Livable Communities Act Update

Discussion with Community Development Committee

September 3, 2024

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Goal for Today

1. Brief review and discussion LCA trends (quantitative data) — 20 minutes

2. Use data and observations from qualitative data to define key areas of inquiry for October 7 CDC meeting — 40 minutes

Consultant Scope: Objectives

- Inform program design beyond 2025

- Ensure program design aligns with Imagine 2050 and promotes objectives of LCA

- Promote widespread program participation by communities and minimize barriers to accessing programs

Consultant Scope: Approach

- Assess and synthesize existing quantitative + qualitative data to gauge impact and context

- Provide comprehensive report and presentation outlining LCA strengths, strategies to enhance participation and opportunities to align with statutory and Imagine 2050 objectives

Consultant Scope: Timeline

July-August

Analysis and Synthesis

September 3 CDC Meeting

Observations and Discussion

September 3-October 7

Framing choices and recommendations

October 7 CDC Meeting

Advancing Possible Program Refinements

November 18 CDC Meeting

Final report and recommendations

LCA Trends:
Impact, Participation, Awards

LCA Trends

Past 10 Years of Impact
2014-2023 LCA Results
$241.4m through 561 grants

Year	# cities enrolled	# awards	Total $ Awarded	# Affordable Units	# Market Rate	Total New Jobs	Increase in annual net tax capacity
2014	94	56	$21,969,925	1305	941	5341	$9.237
2015	95	48	$18,561,452	1615	1005	2099	$4.238
2016	95	52	$22,249,365	1904	1576	3906	$9.263
2017	95	55	$27,056,773	2038	410	2112	$5.247
2018	96	57	$24,867,853	1609	1703	526	$6.176
2019	97	56	$18,734,986	3088	621	811	$3.306
2020	97	58	$25,348,500	1897	612	632	$2.798
2021	59	61	$28,864,100	3059	1032	589	$3.279
2022	76	56	$26,282,400	1084	601	1114	$2.588
2023	76	62	$27,478,400	2681	434	1331	$7.220
Totals		**561**	**$241,413,754**	**20,280**	**8,935**	**18,461**	**$53.252M**

LCA Trends

City Participation Since 1996

- Ranged from 59-106
- Historic average is 96
- Currently at 80% of historic average with 77 enrolled cities
- Between 2021 and 2024 enrollment increased 29% (59-77)
- During 2010 re-enrollment participation dropped 11% (105-93)

	# Cities Participating
2014	94
2015	95
2016	95
2017	95
2018	95
2019	96
2020	97
2021	59
2022	76
2023	76
2024	77

LCA Trends

City Participation Patterns 2020 - 2024

	2024 Cities	Change since 2020	Cities that haven't re-enrolled
Anoka	8	-5	Anoka, East Bethel, Hilltop, Lexington, Oak Grove
Carver	8	-3	Cologne, Hamburg, Norwood/Young America
Dakota	9	-2	Lakeville, Mendota Heights
Hennepin*	24	-6	Champlin, Dayton, Maple Plain, Mound, Orono, St. Anthony, St. Bonafacius
Ramsey	14	0	
Scott	6	0	
Washington	8	-4	Forest Lake, Lakeland, Lake St. Croix Beach, Willernie
Totals	77	-20	

*7 didn't re-enroll, but Tonka City enrolled in 2020

DISCUSSION

Thinking about current and recent development activity…

1. Are there cities that aren't participating that you would expect to be enrolled? (see following slide)

2. Are there cities that you would like staff or consultants to reach out to regarding their participation?

Communities Not Participating in LCA (2024)

