

# Business Item

Community Development Committee



**Committee Meeting Date:** April 1, 2024

**For the Metropolitan Council:** NA\*

\*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.

## Business Item: 2024-94

Amend Grant Funded Activities of The LOMA LCA Pre-Development Grant (SG-19095)

<b>District(s), Member(s):</b>	District 6, Robert Lilligren
<b>Policy/Legal Reference:</b>	Minn. Stat. § 473.253
<b>Staff Prepared/Presented:</b>	Samuel Johnson, Principal Grants Administrator (651-602-1757)
<b>Division/Department:</b>	Community Development / MTS Finance and Admin/Livable Communities

### Proposed Action

That the Community Development Committee approve amending The LOMA (SG-19095) Livable Communities Act Pre-Development grant project summary (Attachment B) to update the budget.

### Background

The Metropolitan Council awarded the City of Minneapolis a \$150,000 Livable Communities Act Pre-Development (LCA Pre-Dev) grant in June of 2023 (Business Item [2023-120](#)) for The LOMA project. The grant funds developer mentoring, community engagement, market study, site planning, and building design for a potential affordable housing development serving a targeted population and offering neighborhood-scale commercial spaces.

On February 8, 2024, the City of Minneapolis requested an amendment to shift all \$35,000 in funds dedicated to community engagement towards building design (attachment A). They explained that the developer requested the shift in December of 2023 because a grant from Local Initiatives Support Corporation (LISC) Twin Cities had paid for the community engagement, which LISC subsequently performed for The LOMA in the early summer of 2023. To demonstrate that the deliverables were met, Minneapolis provided a letter of support from LISC explaining the community engagement work they performed on behalf of The LOMA. They also provided LISC's summary of community input report showing the results of their engagement work.

Minneapolis reported no other changes to the project summary other than to explain how much building design costs exceed the amount we granted the project and also to emphasize the importance of shifting the full \$35,000 to support the developer. They confirmed the project is progressing, grant-funded activities will be complete within the term of the grant, and the project deliverables are being accomplished.

### Rationale

The request to shift \$35,000 of the grant award between budgeted activities constitutes a 23% change in the project budget. Committee approval is required for any budget shift above 20%.

After review, Council program staff determined that while the removal of a grant-funded activity

from the budget constitutes a significant change, because the activity was completed and documentation of the deliverable provided to us, there was no ultimate change in the development's scope or grant deliverables. Therefore, staff recommends that the amendment be approved, as requested.

### **Thrive Lens Analysis**

LCA Pre-Dev funded projects respond to several Thrive outcomes:

- Projects that demonstrate efficient and effective use of public financial resources further the Thrive Stewardship Outcome.
- Projects that redevelop and increase density further the Thrive Prosperity outcome of “[e]ncouraging redevelopment and infill development across the region.”
- Projects that provide a mix of housing affordability levels further the Thrive Equity outcome of “[c]reating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability.”
- Projects that introduce more housing types and affordability levels in existing neighborhoods further the Thrive Livability outcome of “[p]roviding housing and transportation choices for a range of demographic characteristics and economic means.”

### **Funding**

Funds are available in the Livable Communities authorized 2023 budget and Livable Communities reserve accounts to award these grants. Reserves may need to be amended into a future annual budget to meet cashflow needs on Livable Communities multi-year grants.

### **Attachments**

Attachment A. Grantee Grant Amendment Request

Attachment B. Revised Project Summary



**Attachment A. Grant Amendment Request**



Finance and Property Services Department  
 Development Finance Division  
 505 4<sup>th</sup> Avenue S - Room 620  
 Minneapolis, MN 55415  
[www.minneapolismn.gov](http://www.minneapolismn.gov)

February 8, 2024

Samuel Johnson  
 Livable Communities Program  
 Metropolitan Council  
 390 Robert Street  
 St. Paul, MN 55101-1805

**RE: Request to Modify Line Item Budget for SG-19095 for The LOMA Predevelopment**

Dear Sam,

On June 28, 2023, the City of Minneapolis was awarded a Predevelopment grant of \$150,000 on behalf of The LOMA project. The grant agreement has recently been executed. Before we executed the agreement, we disclosed that a line-item budget adjustment would be needed beyond the 20% (\$30,000) modification that can be approved administratively. We are requesting a reduction of \$35,000 to the Community Engagement budget line because a grant from LISC paid for this work before SG-19095 was executed, and an increase of \$35,000 to the Building Design for Affordable Housing budget line to cover a bit more of the Mobilize Design + Architecture (MDA) costs for design of the affordable apartment building. MDA’s proposed cost of work for activities eligible for reimbursement under the Building Design for Affordable Housing budget line is \$290,253, so there should be no concern in regard to supplanting of funds. While the \$150,000 Predevelopment grant is a valuable resource to the developer, the reality is that predevelopment work is costly and the grant will only cover a portion of the eligible costs.

Please note that the Community Engagement deliverable is included with this request.

