

Minutes of the

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE

Monday, December 2, 2019

Committee Members Present: Atlas-Ingebretson, Chamblis, Cummings, Johnson, Lee, Lilligren, Lindstrom, Vento, Wulff

Committee Members Absent: Muse

Committee Members Excused:

CALL TO ORDER

A quorum being present, Committee Chair Lilligren called the regular meeting of the Council's Community Development Committee to order at 4:00 p.m. on Monday, December 2, 2019.

APPROVAL OF AGENDA AND MINUTES

It was moved by Lindstrom, seconded by Wulff to approve the agenda. Motion carried.

It was moved by Vento, seconded by Cummings to approve the minutes of the November 18, 2019 regular meeting of the Community Development Committee. Motion carried.

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BUSINESS

2019-346 Livable Communities Demonstration Account Transit-Oriented Development Pre-Development Funding Recommendations

Senior Planner Hannah Gary presented the business item to the Community Development Committee. It was moved by Lee, seconded by Wulff, that the Metropolitan Council:

1. Award one Livable Communities Demonstration Account Transit-Oriented Development Pre-Development grant totaling \$100,000, as shown in the table below.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Table 1. Livable Communities Demonstration Account Transit-Oriented Development Pre-Development Awards

Recommended Projects	Applicant	Award Amount
River Balcony Schematic Design	City of Saint Paul	\$100,000
	Total Recommended	\$100,000
	Total Available	\$250,000
	Total Remaining	\$150,000

Motion carried.

Council Members had questions about future availability of the remaining funds and reasons for the low subscription level this cycle. Additional funds may be made available for future cycles. Fund availability is outlined in the Fund Distribution Plan, which is presented to and adopted by the Committee on an annual basis. The number of applications coming into the program fluctuates. Staff indicated that they will explore ways to encourage more applications in future cycles.

A Council Member had a question about applicant intention to use DBE certified businesses in the project. Staff will provide specific details after the meeting.

There was additional discussion about tracking intended DBE use as well as how affordable housing is considered in the scoring process as it is a priority for the Council.

2019-347 Livable Communities Demonstration Account Pre-Development Funding Recommendations Senior Planner Hannah Gary presented the presented the business item to the Community Development Committee.

It was moved by Vento, seconded by Lee, that the Metropolitan Council:

1. Award three Livable Communities Demonstration Account Pre-Development grants for \$190,000 as shown in Table 1 below.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Table 1. Recommended Livable Communities Demonstration Account Pre-Development Awards

Applicant	Recommended Project	Award Amount
City of Chaska	Artist Housing Market Study	\$30,000
City of Saint Paul	Little Saigon Plaza	\$100,000
City of South Saint Paul	Grand Ave. Gateway Residential	\$60,000
	Total Recommended	\$190,000
	Total Available	\$250,000
	Total Remaining	\$60,000

Motion carried.

A Council Member had questions about whether or not partial awards are ever given to projects. Staff will follow-up with a specific answer after the meeting.

A Council Member had a question about Dakota County’s involvement in the City of South Saint Paul Grand Avenue Gateway Residential project. Staff will follow-up with a specific answer after the meeting.

There was additional conversation about the Council’s role in negotiating housing affordability and applicants’ stated intent to contract with DBEs in their projects.

2019-348 Livable Communities Local Housing Incentives Account Funding Recommendations Livable Communities Manager Tara Beard presented the business item to the Community Development Committee.

It was moved by Johnson, seconded by Wulff, That the Metropolitan Council:

1. Award five multifamily rental and six single family ownership Local Housing Incentives Account (LHIA) grants as shown in Table 1, totaling \$2.5 million.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Table 1. Multifamily Rental and Single-Family Ownership Proposals (units directly assisted by LHIA)

Project	City/Applicant	New Affordable Units	Preserved Units	LHIA Funding Recommendation
Bloom Lake Flats	Minneapolis	42	0	\$350,000
American House Recapitalization	St. Paul	69	0	\$335,000
4100 Apartments	Edina	70	0	\$500,000
Element	Plymouth	58	0	\$500,000
Prairie Estates	Inver Grove Heights/Dakota County CDA	0	40	\$350,000
Sub-total Rental:		239	40	\$2,035,000
Build Wealth MN	Minneapolis	2	0	\$20,000
Carver County Community Land Trust	Carver County CDA	0	2	\$20,000
Two Rivers Community Land Trust	Washington County CDA	0	4	\$130,000
Oakdale Avenue Phase II	St. Paul	6	0	\$120,000
Shoreview/Rondo CLT Townhomes	Shoreview	7	0	\$55,000
Homes Within Reach	Hennepin County Communities/City of Minnetonka & St. Louis Park	0	2	\$120,000
Sub-total Ownership:		15	8	\$465,000
TOTAL		254	48	\$2,500,000

Motion carried.

The funding recommendation consisted of five multi-family and six single family ownership grants in the amount of \$2.5 million, as outlined in the table above.

