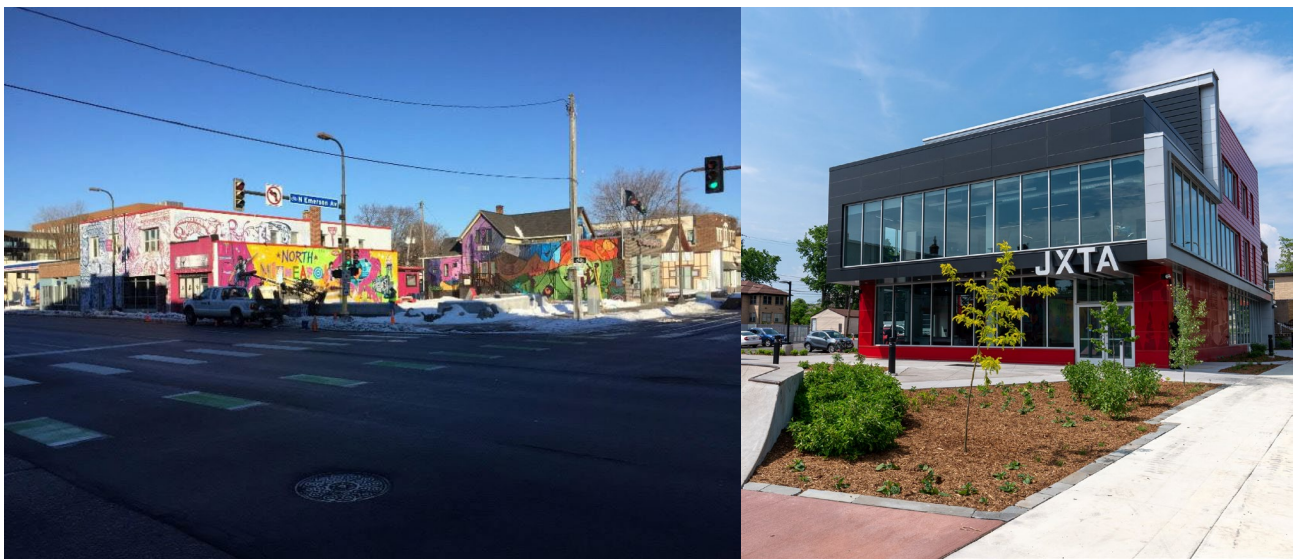


# HENNEPIN COUNTY

## MINNESOTA

# Environmental Response Fund Spring 2023 Funding Recommendations



Juxtaposition Arts in Minneapolis received fall 2020 and spring 2021 ERF grants for contaminated soil cleanup activities and vapor mitigation costs associated with its new arts center. Prior to the ERF funded work, the site received a \$14,990 grant from the ERF-funded Minnesota Brownfields to complete assessment activities. These ERF grants helped prepare the facility for an expansion that included renovating two existing buildings into artist studios, a visiting artist apartment, and the creation of a three-story art center. The images above show the site condition before (left) and after (right) redevelopment.

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# Overview

## Background

The Environmental Response Fund (ERF) helps revitalize properties by providing funding to assess and cleanup 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
- Protection from contaminated soil gas vapor intrusion

Since 2001, ERF has funded 458 projects totaling \$68,682,505. 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 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

Eleven applications were received and reviewed. During the application review period, the application for 3561 Minnehaha Apartments project in Minneapolis was withdrawn by the applicant. The committee recommends awarding ten grants totaling \$1,556,121. All eleven applications are described below:

- **Fare Game Restaurant, Minneapolis** — \$34,370 for soil vapor testing and vapor mitigation costs associated with the development of a restaurant. (Grantee: City of Minneapolis on behalf of Black Duck Holdings)
- **1301 West Lake Apartments, Minneapolis** —\$54,081 for soil cleanup costs associated with the construction of 120 affordable housing units with 24 set aside for households that were formerly experiencing homelessness. (Grantee: City of Minneapolis on behalf of CommonBond Communities)
- **MPRB - Bethune Park, Minneapolis** — \$359,402 for soil cleanup costs associated with the redevelopment of the park which will include construction of athletic fields. (Grantee: Minneapolis Park and Recreation Board)

