

2014 Annual Livable Communities Fund Distribution Plan

March 3, 2014

Metropolitan Council Community
Development Committee



Today's Discussion

Two Parts:

- Review and status of past grants in achieving statutory objectives
- Continuation of discussion from February 18, 2014 Committee Meeting -Using LCA as a tool for Implementing Thrive MSP 2040 Outcomes and Principles

Today's Discussion – Part One

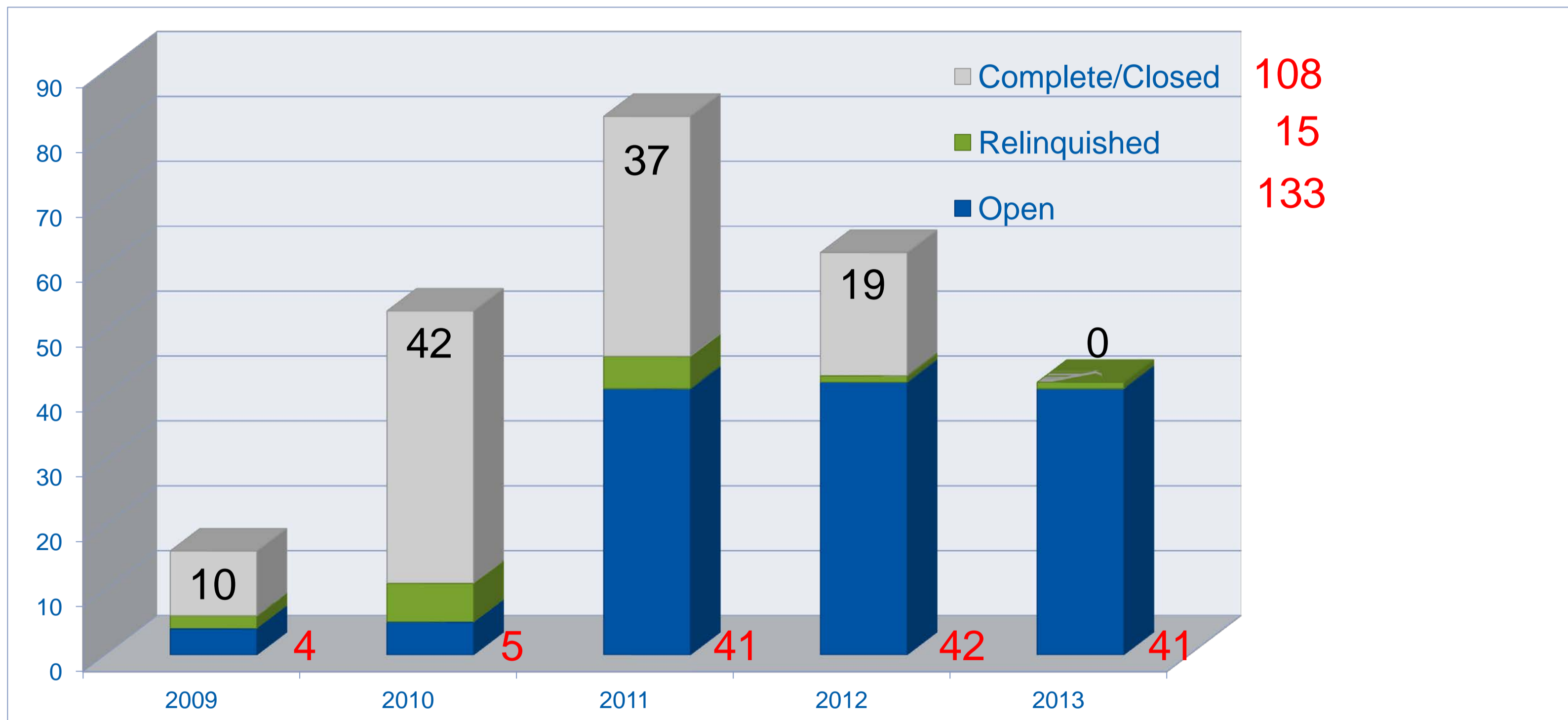
Review and status of past grants in achieving statutory objectives:

- Last 5 years of grants 2009-2013
- Successes, examples of catalytic projects, what's working
- Impact of longer grant terms, and grant relinquishments
- What's not working, scoring factors keeping good projects from moving forward
- Applicant feedback and modifications made in response to feedback

LCA Grant Accounts

- Tax Base Revitalization Account (TBRA)
- Local Housing Incentives Account (LHIA)
- Livable Communities Demonstration Account (LCDA)
- Transit Oriented Development (TOD) Grant Category
 - LCDA
 - TBRA

