

Community Development Committee

Meeting date: October 15, 2018

For the Metropolitan Council meeting of October 24, 2018

Subject: Livable Communities Demonstration Account Transit Oriented Development Funding 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 four Livable Communities Demonstration Account Transit Oriented Development grants as follows, totaling \$4,499,250, and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

Recommended Projects	Applicant	Points	LCDA-TOD Funding
Northwest University & Dale	Saint Paul	89.87	\$949,250
Lake Street Apartments	Minneapolis	88.50	\$1,200,000
The Peris	Minneapolis	77.90	\$350,000
The Legends of Minnetonka	Minnetonka	77.13	\$2,000,000
Total Recommended			\$4,499,250
Total Available			\$6,750,000
Total Remaining			\$2,250,750

Background

Advancing Transit Oriented Development (TOD) along existing and planned transitways is a priority of the Metropolitan Council. The Livable Communities Act's (LCA) TOD grant category supports development activities in identified TOD areas. The Council adopted LCA-TOD program guidelines, criteria, schedule, and the evaluation process as part of the 2018 Fund Distribution Plan. The Fund Distribution Plan requires a two-step evaluation process for Livable Communities Demonstration Account TOD (LCDA-TOD) Development and Tax Base Revitalization Account TOD (TBRA-TOD) Cleanup grants. After a technical review by an interdivisional Council staff team (Step One), the Livable Communities Advisory Committee (LCAC) reviews projects (Step Two) that meet the minimum Step One scoring threshold. The LCAC funding recommendations are presented to the Community Development Committee for consideration.

Rationale

Applications for LCDA-TOD and TBRA-TOD grants were due July 12, 2018. No applications were submitted to the TBRA-TOD Cleanup program, and seven applications were submitted to the LCDA-TOD Development program. Livable Communities staff evaluated the applications using criteria outlined in the 2018 Fund Distribution Plan. Four applications met the minimum Step One scoring threshold and moved on to the Step Two review conducted by the LCAC.

The four applications reviewed by the LCAC requested almost \$4.5 million. The LCAC is recommending full funding for all four LCDA-TOD grant requests.

Thrive Lens Analysis

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

- TOD funding will “leverage transit investments with higher expectations of land use” (Stewardship), providing a diversity of land uses in station areas while supporting increased ridership.
- This investment “encourages redevelopment and infill development” (Prosperity), adding a diversity of land uses, housing types and jobs supporting economic competitiveness over other regions.
- These projects provide a “mix of housing affordability along the region’s transit corridors” (Equity) and also “provide housing and transportation choices for a range of demographic characteristics and economic means” (Livability) particularly with the addition of affordable units in the suburban community of Minnetonka.
- TOD projects use land more efficiently and introduce a diversity of land uses in a smaller area, which in conjunction with transit access, allows more people to access more of their daily needs via walking, biking or transit, thereby reducing vehicular travel and associated auto infrastructure (Sustainability).

Funding

The Council approved the Livable Communities Fund Distribution Plan on April 11, 2018 ([Business Item 2018-94](#)), which made \$2 million available for the TBRA-TOD program and \$7 million dollars available for the LCDA-TOD program.

Of the \$7 million, up to \$250,000 was made available for pre-development grants, awarded in a spring and fall funding round, and \$6.75 million was made available for development grants awarded in one funding round. One LCDA-TOD Pre-Development grant was awarded in the spring for \$25,500. The remaining balance of \$99,500 is available to be added to the \$125,000 originally available for the fall round. The remaining balance in the LCDA-TOD Development program can be available to the regular LCDA program, the Fall Pre-Development funding round, or carried forward to next year.

The TBRA-TOD funding provided up to \$1.75 million for the Cleanup category, awarded in one funding round, and up to \$250,000 for the Site Investigation category which is awarded in a spring and fall funding round. No applications were received for the TBRA-TOD Cleanup program and two applications were awarded for TBRA-TOD Site Investigation in the spring round totaling \$69,151. The remaining balance from the spring Site Investigation funding round is available to be added to the \$125,000 originally available for the fall round. The \$1.75 million from the TBRA-TOD Clean up category will be made available to the regular TBRA program.

