Livable Communities Act Program Update

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Executive Summary

For 30 years the Metropolitan Council's Livable Communities Act (LCA) program has supported communities with funding for development projects that advance regional priorities. Overseen by the Met Council's Community Development Committee (CDC), the LCA program has awarded more than $526 million through 1,379 grants; between 2014 and 2023, $241 million in LCA funding has supported more than 20,000 units of affordable housing, nearly 9,000 units of market rate housing and more than 18,000 new jobs. Ultimately, LCA-funded projects are the tangible demonstration and local implementation of Met Council policy. At the same time, since the LCA program funds development projects that are submitted by municipalities, it is a reactive and market-responsive tool.

In March 2024, the CDC approved hiring an outside consultant to provide program evaluation, facilitation, and planning services for the LCA to address two goals:

1. Encouraging broad participation from communities in the region and reducing barriers to entry to the grant programs.
2. Ensuring the alignment of program design with the regional goals identified for the forthcoming Imagine 2050 metropolitan development guide.

Ellen Watters and Mary Kay Bailey were selected as outside consultants and completed this report in November 2024. While the original scope noted the two goals above, this report focuses on the first goal as Imagine 2050 approval won't occur until early 2025.

The LCA program exists in a routinely changing development market, with evolving council priorities, and in the larger political context in which the Met Council operates. While the CDC generally agrees on broad goals and principles of the LCA program, there is an ongoing tension around a desire for greater geographic distribution and aligning the program with current Met Council policy - which has tended to award more projects in the core cities.

The report focuses on 2014-2023 to capture the policy direction of Thrive MSP 2040 and the most recent enrollment period in 2021. In terms of program enrollment, we found:

- At the end of 2020, 97 municipalities participated, compared to 77 currently.
- It is unrealistic to expect every city to participate in the program. Some may not have development activity and others may not have development that responds to LCA priorities.
- Cities that are experiencing development should be encouraged to enroll.
- Some communities are choosing not to participate due to their perceptions of the Metropolitan Council.

We looked at applications and awards over the past decade and found that 64 different municipalities applied to LCA and 71% of all applications were awarded. Minneapolis and Saint Paul, and Hennepin and Ramsey Counties have received the most awards in the past decade, continuing a trend since the program's inception. This reflects the reality that the core cities:

- Are home to most of the development in the recent decade (especially development aligned with LCA goals)
- Submit many times the number of applications than other communities
- Use a pre-screening process to ensure that only their strongest applicants submit, and
- Have likely benefited from the creation of the LCDA-TOD program in 2011 which provides funding for projects in TOD eligible areas, of which the core cities have the largest amount.

A review of applications and awards by county finds similar results with Hennepin and Ramsey receiving the largest proportion of LCA funds. Both counties have the largest number of cities participating in the program, have submitted more applications and have the largest populations, including populations experiencing poverty. At the same time, the analysis found that more suburban communities that apply for projects aligned with Met Council policy priorities as reflected in LCA, can be as successful and often more successful than applicants from the core cities.

During the past decade, LCA received requests exceeding available funding by more than $144 million. This competitive, valued program has supported the creation of thousands of housing units at varying degrees of affordability along with cleaning up contaminated land and creating space for jobs.

Our analysis also included a review of stakeholder interviews, survey and focus groups results. While all recognize the importance of LCA and appreciate Met Council staff guidance and technical assistance, stakeholders outlined several issues:

- Perceptions about how LCA recognizes differences across community types from urban to rural. Scoring for LCA accounts for different contexts but that is not well understood.
- Misconception about the role of transit in scoring. Communities without transit are competitive but projects must demonstrate how people move to and through the site.
- The complexity of the application and process and the amount of time it takes for staff at smaller communities or emerging developers to apply.
- A desire for LCA programs to fill local gaps that don't necessarily reflect overall Council policy priorities.

Based on our review, we have documented several insights and observations to inform potential program changes. These include:

- Geographic distribution is not currently in policy but is the greatest source of friction.
- LCA is aligned around Council policies – Councilmembers set policy through a host of documents. Projects that address the most pressing regional needs and challenges identified in policy are the most competitive.
- Currently the Council has established policies, including prioritizing funding for housing at 30% AMI and transit-oriented development which are impacting distribution.
- The Council has worked to manage geographic distribution by limiting LCDA awards to Minneapolis and St. Paul at 40% per round; and setting per city limits on other programs.
- The Committee has the authority to change LCA to further increase geographic distribution; however, this may create a disconnect between current policy and implementation.

Clear policy direction from the Committee is essential for staff to implement LCA. At the same time, the Committee must have confidence that staff will interpret the policy direction and operationalize it in LCA program design and process. Robust and frequent communication between the Committee and staff will help ensure this.

This report concludes with a section devoted to potential LCA program changes. Some changes are suggested for implementation in 2025, but most require additional analysis and modeling and engagement with stakeholders to understand their ramifications. Generally, proposed changes are intended to make LCA programs easier to understand, more streamlined and less time-consuming, and enable projects in smaller and more suburban cities to effectively apply and compete.

Potential changes include administrative enhancements including outreach, technical assistance to applicants, increased funding, communications, evaluation and clarification of scoring. In 2025 more substantive changes to consider include combining the application for LCDA and LCDA-TOD to simplify the process, adjusting scoring to reward communities that have not applied in recent years, and analyzing which programs are most needed by smaller and more suburban communities.

During 2025 we suggest a deep analysis of program changes to align with Imagine 2050. The Imagine 2050 draft identifies several LCA program changes and policy directives. There are opportunities to examine allocation and program design changes which could include expanding some LCA programs with new funding or reallocation of existing funds, providing a scoring bonus to communities that have not applied in recent years, and other possibilities. All of these require additional study to assess their impact.

Potential changes to LCA should carefully consider Council policy and honor the record of success the program has achieved in the past 30 years.

Introduction

2025 is an important year for the Livable Communities Act (LCA) programs.

It marks 30 years since the Livable Communities Act was passed in 1995.

It is also the year that the Met Council will adopt the new Regional Development Guide (RDG), Imagine 2050, which requires that the Met Council's Community Development Committee (CDC) ensure consistency between LCA program criteria and Imagine 2050.

At this natural inflection point, there is much work for the LCA program staff and CDC to do together.

Since its inception in 1995, the LCA program has awarded more than $526 million via 1,379 grants. In the past 10 years (2014-2023), LCA has awarded more than $241 million, supporting the creation of more than 20,000 units of affordable housing, nearly 9,000 units of market rate housing and more than 18,000 new jobs.

LCA grant programs are the one place – aside from single-issue infrastructure investments in regional parks, sewer and transportation systems – where the Council's dollars are supporting concrete development projects intended to further regional housing, land use, economic opportunity, transportation, and environmental goals.

Ultimately, LCA-funded projects are the tangible demonstration and local implementation of Council policy. At the same time, since the LCA program funds development projects that are submitted by municipalities, it is a reactive and market-responsive tool.

Despite its popularity and success, the implementation of the LCA has been clouded by internal conflict in recent years.

The CDC, while seeming to agree on the broad goals and principles of the LCA program, struggles with a fundamental tension around the desire for greater geographic distribution and aligning LCA funding with adopted Council policies, especially those dealing with deeply affordable housing (housing affordable to households living on 30% AMI or less) and transit-oriented development. While geographic distribution is not a policy or statutory goal per se, it's clear that there are political considerations around the dissemination of funds. Councilmembers, as policy makers, must navigate these tensions, weigh tradeoffs, and give clear direction to staff so that they can design the details of the program consistent with Council policy and direction.

LCA Realities

Considering these tensions, there are several fundamental realities about the program that have informed our approach to this analysis and to discussion of potential changes to LCA.

LCA is an incentive program

From its inception the program was envisioned as a voluntary tool to encourage specific types of development in the region and help communities meet regional goals and requirements established in the Met Council's Regional Development Guide and to address the region's affordable and lifecycle housing needs. ***Cities that are pursuing development aligned with Met Council policy priorities are the most likely to receive the highest scores on applications and subsequently the most funding***.

The program is valued, competitive and under-funded

LCA has been a popular program with significantly more funding requests than it can accommodate. In the last ten years, requests exceeded available funding by more than $144 million. While communities and developers have suggested areas for improvement, they remain proponents of LCA. Similarly, Councilmembers appreciate that LCA dollars support tangible investments in the region and their districts, even if there are tensions around geographic distribution.

Geographic distribution is not a goal specified in statute, but has political implications and is *the* primary source of friction

We find it important to emphasize that while geographic distribution has been raised as an issue, it is not a key component of statute or policy. It is, however, a political tension internally and externally.

There are specific places in statute, guidance, and program design that are designed to make funding opportunities available to a greater number and diversity of cities.

- The Livable Communities Act includes a requirement for the Tax Base Revitalization Account (TBRA) account that limits Minneapolis and St. Paul to no more than 75% of total available funding and limits awards to any one city to 50% or less of the total funds available.
- In 2005, the Community Development Committee adopted geographic guidance for the Livable Communities Demonstration Account (LCDA) program, stating that if eligible applications from suburban communities request more than 60% of available funds no more than 40% of the funds can be awarded to Minneapolis and St. Paul. The 40% figure was based on the average yearly percentage of total funds awarded to Minneapolis and St. Paul during the first nine years of the LCA.
- Other programs have specific award and application limits, for example the Pre-

Development program limits awards to $300,000 per city per round and the Affordable Homeownership program has a geographic priority within the scoring matrix which typically helps suburban communities.

We recognize that there is a political layer to this work and that communities may feel that they should be *"getting back what they are putting in",* but that is not how the program was designed by the legislature or Met Council staff.

Fundamentally, the LCA program is emblematic of the larger tensions about the role of the Metropolitan Council. The 2015-2016 Citizens League Metropolitan Council Task Force report states, "...the Metropolitan Council was intended to be an advocate for transcending regional interests on behalf of the residents of the region rather than simply being a provider of regional services to local governments. Over time, this difference has brought about confusion."

Ultimately, there is no concern about the projects that LCA supports, rather the tension is around why projects in some communities are not receiving funding.

Met Council defined policies + regional needs impact geographic distribution
Every ten years, the Met Council adopts a new Regional Development Guide that is informed by changing development, economic, population and other trends in the region and reflects cross-divisional goals. Alongside the RDG, the Met Council adopts system policy plans and an agency wide strategic plan. These documents articulate the Met Council's priorities and policy direction for housing, land use, transportation, parks, and water.

Increasingly, these adopted policies shape the focus and components of LCA programs. Sometimes new programs are created, or others are discontinued. Scoring is changed to favor projects that address the most pressing regional needs and challenges identified in policy. Cities that submit applications that are more aligned with Met Council policy priorities are the most likely to receive LCA funding.

Each of these realities have informed our thinking and approach to potential program changes.

Consultant Scope and Approach
In March 2024, the Community Development Committee discussed a planned approach to considering possible program changes for LCA and approved hiring an outside consultant to provide program evaluation, facilitation, and planning services. The intent of this process was for the consultant to deliver a report evaluating the impact of the LCA program and opportunities for improvement to better meet two identified goals:

1. Encouraging broad participation from communities in the region and reducing barriers to entry to the grant programs.

2. Ensuring the alignment of program design with the regional goals identified for the forthcoming Imagine 2050 metropolitan development guide.

Given the timing for Imagine 2050 approval, our focus has been on the first goal. Imagine 2050 will be formally adopted by the Met Council in the first quarter of 2025, leaving staff the remainder of the year to prepare for implementation of the policy guidance over the coming years of the new planning decade. During 2025, a primary responsibility will be to align LCA programs and Imagine 2050 and to reflect this in the 2026 LCA Fund Development Plan (FDP). Committee members will need to provide clear direction to staff about how the goals and outcomes of Imagine 2050 are reflected in LCA.

We reviewed a large portfolio of existing qualitative and quantitative data and supplemented this with engagement with key constituencies over three months. We consulted annual Legislative reports, business items, videos and minutes from Met Council meetings, and raw data focused on participation, applications and awards. We conducted individual interviews with 8 of 9 members of the CDC and facilitated two discussions with the Committee to understand and illuminate areas of agreement and friction. We engaged LCA staff on multiple occasions to understand how they have used feedback and data to refine the program in the past and how they have interpreted Met Council policy direction as they fulfill their role in designing and implementing the program.

Through a combination of analysis and significant engagement with the CDC and staff, we have prepared this report to provide an objective review of LCA's impact, patterns of participation, and to articulate areas of tension and possible changes to address those tensions.

Historic context + statutory framework

While built on the architecture of statute from 1995, LCA has evolved in response to changing market and social conditions and Met Council policy. The ability to adapt has been beneficial and enabled the program to address new priorities over time. However, the multiple layers of policy guiding LCA have also created confusion and a sense that while the program can support a variety of investments, it does not have a clearly articulated set of agreed upon priorities.

