Information Item

Community Development Committee

Meeting date: July 7, 2025

Topic
Livable Communities Program Update: Alignment with Imagine 2050

District(s), member(s):	All
Policy/legal reference:	Minn. Stat. § 473.25
Staff prepared/presented:	Emily Seddon, Manager, Livable Communities, 651-602-1023
	Hannah Gary, Planning Analyst, Livable Communities, 651-602-1633
Division/department:	Community Development/Regional Planning

Background

The Met Council has been engaged in a multi-year effort to update the Livable Communities Act (LCA) grant program to ensure impact and responsiveness, as well as align with the Imagine 2050 regional development guide. Since the April 21, 2025 update to the Community Development Committee (CDC), staff have continued to engage external stakeholders about an updated program design. Between April 2025 and the present, staff have spoken with more than 45 program partners from cities, counties, and the development sector, representing all 16 Council districts. Staff also presented to the Housing Work Group, the Livable Communities Advisory Committee (LCAC), the Land Use Advisory Committee (LUAC), and the Regional Planning Advisory Group (RPAG).

This information item shares the staff's preliminary recommendation (50% draft) for the LCA application process, scoring criteria, and evaluation plan for Council Member feedback.

Key Updates

- **Alignment with Imagine 2050:** Imagine 2050, the Met Council's current regional plan, builds on the outcomes and directions identified in Thrive MSP 2040. Due to this continuity, there are no significant changes to the LCA program goals. However, Imagine 2050 does provide specific policy guidance for LCA programs and Met Council grants more broadly, which are incorporated into this proposal. Imagine 2050 also has a clearer emphasis on wealth-building and regional prosperity. While jobs and commercial projects have always been eligible for LCA grants, the proposed update aims to clarify where LCA grants can advance these goals.

- **Focus on outcomes, less on acronyms:** Current LCA grant programs are defined by their funding source, with carve-outs for specific activities, resulting in a heavy reliance on acronyms and funding account names that are unclear. Despite staff outreach, this presents a barrier to entry for the LCA programs, as local project teams unfamiliar with the fund structure have had to piece together where their project will fit. The proposed structure defines the grant programs by the type of project and outcomes they seek to achieve, making it clearer how to apply for funds. Staff will manage the funding sources internally.

- **Every community is part of a livable region:** Currently, development projects are scored on five criteria, and the more a project does, the higher the score. This created an

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imbalance where small projects and suburban projects with narrower scopes had a harder time competing for funds. The proposed update seeks to correct that by using a new scoring structure in which a project that meets one Met Council goal well is competitive. The proposed scoring structure focuses on enhancing the qualitative elements of a livable community—safety, ability to meet your needs in your community, and choice in housing and transportation—rather than simply the quantity of housing units or projects.

Design Process

Staff started the design process by defining the intended beneficiaries of LCA programs. Specifically, Imagine 2050's emphasis on racial equity, feedback from program participants and partners, as well as statutory guidance, has informed recommendations for populations that LCA programs should prioritize:

- People living on the lowest incomes in the region
- Black, American Indian, and other communities of color who have been and continue to be systematically excluded and negatively affected by housing, economic, and related systems
- The growing population of seniors
- People experiencing the highest cost burden from housing and transportation costs
- People living or working in areas with disproportionate environmental hazards
- People living or working in areas where jobs have moved or been eliminated, and that have not received investment similar to other areas of the region

In addition to aligning the LCA program with Imagine 2050 policy direction and ensuring the design most benefits the above groups, staff approached the program design with three goals based on feedback from cities, developers, consultants, and Council Members:

- Simplify the application process.
- Ensure that suburban projects and projects not served by transit, that are aligned with Imagine 2050 goals, are competitive.
- Ensure that small projects that are aligned with Imagine 2050 goals are competitive.

Program Components

Based on feedback from cities and partners, staff recommend that LCA grant programs continue to fund activities along the development continuum, from policy through construction. The breadth of eligible activities is one reason for the popularity of LCA programs. It supports smaller cities in setting the conditions for development aligned with regional goals through studies, broader engagement, and policy and ordinance development. It also makes LCA a flexible tool for the Council to incentivize local projects at various stages of development that align with regional goals.

