

HENNEPIN COUNTY
MINNESOTA

Environmental Response Fund
fall 2018
funding recommendations



Project for Pride and Living's Oxford Village site, located in Hopkins, received an ERF grant in the spring of 2015 for abatement of asbestos containing materials and lead-based paint, soil cleanup, and vapor mitigation. The ERF grant helped transform this once blighted site into 51 units of affordable housing.

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Overview

Background

The Environmental Response Fund (ERF) helps revitalize sites by providing funding to assess and clean up contamination. This helps overcome barriers that added costs of environmental cleanup pose to site improvement or redevelopment. Cleaning up these sites 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

Since 2001, ERF has funded 386 projects totaling \$53,967,304. Minnesota Statutes, sections 383B.80 and 383B.81, authorize the county to collect a mortgage registry and deed tax for the purpose of establishing an environmental response fund. 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 nine staff from Environment and Energy, Community Works, and Resident and Real Estate Services reviewed the applications and made recommendations for funding. Applications were evaluated on project need; degree of contamination; how the project will address contamination; creation or preservation of affordable and/or moderately priced market-rate housing; how the project supports economic development; and the readiness of the project to proceed.

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

Summary of award recommendations

Thirteen applications were received and reviewed. Although this report describes all 13 applications, the committee recommends awarding the following ten grants totaling \$2,032,483:

- **Checkerboard, Minneapolis** - \$290,000 for abatement costs associated with the construction of an estimated 125 affordable and 125 market-rate rental units, and retail space. (Grantee: City of Minneapolis)
- **City of Lakes Community Land Trust Homebuyer Initiated Program, Minneapolis** - \$200,000 for abatement costs associated with the rehabilitation of at least nine owner-occupied, permanently affordable (land trust), single-family homes. (Grantee: City of Lakes Community Land Trust)
- **Creekside at Van White, Minneapolis** - \$173,018 for contaminated soil cleanup associated with the construction of a new office building along Bassett Creek. (Grantee: City of Minneapolis)
- **Currie Park, Minneapolis** - \$165,474 for contaminated soil cleanup associated with park improvements. (Grantee: Minneapolis Park and Recreation Board)
- **Fort Snelling Upper Post, Fort Snelling** - \$415,184 for abatement costs associated with the renovation of existing structures into 42 units of affordable rental housing. (Grantee: Fort Snelling Leased Housing Associates I, LLLP)

- **Gateway Northeast, Minneapolis** - \$260,739 for contaminated soil cleanup and abatement costs associated with the construction of a mixed-use residential apartment complex comprised of 50 market-rate, 75 affordable rental units, and retail space. (Grantee: City of Minneapolis)
- **Lake Street Affordable Housing, Minneapolis** - \$222,236 for contaminated soil cleanup, demolition, and abatement costs associated with the construction of 111 affordable rental units and retail space. (Grantee: Lake Street Affordable Housing, LLC)
- **Minnesota Brownfields Gap Financing Program, countywide** - \$200,000 to continue the Brownfields Gap Financing Program, which provides small environmental assessment grants to government entities and non-profit organizations. (Grantee: Minnesota Brownfields)
- **Portland and Washington Mixed-Use Development, Minneapolis** - \$81,364 for contaminated soil cleanup and abatement costs associated with the construction of 240 market-rate and 90 affordable rental units, a fire station, and office/retail space. (Grantee: City of Minneapolis)
- **Robbinsdale Apartments, Robbinsdale** - \$24,468 for contaminated soil cleanup associated with the construction of 197 market-rate rental units. (Grantee: City of Robbinsdale)

Expected outcomes

The recommended ERF grant awards will fund asbestos and lead-based paint abatement and contaminated soil assessment and cleanup. This funding supports projects that create economic development by increasing the tax base, creating permanent jobs, enhancing green space, and creating affordable and moderately priced market-rate housing. The recommended grants provide for the renovation or construction of an estimated 452 affordable housing units. ERF grants help address environmental contamination in communities with significant racial disparities in health, and supports projects that help reduce disparities in housing, employment and income.

