

Livable Communities Demonstration Account Development Grants

2010 Grant Application Guide

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Livable Communities Demonstration Account 2010

2010 Available Funding for LCDA Grants: \$6.5 Million, including up to \$1 Million for Pre-Development Grants

Month	Activity
April	Post grant application materials on www.metrocouncil.org
April 28 and 29	Hold workshops for interested applicants
May 28	Pre-applications due for Development grants (the pre-application process does <i>not</i> apply to LCDA Pre-Development grants in 2010)
July 19	Applications due for Development and Pre-Development grants
August 19	Last date local resolution can be submitted
August – September	Staff conducts technical review of proposals and Step 1 evaluation process
August - October	Livable Communities Advisory Committee conduct Step 2 evaluation and selection process; recommends funding awards for development and Pre-Development grants
November	Funding recommendations presented to Community Development Committee
November	Community Development Committee recommends grant awards
December 2010/ January 2011	Metropolitan Council awards grants

Livable Communities Demonstration Account Funding

Section 1: General Information for Development and Pre-Development Grants

Background and purpose

The Livable Communities Demonstration Account was established by the Livable Communities Act (LCA), Minnesota Statutes §473.25(b). The Demonstration Account provides funds to support development or redevelopment projects that connect development with transit, intensify land uses, connect housing and employment, provide a mix of housing affordability, and/or provide infrastructure to connect communities and attract investment.

The Demonstration Account will also provide funds in 2010 for Pre-Development grants to support activities that will lay the groundwork for successful development implementation. Applicants will choose the Development or Pre-Development grant category for each project submitted for funding, depending upon the stage of the project's development.

As the name of the account suggests, Demonstration Account funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement these statutory objectives, not merely to fill project funding needs. Development projects must include a development component or phase that will go forward to construction and be completed within the two-year grant term. Pre-Development grants will assist applicant cities with small grants to help them fund activities that will lead to projects that compete for dollars in the LCDA Development category.

Funding for LCDA Development grants and Pre-Development grants helps applicants implement their community development objectives and comprehensive plans. The legislative objectives are supported by the 2030 Regional Development Framework policies. LCDA funding will support Development projects that demonstrate innovative ways of meeting Framework goals and Pre-Development proposals that show potential for achieving the goals. Framework goals include:

- Develop land uses in centers linked to the local and regional transportation systems;
- Efficiently connect housing, jobs, retail centers and civic uses;
- Develop a range of housing densities, types and costs; and
- Conserve, protect and enhance natural resources by means of development that is sensitive to the environment.

In Developed Communities, the emphasis of these goals will be consistent with *Framework* direction on maintaining and improving infrastructure, buildings and land to provide developments that integrate land uses.

Projects in Developing Communities will be focused on accommodating growth by means of connected development patterns for new development, supporting activity centers along

corridors that encourage the development of communities where shopping, jobs and a variety of housing choices co-exist by design.

Projects meeting these goals and funded through the LCDA program can help reduce travel by eliminating or shortening vehicle trips, or by making some trips possible by walking, biking or transit. These results are made possible by connecting land uses, improving access to transportation corridors, connecting modes of transportation and linking housing with destinations accessible to transportation corridors and a range of transportation modes. Over the long run, results are expected to reduce air pollution, mitigate congestion, and reduce infrastructure costs and greenhouse gas emissions.

The Metropolitan Council encourages LCDA funding proposals that also reduce energy use through siting, building orientation and innovative design of residential and other buildings.

Partnerships and coordination

The criteria and evaluation process are coordinated with state agency policies and initiatives so that funding consideration is given to projects that include or demonstrate:

- Strategies to provide a continuum of affordable housing (Minnesota Housing);
- Green Communities criteria for building Affordable Housing (Minnesota Housing);
- The potential benefit of major state transportation investments (Minnesota Department of Transportation);
- Access management to maintain a safe flow of traffic while accommodating access needs of adjacent development (Minnesota Department of Transportation);
- The Minnesota Sustainable Building Guidelines to encourage more sustainable building practices (Minnesota Departments of Administration and Commerce);
- The land use goals of Project 2030, an initiative that identifies the impact of the aging of the baby boom generation and supports life-cycle housing (Minnesota Department of Human Services);
- That the Natural Resources Inventory and Assessment (NRI/A), a region-wide database and series of maps that records information about land and water resources, developed by the Minnesota Department of Natural Resources and the Metropolitan Council, is implemented locally and used to plan proposals; and
- Implementation of policies and requirements of the Minnesota Pollution Control Agency for surface water management.