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 April 2018 following adoption of the 2018 Annual Livable Communities Fund Distribution Plan. Staff subsequently scheduled meetings with potential applicants to provide information on the LCA-TOD process and criteria and discuss project ideas.

Project Concept Plans, a shorter version of the full Development and Cleanup applications, were due on May 31, 2018. A total of seven Project Concept Plans (PCPs) were submitted by the cities of Minneapolis, Minnetonka, Saint Paul, and the Fridley Housing and Redevelopment Authority. Staff reviewed the submissions and provided comments on eligibility, grant funded activities and alignment with principles of TOD and Council objectives.

Staff convened the LCA-TOD design team again this year for its fifth year. The design team reviewed projects in January and April so that applicants could consider feedback in their PCP submittal and ultimately their full application.

Seven full applications were submitted on July 12, 2018. An interdivisional team of Council staff used Council-approved Step One criteria to evaluate the applications in seven categories, including: housing; transit accessibility and walkability; ridership; jobs and economic competitiveness; TOD design; environmental design; and leverage and partnerships. Three applications; Fridley Station (Fridley), Amber Apartments (Minneapolis) and Springboard for the Arts (Saint Paul) did not meet the minimum required 45-point scoring threshold to move on to Step 2, so were not considered for funding.

The Livable Communities Advisory Committee (LCAC) reviewed the four projects that met the minimum Step One scoring threshold. The LCAC evaluated projects in the Step Two categories of TOD model/demonstration value, catalytic potential, and readiness. The Committee's scores, combined with scores from the Step One process, yielded a preliminary score. All four projects met the minimum required combined scoring threshold of 72 points. The final ranking for each project included the Housing Performance Scores for each city.

Table 1: Application Summary

Grant Category	Project Concept Plans received	Full applications received	Eligible applications	Applications moved forward to Step Two	Applications recommended for award
LCDA-TOD	7	7	7	4	4

Table 2: Applicant Scoring Summary

Project	Applicant	Points	LCDA-TOD Amount Requested	LCDA-TOD Recommendation
Northwest University & Dale	Saint Paul	99.87	\$949,250	\$949,250
Lake Street Apartments	Minneapolis	98.50	\$1,200,000	\$1,200,000
The Peris	Minneapolis	87.90	\$350,000	\$350,000
Legends of Minnetonka	Minnetonka	87.03	\$2,000,000	\$2,000,000
Total			\$4,499,250	\$4,499,250
Available			\$6,750,000	\$6,750,000
Difference			\$2,250,750	\$2,250,750

Outcomes Summary

The table below shows the expected outcomes from the 2018 LCDA-TOD investment in the region.

Table 3: Aggregate Outcomes from 2018 TOD Development Grants

Total Housing Units	674
Affordable Housing Units (≤80% AMI)	674
Market Rate Housing Units	0
Total Jobs (FTEs)	98
Permanent FT Jobs	85
Temporary (or construction) Jobs	850
Net Tax Capacity Increase	\$740,414
Total Development Cost:	\$194,748,574
Private Investment Leveraged	\$170,159,052
Other Public Investment Leveraged	\$17,104,859

Projects Not Recommended for Funding

Did not meet Step 1 Minimum Score

Fridley Station

Applicant: Fridley Housing and Redevelopment Authority

Determination: Ineligible; did not meet required threshold score in Step One

Rationale:

- Single use
- Minimal jobs
- Project lacked TOD design elements: design included multiple surface parking lots oriented as the central feature of the site, inactive first floors, poor pedestrian circulation and environment
- Weak connection to transit station

Amber Apartments

Applicant: City of Minneapolis

Determination: Ineligible; did not meet required threshold score in Step One

Rationale:

- Single use, low density
- Very minimal jobs
- Difficult connection to transit station and pedestrian circulation
- Minimal environmental design strategies

