

# HENNEPIN COUNTY

## MINNESOTA

### Environmental Response Fund Spring 2022 Funding Recommendations



The City of Edina's Amundson Flats project received a fall 2019 ERF grant for soil cleanup. The ERF grant helped transform a former dry cleaner property into 62 units of affordable housing.

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# Overview

## Background

The Environmental Response Fund (ERF) helps revitalize properties by providing funding to assess and cleanup contamination. This helps overcome barriers that the cost of environmental cleanup pose to site improvement or redevelopment. Cleaning up these sites also reduces the risk to human health and the environment.

ERF grants are used for a variety of activities that provide community benefit, including:

- Assessment and cleanup of soil and groundwater
- Evaluation and abatement of asbestos and lead-based paint
- Protection from contaminated soil gas vapor intrusion

Since 2001, ERF has funded 436 projects totaling \$62,750,223. Funding for the ERF grant program comes from the Hennepin County mortgage registry and deed tax that was authorized in 1997 under Minnesota Statutes, section 383B.80. The board established the ERF in 1997 (Resolution 97-06-410R1) and authorized the grant program in 2001 (Resolution 01-615).

## Applications and review process

A committee of seven staff from Environment and Energy, Housing and Economic Development and Resident and Real Estate Services reviewed the applications and made recommendations for funding. Applications were evaluated on project need, the risk posed by the contamination and the appropriateness of the cleanup approach, creation or preservation of affordable and/or moderately priced market-rate housing, the creation of economic development, and the readiness of the project to proceed.

The timing of the ERF grant round coincides with contamination cleanup grant programs administered by the Minnesota Department of Employment and Economic Development (DEED) and the Metropolitan Council to maximize collaboration among the three funders.

## Summary of award recommendations

Twelve applications were received and reviewed. This report describes all twelve applications. The committee recommends awarding the following 12 grants totaling \$3,811,198:

- **3030 Nicollet, Minneapolis** - \$48,454 for vapor mitigation associated with the development of 109 units of affordable housing and commercial space. (Grantee: City of Minneapolis on behalf of PPL Nic Lake LLC)
- **325 Blake Road Project, Hopkins** - \$285,457 for soil cleanup costs associated with the development of 186 affordable units, 614 market-rate units, and commercial space. This project includes a regional stormwater facility. (Grantee: Minnehaha Creek Watershed District)
- **Calvary Apartments, Minneapolis** - \$879,428 for asbestos and lead-based paint abatement costs associated with renovation of existing buildings and construction of 41 units of affordable housing (Grantee: City of Minneapolis on behalf of Trellis Company)
- **Debre Selam Medhanealem Ethiopian Orthodox Tewahedo Church Site, Minneapolis** — \$572,800 for soil cleanup and vapor mitigation costs associated with

the development of a church. (Grantee: Debre Selam Medhanealem Ethiopian Orthodox Tewahedo Church)

- **Northrup King Residential, Minneapolis** — \$140,644 for soil cleanup and vapor mitigation costs associated with renovation of a vacant building into 84 units of affordable housing for artists and 8,120 square feet of commercial space. (Grantee: City of Minneapolis on behalf of Artspace Projects, Inc.)
- **Northstar, Minneapolis** — \$106,539 for asbestos and lead-paint abatement costs associated with renovation of existing buildings to create 44 units of affordable housing and 173 units of market-rate housing. (Grantee: City of Minneapolis on behalf of NS Propco East Office LLC and Sherman Associates Development LLC)
- **Rogers Main Street Redevelopment Project, Rogers** — \$286,700 for soil cleanup and asbestos abatement costs associated with construction of 40 units of affordable, senior housing. (Grantee: City of Rogers on behalf of Duffy Development Company, Inc.)
- **Simpson Community Shelter and Apartments, Minneapolis** — \$219,369 for soil cleanup, asbestos and lead-paint abatement, and vapor mitigation costs associated with construction of 42 units of affordable housing and an emergency shelter for people experiencing homelessness. (Grantee: City of Minneapolis on behalf of Project for Pride in Living, Inc. as developer for Simpson Housing Services, Inc.)
- **Upper Harbor Terminal, Minneapolis** — \$743,482 for soil cleanup costs associated with construction of a new, 20-acre riverfront park. (Grantee: City of Minneapolis)
- **Vista 44, Hopkins** - \$105,000 for soil cleanup and vapor mitigation costs associated with construction of 50 units of permanent supportive housing for low-income families and people experiencing serious and persistent mental illness. 25 units will be set aside for high priority homeless households. (Grantee: Vista 44 LLC)
- **Wooddale Avenue Apartments, St. Louis Park** - \$184,325 for soil cleanup, vapor mitigation, and asbestos and lead-based paint abatement costs associated with the development of 114 units of affordable housing. (Grantee: St. Louis Park Economic Development Authority on behalf of St. Louis Park AH I, LLLP)
- **Wooddale Station Redevelopment, St. Louis Park** - \$239,000 for soil cleanup and vapor mitigation costs associated with the construction of two buildings with 65 units of affordable housing, 250 units of market-rate housing, and 13,000 square feet of commercial space. (Grantee: City of St. Louis Park Economic Development Authority on behalf of Wooddale Station, LLC)

