

**C** Community Development Committee  
For the Metropolitan Council meeting of 28, 2012

Item: 2012-91

**Date Prepared:** March 21, 2012

**Subject:** 2012 Annual Livable Communities Act Communities Fund Distribution Plan

**Proposed Action:**

That the Metropolitan Council approve the 2012 Annual Livable Communities Fund Distribution Plan.

**Summary of Committee Discussion / Questions:**

Livable Communities Manager Paul Burns presented an overview of the 2012 Annual Livable Communities Fund Distribution Plan. The Plan sets out the funding amounts, timetables and funding criteria for the Tax Base Revitalization Account (TBRA), the Livable Communities Demonstration Account (LCDA) and the Local Housing Incentives Account (LHIA).

He highlighted the proposed changes to the Livable Communities programs from the plan approved in April 2011, and amended in December to add the LCDA and TBRA Transit Oriented Development (TOD) grant categories. He indicated staff will be evaluating the experiences of the first round of TOD grant awards and if necessary will recommend any amendments to the Plan and grant programs as a result of that evaluation later in the year.

After a short discussion, the Committee made a motion to approve the 2011 Annual Livable Communities Fund Distribution Plan. The motion passed unanimously.

**C** Community Development Committee  
Meeting date: March 19, 2012  
For the Council Meeting of March 28, 2012

<b>ADVISORY INFORMATION</b>	
<b>Date:</b>	March 14, 2012
<b>Subject:</b>	2012 Annual Livable Communities Fund Distribution Plan
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Minnesota Statutes, Section 473.25
<b>Staff Prepared/Presented:</b>	Paul Burns, Livable Communities Program Manager, 651-602-1106
<b>Division/Department:</b>	Community Development/Livable Communities

**Proposed Action**

That the Metropolitan Council approve the 2012 Annual Livable Communities Fund Distribution Plan.

**Background**

The Livable Communities Act requires that the Council prepare an annual plan for distribution of the Fund based on criteria developed by the Council. The attached 2012 Annual Livable Communities Act (LCA) Fund Distribution Plan establishes the amount of funding that will be available for grant awards from each of the LCA fund accounts during 2012; sets the calendar for the grants making processes; and sets forth the criteria upon which grant awards will be based.

In December 2011, the Council approved an amendment to the 2011 Annual Fund Distribution Plan creating a new Transit Oriented Development (TOD) program within the LCA. The first round of LCA TOD grant funds was announced in December 2011, with applications due February 15, 2012. Awarding of those grant funds has not been made. There are no LCA TOD program changes proposed at this time. After the first round of 2011 TOD grants are awarded, staff will review the process and outcomes and determine whether changes in the program should be recommended to the Council. Any such changes would be presented as an amendment to the 2012 Annual Fund Distribution Plan, which would also require approval by the Council.

The following is a list of changes to the regular LCA programs for implementation in 2012:

- No funding is proposed for the Land Acquisition for Affordable New Development (LAAND) loan program for 2012.
- In the regular LCDA and TBRA grant categories, the scoring criteria related to proximity to transit has been revised to lessen the emphasis on proximity to transit, given the concurrent LCA TOD funding category.
- The maximum number of applications that can be submitted by any one city in the regular LCDA grant category has been reduced from six to three to reflect the opportunity for communities with TOD areas to apply for the LCDA TOD grant category.

## **Rationale**

The limited proposed changes in the Fund Distribution Plan are largely a reflection of an objective to afford LCA-participating communities that are not currently eligible to apply for grants from the LCA TOD program an expanded opportunity to access LCA grants through the “regular” program.

## **Funding**

The Fund Distribution Plan for 20112 includes:

- \$5 million in the Tax Base Revitalization Account (TBRA) for Cleanup grants, with up to \$500,000 of that available for TBRA Cleanup-Site Investigation grants;
- \$7.5 million in the Livable Communities Demonstration Account (LCDA), with up to \$.5 million of that amount available for Pre-Development grants; and
- \$1.5 million in the Local Housing Incentives Account (LHIA)
- Potential amounts available for the LCDA and TBRA TOD funding will be determined following an evaluation of the 2011 funding round

## **Known Support / Opposition**

Staff is not aware of any opposition to the proposed 2012 Annual Livable Communities Fund Distribution Plan.

## 2012 Annual Livable Communities Fund Distribution Plan

# Metropolitan Council

**390 Robert Street North, St. Paul, Minnesota 55101**

## Metropolitan Council Members

Susan Haigh	Chair
Roxanne Smith	District 1
Lona Schreiber	District 2
Jennifer Munt	District 3
Gary Van Eyll	District 4
Steve Elkins	District 5
James Brimeyer	District 6
Gary Cunningham	District 7
Adam Duininck	District 8
Edward Reynoso	District 9
John Doãn	District 10
Sandra Rummel	District 11
Harry Melander	District 12
Richard Kramer	District 13
Jon Commers	District 14
Steven T. Chávez	District 15
Wendy Wulff	District 16

General phone	651-602-1000
Data Center	651-602-1140
TTY	651-291-0904
E-mail	<a href="mailto:data.center@metc.state.mn.us">data.center@metc.state.mn.us</a>
Web site	<a href="http://www.metrocouncil.org">www.metrocouncil.org</a>

Publication No. [78-12-008](#)

Printed on recycled paper with at least 20% post-consumer waste.

On request, this publication will be made available in alternative formats to people with disabilities. Call the Metropolitan Council Data Center at 651 602-1140 or TTY 651 291-0904.

