern include asbestos, polycyclic aromatic hydrocarbons (PAHs), and diesel range organics (DRO) in historic fill soil. Partial soil remediation was completed by the Saint Paul Port Authority for a future industrial use. Additional investigation is required to determine what cleanup is needed to make the property safe for residential use.
Potential redevelopment project	Potential benefits include the construction of 60 affordable apartments with supportive services, and 40,000 square feet of multi-tenant commercial space
Funding	
Estimated Project Amount	\$33,232
Recommended amount	\$24,900
Funding partner requests	\$0
Match	\$8,309 (or 25% of total eligible costs requested for reimbursement, whichever is less)
Previous LCA funding	\$0
Use of Funds	
Eligible Uses (to be completed by the end of the grant term)	For Phase I Environmental Site Assessment (ESA), Phase II ESA workplan, Phase II ESA including soil vapor sampling, Response Action Plan (RAP), and related environmental oversight.
Comments	None.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	Saint Paul Port Authority
Project Name	Hillcrest
Project Location	2200 Larpenieur Avenue East, Saint Paul
Council District	13 – Chai Lee

Project Detail	
Contaminant history	The 112-acre site is a closed 18-hole golf course with clubhouse, maintenance, and other vacant auxiliary buildings. Contaminants of concern include mercury from past fungicide applications in the soil and isolated areas with polynuclear aromatic hydrocarbons (PAHs) and residual petroleum-impacts from prior closed leak sites.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the construction of 323 housing units (including 65 affordable units) and 429,000 SF of industrial space on 35 out of 112 acres with additional open space in Development Phase 1 within a 3-year grant term.
Jobs (FTEs)	484
Net tax capacity increase	\$1,341,667
Acres cleaned	112
Total housing units	323
Affordable units	65 (More specific affordability has not yet been defined.)
Funding	
Recommended amount	\$750,000
Funding partner requests	\$663,993 from DEED
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For environmental investigation, soil remediation, and related environmental oversight.
Comments	Investigation costs are limited to costs incurred within 180 days of grant application. Costs for remediation of soil with mercury with concentrations above safe standards for redevelopment (3.1 mg/kg) accumulated through repeated legally-applied fungicides are eligible for grant funding. The cost associated with total volume of clean backfill eligible for grant reimbursement is limited an amount equal or less than the total volume of contaminated soil removed.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Rogers
Project Name	Rogers Main Street Redevelopment
Project Location	13001 Main Street, Rogers
Council District	1 – Judy Johnson

Project Detail	
Contaminant history	The 1.9-acre site has had various historic commercial uses. Currently, the site includes four city-owned buildings (a metal pole barn used for storage by city public works and three single-story buildings that were used for city police, fire, and city hall that later became a senior center), and three multi-use commercial buildings with parking. Contaminants of concern include asbestos within the buildings, petroleum-related volatile organic compounds (VOCs), diesel range organics (DRO), gasoline range organics (GRO), polycyclic aromatic hydrocarbons (PAHs), metals (barium, cadmium, lead) in the soil; and non-petroleum VOCs and 1,2,3-trichloropropane, dissolved barium, and dissolved cadmium above their respective Minnesota Department of Health (MDH) Health Risk Limits (HRLs) in the ground water.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the construction of 40 affordable senior apartments, 3,000 square feet of multi-tenant commercial space, and a 3,700 square foot senior center and new green space with a plaza.
Jobs (FTEs)	9
Net tax capacity increase	\$68,250
Acres cleaned	1.9
Total housing units	40
Affordable units	40 (10 at 30% Area Median Income (AMI) or below; 30 at 31%-50% AMI)
Funding	
Recommended amount	\$231,400
Funding partner requests	\$0 (\$286,700 previously awarded by Hennepin County)
Previous LCA funding	LCDA (\$942,500) in 2019; LHIA (\$1.5M) in 2021.
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For prior asbestos sampling, response action plan development, asbestos abatement, soil remediation, and related environmental oversight.
Comments	Project area excludes the building on part of parcel 2312023240048 used as an antique business. Investigation costs are limited to costs incurred within 180 days of grant application. Costs associated with dewatering or soil vapor mitigation are not eligible for grant funds.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of North Saint Paul
Project Name	7 th Ave Redevelopment
Project Location	2503, 2509, 2515, and 2517 7th Avenue East, North Saint Paul
Council District	11 – Susan Vento

Project Detail	
Contaminant history	The 0.7-acre site includes four parcels with vacant restaurant and apartment on one side and mostly vacant commercial/ industrial buildings on the other. Historically, the western part of the site included a gas station. Remaining tenants include a paint-sprayer assembly business and a barber shop. Contaminants of concern include asbestos within the existing buildings and petroleum-related VOCs in the soil and groundwater and chlorinated VOCs in the soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the construction of 75 apartments, 7 live/work units and 1,500 square feet of commercial space
Jobs (FTEs)	10
Net tax capacity increase	\$284,310
Acres cleaned	0.7
Total housing units	82
Affordable units	20 units affordable at 80% of Area Median Income (AMI) (considered as market-rate for grant evaluation purposes)
Funding	
Recommended amount	\$179,000
Funding partner requests	\$170,020 from DEED and \$75,000 from Ramsey ERF
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For asbestos abatement, soil-remediation, underground storage tank (UST) removal, soil vapor mitigation (including post-mitigation testing) and related environmental oversight.
Comments	Management and disposal of hazardous and regulated waste stored at the property are not eligible for grant funding.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Brooklyn Center
Project Name	North 100 Business Park
Project Location	1297 Brookdale Center, Brooklyn Center
Council District	2 – Reva Chamblis

Project Detail	
Contaminant history	The 15.3-acre site includes a vacant retail store and an auto repair building. Contaminants of concern include asbestos within the existing buildings.
Redevelopment project to start construction by the end of the grant term	Expected benefits include the construction of 230,000 square feet of multi-tenant industrial space in 2 buildings
Jobs (FTEs)	230
Net tax capacity increase	\$600,000
Acres cleaned	15.3
Total housing units	0
Affordable units	0
Funding	
Recommended amount	\$863,400
Funding partner requests	\$0
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For additional environmental investigation, asbestos abatement, and related environmental oversight.
Comments	Investigation costs incurred more than 180 days prior to the application deadline are not eligible for grant reimbursement. Soil investigation results were not yet available. Soil remediation, if needed, is not eligible for reimbursement.