Definition of terms

- Development Grants: The *Project* is the development or redevelopment project identified in the application for funds for which grant funds were requested and provides the deliverables upon which the application was scored.
- Development Grants: The *Grant-Funded Activities* are components of the Project described in the application. The Grant-Funded Activities do not in and of themselves comprise the Project for which grant funds are awarded.

- Pre-Development Grants: The *Project Area* is the specific geographic Project Area for which LCDA Pre-Development activities will be conducted.
- *Affordable Housing* is ownership or rental housing affordable to households earning 60% or less of Area Median Income (AMI).

Eligible applicants

The following are eligible to apply: statutory or home rule charter cities or towns that are participating in the Metropolitan Livable Communities Housing Incentives Program; metropolitan counties and development authorities (e.g., Housing and Redevelopment Authority, Economic Development Authority or Port Authority).

All LCA-participant communities in good standing are eligible to apply for LCA funding. However, applications awarded a grant for Projects located in communities that have not submitted a decennial comprehensive plan that is complete for review will not be allowed to *receive* any funding until the comprehensive plan is determined to be complete by the Council.

Awards for projects located in Minneapolis and Saint Paul

The Livable Communities Advisory Committee (LCAC) may recommend up to 40 percent of the total funds available in a grant cycle for projects located in Minneapolis and Saint Paul. The Council reserves the right to subsequently consider awarding more than 40 percent of the total available funds in the grant cycle to projects located in Minneapolis and Saint Paul, provided these conditions are met:

1. The consideration will adhere to the project evaluation and scoring process outlines in these criteria and to the project rankings; and
2. Minneapolis and Saint Paul projects that, if granted funds, would result in a total that exceeds 40 percent of the available funding in the current grant cycle:
 - a. are exemplary demonstrations of the program criteria, as measured by these projects having scored at least 30 of 50 points in the Step Two LCAC evaluation process; and
 - b. for Development grants: have scored a minimum of 7 of the 10 readiness points, as determined in the LCAC evaluation.

Use of eminent domain

No applicant for an LCA grant shall be eligible for LCA grant funds from the Metropolitan Council if the Project for which an LCA grant is requested requires the exercise of eminent domain authority over private property for purposes of *economic development* as defined by Council policy. The policy is available online at: <http://www.metrocouncil.org/services/livcomm/EminentDomainPolicy.htm>. The policy states that the prohibition regarding the use of eminent domain does not include “acquiring private property to remediate or clean up pollution or contamination that threatens or may threaten public health or safety or the environment, if the Applicant certifies: (i) the property owner is unable or unwilling to pay for appropriate remediation or clean up; (ii)

remediation or clean up must occur expeditiously to eliminate or mitigate the threat to public health or safety or the environment; and (iii) no Responsible Party has been identified or is financially capable or carrying out the remediation or clean up." Acquiring abandoned property or acquiring "blighted" property as that term "blighted" is defined and used in Minnesota Statutes chapter 469 also is an exception to the eminent domain policy.

Reporting requirements for Development and Pre-Development grants

LCDA grantees are required to make periodic progress reports. Detail supplied with payment requests comprises the bulk of these progress reports, which are augmented with semi-annual reports. A final progress report is required with the last payment request. When the grant is closed, the grantee's chief financial officer is required to certify to the appropriate expenditure of funds.

Section 2 Development grants

Eligible proposals for Development grants

All of the following are required to comprise an eligible Development grant proposal:

- The proposals must involve new development, redevelopment or infill development addressing the program goals. Proposals involving rehabilitation are eligible when the project has other components that address one or more of the program goals.
- The proposed project must be located within the Council-identified developed area, developing area or a rural growth center (urbanized area). Regional park land is ineligible.
- The proposed project must include one or more development components that are to be completed within the 24-month grant term.
- The proposed project must be consistent or will be made consistent with the local comprehensive plan that has been reviewed by the Council and be consistent with any area, neighborhood, corridor or other local plan adopted by the municipality in which the project is located.
- If housing is proposed in the application, the proposed project helps achieve one or more of the affordable and lifecycle housing goals adopted by the applicant city (or the city in which the project is located if the applicant is a county or county development authority) under the Local Housing Incentives program of the Livable Communities Act.