### Expected outcomes

The recommended ERF grant awards will fund asbestos and lead-paint abatement, soil cleanup, and soil vapor mitigation. The awards will also assist developments that increase the tax base, create permanent jobs, enhance green space, and create affordable housing. The recommended grants provide for the renovation or construction of 775 affordable housing units, almost half of which have rental rates at 50% AMI or less and 169 units at or below 30% AMI. ERF grants reduce environmental contamination and support projects in communities with disparities in health, housing, employment, and income.

### **Other funding accomplishments**

In addition to ERF grants, county staff routinely conduct outreach and provide funding from the county's Revolving Loan Fund and the Minnesota Brownfields Gap Financing Program for contamination assessment to cities and nonprofit organizations in between ERF rounds. These flexible funding sources have helped many organizations develop the environmental assessment information needed to submit applications to the ERF, DEED, and the Metropolitan Council for cleanup funding. Eight of the 12 ERF spring 2022 applicants have received assessment funding from one or more county sources.

## **Application summaries**

Summaries of the individual applications received are attached to this report and include a description of each project and the funding rationale.

## **Key of acronyms**

Affordable Housing Incentive Fund (AHIF)

Area Median Income (AMI)

Affordable Housing Trust Fund (AHTF)

Black, Indigenous, and people of color (BIPOC)

Economic Development Authority (EDA)

Full Time Equivalent (FTE)

Housing and Redevelopment Authority (HRA)

Livable Communities Demonstration Account (LCDA)

Minnesota Department of Employment and Economic Development (DEED)

Mississippi Watershed Management Organization (MWMO)

Polycyclic Aromatic Hydrocarbons (PAHs)

Perfluorooctane Sulfonic Acid (PFOS)

Tax Base Revitalization Account (TBRA)

Transit-Oriented Development (TOD)

Volatile Organic Compounds (VOCs)

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# 3030 Nicollet

Address: 3030 Nicollet, Minneapolis

Applicant: City of Minneapolis on behalf of PPL Nic Lake LLC

Property owner: PPL Nic Lake LLC

**Recommended award: \$48,454**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** None.

## Other funding sources

- Met Council LCDA-TOD: \$500,000 committed and LCDA: \$150,000 committed
- DEED Main Street: \$750,000 requested
- Hennepin County AHIF \$5,783,252 requested
- Hennepin County TOD \$600,000 requested
- Lake Street Council Predevelopment Grant: \$50,000 committed
- MWMO: \$289,000 committed
- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$7,500 committed

## Economic development/housing impact

- Increases tax base
- Renovation of a vacant building
- Estimated 42.5 new and 17 retained FTEs
- Adds 109 affordable housing units with a combination of 30% and 50% AMI, which includes 3 studio, 10 one-bedroom, 55 two-bedroom, 20 three-bedroom, and 10 four-bedroom units
- Includes capture and reuse of stormwater for irrigation and toilets

