

Community Development Committee

Meeting date: December 18, 2017

For the Metropolitan Council meeting of January 10, 2018

Subject: 2017 Livable Communities Demonstration Account Grant Recommendations

District(s), Member(s): All

Policy/Legal Reference: Minnesota Statute §473.253

Staff Prepared/Presented: Ryan Kelley, Senior Planner (651) 602-1541

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council (1) award six Livable Communities Demonstration Account grants as follows, totaling \$7,500,000, and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

| Recommended Projects | Applicant | Points | LCDA Award |
|--------------------------|-------------|--------|--------------------|
| Leef | Minneapolis | 88.98 | \$1,831,428 |
| Ain Dah Yung | St. Paul | 87.14 | \$350,000 |
| The Avenue on France | Edina | 82.12 | \$1,300,000 |
| West Broadway Curve II | Minneapolis | 80.74 | \$780,000 |
| The Collaborative | Edina | 78.12 | \$1,441,565 |
| Edison | Roseville | 76.99 | \$1,797,007 |
| Total Recommended | | | \$7,500,000 |
| Total Available | | | \$7,500,000 |
| Total Remaining | | | \$0 |

Background

The Livable Communities Act (LCA) states that projects funded through the Livable Communities Demonstration Account (LCDA) will:

- (1) interrelate development or redevelopment and transit;
- (2) interrelate affordable housing and employment growth areas;
- (3) intensify land use that leads to more compact development or redevelopment;
- (4) involve development or redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities; or
- (5) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment.

The LCA also requires the Council to adopt an annual plan for the distribution of funds. The Council adopted the 2017 Fund Distribution Plan (Plan) on March 22, 2017. ([2017-72 SW](#)) The Plan made \$7.5 million available for LCDA awards for development projects and included past Council guidance for the distribution of LCDA funds which states that the Livable Communities Advisory Committee (LCAC) may recommend no more than 40% of the available funding to the central cities of Minneapolis and St. Paul.

LCDA applications go through a rigorous two-step review process conducted by internal staff and external professionals. In Step One, Council staff from Community Development, Metropolitan Transportation Services and Metro Transit conduct a technical review of all applications, focusing on quantifiable elements, including project design and land use, housing, impact on transit ridership, and the environment. Applications meeting the minimum point threshold in Step One move forward to Step Two, which focuses on qualitative elements, including the innovation and demonstration value of the proposed project, as well as the degree to which LCDA funds would act as a catalyst to move the project forward. The Livable Communities Advisory Committee (LCAC), a fifteen-member panel of external subject matter experts in the fields of finance, local government, site design, development, transportation, the environment and community-based planning, economic and community development/engagement, conducts Step Two review. Council staff present the LCAC funding recommendations to the Community Development Committee for consideration.

Rationale

On June 29, 2017, the Council received 13 LCDA applications from eight communities. Staff evaluated the applications using criteria outlined in the 2017 Fund Distribution Plan. All 13 applications met the minimum Step One scoring threshold and were reviewed by the LCAC.

Seven of the 13 applications met the minimum combined Step One and Step Two scoring threshold to be considered for funding, while six applications did not meet the threshold. The oversubscription of funding and the Council's past practice of awarding no more than 40% of available funds to the cities of Minneapolis and St. Paul were significant factors in determining the funding recommendation for the seven eligible applicants. The LCAC is recommending full funding for five LCDA projects: Leef (Minneapolis), Ain Dah Yung (St. Paul), The Avenue on France (Edina), West Broadway Curve II (Minneapolis), and The Collaborative (Edina); and partial funding for Edison (Roseville), totaling \$7,500,000. The Edison project is recommended for partial funding due to the amount of total funding available.

Thrive Lens Analysis

The Council's investment in LCDA projects responds directly to several Thrive outcomes.

