Metropolitan Livable Communities Fund

Report to the Minnesota State Legislature

June 2003

Metropolitan Council
Mears Park Centre, 230 East Fifth Street, St. Paul, Minnesota 55101

General phone	651 602-1000
Regional Data Center	651-602-1140
TTY	651 291-0904
Metro Info Line	651 602-1888
E-mail	*data center@metc.state.mn.us*
Web site	*www.metrocouncil.org*

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Report Organization

This is the seventh annual report to the Minnesota Legislature on the Metropolitan Livable Communities Fund established by the 1995 Livable Communities Act (*Minnesota Statutes, Sections 473.25 through 473.254*). The report describes the fund's programs and activities during 2002 and responds to a legislative requirement that the Council report annually on:

- the amount of money in the fund
- the amount of money distributed
- to whom funds were distributed and for what purpose
- an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the Council

The report may also include recommendations to the legislature on changes to the Livable Communities Act.

An additional appendix containing a cumulative list of Livable Communities Act awards has been included in this year's report (Appendix C). The list reflects changes resulting from moving accounting information for a Transit for Livable Communities Demonstration Program Fund to the Council's transportation program funds. The separation of Transit for Livable Communities Demonstration Program Fund monies from Metropolitan Livable Communities Fund monies more clearly and accurately presents information about both funds.

Program Overview

The Livable Communities Act (LCA) represents the legislature's preference for a voluntary, incentive-based approach to address the metropolitan region's affordable and lifecycle housing issues and to help communities grow and succeed. The LCA establishes a Metropolitan Livable Communities Fund to assist communities that choose to participate in LCA programs. The **Metropolitan Livable Communities Fund** includes three accounts:

- The **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that achieve connected development patterns that link housing, jobs and services, and maximize the development potential of existing infrastructure and regional facilities.
- The **Local Housing Incentives Account (LHIA)** helps expand lifecycle and affordable rental and ownership housing development and preservation.
- The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated urban land and buildings for subsequent redevelopment that could include commercial, industrial, or housing opportunities. Restoring the tax base and developing more jobs near existing housing and services is a primary objective of this account.

In order to be eligible to compete for this funding, the LCA requires interested communities to negotiate long-term affordable and lifecycle housing goals with the Metropolitan Council. Each participating community must also have in place an LCA Housing Action Plan to identify and give direction to the city's use of programs, official controls and fiscal devices to help accomplish these negotiated goals. While there was initially some doubt that a voluntary program would be effective, several years of program experience have proven that this incentive-based approach works.

In 2002, 103 communities were participants in the LCA's local housing incentives program and were eligible to receive grant funds. The Metropolitan Council awarded grants totaling $15,800,000 from the three LCA accounts during 2002. Additional requests for funding in 2002 exceeded available funds by approximately $53 million. Funds came primarily from tax levies, with additional money from accrued interest, a one-time allocation of additional interest earnings and a set-aside for LCDA funds from the Council's general fund.

Partnerships are a feature of the Council's allocation of funds from all the Livable Communities accounts. The LCA funds awarded by the Council are combined with funding provided by the Minnesota Housing Finance Agency and other partners through the Metropolitan Housing Implementation Group (MHIG) and by the Department of Trade and Economic Development (DTED) to offer even stronger support for local efforts. These agencies, together with an advisory committee of technical experts from local communities that reviews LCDA proposals, assist the Council with its funding decisions.

The Council and its LCA partners awarded grants in 2002 as follows:

- **Livable Communities Demonstration Account:** Twelve Development Grants totaling $8,186,000 to help with construction and infrastructure costs for projects in twelve communities. Thirteen Opportunity Grants totaling $589,000 to twelve communities and one multi-city coalition to help with pre-development work for projects with potential to become eligible in the Development Grant category.
- **Local Housing Incentives Account:** Eleven grants totaling $1,725,000 to ten communities and one multi-city coalition to help construct and rehabilitate affordable ownership and rental housing.
- **Tax Base Revitalization Account:** Twenty-four grants totaling $5,300,000 to nine communities to help clean up polluted land.

Results

Projects funded in 2002 will make a difference in communities throughout the region. Working with the market and responding to local needs, cities will use LCA grants to plan and develop attractive, sustainable neighborhoods offering a mix of housing, jobs and services linked by a variety of transportation choices. The LCA grants funded in 2002 will achieve an expected:

- 24 new affordable ownership housing units
- 256 new rental housing units
- 86 improved or rehabilitated existing housing units
- 1,700 new or retained jobs
- 129 acres of reclaimed polluted land
- $250 million in private sector investments
- additional public sector investments of more than $150 million

About this Report

The Livable Communities Act (*Minnesota Statutes, Section 473.25*) requires the Council to prepare and submit to the legislature an annual report on the Metropolitan Livable Communities Fund. This is the seventh such report. It provides an overview of Livable Communities Act programs and activities during 2002, and includes specific information required by the law about:

- the amount of money in the fund
- the amount of money distributed
- to whom funds were distributed and for what purpose
- an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the Council

The report may also include recommendations to the legislature on changes to the Livable Communities Act.

Appendix A contains examples of funded projects. Appendix B provides a list of 2002 Livable Communities Advisory Committee members.

One additional appendix (Appendix C) has been included in this year's report. During conversations about Livable Communities programs with state legislators and Council Livable Communities Act (LCA) partners during the past several months, the Council became aware of some confusion resulting from the way the Council has accounted for program revenues and expenditures related to Transit for Livable Communities funds awarded in response to legislation passed in 1996. *MN Statute 473.3875 Transit for Livable Communities* states:

> The council shall establish a transit for livable communities demonstration program fund. The council shall adopt guidelines for selecting and evaluating demonstration projects for funding. The selection guidelines must include provisions evaluating projects:
> 1) Interrelating development or redevelopment and transit;
> 2) Interrelating affordable housing and employment growth areas;
> 3) Helping intensify land use that leads to more compact development or redevelopment;
> 4) Coordinating school transportation and public transit service;
> 5) Implementing recommendations of the transit redesign plan; or
> 6) Otherwise promoting the goals of the Metropolitan Livable Communities Act.

References to the Livable Communities Act in this legislation prompted a process of awarding Transit for Livable Communities demonstration funds (a total of $2.5 million) in conjunction with LCDA awards. LCA programs staff referred to these funds as "supplemental transit funds." After reviewing the statute, which is contained in sections of legislation referring to transportation, Council staff determined that establishing a specific "Transit for Livable Communities (TLC) Demonstration Program Fund" item in the transportation portion of the Council's budget, rather than combining TLC and LCA funds, would be a more clear and accurate way to describe and track this particular funding.

The change in accounting reduced total LCA awards to date by $2.5 million. It also reduced the total amount shown for five LCDA projects by the amount of their TLC award, and eliminated two Minneapolis projects from the list summarizing all LCA funding awards. Those two projects—for areas adjacent to LRT stations and funded exclusively from TLC funds—will appear only in information about TLC Demonstration Program Fund expenditures. Appendix C provides a cumulative list of all LCA awards that reflects these changes.

Program Overview

Enabling Legislation

In 1995, the Minnesota Legislature passed the Livable Communities Act (LCA). The LCA (*Minnesota Statutes, Sections 473.25 through 473.254*) created a voluntary, incentive-based approach to address the Metropolitan Area's affordable and lifecycle housing issues and to help communities grow and succeed. It established the Metropolitan Livable Communities Fund, including three accounts from which eligible communities could apply for funding:

- The **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that achieve connected development patterns that link housing, jobs and services, and maximize the development potential of existing infrastructure and regional facilities.
- The **Local Housing Incentives Account (LHIA)** helps expand lifecycle and affordable rental and ownership housing development and preservation.
- The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated urban land and buildings for subsequent redevelopment that could include commercial, industrial, or housing opportunities. Restoring the tax base and developing more jobs near existing housing and services is a primary objective of this account.

Response to LCA Programs

The Metropolitan Livable Communities Fund makes available an average of over $12 million annually through the three program accounts. The total funding awarded during 2002 was $15,800,000. In order to be eligible to compete for this funding, the LCA requires interested communities to negotiate long-term affordable and lifecycle housing goals with the Metropolitan Council. Each participating community must also have in place an LCA Housing Action Plan to identify and give direction to the city's use of programs, official controls and fiscal devices to help accomplish these negotiated goals. While there was initially some doubt that a voluntary program would be effective, several years of program experience have proven that this incentive-based approach works. Requests for funding increase each year as communities throughout the region see the results that can be achieved through the LCA.

