

### Community Development Committee

For the Metropolitan Council meeting of March 9, 2022

**Subject:** 2022 Livable Communities Act Fund Distribution Plan

#### Proposed Action

That the Metropolitan Council approve the 2022 Livable Communities Fund Distribution Plan as shown in Attachment 1.

#### Summary of Committee Discussion/Questions

Livable Communities Manager Tara Beard presented the staff's report to the Committee. Council Member Lindstrom asked about staff's response to a letter from Metro Cities that is included in the Business Item as Attachment 2. Beard stated that she had a follow up phone conversation with Metro Cities staff in response to the letter. Council Member Wulff requested a written summary of the conversation staff had with Metro Cities in response to their comments. Staff stated that they would create and provide a written summary.

Council Member Wulff expressed concerns about LCA scoring criteria that incentivize specific local policies and practices. Council Member Wulff stated her concern that those criteria go beyond the purpose of the LCA and make it more difficult to achieve broad political support for the program.

Multiple Council Members commented on the base amount of \$1.5M for the Local Housing Incentives Account (LHIA) and asked if there were conversations at the legislature to secure more base funding for the program. Community Development Director LisaBeth Barajas responded that especially in recent years there has been more interest from some legislators to seek additional sources of funding for LHIA.

The Committee approved the proposed action as presented, with one opposing vote.

## Community Development Committee

Meeting date: February 22, 2022

For the Metropolitan Council meeting of March 9, 2022

**Subject:** 2022 Livable Communities Act Fund Distribution Plan

**District(s), Member(s):** All

**Policy/Legal Reference:** Minn. Stat. § 473.25

**Staff Prepared/Presented:** Tara Beard, Livable Communities Manager, (651) 602-1051

**Division/Department:** Community Development / Regional Planning

### Proposed Action

That the Metropolitan Council approve the 2022 Livable Communities Fund Distribution Plan as shown in Attachment 1.

### Background

The Livable Communities Act (LCA) requires that the Council prepare an annual plan for distribution of the Livable Communities funds that includes funding availability, program guidelines, and scoring criteria. In culmination of the information items and Committee discussions on [November 15, 2021](#), [December 6, 2021 \(LHIA\)](#), [December 6, 2021 \(Pre-Development policy expansion\)](#), [January 3, 2022 \(SEED\)](#), [January 3, 2022 \(LHIA\)](#), [January 18, 2022](#), and [February 7, 2022](#), staff is recommending approval of the Fund Distribution Plan for 2021 LCA programs as shown in Attachment 1.

For the 2021 funding cycle, the Council substantially changed LCA scoring criteria for the Livable Communities Demonstration Account (LCDA) and LCDA-Transit Oriented Development (LCDA-TOD) programs to better reflect the foundational purpose of the Livable Communities Act and to improve clarity and transparency of the criteria. All programs reorganized the scoring criteria within three categories: Project Outcomes (“What”), Project Process (“How”), and Project Team (“Who”). While generally the scoring overhaul appears to have been well received, Council staff will undertake a comprehensive evaluation in 2022, as the final 2021 funding recommendations are completed only shortly before adopting the 2022 Fund Distribution Plan. Staff will conduct a formal evaluation and engagement with stakeholders in 2022 to inform the 2023 funding cycle.

While staff could not conduct a comprehensive evaluation this year, the 2021 program cycle did reveal some opportunities to generally refine and improve the 2021 criteria, based on conversations with applicants, scorers, and our own observations on the scoring process over 2021. The majority of these changes simplify or clarify language, make small additions or omissions, or move the criterion to a different section where they would be more suitably scored.

In addition, Council staff received a letter containing questions and comments from Metro Cities (Attachment 2). Staff answered specific questions in a follow up conversation with Metro Cities. Comments in the letter are also being addressed, primarily by improving Evaluations Explanations materials to ensure the criteria are explained clearly and comprehensively. Evaluation Explanations are provided in for all LCA programs and provide more detailed explanations of each scoring criteria including examples of how to achieve points. Staff agrees with the inclusion of health care as a key industry to prioritize in economic development and jobs

criteria, which has been added to the relevant criterion across all programs as seen in Attachment 1.

### ***Scoring Criteria***

Notable scoring changes from 2021 are summarized as follows.

#### **As discussed on *November 15, 2021:***

1. Project Process criteria would be clarified and scoring values revised to consider variation and context across LCA participating communities.

#### **As discussed on *December 6, 2021:***

1. While priorities for the regular Local Housing Incentives Account (LHIA) program are not changing, approval of the 2022 Fund Distribution Plan as proposed would include the creation of an LHIA Affordable Homeownership Pilot. Scoring criteria for the Pilot as discussed at the [\*December 6, 2021 \(LHIA\)\*](#) Community Development Committee is included in the comprehensive 2022 Fund Distribution Plan as shown in Attachment 1.

#### **As discussed on *January 18, 2022:***

1. Where criteria in the LCDA and LCDA-TOD programs is substantially similar to Tax Base Revitalization Account (TBRA) criteria, TBRA criteria is being updated to match the more recently vetted LCDA and LCDA-TOD criteria.
2. A preamble to the LCDA and LCDA-TOD scoring provides context for how equity related scoring criteria is considered. This is to provide consistency in language and transparency in our scoring process. The preamble states:

*LCA is focused on addressing racial inequity in the region given race is the largest predictor of inequitable outcomes in jobs, housing, and other LCA goals. Therefore, projects addressing racial equity will be prioritized in scoring. Projects addressing other inequities will earn points towards how they address those inequities but will not receive full points unless they also consider the intersection of racial inequity.*

3. The LCDA and LCDA-TOD programs have also 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 process from sixteen (16) to eighteen (18). The minimum equity score to move on to Step Two evaluation is therefore also being increased from ten (10) to twelve (12).
4. LCDA and LCDA-TOD programs, for the first time in 2021, supported affordable housing preservation projects by allowed funds to be used for building rehabilitation. However, some of the scoring criteria were found to unintentionally prioritize new construction projects over preservation projects. Changes for 2022 would adjust some connected development and environment criteria to ensure preservation projects are being evaluated as intended.
5. Jobs scoring criteria for LCDA and LCDA-TOD would expand consideration of how proposed projects can support economic stability and opportunity. This is a first step in longer term evaluation work planned to understand how to best evaluate projects' ability to meet the economic goals of the LCA and *Thrive MSP 2040*.
6. Project Team scoring for LCDA and LCDA-TOD would move the criterion for project teams that reflect and respond to the community the project is intending to serve from Step Two to Step One. In Step Two, that criterion is being replaced with one that evaluates the feasibility of the project given the identified funding sources, while not necessarily considering if the funding sources are committed, as staff has found

little correlation between funding commitment and project completion.