# Table of Contents

<b>Introduction</b> .....	<b>1</b>
<b>Background</b> 1	
<b>Funding sources</b> .....	<b>2</b>
<b>2012 funds available for award</b> .....	<b>2</b>
<b>Eligible applicants</b> .....	<b>3</b>
<b>Definitions</b> 3	
<b>New in LCA for 2012</b> .....	<b>4</b>
<b>Award limits</b> 5	
<b>Regular LCA Programs</b> .....	<b>6</b>
<b>Tax Base Revitalization Account</b> .....	<b>6</b>
Section 1: Background and purpose .....	8
Section 2: New TBRA element for 2012 .....	8
Section 3: Partnerships and coordination .....	8
Section 4: Application process .....	8
Section 5: Competitive process, eligible and ineligible uses for Cleanup-Site Investigation grants .....	9
Section 6: Competitive process, eligible and ineligible uses for Contamination Cleanup Grants .....	12
Section 7: Reporting Requirements .....	16
<b>Livable Communities Demonstration Account</b> .....	<b>18</b>
Section 1: Background and purpose .....	20
Section 2: New LCDA elements for 2012 .....	21
Section 3: Partnerships and coordination .....	21
Section 4: Application process .....	21
Section 5: Competitive process, eligible and ineligible uses for Development grants .....	22
Section 6: Competitive process, eligible and ineligible uses for Pre-Development grants .....	26
Section 7: Reporting requirements .....	30
<b>Local Housing Incentives Account</b> .....	<b>32</b>
Section 1: Background and purpose .....	34
Section 2: New LHIA elements for 2012 .....	34
Section 3: Partnerships and coordination .....	34
Section 4: Application process .....	34
Section 5: Competitive process, eligible and ineligible uses for LHIA grants .....	34
Section 6: Reporting requirements .....	37
<b>Transit Oriented Development Program</b> .....	<b>38</b>
<b>Tax Base Revitalization and Livable Communities Demonstration Accounts</b> .....	<b>38</b>
Section 1: Background and purpose .....	40
Section 2: New elements for LCA TOD awards for 2012 .....	41
Section 3: Partnerships and coordination .....	41
Section 4: Application process .....	41
Section 5: Local resolution .....	41
Section 5: Competitive process, eligible and ineligible uses .....	42
Section 6: Reporting requirements .....	47

# Introduction

## Background

The Livable Communities Act<sup>1</sup> (LCA) created the Livable Communities Fund, consisting of four accounts:

- The **Tax Base Revitalization Account (TBRA)** helps clean up contaminated urban land and buildings for subsequent development in order to provide the highest return in public benefit for public costs incurred, strengthen tax base, and create and retain jobs and/or affordable housing. There have been a total of 315 TBRA grants awarded through January 2012, for a total of over \$87.7 million.
  - TBRA *Cleanup* grants provide funding to assist with cleanup of polluted land in the metropolitan area.
  - TBRA *Cleanup-Site Investigation* grants provide funds for contaminated site investigation activities such as Phase I and Phase II environmental site investigations, preparation of Response Action Plans (RAPs), or hazardous material surveys for asbestos or lead-based paint.
- The **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that link housing, jobs and services and that use infrastructure and regional facilities efficiently. There have been 216 LCDA grants awarded through December 2011, for a total of over \$107 million.
  - LCDA *Pre-Development* grants help to support activities that lay the groundwork for successful development implementation.
  - LCDA *Development* grants provide assistance with site assembly and public infrastructure for qualifying projects.
- The **Local Housing Incentives Account (LHIA)** helps expand and preserve lifecycle and affordable rental and ownership housing. There have been 139 LHIA grants awarded through December 2011, for a total of \$25.4 million.
- A fourth account, the **Inclusionary Housing Account (IHA)**, was funded in 1999 by a one-time legislative appropriation to support affordable housing developments in which the reduction of local controls and regulations resulted in reduced development costs. There were 13 grants awarded through the IHA, for a total of \$4.5 million. This fund is no longer active.

The LCA requires that the Council prepare an annual plan for distribution of the fund based on the criteria for Project and applicant selection. In December 2011, the Metropolitan Council (Council) approved an amendment to the 2011 Fund Distribution Plan creating a new Transit Oriented Development (TOD) program within the LCA. The first round of LCA TOD grant funds were announced in December 2011 with applications due

---

<sup>1</sup> MN Statutes §473.25

February 15, 2012. At the time the 2012 Fund Distribution Plan was prepared, awards had not been made.

## Funding sources

The LCA establishes the funding sources for each of the active accounts:

- The TBRA is funded by a property tax levy, established in the Council's annual budget, that may not exceed \$5,000,000.
- The LCDA is funded by a property tax levy established in the Council's annual budget.
- LHIA funding includes \$500,000 from the LCDA plus \$1,000,000 annually from the Council's budget.

## 2012 funds available for award

The amount of LCA funding available for distribution each year may be greater than legislatively-authorized amounts. The additional funds derive from two sources:

- balances from grants either completed the previous year with remaining unexpended balances or relinquished by grantees for projects in which a change in circumstances resulted in the inability to proceed with a project; and
- interest credited to each account during the previous year.

The dollar amounts set in the Fund Distribution Plan are the base amounts for grants to be awarded during 2012. If significant additional monies accrue to any account during 2012 due to relinquished funds, those additional dollars may be included in the amount of money available for distribution for that particular account, carried forward to a subsequent Fund Distribution Plan, or used for the LCA TOD program.

The funds available for 2012 are estimated to include:

- \$5 million for the TBRA, with up to \$500,000 of that available for Cleanup-Site Investigation grants;
- \$7.5 million for the LCDA, with up to \$500,000 of that amount available for Pre-Development grants;
- \$1.5 million for the LHIA;
- Potential amounts for the LCDA and TBRA TOD programs will be determined following an evaluation of the December 2011 TOD funding round and reflected in an amendment to this Plan.