- LCDA funding will “advance the Council’s mission of fostering orderly and economical development” and “promotes residential development patterns that protect natural resources, the quality and quantity of our water resources, and our water supply.” (Stewardship and Prosperity)
- This investment also “encourages redevelopment and infill development” (Prosperity), adding a diversity of land uses, housing types and jobs supporting economic competitiveness over other regions.
- These projects “help close the gap between the region’s affordable housing need and the supply, especially in areas underserved by affordable housing” (Equity).
- This LCDA investment will “provide housing and transportation choices for a range of demographic characteristics and economic means” (Livability).

Funding

As outlined in the Fund Distribution Plan, \$7.5 million is available for 2017 LCDA projects. Per the Fund Distribution Plan, the Council has typically not awarded more than 40% of the available funding for LCDA projects to the cities of Minneapolis and St. Paul.

Known Support / Opposition

Resolutions of support were received from each applicant community. There is no known opposition to any of the applications recommended for funding

Review Process

The Council issued a Notice of Funding Availability in March 2017 following adoption of the 2017 Annual Livable Communities Fund Distribution Plan. Staff subsequently scheduled meetings with potential applicants to provide information on the LCDA process and criteria and discuss project ideas.

Project Concept Plans, a shorter version of the full Development applications, were due on May 4, 2017. The cities of Chanhassen, Edina, Forest Lake, Minneapolis, Roseville, St. Paul and the West St. Paul Economic Development Authority submitted twelve Project Concept Plans. Staff reviewed the submissions and provided comments on eligibility, grant funded activities and alignment with LCDA principles and Council objectives.

Staff convened the LCA-TOD design team again for its fourth year. This year staff invited LCDA applicants to also participate in design review, which was well received. The design team reviewed projects in February so that applicants could consider feedback in their PCP submittal and then reviewed projects again in May to provide further comments to include in a full application.

Staff received thirteen full applications on June 29, 2017. The number of full applications differs from the number of Project Concept Plans because the City of Columbia Heights submitted a PCP to the Transit Oriented Development program rather than the LCDA program, and the City of St. Paul changed some of their applications between these same two programs.

An interdivisional staff team used Council-approved Step One criteria to evaluate the applications in the following categories: land use and site design, environmental design, transit service and accessibility, economic competitiveness, housing, and partnerships. All 13 projects scored above the minimum Step One threshold and moved on to Step Two for review by the Livable Communities Advisory Committee (LCAC).

The LCAC evaluated projects in the Step Two categories of demonstration value and innovation, catalytic potential, and readiness. Staff combined the Committee's scores with scores from the Step One process to determine a preliminary score. Seven projects met the minimum required combined scoring threshold of 60 points to be considered for funding while six applications fell below this threshold. The final ranking for each project included the Housing Performance Scores for each city.

As illustrated in Table 2, the Pioneer Press (St. Paul) project scored higher than The Collaborative (Edina) and Edison (Roseville) projects, but awarding funds to this project would have exceeded the 40% funding limit to the cities of Minneapolis and St. Paul.

Table 1: Application Summary

| Grant Category | Project Concept Plans | Submitted Applications | Eligible Applications | Applications advanced to Step Two | Applications recommended for funding |
|------------------|-----------------------|------------------------|-----------------------|-----------------------------------|--------------------------------------|
| LCDA Development | 12 | 13 | 13 | 13 | 6 |

Table 2: Applicant Scoring Summary

| Project | Applicant | Points | LCDA Amount Requested | LCDA Recommendation |
|------------------------|-------------|--------|-----------------------|---------------------|
| Leef | Minneapolis | 88.98 | \$1,831,428 | \$1,831,428 |
| Ain Dah Yung | St. Paul | 87.14 | \$350,000 | \$350,000 |
| The Avenue on France | Edina | 82.12 | \$1,300,000 | \$1,300,000 |
| West Broadway Curve II | Minneapolis | 80.74 | \$780,000 | \$780,000 |
| Pioneer Press | St. Paul | 79.20 | \$250,000 | \$0 |
| The Collaborative | Edina | 78.12 | \$1,441,565 | \$1,441,565 |
| Edison | Roseville | 76.99 | \$2,045,295 | \$1,797,007 |
| Total | | | \$7,998,288 | \$7,500,000 |
| Difference | | | (\$498,288) | |

Outcomes Summary

The table below shows the expected outcomes for the 2017 LCDA investment in the region.