Staff also recommend adding small area development planning as a new eligible use, effective in 2026. Staff heard from cities that small area plans are important tools to help their community set the conditions for future development that align with Imagine 2050 goals. With this scope of eligible activities, staff recommends three grant opportunities:

- Development Projects, inclusive of current pre-development, Livable Communities Demonstration Account (LCDA), Transit Oriented Development (TOD), Affordable Homeownership, and Tax Base Revitalization (TBRA) projects
- Policy Projects
- Small Area Planning Projects

Each opportunity would follow the same scoring structure, but use different criteria given how different the types of projects are.

Application Process

Staff recommend simplifying the application process by creating one entry point for applicants,

regardless of the LCA funding source that could fund the project. With a single-entry point, projects could apply for all eligible expenses within a single application. For example, if a project requires pre-development and environmental cleanup support, it could be requested through a single application in this proposed structure, rather than two separate applications currently. If a project only needs one type of funding or only knows about one need at the time of application, it can still request it and submit another application in the future if a new need is identified. For example, if a project requests funding for site investigation and the investigation shows contamination, it can apply for cleanup funds in a future funding cycle.

Staff recommend two funding cycles per year for all programs.

In the likely event that the Met Council receives more requests than funds available, staff recommend maintaining the limit on funding for cities of the first class. Staff will propose the exact mechanism for discussion in a future draft.

Funding Sources

Development Projects would all be funded through the Livable Communities Demonstration Account (LCDA) and/or the Tax Base Revitalization Account (TBRA), depending on requested activities. Policy Projects and Small Area Planning Projects would only be funded through LCDA, given statutory restrictions on TBRA funds.
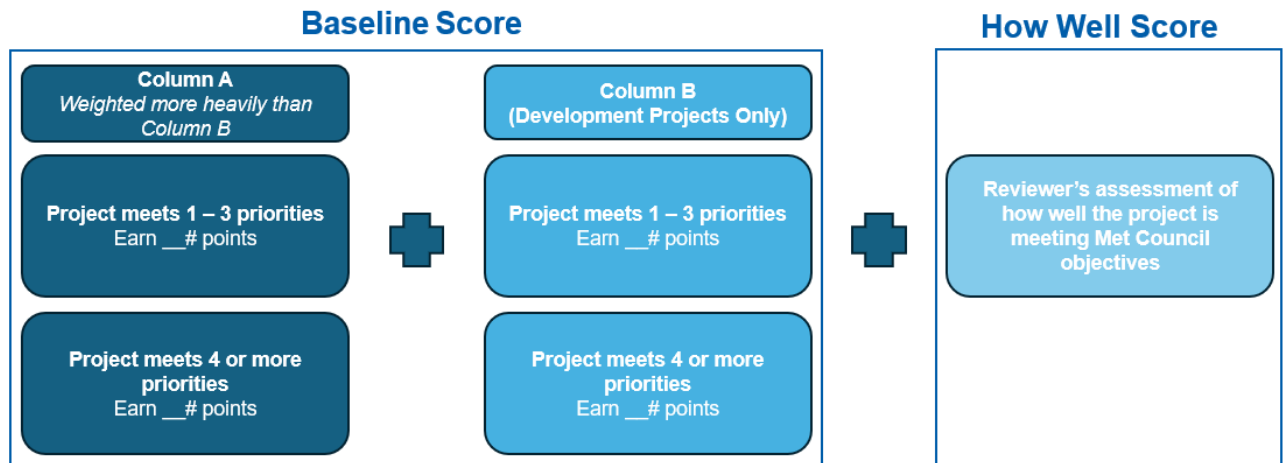
Staff recommend that the LCA's third funding account, the Local Housing Incentives Account (LHIA), continue to fund affordable rental housing development projects through the Minnesota Housing Consolidated Request for Proposals (RFP), thereby separating it from the proposed single-entry point structure and maintaining its current process. LHIA projects would be assessed using the same scoring system as development projects that apply through the single-entry point, ensuring consistency with Imagine 2050 goals.

Proposed Scoring Structure

The proposed scoring structure is designed to review projects of all sizes equitably, while providing greater transparency in the scoring process. The proposed structure simplifies scoring from the five categories projects are currently evaluated on into two components, a Baseline Score and a How Well Score.