7. Project Team scoring would also add criteria that captures a specific goal of the LCA more explicitly: partnerships between government, private for-profit and nonprofit sectors.

A clean version of these and other less substantive changes are shown in Attachment 1. To see a red-lined version of the proposed changes, see the [January 18, 2022](#) information item.

### *Pilot and Expansion Programs*

A pilot program in the Local Housing Incentives Account (LHIA) and the expansion of a Pre-development program in the Livable Communities Demonstration Account (LCDA) and Transit Oriented Development (LCDA-TOD) have been discussed with the Community Development Committee multiple times. Both are included in Attachment 1 as a part of the suite of LCA grants staff is proposing for 2022.

### **As discussed on [December 6, 2021](#):**

The LCDA program provides Pre-development awards provide funding for project teams to do initial feasibility studies, site planning, and community engagement work. Since 2012, the LCDA-TOD program has offered a separate pre-development program for the development of TOD zoning policies. The TOD Zoning opportunity provides funding for eligible cities to create TOD zoning policies around current or planned station areas. Expanding this Pre-development program for additional types of policies that support LCA outcomes would allow all participating LCA communities to have access to funds for the development of such policies. Expanding the TOD Zoning program would allow LCA programs to influence development patterns beyond TOD eligible areas and achieve more equitable development outcomes.

Conversations with participating cities and a question included in a survey about the LCDA and LCDA-TOD Pre-Development programs revealed interest in a program to support policy creation. Several cities are in the process of developing policies that support LCDA and LCDA-TOD goals and there have been many policies, namely around affordable housing, that have been adopted in recent years.

Related to this expansion, staff is proposing to combine the LCDA and LCDA-TOD Pre-development programs into one application and review process. Pre-development grants will still be made available twice a year, but applicants only need to submit applications through one process. Consolidating the programs into a single application is more efficient for staff in developing program materials, communications, and creating the applications. Cities will no longer have to submit separate applications, which reduces barriers to applying, especially for smaller cities.

### **As discussed on [December 6, 2021](#) and [January 3, 2022](#):**

Staff has discussed the proposal for an affordable homeownership pilot through the LHIA program multiple times over the past two years. The pilot is intended to prioritize affordable homeownership opportunities in communities and populations that are underserved. Specifically, the pilot would address two priorities derived from 2020-2022 strategic plan objectives:

- **Racial Equity Priority:** create homeownership opportunities for Black, Indigenous, and other ethnic or racial groups that own homes at disproportionately lower rates than white households in the region; and
- **Geographic Choice Priority:** create affordable homeownership opportunities in parts of the region where it is most challenging to do so.

Most recently, conversations at the December 6, 2021 and January 3, 2022 Community Development Committee meetings have guided staff's recommendation for pilot details, which are described in detail in Attachment A.

### *Program Specific Criteria*

The LCDA-TOD and TBRA Seeding Equitable Environmental Development (SEED) programs are both geographically restricted. Changes to eligible areas are being proposed for both programs.

### **As discussed on *January 3, 2022*:**

Staff is proposing additional geographic data to be considered to expand eligible locations for SEED grants and create more opportunities to achieve program goals. Specifically, geographic criteria around building permit activity, low-wage job concentrations, and concentrations of people of color and low-income households in the context of our region are included in the expanded SEED eligible areas as shown in Attachment 1.

### **As discussed on *February 7, 2022*:**

TOD-Eligible Areas are limited geographic areas eligible for LCDA-TOD funding based on levels of transit service and a transit project's stage of development. The criteria to determine areas eligible for TOD funding is as follows:

- LCDA-TOD Development – The transit project has completed environmental review or received a Record of Decision
- LCDA Pre-Development – The transit project is in environmental review and included in the Transportation Policy Plan Current Revenue Scenario or the lead agency has adopted the Final Corridor Plan for arterial bus rapid transit

For 2022, this adds proposed station areas along the Purple Line BRT (formerly Rush Line) to LCDA-TOD Development eligibility and the B Line BRT to LCDA Pre-development eligibility.

Changes to the Blue Line are also reflected in 2022 eligibility areas. A new BLRT route option was expected by the end of 2021 that had the support of corridor residents, businesses, and cities. However, public input, technical evaluation, and an anti-displacement initiative are still ongoing, and the Final Route Modification Report is expected in Spring 2022. The community supported route alignment is expected to complete environmental review and municipal consent by 2024 and engineering, including station area planning, by 2026.

Staff recommends that the Council continue to maintain BLRT eligibility as of the 2020 alignment for 2022 LCDA-TOD Development and Pre-Development grants, with the exception of four station areas that are no longer part of the current alignment alternatives under consideration. The geographic coverage for TOD eligible Areas that result from removing the four station areas will be minimal. C Line and D Line stations will maintain TOD Eligible Areas for a majority of the BLRT station area geography from the four station areas to be removed. This approach will also maintain consistency between the LCDA-TOD program and BLRT partner Hennepin County which is removing Van White, Penn Avenue, Plymouth Avenue, and Golden Valley Road stations from eligibility in their TOD grant programs.

Investments above the base annual budget in 2022 include:

1. \$0.5M of reserves programmed to the Tax Base Revitalization Account.
2. \$3M of reserves programmed to the Livable Communities Demonstration Account.
3. \$2M of reserves programmed to the Local Housing Incentives Account.