## Eligible applicants

The following applicants are eligible to apply: statutory or home rule charter cities or towns that are participating in the Metropolitan Livable Communities Housing Incentives Program (the "Program") and metropolitan counties and their development authorities (*e.g.*, Housing and Redevelopment Authority, Economic Development Authority, Community Development Authority or Port Authority).

To participate in the Program, communities are required each year to contribute a specified amount of local resources, known as the Affordable and Lifecycle Housing Opportunities Amount (ALHOA), to create affordable and lifecycle housing. The ALHOA is equal to the community's LCDA levy; communities must contribute at least 85% of their annual ALHOA obligation to be eligible. Communities have some flexibility in determining which local expenditures fulfill the ALHOA contribution. Examples of ALHOA-eligible expenditures include housing assistance, development or rehabilitation efforts, the costs of local housing inspection and code enforcement, and local taxes to support a local or county Housing and Redevelopment Authority or similar agency.

Further, a municipality in which the proposed project will be located must have negotiated affordable and lifecycle housing goals that have been adopted by the Council. The municipality must have identified the actions it plans to take to achieve these negotiated goals in a Housing Action Plan submitted to the Council and be actively pursuing various ways to meet those goals.

## Definitions

- The *Project* is the development or redevelopment project identified in the grant application that provides the deliverables upon which the application was scored.
- *Affordable housing* is ownership or rental housing affordable to households earning 60% or less of Area Median Income (AMI).
- The *Grant-Funded Activities* are components of the Project described in the application. The Grant-Funded Activities do not in and of themselves comprise the Project for which grant funds are awarded.
- A *Living Wage* is 130% of Area Median Income for a family of four.
- The *Project Area* is the specific geographic area in which LCDA Pre-Development activities will be conducted.
- *Transit-Oriented Development (TOD)* is high density, mixed-use development adjacent to transit stations using pedestrian-friendly design standards.
- A *TOD Area* is:
  1. A DEED-designated Transit Improvement Area (TIA) or TIA eligible station area located along light rail, commuter rail and bus rapid transit transitways operational by 2020 (Hiawatha LRT, Northstar Commuter Rail, Central LRT,

Southwest LRT, I-35 BRT, and Cedar BRT). *Transit Improvement Areas* (TIAs) are special tracts of land designated by the Minnesota Department of Employment and Economic Development (DEED) that encompass a half mile radius around transit stations that support bus rapid transit, light rail transit or commuter rail that have the potential to increase ridership and stimulate new commercial and residential development. Fifty-three TIAs have been designated along the Northstar Commuter Rail, Hiawatha Light Rail, Cedar Avenue Bus Rapid Transit, I-35W Bus Rapid Transit, Central Corridor Light Rail, and Southwest Light Rail routes.

2. The area within a linear zone one-quarter mile either side the length of high frequency local bus lines, which are defined as having bus service running at least every 15 minutes between 6:00 AM and 7:00 PM on weekdays and 9:00 AM to 6:00 PM on Saturdays; and/or
  3. Areas within a one-half mile radius of bus stops/stations on high-frequency express bus routes where significant passenger infrastructure is in place. High frequency bus routes are those running a minimum of six trips during at least one hour of the morning peak hours between 6:00 AM and 9:00 AM and every ten minutes during the AM peak hours.
- *Placemaking* elements are those functional improvements that serve as a focal point of the development and that attract other investment – these may include lighting, seating, sidewalks, paths, and furnishings and equipment for parks, plazas and other public areas provided they are an integral part of and contribute to the placemaking component of the project.
  - For the purposes of LCDA Development TOD applications, *site assembly* means
    1. site acquisition;
    2. holding costs, both those directly associated with requested site acquisition (*e.g.*, closing costs, title fees, appraisals, etc.) and those that are not associated with site acquisition (*e.g.*, property maintenance, insurance, property taxes, interest);
    3. demolition and removal of obsolete structures;
    4. grading and soil correction to prepare a site for construction; and
    5. funds can be used to reimburse a non-profit or socially-responsible developer for sites acquired within 12 months prior to the application due date for TOD Projects that will lead to the development of affordable housing or will result in jobs retained, created or made more accessible to low-income and underserved populations, including opportunities for entrepreneurship.

## New in LCA for 2012

- No Land Acquisition for Affordable New Development (LAAND) loan funding is proposed for 2012.

- In the regular LCDA and TBRA grant categories, the scoring criteria related to proximity to transit has been revised to lessen the emphasis on proximity to transit, given the concurrent LCA TOD funding category.
- The maximum number of applications that can be submitted by any one city in the regular LCDA grant category has been reduced from six to three to reflect the opportunity for communities with TOD areas to apply for the LCDA TOD grant category.
- Additional changes related to the TOD grant category will be reflected in an amendment to this Plan if needed, following an evaluation of the first funding round.

## Award limits

In the **LCA regular program**, no minimum or maximum award levels for projects have been established except for LCDA Pre-Development grants (\$100,000 per award), TBRA Cleanup-Site Investigation grants (\$100,000 per award) and distribution limits established for cities by statute.

In the **LCA TOD program**, the following limits apply:

- TBRA Cleanup TOD awards are limited to \$1 million.
- TBRA Site Investigation TOD awards are limited to \$100,000.
- LCDA Pre-Development TOD awards are limited to \$100,000.
- LCDA Development TOD award limits depend upon whether the applicant is requesting funding for site assembly.
  - Applications *not* requesting funds for site assembly are limited to \$1 million.
  - Applications requesting funds for site assembly are limited to \$2 million.

The Metropolitan Council reserves the right to award less than the amount requested and to award less than the available funding in a funding cycle.

