

Community Development Committee

Meeting date: October 19, 2020

For the Metropolitan Council meeting of October 28, 2020

Subject: Authorization to Approve Limited 1-Year Term Extensions for Livable Communities Act Grants for COVID-19 Related Reasons

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.25(d)

Staff Prepared/Presented: Josiah Waderich, Senior Grant Administrator, 651-602-1297; Heather Giesel, Grants Manager, 651-602-1715; Tara Beard, Livable Communities Manager, 651-602-1051

Division/Department: Community Development/ CD-MTS Finance & Administration & Livable Communities

Proposed Action

That the Council authorize the Community Development Director to approve up to a 1-year grant term extension for grants that have been delayed or otherwise demonstrably impacted by the COVID-19 pandemic, consistent with the Eligibility Requirements and Limitations identified in this business item.

Background

The annually adopted Fund Distribution Plan (FDP) defines the grant term length and extension eligibility for each LCA program awarded in the annual funding cycle. Guidance from the FDP is then reflected in program materials, approved amendment procedures, and grant agreements. The FDP does not allow extensions for non-development grant programs (LCDA Pre-Development, LCDA-TOD Pre-Development, LCDA-TOD Zoning, TBRA SEED, and TBRA Site Investigation). No extensions are allowed because non-development activities are generally less vulnerable to delays or changes.

Council staff is currently working with one LCDA Pre-Development grant that has requested a 1-year extension due to COVID-19 impacts. The grantee has demonstrated that COVID-19 has impacted community engagement activities due to social distancing requirements, which has affected the ability of the grantee to complete the grant during the initial term. Staff is aware of at least one more Pre-Development grant likely to be affected. Since no extensions are currently allowed for these grants in the FDP, special approval would need to be requested from the Council on a case-by-case basis to allow for extension.

Staff is requesting to apply this limited extension authority to all grant programs that currently do not allow extensions. While Council staff is currently seeing impacts to community engagement activities in Pre-Development grants only and does not expect to see impacts in other programs, staff wants to acknowledge that the impacts may yet occur in ways we do not expect. The requirement that the grantee demonstrate the impact was related to COVID-19 for an extension is sufficient to prevent unnecessary requests while allowing for situations in other programs that are not currently expected.

Proposed Eligibility Requirements

To be eligible for a COVID-19 extension, grantees must demonstrate each of the following:

- The grant-funded activities and/or project schedule were negatively impacted by the COVID-19 pandemic, and that the impacts prevented the grant-funded activities from being completed during the initial grant term. This includes, but is not limited to:

- Community engagement or other in-person meeting activities that are delayed or changed due to social distancing requirements.
 - Delays or changes related to key members of the project team being quarantined, suspected of or diagnosed with COVID-19, or needing to care for family members that are suspected of or diagnosed with COVID-19.
 - Delays or changes related to key members of the project development team losing capacity due to loss of childcare or distance learning impacts on their time ; or
 - Delays or changes related to key members of the Grantee staff losing capacity due to pandemic response, budget impacts, or furloughs.
- The grant-funded activities must be reasonably expected to be completed during the extension term.
 - The project and program-specific factors on which the application was scored have not significantly changed.
 - Grantees must submit written extension requests to Livable Communities staff 90 days or more before the grant expiration date. COVID-19 related delays to this requirement may be considered on a case by case basis, but only if the grant extension can be executed prior to the expiration date of the original grant agreement.

Proposed Limitations

The following limitations apply:

- This authority to extend grant terms expires January 1, 2023.
- The grant term can be extended a maximum of 1 year
- To be eligible for consideration, grants must meet two conditions
 - Awarded as part of the Fall 2018 funding cycle or later, and
 - Awarded through a grant program that does not otherwise allow extensions in program materials, Fund Distribution Plan, or approved amendment procedures (currently includes LCDA Pre-Development, LCDA-TOD Pre-Development, LCDA-TOD Zoning, TBRA SEED, TBRA Site Investigation programs)
- All other existing Council-approved amendment procedures remain in force

Rationale

Council staff is seeking limited authority to extend grants that have been affected by COVID-19 for a number of reasons. First, community engagement activities have been observed to have been impacted by the pandemic. Since community engagement is related to equity goals of the program, staff believes the Council has more to gain by having the ability to consider 1-year extensions in these cases rather than allowing the grant to expire and having the grantee re-apply with no guarantee of being selected in a later round.

Under current policy, Council staff need to seek authority from the Council on a case-by-case basis to authorize extensions for some grant programs when a grantee has demonstrated an extension is warranted as a result of COVID-19 impacts. Limited authority to extend grants directly impacted by COVID-19 will save Council and Grantee staff time by allowing for administrative approvals in cases acceptable to the Council, rather than requiring individual presentations to the Council.

Starting eligibility for consideration under this action begins with the funding cycle of the grant that has currently demonstrated to staff that an extension is warranted. An expiration date of two years for this authorization is based on the fact that the trajectory of the pandemic is currently unknown. The pandemic may last longer and have future impacts that we cannot yet anticipate. As the impact of the pandemic comes to an end, the need for this extension authority will naturally phase out since grantees

would no longer be able to justify impacts to their projects. Two years to sunset the authority is suggested so there is a clear end to the authority.

Thrive Lens Analysis

While the Council's investments through the Livable Communities program relate directly to all Thrive outcomes, this action is connected directly to Equity and Stewardship.

- **Equity:** Development organizations and activities, particularly community engagement activities, have been negatively impacted by the COVID-19 pandemic. In addition to community engagement directly supporting equity goals through ensuring community voice is included in the project development, the pandemic is having a disproportionate impact on small business, new developers, and developers of color. Allowing for flexibility supports those business already more impacted by the pandemic.
- **Stewardship:** Stewardship is demonstrated through the development and approval of a transparent process for the responsible management of grant funds.

Funding

There is no funding impact to this action.

Known Support/Opposition

There is no known opposition to this action.