

Business Item

Community Development Committee



Committee Meeting Date: December 16, 2024

For the Metropolitan Council: January 8, 2025

Business Item: 2024-346

Funding Recommendations for 2024 Round Two 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 five Tax Base Revitalization Account grants totaling \$2,261,200 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	Seeding Equitable Environmental Development	Recommended Amount
Minneapolis	2211 Broadway St NE	\$251,600
Applicant	Environmental Site Investigation Projects	Recommended Amount
South Saint Paul EDA	Wakota Crossing Investigation	\$44,400
Applicant	Contamination Cleanup Projects	Recommended Amount
Minneapolis	Cheatham Apartments	\$1,326,500
Minneapolis	Rise Up Center	\$274,500
Saint Paul	42 Water Street W	\$364,200

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)

[\(Business Item 2024-41\)](#) earlier 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 2 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 second 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 outcomes of Livability, Sustainability, Equity, and Prosperity. Several grant distribution 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 five projects recommended for funding total \$2,261,200. The balance of available funds not awarded in this round will be available for future programming in 2025.



REVIEW RECORD

Review Process

Council staff issued an initial notice of funding availability in March 2024. Additional follow-up notices were issued in August. Technical assistance was offered in two workshops in August and early 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 six applications in May totaling \$2.5M in requests.

Table 2. Application Summary

Grant Category	Submitted Applications	Applications Eligible for Reivew	Applications that met the minimum score	Applications recommended for funding
SEED	1	1	1	1
Investigation	1	1	1	1
Cleanup	4	4	3	3

Staff reviewed the 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
- environment & 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. All 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 (Hamel Apartments) is located within a regional trail search corridor. Additional coordination with the Regional Parks Implementing Agency is encouraged regarding the proposed local trail segment design. Other concerns were primarily reminders to request direct connection or discharge permits when accessing the metropolitan wastewater disposal system prior to starting construction.

Proposals must meet or exceed a minimum score (half of total points) to be recommended for funding. One cleanup applicant did not achieve the required minimum score: Hamel Apartments, Medina.



Project Recommendations

The following projects applied for TBRA funding:

Table 3. SEED Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Minneapolis – 2211 Broadway St NE	48	\$83,041	\$251,600

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

Table 4. Investigation Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	South Saint Paul EDA – Wakota Crossing Investigation	42	\$44,438	\$44,400

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

Table 5. Contamination Cleanup Application Scoring Summary

Rank	Applicant – Project	Score	TBRA Request	Recommended Funding*
1	Saint Paul – 42 Water Street W ±	98	\$364,276	\$364,200
2	Minneapolis – Cheatham Apartments ±	87	\$1,086,548	\$1,326,500
3	Minneapolis – Rise Up Center ±	84	\$213,415	\$274,500
4	Medina – Hamel Apartments ^	56	\$738,005	\$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

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 (\$2.5M) is below the amount of funding made available (\$4.5M including the added balance available from spring funding cycle). 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. TBRA funding recommendations include funding over the original requested amount for three projects likely to have a shortfall.

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 2027. 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 60% of AMI*
Minneapolis	Proposed Units	79	53	26	0
	% Need Met by TBRA Project	2%	2%	9%	1%
	Total Affordable Units Needed	3,499	1,551	494	1,454

* Only units affordable to households with income up to 51% to 60% of AMI included in the highest tier 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:

Hamel Apartments

Applicant: Medina

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

Rationale:

1. No affordable housing units.
2. Very few jobs.
3. Low risk relative to other applicants posed by modest amounts of contaminated soil. Soil management appears to be mostly for structural needs rather than removing contamination.

