

# Business Item

Community Development Committee



**Committee Meeting Date:** September 3, 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: 2024-242

Amend grant term for the 927 Building LCA Development Grant (SG-12572)

<b>District(s), Member(s):</b>	District 7, Robert Lilligren
<b>Policy/Legal Reference:</b>	Minn. Stat. § 473.253
<b>Staff Prepared/Presented:</b>	Nicole Clapp, Grants Manager, 651-602-1723
<b>Division/Department:</b>	Community Development / MTS Finance and Admin/Livable Communities

### Proposed Action

That the Community Development Committee approve extending the term of the 927 Building (SG-12572) Livable Communities Act Development Grant Award by an additional six months to June 30, 2025.

### Background

The Council awarded a \$981,816 Livable Communities Act (LCA) Development grant in 2019 (Business Item [2019-334](#)) to the City of Minneapolis for the 927 Building project. The project will add a three-story addition to an existing commercial building on West Broadway Avenue, including offices and space for community-based organizations whose missions support the economic vitality of the community. The plan includes amenities for a community plaza, electric vehicle charging stations, and public art.

Livable Communities Act grant agreement terms are for three years with the possibility of an administrative extension of another two years upon demonstration of progress of the project. After the initial three-year grant agreement through December 31, 2022, Council staff administratively extended the project to a full five-year term, expiring on December 31, 2024.

On August 1, 2024, the City of Minneapolis requested a six-month extension beyond the maximum five-year term of the grant agreement. The first phase of the project, the construction and renovation of the historical building has been completed. However, the parking lot and site plan improvements (Phase II) have experienced significant delays due to a variety of factors, including supply chain, inflation, and necessary redesign of the parking lot after failure to secure the vacation of the alley behind the building. The project has now secured land sale approval for an additional parcel, enabling the expansion of the development project and subsequent completion of Phase II. Construction on Phase II will be underway late summer and with the inclusion of the new parcel will add an additional 19 parks spaces, including 2 accessible parking spaces, and improve the layout of the site amenities that constitute the majority of the grant funding.

### Rationale

The Council established the maximum five-year term as a reasonable amount of time to allow

projects to assemble their full funding package and get underway, without unreasonably tying up grant funding that could be used by other projects. The amendment request to extend the term by six months exceeds the five-year maximum currently allowed; therefore, Community Development Committee (CDC) approval is required. While not common, the Council has approved several other extensions beyond the maximum five-year term. Council staff find this request to be reasonable given the relatively short amount of time requested (6 months) and how close the project is to completion. Major project elements have been completed but for the parking and site improvements components. Allowing the extension to complete the phase II elements will enable use of the newly renovated and expanded building on the site.

### **Thrive Lens Analysis**

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.”

### **Funding**

Funds are available in the Livable Communities authorized 2019 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. 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)

August 1, 2024

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

**RE: Request for 6-month Term Extension and Amendment to Project Site Area for SG-12572 927 Building LCDA (Amendment #3)**

Dear Nicole,

On December 11, 2019, the City of Minneapolis was awarded \$981,816 from the Livable Communities LCDA account on behalf of the 927 Building project. On August 27, 2021, we requested an amendment to the project budget, and revised the Project Summary to include spending for utility relocation costs. Amendment #1 was executed on September 24, 2021. On December 22, 2022, a second amendment was approved to amend the Project Summary to update project partners and the project overview. The changes increased the projected number of jobs created, increased anticipated net tax capacity, and updated the estimated total development cost, private funds leveraged, and other public funds provided. The grant term was also extended 24 months to December 31, 2024, to address delays caused by changes in partnerships in 2022 removing New Rules and the absorption of The Phillips Family Foundation into the Minneapolis Foundation.

The first phase of project construction, the renovation of the historically significant 927 West Broadway building and the construction of a new addition, has been completed. The project concept includes a two-pronged approach to serving as a local and invaluable resource hub to north Minneapolis; through a unique tenant mix and direct services provided to tenant constituents in the community. The building is 90% occupied by 5 tenants including TRI Construction, The Jay and Rose Phillips Family Foundation of MN, City of Minneapolis – Office of Neighborhood Safety, City of Minneapolis – Promise Zone Office, and Urban HomeWorks. This service model and mix of tenants makes completion of the parking lot and site amenities especially important to the project's overall success.