- **3561 Minnehaha Apartments, Minneapolis (application withdrawn)**— \$44,700 for assessment costs associated with the redevelopment of 35 units of affordable housing with ground level commercial space. (Grantee: Footprint Development LLC)
- **Unity Building, Minneapolis** — \$76,400 for soil cleanup costs associated with the redevelopment of a multi-tenant commercial building. (Grantee: City of Minneapolis on behalf of Grass Roots LLC)
- **Agate Housing, Minneapolis** — \$177,900 for soil cleanup costs associated with the redevelopment of a 48 unit affordable and supportive housing project with 24 units set aside for high priority households experiencing homelessness and 8 set aside for people with disabilities. (Grantee: City of Minneapolis on behalf of Trellis Co.)
- **Envision Community Penn Avenue, Minneapolis** — \$86,551 for soil cleanup costs associated with the redevelopment of 20 units of affordable micro-housing for people experiencing homelessness. (Grantee: City of Minneapolis on behalf of Envision Communities, Inc.)
- **Snelling Yards Family Housing, Minneapolis** — \$315,000 for soil cleanup and vapor mitigation costs associated with the redevelopment of 90 units of affordable housing with a portion of units targeted to veterans experiencing homelessness. (Grantee: City of Minneapolis on behalf of Snelling Yards Family Housing)
- **RS EDEN House, Minneapolis** — \$76,467 for vapor mitigation installation costs at the RS EDEN House which provides supportive housing for people who live well below the poverty line. (Grantee: RS EDEN)
- **Stinson Apartments, Minneapolis** — \$93,950 for soil cleanup costs associated with redevelopment of 24 mixed, market-rate and affordable apartment units. (Grantee: City of Minneapolis on behalf of 1714 E Hennepin LLC)
- **Wooddale Station, St. Louis Park** - \$282,000 for soil cleanup and vapor mitigation costs associated with the redevelopment of a 315 unit multifamily, mixed affordable and market-rate housing building with ground level 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 soil cleanup, vapor mitigation, and assessment. The awards will also assist developments that increase the tax base, create permanent jobs, enhance green space, and create affordable and moderately priced market-rate housing. The recommended grants provide for the renovation or construction of 381 affordable housing units and 271 units of market-rate units. 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 assistance, county staff routinely conduct outreach and provide additional funding for contamination assessment to cities and nonprofit organizations in between ERF rounds. This assessment funding comes from the county's Revolving Loan Fund loan repayment proceeds (funded through the EPA) and the Minnesota Brownfields Gap Financing Program (funded through the ERF). 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.

## **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)

Affordable Housing Trust Fund (AHTF)

Area Median Income (AMI)

Economic Development Authority (EDA)

Full Time Equivalent (FTE)

Metropolitan Council Livable Communities Demonstration Account (LCDA)

Metropolitan Council Seeding Equitable Environmental Development (SEED)

Metropolitan Council Tax-Base Revitalization Account (TBRA)

Minnesota Department of Employment and Economic Development (DEED)

Minnesota Pollution Control Agency (MPCA)

Polycyclic Aromatic Hydrocarbons (PAHs)

Transit-Oriented Development (TOD)

United States Environmental Protection Agency (EPA)

Volatile Organic Compounds (VOCs)

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# Fare Game Restaurant

Address: 2900 and 2910 Johnson Street NE, Minneapolis

Applicant: City of Minneapolis on behalf of Black Duck Holdings

Property owner: Black Duck Holdings

**Recommended award: \$34,370**

## 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

- None

## Economic development/housing impact

- Increases the tax base
- Reuses a vacant building
- Adds 22 full-time and 15 part-time jobs

