

Community Development Committee

For the Metropolitan Council meeting of December 11, 2019

Subject: Livable Communities Demonstration Account Pre-Development Funding Recommendations

Proposed Action

That the Metropolitan Council:

1. Award three Livable Communities Demonstration Account Pre-Development grants for \$190,000 as shown in Table 1 below.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Applicant	Recommended Project	Award Amount
City of Chaska	Artist Housing Market Study	\$30,000
City of Saint Paul	Little Saigon Plaza	\$100,000
City of South Saint Paul	Grand Ave. Gateway Residential	\$60,000
Total Recommended		\$190,000
Total Available		\$250,000
Total Remaining		\$60,000

Summary of Committee Discussion/Questions

Livable Communities Senior Planner Hannah Gary presented the staff recommendation to the Committee.

A Council Member had questions about whether or not partial awards are ever given to projects. Staff will follow-up with a specific answer after the meeting.

A Council Member had a question about Dakota County's involvement in the City of South Saint Paul Grand Avenue Gateway Residential project. Staff will follow-up with a specific answer after the meeting.

There was additional conversation about the Council's role in negotiating housing affordability and applicants' stated intent to contract with DBEs in their projects.

The recommendation was passed unanimously.

Community Development Committee

Meeting date: December 2, 2019

For the Metropolitan Council meeting of December 11, 2019

Subject: Livable Communities Demonstration Account Pre-Development Funding Recommendations

District(s), Member(s): All

Policy/Legal Reference: Minnesota Statute § 473.253

Staff Prepared/Presented: Hannah Gary, Senior Planner, Livable Communities (651) 602-1633

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

1. Award three Livable Communities Demonstration Account Pre-Development grants for \$190,000 as shown in Table 1 below.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Table 1. Recommended Livable Communities Demonstration Account Pre-Development Awards

Applicant	Recommended Project	Award Amount
City of Chaska	Artist Housing Market Study	\$30,000
City of Saint Paul	Little Saigon Plaza	\$100,000
City of South Saint Paul	Grand Ave. Gateway Residential	\$60,000
Total Recommended		\$190,000
Total Available		\$250,000
Total Remaining		\$60,000

Background

The Livable Communities Act (LCA) supports Metropolitan Council priorities through the Livable Communities Demonstration Account (LCDA) by funding projects that create livable communities by connecting jobs, transit, services, and housing. The Council adopted the 2019 LCDA guidelines, criteria, schedule, and evaluation process as part of the 2019 Annual Livable Communities Fund Distribution Plan ([Business Item 2019-33](#)) on February 13, 2019. The Fund Distribution Plan provides for a one-step staff evaluation process for the LCDA Pre-Development grant funding. A team of staff from the Community Development Division reviews pre-development applications.

Rationale

On November 1, 2019, the Council received three applications for the fall round of LCDA Pre-Development funding. Applications came from the City of Chaska, the City of Saint Paul, and the City of South Saint Paul. The staff evaluation concluded that all three applications met the minimum scoring threshold required for funding. Project details are included in the attached project summaries.

Thrive Lens Analysis

Projects that demonstrate efficient and effective use of public financial resources further the Thrive Stewardship Outcome.

Projects that redevelop and increase density further the Thrive Prosperity outcome of “[e]ncouraging redevelopment and infill development across the region.”

Projects that provide a mix of housing affordability levels further the Thrive Equity outcome of “[c]reating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability.”

Projects that introduce more housing types and affordability levels in existing neighborhoods further the Thrive Livability outcome of “Providing housing and transportation choices for a range of demographic characteristics and economic means.”

Funding

The Council has programmed up to \$500,000 for LCDA Pre-Development awards in the [Fund Distribution Plan](#) and the Council adopted budget. In the spring funding round, \$260,000 was awarded, which included a \$10,000 transfer of funds from the Livable Communities Demonstration Account Transit Oriented Development Pre-Development account to fully fund all eligible LCDA Pre-Development projects. Council staff recommend a total of \$190,000 for the fall round. The remaining balance will be available for future solicitations.

Known Support / Opposition

Each applicant submitted a resolution of support from their respective city.

All applicants are asked in the funding application to describe past and potential moments of opposition to the project.

- The City of Chaska indicated that this project came out of an earlier community engagement process around locating a library on the proposed site. The community desire was to include more housing. The City is now pursuing a market study to explore possible future housing options on the site.
- The City of Saint Paul anticipates the first moments of potential opposition to come at the first public meeting scheduled for February 2020. The project team has begun preliminary engagement efforts by talking with neighboring business owners.
- The City of South Saint Paul anticipates potential opposition to the proposed loss of parking resulting from converting surface parking lots to higher density developments. The project team intends to include public/private parking in future developments on the site.