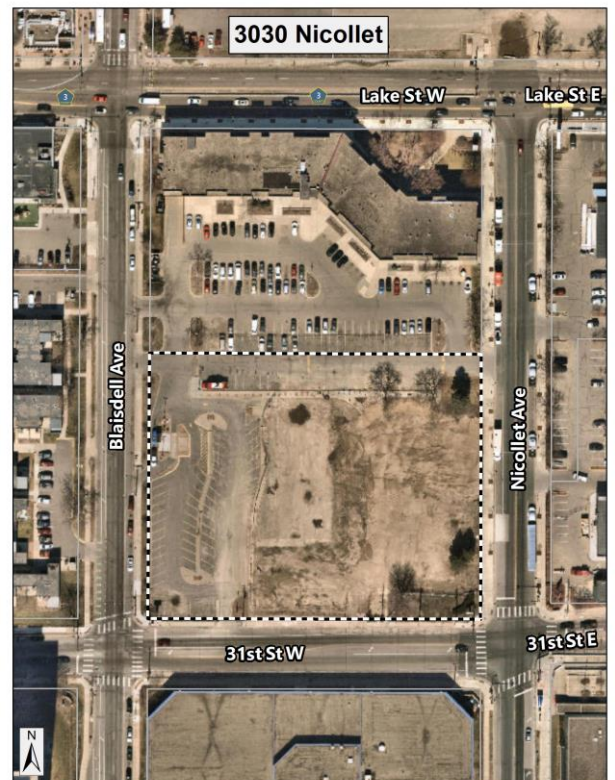
## Site description

The site is a vacant commercial property that was damaged in the 2020 civil unrest.

**Contamination issues:** Soil contaminated with metals and PAHs, and petroleum vapor impacts.

**Project plans:** Construct a six-story mixed-used affordable housing building with a Wells Fargo bank and several commercial condos designated for local women-owned BIPOC business entrepreneurs.

**Requested use of ERF grant:** Funding for a soil vapor mitigation system.



# 325 Blake

Addresses: 325 Blake Road, Hopkins

Applicant: Minnehaha Creek Watershed District

Property owner: Minnehaha Creek Watershed District

**Recommended award: \$285,457**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** \$25,000 for assessment in 2018

## Other funding sources:

- Hennepin County TOD: \$1,000,000 requested
- Hennepin County AHIF: \$600,000 committed
- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$48,276 committed
- Metropolitan Council TBRA: \$805,700 committed
- Metropolitan Council TOD: \$1,250,000 committed

## Economic development/housing impact

- Increases tax base
- Estimated 62 new FTEs
- Adds 186 affordable housing units at rates ranging from 30-80% AMI, which includes 28 studio, 102 one-bedroom, 41 two-bedroom, 10 three-bedroom and 5 four-bedroom units
- Development of 614 market-rate rental units ranging from studios to three bedrooms
- Includes regional stormwater management, a rooftop solar array, shared electric bike/scooter installation, and 1,000 feet of creek and riparian zone restoration



## Site description

Vacant site formerly occupied by a commercial cold storage facility.

**Contamination issues:** Contamination consisting of petroleum contaminated soils.

**Project plans:** Construct and regional stormwater management system/public park with several housing and commercial buildings.

**Requested use of ERF grant:** Funding for a portion of soil cleanup.



# Calvary Apartments

Address: 3901 Chicago Avenue and 3900 Elliot Avenue, Minneapolis

Applicant: City of Minneapolis on behalf of Trellis Co.

Property owner: Calvary Evangelical Lutheran Church

**Recommended award: \$879,428**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** Minnesota Brownfields Gap Financing Program (ERF funded) - \$14,633 in 2021

## Other funding sources

- Metropolitan Council TBRA: \$874,248 requested
- Minneapolis AHTF: \$1,230,000 committed
- Hennepin County Affordable Housing Development Accelerator: \$5,880,000 committed

## Economic development/housing impact

- Adds 41 units of affordable housing at rates of 30% AMI or lower, which includes 15 studio, 5 one-bedroom, 14 two-bedroom, 5 three-bedroom, and 2 four-bedroom units
- 15 units set aside as permanent supportive housing for people with disabilities and high priority homeless households
- Includes continued operation of the onsite food shelf

## Site description

The site is located one block from George Floyd Square and currently occupied by a church, parish education building, and food shelf.