2022 Proposed Funding Availability is shown in Table 1 below.

**Table 1. 2022 Proposed Funding Availability**

<b>Program</b>	<b>Funding</b>
Livable Communities Demonstration Account: Regular Category	\$9M
Livable Communities Demonstration Account: TOD Category	\$5M
Livable Communities Demonstration Account: Pre-development Category	\$2M
Local Housing Incentives Account	\$3.5M
Tax Base Revitalization Account: Regular Category	\$5M
Tax Base Revitalization Account: Seeding Equitable Economic Development Category	\$0.5M
<b>TOTAL</b>	<b>\$25M</b>

**Rationale**

Council staff have presented information items at six Community Development Committee meetings and have received input from Committee members, the Community Development Committee’s Housing Work Group, Livable Communities Advisory Committee members and Council staff that help score LCA applications. Staff have also had multiple conversations with 2021 LCA applicants and Metro Cities over the last few months. The proposed changes reflect the input received and further the goals and objectives as outlined in the Livable Communities Act and in Thrive MSP 2040, and that Committee members have discussed.

**Thrive Lens Analysis**

The Livable Communities Act programs represent one of the Council’s primary financial tools to advance and encourage development and redevelopment that advances Livability, Sustainability, Equity, and Prosperity. Additional funding above the baseline budget proposed for the LHIA account will further the Council’s goals of accelerating affordable housing production. Several criteria proposed for refinement further the Council’s Equity outcome by better accounting for measurable equity impacts. Finally, the LCA programs are an important way we advance Stewardship by making strategic investments in our region’s future to ensure orderly and economical development.

**Funding**

The 2022 Fund Distribution Plan provides direction for up to \$25M in grants to be awarded in this solicitation cycle. Approximately \$19.5M is available in the 2022 Authorized Budget and \$5.5M is available in reserve accounts to make up the balance. This business item provides the policy direction for future budget actions required to meet annual cashflow needs of multi-year grants. Future Council annual budgets and budget amendments will program reserves into the Council Authorized Budget to meet annual cashflow needs.

### **Known Support / Opposition**

Staff received a letter from Metro Cities on February 15, 2022, provided here as Attachment 2. Staff have followed up with Metro Cities staff to respond to specific questions and concerns as described above.

### **Attachments**

Attachment 1: 2022 Fund Distribution Plan for all LCA programs

Attachment 2: Metro Cities letter from February 15, 2022

## Attachment 1: 2022 Fund Distribution Plan for all LCA programs

### Tax Base Revitalization Account (TBRA)

The TBRA helps clean up contaminated land and buildings for subsequent development. These grants are intended to provide the greatest public benefit for the money spent, strengthen the local tax base, and create and preserve jobs and/or affordable housing. The TBRA is funded by a property tax levy established in statute that may not exceed \$5,000,000 annually.

### Site Investigation

#### Program Criteria

- Local Match: 25%
- Grant Terms: 1 year from date of award
- Term extensions: None
- Award Limits: \$50,000 per project
- Application Limit: None

#### Scoring Criteria

Table 1. TBRA Site Investigation Scoring Rubric

What: Proposed Project Outcomes		
Category	Criteria	Points
Tax Base	Increase to the tax base of the recipient municipality	5
Jobs and Housing	Create or preserve affordable housing opportunities with priority given to projects that serve populations not currently served by the local housing market and for projects with the deepest affordability	5
	Create or preserve permanent employment opportunities with priority given to projects with living wage jobs	
Compact, Connected Development	Develop vacant lots or re-use vacant buildings	15
	Increase the use of transit and alternatives such as walking or biking	
	Support efficient growth in the region through adaptive reuse, infill development or redevelopment	
	Demonstrate a market demand for future redevelopment proposals	5
Environmental Impact	Investigate contaminated sites with the greatest potential to improve the environment and reduce risk to human health	12
	Potential to support equitable environmental protection based on project location and potential impact of exposure	6
Subtotal Outcome		48



Table 1, continued. TBRA Site Investigation Scoring Rubric

How: Proposed Project Process		
Category	Criteria	Points
Process	Address a residential and/or workforce need that was identified by or with residents or workers most impacted by inequities	4
	The city is taking steps toward addressing racial and other inequities at the local level, especially efforts to implement equitable development practices	3
Subtotal Process		7
Who: Proposed Project Team		
Category	Criteria	Points
Capacity	Project team's capacity to begin an environmental investigation and commit sources for required matching fund contribution	15
	The team demonstrates a need for public financing	
	The project team, including partners, is designed to reflect and be responsive to those underrepresented and most impacted by the project; or the predevelopment activities will seek to build such partnerships in a meaningful way	
	Demonstrate public applicant's capacity to oversee environmental investigations	
Subtotal Team		15
<b>TOTAL</b>		<b>70</b>
Applications must score at least 35 of the total 70 available points		

*Contamination Cleanup*

**Program Criteria:**

- Local Match: None
- Grant Terms: 3 years from date of award
- Term extensions: up to 2 years
- Award Limits: 50% of total available funding per city and no more than 75% of total available funding within Minneapolis and St. Paul (this is inclusive of all TBRA programs)
- Application Limit: None
- Excess available funding: If funding applied for or awarded through TBRA is less than the funding available, the remaining funds may be made available for award through the TBRA SEED category

**Scoring Criteria:**

Table 2. TBRA Contamination Cleanup Scoring Rubric

What: Proposed Project Outcomes		
Category	Criteria	Points
Tax Base	Increase to the tax base of the recipient municipality	25
	Add tax revenue in the near term. (Projects not in or not expected to be in a Tax Increment Finance district earn 5 points because all the affected tax jurisdictions benefit immediately)	
Jobs and Housing	Create or preserve affordable housing opportunities with priority given to projects that serve populations not currently served by the local housing market and for projects with the deepest affordability	25
	Create new affordable housing that furthers the City’s ability to meet their share of the region’s need for affordable housing, considering what the need is across affordability levels; OR Preserve and rehabilitate affordable housing, prioritizing communities at highest risk of losing Naturally Occurring Affordable Housing (NOAH) and/or communities with higher rates of housing cost burdened households	
	Create or preserve permanent employment opportunities with priority given to projects with living wage jobs	
	Create jobs in priority high-growth and high-opportunity sectors of the region’s economy including health care, technology or environment; and/or advance city job growth priorities	
	Increase permanent living wage jobs in a qualified Seeding Equitable Environmental Development (SEED) eligible area	

