

Community Development Committee

Meeting date: January 18, 2022

For the Metropolitan Council meeting of January 26, 2022

Subject: 2021 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 / Regional Planning

Proposed Action

1. That the Metropolitan Council award eight Livable Communities Demonstration Account grants as shown in Table 1, totaling \$9,304,250 and;
2. 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	Northrup King Residential	\$1,907,000
City of Minneapolis	Simpson Community Shelter and Apartments	\$1,500,000
City of Minneapolis	Plymouth Avenue Apartments	\$314,700
City of Richfield	Minnesota Independence College and Community	\$1,210,000
City of Oakdale	Cornerstone Village – Oakdale	\$565,000
City of Columbia Heights	City of Columbia Heights Affordable Housing and Community Food Site Project	\$1,232,000
City of Chaska	City Square West	\$1,914,000
City of Edina	Cornelia View	\$661,550

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 approved the Livable Communities Act Fund Distribution Plan on February 24, 2021 ([Business Item 2021-47](#)). The approved Fund Distribution Plan allocates a total of \$10 million for 2021 LCDA projects, \$1 million of which is available to fund Pre-Development projects. Three Pre-Development projects were awarded a total of \$275,000 in Round One and six Pre-Development projects were awarded a total of \$420,750 in Round Two. \$304,250 remains from funding allocated to Pre-Development.

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 September 27, 2021, the Council received 15 LCDA applications from 11 cities. All applications were evaluated on the criteria outlined in the [2021 Program Essentials](#). Eleven 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. 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 15 submitted applications.

Rationale

This recommendation will fund the highest scoring eligible projects up to \$9,304,250, the full funding amount made available to the LCDA Development program in the 2021 Fund Distribution Plan plus unawarded funding from 2021 Pre-Development cycles. 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 \$3,721,700 available to projects located in the core cities and \$5,582,550 available to all other eligible projects.

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 2022 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.

Known Support / Opposition

All applicants submitted resolutions of support for the proposed projects. We have not heard opposition to any of the submitted projects.

Review Process

After adopting the 2021 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 and project review workshops, all facilitated by technical experts in the following topic areas: project process, equity, environment, and design.

The Council received fifteen applications on September 27, 2021. 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.

