Information Item

Community Development Committee

METROPOLITAN
C O U N C I L

Meeting Date: December 18, 2023

Topic
Livable Communities Act 2024 Fund Distribution Plan: Highlights of Proposed Program Changes

District(s), Member(s):   All

Policy/Legal Reference: Minn. Stat. § 473.25

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Division/Department: Community Development/Regional Planning

Background

The Livable Communities Act (LCA) requires that the Council prepare an annual plan, the Fund Distribution Plan (FDP), for distribution of the Livable Communities funds that includes funding availability, program guidelines, and scoring criteria.

This report highlights proposed program changes that staff will include in the 2024 FDP draft. A draft of the full proposed scoring criteria for all LCA programs will be presented to the Committee for discussion at the regularly scheduled meeting on January 15, 2024, and for final approval on February 5.

Staff have been in conversation with the Committee as well as applicants and other stakeholders about larger, structural changes to the LCA programs throughout 2023. As discussed in a December 4, 2023, update to the Committee, staff will recommend only minor changes in 2024. To allow for engaged decision making and reviewing the potential impacts of proposed changes, staff is not recommending implementing any larger changes until the 2025 FDP cycle.

Proposed Program Changes for 2024
Proposed program changes are organized by program area below.

LCDA and LCDA-TOD Programs

1. Single Step Scoring Process: The Livable Communities Demonstration Account (LCDA), including the Transit Oriented Development Account (LCDA-TOD), have both used a two-step scoring process to score applications. The first step was done by an internal staff review panel comprised of staff from across the Council. The second round of review has been conducted by a 15-member external review panel, the Livable Communities Advisory Committee (LCAC). Drawing on subject matter experts from across the region, the LCAC members have scored projects using a different set of criteria than the internal staff review.

    Managing a two-step review is not only resource intensive for staff and reviewers, but it also significantly extends the waiting period for applicants. A single-step review process will be more streamlined for staff, reviewers, and applicants.

    Staff highly value the perspectives of external reviewers and the importance of having community involved in the scoring process. External reviewers will continue to be involved in

the process and will score alongside Council staff. Rather than scoring on all categories, external reviewers will be asked to score a specific category that best matches their experience and expertise. This model will be extended to the Homeownership program as well. (Note: Currently, LCAC by-laws define specific committee seats based on domains of expertise that do not fully align with current LCA priorities; e.g. it does not include any homeownership seats. To better align LCAC members' expertise with current program priorities, staff may propose adjustments to the LCAC bylaws later in 2024).

2. Consolidating Teams and Process Scoring Sections: In 2021 the LCDA and LCDA-TOD scoring was restructured to focus on What, How, and Who. The What assessed the project's tangible outcomes, the How assessed the project development process, and the Who assessed the project team. In reviewing application answers and reviewers, staff are proposing to consolidate the How and the Who sections. The two sections were scoring on very similar project components which led to redundancy in application answer and reviews. Combining the two sections and consolidating review criteria will eliminate redundancy and help to clarify the scoring criteria for applicants and reviewers.

Homeownership Program

1. Homeownership Scoring and Selection Process: Applicants, Council Members, and staff have recognized the need for adjustments to the scoring process in response to evaluation of the initial two years of this pilot program. In a continued effort to align processes across LCA accounts, the homeownership applications will be scored using a process more aligned with LCDA and LCDA-TOD. A review panel of both internal and external reviewers will evaluate applications, scoring on the criteria that best match their experience and expertise.

2. Homeownership Match and Award changes: For its first two years, the Homeownership program has required a 1:1 local match; this has posed an administrative burden to applicants and is not a requirement in most LCA programs. In lieu of this match, but with similar effect, staff propose capping per-unit support at no more than 50% of total development costs. (While statute requires a 1:1 match for grant awards made from the Local Housing Incentives Account, the LCA Homeownership program is funded by general LCA program reserves, not from LHIA, and therefore does not have this legal requirement). Staff will also investigate options to impose per-unit or per-applicant award caps, based on demand for and availability of funds in a particular year.

TBRA Programs

1. Scattered Site Investigation Pilot: For the TBRA Site Investigation program, staff intends to pilot a scattered-site award option that could be used by an applicant for multiple sites within a Target Area, with a maximum award of up to $50,000 per project or up to $250,000 per applicant for multiple scattered sites. Applicants would be required to expend 80% or more of awarded funds before being eligible to reapply. Staff believes this could lead to greater applicant interest in the site investigation program, because it would reduce the timeline required to identify funding for projects that are often lower-cost and relatively time-sensitive.