

Livable Communities Act News

August 2009

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2009 LCA Calendar

- LCDA applications are due by 4:30 PM on Monday, August 24th. There will be no pre-application for LCDA this year.
- TBRA applications are due November 2, 2009.
- LHIA Single Family applications are due September 24, 2009.
- LHIA Multifamily Rental applications are due October 1, 2009.

Important announcements about the LCA program

The Livable Communities grant program is adapting to address the impact of the recession on our grants and the projects they support. When projects fail to deliver the expected benefits within the promised time frame, the continued availability of grant funds to support that project may also be affected. Over the last few months, this has led us to emphasize the deliverables identified in grant applications and grant agreements, to re-examine our amendment procedures and payment processes, and to remind grantees of the very definition of a "project." In particular, the Council is intensifying its scrutiny of project deliverables.

"Projects" vs. "Grant-Funded Activities." Each LCA application contains a description of the development or redevelopment Project that the Grant-Funded Activities are intended to support. The Grant-Funded Activities for a TBRA clean up grant, for example, may include asbestos abatement, while the Project itself is the redevelopment of the existing building to provide increase the net tax capacity. An LCDA grant might fund street reconstruction to support a new mixed-use development.

The important concept here is that the Grant-Funded Activities alone are *not* the Project. Completion of the Grant-Funded Activities alone does not deliver the promised benefits of increased net tax capacity, new jobs, new affordable housing, better connections to transit, etc. Therefore, completion of the Grant-Funded Activities without completing the Project, as it was proposed in the grant application and within the same time frame, does *not* successfully complete the work of the grant. The application might include descriptions of future phases, but the deliverables discussed here refer to those Project elements described in the application as being completed within the term of the grant.

Changes to the Project and its deliverables have the effect of changing the basis upon which the application was ranked against other competing projects. If these changes are significant enough, it may force a reconsideration of whether further costs may be incurred against the grant.

This has led to important clarifications and changes in how LCA grants are administered at the Council. All are addressed in this edition of the Livable Communities News. Additionally, all grantees with grants expiring in 2009 have received emails asking for status report updates to help us understand whether the Project will be able to deliver the regional benefits promised in the grant application.



Keep your options open - notify LCA staff immediately of ANY project changes

New payment request form

To help keep track of the progress of Grant-Funded Activities and Project-related work, the official LCA payment request form has been revised to include a status report on both aspects of the work.

The new form, [available now on the Council's web site](#), requires the grantee to detail the status of the Grant-Funded Activities and the larger Project.

Grantees are also reminded that the claimed costs in the detailed portion of the payment request **must** be clearly identifiable in supporting documentation that accompanies the request. If the amount was derived through the use of a percentage, for example, note the percentage and the total to which it was applied. If only some of the line items on a supporting document are being claimed, clearly indicate which line items those are.

The single most frequent detail that delays payments is lack of specificity for consulting invoices. It is insufficient to supply an invoice documenting charges for an engineer's time, for example; we need to know what it is that the engineer *did* during the charged time. Because we don't pay all project costs, we must be able to identify if there are soft costs or other ineligible items included in the professional/technical invoices. Ask your vendors to provide **task-code level detail** to support their claims or invoices.

New procedures for extensions to existing grants

LCA grant agreements for existing grants allow for the possibility of a one-time, one-year administrative extension of the grant agreement. Extensions beyond a third year require the approval of the governing body of the Metropolitan Council.

To ensure that existing grants and the Projects supported by Grant-Funded Activities stay on track for their agreed-upon completion dates and that the Projects can still provide the deliverables promised in the grant application, grantees requesting amendments to extend their grants will be asked to:

- Demonstrate that the development or redevelopment Project supported by the grant-funded activities **has not changed** (i.e., the deliverables promised in the grant

application are still a part of the Project plan in the quantity and quality in which they were represented in the original application);

- Have a **signed development agreement**;
- Have **site control**; and
- Provide a **schedule for the completion** of the Grant-Funded Activities and the rest of the Project. For LHIA and LCDA grants, both the Grant-Funded Activities and the larger Project must be completed within the one-year extension. For TBRA grants, the Grant-Funded Activities must be completed and the larger Project must have at least commenced within the one-year extension.

Important notes:

1. As a condition of any extension, the Council also reserves the right to withhold grant payments for Grant-Funded Activities until construction on the development or redevelopment project has begun, to ensure that the Project is proceeding. If the Project stalls, the grant may be terminated.
2. Grantees are required to notify LCA staff if their Projects change. Grant payments may be placed on hold while LCA staff seek to determine the degree and impact of the Project changes.
3. If the Project has changed significantly, the grantee may be asked to make its case for retaining the grant to the Council's governing body. If the grant is terminated because of the Project change, payments will be made only for costs incurred in good faith prior to the date that grant payments were placed on hold.
4. If you intend to request an extension to an existing grant, please do so as early as possible to ensure that the request can be processed *before* the grant expires.
Expired grant agreements will NOT be extended.

New procedures for 2009 grants

At its June 24, 2009 meeting, the Metropolitan Council adopted the [2009 LCA Fund Distribution Plan](#). The Plan details the amount of funding available for each LCA account as well as any procedural changes for the coming year.

Notable changes included revisions to the procedure for extending LCA grants issued in 2009 and onward. New grants will have a 24-month term, as they have in recent years, but they will

have an opportunity for only one extension, which must be approved by the full Council. For future grants, the Council will no longer entertain requests for second extensions.

- In another area of emphasis, applicants for **LHIA and LCDA** grants are reminded that the application allows applicants to distinguish between those parts of the larger development or redevelopment Project that will be completed during the grant term and later phases that will be completed in the future. Applications will be scored accordingly. Project deliverables cited as being expected to be completed during the grant term - in addition to the grant-funded activities - must be **completed** during the grant term. If an LCDA grant request is awarded to build a street to support a mixed-use development, for example, both the street AND the development must be done.
- For **TBRA** projects, construction on the larger Project must at least **commence** during the grant term. *It is not enough to complete the infrastructure or clean up work described by the grant-funded activities*, because that work alone does not provide the deliverables upon which the grant award was based. A TBRA request for asbestos abatement, followed by demolition and redevelopment, must include at least the beginning of the actual Project construction work during the term of the grant.

Given that the grant terms will be limited to at most 36 months, and that the work of the larger Project is required to be completed along with the grant-funded activities (or, for TBRA grants, Project construction must have commenced), 2009 grant applicants are advised to take special care to limit the descriptions of their Projects to the work that can actually be completed (or, for TBRA grants, commenced) during the grant term. If necessary, Projects may need to be phased to accurately portray the deliverables that the region can expect to realize from the expenditure of LCA monies. Payments may be placed on hold for grant-funded activities associated with projects that are failing to progress as expected. Don't risk your grant payments - be realistic in what you promise.

Potential applicants are strongly encouraged to work with LCA program coordinators to ensure that they properly state the scope of their proposed Projects.

Grant administration tips

Payment requests and their supporting documents may be scanned and attached to an email to LCA staff (either to Deb Jensen or Jan Bourgoin) to speed the process and reduce copying and mailing costs.

Remember that every payment request must be signed by an authorized employee of the grantee and that both certifications must be signed and dated.

Helpful links

[Official LCA Payment Request](#) and [instructions LCA Participating Communities list Minnesota Housing 2009 LCA Housing and Rental Affordability Limits Livable Communities' web site](#)

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