



U.S. Department of Housing and Urban Development  
Minneapolis Field Office  
920 Second Avenue South  
Minneapolis, Minnesota 55402  
<http://www.hud.gov/>

**JUN 24 2009**

Mr. Timothy Duncan  
Grandbridge Real Estate Capital  
One Ward Parkway, Suite 145  
Kansas City, MO 64112

Dear Mr. Duncan:

Subject: Longfellow Station Apartments Review  
Project Number: 092-TBD  
Project Name: Longfellow Station Apartments  
Project Location: Minneapolis, MN

We have reviewed the material submitted concerning Longfellow Station Apartments dated June 17, 2009 and concluded that we cannot invite the project for FHA financing because it has incurable conditions that do not meet several HUD Environmental and Compliance standards. The specific issues are as follows:

1. The proposed building is very close to both Hiawatha Avenue and 38th Street. Both are heavily traveled roads. We have determined that the location has inadequate separation of pedestrian and vehicular traffic, and is a dangerous intersection.

Your response was that traffic has trended down in the past few years since the Light Rail has been in service.

Analysis: This does not detract from the basic premise that it is located at the intersection of two heavily traveled roads.

2. The adjacent rail switching operations are too close to the proposed building to meet FHA standards.

Your response was that there is no active rail service and the trains have a speed of only 1-2 miles per hour.

Analysis: By this, you presumably mean no "through" service. However, the tracks are a switching operation. Whatever the train speeds, the operation is an unacceptable hazard. Additionally, despite the slow trains, they are accompanied by considerable engine noise for accelerating and reversing direction as well as cars banging from coupling activities. The tracks are bolted, not welded, and that adds to the noise.

3. The nearby rail crossing is an unacceptable risk to children and other tenants.

Your response was to refer to the response to # 2.

Analysis: This is still a dangerous hazard for a residential setting.

4. The combined road, rail and light rail traffic render the site unacceptable from excessive noise.

Your response was that you would do a noise study some time in the future.

Analysis: We have started an analysis, using your auto data, and only two of the three streets, Hiawatha and 38<sup>th</sup> Street. With those alone, and nothing on the railroad or light rail, the site noise level is in the Unacceptable noise range. It is unlikely that a properly conducted noise analysis will determine the site meets the HUD Noise Standard.

5. The surrounding land uses are incompatible with residential use.

Your response was that the City intends to improve the area and that the developer has purchased part of the rail right of way. You state that the switching operation will continue adjacent to the building, but speculate that sometime in the future ADM may sell the elevator site.

Analysis: The elevator with all the train and truck traffic is incompatible with residential use.

6. The overhead high voltage transmission lines are too close to the proposed building to be acceptable under HUD Compliance Standards.

Your response was that you have requested a letter from Xcel Energy.

Analysis: The lines are much too close to the proposed building. Unless they are removed, that is not acceptable. We see no reason to believe there is a reasonable probability that this high voltage electric line will be either moved or abandoned.

7. The industrial operation immediately to the North of the site has a high volume of truck traffic that is incompatible with residential uses.

Your response was that the trucks go slow, and deliveries are only between 6AM and 10PM.

Analysis: Regardless, the adjacent land use is incompatible with residential use.

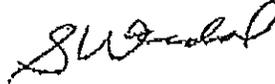
8. Current and previous uses of the site suggest phase I and II environmental reviews will be required.

Your response was that you would submit Phase I and II Environmental reports and an appropriate RAP/CCP that was previously done.

Analysis: HUD must have the full Phase I & II studies and the RAP/CAP for analysis. It may eventually be determined acceptable, but we cannot invite an Application until we have that and complete our analysis.

If you have any questions regarding this, please contact Rachel Coleman, Project Manager, at 612-370-3000 (ext. 2273).

Very sincerely yours,



Scott Wordal, Operations Officer  
Minneapolis Multifamily Hub