

Community Development Committee

Meeting date: December 16, 2013

For the Metropolitan Council meeting of January 15, 2014

Subject: 2013 Livable Communities Demonstration Account Funding Recommendations

District(s), Member(s): All

Policy/Legal Reference: MN Statutes §473.253

Staff Prepared/Presented: Linda Milashius, Senior Planner 651-602-1541;

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Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council award five Livable Communities Demonstration Account (LCDA) Development grants, as follows:

Development Projects	Applicant	Points	Recommendation
Commons @ Penn	Minneapolis	82	\$1,000,000
Hawthorne Eco Village	Minneapolis	81	\$1,000,000
MoZaic Phase II	Minneapolis	72	\$750,000
Villages at Frost and English	Maplewood	67	\$1,900,000
Downtown Senior Housing	Rosemount	63	\$942,000
Total LCDA recommendations			\$5,592,000
Total funding available			\$7,500,000

Background

The Livable Communities Act (LCA) requires that the Livable Communities Demonstration Account (LCDA) fund projects that (1) interrelate development or redevelopment and transit; (2) interrelate affordable housing and employment growth areas; (3) intensify land use that leads to more compact development or redevelopment; (4) involve development or redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities; or (5) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment.

The LCA also requires the Council to create an annual plan for the distribution of funds in all LCA accounts. The 2013 Fund Distribution Plan, approved by the Council, allocated \$7.5 million for LCDA awards for development projects.

Full LCDA applications are reviewed in a rigorous two-step process. Council staff, from Community Development, Metropolitan Transportation Services and Metro Transit conduct a technical review of all applications, focusing on quantifiable elements, including connections, housing, impact on transit ridership, and the environment. Applications meeting the minimum point threshold move forward to the second step, which focuses on qualitative elements, including the innovation and demonstration value of the proposed project, as well as the degree to which LCDA funds would act as a catalyst to move the

project forward. The second step review is conducted by the Livable Communities Advisory Committee (LCAC), a thirteen-member panel of external subject matter experts in the fields of finance, local government, site design, development, transportation and the environment. The LCAC scores the applications and makes the final funding recommendations.

Seven applications were submitted for LCDA funds this year. After conducting a completeness and eligibility review, Livable Communities staff found that one application was incomplete and ineligible for consideration. The remaining six applications were evaluated in both the Step One and Step Two process. Five applications met the 60-point scoring threshold needed in Step Two to be considered for funding. The Burnsville Hilton Garden Inn project scored 51 points and was not eligible for funding consideration and recommendation by the LCAC.

Rationale

All projects recommended for funding meet the program guidelines as stated in the Fund Distribution Plan. Project summaries for recommended awards and a list of projects not recommended are attached.

Guidelines established by previous Councils have limited the LCAC to recommending no more than 40% of the overall available funding to the central cities of Minneapolis and Saint Paul. The 2013 LCDA funding recommendation for the central cities equals 37%.

Funding

Five projects are recommended for 2013 LCDA funding, totaling \$5,592,000. The expected outcomes for the 2013 LCDA investment in the metro region includes 586 permanent jobs, 612 temporary construction jobs, and 294 affordable housing units. The \$5,592,000 in LCDA funds will leverage nearly \$72 million in private investment and another \$21.5 million in other public investment.

Known Support / Opposition

Resolutions of support were received from each applicant community. There is no known opposition to any of the applications recommended for funding.

Review Record

The Council issued a notice of funding availability and held a workshop for potential applicants in April 2013. LCDA Development grant applicants were required to submit a Project Concept Plan (PCP) in May, and 16 PCPs were reviewed. Staff provided technical assistance to applicants to ensure the goals of the program were addressed. Full applications were due in July. During July and August, staff reviewed and scored the applications from their areas of expertise; the applications were discussed, and the staff team agreed upon final scoring. Applications meeting the minimum scoring threshold were referred on to the LCAC for final review and recommendation. Criteria for both Step One and Step Two evaluations are set forth in the annual Fund Distribution Plan.

Because of their broad expertise and current involvement in development in the Metropolitan Area, LCAC members occasionally are involved with one or more of the projects under consideration. Each committee member declared his or her conflicts of interest at the beginning of the evaluation process in October and thereafter did not participate in either the discussion or voting for those applications. LCAC members were provided with all application materials from the Step One staff review. After an initial review, committee members compiled a set of additional questions for each applicant. The questions were forwarded in writing to applicants, and applicants were afforded an opportunity to provide additional information in writing and to present their answers orally in a question-and-answer session.