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

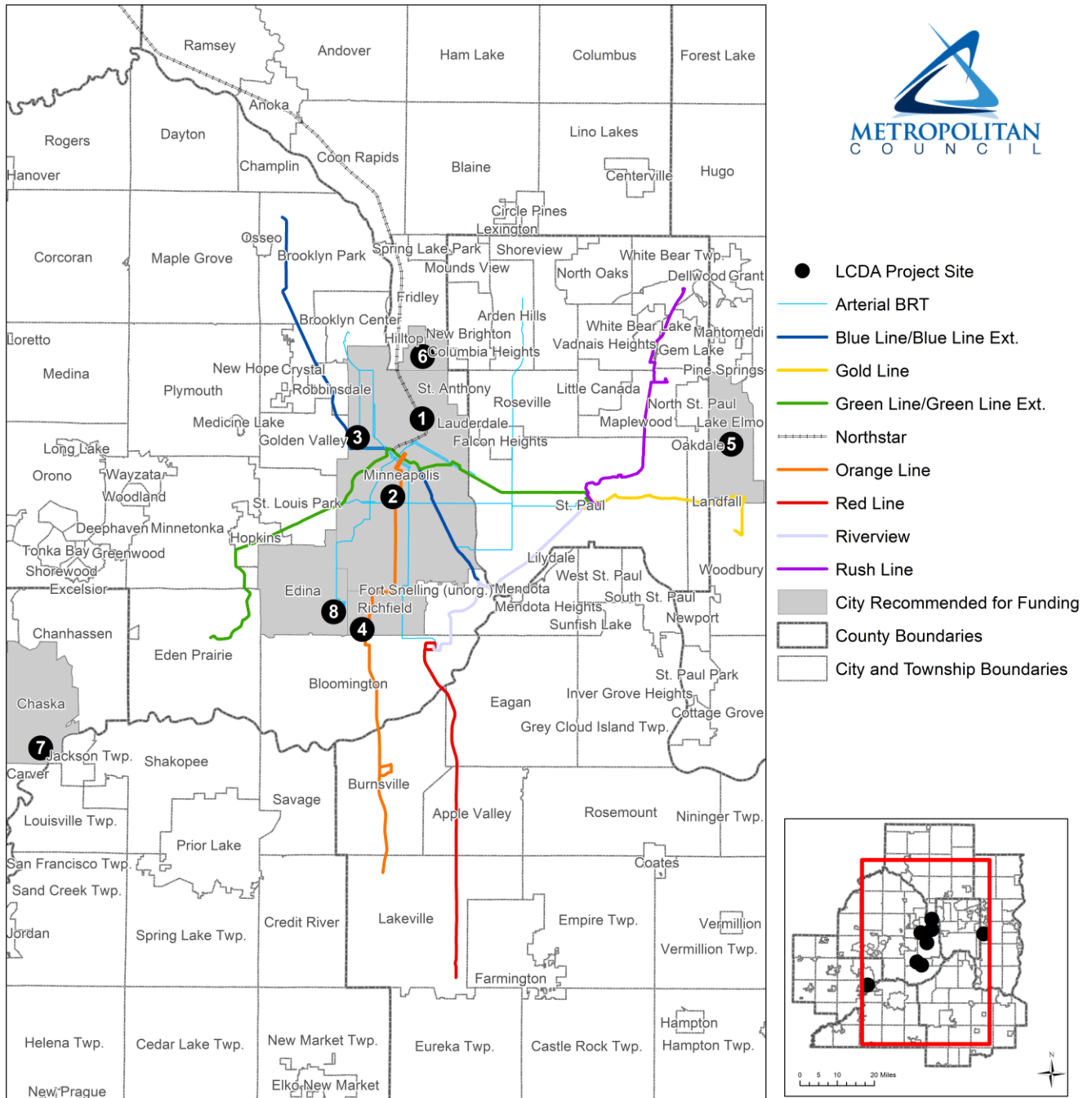
During the Step Two process, the LCAC reviewed each application and evaluated the proposals based on the same categories as Step One reviewers, however the LCAC reviewed the applications based on criteria designed to assess project impact. Council staff then combined application scores from Step One and Step Two to determine a project's preliminary score. All eleven 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	Applications advanced to Step Two	Applications recommended for funding
LCDA Development	15	15	11	8

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

Figure 1: Location of projects being recommended for funding



1. Minneapolis - Northrup King Residential - 1500 Jackson St NE, Minneapolis 55413
2. Minneapolis - Simpson Community Shelter and Apartments - 2730 1st Ave S, Minneapolis 55408
3. Minneapolis - Plymouth Avenue Apartments - 2309 Plymouth Avenue North, Minneapolis 55411
4. Richfield - Minnesota Independence College and Community - W 76th Street and Morgan Avenue South, Richfield 55423
5. Oakdale - Cornerstone Village - Oakdale - 390 Helmo Avenue N, Oakdale 55128
6. Columbia Heights - City of Columbia Heights Affordable Housing and Community Food Site Project - 42nd Avenue NE & Jackson Street NE, Columbia Heights 55421
7. Chaska - City Square West - 321 Chestnut Street North, Chaska 55318
8. Edina - Cornelia View - 4040 W. 70th, Edina 55435

Table 3. LCDA 2021 Application Scoring Summary

Recommended Projects	Applicant	Points	LCDA Amount Requested	Proposed LCDA Funding
Northrup King Residential	City of Minneapolis	96.14	\$1,907,000	\$1,907,000
Simpson Community Shelter and Apartments	City of Minneapolis	91.64	\$1,500,000	\$1,500,000
Plymouth Avenue Apartments	City of Minneapolis	88.64	\$450,000	\$314,700
Minnesota Independence College and Community	City of Richfield	84.93	\$1,210,000	\$1,210,000
Cornerstone Village – Oakdale	City of Oakdale	84.00	\$565,000	\$565,000
City of Columbia Heights Affordable Housing and Community Food Site Project	City of Columbia Heights	80.67	\$1,232,000	\$1,232,000
City Square West	City of Chaska	77.51	\$1,914,000	\$1,914,000
Cornelia View	City of Edina	73.00	\$1,315,700	\$661,550
Farwell Yards	City of Saint Paul	85.00	\$4,304,929	\$0
398 - 402 Front Ave. (Glow)	City of Saint Paul	81.64	\$108,000	\$0
176 S. Robert Street	City of Saint Paul	81.43	\$1,115,000	\$0

