

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE
Monday, December 3, 2007

Committee Members Present Chair, Natalie Steffen; Vice-Chair, Annette Meeks; Richard Aguilar, Sherry Broecker, Georgeanne Hilker, Brian McDaniel, Tony Pistilli

Without a quorum being present at 4:15 p.m., and while waiting for the arrival of Community Development Committee members who were on their way, Chair Steffen invited Linda Milashius to begin her presentation for Business Item 2007-343 - Local Housing Incentives Account (LHIA) Funding Recommendations.

BUSINESS

2007-343 - Local Housing Incentives Account (LHIA) Funding Recommendations. Linda Milashius, senior planner, reported that the LHIA funding recommendations specifically recommend awarding \$1,889,806 in local housing incentive account funds to three homeownership programs, involving 40 affordable units, and six multi-family rental projects, involving 225 affordable new units, and the rehabilitation of 28 existing units. Total funds for disbursement this year totaled \$1.89M. Milashius noted that many project representatives were available to answer questions.

Milashius stated that, again this year, the Metropolitan Council, as a member of the Metropolitan Housing Implementation Group (MHIG), participated in the issuance of a Request for Proposals (RFP) for home ownership and multifamily rental housing programs in June 2007. For this cycle of MHIG affordable housing funding, just over \$5 million was available statewide to provide gap financing for the construction and rehabilitation of affordable homeownership housing in Minnesota, and approximately \$66 million for multifamily rental housing gap funding assistance. Applicants were asked to apply for funds to be awarded through MHIG for the purposes of acquisition, demolition, new construction, rehabilitation, financing, or gap financing of housing in, or to be developed in, locations specifically designated by their applications. All proposals received through the RFP process were reviewed by Minnesota Housing (formerly Minnesota Housing Finance Agency) staff for completeness and evaluated pursuant to the MHIG criteria to determine the extent to which the proposal met one or more of the criteria. Milashius also explained that for rental housing proposals, the criteria are slightly different. She directed members to review the criteria information is included in the CDC packet.

Milashius provided an overview about the MHIG Application and Evaluation process. Through the RFP process, 18 ownership applications were received, evaluated and ranked—11 proposals were recommended for funding. Also, 43 multi-family rental applications were received, evaluated and ranked. Of those, 24 proposals were recommended for funding. Milashius provided a breakout of the funding partners and awarded funds for the various projects.

At this point in the presentation, Chair Steffen welcomed arriving CDC members and explained that, due to a lack of a quorum, the committee began with agenda business item #2, the Local Housing Incentives Account Funding Recommendations which was currently in progress.

Milashius continued the presentation by highlighting information regarding applicants, total number of units, percentage of units affordable and funding amounts for rental programs. In addition, she provided an overview about the ownership programs and the leveraged investment for proposed awards. Milashius concluded her report by presenting a brief summary about each of the projects as highlighted in the PowerPoint handout.

CALL TO ORDER

A quorum being present, Committee Chair Steffen called the regular meeting of the Council's Community Development Committee to order at 4:30 p.m. on Monday, December 3, 2007.

APPROVAL OF AGENDA AND MINUTES

Chair Steffen asked that the December 3 agenda be approved with the amendment that Business Item #2 (Local Housing Incentives Account Funding Recommendations) become Business Item #1.

It was moved by Hilker, seconded by Meeks to approve the amended agenda. **The motion carried.**

It was moved by Meeks, seconded by Pistilli to approve the minutes of the November 19, 2007 regular meeting of the Community Development Committee. **The motion carried.**

Steffen entertained questions about the Local Housing Incentives Account Funding Recommendations. She raised a question about whether there was any limitation on the percentage that the grants can make up of the total project. Milashius responded, "Not of the total project." Milashius explained the criteria for home ownership projects which limits the Council's contribution through LHIA to no more than \$27,500 per unit.

Meeks moved, seconded by Broecker, that the Metropolitan Council award Local Housing Incentives Account (LHIA) grants totaling \$1,889,806 as follows:

Project	City	Number of New Units	Number of Units to be Rehabilitated	LHIA Funding Recommendation
Ownership Housing Proposals				
Invest Saint Paul	St. Paul		30	\$200,000
Red Oak Preserve	Oakdale	5		\$100,000
Homes Within Reach	Western Hennepin County Suburbs		5	\$150,000
Rental Housing Proposals				
The Crossings at Valley View	Bloomington	50		\$250,000
Twin Ponds	Farmington	25		\$210,000
Maple Village	Maple Grove	54		\$275,000
Trails Edge	Maplewood	48		\$300,000
Alliance Scattered Site Rehab	Minneapolis		28	\$193,000
InterLaken Place	Waconia	48		\$211,806
	TOTAL:	230	63	\$1,889,806

The motion carried.