Application summary

Grant category	Project Concept Plans received	Full applications received	Applications moved forward to Step Two	Applications recommended for award
LCDA Development	16	7	6	5

Impact of the 40/60 ratio between the central cities and the suburbs

Council guidelines for funding allow the LCAC to recommend no more than 40% of the available LCDA funding for projects located in the central cities of Minneapolis and Saint Paul. The 2013 LCDA funding recommendation for the central cities, in this instance only Minneapolis, equals 37%.

Application evaluation summary

One application, the Hilton Garden Inn project in Burnsville did not meet the combined Step One and Step Two 60-point threshold to be considered for funding.

To make their recommendations for LCDA awards, the LCAC ranks the projects in descending order by points scored. Starting with the highest-scoring projects and working down the list, the LCAC makes funding recommendations for each individual application while monitoring the overall percentage of funding being recommended for the central cities. All five applications that met the combined Step One and Step Two 60-point threshold are recommended for funding.

Two applications, Commons @ Penn and Hawthorne Eco Village, are on sites located in Racially Concentrated Areas of Poverty.

Projects not recommended for funding

One application failed to meet the minimum scoring threshold during the Step Two evaluation.

City of Burnsville

Hilton Garden Inn

Request: \$990,000

This project called for the expansion of a structured parking facility to provide parking for a proposed new hotel, as well as additional parking for the surrounding businesses and Heart of the City park. The LCAC was not convinced that a standard parking structure was best use of regional funds, or that the proposal was a demonstration model. The application and presentation by the city lacked sufficient detail to convince the LCAC that additional parking was needed, and that if built would be the catalyst for further investment in the area. Staff will provide feedback on the LCAC issues and work with the city to consider revising and updating their application to submit next year if they so desire.

Projects recommended for funding

Project summaries for projects recommended for funding are on the following pages.

Livable Communities Project Summary

Grant # SG2013-
Type: Livable Communities Demonstration Account
Applicant City of Minneapolis
Project Name Commons @ Penn
Project Location Intersection of Golden Valley Road and Penn Avenue S.
Council District 7 – Gary Cunningham

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This project is the new construction of a 45-unit affordable multi-family apartment building with 4,500 square feet of commercial space that will house retail tenants, bringing goods and services lacking in this area. Also occupying the commercial space will be Building Blocks (a programmatic entity working to develop and create sustainable families), and Mind, Body and Soul (a programmatic entity to provide skills to youth to become responsible members of their communities). The housing unit mix includes one, two and three bedroom units, including four two-story walk-up units with front porches. Most units have two or three bedrooms to accommodate a strong need for family units in the market area. A combination of underground and street level parking will serve the residential and commercial uses, respectively. The project is in a Racially Concentrated Area of Poverty in North Minneapolis.
Jobs (FTEs)	35 – Construction; 36 – Permanent
Net tax capacity increase	\$47,253 – 336% increase
Total housing units	45
Affordable units (60% AMI)	41 at 60% AMI; 4 at 30% AMI
Anticipated # bedrooms	11 – 1 bedroom; 21 – 2 bedroom; 13 – 3 bedroom
Est. total development cost	\$10 million
Est. private funds leveraged	\$3.6 million
Est. other public funds	\$4.4 million <ul style="list-style-type: none"> • \$1,125,000 – CPED AHTF • \$1,800,000 – Tax exempt bond mortgage • \$1,828,384 – MN Housing • \$650,000 – Hennepin County AHIF • \$22,500 – TBRA grant
Comments/ Demonstration value	Demonstrates how to combine different programming that is tied directly to the neighborhood need and culture with affordable housing and integrated transit access. Sets a pattern for intensification on a transit corridor. Strong catalytic potential.
Funding	
Requested amount	\$1,000,000
Previous LCA funding	2012 TBRA: \$22,500
Use of funds	
	Uses to be completed by 12/31/2016
\$520,000	Excavation and earth retention
\$183,486	Site lighting, building lighting, public art on exterior of building
\$110,000	Stormwater retention including cisterns, trenching and native vegetation
\$75,000	Extend sewer and water lines to building
\$60,000	Demolition of one existing structure
\$28,224	Replace and/or improve public sidewalks
\$23,290	Improvements to existing bus shelter – including electric signage, and bike parking.
\$1,000,000	TOTAL

Livable Communities Project Summary

Grant # SG2013-
Type: Livable Communities Demonstration Account
Applicant City of Minneapolis
Project Name Hawthorne Eco Village
Project Location 617 Lowry Avenue N.
Council District 7 – Gary Cunningham