Number of applications for Development and Pre-Development grants

No more than six total applications, for Development and Pre-Development grants combined, may be submitted for projects in a single city in any application cycle. The limit of six applications includes those submitted by all entities within the city (i.e., the city, economic development authority, port authority, or other) and projects submitted by counties on behalf of cities. Applicants submitting more than one application per cycle (year) must prioritize them according to the applicant's internal priorities, prior to submittal.

Eligible uses of Development grants:

Grant funds may be used for basic public infrastructure and site assembly to support development projects that meet the funding goals. Funded elements must directly contribute to completion of built or finished projects that meet the funding goals. Requests will be evaluated in the context of individual Projects.

3. Basic public infrastructure items include and are defined as:

(A) Local public streets:

- New streets, street realignment, reconstruction of an existing street grid, street extensions or connections.
- Street lighting and street signs, when requested in conjunction with one of the eligible items in 1(a), or to retrofit an existing street with these elements, as part of a proposal that meets the funding goals.
- Permanent pedestrian features, including sidewalks and benches, when requested in conjunction with one of the eligible items in 1(a), or to retrofit an existing street with these elements as part of a proposal that meets the funding goals.

(B) Other infrastructure:

- Public-use parking structures (above- or under-ground), or the public portion of parking structures that will be for shared public-private use.
- Extensions or modifications of local public sewer and water lines, or telecommunications lines;

(C) Other public connecting elements

- Sidewalks and trails connected to transit.
- Site-integrated transit shelters, permanent bike racks.
- Bridge construction for vehicle or pedestrian use.

(D) Stormwater management improvements.

- New or expanded stormwater ponds, rain gardens, infiltration swales, pervious pavement, underground stormwater retention/infiltration structures, native vegetation for infiltration and erosion control, that are integral to the development.

4. Site assembly for lands to be used for construction of buildings; streets; sidewalks; parks, plazas and other public spaces; or trails, that are integral to future development. Eligible items are:

(A) Land acquisition. For these purposes, *site assembly* means land acquisition to enable the Grantee or its entities or partners to gain site control.

LCDA funds cannot be used to refinance existing debt or to supplant other grant or loan funds obtained for costs of Project activities from other sources; or grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee. Grant funds may not be used for costs of Project activities that occurred prior to the grant award.

(B) Demolition and removal of obsolete structures, pavement, curb and gutter, sewer and water pipes, on sites the city has already acquired or will acquire.

(C) Site preparation – site grading and soil correction to enable construction.

Ineligible uses of Development grants:

Ineligible uses of LCDA funds include:

1. County road improvements: all items relating to county roads listed in “eligible uses,” item 1(a).
2. Traffic signals for local and county roads.
3. Private parking structures.
4. Surface parking.
5. Trees, sod, and landscape plantings.
6. For parks, plazas and other public areas: lighting, retaining walls, seat walls, sidewalks, paths, and furnishing and equipment including but not limited to benches, trash receptacles, bike racks, signs, kiosks, playground equipment, water features, entry features, public art, shelters, gazebos, pergolas, bell towers, recreation buildings, and amphitheatres.
7. Site assembly for lands to be used for transit infrastructure or capital investments, e.g., transit stations, station platforms, and park-and-ride facilities (unless park-and-ride spaces will be used for shared parking).
8. Building construction.
9. Building rehabilitation and interior or exterior improvements.
10. Interior demolition.
11. Housing “affordability gap” and “value gap” financing.
12. Pollution cleanup and related expenses.
13. Applicant’s administrative overhead.
14. Project coordination.
15. Activities prior to the date of the grant award.
16. Architect, developer, legal and other fees.
17. Local permits, licenses or authorization fees.
18. Travel expenses.
19. Costs associated with preparing grant proposals.
20. Operating expenses.

Award limits for Development grants

There are no award limits for Development grants. In the past two years, awards have ranged from \$74,000 to \$1,400,000. Most typically, grant awards made in the 2008 and 2009 grant cycles have been in the \$500,000 to \$800,000 range.

Local resolution for Development grants

The resolution accompanying Development grant applications must:

- Authorize the grant application(s);
- Identify the need for LCDA funding, such that the project could not occur in the foreseeable future without LCDA funds;
- Prioritize the applications according to the applicant's internal priorities, if an applicant is submitting more than one application; and
- Represent that the applicant has undertaken reasonable and good faith efforts to procure funding for the project components for which LCDA Development grant funding is sought, including reasons and supporting facts.
- Applications submitted by counties and development authorities on behalf of projects located in LCA participating cities must also be supported by a resolution in support of the application from the city in which the project is located, as well as the resolution from the applicant county or development authority.
- A resolution from the applicant city, county or development authority in support of the application(s) submitted must be submitted no later than 30 days after the application deadline.