The parking lot and site plan improvements have been significantly delayed and constitute the second phase of construction. Delays were caused by regulatory challenges (litigation impacting the Minneapolis 2040 Plan), failure to secure the vacation of the alley located behind the building after protracted negotiation, significant cost increases caused by inflation and supply chain issues during Covid-19, an imperative to secure building tenants to reduce project cost overruns and revenue shortfalls, and a necessity to redesign the parking lot and site amenities without the alley vacation. Developer and tenant concerns regarding the potential impacts of the proposed Blue Line extension of LRT in the West Broadway Corridor on the availability of adequate nearby curbside street parking to meet tenant needs and service delivery models also contributed to project changes, site redesign and delay.

The 927 Building LLC secured land sale approval through the City of Minneapolis for the acquisition of the 1828 Dupont Avenue North parcel, on the south end of the 927 West Broadway development site, enabling an expansion of the development project from three to four parcels of land. Land Use approvals were completed in the first quarter of 2024 and the Minneapolis City Council approval of the proposed land sale occurred in late June 2024. The second phase of construction will be underway in late summer 2024. The second construction phase represents an additional \$1.45 million investment and will complete



## Attachment A. Grant Amendment Request (continued)

the 927 West Broadway development project, bringing the total development cost of the project to over \$10 million dollars.

The site area increase enables the project to add an additional 19 parking spaces, including 2 handicapped parking spaces, and improve the layout of the site amenities that are funded primarily by the LCDA grant. The planned site amenities include a solar array system, 4 electric charging stations to service up to eight electric cars, a stormwater infiltration basin, a public plaza, public art by artists connected to north Minneapolis, a wooden fence to buffer the residential area from the parking lot, and an electric gate as required by the City of Minneapolis. The expansion of the development site also improves the positioning of these amenities on the site.

Three LCDA draws have occurred to date for Phase 1 site preparation expenses and utility relocation. Remaining LCDA grant funds are an essential part of the budget to complete the site amenities, including installation of the public art elements, bike station, plaza, stormwater mitigation feature, and the solar array and charging station. The proposed amendment supports the momentum established by the renovation/expansion project. While much of the grant-funded work will be completed during 2024, a 6-month extension of the grant term will provide sufficient time to complete the site improvements, eliminate risks of supply chain issues or late season weather conditions, and support completion of a high-quality sustainable project that will serve the community for many years. Were the Foundation to run out of time to complete the improvements by 12/31/2024, there would be no obvious way for them to complete the project or pay to complete the contracted/partially-completed work.

Materials submitted in support of this request to further amend the agreement for SG-12572 include:

- Letter from Phillips Family Foundation detailing project changes and the need for the amendments,
- Updated Boundary Map to include the additional 1828 Dupont Avenue North parcel, and
- Updated Site Plan showing the location of the LCDA-funded improvements.

We understand that an amendment will require approval by the Community Development Committee, which will take some time. Because the exterior improvements will be underway soon, we also request that, if approved, these changes be retroactive to the date of this request, August 1, 2024.

If you have questions about the 927 Building project, this request, or would like additional information, please contact me at (763) 438-5635. Thank you for your consideration of our request to modify the site boundary and extend the term of the 927 Building LCDA grant to June 30, 2025.

Sincerely,



Paula Mazzacano  
Development Grants Coordinator

Exhibits:

- Developer letter
- Updated boundary map
- Proof of Land Sale Approval for 1828 Dupont Ave N
- Marked-up site map

Cc: Mark Garner, CPED  
Miles Mercer, CPED  
Maya Beecham, The Jay and Rose Phillips Family Foundation  
Jo-Anne Stately, The Minneapolis Foundation  
Calvin Littlejohn, TRI-Construction