2007-342 - Livable Communities Demonstration Account (LCDA) Funding Recommendations. Chair Steffen invited Ruth Grendahl, Chair, Livable Communities Advisory Committee (LCAC) and Joanne Barron, planning analyst, to the table. Barron expressed that she and Chair Grendahl presented the Livable Communities Demonstration Account Funding Recommendations at the November 19 CDC meeting. She indicated they both are available today to answer any questions about the information presented. She revisited the recommendation which is that the Metropolitan Council award grants from the LCDA to the seven projects listed totaling \$5,792,500. She also noted the suggestion the Livable Communities Advisory Committee has to award an additional \$143,897 to project A.9., Rivoli Street, St. Paul, thereby fully funding this project's request. This would result in total LCDA dollars awarded of \$5,936,397. Chair Steffen reviewed the recommendation.

McDaniel moved, seconded by Aguilar, that the Metropolitan Council award \$5,792,500 from the LCDA for seven development projects as recommended by the LCAC with a further recommendation to award an additional \$143,897 to project A.9., Rivoli Street, St. Paul, thereby fully funding this project's request of \$468,897, resulting in total LCDA dollars awarded of \$5,936,397.

ID #, Applicant City	Project Name	Recommended Amount
A.4. Minneapolis	Longfellow Station	\$500,000
C.3. Rosemount	Stonebridge Core Block East	\$1,587,500
A.8. St. Paul	Dale Street Village	\$1,050,000
A.6. Minneapolis	West Broadway Curve	\$1,325,000
C.2. Forest Lake	Washington County Senior	\$700,000

	Housing/Headwaters	
A.9. St. Paul	Rivoli Street	\$468,897
B.4. Roseville	Har Mar Apartments	\$305,000
Projects are listed in point rank order A – Center Cities, B – Developed Cities, C – Developing Cities		Total \$5,936,397

The motion carried.

Committee member Meeks indicated that she had raised her hand before the motion and questioned whether the motion was on the amendment. Steffen responded “No.” Pistilli asked for a motion to reconsider, seconded by Meeks. Steffen called for a motion to reconsider. Motion carried.

Meeks then requested clarification for the record about the city of Rosemount proposal. She asked committee members to recall that, at the November 19 meeting, she had asked a question about eminent domain and was assured that none had non-willing sellers. Meeks expressed that, since that time, she has been inundated with emails regarding this project and requested further clarification about this issue. Barron responded that Dave Theisen, legal counsel, had addressed the issue of eminent domain with the project from the City of Rosemount at the November 19 CDC meeting. In summary, Barron stated the City of Rosemount’s application is in compliance with the requirements of state law and the Metropolitan Council regarding the use of eminent domain.

Chair Steffen called Dave Theisen to the table at Meeks request. Theisen revisited the answer to the eminent domain question. He stated that, to his knowledge, the city has complied with Chapter 117 and the exceptions that were in that legislation in 2006, which also qualifies them under the Council’s policy as well. Under the Council’s policy, grantees are required to certify again, prior to receipt of any LCA grants, that they have complied with the Council’s policies and requirements of the eminent domain statutes. Steffen restated that the question Meeks asked has to do with an unwilling seller. Theisen explained two exceptions to the city’s use of eminent domain.

McDaniel noted that Rosemount’s city administrator was in the audience and expressed that he and the city administrator have had numerous conversations about the use of eminent domain in Rosemount over several years. McDaniel has every assurance from them and the Council that the letter of the law is being met on this. He further pointed out that while everyone has their personal views on the use of eminent domain, it is his understanding that everything on this project is above board and in compliance. McDaniel concluded by stating that he is very comfortable with supporting this proposal.

Steffen entertained a motion to renew the motion. McDaniel moved the renewed motion, seconded by Aguilar, that the Metropolitan Council award \$5,792,500 from the LCDA for seven development projects as recommended by the LCAC with a further recommendation to award an additional \$143,897 to project A.9., Rivoli Street, St. Paul, thereby fully funding this project’s request of \$468,897, resulting in total LCDA dollars awarded of \$5,936,397.