Today, the three LCA grant accounts are one of the region's most successful tools for cleaning up polluted sites, expanding housing choices, and moving innovative local development projects from plans on paper to projects on the ground. In 2002, 103 communities were participants in the LCA's local housing incentives program and were eligible to receive grant funds. During the year, three more cities – Elko, Loretto and New Market – elected to begin participation in the LCA in 2003. With so many Twin Cities communities working hard to provide housing their workers can afford, create jobs to strengthen their local economies, and ensure that their residents have mobility options that provide them with access to work, recreation, shopping and services, each program annually receives more requests for funding than can be met with available resources. Partially funded or not funded LCA grant requests from the LCDA and TBRA accounts during 2002 totaled about $53 million. The Metropolitan Housing Implementation Group through which LHIA funds are awarded was not able to fund requests totaling more than $20 million.

Results

Projects funded in 2002 will make a difference in communities throughout the region. Working with the market and responding to local needs, cities will use LCA grants to plan and develop attractive, sustainable neighborhoods offering a mix of housing, jobs and services linked by a variety of transportation choices. The LCA grants funded in 2002 will achieve an expected:

- 24 new affordable ownership housing units
- 256 new rental housing units
- 86 improved or rehabilitated existing housing units
- 1,700 new or retained jobs
- 129 acres of reclaimed polluted land
- $250 million in private sector investments
- additional public sector investment of more than $150 million

Regional Partnerships for LCA Decision Making

Partnerships are a feature of the Council's allocation of funds from all the Livable Communities accounts. The LCA funds awarded by the Council are combined with funding provided by the Minnesota Housing Finance Agency and other partners through the Metropolitan Housing Implementation Group (MHIG) and by the Department of Trade and Economic Development (DTED) to offer even stronger support for local efforts. These agencies, together with an advisory committee of technical experts from local communities that reviews LCDA proposals, assist the Council with its funding decisions.

Livable Communities Demonstration Account. Applications for Livable Communities Demonstration Account development grants are reviewed by the 17-member Livable Communities Advisory Committee, which makes funding recommendations to the Metropolitan Council. The committee is made up of representatives with expertise in local and county government, development and redevelopment, finance, urban design and transportation (see Appendix B for a list of 2002 members). Advisory committee review ensures that LCDA development proposals are evaluated in the context of both market demand and community needs. Advisory committee members also provide valuable feedback to non-funded applicants to help improve their proposals for future grant cycles.

Local Housing Incentives Account. The Metropolitan Council allocates funds in the Local Housing Incentives Account through the Metropolitan Housing Implementation Group (MHIG), established in 1995 to coordinate and streamline the complex system for delivering housing resources in the metropolitan area. The MHIG includes representatives of the Metropolitan Council, the Minnesota Housing Finance Agency (MHFA), the Family Housing Fund, and the Greater Minnesota Housing Fund. The MHIG represents an unprecedented effort to bring together the major housing resource providers to collaboratively develop a process and tools to provide easy access to and disbursement of a combined pool of housing development dollars. To the Council's knowledge, this form of collaboration has not been attempted successfully anywhere else in the country.

The MHIG group develops a Super Request for Proposals (RFP) to simplify and streamline the process for accessing housing development dollars. The Super RFP includes descriptions of and requirements for all funding sources available during a funding cycle, including the Local Housing Incentives program. The Super RFP is mailed to all communities, developers, housing agencies and others interested in the production of affordable housing. Applicants need to apply only once, using the Super RFP application, to access any of the funds available during that funding cycle. The MHIG has also developed joint project selection criteria as a tool to review proposals and choose award recipients. The joint criteria include the policies articulated in the Council's development framework, the Livable Communities Act and state policy initiatives.

MHIG created a collaborative project selection process to assist in making the best funding decisions possible. Representatives from each of the MHIG agencies participating in project funding serve on a joint selection committee. The selection committee reviews each proposal, considering the joint selection criteria, individual funder's criteria, as well as any funder's past experience with the applicant, previous funding allocations, familiarity with the project or expertise related to any aspect of the proposal. Funds are then allocated to each proposal based on the outcome of that review and the best match of proposal to funding source. Funding recommendations are brought to each of the appropriate funding boards for final approval.

Tax Base Revitalization Account. The Tax Base Revitalization Account demonstrates cooperative relationships among the Council, the Department of Trade and Economic Development (DTED), and the Minnesota Pollution Control Agency (MPCA). Council and DTED staffs use the same application cycle deadlines and hold joint application workshops. DTED staff assists Council staff in ranking TBRA applications according to the Council's criteria. The Livable Communities Act authorizes the use of TBRA funds as part of local match requirements for DTED's Contaminated Site Cleanup Program. Projects eligible for both programs are jointly funded.

Both the TBRA and the DTED programs require "response action plans" from the MPCA for all applicable projects. These plans are required as part of the Voluntary Investigation and Cleanup (VIC) program. MPCA staff review the applications to verify that proposed activities will cost-effectively implement an appropriate response action plan submitted by the applicant. Although asbestos and hazardous materials remediation for buildings is not currently addressed by the VIC strategy, MPCA staff also comments on the applications involving asbestos cleanup work. In addition, MPCA staff members participate in workshops conducted jointly by DTED and Council staff that offer technical assistance to applicants.

Amounts Received

The sources of Livable Communities Fund money available in 2002 were:

Current Year Tax Receipts	$12,360,800 (LCDA - $7,360,078*) (TBRA - $5,000,725) *$500,000 of this amount directed to LHIA
Interest Earned	$ 686,092
Uncommitted Funds from Prior Year	$ 693,393
One-time Set Aside of Additional General Fund Monies	$ 1,175,000
Transfer to LHIA Funds from General Fund	$ 1,000,000
TOTAL	$15,915,288

The uncommitted balance in the Livable Communities Fund (total received minus total awarded) was $693,393 on December 31, 2001. Those uncommitted funds were included in funds awarded during 2002. The fund is managed to maintain a net uncommitted balance within each account in order to avoid awarding more funding than is available. The uncommitted balance is attributable primarily to greater-than-anticipated interest earnings during the year. Interest earned varies depending on the timing of levy receipts and grant payments. Fund balances also occur when projects use the awards over a period of months or years and interest accrues on the unspent balances. Despite uncertainties that may occur during the life of a particular project, committed funds continue to be set aside, provided owners, developers and local governments are able to resolve the delays (typically related to permits or financing) and move forward.

Funding Expenditures

The Metropolitan Council awarded $15,800,000 in grants from the three accounts during 2002 as follows:

LIVABLE COMMUNITIES FUND	NUMBER OF GRANTS	TOTAL 2002 AWARDS	NUMBER OF COMMUNITIES
Livable Communities Demonstration Account for community development and planning projects: • Development Grants-help with construction and infrastructure costs for projects ready to be built • Opportunity Grants-help with predevelopment work for projects with potential to become eligible in the Development Grant category	25 (12) (13)	$8,775,000 ($8,186,000) ($ 589,000)	17 communities and one multi-city coalition
Local Housing Incentives Account to help construct and rehabilitate affordable ownership and rental housing	11	$1,725,000	10 communities and one multi-city coalition
Tax Base Revitalization Account to help clean up polluted land	24	$5,300,000	8 communities and one county

2002 LCA Funded Projects

Livable Communities Demonstration Account Projects

Listed alphabetically by community

OPPORTUNITY GRANTS

Anoka County—Housing Opportunities along the Northstar Commuter Rail Line
Grant Award: $70,000 in July 2002

The cities of Anoka, Coon Rapids, and Fridley desire to examine the impact development along the Northstar Corridor will have upon neighboring station stops. This study will assist the cities in making planning decisions that will have great impact upon transit-oriented development in their communities. Anoka County is making this grant application on behalf of the three cities.

Apple Valley—Central Village Small Area Plan, Phase II
Grant Award: $30,000 in July 2002

Phase I of the plan (funded with the 2001 grant) resulted in a plan to allow mixed uses in a previously commercial-only area, more structured parking, public open space and enhanced stormwater management. An additional 1,000 households are now expected to reside in the area. Phase II (with funding from the 2002 grant) moves to plan implementation with a market study, architectural plans, stormwater and traffic plans.