Table 2, continued. TBRA Contamination Cleanup Scoring Rubric

What: Proposed Project Outcomes		
Category	Criteria	Points
Compact, Connected Development	Support efficient growth in the region through adaptive reuse, infill development or redevelopment	20
	Increase the use of transit and alternatives such as walking or biking	
	Demonstrate a market demand for future redevelopment proposals	5
Environment and Livability	Cleanup contaminated sites with the greatest potential to improve the environment and reduce risk to human health	25
	Maximize access to local and regional parks and trails through outreach, site design, or programming	20
	Conserve vital existing regional natural resources features and functions	
	Conserve, restore or protect the region's water resources through environmentally sound opportunities for recharging groundwater with best management practices for stormwater	
	Commitment to resilient energy infrastructure using renewable and/or district energy sources	
	Increase job opportunities within micro-enterprises, worker-owned businesses, or other business models that support wealth creation	
	Potential to support equitable environmental protection based on project location and potential impact of exposure	
Subtotal Outcome		120

Table 2, continued. TBRA Contamination Cleanup Scoring Rubric

How: Proposed Project Process		
Category	Criteria	Points
Process	Address a residential and/or workforce need that was identified by or with residents or workers most impacted by racial or other disparities	10
	The city is taking steps toward addressing inequities at the local level, especially efforts to implement equitable development practices	4
Subtotal Process		14
Who: Proposed Project Team		
Capacity	Demonstrate public applicant's capacity to oversee environmental cleanups	16
	The team can demonstrate a need for public financing	
	The project team, including partners, is designed to reflect and be responsive to those underrepresented and most impacted by the project; or the predevelopment activities will seek to build such partnerships in a meaningful way	
	Project team's readiness to proceed with project site cleanup and construction	
Subtotal Team		16
<b>TOTAL</b>		<b>150</b>
Applications must score at least 75 of the total 150 available points		

*Seeding Equitable Environmental Development (SEED)*

**Program Criteria:**

- Local Match: None
- Grant Terms: 2 years from date of award
- Term extensions: None
- Award Limits: \$50,000 for investigation
- Application Limit: None
- Geographic restriction: Sites that meet specific place-based equity criteria, as described and mapped in the [January 3, 2022](#) information item
- Excess available funding: If funding applied for or awarded through TBRA SEED is less than the funding available, the remaining funds may be made available for award through the regular TBRA categories

**Scoring Criteria:**

Table 3. TBRA SEED Scoring Rubric

What: Proposed Project Outcomes		
Category	Criteria	Points
Tax Base	Potential to increase the tax base of the recipient municipality based on the current tax base of the subject property and changes to the property classification OR based on the desired land use per a current request for proposals for redevelopment	5
Jobs and Housing	Potential to create or preserve living wage jobs or affordable housing opportunities based on existing land use designation and proximity to existing employment centers	5
Compact, Connected Development	Develop vacant lots or re-use vacant buildings	20
	Potential to increase the use of transit and alternatives such as walking or biking	
	Interim use that increases visibility or improves marketability of the redevelopment opportunity	
	Demonstrate a market demand for future redevelopment proposals	
	Potential to increase the intensity of land use based on existing improvements, if any, and existing zoning designation	
Environmental Impact	Identify or reduce risk to human health from suspected or known environmental contaminants, pollutants, hazardous substances or hazardous building materials and characterization of risks particularly to vulnerable populations (e.g., infants, children and elderly) based on the current property use at or adjacent to the subject property	15
	Potential to support equitable environmental protection based on project location and potential impact of exposure	6
Subtotal Outcome		51
How: Proposed Project Process		
Category	Criteria	Points
Process	Address a residential and/or workforce need that was identified by or with residents or workers most impacted by inequities	4
	The city is taking steps toward addressing inequities at the local level, especially efforts to implement equitable development practices	3
Subtotal Process		7

Table 3, continued. TBRA SEED Scoring Rubric

Who: Proposed Project Team		
Category	Criteria	Points
Capacity	Project team's capacity to begin an environmental investigation and commit sources for required matching fund contribution	12
	The team can demonstrate a need for public financing	
	The project team, including partners, is designed to reflect and be responsive to those underrepresented and most impacted by the project; or the predevelopment activities will seek to build such partnerships in a meaningful way	
	Project team's capacity to begin a partial soil cleanup or soil vapor mitigation	
	Public applicant's capacity to oversee environmental investigations or partial cleanup	
Subtotal Team		12
<b>TOTAL</b>		<b>70</b>
Applications must score at least 35 of the total 70 available points		

## **Local Housing Incentives Account (LHIA)**

The LHIA helps expand and preserve lifecycle and affordable housing, both rented and owned. The LHIA annual base funding includes \$500,000 transferred from the LCDA tax levy plus \$1 million from the Council's general fund.

### *Regular LHIA*

#### **Program Criteria**

- A significant component of the project must serve households with incomes at or below 60% of Area Median Income (AMI) with a minimum affordability term of 15 years, for rental projects.
- Grantees must have an adopted Fair Housing Policy in order to receive Livable Communities Act funding.
- Projects must have affirmative fair housing marketing plans.
- Applicants must be able to provide a dollar for dollar match.

#### **Competitive Criteria**

- Rental proposals creating or preserving affordability for persons at or below 30% of AMI;
- New affordable housing that furthers the City's ability to meet their share of the region's need for affordable housing, considering what the need is across affordability bands
- OR
- Preserved/rehabilitated affordable housing, prioritizing communities at highest risk of losing Naturally Occurring Affordable Housing (NOAH) and/or communities with higher rates of housing cost burdened households.
- Proposals that serve large families by providing three or more-bedroom units;
- Proposals meeting the needs of individuals and households experiencing long-term homelessness;
- Proposals that provide a housing type not currently available or serve a population not currently served in or near the project area.