The motion carried.

2007-373 - Additional Revisions to Livable Communities Program Grant Administration Procedures – Changes to End Projects. Chair Steffen asked Dave Theisen to remain at the table for this presentation. As presented at the November 19 CDC meeting, Jan Gustafson, manager, livable communities, provided an overview about the draft of additional information to be included in the Livable Communities grant administration procedures that would clearly describe the Council’s response in instances when grantees request to amend an end project after some or all of the awarded LCA funds have been spent. She expressed that this information was intended to complete the Council’s guidance for addressing changes to end projects.

Gustafson revisited members’ concerns raised during discussion on November 19 about whether the draft procedures dealt with consequences for cities that failed to inform the Council of changes to end projects or otherwise acted in bad faith. Mr. Theisen advised the committee that the Livable Communities Act gives the Council the authority to determine who is eligible to receive LCA funding and suggested that the Council could choose to disqualify non-complying cities from eligibility for future grant awards. Gustafson stated that November 19 discussion concluded with Chair Steffen directing Mr. Theisen to prepare language to implement this approach for review by the committee.

Gustafson provided an overview of the language under consideration. She called members' attention to the proposed language that would be added to grant agreements, noted in bold type in the underlined material at the top of page 3. Gustafson concluded her presentation by asking that the CDC recommend that the Council direct staff to implement the procedures as revised with the addition of Mr. Theisen's language.

Chair Steffen asked members of the committee if the language on page 3 in bold type, underlined, satisfies the concerns raised at the November 19 CDC meeting. Pistilli indicated that he was present at the November 19 meeting but is not yet clear on what it is the committee is being asked to clarify. Steffen stated, based on committee discussion, that there was concern that the city could spend the dollars and not have a project look like the one proposed when they first applied for the funds. The committee wanted to make it very clear that requests for future dollars from the Metropolitan Council would be at risk if cities made changes mid-stream to what they were turning out. Steffen revisited information that was provided by Katie Shea, the Council's Director of Internal Audit.

Pistilli asked for a further clarification and questioned, "If this money is spent in the early stages of the project, and the project stalls or doesn't get completed, that money is gone and this doesn't apply." Steffen shared an example of a project involving the Ramsey Town Center where the funds were to be utilized for a large parking lot. Pistilli indicated that his point is not that Ramsey would do this intentionally, but it's already happened. The money has been spent and the project could change. The Council would not have a need or purpose to look at that revision because its already been spent in good faith. Pistilli further commented that this situation would occur very rarely. In that light, Pistilli stated that he would accept the language as written but expressed that it sounded a little heavy handed. Unless a municipality or community truly wants to do something malicious, the Council would have the right or the need to do this. Steffen expressed that either members' needed to be satisfied with the original language or the language needed to be stated more clearly to everyone's satisfaction.

Guy Peterson, director, community development, commented that this is not being done to be heavy handed. The Council is simply trying to insert some language that speaks to the fact that this option would exist for a future Council if there should be a grantee that doesn't inform us about a change, knew about a change, and that would jeopardize the grantee's eligibility—leaving it to the Council to decide if they want to penalize a community if they did this. Peterson further commented that this is an attempt to put teeth into the language as requested at the November 19 CDC meeting. Pistilli pointed out, in reviewing the last agenda item before the committee, about 93% of the money that the Council delivered to communities would be spent before any new construction of units would be built—again, this will really happen very, very rarely.

Meeks moved, seconded by Pistilli, that the Metropolitan Council direct staff to implement the additional proposed grant administration procedures to address requests for revisions to the end projects (not LCA-funded elements) originally proposed as the development or redevelopment outcome in proposals assisted by Livable Communities grant awards.

The motion carried.

2007-222 - Cottage Grove Ravine Regional Park Master Plan. Jan Youngquist, senior planner-parks, provided an overview. She reported that Washington County has submitted an updated master plan for Cottage Grove Ravine Regional Park for Metropolitan Council review and approval. Cottage Grove Ravine Regional Park is located in southern Washington County, in the city of Cottage Grove. The Cottage Grove Ravine, for which the regional park is named, is about one-half mile wide with some steep slopes averaging 80-100 feet deep from ravine floor to bluff tops. The park's natural landscape qualities were a major consideration in development of the master plan. Expansion of nearly 100 acres to the park is planned. Parcels identified in the master plan boundary that have not yet been acquired are known as inholding parcels. Youngquist explained the breakdown of the parcels and stated that the ultimate park acreage will be approximately 576 acres. Youngquist shared the park's vision, indicated that the park is divided into two zones: the Lake Development zone and the Trail Development zone, and presented an overview about each zone.