Arden Hills—Twin Cities Army Ammunition Plant (TCAAP) Reuse
Grant Award: $75,000 in July 2002

The Twin Cities Army Ammunition Plant (TCAAP) site is 2300 acres and encompasses approximately one-third of the City's land area. It is currently one of the largest tracts of undeveloped land in the metropolitan area. With the recent indication that the Army may make portions of the property available for reuse, the City is initiating detailed land use and infrastructure planning to ensure that the property is reused consistent with community, sub-regional, and regional expectations.

Brooklyn Center—Little Asia
Grant Award: $24,000 in July 2002

Create a mixed-use retail residential development by converting a 1950's strip center (Northbrook) into a destination shopping area with freestanding multi-family and housing above street level commercial uses. The site would be developed with an Asian theme and architecture. The project site is part of the Brookdale Opportunity Site and will be developed to meet the smart growth objectives for that area. The specific purpose of the Opportunity Grant Request is to prepare a market study, financial feasibility study, and site plan, including a public review process, to move the project from the concept stage to a project ready to begin implementation.

Columbia Heights—39th and Central Avenue Redevelopment Site
Grant Award: $25,000 in July 2002

The City of Columbia Heights will develop a site specific land use strategy for an underutilized and blighted commercial retail strip center site, through an economic and market analysis of these properties. This information will then be used to determine future reuse potential of a commercial center struggling for fiscal stability. Key objectives include planning for pedestrian friendly concepts consistent with transit-oriented development.

Crystal—West Panhandle Redevelopment
Grant Award: $60,000 in July 2002

Redevelopment of a 40-acre site surrounding the Cub Foods in the southeast quadrant of the intersection of Hwy 100 and 36th Avenue North. Redevelopment project will preserve and enhance the community by increasing housing choices, optimizing land use efficiency, building transit capacity, enhancing natural systems, and fulfilling the city's goals for infill and reinvestment. Project takes advantage of the opportunities created by the widening of Hwy 100 and the reconstruction of one of the most dangerous intersections in the state.

Farmington—Spruce Street Development Plan
Grant Award: $40,000 in July 2002

Farmington is a rapidly growing community at the urban fringe with a great need for more commercial, retail and office space. The proposal would create a comprehensive, progressive development plan for a currently undeveloped 450-acre site located in close proximity to a rapidly growing suburb's "historic" downtown, and do so in a way that creates new commercial, residential and mixed-use opportunities that complement rather than conflict with existing businesses and neighborhoods.

Long Lake – Downtown Implementation Plan
Grant award: $70,000 in July 2002

Develop a detailed implementation plan to facilitate and guide public and private redevelopment and reinvestment in downtown Long Lake. Components of the project include market studies, financial analyses, transit planning, long-term parking study, streetscape master plan, and stormwater management and infrastructure needs. The city intends to encourage more intensive mixed-use development in its downtown by increasing pedestrian amenities, providing more multifamily housing choices, providing better transit services, improving connections to natural features, and more efficiently using existing infrastructure.

Minneapolis - 46th and Hiawatha Master Plan
Grant Award: $50,000 in July 2002

Develop a five-year implementation plan for 46th and Hiawatha Station Area Master Plan with citizen and public agency participation. Funds will support technical analyses of land assembly, public infrastructure, public amenity and housing development programs, costs and delivery strategies to support adoption of redevelopment plans, requests for proposals, and development of public investment priorities. Several technical studies will be needed to develop the five-year implementation plan including a land development study, housing study and public infrastructure development study.

Richfield – Low Frequency Noise Impact Area Design and Land Use Standards
Grant award: $10,000 in July 2002

Richfield has identified an area that will be largely uninhabitable due to high noise levels associated with the new "north-south runway" at the MSP airport. The city will use grant funds to establish design and land use standards for the re-creation of this area as a livable neighborhood. Low Frequency Noise Impact Area Design and Land-Use Standards would assist city staff and potential developers in determining the best re-use principles for the affected area. The primary goals of the project are to determine appropriate land uses, massing and height of buildings, construction methods, building and finish materials, types of residential uses; plus the potential effects of redevelopment in mitigating noise impacts on adjacent properties, and ways to create a livable neighborhood and to integrate that neighborhood with the community. Grant funds will be used for consultant costs to draft the standards. Because this project has potential to meet aviation planning objectives and livable community objectives, LCDA grant funds were matched with $10,000 from the Aviation Division's consultant funding monies in a cost-sharing effort. The total award: $20,000.

Shoreview – Core Area Redevelopment/Town Center Implementation
Grant award: $40,000 in July 2002

Calthorpe Associates developed conceptual illustrative and phasing plans for the redevelopment of the Highway 96 Core Area. These plans set the stage for reshaping the core area of the community in terms of land use patterns and relationships, redevelopment areas, infrastructure improvements and area-wide enhancements. The City is interested in moving forward with Phase II of this redevelopment by creating tools and strategies for the plan's implementation. Grant funds will be used to explore and develop an implementation plan using zoning techniques, market strategies, property acquisition/assembly methods, financing and public participation.

St. Paul – University Avenue and Dale Street Transit Oriented Development
Grant award: $45,000 in July 2002

Development study for three corners of the University Dale intersection to transform an older city neighborhood with an increasingly diverse population along a traditional street-car line from auto-dominated uses to higher density, transit-oriented development. A 2001 Opportunity Grant is being used to do similar planning for two other nodes in the corridor. Grant funds will be used for detailed site plans, massing models/drawings, a market study, and revisions to plans based on public review and adoption.

Stillwater – Second Street Mixed Use Development
Grant award: $50,000 in July 2002

The Second Street Mixed Use Development is approximately one acre in size and will consist of two separate, but complementary, developments. The first site is the block between Chestnut and Olive Streets, west of Second Street. It could include up to 8,000 square feet of retail and a new 380-car parking ramp. The development will also include a reuse study of the Armor Building as a community center, a performing arts venue, or other possible public functions. The second site is the block south, between Olive Street and Pine, west of 2nd Street (the old UBC property). It could include 50 to 70 new housing units. Both sites are currently city-owned, surface parking lots. Grant funds will be used for a reuse study of the Armory.

DEVELOPMENT GRANTS

Falcon Heights – Falcon Heights Town Square
Grant Award: $1,000,000 in November 2002

The primary goal of this community-driven project is to provide a new transit-oriented, pedestrian friendly, mixed-use development while replacing a deteriorating shopping center. Town Square elements include: 120 units of multifamily housing with underground parking; 56 units of senior rental housing with underground parking; 17 owner-occupied townhomes; 10,000 sq. ft. of street level retail space within the multifamily building; and new amenities: public gateway, streetscape improvements, retention pond, green space, transit shelter, linkage to a neighborhood park.

Hopkins—Marketplace Lofts
Grant Award: $250,000 in November 2002

This project will result in the construction of a four-story, mixed-use building with retail and for-sale housing, the largest vertically integrated project of this type outside of the central cities. Goal is to anchor the east end of Mainstreet and provide a catalyst for additional investment. The HRA will invest approximately $1.4 million in this project. This project will greatly diversify the housing options within the downtown, attracting residents who want the convenience and style of urban living. The architecture of the building will complement the existing pattern and style of Hopkins' historic Mainstreet.

Mendota Heights—Mendota Heights Town Center
Grant Award: $873,400 in November 2002

Town Center is a mixed use development that includes: a new commercial main street lined with two-story, mixed-use buildings around a town square gathering place; three lifecycle neighborhoods with 75 for-sale condominiums and 60 senior apartments linked to existing neighborhoods with trails, green spaces and pedestrian-friendly streets. Elements will include a village green, trail linkages to new and existing trails, interpretive markers uncovering the history of the site, native landscaping, wetlands, and a rain garden. Pedestrian-focused development and structured underground parking will maximize open space and increase walkability.

Minneapolis – Franklin - Portland Gateway II
Grant award: $500,000 in November 2002

Gateway Phase II, the Jourdain, will create 41 mixed-income units and 4,000 square feet of commercial space ideally located on a highly visible intersection along a developing Franklin commercial corridor. Overall, Gateway development will create approximately 300 quality mixed-income units and 28,000 square feet of commercial space designed around land use concepts that demonstrate successful urban mixed-use, pedestrian- and green-oriented development. Gateway puts in place immediate and future directions for land use built on the area's attributes: proximity to downtown Minneapolis and access to employment, linkages to the city's network of parks and the Franklin LRT Station. Funds will be used for construction of the Jourdain.