# **Regular LCA Programs**



## **Tax Base Revitalization Account**

**2012  
Funding Schedule  
Funding Criteria  
and Selection Process**

# Tax Base Revitalization Account 2012 Funding Schedule

## 2012 Available Funding for TBRA Grants: \$5 Million, including up to \$500,000 for Cleanup-Site Investigation Grants

Application Type	Month	Activity
Round 1: Investigation and Cleanup	April	Notice of Funding Availability
	May	Applications due
	June	Community Development Committee recommends grant awards
	July	Metropolitan Council awards grants
Round 2: Investigation only	July	Notice of Funding Availability
	August	Applications due
	August	Community Development Committee recommends grant awards
	September	Metropolitan Council awards grants
Round 3: Investigation and Cleanup	August	Notice of Funding Availability
	November	Applications due
	December	Community Development Committee recommends grant awards
	January 2013	Metropolitan Council awards grants
Round 4: Investigation only*	January 2013	Notice of Funding Availability
	February 2013	Applications due
	February 2013	Community Development Committee recommends grant awards
	March 2013	Metropolitan Council awards grants

\* Depending on availability of funding

## Tax Base Revitalization Account – Regular Program

### Section 1: Background and purpose

The Metropolitan Livable Communities Act<sup>2</sup> (LCA) created the **Tax Base Revitalization Account** (TBRA). The TBRA provides funds to investigate and clean up contaminated land and buildings in areas that have lost commercial/industrial activity, to make them available for economic redevelopment that enhances the tax base of the recipient municipality while promoting job retention or job growth and/or the production of affordable housing. TBRA funds, raised by a legislatively-authorized levy, are capped at \$5 million per year. Applications for 2012 funding will be accepted in May, August and November of 2012 and February of 2013, depending on the availability of funds.

Applicants will choose one of the following two grant categories for each proposal submitted for funding:

- *Cleanup-Site Investigation* grants are intended for applicants that have a redevelopment site with suspected or perceived contamination and are seeking public funding to determine the scope and severity of the contamination and to develop a cleanup plan.
- *Contamination Cleanup* grants are intended for applicants with projects that have recently completed their cleanup site investigation and are seeking public funding to assist with the cost of implementing a cleanup plan for eligible activities and beginning redevelopment on a specific project.

### Section 2: New TBRA element for 2012

- The scoring criteria related to proximity to transit has been revised to lessen the emphasis on proximity to transit, given the concurrent LCA TOD funding category.

### Section 3: Partnerships and coordination

TBRA awards are coordinated with complementary programs at the Minnesota Pollution Control Agency (MPCA), Minnesota Department of Employment and Economic Development (DEED), Hennepin County and Ramsey County.

### Section 4: Application process

Interested parties may obtain a Cleanup or a Cleanup-Site Investigation application packet by contacting the Metropolitan Council (Council) or by downloading it from the Council's website.

---

<sup>2</sup> MN Statutes §473.252

### ***Local resolution***

Any application for funds under this program must include a resolution from the local unit of government within which the proposed project is located. The resolution must affirm that the project would not occur through private or other public investment without Council funding.

Municipalities occasionally partner with counties or other agencies (*e.g.*, a county, housing or development/redevelopment authorities; collectively, "Partners") when preparing application for funds; however, only one eligible entity may be cited as the applicant. If the application is successful, that applicant will become the grantee. When applications are submitted by a Partner, resolutions of support must be included from both the municipality and the Partner. The named applicant is expected to administer the grant should the application be successful.

### ***Award limits***

If applications for grants exceed the available funds for an application cycle, no more than one-half of the funds may be granted to projects in a single city, and no more than three-quarters of the funds may be granted to projects located in Minneapolis or Saint Paul.

## Section 5: Competitive process, eligible and ineligible uses for Cleanup-Site Investigation grants

### ***Eligible Uses for Cleanup-Site Investigation Grants***

Eligible expenditures include:

- Phase I and Phase II environmental site investigations.
- Preparation of approved Response Action Plans (RAPs) developed in conjunction with the MPCA for soil or ground water contamination or hazardous waste that meet the requirements for the Voluntary Investigation and Cleanup (VIC) Program and/or the Petroleum Brownfields Program (PBP) at the MPCA.
- Hazardous materials surveys for asbestos and/or lead-based paint that meet the requirements for Asbestos Hazard Emergency Response Act (AHERA) standards for asbestos and applicable federal and state laws, rules and standards governing lead abatement.

### ***Ineligible Uses for Cleanup-Site Investigation Grants***

Ineligible expenditures include:

- investigation costs incurred prior to the date of the grant award;
- contamination cleanup costs;
- retainers paid in advance of services; and
- costs incurred to prepare or submit TBRA applications.

**Scoring criteria**

The Council is required by statute to consider certain factors in order to ensure the highest return of public benefits for the public costs incurred. The following criteria will be assigned point values and will be used to compare and evaluate each applicant's proposal against the others in a grant cycle. Consultation with Council staff and external partners may also be a part of the process of evaluating applications (e.g., DEED, MPCA, and the Minnesota Department of Commerce).

