

LIVABLE COMMUNITIES DEMONSTRATION ACCOUNT

Funding Criteria and Selection Process

Funding Available in 2007: \$8* Million for Development Grants

(*See footnote at the end of this document.)

(The Council's **Policy Restricting Metropolitan Council LCA Grants for Projects Using Eminent Domain for Economic Development** applies to all LCDA applications submitted in 2007.)

LEGISLATIVE AUTHORITY AND PURPOSE

The Livable Communities Demonstration Account was established by the Livable Communities Act [Minnesota Statutes section 473.25-(b)]. The Demonstration Account provides funds to 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. 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.

FUNDING GOALS

The legislative objectives are supported by the *2030 Regional Development Framework* policies. LCDA funding will support projects that demonstrate innovative ways of meeting *Framework* goals and strategies to achieve connected, efficient land-use patterns in communities throughout the region.

- 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.
- 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.

ELIGIBLE APPLICANTS

Application is open to cities participating in the Metropolitan Livable Communities Housing Incentives Program, on behalf of proposals in their communities; or to metropolitan-area counties, housing and redevelopment authorities, economic development authorities or port authorities on behalf of projects located in LCA participant communities.

PROJECT ELIGIBILITY CRITERIA

1. The proposal involves new development, redevelopment or infill development addressing the program goals.
2. Proposed project is located within the Council-identified developed area, developing area or a rural growth center (urbanized area).
3. The Metropolitan Council has reviewed and accepted the applicant community's comprehensive plan.
4. The community's comprehensive plan amendments for the submitted proposal, if necessary, are completed or under review by the Metropolitan Council.

5. The proposed project helps achieve one or more of the affordable and life cycle housing goals adopted by the applicant city (or the city in which the project is located if the applicant is a county or a development authority) under the Local Housing Incentives program of the Livable Communities Act.
6. A local resolution (from the applicant city, county or development authority) authorizing the application for grant funds, identifying the need for LCDA funding, and prioritizing applications (if a city is submitting more than one application) is received by July 16, 2007.
7. Application is complete.

OTHER ELIGIBILITY REGARDING EMINENT DOMAIN

No applicant for an LCDA grant shall be eligible for LCDA grant funds if the project for which an LCDA grant is requested requires the exercise of eminent domain authority over private property for the purposes of “economic development.” The Council’s policy defines “economic development” as “the taking of private property from one private person or entity, without the consent of the owner, and conveying or leasing such property to another private person or entity, for commercial enterprise, or to increase tax revenue, tax base, employment, or general economic health.” The Council’s definition of “economic development” does *not* apply if eminent domain was used to: acquire property for public ownership or use; acquire polluted or contaminated property that threatens the public or the environment, and remediation or clean up must occur expeditiously; acquire abandoned or blighted properties; remove public nuisances; or clear defective title. Projects that include “leasing property to a private person or entity that occupies an incidental part of public property or a public facility” are also eligible for LCA grant awards. (For the complete policy, see www.metrocouncil.org/services/livcomm/EminentDomainPolicy.html)

NUMBER OF APPLICATIONS

No more than five applications may be submitted by a single applicant in any application cycle. Applicants submitting more than one application per cycle (year) must prioritize them according to the applicant’s internal priorities, prior to submittal.

ELIGIBLE AND INELIGIBLE USES OF FUNDING

Eligible Uses of Funds: 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.

1. Basic public infrastructure items include and are defined as:
 - a) Local public streets
 - new streets, street realignment, reconstruction of existing street grid, street extensions or connections.
 - street lighting and street signs, when requested in conjunction with one of the eligible items in 1a), or to retrofit an existing street with these elements, as part of a proposal that meets the funding goals.
 - permanent public pedestrian features, including sidewalks and benches, when requested in conjunction with one of the eligible items in 1a), or to retrofit an existing street with these elements as part of a proposal that meets the funding goals.
 - b) Other infrastructure
 - public parking structures (above- or underground), 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, 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) Storm water 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.
 - e) Design and engineering for items listed in 1.a) through 1.d)
2. Site assembly for lands to be used for construction of buildings; streets; sidewalks; parks, plazas and other public spaces; trails; that are integral to future development. Eligible items are:
 - a) Land acquisition
 - 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 Funds:

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, landscape plantings
6. For parks, plazas and other public areas: lighting; retaining walls, seat walls; sidewalks; paths; furnishings 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, amphitheaters.
7. Site assembly for lands to be used for transit infrastructure or capital investments, e.g. transit stations, station platforms, park-and-ride facilities (unless park-and-ride spaces will be used for shared parking).
8. Building construction
9. Building rehabilitation and improvements, exterior and interior
10. Housing “affordability gap” and “value gap” financing.
11. Pollution cleanup and related expenses
12. Applicant’s administrative overhead
13. Project coordination
14. Activities prior to the date of the grant award
15. Architect, developer, legal and other fees
16. Local permits, licenses or authorization fees
17. Travel expenses
18. Costs associated with preparing grant proposals
19. Operating expenses
20. Prorated lease and salary costs
21. Marketing costs
22. Comprehensive plan preparation costs
23. Costs associated with master plans or redevelopment plans, design workshops, design standards, market studies, zoning and land use implementation tools.

AMOUNT OF AWARDS

No minimum or maximum award levels for projects have been established. The Metropolitan Council reserves the right to award less than the amount requested. The Metropolitan Council reserves the right to award less than the available funding in the grant cycle.

DISTRIBUTION OF FUNDS

The Livable Communities Advisory Committee may recommend up to 40 percent of the total funds available in a grant cycle for projects located in Minneapolis and St. Paul. The Metropolitan 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 St. Paul, provided these conditions are met:

1. The consideration will adhere to the project evaluation and scoring process outlined in these criteria and to the project rankings; and,
2. Minneapolis and St. 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 30 of 50 points in the Step Two advisory committee evaluation process, and
 - b) Have satisfactorily met the evaluation assessment for readiness, as determined in the advisory committee evaluation.

LOCAL RESOLUTION

A resolution from the applicant city, county or development authority in support of applications(s) submittal must be submitted with the application, no later than July 16, 2007. The resolution must 1) authorize the grant applications(s), 2) identify the need for LCDA funding, such that the project could not occur in the foreseeable future without LCDA funds, 3) prioritize the applications according to the applicant's internal priorities, if an applicant is submitting more than one application; and 4) represent that the Applicant has undertaken reasonable and good faith efforts to procure funding for the project components for which LCDA funding is sought. 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.

APPLICATION PROCESS

1. Applicants are strongly encouraged to attend one of the workshops offered the week of April 23. Email notification of workshop dates and locations will be sent to all LCA-participating cities, and workshop information will be posted on the Council's website at www.metrocouncil.org.
2. Submit a pre-application for each proposal for which you intend to submit a full application. Send it by email by 4:30 PM on **June 11, 2007**, to linda.milashius@metc.state.mn.us
3. Submit 20 copies of the application and required attachments by 4:30 PM on **July 16, 2007** to:

Linda Milashius, Metropolitan Council, 390 North Robert Street, St. Paul, MN. 55101

...**AND** send one email copy of the application to linda.milashius@metc.state.mn.us (no need to include attachments). Staff will send confirmation of application's receipt. The application is available at www.metrocouncil.org/grants/lcda/demoapp.doc

Sample sources and uses pages and a sample resolution of support are provided with the application form.

Questions? Please direct questions related to the application and review process to Joanne Barron, LCDA program coordinator (joanne.barron@metc.state.mn.us, 651.602.1385), or Linda Milashius, LCDA program support (linda.milashius@metc.state.mn.us, 651.602.1541).



PROJECT EVALUATION PROCESS

Step One Evaluation Criteria -- 50 possible points

A staff evaluation team will review and score eligible proposals using the Step One evaluation criteria and guidelines:

A. Land Use Criteria

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.

