

Business Item

Community Development Committee



Committee Meeting Date: June 17, 2024

For the Metropolitan Council: June 26, 2024

Business Item: 2024-157

Funding Recommendations for 2024 Round One Tax Base Revitalization Account Grants

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 four Tax Base Revitalization Account grants totaling \$1,469,200 as shown in Table 1 below.
2. Authorize its Executive Director of Community Development to execute the grant agreements on behalf of the Council.

Table 1. Tax Base Revitalization Account Grant Recommendations

Applicant	Environmental Site Investigation Projects	Recommended Amount
Saint Louis Park EDA	Loffler Crossings	\$46,500
Applicant	Contamination Cleanup Projects	Recommended Amount
Minneapolis	Native American Community Clinic	\$352,800
Saint Paul	Gloryville	\$1,000,000
White Bear Lake	Wildwood Rowhomes	\$69,900

Background

The 1995 Livable Communities Act (LCA) funds community investment that revitalizes local economies, creates viable housing options, and supports closer links between 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 2024 TBRA guidelines, criteria, schedule, and evaluation process as part of the 2024 Livable Communities Act Fund Distribution Plan (FDP) ([Business Item 2024-41](#)) this year. The Council awards funds for TBRA in two grant cycle rounds each year. The attached Review Record describes the applications and recommended awards for Round 1 in 2024.

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 2024 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 2024 Fund Distribution Plan.

As outlined in the 2024 Fund Distribution Plan, the Council planned two rounds of TBRA funding in 2024, with up to \$2,750,000 available in each round. Funding not allocated in the first round is added to the amount available in the second round. Pursuant to statutes, there is an award limit of 50% per city and 75% for the cities of Minneapolis and St. Paul per round if funding requests exceed the grant amounts available. Unallocated funds will be available for future programming.

Thrive Lens Analysis

The Livable Communities Act programs represent one of the Council's primary financial tools to advance and encourage development and redevelopment that advances the Thrive principles of Livability, Sustainability, Equity, and Prosperity. Several criteria further the Council's Equity outcome by better accounting for measurable equity impacts. Finally, the LCA programs are an important way the Council advance Stewardship by making strategic investments in our region's future to ensure orderly and economical development.

Funding

Funds are available in the Livable Communities authorized 2024 budget and Livable Communities reserve accounts. Reserves may need to be amended into a future annual budget to meet cashflow needs on Livable Communities multi-year grants.

The four projects recommended for funding total \$1,469,200. The balance of available funds not awarded in this round will be available for future programming in the fall funding cycle expected at the end of the year.



REVIEW RECORD

Review Process

Council staff issued an initial notice of funding availability in March 2024. Technical assistance was offered in a workshop in February 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 five applications in May totaling \$1.6M in requests.

Table 2. Application Summary

Grant Category	Submitted Applications	Eligible Applications	Applications that met the minimum score	Applications recommended for funding
SEED	0	0	0	0
Investigation	2	2	1	1
Cleanup	3	3	3	3

Staff reviewed the applications in May and June 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. The 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. Most of the projects recommended for funding are consistent with the adopted city 2040 comprehensive plans, respectively. Concerns regarding potential impacts to regional systems were raised regarding the projects recommended for funding during the review. One of the projects (Gloryville) will require MCES review for potential encroachment on a metropolitan interceptor. Another project (Wildwood Rowhomes) will likely require an administrative comprehensive plan amendment to proceed with the residential project as proposed. Other concerns were primarily reminders to request direct connection or discharge permits when accessing the metropolitan wastewater disposal system prior to starting construction. Additional comments were directed to applicants on practices that could improve surface water quality.

Proposals must meet or exceed a minimum score (half of total points) to be recommended for funding. One investigation applicant did not achieve the required minimum score: Minneapolis Scattered Site Investigation Program.



Project Recommendations

The following projects applied for TBRA funding:

Table 3. Investigation Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Saint Louis Park EDA – Loffler Crossings ±	42	\$46,575	\$46,500
2	Minneapolis – Minneapolis Scattered Site Investigation Program ^	27	\$100,000	\$0

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

± Located in a Transit-Oriented Development Area.