Minneapolis – Grain Belt Housing Project
Grant award: $775,000 in November 2002

In 1988, the City acquired the Grain Belt complex in Northeast Minneapolis before its owner could demolish the historic Brewhouse. The Northeast community is near the central business district and the oldest area of Minneapolis, displaying growing economic and social diversity. Various proposals were considered for Grain Belt but were unworkable until the Ryan/RSP proposal. Substantial public investments have been made in the Brewhouse, two 19th century buildings affordable for artists, and the Bottineau Library. The City has now selected a developer for parcels adjacent to the Brewhouse and the river for a mixed-use project, the first developed under the Upper River Master Plan. Grant funds will be used for acquisition/relocation/demolition of three houses and demolition of the 1950's warehouse building.

Minneapolis – Heritage Park (a.k.a. Near Northside Redevelopment)
Grant Award: $850,000 in November 2002

Create a stable, mixed-density, culturally diverse and affordable urban neighborhood containing 900 new housing units (440 rental, 360 for sale, and 100 elderly public housing units). Decrease the concentration of poverty be developing a mixed-income housing project that disperses the public housing units (200). Reconnect this isolated community in one of the most disadvantaged areas of the city to an array of services, jobs, and amenities. Create gathering spaces and plan areas, along with safe, well-lit and attractive amenities and pedestrian connections. Provide a parkway-style experience that reconnects the once-isolated site. Provide access to the new amenities and walkability for families that live in adjacent neighborhoods and for students of the five schools that are within one block of the new boulevard. This grant will be used for the third phase of boulevard and median features: design, engineering, site preparation, construction, and streetscape/streetlights.

Minneapolis – Phillips Park Initiative II
Grant award: $250,000 in November 2002

Phase II of the Phillips Park Initiative will enhance the economic mix in a neighborhood with transit and within walking distance to major employers, add very affordable rental housing, increase homeownership opportunities, and intensify land use. It stabilizes supportive housing development – rehabilitates ten two-bedroom dwellings in an existing structure and replaces a substandard duplex with a four-bedroom duplex. It constructs 12 townhomes, with access to services, for job-seeking MFIP participants. It acquires deteriorated structures for rehab/demolition/new construction yielding nine owner-occupied dwellings, and rehabilitates 3 single family homes and increases lot size. It creates shared green space. The grant funds will be used for site assembly costs for construction/rehab to create nine owner-occupied units.

Minneapolis – Village in Phillips
Grant award: $437,600 in November 2002

A redevelopment project designed by and for neighborhood residents through a collaborative planning process among several Minneapolis non-profit community developers and residents. The vision is for a safe, diverse, sustainable, child friendly and transit-oriented village with up to 135 new housing units and 18,000 square feet of commercial space. The project increases density while preserving quality open space and the positive features of the existing area. Located ¼ mile from the Franklin Avenue LRT station and on two major bus routes, the development will provide linkages to transit. Grant funds will be used for site assembly (acquisition, relocation and demolition).

Ramsey – Ramsey Station Town Center
Grant award: $800,000 in November 2002

The Ramsey Station Town Center is the development of a compact transit-oriented mixed-use neighborhood on a greenfield site. Abutting the proposed North Star commuter rail, it will be a hub for employment, commercial, residential and civic uses. With sidewalks throughout, tree-lined streets, bike paths, rear alley and side yard access will be created, with a pedestrian and bicycle friendly environment benefitting the residents of the proposed 2000 units of lifecycle housing. The natural environs will be enhanced, providing wildlife habitat and connections to surrounding residences and businesses, with a green "spine" throughout and connected to the nearby Regional Park. Grant funds will be used to help construct a new central roadway that is key to the development pattern.

Richfield – Lyndale Gateway West
Grant award: $500,000 in November 2002

This mixed-use project will complete the renewal of a key entry point to the Richfield community at 77th Street and Lyndale Avenue. Along Lyndale Avenue, 28,580 square feet of commercial space, with surface parking located behind the buildings, provides contemporary neighborhood-oriented retail and office uses for the project residents and the broader community. Ninety-two loft-style condominiums offer a new housing type at a range of affordability levels to a community trying to diversify its housing stock. Fifteen townhomes line Aldrich Avenue providing a transition to the adjacent single family neighborhood. Grant funds will be used for land acquisition and assembly.

St. Paul – Market Lofts
Grant award: $950,000 in November 2002

The project has three components. Market Lofts will foster the expansion of St. Paul's public farmers' market by providing 15,000 sq. ft. of first-floor space for a year-round, regional market next to the outdoor market. The Minnesota Department of Agriculture supports this project as a national model for family farmers to diversify and increase their incomes by grower-direct sales of value-added products to consumers. Underground parking below the Farmer's Market space will enable conversion of the adjacent under-used, historic Northwestern Building into 65 condos. Forty-eight units of affordable rental housing will be built above the Farmers' Market space: 10 percent of the units at 30 percent of median income, 10 percent at 50 percent of median income and 80 percent at 60 percent of median income. Funds will be used for the regional year-round indoor Farmer's Market Hall and land assembly for garage, market and rental housing.

West St. Paul – North End Redevelopment Project
Grant award: $1,000,000 in November 2002

This project is phased redevelopment of four blocks fronting on Robert Street by a partnership of the City of West St. Paul, Dakota County CDA, and the Cornerstone Group. This project will provide a model for mixed-use redevelopment for the rest of the corridor, increase affordable and market rate housing options near transit and employment opportunities, create a safe pedestrian environment, and provide an identity and gateway statement for the neighborhood and community. Grant funds will assist with acquisition and demolition.

Local Housing Incentives Account Grants

Listed alphabetically by community.

Bloomington—Essex Knoll
Grant Award: $80,000 in November 2002

Assist in the acquisition and clearance of property and subsequent construction of eight three-bedroom homes in the Essex Knoll area. The units will be sold to low-income households (those with an income less than 60 percent of the county median income limit).

Chaska—Riverwoods Development
Grant Award: $150,000 in May 2002

Assist with acquisition of land for construction of 16 units of permanent affordable housing. This land will be part of the Chaska Land Trust. This project is part of a larger housing development consisting of 72 units, helping to create a diverse mix of housing types and affordability in the community. The land trust units will be sold to buyers earning 50 percent of area median income. Units not included in the land trust will be sold to create economic diversity in the following manner: 40 percent (28 units) will be set aside for homebuyers with incomes at or below 80 percent of area median income; 40 percent (28 units) will be set aside for buyers with incomes at or below 100 percent of area median income.

Columbia Heights and the Greater Minneapolis Metropolitan Housing Corporation (GMMHC)—Home Rehabilitation Incentive Program
Grant Award: $25,000 in May 2002

Design and administer a rehab incentive program, offering a cash rebate to homeowners who complete home improvement projects. This rebate is part of the rehabilitation work and is not a cash payment to the homeowner. The rebate is calculated as a percentage of the improvement work—15 percent for homeowners at or below 50 percent of median income; 12 percent for those at or below 80 percent; and 10 percent for those with an income between 80 and 115 percent of median income. The maximum rebate is $3,000. The project is expected to generate approximately $340,000 in home rehabilitation for about 27 households.

Dakota County CDA (Burnsville) —Heart of the City Family Housing
Grant Award $300,000 in May 2002

Help complete 34 rental townhomes for families working in low paying jobs. The city received $825,000 in MHIG funds in 2001 ($100,000 of that was an LHIA grant). This project is part of the Heart of the City development area that is a high-density, mixed-use, pedestrian and transit-oriented zoning district. The 40-acre Heart of the City site will include as many as 755 homes—20 percent of them intended to be affordable—and 800 jobs. The Council has provided two Livable Communities grants totaling over $4 million to help with the cost of new streets, utilities, streetscape beautification, acquisition/relocation of two businesses, and land acquisition for the performing arts center. The city and Minnesota Valley Transit Authority have been working on a joint proposal for funding a transit facility at Nicollet and Highway 13 in the redevelopment. Such a facility will further facilitate the transit opportunities available to residents in this housing. The development will receive tax credits through the Dakota County CDA.