Table 3: Expected outcomes of projects recommended for funding

| | |
|--|---------------|
| Total Housing Units | 590 |
| Affordable Housing Units (≤80% AMI) | 268 |
| Market Rate Housing Units | 322 |
| Total Permanent Jobs (FTEs) | 1,204 |
| Permanent Living Wage Jobs | 1,043 |
| Temporary (or construction) Jobs | 1,184 |
| Net Tax Capacity Increase | \$2,967,280 |
| Total Development Cost: | \$280,231,345 |
| Private Investment Leveraged | \$250,912,009 |
| Other Public Investment Leveraged | \$21,147,048 |
| Parking | |
| Average Residential Parking Ratio | .74 |
| Average Commercial Parking Ratio | 2.77 |
| Density | |
| Average Net Dwelling Units per Acre (DUPA) | 35.47 |
| Average Net Floor-Area Ratio (FAR) | 1.41 |

Projects not Recommended for Funding

Did not meet minimum score to be considered for funding:

The Venue

Applicant: City of Chanhassen

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Poor pedestrian circulation around and through site; design includes multiple surface parking lots
- Weak connection to transit station
- Lack of cohesive design for whole of development site
- Lack of any affordable units
- Minimal environmental design elements

Grandview

Applicant: City of Columbia Heights

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Poor pedestrian circulation around and through site; design included multiple surface parking lots and drive aisles
- Lack of cohesive design for whole of development site
- Minimal demonstration/innovation
- Minimal environmental design elements

Headwaters Landing

Applicant: City of Forest Lake

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Poor pedestrian circulation around and through site.
- Peak transit service, but minimal to no other service.
- Lack of cohesive design for whole of development site
- Minimal demonstration/innovation
- Minimal environmental design elements

Olson Townhomes

Applicant: City of Minneapolis

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Minimal demonstration/innovation
- Minimal environmental design elements
- Readiness in question

700 Emerald

Applicant: City of St. Paul

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Poor pedestrian circulation around and through site
- Lack of cohesive design for whole of development site
- Minimal demonstration/innovation
- Minimal environmental design elements

Town Center

Applicant: West St. Paul Economic Development Authority

Determination: Ineligible; did not meet required Step One + Step Two minimum score.

Rationale:

- Lack of partnerships and community involvement
- Readiness in question
- Minimal environmental design elements

Met Step 1 & Step 2 minimum score, lack of funding:

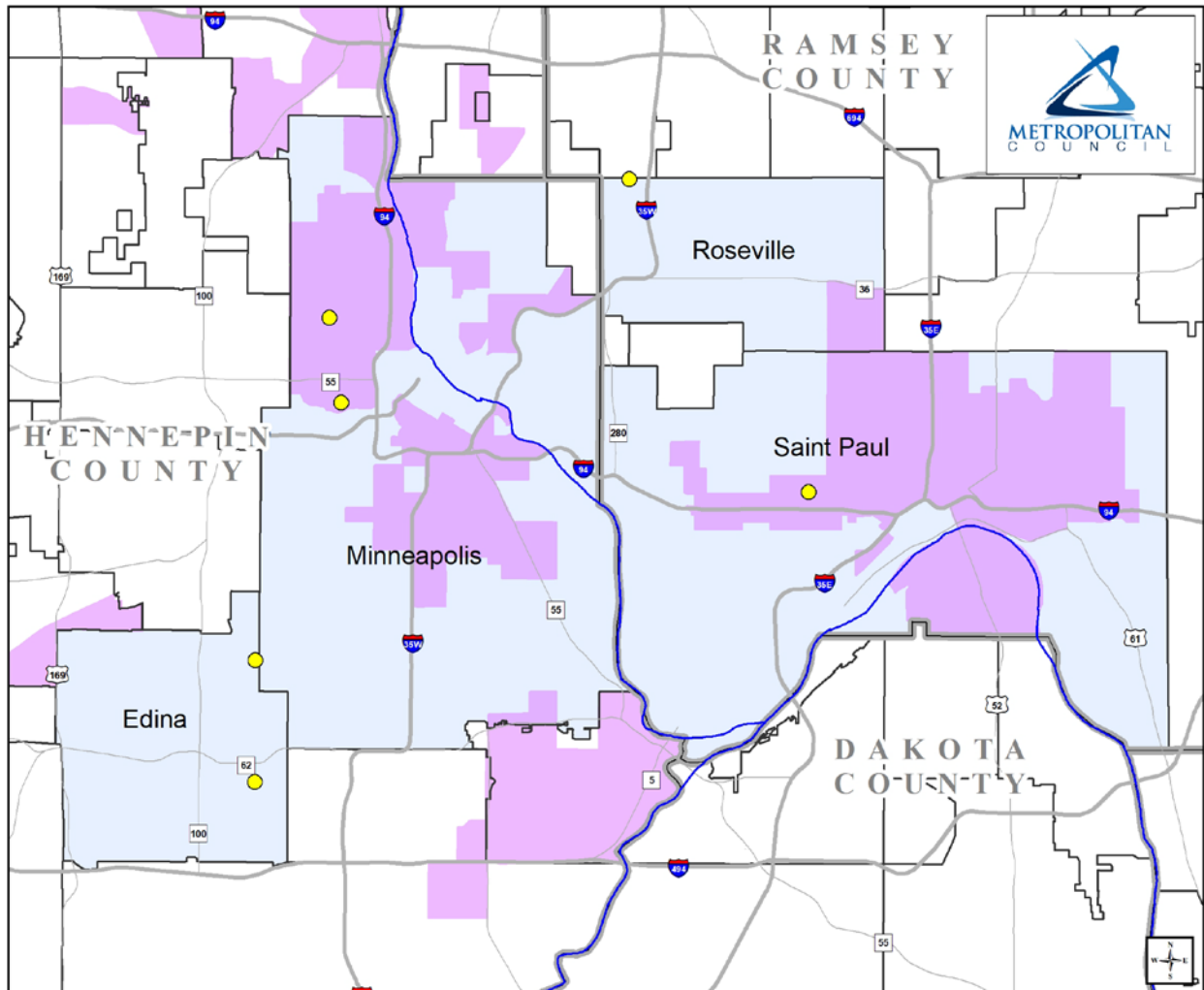
Pioneer Press

Applicant: City of St. Paul

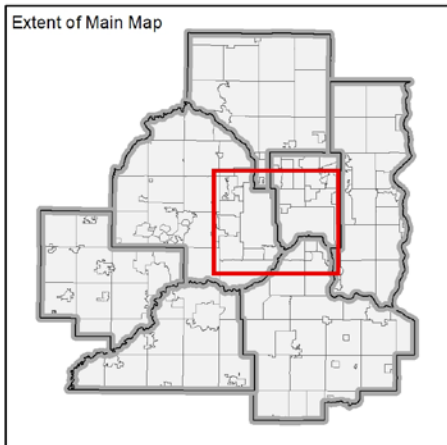
Determination: Scored enough points to be considered for funding. Awarding funding to this project would have exceeded the 40% limit for the cities of Minneapolis and St. Paul.