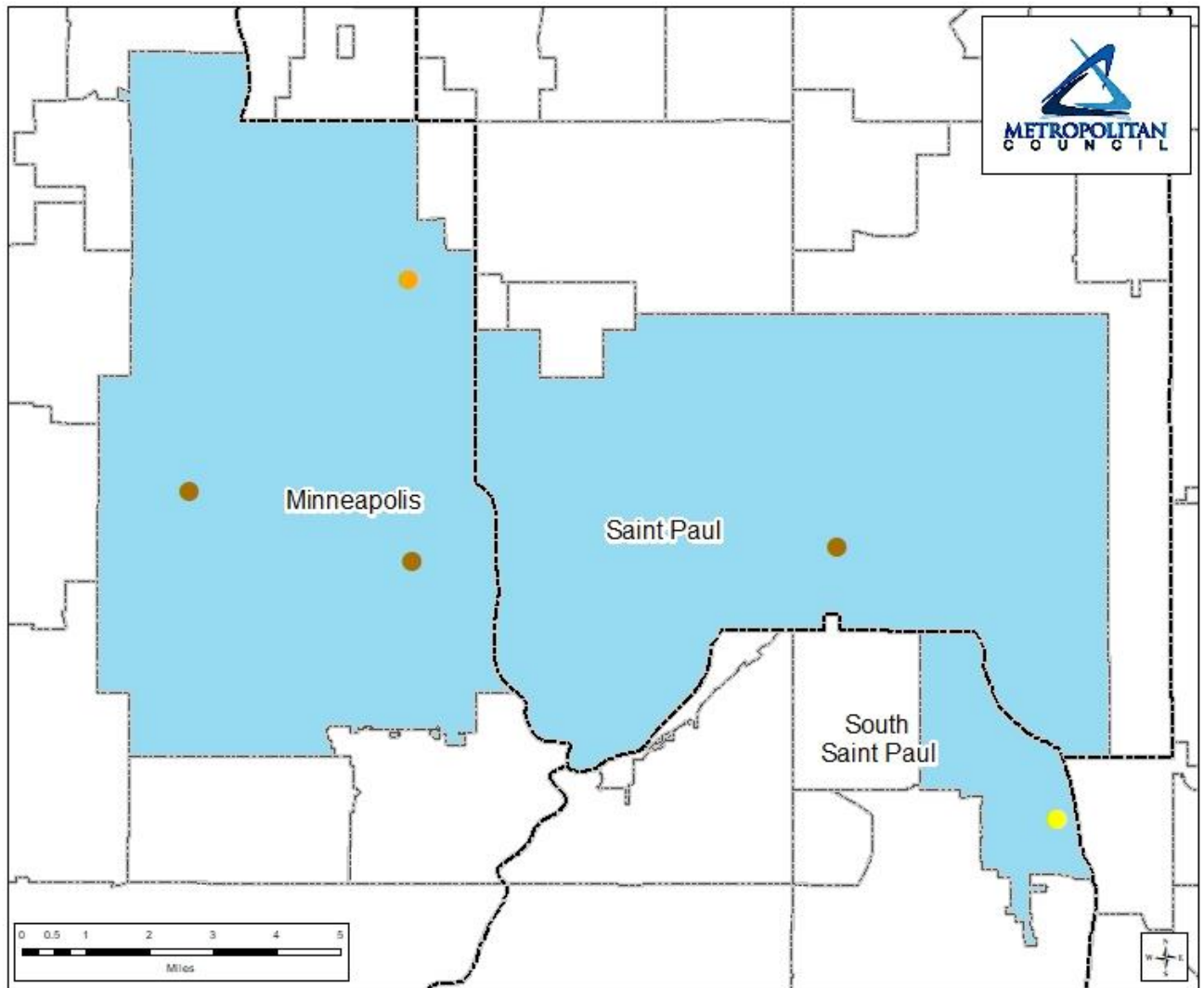
Projects Recommended for TBRA Funding

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:

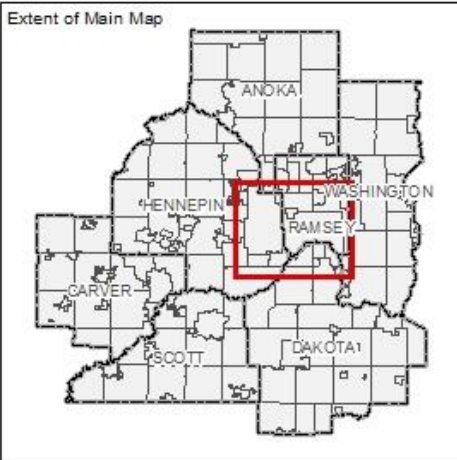
- The grant-funded activities for each of the projects are expected to be completed within the grant term, and each redevelopment project facilitated by the grant must at least start construction within the grant term (for example, three years for cleanup grants).
- Recommended funds are rounded down 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 (AMI) 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



12/9/2024



- Grant Type**
- Cleanup
 - Investigation
 - SEED
 - City with Project Recommended for Funding

Project Summary

Grant #	
Grant Type	Contamination Investigation
Applicant	South Saint Paul EDA
Project Name	Wakota Crossing Investigation
Project Location	843 Hardman Avenue South, South Saint Paul
Council District	12 – Susan Vento

Project Detail	
Contaminant history	The 36-acre commercial site includes a service garage, filling station, outdoor contractor storage yard, rock crushing yard, a concrete plant with weighing scale, and vacant buffer land. Historically, the site was used for municipal sewage treatment and as a dump. Potential contaminants of concern based on recent investigations of the property and adjacent parcels include metals (arsenic, lead), volatile organic compounds (VOCs) including trichloroethene (TCE) and tetrachloroethene (PCE), petroleum-related impacts, and diesel-range organics (DRO) in the soil; petroleum impacts and non-petroleum impacts from an adjacent site in the groundwater; and methane and non-petroleum VOCs in the soil vapor.
Potential redevelopment project	Potential benefits include 400,000 square feet of industrial space in 3 new buildings to be built in two phases.
Funding	
Estimated Project Amount	\$59,250
Recommended amount	\$44,400
Funding partner requests	\$0
Match	\$14,800 (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 and Phase II Environmental Site Assessments (ESA), Response Action Plan (RAP) and related environmental oversight.
Comments	Previous site investigation costs, if any, incurred within 180 days of the date of application may be eligible as part of the required matching costs.



