



Community Development Committee

Business Item

Item: 2008-8

Meeting date: February 4, 2008

ADVISORY INFORMATION	
Date:	January 31, 2008
Subject:	Recommendations of the Livable Communities Demonstration Account (LCDA) Work Group
District(s), Member(s):	All
Policy/Legal Reference:	Livable Communities Act, Minnesota Statutes 473.25
Staff Prepared/Presented:	Joanne Barron, Planning Analyst, Livable Communities, 651.602.1385 Paul Burns, Manager, Livable Communities, 651.602.1106 Guy D. Peterson, Director, Community Development Division, 651.602.1418
Division/Department:	Housing and Livable Communities/Community Development

Proposed Action

That the Community Development Committee accept the recommendations of the LCDA Work Group for incorporation into the LCDA program and the Annual LCA Fund Distribution Plan.

Background

The LCDA Work Group was established in September 2007 to undertake a thorough evaluation of the Livable Communities Demonstration Account program and make recommendations for the 2008 LCDA grant cycle. Work Group members included Chair Peter Bell (the group’s chair); Council members Natalie Steffen and Annette Meeks; Livable Communities Advisory Committee Chair Ruth Grendahl, and the advisory committee’s Vice-Chair Dan Marekel. The Work Group met three times in October and November 2007, and twice in January 2008. Two of the meetings were “listening sessions” at which the Work Group heard from numerous experts on how they would reinvent the program in whole or in part. The Group discussed these ideas and others suggested by members, and prioritized them. From this prioritized list, the Work Group is recommending three areas to include or strengthen in the current LCDA program, and is also recommending that the Council develop a land bank revolving loan program to preserve opportunities for affordable housing.

Rationale

The recommendations will strengthen the LCDA program by ensuring that a portion of the funding will go to areas where the Council is making other investments, encouraging more sustainable building practices, and coordinating with policies and programs of state agencies. A land bank revolving loan program will provide a timely opportunity to preserve land for affordable housing while land prices are low.

Funding

Available funding for the LCDA program in 2008 is an estimated \$10 million. This includes \$8 million levied by the Council for 2008, plus \$2 million of 2007 funds that were not awarded in last year’s grant round. The Work Group recommends that \$6 million be allocated to the regular LCDA program for 2008, and \$4 million for the land bank revolving loan program. Any funds remaining from the \$6 million in the regular LCDA program, after 2008 grants are awarded, would be added to the pool of dollars available for revolving loans in the land bank program.

Known Support / Opposition

No known opposition

**Recommendations of the LCDA Work Group
for Changes to the
Livable Communities Demonstration Account Program
January 29, 2008**

Allocate \$6 million for the regular 2008 LCDA program in 2008, and include the following three changes in the LCDA program criteria for 2008 and future years:

1. More deeply integrate policies of state agencies into the LCDA criteria.
2. Give bonus points to projects located on transitways identified on the *2030 Transitway System Plan* map.
3. Incorporate the Minnesota Sustainable Building Guidelines to encourage more sustainable development practices, using bonus points or some other method.

Designate a one-time allocation of \$4 million to be used in 2008 and/or future years for a land bank revolving loan program to preserve opportunities for affordable housing.

1. A land bank program using LCDA funds would make revolving loans to eligible applicants.
2. The program would be designed and implemented to ensure that it is consistent with and promotes the purposes of the Livable Communities Act and the policies of the Council's metropolitan development guide, and that funded projects fulfill at least one of the five statutorily prescribed LCDA objectives.
3. Funded projects would be exempt from the guideline to award 40 percent of available funds to projects located in Minneapolis and St. Paul, and 60 percent to projects in other cities.
4. Any funds remaining from the \$6 million in the 'regular' LCDA program, after 2008 grants are awarded, would be added to the pool of dollars available for revolving loans in the land bank program.
5. The Council would partner with Minnesota Housing and philanthropic partners to develop and implement the program.
6. Program development would begin in 2008 for implementation in 2008 or 2009.

**Summary of Suggestions Grouped into Clusters
From LCDA Work Group meeting ‘listening sessions’, 10-30-07 and 11-13-07**

- Cluster 1 **IDEAS FOR NEW PROGRAM AREAS**
- Cluster 2 **IDEAS TO REVISE EXISTING PROGRAM**
- Cluster 3 **PROGRAM DESIGN SUGGESTIONS**
- Cluster 4 **GEOGRAPHIC LOCATION TARGETS**
- Cluster 5 **COUNCIL POLICY LINKAGES**
- Cluster 6 **POLICY LINKAGES BEYOND COUNCIL**
- Cluster 7 **PARTNERSHIPS**
- Cluster 8 **EVALULATE LCDA PROGRAM AND DISSEMINATE PROGRAM RESULTS**



Bold type: ideas for LCDA criteria, projects or locations
Italic type: issues, objectives, principles, education ideas

Cluster 1
IDEAS FOR NEW PROGRAM AREAS

1. **Emphasize energy targets**
2. **Fund LEED projects --how defined?**
3. **Fund an integrated LEED / Sustainable development – through competition? (design, pick, implement award-winning design)**
4. **Assistance to cities to educate staff and city council on LEED standards**
5. **Revolving loan fund**
6. **Revolving loan parking fund for innovative municipal parking strategies --or let such projects compete with others (Concern: how would they know they can compete)**
7. **Parking innovation – get cities involved in providing and managing parking ‘utilities’**
8. **“Thinking grants” to respond quickly to market cycles**
9. **Third party at table with city and developer to drive innovation (City could select from Council-approved list)**
10. **Planning grants to communities**
11. **Integrated planning and design teams**
12. **Design competition -- grants to a city to implement a national award-winning design, or elements of it; city involved in selecting developer**
13. **Location-efficient mortgages (some said hitchhike on others’ efforts)**
14. **Land bank to preserve opportunities for when market improves**
15. *Can LCDA funds be used for revolving funds? (Can be used for grants or loans) Cities can sell bonds without dealing with another administrative layer*
16. *Better results with planning grants? No guarantees.*

