

HENNEPIN COUNTY

MINNESOTA

Environmental Response Fund Spring 2024 Funding Recommendations



Parker Station Flats on Bottineau Boulevard in Robbinsdale received a Fall 2018 ERF grant to clean up contaminated soil and remove asbestos and other hazardous building materials. This project replaced an aging commercial building on West Broadway with a new market-rate, high amenity apartment complex.

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Overview

Background

The Environmental Response Fund (ERF) helps revitalize properties by providing funding to assess and clean up contamination. This helps recipients 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
- Protecting buildings and occupants from contaminated soil gas vapor building intrusion

Since 2001, ERF has funded 492 projects totaling \$77,595,832. 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 six staff from Hennepin County's Environment and Energy, Housing and Economic Development, and Land Information and Tax 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 fostering 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

Five applications were received and reviewed. The committee recommends awarding four grants totaling \$829,905. Details on funding recommendations for each project are provided in the individual application summaries that follow.

- **American Boulevard Senior Living, Bloomington** — \$162,685 for vapor mitigation costs associated with the development of a five-story apartment complex with 128 affordable housing units, including eight project-based vouchers, and 1,500 square feet of commercial space (Grantee: 700 American LLLP) Recommended Award: \$162,685
- **Native American Community Clinic and Housing, Minneapolis** — \$174,750 for soil cleanup and vapor mitigation costs associated with the redevelopment of 83

affordable housing units and a new expanded clinic building. (Grantee: City of Minneapolis on behalf of NACC and Wellington Management) Recommended Award: \$137,250

- **Passage Community Housing, Minneapolis** — \$129,970 for soil vapor mitigation and sampling and lead abatement costs associated with the rehabilitation of a three-story building with approximately 17 supportive housing units. (Grantee: City of Minneapolis on behalf of Simpson Housing Services, Inc.) Recommended Award: \$129,970
- **Ole Olson Park, Minneapolis** —\$542,150 for soil cleanup costs associated with the trail, riverbank, and landscape renovation at Ole Olson Park. (Grantee: Minneapolis Park and Recreation Board) Recommended Award: \$0
- **Minnesota Brownfields Gap Financing Program, countywide** \$400,000 to continue the Brownfields Gap Financing Program, which provides small environmental grants to government entities and non-profit organizations. New this year, this program expands to include emerging developers and increases per project costs. (Grantee: Minnesota Brownfields) Recommended award: \$400,000

The recommended ERF grant awards will fund soil cleanup, vapor mitigation and sampling, abatement activities, and assessment. The awards will also assist developments that increase the tax base, create or retain permanent jobs, and create and retain affordable housing. The recommended grants provide for the renovation or construction of 228 affordable housing units, including 17 supportive housing units. Affordable housing units include single-family, multi-family, senior, and temporary/supportive occupants. ERF grants reduce environmental contamination and support projects in communities with disparities in health, housing, employment, and income.

Additional funding mechanisms

In addition to the ERF, Hennepin County offers several other funding mechanisms for brownfields assessment and cleanup. Through grants from the U.S. Environmental Protection Agency (EPA), Hennepin County has low-interest loans available for brownfields cleanup in the Revolving Loan Fund (RLF) Program. Hennepin County also provides funding for brownfields environmental assessments to cities and nonprofit organizations on a rolling basis. This assessment funding comes from the county's RLF loan repayment proceeds and the Minnesota Brownfields Gap Financing Program (funded through an ERF grant). 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. Two of the ERF Spring 2024 applicants have received assessment funding from one or more these other county funding 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)

Full Time Equivalent (FTE)

Hennepin County Supportive Housing Strategy (SHS)

Brownfields Gap Financing (BFP)

Minnesota Department of Employment and Economic Development (DEED)

Minnesota Pollution Control Agency (MPCA)

Polycyclic Aromatic Hydrocarbons (PAHs)

United States Environmental Protection Agency (EPA)

Volatile Organic Compounds (VOCs)

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American Boulevard Senior Living

Address: 700 American Boulevard, Bloomington

Applicant: 700 American, LLLP

Property owner: City of Bloomington

Recommended award: \$162,685

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

- Hennepin County AHIF \$500,000 (committed)
- Metropolitan Council \$1,766,250 (committed)
- City of Bloomington Land Write Down \$2,000,000 (committed)

Economic development/housing impact

- Increases the tax base
- Estimated six new FTEs
- Adds eight units with Project Based Vouchers and 120 units priced at 50% and 60% of the AMI

Site description

Vacant site adjacent to historical dry cleaner.

