

Business Item

Community Development Committee



Committee Meeting Date: December 5, 2022

For the Metropolitan Council: December 14, 2022

Business Item: 2022-327

2022 Livable Communities Demonstration Account Funding Recommendation

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 / Livable Communities

Proposed Action

That the Metropolitan Council:

- Award six Livable Communities Demonstration Account grants as shown in Table 1, totaling \$7,195,000 and;
- Authorize its Community Development Director to execute the grant agreements on behalf of the Council.

Table 1. Recommended Grant Projects and Funding Amounts

Applicant	Recommended Project	Award Amount
City of Minneapolis	Emerson Village	\$750,000
City of Brooklyn Center	Opportunity Site – Entrepreneurial Market	\$1,500,000
City of Minneapolis	Upper Harbor Redevelopment – Parcel 6A	\$2,000,000
City of Saint Paul	1351 Arcade Street (30,000 Feet)	\$495,000
City of Minneapolis	2843 Building	\$500,000
City of Saint Paul	Cerenity Senior Care	\$1,950,000

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. The Metropolitan Council adopted the 2022 LCDA Development guidelines, criteria, schedule, and evaluation process as part of the Annual Livable Communities Act Fund Distribution Plan ([Business Item 2022-50](#)) on March 9, 2022. The approved Fund Distribution Plan allocates a total of \$9 million for 2022 LCDA projects. An additional \$888,100 remained from unawarded Pre-Development funds and were divided evenly between the LCDA and LCDA-Transit Oriented Development (LCDA-TOD) accounts. This allows for a total of \$9,444,050 to be allocated through the LCDA Development program.

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

On August 15, 2022, the Council received 11 LCDA applications from 7 cities. One application from the City of Saint Paul was withdrawn prior to review. All applications were evaluated on the criteria outlined in the [2022 Program Essentials](#). This is fewer applications that were received in 2021 with 15 applications submitted. Staff are monitoring to assess whether this is indicative of a general trend or if the 2022 application number is an outlier.

Six of the applications met both the overall minimum score and the minimum equity score in the Step One review process and advanced to the Step Two LCAC review. The applications that did not meet the minimum scoring criteria to advance to the Step Two review are described in the Projects Not Recommended for Funding section of this report. After Step Two review, LCAC funding recommendations are presented to the Community Development Committee for consideration.

The LCAC is recommending full funding for six applications.

Rationale

This recommendation will fund the highest scoring eligible projects up to \$7,195,000, the full amount requested in the applications that advanced from Step One to Step Two. 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 \$3,777,620 available to projects located in the core cities and \$5,666,430 available to all other eligible projects.

Because the total requests did not exceed the amount of funding available, the LCAC is recommending awarding more than 40% of the funding to Minneapolis and Saint Paul in order to fully fund all eligible projects. The LCAC found value in each of the projects they reviewed and is recommending that each be supported with available funds. They are proposing that remaining funds be allocated to the LCDA-TOD account to support additional projects, including two suburban projects that would not otherwise receive 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

Funds are available in the Livable Communities authorized 2023 budget and Livable Communities reserve accounts. Reserves may need to be amended into a future annual budget to meet cashflow needs on Livable Communities multi-year grants

Review Process

After adopting the 2022 Fund Distribution Plan in February, the Council issued a Notice of Funding Availability for LCDA Development projects. Staff talked with potential applicants to provide additional information about the LCDA program and to discuss potential projects.

Cities interested in submitting applications had the opportunity to participate in a series of technical assistance sessions before submitting an initial project proposal. The technical assistance sessions consisted of a webinar panel discussion about how to apply to the program as well as a webinar panel discussion with previous grantees offering lessons learned and advice from the applicant’s perspective. Topic area technical assistance sessions from 2021 on project process, equity, environment, and design were made available on the LCDA Development website.

The Council received 11 applications on August 15, 2022. One application from the City of Saint Paul was withdrawn prior to review. A review panel of Council staff conducted an initial evaluation of the applications based on several categories: housing, jobs, compact and connected development, environment and livability, process, and capacity.

Six of the ten applications met both the overall minimum score and the equity minimum thresholds in Step One to advance to the Step Two LCAC review.

During the Step Two process, the LCAC reviewed each application and evaluated the proposals based on the same categories as Step One reviewers, however the LCAC reviewed the applications based on criteria designed to assess project impact. Council staff then combined application scores from Step One and Step Two to determine a project’s preliminary score. All six of the projects that advanced from Step One met the minimum score requirement of 65 points to be considered for funding.