**Contamination issues:** Asbestos and lead-based paint are present on site.

**Project plans:** Construct 41 units of affordable housing with onsite supportive services and a food shelf.

**Requested use of ERF grant:** Funding for a portion of the asbestos and lead-based paint abatement.



# Debre Selam Medhanealem Ethiopian Orthodox Tewahedo Church Site

Address: 2629 30th Avenue South, Minneapolis

Applicant: Debre Selam Medhanealem Ethiopian Orthodox Tewahedo Church

Property owners: Debre Selam Orthodox Church

**Recommended award: \$572,800**

## **Award recommendation**

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** Minnesota Brownfields Gap Financing Program (ERF funded) - \$1,000 in 2016

## **Other funding sources**

- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$29,000 committed

## **Economic development/housing impact**

- Estimated 5 new FTEs and 6 retained FTEs
- Redevelopment of a vacant site

## **Site description:**

The site has been vacant since 2014. Historically, the site was used for industrial purposes including elevator equipment manufacturing and painting and automobile repair.

**Contamination issues:** Soil is contaminated with petroleum, metals, and PAHs. Groundwater and soil vapor are contaminated with solvents.

**Project plans:** Construct a new church building.

**Requested use of ERF grant:** Funding for a portion of soil cleanup and vapor mitigation system installation costs.



# Northrup King Residential

Address: 1500 Jackson Street NE, Minneapolis

Applicant: City of Minneapolis on behalf of Artspace Projects, Inc.

Property owner: Artspace Northrup King, LLC

**Recommended award: \$140,644**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** \$228,624 fall 2021

## Other funding sources

- Hennepin County TOD: \$500,000 requested
- DEED: \$50,000 committed and \$879,024 requested
- DEED redevelopment funds: \$600,000 pending request
- Metropolitan Council TBRA: \$50,000 committed and \$527,416 requested
- Metropolitan Council LCDA: \$1,920,702 requested
- Hennepin County AHIF: \$1,000,000 committed
- Minneapolis AHTF: \$1,920,000 committed
- MWMO: \$750,000 committed

## Economic development/housing impact

- Increases tax base
- Estimated 3 new and 1 retained FTEs
- Adds 84 affordable housing units with a combination of rental rates at 30%, 50%, 60%, and 80% AMI, which includes 23 one-bedroom, 35 two-bedroom, and 26 three-bedroom units
- Includes enhanced stormwater management with interactive and educational features

## Site description

The site is part of the Northrup King Campus. Historical operations were commercial and industrial uses.

**Contamination issues:** Soil contaminated with petroleum, metals, and solvents; and soil vapor contamination from solvents.

**Project plans:** Redevelop existing space for affordable housing for low-income artists and their families. Construct 8,120 square feet of commercial space for creative businesses and public park space.

**Requested use of ERF grant:** Soil cleanup and soil vapor mitigation system.





# Northstar

Address: 608 Second Avenue South, Minneapolis

Applicant: City of Minneapolis on behalf of NS Propco East Office, LLC and Sherman Associates Development LLC

Property owner: NS Propco East Office LLC

**Recommended award: \$106,539**

## Award recommendation

The activities are eligible for funding; however, the project ranked the lowest with the ERF committee and only 20% of the housing units are at affordable rates. Therefore, we recommend a reduced award of \$106,539, which is equivalent to 20% of the requested amount.