The Minnesota Legislature created the LCA with three primary funds to accomplish three goals:

- **Tax Base Revitalization Account (TBRA)** for the clean-up and redevelopment of brownfields
- **Livable Communities Demonstration Account (LCDA)** focused on connecting transit, housing, and employment opportunities through more compact, mixed-use, and mixed-income forms of development
- **Local Housing Incentives Account (LHIA)** to help communities meet negotiated goals for affordable and lifecycle housing opportunities

A fourth account, the **Inclusionary Housing Account**, closed in 2000 because the corresponding legislative appropriation from 1999 was entirely committed to projects by the end of 2000.

The statute directs the Met Council to:

*a) …establish criteria for uses of the fund … that are <u>consistent with and promote the purposes of this article</u> **and** <u>the policies of the Metropolitan Development Guide adopted by the council including, but not limited to</u>:*

*(1) helping to **change long-term market incentives** that adversely impact creation and preservation of living-wage jobs in the fully developed area;*

*(2) **creating incentives** for developing communities to include a full range of housing opportunities;*

*(3) **creating incentives** to preserve and rehabilitate affordable housing in the fully developed area; and*

*(4) **creating incentives** for all communities to implement compact and efficient development.*

For the LCDA fund, the statute also requires that projects will:

- interrelate development or redevelopment and transit
- interrelate affordable housing and employment growth areas
- intensify land use that leads to more compact development or redevelopment
- involve development or redevelopment that mixes incomes in housing

- encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment.

Implementing LCA: Statute + Met Council Policy

As noted above, the LCA statute requires the Met Council to "*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.*

While the statute has remained static, every ten years the Met Council adopts a new Regional Development Guide. In the decades since LCA's passage, the region has weathered economic storms, seen shifts in where development is concentrated, and acknowledged deep and persistent racial disparities. In response, the RDG and other Met Council policies have adapted to these changing needs and the LCA programs, in turn, have also adapted.

The LCA program is responsive to Thrive MSP 2040 and its policy plans as well as other policy goals in the Met Council Strategic Plan. In fact, Met Council staff has identified more than 28 distinct policy directives related to LCA that have come out of various Met Council adopted plans. See Appendix A.

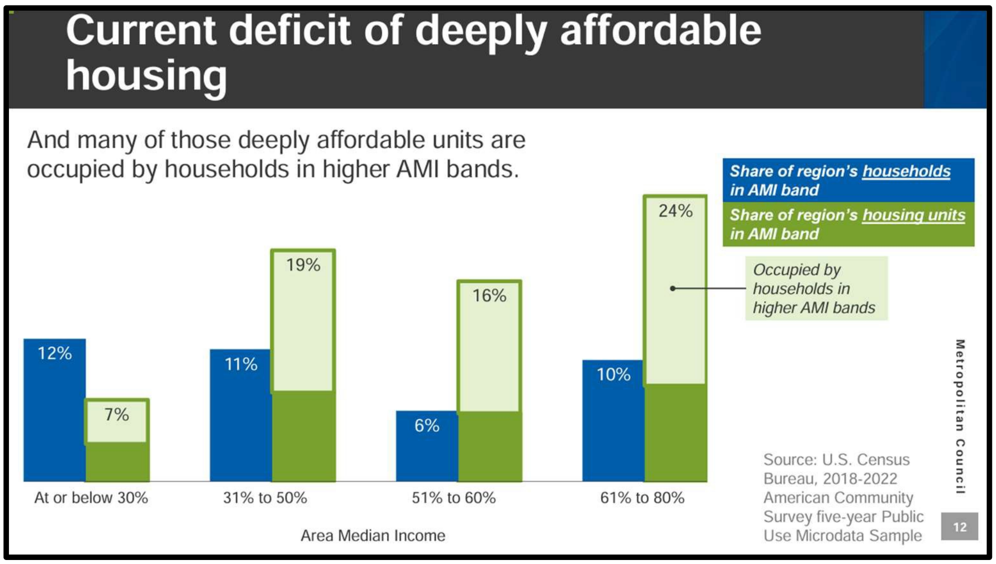
The panoply of policies can make it difficult for staff and external stakeholders to understand what the priorities are without clear direction from policymakers. In addition, neither the Met Council nor LCA exist outside of the regional context. Both must respond to changing environments including evolving development patterns and evolving understanding of disparities, how the built environment impacts health and other considerations. At the end of the day, Met Council members must ensure that LCA is consistent with policy while also recognizing the context the program operates in. Ultimately, the purpose of the Met Council is to address regional issues, not city-specific ones.

Changing development and demographic landscape

Much has changed since the passage of the LCA in 1995 and the first grant awards in 1996. During the 1990s and early 2000s, the Met Council was focused on encouraging more compact and connected development patterns to reduce the pressures on the region's transportation, water, and open space systems due to low-density, single use, auto-dependent development occurring primarily in the suburban edge. Per the 2030 Regional Blueprint, traffic congestion was the region's number one concern (p.11).

June 2004 ushered in the region's transit era, when the Blue Line LRT began service between downtown Minneapolis and the airport (ultimately reaching Mall of America in 2009.) The addition of the Green Line LRT in 2014, planning and construction of the Green and Blue Line extensions and the roll out of bus rapid transit lines fundamentally changed the region's transportation system and development patterns. The Met Council and cities with transit implemented planning, zoning, and programming that supported more development in station areas to encourage ridership and provide convenience for residents and commuters. During the 2010s most of the region's growth was concentrated in the core cities, reversing trends of the previous decades.

In the mid-2010s, the Met Council along with numerous other public, nonprofit, and private entities began to focus on the region's troubled history with racial inequities. The Met Council recognized that persistent racial disparities—in income, employment, poverty, homeownership, education—would lead to fewer people with jobs, fewer homeowners, and more people in poverty just as the region was becoming more racially and ethnically diverse. The Met Council prioritized equity as an outcome when it adopted Thrive MSP 2040 in 2014 noting that it would "us(e) our influence and investments to build a more equitable region."



Ten years later, the Met Council is poised to adopt Imagine 2050 and the development pendulum has continued to swing. Using Met Council data, the Minnesota Star Tribune reported in June 2024 that "growth will continue to be tilted more toward the outlying suburbs than Minneapolis, St. Paul and more first-ring suburbs." At the same time, deeply affordable housing supply has emerged as a critical regional issue. The chart above shows the significant gap between households needing housing at different affordability bands and the supply of housing at those bands. The challenge is exacerbated by households in the higher Area Median Income (AMI) bands occupying more affordable units.

LCA Program Changes

Over the years, LCA programs have been added (by reallocating existing resources), changed, or removed in response to new policies, changing market conditions and feedback from LCA stakeholders, including cities and developers. The following programs have been added:

- LCDA-TOD in 2011
- TBRA - SeeDing Equitable Environmental Development (SEED) program in 2015
- LHIA - Affordable Homeownership in 2022
- LCDA - Policy Program in 2022

Along the way, some programs have been created and then discontinued. These include:

- **Inclusionary Housing Account** (IHA) which was in the original statute, but was only funded from 1999-2000 via a dedicated, one-time resource allocation.
- **Land Acquisition for Affordable Development** (LAAND) program created in response to the foreclosure crisis in 2008. This program used LCA funds for a loan program and had mixed results with some loans never being used, some loans never being repaid and some loans performing as expected.
- **Various TOD-specific programs** (TBRA - TOD Development, TBRA - TOD Pre-Development and LCDA - TOD Predevelopment) have been discontinued and consolidated into the overall LCDA-TOD or projects can apply under the TBRA or Pre-Development program.

Annual Program Updates

The LCA application and compliance process has also evolved, and adjustments are made annually based on stakeholder feedback. Most often the adjustments focus on clarifying how applications are scored, incorporating Met Council guidance in scoring, and streamlining application, review and contracting processes. Annually the Met Council adopts a Fund Distribution Plan (FDP) for the LCA programs that reflects adjustments and outlines the availability and allocation of funds, program guidelines and scoring criteria. Appendix B illustrates the major changes that have been made to the FDP over the past six years.

Funding

What has not changed significantly over the course of the LCA program has been the relatively modest amount of funding available. While new programs have been developed, the funding available over the past decade has been between $22 million and $28 million annually. Inflation, land, labor and materials costs have all increased significantly since 1995 and LCA funding has not kept pace. With these higher costs, LCA funding has become an increasingly smaller part of most overall project budgets. New affordable housing funding from the State of Minnesota and new sales tax legislation will enable communities to potentially fund more housing development, and the LCA program should adjust to this over time.

Context and Policy Conclusions

Over its history, LCA has proven to be a valuable tool supporting the “orderly and economical development of the region” as envisioned by statute. It has been adjusted via the RDG and other policy directives. However, its contribution to the development environment has diminished over time as funding has not kept pace with costs. LCA continues to be a popular and competitive program that reflects policy priorities established by the Met Council, which can and do change in response to changes in market conditions and evolving regional needs.

Program Trends + Outcomes

Although LCA has been in existence for 30 years, this analysis focuses primarily on the last ten years of the program (2014-2023) to capture the policy direction adopted via Thrive MSP 2040 and the 2021 required LCA program re-enrollment period for cities. The Met Council's data is also most complete from 2014 onward.

To understand how LCA has been utilized by different communities we have examined:

- Program participation by communities
- Program applications and awards
- Demand for program resources + outcomes

Program Participation
To be eligible for Livable Communities Act grants, a community must enroll to participate in the Local Housing Incentives program established by the Metropolitan Livable Communities Act as well as negotiate with the Met Council to establish a set of goals for affordable and lifecycle housing.

Allocation of Affordable Housing Need + Livable Communities Act Goals
Each decade, beginning with the 2011-2020 period, the Met Council establishes an "Allocation of Affordable Housing Need" for every sewer-connected community in the seven-county metro. The Met Council forecasts future affordable housing needs using projected growth (which factors in transit capacity, land use guidance, employment growth, and other economic and demographic trends), existing affordable housing options, and whether the community imports or exports workers for low-wage jobs. Communities expecting sewer-serviced household growth over the next decade are allocated a share of the overall regional affordable housing need. Cities must plan for the possibility of these units by guiding sufficient land at higher residential densities in their comprehensive plans, but there is no penalty if the units are not built.

If a community wants to participate in LCA programs, they must negotiate affordable housing ***goals*** that are ambitious but achievable commitments to building affordable housing. Goals are expressed as a range of units, recognizing that current funding and other constraints make it unlikely that communities can keep pace with the larger need for affordable housing. Like the Allocation of Affordable Housing Need, Livable Communities Act goals are set every 10 years and apply to the following "planning decade."

The most recent enrollment decade began in 2021. Following a year of community consultation, ***the Met Council adjusted affordable housing goals downward***. During the previous cycle (2011-2020) most communities' affordable housing goals were between 65% and 100% of their share of affordable housing need. The 2021-2030 goals are between 55% and 100% of the need, which acknowledges a funding constrained environment.

Communities seeking to re-enroll for the 2021-2030 decade were asked to adopt new goals by November 15, 2020; however, communities can also newly enroll or re-enroll by the same date in subsequent years, e.g. November 15, 2024.

Historic Enrollment Trends

Unsurprisingly, enrollment peaked during the early years of the program. Community participation has ranged from a low of 59 in 2021 to a high of 106 in the early 2000s, with a historic average of 96 over the program's 30-year history.

Year	# municipalities enrolled		Year	# municipalities enrolled
1997	97		**2011**	93
1998	101		**2012**	94
1999	102		**2013**	94
2000	104		**2014**	94
2001	103		**2015**	95
2002	103		**2016**	95
2003	106		**2017**	95
2004	106		**2018**	96
2005	106		**2019**	97
2006	106		**2020**	97
2007	105		**2021**	59
2008	105		**2022**	76
2009	105		**2023**	76
2010	93		**2024**	77

As the data illustrate, drop-offs occur during re-enrollment periods (i.e., 2010, 2021). In late 2020, when communities were asked to re-enroll, the country was amid the COVID-19 pandemic and its ensuing economic impacts while the region was also grappling with the aftermath following the murder of George Floyd. Since the low point in 2021, enrollment has increased by 29%. While not as large of a decrease, there was a drop of 11% during the re-enrollment period in 2010. With 77 enrolled cities, the program is currently at 80% of its historic average enrollment. Staff are in active conversation with two additional cities who are on track to re-enroll this year.

Recent Enrollment Trends

At the end of 2020, 97 municipalities participated in LCA, compared to 77 currently. The table below lists by county the number of cities enrolled in the program in 2024, the change since the previous enrollment period, and cities that have not re-enrolled.