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This project is the new construction of a 75-unit apartment building at the intersection of Lowry and Lyndale Aves N in Minneapolis by Project for Pride in Living, Inc. (PPL). As the cornerstone of the Hawthorne EcoVillage Cluster, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be PPL's first multi-family project designed to LEED for Homes or LEED NC standard. The architectural design and transit-oriented design of the building will set it apart as an exciting landmark signifying the sustainable development in the area and the positive developments to come along the newly reconstructed Lowry corridor. The various parcels making up the 1.84 acre site are currently owned by Hennepin County and the City of Minneapolis. The project is in a Racially Concentrated Area of Poverty in North Minneapolis.
Jobs (FTEs)	60 – Construction; 2 – Permanent
Net tax capacity increase	\$47,813
Total housing units	75
Affordable units (60% AMI)	75 at 50% AMI
Anticipated # bedrooms	10 – Efficiency; 40 – 1 bedroom; 21 – 2 bedroom; 4 – 3 bedroom
Anticipated total development cost	\$13.8 million
Anticipated private funds leveraged	\$7.7 million
Anticipated other public funds leveraged	\$5.1 million <ul style="list-style-type: none"> • \$1,850,000 – MN Housing • \$1,378,000 – Minneapolis AHTF • \$700,000 – TIF • \$500,000 – Hennepin County AHIF • \$300,000 – Federal Home Loan Bank AHP • \$200,000 – MWMO • \$200,000 - DEED
Comments/ Demonstration value	This project is a model of efficient sustainable high-density development. The process and redevelopment plan for this site and neighborhood is also a model of a multi-block infill strategy. Strong catalytic potential for the area. Will showcase a 'livable' community.
Funding	
Requested amount	\$1,000,000
Use of funds	
	Uses to be completed by 12/31/2016
\$510,000	Stormwater management
150,000	Site grading
145,000	Overhead utility line relocation
55,000	Benches, planters, hardscape amenities, stormwater daylight feature (fountain/water feature), and lighting
50,000	Community Green Belt and Promenade
50,000	Design and engineering
15,000	Bike racks
25,000	Project coordination
\$1,000,000	TOTAL

Livable Communities Project Summary

Grant # SG2013-
Type: Livable Communities Demonstration Account
Applicant City of Minneapolis
Project Name MoZaic Phase II
Project Location 1320-1354 Lagoon Avenue
Council District 6 – James Brimeyer

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The second phase of MoZaic, MoZaic East, will add a +/- 150,000 square foot office building that will include retail/service space along with potentially medical office space. Phase II will expand the Art Park to include more public seating, added flexible space for small public events, wayfinding signage, improved walking/biking connections through the site, and likely a bike center that will include significant indoor bike storage and amenities. The project will be constructed on the existing surface parking lot adjacent Phase I and located behind the Lagoon Theater and 1300 Lagoon Building. The building will utilize a forward design, using atriums to bring light into the center of the floor plate to improve quality of life for employees and reduce energy consumption. The building will be split into three horizontal bars that will rise 4-, 6-, and 8-stories, stepping back from the Midtown Greenway trail, as desired by the community and by prospective tenants. The addition of office tenants is highly desired by the community, as outlined in the Uptown Small Area Plan, as there is a deficiency of spending at Uptown businesses during the day, which has led to fewer restaurants open for lunch and slow retail sales.
Jobs (FTEs)	307 – Construction; 514 – Permanent
Net tax capacity increase	\$698,520 – 195% increase
Total housing units	None
Anticipated total dev. cost	\$45 million
Anticipated private funds leveraged	\$43.75 million
Anticipated other public funds leveraged	\$500,000 Hennepin County TOD
Comments/ Demonstration value	The entire project shows how existing buildings can be woven into a new project through public space creation, better connections, and a careful approach to design. Demonstrates how to use every bit of open space in a thoughtful way. The location behind other buildings makes for a challenging but demonstrating approach to urban infill. Strong placemaking component by employing creative and vibrant design techniques to both interior and outdoor spaces.
Funding	
Requested amount	\$750,000
Use of funds Uses to be completed by 12/31/2016	
\$210,000	Public art installation, infrastructure, wayfinding
\$200,000	Excavation, geotechnical
\$80,000	Overhaul of existing stormwater system, including new connections
\$75,000	Design/engineering of site, stormwater, art planning
\$60,000	Expanded walkway from transit station
\$50,000	Bike storage, showers, lockers, racks, fix-it station, signage, security systems
\$50,000	Relocation of water, electrical, telecommunication lines
\$25,000	Demolition of parking lot, lighting, trash structure
\$750,000	TOTAL