Contamination issues: Soil and soil vapor contaminated with petroleum.

Project plans: Construction of new multi-story senior-living residential building and 1,500 square feet of commercial space.

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



Native American Community Clinic and Housing

Address: 1213 East Franklin Avenue, Minneapolis

Applicant: City of Minneapolis on behalf of Native American Community Clinic and Wellington Management

Property owner: Native American Community Clinic

Recommended award: \$137,250 (\$174,750 requested)

Award recommendation

The applicant's request includes ineligible costs. The recommended award is reduced to exclude ineligible costs associated with excavation and soil management for a portion of the site where sample analytical data does not support evidence of contamination.

Previous ERF awards: Minnesota BGF Program (ERF funded), \$15,000 June 2022

Other funding sources

- Hennepin County AHIF \$1.46M (committed)
- Hennepin County SHS \$1.05M (committed)
- Metropolitan Council \$410,000 (requested) and \$2.77M (committed)
- DEED \$250,000 (committed)
- Other local sources \$3.4M (requested) and \$8.91M (committed)

Economic development/housing impact

- Estimated 28 new and 101.5 retained FTEs
- Adds 83 units of affordable housing at 30 - 60% AMI.

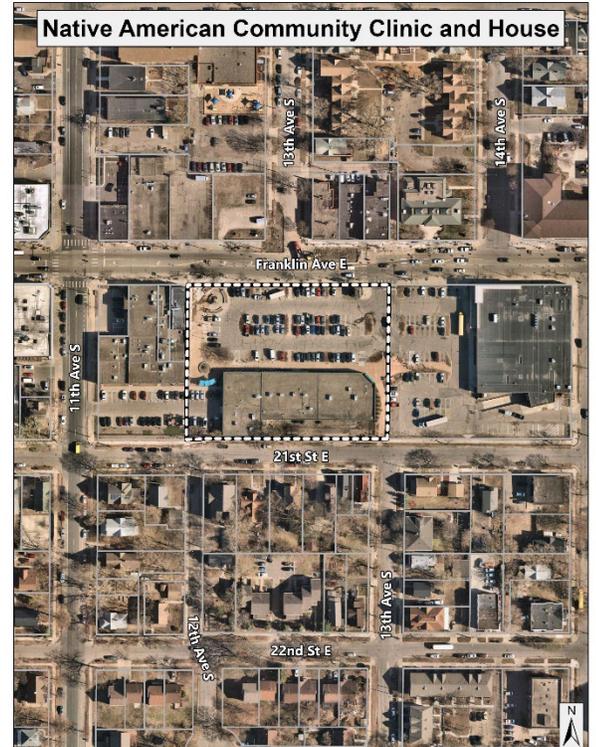
Site description

Renovated shopping center being used as the Native American Community Clinic. Historical site uses included dry cleaning and automobile repair.

Contamination issues: Soil contaminated with VOCs, PAHs, and metals and soil vapor contaminated with VOCs.

Project plans: Demolish existing building to construct a new affordable housing and larger clinic building to serve additional patients. Clinic supports residents in the nearby Little Earth housing complex.

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



Passage Community Housing

Address: 17 24th Street East, Minneapolis

Applicant: City of Minneapolis on behalf of Simpson Housing Services

Property owners: Passage Community Housing LLC.

Recommended award: \$129,970

Award recommendation

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

Previous ERF awards: Minnesota BGF Program (ERF funded), \$15,000 August 2023

Other funding sources

- Assessment funds from Hennepin County Revolving Loan Fund loan repayment proceeds \$14,987 (committed)
- Hennepin County AHIF \$403,639 (committed)
- Hennepin County SHS \$13,382 (committed)

Economic development/housing impact

- Increases the tax base
- Estimated 3 new FTEs
- Retains 17 affordable housing units through the renovation of aging residential building. Preserves three one-bedroom, seven two-bedroom, and seven three-bedroom units at 30% AMI.

