

Livable
Communities
Act
Update

Discussion with Community Development Committee

October 7, 2024

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Goals for Today

- City engagement follow up from 9/3/24 meeting
- Share insights from exploration of tensions
- Discuss potential changes in LCA in 2025 and 2026
- Confirm any additional analysis prior to final recommendations coming to CDC in November

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 Changes

November 18 CDC Meeting
Final report and recommendations

Follow-Up from September 3

Promoting LCA to Cities

Recent Outreach and Engagement Efforts

- Newsletters, emails, notices of deadlines
- Visits and targeted marketing to cities identified by Sector Representatives as likely applicants
- Annual survey to all applicants
- Metro Cities workshops with 14 cities who had not recently received awards

Promoting LCA to Cities

2024 Targeted Outreach Plan

- Focus on 12 cities who have not enrolled or who declined to enroll 2 years ago (Andover, Anoka, Champlin, Columbus, Corcoran, East Bethel, Forest Lake, Lakeville, Norwood/Young America)
- Champlin, Dayton, Hilltop and St. Anthony so far have asked for more information

Promoting LCA to Cities

Expanded Engagement Activities

- Sharing potential changes with city staff, developers and county/public development agencies
- Focus groups with cities and developers
- Survey cities and developers on potential changes
- Annual LCA-focused information session in each County or District that includes Met Council member and LCA staff

LCA Context

LCA Context

Program Fundamentals - Recap

- Competitive, incentive program for communities to address regional goals
- Recognizes that communities are at different stages of development
- Directs Council to establish criteria consistent with statute + the policies of the Metropolitan Development Guide.
- LCA focus areas: living wage jobs, full range of housing opportunities, preservation and rehab of affordable housing, + more compact development
- *LCDA-specific* objectives for projects:
 - interrelate development + transit + affordable housing + areas with growing employment
 - intensify land use (e.g., more compact development)
 - mixes incomes in housing (project or community level)
- **LCA** evolves to meet changing regional needs and policy priorities

LCA Context

Livable Communities Act programs...

- have a significant impact on housing and jobs in the region
- are highly regarded by cities and developers (Feb. 8, 2024 letter “Metro Cities strongly supports LCA programs...” and results of annual surveys of all applicants)
- support a suite of activities to help communities plan, prepare for, and implement development
- are regularly over-subscribed (\$144M more in requests than funding available between 2014 and 2023)
- receive more applications from communities with a lot of market activity and fewer, less frequent applications from those with less market activity

LCA Tensions and Insights

Shared LCA Goals

<i>Derived from Policy Including Statute:</i>	<i>Councilmember Ranking & Interviews:</i>
Living wage jobs	Living wage jobs
Full range of housing	Affordable housing
Preservation/rehab of affordable housing	Preservation/rehab of affordable housing
Build a more equitable region	Equity
Brownfield remediation	Brownfield remediation
Compact/efficient development	Homeownership opportunities