Grant term for Development grants

Development grants awarded in 2010 will have a 24-month grant term, with an option for a single extension, not to exceed one year. All extensions must be approved by the full Metropolitan Council.

Evaluation process for Development grants

Applications for Livable Communities Demonstration Account Development grants will be reviewed by the 13-member LCAC, which makes funding recommendations to the Council. The committee includes members representing six areas of expertise to provide the range of skills and experience necessary for evaluating the complex development and redevelopment projects for which LCDA funding is requested. Areas of expertise (for which there are two members each) are: local government (planning, economic or community development); development finance (one member in private finance, one in public finance); development (one member in new development, one in redevelopment); transportation, environment; and site design. The LCAC chair, not representing a specific area of expertise, is the 13th member.

LCDA applications are evaluated in a two-step process. A staff evaluation team will review and score eligible Development grant proposals using the Step One evaluation criteria and guidelines. The LCAC will conduct Step Two of the evaluation process for Development grants.

Applications must score 20 or more points to advance to the Step Two evaluation process. A staff evaluation team will review and score eligible proposals using the Step One evaluation criteria and guidelines:

Step One Evaluation Criteria for Development Grants – 50 possible points

Applications must score 20 or more points to advance to the Step Two evaluation process. A staff evaluation team will review and score eligible proposals using the Step One evaluation criteria and guidelines:

1.	Land use criteria	
<p>The extent to which the proposal will address or shows potential to address the following criteria, as applicable to the site location, geographic location and the community context. Proposals will be evaluated according to the appropriate developed or developing context of the project itself, not its developed or developing community classification.</p>		
A. Use land efficiently.		
	How well the project will achieve development that intensifies land use (adding buildings or other uses) and increases density to a level that maximizes the potential of the location.	0-8 points
B. Develop land uses linked to the local and regional transportation systems (if the proposed Project does not have access to transit as identified in this section, the proposal will be held harmless by assigning the average score for this section).		0 – 10 points
Location within a <i>one-half mile</i> radius of the following – 3 points possible		
	An existing or identified station on the following transitways: Hiawatha LRT, Central Corridor LRT, Northstar Commuter Rail, or Southwest LRT; I-35W BRT, Cedar Avenue BRT, I-394 HOT/HOV Lane; or A park-and-ride facility on an express commuter bus or express bus route	3 points OR
	Locations where stations are under study along the Bottineau, Rush Line or Red Rock transitways	2 points OR
	Potential stations along these future transitways where no mode or stations have been identified: I-35 W North; I-94 East; Central Avenue; TH 36/NE	1 point

<u>Or</u> locations within a <i>one-quarter mile</i> radius of the following – 3 points possible	
A fixed stop on a high-frequency bus route; or A stop on future arterial BRT corridors: Snelling Avenue/Ford Parkway, West Broadway, Nicollet Avenue, Chicago Avenue, East 7 th Street, Robert Street, West 7 th Street, American Boulevard	3 points
How well the project will achieve development that is designed in relationship to transit and transportation: by providing optimal convenience for pedestrian access to transit, and for relationships of development to the regional transit system.	<u>AND</u> 0-7 points
C. Connect housing and centers of employment, education, retail, and recreation uses.	
How well the project will achieve development that provides a diverse variety of uses (within the project area or when added to adjacent land uses) with improved jobs-housing balance and access to a variety of destinations in a connected development pattern, both within the project area and to adjacent neighborhoods.	0-8 points
D. Develop a range of housing densities, types and costs.	
How well the project will achieve development that: <ul style="list-style-type: none"> o includes a wide variety of housing types and prices or rents, by integrating new housing into existing neighborhoods through redevelopment, infill development, adaptive reuse; or through new development in developing communities – within the project or when added to the housing in adjacent neighborhoods; diversifies housing in the community; helps achieve the city’s affordable housing goals; o uses Green Communities criteria, Minnesota GreenStar or other accepted green building system; and o addresses one or more of Minnesota Housing’s goals. 	0-8 points