^ Project score was below the minimum score required to be recommended for funding

Table 4. Contamination Cleanup Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Minneapolis - Native American Community Clinic ±	109	\$410,040	\$352,800
2	Saint Paul – Gloryville	106	\$1,000,000	\$1,000,000
3	White Bear Lake - Wildwood Rowhomes	75	\$69,920	\$69,900

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

± Located in a Transit-Oriented Development Area.

Additional Funding Considerations

As outlined in the Fund Distribution Plan, the Council approved the following funding for 2024:

- \$5.5M for TBRA investigation and cleanup activities, with up to \$500,000 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 (\$2,750,000) 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 the grant recommendations.

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 (\$1.6M) is below the amount of funding made available (\$3M). The statutory funding limits for a single city and central cities do not apply when funds are undersubscribed.

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 2026. 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 5: 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*
Minneapolis	Proposed Units	83	33	42	8
	% Need Met by TBRA Project	2%	2%	9%	1%
	Total Affordable Units Needed	3,499	1,551	494	1,454
Saint Paul	Proposed Units	23	39	25	0
	% Need Met by TBRA Project	1%	5%	20%	0%
	Total Affordable Units Needed	1,973	832	128	1,013
TOTAL Units Proposed		106	72	67	8
% Total Need Met by TBRA		2%	3%	11%	0.3%
Total Need for Grantee Cities		5,472	2,383	622	2,467

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

Demonstrated Need for TBRA for 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 compare 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.

Project Not Recommended for TBRA Funding

No funding is recommended for the following project:

Minneapolis Scattered Site Investigation Program

Applicant: Minneapolis

Determination: Did not meet the minimum score to be eligible.

Rationale:

1. Low readiness. Many unknown costs and development outcomes at this early stage of development
2. Unclear need for funding for initial identified investigation site. Did not sufficiently identify potential environmental health risk posed by contaminants.