***(LHIA) Affordable Homeownership Pilot***

The LHIA Affordable Homeownership Pilot will provide grants to support affordable homeownership development, including acquisition and rehabilitation, for projects that best meet the following two priorities:

- **Racial Equity Priority:** create homeownership opportunities for Black, Indigenous, and other ethnic or racial groups that own homes at disproportionately lower rates than white households in the region; and
- **Geographic Choice Priority:** create affordable homeownership opportunities in parts of the region where it is most challenging to do so.

**Program Criteria:**

- Local Match: Dollar for dollar
- Grant Terms: 3 years from date of award
- Term extensions: None
- Award Limits: None
- Application Limit: None
- Excess available funding: If funding applied for or awarded through the LHIA Affordable Homeownership Pilot is less than the funding available, the remaining funds may be made available for award through the regular LHIA category

**Scoring Criteria:**

Table 4. Step 1 scoring criteria for LHIA Affordable Homeownership Pilot

<b>Racial equity</b>		
<b>Criteria</b>		<b>Points</b>
Project is in a city with higher racial disparities in homeownership than the regional average		5
<b>OR</b>	Project is in a census tract with higher racial disparities in homeownership than the regional average	3
Project is in a city with a higher share of Black, Indigenous, and other residents of color than the regional average		3
<b>OR</b>	Project is in a census tract with a higher share of Black, Indigenous, and other residents of color than the regional average	2
<b>Highest possible subtotal for racial equity</b>		<b>8</b>
<b>Geographic choice</b>		
<b>Criteria</b>		<b>Points</b>
Project is in a city with an average home sale price higher than what is affordable to a household earning 80% AMI		5
<b>OR</b>	Project is in a city with an average home sale price higher than what is affordable to a household earning 60% AMI	3



Project is in a city where the share of single-family housing stock is higher than the regional average	2
Project is in a city with an affordable housing need less than 20 OR more than 50% of their need is in the 51-80% affordability level.	2
<b>Highest possible subtotal for geographic choice</b>	<b>9</b>
<b>Highest possible total for Both Pilot Priorities</b>	<b>17</b>
<i>A minimum of 5 points would be required to ensure the project sufficiently addresses one or both pilot priorities</i>	

Table 5. Step 2 scoring criteria for LHIA Affordable Homeownership Pilot

<b>Equitable access</b>	
<b>Criteria</b>	<b>Points</b>
Developer or program partner has a demonstrated record of serving Black, Indigenous, and/or other households of color in homeownership at rates equal to or greater than the city and or region's homeownership rates for those same groups	3
Developer or program partner has current waiting list consisting of Black, Indigenous, or other households of color at levels equal or greater to the regional and/or city population	3
Project team includes a lender, realtor, or other homebuyer-facing team member that is reflective of the Black, Indigenous, or other households of color that have disparate homeownership rates in the region	2
Project will be made available to a first-generation homebuyer	2
Marketing efforts for sale of the project affirmatively further fair housing	1
Other efforts as described by applicant that further equitable access to homeownership	Up to 11
<b>Total for Equitable Access</b>	<b>11</b>
<b>Unique needs and affordability</b>	
<b>Criteria</b>	<b>Points</b>
Project addresses a need specific to the community in which the project is located, through financing, marketing, design, size or other unique need	3
Project will be affordable to homebuyers earning less than 80% AMI	3
Project will remain affordable upon resale for more than 15 years	3
Project is located in a city with a net fiscal disparity of \$200 or more per household	1
<b>Total for Unique Needs and Affordability</b>	<b>10</b>
<b>TOTAL Step 1 and Step 2</b>	<b>38</b>

## Livable Communities Demonstration Account (LCDA) and Transit Oriented Development (LCDA-TOD) Predevelopment

LCDA and LCDA-TOD support pre-development activities that further development and redevelopment projects that link housing, jobs and services and use community and regional infrastructure efficiently.

### Regular Pre-development

#### Program Criteria:

- Local Match: None
- Grant Terms: 2 years from date of award
- Term extensions: Up to 1 year
- Award Limits: \$300,000 per city, per round for regular Pre-Development in Round 1; Same limits, but inclusive of up to \$50,000 per city, for Pre-Development policy expansion in Round 2
- Application Limit: No more than six per city or county applicant
- Excess available funding: If funding applied for or awarded through Pre-development is less than the funding available, the remaining funds may be made available for award through the regular LCDA or LCDA – TOD Development categories

#### Scoring Criteria

*LCA is focused on addressing racial inequity in the region given race is the largest predictor of inequitable outcomes in jobs, housing, and other LCA goals. Project addressing racial equity will be prioritized in scoring. Projects addressing other inequities will earn points towards how they address those inequities but will not receive full points unless they also consider the intersection of racial inequity.*

Table 6. LCDA and TOD Pre-Development Scoring Rubric

What: Pre-Development Project Outcomes	
Category	Points
The goals and vision of the proposed project would meet one or more of the following LCA and/or Thrive goals:	
Increase choice in local housing options by adding new housing types and creating affordable housing opportunities. Priority for projects with deep affordability and/or serving a special population	10
Create or preserve permanent jobs opportunities with priority for accessible, living wage jobs	
Intensify land uses on the site and take advantage of connections between housing, jobs, services and amenities across the region and in the project area	
Minimize climate impact by reducing greenhouse gas emissions and conserving natural resources	
Further equity outcomes in access to affordable housing, access to living wage jobs, climate impacts, and regional connections	

Table 6, continued. LCDA and TOD Pre-Development Scoring Rubric

<b>How: Proposed Project Process</b>	
Project process will include analysis of who will benefit most from the project and in what ways, and use findings to influence equitable development strategies and outcomes	12
Provide meaningful and appropriate engagement, including a variety of stakeholders that represent the demographics of the residential and/or workforce community, centering those under-represented and most impacted by inequities	
Degree to which overall Pre-development efforts and proposed grant activities further vision/goals of the future development project.	
<b>Who: Proposed Project Team</b>	
The strength of the partnership between the applicant (City/County/HRA/EDA) and development partner(s), including the level of support and engagement the applicant has with the project	10
The project team, including partners, is designed to reflect and be responsive to those underrepresented and most impacted by the project; or the predevelopment activities will seek to build such partnerships in a meaningful way	
The project forms partnerships between government, private for-profit, and nonprofit sectors	
<b>Total Points</b>	<b>32</b>
<b>Applications must score at least 22 of the 32 available points</b>	

