

C Community Development Committee

For the Metropolitan Council meeting of December 9, 2009

ADVISORY INFORMATION

Date November 17, 2009

Prepared:

Subject: City of Minneapolis Request for Extension of the LCDA Grant for West
Broadway Curve, SG007-118

Proposed Action

That the Metropolitan Council approve the request by the City of Minneapolis to extend the term of the Livable Communities Demonstration Account grant for the West Broadway Curve project to December 31, 2012, with the conditions that:

- the City delivers to the Council:
 - an executed development agreement by March 31, 2010;
 - documentation that 50% of the financing is secured by October 31, 2010; and
 - documentation that the remaining financing is secured by December 31, 2011; and
- with the stipulations that:
 - half the funds will be available for disbursement for eligible costs following delivery of the 2010 requirements, with remaining grant funding available after documentation of full financing is received; and
 - that the grant will terminate immediately if any of the above is not met by the deadlines listed.

Summary of Committee Discussion / Questions

Deb Streets Jensen, Livable Communities Grant Administrator, presented an overview of the request from the City of Minneapolis to approve a first and second extension, totaling three years, for the West Broadway Curve grant.

Wes Butler, City of Minneapolis Community Planning and Economic Development Manager, addressed the Committee to provide further information. Mr. Butler stated that the City had just negotiated the purchase of the last of 21 pieces of property and that they would now be able to locate the Agape Apartments project where it made the most sense. Asked by the Chair as to why the property acquisition took so long, Mr. Butler replied that the negotiations had stalled on a critical parcel, and they had considered moving the Agape project to a different part of the site.

Committee Member Bowles expressed her concern about approving an extension that was longer than the original term of the grant.

Chair Steffen reminded the Committee members that the Council adopted criteria in August for extending Livable Communities grants and that this request was not new or different from those considered earlier this year. She said she was pleased that the City was returning the money for Phase II of the project after realizing that they could not go forward with it. The Chair said she felt this extension would not be out of line with some other projects the Council has previously extended.

Committee Member Meeks said the Council has given the City very definable deadlines and that she did not view the extension as being for three years. Ms. Meeks said the Council

was giving the City six months to meet the first deadline, and that she did not believe that the Council had done that with any other grant. She commended the City for adhering to tough requirements in a tough neighborhood and a tough development time.

It was moved by Committee Member Sanda and seconded by Committee Member Meeks to approve the proposed action, including the conditions listed. The motion passed with one nay vote.

C Community Development Committee

Meeting date: November 16, 2009

ADVISORY INFORMATION

Date: November 12, 2009
Subject: City of Minneapolis Request for Extension of the LCDA Grant for West Broadway Curve, SG007-118
District(s), Member(s): District 7 – Annette Meeks
Policy/Legal Reference: 473.253 Livable Communities Demonstration Account
Staff Prepared/Presented: Guy Peterson, Director, Community Development Division (651-602-1418)
Beth Reetz, Housing and Livable Communities Director (651-602-1060)
Deb Jensen, LCA Grants Administrator (651-602-1554)
Division/Department: Housing and Livable Communities/Community Development

Proposed Action

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 - an executed development agreement by March 31, 2010;
 - documentation that 50% of the financing is secured by October 31, 2010; and
 - documentation that the remaining financing is secured by December 31, 2011; and
- with the stipulations that:
 - half the funds will be available for disbursement for eligible costs following delivery of the 2010 requirements, with remaining grant funding available after documentation of full financing is received; and
 - that the grant will terminate immediately if any of the above is not met by the deadlines listed.

Background

The Metropolitan Council awarded the City of Minneapolis \$1,325,000 on December 12, 2007 for land acquisition, demolition, site preparation, grading correction, and to widen sidewalks and install pedestrian-scale lighting along West Broadway Avenue to facilitate a four-part mixed-income housing project. These included Agape Apartments (50-60 rental units), Cottage Park (a small cluster of single family homes), West Broadway Curve (24 ownership units), and the Western Motors site (24-30 ownership townhouse-style units). On October 2, 2009, Livable Communities staff received a request to extend the grant for two years, to December 31, 2011. The City's vision splits the larger project into two phases: the first will build the 50-unit Agape Apartments; the second phase will build up to 60 units in what are expected to be row houses or town homes. After reviewing project financials further, on October 14th the City revised its request to extend the grant to December 31, 2012. Simultaneous to this request, the City will relinquish 52.4% of the original funds that were budgeted for activities now included in Phase II. The modified grant amount will be \$630,963.

Rationale

Procedures for processing Livable Communities grant extensions beyond the first one-year administrative extension require the approval of the governing body. Because this request

is for three years total, staff is treating the request as a simultaneous administrative extension and a subsequent extension, and therefore it must be approved by the Metropolitan Council. The City has provided a schedule of development activities with a completion date of December 2012.

