

DATE: September 11, 2014
TO: Land Use Advisory Committee
FROM: LisaBeth Barajas, Manager, Local Planning Assistance, 651-602-1895
SUBJECT: Planning Assistance Fund for Local Comprehensive Planning

In July, we provided information on the Planning Assistance Fund for review in advance of the September Land Use Advisory Committee meeting. This month, we are asking Committee members to discuss the program, criteria, and potential award amounts in more depth. The Committee briefly talked about the Planning Assistance Fund in May 2012.

This memorandum outlines background information on the Planning Assistance Fund for local comprehensive planning and raises questions to promote discussion. As we approach the issuance of System Statements in September 2015, Council staff are preparing the local comprehensive planning assistance fund to make grants available to local communities in early 2016. Council staff began this conversation with the Community Development Committee earlier this year, and the Committee directed staff to work with the Land Use Advisory Committee to develop the program, including eligibility criteria and grant amounts.

Planning Assistance Fund Background

Minnesota Statutes Section 473.867, subd. 2, authorizes the Metropolitan Council to establish a planning assistance fund to provide grants and loans to local units of government. The primary purpose is for reviewing and amending local comprehensive plans, fiscal devices, and official controls, as required by the Metropolitan Land Planning Act. The Council has provided grant funding to identified eligible communities in previous decennial review rounds to update local comprehensive plans.

The Council’s Planning Assistance Fund currently has a balance just over \$1 million. The Council traditionally has reserved about \$300,000 of that fund to help regenerate funds in the account and to continue to provide interest-free loans to local units of government for other related planning projects during the interim planning years. With about 30% of this fund reserved for regeneration purposes, the available balance is less than what was awarded for the 2008 comprehensive planning process.

Table 1. 2008 Planning Grant Summary

Total Amount Awarded	\$1,015,000
Number of Grants Awarded	49 grants (communities assisted is higher due to Townships served in County and collaborative processes)
Community Grant Award:	\$15,000 or \$20,000
Grant Award for Counties	\$50,000

For the 2007 grant process, the Council awarded \$1,015,000 to communities to update local comprehensive plans, as summarized in Table 1. Because of the limited funding available, the Council identified a group of communities that would be eligible for these planning grants using the following criteria:

1. Communities with a 2005 Net Tax Capacity (NTC) value less than or equal to 300 percent of the median NTC (\$12,840,000) for all communities in the metropolitan area, and



2. With a forecasted household growth for 2010 to 2030 that is a percent growth equal to or greater than the median (21) percent of forecasted household growth. –OR–
3. Be a county, or a consortium of at least 5 communities working collaboratively, to update their local comprehensive plans.

Based on these criteria about 51 identified communities (or counties/collaborations) were eligible to apply, as shown in the Table 2 and illustrated on the attached map (Figure 1). Of the identified eligible communities, 50 grants were awarded totaling \$1,035,000. As shown in Table 2, the Council made grants of \$15,000 available to unsewered communities, and slightly larger grants of \$20,000 available to sewerred communities. Counties or township consortiums were awarded grants of up to \$50,000.

Table 2. 2008 Planning Grant Award Amounts

2008 Eligible to Apply	Grant Amount	Total Amount Granted	Average Planning Cost	Total Planning Cost
11 Unsewered Communities	\$15,000	\$165,000	\$31,951	\$351,456
36 Sewered Communities	\$20,000	\$720,000	\$59,280	\$2,236,950
3 Counties or Township Consortiums	\$50,000	\$150,000	\$82,175	\$246,524
TOTALS		\$1,035,000		\$2,834,929

Communities awarded grants, on average, incurred planning expenses of \$55,817 to update their local comprehensive plans. While a local match was not required, the grant amount typically covered about 50% of the total planning expenses incurred. The difference between the grant award and the total local planning costs was most pronounced among sewerred communities, where the total local planning costs were about three times higher than the grant award.

