

Community Development Committee

Meeting date: November 18, 2019

For the Metropolitan Council meeting of December 11, 2019

Subject: 2019 Livable Communities Demonstration Account Funding Recommendations

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.253

Staff Prepared/Presented: Hannah Gary, Senior Planner (651) 602-1633

Division/Department: Community Development / Regional Planning

Proposed Action

Option One: That the Metropolitan Council:

1. Award eight Livable Communities Demonstration Account grants as shown Table 1, Option One column, totaling \$7,000,000; and
2. Authorize its Community Development Director to execute the grant agreements on behalf of the Council.

Option Two: That the Metropolitan Council:

1. Authorize the transfer of \$1,818,200 from the Livable Communities Demonstration Account-Transit Oriented Development program to the Livable Communities Demonstration Account Development program;
2. Award nine Livable Communities Demonstration Account grants as shown in Table 1, Option Two column, totaling \$8,384,266; and
3. Authorize its Community Development Director to execute the grant agreements on behalf of the Council.

Table 1: Funding Options

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

Background

The Livable Communities Act (LCA) awards grants to projects through the Livable Communities Demonstration Account (LCDA) that support Metropolitan Council priorities of creating livable communities by connecting jobs, transit, services, and housing.

The LCA requires that the Council adopt an annual Fund Distribution Plan that outlines the review process schedule, evaluation criteria, and total funding allocation. LCDA applications undergo a rigorous two-step review process conducted by an internal staff panel as well as the Livable Communities Advisory Committee (LCAC), an external panel of professionals and content experts.

On August 8, 2019, the Council received 13 LCDA applications from nine communities. All applications were evaluated on the criteria outlined in the [2019 Fund Distribution Plan](#). Each of the applications met the minimum score in the Step One review process and advanced to the Step Two LCAC review. After Step Two review, LCAC funding recommendations are presented to the Community Development Committee for consideration.

The LCAC is recommending full funding for six and partial funding for two of the 13 submitted applications. The Committee, however, finds demonstration value in all eligible projects. Given the circumstance of additional funds in the LCDA-TOD program, the Committee suggests the Council consider fully funding each of the nine eligible projects.

Four applications did not meet the minimum combined score to be eligible for funding.

Rationale

Option One

This scenario will fund the eligible projects up to \$7,000,000, the full funding amount made available to the LCDA program in the 2019 Fund Distribution Plan. Funding guidelines state that no more than 40% of available funds be awarded to projects located in Minneapolis and Saint Paul, leaving the remaining 60% of available funds to be awarded to eligible projects located outside of the two core cities. This guideline makes \$2,800,000 available to projects located in the core cities and \$4,200,000 available to all other eligible projects. The total combined request from eligible projects located in Minneapolis or Saint Paul is \$3,522,816 and is \$4,861,450 from suburban communities. In Option One, The 927 Project in Minneapolis would receive partial funding, as would the 4100 Edina project in Edina. In this option, the Owasso Gardens project in Roseville would not receive funding.

Option Two

In Option Two, the LCAC recommends that the Council transfer the remaining \$1,818,200 in the LCDA-TOD program to the LCDA Development program to fully fund all eligible projects. The LCAC found value in each of the eligible projects and believes the remaining LCDA-TOD funds should be used to support these projects. With the additional funds, \$3,527,280 may be made available to fund projects

located in Minneapolis and Saint Paul while maintaining a 40% cap on awards to the core cities. This will leave \$5,290,920 available to fund projects located outside of the core cities. With the addition of the LCDA-TOD funds all eligible LCDA Development projects can receive full funding.

Thrive Lens Analysis

LCDA-funded projects respond 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 “encourages redevelopment and infill development” (Prosperity), adding a diversity of land uses, housing types and jobs supporting economic competitiveness over the other regions.
- Funded projects “help close the gap between the region’s affordable housing need and the supply, especially in areas underserved by affordable housing.” (Equity)
- LCDA projects “provide housing and transportation choices for a range of demographic characteristics and economic means.” (Livability)

Funding

The Metropolitan Council approved the Livable Communities Act Fund Distribution Plan on February 4, 2019 ([Business Item 2019-33](#)). The approved Fund Distribution Plan allocates a total of \$7.5 million for 2019 LCDA projects, \$500,000 of which is available to fund Pre-Development projects. Three Spring Pre-Development projects were funded at \$260,000 with \$10,000 transferred from the LCDA-TOD account to fully fund all three projects. \$250,000 remains for the Fall Pre-Development grants.