The *2030 Regional Parks Policy Plan* requires that master plans include information on 11 items reviewed and also requires that sufficient information be included on the estimated cost of the acquisition and development proposed in the master plan. This review concludes that the Cottage Grove Ravine Regional Park master plan update contains sufficient information to meet the requirements of the *2030 Regional Parks Policy Plan* and that it is generally consistent with the requirements of the plan. It also concludes that the plan has no impact on other Council regional system/policy plans.

The estimated cost of master plan development is \$4,241,000 in 2007 dollars. The master plan identifies three inholding parcels for outright acquisition, with a combined 2007 estimated market value of \$753,900. Acquisition costs of other inholding acreage will be dependent upon the amount of acreage acquired and whether it is obtained through park dedications through future development or through purchase. Natural resources restoration costs consist of a rough estimate of \$841,500 to \$2,652,500. Therefore, the quantifiable estimated cost for implementation of the master plan is \$4,994,900 in 2007 dollars.

Approval of this master plan does not commit the Council to any funding at this time. Future development funding based on this master plan would be done through the Regional Parks Capital Improvement Program (CIP). Council action is required to approve the CIP and to approve specific grants to Washington County. The Metropolitan Parks and Open Space Commission unanimously recommended approval of this request at its November 13, 2007 meeting.

Chair Steffen directed Youngquist's attention to recommendation #2. She commented that there are a number of things that could be under development that would not affect the interceptor system. Does that mean they can't do anything until environmental services has a look at it? Youngquist explained that the park entrance is currently along the frontage road. In the master plan, it is proposed to be moved to Keats Avenue where there is an interceptor sewer line.

Broecker moved, seconded by Pistilli, that the Metropolitan Council:

1. Approve the Cottage Grove Ravine Regional Park Master Plan (Referral No. 20042-1).
2. Require that prior to development, final plans be sent to Metropolitan Council Environmental Services for review and comment to insure the integrity of the interceptor system.
3. Require that Washington County submit more refined and detailed cost estimates for natural resources restoration work prior to requesting Council funding for these costs.

The motion carried.

2007-374 - Request to Amend Land Exchange Approval for Cottage Grove Ravine Regional Park, Washington County. Jan Youngquist, senior planner-parks, provided an overview. In May 2004, Washington County submitted a proposal to remove 38.5 acres of land in the northwest portion of Cottage Grove Ravine Regional Park for use as a joint public service center for the County and the City of Cottage Grove. That request was approved by the Council in 2004. Youngquist outlined the major points of the request.

In September 2005, the Metropolitan Council released the restrictive covenant on 17.7 acres of land for development of the Washington County Service Center which is now open to the public. The acreage for the City of Cottage Grove facility is still undeveloped and within the boundary of the park. Development of the City facility is not anticipated to commence until after 2009.

The request for the Metropolitan Council to approve the master plan update to the regional park (Item 2007-222) is being presented concurrently with this request. The master plan update proposes to expand the boundary of the park by adding approximately 100 acres of land, identified as proposed inholdings on the following map. Pending Council approval of the master plan update, Washington County would like to amend the land exchange approval to permit the land exchange replacement property to include all of the inholding properties (Parcels 1-13), rather than limiting it to the area identified in the previous Council action. Youngquist stated that the proposal would potentially allow Washington County to fulfill its obligation to replace the County Service Center property in a more timely fashion than waiting for the specified land to be listed for sale and to acquire land from willing sellers and avoid the use of eminent domain.

The Metropolitan Parks and Open Space Commission unanimously recommended approval of this request at its November 13, 2007 meeting. From review, the conclusions are that the request is consistent with the park's policy plan as well as the terms of the city/county agreement that was approved by the Metropolitan Council in 2004. Approval of this request is subject to the approval of the master plan. Since Council grants were used for the purchase of the land being converted, it is the responsibility of Washington County and the City of Cottage Grove to acquire the replacement land, and that is not eligible for Council funding.