Total Recommended	\$9,304,250
Total Available	\$9,304,250
Total Remaining	\$0

Projects not Recommended for Funding

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

Small Business Center

Applicant: Brooklyn Park Economic Development Authority

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

Rationale:

- The project was primarily an economic development programming project rather than a physical development project
- The project received low scores in the environment and livability section as there were not steps being taken to improve environmental sustainability in the project

Beltline Residences – Opus

Applicant: Saint Louis Park Economic Development Authority

Determination: Ineligible; did not meet required minimum equity score to advance to Step Two

Rationale:

- The project did not have a strong public engagement process
- The project did not have a focus on equity in the housing or jobs components of the project

Concord Flats

Applicant: City of South Saint Paul

Determination: Ineligible; did not meet required minimum equity score to advance to Step Two

Rationale:

- The project did not have a strong public engagement process
- The project did not have a focus on equity in the housing component of the project or city policies that support equitable development outcomes

2021 Development**Applicant:** City of Victoria**Determination:** Ineligible; did not meet required minimum equity score or Step One minimum score to advance to Step Two**Rationale:**

- The project did not have a strong public engagement process
- The project included only market rate housing
- The project did not have a focus on equity or achieving more equitable development outcomes.

The following projects were eligible for funding but did not score high enough to receive funding based on limited funds.

Farwell Yards**Applicant:** City of Saint Paul**Determination:** Not recommended for funding**Rationale:**

- While the project increased density and connections, it did not receive a competitive score for the housing portion as it did not include a significant portion of affordable units
- The project received average and below-average scores for community engagement and representation of the project team

398 Front Avenue (Glow)**Applicant:** City of Saint Paul**Determination:** Not recommended for funding**Rationale:**

- The review committee found significant value in the project proposal and is encouraging the project team to apply again in 2022
- The project scored well on housing and on the overall impact of the project, but the project did not have a competitive score for jobs creation in Step One or Compact, Connected Development in Step Two

176 S. Robert Street**Applicant:** City of Saint Paul**Determination:** Not recommended for funding**Rationale:**

- The project received high scores in Step One for housing and Compact, Connected Development but the Step Two review committee had concerns about the community engagement process
- In Step Two the project did not receive competitive scores in Environment and Livability or Capacity which assesses the representation of the project team

Outcomes Summary

The summary below in Table 4 shows the expected outcomes for the 2021 LCDA investment in the region, aggregating outcomes from the recommended projects including housing units, jobs, and investment.

Table 4. Expected outcomes of projects recommended for funding

Outcome	Number
Total Housing Units	630
Affordable Housing Units (≤60% Area Median Income)	498
Market Rate Housing Units	132
Total Permanent Jobs (FTEs)	131.95

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 availability of resources to develop affordable housing as a factor in determining Affordable Housing Goal ranges.

The units proposed in this grant cycle are projected to be available for occupancy in the year 2023 - 2025. Table 5 shows the projected affordable housing need for the decade between 2021 and 2030 and the number of proposed affordable 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 affordable units

City	Total	Need for units affordable to households with income at or below 30% of AMI	Need for units affordable to households with income 31% to 50% of AMI	Need for units affordable to households with income 51% to 80% of AMI
Minneapolis Units Proposed	174	62	103	9*
Minneapolis Need	3,499	1,551	494	1,454
Richfield Units Proposed	70	0	70	0
Richfield Need	150	82	36	32
Oakdale Units Proposed	50	14	25	11
Oakdale Need	791	422	200	169
Columbia Heights Units Proposed	62	0	0	62*
Columbia Heights Need	133	62	0	71
Chaska Units Proposed	24	0	24	0
Chaska Need	571	249	156	166
Edina Units Proposed	118	6	45	67*
Edina Need	1,804	751	480	573
TOTAL Units Proposed	498	82	267	149
TOTAL Need for Selected Cities	6,948	3,117	1,366	2465

* Only units affordable to households with income 51% to 60% of AMI included for proposed units per grant distribution criteria.