Figure 1. Proposed Scoring Structure

Baseline Score

Column A
Weighted more heavily than Column B

Column B
(Development Projects Only)

Project meets 1 – 3 priorities
Earn __# points

Project meets 1 – 3 priorities
Earn __# points

Project meets 4 or more priorities
Earn __# points

Project meets 4 or more priorities
Earn __# points

How Well Score

Reviewer's assessment of how well the project is meeting Met Council objectives

The Baseline score reflects how many of the Council's priorities the project meets. Projects that meet one to three priorities receive the same score, and projects that meet four or more priorities receive a higher score. By counting the number of priorities met in each column, the proposed structure gives equal weight to all priorities within a given column. For development projects, Column A reflects statutory guidance as well as Imagine 2050 housing policy priorities. Column B reflects additional elements that can advance the implementation of Imagine 2050 goals, objectives, and policies. To be eligible, projects must meet at least one priority in Column A or B. Column A is weighted more heavily than Column B. The Baseline Score will make up a significant component of the project's overall score. The intent is that any project that meets at least one priority in Column A or B can be competitive. However, the nature of the annual funding cycle means that a project's competitiveness partly depends on the competitiveness of other projects submitted in that round.

After receiving their Baseline Score, projects will be further differentiated using the How Well Score. In this scoring step, internal and external reviewers will assess how well a project meets the needs of the local community and Met Council-identified goals.

Development Project Proposed Scoring Criteria

After staff complete an initial eligibility review of applications, including project need, feasibility, and alignment with the Housing Choice Voucher program (housing projects only), projects will receive a Baseline and How Well Score that will determine their priority for funding. See Appendix A for the matrix with Imagine 2050 policy references.

Figure 2. Proposed Scoring Criteria - Development Project (50% Draft)

Baseline Score		How Well Score
Column A	**Column B**	
• Build new homes with at least 10% of units in the project affordable to households living on 30% AMI or less, **OR** the project meets 10% of the city's need for units affordable to households living on 30% AMI	• Build new homes with at least 75% of the units in a project affordable to households living at or below 60% AMI, **OR** the income of residents in all units in the project averages 60% AMI or less	• How is the project helping the city to meet its identified development needs that are aligned with regional goals?
• Create new affordable homeownership opportunities for households earning 80% AMI or less	• Bring new retail or service options to the area	• How is the project benefiting people who live on the lowest incomes, are Black, American Indian, or part of another community of color?
• Rehab or preserve existing homes affordable to households living at 60% AMI or below for rental projects or 80% AMI or below for ownership projects	• Add new housing types or tenures to the area	• If near existing or planned transit or trails, how is the project connecting housing, jobs, and/or job training to transit and/or trails?
• Reduce vacant or underutilized land through infill or redevelopment, **OR** project is located in an eligible transit area (1/2 mile of a station area or ¼ mile of high frequency local bus route)	• Project includes 3+ bedroom units for families, affordable to households living at 60% AMI or below for rental projects or 80% AMI or below for ownership projects	• Whose perspective is represented in the project through community engagement and/or as part of the development team? And how are their perspectives represented?
• Support asset building through commercial ownership and/or business incubators/small business development spaces	• Project includes public, community gathering space	• How does the project preserve the ability for residents and businesses to stay in the community and preserve cultural and social community connections?
• Add at least 10 living wage jobs and/or job training for residents in cities with lower household income than the regional median	• Energy-saving activities that result in decarbonization, water efficiency, or reduced energy costs for cost-burdened residents	• Are the team and funding sources identified? Does the project have site control for development activities (cleanup–construction)?
• Environmental cleanup in [Environmental Justice areas](#)	• Create senior or youth-serving (aged 16-24) housing affordable to households living at 60% AMI or below	• What is the severity of environmental contamination?*
	• Build or rehab housing that serves people who have experienced homelessness	• What is the risk of exposure to environmental contamination?*
	• Use universal design principles and/or create more accessible housing units than required by Minnesota Housing	• What is the impact on the property tax base?*

AMI=Area Median Income (30% AMI= $39,700, 60% AMI=$79,440, 80% AMI=$104,200 in 2025)

*Only for projects requesting clean-up funding

Development Project Scoring Example

The following example of the recommended scoring structure compares two projects that applied for funding in 2024. In 2024, the urban project was fully funded and the suburban project received partial funding. Under the proposed scoring structure, the projects would earn equal Baseline points from Columns A and B because they both meet one to three goals in Column A and more than four goals in Column B.