Projects Recommended for Funding

2017 Livable Communities Demonstration Account Grants Communities Recommended for Award



12/12/2017



- LCDA Project Site:
- Areas of Concentrated Poverty
- Community Recommended for Funding

Areas of Concentrated Poverty

Recognizing the risk of concentrating affordable housing in already-impooverished neighborhoods, Council staff analyzed development projects recommended for funding that are located in Areas of Concentrated Poverty. The goal of the analysis was to determine if the proposed housing units would expand the mix of housing affordability and household incomes in these census tracts in response to the 2040 Housing Policy Plan which states: *“Use Livable Communities Act resources to both catalyze private investment in Areas of Concentrated Poverty and attract affordable housing to higher-income areas.”* Table 4 shows the effect of the addition of proposed units on the shares of both rental housing units and household incomes in the neighborhood.

For example, with the addition of the Leef project, the overall percentage of rental housing units affordable to households earning between 51 and 80% of Area Median Income (AMI) across the neighboring census tracts would increase by four percentage points and above 80% AMI would increase by two percentage points, while the share of rental housing units affordable to households earning below 30% AMI and between 31 to 50% of AMI would drop by three and two percentage points accordingly. Looking at the incomes of all households (including both renters and homeowners) in those census tracts, the occupancy of the Leef project is likely to lead to an increase in share of households earning 51 to 80% of AMI, decreasing shares of households earning below 30% of AMI and above 80% of AMI, and no change in the share of households earning between 31 to 50% AMI.

Table 4: Change in Shares of Rental Housing Units and Household Incomes

| | Rental housing units | | | | Households | | | |
|------------------------|------------------------|----------------|----------------|------------------|------------------------|----------------|----------------|------------------|
| | At or below 30% of AMI | 31%-50% of AMI | 51%-80% of AMI | Above 80% of AMI | At or below 30% of AMI | 31%-50% of AMI | 51%-80% of AMI | Above 80% of AMI |
| Leef | -3% | -2% | +4% | +1% | -3% | -0% | +4% | -1% |
| West Broadway Curve II | -1% | +1% | -1% | +1% | -2% | +1% | +1% | -0% |
| Ain Dah Yung | +1% | -0% | -1% | -0% | +1% | +0% | -0% | -0% |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Leef
Project Location: 212 James Ave N
Council District: District 7 – Gary Cunningham

| Project Detail | |
|----------------------------------|--|
| Project Overview | The Leef project rehabilitates a vacant industrial building into tech/creative office space and replaces another vacant industrial building and a deteriorated parking lot with a five-story mixed-income building. The residential building will be built to LEED Silver standards and include live/work units, underground parking and a loggia art display area. |
| Jobs | Temporary (construction): 250 Permanent: 203 FTEs (122 Living Wage) |
| Net tax capacity increase | \$235,893 |
| Total housing units | 100 |
| Affordable units | 20 @ 31-50% AMI, 70 @ 51-60% AMI, 10 Market Rate |
| Anticipated # bedrooms | 56 - Studio/1BR; 18 - 2BR; 26 - 3+BR |
| Est. total development cost | \$39,522,520 |
| Est. private funds leveraged | \$33,301,092 |
| Est. other public funds | \$4,390,000 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Demonstrates quality design response to difficult existing conditions and introduces new mix of uses to this neighborhood. • Art display areas should provide a great community benefit. • Partnership of for-profit and non-profit entities. • Buildings will have a greatly improved street presence enhancing the pedestrian experience. |
| Funding Request | |
| \$1,831,428 | TOTAL |
| \$850,000 | Site Acquisition |
| \$481,588 | Site Prep – Demolition and Grading |
| \$200,000 | Stormwater Management |
| \$243,500 | Infrastructure – curb bump-outs and bury utilities |
| \$9,840 | Publicly available bike racks |
| \$44,000 | Placemaking – Loggia art display, lighting and benches |
| \$2,500 | Architecture/Engineering costs related to Placemaking elements |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of St. Paul
Project Name: Ain Dah Yung
Project Location: 785 University Ave W
Council District: District 14 – Jon Commers