Chair Steffen directed Youngquist's attention to the map that showed A and B and Parcels 1-13 and questioned if Parcel 10 was the only one with a willing seller. Youngquist clarified that Parcel A has been removed from the park, and Parcel B for the city facility is undeveloped and still in the park. Parcels 1-13, through approval of the master plan, were just brought in to the master park boundary, so what Washington County is asking for is to allow any of those up to 38.5 acres to be used for replacement land. Youngquist indicated the county wants to acquire land from a willing seller and does not want to have to use eminent domain. It was noted that the owner of Parcel 10 wants to sell right now. Steffen asked when an agreement with Washington County is done, will that agreement have a time element on it? Youngquist explained the timeline and sunset date regarding this agreement.

Meeks moved, seconded by Pistilli, that the Metropolitan Council approve the Request to Amend Land Exchange Approval for Cottage Grove Ravine Regional Park, subject to execution of an agreement between the Metropolitan Council and Washington County specifying the terms and conditions of the land exchange.

The motion carried.

2007-339 - HousingLink Funding Recommendations. Beth Reetz, metro HRA program manager, explained the request to an amendment to the existing funding agreement between the Metro HRA and HousingLink. She explained that the amendment will extend funding for another year in the amount of \$50,000. The HousingLink is a nonprofit organization providing a cost-effective centralized clearinghouse for housing information and related services. Since 1997, the HousingLink has provided affordable rental housing information, housing referrals and related one-stop shop services for prospective renters, rental unit owners/managers, and others within the region. The clearinghouse functions are funded by contributions from a number of public and private sources.

Federal regulations governing the Section 8 tenant-based assistance program require housing agencies to provide participant families with certain information, including a list of landlords or other parties known to the housing agencies who may be willing to lease their units to the families, or otherwise help families find eligible rental housing units. If HousingLink did not provide many of its information, referral and related services; Council staff would need to perform these functions in-house or otherwise ensure the information and related services required by federal housing assistance program regulations are provided by some other method. Using the HousingLink is the most cost-effective and efficient means to meet programmatic responsibilities.

The Council has authorized the use of Section 8 administrative fee reserves for the support of HousingLink services since 1999. The services provided by the HousingLink are an eligible use of the reserve funds. If the Council allocates \$50,000 of its Section 8 program administrative fee reserves to support HousingLink services, the balance in the administrative fee reserve fund will not be significantly affected and will remain at a level sufficient to ensure financial integrity of the program operations.

Pistilli commented that the report stated the HousingLink is the most cost-effective and efficient means of handling this responsibility. He questioned, "How does the Council know that?" Reetz responded that previously, the Metro HRA, as the largest administrator of the Section 8 Program in the State of Minnesota, manned a housing resource telephone line where calls came in from around the region for information about affordable housing sources. She compared FTE and benefit costs, and stated that the HousingLink data being provided as opposed to telephone services are of a much higher quality and more readily accessible. Steffen pointed out that this was also looked at during the time of the Holman Consent Decree as the most efficient way to do this. Pistilli restated that the Council provides \$50,000 to HousingLink and asked for clarification about how the HousingLink is able to provide services more efficiently. He further indicated that he intends to approve this recommendation; he just wants to understand more about the organization. Is it a sole provider? Has it ever been up for an RFP? Reetz confirmed that HousingLink is a sole source provider—there is no other entity that does this. The HousingLink does more than what we are absolutely required to provide as part of the regulations. Reetz explained that the HousingLink has expanded services that the Council is not funding, nor do we have an obligation to fund. Pistilli asked if HousingLink provided these expanded services in addition to answering telephones. Reetz replied that, over time, the service has gone to more of a web-based information service that supplies quicker access to people seeking housing information.

Meeks moved, seconded by Pistilli, that the Metropolitan Council authorize its Regional Administrator to execute an amendment to its existing funding assistance agreement with the HousingLink to: (1) extend the agreement for an

additional year; and (2) provide \$50,000 from its Section 8 program administrative fee reserve fund to support the nonprofit organization's regional affordable housing information and referral services in calendar year 2008.

The motion carried.

INFORMATION

Pistilli asked for an update about the LCDA workgroup meetings. Peterson summarized the meetings held to date. He further reported that the workgroup will be reconvened in January, 2008, to sort out ideas that have been presented, to prioritize that list, and to present the information to Council Members Steffen and Meeks.

The next meeting of the Community Development Committee is Monday, December 17 at 4:00 p.m. in Council Chambers.

ADJOURNMENT

Business completed, the meeting adjourned at 5:25 p.m.

Respectfully submitted,

Diane Jadwinski
Recording Secretary