## Site description

One-story commercial building

**Contamination issues:** Soil vapor impacts above health criteria requiring a soil mitigation system

**Project plans:** Renovate the existing building into a restaurant

**Requested use of ERF grant:** Funding for vapor mitigation costs





# 1301 West Lake Apartments

Address: 1301 West Lake Street, Minneapolis

Applicant: City of Minneapolis on behalf of CommonBond Communities

Property owners: CommonBond Communities

**Recommended award: \$54,081**

## 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 \$231,206 (requested)
- Hennepin County Supportive Housing Strategy Funds: \$1,500,000 (committed)

## Economic development/housing impact

- Increases the tax base
- Adds 120 units of affordable housing with 24 units set aside for households that were formerly experiencing homelessness. Includes 12-studio, 58 one-bedroom, 35 two-bedroom, and 15 three-bedroom units priced at 30%, 50%, and 60% of the AMI.

## Site description:

The site is currently vacant property.

**Contamination issues:** Soil contaminated with metals and VOCs

**Project plans:** Construct a four-story residential building

**Requested use of ERF grant:** Funding for soil cleanup



# MPRB - Bethune Park

Addresses: 1301 Tenth Avenue N, Minneapolis

Applicant: Minneapolis Park and Recreation Board (MPRB)

Property owner: Minneapolis Park and Recreation Board

**Recommended award: \$359,402**

## 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

- MPRB CIP \$823,000 (committed)
- Minnesota Twins community grant \$40,000 (committed)

## Economic development/housing impact

Creates new park amenities in an underserved community

## Site description

A city municipal park and recreation center

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

**Project plans:** Creation of new athletic field and park amenities

**Requested use of ERF grant:** Funding for soil cleanup





# 3561 Minnehaha Apartments

Address: 3561 Minnehaha Avenue, Minneapolis

Applicant: Footprint Development

Property owner: Drew Hoefler

**Recommended award: \$0 (\$44,700)**

## Award recommendation

The activities are eligible for funding. The applicant withdrew its application because it did not receive a city council resolution of support.

Previous ERF awards: None

## Other funding sources

- None

## Economic development/housing impact

- Increases the tax base
- Near transit and job access
- Adds 35 one- and two-bedroom apartment units priced at 60% and 80% of the AMI

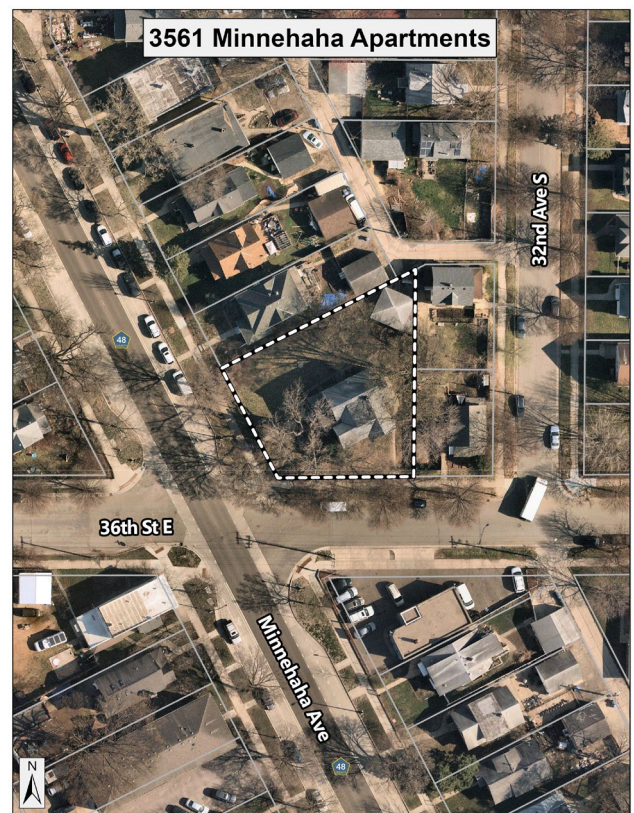
## Site description

Residential lot

Contamination issues: Unknown

Project plans: Create a 35-unit apartment building with ground level commercial space

Requested use of ERF grant: Funding for assessment



# Unity Building

Address: 401 and 405 East Lake Street, Minneapolis

Applicant: City of Minneapolis on behalf of Grass Roots LLC.

