

C	Community Development Committee	Information Item
	Meeting date: April 2, 2012	
ADVISORY INFORMATION		
Date	March 2012	
Subject	Planning Assistance Fund –Conversion From Loans to Grants	
Districts, Members	All	
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Division/Department	Community Development / Planning and Growth Management	

PROPOSED ACTION: None, information only

INTRODUCTION

Minnesota Statute 473.867 directs the Council to establish a Planning Assistance Fund (PAF). (Attachment A) The Council is to develop uniform procedures for awards and disbursements from this fund. The statute also requires that the loans/and or grants provide assistance at the local level towards achieving Council mandates for the regional system plans. The current Local Planning Assistance Loan Guidelines were last updated in March 2005, and warrant a re-examination to determine if they can better address the need for some communities to respond to and implement Council recommendations and advisory comments in the Council review of their 2030 Comprehensive Plan Updates, or better enable communities to respond to comprehensive plan changes necessary to facilitate economic development and job growth following the post 2008 recession.

HISTORY

Since enactment of the Metropolitan Land Planning Act (MLPA) in 1976, the Metropolitan Council has managed a Planning Assistance Fund (PAF) for grants and loans to local units of government. The 1976 legislature appropriated \$2.5 million to the State Planning Agency for local planning assistance, \$1.4 million of which was passed through to the Council. The 1978 legislature appropriated another \$2.2 million shared evenly between State Planning Agency and the Council. These funds were intended to assist local governments prepare their comprehensive plans following passage of MLPA in 1976. Most of the monies were allocated to grants, which were limited by statute to 75 percent of the actual costs of a plan's preparation. This restriction was later repealed. Monies in the Fund were invested at high interest short-term rates (10 percent or more) until the Council developed disbursement criteria and an application process for the grants and loans. The legislation calling for the Council to initiate the Fund said that the criteria for use of the funds should be based on "demonstrated need and available financial resources." For the first round of comprehensive plans, a subcommittee of the Land Use Advisory Committee (LUAC) that was tasked with advising the Council on a distribution method helped develop a formula that included base population, population growth, land area and total community assessed valuation. The population factors and land area were considered indicators of "need" and assessed valuation was an indicator

of "available financial resources." This formula was employed in the distribution of the Fund as communities prepared the first plans as required by the MLPA.

In 1982, the Council established "loan guidelines" and changed the focus of the PAF from primarily grants to zero-interest loans. This change was based at least in part on the fact that only a small balance of the fund remained and it seemed unlikely there would be additional legislative appropriations to grow the fund.

Since 1992, the Planning Assistance Fund has been identified by its budgeting title, Fund 252. The current balance in Fund 252 is approximately \$1,020,000. The 1997 Legislature allowed the Council to use \$1 million from Solid Waste Fund interest monies to provide grants to the local units of government for the 1998 round of comprehensive plans. This Fund is identified as Fund 254 and currently has a balance of approximately \$64,000.

Since 1992 approximately \$1,173,500 in loans has been made and \$841,000 in grants between the two funds 252 and 254. Since 2004, loans have been granted for a maximum of \$40,000. It has been customary to keep the balance in Fund 252 at a \$300,000 minimum to keep the fund growing through interest earnings. Communities continue to inquire as to availability of assistance for implementation of the Councils' advisory comments and the requirements, whether from the Council or state statute, of the Comprehensive Plan updates. These requests vary and include such activities as specific area planning studies, environmental (AUAR) study assistance, assistance for planning for annexation areas, and in some situations regarding the merging of comprehensive plans or ordinances for communities that have recently merged.

ISSUES AND SCHEDULE

It would be appropriate to approach the Council's Finance unit about consolidating the two current funds from which grants and loans have been made, thus bringing the total fund balance to approximately \$1,084,000. Because the current Guidelines were adopted in March 2005 (Attachment B), they should be updated in consideration of the implications for local government of Council's review of the 2030 Comprehensive Plan Updates, revised Regional System Policy Plans, and ability and capacity for local governments to respond to planning needs related to investing in the region's economic development, redevelopment, and opportunities to grow jobs. This update should include a proposal to change the Fund to a grant program with parameters on grant amounts and guidance on eligible grant uses. The process to update Guidelines should include input from the Land Use Advisory Committee (LUAC) and Metro Cities, before review and adoption by the Community Development Committee and Council. A tentative schedule to accomplish this would be:

- Confer with Metro Cities in April
- Confer with the Land Use Advisory Committee in May
- Community Development Committee adoption of Guidelines in June/July
- Metropolitan Council adoption of Guidelines June/July

POTENTIAL REVISED GUIDELINES

Available Funds

\$784,000 to be available for grants. A balance of \$300,000 retained for regeneration of the fund.

Term

One-year grant agreement timeframe with a one year extension possible and, granted administratively with verification of grant-funded work progress by the grantee.

Grant amount and match requirement

A maximum grant of \$40,000 with a required 25 percent local match, cash or in-kind, such as staff resources.

Eligible Activities

The work paid for by the grant must result in a comprehensive plan update or comprehensive plan amendment to be submitted to the Council, or the development of land use official controls to implement a community's 2030 comprehensive plan. Typical grant projects may include fulfilling Council recommendations and advisory comments from the 2030 CPU review, special area studies such as redevelopment mixed-use projects, or plan changes necessary to implement transitway corridor studies and strategic plans.

Funding Availability

Open application – pipeline process. The funds would be available for application as long as funds remain available.