**Cleanup-Site Investigation Applications**

Applications will be ranked according to the extent to which they demonstrate:

<b>Tax Base (5 points)</b>	<b>Points</b>
Increase to the tax base of the recipient municipality based on a redevelopment proposal.	5
<b>Jobs and/or affordable housing (5 points):</b>	
<ul style="list-style-type: none"> <li>• Potential to increase the number of new full-time equivalent jobs for the region.</li> <li>• Potential to retain existing full-time equivalent jobs for the region.</li> <li>• Potential to add affordable rental or ownership housing units.</li> </ul>	5
<b>Brownfield clean up/environmental health improvements (15 points):</b>	
The site to be investigated and ultimately cleaned up is one of the most contaminated sites and will provide the greatest improvement in the environment and the greatest reduction in human health risk as compared to other cleanup-site investigation proposals.	7
The site and suspected contamination would lend itself to the use of green remediation practices.	4
The applicant's track record of successful completion of cleanup of sites with prior Council-funded environmental investigations.	4
<b>Compact and efficient development (15 points):</b>	
Show how the investigation supports the Council's <i>2030 Regional Development Framework</i> goals by:	
<ul style="list-style-type: none"> <li>• Measuring anticipated density of the likely project (floor area ratio);</li> </ul>	5
<ul style="list-style-type: none"> <li>• Proximity of the potential development site to transit; and/or</li> </ul>	5
<ul style="list-style-type: none"> <li>• Re-use of vacant or abandoned sites.</li> </ul>	5
<b>Readiness/Market demand (15 points)</b>	
Demonstrate readiness to proceed with cleanup-site investigation.	5
Demonstrate readiness to proceed with site cleanup.	5
Demonstrate market demand for proposed redevelopment elements in the project area and demonstrate readiness to implement the proposed project if/when TBRA funding is provided, including identifying a developer and any tenants.	5



<b>Partnership (5 points)</b>	
Demonstrate established financial partnerships. Points are awarded for committing matching funds beyond the required minimum 25% match.	5
<b>TOTAL</b>	<b>60</b>

Cleanup-Site Investigation applications **will** be determined ineligible for funding if:

- a current property owner or developer caused the property to be contaminated;
- no known or suspected environmental contamination is demonstrated;
- an analysis of the application determines the funding is not needed in order for the project to proceed;
- the application does not score at least 40% (24 points) of the total points available (60 points); or
- for applications requesting asbestos or lead-based paint surveys, the building area is less than 10,000 gross square feet per structure.

Cleanup-Site Investigation applications **may** be determined ineligible for funding if:

- Cleanup-Site Investigation funding is available from other public and private sources;
- any portion of a Project site is an active Superfund site that is scheduled for funding under the Federal Superfund Program in the current or following fiscal year at the date of the TBRA application;
- the project requires extensive new regional infrastructure beyond that which is already planned; or
- the proposal is not consistent with the municipality's comprehensive plan.

***Other considerations***

- The applicant must pay for at least 25% of the total environmental investigation costs as a local match. Matching costs may include eligible investigation activities incurred up to 180 days prior to the date of application.
- The maximum investigation award is \$50,000 per site per cycle.
- Grantees seeking MPCA approval of a RAP must enroll in the MPCA's VIC and/or PBP programs and submit documentation to the Council indicating MPCA approval of an environmental investigation work plan within 6 months of the start of the grant term or at least 1 month **prior** to submitting their final payment request, whichever is sooner.
- All Grant-Funded Activities must be completed within one year of the award of the grant.

## Section 6: Competitive process, eligible and ineligible uses for Contamination Cleanup Grants

### ***Eligible Uses for Contamination Cleanup grants***

Eligible expenditures include:

- Costs incurred to implement a cleanup or abatement in accordance with an approved Response Action Plan (RAP) for:
  - contaminated soil cleanup;
  - contaminated ground water cleanup;
  - contaminated soil vapor mitigation; and/or
  - abatement of asbestos-containing materials and lead-based paint.
- Costs related to contaminated-site investigation activities that have occurred no earlier than 180 days prior to the current TBRA application deadline and that are related to an eligible cleanup grant request (see note below). These include investigating the extent and/or nature of soil or ground water contamination, as well as asbestos and lead-based paint surveys, including such activities as:
  - Phase I and Phase II environmental site investigations;
  - preparation and implementation of approved RAPs developed in conjunction with the MPCA for soil or ground water contamination or hazardous waste that meet the requirements for the VIC Program and/or the PBP at MPCA; and/or
  - hazardous materials surveys for asbestos and or lead-based paint that meet the requirements for AHERA standards for asbestos and applicable federal and state laws, rules and standards governing lead abatement.

Note: More detail on eligible costs is available on the Council's website.

### ***Ineligible Uses for Contamination Cleanup grants***

Ineligible expenditures include:

- removal of solid waste;
- handling and disposal of regulated (non-hazardous) waste;
- retainers paid to consultants or other vendors in advance of service; and
- costs to prepare or submit a TBRA application.

NOTE: Costs for contamination cleanup ***incurred prior to the date of application are not eligible unless*** the applicant has previously been awarded TBRA cleanup funding for the same redevelopment project ***and*** the costs are expressly authorized by the Council. Eligibility of incurred cleanup costs will be determined on a case-by-case basis and will consider:

- when the cleanup work occurred;

- the timing and types of approvals received for the project site by voluntary cleanup programs (e.g., MPCA, Minnesota Department of Agriculture );
- the types of standards used to complete an asbestos evaluation; and
- when Council staff was officially informed about a grant request pertaining to performance of any cleanup work.

### ***Scoring Criteria***

The Council is required by statute to consider certain factors in order to ensure the highest return of public benefits for the public costs incurred. The following criteria will be assigned point values and will be used to compare and evaluate each applicant's proposal against the others in a grant cycle. Consultation with Council staff and external partners may also be a part of the process of evaluating applications (e.g., DEED, MPCA, and the Minnesota Department of Commerce).