	2024 # Cities Enrolled	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. Bonifacius
Ramsey	14	0	

Scott	6	0	
Washington	8	-4	Forest Lake, Lakeland, Lake St. Croix Beach, Willernie
Totals	77	-20	
**7 Hennepin County cities did not re-enroll, but Tonka City enrolled in 2020*			

Which communities might we expect to participate but aren't currently?
At the September 3, 2024, CDC meeting, we shared a list of communities not participating in the LCA program (see below). This exhaustive list includes communities *that are unlikely to be candidates* for the program because they are not served by the region's wastewater system, nor do they have forecast growth.

In the chart below, communities **highlighted in orange** are more likely to participate because they are in the top third of all communities that have had the most residential building permits for new units at 60% AMI or less for rental projects, 80% AMI or less for ownership projects, and permits for commercial projects that could be an eligible LCA project (specifically Arts, Entertainment and Recreation, Eating and Drinking Establishments, Mixed Commercial/ Residential, Office, Office and Retail, Other Commercial Services, Retail) between 2014 and 2023. ***Development activity is critical to program participation, because apart from the Policy Development program, the LCA program is responsive to and funds development projects***.

Enrollment Conclusions

- In the most recent enrollment decade, the Met Council has adjusted affordable housing goals downward, making LCA program enrollment potentially less of a hurdle.
- It is unrealistic to expect every city to participate in the program.

- Staff should continue to engage cities with development activity, encouraging enrollment.
- Some communities are choosing not to participate due to their perceptions of the Metropolitan Council. Anecdotally, communities have shared that elected officials have been reluctant to allow their city to participate in LCA for fear that further involvement with the Met Council would come with more requirements and "interference."

Program Applications and Awards

Alongside enrollment, we looked at which communities have been submitting applications and which have been receiving awards. We primarily focused our analysis on the ten-year period of 2014 - 2023 to capture the policy direction adopted via Thrive MSP 2040 and the 2021 re-enrollment period.

Applications + Awards in the past decade (2014-2023)

- Since 2014, 64 municipalities (cities and counties) have applied to an LCA grant program, submitting 787 applications.
- 561 (or 71% of all) applications were awarded grants, a higher percentage than most state and federal grant programs.
- Minneapolis and Saint Paul, and Hennepin and Ramsey Counties have received the most awards in the past decade, continuing a trend since the program's inception. See table in Appendix C.
- The following factors likely impact the core cities' success with the LCA awards:
    - The amount of development occurring that is aligned with LCA goals (i.e., connected, compact, affordable)
    - The large number of applications submitted every year
    - The pre-screening process that both cities undertake to select their top projects
    - The addition of the LCDA-TOD program in 2011 includes dedicated funding for projects in TOD eligible areas, of which Minneapolis and Saint Paul have the largest amount, given the hub-and-spoke alignment of the transit system. This topic is discussed in greater length later in the report
- Despite submitting fewer applications, non-core cities have been very successful in the past decade, including Roseville, Maplewood, Carver County, Edina, Brooklyn Center, Hopkins, and Washington County. 82 to 90 percent of their applications have been successfully funded. This compares to 76% of Saint Paul's applications and 74% of Minneapolis'. The table below includes the top 15 cities with the highest number of awards between 2014-2023, listed by success rate.

Municipality	Total Awards	Total Applications	Success Rate
Roseville	9	10	90%
Maplewood	7	8	88%
Carver County	6	7	86%
Edina	15	18	83%
Brooklyn Center	14	17	82%

Hopkins	9	11	82%
Washington County	9	11	82%
Minnetonka	14	18	78%
Brooklyn Park	7	9	78%
St. Louis Park	23	30	77%
Saint Paul	139	182	76%
Minneapolis	213	289	74%
Hastings	8	12	67%
Richfield	6	10	60%
Bloomington	8	15	53%

- In the past 10 years, 12 cities have applied to an LCA program, but have not received 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). Staff provide feedback to these communities to help them strengthen future submissions. In 2024, Little Canada did receive LCDA funding.

- In the past 10 years, the following municipalities, not including those in the table above, submitted the most applications (but have had slightly or significantly less success with their overall number of awards (success rates for these municipalities range from 26% - 71%):
    - 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)

- Communities outside of the core apply much less frequently which is likely a result of less development activity.

County-level analysis

Several Committee members have expressed interest in understanding the distribution of resources by county. For the 2014-2023 timeframe, we looked at award data and levy contributions alongside contextual data, like population, poverty levels, and development activity.

The table below clearly illustrates that Hennepin and Ramsey County are the largest recipients of all LCA program dollars. Both counties have the largest number of cities participating in the program and they have submitted more applications by an order of magnitude.

County	Sum Levy 2014-2023	Participating Cities Levy 2014-2023	Number of enrolled cities 2023	Awarded Dollars 2014 - 2023	Award Amount as a proportion of levy from Participating Cities	% of Awarded Dollars	$ Awarded per capita	Total Applications 2014-2023	Total Grants 2014-2023	% of Awarded Grants	Awarded Ratio
Anoka	$11,257,734	$7,488,377	8	$4,782,200	64%	2.0%	$ 12.88	17	9	2%	53%
Carver	$4,401,882	$3,561,014	7	$4,864,000	137%	2.0%	$ 42.92	17	12	2%	71%
Dakota	$15,977,292	$11,622,973	9	$7,734,450	67%	3.2%	$ 17.20	46	22	4%	48%
Hennepin	$55,393,584	$50,093,802	24	$160,468,090	320%	66.5%	$ 123.64	455	331	59%	73%
Ramsey	$17,504,268	$17,023,084	14	$59,580,314	350%	24.7%	$ 107.66	229	172	31%	75%
Scott	$5,711,966	$4,374,357	6	$808,600	18%	0.3%	$ 5.17	5	2	0%	40%
Washington	$10,602,420	$7,018,222	8	$3,176,100	45%	1.3%	$ 11.33	18	13	2%	72%
Totals	**$120,849,145**	**$101,181,829**	**76**	**$241,413,754**				**787**	**561**		

The table below highlights demographics and development, illustrating that Hennepin and Ramsey counties have the largest populations in the seven-county region (57% of total population) and are home to 70% of the region's population experiencing poverty. The two counties are building more affordable housing than the other counties – which is a key consideration in project scoring.

County	Population	% of Region's Population	% of all persons in the region below poverty level	Affordable unit NEED @ up to 80%AMI 2021-2030	% of region's NEED units	Built affordable units up to 80% AMI 2021-2023 Progress	% Built affordable units up to 80% AMI 2021-2023 Progress
Anoka	371,269	12%	8.8%	3,963	10%	682	17%
Carver	113,332	4%	2.0%	3,823	9%	887	23%
Dakota	449,658	14%	9.9%	5,044	12%	2,188	43%
Hennepin	1,297,847	40%	47.7%	14,544	36%	6,850	47%
Ramsey	553,409	17%	23.2%	5,071	13%	3,516	69%
Scott	156,529	5%	3.4%	3,105	8%	880	28%
Washington	280,411	9%	5.1%	4,875	12%	1,095	22%
Totals	**3,222,455**			**40,425**		**16,098**	

Ultimately, since grants are for development projects, it makes sense to see more applications from areas with more development activity, ***particularly development that is aligned with the LCA program's goals (i.e., compact, connected and affordable)***. The table below shows the amount of development occurring by county, illustrated by housing and non-housing building permits. Note: permit numbers reflect ALL development types (including single family market rate housing, industrial parks, etc. – uses that would not be funded by LCA.)

County	Affordable units built 2014-2023	% of all affordable units built 2014-2023	Number of residential units permitted 2014-2023	% of permitted units	Sq Ft permitted non-residential 2014-2023	% of sq footage permitted
Anoka	3,717	9.3%	16,436	10%	5,863,843	11%
Carver	1,444	3.6%	8,720	5%	1,809,249	3%
Dakota	4,305	10.7%	24,230	14%	8,507,059	15%
Hennepin	17,485	43.6%	74,590	44%	22,117,770	40%
Ramsey	8,769	21.9%	19,018	11%	4,586,276	8%
Scott	1,917	4.8%	8,942	5%	1,666,599	3%
Washington	2,481	6.2%	18,918	11%	11,025,397	20%
Totals	**40,118**		**170,854**		**55,576,193**	

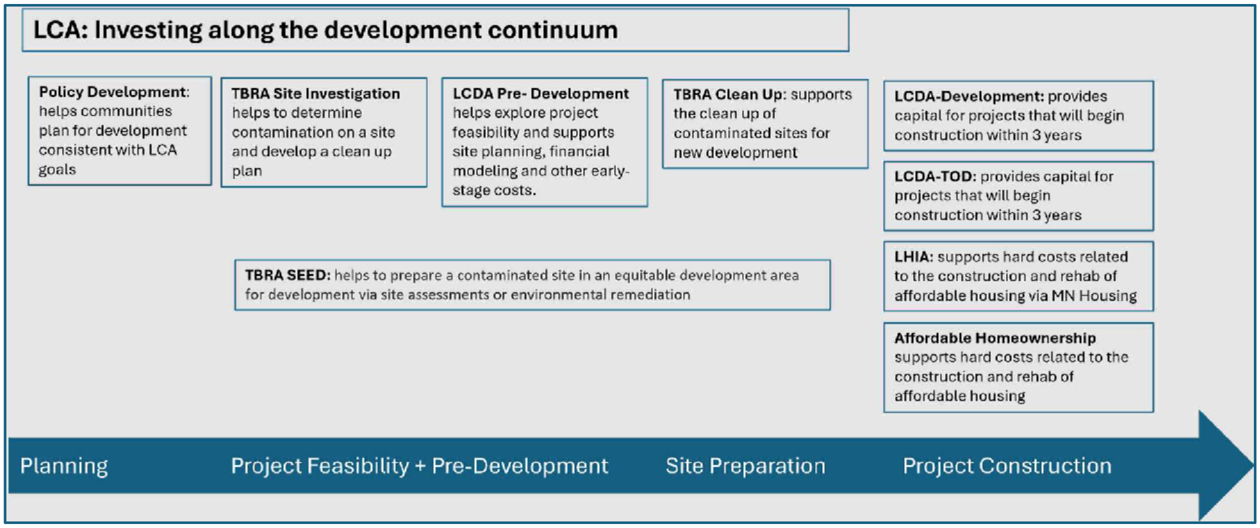
Program and Application Conclusions

- 71% of all applications receive funding, which is a higher success rate than most competitive funding programs
- The core cities and Hennepin and Ramsey County are receiving more grants, and they submit substantially more applications, are home to the largest populations, have more development aligned with the goals of the LCA program.
- When non-core communities submit projects aligned with LCA program goals, they have success rates higher than the core cities.
- Additional detail on municipal participation by county is in Appendix C.

Demand for Resources + Program Outcomes

During the 2014 - 2023 timeframe, requests for LCA program funding exceed the available amount by more than $144M. There are ebbs and flows each year but, for the most part, programs like LCDA and TBRA have requests that are significantly greater than the funding available. A detailed analysis is included in Appendix D.

LCA's versatility is a major reason for its value and popularity. The different programs support a suite of activities along the development continuum: from helping communities prepare for development to providing critical pre-development funds that help to get a project off the ground to the actual hard costs of constructing a project aligned with the region's goals.



The table below provides a high-level snapshot of the expected outcomes produced by LCA funding over the past ten years. Funds have supported projects that have added ***thousands of units of housing at varying degrees of affordability*** while also supporting the creation of new jobs. The outcome data comes from applications and is updated if there is a change while the project is active. (*Note: the outcome data is for development projects only and does not include pre-development or policy development projects. Data reflects expected outcomes included in project applications*)

Year	# cities enrolled	# awards	Total $ Awarded	# Affordable Units	# Market Rate Units	New Jobs	Increase in annual net tax capacity
2014	94	56	$21,969,925	1,305	941	5,341	$9.24
2015	95	48	$18,561,452	1,615	1,005	2,099	$4.24
2016	95	52	$22,249,365	1,904	1,576	3,906	$9.26
2017	95	55	$27,056,773	2,038	410	2,112	$5.25
2018	96	57	$24,867,853	1,609	1,703	526	$6.18
2019	97	56	$18,734,986	3,088	621	811	$3.31
2020	97	58	$25,348,500	1,897	612	632	$2.80
2021	59	61	$28,864,100	3,059	1,032	589	$3.28
2022	76	56	$26,282,400	1,084	601	1,114	$2.59
2023	76	62	$27,478,400	2,681	434	1,331	$7.22
Totals		**561**	**$241,413,754**	**20,280**	**8,935**	**18,461**	**$53.252M**

The data suggests that there is significant demand for additional LCA resources and that resources deployed to date have had tangible, valued outcomes for the region.