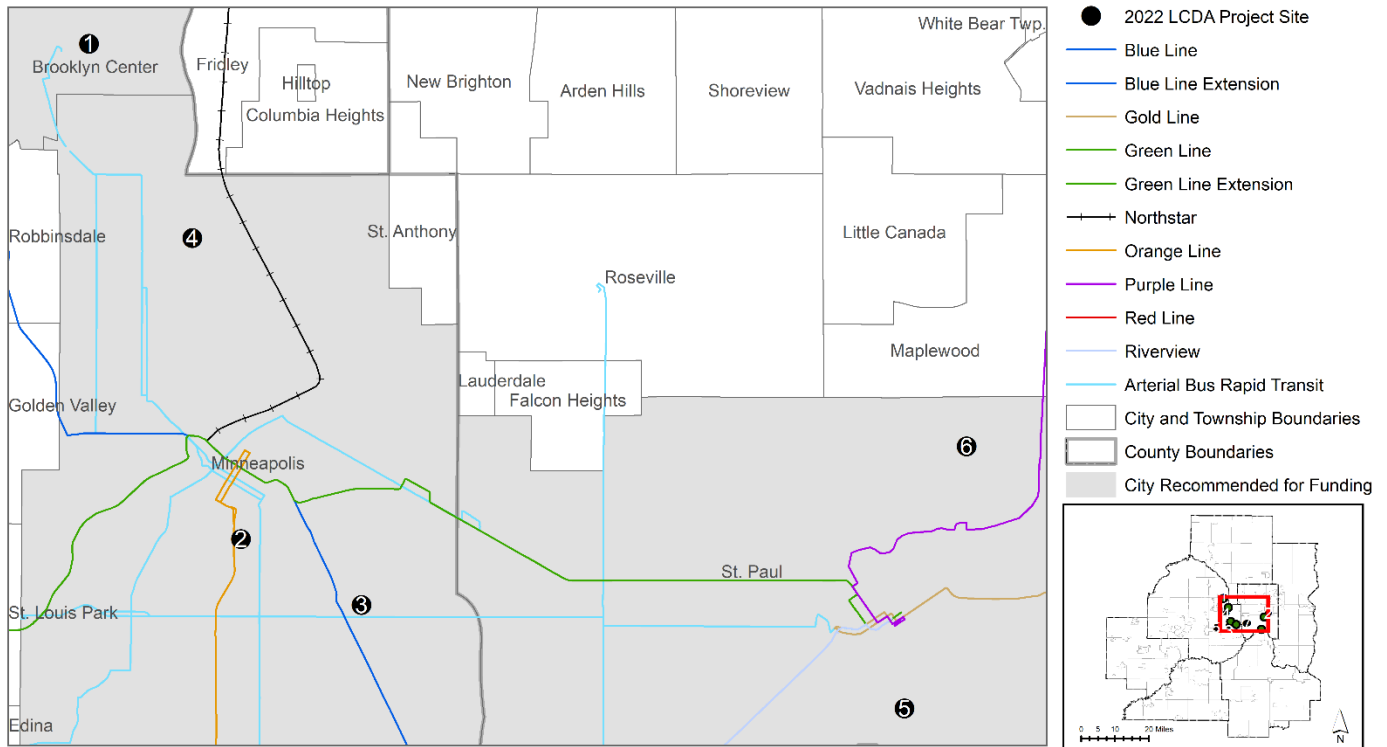
Table 2. Application Summary

Grant Category	Submitted Applications	Eligible Applications	Advanced to Step Two	Recommended for Funding
LCDA	11	10	6	6

A project summary for each of the recommended projects listed in Table 3 is on the following pages.



Figure 1: Location of projects recommended for funding



1. Brooklyn Center: Opportunity Site – Entrepreneurial Market: 5800 Shing Creek Parkway, Brooklyn Center, MN
2. Minneapolis: Emerson Village: 1800 & 1826 Emerson Avenue N., Minneapolis, MN
3. Minneapolis: 2843 Building: 2843 26th Ave S, Minneapolis, MN 55406
4. Minneapolis: Upper Harbor Redevelopment – Parcel 6A: 3700 Washington Avenue North, Minneapolis MN 55412
5. Saint Paul: 512 Humboldt Ave (Cerenity Senior Care): 512 Humboldt Ave, St Paul, MN 55107
6. Saint Paul: 1351 Arcade Street (30,000 Feet): 1351 Arcade St, Saint Paul MN 55106