1. **Use land efficiently 0-8 points** – How well the project achieves development that intensifies land use (adding buildings or other uses) and increases density to a level that maximizes the potential of the location.
2. **Develop land uses linked to the local and regional transportation systems 0-8 points** – How well the project achieves development that is designed in relationship to transit and transportation, providing optimal convenience for pedestrian access to transit, and for relationships of development to the regional transit system. (if the proposed project has no transit access, the proposal will be “held harmless” by using the average score of four points).
3. **Connect housing and centers of employment, education, retail, recreation uses 0-8 points** – How well the project achieves development that provides a diverse variety of uses (within the project area or when added to adjacent land uses) with improved jobs-housing balance, access to a variety of destinations in a connected development pattern both within the project area and to adjacent neighborhoods.
4. **Develop a range of housing densities, types and costs 0-8 points** -- How well the project achieves development that provides a wide variety of housing types and prices or rents, 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 and helps achieve the city’s housing goals.
5. **Conserve, protect and enhance natural resources through development that is sensitive to the environment 0-8 points** – How well the project achieves development that optimally integrates natural resources, including best management practices for water resources that incorporate water resource management into project design to maximize development potential; and employs natural resources, where feasible and appropriate, as community connections, assets and amenities.

B. 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. **0-10 points.** 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; meaningful local role to ensure that the project meets community needs and goals; local vision and leadership.

Applications must score 20 or more points of a possible 50 points on the Step One criteria to advance to the Step two evaluation process.

The following guidelines will be applied to proposals following evaluation and scoring on the selection criteria, and provided as information for the Step Two selection process.

- Has applicant community responded or is responding to recommendations cited in the Council’s review of the comprehensive plan?
- If a proposal or related project has been previously funded through a Livable Communities Demonstration Account development or opportunity grant, have grant funds been expended or progress made?

Step Two Evaluation Criteria – 50 possible points

The Livable Communities Advisory Committee will score proposals according to the evaluation and selection criteria in Step Two. The LCAC’s 13 members represent and have expertise in development as it relates to local government planning, economic or community development; public and private finance; new development and redevelopment; transportation; environment; and site design. (LCAC membership list is available at www.metrocouncil.org).

A. Innovation and Demonstration

The extent to which the project shows innovative elements, and demonstrates or shows potential to demonstrate new development concepts or elements in one or more of the scoring factor areas, for the community it is located in and for the region. 0-30 points – Scoring is based on consideration of these factors: The extent to which the proposal uses land efficiently to maximize potential of the project location; links land uses to transit where available; connects housing and centers of employment, education, retail, recreation; provides a range of housing densities, types and costs; conserves, protects and enhances natural resources through development that is sensitive to the environment; other innovation not covered in the previous categories, including tools and processes used to develop and implement the project.

B. How LCDA Funding Is a Catalyst

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. 0-20 points

Proposals will be evaluated in the context of the site, geographic area and community. This will recognize the unique and diverse characteristics of projects’ location and geographic location in the region.

To be considered for funding and advance to the Step Three evaluation process, proposals must score 30 or more points of a possible 50 points in the Step Two evaluation, or be supported by a two-thirds vote of the advisory committee. Housing incentive points as described below in “housing performance scoring” will be applied separately.

Step Three Selection Criteria — Readiness

The readiness assessment includes:

- A. The status of implementation tools** – e.g. zoning codes and other official controls, design standards, development standards.
- B. The status of funding commitments to ensure construction start** for funded element(s) or further progress within a year from the date of the grant award (December 2008), and other indicators of readiness.

Housing Performance Scoring

Following evaluation and scoring of proposals, up to ten additional housing incentives points will be assigned to each applicant's score. The housing incentives points are determined 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.

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 affordable housing is located within the project site/area.

The definition of affordable housing used is consistent with how the Council has defined affordable ownership and rental housing in negotiating housing goals to implement the Livable Communities Act. Ownership housing is affordable at 80 percent of median income, and rents are affordable at 50 percent of median income.

*The LCDA base amount assumes passage of legislation the Council proposed during the 2007 session of the Minnesota Legislature that would authorize a one-time allocation of \$1 million from the Livable Communities Demonstration Account to the Council's local government comprehensive planning grant and loan program. If the legislation does not pass, the amount available for LCDA grants would be increased by \$1 million.