Rationale

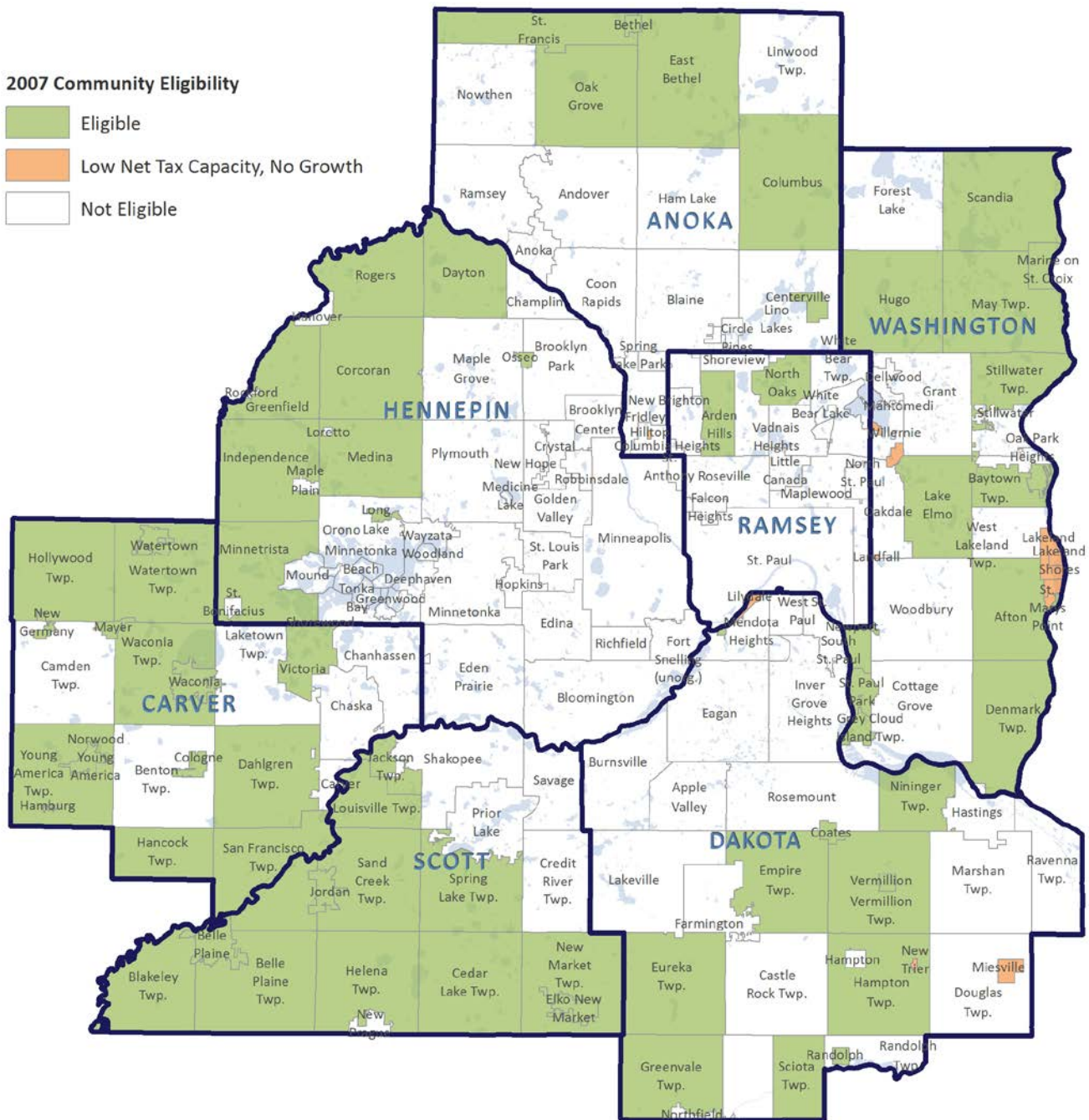
Providing a Planning Assistance Fund to support local comprehensive planning efforts is authorized under Minn. Stat. 473.867, subd. 2. Many of the previously identified communities have limited staffing so that even relatively minor comprehensive planning processes can be a large burden. Planning grants, along with the Council’s technical assistance through the Sector Representative program and the updated Local Planning Handbook, facilitate the local planning process to ensure that the region continues to coordinate planning across all jurisdictions.

Questions to Promote Discussion

- Is the individual grant award amount sufficient?
 - What are the costs for a plan update today, ten years later, and how much of the planning costs should the grant cover?
 - Should a local match be required? The 2007 grants did not require a local match, but many communities paid for portions of their local planning expenses.
- How much total funding is needed?
 - Should we keep a reserve to grow for the next cycle?
 - If we increase award amounts, what total is recommended?
- Are the 2007 eligibility criteria still applicable or should the criteria be modified?
 - Do the 2007 criteria target communities most in need? Or are alternative criteria preferable?
 - Do we capture enough/too many communities?