Other funding accomplishments

In addition to ERF assistance, county staff routinely conduct outreach and provide additional funding for contamination assessment to cities and nonprofit organizations in between ERF rounds. This funding comes from the county's other EPA grant funds proceeds pursuant to past agreements between the EPA and Hennepin County. The Hennepin County-administered EPA grant funds and the Minnesota Brownfields Gap Financing Program, funded through the ERF, have helped many organizations develop the environmental assessment information needed to submit applications to the ERF for cleanup funding.

Application summaries

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

Key of acronyms

Americans with Disabilities Act (ADA)

Area Median Income (AMI)

City of Minneapolis Department of Community Planning and Economic Development (CPED)

Full Time Equivalent (FTE)

Hennepin County Transit-Oriented Development (HC TOD)

Minnesota Department of Employment and Economic Development (DEED)

Polychlorinated Biphenyls (PCBs)

Polycyclic Aromatic Hydrocarbons (PAHs)

United States Department of Housing and Urban Development (HUD)

United States Environmental Protection Agency (EPA)

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4500 France Apartments

Address: 4500 France Avenue S, 3905 and 3907 Sunnyside Road, Edina

Applicant: Orion 4500 France, LLC

Property owner: Orion 4500 France, LLC

Recommended award: \$0 (\$110,400 requested)

Award recommendation

The activities are eligible for funding; however, this project ranked low in comparison with other applications received. This project is expected to proceed without ERF assistance.

Previous ERF awards: None

Other funding sources

DEED: \$335,000 committed August 2018

Metropolitan Council: None

Economic development/housing impact

- Increases tax base
- Adds 42 market-rate units (one to two bedrooms at \$2,400-\$6,400/month)
- Adds 3 affordable rate units at 50% AMI

Site description

Four vacant buildings consisting of two commercial buildings that housed a former theater and dry cleaning operation and two single-family residences.

Contamination issues: Soil contaminated with various petroleum and non-petroleum volatile organic compounds. Groundwater and soil vapor contamination is also present.

Project plans: Demolish existing buildings and construct a new, mixed-use apartment building with commercial/retail space and underground parking.

Requested use of ERF grant: Funding for a portion of the soil cleanup and collection of additional soil samples.



Calhoun Towers

Address: 3404 and 3430 List Place, Minneapolis

Applicant: City of Minneapolis on behalf of Calhoun Towers LLC

Property owner: Calhoun Towers LLC

Recommended award: \$0 (\$272,492 requested)

Award recommendation

The activities are eligible for funding; however, this project ranked low in comparison with other applications received, and ERF funds previously awarded to the project in the spring 2018 ERF grant round have not been used.

Previous ERF awards: \$249,480 spring 2018

Other funding sources

DEED: None

Metropolitan Council: \$426,867.50 requested

Economic development/housing impact

- Increases tax base
- Adds 25 affordable rental units (studio to two-bedroom at 30%-60% AMI) and 100 market-rate rental units (studio to two bedroom at \$1,400 to \$2,400/month)

Site description

22-story residential apartment building surrounded by landscaped areas and surface parking.

Contamination issues: Soil contaminated with metals, PCBs, PAHs, and various petroleum and non-petroleum volatile organic compounds. Groundwater and soil vapor contamination is also present.

Project plans: Construction of a 125-unit apartment building and underground parking. This is phase C of the overall redevelopment project.

Requested use of ERF grant:

Funding for a portion of the soil cleanup costs.



Checkerboard

Address: 3716 Dight Avenue, Minneapolis

Applicant: City of Minneapolis on behalf of Checkerboard LLC

Property owner: Checkerboard LLC

Recommended award: \$290,000 (\$290,000 requested)

Award recommendation

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

Previous ERF awards: None

Other funding sources

DEED: None

Metropolitan Council: \$600,000 requested

Economic development/housing impact

- Increases tax base
- Estimated 50 new FTE jobs
- Adds 125 affordable housing units (studio to three bedroom at 60% AMI) and 125 market-rate housing units (studio to three bedroom at \$1,000-\$3,000/month)

Site description:

Vacant grain silos and elevator building.

Contamination issues: Asbestos-containing materials are present on the exterior of the grain silos and will require abatement prior to demolition.

Project plans: Demolish existing grain silos and construct 250 units of mixed-income housing with 19,000 square feet of commercial retail space.

Requested use of ERF grant: Funding for a portion of the abatement costs.