Springboard for the Arts

Applicant: City of Saint Paul

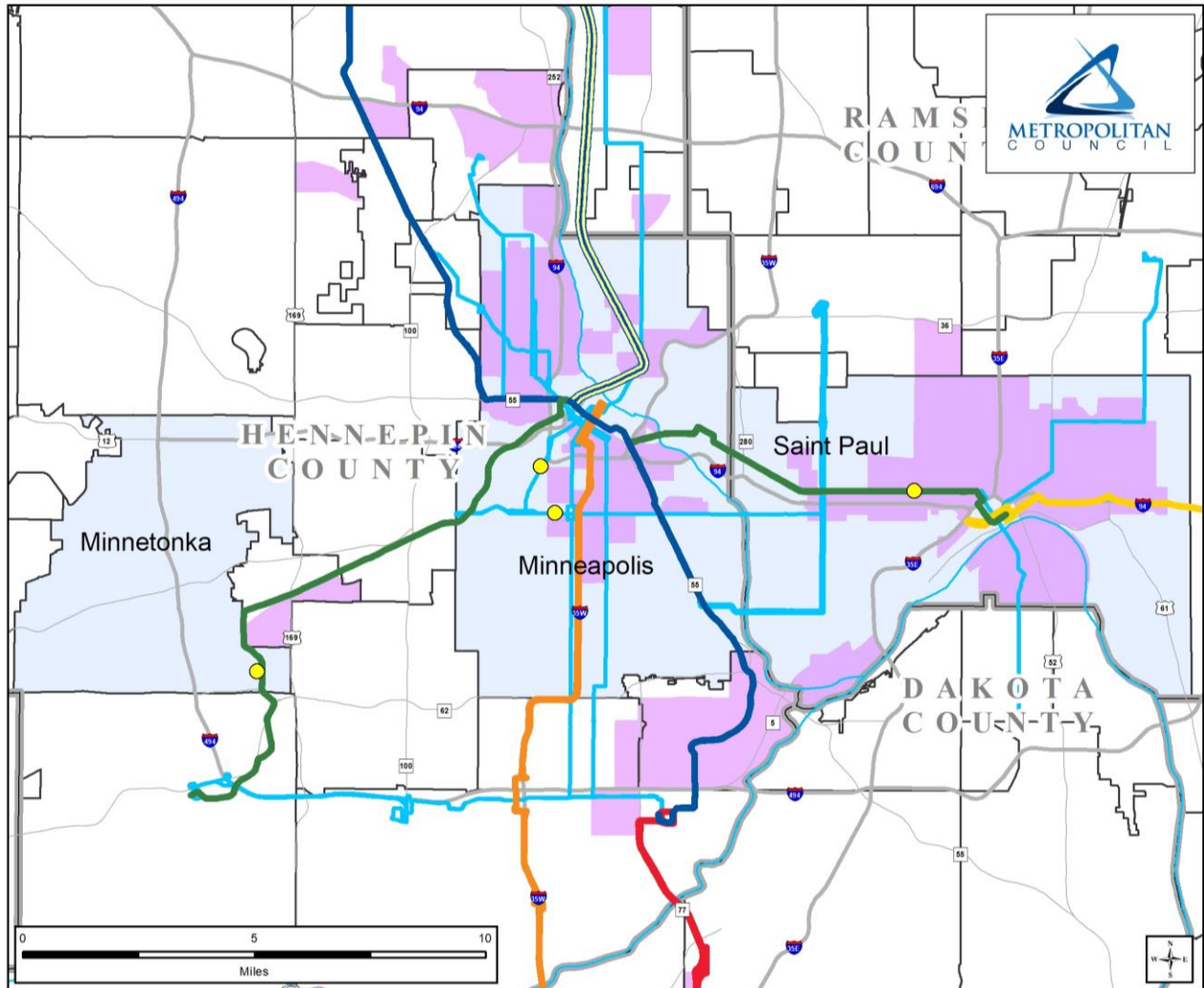
Determination: Ineligible; did not meet required threshold score in Step One

Rationale:

- Project includes no housing and has low floor-area ratio (FAR)
- Minimal new jobs

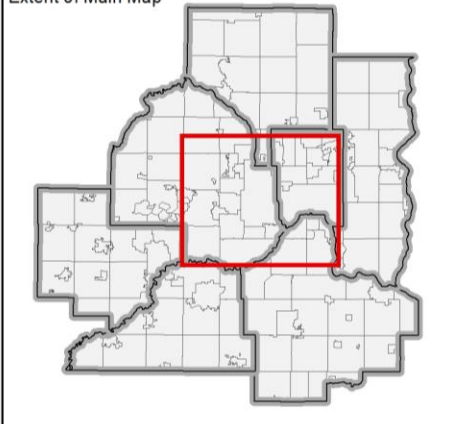
Projects Recommended for Funding

Livable Communities 2018 Transit-Oriented Development Grants Communities Recommended for Award