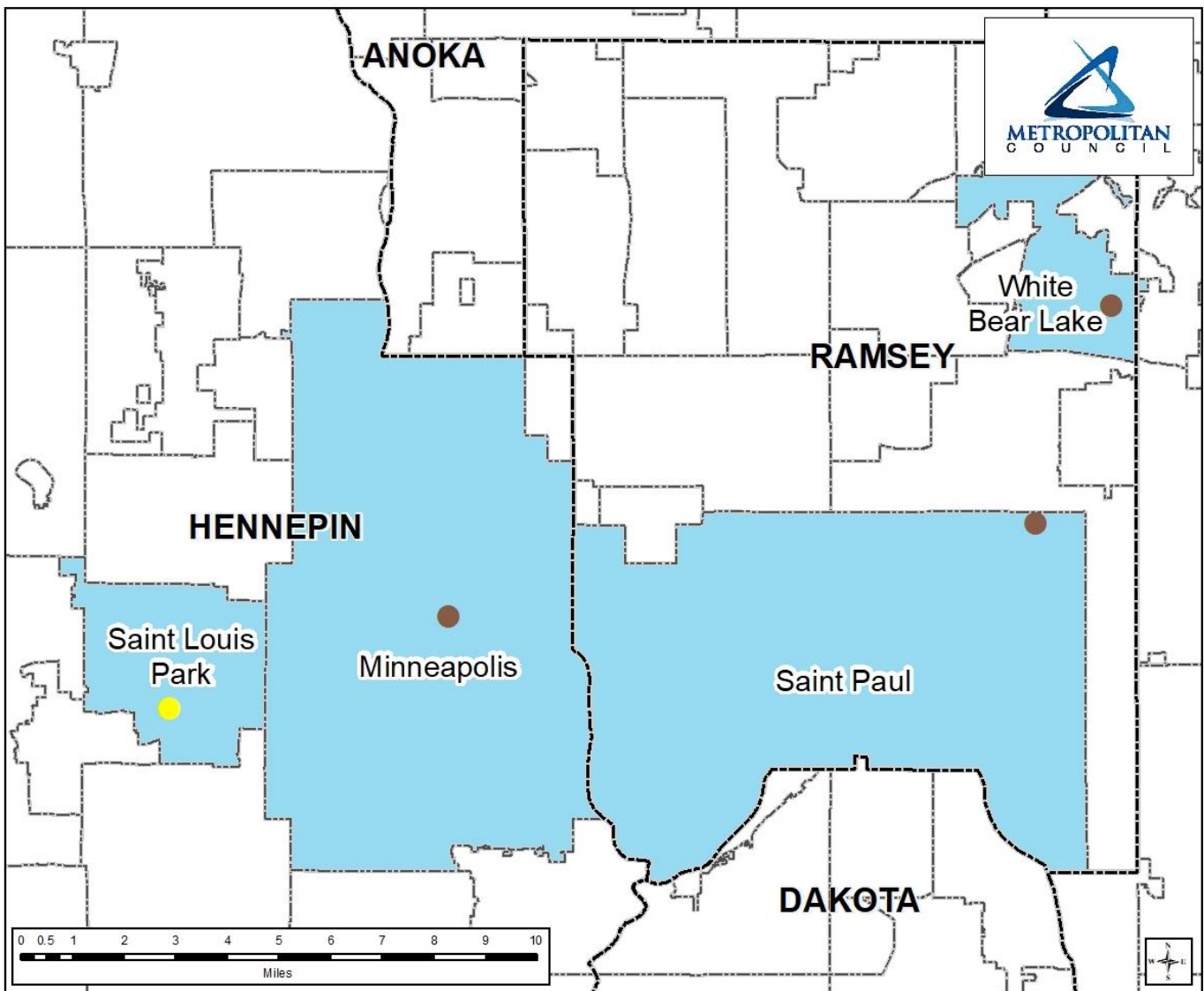
Projects Recommended for TBRA Funding

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:

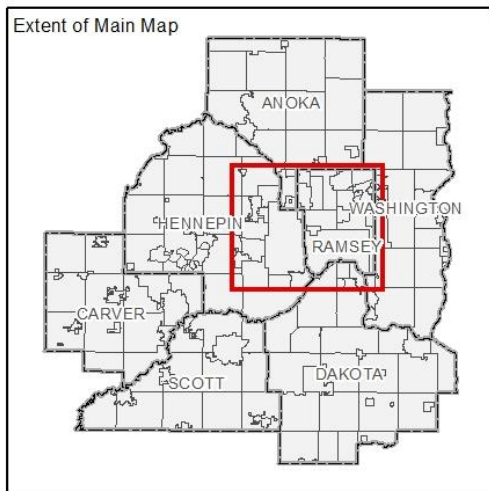
- The grant-funded activities for each of the projects are expected to be completed within the grant term, and each redevelopment project facilitated by the grant must at least start construction within the grant term (for example, three years for cleanup grants).
- Recommended funds are rounded down 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 factors 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 were not demonstrated to exceed or do not exceed regulatory thresholds or cleanup guidance, estimates of contaminated soil volume do not match areas or volumes confirmed to be contaminated during investigation sampling provided for review, 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 using valuations assessed in 2024 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 2024, 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



5/31/2024



Grant Type

-  Cleanup
-  Investigation
-  City with Project Recommended for Funding

Project Summary

Grant #	
Grant Type	Contamination Investigation
Applicant	Saint Louis Park EDA
Project Name	Loffler Crossing
Project Location	3745 Louisiana Avenue South, Saint Louis Park
Council District	8 – Anjuli Cameron

