Community Development Committee

Meeting date: December 6, 2021

Subject: Livable Communities Demonstration Accounts Policy Expansion

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.253

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Division/Department: Community Development / Regional Planning

Proposed Action

Information item only. Council staff are seeking feedback on proposed program expansion.

Background

The Livable Communities Demonstration Account (LCDA) is a grant program created through the Livable Communities Act (LCA) to fund development projects across the region that meet the following goals:

- increasing housing choice and creating more affordable housing opportunities;
- creating or preserving permanent, accessible, living wage jobs;
- intensifying density and intensity of land use to better connect jobs, housing, and amenities;
- minimizing climate impact by reducing greenhouse gas emissions and conserving natural resources; and
- furthering racial equity outcomes in affordable housing, living wage jobs, climate impacts, and regional connections.

The LCDA-Transit Oriented Development Account (LCDA-TOD) has the same goals but includes an emphasis on connection to transit and increasing transit ridership.

The LCDA program awards funding through Pre-Development and Development opportunities. Pre-Development awards provide funding for project teams to do initial feasibility studies, site planning, and community engagement work while development awards primarily support physical construction. Since 2012, the LCDA-TOD program has offered a separate pre-development program for the development of TOD zoning policies. The TOD Zoning opportunity provides funding for eligible cities to create TOD zoning policies around current or planned station areas. The proposed Policy Expansion would allow all participating LCA communities to create locally adopted policies that support the above stated LCDA goals. Expanding the TOD Zoning program would allow LCA programs to influence development patterns beyond TOD eligible areas and achieve more equitable development outcomes.

Conversations with participating cities and a question included in a survey about the LCDA and LCDA-TOD Pre-Development programs revealed interest in a program to support policy creation. Several cities are in the process of developing policies that support LCDA and LCDA-TOD goals and there have been many policies, namely around affordable housing, that have been adopted in recent years.

Eligible Applicants

All current LCA participating cities would be eligible to apply in this program expansion. In order to participate in LCA cities must pass a local resolution

stating their participation as well as adopt goals for affordable and lifecycle housing. As of this meeting date there are 59 cities participating in LCA. This number is expected to be 76 in 2022.

The LCDA-TOD program only allows for applications from designated TOD-eligible areas, which are determined based on proximity to and frequency of transit service. The Policy Expansion Pilot would be open to all LCA participating cities regardless of transit service or geographic location.

While there are impactful county policies in the region, the Expansion would only be open to participating cities. Counties do not have the same regulatory authority over development that cities do, and all counties in the region have cities that are not LCA participants. Limiting the expansion to cities ensures that funded policies directly influence development and are only available to LCA participants.

Timing and Funding
Pre-Development funding opportunities are offered twice each year. To allow for sufficient outreach to participating cities, the Policy Expansion would be offered only in the second round of Pre-Development funding in 2022. In future years, staff anticipate offering the policy funding opportunity in concurrence with each Pre-Development funding opportunity.

Funding specifics will be presented to the Community Development Committee as part of the LCA funding conversation in January.

Eligible Policies
To be eligible for funding, policies must be locally adopted, enforceable, and impact physical development in the applicant city. The proposed policy must address one or more of the above stated LCDA goals and include more equitable access to housing, jobs, transportation, or in environmental sustainability as policy goals.

Scoring
The scoring for the Policy Expansion would follow the same structure as the scoring for the LCDA and LCDA-TOD programs. The "What" category assesses outcomes which are the extent to which the policy will meet LCDA and LCDA-TOD goals through an impact on physical development and the extent to which the policy will support achieving more equitable outcomes. The "How" category addresses the project process assessing the analysis of who benefits from the policy and how that analysis impacts the policy design as well as the plan for meaningful community engagement in developing the proposed policy. The final category is "Who," which assess representation on the policy development team and the capacity of the applicant to use the award within the grant term. A proposed scoring rubric is attached to this information item.

Applications will be reviewed by an internal staff review panel through a single round of review. Funding recommendations will be made based on the scores submitted from the internal review panel.

Related Administrative Changes
Historically LCDA and LCDA-TOD applications have been unique to each program, requiring applicants to submit separate applications to each program. The review criteria and eligible activities at the Pre-Development stage are very similar in the LCDA and LCDA-TOD programs. To make the Pre-Development opportunities more accessible, Council staff is proposing to combine LCDA and LCDA-TOD into a single Pre-Development application. The Policy Expansion application will be a single application as well given that the policies will likely be applicable to an entire city beyond just TOD-eligible areas in TOD-eligible cities. Consolidating the programs into a single application is more efficient for staff in developing program materials, communications, and creating the applications. Cities will no longer have to submit separate applications, which reduces barriers to applying, especially for smaller cities. Staff will reflect this change in the funding and application limits presentation in January.

Evaluation Plan

This expansion is being proposed to increase opportunities for pre-development funding to further LCA goals and Council policies beyond just TOD Zoning. Staff will evaluate the expansion and share findings when discussing if the expansion should continue into 2023 and beyond. During the first year of operation staff will monitor the following

- Internal process and ease of application
  - This will be conducted as part of an annual LCA survey meant to assess internal process for all LCA programs
- If the award limit should change
- Sustainability of demand over time
- Development outcomes in cities with adopted policies
- Geographic distribution of awards
- Focus area of submitted policies

In addition to the points listed above, staff will be tracking adoption of development policies throughout the region by cities who do not apply for funding to assess trends. Staff anticipate continuing to monitor the program as part of a philosophy of continuous improvement embedded in all LCA programming.

Conversations with applicant cities and other relevant stakeholders will inform any program changes that are made along with the data that are collected on the above points.

Proposed Scoring Criteria

Table 1. Proposed Scoring Criteria for Policy Expansion

What: Outcomes	• The proposed policy would meet one or more of the following LCA and/or Thrive goals associated with physical development:
	    o Increasing housing choice and creating more affordable housing opportunities
	    o Creating or preserving permanent, accessible, living wage jobs
	    o Intensifying density and intensity of land uses that better support multimodal transportation and connections between jobs, housing, and amenities
	    o Minimizing climate impact by reducing greenhouse gas emissions and conserving natural resources
	    o Furthering racial equity outcomes in affordable housing, living wage jobs, climate impacts, transportation, and regional connections
	 • Extent to which the policy will support achieving more equitable development outcomes
		25

How: Process	• The process will include analysis of who will benefit most from the policy and in what ways, and use findings to influence equitable development strategies and outcomes • Plan for meaningful and appropriate engagement, including a variety of stakeholders that represent the demographics of the residential and/or workforce community, centering those most impacted by inequities.	15
Who: Project Team	• The team, including staff leads, consultants, and partners, is designed to reflect and be responsive to those underrepresented and most impacted by inequities. • The project team has a defined scope of work with tangible goals • The project team is able to use the grant within the 24-month grant term	10
Total Possible Points		50