

Minutes of the

SPECIAL REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE

Monday, July 17, 2017

Committee Members Present: Cunningham, Barber, Commers, Dorfman, Elkins, Munt, Wulff

Committee Members Absent:

Committee Members Excused:

CALL TO ORDER

A quorum being present, Committee Chair Cunningham called the regular meeting of the Council's Community Development Committee to order at 4:05 p.m. on Monday, July 17, 2017.

APPROVAL OF AGENDA AND MINUTES

It was moved by Commers, seconded by Elkins to approve the agenda. Motion carried.

It was moved by Wulff, seconded by Commers to approve the minutes of the June 5, 2017 regular meeting of the Community Development Committee. Motion carried.

BUSINESS- Consent

2017-136 Annual Metropolitan Regional Parks Operation and Maintenance Allocation (Deb Jensen 651 602-1554)

It was moved by Wulff, seconded by Dorfman, that the Metropolitan Parks and Open Space Commission report to the Metropolitan Council the requests from the ten Regional Parks Implementing Agencies for state fiscal year 2018 operation and maintenance funds, as shown in Table 1.

Motion carried.

The Community Development Committee recommended approval of the proposed action without questions or discussion as part of its consent agenda.

2017-137 Parks Acquisition Opportunity Fund Grant for Nine Mile Creek Regional Trail, Three Rivers Park District (5309 70th Street West) (Deb Jensen 651 602-1554)

It was moved by Wulff, seconded by Dorfman, that the Metropolitan Council:

1. Approve a grant of up to \$38,687 to Three Rivers Park District to acquire an easement on a parcel at 5309 70th Street West for the Nine Mile Creek Regional Trail;
2. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council;
3. Consider reimbursing Three Rivers Park District for up to \$12,893 from its share of a future Regional Parks Capital Improvement Program for costs associated with acquisition of this easement; and

4. Inform Three Rivers Park District that the Council does not under any circumstances represent or guarantee that future reimbursement will be granted and expenditure of local funds never entitles a park agency to reimbursement. **Motion carried.**

The Community Development Committee recommended approval of the proposed action without questions or discussion as part of its consent agenda.

2017-138 Parks Acquisition Opportunity Fund Grant for Nine Mile Creek Regional Trail, Three Rivers Park District (4900 77th Street West) (Deb Jensen 651 602-1554)

It was moved by Wulff, seconded by Dorfman, that the Metropolitan Council:

1. Approve a grant of up to \$178,499 to Three Rivers Park District to acquire an easement on a parcel at 4900 77th Street West in Edina for the Nine Mile Creek Regional Trail;
2. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council;
3. Consider reimbursing Three Rivers Park District up to \$59,500 for costs associated with acquisition of this easement, from its share of a future Regional Parks Capital Improvement Program; and
4. Inform Three Rivers Park District that the Council does not under any circumstances represent or guarantee that future reimbursement will be granted, and that expenditure of local funds never entitles a park agency to reimbursement. **Motion carried.**

The Community Development Committee recommended approval of the proposed action without questions or discussion as part of its consent agenda.

2017-139 Parks Acquisition Opportunity Fund Grant for North Creek Greenway Regional Trail, Dakota County (Smith Property) (Deb Jensen 651 602-1554)

It was moved by Wulff, seconded by Dorfman, that the Metropolitan Council:

1. Approve a grant of up to \$105,368 to Dakota County to acquire the Smith parcel at 173rd Street and Pilot Knob Road in Lakeville for the North Creek Greenway Regional Trail; and
2. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council. **Motion carried.**

The Community Development Committee recommended approval of the proposed action without questions or discussion as part of its consent agenda.

BUSINESS- Non-Consent

2017-118 Authorization to Amend the 2017 Unified Budget – Second Quarter Amendment

Senior Park Finance Planner Deb Jensen and Livable Communities Manager Paul Burns presented the report to the Community Development Committee.

It was moved by Wulff, seconded by Elkins, that the Metropolitan Council authorize the amendment of the 2017 Unified Budget as indicated and in accordance with the attached tables.

Livable Communities. The Livable Communities pass-through grant budget is being amended to be consistent with the 2017 Annual Livable Communities Fund Distribution Plan approved by the Council on March 22, 2017. The Distribution Plan approved the following spending levels:

- Tax Base Revitalization Account: \$8,000,000 o Contamination Cleanup Program: \$5,000,000
- o SEED Redevelopment Program: \$1,000,000
- o TOD Grant Program: \$2,000,000
- Demonstration Account: \$12,500,000 o Regular Demonstration Account: \$7,500,000
- o TOD Grant Program \$5,000,000
- Local Housing Incentives Account \$2,500,000

Total \$23,000,000

The 2017 budget is funded with 2017 property tax and interest revenues and unspent property tax and interest revenues from prior years. There are sufficient revenues and fund balances to allow this level of spending in 2017.