**SG-19095 The LOMA - REBUDGET #1**

Approved Project Costs	Former	Change	Revised	Deliverable
Developer mentoring	\$ 15,000.00	\$ -	\$ 15,000.00	Development feasibility & implementation plans
Community engagement	\$ 35,000.00	\$ (35,000.00)	\$ -	Summary of design workshops and community benefits agreement (LISC paid for Community Engagement prior to grant award)
Project studies	\$ 7,000.00	\$ -	\$ 7,000.00	Market study
Site planning	\$ 40,000.00	\$ -	\$ 40,000.00	Site and stormwater management plans
Building design (affd hsg)	\$ 53,000.00	\$ 35,000.00	\$ 88,000.00	Architectural and sustainable building design plans (total contracted cost of site planning & building design is \$290,253)
<b>TOTAL</b>	<b>\$ 150,000.00</b>	<b>\$ -</b>	<b>\$ 150,000.00</b>	



Metropolitan Council

**Attachment A. Grant Amendment Request (continued)**

The following materials are included in support of this request:

- Letter from developer, VY Management, LLC
- LISC Letter of Support for The LOMA (June 2023)
- Summary of Community Input Sessions July 2023 (Community Engagement deliverable)
- MDA's Proposal for Architectural and Engineering Services dated 3/31/2023 and revised 11/22/2023
- Project Summary mark-up

The \$5,000 budget shift beyond the 20% administrative approval limit we are seeking truly does make a difference to the subrecipient BIPOC emerging developer, VY Management, so we hope you are able to bring this matter before your Community Development Committee for approval. VY Management is very anxious for MDA to be underway, so if possible, we ask that the budget adjustment be effective the date of this letter, February 8, 2024.

If you have questions about any of these materials, or would like additional information, please contact me at (763) 438-5635 and I will make sure you get the information you need.

Sincerely,



Paula Mazzacano  
Development Grants Coordinator

Cc: Jamie Radel, CPED  
Victoria Yepez, VY Management, LLC  
David Witt, MDA





12/11/2023

## CPED

505 4<sup>TH</sup> AVE.,  
SUITE 300  
MINNEAPOLIS, MN 55415

I am writing to formally request a revision to the Met Council Pre-development "Use of Funds" for The LOMA. Specifically, we propose relocating the \$35,000 community engagement budget to building design. This adjustment aligns with our completed equitable engagement activities with LISC, as detailed in the attached equitable development narrative, which predates the grant award date.

To provide further clarity, I am enclosing a contract from Mobilize Design that delineates how the funds will be more effectively utilized in the building design phase. Additionally, it's noteworthy that we have successfully secured funding from MHFA and the City of Minneapolis. With the aim of commencing construction next year, most of our predevelopment funds will be allocated to architecture costs, essential for obtaining entitlements and permits, along with consulting expenses.

I appreciate your ongoing support throughout this process, which has been instrumental in bringing us closer to the finish line. Thank you for considering this request, and I look forward to your prompt response.

SINCERELY,

A handwritten signature in black ink, appearing to read 'Victoria Yepez'.

VICTORIA YEPEZ  
DEVELOPER  
VY MANAGEMENT LLC  
[VICTORIA@VYMGMT.COM](mailto:VICTORIA@VYMGMT.COM)  
651-210-7800





**AMENDED PROJECT SUMMARY**

**Grant Number:** SG-19095  
**Type:** LCA Pre-Development  
**Applicant:** City of Minneapolis  
**Project Name:** The LOMA  
**Project Location:** 3246 Nicollet Ave, Minneapolis MN 55438  
**Council District:** 6 - Pacheco

<b>Project Detail</b>	
Project Overview	The LOMA will create 62 affordable, culturally appropriate homes for seniors that come from different cultural backgrounds and may have more than one generation living in a household. The project is being developed by VY Management and intends to offer a range of affordable housing including approximately 16 units with income limits at 30% AMI, 42 units at 50% AMI, and 4 units at 60% AMI. Additionally, 7 units will be reserved for people that are experiencing homelessness. Ground floor commercial space will be made affordable and targeted to local BIPOC small business owners. Service providers will be located on site for tenants and offer a range of vocational rehabilitation and job resources.
Support for Award	<ul style="list-style-type: none"> <li>The development includes affordable housing serving a targeted population and offers neighborhood-scale commercial spaces to serve community needs.</li> <li>The project transforms an underutilized site with greater density and intensity of uses proximity to high-frequency transit.</li> </ul>
<b>Funding</b>	
Grant Amount	\$150,000
Previous LCA Funding	None
<b>Use of funds</b>	
<b>\$150,000</b>	<b>TOTAL</b>
\$15,000	<b>Developer Mentoring</b> Deliverable: Development Feasibility and Implementation Plans
\$0 (other funds covered these activities)	<b>Community Engagement</b> Deliverable: Summary of Design Workshops and Community Benefits Agreement
\$7,000	<b>Project Studies</b> Deliverable: Market Study
\$40,000	<b>Site Planning</b> Deliverable: Site Plans, Stormwater Management Plans
\$88,000	<b>Building Design</b> Deliverable: Architectural Design and Sustainable Building Design Plans