Falcon Heights—Town Square Apartments
Grant Award: $300,000 in May 2002

Help develop 120 units of permanent rental housing for the local workforce as part of a mixed-use, transit-oriented project that will also include a 58-unit senior rental building and 15 for-sale townhomes. The proposal is part of a compact urban town square on 4.5 acres near the southeast corner of Snelling and

Larpenteur Avenues. The proposed housing will consist of a 4-story apartment building with underground parking and 10,000 square feet of retail on the ground level. The site has excellent access to major bus routes, employment, services, retail and recreational opportunities. A transit shelter will be included in the project and integrated with the single-family residential neighborhood. The site is within walking distance of the area's three largest employers, including the University of Minnesota. Twenty-one percent of the units will be affordable to households at 30 percent of area median income, 23 percent affordable to households at 50 percent of median income, and 56 percent to those at 60 percent of median income.

Lakeville—Downtown Family Townhomes
Grant Award: $195,000 in November 2002

Contribute toward construction of 40 affordable rental townhomes (one one-bedroom, 19 two-bedroom, and 20 three-bedroom units) in downtown Lakeville. The city's tremendous population growth and increased employees in the city have created a great need for affordable rental housing. The CDA has a waiting list of over 760 families. Thirty-nine of the units will be affordable to households at 40 percent of median income, and one unit will be affordable to a household at 45 percent of median income.

Minnetonka-West Hennepin Affordable Housing Land Trust
Grant Award: $100,000 in May 2002

This project is for the acquisition and resale of seven properties. The Land Trust will purchase existing homes and resell to households at 60-80 percent of area median income. The land will be part of the Land Trust and leased to homeowners through a 99-year renewable ground lease. The funds awarded will partially cover the cost of the land and the closing and holding costs per property. The City of Minnetonka is committed to covering the balance.

North St. Paul and GMMHC-Home Rehabilitation Incentive Program
Grant Award: $25,000 in May 2002

Design and administer a rehab incentive program to provide cash rebates to homeowners who complete home improvement projects. The rebate is calculated as a percentage of the total improvement and is not a cash payment to the homeowner. Projects for homeowners at or below 50 percent of median income will be provided a 15 percent rebate; those between 50 and 80 percent will be awarded 12 percent; and for those with an income between 80 percent and 115 percent of median the rebate will be 10 percent. The project is expected to generate approximately $340,000 in home rehabilitation for about 27 households.

Prior Lake – Jeffers Pond Family Townhomes
Grant Award: $200,000 in November 2002

Construct 40 two- and three-bedroom rental townhomes as part of Prior Lake's "Prior Lake Vision 2020," a strategic plan (including the development of 360 acres with 983 lifecycle housing units) that was developed through an extensive community planning effort. Thirty-three of the units will be affordable to households with incomes no higher than 50 percent of median income, and seven units will be affordable to households at 57 percent of median income.

Roseville - I-35W Corridor Coalition Communities and GMMHC—Senior Housing Regeneration - Roseville, designated city to administer funds for Arden Hills, Blaine, Circle Pines, Mounds View, New Brighton, Roseville and Shoreview + Minneapolis
Grant Award: $150,000 in May 2002

Develop and implement a five-year program to preserve existing affordable housing and create affordable home ownership opportunities. GMMHC proposes to purchase up to 25 homes from elderly owners who are moving into senior housing, rehabilitate the homes, and resell them to new homeowners with incomes at 40-80 percent of the area median income. Grant funds will be used to cover the gap between the cost of acquisition and rehabilitation and the value. Second mortgages funded by Ramsey County or MCDA are available to make the home affordable. All cities involved have a significant amount of housing that is 30 to 40 years old or older. All of these cities have identified housing rehabilitation, improvement and preservation as an important housing goal and implementation activity vital to the stabilization and reinvestment in their neighborhoods.

Shakopee – Boulder Ridge Townhomes Phase II
Grant award: $200,000 in November 2002

Construct 22 affordable rental townhomes (one four-bedroom unit and 21 three-bedroom units) on the south end of the city in an area of significant job growth. These units will help address the housing needs of the local workforce. Phase I of this project is fully leased and has a waiting list. In Phase II, five of the units will be Section 8 units through the Scott County HRA, and thirteen units will be affordable to households at 50 percent of median income. One unit will be affordable to a household at 57 percent of median income. Three will be market rate units.

Tax Base Revitalization Account Projects
Listed alphabetically by community.

Bloomington – Bloomington Corporate Center
Grant Award: $736,000 in June 2002

Help remove asbestos and hazardous materials from buildings on the former Control Data campus south of the Minneapolis-St. Paul International Airport. Two low-rise buildings on the site were constructed with asbestos-containing materials that must be removed prior to demolition. There is also an underground pipe containing asbestos that must be removed. A third low-rise building will also be demolished. Demolition of the three buildings will make way for a future higher-density, mixed-use development with housing, office space, a hotel/exhibition hall and two parking ramps. The Mall of America and planned light-rail transit are nearby.

Hopkins – Excelsior Tech Center
Grant award: $579,528 in December 2002

This grant funds removal of asbestos and hazardous materials from the former Alliant Techsystems property. Honeywell purchased a sugar beet warehouse here in the mid-1950s and converted it into a defense plant. Alliant used it for defense production, research and a corporate office until vacating it in 2001. Asbestos is present in walls and floor coverings as well as on pipes throughout the complex. The city's redevelopment strategy for the site includes 66 single-family homes and townhomes, plus 320,000 square feet of class "B" office space for mixed-use office, warehouse/production, and climate controlled storage.

Loretto – West Railway Property
Grant Award: $112,005 in June 2002

Loretto will use TBRA funds as a match for a DTED grant to address soil contamination on former railway and lumberyard property on the southern edge of the town center. Contamination includes petroleum, diesel range organics, gasoline range organics, volatile organic compounds, and polynuclear aromatic hydrocarbons. Soil excavated during the redevelopment construction must be disposed of at an approved landfill, and about a third of the excavation must be replaced with clean fill. The site will be redeveloped for office and retail space, a park/plaza amenity and associated off-street parking. The project is part of a much broader redevelopment initiative that includes multi-family housing, office space and park and pedestrian amenities.

Minneapolis (MCDA) – Bottineau Lofts
Grant Award: $70,000 in June 2002

This grant to MCDA will be used to abate asbestos and lead paint from the former East Side Neighborhood Services (ESNS) building, now vacant. The building was completed in 1919 with an addition in 1927. Asbestos and lead paint were used in construction. Asbestos was found in mastic, floor tile, boiler insulation and pipe insulation. Lead paint is present in several locations. Once contaminants are removed, the building's exterior will be restored to its original façade and the interior will be renovated for 33 rental units. Four additional new rental townhouses will be constructed. Of the 37 units, 11 will be affordable to households earning 30 percent of median income, and 18 units will be available for those earning 60 percent of median income. The remaining 8 units will rent at market rates. The project is part of a 184-unit complex including Bottineau Commons East, which is a 119-unit apartment building currently under construction, and Bottineau Commons West, including 28 new for-sale townhouses.

Minneapolis (MCDA) – Hollywood Theatre
Grant Award: $160,000 in June 2002

Remediate asbestos, lead paint, and other hazardous materials in this former theater building. The Art Deco theater was constructed in 1935 and has been designated historically significant by the Minneapolis Heritage Preservation Commission. When cleanup is complete, a "vaudeville 2000" comedy club-type venue is proposed for the site.

Minneapolis (MCDA) – Hubbard Building
Grant Award: $100,000 in December 2002

Remove asbestos, lead paint, hazardous materials and fungus from the historic Hubbard Building, built in 1910. The property went tax forfeiture and was conveyed by Hennepin County to the MCDA in 1992. It was partially occupied through 1999 and has been vacant since. A developer intends to restore the building to its original use pattern, with commercial offices on the upper level and retail on the lower level.

Minneapolis (MCDA) – Lenox Flats
Grant Award: $125,000 in December 2002

Abate asbestos and lead paint from a former rooming house on the southeast edge of downtown Minneapolis. Built in 1894 as 24 flats, the red brick structure has extended bays with stained glass transom windows. It was converted into 117 single-room residences with shared baths in the early 1960s. Lead paint is present in window casings, window wells, and on plaster walls, doors, door casings, wainscoting, and floors. Asbestos was found on pipe insulation, floor tile and linoleum. Central Community Housing Trust proposed to renovate the building into 24 two-bedroom condominiums. A small commercial business like a coffee or sandwich shop is also planned. The site is included in the South 9th Street Historic District and will comply with its historic renovation requirements.