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Northrup King Residential
Project Location: 1500 Jackson St NE
Council District: 8 - Muse

Project Detail	
Project Overview	The Northrup King Residential project will redevelop three vacant buildings into 84 units of affordable housing for low-income artists and their families, ranging from 30% - 80% AMI, and 8,120 square feet of creative business space. Artspace will own and oversee operations of the residential buildings that will be managed by a third-party management company. The creative business space will be leased and occupied by Public Functionary, a BIPOC-led nonprofit that prioritizes emerging BIPOC artists and artists who have been under-resourced.
Permanent FTE Jobs	8
Total housing units	84
Affordable units	69 total units <30% AMI: 12 31-50% AMI: 48 51-60% AMI: 9
Anticipated #	23 One BR 35 Two BR 26 Three BR
Support for Award	<ul style="list-style-type: none"> The project is bringing needed affordable units and larger units to the area The project is making good use of the location, increasing connections, and implementing a stormwater management system that will improve environmental sustainability
Other LCA Funds	TBRA Site Investigation, TBRA Cleanup
Funding	
Requested Amount	\$1,907,000
Previous LCA funding	TBRA Site Investigation: \$100,000
Use of Funds	
\$1,907,000	TOTAL
\$334,700	Stormwater Management: Infiltration/Storage Swales or Tanks Deliverable: Rate control tank
\$6,500	Architectural/Engineering Fees: Placemaking Space or Public Art Deliverable: Documentation of hours
\$42,700	Public Infrastructure: New public sidewalks/trails Deliverable: Bike path
\$21,600	Bike Racks, Storage, Fix-it Stations Deliverable: Artist-Designed Bike Racks & Fixit Station
\$631,500	Placemaking Spaces Deliverable: Lighting, public art, sidewalks/paths, community benches
\$870,000	Site Preparation Deliverable: Grading & soil correction, demolition

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Simpson Community Shelter and Apartments
Project Location: 2740, 2734, and 2730 1st Ave S
Council District: 7 - Lilligren

Project Detail	
Project Overview	The project will replace the Simpson emergency shelter, housed in the basement of the Simpson United Methodist Church. The project will also add 42 units of affordable housing to this parcel. The design of the project includes community gathering space and services for residents.
Permanent FTE Jobs	30.95
Total housing units	42
Affordable units	42 total units <30% AMI: 32 31-50% AMI: 10
Anticipated #	42 studio/efficiency
Support for Award	<ul style="list-style-type: none"> • The project is providing deeply affordable units for a population with challenges finding stable, secure housing. Supportive services based on trauma informed care models will be available for residents. • The project is led by a local organization with relationships in the neighborhood and experience working with the population the project is intending to serve.
Funding	
Requested Amount	\$ 1,500,000
Other LCA Funds	None
Use of Funds	
\$ 1,500,000	TOTAL
\$400,000	Site Acquisition AFTER the date of award Deliverable: Final purchase documents
\$170,000	Stormwater Management: Infiltration/Storage Swales or Tanks Deliverable: Stormwater tank(s) and filter
\$850,000	Renewable Energy: Geothermal Systems Deliverable: Darcy Solutions Geothermal Heating and Cooling System, design and engineering for the geothermal system.
\$80,000	Placemaking Spaces Deliverable: Art piece, outdoor courtyard furnishings and plantings

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Minneapolis
Project Name: Plymouth Avenue Apartments
Project Location: 2309 Plymouth Avenue North
Council District: 7 - Lilligren