| Project Detail | |
|----------------------------------|--|
| Project Overview | Ain Dah Yung is the new construction of permanent supportive housing targeted to homeless Native American youth between the ages of 18-24. The development includes residences, offices for the service provider and property management, meeting spaces, fitness room, technology center and cultural center. Outdoor space includes a sweat lodge, medicine/rain gardens and area for contemplation. |
| Jobs | Temporary (construction): 80 Permanent: 15 FTEs (8 Living Wage) |
| Net tax capacity increase | \$130,280 |
| Total housing units | 42 |
| Affordable units | 32 @ 0-30% AMI, 10 @ 31-50% AMI |
| Anticipated # bedrooms | 42 - Studio/1BR |
| Est. total development cost | \$11,490,541 |
| Est. private funds leveraged | \$9,824,500 |
| Est. other public funds | \$892,041 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Great design development process by involving the youth for whom the development is being built to serve. • Development will provide quality housing and culturally responsive, supportive services on site illustrating a strong partnership between Project for Pride in Living and Ain Dah Yung Center. • Project will provide a unique cultural asset for both Native Americans and the larger community. • Integration of stormwater management as an amenity. |
| Funding Request | |
| \$350,000 | TOTAL |
| \$25,000 | Site Prep – Demolition |
| \$30,000 | Infrastructure – Utility relocation |
| \$115,000 | Stormwater Management – infiltration/storage, rain gardens, permeable pavers |
| \$165,000 | Solar panels and solar water heater |
| \$15,000 | Public art |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Edina
Project Name: The Avenue on France
Project Location: 6600 France Ave S
Council District: District 5 – Steve Elkins

| Project Detail | |
|----------------------------------|---|
| Project Overview | The project is the redevelopment of a 22-acre office park area into a mix of retail, office and residential uses. A primary feature is extensive stormwater management on-site improving the condition of a nearby lake/wetland and creating a pedestrian-oriented spine through the middle of the site as a promenade type space while relocating a majority of the parking to underground structures. |
| Jobs | Temporary (construction): 155 Permanent: 908 FTEs (883 Living Wage) |
| Net tax capacity increase | \$1,532,598 |
| Total housing units | 70 |
| Affordable units | 14 @ 51-60% AMI, 56 Market Rate |
| Anticipated # bedrooms | 14 - Studio/1BR; 56 - 2BR |
| Est. total development cost | \$92,416,317 |
| Est. private funds leveraged | \$91,116,317 |
| Est. other public funds | \$0 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Providing this level of stormwater management is wonderful and should make significant improvements to the water quality of nearby lakes. • Impressive transformation of this area, particularly with placing majority of parking underground. • This curbless street design provides a great precedent for placemaking and prioritizing pedestrians. • Appreciate the design moves providing porosity through the site which better connects Southdale area and nearby neighborhoods. |
| Funding Request | |
| \$1,300,000 | TOTAL |
| \$200,000 | Stormwater Management |
| \$748,990 | Placemaking – Paths/walkways, flagpoles, enclosures, benches |
| \$209,550 | Placemaking – Landscaping, irrigation, water features |
| \$138,380 | Placemaking – Lighting |
| \$3,080 | Placemaking – Public art displays |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: West Broadway Curve II
Project Location: 1900 West Broadway
Council District: District 7 – Gary Cunningham