Figure 3. Development Project Baseline Scoring Example

	Example A Urban	Example B Suburban
Project Description	*The project builds a new space for an existing program serving homeless youth, expanding capacity 66%. The project includes three emergency overnight beds, 20 transitional studios, and eight "first step" apartments. The project includes space for on-site programming and services. The project site is near transit and employment opportunities. The project will create or retain 17 living wage jobs.*	*A 106-unit new construction project, age-restricted for seniors, featuring a mix of studios and 1-2 bedroom units. Ninety-six units are affordable. 11 are affordable to senior households living on 30%AMI or less, 28 for those living on 31%-51% AMI, and 55 for those living on 51%-60% AMI. Will include supportive housing units for seniors who have experienced homelessness. The project will create three new living wage jobs.*
Column A	• Units affordable to those living on 30% AMI or less • Infill development and near transit • Living wage jobs	• Units affordable to those living on 30% AMI or less
Column A Total	8 Points*	8 Points*
Column B	• Affordable units • New housing type • Youth focus • Homelessness • Energy Saving	• Affordable units • New housing type • Senior housing • Homelessness • Energy Saving
Column B Total	12 Points*	12 Points*
Outcomes Total Score	**20 Points***	**20 Points***

AMI=Area Median Income (30% AMI= $39,700, 50% AMI=$66,200 and 60% AMI=$79,440 in 2025)

*Points in the example reflect proposed weighting, but the exact number of points possible may change

Policy Project Proposed Scoring Criteria
Figure 4. Proposed Scoring Criteria - Policy Projects (50% Draft)

Baseline Score	How Well Score
• Encourage more development or preservation of affordable housing, both rental and ownership • Incentivize environmentally sustainable development and green infrastructure • Mitigate or prevent future displacement of residents and businesses • Increase housing choice through type, tenure, and/or accessibility	• How does the policy benefit people needing or living in housing affordable to people living on 30% AMI or less? • What is the plan for addressing potential unintended consequences? • What is the clearly defined workplan/scope? • What is the net tax capacity of the city?

AMI=Area Median Income (30% AMI= $39,700 in 2025)

Small Area Development Plan Projects Proposed Scoring Criteria
Figure 5. Proposed Scoring Criteria - Small Area Development Plan Projects (50% Draft)

Baseline Score	How Well Score
• Situate affordable housing near transportation options and amenities • Plan for mixed-use areas on infill or redevelopment sites • Plan for commercial districts and corridors that include spaces for small-scale and emerging businesses • Establish or improve multi-modal transportation options by connecting trails and bike infrastructure with housing, jobs, and transit • Establish or improve a cultural corridor • Protect areas of ecological significance within planned development areas and/or incorporate strategies to promote public and ecosystem health • Plan for public gathering space as part of a small area plan, corridor plan, or station area plan	• How will the community and diverse perspectives be represented in engagement through the process to develop the small area plan? • What is the displacement mitigation strategy? • How will amenities and connectivity prioritize residents? • What is the clearly defined workplan/scope? • What is the net tax capacity of the city?

Evaluation and Monitoring

The LCA team will align its staff capacity to improve monitoring and evaluation of both internal processes and external impacts. Internal monitoring and evaluation will assess progress toward the three process goals driving the program update:

- Ease of the application process (simplicity).
- Ensure that suburban projects and projects not served by transit, that are aligned with Imagine 2050 goals, are competitive.
- Ensure that small projects that are aligned with Imagine 2050 goals are competitive.

LCA staff will continue to monitor the number of units created within different affordability bands, the number of jobs created, the number of acres cleaned up from contamination, and the increase to the regional property tax base. In addition, staff are developing mechanisms to assess the LCA program's broader goal: to improve the quality of life or livability in the region. In the future, staff

hope to be able to share how LCA grants have contributed to the key aspects of livability identified by Imagine 2050 and city partners:

- Choice in housing and transportation
- Safety
- Ability to meet your daily needs in your community.