***Policy Pre-development***

**Program Criteria:**

- Local Match: None
- Grant Terms: 2 years from date of award
- Term extensions: Up to 1 year
- Award Limits: \$300,000 per city, per round for regular Pre-Development in Round 1; Same limits, but inclusive of up to \$50,000 per city, for Pre-Development policy expansion in Round 2
- Application Limit: No more than six per city or county applicant
- Excess available funding: If funding applied for or awarded through Pre-development is less than the funding available, the remaining funds may be made available for award through the regular LCDA or LCDA – TOD Development categories

## Scoring Criteria

LCA is focused on addressing racial inequity in the region given race is the largest predictor of inequitable outcomes in jobs, housing, and other LCA goals. Project addressing racial equity will be prioritized in scoring. Projects addressing other inequities will earn points towards how they address those inequities but will not receive full points unless they also consider the intersection of racial inequity.

Table 7. Policy Pre-development Scoring Rubric

What: Pre-development Policy Outcomes	
Category	Points
<p>The goals and vision of the proposed project would meet one or more of the following LCA and/or Thrive goals associated with physical development:</p> <ul style="list-style-type: none"> <li>Increasing housing choice and creating more affordable housing opportunities</li> <li>Creating or preserving permanent, accessible, living wage jobs</li> <li>Intensifying density and intensity of land uses that better support multimodal transportation and connections between jobs, housing, and amenities</li> <li>Minimizing climate impact by reducing greenhouse gas emissions and conserving natural resources</li> <li>Furthering equitable outcomes in affordable housing, living wage jobs, climate impacts, transportation, and regional connections</li> </ul>	25
Extent to which the policy will support achieving more equitable development outcomes	
How: Pre-development Policy Process	
Category	Points
The process will include analysis of who will benefit most from the policy and in what ways, ways, and use findings to influence equitable development strategies and outcomes	15
The process plans for meaningful and appropriate engagement, including a variety of partners that represent the demographics of the residential and/or workforce community, centering those most impacted by inequities	
Who: Pre-development Policy Team	
The team, including staff leads, consultants, and partners, is designed to reflect and be sive to those underrepresented and most impacted by inequities	10
The project team has a defined scope of work with tangible goals	
The policy development team forms partnerships between government, private for-profit, non-profit sector	
<b>Total Possible Points</b>	<b>50</b>

## Livable Communities Demonstration Account (LCDA) Development

LCDA supports development and redevelopment projects that link housing, jobs and services and use community and regional infrastructure efficiently.

### Program Criteria

- Local Match: None
- Grant Terms: 3 years from date of award
- Term extensions: Up to 2 years
- Award Limits: If eligible applications from suburban communities exceed 60% of available funds, no more than 40% of the funds may be granted to projects in Minneapolis and St. Paul.
- Application Limit: No more than three per city or county applicant
- Excess available funding: If funding applied for or awarded through LCDA or LCDA-TOD Development is less than the funding available, the remaining funds may be made available for award through whichever program has requests for more funding than is available.

### Scoring Criteria:

LCDA’s Development program is scored in two steps. A staff evaluation team reviews and scores eligible grant applications using the Step One criteria (left column, lavender background). Members of the Council’s Livable Communities Advisory Committee then score using the Step Two criteria (right column, peach background).

*LCA is focused on addressing racial inequity in the region given race is the largest predictor of inequitable outcomes in jobs, housing, and other LCA goals. Project addressing racial equity will be prioritized in scoring. Projects addressing other inequities will earn points towards how they address those inequities but will not receive full points unless they also consider the intersection of racial inequity.*

Table 8. LCDA Development Scoring Rubric

What: Proposed Project Outcomes				
	Step One – Scored by staff		Step Two – Scored by LCAC	
	Criteria	Points	Criteria	Points
Housing	Create or preserve affordable housing opportunities with priority given to projects that serve populations not currently served by the local housing market, for projects with the deepest affordability, and for those including supportive services or other needed services Create new affordable housing that furthers the City’s ability to meet their share of the region’s need for affordable housing, considering what the need is across affordability levels; OR Preserve and rehabilitate affordable housing, prioritizing communities at highest risk of losing Naturally Occurring Affordable Housing (NOAH) and/or communities with higher rates of housing cost burdened households	8	Create or preserve intentional community connections and relationships in the development and support current or future residents through design, programming, and/or services	7

	Further equity outcomes in housing access*	2*		
Jobs	Create or preserve permanent employment opportunities; priority for projects with living wage jobs	8	Support economic growth of the community through expanded jobs options supporting cooperatively owned businesses or supporting the economic stability of the community the project is intending to serve	7
	Create or preserve jobs that support economic stability of the community in the project area			
	Create economic opportunity in priority high-growth and high-opportunity sectors of the region's economy including health care, technology or environment; and/or advance city job growth priorities and/or create/preserve industrial jobs with access to regional transit systems		The business model, business type, or hiring practices of the business creating or preserving the jobs support economic mobility, economic stability, or wealth creation, especially among populations that experience economic disparities	
	Further equity outcomes in access to economic opportunity*	2*		
Compact, Connected Development	Increase density or intensity of land use on the site or in the project area if new construction; OR Preserve or intensify land use and density on of the site or in the project area in a way that uses an existing building more efficiently	8	Provide design-led strategies, specific to the population the project is intending to serve, that support or expand infrastructure for people to walk, bike, or use other kinds of transportation in and around the project site, especially those that contribute to larger existing or planned networks	7
	Takes advantage of available connections between housing, jobs, services and amenities across the region using existing and planned transportation systems			
	Increase diversity of uses and activities in the project and/or access to services and amenities, with a focus on complementary uses and human-centered experiences		Create a welcoming public realm and access to green space that facilitates social interactions and increases community resilience within the site and project area	
	Further equity outcomes in access to services and amenities*	2*		