As outlined in the Fund Distribution Plan, no more than 40% of the funds may go to projects in Minneapolis and Saint Paul. The remaining 60% of the funds are reserved for projects in suburban communities.

Known Support / Opposition

All applicants present a resolution of support for each project. The applications request that applicants describe moments of opposition in their process and how they have or plan to handle those issues.

The 7200/7500 France project in Edina experienced opposition to increasing density and including affordable housing on the site. In response, the project team engaged in additional conversations with the surrounding neighbors.

Bloom Lake Flats experienced opposition to their planned use of a Harm Reduction Model in partnership with Clare Housing. The project team plans to manage these concerns by continuing to engage nearby residents and attend neighborhood meetings to discuss the project and research supporting this model.

Rogers experienced concerns about including housing downtown and use of public funds to support this development. The City managed concerns about financing by explaining the financing structure and city responsibility.

The remaining recommended applications did not cite any opposition.

The applicant team for The Parkway from the City of Saint Paul has expressed frustrations in the LCAC’s decision to not fund the project. The project did not meet the minimum score required for funding and would have not received full funding due to the 40% limit of available funds to core cities

had the project received a high enough score. Staff is in conversation with the project team about the scoring decision and future funding opportunities.

Review Process

After adopting the 2019 Fund Distribution Plan in February, the Council issued a Notice of Funding Availability for LCDA Development projects. Staff met with potential applicants to provide additional information about LCDA and to discuss potential projects with applicants.

Cities interested in submitting applications have the opportunity to attend two optional design workshops, held in February and April this cycle, before submitting an initial project proposal. The design workshops are facilitated by a volunteer team of design experts who provide feedback on proposed designs.

While design workshops are optional, all applicants are required to submit Project Concept Plans (PCP) prior to submitting a full project application. PCP applications were due on July 1. Applications were received from the cities of Anoka, Eden Prairie, Edina, Minneapolis, Plymouth, Ramsey, Rogers, Roseville, Saint Paul, and Victoria, the Carver County Community Development Agency, and the Bloomington Housing and Redevelopment Authority. Council staff reviewed the proposals and, through required meetings with LCA staff, provided applicants with comments on eligibility of uses and alignment with Council objectives, as well as information on the application process going forward.

The Council received thirteen full applications on August 8, 2019. An interdivisional review panel of Council staff conducted an initial evaluation of the applications based on several categories: land use and site design, environmental design, transit service and accessibility, economic competitiveness, housing, and partnerships. All thirteen applications met the minimum score threshold in Step One to advance to the Step Two LCAC review.

During the Step Two process, the LCAC reviews each application and evaluates the proposals based on three categories: innovation/demonstration, catalytic potential, and readiness. Council staff then combine application scores from Step One and Step Two to determine a project’s preliminary score. Nine of the thirteen projects met the initial minimum score requirement of 60 points to be considered for funding. As a final scoring element, the Housing Performance Score (HPS) for each city is added to their score. Cities with an HPS below the applicant average have the average HPS added to their combined score. Project scores presented in the tables include the HPS, which is not considered when determining whether or not a project meets the minimum score requirement

Table 2: Application Summary

Grant Category	Project Concept Plans	Submitted Applications	Eligible Applications	Applications advanced to Step Two	Applications recommended for funding: Option One	Applications recommended for funding: Option Two
LCDA Development	15	13	13	13	8	9

Outcomes Summary

The summary below in Table 3 shows the expected outcomes for the 2019 LCDA investment in the region funding all eligible projects.

Table 3: Expected outcomes of projects recommended for funding

	Option One	Option Two
Total Housing Units	854	914
Affordable Housing Units (≤80% Area Median Income)	395	455
Market Rate Housing Units	459	459
Total Permanent Jobs (FTEs)	538	539
Permanent Living Wage Jobs	473	474
Temporary (or construction) Jobs	957	1022
Net Tax Capacity Increase	\$2,217,827	\$2,284,656
Total Development Cost	\$293,596,960	\$308,112,583
Private Investment Leveraged	\$231,801,120	\$245,116,733
Other Public Investment Leveraged	\$53,756,574	\$54,276,574
Parking		
Average Residential Parking Ratio	0.72	0.80
Average Commercial Parking Ratio	3.85	3.85
Density		
Average Net Dwelling Units per Acre (DUPA)	55.82	53.13
Average Net Floor-Area Ratio (FAR)	1.5	1.43

Average Residential Parking Ratio is the average number of parking stalls per dwelling unit, and the Average Commercial Parking Ratio is the average number of stalls per 1,000 sq./ft of commercial or office space.