City of Lakes Community Land Trust Homebuyer Initiated Program

Address: 3415 Morgan Avenue N, 3410 Oliver Avenue N, 4115 Emerson Avenue N, 3344 Columbus Avenue, 3429 5th Avenue S, 2914 Morgan Avenue N, 5158 Irving Avenue N, 4330 James Avenue N and 4332 14th Avenue S, all located in Minneapolis.

Applicant: City of Lakes Community Land Trust (CLCLT)

Property owner: Multiple private home owners; CLCLT is the land owner

Recommended award: \$200,000 (\$400,000 requested)

Award recommendation

The activities are eligible for funding; however, the recommended award is reduced to the estimated costs associated with nine specific property addresses identified in the application. This award amount is consistent with previous program support.

Previous ERF awards: \$225,000 fall 2017; \$230,000 fall 2016; \$115,000 fall 2015; and \$170,000 fall 2014; all for different addresses.

Other funding sources

DEED: None

Metropolitan Council: None

Other County Funds: HC TOD \$130,000 requested

Economic development/housing impact

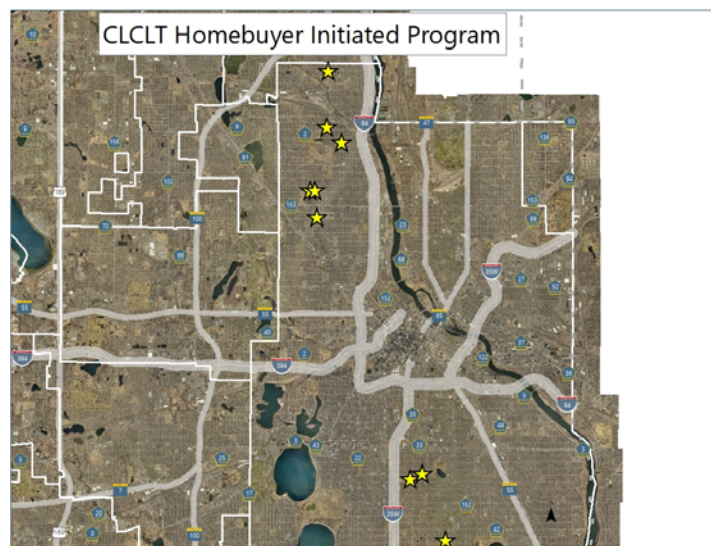
- Increases tax base
- Creation of permanently affordable, owner-occupied housing for families earning an average of 53% AMI

Site description

Nine residential, single-family homes in Minneapolis already owned in land trust arrangements by CLCLT plus an additional 11 currently unidentified homes to be purchased in 2019.

Contamination issues: Asbestos-containing building materials and lead-based paint.

Requested use of ERF grant: Funding for a portion of the abatement costs.



Creekside at Van White

Address: 210 and 212 Girard Avenue N, 1129 Second Avenue N, 1300 Chestnut Avenue W and 1311 Currie Avenue W in Minneapolis.

Applicant: City of Minneapolis on behalf of BCV LLC (Wellington Management, Inc.)

Property owner: City of Minneapolis, CPED / CP Rail

Recommended award: \$173,018 (\$173,018 requested)

Award recommendation

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

Previous ERF awards: None

Other funding sources

DEED: \$538,374 requested

Metropolitan Council: \$551,683 requested

Economic development/housing impact

- Increases tax base
- Estimated 10 new FTE jobs
- Retains 350 FTE jobs

Site description

Long-vacant industrial/commercial properties.

Contamination issues: Soil containing debris and contaminated with petroleum, solvents, metals, and PAHs. Groundwater and soil vapor contamination is also present.

Project plans: Construct a 90,000 square-foot office building with flood plain and stormwater mitigation features.

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



Currie Park

Address: 1417 Fifth Street S, Minneapolis

Applicant: Minneapolis Park and Recreation Board

Property owner: Minneapolis Park and Recreation Board

Recommended award: \$165,474 (\$203,330 requested)

Award recommendation

The application requested assistance for a number of proposed activities, of which only contaminated soil disposal is eligible for funding. Therefore, staff recommends a reduced award of \$165,474.