Staff are committed to continuous improvement and plan to integrate data collection through the regular grant administration process, without adding unnecessary burden to grantees. As with any significant change, staff plan to monitor and evaluate the effect of program changes after implementation. Results from ongoing evaluation and monitoring will be presented to CDC members on an annual basis.

Timeline for Next Steps

Current—July 2025: Staff seek feedback from developers, cities, counties, and other stakeholders on program design concepts, including the launch of a public survey period.

August 2025: Staff present an 80% draft of the LCA program update and alignment to CDC.

Fall 2025: Staff present the final program design recommendation to CDC for acceptance, allowing outreach and technical assistance to begin for the 2026 grant cycle.

January - February 2026: Staff will submit the 2026 Fund Distribution Plan, including funding levels, for approval.

Discussion Questions

At the Committee meeting, Council staff will seek Committee feedback on the direction of these alignment efforts.

- What do you support in this proposal? What excites you?
- How well does this proposal meet the key Imagine 2050 outcomes prioritized in the program?
- What would you like more information on? (Next update is currently planned for August)

Thank you for your ongoing support and feedback through the LCA program update and alignment process.

Appendix A - Imagine 2050 Policy Reference Matrix

With limited funding, Livable Community Act (LCA) programs cannot address every goal and objective in Imagine 2050. In the program design, staff focused on incorporating the Imagine 2050 policies that provided specific direction to LCA programs and those that were most aligned with the LCA enabling statute (MN Stat. §473.25).

Imagine 2050 Policy Plans are mutually reinforcing. The following matrices indicate primary policy guidance supporting scoring criteria, but may not reference all mentions of the policy goal included within Imagine 2050. The Livable Communities Act (LCA) programs are most directly related to the Housing Policy Plan and Land Use Policy Plan. While LCA programs reinforce goals in the Parks and Trails, Water, and Transportation Policy plans, they are not included in this appendix.

Plan references marked with an * are specific directions to the Livable Communities Act Programs in Imagine 2050.

Table 1. Development Projects Column A Priorities with Policy References

Development Projects Column A Priorities	Housing Policy Plan	Land Use Policy	MN Statute
Build new homes with at least 10% of units in the project affordable to households living on 30% AMI or less, **OR** the project meets 10% of the city's need for units affordable to households living on 30% AMI	Objective 1, p. 25*		§473.25
Create new affordable homeownership opportunities for households earning 80% AMI or less	Objective 2, p. 26*		§473.25
Rehab or preserve existing homes affordable to households living at 60% AMI or below for rental projects or 80% AMI or below for ownership projects	Objective 1, p. 25*		§473.25
Reduce vacant or underutilized land through infill or redevelopment, **OR** project is located in an eligible transit area (1/2 mile of a station area or ¼ mile of high frequency local bus route)	Objective 2, p. 27	Objective 1, Policy 2, p. 24 Objective 1, Policy 4, p. 27 Objective 2, Policy 7, p. 29	§473.25
Support asset building through commercial ownership and/or business incubators/small business development spaces		Objective 8, Policy 40, p.44	
Add at least 10 living wage jobs and/or job training for residents in cities with lower household income than the regional median		Objective 8, Policy 39, p. 43	§473.25
Environmental cleanup in Environmental Justice areas		Objective 1, Policy 4, p. 27 Objective 6, Policy 27, p. 38	§473.252

AMI=Area Median Income (30% AMI= $39,700, 60% AMI=$79,440, 80% AMI=$104,200 in 2025)