Project Summary

Grant #	
Grant Type	SEED
Applicant	City of Minneapolis
Project Name	2211 Broadway Street NE
Project Location	2211, 2211 1/2 and 2301 Broadway Street NE, Minneapolis
Council District	7 – Yassin Osman

Project Detail	
Contaminant history	The 2.8-acre industrial site was previously used by a sign manufacturing business. Contaminants of concern include tetrachloroethane (PCE) and trichloroethene (TCE) in the soil vapor beneath the existing building.
Funding	
Recommended amount	\$251,600
Funding partner requests	\$138,403 DEED
Previous LCA funding	\$0
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For design, installation and testing of a sub-slab depressurization system (SSDS); sealing or abandoning floor drains and sealing the damaged building slab within the existing building; and related environmental oversight.
Comments	Costs incurred prior the date of grant award are <u>not</u> eligible for reimbursement using grant funds.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Minneapolis
Project Name	Cheatham Apartments
Project Location	3716 Cheatham Avenue, Minneapolis
Council District	6 – Robert Lilligren

Project Detail	
Contaminant history	The 2-acre industrial site includes a vacant grain elevator (headhouse) and forty-two grain storage silos, and ancillary buildings with rail spurs on the west of the site. Contaminants of concern include asbestos coating on the exterior of the concrete silos, asbestos debris, petroleum impacts, and metal (arsenic, lead) in soil.
Redevelopment project to start construction by the end of the grant term	Expected benefits include 79 affordable apartments and 139 market-rate apartments with 3,000 square feet of commercial space.
Jobs (FTEs)	5
Net tax capacity increase	\$287,984
Acres cleaned	2
Total housing units	218
Affordable units	79 (53 at 30% Area Median Income (AMI) or below; 26 at 31%-50% AMI)
Use of Funds	
Recommended amount	\$1,326,500
Funding partner requests	\$1,086,500 Hennepin County
Previous LCA funding	\$50,000 TBRA investigation grant in 2018. \$1,710,000 LCDA award in 2024. (Prior TBRA cleanup grant relinquished in full.)
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For demolition and disposal of the asbestos-coated silos, additional soil vapor sampling, asbestos and lead-based paint abatement of the headhouse, contaminated soil remediation, storage tank removal and disposal, and related environmental oversight.
Comments	Eligible costs were reduced to reflect estimated volume of soils that were confirmed as contaminated using the data provided. Dewatering and/or disposal of any remaining grain or related by-product and costs associated with environmental covenant are <u>not</u> eligible for reimbursement using grant funding.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Minneapolis
Project Name	Rise Up Center
Project Location	2808, 2820, and 2828 Hennepin Avenue South, Minneapolis
Council District	6 – Robert Lilligren

Project Detail	
Contaminant history	The 2-acre commercial site was most recently used as a recreational facility and includes a two-level parking garage. The building is currently vacant. Contaminants of concern include tetrachloroethane (PCE) and other volatile organic compounds (VOCs) in the soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include renovation of the existing building into a 68,870 square foot workforce development center and multi-tenant commercial space.
Jobs (FTEs)	125
Net tax capacity increase	\$51,250
Acres cleaned	2
Total housing units	0
Affordable units	0
Recommended amount	\$274,500
Funding partner requests	\$76,650 Hennepin County
Previous LCA funding	\$500,000 LCA TOD grant in 2024
Use of Funds	
Eligible uses (to be completed by the end of the grant term)	For environmental investigation including additional soil vapor sampling; asbestos abatement; design, installation and testing of a sub-slab depressurization system (SSDS); and related environmental oversight.
Comments	Eligible costs include costs for environmental investigation incurred up to 180 days prior to the date of application. Lead-based paint abatement was not requested. Management and disposal of regulated materials is <u>not</u> eligible for grant reimbursement.



Project Summary

Grant #	
Grant Type	Contamination Cleanup
Applicant	City of Saint Paul
Project Name	42 Water Street West
Project Location	42 West Water Street, Saint Paul
Council District	13 – Chai Lee

Project Detail	
Contaminant history	The 3.3-acre industrial site was most recently used for medical product manufacturing. Historically, the site was also used for electroplating. The building is currently vacant. Contaminants of concern include volatile organic compounds (VOCs), metals (antimony, arsenic, and lead), trichloroethene (TCE) and diesel range organics (DRO) in the soil, petroleum impacts in the groundwater, and TCE in the soil vapor.
Redevelopment project to start construction by the end of the grant term	Expected benefits include partial demolition and renovation of remaining 35,000 square feet of the existing building into a commercial fitness facility, stormwater management, and right-of-way improvements.
Jobs (FTEs)	43
Net tax capacity increase	\$141,029
Acres cleaned	3.3
Total housing units	0
Affordable units	0
Recommended amount	\$364,200
Funding partner requests	\$602,995 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 confirmation sampling 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. Dewatering and costs associated with environmental covenant are not eligible for reimbursement using grant funds.