Project Detail	
Project Overview	The project is a new construction building creating 63 affordable units. 14 will be set aside for Permanent Supportive Housing. The units will be targeted to the Hennepin County Continuum of Care priority of single adults with services provided by Simpson Housing Services. Three of the units with the PBVs will be set aside for Hennepin County’s Health and Human Services clients, the remaining four will be general occupancy. The project is being constructed on a currently vacant lot.
Permanent FTE Jobs	3
Total housing units	63
Affordable units	63 total units: <30% AMI: 18 31-50% AMI: 45
Anticipated #	12 studio/efficiency 46 One BR 5 Two BR
Support for Award	<ul style="list-style-type: none"> • The project is being led by a local resident • The project is bringing deep affordability to the area and is setting aside units for residents who have challenges finding permanent, stable housing.
Funding	
Requested Amount	\$450,000
Other LCA Funds	None
Use of Funds	
\$ 314,700	TOTAL
\$75,000	Stormwater Management Deliverable: Underground tank to manage stormwater
\$109,700	Site Preparation: Demolition and Grading Deliverables: Demolition of existing structure and site grading
\$125,000	Public Infrastructure: Utilities Deliverables: Extension of local public utilities
\$5,000	Bike Racks, Storage, Fix-it Stations Deliverable: enhanced, public, bike repair facilities and outdoor bike storage

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Richfield
Project Name: Minnesota Independence College and Community LCDA Development
Project Location: 76th Street and Morgan Avenue South
Council District: 5 - Cummings

Project Detail	
Project Overview	The project is to serve as the permanent location for MICC and will provide living accommodations for its participants and others from the community that are in need of affordable, stable, and safe housing. The project includes affordable housing units above MICC offices and services.
Permanent FTE Jobs	70
Total housing units	70
Affordable units	70 total units 31-50% AMI: 70
Anticipated #	35 One BR 35 Two BR
Support for Award	<ul style="list-style-type: none"> The project is seeking to meet the housing needs of a specific population that has challenges finding stable, secure housing. The project development included insights from past MICC programming participants
Funding	
Requested Amount	\$1,210,000
Other LCA Funds	None
Use of Funds	
\$1,210,000	TOTAL
\$75,000	Stormwater Management Deliverable: Underground stormwater detention, landscaping for distribution
\$400,000	Site Acquisition AFTER the date of award Deliverable: Final purchase documents
\$300,000	Site Preparation Grading and soil correction, demolition (no soil remediation)
\$340,000	Placemaking Spaces Deliverable: Public art, lighting, sidewalks, landscaping, furnishings and wayfinding, community recreation areas
\$20,000	Holding Costs Deliverable: Documentation associated with holding costs
\$15,000	Bike Racks, Storage, Fix-it Stations Deliverables: Outdoor bike racks -
\$60,000	Architectural/Engineering Fees Deliverables: Documentation of hours

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Oakdale
Project Name: Cornerstone Village – Oakdale
Project Location: 390 Helmo Avenue N
Council District: 11 - Vento

Project Detail	
Project Overview	The project is a mixed-income housing development that will target units to families living with an individual who has an Intellectual or Developmental Disability.
Permanent FTE Jobs	2
Total housing units	71
Affordable units	50 total units <30% AMI: 14 31-50% AMI: 25 51-60% AMI: 11
Anticipated #	18 One BR 40 Two BR 13 Three BR
Support for Award	<ul style="list-style-type: none"> The project is proving larger units and is targeting affordable housing for residents who have challenges finding stable, secure housing as well as their families The project is well connected to surrounding uses and includes a playground and greenspace for residents
Funding	
Requested Amount	\$ 565,000
Other LCA Funds	None
Use of Funds	
\$ 565,000	TOTAL
\$419,000	Site Acquisition PRIOR to award Deliverable: Purchase documentation
\$75,000	Stormwater Management: Infiltration/Storage Swales or Tanks Deliverable: Surface infiltration basin on southern tip of site
\$71,000	Placemaking Spaces: Seating/Furnishings/Wayfinding Deliverable: Accessible playground for affordable housing residents