Projects not Recommended for Funding

The following projects did not meet the minimum score to be considered for funding.

Anoka Senior Housing

Applicant: City of Anoka

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

Rationale:

- Project does not show demonstration value
- Lack of potential to catalyze additional development
- Questions about funding and community engagement readiness

Plymouth Four Seasons Mall Redevelopment

Applicant: City of Plymouth

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

Rationale:

- Project does not have a strong site design
- Lack of innovation and missed opportunity to create inter-generational design

The Parkway

Applicant: City of Saint Paul

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

Rationale:

- Lack of demonstration value and innovation
- Concerns about readiness
- Poor site planning

Downtown West

Applicant: City of Victoria

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

Rationale:

- Concerns about readiness
- Poor site planning and questions about design

Figure 1. Locations of Projects Recommended for Funding, 2019 Livable Communities Demonstration Account Grants

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Saint Paul
Project Name: SpringBOX: An Innovative Model
Project Location: 262 & 296 University Avenue W
Council District: 14 – Kris Fredson

Project Detail	
Project Overview	Redevelopment of a vacant car showroom and vacant surface parking lot on University Avenue into a shared community arts space, public gathering space outdoors, and main office location for Springboard for the Arts.
Jobs	382 total FTE; 382 total living wage
Net tax capacity increase	\$48,380
Total housing units	0
Affordable units	0
Anticipated # bedrooms	0
Est. total development cost	\$3,783,000
Est. private funds leveraged	\$3,108,500
Est. other public funds	\$282,000
Comments/ Demonstration value	<ul style="list-style-type: none"> • Good example of creative site re-use • Demonstration value in the community engagement process and partnerships, as well as a non-traditional model of creating jobs through a project • Catalytic potential for other development in the area to build off this project model
Funding Request	
\$392,500	TOTAL
\$208,000	Placemaking: Public Art; Furnishings; Landscaping; Sidewalks/Paths; Lighting
\$74,000	Stormwater Management: Infiltration/Storage Swales or Tanks; Rain gardens; Landscaping
\$39,000	Site Preparation: Grading and/or Soil Correction; Demolition
\$3,000	Bike Rack Storage, Fix-it Station
\$40,000	Renewable Energy: Photovoltaic Cells
\$28,500	Architectural/Engineering Fees: Stormwater Management;

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Bloom Lake
Project Location: 3020 16th Ave S
Council District: 7 – Robert Lilligren

Project Detail	
Project Overview	This project provides 42 units of affordable, supportive housing to people living with HIV/AIDS. Outdoor greenspace and an indoor flex space provide wellness and community gathering opportunities. Supportive services will be offered through a partnership between Clare Housing, Project for Pride in Living, and The Family Partnership.
Jobs	10 total FTE; 10 total living wage
Net tax capacity increase	\$17,471
Total housing units	42
Affordable units	28 @ <30% AMI; 6 @ 31-50% AMI; 8 @ 51-60% AMI
Anticipated # bedrooms	27 studio/1BR; 12 2BR; 3 3BR
Est. total development cost	\$13,816,008
Est. private funds leveraged	\$0.00
Est. other public funds	\$11,916,008
Comments/ Demonstration value	<ul style="list-style-type: none"> Demonstration value in having a high number of units at a level of deep affordability Thought given to the design of the greenspace and ability to accommodate several different uses in the space Strong partnerships, engagement process, and integration into the neighborhood
Funding Request	
\$1,600,000	TOTAL
\$325,000	Stormwater Management: Infiltration/storage Swales or Tanks; Rain Gardens; Pervious Pavers
\$125,000	Renewable Energy: Photovoltaic Cells
\$150,000	Site Preparation: Demolition; Grading and/or Soil Correction
\$1,000,000	Site Acquisition Prior to Award for Affordable Housing

Livable Communities Project Summary

Grant # **SG**
Type: **LCDA Development**
Applicant: **City of Minneapolis**
Project Name: **Amber Apartments**
Project Location: **4525 Hiawatha Ave**
Council District: **8 – Abdirahman Muse**