Stakeholder Feedback

In assessing the LCA program to understand its impact, barriers to participation and opportunities to improve it, we evaluated stakeholder feedback, including city staff responsible for planning and development in their communities, a representative of a County community development agency, and developers, both nonprofit and for profit, who have experience with LCA. We also interviewed members of the Met Council's Community Development Committee individually and the themes from those interviews are included below.

In general, stakeholders are appreciative of the LCA program and acknowledge the ongoing effort to provide greater clarity around program goals, application scoring, and technical assistance available to applicants. There were, however, areas of shared concern across city staff, developers and members of the Community Development Committee. In many instances, these concerns reinforced the findings of our analysis of enrollment, participation and award data, which showed how LCA grant awards have been concentrated in more urban areas with more development activity.

City + Developer Feedback

This assessment relied primarily on information gathered by Met Council staff who are in frequent contact with communities and developers. As part of this review process, staff conducted:

- individual interviews with eight (8) communities in the region to understand incentives and barriers to participation, including both current participants and non-participants, and across a range of community designations (3 from Emerging/Suburban Edge; 1 from Rural Center; 3 from Suburban; 1 from small Urban Center city).
- an annual survey of all LCA applicants with a historic response rate between 40%-55%.
- the annual Housing Policy and Production survey, with responses from 54 communities across nearly all community designations.

We reviewed this information to identify consistent themes over the past several years. This feedback was augmented by the results of focus groups with representatives from 17 suburban communities convened in August 2024 by Metro Cities (Association of Metropolitan Municipalities). The focus group attendees were selected by Metro Cities and included a mix of representatives from cities with varying levels of experience with LCA.

Support for Programs

Notably, LCA continues to be widely viewed as an important tool to aid development, particularly investment in deeply affordable housing and contamination cleanup. Most city staff and developers believe the program is beneficial. "*Anything LCA can do to support and incentivize deeply affordable housing is helpful because without funding, it won't get built here*," said one suburban city representative. Another noted *"for a fully built community it is a great resource."* Another city representative stated, *"A few years ago we applied twice in two years and received* *funds for a major redevelopment of a factory and that project would not have happened without the (LCA) funding."*

City representatives also indicated that the addition of the Policy Development program was helpful, especially to more suburban and smaller communities who are using grants to develop policy connected to broader Met Council goals. The Pre-Development program is appreciated by the developers, especially emerging developers who often provide the up-front soft costs for projects out of their own pockets. They were interested in seeing more funding for pre-development and ensuring costs like site security, architectural renderings, and community engagement could be covered by the program.

Appreciation of LCA Staff

Most city and developer representatives also believe that Met Council staff are responsive and helpful as applicants explore applying and as they work through the application process. Stakeholders commended staff for listening to feedback and making adjustments, including moving to a single step scoring system, providing additional examples for how to achieve points, expanding eligible expenses, and providing individual guidance as projects and applications are being put together.

Areas of Shared Concern

However, there are several key concerns that were consistent across stakeholders which are summarized in Appendix E.

Program Misconception: Scoring + Local Context

While most issues relate to how the LCA is implemented, several concerns highlight the misperception about how local context is considered in LCA scoring. Stakeholders often believe that in LCDA and LCDA-TOD, the different development characteristics of a community – particularly between suburban and urban contexts – is not recognized. As one City staff member stated: *"Suburban projects look really different from urban projects. . . I think you need both, so that's one thing that I think I would like to see and would be helpful to us as a city. . . at least acknowledge that the environment for development and for a project in the suburbs is different."* Another city representative added, *"it's challenging sometimes to see these projects that are really important to the city and groundbreaking projects in terms of affordability here in the suburbs not getting funded because they don't compare to a project in Minneapolis…."*

In reality, all projects are evaluated in context, though how this is communicated can be clarified. The primary questions around context have been in the "Compact, Connected Development" section of the application. Staff hear from smaller cities who don't apply as often that they are not competitive because they do not have transit service. While TOD and TBRA both score on transit ridership, LCDA and Pre-Development do not score specifically on transit. In the latter two programs, staff look at how connections are being made to and through the site, be it through walkways, bike paths, transit, or inclusion of shared vehicle stations (zip car, rideshare, etc.).

Projects are scored on density and activity, but that density assessment is based on the maximum density in that city. Reviewers consider how the project is maximizing density within the city's development context, which varies by city and community designation.

In addition to density and general connections, LCDA is scoring on diversifying uses and adding complementary uses to an area. A project that doesn't have transit but is building affordable housing near an affordable daycare or grocery store, for example, would score well. The projects that do not score well in this category are projects in isolation that do not consider how people will move to and through the site.

The staff team is working on better clarifying the scoring distinctions. They are looking at well-connected projects in different areas and explaining the features that make strong examples. The goal is for applicants to better understand how they will be scored and to emphasize that cities do not have to have transit service to be competitive.

Program Misconception: Smaller City Capacity: The sense that smaller and more suburban communities are not able to effectively compete for LCA funds is also a widespread perception. Some of the perception is driven by disquiet with the Metropolitan Council in general and its role in regional planning. Some is driven by the perception that smaller communities with limited staff capacity and a lack of experience won't be successful. *"We just don't have the experience in doing applications that others do and with small staff, it just isn't worth it,"* said staff from a small suburban community. In many instances the actual application is prepared by the development team with city staff providing guidance but the narrative that small cities lack capacity and experience remains. Addressing these perceptions is an ongoing challenge for LCA and involves improving communications and engagement with communities as well as making changes to program design and application process.

Communities Want LCA to Fill Local Gaps: Said one suburban community representative, "*LCA prioritizes deeply affordable. That's fine but our projects don't have that much deeply affordable because it costs so much to do it. The difference in cost from [building units affordable at] 60% to 30% [AMI] is huge, like $5m, and LCA money is not that much – that gap is too big."* Communities also reported that there is a growing need for more funding to support the preservation of Naturally Occurring Affordable Housing (NOAH), including rehabilitation for older homes for residents making 80% AMI and above; development of affordable commercial space; and development of workforce housing.

Applying to LCA Is Time Consuming and Complex for City Staff and Developers. "*The LCA grant processes are so much work; there are decreasing incentives to participate (i.e. details of invoices/eligible expenses)."* Another added, *"that balance between what we have to do to be a part of the program and what we can get for being a part of the program, it's no longer in balance."* For smaller communities the complexity and process challenges are especially acute. Said one, *"For some cities who don't have enough volume of projects it is too hard to put together an* *application…"* Emerging developers also point to the length and complexity of the application, noting "*Unless they are like some of the larger developers …, it's really challenging for emerging developers, members of the BIPOC community, people who haven't gone to planning school, who are perhaps unexpected developers… to be able to answer these questions."*

Timeline is Lengthy and Doesn't Align with Construction Season

". . . *these products are long term projects anyway, but you kind of have to be right at exactly the right phase in development. And sometimes, you could have a great project that needs four or six more months to be more ready, like more competitive for an LCDA grant but if you wait a full year for the next cycle, that's running too late for the project"* explained a suburban community representative. Another suburban representative added, *"By the time that we can show readiness with everyone all lined up, ready to go, it is too late for us to be going through a multi-month grant process.*"

Other concerns noted include:

- Lack of awareness of LCA deadlines and cycles - some city representatives do not receive regular information on LCA likely due to staff turnover and outdated email lists.
- Lack of clarity in how projects are scored, particularly scoring on equity. Especially in LCDA, scoring is done in five categories and applicants are not sure how they can earn those points.
- Overlap between LCDA and LCDA-TOD - some applicants are unclear about which program to apply for and how access to transit and parking requirements are treated in each program.
- Relationship between Metropolitan Council and individual communities - as noted earlier, LCA exists in the broader context of how cities relate to the Met Council and some cities want minimal engagement with the Met Council.
- Lack of support for multifamily affordable and workforce housing in suburban communities. Several communities report a growing NIMBYism related to affordable and multifamily projects.

Councilmember Feedback

We conducted interviews with 8 of the 9 members of the Community Development Committee. The purpose of these interviews was to gather their insights about the strengths and weaknesses of LCA programs and potential areas of improvement.

Program Purpose + Goals

When asked to describe the LCA program, Councilmembers were generally aligned on its statutory purpose with most noting that its focus was on incentivizing housing and job creation that connects communities to regional infrastructure. They noted it was a tangible way for the Metropolitan Council to partner with communities for development and see policy in action. Some equated LCA to the "carrot" used to benefit cities in exchange for the perception that the Met Council yields a "stick" in establishing policies and requirements that cities must respond to. *"LCA provides some immediate ROI to communities while other Met Council activities take decades,"* added another.

However, when asked more specifically about the **primary** goal of LCA, Councilmembers diverged and emphasized a range of outcomes including:

- Meeting regional goals
- Meeting greatest need
- Addressing racial equity
- Supporting affordable housing
- Supporting job creation
- Connecting to transit
- Supporting emerging developers

Geographic Distribution

Like other stakeholders, a theme expressed by some Councilmembers was concern with the geographic distribution of LCA funds. There was an acknowledgement by nearly all Councilmembers that the program has historically tended to award projects in the urban core and first-ring suburbs. Some believe this has been appropriate as those communities have had the greatest need and projects have emerged to meet those needs. *"Core and collar have different objectives so there are geographical tensions as each district has different characteristics,"* said one.

Councilmembers were asked about how, as policymakers, they think about the inherent tensions in a program that is intended to meet regional goals and is implemented locally. There were a range of responses and no clear consensus whether Councilmembers represent the region or represent their district. One commented that "*the Met Council is the place to navigate those differences and drive regional needs by being clear about why they are important and how we intend to achieve them - everyone can play but not in the same way on the same day*."

In acknowledging this tension, Councilmembers suggested that more conversation between the Met Council and communities about how each community contributes to meeting regional needs should occur. The Imagine 2050 process did include consultation with communities but Councilmembers noted, *"every community can help lift up our region. We need to include, not exclude communities. Some may have to do things differently and the Met Council is here to help with LCA and other assistance."* Another suggested*, "we should discuss (goals) with each city so when they do their plans, they understand how regional goals apply in their cities and how programs like LCA will help them prepare."*

Areas for Improvement

In terms of areas for improvement, Councilmembers offered a wide range of micro and macro suggestions but overall, there appeared to be support for:

- Growing the pool of funds available

- Greater collaboration and outreach between Councilmembers, Met Council staff, city staff and elected officials
- More evaluation to measure how projects contribute to meeting LCA goals
- Drive toward greater consensus around how to use funds and how funds are allocated across programs
- Test and evaluate any changes to determine if the mission of LCA is being served
- More technical assistance on LCA.

Insights and Observations

Based on our quantitative and qualitative review, we have documented several insights and observations that inform the context for the array of potential changes outlined in the next section of this report.

LCA is an Incentive Program

The LCA program is a competitive, voluntary tool to encourage specific types of development and to help communities meet regional goals and requirements established in the Met Council's Regional Development Guide and address the region's affordable and lifecycle housing needs. LCA was not intended to compensate communities for their contribution to the Metropolitan Council tax levy. Cities that are pursuing development aligned with Met Council policy priorities are the most likely to receive the highest scores on applications and subsequently the most funding.

Ultimately, there is no concern about the projects that LCA supports, rather the tension is around why projects in some communities are not receiving funding.

LCA Programs Can Be Aligned Around Many Met Council Priorities

As previously mentioned, the LCA statute requires the Met Council to "*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.*

While the statute hasn't substantively changed since 1995, every ten years the Met Council adopts a new Regional Development Guide and accompanying policy plans. These adopted policies shape the focus and components of LCA programs. Imagine 2050, and the plans before it, include dozens of linkages to policy and recommendations for LCA program implementation.

Staff design LCA programs and their criteria and scoring based on adopted Met Council policy (e.g., the Met Council's current strategic plan states "*Increase Met Council-supported affordable housing production (at incomes of 60% area median income or below but* ***prioritizing 30% area median income*** *or lower and housing preservation*") which as the data have illustrated, have an impact on geographic distribution. Projects that address the most pressing regional needs and challenges identified in policy are the most competitive. Cities that submit applications that are more aligned with Met Council policy priorities are the most likely to receive LCA funding.