Tensions discussed last month

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

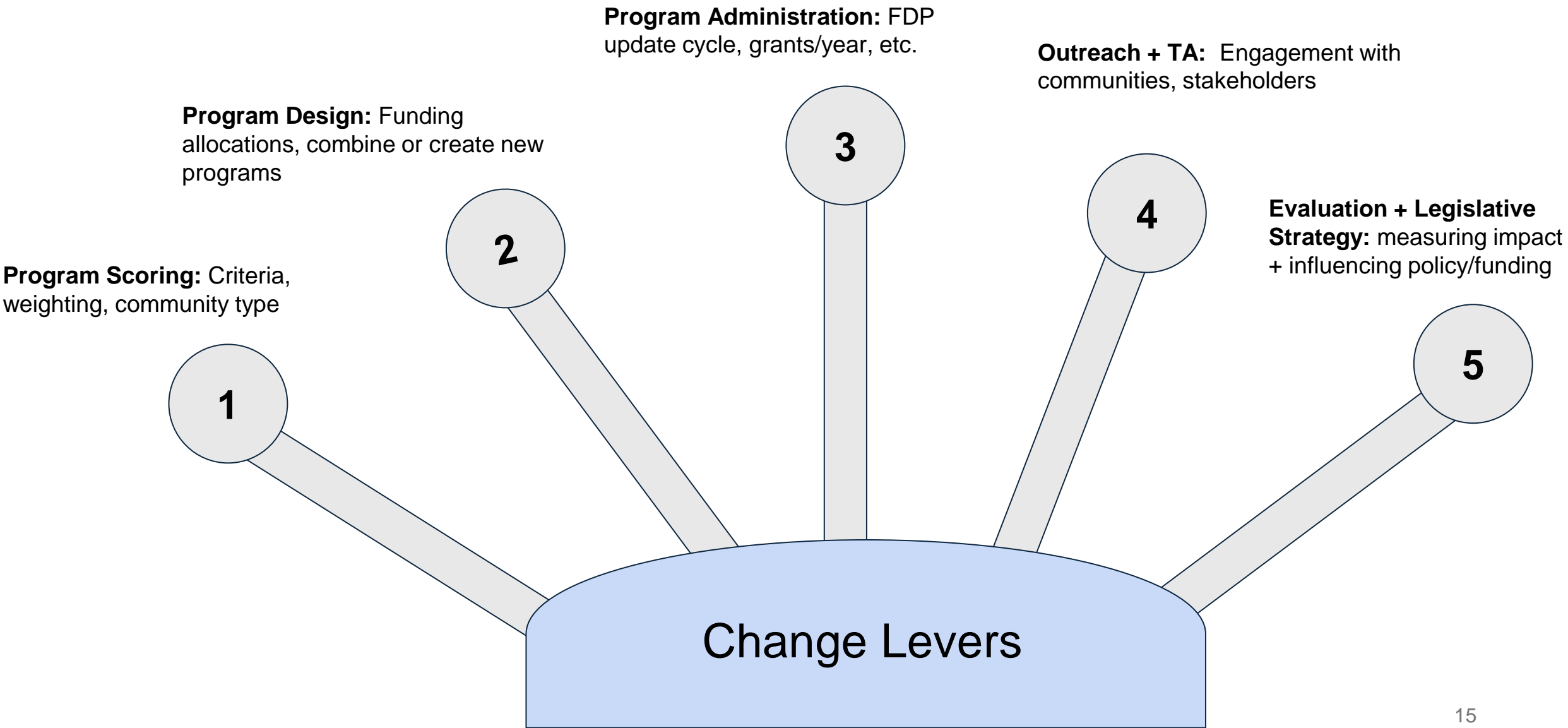
Sense that having transit makes a community more competitive **AND** that some communities are lacking transit

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

Insights + Impacts

Insight	Impact: Why it matters
<p>Scoring: LCA scores projects in 5 areas, all weighted equally, and asks that a single project address each goal (e.g., housing, jobs, compact development, environment, process, etc.) to achieve maximum points</p>	<ul style="list-style-type: none"> ● A project that does one thing really well (e.g., housing) won't score as well as a project that touches multiple goals, this is more common outside the core ● Not all pieces of statute need to be addressed in each program or project ● Applicants unsure which program is the right fit for them
<p>Racial equity: is a Council policy priority. All cities can support equity goals but it will look different in each city.</p>	<ul style="list-style-type: none"> ● Scoring equity in context acknowledges that some areas have more sophistication, established organizations to engage, etc.
<p>Housing: 1) Region has made progress providing housing at 60%+ but hardest to develop and greatest need is 30%; which is focus of other public funders + Housing Policy Plan.</p> <p>2) Affordable housing preservation has not been as competitive as new development, because of emphasis on additional units</p>	<ul style="list-style-type: none"> ● Affordable housing is happening outside core but not much at 30% with services. Projects serving 60%-80% AMI are less competitive for funds (Note: these projects are still being built with other sources). ● Affordable housing preservation/improvement projects are critical, but scoring would need to be adjusted to make them more successful.
<p>Economic Opportunity: Living wage jobs are a goal in statutory criteria and there are project types that are struggling in current climate.</p>	<ul style="list-style-type: none"> ● There's an opportunity to help address gaps in the market for: <ul style="list-style-type: none"> ○ Low-cost, decent commercial space ○ Mixed-use development that is financially feasible ¹⁴

Change Levers



Proposed Changes

Changes Phased

2024

- modest adjustments to 2025 FDP

2025

- study and engage stakeholders in review of more substantial changes
- analyze likely impact of changes and develop evaluation plan
- integrate Imagine 2050 policy direction

2026

- implement changes

Changes Phased

2025 and
2026

Changes are designed to address primary tensions by:

- enabling strong single focus projects to compete more effectively
- aligning scoring more with development context for all communities
- conducting additional outreach and analysis
- remaining consistent with statute and updated policy