Project Detail	
Project Overview	This is an 81-unit affordable housing project in close proximity to the 46 th street Blue Line Light Rail station. The project will provide supportive services to individuals recovering from drug and alcohol dependency by providing a sober living environment.
Jobs	4 total FTE; 4 total living wage
Net tax capacity increase	\$40,430
Total housing units	81
Affordable units	75 @ 31-50% AMI; 1 @ 51-60% AMI; 5 @ 61-80% AMI
Anticipated # bedrooms	81 studio/1 BR
Est. total development cost	\$18,412,280
Est. private funds leveraged	\$11,918,007
Est. other public funds	\$5,945,773
Comments/ Demonstration value	<ul style="list-style-type: none"> Good site plan that fits into surrounding development, is close to transit, has a good mix of both hard and greenspace, and provides more housing options Demonstration value in programming to serve the target population and introducing low-barrier tenant screening with deeper affordability levels Strong project partnerships
Funding Request	
\$548,553	TOTAL
\$75,000	Stormwater Management: Infiltration/Storage Swales or Tanks
\$298,800	Site Preparation: Demolition; Grading and/or Soil Correction
\$20,000	Architectural/Engineering Fees: Stormwater Management
\$154,753	Renewable Energy: Photovoltaic Cells

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Edina
Project Name: 7200/7500 France
Project Location: 7200-7500 France Ave S
Council District: 5 – Molly Cummings

Project Detail	
Project Overview	A mixed-use, mixed-income project that includes retail space, office space, mixed-income rental units, and ownership townhome units. Three public plazas provide community gather spaces and, along with a wide promenade, enhance the pedestrian experience. The project is in response to a public engagement process to realign 72 nd Street.
Jobs	57 total FTE; 24 living wage
Net tax capacity increase	\$1,070,919
Total housing units	311
Affordable units	62 @ 51-60% AMI
Anticipated # bedrooms	226 Studio/1BR; 51 2BR; 34 3BR
Est. total development cost	\$115,211,729
Est. private funds leveraged	\$100,816,729
Est. other public funds	\$12,500,000
Comments/ Demonstration value	<ul style="list-style-type: none"> Good site design that includes public space and enhances the pedestrian experience through the boulevard Demonstration value in mixing the affordable units and the market rate units throughout the project Adds density, diversifies land uses, and intensifies land uses
Funding Request	
\$1,895,000	TOTAL
\$1,125,000	Placemaking
\$50,000	Site Preparation: Demolition; Grading and/or Soil Correction
\$485,000	Stormwater Management: Infiltration/Storage Swales or Tanks
\$100,000	Renewable Energy: Photovoltaic Cells
\$35,000	Architectural/Engineering Fees: Stormwater Management
\$100,000	Public Infrastructure: Public Parking Structure

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: 927 Project
Project Location: 927 West Broadway Ave
Council District: 7 – Robert Lilligren

Project Detail	
Project Overview	This project will add a three-story addition to an existing commercial building on West Broadway Avenue. The addition and building redevelopment will make space for the offices of the Jay and Rose Phillips Family Foundation, Tri-Construction, and New Rules as well as retail and shared workspace, community event space, and room for pop up events. The site plan includes amenities for community gatherings, electric vehicle charging stations, and public art.
Jobs	67 total FTE; 43 living wage jobs
Net tax capacity increase	\$9,250
Total housing units	0
Affordable units	0
Anticipated # bedrooms	0
Est. total development cost	\$5,272,688
Est. private funds leveraged	\$3,653,547
Est. other public funds	\$637,315
Comments/ Demonstration value	<ul style="list-style-type: none"> There is innovation and demonstration value in the financing structure and reuse of an existing building Strong partnerships in the project are a demonstration for the region There is value in the unique mix of uses in the building that will support emerging businesses in the neighborhood
Funding Request	
\$981,816	TOTAL
\$246,115	Placemaking: Public Art
\$97,500	Stormwater Management
\$420,524	Site Preparation: Grading and/or Soil Correction; Demolition
\$20,300	Architecture/Engineering Fees: Placemaking and Public Art
\$9,700	Architecture/Engineering Fees: Stormwater Management
\$17,200	Bike Racks, Storage, Fit-It Stations
\$170,477	Renewable Energy Photovoltaic Cells

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Rogers
Project Name: Main Street Rogers Downtown Redevelopment
Project Location: Main Street and John Deere Lane
Council District: 1 – Judy Johnson