Previous ERF awards: None

Other funding sources

DEED: None

Metropolitan Council: None

Economic development/housing impact

- Retains 5 FTEs

Site description

Four-acre public park with community center and surface parking in the Cedar-Riverside neighborhood.

Contamination issues: Soil containing debris and ash and contaminated with metals, PAHs, and petroleum compounds.

Project plans: Construction of a new splash pad, restroom facility, ADA compliant playground equipment, basketball court, parking lot and walk paths.

Requested use of ERF grant: Funding for a portion of the soil cleanup costs, abatement, and additional investigation sampling.



Fort Snelling Upper Post

Address: Unorganized Territory of Fort Snelling, Unincorporated Hennepin County

Applicant: Fort Snelling Leased Housing Associates I, LLLP

Property owner: Minnesota Department of Natural Resources

Recommended award: \$415,184 (\$415,184 requested)

Award recommendation

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

Previous ERF awards: \$81,510 spring 2016 for assessment

Other funding sources

DEED: None

Metropolitan Council: None

Economic development/housing impact

- Increases tax base
- Adds 42 units of affordable housing (one to four bedroom units at 60% AMI or HUD Fair Market Rent)

Site description

Vacant military housing buildings associated with historical military base.

Contamination issues: Asbestos-containing building materials.

Project plans: Renovate select existing buildings to create 42 units of affordable housing. This is the first phase of the overall site redevelopment project.

Requested use of ERF grant: Funding for a portion of the abatement costs.



Gateway Northeast

Address: 2419, 2423 and 2435 Marshall Street NE; 30, 34, 38 and 44 Lowry Avenue NE, Minneapolis

Applicant: City of Minneapolis on behalf of CB LM Redevelopment Limited Partnership (in care of CommonBond Communities)

Property owner: CB LM Holding LLC

Recommended award: \$260,739 (\$260,739 requested)

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

DEED: \$45,449 requested

Metropolitan Council: \$60,504 requested

Other County Funds: HC TOD \$515,700 requested

Economic development/housing impact

- Increases tax base
- 17 new FTE jobs
- Adds 50 market-rate rental units (studios range \$1,295 – 1,365); 75 affordable rental units (one, two, and three bedroom at 30-50% AMI)

Site description

Vacant single-family residential buildings and retail commercial building.

Contamination issues: Soil contaminated with petroleum compounds and metals. Asbestos-containing materials and lead-based paint need to be abated before current structures are demolished.

Project plans: Demolish existing buildings and construct 125 units of mixed-income housing and 13,500 square feet of retail space.

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



Lake Street Affordable Housing

Address: 410-414 West Lake Street and 2943-2945 Harriet Avenue

Applicant: City of Minneapolis on behalf of Lake Street Affordable Housing, LLC

Property owner: Standard Heating and Air Conditioning

Recommended award: \$222,236 (\$222,236 requested)

Award recommendation

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

Previous ERF awards: None

Other funding sources

DEED: None

Metropolitan Council: \$1.2M committed

Economic development/housing impact

- Increases tax base
- Adds 111 affordable rental units (efficiency to two bedrooms at \$495 - \$1,273/month; 30% to 60% AMI)

Site description

Two vacant commercial buildings.

Contamination issues: Asbestos-containing building materials. Soil contaminated with metals and PAHs.

Project plans: Construct a six-story mixed-use building comprised of 111 affordable housing units and 1,025 square feet of commercial/retail space and underground parking.

Requested use of ERF grant:

Funding for a portion of abatement, demolition, and soil cleanup costs.



Minnesota Brownfields Gap Financing Program

Address: County-wide, multiple addresses (to be determined)

Applicant: Minnesota Brownfields (501c3 nonprofit)

Property owner: Various (to be determined)

Recommended award: \$200,000 (\$250,000 requested)

Award recommendation

The activities are eligible for funding; however, there is a small amount of uncommitted funds remaining from previous fall 2017 ERF award, and project and applicant needs are anticipated to be similar to 2019. Therefore, staff recommends a reduced award of \$200,000. This award amount is consistent with previous program support.

Previous ERF awards: \$200,000 fall 2017; \$250,000 fall 2016; \$200,000 fall 2015; \$150,000 fall 2014; \$150,000 fall 2013; and \$150,000 fall 2013

Other funding sources

DEED: None

Metropolitan Council: None

Economic development/housing impact

- Will promote affordable housing and neighborhood level economic development.

