

## Community Development Committee

Meeting date: July 16, 2018

For the Metropolitan Council meeting of July 25, 2018

**Subject:** Livable Communities Demonstration Account Pre-Development Grant Recommendation

**District(s), Member(s):** All

**Policy/Legal Reference:** Minnesota Statutes § 473.253

**Staff Prepared/Presented:** Paul Burns, Manager, Livable Communities (651) 602-1106

**Division/Department:** Community Development / Regional Planning

### Proposed Action

That the Metropolitan Council (1) award one Livable Communities Demonstration Account Pre-Development grant for \$100,000 as listed below, and (2) authorize its Community Development Division Director to execute the grant agreement on behalf of the Council:

Recommended Project	Applicant	TOD Predevelopment
East Seventh Street Housing Site	City of Saint Paul	\$100,000
	Total Requested	\$100,000
	Total Available	\$125,000
	Total Remaining	\$25,000

### Background

The Council adopted the 2018 Livable Communities Demonstration Account (LCDA) guidelines, criteria, schedule, and evaluation process as part of the 2018 Annual Livable Communities Fund Distribution Plan ([Business Item 2018-94](#)) on April 11, 2018. This year's Fund Distribution Plan re-established the Pre-Development grant funding category, with spring and fall grant cycles, within the regular LCDA.

### Rationale

On May 31, 2018, the Council received one application for the spring round of LCDA Pre-Development funding, the East Seventh Street Housing Site project, from the City of Saint Paul. The Fund Distribution Plan specifies a one-step staff evaluation process for LCDA Pre-Development grants. An evaluation team of staff from the Council's Community Development Division evaluated the application and concluded the application meets the minimum scoring threshold to be recommended for funding. Further detail is represented in the attached Review Record.

### Thrive Lens Analysis

Projects that demonstrate efficient and effective use of public financial resources further the Thrive Stewardship Outcome.

Projects that redevelop and increase density further the Thrive Prosperity outcome of "[e]ncouraging redevelopment and infill development across the region." This project would help bring an infill development closer to being realized.

Projects that provide a mix of housing affordability levels further the Thrive Equity outcome of “[c]reating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability.”

Projects that introduce more housing types and affordability levels in existing neighborhoods further the Thrive Livability outcome of “Providing housing and transportation choices for a range of demographic characteristics and economic means.”

### **Funding**

As outlined in the Fund Distribution Plan, the Council will have two rounds of LCDA Pre-Development funding in 2018, with \$125,000 available in each round. Staff is recommending funding one LCDA Pre-Development application this round for \$100,000. This would leave \$25,000 available to be added to the amount available for the fall round of funding or for 2018 LCDA development projects.

### **Known Support / Opposition**

The applicant community submitted a resolution of support. There is no known opposition to the application recommended for funding.

## Review Process

The Council issued a notice of funding availability in April 2018 following adoption of the 2018 Annual Livable Communities Fund Distribution Plan. Staff communicated and publicized the availability of funding and held meetings to familiarize applicants with the Livable Communities Act (LCA) processes and criteria.

One application was submitted as shown in Table 1. Staff conducted an initial review for completeness and eligibility. A division staff team used Council-approved criteria to evaluate the application in the following categories: land use, local planning and implementation processes, demonstration value and catalyst, partnerships and readiness, and housing performance. The application met the 30-point minimum score. Full funding is being recommended for this request.

**Table 1: Application Scoring Summary**

Project	Applicant	Points (70 pts. Possible; minimum 30)	LCDA Predevelopment	
			Amount Requested	Amount Recommended
East Seventh Street Housing	City of Saint Paul	39	\$100,000	\$100,000

Total Requested	\$100,000
Total Available	\$125,000
Total Remaining	\$25,000

## Project Recommended for Funding

The project summary for the project recommended for funding is on the following page.

## Project Summary

**Grant #**  
**Type:** LCDA Pre-Development  
**Applicant** City of Saint Paul  
**Project Name** East Seventh Street Housing Site  
**Project Location** East 7<sup>th</sup> Street, Hazelwood, Reaney, and Etna Street  
**Council District** District 13 – Richard Kramer

Project Detail	
Future Development Project Overview	Two housing projects on this site. One is a 60-unit, income-restricted project that will accept housing choice vouchers. The other is a 480-unit proposal in three phases for households between 50% and 80% of area median income (AMI). Affordable rents would be achieved by modular construction technology. This project has indicated that it does not intend to accept housing choice vouchers. LCDA funds will be used for a coordinated redevelopment planning effort. A consulting team will collaborate with the developers' design teams, the City, stakeholders, and the community to develop a plan that integrates these projects in the neighborhood fabric. Geotechnical testing will be a key component of this effort.
Jobs (FTEs)	11
Total housing units	480 market-rate but lower rent and 60 income-restricted affordable
Comments/ Demonstration value	Demonstration of how to implement a mixed-income development in an area of concentrated poverty through coordinated planning and new building technologies. A unified site plan would integrate the new projects into the existing neighborhood fabric. Each developer will bring a different housing type to the area—one is an affordable product while the other is a market-rate, but lower rent, development that would achieve affordability through reduction of development costs through modular construction. The savings are estimated to be up to 20% on materials and six-month construction timeline reduction. Other benefits include lower occupancy costs, consistent quality, improved sound insulation, and a tighter building envelope.
Funding	
Requested amount	\$100,000
Previous LCA funding	\$46,500 Tax Base Revitalization Account (TBRA) Investigation grant, 2011; \$30,700 TBRA Investigation grant, 2018 (different part of the site)
Use of funds	
Amount	Uses to be completed by the end of the grant term
\$100,000	Conceptual Site Planning and Geotechnical Analysis
\$100,000	Total