Geographic Distribution is Not Specified in Statute, but Has Political Implications and is *the* Primary Source of Friction

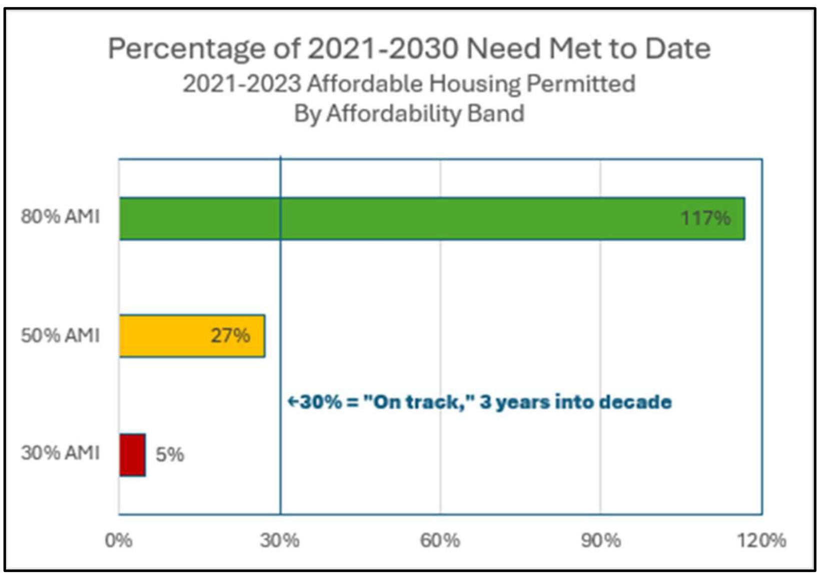
As mentioned in the introduction, the fundamental tension is around the desire for greater geographic distribution and aligning LCA funding with adopted Met Council policies, especially those dealing with deeply affordable housing and transit-oriented development. While geographic distribution is not a policy or statutory goal per se, it's clear that there are political considerations around the dissemination of funds.

Our analysis and interviews have made clear that there is not unanimity among Committee members about these relative priorities and yet Councilmembers, as policy makers, must navigate these tensions, weigh tradeoffs, and give clear direction to staff so that they can design the details of the program consistent with Met Council policy and direction.

We took a deeper look at two Met Council policies that appear to have had an impact on the distribution of awards:

1. **Prioritizing funding for deeply affordable housing at 30% AMI**
2. **Advancing Transit Oriented Development (TOD) through a separate LCA program**

Deeply Affordable Housing
The Met Council's Housing Policy Plan and ongoing Met Council housing discussions place a priority on using LCA to support development of deeply affordable housing. This approach is consistent with data that show that the region has already exceeded its ten-year goal for supplying housing affordable at 51%-80% AMI and is nearly on track to meet the ten-year goal for housing affordable at 31%-50% AMI.



This decade, LCA funds have supported nearly every project with units affordable at 30% AMI in the region. More deeply affordable units make a project harder to finance. Because of this, it is much less likely that a deeply affordable project will be built without LCA funds while projects at higher affordability bands are much less likely to require LCA funding to be completed.

The tension arises because deeply affordable housing is being built primarily in the core cities and inner ring suburbs, despite its need throughout the region. In practice, this means that a project that is primarily units affordable at 50% or 60% AMI, without other distinguishing factors (e.g., workforce training, strong partnerships to serve a specific population, etc.) is not going to be as competitive as a project serving households living at 30% AMI project because it is not addressing the biggest *regional need.*

This can be challenging, especially, when at a city level, affordable housing at all income bands might be needed. There are often examples, particularly in the suburbs, where projects are creating more units at affordability levels that aren't "regionally needed" (e.g., 50% or 60% AMI) but would be a welcome addition in that city. This is the tension between regional goals and local needs.

The Met Council tried to address this in the LCDA program by adopting an administrative policy that states *"If eligible applications from suburban communities request more than 60% of available funds no more than 40% of the funds can be awarded to Minneapolis and St. Paul."* This administrative measure has sometimes resulted in projects with less affordability and no distinguishing factors being funded while core city projects more aligned with Met Council goals are not funded.

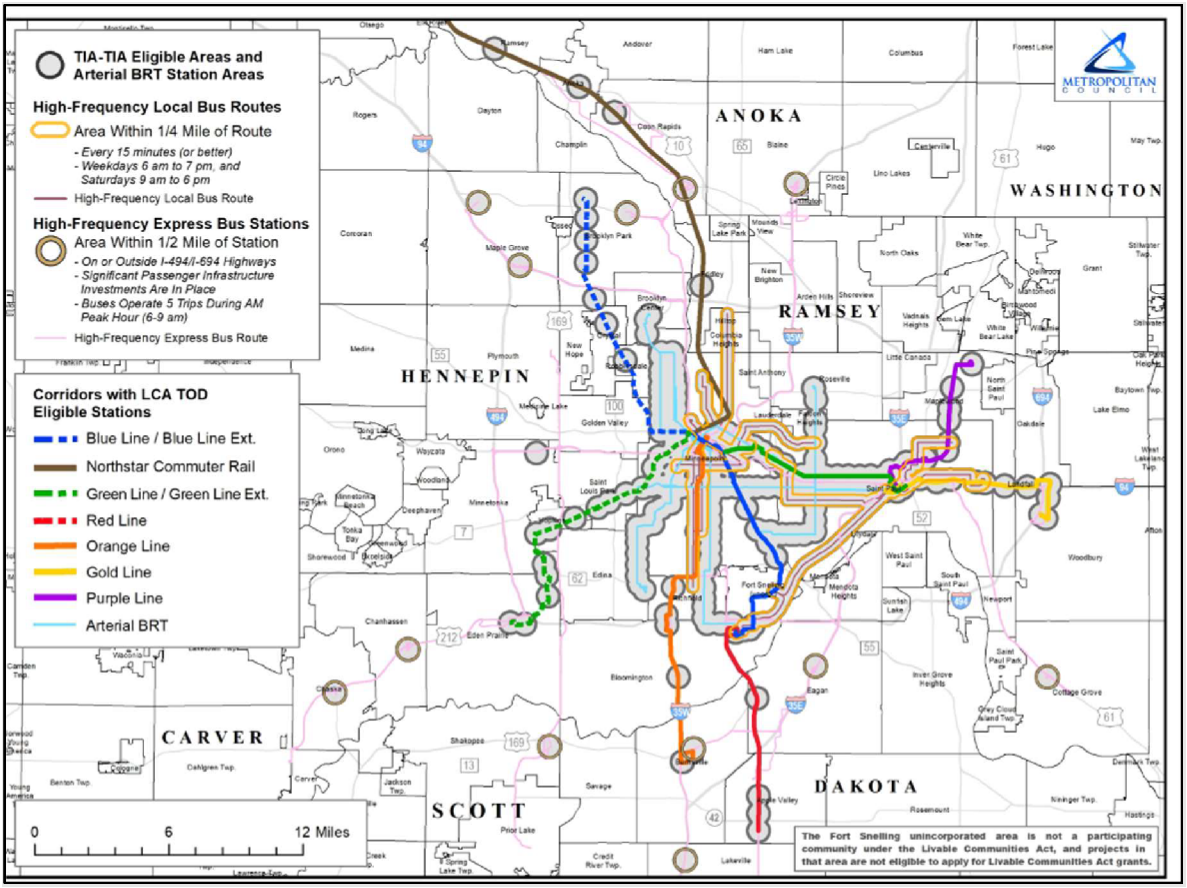
LCA is not unique in being a highly competitive program that is unable to fund all good projects. Low Income Housing Tax Credits (LIHTC) are also in high demand and some much-needed projects have not been awarded funding through that program as well. For example, in Richfield, a mixed-use project that would have provided housing for young adults with disabilities living at 50% AMI was not awarded LIHTC funding and so the housing component of the project was dropped.

Transit Oriented Development (TOD) program

In 2011, the Met Council adopted a Transit Oriented Development (TOD) award category for the Livable Communities Demonstration Account (LCDA) and Tax Base Revitalization Account (TBRA). At the time, the Met Council identified advancing TOD as a priority activity to leverage the large investments being made in the region's light rail (LRT) and bus rapid transit (BRT) lines. The TOD program was supported with nearly $30 million of relinquished and re-purposed LCDA and TBRA funding. (See 12.05.2011 Met Council Meeting: https://tinyurl.com/fz2ajxjw.)

Grantee	# TOD Grants Since 2011
ST PAUL	49
MINNEAPOLIS	44
HOPKINS	9
ST LOUIS PARK	7
EDEN PRAIRIE	3
MINNETONKA	3
RAMSEY	3
APPLE VALLEY	2
BLOOMINGTON	2
BROOKLYN CENTER	2
COON RAPIDS	2
RICHFIELD	2
ANOKA	1
BROOKLYN PARK	1
BURNSVILLE	1
EDINA	1
FRIDLEY	1
MAPLEWOOD	1
Total grants	**134**

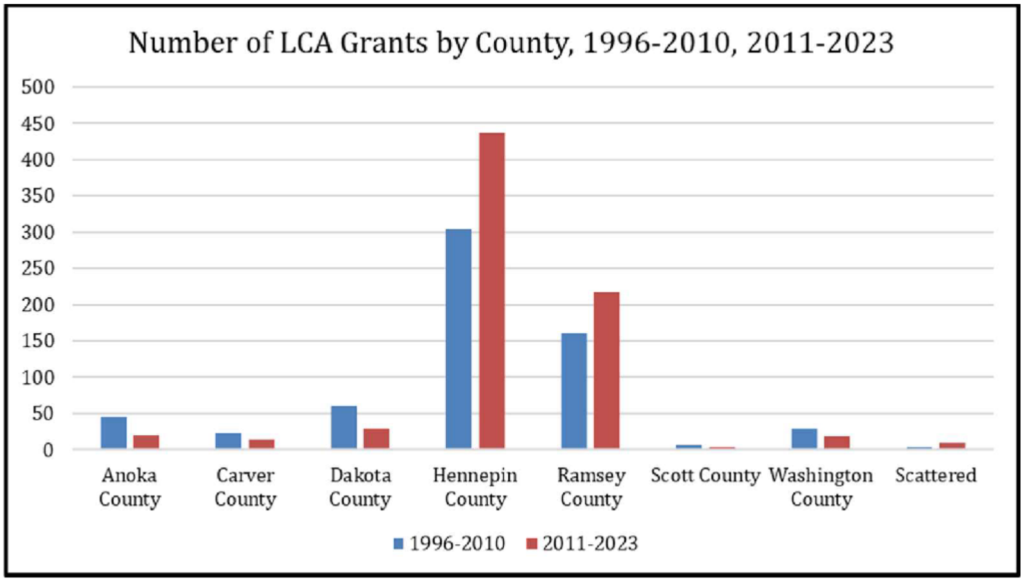
Unlike other programs, the TOD category limits the eligible geography based on the location of LRT, BRT, and high frequency bus lines. Given the hub and spoke model of the region's transit system, most routes go to and through Minneapolis and Saint Paul, and most eligible TOD areas are in Hennepin and Ramsey counties (see map of eligible areas below.) In practice, this has meant that most TOD grants have been awarded to the core cities. The transit system, and eligible TOD areas, have been expanding into more suburban areas over time.



Over the years, the various TOD programs have been consolidated into one LCDA-TOD category and the TOD program is funded at approximately half the amount ($5.5 million) of the more geographically open LCDA fund ($9.8 million.)

Critics of the program argue that directing funding to specific geographic areas, most of which are concentrated in urban areas, limits funding available to other parts of the region. One suburban community representative commented, "t*aking away a big chunk of money towards TOD hurt cities like us and made it more difficult to get the money that is left."*

We reviewed all awards by county for 1996-2010 (pre LCDA-TOD) and 2011-2023 (post LCDA-TOD program) to examine changes during those two periods. Looking at the two time periods, only Hennepin and Ramsey grew in their number of successful applications as shown in the chart below (note, chart does not show relative population density of counties).



The table below shows the percentage of all LCA grants awarded during these two timeframes.

	1996-2010	2011-2023
Anoka County	7%	3%
Carver County	4%	2%
Dakota County	10%	4%
Hennepin County	48%	58%
Ramsey County	25%	29%
Scott County	1%	0%
Washington County	5%	2%
Scattered	0%	1%

While the TOD program likely had an impact on these numbers, other factors likely had an effect, e.g., more overall development activity in the core cities, and Hennepin County in particular, and nearly 10 times the number of applications submitted from within Hennepin and Ramsey Counties.

Additionally, between 2009 and 2022, Metro Transit's 2023 Report, Development Trends Along Transit found that:

- 37% of regional development has occurred along high frequency transit (on just 3.2% of the region's land).
- 43% of multifamily development has been permitted along high frequency transit.
- 42% of commercial development has been permitted along with high frequency transit.
- 31% of public institutional development has been permitted along high frequency transit.
- 5% of industrial development has been permitted along high frequency transit.

Consistent with those findings, when we looked at the combined LCDA-Development and LCDA-TOD funding between 2011 and 2023, we found that 40% of grants that are in TOD eligible areas were awarded LCDA-Development funds. This shows that there are many more projects in TOD zones than just those funded by LCDA-TOD, even though LCDA-Development projects were not scored on transit (see table below.)