Cluster 2

IDEAS TO REVISE EXISTING PROGRAM

- 1. Stormwater solutions for a broader site; multi-block, not just on site (e.g. green roof to treat water just for a building)**
- 2. Set stormwater criteria or targets above best management practices, which are becoming the norm, to get innovation.**
- 3. Fund parking or stormwater elements, for example, separately? or as part of a project that meets other criteria?**
- 4. Fund different parking technology – to push private sector**
- 5. Better housing design ('elegant design' from CA)**
- 6. Plan for 'transformative' land uses—build in flexibility for future building uses, street patterns that are not supported in current market*
- 7. Hydrology of the region is linked*
- 8. Put good practices in place to be ready for the next land rush*
- 9. Look at projects in their setting and allow for transformation over time. Patience; innovation to allow for evolution of uses*

Cluster 3

PROGRAM DESIGN SUGGESTIONS

- 1. Run 'regular' program with bulk of funds; use up to \$3M for one or more special uses or programs.**
- 2. Can tweak the 60/40 split to balance out year to year**
- 3. If exceed targets in criteria, get bonus points**
- 4. Bonus points to cities exceeding affordable housing #'s or density #'s. Also would get TAB resources, parks funding.**
- 5. Multi-city applications with cities working cooperatively. (mentioned in connection with water and watershed issues)**
- 6. Move LCDA 'beyond the margin' – do what you're doing but bring in one, two, three more things*
- 7. If you are not prescriptive, cities 'read the tea leaves' and respond with the type of project that has previously been funded.*
- 8. The less prescriptive the greater the innovation.*
- 9. Evaluate how projects/innovation affect 'regional balance sheet.'*
- 10. Influence cities to think differently about ordinances, approach to development*
- 11. Funding cycles for transportation projects (street funding) are out of sync with LCDA (2-yr LCDA cycle vs. 3-yr transportation committed 10 years out)*
- 12. Have enough good projects to see and have 'language of innovation.'*
- 13. Perception that LCDA program is (too?) focused on housing*
- 14. Cities need lead time to respond to new program focus/ideas and 'get creative.'*
- 15. Targeted, integrated approach*
- 16. Integrate planning, policy, design*
- 17. Current downturn in the market is a good opportunity to raise the bar, ratchet up the standards*
- 18. Don't be afraid of failures – take risks; if it's easy we shouldn't be doing it*

Cluster 4

GEOGRAPHIC LOCATION TARGETS

- 1. Help communities at the edge where most of region's growth will occur**
- 2. Support affordable housing where it benefits families – near schools, services, jobs.**
- 3. Add workforce housing in far suburbs**
- 4. Housing near jobs away from high-poverty areas**
- 5. Leverage innovative housing designs and quality land planning (efficiency of land use) thru LCDA, especially in edge suburbs**
- 6. Different criteria or expectations for cities in different locations – land efficiency looks different in different places**
- 7. Green/sustainable criteria for neighborhoods or corridors**
- 8. Look at where trends are heading to help tipping point from occurring.**

- 9. Address housing – jobs mismatch*
- 10. Strategic investment in places*
- 11. Smaller communities don't have staff or capacity –help them understand basics and using GIS*
- 12. Steward the process – ask for proposals from certain cities or specific sites*

Cluster 5

COUNCIL POLICY LINKAGES

- 1. LCDA should integrate all regional plans*
- 2. Integrate the silos – housing, environment, etc. (Gov't sends mixed signals when in silos)*
- 3. Use LCDA resources to accomplish transportation goals, or overall Council goals.*
- 4. Look holistically – jobs, transportation, housing.*
- 5. Good projects are integrated well into infrastructure*
- 6. Influence using existing infrastructure better*
- 7. Educate cities that density isn't a bad word.*
- 8. Housing – how does it help achieve quality of life – school achievement, reduced transportation burdens*

Cluster 6

POLICY LINKAGES BEYOND COUNCIL

- 1. Partner with Dept of Labor and Industry (using bldg permit surcharge and LCDA) to manage development process**
- 2. Coordinate state grant programs from several agencies**
- 3. Housing affordability - acknowledge energy costs and transportation costs**
- 4. Goals and measurable outcomes vis-à-vis CO2 emissions**
- 5. Goals and measurable outcomes – stormwater management, reducing VMT's, green infrastructure**

- 6. Work of the state's Climate Strategies task force is opportunity to dovetail regarding its transportation, land use, housing components*
- 7. Coordinate with MC policies / programs first; then coordinate with other state agencies.*
- 8. Objective to reduce vehicle miles traveled – to benefit energy and environment*
- 9. Goals at regional or state level would make development easier – Sears, TCAAP, UofM/Rosemount*

Cluster 7

PARTNERSHIPS

1. *Partner with McKnight Foundation*
2. *Employer partnerships*

Cluster 8

EVALUATE LCDA PROGRAM AND DISSEMINATE PROGRAM RESULTS

1. *Monitor new ideas and discontinue if not successful*
2. *Information dissemination and exchange in design and development community*
3. *Use previously-funded projects as examples*
4. *Capture lessons beyond LCDA*
5. *Hold workshops, take field trips*
6. *Encourage or require cities/applicants to attend LCAC meetings to learn (but they don't feel they can ask questions—not the right forum for learning dialogue)*
7. *How to get message out -- applicants attend LCAC meetings?*
8. *Capture 'Aha' moments from LCAC discussion.*