## ***Contamination Cleanup Applications***

Contamination cleanup applications will be ranked according to the extent to which they achieve the following:

<b>Contamination Cleanup</b>	<b>Points</b>
<b>Tax base (25 points):</b>	
Increase the tax base of the recipient municipality	20
Add tax revenue in the near term. (Projects not in or not expected to be in a Tax Increment Finance [TIF] district earn 5 points because all the affected tax jurisdictions benefit immediately.)	5
<b>Jobs and/or affordable housing (25 points):</b>	
<ul style="list-style-type: none"> <li>• Increase the number of jobs for the region;</li> <li>• retain existing jobs;</li> <li>• preserve and/or increase living wage jobs;</li> <li>• increase living wage jobs within and near areas of concentrated poverty;</li> <li>• increase jobs within and near existing employment centers along transitways; and/or</li> <li>• add affordable rental or ownership housing units.</li> </ul>	25
<b>Brownfield cleanup/environmental health improvements (25 points):</b>	
Clean up the most contaminated sites to provide the greatest improvement in the environment and the greatest reduction in human health risk	25
<b>Framework 2030 Implementation/Regional System support (30 points):</b>	
Show how the project supports Framework 2030 goals to: <ul style="list-style-type: none"> <li>• accommodate growth through increased redevelopment density;</li> <li>• provide housing choices; and</li> <li>• conserve vital natural resources.</li> </ul>	16
Show how the project is integrated with Regional Systems: <ul style="list-style-type: none"> <li>• Environmental Services;</li> <li>• Transportation; and</li> <li>• Regional Parks.</li> </ul>	14
<b>Readiness and market demand (20 points):</b>	
Demonstrate readiness to proceed with project site cleanup.	5
Demonstrate market demand for proposed redevelopment elements in the project area and demonstrate readiness to promptly implement the proposed project if/when TBRA funding is provided, including identifying an end-stage developer and any non-residential tenants.	15

<b>Contamination Cleanup</b>	<b>Points</b>
<b>Partnership (5 points):</b>	
Represent innovative partnerships among various levels of government and private for-profit and non-profit sectors.	5
<b>Community's housing performance score (20 points):</b>	
The applicant's Housing Performance Score will be converted from a 100 point scale to a 20 point scale. If a proposed project includes new affordable housing or if affordable housing is located within the project site/area, the proposal will be held harmless by assigning the higher of the community's actual score or the average score for this section from all proposals.	20
<b>TOTAL</b>	<b>150</b>

Cleanup-site applications **will** be determined ineligible for funding if an analysis of the proposal determines:

- the funding is not needed in order for the project to proceed;
- eligible cleanup costs are equal to one percent or less than the total project costs;
- redevelopment proposals include principally tax-exempt uses that do not generate property taxes or Payment in Lieu of Taxes ( PILOT); or
- upon review the application does not score at least 40 percent (60 points) of the 150 total points available.

Cleanup applications **may** be determined ineligible for funding if an analysis of the proposals determines:

- cleanup funding is available from other public and private sources;
- the project requires extensive new regional infrastructure beyond that which is already planned; or
- the proposal is not consistent with the municipality's comprehensive plan.

***Other considerations***

- Cleanups must be completed within the grant term.
- Redevelopment project construction must commence within the grant term.
- All *cleanup* costs must be incurred after the grant award date to be eligible for reimbursement, with the notable exception of activities conducted by applicants requesting supplemental grant awards that adhere to the conditions in the Ineligible Uses section of this Fund Distribution Plan.
- Consistent with DEED guidelines, the funds may be used to provide up to 13% of the investigation/cleanup cost as the local match required for a grant from DEED's Contamination Cleanup Grant Program.

## Section 7: Reporting Requirements

TBRA grantees are required to submit periodic progress reports. Until the first draw request is made, quarterly progress reports are required. Thereafter, the detail supplied with payment requests comprises the bulk of these progress reports. When the grant is closed, the grantee's chief financial officer is required to certify to the appropriate expenditure of funds.

Recipients of Cleanup-Site Investigation grants must also submit to the Council at the closure of the grant a copy of the environmental investigation documents and approval of the response action plan by the MPCA VIC or PBP program.

Recipients of TBRA cleanup grants must also submit a report annually to the Metropolitan Council after the end of the grant term and for four years, stating:

- the site redevelopment activities completed the previous calendar year;
- the net tax capacity assessed in the prior year and the total property taxes paid on the parcel (land and buildings) for the reporting year; and
- the percentage of full-time equivalent jobs on the site at the end of the previous year that are at or above a living wage.



## **Regular LCA Programs**



## **Livable Communities Demonstration Account**

**2012  
Funding Schedule  
Funding Criteria  
and Selection Process**



# Livable Communities Demonstration Account – Regular Program

**2012 Available Funding for LCDA Grants: \$7.5 Million, including up to \$500,000 for Pre-Development Grants**

<b>Month</b>	<b>Activity</b>
April	Notice of Funding Availability
May	Development grant Requests for Information due
July	Applications due for Development and Pre-Development grants
August – October	Staff and Livable Communities Advisory Committee review and rank proposals
November	Community Development Committee recommends grant awards
December	Metropolitan Council awards grants

# Livable Communities Demonstration Account

## Section 1: Background and purpose

The Livable Communities Demonstration Account (LCDA) was established by the Livable Communities Act (LCA)<sup>3</sup>. As the name of the account suggests, Demonstration Account funds are intended to be used for projects that demonstrate innovative and new ways to achieve and implement the statutory objectives of the program, not merely to fill project funding needs.

- LCDA *Development* grants provide funds to support projects that connect development or redevelopment with transit; intensify land uses; connect housing and employment; provide a mix of housing affordability; provide infrastructure to connect communities; attract investment, and provide Project-area residents with expanded opportunities for private sector employment.
- LCDA *Pre-Development* grants support applicant cities with small grants to fund pre-development implementation planning that will lead to projects exemplifying LCDA statutory goals.