**Previous ERF awards:** None

## Other funding sources

- Metropolitan Council TBRA: \$1,242,952 requested

## Economic development/housing impact

- Increase tax base
- Adds 44 affordable housing units with a rental rate of 50% AMI, which includes 5 studio, 19 one-bedroom, and 20 two-bedroom units
- Development of 173 market-rate rental units ranging from studios to two-bedrooms

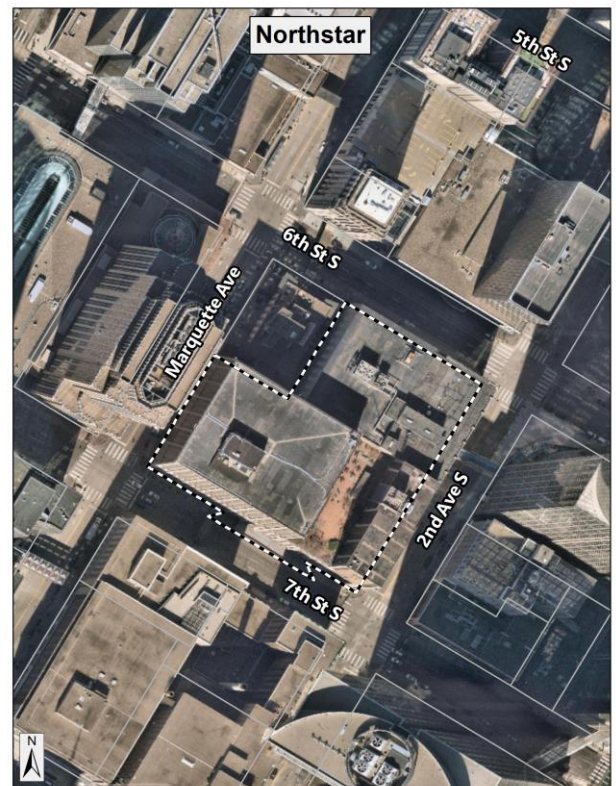
## Site description

A 13-story office and mixed-use retail building.

**Contamination issues:** Asbestos and lead-based paint are present on site.

**Project plans:** The project will include redevelopment of the Northstar building into 217 apartment homes with amenity space.

**Requested use of ERF grant:** Funding for a portion of the asbestos and lead-based paint abatement.



# Rogers Main Street Redevelopment Project

Address: 12905-13001 Main Street, Rogers

Applicant: City of Rogers on Behalf of Duffy Development Company Inc.

Property owner: City of Rogers

**Recommended award: \$286,700**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** Minnesota Brownfields Gap Financing Program (ERF funded) - \$15,000 in 2020

## Other funding sources

- Metropolitan Council TBRA: \$252,737 requested
- Metropolitan Council LCDA: \$135,000 committed
- Hennepin County AHIF: \$300,000 committed
- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$40,000 committed

## Economic development/housing impact

- Increases tax base
- Estimated 14 new and 5 retained FTEs
- Adds 40 affordable housing units with a combination of rental rates at 30% to 50% AMI, which includes 6 studio, 24 one-bedroom, and 10 two-bedroom units
- Include stormwater capture and reuse for irrigation

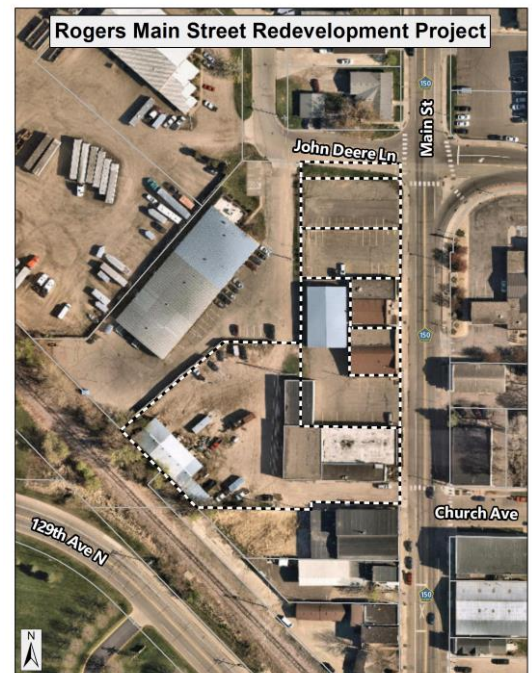
## Site description

The site is part of the Rogers Main Street. Historical operations were City of Rogers Public Works, former Police and Fire Departments, as well as commercial and industrial uses.