Regional Parks and Natural Resources. The Governor has signed bills appropriating:

- \$5,000,000 in state bonds for capital projects in the metropolitan Regional Parks and Trails System (System) in state FY2018. The Council matches that amount with \$3,333,333 million in regional bonding.
- \$16,584,000 in Parks and Trails Legacy (Legacy) funding for state FY2018, of which \$14,925,600 is project work and \$1,658,400 is reserved by statute for land acquisition within the metropolitan regional parks and trails system. The legislature also appropriated \$18,891,000 for projects in state FY2019. Some of the Legacy projects include funding from both fiscal years. This amendment adds all of the FY2018 to the 2017 Authorized Capital Program. For administrative efficiency, staff also recommends adding \$7,632,156 from FY2019 in support of the projects funded in both fiscal years. FY2019 funding will be available on July 1, 2018; grant agreements will be structured to ensure that these funds will not be expended prior to that date. The Council does not match these funds, because they can be used for non-capital projects.
- \$1,658,400 in Legacy funding for land acquisition grants, matched with \$1,105,600 in regional bonds.
- \$1,500,000 in Environment and Natural Resources Trust Fund (ENRTF) monies for land acquisition grants, matched with \$1,000,000 in regional bonds.
- \$15,455,000 in state bonding appropriated to specific “pass-through” park-related projects. The Council acts solely as the fiscal agent for these projects and does not match the funds.

Motion carried.

The Community Development Committee had no questions.

2017-143 Livable Communities Act Tax Base Revitalization Account Grant Recommendations

Senior Planner Marcus Martin presented the report to the Community Development Committee. It was moved by Munt, seconded by Commers, that the Metropolitan Council (1) award 12 Tax Base Revitalization Account grants as follows and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

Recommended Projects - Contamination Investigation	Recommended amount
Minneapolis – Calhoun Towers	\$43,900
Recommended Projects - Contamination Cleanup	Recommended amount
Edina – 49 ½ Street Mixed Use Redevelopment	\$338,900
Minneapolis – 205 Park	\$206,300
Minneapolis – 1500 Nicollet	\$390,800
Minneapolis – Azine Alley	\$267,400
Minneapolis – East Town Apartments	\$250,000
Minneapolis – Nordic House	\$500,000
Minneapolis – Park 7	\$165,200
Minneapolis – Target Field Station	\$363,900
Saint Paul – Pioneer Press Affordable Housing	\$750,000
Saint Paul – West Side Flats III-A & III-B	\$343,700
South Saint Paul – Hardman Avenue South	\$323,700
TOTAL Recommended	\$3,943,800
Total Available	\$4,375,000
Total Remaining	\$431,200

Motion carried.

Questions were asked and answered about estimating the number of brownfields in the urban center and nearby suburbs and the origin of the funding limits. Staff was also asked to elaborate on why the Shady Oak Road proposal did not meet the required minimum score and why the Prospect Park application was not recommended for funding. More information was requested regarding results of

past grants. A request was made to provide more information on the number of affordable units by tier. The number of affordable units proposed by tier are:

- • 55 at 30% of area median income (AMI) or less
- • 32 at 50% AMI
- • 564 at 60% AMI

2017-144 Livable Communities Act Transit Oriented Development Livable Communities Demonstration Account Pre-Development Grant Recommendations Senior Planner Erin Heelan presented the report to the Community Development Committee.

It was moved by Elkins, seconded by Commers, that the Metropolitan Council (1) award two Livable Communities Demonstration Account Transit-Oriented Development Pre-Development grants as follows, totaling \$200,000, and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council;

Recommended Projects	Applicant	TOD Predevelopment
Ramsey West/River Balcony Connection	St. Paul	\$100,000
Bassett Creek Valley Redevelopment	Minneapolis	\$100,000
	Total Requested	\$200,000
	Total Available	\$250,000
	Total Remaining	\$50,000

Motion carried.

The Community Development Committee had no questions.