10/2/2018

Extent of Main Map



- LCA TOD Project Site:
- Blue Line / Blue Line Extension
- Green Line / Green Line Extension
- Gold Line
- Orange Line
- Arterial BRT
- A Line
- Northstar Line
- Red Line
- 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 Lake Street Apartments 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 one percentage point, while the share of rental housing units affordable to households earning above 80% AMI would drop by one percentage point. Looking at the incomes of all households (including both renters and homeowners) in those census tracts, the occupancy of the Lake Street Apartments 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 Housing Units by Level of Affordability

	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
Lake Street Apartments	-0%	+0%	+1%	-1%	-1%	+0%	+1%	-1%
Northwest University & Dale	-0%	+0%	+0%	-0%	-0%	+0%	+0%	-0%

Livable Communities Project Summary

Grant # SG
Type: LCDA-TOD Development
Applicant: City of Minneapolis
Project Name: Lake Street Apartments
Project Location: Lake Street – High Frequency Bus, Midtown Greenway
Council District: District 7 – Gary Cunningham

Project Detail	
Project Overview	The Lake Street Apartments project is the new construction of workforce housing in the Lyn-Lake area of Minneapolis. The development team created a partnership with the local VFW to prioritize homeless veterans in the nine supportive housing units and worked with the local neighborhood groups and business associations on project development. The project will include approximately 1,000 sq. ft. of commercial/retail space, extensive indoor bike storage for residents, a bike repair room, green roof, and solar panels.
Jobs (FTEs)	Temporary (construction): 75 Permanent: 7.5
Net tax capacity increase	\$108,346
Total housing units	111
Affordable units	39 @ 31-50% AMI; 72 @ 51-60% AMI
Anticipated # bedrooms	82-studio/1 BR; 29-2 BR
Est. total development	\$27,586,784
Est. private funds leveraged	\$20,951,784
Est. other public funds	\$5,435,000
TOD metrics	Floor-area ratio: 4.43 Dwelling units per acre: 213.46 Distance to platform: 175 feet Residential parking ratio: 0.47 stalls/unit
Comments/ Demonstration value	<ul style="list-style-type: none"> • TOD design features include: active first floor uses, walk-up units, bike racks, efficient land use, increased connections, enhanced public realm • Attention to detail and building massing illustrating innovative design at the neighborhood scale and how private development can enhance the public realm. • Intentional emphasis on connecting to Midtown Greenway with added bike amenities for users. • Demonstration in preserving workforce housing in a quickly changing area and in the partnership to house homeless veterans.
Funding Request	
\$1,200,000	TOTAL
\$1,200,000	Site Acquisition

Livable Communities Project Summary

Grant # SG
Type: LCDA-TOD Development
Applicant: City of Minneapolis
Project Name: The Peris
Project Location: Hennepin Avenue – High Frequency Bus
Council District: District 6 – Gail Dorfman

Project Detail	
Project Overview	The Peris Foundation is proposing a new affordable housing development for youth transitioning out of the foster care system. The project includes the demolition of the existing building and parking lot and constructing a new four-story building with supportive services office space and units at 30% AMI serving youth aging out of foster care and persons with serious and mental illness and additional units at 50-60% AMI.
Jobs (FTEs)	Temporary (construction): 150 Permanent: 5.5
Net tax capacity increase	\$8,000
Total housing units	41
Affordable units	15 @ 0-30% AMI, 7 @ 31-50% AMI, 19 @ 51-60% AMI
Anticipated # bedrooms	41-studio/1 BR
Est. total development	\$10,837,890
Est. private funds leveraged	\$8,670,618
Est. other public funds	\$1,817,272
TOD metrics	Floor-area ratio: 2.72 Dwelling units per acre: 157.69 Distance to platform: 377 ft Residential parking ratio: 0.32 stalls/unit
Comments/ Demonstration value	<ul style="list-style-type: none"> • TOD design features include: active first floor uses, efficient land use, increased connections, enhanced public realm • Design sensitive to adjacent building scale • Significant demonstration value in program design serving youth aging out of foster care and in working with intended residents on project development.
Funding Request	
\$350,000	TOTAL
\$255,000	Site Preparation: demolition and grading
\$68,000	Extension of local utilities
\$27,000	Stormwater Management: permeable pavers