Table 2. Development Projects Column B Priorities with Policy References

Development Projects Column B Priorities	Housing Policy Plan	Land Use Policy Plan	MN Statute
Build new homes with at least 75% of the units in a project affordable to households living at or below 60% AMI, **OR** the income of residents in all units in the project averages 60% AMI or less	Objective 1, Pg 25		§473.25
Bring new retail or service options to the area		Objective 2, Policy 7, p. 29	
Add new housing types or tenures to the area	Objective 1, Pg 25	Objective 5, Policy 22, p. 35	§473.25
Project includes 3+ bedroom units for families, affordable to households living at 60% AMI or below for rental projects or 80% AMI or below for ownership projects	Community Feedback, Pg 10 Objective 1, Pg 25		
Project includes public, community gathering space		Objective 3, Policy 13 & 14, Pg 31-32 Objective 6, Policy 27, p. 38	
Energy-saving activities that result in decarbonization, water efficiency, or reduced energy costs for cost-burdened residents	Objective 7, Pg 57*	Objective 7, Policy 32, p. 40	
Create senior or youth-serving (aged 16-24) housing affordable to households living at 60% AMI or below	Objective 4, Pg 44	Objective 1, Policy 4, p. 27	§473.25
Build or rehab housing that serves people who have experienced homelessness	Objective 3, Pg 43*		§473.25
Use universal design principles and/or create more accessible housing units than required by Minnesota Housing	Objective 4, Pg 44*	Objective 3, Policy 16, p. 32	

AMI=Area Median Income (30% AMI= $39,700 and 60% AMI=$79,440 in 2025)

Table 3: Development Projects How Well Criteria with Policy References

Development Projects How Well Criteria	Housing Policy Plan	Land Use Policy Plan	MN Statute
How is the project helping the city to meet its identified development needs that are aligned with regional goals?			§473.25
How is the project benefiting people who live on the lowest incomes, are Black, American Indian, or part of another community of color?	Objective 6, p. 56*	Objective 6, Policy 27, p. 38	
If near existing or planned transit or trails, how is the project connecting housing, jobs, and/or job training to transit and/or trails?		Objective 2, Policy 7, p. 29	§473.25
Whose perspective is represented in the project through community engagement and/or as part of the development team? And how are their perspectives represented?	Objective 6, p. 56*	Objective 6, Policy 26, p. 37	
How does the project preserve the ability for residents and businesses to stay in the community and preserve cultural and social community connections?	Objective 5, p. 55*	Objective 6, Policy 28, p. 38	
Are the team and funding sources identified? Does the project have site control for development activities (cleanup–construction)?			
What is the severity of environmental contamination?*			§473.252
What is the risk of exposure to environmental contamination?*			§473.252

Table 4. Policy Grants Baseline Score with Policy References

Policy Projects Baseline Score	Housing Policy Plan	Land Use Policy Plan	MN Statute
Encourage more development or preservation of affordable housing, both rental and ownership	Objective 1, p. 25* Objective 2, p. 26*	Objective 5, Policy 22, p. 35	§473.25
Incentivize environmentally sustainable development and green infrastructure	Objective 7, p. 57*	Objective 3, Policy 14, p. 32	
Mitigate or prevent future displacement of residents and businesses		Objective 6, Policy 28, p. 38	
Increase housing choice through type, tenure, and/or accessibility	Objective 1, p. 25		§473.25

In addition to Housing Policy Plan Objective 1, the Policy Projects How Well Score is related to project readiness and feasibility; therefore, it is not included in this matrix.

Table 5. Small Area Plan Baseline Criteria with Policy References

Small Area Plan Projects Baseline Criteria	Housing Policy Plan	Land Use Policy Plan	MN Statute
Situate affordable housing near transportation options and amenities		Objective 2, Policy 7, p. 29	§473.25
Plan for mixed-use areas on infill or redevelopment sites	Objective 2, p. 27	Objective 1, Policy 4, p. 27	§473.25
Plan for commercial districts and corridors that include spaces for small-scale and emerging businesses		Objective 8, Policy 37, Action 2, p. 43	
Establish or improve multi-modal transportation options by connecting trails and bike infrastructure with housing, jobs, and transit		Objective 5, Policy 24, Action 4, p. 36	
Establish or improve a cultural corridor		Objective 8, Policy 40, p. 44	
Protect areas of ecological significance within planned development areas and/or incorporate strategies to promote public and ecosystem health		Objective 1, Policy 5, p. 27	
Plan for public gathering space as part of a small area plan, corridor plan, or station area plan		Objective 3, Policy 13 & 14, pp. 31-32 Objective 6, p. 36	

In addition to Housing Policy Plan Objective 5 and Land Use Policy Plan Objective 6 on anti-displacement actions, the Small Area Plan How Well Criteria assess project readiness and feasibility. Therefore, it is not included in this matrix.