

C Community Development Committee
For the Metropolitan Council meeting of April 13, 2011

Item: 2011-91

Date April 6, 2011
Prepared:
Subject: Revisions to LCA Grant Amendment Procedures

Proposed Action:

That the Community Development Committee approve:

- changing all active Livable Communities Demonstration Account Development, Tax Base Revitalization Account Contamination Cleanup and Local Housing Incentives Account grants with an initial term of 2 years to a term of 3 years, and
- changing the requirement that the Project must be completed to the requirement that the Project must only be commenced within the grant term, and
- revising the Livable Communities Act (LCA) Grant Amendment Procedures to reflect a change in the term of extensions to LCA grant agreements as attached.

Summary of Committee Discussion / Questions:

Beth Reetz, Director of Housing and Livable Communities, gave an overview of the reasons why staff is proposing changes to the procedures for Livable Communities grant extension requests. These changes are consistent with changes staff recommended in the 2011 Annual Livable Communities Fund Distribution Plan. She also pointed out suggested changes to the Proposed Action in this Business Item and the Grant Amendment Procedures to respond to comments received from a participating city and from further staff review of the status of active grants.

Committee members asked questions about the impact of these changes and the wording of the procedure. It was requested that at a future time, staff bring to the Committee additional language for inclusion in the Procedures to address an applicant's opportunity to appeal a staff rejection of an extension request. After discussion and amendments to language in the Business Item, the Committee voted unanimously to approve the Action as amended.

Staff Recommended Metropolitan Council Livable Communities Act Grant Extensions Procedure

Requirements to seek approval for an amendment to the term of a Livable Communities Demonstration Account Development, Tax Base Revitalization Account Contamination Clean Up, and Local Housing Incentives Account grants:

The grantee must submit a written request for an extension, to the Metropolitan Council Community Development Division Director, at least 90 days before the expiration date of the LCA grant agreement. The request must include information evidencing:

- Site control;
- Significant progress toward full financing;
- Significant progress toward an executed development agreement;
- A schedule showing the commencement and completion dates for all Grant-Funded Activities as described in the grant agreement;
- A schedule showing the commencement and completion dates of the development or redevelopment Project activities described in the grant agreement; and
- The schedules must demonstrate that the Grant-Funded Activities will be completed and the development or redevelopment Project will have commenced within the requested extension timeframe.

The request for an extension will be reviewed by staff, may not exceed 24 months, and if approved, will be granted administratively by the Community Development Division Director.

C Community Development Committee
Meeting date: April 4, 2011

| ADVISORY INFORMATION | |
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| Date: | 3/30/2011 |
| Subject: | Revisions to LCA Grant Amendment Procedures |
| District(s), Member(s): | All |
| Policy/Legal Reference: | Minnesota Statutes 473.25 |
| Staff Prepared/Presented: | Beth Reetz, Housing and Livable Communities Director (651-602-1060) Paul Burns, Manager, Livable Communities Program (651-602-1106) |
| Division/Department: | Housing and Livable Communities/Community Development |

Proposed Action

That the Community Development Committee approve:

- changing all active Livable Communities Demonstration Account Development, Tax Base Revitalization Account Contamination Cleanup and Local Housing Incentives Account grants awarded in 2009 and 2010 with an initial term of 2 years to a term of 3 years, and
- changing the requirement that the Project must be completed to the requirement that the Project must only be commenced within the grant term, and
- revising the Livable Communities Act (LCA) Grant Amendment Procedures to reflect a change in the term of extensions to LCA grant agreements as attached.

Background

The Council's position on the term for LCA grants has evolved over time. Most recently, greater emphasis was placed on the completion of the development or redevelopment Project catalyzed by the LCA grant, along with the activities funded by the LCA grant, within the grant term. The term of Livable Communities Demonstration Account Development, Tax Base Revitalization Account Contamination Cleanup and Local Housing Incentives Account grants awarded in recent years is two years and both the grant-funded activities and the catalyzed Project must be completed within the two-year term.

Current Council procedure for amendments to extend the grant term requires grantees to appear before the Council's Community Development Committee to request a one-year, one-time extension, which must be approved by the Metropolitan Council. The current procedure also requires the grantee to demonstrate progress and provide assurances that the full Project and the grant-funded activities will be completed within the maximum one-year Council approved extension.

Rationale

The Council's experience in recent years is that many grantees have difficulty completing all activities to complete the construction of a Project within the two-year term of the grant agreement. Some grantees have requested extensions, and some have relinquished their grants entirely because they could not complete all activities

within the term of the grant. The consensus of grantees is that projects today require “patient” capital and that completing a Project after assembling all of the necessary funding and approvals can rarely, if ever, be accomplished in two years.

Staff presented information about this issue in their overview of program changes to grant criteria in the 2011 Fund Distribution Plan. This recommendation would result in all active Livable Communities Demonstration Account Development, Tax Base Revitalization Account Contamination Cleanup and Local Housing Incentives Account grants having the same grant term and eligibility for a term extension as grants awarded in 2011 as provided for in the 2011 LCA Fund Distribution Plan. Livable Communities Demonstration Account Pre-Development grants would retain their two-year, no-extension term; Tax Base Revitalization Account Cleanup Site Investigation grants would retain their one-year, no-extension term.

Funding

This request would have no impact on funding.

Known Support / Opposition:

Metro Cities has expressed support for the new LCA grant term as described in the 2011 LCA Fund Distribution Plan and this Business item.

Current Metropolitan Council Livable Communities Act Grant Extensions Procedure (January, 2011)

Requirements to seek Council approval for a **one-time, one-year** extension of an LCA grant.

The Grantee must present its case for an extension to the Metropolitan Council Community Development Committee members, who will recommend action to the full Metropolitan Council, whose decision will be final. Before this presentation will be scheduled, the Grantee must submit in writing a city council resolution requesting the extension **no less than 90 days** before expiration of the Grant Agreement. The resolution must contain all of the following:

- Assurance of site control, secured financing and a development agreement to complete the Project described in the grant agreement including the grant-funded activities.
- Assurance that significant progress and/or public and/or private investment, expenditures, or obligations have been made or committed to accomplish the completion of the grant-funded activities and Project identified in the grant agreement, including the grant-funded activities. Examples may include:
 - establishment of a TIF district
 - issuance of local bonds
 - granting of a tax abatement
 - expenditure of other public monies
 - land acquisition
 - construction
- For LCDA and LHIA grants, a 12-month schedule for the completion of the grant-funded activities and the Project described in the grant agreement.
- For TBRA grants, a 12-month schedule for the completion of the grant-funded activities and commencement or continuation of the implementation of the Project described in the grant agreement beyond the TBRA grant funded activities.

Grantees whose request for an extension is denied may re-apply and compete for funding in future grant cycles after their grant term has expired or the remaining balance of the grant has been relinquished.

Staff Recommended Metropolitan Council Livable Communities Act Grant Extensions Procedure

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The grantee must submit a written request for an extension, to the Metropolitan Council Community Development Division Director, at least 90 days before the expiration date of the LCA grant agreement. The request must include information evidencing:

- Site control;
- Full financing;
- An executed development agreement;
- A schedule showing the commencement and completion dates for all Grant-Funded Activities as described in the grant agreement;
- A schedule showing the commencement and completion dates of the development or redevelopment Project activities described in the grant agreement; and
- The schedules must demonstrate that the Grant-Funded Activities will be completed and the development or redevelopment Project will have commenced within the requested extension timeframe.

The request for an extension will be reviewed by staff, may not exceed 24 months, and if approved, will be granted administratively by the Community Development Division Director.