2025 Possible FDP Changes

Proposed Change	Rationale	Anticipated Impact
<p>Program Design: Implement unified application for LCDA-Dev and TOD programs.</p>	<p>Projects can currently apply to LCDA-TOD and LCDA-Development - there isn't any significant distinction between them.</p>	<p>Makes it easier for communities to prepare applications</p>
<p>Program Scoring: Adjust weighting of points to projects that are very strong on 1 or 2 of the 5 possible goals instead of requiring projects to be competitive on all 5 goals</p>	<p>Current scoring looks to projects that do multiple things well and penalizes projects that are strong but only focused on one or two goals</p>	<p>More projects that can have significant impact in 1 or 2 areas are able to effectively compete</p>
<p>Program Scoring: Emphasize in application process that housing projects are scored based on their contribution to a community's Affordable Housing Need calculation; base scoring on % of need being addressed rather than # of units</p>	<p>The need calculation provides an objective metric that accounts for different development patterns. Projects that help communities meet this calculation (at various affordability levels) are appropriate priorities for LCA</p>	<p>Enables smaller projects in smaller communities to compete</p>

2025 Possible Changes - non FDP

Proposed Change	Rationale	Anticipated Impact
Outreach: Targeted engagement to cities w/ projected growth who have not applied in past 5 years	Proactive invitation to apply, availability of Council staff to provide TA	More suburban communities submit applications and receive awards (impact may not be immediate)
Legislative: Develop strategy for 2026 legislative request for additional LCA funding	LCA track record of incenting market response in housing and job creation; 2026 will be a policy year at the legislature so changes in statute could be requested	Increased funding for LCA in future years

2026 Possible FDP Changes

Proposed Change	Rationale	Anticipated Impact
<p>Program Design: Study establishing specific programs for different project types (e.g., affordable housing preservation, affordable housing new construction, commercial development/mixed use) and/or different Council policies such as climate change)</p>	<p>Like-projects can be evaluated together with specific criteria, addressing a current concern that “all of these have the same goals and I don’t know where to go.”</p>	<p>Single-use projects that do 1 thing very well would compete with other projects that do the same thing.</p>
<p>Program Design: Combine LCDA & LCDA-TOD program; projects in TOD areas required to meet TOD standards; projects not in TOD area scored on connections to existing transportation options, job centers, and amenities</p>	<p>Reduces redundancy in programs</p>	<p>More cities outside the core can effectively compete while still addressing Council goals around compact and connected development. Current award limits would be impacted.</p>
<p>Program Design: Increase pre-development funding (via Legislative ask or shift from other program)</p>	<p>Pre-development program has had strong demand historically; stakeholders cite increasing pre-development costs and fewer sources of funding so this fills a gap</p>	<p>Enable LCA to shape projects earlier, more overall awards due to smaller grant sizes, increased opportunity for emerging developers.</p>
<p>Program Design: Increase homeownership fund (via Legislative ask or shift from other program)</p>	<p>Imagine 2050 priority and helps address displacement goals</p>	<p>Fills identified Council priority and can be addressed in wide range of community designations.</p>

2026 Possible FDP Changes

Proposed Change	Rationale	Anticipated Impact
Program Design: Incorporate adopted Imagine 2050 policy actions and commitments from each policy plan	LCA by statute must incorporate goals of most current Regional Development Guide	Coordination of impact across Council
Program Scoring: Clarify equity scoring criteria to take into consideration unique geographic and cultural environment of project location	Each community can address equity but there are differences in their equity environment, the infrastructure or availability of partners, community orgs, etc.	Enable communities to score better on equity and create a more consistent application process
Program Administration: Adopt two-year FDP	Making changes every year is more challenging for communities and developers to respond to, creates unneeded complexity and is more difficult to evaluate the impact of changes.	Two years would provide a more stable environment for communities to prepare applications and allow more thorough evaluation of the impact of the changes made in 2026
Program Administration: Analyze impact of limiting projects to applying to one program per year	Large projects applying for funding from multiple programs in a single year (e.g., Northrop King or Wooddale Station) are typically done by large developers; limiting one application per project would open up funds for other projects/emerging developers	Free up funding for other projects, especially smaller projects

2026 Possible Changes - non FDP

Proposed Change	Rationale	Anticipated Impact
<p>Program Administration: Develop key performance indicators for all LCA programs and establish regular evaluation process</p>	<p>Establishing specific, measurable goals in partnership with constituents will help assess impact and make LCA responsive to communities. The results can inform legislative asks for additional funding and understand how changes impact outcomes</p>	<p>Will provide greater clarity to cities on outcomes being sought so they can be more competitive</p>
<p>Outreach: Provide regular LCA outreach/engagement activities across the region, in partnership with LPA and Councilmembers; regular in-person annual convenings in different areas of the region.</p>	<p>Involvement of Councilmembers and senior city administration as well as regular convenings would increase understanding of LCA and how it can be a useful tool for communities to address regional goals.</p>	<p>More communities will apply for funding</p>