



Brownfields Cleanup Revolving Loan Fund Pilot Project

Hennepin County, MN

BACKGROUND

Hennepin County contains one-quarter of Minnesota's population (1,050,000) and includes the city of Minneapolis and 44 suburbs. With a proud past as an important part of the river and rail corridor systems of the upper-midwest, Hennepin County must now contend with contamination at many former industrial and commercial sites. Many parcels of land in Hennepin County are unavailable for redevelopment due to the contamination resulting from previous industrial land uses this century. These sites reduce the County's property tax valuation and its overall quality of life, and inhibit efforts to retain and attract commercial and industrial businesses. Hennepin County's Brownfield Cleanup Revolving Loan Fund (BCRLF) targets sites throughout the County, with priority consideration for sites within Minneapolis' Empowerment Zone, and special designated districts such as hazardous waste districts, which are tax increment financing districts.

In September 1999, the U.S. EPA issued a cooperative agreement in the amount of \$500,000 to Hennepin County to establish and fund the BCRLF. In June, 2001, the U.S. EPA awarded an additional \$500,000 to Hennepin County to expand the BCRLF. The objective of the BCRLF is to provide low-interest loans to clean up brownfield sites in Hennepin County. Eligible borrowers include private, for profit businesses, non-profit businesses and public entities (excluding State and Federal agencies and the University of Minnesota).

Through the BCRLF, Hennepin County has up to \$875,000 available to loan to public or private entities for the cleanup of contaminated lands. BCRLF loans are available for the cleanup of soils and ground water affected by the release of non-petroleum contaminants.

PILOT SNAPSHOT



Date of Loan:
October 2001

Amount: \$240,000 to \$450,000

Loan Profile: The Hennepin County BCRLF will make their second loan of \$240,000 loan to Housing Partners-Lofts LLC .

Hennepin County, Minnesota

Contacts:

Hennepin County
(216) 443-3700

EPA Region 5
Project Officer
(312) 353-2513

Visit the EPA Region 5 Brownfields web site at:
<http://www.epa.gov/R5Brownfields/>

For further information, including specific Pilot contacts, additional Pilot information, brownfields news and events, and publications and links, visit the EPA Brownfields web site at:
www.epa.gov/brownfields

The Hennepin County Brownfields Cleanup Revolving Loan Fund will make its second loan to Housing Partners III-Lofts, LLC, for an initial amount of \$240,000 with provision to increase the loan amount to \$450,000. The loan funds will be used for the cleanup of one city block located northeast of the intersection of 1st Avenue NE and Main Street, NE in Minneapolis. The site falls within the Nicollet Island/East Bank neighborhood and within the larger University community of Minneapolis. Greater than 40% of the population in this neighborhood is below the poverty level.

STRUCTURE OF THE BCRLF PROGRAM

Hennepin County is the Lead Agency for the BCRLF program. The Program is administered by Hennepin County Department of Environmental Services (DES). DES is responsible for ensuring that the BCRLF funds are used for authorized purposes. All sites receiving money from the BCRLF are required to enroll in the Minnesota Pollution Control Agency's (MPCA's) Voluntary Investigation and Cleanup (VIC) Program. Hennepin County is responsible for ensuring that environmental cleanups are done in compliance with all applicable laws and regulations, and will work closely with the VIC Program to do so.

BCRLF BORROWER

Housing Partners III-Lofts, LLC is the borrower for this project and has teamed with the United States Department of Housing and Urban Development, the Minnesota Pollution Control Agency, the Minnesota Department of Health, the Minnesota Department of Trade and Economic Development, Hennepin County Environmental Services and the Metropolitan Council. The goal of this partnership is to revitalize the neighborhood by remediating environmental hazards and by constructing housing units and commercial retail and office space. The County will loan the borrower \$240,000 for the cleanup of the site and may loan an additional \$210,000 in the event that unexpected contamination requiring cleanup is encountered during development

BCRLF CLEANUP SITE

The area surrounding the site has been used for over 150 years and is characterized by mixed land use. Surrounding property includes a variety of industrial, commercial and retail facilities, as well as high-density residential. Idled and under-utilized, now the site has been occupied by various commercial and residential facilities, a stone quarry, various manufacturing operations, a taxi garage, and a trucking facility.

Contaminated fill has been identified on a substantial portion of the block. It appears that the contamination is not associated with the former industrial uses of the site. The soil contamination is primarily associated with historic fill placed to elevate the grade. Site investigations indicate that fill soils at the site are contaminated by polynuclear-aromatic hydrocarbons,

VOCs, hydrocarbons, and metals at levels exceeding the human-health based screening criteria established by the Minnesota Pollution Control Agency for residential land-use.

The remediation plan for the site involves excavating approximately 40,000 cubic yards of soil and transporting it off-site for disposal. Approximately 4,000 cubic yards of petroleum-contaminated soil will also be excavated and transported off-site for either thermal treatment or disposal (the BCRLF funds can not be used for the cleanup of petroleum-contaminated soil). Dust control procedures and stormwater run-off procedures will be implemented during the entire excavation period.

PROPOSED SITE REUSE PLAN

The development plan for Block 3 includes 12 townhouse-like condominiums and approximately 84 loft-style condominiums with underground parking. The redevelopment plan for the other two blocks include thirty affordable housing units, forty-eight townhouses, 15,000 square feet of commercial/retail space and 30,000 square feet of commercial/office space.

In addition to a new facility, expanded social services and innovative family outreach programs will be provided. The Youth Intervention Center will serve as a model for the rehabilitation of young people, as well as a "green" facility.

The design incorporates energy efficiency and will feature a community garden and greenhouse on the north parcel of the property to enhance the quality of life for inhabitants, workforce, and neighbors.

BCRLF LEVERAGING

This \$240,000 BCRLF loan is expected to leverage over \$32 million in development. This loan project and the first BCRLF loan project are expected to return over \$92 million in development costs, and increase the city's property tax base by \$2.6 million as well as providing 150 jobs.

CONTACTS

Hennepin County BCRLF Project Coordinator
(612) 348-9938

EPA Region 5
(312) 353-2513

U.S. EPA-OSWER
Outreach and Special Projects Staff
(202) 260-4039

For additional information, contact the RCRA/Superfund Hotline at: (800) 424-9346 or visit the EPA Brownfields website at: <http://www.epa.gov/brownfields>.

Use of BCRLF Pilot funds must be in accordance with CERCLA, and all CERCLA restrictions on use of funding also apply to BCRLF funds.