LCDA funding helps applicants implement their community development objectives and comprehensive plans in ways that lead to economic development. The LCDA legislative objectives are supported by the *2030 Regional Development Framework* (Framework) policies. LCDA funding will support Development Projects that demonstrate innovative and new ways of meeting Framework goals and Pre-Development projects that show potential for achieving the goals. Framework goals include:

- develop land uses in centers linked to the local and regional transportation systems;
- efficiently connect housing, jobs, retail centers and civic uses;
- develop a range of housing densities, types and costs; and
- conserve, protect and enhance natural resources by means of development that is sensitive to the environment.

In developed communities<sup>4</sup>, the emphasis of these goals will be consistent with Framework direction on maintaining and improving infrastructure, buildings and land to provide developments that integrate and intensify land uses.

Projects in developing communities<sup>5</sup> will be focused on accommodating growth by means of connected development patterns for new development, supporting activity centers along corridors that encourage the development of communities where shopping, jobs and a variety of housing choices co-exist by design.

Projects meeting these goals and funded through the LCDA program can help reduce travel by eliminating or shortening vehicle trips or by making some trips possible by walking,

---

<sup>3</sup> MN Statutes §473.25(b)

<sup>4</sup> Developed Communities are cities where more than 85% of the land is developed, infrastructure is well established and efforts must go toward keeping it in good repair. (2030 Regional Framework)

<sup>5</sup> Developing Communities are cities where the most substantial amount of new growth – about 60 percent of new households and 40 percent of new jobs – will occur. (Ibid.)

biking or transit. These results are made possible by connecting land uses, improving access to transportation corridors, connecting modes of transportation and linking housing with destinations accessible to transportation corridors and a range of transportation modes. Over the long run, results are expected to reduce air pollution, mitigate congestion, and reduce infrastructure costs and greenhouse gas emissions.

The Council encourages LCDA applications that also reduce energy use through siting, building orientation and innovative design of residential and other buildings.

## Section 2: New LCDA elements for 2012

- In the regular LCDA grant category, the scoring criteria related to proximity to transit has been revised to lessen the emphasis on proximity to transit, given the concurrent LCA TOD funding category.
- The maximum number of applications that can be submitted by any one city in the regular LCDA grant category has been reduced from six to three to reflect the opportunity for communities with TOD areas to apply for the LCDA TOD grant category.

## Section 3: Partnerships and coordination

The criteria and evaluation process are coordinated with state agency policies and initiatives so that funding consideration is given to projects that include or demonstrate:

- strategies to provide a continuum of affordable housing (Minnesota Housing);
- Green Communities criteria for building affordable housing (Minnesota Housing);
- the potential benefit of major state transportation investments (Minnesota Department of Transportation);
- the Minnesota Sustainable Building Guidelines to encourage more sustainable building practices (Minnesota Departments of Administration and Commerce);
- the land use goals of Project 2030, an initiative that identifies the impact of the aging of the baby boom generation and supports lifecycle housing (Minnesota Department of Human Services); and
- implementation of policies and requirements of the Minnesota Pollution Control Agency for surface water management.

## Section 4: Application process

Interested parties may obtain an application packet by contacting the Council or by downloading it from the Council's website.

### ***Local resolution***

A resolution supporting the LCDA application is required from the municipality in which the project is located.

Municipalities occasionally partner with counties or other agencies (*e.g.*, a county, housing or development/redevelopment authorities; collectively, “Partners”) when preparing application for funds; however, only one eligible entity may be cited as the applicant. If the application is successful, that applicant will become the grantee. When applications are submitted by a Partner, resolutions of support must be included from both the municipality and the Partner. The named applicant is expected to be prepared to administer the grant should the application be successful.

### ***Number of applications***

No more than three LCDA applications, for Development and Pre-Development grants combined, may be submitted for projects in a single city in any application cycle. The limit of three applications includes those submitted by all entities within the city (*i.e.*, the city, economic development authority, port authority, etc.) and projects submitted by counties on behalf of cities.

Applicants submitting more than one application per funding cycle must prioritize their applications according to the applicant’s internal priorities, prior to submittal. These rankings will be used to inform the review process; however, the Council reserves the right to make awards independent of such rankings.

### ***Award limits for all LCDA awards***

Council-established guidelines state that up to 40% of the total funds available in a grant cycle may be awarded to projects located in Minneapolis and/or Saint Paul. The Council reserves the right to consider awarding more than 40% under certain conditions.

## **Section 5: Competitive process, eligible and ineligible uses for Development grants**

### ***Eligible projects***

A project eligible for consideration for an LCDA Development award is one that meets the statutory requirements and policy goals for the program. These include projects that will:

- interrelate development or redevelopment and transit;
- interrelate affordable housing and employment growth areas;
- intensify land use that leads to more compact development or redevelopment;
- involve development or redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities;
- encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment; or

- that provide project-area residents with expanded opportunities for private sector employment.<sup>6</sup>

### ***Eligible uses of Development grants***

Grant funds may be used for basic and placemaking public infrastructure and site assembly to support development projects that meet the funding goals, and funded elements must directly contribute to completion of the project. Requests will be evaluated in the context of individual projects.

**Basic and placemaking public infrastructure** includes:

- local public streets;
- public-use or shared-use parking structures;
- extensions or modifications of local public sewer, water, or telecommunications lines;
- public connecting elements (generally in the public right-of-way or clearly for public use) including sidewalks and trails that enhance the functional connectivity of the project to transit and other surrounding public spaces including schools and parks.
- site-integrated transit shelters, bike racks, bridges for vehicle or pedestrian use;
- stormwater management improvements;
- lighting, seating, sidewalks, paths and furnishing and equipment for parks, plazas and other public areas; and
- construction of placemaking functional elements or improvements that serve as a focal point of the development and that attract other investment.