Source: Metropolitan Council, Livable Communities 2022



Table 3. LCDA 2022 Application Scoring Summary

Recommended Projects	Applicant	Points	LCDA Amount Requested	Proposed LCDA Funding
Emerson Village	City of Minneapolis	79	\$750,000	\$750,000
Opportunity Site – Entrepreneurial Market	Brooklyn Center	77	\$1,500,000	\$1,500,000
Upper Harbor Redevelopment – Parcel 6A	City of Minneapolis	76	\$2,000,000	\$2,000,000
1351 Arcade St. (30,000 Feet)	City of Saint Paul	72	\$495,000	\$495,000
2843 Building	City of Minneapolis	71	\$500,000	\$500,000
512 Humboldt Ave. (Cerenity Senior Care)	City of Saint Paul	65	\$1,950,000	\$1,950,000

Projects Not Recommended for Funding

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

Akron and 145th Rosemount Affordable Housing Development

Applicant: Dakota County CDA

Determination: Project did not meet minimum score to be eligible for funding

Rationale:

- Did not include any units at or below 30% AMI
- Did not articulate a strong engagement process or focus on equitable development
- Available connections were not maximized

70th and France Office/Retail/Residential/Mixed-Use

Applicant: City of Edina

Determination: Project did not meet minimum score to be eligible for funding

Rationale:

- All housing included in the project is market rate housing
- Jobs created through the project do not attempt to support small business owners or residents experiencing economic disparities

Four Seasons

Applicant: City of Plymouth

Determination: Project did not meet minimum score to be eligible for funding

Rationale:

- Affordable housing proposed does not address the income band with the greatest need in the city
- Jobs created through the project do not attempt to support small business owners or residents experiencing economic disparities

Concord Flats

Applicant: City of South Saint Paul

Determination: Project did not meet minimum score to be eligible for funding

Rationale:

- The project team does not include local partners and connection to future/targeted residents was not articulated
- Affordable housing included is not at the deepest level of affordability



Outcomes Summary

The summary below in Table 4 shows the expected outcomes for the 2022 LCDA investment in the region, aggregating housing and jobs outcomes from the recommended projects.

Outcome	Number
Total Housing Units	599
Affordable Housing Units (≤60% Area Median Income for Rental, ≤80% for Ownership)	321
Market Rate Housing Units	278
Total Permanent Jobs (new and preserved)	427
Full-time Jobs	382
Part-time Jobs	45
Living Wage Jobs	242

Affordable Housing Need

To be able to compete for LCA funding, each community negotiates long-term affordable and life-cycle housing goals with the Council. The Council uses the community's Need for Affordable Housing (Housing Need) as the basis for negotiating the Goal, and the community and Council also consider the availability of resources to develop affordable housing as a factor in determining Affordable Housing Goal ranges.

The newly constructed units proposed in this grant cycle are projected to be available for occupancy in the year 2024 - 2026. Table 5 shows the projected affordable housing need for the decade between 2021 and 2030 and the number of proposed housing units that are expected to be built within each city for projects recommended for funding. If completed as planned, the proposed affordable units supported by LCDA grant funding will address part of the affordable housing need in the next decade.

Table 5. Affordable housing need and proposed new housing units

City	Housing Units	Total	<30% of AMI	31% to 50% of AMI	51% to 80% of AMI *
Brooklyn Center	Proposed Units	278	0	0	0
	Need Met by LCDA	0%	0%	0%	0%
	Total Affordable Units Needed	238	103	0	135
Minneapolis	Proposed Units	253	81	86	82
	Need Met by LCDA	7.2%	5.2%	17.4%	5.6%
	Total Affordable Units Needed	3,499	1,551	494	1,454
St Paul**	Proposed Units	68	16	52	0
	Need Met by LCDA	N/A	N/A	N/A	N/A
	Total Affordable Units Needed	1,973	832	128	1,013
Total Units Proposed & Preserved		599	97	138	82
Total Need Met by LCDA		5.6%	3.9%	13.8%	3.2%
Total Need for Grantee Cities		5710	2,486	622	2,602

*Only rental units affordable to households with income 51% to 60% of AMI included for proposed units per grant distribution criteria. Ownership units are considered affordable at 80% of AMI.

**All units from Saint Paul are preserved affordable housing units rather than newly constructed units. While the Council does not currently include preservation in the calculation of a City's affordable housing need, this is a critical component of creating housing options for residents.



Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Emerson Village
Project Location: 1800 & 1826 Emerson Avenue N
Council District: 7 - Lilligren

Project Detail	
Project Overview	Beacon will develop a 40-unit family supportive housing development in North Minneapolis, with homes affordable for families with the greatest barriers to housing often at the intersection of race, poverty, and housing instability. This development will offer a mix of bedroom sizes (2-4 BR) and sets aside 20 of the units for families meeting Minnesota Housing's definition of High Priority Homeless. At least 15% of the units will be set aside for people with disabilities with incomes at or below 30% AMI. Unit affordability will be 65% restricted to households at or below 30% AMI, and 35% restricted to households between 31-50% AMI, although target populations will have much lower incomes.
Total Jobs	8
Job Type	Full-time: 8 Part-time: 0
Living Wage Jobs	7
Total housing units	40
Affordable units	40 total units <30% AMI: 26 31-50% AMI: 14
Anticipated # bedrooms	29 Two BR 7 Three BR 4 Four+ BR
Support for Award	<ul style="list-style-type: none"> Project is bringing deeply affordable housing to the area and is including larger unit sizes to accommodate families Project includes supportive services, including potential workforce development resources, for residents
Funding	
Requested Amount	\$750,000
Other LCA funding	None
Use of Funds	
\$750,000	TOTAL
\$40,000	Community Engagement Deliverable: Documentation of engagement and public art design
\$675,000	General Construction Costs for Affordable Housing Deliverable: Construction of affordable housing units
\$35,000	Placemaking Spaces Deliverable: Design and fabrication of public art elements



Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Brooklyn Center
Project Name: Opportunity Site – Entrepreneurial Market
Project Location: 5800 Shingle Creek Parkway
Council District: 2 – Chamblis

Project Detail	
Project Overview	The Entrepreneurial Market Plaza (EMP) is a planned comprehensive business incubator space with support systems for micro- and small-businesses, particularly those owned by BIPOC, women, and immigrants. Planned client support includes affordable physical space, business planning, technical assistance, market development, access to capital, product development, coaching/mentoring, networking opportunities, decision making, and e-commerce/ cybersecurity support. The EMP will be attached to a 278-unit market rate development and is the foundational commercial element of the first 16-acre development phase within the 80-acre future downtown for Brooklyn Center.
Total Jobs	150
Job Type	Full-time: 150 Part-time: 0
Living Wage Jobs	100
Total housing units	278
Affordable units	0
Anticipated # bedrooms	Studio: 118 One BR: 95 Two BR: 43 Three BR: 13 Four+ BR: 9
Support for Award	<ul style="list-style-type: none"> The project is supporting economic opportunity for residents who typically experience the largest economic disparities. Amount of greenspace in the area will be increased and environmental sustainability was considered in several areas of the project. Project included community-driven process and partnership with potential future tenants.
Funding	
Requested Amount	\$1,500,000
Other LCA funding	\$2,000,000 recommended from LCDA-TOD
Use of Funds	
\$1,500,000	TOTAL
\$1,500,000	Placemaking Spaces Deliverables: Final public plaza



Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Upper Harbor Redevelopment – Parcel 6A
Project Location: 3700 Washington Avenue North
Council District: 7 – Lilligren

Project Detail	
Project Overview	Upper Harbor Redevelopment Parcel 6A is a new construction, mixed-use and mixed-income housing project. Parcel 6A includes a new construction, 7-story apartment building with associated above-ground, structured parking. The project will include 190 units of housing affordable at 30%, 50% and 60% AMI, with a number of units anticipated to be subsidized through MPHA Project-based Vouchers and Housing Supports via Hennepin County. Parcel 6A will also include approximately 9,300 square feet of commercial space and 18 affordable, for-sale townhomes developed in partnership with Twin Cities Habitat for Humanity.
Total Jobs	26
Job Type	Full-time: 14 Part-time: 12
Living Wage Jobs	1
Total housing units	208
Affordable units	208 total units <30% AMI: 55 31-50% AMI: 72 51-60% AMI: 63 80% AMI (ownership only): 18
Anticipated # bedrooms	One BR: 49 Two BR: 125 Three BR: 32 4 Four+ BR: 6
Support for Award	<ul style="list-style-type: none"> The project is bringing deeply affordable housing options to the area The project includes affordable ownership options Environmental sustainability features are included throughout the project
Funding	
Requested Amount	\$2,000,000
Other LCA funding	\$32,200 from TBRA Pilot in 2015, \$100,000 from LCDA Pre-Development in 2019
Use of Funds	
\$2,000,000	TOTAL
\$516,000	Stormwater Management Deliverable: Landscaping related to stormwater management
\$382,000	Pedestrian Experience Deliverable: Landscaping, Seating/Furnishings, Sidewalks/Paths, Wayfinding, Playground, Outdoor Amenity
\$315,000	Site Preparation Deliverable: Demolition and grading/soil corrections
\$787,000	Affordable Housing Site Deliverable: Playground, outdoor amenity, landscaping, community garden, bike facilities.