Table 8, continued. LCDA Development Scoring Rubric

What: Proposed Project Outcomes				
Step One – Scored by staff			Step Two – Scored by LCAC	
	Criteria	Points	Criteria	Points
Environment and Livability	Maximize access to local and regional parks and trails and green space through outreach, site design, or programming	8	Mitigate negative environmental impacts on residents or workers in the area; priority for projects in areas most impacted by past environmental harms	7
	Minimize greenhouse gas emissions			
	Conserve natural resources , including reuse/preservation of an existing building			
	Further equity outcomes in access to local and regional parks and/or address environmental sustainability in locations where residents have been most impacted by environmental harms*	2*	The project uses sustainable site and/or building design practices to increase resilience and mitigate environmental harm; priority for equitable environmental outcomes	
How: Proposed Project Process				
Process	Address a residential and/or workforce need that was identified by or with residents or workers most impacted by inequities	5*	Provide meaningful engagement, including stakeholders that represent the demographics of the residential and/or workforce community, centering those under-represented and most impacted by inequities	7
	The City is taking steps toward addressing inequities at the local level, especially efforts to implement equitable development practices*	3*	The project and the team use a strategic and integrated approach to addressing equity issues	

Table 8, continued. LCDA Development Scoring Rubric

Who: Proposed Project Team			
Step One – Scored by staff		Step Two – Scored by LCAC	
Criteria	Points	Criteria	Points
Project Team	The project forms partnerships between government, private for-profit, and non-profit sectors	The funding sources identified, not necessarily committed, for the project reasonably reflect what is necessary to complete the project	5
	Local efforts to contribute to the project financially, considering the context of community capacity		
	The project team, including partners, is designed to be reflective of and responsive to the community the project is intending to serve*	2*	<b>Equity</b>
		The intended outcomes of the project will result in more equitable outcomes	2
<b>Step One Total</b>		<b>Step Two Total</b>	
<b>58</b>		<b>42</b>	
Applications must score at least 39 of the total 58 Step One points to move to Step Two with 12 of the 18 equity points (*) awarded.			
Applications must score at least 65 of the total 100 available points to be eligible for funding			



## **Livable Communities Demonstration Account – Transit Oriented Development (LCDA-TOD)**

Using targeted funds from the LCDA, this program is focused on high-density projects that contribute to a mix of uses in the TOD-eligible area. TOD-eligible areas can be along light rail, commuter rail, bus rapid transit, and high frequency bus corridors.

### **Program Criteria**

- Local Match: None
- Grant Terms: 3 years from date of award
- Term extensions: Up to 2 years
- Award Limits: \$2 million per city
- Application Limit: No more than three per city or county applicant
- Excess available funding: If funding applied for or awarded through LCDA or LCDA-TOD is less than the funding available, the remaining funds may be made available for award through whichever program has requests for more funding than is available.

### **Scoring Criteria**

LCDA-TOD's Development program is scored in two steps. A staff evaluation team reviews and scores eligible grant applications using the Step One criteria (left column, lavender background). Members of the Council's Livable Communities Advisory Committee then score using the Step Two criteria (right column, peach background).

*LCA is focused on addressing racial inequity in the region given race is the largest predictor of inequitable outcomes in jobs, housing, and other LCA goals. Project addressing racial equity will be prioritized in scoring. Projects addressing other inequities will earn points towards how they address those inequities but will not receive full points unless they also consider the intersection of racial inequity.*

Table 9. LCDA-TOD Development Scoring Rubric

What: Proposed Project Outcomes				
Step One – Scored by staff			Step Two – Scored by LCAC	
	Criteria	Points	Criteria	Points
Housing	Create or preserve affordable housing opportunities with priority given to projects that serve populations not currently served by the local housing market, priority for projects with the deepest affordability, and for those including supportive services or other needed services	8	Create or preserve intentional community connections and relationships in the development and support current or future residents through design, programming, and/or services	7
	Create new affordable housing that furthers the City’s ability to meet their share of the region’s need for affordable housing, considering what the need is across affordability levels; OR Preserve and rehabilitate affordable housing, prioritizing communities at highest risk of losing Naturally Occurring Affordable Housing (NOAH) and/or communities with higher rates of housing cost burdened households			
	Further equity outcomes in housing access*	2*		
Jobs	Create or preserve permanent employment opportunities; priority for projects with living wage jobs	8	Support economic growth of the community through expanded jobs options supporting cooperatively owned businesses or supporting the economic stability of the community the project is intending to serve	7
	Create or preserve jobs that support economic stability of the community in the project area		The business model, business type, or hiring practices of the business creating or preserving the jobs support economic mobility, economic stability, or wealth creation, especially among populations that experience economic disparities	
	Create economic opportunity in priority high-growth and high-opportunity sectors of the region’s economy including health care, technology or environment; and/or advance city job growth priorities, and/or create/preserve industrial jobs with access to regional transit systems			
	Further equity outcomes in access to economic opportunity *	2*		

Table 9, continued. LCDA-TOD Development Scoring Rubric

What: Proposed Project Outcomes				
Step One – Scored by staff			Step Two – Scored by LCAC	
	Criteria	Points	Criteria	Points
Compact, Connected Development	Increase the level of station area activity through greater density or intensity of land use on the site or in the station area if new construction; OR Preserve or intensify land use and density on the site or in the station area in a way that uses an existing building more efficiently	15	Provide design-led strategies, specific to the population the project is intending to serve, that support or expand infrastructure for people to walk, bike, or use other kinds of transportation in and around the project site, especially those that contribute to larger existing or planned networks	10
	Increase diversity of-uses and activities and/or access to services and amenities in the transit corridor and station area, with a focus on complementary uses and human-centered experiences			
	Generate greater transit ridership, a higher diversity of trip purposes viable via transit, and reduce the need to use and own a personal vehicle			
	Takes advantage of available connections between housing, jobs, services, resources and amenities across the region using existing and planned transit and/or transportation systems			
	Further the transit-oriented nature of the station area as a node and/or district of TOD given the specific context of its communities and transit corridor; priority for projects that implement part of a broader adopted plan or vision for the transit station or corridor			
	Further equity outcomes in access to services and amenities and choice of transportation and transit options*	2*	Create a welcoming public realm and access to green space that facilitates social interactions and increases community resilience within the site and throughout the station area	