Current Open Grants



Questions from the Last Meeting

Successes, examples of catalytic projects, what's working

- Spirit on Lake (complete)
- Episcopal Homes (Porky's Drive Thru Site) nearly complete
- Schmidt Brewery (under construction)
- Rayette (under construction)
- Gallery Flats in Hopkins (under construction)
- Junction Flats in Minneapolis
- A Mill Lofts

Bloomington Central Station:

World's First Station Project Catalyzed by LCA Investment

HOUSING LCA INVESTMENT FEDERAL RESERVE MORTGAGE INVESTMENT CORP. OFFICE OF BLM INVESTMENT OVERSEER

\$1.6 billion 1.5 million 7,000+



Prospect Park North:

Estimated (3-5 Year) Redevelopment Potential

TOTAL TIFBA INVESTMENT AFFORDABLE HOUSING: JOBS: ANNUAL NET TAX CAPACITY INCREASE
\$10,000,000 20% **380+ FTE** **\$324,000**



Heart of the City: Framework Plan, 1999



Nicollet and 126th
BEFORE



Nicollet and Burnsville Pkwy.
BEFORE



Questions from the Last Meeting

Impact of longer grant terms:

- Penfield
- Longfellow
- Schmidt Brewery
- West Side Flats
- Boat Works
- The Landing

Previous Projects awarded multiple grants:

- Heart of the City
- Midtown Exchange
- Williams Hill
- Beacon Bluff
- Schmidt Brewery

Questions from the Last Meeting

Grants Relinquished in Past 5 years

- Chittenden & Eastman Lofts
- 2700 the Avenue
- North Loop Gateway
- Linden Hills
- New French Bakery
- University Gateway
- Artspace
- Winnetka Learning Center

Reasons

- City wage requirements
- Lost the developer
- Legal issues
- Neighborhood opposition
- Owner decided not to expand
- Scope & sched. change
- Developer changed plans
- Removed affordable units

Projects with Multiple Outcomes

- Commons at Penn
- Hawthorne Eco Village
- Western Univ. Plaza (Old Home)
- Five 15 on the Park
- Heritage Park Senior Services Center– MPHA Senior

Questions from the Last Meeting

What's not working? Scoring factors keeping good projects from moving forward?

- Only see projects as brought forward by applicant cities
- Hard to know what we don't know, don't see
- One applicant indicated they feel hesitant to bring projects forward that don't include affordable housing
- Mixed Income, Mixed Use - very difficult, need multiple funders, patient capital, and new tools to fill funding gaps
- Financing programs and investor desires don't fit well with complex projects.
- Unsuccessful projects, improve and return

Struggling Projects

Struggling to Break Ground

- City Limits – StP
- Presbyterian Homes – EP
- The Gathering & Cobblestone Lake - AV
- Steeple Center – Rsmt
- 9805 Hwy 55 Apts –Plym

Reason

- Unclear-Financing?
- Unclear
- Other Financing

- Developer Agreements – now progressing
- Other Financing

Questions from the Last Meeting

Examples of feedback from applicants?

- To set up the TOD category, staff met with all potentially affected communities, either individually or in groups to establish the initial criteria
- Staff meet with affected communities and the LCAC to get feedback on how to improve all grant categories. Changes made as a result included:
 - Consolidated application deadlines
 - A per city maximum grant amount rather than by project
 - The TOD Design Workshops were initiated
- Extended grant terms
- Reinstated Pre-Development and Site Investigation grants

Today's Discussion – Part Two

- Continuation of discussion from February 18, 2014 Committee Meeting -Using LCA as a tool for Implementing Thrive MSP 2040 Outcomes and Principles

For Discussion

Considerations:

- waiving the limit on # of applications submitted by cities for projects located in RCAPS
- waiving the 40%/60% distribution of LCDA funds between core cities and suburban cities for awards in RCAPS
- without changing existing criteria and associated points, consider awarding projects within RCAPs automatic points in categories such as: catalyzing the project, leveraging private investment, demonstrating market demand.
- making grant eligible innovative energy saving and heating techniques – geothermal, photocells, etc.

For Discussion

1. Do you want to provide projects located in areas of concentrated poverty and Racially Concentrated Areas of Poverty (RCAPs) a preference, bonus points, or other method to increase the project score or competitive advantage?

Should such an advantage be the same for all LCA grant accounts, or should LHIA grants for affordable housing be handled differently?

For Discussion-continued

2. Is it sufficient that applicants be asked to explain how their project will advance equity, including helping residents in areas of concentrated poverty and racially-concentrated areas of poverty and/or lower-income households?

Should the applicants' answer to this question be quantifiable/measurable in order to aid in distinguishing the equity benefits afforded in different projects?

Should this answer be subjectively evaluated or objectively with scores assigned to different measurements?

For Discussion-continued

3. Do you want staff to develop additional or stronger expectations related to the mitigation of climate change, resiliency, and/or reduction in greenhouse emissions?