Livable Communities Project Summary

Grant # SG2013-
Type: Livable Communities Demonstration Account
Applicant City of Maplewood
Project Name Villages at Frost and English
Project Location Intersection of Frost and English Streets
Council District 11 – Sandy Rummel

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The project is the redevelopment of the Maplewood Bowl site and consists of a three-phase residential and commercial mixed-use project. The first phase will consist of 55 to 65 units of affordable housing. The second phase will include 65 to 100 units of senior affordable or senior assisted living housing. Finally, the third phase will consist of 6,000 to 10,000 square feet of commercial space. In addition to the redevelopment work, this project would include street improvements from Phalen Place to English Street and Ripley Avenue to the Gateway Trail. Sidewalks improvements would be made from Phalen Place to English Street. Improvements to the area's sanitary sewer, water main and storm sewer drainage systems would also be made. Finally, the streetscaping and place making elements installed during Phase One of the neighborhood's redevelopment would be continued as part of this redevelopment. These elements would be installed between Phalen Place and English Street.
Jobs (FTEs)	45 – Construction 42 – Permanent
Net tax capacity increase	\$61,143 – 33% increase
Total housing units	120
Affordable units (60% AMI)	91 at 60% AMI – 64 senior, 27 multifamily 20 at 50% AMI - multifamily 9 at 30% AMI - multifamily
Anticipated # bedrooms	63 – 1 bedroom 44 – 2 bedroom 13 – 3 bedroom
Anticipated total development cost	\$24.7 million
Anticipated private funds leveraged	\$16.9 million
Anticipated other public funds leveraged	\$5.9 million <ul style="list-style-type: none"> • \$2,427,206 – MN Housing • \$3,510,000 – City of Maplewood
Comments/ Demonstration value	Demonstrates how to encourage and enhance pedestrian traffic in a primarily auto-oriented area through re-engineering of streets that provide more on-street parking and connecting elements. This project will show intensification on a heavy-use bus route in a suburban location and will be a strong catalyst for additional investment in the area.
Funding	
Requested amount	\$1,900,000
Previous LCA funding	2006 - \$1,800,000 LCDA - relinquished
Use of funds	
	Uses to be completed by 12/31/2016
\$1,000,000	Site assembly
\$400,000	Frost Avenue improvements/reconstruction
\$400,000	Frost Avenue sidewalks, lighting and furnishings
\$100,000	Stormwater management improvements
\$1,900,000	TOTAL

Livable Communities Project Summary

Grant # SG2013-
Type: Livable Communities Demonstration Account
Applicant City of Rosemount
Project Name Downtown Senior Housing
Project Location Southwest corner of Highway 3 and Lower 147th Street
Council District 15 – Steven T. Chávez

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The project is a partnership between the City and the Dakota County CDA to develop a 60-unit senior housing project with 90% of the units affordable to persons at 50% AMI. The senior housing will be located on the northern half of the City-owned site, which also requires acquisition of four single family homes. The project will contain a three-story building, new access, surface parking, rain garden, public improvements such as sidewalks and lighting, and rerouted utilities. The remaining 1.3 acres of the City-owned site will be available for about 13,000 square feet of commercial development and is being actively marketed. The City acquired a portion of the project site as part of its downtown redevelopment efforts.
Jobs (FTEs)	165 – Construction 2 – Permanent
Net tax capacity increase	None – tax-exempt agency
Total housing units	54
Affordable units (60% AMI)	54 at 50% AMI
Anticipated # bedrooms	30 – 1 bedroom 24 – 2 bedroom
Anticipated total development cost	\$6.46 million
Anticipated private funds leveraged	N/A
Anticipated other public funds leveraged	\$5.6 million <ul style="list-style-type: none"> • \$1,901,700 – Port Authority • \$3,623,000 – Dakota Co. CDA
Comments/ Demonstration value	Demonstrates integration of senior housing in an urban area of a suburban community that allows residents to remain in the community. Will revitalize the downtown with a multigenerational approach. This project intensifies existing land uses, and could be a model for suburban infill in an existing, established single-family neighborhood.
Funding	
Requested amount	\$942,000
Previous LCA funding	None
Use of funds	
	Uses to be completed by 12/31/2016
\$600,000	Land acquisition
\$120,000	Sidewalks through the site and connecting to Lower 147 th Street, street lighting, benches
\$90,000	Replace obsolete clay sanitary sewer line
\$72,000	Demolition of four existing structures and outbuildings
\$30,000	Raingarden installation
\$30,000	Rooftop or underground stormwater detention
\$942,000	TOTAL