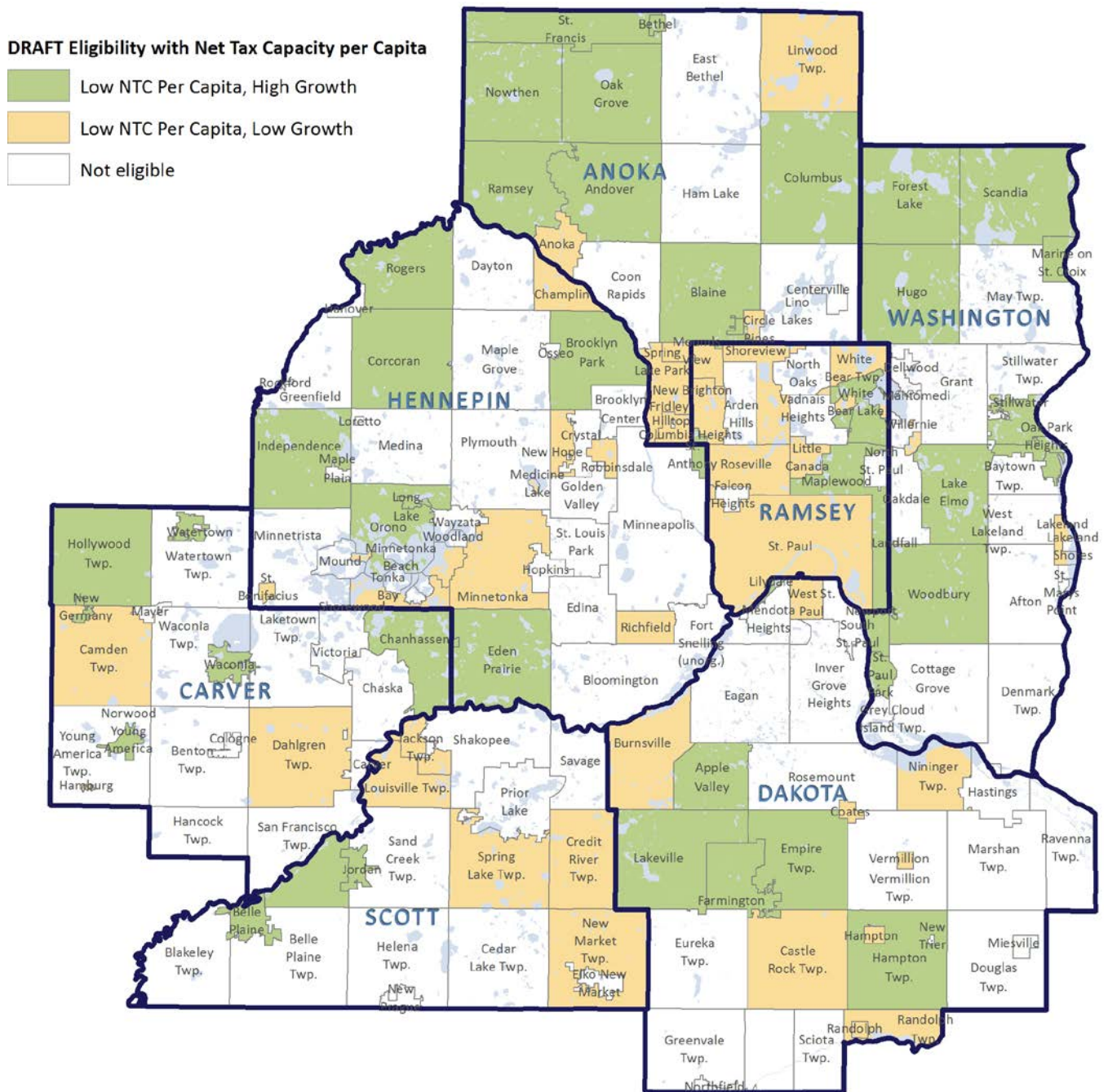
- Should grants be awarded on a first come, first served basis?
- How many communities are covered today based on past criteria? (See attached Figure 2. Potential Community Eligibility Applying 2007 Criteria) – 56 eligible communities.
- Which communities are eligible based on alternative criteria using 2014 net tax capacity per capita? – 46 eligible communities
- Should the Planning Assistance Fund be expanded to provide grants for other planning projects outside of the decennial comprehensive planning process?
 - The Planning Assistance Fund currently has two-year interest-free loans, limited to \$40,000, available to communities on a first-come-first-served basis for other in-depth planning and plan implementation activities.
 - Examples of eligible activities include:
 - Zoning ordinance updates
 - Subdivision regulations
 - Water supply implementation (conservation programs)
 - Special planning studies (redevelopment, master planning, station area planning, corridor plans)
 - Since 1992 when the loan program started, the Council has awarded loans to 36 communities, with the bulk of the loans made during the 1990s. In 2006, 10 loans were awarded, with only three loans requested and awarded since then.

Figure 1. 2007 Planning Grants: Eligible Communities



Eligibility illustrated on this map reflects the criteria described on pages 1 and 2 of this report, including low community net tax capacity and high household growth through the year 2030. Net tax capacity is the taxable value of property multiplied by its class rate. The Council also identified communities that had low net tax capacity and no projected growth as eligible for additional technical assistance.

Figure 3. 2018 Draft Alternative Eligibility



The map above illustrates potentially eligible communities using net tax capacity *per capita*, rather than total community net tax capacity. The median net tax capacity per capita in 2014 is equal to \$1,116. The eligibility analysis also uses the same household growth criterion used in Figures 1 and 2.