Minneapolis (MCDA) - Milwaukee Depot East
Grant award: $162,858 in June 2002

These TBRA funds will match a DTED grant to address soil contamination on a square block portion of the former Milwaukee Depot site referred to as Parcel C. The upper two feet of soil are affected by metals. Carcinogenic polynuclear aromatic hydrocarbons (PAHs) and diesel range organics (DROs) are present from two to seven feet below the surface. These materials must be disposed of at an approved landfill and about a third of the excavation must be replaced with clean fill. CSM Corporation plans to build an office building on the site, with ground-floor retail, 22 units of ownership housing and a 290-stall parking ramp. A portion of the income from the sale of the housing units will subsidize four affordable units at another location. A separate 60,000 square foot building will be constructed for the MacPhail Center for the Arts.

Minneapolis (MCDA) – North Washington Industrial Park
Grant Award: $55,421 in December 2002

Grant funds will be used as a match for DTED funds to address soil contamination on this two-parcel site previously used for a bottling company, wood working shop, metal manufacturer, stable, auto parts salvage, warehouse and as an auto junk yard. It was vacated and fenced in 1994. It contains metals, DROs and PAHs in the soil that will require excavation. Barriers may also be needed to protect new development. MCDA proposes to redevelop the property with a light industrial or commercial building consistent with the North Washington Improvement Plan Jobs Park guidelines.

Minneapolis (MCDA) – Park Avenue Lofts West
Grant Award: $285,000 in June 2002

TBRA funds will be used as a match for a DTED grant to address soil contamination on a square block portion of the former Milwaukee Depot site (Parcel D). The Council and DTED previously addressed groundwater contamination on this and other portions of the site. The soil is affected by petroleum-related volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PAHs), diesel range organics (DROs), and metals. These materials must be disposed of at an approved landfill. Clean up will make way for 41 condominium units and two levels of underground parking. Additional condominium units are planned for future development on an adjoining site, Park Avenue East.

Minneapolis (MCDA) – Portland Condominiums
Grant Award: $460,000 in December 2002

TBRA funds will be used to address soil contamination on a square block portion of the former Milwaukee Depot site (Parcel D). The Council and DTED previously addressed groundwater contamination on this and other portions of the site. Now that substantial improvements have been completed on other parts of the site it no longer qualifies for DTED funding. The MCDA purchased the site in 1992 from the Resolution Trust Company and currently uses it as a tax-exempt parking lot. The upper three feet of soil are affected by low concentrations of metals, carcinogenic polynuclear aromatic hydrocarbons (PAHs) and diesel range organics (DROs). Arsenic and mercury slightly exceed residential use standards. These materials must be disposed of at an approved landfill and a portion of this excavation must be replaced with clean fill. Soil removed for building foundations will be tested and reused on site if it meets residential standards or disposed of at a landfill if it does not. Vapor barriers and engineering controls may be designed to manage potential vapors detected after the completion of site excavation. This second phase of redevelopment on the site will include construction of the 56-unit Portland Condominiums and two levels of underground parking.

Minneapolis (MCDA) – St. Barnabas
Grant Award: $135,000 in June 2002

Grant funds will address management of asbestos, lead paint and hazardous materials in the former St. Barnabas Hospital building in downtown Minneapolis. The 5-story brick building was constructed in 1910 as a wing of the hospital. In the 1970s Allina used the building as offices for its employees. It has been vacant and boarded up since the mid-1980s. Asbestos was identified in pipe insulation, duct insulation, floor tile and mastic, vinyl baseboard, window caulking, and roofing materials. Lead paint was identified in good to poor condition throughout the building. Light ballasts throughout the building are assumed to contain PCBs. Fluorescent lamps with mercury were also observed throughout the building. Other items of concern include a water heater, door closers, fire extinguishers, paints, adhesives, and a barrel labeled anti-freeze. Allina has committed to donate the building to the Central Housing Community Trust. The trust will have a certified contractor remove and dispose of the hazardous materials prior to working with several other partners to gut and rehabilitate the building into an affordable housing community focusing primarily on young people, with approximately 52 efficiency units, community space, green space and youth programming.

Minneapolis (MCDA) – Union Carbide/Skyway Event Services
Grant Award: $130,000 in June 2002

MCDA will use TBRA to match a DTED grant to address soil contamination at 1809 East Hennepin Avenue in Northeast Minneapolis, where Union Carbide operated an oxygen production and distribution center from 1916 through 1984. The property was vacant until Union Carbide sold it in 1991. Metal finishing currently takes place in the site's dilapidated buildings. The buildings need to be cleaned of asbestos and hazardous materials prior to their demolition to address soil contamination. The soils contain

DROs, TPH, VOCs, SVOCs, PCBs, and metals. About half the contaminated soils will have to be disposed of at an approved landfill, and about a third of the excavation must be replaced with clean fill. Skyway Events Services, which had planned to move outside the region, will develop their corporate headquarters at the site once cleanup work is completed.

Minneapolis (MCDA) – 501 – 509 Washington Avenue S.
Grant Award: $35,090 in December 2002

Funds provided will help remove asbestos and hazardous materials from the former Krelitz Industries pharmaceutical manufacturing and distribution business at this downtown site. Krelitz sold the property to Project for Pride in Living (PPL) Industries in 1989. PPL used the facility to provide paid training in light assembly work along with skill building to improve career options for its employees. PPL vacated the building in May 2002 and it has remained unoccupied since that time. Asbestos was a problem in thermal system insulation, ceiling texture, and in floor tile and mastic. Hazardous materials were a problem in HVAC equipment, door closers, thermostats, electric power panels, smoke detectors and in fluorescent light tubes and ballasts. Lead paint was removed from doors, windows and various other areas. The cleanup was completed during the fall of 2002. The developer maintains that recovery of remediation expenses is a potential barrier to completing the entire redevelopment plan to remodel the property into a mixed-use office and retail shopping center.

Minneapolis (MCDA) – 628 Franklin Avenue
Grant Award: $140,000 in December 2002

TBRA grant funds will be used to remediate asbestos, lead paint and other hazardous materials in an apartment building vacant since 1994 and tax forfeiture in 1998. Hazardous materials include asbestos, lead paint, pigeon droppings, mercury, mold, and fungus. The MCDA purchased the property from Hennepin County in 2000 and has been exploring redevelopment options since the acquisition. (The replacement of doors, windows, trim, pipe, tile, or linoleum, or the encapsulation of hazardous materials are not eligible for grant reimbursement.) Central Community Trust and HOPE Community are developing the Children's Village Franklin-Portland Gateway Project on all four corners of the Franklin/Portland intersection on which this site is located. Thea, LLC, a subsidiary of GESCO Construction, Inc. will rehabilitate the building into six condominiums and first floor commercial space. The commercial possibilities include a copy/computer/fax service center and a coffee shop.

Ramsey County – 1075 Arcade Street
Grant: $175,250 in June 2002

Remove asbestos and hazardous material from the former East Side St. Paul YMCA building. The building was constructed for the YMCA in 1952-1953 with an addition in 1969. In 2001, the YMCA donated the building to the Hmong American Partnership, a nonprofit organization, for social service programming and office space. After thorough analysis it was determined that renovation would be more costly on an ongoing basis than demolition and new construction. Asbestos containing materials were identified as follows: floor tile and mastic, pipe insulation, boiler wrap and breaching, boiler insulation, wall mastic, ceiling tile mastic, ceiling plaster, transite panels, ceramic tile mastic, carpet mastic, insulation inside wood doors, and floor felt. The removal will also include fluorescent light fixtures, door closures, and mercury thermostat switches. The Hmong American Partnership plans to construct a new facility that includes a job search area, activity/children's play area, conference rooms, classrooms, computer lab, multi-purpose room, office space, and space to lease to other agencies and businesses serving the Hmong community.

Robbinsdale – 4181 W. Broadway
Grant award: $92,808 in December 2002

Funds will address soil contamination on property most recently occupied by a dry cleaner prior to demolition of the building. The soil is contaminated with petroleum, tetrachloroethene and other solvents, which can be left in place, but require management if soils are disturbed for redevelopment purposes. A plaza was constructed on the site in the early 1990s, and removed in July 2002 to allow redevelopment. Plans are to construct a 3,200 square-foot single-story brick office building capable of a two-story addition on this site.