INFORMATION

1. Minneapolis Park and Recreation Board Presentation (Jayne Miller, Superintendent 612 230-6404) Superintendent Jayne Miller presented an information item to the Community Development Committee with highlights of the 19 Regional Parks and Trails, an update of the Chain of Lakes Master Plan, and collaboration between MPRB and Three Rivers Park District.
2. 2016 Population Estimates – Senior Research Matt Schroeder presented the information item to the Community Development Committee.

Under *Minnesota Statutes* 473.24, the Metropolitan Council is responsible for preparing local population and household estimates for the cities and townships in the seven-county Twin Cities area. These estimates are the official population and household estimates for state government purposes and are used to determine local government aid and local street aid allocations. By July 15 of each year, the Metropolitan Council certifies the estimates of population, households, and average household size to the State Demographer and to the Commissioner of Revenue. According to statute, the Council must distribute preliminary estimates to cities by the end of May; this year, the Council mailed out its preliminary estimates on May 16. Local governments had until June 24 to submit written comments, questions or objections to the preliminary estimates. Following state law, the Council certified the final 2016 population estimates on July 14; staff transmitted the estimates to the State Demographic Center, the Department of Revenue, and the Department of Transportation.

3. Trends in Comprehensive Plan Amendments – Local Planning Assistance Manager Lisa Barajas presented the information item to Community Development Committee.

Building on the Community Development Committee's conversations regarding planning and development trends in the region, staff analyzed the trends in comprehensive plan amendments during the timeframe from 2010 to 2016. This represents the period after which nearly all of the 2030 comprehensive plan updates were reviewed and adopted through the beginning of this year. Communities amend their comprehensive plans for a variety of reasons, including in response to specific development proposals, to incorporate the work of small area or station area planning, and in response to changes in the plans of other jurisdictions. Communities must send proposed amendments to the Council for review prior to local implementation. During this analysis period (2010 -2016), the Council reviewed 473 comprehensive plan amendments. At the Committee meeting, staff will present detailed information on the types of amendments, the relationship to housing density, the relationship to housing production, and additional land use information.

4. 2018 Community Development Preliminary Budget
Community Development Division Director Beth Reetz presented the information item to the Community Development Committee.

The presentation at the Committee Meeting on July 17th will be followed by a presentation at the August 9th Council meeting of the entire Council 2018 preliminary budget.

The Division's preliminary 2018 budget builds on the 2017 base budget which includes previously approved programmatic and staffing needs to accomplish Council priorities identified before and in *Thrive MSP 2040*. These include:

- Transit Oriented Development (TOD) capacity– staff (subsequently transferred to Metro Transit to establish the TOD office) plus the Livable Communities Act (LCA) Transit Oriented Development grant categories within the Demonstration and Cleanup accounts
- Housing policy, planning and development technical assistance capacity
- Additional research capacity
- Housing mobility (Community Choice Program) capacity
- Parks ambassador capacity
- Climate resiliency planning and research capacity
- Economic competitiveness capacity
- Fair housing initiatives support
- Planning grants for communities
- Strategic land acquisition for affordable housing support
- Increased support for affordable housing gap financing (LCA Local Housing Initiative Account)
- Additional planning and Sector Representative capacity

The work associated with the above priorities will continue into 2018 with existing staff capacity.

An addition to the 2018 preliminary Division budget is a request to support the regional efforts to reduce the loss of naturally occurring affordable housing. At an astounding rate, and one that far surpasses the rate of production of new affordable housing, the region is losing its stock of *Naturally Occurring Affordable Housing* (NOAH). Naturally occurring affordable housing is residential rental housing that has aged in affordability. It is not subsidized by any federal, state or local program. The rental rates are

low compared to the regional housing market primarily due to their age and lack of the amenities now seen as standard in new construction.

Due to the very healthy regional housing market, outside investors/speculators are purchasing these units at an alarming rate, upgrading the units through primarily cosmetic improvements, and putting them back in the market at much higher rents while displacing the existing renters many of which have school age children. In one or two purchases 500-1000 units are lost. This represents the number of new affordable units produced in the Region using ALL publicly available funding sources for an entire year. The Council's 2040 Housing Policy Plan acknowledges this problem and threat. Presently there are several organizations that are working with mission driven investors and innovative developers. They have created an impact fund to acquire and preserve NOAH units. This request would support the effort to build a source of capital available for these preservation efforts.

The presentation included information regarding the Division's operating, pass through, and capital revenues and expenses identified by source and use, and a comparison with the approved 2017 budget.

ADJOURNMENT

Business completed, the meeting adjourned at 6:10 p.m.

Michele Wenner
Recording Secretary