Project Detail	
Contaminant history	The 2-acre vacant parking lot recently included a fueling area. Historically, the site included rail lines and acetylene manufacturing operations that generated a large amount of calcium hydroxide “tailings” or “white ash” buried on site and a glass manufacturer. Potential contaminants of concern based on recent investigations of current and adjacent parcels include calcium hydroxide, residual petroleum impacts and metals (lead) in the soil; diesel-range organics (DRO), polycyclic aromatic hydrocarbons (PAHs), and volatile organic compounds (VOCs) from an adjacent site in the groundwater; and VOCs in the soil vapor.
Potential redevelopment project	Potential benefits include 170 apartments and ground-level commercial space.
Funding	
Estimated Project Amount	\$62,100
Recommended amount	\$46,500
Funding partner requests	\$0
Match	\$15,600 (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 II Environmental Site Assessment (ESA) including Phase II ESA work plan, Response Action Plan (RAP) and related environmental oversight.
Comments	Site investigation costs incurred within 180 days of the date of application may be eligible as part of the required matching costs.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Minneapolis
Project Name	Native American Community Clinic
Project Location	1213 E Franklin Ave, Minneapolis
Council District	6 – Robert Lilligren

Project Detail	
Contaminant history	The 2-acre commercial site historically included drycleaners and auto repair tenants before the existing building was constructed. Contaminants of concern include asbestos in the existing building, metals (lead), polynuclear aromatic hydrocarbons (PAHs), and petroleum impacts in the soil; and benzene and tetrachloroethene (PCE) in the soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include a 39,000 square foot health clinic and 83 affordable apartments.
Jobs (FTEs)	131
Net tax capacity increase	\$41,500
Acres cleaned	2
Total housing units	83
Affordable units	83 (33 at 30% Area Median Income (AMI) or below; 42 at 31%-50% AMI; 8 at 51%-60% AMI)
Use of Funds	
Recommended amount	\$352,800
Funding partner requests	\$174,750 Hennepin County
Previous LCA funding	\$17,717 TBRA SEED grant & \$750,000 LHIA grant in fall 2022; \$2M LCA TOD grant in 2023
Eligible uses (to be completed by the end of the grant term)	For asbestos abatement (including destructive asbestos survey), soil remediation, soil vapor mitigation (including sampling of the mitigation system after installation) and related environmental oversight.
Comments	Eligible costs were reduced to reflect estimated volume of soils that were confirmed as contaminated using the data provided.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Saint Paul
Project Name	Gloryville
Project Location	1570 White Bear Avenue, Saint Paul
Council District	13 – Chai Lee

Project Detail	
Contaminant history	The vacant 2.2-acre site was last used by commercial businesses including a bowling alley, office, and shops. Historically the site included a gas station. Contaminants of concern include diesel-range organics (DRO), gasoline-range organics (GRO), volatile organic compounds (VOCs) and polynuclear aromatic hydrocarbons (PAHs) in the soil; and VOCs in the groundwater and soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits includes 87 affordable apartments and 25,100 square feet of commercial space.
Jobs (FTEs)	16
Net tax capacity increase	\$89,822
Acres cleaned	2.2
Total housing units	87
Affordable units	87 (23 at 30% Area Median Income (AMI) or below; 39 at 31%-50% AMI; 25 at 51%-60% AMI)
Use of Funds	
Recommended amount	\$1,000,000
Funding partner requests	\$635,271 DEED; \$500,000 Ramsey County (Prior Ramsey County assessment grant \$24,100 awarded in 2023)
Previous LCA funding	\$34,122 TBRA SEED grant in fall 2020; \$225,000 LCA Pre-development recommendation pending
Eligible uses (to be completed by the end of the grant term)	For soil remediation, soil vapor mitigation (including sampling of the mitigation system after installation), and related environmental oversight.
Comments	Costs related to shoring or geotechnical purposes are not eligible for grant funding.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of White Bear Lake
Project Name	Wildwood Rowhomes
Project Location	2502 County Road E East, White Bear Lake
Council District	11 – Gail Cederberg

Contaminant history	The vacant 0.7-acre site was last used as a gas station with a car wash & a convenience store. Contaminants of concern include petroleum impacts in soil, groundwater, and soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include construction of 9 market-rate townhomes and renovation of a building to be used for amenity space.
Jobs (FTEs)	0
Net tax capacity increase	\$36,850
Acres cleaned	0.7
Total housing units	9
Affordable units	0
Recommended amount	\$69,900
Funding partner requests	\$175,200 DEED
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For soil remediation, soil vapor mitigation (including sampling of the system after installation), and related environmental oversight.
Comments	None