Afton	**Corcoran**	Ham Lake	Lexington	**Norwood/Young**	St. Anthony
Andover	Credit River Twp.	Hamburg	Lilydale	**America**	St. Bonifacius
Anoka	Dahlgren Twp.	Hampton	Linwood Twp.	Nowthen	St. Lawrence Twp.
Bayport	Dayton	Hampton Twp.	Louisville Twp.	Oak Grove	St. Mary's Point
Baytown Twp.	Deephaven	Hancock Twp.	Maple Plain	Oak Park Heights	Stillwater Twp.
Belle Plaine Twp.	Dellwood	Hassan Twp.	Marine on St. Croix	Orono	Sunfish Lake
Benton Twp.	Denmark Twp.	Helena Twp.	Marshan Twp.	Pine Springs	Vermillion
Bethel	Douglas Twp.	Hilltop	May Twp.	Randolph	Vermillion Twp.
Birchwood	**East Bethel**	Hollywood Twp.	Medicine Lake	Randolph Twp.	Waconia Twp.
Blakeley Twp.	Empire Township	Independence	Mendota	Ravena Twp.	Waterford Twp.
Camden Twp.	Eureka Twp.	Jackson Twp.	Mendota Heights	San Francisco	Watertown Twp.
Castle Rock Twp.	**Forest Lake**	**Lake Elmo**	Miesville	Twp.	West Lakeland
Cedar Lake Twp.	Gem Lake	Lake St. Croix	Minnetonka Beach	Sand Creek Twp.	Twp.
Champlin	Grant	Beach	Minnetrista	Scandia	Willernie
Circle Pines	Greenfield	Lakeland	Mound	Sciota Twp.	Woodland
Coates	Greenvale Twp.	Lakeland Shores	New Market Twp.	Shorewood	Young America
Cologne	Greenwood	Laketown Twp.	New Trier	Spring Lake Park	Twp.
Columbus	Grey Cloud Twp.	**Lakeville**	Nininger Twp.	Spring Lake Twp.	
		Landfall	North Oaks	Spring Park	

*The highlighted communities are in the top third of all communities with the most residential and commercial permits between 2014-2023.
Many other communities listed do not have forecasted growth and are not served by regional wastewater systems.

Applications + Awards 2014-2023

LCA Trends

- In the past 10 years:
  - 60 cities have applied, submitting 798 applications
    - 561 applications were awarded grants, 237 applications not funded
  - The table below includes the 15 municipalities with the most awards - by success rate

Municipality	Total Awards	Total Applications	Success Rate	2020 Census Population
Roseville	9	10	90%	36,263
Maplewood	7	8	88%	42,086
Carver County	6	7	86%	106,919
Edina	15	18	83%	53,481
Brooklyn Center	14	17	82%	33,780
Hopkins	9	11	82%	19,079
Washington County	9	11	82%	267,557
Minnetonka	14	18	78%	53,790
Brooklyn Park	7	9	78%	86,461
Saint Paul	139	185	75%	311,516
Minneapolis	213	294	72%	429,988
St. Louis Park	23	32	72%	50,008
Hastings	8	12	67%	22,160
Richfield	6	10	60%	37,006
Bloomington	8	15	53%	89,981

*Actual success rates for proposals in Minneapolis and St. Paul are lower; both cities review and screen pre-applications before submitting to the Met Council.

LCA Trends

Applications + Awards 2014-2023

- In the past 10 years, 12 cities have applied but have not been successful in receiving an award: Anoka (1), Chanhassen (1), East Bethel (1), Forest Lake (1), Little Canada (5), Orono (1), Osseo (1), Savage (1), St. Anthony (1), Victoria (3), Wayzata (2), West St. Paul (2)

- In the past 10 years, the following municipalities, *not including those in the previous table*, submitted the most applications:
  - South St. Paul (19 apps, 5 awards)
  - Fridley (8 apps, 5 awards)
  - Dakota County (7 apps, 5 awards)
  - Plymouth (7 apps, 2 awards)
  - Eden Prairie (6 apps, 4 awards)
- Success rates for these municipalities range from 26% - 71%

May be opportunities for targeted outreach.

LCA Qualitative Findings: Context + Observations

LCA Context

Guided by Policy Including from Statute:

"establish criteria for uses of the fund that are consistent with and promote the purposes of this article **and** the policies of the Metropolitan Development Guide adopted by the council."

And, other Council policy including:
- Council strategic plan
- Housing Policy Plan
- Regional Economic Framework

to name a few.

Council staff have policy matrix mapping LCA against 27 distinct policy statements and that doesn't include all the policies

LCA Context

As the overarching framework, the statute spells out some direction

- Incentive program
- Different community designations identified
- 4 key LCA concerns: living wage jobs, full range of housing opportunities, preservation and rehab of affordable housing, and more compact development
- 5 key *LCDA specific* concerns for projects:
    - interrelate development + transit
    - interrelate affordable housing + areas with growing employment
    - intensify land use (e.g., more compact development)
    - mixes incomes in housing (project or community level)
    - encourages public infrastructure investment to increase connectivity, attract additional private investment, and increase employment opportunities

LCA Context

LCA Evolution

Program evolves to meet changing regional needs and policy priorities:

- LCDA-TOD established in 2011
- SEED program under TBRA piloted in 2015
- LHIA Homeownership developed in 2022
- Policy Program developed in 2022
- Application and scoring can be updated annually

At the same time:
- The funding amount holds steady ~$27.8M in 2023
- There are 9 programs
- There are broader funding ecosystem changes

LCA
Observations

The Big Picture: CDC Interviews and Stakeholder Feedback

- Desire for clarity on the primary goals/set of outcomes LCA should provide*
- Acknowledgement that some cities can compete more effectively because of experience, staff capacity, market conditions and criteria/scoring*
- Desire for measurement
- Desire for greater collaboration between Council and communities and between Councilmembers, staff and cities
- Desire for technical changes around eligible expenses, timelines, etc.

LCA Observations

General Consensus Around LCA Purpose

- Build opportunity and generational wealth through housing affordability and opportunities to live closer to job centers
- Incentivize investment in housing and job creation that connects to regional infrastructure
- Fund important public realm improvements
- Fund cleanup of contaminated sites to enable development/ redevelopment
- Important source of early money into projects
- Helps cities plan for and support development aligned with regional needs
- Primarily used for housing, emphasis on some level of affordability
- Opportunity for Council to partner with communities for development - which is a tangible way to see policy in action

Naming the key tensions

Desire for projects to be better dispersed throughout the region **AND** Desire for projects to address areas and populations with the greatest needs

Housing projects should focus on providing the deepest affordability **AND** Housing projects should focus on providing more affordability in areas that are less affordable now, even if housing isn't at 30%AMI

Equity criteria and scoring is designed to ensure that project sponsors are considering how projects can improve racial equity outcomes **AND** Equity criteria and scoring are perceived as reflecting what the core and inner-ring cities are doing

Projects that receive funding should have a catalytic impact in their community and that impact will look different based on context **AND** We need consistent criteria to evaluate project impact

Sense that having transit makes a community more competitive **AND** that some communities are lacking transit

Desire for LCDA to support housing and economic opportunity **AND** currently they compete against each other.

DISCUSSION

In group (5 minutes)
- Do these resonate with you?
- Are there other tensions you would like to document?

On flip charts (25 minutes)
- Keeping in mind the statutory and policy framework of the LCA and its legacy of impact, what questions or ideas do these raise for the program's focus and design going forward?
- What information do you need to better grapple with these?

Group debrief (10 minutes)
- Given today's discussion, what do you want to accomplish on Oct 7 when we are next together? How can you prepare for that? How can staff and the consultant team help you prepare for that?

Appendix

The following slides provide additional information but will not be reviewed during the presentation

LCA Today:
Observations

CDC Committee Member Interviews (7 of 9)

Shared basic understanding of what LCA is but…
no consensus on primary purpose or goal
- Is it meant to meet regional or local needs?
- Is it to meet greatest need (for what, for whom)?
- Is it to address racial equity?
- Is it to be shared across the region geographically?
- Is it focused on housing, jobs, access, density, something else?

LCA Today:

Observations

CDC Committee Member Interviews (7 of 9)

Other **tensions** include:
- Doesn't address different market characteristics and different community needs
- Cities with capacity and experience w LCA have an advantage
- LCA funding is small relative to need and relative to project size
- Are council members representing the region or their district in making LCA decisions

LCA Today:

Observations

CDC Committee Member Interviews (7 of 9)

Opportunities for improvement include:
- Greater collaboration, outreach, TA between Council and Cities
- Greater collaboration between council members and Council staff
- More evaluation to measure whether projects are meeting goals
- Drive toward greater consensus around how to use funds and how funds are allocated across programs

LCA Today:

Observations

Concerns *Shared* by Council Members, Cities, Developers, Counties, Staff

Program Design
- Lack of clear priorities for each program
- Lack of understanding of program goals
- Lack of adequate funding to meeting need and have impact
- Lack of adequate pre-development funding
- Lack of funding for soft costs
- Uneven competition between larger cities and smaller cities due to staff knowledge, capacity
- Uneven competition between larger developers and emerging developers

LCA Today:

Observations

Concerns *Shared* by Council Members, Cities, Developers, Counties, Staff

Process
- Timeline including only one round per year
- Criteria/scoring including equity criteria
- Lack of consideration of size of city or development context
- Lack of consideration of potential impact
- Lack of differentiation between LCDA and LCDA-TOD
- Desire for more outreach and TA to smaller cities