Since 2011 (TOD program inception)		
	Total Amount Awarded	Total Grants Made
Awards Outside of TOD Areas	**$47,289,369.00**	**48**
LCDA-Development Funded	$45,889,369.00	46
LCDA - TOD Funded	$1,400,000.00	2
	Total Amount Awarded	Total Grants Made
Awards in TOD Areas	**$134,392,343.00**	**124**
LCDA-Development Funded	$57,041,865.00	57
LCDA - TOD Funded	$77,350,478.00	67
Total LCDA-Dev + LCDA-TOD awards	**$181,681,712.00**	**172**
	% of Award Money in TOD Areas that is LCDA	% of Grants in TOD Areas that are LCDA (TOD+ LCDA as denominator)
	42%	45%

The TOD program was originally created to support more quality development along transit corridors, and it appears that the market has positively responded in the following years. This suggests that the TOD program met its goal, and the Council may want to consider new goals for a separate TOD program or including TOD orientation within all LCA programs. This could occur by using scoring to ensure that development projects near transit reflect a transit orientation (e.g., higher densities, pedestrian connections to transit stations, etc.). Alternatively, any TOD emphasis in the LCA program should align with Council anti-displacement goals, as part of a commitment for Council-directed investments to support equitable and positive development impact in communities.

All Decisions Have Trade Offs

LCA currently addresses geographic distribution via several administrative measures designed to increase funding to suburban areas by limiting the amount of funding and awards to Minneapolis and Saint Paul (e.g., 40/60 split in LCDA between the core cities and non-core cities, TBRA limits, program limits for the number of awards per city). Similarly, the Policy Development and Affordable Homeownership programs are also designed to attract more participation from suburban and smaller communities.

As noted earlier, statute and policy provide a broad framework for LCA to operate, and the Committee has the responsibility of directing LCA to achieve specific outcomes consistent with those policies.

As such, the Committee has the authority to change LCA administration to attempt to further increase geographic distribution; however, this may create a disconnect between current policy and implementation. For instance, the Met Council has a goal to prioritize housing affordable at 30% AMI in LCA because housing at that level is lagging and to support affordable homeownership. Both of those goals are in the 2023- 2027 Met Council-adopted strategic plan and are embedded in the Imagine 2050 and the Housing Policy Plan. If the Committee decides that it wants to use LCA to support more housing affordable at 50-60% AMI in suburban areas or create a geographic area set aside, it will look disconnected from the adopted policy.

Some of the potential changes recommended in the following section are intended to increase program participation while keeping fidelity to adopted policy. Staff are working to secure additional outside resources (e.g., US Department of Housing and Urban Development Pathways to Removing Obstacles to Affordable Housing funds, aka PRO Housing) and using those funds to offer support for small communities.

Staff - Committee Working Relationship

The Committee is responsible for setting policy to guide the implementation of LCA programs, and staff is charged with operationalizing that policy direction. Going forward, clear policy direction from the Committee is essential for staff to implement LCA. At the same time, the Committee must have confidence that staff will interpret the policy direction and operationalize it in LCA program design and process. Robust and frequent communication between the Committee and staff about priorities will help ensure this. As staff explore potential changes, we suggest they engage the Committee in structured conversations to clarify potential tradeoffs and the policy and program outcomes being sought. LCA can and should reflect the priorities established by policymakers as they weigh how best to steward LCA to meet regional goals. These discussions should yield clear policy direction that is reflected in the Fund Distribution Plan which is adopted at the start of each LCA program cycle.

Potential Changes

The potential changes proposed here reflect stakeholder and Councilmember feedback, the guidance of staff, the results of our analysis of historic trends, and the observations and insights we've gleaned over the past three months.

Some proposed changes are for implementation in 2025, but these are more modest as some cities are already preparing for the 2025 LCA grant round. More substantive changes would occur in 2026 after adoption of Imagine 2050 and after additional study and engagement with stakeholders to gather feedback and understand the impact of proposed changes.

Generally, proposed changes are intended to make LCA programs easier to understand, more streamlined and less time-consuming, and enable projects in smaller and more suburban cities to effectively apply and compete.

Possible changes should be carefully considered to ensure that they are true to the statutory intent and Met Council policy. At the same time, LCA should evolve to meet changing development patterns, market conditions and changes in how the region understands and addresses racial disparities.

Policymaker Role

The primary responsibility of Councilmembers is to shape and adopt Council policy. These policies, in turn, guide the design and implementation of LCA. Changes in policy direction, for example, prioritizing deeply affordable housing or geographic distribution will impact LCA. In addition, Councilmembers can also shape how LCA is implemented by working with staff on outreach, evaluation, funding, and careful consideration of the potential other changes that staff will assess in 2025.

Outreach and Engagement

Convene information sessions about LCA in each County or District at least once per year. Ask each Metropolitan Council Member if they would issue the invitation to the Mayor, other elected and appointed officials. Include the Metropolitan Council Member in the agenda. Provide information on LCA, what has changed, and examples of past successful projects.

Funding

Develop a strategy, case-making materials and advocacy plan to obtain additional LCA funding. This could include requesting additional allocations to LCA from Met Council funds (which has occurred in the past) and seeking additional state funding. This work could be supported by staff, but led by Councilmembers, the Regional Administrator, and Governmental Affairs.

Evaluation
Set goals and define the outcomes being sought, which could include things like LCA's contribution to reducing the housing cost-burden, to reducing disparities in homeownership, to increasing commercial tax base, etc. The results can inform strategies to attract additional funding for LCA as well as ensure LCA program design and implementation are consistent with policy direction.

Administrative Enhancements

The following are ***staff-led*** activities that respond to the feedback provided by stakeholders.

Outreach and Engagement

- Convene city staff and LCA staff in each County or District for technical sessions to discuss possible changes, gather feedback on program design and implementation and to share best practices.
- Increase outreach to cities who have anticipated growth but who have not submitted applications for LCA in the past five years.
- Use grantee status reports to request information about the benefit and impact of LCA funding on projects and communities.
- Survey communities that did not submit applications to LCA but that have had development activity (based on building permit data) every other year to better understand their reason for not participating.

Technical Assistance to Applicants

- Continue to provide individual assistance to applicants as they consider applying and throughout the application process. Staff already do this but can enhance the technical assistance provided, especially for staff from smaller cities and emerging developers who have less experience with LCA.
- Develop a brief pre-application questionnaire to guide new applicants as they explore applying. Composed primarily of yes/no questions, this tool would be developed to help applicants understand whether their application is likely to be successful before they go to the effort of preparing a full application.

Communications

- Make scoring explanations and examples more accessible on the Met Council's website. For example, the scoring table is shown in the LCDA webpage but the "2024 LCDA Evaluation Explanations" which contain details on scoring criteria, how the criteria will be evaluated and detailed examples to achieve points is available through a separate link.
- Create and distribute a monthly or bi-monthly LCA e-news blast to City staff and development partners to share announcements of funding availability, reminders of deadlines, tips for preparing applications, examples of previous funded projects, etc. Use

this to promote the Policy Development and Pre-Development programs to increase awareness among smaller communities.

- Develop a communications plan to commemorate the 30th anniversary of LCA, including publishing a summary retrospective on the program's impact. Highlight key projects that have been successful and have served as model developments. Assess total ROI based on projects that were completed.
- Utilize the required annual report to the Legislature as an opportunity to highlight how LCA is accomplishing the vision of the enabling statute while responding to real-world needs. Go beyond reporting changes in numbers (current annual reports use boilerplate language and just update numbers) and tell the LCA story to build support for expansion of the program in the future.
- Create communications materials to help communities educate their constituencies about the benefits of having an array of housing available in their communities, including workforce housing, senior housing, different types of ownership, etc. to help combat NIMBYism.

Evaluation

- Based on guidance from Councilmembers, develop key performance indicators for all LCA programs and establish a regular evaluation process. These indicators should be SMART (specific, measurable, achievable, relevant and time-bound) and reflect the priorities for LCA established by the CDC.

Clarify scoring/how projects earn points

- While each LCA program has its own scoring rubric, some provide greater clarity than others. In LCDA, for example, there are currently 10 criteria that are scored. In contrast, the Affordable Home Ownership program has 17 criteria that are scored with each criterion clearly spelling out the total number of points available and many being "yes" or "no" questions. This more granular approach to scoring makes scoring more transparent. Should Councilmembers provide more direction to focus LCDA on fewer than 10 criteria, scoring could be adjusted to be more specific.
- How equity is scored continues to be unclear despite the addition of helpful examples of how a range of different ways communities can earn points included in the 2024 LCDA Evaluation Explanation. Going forward, scoring can reflect the definition of equity in Imagine 2050, specifically the recognition of "the harm and disparities that injustices, including racism, have created" and the focus on centering marginalized communities in the Council's work. Ultimately, scoring should ensure all communities are able to achieve equity points.

Analyze which LCA programs are most needed by different types of communities

The LCA Policy Development, Pre-Development and Homeownership programs, for example, were developed as one way to provide support to smaller and more suburban communities. Further analysis of the demand for all LCA programs would help make the case for increasing funds available to those programs in future FDPs. Additionally, the new PRO Housing resources will be a good fit for smaller communities and new applicants and analysis will be needed to understand where increased funding is warranted.

2025 Fund Distribution Plan Changes

Unified LCDA-Development and LCDA-TOD Application

Creating a single application will simplify the application process. Currently the LCDA-Development and LCDA-TOD applications are identical except for the TOD program asking more specifically about how the project relates to the transit corridor or station area. Creating one application that allows projects in TOD areas to answer those questions simplifies the application process for applicants. Projects that are in TOD areas will still be scored on TOD criteria.

Scoring to Incent Communities That Have Not Applied Recently

Add bonus points to encourage more applications from communities that have not applied for LCA grants recently. Specifically, add bonus points for projects that are adding housing affordable at or below 50% in a community that hasn't added any affordable housing in that affordability band in the current planning decade. At least half the project's units would need to be at 50% AMI or below.

Analyze Which LCA Programs Are Most Needed by Different Types of Communities

The LCA Policy Development, Pre-Development and Homeownership programs, for example, were partially developed to provide support to smaller and more suburban communities. Further analysis of the demand for all LCA programs would help make the case for increasing funds available to those programs in future FDPs.

2026 Fund Distribution Plan Changes

Align All LCA Programs With Imagine 2050

With the anticipated adoption of Imagine 2050, a robust analysis of all current LCA programs should be completed to ensure they are consistent with, and support goals established in the new Regional Development Guide. Some current LCA programs are specifically identified as aligned with Imagine 2050 priorities, including homeownership and preservation. Other programs would benefit from an analysis to determine if allocated funds are being used most effectively. For example, the current TOD program was created in 2011 and is intended to support density in specific TOD areas. Should the separate TOD program continue as-is or should TOD be incorporated into the LCDA program and some or all of the TOD funds be allocated to a different need?

Assess Impact of Allocating LCDA to Different Community Designations

Rather than having all eligible communities compete in one pool for LCDA funding, assess the impact of creating a separate funding pool for projects that are in the suburban, suburban edge and emerging suburban edge service areas. Once the analysis is complete, Councilmembers could discuss the tradeoffs involved in creating separate funding pools and whether this is consistent with Council policy and priorities (e.g. prioritization of 30% AMI).

Assess Need for an Affordable Housing Preservation Pilot
Preservation of existing housing is often the most cost-effective way to provide affordable housing, yet there are few tools and resources available to support preservation. While preservation is eligible for LCA funding, preservation projects, most of which are affordable for AMIs above 50%, don't score well against creating new units affordable at 30% AMI. A new program, possibly including housing and preservation of commercial space, could respond to a gap in the market.

Assess Benefit of a Two-Year Fund Distribution Plan (FDP)
Currently the FDP is revised and adopted annually which is challenging for communities and developers to respond to, creates unneeded complexity and is more difficult to evaluate. Adopting a FDP that covers two years, but is approved annually, should be considered to provide a more stable environment for communities to prepare applications and allow more thorough evaluation of the impact of the changes made.

Explore Bonus Points for Projects Addressing Key Goals
In conjunction with adopting a FDP that covers two years, the CDC could also adopt a focus area for LCA during that period. For instance, bonus points could be awarded to projects addressing issues like climate adaptation or serving high priority homeless populations. This would allow the Met Council to use the LCA program to communicate key goals in Imagine 2050.

Assess Impact of Having Two LCDA Funding Rounds Per Year
The development process is complex and takes time. While LCDA funds fill an important part of many projects' capital stack, the timing of when those funds are applied for, received and used, takes careful planning. Stakeholders have suggested having more than one round of funding would enable them to better utilize LCDA funds. Understanding the impact of this change on staff, funding, and outcomes is needed before such a change is considered.

Study and Identify Funding for Expanded Pre-Development Program
The Pre-Development program has had strong demand historically and stakeholders cite increasing pre-development costs and fewer sources of funding as significant challenges. Increasing the funds available in this program would enable LCA to shape projects earlier, potentially provide more awards because the amount of award is typically smaller and helps emerging and smaller developers.