Property owner: Grass Roots LLC.

**Recommended award: \$76,400**

## 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 TOD: \$150,000 (committed)
- Metropolitan Council SEED: \$27,500 (committed)
- Metropolitan Council TBRA: \$296,510 (requested)

## Economic development/housing impact

- Increases tax base
- Estimated 53 new FTEs, 25 FTEs retained
- Adds mixed commercial spaces for future businesses

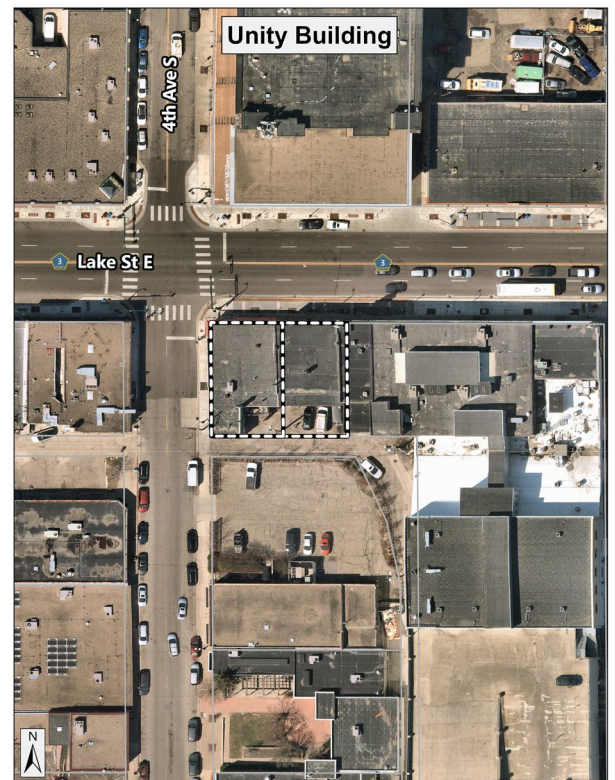
## Site description

The site is a currently a grocery store, beauty salon and residential units. Formerly used as a gas station and drycleaner.

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

**Project plans:** Construct a four-story commercial building that will operate as an incubator space for entrepreneurs and business owners who are people of color

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



# Agate Housing

Addresses: 2800, 2804, 2808, and 2812 27<sup>th</sup> Avenue South, Minneapolis

Applicant: City of Minneapolis on behalf of Trellis Co.

Property owner: 2800 27<sup>th</sup> Avenue LLC

**Recommended award: \$177,900**

## 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 Supportive Housing Strategy Funds: \$1,000,000 (committed)
- Metropolitan Council TBRA: \$215,250 (requested)

## Economic development/housing impact

- Increases the tax base
- Estimated 27 new FTEs
- Adds 26 single room occupancy units, 16 studios, and six one-bedroom units priced at 30% and 60% of the AMI

## Site description

Partially vacant site formerly occupied by residential and commercial spaces

**Contamination issues:** Contamination consisting of arsenic in soils

**Project plans:** Construct a 48-unit affordable and supportive housing apartment building with 24 units set aside for high priority households that are experiencing homelessness and eight units will be set aside for people with disabilities.

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





# Envision Community Penn Avenue

Address: 2100, 2106, and 2110 Penn Avenue North, Minneapolis

Applicant: City of Minneapolis on behalf of Envision Communities, Inc.

Property owner: City of Minneapolis CPED

**Recommended award: \$86,551**

## 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) - \$14,997 in 2022

## Other funding sources

- None

## Economic development/housing impact

- Adds 20 two-bedroom units priced at 30% and 80% of the AMI
- Estimated 1.5 new FTEs

## Site description

The site is currently vacant.