Table 9, continued. LCDA-TOD Development Scoring Rubric

What: Proposed Project Outcomes				
	Criteria	Points	Criteria	Points
Environment and Livability	Maximize access to local and regional parks and trails and green space through outreach, site design, or programming	8	Mitigate negative environmental impacts on residents or workers in the area; priority for projects in areas most impacted by past environmental harms	7
	Minimize greenhouse gas emissions		The project uses sustainable site and/or building design practices to increase resilience and mitigate environmental harm; priority for equitable environmental outcomes	
	Conserve natural resources, including reuse/preservation of an existing building			
	Further equity outcomes in access to local and regional parks and/or address environmental sustainability in locations where residents have been most impacted by environmental harms*	2*	Mitigate negative environmental impacts on residents or workers in the area; priority for projects in areas most impacted by past environmental harms	
	Subtotal Outcomes	47	Subtotal Outcomes	31

Table 9, continued. LCDA-TOD Development Scoring Rubric

How: Proposed Project Process				
	Criteria	Points	Criteria	Points
Process	Address a residential and/or workforce need that was identified by or with residents or workers most impacted by inequities*	5*	Provide meaningful engagement, including with stakeholders that represent the demographics of the residential and/or workforce community, centering those under-represented and most impacted by inequities	7
	The City is taking steps toward addressing inequities at the local level, especially efforts to implement equitable development practices*	3*	The project and the team use a strategic and integrated approach to addressing equity issues	
	Subtotal Process	8	Subtotal Process	7
Who: Proposed Project Team				
	Criteria	Points	Criteria	Points
Project Team	The project uses partnerships between government, private for-profit, <b>and</b> nonprofit sectors	8	The funding sources identified, not necessarily committed, for the project reasonably reflect what is necessary to complete the project	5
	Local efforts to contribute to the project financially, considering the context of community capacity			
	The project team, including partners, is designed to be reflective of and responsive to the community the project is intending to serve*	2*	<b>Equity</b>	
	Subtotal Team	10	The intended outcomes of the project will result in more equitable outcomes	2
	Subtotal Team	10	Subtotal Team	7
	<b>Step One total</b>	<b>65</b>	<b>Step Two total</b>	<b>45</b>
Applications must score at least 42 of the total 65 Step One points to move to Step Two with 12 of the 18 equity points (*) awarded.				
Applications must score at least 75 of the total 110 available points to be eligible for funding				



February 14, 2022

Community Development Committee,  
Metropolitan Council Dear Chair Lilligren and  
Members,

As the Community Development Committee considers criteria modifications to the Livable Communities Program, Metro Cities appreciates the opportunity to provide comments for the committee's consideration.

Metro Cities strongly supports the Livable Communities Program and its history of crucial support to projects that meet identified state, regional and local objectives. Metro Cities policies support a Livable Communities Program that is structured to ensure all LCA participating communities have reasonable opportunities to access grant funding, with criteria that reflect LCA goals as well as the variety in local opportunities and constraints.

Metro Cities' policy emphasizes the need for sufficient flexibility in criteria. This helps to ensure criteria reflect the scope of LCA objectives and promotes strong participation in LCA programs. In seeking feedback from cities on the proposed changes, Metro Cities has identified support for some changes and concerns and requests for clarification on others based on the draft 2022 Fund Distribution Plan:

Support for adding economic opportunity and stability and wealth creation instead of jobs alone.

Support for allowing cities to tell their story and how an application meets local and regional goals.

Regarding a shift from diversifying housing choices to strictly creating or preserving affordable housing, while creating and preserving affordable housing is important, it is not the sole focus of LCA enabling legislation and there is concern that local projects otherwise meeting needs and LCA guidelines may lose opportunities for funding.

More clarity is needed for "The team demonstrates a need for public financing." This should clarify the project has a need for public financing and further explain how the Council intends to make that determination, for applicant clarity.

Regarding Project Team Criteria, would a city need to partner with both a private and nonprofit developer? Or would a developer also need to partner with a nonprofit?

Does recent public input as part of the 2040 comp plan update and/or a city's recent housing study "address a residential and/or workforce need identified by or with residents or workers most impacted by inequities"? Additional outreach requirements on top of recent similar city efforts are likely to be duplicative as well as costly.

Cities in the emerging suburban edge classification remain concerned that investment decisions by private and nonprofit developers do not fit more tailored scoring criteria. Those investments may meet city goals and provide needed homes at incomes affordable to local jobs but be excluded by the proposed criteria. Metro Cities suggests tailoring criteria by city designation or the creation of allowances for cities to share how a project meets a local need.

With the market driving the current need for projects, and developers responding to current demand, asking cities to demonstrate projected market demand for future proposals could be challenging to prove.

Regarding process, it would help cities to see written criteria on local efforts to further equity. Additionally, allowing cities to address and score points for economic equity or social equity efforts and outcomes would be more inclusive to suburban cities. Additionally, for the LCDA criteria, including examples of how the business outcomes could be met would provide clarity to applicants.

Metro Cities recommends adding health care to the high-growth and high-opportunity sectors of the region's economy.

Will a project receive fewer points if it provides more affordable units than the stated need at a specific level of AMI?

LCA grants are tied to a physical development project. How does the outreach and programming criteria linked to maximizing "access to local and regional parks and trails through outreach, site design, or programming" score when it is tied to future management rather than the physical development project?

The changes to the LCDA program last year and proposed for this year may make it difficult for mixed-use development, especially those near transit to meet some of these goals, even though they may be providing substantial affordable housing units for the community and have incorporated robust community engagement.

Metro Cities supports all cities being able to access the LHIA single family home pilot project funds. As stated in committee discussion, as the underlying data evolves, some cities may be excluded from these LHIA funds.

Thank you for the opportunity

to comment. Sincerely,

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