A question was asked about requests for funding that are not approved and the reasons for their denial. Staff will send a link to the Committee of Minnesota Housing’s funding recommendations and rationale, and if further follow up on a specific project is desired, staff will follow up with Minnesota Housing staff.

A question was asked about how the Council tracks what the need for affordable housing is and what our impact is through LHIA. Staff stated that the need for affordable housing far surpasses the production and preservation of affordable housing, and that a more in depth look at regional housing needs and production will be provided to the Committee in January.

2019-349 Project Based Voucher Award Recommendations

Director of the Metropolitan Council Housing and Redevelopment Authority (Metro HRA) Terri Smith presented the business item to the Community Development Committee.

It was moved by Cummings, seconded by Wulff, That the Metropolitan Council approve the award of Veteran’s Affairs Supportive Housing (VASH) Project Based Voucher (PBV) assistance and authorize staff to execute the necessary documents with the project owners for the following three (3) projects as shown in Table 1 Recommended Project Based Voucher Awards.

Project	City	Total Units in Project	PBV Award
Owasso Gardens	Roseville	60	8
The Element	Plymouth	58	4
Core Crossings	Shakopee	59	8

Motion carried.

There were some general questions asked about the process in serving veterans experiencing homelessness and the number of homeless veterans remaining to be housed. Staff responded and stated this PBV award fits nicely with the Governor’s efforts to be the next state to end homelessness among veterans.

2019-350 Adoption of Payment Standards for Metro HRA Rent Assistance Programs

Director of the Metropolitan Council Housing and Redevelopment Authority (Metro HRA) Terri Smith presented the business item to the Community Development Committee.

It was moved by Vento, seconded by Wulff, that the Metropolitan Council adopt Small Area Fair Market Rents as payment standards for the Housing Choice Voucher and other rent assistance programs effective January 1, 2020.

Motion carried.

There was extensive discussion on the adoption of Small Area Fair Market Rents (rent limits by zip code) instead of the tradition way of doing business and having one set of Fair Market rents for the entire region. Here is a summary of the discussion:

The purpose of adopting Small Area Fair Market Rents (SAFMR) is to develop a more localized strategy for setting rent limits, allowing for the variation in rents across a large service area. The idea is the high rent areas balance out the low rent areas and, over time, bringing budget neutrality.

Success rates for voucher placement is 56%, resulting in 44% of vouchers coming back not used. Much of this is due to the rental market conditions. Adopting SAFMRs will help increase voucher placement success and allow families access to more neighborhoods.

There are areas of the region that will experience decreases in rent limits and areas of the region that will experience increases in rent limits. Current tenants will be held harmless. The areas with a decrease in rent limits (resulting in increased tenant rent) will only be implemented as families move. AS a result, the policy change may take a year or two to provide budget balance.

There was discussion on how the adoption of SAFMRs may impact areas of concentrated poverty. Staff responded that the goal is to open opportunity for families rather than limit them to low-rent areas of the region. Families do not have trouble moving to high-poverty, low-rent areas. They do have trouble moving to low-poverty, high rent areas. The adoption of SAFMRs assists with increasing opportunity.

2019-334 (Amended) Proposed motion to amend previous Committee action on Business Item No. 2019-334 regarding recommended LCDA grant awards and transfer of LCDA-Transit Oriented Development program funds

Senior Planner Hannah Gary presented the presented the business item to the Community Development Committee.

It was moved by Cummings, seconded by Vento, that the Metropolitan Council amend Business Item No. 2019-334 which was previously adopted by this Committee at its November 18, 2019 meeting, to read as follows:

1. Award eight Livable Communities Demonstration Account grants as shown in Table 1 below, totaling \$6,489,266; and
2. Authorize its Community Development Director to execute the grant agreements on behalf of the Council.

Recommended Projects	Applicant	Points	LCDA Amount Requested	Proposed LCDA Funding
SpringBOX	Saint Paul	92.20	\$392,500	\$392,500
Bloom Lake	Minneapolis	88.13	\$1,600,000	\$1,600,000
Amber Apartments	Minneapolis	87.21	\$548,500	\$548,500
927 Building	Minneapolis	82.44	\$981,816	\$981,816
Main Street	Rogers	81.66	\$942,500	\$942,500
Paravel/Castle Ridge	Eden Prairie	74.58	\$885,000	\$885,000
4100 Edina	Edina	71.03	\$493,950	\$493,950
Owasso Gardens	Roseville	69.78	\$645,000	\$645,000

Total Recommended	\$6,489,266
Total Available	\$7,000,000
Total Remaining	\$510,734

Funding recommendations from the Livable Communities Advisory Committee (LCAC) were presented to the Community Development Committee on November 18, 2019. On November 19, after the Committee voted to recommend to the Council fully funding nine eligible LCDA projects, staff received notice from the City of Edina that the 7200/7500 France project would no longer be moving forward. Table 1 reflects the revised recommendations and funding totals that are a result of that project being withdrawn, which includes removing the action to transfer funds as that is no longer needed. For reference, the original action and report are attached. Council staff propose that the amended action be brought to the Council on the originally scheduled date of December 11, 2019.