**Contamination issues:** Lead contamination in shallow soils

**Project plans:** Construct 20 units of supportive micro-housing

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



# Snelling Yards Family Housing

Address: 3601 East 44<sup>th</sup> Street, Minneapolis

Applicant: City of Minneapolis on behalf of Snelling Yards Development Co. LLC

Property owner: Snelling Yards Development Co. LLC

**Recommended award: \$315,000**

## 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) - \$40,850 in 2018

## Other funding sources

- Hennepin County AHIF \$900,000 (committed)
- Metropolitan Council LCDA \$725,000 (requested)
- DEED \$300,000 (requested)
- Minneapolis AHTF \$2,190,000 (committed)

## Economic development/housing impact

- Increases tax base
- Adds 17 studio, 15 two-bedroom, 43 three-bedroom, and 15 four-bedroom units priced at 30%, 50%, 60%, and 80% of the AMI

## Site description

An existing unoccupied building

**Contamination issues:** Soil contaminated with metals and petroleum, and soil vapor contaminated with VOCs

**Project plans:** Redevelopment to a five-story building with 90 apartment units

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





# RS EDEN House

Address: 1025 Portland Avenue, Minneapolis

Applicant: City of Minneapolis on behalf of Eden Rehabilitation

Property owners: Eden Rehabilitation

**Recommended award: \$76,467 (\$47,220 requested)**

## Award recommendation

The activities are eligible for funding. In order to meet the entire environmental need of the project, the committee recommends awarding RS EDEN the \$47,220 as well as the remaining cost of the vapor mitigation system for a new total of \$76,467. The recommended award is equal to the amount requested in the amended grant application.

**Previous ERF awards:** None

## Other funding sources

- None

## Economic development/housing impact

- Supports a supportive housing facility that serves people well below the poverty line, with over half of the people supported having a background of being involved in the criminal justice system and who have children. Services on site include substance abuse professionals, nurses, mental health professionals, and volunteers.
- Installation of a vapor mitigation system to protect human health in the building.

## Site description:

Occupied by a four-story residential treatment facility

**Contamination issues:** Soil vapor is contaminated with solvents

**Project plans:** Install a vapor mitigation system for the building

**Requested use of ERF grant:** Funding for vapor mitigation system installation costs



# Stinson Apartments

Address: 1714 East Hennepin Avenue, Minneapolis

Applicant: City of Minneapolis on behalf of 1714 E Hennepin LLC

Property owners: 1714 E Hennepin LLC

**Recommended award: \$93,950**

## 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 - \$240,971 (requested)

## Economic development/housing impact

- Estimated up to two new FTEs
- Increases the tax base
- Adds five affordable housing units priced at 60% of the AMI and 19 market-rate housing units consisting of one-bedroom and two-bedrooms

## Site description:

Currently a vacant site. Historical operations at the site have included a gas station.

**Contamination issues:** Soil contaminated with metals, PAHs and petroleum. Soil vapor contaminated with VOCs. Orphaned underground storage tank.

**Project plans:** Construct a multi-story residential building

**Requested use of ERF grant:** Funding for soil cleanup costs, vapor mitigation system installation costs, and removal of underground storage tank



# 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: \$282,000**

## Award recommendation

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

**Previous ERF awards:** Spring 2022 for \$239,000

## Other funding sources

- Metropolitan Council TBRA: \$428,000 (requested)
- DEED: \$513,000 (requested)
- Hennepin County TOD: \$250,000 (committed 2022 grant)

## Economic development/housing impact

- Increases the tax base
- Estimated 50 new FTEs
- Adds six studio, 35 one-bedroom, 18 two-bedroom, and 4 three-bedroom units priced at 50% and 60% of the AMI.
- Adds 252 market-rate units ranging from studios to three-bedrooms.
- Includes installation of rooftop solar array, electric vehicle charging stations, and additional stormwater management above watershed requirements.

## Site description

The western parcel has a vacant building, and the eastern parcel has a 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 six-story residential buildings with partial ground level retail, and a public plaza

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