Site description:

Occupied by multi-story residential building.

Contamination issues: Lead paint and lead dust in the existing buildings and soil vapor contamination of VOCs.

Project plans: Renovation of occupied affordable housing residential units.

Requested use of ERF grant: Funding for lead paint and lead dust abatement in housing units, installation of a soil vapor mitigation system, and additional soil vapor sampling.



Ole Olson Park

Address: 2000, 2325 West River Road, 33 26th Avenue North, and 76 23rd Avenue North, Minneapolis

Applicant: Minneapolis Park and Recreation Board

Property owners: Minneapolis Park and Recreation Board

Recommended award: \$0 (\$542,150 requested)

Award recommendation

This project is not recommended for award given relatively low levels of contamination and decreased amount of funding available. This project ranked low in comparison to other applications received.

Previous ERF awards: None

Other funding sources

- \$419,960 Mississippi Watershed Management Organization (committed)
- \$3M State bonding and regional park funding (committed)

Economic development/housing impact

- Creates new park amenities and trails in an underserved community
- Supports commercial and residential development in surrounding area

Site description:

City municipal park that was formerly industrial with a railroad roundhouse.

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

Project plans: Creating new path routes, rehabilitating riverbank, introducing native plantings, and removing invasive vegetation.

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



Minnesota Brownfields Gap Financing Program

Address: County-wide, multi-site (to be determined)

Applicant: Minnesota Brownfields (501c3 nonprofit)

Property owner: Various (to be determined)

Recommended award: \$400,000

Award recommendation

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

Previous ERF awards: \$200,000 Fall 2022, \$200,000 Fall 2021, \$200,000 Fall 2020, \$225,000 Fall 2019, \$200,000 Fall 2018, \$200,000 Fall 2017, \$250,000 Fall 2016, \$200,000 Fall 2015, \$150,000 Fall 2014, and \$150,000 Fall 2013

Other funding sources

- None

Economic development/housing impact

- Will promote affordable housing and neighborhood level economic development
- Program success in Hennepin County inspired Ramsey County to create a similar program, expanding brownfields site assistance regionally
- Increased funding requested to expand program to assist emerging developers

Program description

The county established the Brownfields Gap Financing (BGF) 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 2013. Projects requesting assistance from the program submit applications on a rolling basis and are evaluated by Minnesota Brownfields and county staff. This grant round, two projects were also assisted by BGF Program grants: Native American Community Clinic and Housing and Passage Community Housing.

The current funding request reflects several proposed changes to the program. For over a decade, program policy has directed a maximum assistance amount per project of \$15,000 annually. The current funding request would allow an increase of this maximum amount to \$25,000, which is consistent with Ramsey County's BGF Program and reflects the current services rates for typical environmental work funded with this program. The other program change reflected in this funding request is expanding the list of eligible applicants to include for-profit emerging developers, which is consistent with Ramsey County's BFG Program and reflective of Hennepin County goals on supporting historically marginalized groups with overcoming financial barriers. ERF staff intends market this program to emerging developers, including those emerging developer recipients of funding from Hennepin County's Transit Oriented Communities (TOC) Predevelopment Assistance Program. ERF staff will partner with TOC staff to help TOC Predevelopment Assistance recipients

with pursuing environmental assistance on their project sites through the BGF Program. This connection between programs across county departments will help provide a more complete service and assistance package to emerging developers operating in Hennepin County.

Contamination issues: To be determined.

Program Accomplishments: As of June 2024, Minnesota Brownfields has committed 84% of the funds from the last grant award of \$300,000 in Fall 2022. Full expenditure of remaining funds is expected before the contract associated with this request would be executed. Between 2013 and 2024, 107 affordable housing projects, 22 school and community garden projects, 25 neighborhood revitalization projects, 11 projects related to arts and culture, and 21 projects related to youth, family and health services have benefited from the Brownfield Gap Financing Program.

Requested use of ERF grant: Funding for environmental assessment to support the continuation of the Brownfield Gap Financing Program.