Grant # SG
Type: LCDA Development
Applicant: City of Saint Paul
Project Name: 1351 Arcade Street (30,000 Feet)
Project Location: 1351 Arcade Street
Council District: 13 - Lee

Project Detail	
Project Overview	30,000 Feet (30K)'s Black Arts + Tech Center will provide cultural enrichment and workforce readiness skills training to the East Saint Paul community. The project includes access to the outdoors, natural light, and connectivity between program spaces. 30K's Black Arts + Tech Center will contribute to an economically prosperous and equitable region by creating living wage jobs accessible to local workers. Partnering with local employers and workforce boards, 30K will provide computer science certification for career readiness, with the goal of 10-15 youth obtaining permanent employment with local tech employer partners each year.
Total Jobs	25
Job Type	Full-time: 11 Part-time: 14
Living Wage Jobs	11
Total housing units	0
Affordable units	0
Anticipated # bedrooms	N/A
Support for Award	<ul style="list-style-type: none"> The project is focusing on youth job training in high-priority sectors. This is increasing the economic opportunity of families in the project area. Strong community connection and public process to develop the project.
Funding	
Requested Amount	\$495,000
Other LCA funding	None
Use of Funds	
\$495,000	TOTAL
\$25,000	Community Engagement Deliverables: Documentation of four design workshops and other community engagement activities
\$380,000	Site acquisition before award Deliverables: Property purchase documentation
\$49,500	Architecture and Engineering Fees Deliverables: Design and engineering documents and final products
\$20,500	Placemaking Deliverable: Completed mural
\$20,000	Public Infrastructure: Bike Rack Deliverable: Final installation of bike rack



Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: 2843 Building
Project Location: 2843 26th Ave S
Council District: 8 - Muse

Project Detail	
Project Overview	The 2843 Building will be redeveloped by Black Holdings, LCC, a partnership between Seward Redesign, Chris Montana (Du Nord), and Lachelle Cunningham (Healthy Roots). The building will house three main tenants: a new production brewery, the Du Nord Foundation Community Market, and the Healthy Roots Institute, a culinary education and production space. The project will create 50-75 jobs and serve as a training and launch site for new ideas from inventors and entrepreneurs of color.
Total Jobs	52
Job Type	Full-time: 47 Part-time: 5
Living Wage Jobs	47
Total housing units	0
Affordable units	0
Anticipated # bedrooms	N/A
Support for Award	<ul style="list-style-type: none"> The project is creating new living wage jobs and new economic opportunity for local entrepreneurs of color. Increasing access to greenspace through a pocket park as well as including sustainable landscaping and stormwater management practices.
Funding	
Requested Amount	\$500,000
Other LCA funding	None
Use of Funds	
\$500,000	TOTAL
\$400,000	Stormwater Management Deliverable: Green roof
\$100,000	Pedestrian Experience Deliverable: Public plaza, furnishing, landscaping



Grant # SG
Type: LCDA Development
Applicant: City of Saint Paul
Project Name: 512 Humboldt Ave. (Cerenity Senior Care)
Project Location: 512 Humboldt Ave.
Council District: 13 - Lee

Project Detail	
Project Overview	Cerenity-Humboldt's nursing home is in need of capital improvements and renovations in order to provide equitable care and affordable housing for low-income seniors. Improvements include: Replacement of a 1960 steam boiler system with hot water heating system with a 90% efficiency; Replacement of all windows, dating back to 1960, with energy efficient windows that help create a tight building envelope; Renovation of first floor reception area, business office, and snack shop to enhance an indoor communal space; Replacement of patio, arbor, and installation of garden to enhance outdoor communal space and stormwater management.
Total Jobs	166
Job Type	Full-time: 152 Part-time: 14
Living Wage Jobs	76
Total housing units	68
Affordable units	68 total units <30% AMI: 16 31-50% AMI: 52
Anticipated # bedrooms	Studio: 68
Support for Award	<ul style="list-style-type: none"> Preserving existing affordable housing units with units at deeply affordable levels A very specific, community need was identified with partnerships to best meet the needs of current and future residents
Funding	
Requested Amount	\$1,950,000
Other LCA funding	None
Use of Funds	
\$1,950,000	TOTAL
\$150,000	Community Engagement Deliverable: Documentation of community engagement
\$1,800,000	Affordable Housing Preservation and Rehab Deliverable: New boiler systems, new windows, remodel of communal space, new outdoor communal space