**Contamination issues:** Asbestos-containing materials are present in the existing building and soils are contaminated with petroleum, metals and PAHs.

**Project plans:** Redevelop existing space for affordable senior housing and senior community center and commercial space.

**Requested use of ERF grant:** Funding for a portion of the asbestos abatement and soil cleanup.





# Simpson Community Shelter and Apartments

Address: 2730, 2734, and 2740 First Avenue S, Minneapolis

Applicant: City of Minneapolis on behalf of Project for Pride in Living, Inc. (PPL) as developer for Simpson Housing Services, Inc. (SHS)

Property owners: SHS

**Recommended award: \$219,369**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** Minnesota Brownfields Gap Financing Program (ERF funded) - \$15,000 in 2018

## Other funding sources

- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$25,000 committed
- Hennepin County TOD: \$400,000 requested
- Hennepin County HRA Supportive Housing Strategy: \$840,000 committed
- Hennepin County ARPA: \$3,500,000 committed
- Metropolitan Council TBRA: \$1,500,000 committed

## Economic development/housing impact

- Increase property tax
- Estimated 13 new FTEs and 19 retained FTEs
- Creating 42 units of affordable housing ranging from 30% to 50% AMI
- Include installation of geothermal heating and cooling

## Site description:

The site is currently a church with a homeless shelter.

**Contamination issues:** Soil gas with high levels of petroleum and solvents. The building has asbestos containing materials.

**Project plans:** The development plan is to construct a new five story building to accommodate 42 affordable housing units and a community shelter for homeless people and households, including 70 emergency sleeping areas.

**Requested use of ERF grant:** Funding for a portion of the asbestos abatement and vapor mitigation system installation costs.



# Upper Harbor Terminal Park

Address: Portions of 2 36<sup>th</sup> Avenue N, 3800 First Street N, 51 36<sup>th</sup> Avenue N, 51 34<sup>th</sup> Avenue N, and 3360 First Avenue N, Minneapolis

Applicant: City of Minneapolis

Property owner: City of Minneapolis

**Recommended award: \$743,482**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** None

## Other funding sources

- Above the Falls Metropolitan Council Regional Park funds 2019: \$25,377
- ATF Metropolitan Council Regional Park funds Legacy: \$5,228,687

## Economic development/housing impact

- Project will be the largest single land addition to the Minneapolis park system in decades and is part of a broader vision of transforming the formerly industrial riverfront
- Includes restoring and revegetating/reforesting old industrial riverfront land and shoreline

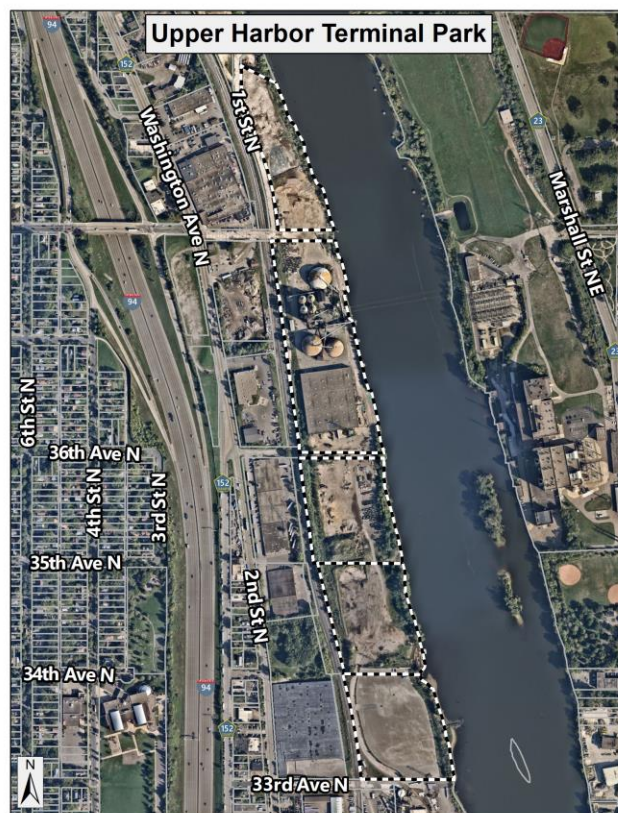
## Site description

Vacant industrial structures since 2014.