E. Conserve, protect and enhance natural resources through development that is sensitive to the environment.	
How well the project will achieve development that optimally integrates natural resources, including best management practices that incorporate water resource management into project design to maximize development potential; implementation and use of a local Natural Resources Inventory and Assessment (NRI/A) to plan the project; and employs natural resources, where feasible and appropriate, as community connections, assets and amenities	0-8 points
2. Tools and processes.	
The extent to which the proposal includes tools and processes to ensure successful outcomes, as appropriate to the project, including appropriate and effective regulatory tools; partnerships among government, private for-profit and nonprofit sectors; community participation, local vision and leadership. How well the project achieves development that incorporates appropriate and effective regulatory tools to implement the project, such as zoning codes, design standards, development standards; strong and effective public-private partnerships; a meaningful local role to ensure that the project meets community needs and goals; and local vision and leadership.	0-8 points

Step Two Evaluation Criteria for Development Grants – 50 possible points

The LCAC will score proposals according to the evaluation and selection criteria in Step Two. **To be considered for funding, proposals must score 30 or more points of a possible 50 points in the Step Two evaluation**, or be supported by a majority of the advisory committee members voting.

Housing incentive points as described below in “housing performance scoring” will be applied separately.

1.	Innovation and demonstration	
	<p>The extent to which the project demonstrates innovative elements and demonstrates or shows potential to demonstrate new development concepts or elements in one or more of the scoring areas, for the community in which it is located and for the region.</p> <p>Scoring is based on the extent to which the proposal:</p> <ul style="list-style-type: none"> ○ uses land efficiently to maximize the potential of the project location; ○ links land uses to transportation and transit where available; maximizes major state transportation investments; ○ connects housing and centers of employment, education, retail, civic uses and recreation; ○ provides a range of housing densities, types and costs; ○ conserves, protects and enhances natural resources through development that is sensitive to the environment and incorporates the Minnesota Sustainable Building Guidelines; ○ other innovation not covered in the above categories; ○ utilizes tools and processes to develop and implement the project, including consistency with area, neighborhood, corridor or other plans adopted by the municipality; ○ Represents a model, in whole or in part, for the community it is located in and for the region. 	0-30 points
2.	How LCDA funding is a catalyst	
	<p>The extent to which the element for which funding is requested will be a catalyst to implement the project of which it is a part. Proposals will be evaluated in the context of the site, geographic area and community to recognize the unique and diverse characteristics of projects’ location.</p>	0-10 points

3. Readiness assessment	
<p>The extent to which the proposed project is ready and able to use an LCDA grant, if awarded, within the 24-month grant term.</p> <p>The readiness assessment includes:</p> <ul style="list-style-type: none"> A. The status of implementation tools – e.g., zoning codes and other official controls, design standards, or development standards. B. The status of funding commitments to ensure construction starts for funded element(s) or further progress within a year from the date of the grant award (December 2010/January 2011), and other indicators of readiness. C. Whether grant funds have been expended for or progress has been made on a prior LCDA development or opportunity grant for the same project or a related project. 	0-10 points

The LCAC will score proposals according to the evaluation and selection criteria in Step Two. To be considered for funding, proposals must score 30 or more points of a **possible 50 points in the Step Two evaluation**, or be supported by a majority of the advisory committee members voting.

Housing incentive points as described below in “housing performance scoring” will be applied separately.

Housing performance scoring	
<p>Following evaluation and scoring of proposals, up to ten additional housing incentives points will be assigned to each applicant's score by converting a community's housing performance score from a 100-point scale to a ten-point scale. Project rankings may change as a result of adding the housing incentives points. However, the funding recommendations do not necessarily directly correspond to the numerical rankings.</p> <p>A proposal will be 'held harmless' in the ranking process (the proposal will either improve its ranking or will not be lowered in the rankings) if the proposal includes or proposes new affordable housing or if affordable housing is located within the project site/area. Affordable ownership housing is that which is affordable to households at 80 percent of area median income, and affordable rental housing is that which is affordable at 50 percent of area median income.</p>	0-10 points

Application process

Complete the Pre-Application at <http://www.metrocouncil.org/services/livcomm/Pre-ApplicationDevGrant2010.doc> (4 pages, MS Word) send it to Joanne.Barron@metc.state.mn.us. No LCDA Development Grant application (due July 19) will be accepted without a prior Pre-Application submittal.

Complete the full Development Grant application at <http://www.metrocouncil.org/services/livcomm/DevGrantApplication2010.doc> (29 pages, MS Word) and submit it by July 19. Instructions for completing and submitting the application are listed on the application's cover page. Any questions should be directed to the LCDA program coordinator at 651-602-1385.

This Notice of Funding Availability is subject to applicable federal, state, and municipal laws, rules and regulations. The Metropolitan Council reserves the right to modify or withdraw this Notice of Funding Availability at any time.