Study and Identify Expanded Funding for Affordable Homeownership
The Met Council has recognized affordable homeownership as a tool to build generational wealth and address the stark racial disparities facing potential BIPOC homebuyers. Included in both the Met Council's strategic plan and 2050 Housing Policy Plan, the Affordable Homeownership program has had high demand since its inception and has been attracting applications from a wide

range of community designations. LCA should continue to offer Affordable Homeownership grants annually, while exploring the potential of securing additional funding for this work.

Explore Greater Alignment with MN Housing's Consolidated RFP

Staff could explore the impact of having all multifamily affordable housing projects go through the consolidated RFP process (like LHIA currently does.) This would help to align partner investments around priority projects. On the one hand this would allow the Met Council to better coordinate with other funding partners, funds would be deployed more quickly and there could be a more strategic approach to layering funds within a single project. On the other hand, some projects would lose out on early-stage funding commitments and might never get support from the consolidated RFP process - which the Met Council wouldn't ultimately control.

Potential changes no longer under consideration

The Community Development Committee considered an array of possible changes to LCA in October 2024. With additional analysis, several ideas have been dropped from consideration.

Weighting Criteria

Most program applications ask all projects to explain and be scored on five categories, each of which are weighted equally. For example, a project that is primarily housing is also scored on economic opportunity. The consultant team and staff explored whether enabling projects to score highly in just one or two areas would increase the score of good projects and make them more competitive. Previously LCDA and the TOD program used scores from either housing or jobs but found that doing so did not impact the project's rank. Projects that are scoring well with both housing and jobs scores are still scoring well because they are doing one of those things well. A mixed-use project that has deeply affordable units with services that also scored well on Economic Opportunity will still be a highly competitive project without the Economic Opportunity score. A project that has a mediocre housing score as well as a mediocre Economic Opportunity score would still receive an overall mediocre score.

Scoring Based on Allocation of Affordable Housing Need

After additional analysis, scoring projects based on how much it meets a community's allocation of affordable housing need *would not* make smaller or suburban communities more competitive. Using the allocation of need, in fact, looks to give an advantage to larger projects and would also make it less likely that smaller or emerging developers would be successful.

Revolving Loan Program

A revolving loan fund would have limited value. To make the awards valuable, they would need to have very long terms and low interest rates. Dollars may be returned but only after 15-20 years. Further, the administrative cost of initial underwriting and ongoing monitoring would be very high. The Met Council discontinued the LAAND program, a loan fund, which has struggled with non-deployment and non-repayment in some instances.

Conclusion

LCA is an effective tool used to implement Metropolitan Council policies and has a strong record supporting development of affordable housing and jobs.

The program aligns with current Met Council policy—specifically the Met Council's prioritization of using LCA funds to produce housing affordable at 30% AMI or less, advancing racial equity, and supporting TOD. Projects aligned with these goals are the most competitive and they have typically been in the core cities and first-ring suburbs.

The Council has established some policies to limit the concentration of funding in the core which has helped (e.g., 40/60 core/non-core split in LCDA). Further, while there are various changes in design, scoring, administration, outreach and advocacy that can simplify, clarify and help smaller and more suburban communities compete for LCA, those changes alone may not have a significant impact on the geographic distribution of funding.

Ultimately, the fundamental challenge that the CDC must wrestle with is to either focus LCA funding for projects that deliver the deepest affordability (consistent with current policy and Imagine 2050) or adopt program approaches that ensure broader geographic distribution of funds, which may mean that fewer projects with deeply affordable units are funded.

Appendix

A. Policy Comparison
B. Fund Distribution Plan Comparison, 2019-2024
C. Applications and Awards by City and County, 2014-2023
D. LCA Program Demand, 2014-2023
E. Matrix of Concerns by Stakeholder

A. Policy Comparison

Directive	HPP	TPP	Strat Plan	One MN	Statute	RDG 50	Econ Frame	TOD Policy	Thrive
Eliminate racial disparities through measurable impact for Black, Indigenous, Latinx/Hispanic, Asian, and all people of color communities, through our operations, investments, and planning in the region			X	X		X	X		
Partner with local governments to center equity and environmental justice principles for communities most impacted by climate change.			X	X					
Support production and preservation of housing and affordable housing across the region	X		X	X	X		X		X
Create a mix of housing choice and affordability levels and preserve mixed income neighborhoods	X								X
Establish policies and practices to help people access neighborhoods where they want to live.				X				X	X
Increase the rate of homeownership for people of color and indigenous people and for low-income households across the region.			X	X					
Make transit an easy and desirable choice for travel across the neighborhood or across the region.	n/a			X	X			X	
Prioritizing 30% area median income or lower			X	X			X		X
Increase Met Council Livable Communities Act investments in homeownership strategies to close gaps by race/ethnicity by 100% (over 2020 levels) by 2027.				X					
Increase total percentage of affordable rental and ownership homes produced with Met Council funding by 100% (over 2020 levels) by 2027.				X					
Advance the Council mission of fostering orderly and economical development, including higher density development near transit.	X	X			X		X	X	X
Promote residential development patterns that protect natural resources, the quality and quantity of our water resources, and our water supply	X				X				
Use its resources, including investments in transit, infrastructure, and redevelopment, to help create and preserve mixed-income neighborhoods and housing choices across the region.	X				X		X	X	
Provide grants to support brownfield and infill site redevelopment that can lead to a full range of housing choices.	X				X		X		X
Encourage the use of flexible or universal design principles in projects funded through the Livable Communities Act and review how the Livable Communities Act scoring criteria incent projects serving people with disabilities.	X	X							X
Connect housing with centers of employment and transit opportunities		X			X			X	X
Create more multimodal connections, including for residents of affordable housing and to job centers		X					X	X	X

Ensure public engagement is effective in reaching historically underrepresented populations and involve them in determining benefits and impacts.		X				X			X
Support economic development institutions that nurture BIPOC economic enterprises and entrepreneurs							X		
Prioritize job growth efforts that focus on supporting high-growth companies that pay quality wages in the region's sectors of strength.							X		
Support the development and expansion of city, county, and non-profit efforts related to business technical assistance, economic gardening, commercial land trusts, business district improvement, brownfield cleanup, and corridor/district planning.							X		
Displacement prevention programs							X		
We have mitigated greenhouse gas emissions and have adapted to ensure our communities and systems are resilient to climate impacts.				X		X			
We protect, integrate, and restore natural systems to protect habitat and ensure a high quality of life for the people of our region.	n/a	X				X			X
Use Livable Communities Act resources to catalyze private investment in Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty.									X
Work with our partners and stakeholders to identify indicators used to measure how projects, supported with Council resources, advance equity, including helping residents of Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty, lower-income households, or people with disabilities.									X
Encouraging adoption of Complete Streets solutions by local communities where appropriate.									X

Fund Distribution Plan Comparison

All Programs

2019	2020	2021	2022	2023	2024
		Reorganization of scoring criteria into three main categories: 1. What: Proposed Project Outcomes 2. How: Proposed Project Process 3. Who: Proposed Project Team.	Project Process criteria would be clarified and scoring values revised to consider variation and context across LCA participating communities.	StaL worked with Metropolitan Council communications staL to ensure language is understandable to a lay audience and that the meaning of scoring criteria is clear.	

LCDA and TOD

2019	2020	2021	2022	2023	2024
Refinement of scoring to allow for jobs or housing projects, with additional points given to mixed-use projects; greater emphasis on design and contributions to pedestrian realm; increase in points awarded for partnerships and equitable development strategies. Removal of TOD threshold criteria. Double the available funding for the LCDA.	The removal of Housing Performance Scores from application scoring. Addition of scoring criteria that promotes social and human connections. Addition of scoring criteria that prioritizes projects that can and will share valuable information learned with the rest of the region More scoring support for project readiness. Clearer description of	Elimination of Demonstration Value, Innovation, and Catalyst criteria from application scoring. Substantial changes to equity-derived scoring criteria to ensure it is measurable, clearly connected to a specific inequity, and allows for all types of communities to successfully compete. A minimum score from equity-specific criteria to be considered for funding.	Preamble to the LCDA and LCDA-TOD scoring provides context for how equity related scoring criteria is considered to provide consistency in language and transparency. Added an equity criterion in the Environment and Livability subcategory, which increases the total number of equity-specific points in Step One of the scoring. To address scoring that may have prioritized new over preservation, some connected development	The Jobs section criteria was expanded to encompass economic opportunity more broadly and the category title was renamed to reflect this change. Updated the scoring to remove a “project team” criterion that proved diLicult to score, about partnerships between government, for-profit, and non-profit sectors.	A single step scoring process to ensure that all applications are seen by reviewers external to the Council as well as to reduce the review time. The intended impact is to have a more objective and streamlined scoring process while providing applicants with funding recommendations in a timelier manner. The Project Team and Project Process scoring criteria are being combined into a single Projects Process section for the LCDA and LCDA-TOD programs.

	transit-oriented development characteristics. Elimination of the Project Concept Review phase of the application.	Double the available funding for LCDA and LCDA-TOD Pre-Development Programs.	and environment criteria were adjusted. Jobs scoring criteria for expanded consideration of how proposed projects can support economic stability and opportunity. Scoring added criteria that captures a specific goal of the LCA more explicitly: partnerships between government, private for-profit and nonprofit sectors.		To reflect these scoring changes, overall scoring points have been adjusted. In the new rubric, a minimum equity score (22% of total points, vs. 24% in 2023) and a minimum overall score (59% of total points, vs. 60% in 2023) are still required.

LHIA

2019	2020	2021	2022	2023	2024
Applications to sub-allocators are eligible for LHIA funding outside of consolidated RFP (Dakota, Mpls, St. Paul, Wash County)	Addition of scoring criteria that prioritizes a project that provides a new housing type or serves a currently unserved population	Consideration of how the proposed project addresses community specific	Creation of an LHIA ALordable Homeownership Pilot.		Capped per-unit support at no more than 50% of eligible project gap.

TBRA

2019	2020	2021	2022	2023	2024
More support for small jobs projects Consolidation of TBRA-TOD	Removal of freight and green building criteria	Expansion of equity-specific criteria			Pilot a scattered-site TBRA Site Investigation award option that could be used by an applicant for multiple sites

category into regular TBRA					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. To encourage active use of the funds, applicants would be required to expend 80% or more of awarded funds before being eligible to reapply.

Policy

2019	2020	2021	2022	2023	2024
			Creation of Policy Development program.	Scoring criteria adjusted to include a minimum overall score necessary for funding eligibility and more scoring weight on policy outcomes rather than engagement around policy development.	

Applications and Awards by County and City: 2014-2023								
	Applicant	Total Applica-tions	Number Awarded	Number Not Awarded	Success Rate	Total Awarded	County Total	% of total by County
Anoka County	ANOKA	1	0	1	0%	$ -	$ 6,565,000	3%
	BLAINE	1	1	0	100%	$ 186,000		
	COLUMBIA HEIGHTS	4	1	3	25%	$ 820,000		
	COON RAPIDS	2	2	0	100%	$ 1,185,000		
	EAST BETHEL	1	0	1	0%	$ -		
	FRIDLEY	8	5	3	63%	$ 2,591,200		
	RAMSEY	5	4	1	80%	$ 1,782,800		
Carver County	CARVER COUNTY	7	6	1	86%	$ 941,000	$ 4,864,000	2%
	CARVER	1	1	0	100%	$ 1,190,000		
	CHANHASSEN	1	0	1	0%	$ -		
	CHASKA	5	5	0	100%	$ 2,733,000		
	VICTORIA	3	0	3	0%	$ -		
Dakota County	APPLE VALLEY	4	2	2	50%	$ 1,183,639	$ 4,538,359	2%
	BURNSVILLE	2	2	0	100%	$ 481,600		
	DAKOTA CO CDA	7	5	2	71%	$ 1,589,800		
	SOUTH ST PAUL	19	5	14	26%	$ 1,283,320		
	WEST ST PAUL	2	0	2	0%	$ -		
Hennepin County	BLOOMINGTON	14	8	6	57%	$ 5,100,750	$ 160,468,090	66%
	BROOKLYN CENTER	17	14	3	82%	$ 7,689,400		
	BROOKLYN PARK	9	7	2	78%	$ 4,317,600		
	EDEN PRAIRIE	6	4	2	67%	$ 2,698,635		
	EDINA,CITY OF	18	15	3	83%	$ 10,370,479		
	EXCELSIOR	1	1	0	100%	$ 250,300		
	GOLDEN VALLEY	4	3	1	75%	$ 1,636,400		
	HENNEPIN COUNTY	3	2	1	67%	$ 1,055,000		
	HOPKINS	11	9	2	82%	$ 5,395,100		
	MAPLE GROVE	5	4	1	80%	$ 1,279,900		
	MINNEAPOLIS	289	213	76	74%	$ 92,167,458		
	MINNETONKA	18	14	4	78%	$ 6,226,334		
	MOUND	3	2	1	67%	$ 900,000		
	ORONO	1	0	1	0%	$ -		
	OSSEO	1	0	1	0%	$ -		
	PLYMOUTH	7	2	5	29%	$ 956,300		
	RICHFIELD	10	6	4	60%	$ 4,997,000		
	ROBBINSDALE	2	1	1	50%	$ 250,000		