St. Paul (St. Paul Port Authority) – Energy Park ABC
Grant award: $200,000 in December 2002

The Port Authority will use TBRA funds to match a DTED grant to clean up the last undeveloped property (8 acres) on the Koppers Coke Superfund site in Energy Park. Koppers Company cleaned the site sufficiently during the early 1980s to obtain a letter from the MPCA indicating that no further remediation or investigation would be required. The Port Authority acquired the site from Koppers Coke in 1982 with a stipulation that the company's successor, Beazer East, assumed Superfund liability and responsibility, which it continues to do by operating groundwater monitoring and funding all soil and groundwater investigation. Redevelopment will require additional soil investigation and remediation necessary beyond the requirements of Superfund. The groundwater and soils on the site remain impacted by PAHs, VOCs and DROs. The highest concentrations are at depths of 10 to 20 feet, which was below the previous cleanup work. Soils above industrial use standards must be removed, a geomembrane liner installed below the foundation for a new building, and a soil replacement cover layer put in place. Plans are to construct a 100,000 square foot office/showroom/ manufacturing building for four to six commercial tenants.

St. Paul (St. Paul Port Authority) - Lowertown Depot
Grant: $378,628 in June 2002

The Port Authority will use TBRA funds as a match for a DTED grant to address soil contamination on the former Lowertown Depot site at the base of the Mounds Park bluff east of downtown and the rail yard area. Original development was residential on fill to raise development above the flood plain. Standard Oil Company built a petroleum distribution facility on the site in 1914. The original fill contains elevated levels of metals, cyanide and PAHs. Historic release of petroleum contaminants must also be addressed. The fill exceeding risk-based standards will have to be removed to a landfill. Lowertown Depot, LLC plans to renovate an existing Standard Oil warehouse building and build an attached building that will include 64 condominiums for lower- to moderate-income residents. The development will also include retail space and underground parking as Phase I of a planned multi-phase development including adjoining property on a combined 7.5-acre site.

St. Paul (St. Paul Port Authority) – Strauss Building
Grant Award: $166,000 in June 2002

Funds will be used to remove asbestos and hazardous materials from the former Strauss Knitting building at 350 Sibley Street. The five-story building was constructed in 1878 and used by Strauss Knitting Mills Company until 1986. It has remained vacant since that time in a state of deteriorating disrepair. Asbestos has been identified in pipe wrap, ceiling panels, pipe insulation, tank insulation, floor tile, baseboard, mastic, and wallboard. The building's historic significance and prominent location adjacent to Mears Park is ideal for mixed-income housing and ancillary commercial/retail uses. The building is being renovated, with plans for 49 apartments and approximately 7,800 square feet of commercial space for retail and/or office use. At least 40 percent of the apartment units will be leased to tenants at 60 percent of area median income. Approximately half of the restricted income units will be reserved for rents affordable to tenants at 30 percent of area median income if MHFA assistance can be obtained.

St. Paul (Planning and Economic Development) - U.S. Bank Operations Center II
Grant award: $39,259 in June 2002

Funds are a TBRA match for a DTED grant to address unbudgeted expenses on joint grants approved in June 2001. The additional expenses were incurred to remediate a storm sewer utility corridor. The redevelopment is partially complete, consisting of an office building, parking lot and commercial office building for a U.S. Bank Operations Center. When the previous grant award of $799,685 is combined with this grant, the total TBRA awards to this project equal $838,944.

St. Paul (St. Paul Port Authority) – Westminster Junction
Grant Award: $327,500 in December 2002

The Port Authority will use these TBRA funds as a match for a DTED grant to clean 35 acres that have a long history of industrial use and contamination. Contamination occurred over more than 100 years of evolving industrial use. The site was originally developed for residential and railroad switching yard use. Poor Richard's waste transfer station was established in the 1970s on most of the railroad property. This site has been vacant for several years except for a 12-acre portion where Waste Management Inc. operates a waste transfer station. Twin City Auto and Military Supply has operated an auto salvage yard since the early 1970s on three acres of the site, and Lovering Johnson owns a contractor storage yard on the western portion of the site. The soils contain DROS, VOCs, PAHs, PCBs, and metals at concentrations over MPCA reference values. Asbestos in significant amounts is also present. Environmental investigation indicates that current property owners have likely contributed only a small amount, if any, of the contamination. Previous occupant businesses no longer exist. Timing for this project is important because some of the contaminated soil will be encapsulated and used under the proposed Phalen Boulevard. If cleanup is done after the boulevard is constructed, the Port Authority estimates that cleanup costs will triple. The Port Authority plans to convey the southern portion of the site to St. Paul for Phalen Boulevard, and subdivide the remaining property for a Westminster Junction Business Center and the construction of three homes.

South St. Paul – 140 Hardman Avenue South
Grant award: $510,494 in December 2002

This grant is a TBRA match for a DTED grant to cleanup soil contamination on this site that was at the north edge of the Armour Company facility from the 1910s through the 1980s. The HRA purchased the land from a subsequent owner for a price that reflected its perception of value impairment due to liability for cleanup, indemnifying the owner from the liability. The contamination is associated with DROs, BaP Equivalents and arsenic in organic-rich fill materials likely associated with stockyard operations. Groundwater monitoring and methane monitoring/mitigation are anticipated in addition to soil excavation and disposal. The site will be redeveloped with two condominium office/warehouse buildings, each housing up to 12 individual businesses.

Stillwater – Lofts of Stillwater
Grant award: $124,159 in December 2002

Stillwater will use TBRA funds to match a DTED grant to address soil contamination at 501 N. Main Street. By 1884, the site was developed for warehouse use for a farm implement manufacturer that became Minneapolis-Moline. Twin Cities Forge and Foundry used the site in the 1920s. After a period of vacancy, Farmers Oil Cooperative operated on the site in the 1950s with aboveground tanks and a vehicle service station. A service station building was constructed in 1961 that housed a Domino's Pizza, Motorsport, and Valvoline Rapid Oil Change. St. Croix Wood Carving conducted an ornamental woodcarving business in a separate pole-shed building. These buildings were removed in July of 2002. Contamination includes: PAHs in fill introduced periodically to keep the site above the flood plain; petroleum from various above and below ground storage tanks; and low levels of arsenic, lead and pesticides. Following cleanup, Lofts of Stillwater, Inc. plans to redevelop with 59 condominiums constructed atop an underground parking structure.

Effectiveness in Meeting Council Policies and Goals

Livable Communities Demonstration Account (LCDA) funds support regional growth strategies promoting development and redevelopment that make better use of urban lands, improve jobs-housing-transportation connections, and expand affordable and lifecycle housing choices in the region. LCDA funds encourage land use patterns that link public infrastructure with housing, jobs and services to meet community-identified needs. Funded projects offer replicable examples of how land and services can be used more efficiently. As other communities see the success of completed projects, interest in the fund as a source for community development efforts throughout the region has increased annually. LCDA funds are being used to revitalize older communities and to establish new neighborhoods in developing communities. Projects serve as destinations for daily activities, such as work, errands, shopping and entertainment. Funded project elements have included land acquisition, street infrastructure, pedestrian connections and structured parking to support additional density.

Over 90 percent of LCDA 2002 grant dollars went to support project construction—for example, property acquisition in redevelopment project areas, new street infrastructure construction, pedestrian connections, structured parking, and reclaimed or newly created green spaces. Funding is a catalyst that enables developers to implement new development ideas that expand the options available in the market in many communities.

A smaller amount of LCDA funds—about 7 percent in 2002—went to cities to help shape projects that are in the predevelopment phase and show the potential to become development projects. Over the years, these smaller opportunity grants have ranged from $10,000 to $150,000 and require a 1:1 match. Opportunity grants are now capped at $75,000 per proposal. The Council recognizes that Opportunity Grants are important to support local capacity to shape projects in the early stages and move them successfully to development. Opportunity grant funds may be used to help pay costs of preparing master plans or detailed redevelopment plans; market studies; design and development standards; and zoning and land use implementation tools such as overlay zones.