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Columbia Heights
Project Name: City of Columbia Heights Affordable Housing and Community Food Site Project
Project Location: 42nd Avenue NE & Jackson Street NE
Council District: 2 – Chamblis

Project Detail	
Project Overview	The project will create a horizontal mixed-use development that includes an affordable housing development and a food shelf. The housing component will bring all affordable housing to the same site as the SACA food shelf which will be redeveloped into a new facility.
Permanent FTE Jobs	15
Total housing units	62
Affordable units	62 total units 51-60% AMI: 62
Anticipated #	16 One BR 30 Two BR 16 Three BR
Support for Award	<ul style="list-style-type: none"> The project is bringing larger affordable units to the site with a majority of the units at two or three bedrooms. The project is using infill development to turn an existing parking lot into a mixed-use project
Funding	
Requested Amount	\$ 1,232,000
Other LCA Funds	None
Use of Funds	
\$ 1,232,000	TOTAL
\$835,000	Stormwater Management Deliverables: Infiltration swales, retention and filtration system, landscaping integration, pervious pavement
\$250,000	Site Preparation Deliverable: Soil and grading correction
\$120,000	Placemaking Spaces Deliverables: Lighting, landscaping, seating, wayfinding, public art design process, public art
\$6,000	Community Engagement Deliverables: Documentation of engagement events and efforts. <i>Food and refreshments must be from a DBE or DBE-qualifying business</i>
\$21,000	Architectural/Engineering Fees Deliverables: Documentation of hours

Livable Communities Project Summary

Grant # SG
Type: LCDA Development
Applicant: City of Chaska
Project Name: City Square West
Project Location: 321 Chestnut Street North
Council District: 4 – Barber

Project Detail	
Project Overview	The project will bring 120 new housing units, 20% affordable and 80% market rate, to Chaska's downtown area along with a new public plaza. The public paseo plaza will celebrate Chaska's diverse culture by connecting to the historic downtown while accommodating inclusive community activities.
Permanent FTE Jobs	0
Total housing units	120
Affordable units	24 total units 31-50% AMI: 24
Anticipated #	58 One BR 58 Two BR 4 Three BR
Support for Award	<ul style="list-style-type: none"> • The project is bringing increased density and affordable units to downtown Chaska • The project team is working with local business owners to mitigate harmful impacts of displacement through the project
Funding	
Requested Amount	\$1,914,000
Other LCA Funds	None
Use of Funds	
\$1,914,000	TOTAL
\$1,114,000	Site Acquisition AFTER the date of award Deliverable: Final purchase documents
\$700,000	Site Preparation: Demolition Deliverable: Demolition of block
\$100,000	Placemaking Spaces Deliverable: Amenity deck for affordable housing portion of development

Livable Communities Project Summary

Grant # **SG**
Type: **LCDA Development**
Applicant: City of Edina
Project Name: Cornelia View
Project Location: 4040 W. 70th
Council District: 5 - Cummings

Project Detail	
Project Overview	The proposed project brings 118 units of senior housing (55+) to a 1.5-acre site that currently contains a vacant building and a large surface parking lot. The 97 1-bedroom and 21 2- bedroom units will serve households with incomes from less than 30% of AMI to 60% of AMI in a transit and amenity-rich area of Edina.
Permanent FTE Jobs	3
Total housing units	118
Affordable units	118 total units <30% AMI: 6 31-50% AMI: 45 51-60% AMI: 67
Anticipated #	97 One BR 21 Two BR
Support for Award	<ul style="list-style-type: none"> The project is bringing a range of affordability levels to a transit rich area of Edina The project is increasing density and diversity of land uses in the area
Funding	
Requested Amount	\$661,550
Other LCA Funds	None
Use of Funds	
\$661,550	TOTAL
\$486,550	Site Preparation Deliverable: Demolition of the structure and site, grading, and soil correction
\$100,000	Public Utilities Deliverables: Utility relocation, public utilities, and broadband connection
\$75,000	Stormwater Management Deliverables: Underground stormwater tank system, landscaping and rain gardens, green roof on second floor of building