	ROGERS	4	3	1	75%	$ 2,673,900		
	ST ANTHONY	1	0	1	0%	$ -		
	ST LOUIS PARK	30	23	7	77%	$ 12,503,534		
	WAYZATA	2	0	2	0%	$ -		
Ramsey County	FALCON HEIGHTS	3	1	2	33%	$ 962,200	**$ 57,797,514**	**24%**
	LITTLE CANADA	5	0	5	0%	$ -		
	MAPLEWOOD	8	7	1	88%	$ 3,269,000		
	NEW BRIGHTON	3	2	1	67%	$ 436,400		
	NORTH ST PAUL	3	3	0	100%	$ 970,300		
	RAMSEY COUNTY	4	3	1	75%	$ 632,467		
	ROSEVILLE	10	9	1	90%	$ 5,990,856		
	SHOREVIEW	3	2	1	67%	$ 202,800		
	ST PAUL	182	139	43	76%	$ 45,125,591		
	VADNAIS HEIGHTS	1	1	0	100%	$ 106,200		
	WHITE BEAR LAKE	1	1	0	100%	$ 101,700		
Scott County	SAVAGE	1	0	1	0%	$ -	**$ 808,600**	**0%**
	SCOTT CO CDA	1	1	0	100%	$ 350,000		
	SHAKOPEE	3	1	2	33%	$ 458,600		
Washington County	FOREST LAKE	1	0	1	0%	$ -	**$ 6,372,191**	**3%**
	HASTINGS	12	8	4	67%	$ 3,196,091		
	MAHTOMEDI	1	1	0	100%	$ 88,000		
	NEWPORT	2	1	1	50%	$ 88,100		
	OAKDALE	1	1	0	100%	$ 565,000		
	WASHINGTON CO	11	9	2	82%	$ 2,185,000		
	WOODBURY	2	1	1	50%	$ 250,000		
	Total	**787**	**561**	**226**		**$ 241,413,754**	**$ 241,413,754**	

LCA Program Demand: 2014 – 2023

Funding Year	Program	Funding Available	Total Requested	Over/Under Subscribed (-)	Applications	Awards
2014	LCDA Development	$7,500,000	$9,275,000	$1,775,000	10	8
	TOD Development	$5,000,000	$7,690,000	$2,690,000	8	5
	TOD Pre-Development				8	6
	LHIA	$1,500,000	$1,500,000		9	9
	TBRA Cleanup	$5,000,000	$9,317,833	$4,317,833	30	19
	TBRA Site Investigation				6	4
	TOD Cleanup	$3,000,000	$2,124,625	-$875,375	2	2
	TOD Site Investigation				2	2
	TOD Zoning				1	1
2015	LCDA Development	$7,500,000	$5,729,852	-$1,770,148	7	6
	TOD Development	$4,500,000	$6,495,000	$1,995,000	6	4
	TOD Pre-Development	$500,000	$100,000	-$400,000	3	1
	LHIA	$2,200,000	$2,200,000		8	8
	TBRA Cleanup	$5,000,000	$11,283,300	$6,283,300	30	20
	TBRA Site Investigation				2	1
	TOD Cleanup	$2,000,000	$806,105	-$1,193,895	2	0
	TBRA SEED	$1,000,000	$218,335	-$781,665	7	7
	TOD Zoning		$50,000		1	1
2016	LCDA Development	$7,675,000	$8,789,420	$1,114,420	11	9
	TOD Development	$4,825,000	$8,503,500	$3,678,500	8	6
	TOD Pre-Development				2	2
	LHIA	$2,500,000	$2,500,000		10	10
	TBRA Cleanup	$6,503,135	$12,358,409	$5,855,274	32	17
	TBRA Site Investigation				2	2
	TOD Cleanup	$491,865	$1,106,865	$615,000	2	2
	TOD Site Investigation				2	2
	TBRA SEED	$1,000,000	$109,936	-$890,064	2	2
2017	LCDA Development	$7,998,288	$14,048,288	$6,050,000	13	7
	TOD Development	$9,554,444	$10,354,444	$800,000	9	7
	TOD Pre-Development				5	4

Funding Year	Program	Funding Available	Total Requested	Over/Under Subscribed (-)	Applications	Awards
	LHIA	$2,500,000	$2,480,000		11	11
	TBRA Cleanup	$5,000,000	$13,976,786	$8,976,786	35	20
	TBRA Site Investigation				5	4
	TBRA SEED	$1,000,000	$22,800	-$977,200	2	2
2018	LCDA Development	$9,500,000	$10,190,954	$690,954	10	9
	LCDA Pre-Development				4	4
	TOD Development	$7,000,000	$7,134,750	$134,750	7	4
	TOD Pre-Development				1	1
	TOD Zoning				2	2
	LHIA	$2,500,000	$2,500,000		7	7
	TBRA Cleanup	$5,000,000	$13,431,717	$8,431,717	37	19
	TBRA Site Investigation				5	5
	TBRA SEED	$1,000,000	$922,100	-$77,900	4	4
	TOD Site Investigation	$2,000,000	$55,849	-$1,944,151	2	2
2019	LCDA Development	$7,500,000	$13,343,866	$5,843,866	13	8
	LCDA Pre-Development				6	6
	TOD Development	$5,000,000	$3,799,800	-$1,200,200	4	3
	TOD Pre-Development				3	3
	TOD Zoning				0	0
	LHIA	$2,500,000	$2,500,000		11	11
	TBRA Cleanup	$5,900,000	$12,750,975	$6,850,975	32	21
	TBRA Site Investigation				4	2
	TBRA SEED	$500,000	$74,473	-$425,527	2	2
2020	LCDA Development	$9,000,000	$17,899,301	$8,899,301	15	7
	LCDA Pre-Development			$5,755,920	6	6
	TOD Development	$5,000,000	$10,755,920		8	4
	TOD Pre-Development				4	4
	LHIA	$5,500,000	$5,500,000		11	11
	TBRA Cleanup	$5,750,000	$8,740,376	$2,990,376	29	18
	TBRA Site Investigation				3	3

Funding Year	Program	Funding Available	Total Requested	Over/Under Subscribed (-)	Applications	Awards
	TBRA SEED	$250,000	$260,625	$10,625	5	5
2021	LCDA Development	$10,000,000	$24,306,981	$14,306,981	14	8
	LCDA Pre-Development				11	9
	TOD Development	$5,000,000	$14,159,600	$9,159,600	10	4
	TOD Pre-Development				7	6
	LHIA	$8,000,000	$8,000,000		10	10
	TBRA Cleanup	$5,500,000	$8,453,633	$2,953,633	22	17
	TBRA Site Investigation				4	3
	TBRA SEED	$500,000	$168,087	-$331,913	4	4
2022	Policy Development	$2,000,000	$1,303,900	-$696,100	2	2
	LCDA Pre-Development				12	8
	LCDA Development	$9,000,000	$14,112,000	$5,112,000	11	6
	TOD Development	$5,000,000	$10,195,500	$5,195,500	9	7
	LHIA	$3,500,000	$3,500,000		9	9
	LHIA Afordable Homeownership	$2,000,000	$8,217,121	$6,217,121	16	9
	TBRA Cleanup	$5,000,000	$8,935,995	$3,935,995	15	10
	TBRA Site Investigation				1	1
	TBRA SEED	$500,000	$198,090	-$301,910	4	4
2023	Policy Development	$2,000,000	$3,991,900	$1,991,900	3	3
	LCDA Pre-Development				25	12
	LCDA Development	$9,300,000	$25,035,700	$15,735,700	17	8
	TOD Development	$5,300,000	$8,233,750	$2,933,750	7	4
	LHIA	$2,500,000	$2,500,000		5	5
	LHIA Afordable Homeownership	$2,900,000	$3,350,000	$450,000	8	6
	TBRA Cleanup	$5,000,000	$9,213,542	$4,213,542	25	18
	TBRA Site Investigation				2	2
	TBRA SEED	$500,000	$377,375	-$122,625	6	4
	Totals	**$251,147,732**	**$395,154,378**		**787**	**561**
			Oversubscribed	**$144,006,646**		

Areas of Concern by Stakeholder Group

Area of Concern	CDC Feedback (summary of discussions; interviews)	Staff Feedback (notes, murals, summary documents)	City Feedback (Interviews, workshops, surveys)	Others Feedback (developers via interviews, focus group)
Program Design and Goals				
Lack of clear priorities or goals for each program	X	X	X	X
Lack of outcome data to guide decision-making	X			
Housing projects and jobs projects compete	X			X
Smaller communities perceive they cannot compete on: ● transit access ● parking needs ● ability to develop density ● ability to develop deeply affordable housing			X	
Lack of flexibility and acknowledgement of different development contexts and market dynamics in different types of communities (e.g. suburban edge, urban, etc.)	X		X	
Lack of political support to participate/negative perception of Met Council	X		X	
Lack of desire for low-income housing in some communities	X		X	
LCA mis-aligned with some community needs including ● Housing rehab ● Lifecycle housing ● Commercial rehab ● Industrial rehab ● General gap financing ● Missing middle housing			X	X
Not clear how LCA supports equity	X			
Not clear LCA funds are shared equitably across geography	X			
Lack of understanding of program goals	X	X	X	
Lack of shared understanding of equity across the region	X	X	X	
Not enough funding available to have impact	X	X	X	X
Not all cities are aware of LCA and deadlines/funding cycles			X	
Requesting “innovation” in submissions creates incentive to add things to a project which end up costing money			X	X
Funds do not cover soft costs which is challenge in smaller and less affluent communities		X	X	X

Areas of Concern by Stakeholder Group

Area of Concern	CDC Feedback (summary of discussions; interviews)	Staff Feedback (notes, murals, summary documents)	City Feedback (Interviews, workshops, surveys)	Others Feedback (developers via interviews, focus group)
Examples and guidelines should be clearer			X	X
Lack of adequate funds for small area planning			X	
Lack of adequate funds for pre-development	X	X	X	X
Engagement requirements are hard to understand and subjective	X			X
Uneven competition between larger cities, larger developers and smaller cities, small or emerging developers	X		X	X
LCA should fund land banking			X	X
Reimbursement process and timeline is problem especially for emerging developers			X	X
Lack of partnership or mentorship opportunities to help emerging developers compete effectively				X
No analysis of potential impact LCA funds could have if deployed differently, e.g. scenario planning	X	X		

Program Process				
Application timeline ● Time between application and award ● Time of year doesn't respond to development construction timeline (close in Jan/Feb for spring groundbreaking) ● Different deadlines are confusing (for example TOD and LCDA)		X	X	X
Confusing applications ● Programs overlap so not sure which to apply for ● Length of application/number of questions ● Lack of clarity of what the priorities are	X	X	X	X
Scoring ● Criteria not clear ● Not clear if all criteria apply to every project ● Asking too much in one question ● Too subjective ● Doesn't take into consideration size of city or development pattern/context ● Doesn't reflect potential impact a project could have in a smaller community ● In TBRA get rid of net tax capacity calculation ● Not much distinction between criteria for LCDA and TOD	X		X	X

Areas of Concern by Stakeholder Group

• Not clear how to increase score • Point value for each question not clear				
Eligible expenses are not clear (especially between LCDA vs LCDA-TOD)		X	X	
Allowable expenses do not reflect real world costs	X		X	
Eligible expenses are too narrow/specific			X	
Eligible expenses don't cover: • attorney fees • graphics • holding and acquisition			X	X
Reporting and administrative process too time consuming		X	X	
Smaller cities lack capacity, experience and funds to create successful applications (paying consultants to write, to have schematics, etc.)	X		X	
Need more education and examples and TA from Council staff			X	X
Grant agreement often requires the City hire an attorney			X	
TBRA reporting requirements are cumbersome and time consuming			X	
Don't know in advance what to track and report			X	
Grant portal is challenging			X	
Too many meetings as part of process			X	X
No place in application to describe project in full and its impact			X	X
Five minute presentation is too brief			X	
Lack of understanding of role of LCAC			X	
Need more outreach to staff at smaller cities to ensure they are aware, have support and can prepare applications	X		X	X
Need more communication from staff once an application has been submitted and shorten time to decision				X