The summary below in Table 2 shows the updated outcomes for the 2019 LCDA investment in the region given the withdraw of the 7200/7500 project.

Table 2: Expected outcomes of projects recommended for funding

Total Housing Units	603
Affordable Housing Units (≤80% Area Median Income)	393
Market Rate Housing Units	210
Total Permanent Jobs (FTEs)	482
Permanent Living Wage Jobs	451
Temporary (or construction) Jobs	775
Net Tax Capacity Increase	\$1,213,737
Total Development Cost	\$192,900,854
Private Investment Leveraged	\$144,300,004
Other Public Investment Leveraged	\$41,776,574
Parking	
Average Residential Parking Ratio	0.99
Average Commercial Parking Ratio	2.97
Density	
Average Net Dwelling Units per Acre (DUPA)	51.77
Average Net Floor-Area Ratio (FAR)	1.43

Original recommendations before withdrawal of Edina

Recommended Projects	Applicant	Points	LCDA Amount Requested	Option One: Proposed LCDA Funding	Option Two: Proposed LCDA Funding
SpringBOX	Saint Paul	92.20	\$392,500	\$392,500	\$392,500
Bloom Lake	Minneapolis	88.13	\$1,600,000	\$1,600,000	\$1,600,000
Amber Apartments	Minneapolis	87.21	\$548,500	\$548,500	\$548,500
7200/7500 France	Edina	86.75	\$1,895,000	\$1,895,000	\$1,895,000
927 Building	Minneapolis	82.44	\$981,816	\$259,000	\$981,816
Main Street	Rogers	81.66	\$942,500	\$942,500	\$942,500
Paravel/Castle Ridge	Eden Prairie	74.58	\$885,000	\$885,000	\$885,000
4100 Edina	Edina	71.03	\$493,950	\$477,500	\$493,950
Owasso Gardens	Roseville	69.78	\$645,000	\$0	\$645,000

Total Recommended	\$7,000,000	\$8,384,266
Total Available	\$7,000,000	\$8,818,200
Total Remaining	\$0	\$433,934

Motion carried.

At its November 18, 2019 meeting the Committee considered two options for awarding Livable Community Demonstration Account grant funds. The Committee approved (for recommendation to the Council) a proposed action (Option Two) to award nine Livable Communities Demonstration Account grants totaling \$8,384,266 and authorize the transfer of \$1,181,200 so the nine eligible projects could be fully funded. Found applications did not meet the minimum combined score to be eligible for funding.

After the Committee took its action the City of Edina withdrew its application for the 7200/7500 France project. Transfer of the \$1,181,200 amount no longer is necessary because the remaining eight eligible projects can be fully funded with the \$7,000,000 amount available for these grants. Only the Committee has considered business item 2019-334. The Council is scheduled to consider this business item at its December 11, 2019 regular meeting.

December 2, 2019 Discussion

Council received notice from the City of Edina that they would no longer pursue funding for the 7200/7500 France project due to project changes and current unknowns in the development. An amended Business Item eliminating the project from consideration was presented to the Committee on December 2. There was discussion about the reason for withdrawal and process and potential to fund other projects in the cycle. The remaining four unfunded projects did not meet the minimum score requirement to be eligible for funding. Funding the additional project was, therefore, not recommended.

November 18, 2019 Discussion

Senior Planner Hannah Gary and Livable Communities Advisory Committee Chair Mayor Jo Emerson presented the Advisory Committee's recommendations to the Community Development Committee. Two funding recommendation options were presented. Option One would fund all eligible projects up to the \$7,000,000 allocation limit set forth in the adopted 2019 Fund Distribution Plan. This option would partially fund two projects and would not fund one project, as outlined in the table above.

Option Two would authorize the transfer of \$1,181,200 from the Livable Communities Demonstration Account-Transit Oriented Development program to the Livable Communities Demonstration Account Development program to fully fund all nine eligible projects.

Councilmember Lee proposed an amendment to allocate \$4,464 to The Parkway project in the City of Saint Paul. This motion was not approved by the Committee. Discussion centered around the value of the scoring process and respecting the Livable Communities Advisory Committee recommendation.

There was a question about future ownership of the 927 Project in Minneapolis and SpringBOX: An Innovative Model. Staff agreed to confirm future ownership and follow-up with the Committee.

There were questions about the scoring criteria development process and the Fund Distribution Plan. Community Development Director Lisa Barajas agreed to distribute the Fund Distribution Plan, which contains the scoring criteria, to the Committee.

The Committee voted unanimously to transfer the remaining funds from the Livable Communities Demonstration Account-Transit Oriented Development program to the Livable Communities Demonstration Account Development program to fully fund all nine eligible projects.

INFORMATION

1. none

ADJOURNMENT

Business completed, the meeting adjourned at 6:35 p.m.

Michele Wenner
Recording Secretary