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LCA Grants help implement Thrive

Examples:

Excelsior Crossing
222 Hennepin
Broadway Flats
Five15 on the Park
Oak Grove Dairy
The Penfield
Longfellow Station



Today's Presentation

- LCA Statutory Objectives
- Thrive Outcomes
- LCA references in *Thrive MSP 2040*
- Recent Examples
- Questions for Discussion
- Considerations

LCA Statutory Objectives:

- Affordable housing connected to employment growth areas
- Range of mixed income housing opportunities
- Creation and preservation of living wage jobs
- Cleanup of contaminated sites for development

LCA Statutory Objectives:

- Intensified, compact, efficient development
- Development near transit
- Public infrastructure investments connecting neighborhoods & communities
- Attract private investment adjacent to public investment
- Innovative Partnerships

LCA Statutory Objectives:

- Coincide with *Thrive MSP 2040*:
 - Stewardship
 - Prosperity
 - Equity
 - Livability
 - Sustainability

LCA Grants help implement Thrive outcomes & principles

Using our influence and investments to build a more equitable region

- *Use **Livable Communities Act** resources to catalyze private investment in concentrated and racially-concentrated areas of poverty*
- *Ask grant applicants to explain how their projects would advance equity, including helping residents of concentrated and racially-concentrated areas of poverty and/or lower-income households.*

LCA Grants help implement Thrive outcomes & principles

Investing in a mix of housing affordability along the region's transit corridors . The Council will:

- *Require that local jurisdictions applying for **Livable Communities** transit-oriented development grants adopt local policies reflecting equity in the proposed grant area;*
- *Promote transit-oriented development that expands affordable housing in transit station areas.*

LCA Grants help implement Thrive outcomes & principles

Providing leadership to support climate change mitigation, adaptation and resilience, by:

- *Promoting compact, pedestrian-friendly development patterns and funding their development through the **Livable Communities Act** funds*

LCA Grants help implement Thrive outcomes & principles

In addition to the Thrive systems and policy plans, the Council will consider how to advance the Thrive outcomes through:

- *Making investments through **Livable Communities Act** grants (Livable Communities Demonstration Account, Local Housing Incentives Account and Tax Base Revitalization Account);*

Criteria: TBRA

Cleanup	Possible Points
Tax base (25 points):	
Increase the tax base of the recipient municipality	20
Add tax revenue in the near term. (Projects not in or not expected to be in a Tax Increment Finance [TIF] district earn 5 points because all the affected tax jurisdictions benefit immediately.)	5
Jobs and/or affordable housing (25 points):	
25 points: Increase permanent living wage jobs within and near areas of concentrated poverty	
Brownfield cleanup/environmental health improvements (25 points):	
Clean up the most contaminated sites to provide the greatest improvement in the environment and the greatest reduction in human health risk	25
Framework 2030 Implementation/Regional System support (30 points):	
16 points: provide housing choices and conserve vital natural resources	
Show how the project is integrated with Regional Systems:	
14 points: Show how the project is integrated with Regional Systems, including Environmental Services and Transportation	
Readiness and market demand (20 points):	
Demonstrate readiness to proceed with project site cleanup.	5
Demonstrate market demand for proposed redevelopment elements in the project area and demonstrate readiness to promptly implement the proposed project if/when TBRA funding is provided, including identifying an end-stage developer and any non-residential tenants.	15
Partnership (5 points):	
Represent innovative partnerships among various levels of government and private for-profit and non-profit sectors.	5
Community's housing performance score (20 points):	
The applicant's Housing Performance Score will be converted from a 100 point scale to a 20 point scale. If a proposed project includes new affordable housing or if affordable housing is located within the project site/area, the proposal will be held harmless by assigning the higher of the community's actual score or the average score for this section from all proposals.	20
TOTAL	150

Criteria: LCA-TOD

Step One Evaluation Criteria for LCA-TOD Applications: 75 possible points	
A staff evaluation team will score eligible proposals using the Step One evaluation criteria and guidelines:	
Criteria category	Possible Points
Housing:	
20 points: The proposal's ability to produce affordable housing; City has adopted affordability requirements for housing assisted with City funds or other fiscal devices applicable in the TOD Area	
Transit Accessibility, Walkability, & Ridership	
16 points: The degree to which the TOD Area provides the opportunity for residents and/or employees in that TOD Area to live or work there without reliance on an automobile; for meeting daily needs through the use of transit or walking; and for reducing automobile ownership, vehicular traffic, and associated parking requirements that would otherwise be necessary to support a similar level of more traditional development.	
Jobs & Economic Competitiveness	
15 points: The City has established hiring and procurement goals and/or processes that advance and promote the employment of local workers and/or disadvantaged businesses	
The project's proximity to employment centers with high job densities served by transit and its ability to enhance the local tax base	
• The degree to which the City has formalized TOD guidelines; the intensity of future use of the site; the Project's ability to demonstrate TOD design features that promote walking, bicycling, recreation, and the use of transit.	14
Environmental Design	
6 points: The Project's ability to minimize stormwater runoff, filter sediments, and promote infiltration; integrate native vegetation; incorporate green building design and energy efficiency standards; and clean contaminated land.	
Partnerships have been established advance the proposal and leverage other resources	4
TOTAL	75

Applications must score 45 or more points to advance to the Step Two evaluation process.