Project Detail	
Project Overview	This is a mixed-use, mixed-income development bringing retail, affordable senior, and workforce housing to Rogers. The existing senior center in the city will also relocate to the senior housing building. In addition to the two housing developments and retail space, the project includes two public plaza gathering spaces.
Jobs	11 total FTE; 5 living wage
Net tax capacity increase	\$165,410
Total housing units	104
Affordable units	12 @ <30% AMI; 20 @ 31-50% AMI; 50 @ 51-60% AMI
Anticipated # bedrooms	38 Studio/1BR; 44 2BR; 22 3+ BR
Est. total development cost	\$30,019,000
Est. private funds leveraged	\$19,775,500
Est. other public funds	\$9,266,000
Comments/ Demonstration value	<ul style="list-style-type: none"> The project has significant catalytic potential and is bringing increased density and housing units to downtown The design creates a more active area of downtown and is oriented toward the community There is demonstration value in bringing increased density and affordable housing in a mixed-use development to the downtown of a suburban community
Funding Request	
\$942,500	TOTAL
\$600,000	Site Acquisition After the Date of Award
\$50,000	Site Preparation: Demolition
\$45,000	Stormwater Management: Infiltration/Storage Swales or Tanks
\$225,000	Placemaking: Landscaping; Public Art
\$22,500	Architecture/Engineering Fees: Placemaking

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Eden Prairie
Project Name: Paravel/Castle Ridge
Project Location: 635 Prairie Center Drive
Council District: 3 – Christopher Ferguson

Project Detail	
Project Overview	This project will provide 246 units of mixed-income housing as a component of a larger development plan for the area. The project sits next to a new continuum of care development and a commercial development.
Jobs	5 total FTE; 5 living wage
Net tax capacity increase	\$739,715
Total housing units	246
Affordable units	50 @ 31-50% AMI
Anticipated # bedrooms	153 Studio/1BR; 93 2BR
Est. total development cost	\$84,124,230
Est. private funds leveraged	\$75,599,956
Est. other public funds	\$7,639,274
Comments/ Demonstration value	<ul style="list-style-type: none"> Demonstration value in bringing a higher-density development to a suburban area and fits well within the planned future development pattern The project has a good site design and provides for future walkability as other development occurs in the area
Funding Request	
\$885,000	TOTAL
\$500,000	Site Acquisition After the Date of Award
\$135,000	Stormwater Management: Irrigation Reuse System; Green Roof; Permeable Pavers
\$250,000	Site Preparation: Grading and/or Soil Correction

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Edina
Project Name: 4100 Edina
Project Location: 4100 W 76th Street
Council District: 5 – Molly Cummings

Project Detail	
Project Overview	The project will redevelop the former Flyte Tyme Studios building into a 70-unit affordable housing development with units available at several levels of affordability.
Jobs	3 total FTE; 2 living wage
Net tax capacity increase	\$126,252
Total housing units	70
Affordable units	8 @ <30% AMI; 35 @ 31-50% AMI; 27 @ 51-60% AMI
Anticipated # bedrooms	17 Studio/1BR; 35 2BR; 18 3BR
Est. total development cost	\$23,028,035
Est. private funds leveraged	\$16,963,881
Est. other public funds	\$5,570,204
Comments/ Demonstration value	<ul style="list-style-type: none"> • There is demonstration value in bringing a 100% affordable project with larger unit sizes to the area • The project increases density and intensifies land use • Value in reaching out to the artist who did original art for the interior of the Flyte Tyme studio to be involved in the community engagement and public art creation process
Funding Request	
\$493,950	TOTAL
\$140,000	Stormwater Management: Infiltration/Storage Swales or Tanks
\$353,950	Site Acquisition After Date of Award

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Roseville
Project Name: Owasso Gardens
Project Location: 165 S Owasso Blvd
Council District: 10 – Peter Lindstrom

Project Detail	
Project Overview	This project will redevelop a several parcels in Roseville to bring a new affordable senior housing development to the city. The building will include an indoor community space for residents as well as an outdoor seating area. The project team is including Universal Design Guidelines to support aging in place.
Jobs	1 total FTE; 1 living wage
Net tax capacity increase	\$66,829
Total housing units	60
Affordable units	8 @ <30% AMI; 52 @ 31-50% AMI
Anticipated # bedrooms	40 Studio/1BR; 20 2BR
Est. total development cost	\$14,445,613
Est. private funds leveraged	\$13,280,613
Est. other public funds	\$520,000
Comments/ Demonstration value	<ul style="list-style-type: none"> • There is value in bringing an affordable, multi-family development to an area that is predominantly single-family residential • The planning engagement process could serve as an example or model for engagement on future projects
Funding Request	
\$645,000	TOTAL
\$275,000	Site Preparation: Demolition; Grading and/or Soil Correction
\$350,000	Site Acquisition After the Date of Award
\$20,000	Community Engagement