Council procedure established in August 2009 requires the following elements for subsequent extensions:

Required Element	Grantee response
A resolution from the grantee's governing body in support of the extension containing all of the following items:	The resolution was approved by the Minneapolis City Council on October 30 th .
Assurance of site control	The City has used its own funds to acquire 13 of the 21 parcels and has options on 7 more parcels. Eighty-nine percent of the revised grant award, or \$566,563, will be used for land acquisition to ensure full site control (the remaining \$64,400 in funds is to be used for the demolition of one single-family home and a six-unit apartment building).
Secured financing	The City will deliver to the Council evidence that 50% of the overall financing for West Broadway Curve Phase I (Agape Apartments) has been secured by 10/31/2010, and documentation of full financing for Phase I must be provided to the Council by 12/31/2011.
Development agreement	The City will deliver to the Council an executed development agreement by 3/31/2010. Construction is expected to begin on Phase I in October 2011 and be completed in December 2012.
Assurance that significant progress and/or public and/or private investment, expenditures or obligations have been made or committed to complete the Grant-Funded Activities and Project identified in the grant agreement.	The City has invested \$143,000 of its own funds in Phase I of West Broadway Curve and an additional \$600,000 securing land for future phases. The City now owns or has options on 20 of 21 properties within the two-phase footprint. This project is situated nearly in the middle of a much larger project addressing the need for mixed-use development in North Minneapolis from Aldrich to Penn Avenues along West Broadway. In this larger area, the City has invested \$4 million, which has or will result in over \$82 million in development in that area. Without the centrally-located West Broadway Curve project, the larger effort may not succeed.

Funding

The Grantee has drawn \$175,962 of the original \$1,325,000 grant. The partial relinquishment would reduce the overall grant amount to \$630,963, with a balance available of \$455,001.

Known Support / Opposition

There is no known opposition.

CITY OF MINNEAPOLIS
CERTIFICATION

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF MINNEAPOLIS)

I, Tina Sanz, Assistant City Clerk of the City of Minneapolis, in the County of Hennepin, and State of Minnesota, certify that I have examined the attached copy of **RESOLUTION 2009R-504**, adopted by the Minneapolis City Council at a meeting held on **October 30, 2009**, and have carefully compared the same with the original on file in this office, and that the attached copy is a true, correct and complete copy of the original.

IN WITNESS WHEREOF, I have signed
and affixed the city seal on **November 9, 2009**.



Assistant City Clerk

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2009R- 504
RESOLUTION
of the
CITY OF
MINNEAPOLIS

By Goodman and Ostrow

In support of the West Broadway Curve Metropolitan Council Livable Communities Act Grant Extension.

Whereas, in 2007 the City of Minneapolis received a Livable Communities Demonstration Account grant in the amount of \$1,325,000 (SG007-118) to acquire and demolish buildings on the project site associated with the redevelopment of the West Broadway Curve and to pay for certain site preparation costs and pedestrian improvements (hereinafter referred to as "the grant" and "the grant activities"); and

Whereas, the original expiration date of the 2007 Livable Communities Demonstration Account grant (SG007-118) is December 31, 2009;

Whereas, due to unforeseen changes in the housing market, particularly in North Minneapolis, and the overall effects of the national economic crisis, the City has been forced to delay the start of the redevelopment project and the City of Minneapolis is unable to complete the project activities associated with the grant by December 31, 2009; and

Whereas, the City of Minneapolis nonetheless has since January 2008, using both grant and City resources, acquired eight (8) properties in the project area and currently owns thirteen (13) of the twenty-one (21) parcels along the West Broadway Curve, with an additional seven (7) properties expected to close by the end of 2009; and

Whereas, the City of Minneapolis expects the developer of the end-use of the property being acquired, Agape Apartments project, to begin applying for project financing in late 2009 and into 2010, with a construction start in late fall of 2011 and project completion by December 31, 2012; and

Whereas, the City of Minneapolis has offered to relinquish \$694,037 of Livable Communities Demonstration Account grant funds related to site preparation activities and pedestrian improvements; and

Whereas, the City of Minneapolis is requesting that the balance of the 2007 Livable Communities Demonstration Account grant (SG007-118) be extended to December 31, 2012; and

Whereas, the Metropolitan Council has placed on its Community Development Committee agenda of November 2, 2009, consideration of the request of the City of Minneapolis for extension of the West Broadway Curve Livable Communities Demonstration Account grant and modification of the grant budget;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the Minneapolis City Council expresses its full support of the requested Livable Communities Program grant extension and budget amendment for the West Broadway Curve Project, and expresses confidence that site acquisition and demolition activities will be completed by January 31, 2010, and that the West Broadway Curve Project will be substantially completed by December 31, 2012.

Certified as an official action of the City Council

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
Ostrow	X						Glidden	X					
Gordon	X						Schiff	X					
Hofstede	X						Remington	X					
Johnson	X						Benson	X					
Samuels	X						Colvin Roy				X		
Lilligren				X			Hodges	X					
Goodman	X												

ADOPTED OCT 30 2009 DATE

APPROVED NOT APPROVED VETOED

ATTEST *[Signature]*

NOV 04 2009