| Project Detail | |
|----------------------------------|---|
| Project Overview | West Broadway Curve II is the construction of an apartment building and townhome-style buildings which include mixed-income rental units and underground parking. In addition to the new residential buildings, a new expanded transit stop and plaza will be built along with green space and an enhanced connection from Broadway Ave to a neighborhood park. |
| Jobs | Temporary (construction): 109 Permanent: 2 FTEs (2 Living Wage) |
| Net tax capacity increase | \$72,250 |
| Total housing units | 69 |
| Affordable units | 31 @ 31-50% AMI, 23 @ 51-60% AMI, 15 Market Rate |
| Anticipated # bedrooms | 15 - Studio/1BR; 31 - 2BR; 23 - 3+BR |
| Est. total development cost | \$14,701,266 |
| Est. private funds leveraged | \$10,789,267 |
| Est. other public funds | \$3,131,999 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> Townhome building product is nice addition to project and orientation of buildings really strengthens connection between West Broadway and neighborhood park. Significant improvement to transit stop, providing a great amenity to this location. Adding market rate units to this area will not only diversify housing options but will also provide comparables for similar future developments. |
| Funding Request | |
| \$780,000 | TOTAL |
| \$360,000 | Site Prep – Demolition and Grading |
| \$128,000 | Infrastructure – enhanced sidewalks and public utility extensions |
| \$202,000 | Stormwater Management – Storage tank, pervious paving, raingarden |
| \$75,000 | Site-integrated Transit Stop |
| \$15,000 | Placemaking – furnishing/benches related to transit stop/plaza area |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Edina
Project Name: The Collaborative
Project Location: 3925 Market St S
Council District: District 5 – Steve Elkins

| Project Detail | |
|----------------------------------|--|
| Project Overview | The redevelopment of the northern portion of the 50th & France node in Edina. The project includes the demolition of surface parking lot and a parking ramp and the addition of a five-story building containing retail, underground structured parking, and residential units with a woonerf and plaza area in the heart of the redevelopment. |
| Jobs | Temporary (construction): 240 Permanent: 70 FTEs (23 Living Wage) |
| Net tax capacity increase | \$729,333 |
| Total housing units | 100 |
| Affordable units | 5 @ 31-50% AMI, 5 @ 51-60% AMI, 90 Market Rate |
| Anticipated # bedrooms | 40 - Studio/1BR; 46 - 2BR; 14 - 3+BR |
| Est. total development cost | \$74,235,836 |
| Est. private funds leveraged | \$60,211,263 |
| Est. other public funds | \$12,583,008 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Significant demonstration value in mixed-use environment that creates a vibrant public realm; project prioritizes people. • Woonerf is a great addition and looks to be well executed in this project. • Like the partnership with school district and local arts commission for art elements throughout development. • Significant stormwater management strategies. |
| Funding Request | |
| \$1,441,565 | TOTAL |
| \$315,000 | Site Prep – Demolition |
| \$627,205 | Placemaking – Woonerf |
| \$499,360 | Placemaking – Plaza |

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Roseville
Project Name: Edison
Project Location: Old Highway 8 & County Road D
Council District: District 10 – Marie McCarthy

| Project Detail | |
|----------------------------------|--|
| Project Overview | Edison is a life-style mixed income community that includes a mix of market rate and affordable housing units serving individuals formerly experiencing long-term homelessness and veterans. The project includes solar panel covered parking throughout site, a stormwater management system and public trail loop around site. Project also incorporates supportive services for individuals formerly experiencing long-term homelessness. |
| Jobs | Temporary (construction): 350 Permanent: 6 FTEs (5 Living Wage) |
| Net tax capacity increase | \$266,937 |
| Total housing units | 209 |
| Affordable units | 14 @ 31-50% AMI, 24 @ 51-60% AMI, 20 @ 61-80% AMI, 151 Market Rate |
| Anticipated # bedrooms | 118 - Studio/1BR; 55 - 2BR; 36 - 3+BR |
| Est. total development cost | \$47,864,865 |
| Est. private funds leveraged | \$45,669,570 |
| Est. other public funds | \$150,000 |
| Comments/ Demonstration value | <ul style="list-style-type: none"> • Incredible demonstration in number of solar panels on site and in their orientation by having the panels serve as carports. • Like the amount of green space incorporated with the number of buildings and units, as well as the walking paths and rain gardens. • Appreciate the mix of affordability levels and this is first new mixed-income development built in Roseville and first new market rate multifamily housing built in 30 years. • Doing more than just the minimum requirements for stormwater management. |
| Funding Request | |
| \$1,797,007 | TOTAL |
| \$31,712 | New sidewalk |
| \$1,765,295 | Solar Panels |