**Contamination issues:** Soil and concrete pavement contaminated with petroleum and non-petroleum chemicals, PAHs, and/or PCBs.

**Project plans:** Creates approximately 20 acres of new park space along with new connections and access to the river.

**Requested use of ERF grant:** Funding for a portion of soil cleanup and contaminated pavement removal.



# Vista 44

Address: 44 12<sup>th</sup> Ave S, Hopkins

Applicant: Vista 44 LLC

Property owner: Vista 44 LLC

**Recommended award: \$105,000**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** Minnesota Brownfields Gap Financing Program (ERF funded) - \$14,533 in 2019; \$25,000 fall 2020

## Other funding sources

- Metropolitan Council LCDA: \$1,500,000 committed
- Metropolitan Council TBRA: \$172,300 committed
- Hennepin County ARPA: \$3,030,000 committed
- Hennepin County TOD: \$400,000 committed

## Economic development/housing impact

- Increases tax base
- Estimated 9 new FTEs
- Adds 50 units of affordable housing with rental rates of 30% AMI or less, which includes 3 one-bedroom, 32 two-bedroom, and 15 three-bedroom units
- 25 units reserved for families with a history of homelessness and/or require supportive services
- Includes a rooftop solar array

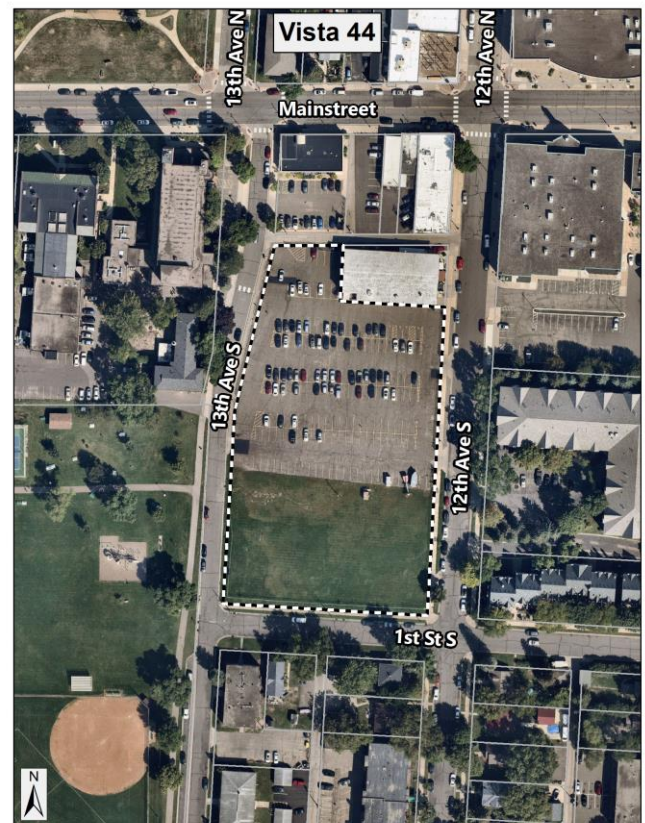
## Site description

The site is currently a vacant lot.

**Contamination issues:** Soil contaminated with metals and PAHs.

**Project plans:** Construction of a new building providing 50 units of permanent supportive housing for low-income families.