Livable Communities Project Summary

Grant # SG
Type: LCDA-TOD Development
Applicant: City of Minnetonka
Project Name: The Legends of Minnetonka
Project Location: Green Line Extension – Opus Station
Council District: District 3 – Jennifer Munt

Project Detail	
Project Overview	Redevelopment of existing office building to affordable housing development directly across from the future Opus LRT station along the Green Line Extension. Project includes three buildings catering to families, individuals and seniors.
Jobs (FTEs)	Temporary (construction): 550 Permanent: 9
Net tax capacity increase	\$503,780
Total housing units	482
Affordable units	482 @ 51-60% AMI
Anticipated # bedrooms	114-studio/1 BR, 269-2 BR, 99-3+ BR
Est. total development	\$134,252,000
Est. private funds	\$124,592,000
Est. other public funds	\$7,660,000
TOD metrics	Floor-area ratio: 2.00 Dwelling units per acre: 68.76 Distance to platform: 100 ft Residential parking ratio: 1.15 stalls/unit
Comments/ Demonstration value	<ul style="list-style-type: none"> • Demonstration in number of affordable units being built near transit station, and in a station area with minimal housing. • Potential to catalyze additional redevelopment in this station area. • Project utilizing environmental best practices in reuse of stormwater for irrigation and installing a solar system projected to cover 20% of power needs with the ability to reduce tenant utility bills.
Funding Request	
\$2,000,000	TOTAL
\$1,100,000	Solar panels
\$525,000	Site Preparation: demolition, grading, piers, piling
\$300,000	Stormwater Management: underground retention
\$75,000	Architecture/Engineering for stormwater management

Livable Communities Project Summary

Grant # SG
Type: LCDA-TOD Development
Applicant: City of Saint Paul
Project Name: Northwest University & Dale
Project Location: Green Line – Dale Street Station
Council District: District 14 – Jon Commers

Project Detail	
Project Overview	The redevelopment supports the Dale Street Area Station Plan vision for a “healthy and functioning Main Street” serving the daily needs of residents and small businesses. The mixed-use project includes approximately 32,000 sq. ft. of office and commercial space in addition to 40 affordable housing units. The building will anchor this corner of the station area providing enhanced landscaping, a corner plaza/seating area and green space.
Jobs (FTEs)	Temporary (construction): 75 Permanent: 76
Net tax capacity increase	\$73,329
Total housing units	40
Affordable units	20 @ 31-50% AMI; 20 @ 51-60% AMI
Anticipated # bedrooms	10-studio/1 BR, 18-2 BR, 12-3+ BR
Est. total development	\$23,927,000
Est. private funds	\$15,944,650
Est. other public funds	\$2,192,587
TOD metrics	Floor-area ratio: 1.6 Dwelling units per acre: 38.46 Distance to platform: 73 feet Residential parking ratio: 0.4 stalls/unit
Comments/ Demonstration value	<ul style="list-style-type: none"> • TOD design features include: active first floor uses, high transparency and building articulation, efficient land use, enhanced public realm • Potential to catalyze additional TOD investment and increased density in the immediate station area • The business incubator space is greatly needed and good addition to this project and can provide important wealth building capacity for neighborhood.
Previous LCA Funding: 2014 LCDA-TOD Pre-Development: \$40,000; 2017 LCDA-TOD: \$1,450,000	
Funding Request	
\$949,250	TOTAL
\$140,000	Site Acquisition
\$7,000	Holding Costs
\$325,000	Stormwater Management: permeable pavers, cisterns
\$100,000	Site Preparation: Demolition
\$170,000	Placemaking: seating/furnishings, green wall, lighting, public art
\$157,500	Relocate existing utilities
\$25,000	Bike racks and fix-it station
\$16,250	Architecture/Engineering for Stormwater Management
\$8,500	Architecture/Engineering for Placemaking elements