Review Process

The Council issued a notice of funding availability in March 2019 after adopting the 2019 Annual Livable Communities Fund Distribution Plan. Staff distributed information about funding availability and met with applicants to discuss the LCA processes, criteria, and best program fit for their projects.

Three applications were submitted, as shown in Table 2 below. Community Development staff conducted a preliminary review for completeness and eligibility, then used Council-approved criteria to evaluate each application in the following areas: land use and design; connections to surrounding uses; sustainability; housing; jobs; partnerships and engagement; readiness; and demonstration value. Each application exceeded the minimum threshold of 30 points to be eligible for funding. Eligibility is determined before Housing Performance Scores are added. The total score in the table below includes the Housing Performance score for each community. Staff is recommending that all three projects receive full funding.

Table 2. LCDA Pre-Development Application Scoring Summary

Applicant	Project	Points (70 pts. possible; minimum 30 pts.)	Amount Requested	Amount Recommended
City of Chaska	Artist Housing Market Study	44	\$30,000	\$30,000
City of South Saint Paul	Grand Ave. Gateway Residential	42.7	\$60,000	\$60,000
City of Saint Paul	Little Saigon Plaza	42.5	\$100,000	\$100,000

Total Requested	\$190,000
Total Recommended	\$190,000
Total Available	\$250,000
Total Remaining	\$60,000

Project Recommended for Funding

A project summary for each of the recommended projects is on the following three pages.

Livable Communities Project Summary

Grant #
Type: LCDA Pre-Development
Applicant: City of Chaska
Project Name: Market Study in Historic Downtown Chaska for Affordable Artist Housing
Project Location: Chestnut Street and Fourth Street
Council District: 4 – Deb Barber

Project Detail	
Future Development Project Overview	After completing an area Master Plan, the City convened a task force to develop a concept plan for a mix of uses on the proposed site. Proposed uses include retail space, residential units, and space for outdoor community events. The market study, to be conducted in partnership with Artspace, would help to determine the demand for affordable artist housing in the area.
Comments/ Demonstration value	<ul style="list-style-type: none"> • The project would provide both new housing options as well as community gathering and educational space in the artist housing building. • The overall development seeks to create a new mix of uses and a central outdoor community center in Chaska.
Funding	
Requested amount	\$30,000
Previous LCA funding	None
Use of funds	
Amount	Uses to be completed by the end of the grant term
\$30,000	Market and/or Feasibility Study

Livable Communities Project Summary

Grant #
Type: LCDA Pre-Development
Applicant: City of Saint Paul
Project Name: Little Saigon Plaza
Project Location: 353 University Ave
Council District: 14 – Kris Fredson

Project Detail	
Future Development Project Overview	This project is proposing a mix of commercial and residential uses with a mix of market rate and affordable housing units. The project team seeks to maintain minority ownership of the uses on the site and to both retain and attract local businesses to the site.
Comments/ Demonstration value	<ul style="list-style-type: none"> • There is value in increasing density on the site and connecting the proposed uses to nearby bus lines and the Western Avenue Light Rail transit station. • A goal of the project is to increase access to existing and new minority-owned business through a strong community-driven process.
Funding	
Requested amount	\$100,000
Previous LCA funding	None
Use of funds	
Amount	Uses to be completed by the end of the grant term
\$20,000	Design Workshops and Community Engagement
\$30,000	Feasibility Study
\$40,000	Development of Site Plans
\$10,000	Stormwater Management Plan

Livable Communities Project Summary

Grant #
Type: LCDA Pre-Development
Applicant: City of South Saint Paul
Project Name: Grand Avenue Gateway Residential
Project Location: Grand Avenue and Concord Exchange
Council District: 13 – Chai Lee

Project Detail	
Future Development Project Overview	The City is currently working with two prospective developers on creating mixed-use developments on two sites. The developments would be pieces of a larger mixed-use district in the area. This project would be the first new development in the district since the 1980s.
Comments/ Demonstration value	<ul style="list-style-type: none"> • There is demonstration value in increasing density and land use intensity in the area. The two proposed developments would be catalysts for future development in the area. • There is also demonstration value in creating a cohesive, phased development plan for the district.
Funding	
Requested amount	\$60,000
Previous LCA funding	None
Use of funds	
Amount	Uses to be completed by the end of the grant term
\$15,600	Geotechnical Analysis
\$19,800	Site Plan Development, Project Phasing, and Platting
\$10,875	Financial Analysis
\$13,725	Stormwater Management Planning