**Requested use of ERF grant:** Funding for a portion of the soil cleanup costs and soil vapor mitigation installation.





# Wooddale Avenue Apartments

Address: 3801 Wooddale Avenue S, St. Louis Park

Applicant: City of St. Louis Park on behalf of St. Louis Park AH I, LLLP

Property owner: Aldersgate Methodist Church

**Recommended award: \$184,325**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

**Previous ERF awards:** None

## Other funding sources

- Metropolitan Council TBRA: \$184,325 requested
- Assessment funds from Hennepin County Revolving Loan Fund repayment proceeds: \$16,366 committed

## Economic development/housing impact

- Increases tax base
- Estimated 3 new FTEs
- Adds 114 units of affordable housing with a combination of rental rates at 30%, 50%, and 60% AMI, which includes 27 one-bedroom, 50 two-bedroom, and 37 three-bedroom units
- Include rooftop solar array and 21 electric vehicle charging stations

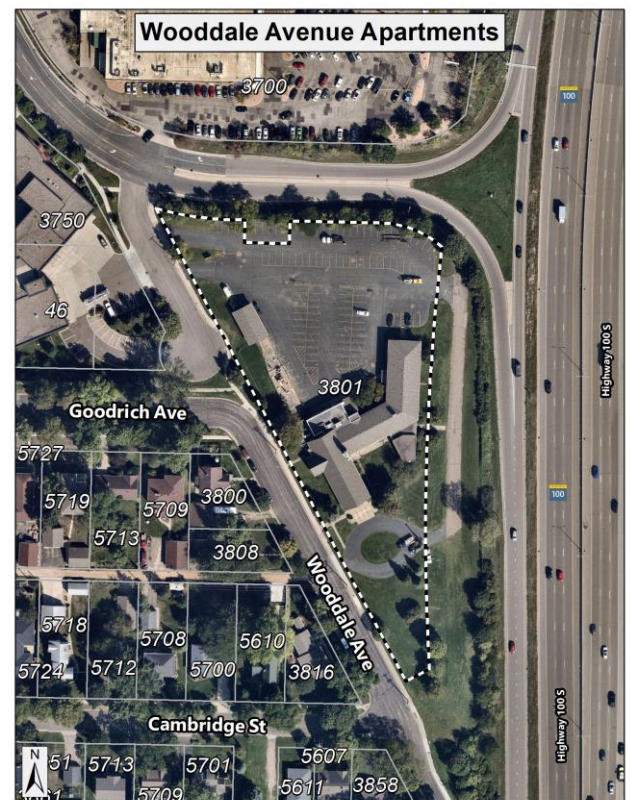
## Site description

The site is currently a church building and parking lot.

**Contamination issues:** Soil contaminated with metals, VOCs and PAHs. Soil vapor and groundwater contaminated with solvents. Asbestos-containing materials are also present within the building.

**Project plans:** Construction of two new buildings to accommodate 114 units of affordable multifamily housing.

**Requested use of ERF grant:** Funding for a portion of soil cleanup costs, vapor mitigation system installation, and asbestos abatement.



# Wooddale Station Redevelopment

Address: 5816 – 5802 W 36<sup>th</sup> Street, St. Louis Park

Applicant: City of St. Louis Park Economic Development Authority (SLP EDA) on behalf of Wooddale Station, LLC

Property owner: SLP EDA and Standal Properties Inc.

**Recommended award: \$239,000**

## Award recommendation

The activities are eligible for funding. The recommended award is equal to the amount requested in the grant application.

Previous ERF awards: None

## Other funding sources

- Metropolitan Council TBRA: \$477,000 requested
- Metropolitan Council LCDA: \$1,500,000 intent to request
- Minnesota DEED: \$874,000 requested
- Hennepin County TOD: \$250,000 committed

## Economic development/housing impact

- Increases tax base
- Estimated 50 new FTEs
- Adds 65 units of affordable housing with a combination of rental rates at 50% and 60% AMI, which includes seven studio, 36 one-bedroom, 16 two-bedroom, and 4 three-bedroom units
- Adds 250 market-rate units ranging from studios to three-bedrooms
- Includes installation of rooftop solar array, electric vehicle charging stations, and stormwater management above watershed requirements

## Site description

The west parcel has a vacant building and the eastern parcel has retail/commercial building.

**Contamination issues:** Soil contaminated with petroleum, metals, PAHs, and chlorinated solvents. PFOS and solvents in groundwater.

**Project plans:** Construction of two new 6-story residential buildings with partial ground level retail, and a public plaza. One building will be age restricted to 55+.

**Requested use of ERF grant:** Funding for a portion of soil cleanup costs and vapor mitigation system installation.