LCA Grants help implement Thrive

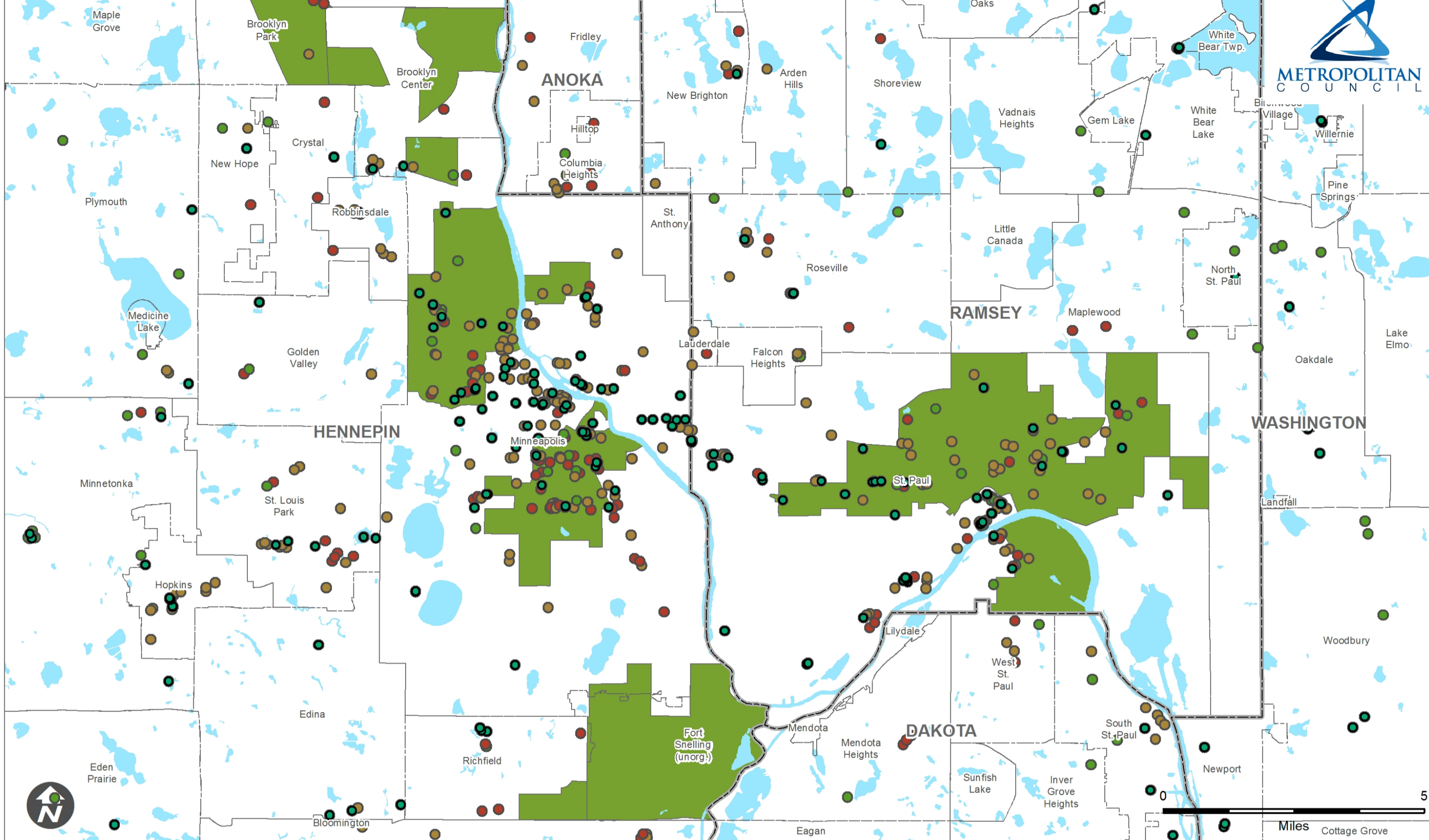
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LCA Grants help implement Thrive

- The map on the following slide shows the geographic distribution of projects in RCAPs and surrounding areas assisted with LCA grants



- LHIA
- LCDA
- Racially Concentrated Areas of Poverty
- LAAND
- TBRA

LCA Grant Awards in Racially Concentrated Areas of Poverty, 1996-2013