Local Housing Incentives Account grants are helping produce new and rehabilitated affordable rental and homeownership housing in forty-five communities in the region, promoting the Council's policy to expand and preserve lifecycle and affordable housing options to meet changing demographic trends and market preferences, and support the region's economic competitiveness. During 2002, 10 communities and one multi-city coalition received funds. Funded projects include 256 new rental units, 179 of which will be affordable to families with incomes from 30 to 50 percent of the area median ($22,410 to $37,350 for a four-person family, in 2001 dollars); and 24 new homeownership units to be sold to families with incomes at or below 60 percent of area median ($46,020 for a family of four). Additionally, 86 homes will be rehabilitated or rehabilitated for resale, all but 6 of which are targeted to served households below 80 percent of area median income ($61,360 for a family of four).

Projects funded through the **Tax Base Revitalization Account** will foster increased reinvestment and infill, and help protect natural resources in the region's older communities. During 2002, the TBRA awarded grants to help with cleanup and reuse of a total of 129 acres of brownfields in the cities of Minneapolis, St. Paul, Bloomington, Loretto, Hopkins, Stillwater, South St. Paul, and Robbinsdale. These economic development projects are expected to create 1700 new or retained jobs paying an average hourly wage of $17.30. A $2.6 million increase in net tax capacity is anticipated from these cleanup projects, and they involve more than $250 million in private investment.

Legislative Recommendations

The Livable Communities Act has demonstrated how successful incentive-based programs can be. The three grant accounts established by the legislation are very popular, each receiving more requests for funding than can be met using available resources. This over-subscription to LCA programs is an indicator of unmet need, as communities use LCA grants to establish projects that will serve as the foundations on which additional ideas and projects can build.

Maintain Funding for LCA Accounts

The high level of participation in LCA programs by the region's communities is a testimony to the value of LCA as a tool to support local initiatives. Cities throughout the region are united in their praise of what has already been accomplished and eager to apply for funding to implement more planned projects. However, this strong interest in LCA participation must be considered within the context of the state's current budget concerns. Although an increase in funding for the very successful programs supported by the Livable Communities Fund would enable more communities to provide the quality and range of lifecycle choices their residents are requesting, given the challenging economic times, the Council recommends maintaining LCA funding at its current levels. The following information documents the importance of continuing to make LCA funds available to meet the diverse needs of communities throughout the region.

Livable Communities Demonstration Account

The demand has been greatest in the Livable Communities Demonstration Account program. The total amount of LCDA funding requested has grown by an average of 20 percent per year, to a total of more than $51 million in funding requests in 2002, compared to $8.775 million available and awarded.

Tax Base Revitalization Account

Demand for Tax Base Revitalization Account funding in 2002 was $7.8 million. Applications for Tax Base Revitalization have grown by an average of 9% a year since the program started. Only $5.3 million was available and awarded, leaving $2.5 million in unfunded need.

Local Housing Incentives Account

The total for LHIA funding requests is substantial also, at two to three times the amount of combined funding available through the Metropolitan Housing Implementation Group (MHIG). For example, the 2000 and 2001 metropolitan area requests totaled $140 million, toward which significant one-time funding authorization permitted MHFA to contribute $75 million. The $1.5 million per year available through the LHIA is a small, but important, contribution to affordable housing solutions.

Add a New Initiative to the Tax Base Revitalization Account

The Tax Base Revitalization Account awards funding to help cities clean up contaminated urban land and buildings for subsequent commercial and industrial development. There is no doubt that the resulting restored tax base and new jobs are important community assets. However, cities and other Council partners have expressed a need for more flexibility regarding the end use for restored brownfield lands.

Some communities would prefer to use those lands for other purposes such as parks, public facilities or housing.

The Council recommends that LCA be amended to establish and fund a TBRA initiative to support environmental remediation for other types of reuse as identified in a community's adopted comprehensive plan. If this proposal is enacted by the legislature, the designated funding for this new initiative should be allocated for desired purposes based on complementary project selection criteria designed to reflect needs for parks, trails, open space, natural resource protection, affordable housing and other public facility and infrastructure uses that might be designated.

Amend the Date Participation in the Local Housing Incentives Program Becomes Effective

The Livable Communities Act Section 473.254 Subdivision 1 was amended in 2001 to make community election to participate in the Local Housing Incentives Account program effective in the succeeding calendar year and to have the decision to participate remain in effect until revoked. The provision for remaining in effect until revoked has eliminated a bureaucratic requirement for annual re-enrollment that has simplified the LCA programs for both local communities and the Council.

However, the provision delaying commencement of participation to the succeeding year has not improved LCA programs and should be eliminated. This provision originated as a Council policy established at the inception of the LCA program as the Council anticipated issues that could arise as the new programs were implemented. It was intended to discourage communities from enrolling in the Local Housing Incentives program only when they wished to compete for Livable Communities grants. In practice, the Council is not aware of any community that enrolled for this purpose and then cancelled the enrollment after competing for a grant. The Council's evaluation of housing performance of local communities as part of its project selection criteria further discourages such an approach.

With the exception of the cities of Andover, Eagan, and Lake Elmo, all the cities with populations over 2,500 in areas of the region receiving metropolitan urban services are currently enrolled. New enrollments will come primarily from among the smaller communities at the edge of the urban area that haven't enrolled previously in the program because they didn't intend to apply for Livable Communities grants. However, as the popularity of the Livable Communities program has grown and other local community development tools like tax increment financing have become more difficult to use, Livable Communities grants are catching the attention of these smaller communities. To ensure all interested communities have the opportunity to participate as soon as possible, the law should be changed to make the election to participate in the Local Housing Incentives program for communities choosing to enroll effective immediately upon the Metropolitan Council's adoption of a local community's negotiated housing goals.

Appendix A

Examples of Funded Projects

The following pages provide several examples of on-the-ground projects assisted by LCA funding. Each page provides a brief project summary, but it is the photographs that convey most effectively the difference Livable Communities programs can make.

See LCA Project Profiles online at:
www.metrocouncil.org/services/livcomm/LCAProfilesAug2003a.pdf

Appendix B

Livable Communities Advisory Committee Members 2002

Livable Communities Advisory Committee Membership
2002

Applications for Livable Communities Demonstration Account funding are reviewed by the Livable Communities Advisory Committee (LCAC). The 17-member* committee is made up of representatives with expertise in local and county government, development and redevelopment, finance, urban design and transportation.

Name	Affiliation	Area of Expertise
Karen Anderson	Mayor, City of Minnetonka	Local government / elected
Chuck Ballentine	Planning Director, Minneapolis	Urban planning / local government
Scott Clark	Community Development Director (acting), Brooklyn Park	Urban planning / local government
Bob Close	Close Landscape Architecture	Urban design / landscape architecture
Fred Dock	Meyer, Mohaddes Associates, Inc	Urban planning / transportation
Ross Fefercorn	Country Home Builders	Development / finance
Sarah Harris	L.J. Melody & Company, Mortgage bankers	Development / finance
Jim Johnston	Lyman Development Co.	Development / finance
Elizabeth Kautz, (Chair)	Mayor, City of Burnsville	Local government / elected
Nick Koch	Hammel Green and Abrahamson	Urban planning and design
Dan Marckel	Design Center for American Urban Landscape, University of Minnesota	Urban planning and design
Nancy Schouweiler	Commissioner, Dakota County	County government / elected
Lucy Thompson	Planning and Economic Development, City of St. Paul	Urban planning / local government
Roger Tomten	Tomten Environmental Design	Urban design /architecture
Paul Williams	Program Director, Local Initiative Support Corporation (LISC)	Housing development / finance

* (Two vacancies occurred on the Committee during 2002)

APPENDIX C

Summary of Livable Communities Fund Projects
1996 - 2002

The **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that achieve connected development patterns that link housing, jobs and services, and maximize the development potential of existing infrastructure and regional facilities.

A complete list of LCDA projects is available online at
http://www.metrocouncil.org/grants/lcda/LCADemonstrationAcctProjects.pdf

The **Local Housing Incentives Account (LHIA)** helps expand lifecycle and affordable rental and ownership housing development and preservation.

A complete list of LHIA projects is available online at
http://www.metrocouncil.org/grants/lhia/LHIAProjects.pdf

The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated urban land and buildings for subsequent redevelopment that could include commercial, industrial, or housing opportunities. Restoring the tax base and developing more jobs near existing housing and services is a primary objective of this account.

A complete list of TBRA projects is available online at
http://www.metrocouncil.org/grants/tbra/TBRAProjects.pdf