Site description

The county established the Brownfields Gap Financing program in 2007 to provide timely funding for local units of government and non-profit organizations to address smaller-scope environmental issues for projects with limited budgets. Minnesota Brownfields, a non-profit organization, has administered the program since 2012. Projects requesting assistance from the program submit applications on a rolling basis and are evaluated and, if eligible, approved by Minnesota Brownfields and county staff.

Contamination issues: To be determined.

Project plans: To be determined. Historical projects have included green space, community gardens, recreation facilities, affordable housing, educational facilities, community centers, and neighborhood level economic development.

Requested use of ERF grant: Funding for continuation of the Brownfield Gap Financing program.

Portland and Washington Mixed-Use Development

Address: 240 Portland Avenue and 500 - 530 Third Street S, Minneapolis

Applicant: City of Minneapolis on behalf of Sherman Associates

Property owner: 500 South Third St Prop LLC and City of Minneapolis

Recommended award: \$81,364 (\$97,159 requested)

Award recommendation

The applicant's request included funding for disposal of uncontaminated (debris-containing) soils, which is ineligible. Therefore, we recommend a reduced award of \$81,364 to exclude ineligible costs.

Previous ERF awards: None

Other funding sources

DEED: \$440,468 requested

Metropolitan Council: None

Economic development/housing impact

- Increases tax base
- Estimated 16 retained FTE jobs and 10 new FTE jobs
- 90 affordable residential apartments (studio to two bedroom at 60% AMI or below) and 240 market-rate apartments (studio to two-bedrooms at \$1,513-\$3,300/month)

Site description

Minneapolis fire station and surface parking.

Contamination issues: Asbestos-containing building materials and soils containing debris and contaminated with metals and PAHs.

Project plans: Demolish existing fire station and construct one 22-story market-rate apartment building; one six-story affordable apartment building; a new fire station; 6,500 square feet of retail space; and six-story parking ramp.

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



RBC Gateway

Address: 30 Third Street S, Minneapolis

Applicant: City Minneapolis on behalf of United Properties

Property owner: City of Minneapolis

Recommended award: \$0 (\$272,489 requested)

Award recommendation

The activities are eligible for funding; however, this project ranked low in comparison with other applications received and is expected to proceed without ERF assistance.

Previous ERF awards: None

Other funding sources

DEED: \$1,092,395 requested

Metropolitan Council: \$781,222 requested

Economic development/housing impact

- Increases tax base
- Estimated 505 new FTE jobs; 1,000+ retained FTE
- Adds commercial space (office, hotel, retail/restaurant) and parking
- Adds 20 owner-occupied condominiums (\$950 per square foot - \$1M to \$9.6M per unit)

Site description

Surface parking lot.

Contamination issues: Soil, bedrock, groundwater and vapor contaminated with petroleum and non-petroleum compounds, PAHs, and metals.

Project plans: Construct 16 floors of office space, ten hotel guestroom floors, hotel amenities floors, four residential condominium floors, street level retail/restaurant, and three levels of underground parking.

Requested use of ERF grant: Funding for a portion of the soil and bedrock cleanup and post-construction vapor sampling.



Robbinsdale Apartments

Address: 3600 France Avenue N, Robbinsdale

Applicant: City of Robbinsdale on behalf of Inland Development Partners

Property owner: City of Robbinsdale and Excel II LLC

Recommended award: \$24,468 (\$28,577 requested)

Award recommendation

The applicant's request included funding for pre-demolition abatement costs, which are not eligible for market-rate residential projects. Therefore, a reduced award of \$24,468 is recommended.

Previous ERF awards: None

Other funding sources

DEED: \$ 184,438 requested

Metropolitan Council: \$250,003 requested

Economic development/housing impact

- Increases tax base
- Adds 197 market-rate rental units (studios to two bedrooms at \$1,252-\$2,498/month); supports city's goals of developing a greater range of housing choices

Site description

Commercial building with surface parking lot.

Contamination issues: Soil contaminated with petroleum and PAHs.

Project plans: Construct a five-story residential apartment building with underground parking.

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