Eligible **site assembly** activities include:

- land acquisition;
- demolition and removal of obsolete structures; and
- grading and soil correction to prepare a site for construction.

### ***Ineligible uses of Development grants***

Ineligible uses of LCDA Development funds include:

- county road improvements;
- parking structures without a shared public component;
- surface parking, unless it is an integral part of a stormwater management system;
- trees, sod, and landscape plantings, unless an integral part of a stormwater management system;
- site assembly for lands to be used for transit infrastructure or capital investments, e.g., transit stations, station platforms, and park-and-ride facilities;
- building construction, rehabilitation and affordability gap and value gap financing;
- pollution cleanup;

---

<sup>6</sup> MN Statutes §473.25 (b)

- relocation costs; and
- licenses, permits, fees, planning and administrative costs.

More detail on eligible and ineligible LCDA costs is available on the Council’s website.

***Evaluation process for Development grants***

LCDA applications are evaluated in a two-step process. A staff evaluation team reviews and scores eligible Development grant applications using the Step One evaluation criteria and guidelines. Step Two of the evaluation process is conducted by the 13-member Livable Communities Advisory Committee, which makes funding recommendations to the Council. The Committee includes members representing six areas of expertise to provide the range of skills and experience necessary for evaluating the complex LCDA applications. Two members are selected for each of the areas of expertise: local government (planning, economic or community development); development finance (one member in private finance, one in public finance); development (one member in new development, one in redevelopment); transportation; environment; and site design. The LCAC chair, not representing a specific area of expertise, is the 13<sup>th</sup> member.

<b>Step One Evaluation Criteria for Development Grants: 60 possible points</b>	
<b>Applications must score 30 or more points to advance to the Step Two evaluation process.</b> A staff evaluation team will review and score eligible proposals using the Step One evaluation criteria and guidelines:	
<b>Land use criteria</b>	<b>Possible Points</b>
How well the project will use land efficiently and will achieve:	
Development that intensifies land use and increases density to a level that maximizes the potential of the location.	8
How well the Project will achieve development that is designed in relationship to transit and transportation by:	
<ul style="list-style-type: none"> <li>• Providing internal pedestrian convenience and efficiency through the design, layout and features of the design of the Project.</li> </ul>	5
<ul style="list-style-type: none"> <li>• Providing efficient, effective, thoughtful pedestrian access to transit through connections to, and/or integration of transit stops/ access points in the design.</li> <li>• If the proposed Project has no transit access, the proposal may be eligible to receive up to 2.5 of the total 5 points available for this criterion, if the project takes advantage of locational potential/opportunity to encourage alternative modes of access to the site and through the site, such as bike paths or trails.</li> </ul>	5
Connections between housing and centers of employment, education, retail, and recreation uses.	8
A developed range of housing densities, types and costs.	8
Development that is sensitive to the environment and that conserves, protects and enhances natural resources.	8

<b>Tools and processes</b>	
The extent to which the application includes tools and processes appropriate to the Project to ensure successful outcomes, including pertinent and effective regulatory tools; partnerships among government, private for-profit and nonprofit sectors; community participation; local vision and leadership.	8
<b>Housing performance score</b>	
The applicant's Housing Performance Score will be converted from a 100 point scale to a 10 point scale. If a proposed project includes new affordable housing or if affordable housing is located within the project site/area, the proposal will be held harmless by assigning the higher of the community's actual score or the average score for this section from all proposals.	10
<b>Total</b>	<b>60</b>
<b>Step Two Evaluation Criteria for Development Grants – 50 possible points</b>	
The LCAC will score proposals according to the evaluation and selection criteria in Step Two. To be considered for funding, proposals must score 30 or more points of a possible 50 points in the Step Two evaluation or be supported by a majority of the advisory committee members voting.	
<b>Innovation and demonstration</b>	<b>Possible points</b>
The extent to which the project demonstrates for the community and for the region: <ul style="list-style-type: none"> <li>• new development concepts or elements in one or more of the scoring areas covered in the Step One evaluation process;</li> <li>• other innovation; or</li> <li>• serves as a model of LCDA goals.</li> </ul>	30
<b>How LCDA funding is a catalyst for the project</b>	
The extent to which LCDA funding will be a catalyst to implement the project of which it is a part.	10
<b>Readiness assessment</b>	
The extent to which the proposed project is ready and able to use an LCDA grant, if awarded, within the 36-month grant term. The readiness assessment includes: <ul style="list-style-type: none"> <li>• the status of implementation tools – <i>e.g.</i>, zoning codes and other official controls, design standards, or development standards;</li> <li>• the status of funding commitments to ensure construction starts for funded element(s) or further progress within a year from the date of the grant award, and other indicators of readiness;</li> <li>• whether grant funds have been expended for or progress has been made on a prior LCDA development or opportunity grant for the same project or a related project; and</li> </ul>	10
<b>Total</b>	<b>50</b>

## Section 6: Competitive process, eligible and ineligible uses for Pre-Development grants

### ***Eligible projects***

A project eligible for consideration for a Pre-Development award is one that proposes activities necessary to develop project and/or site-specific plans that meet the statutory requirements as stated on page 22. Eligible activities are those that would result in a project that will exemplify LCDA goals and, potentially, compete for future LCDA Development funding.

### ***Additional award limits for Pre-Development grants***

Pre-Development grant awards will not exceed \$100,000. See also the general LCDA award limits on page 22.

### ***Eligible uses for Pre-Development grants***

Professional services associated with the following activities for the project area identified in the application:

- conducting design workshops resulting in development alternatives;
- preparing detailed redevelopment, corridor or station area plans;
- developing zoning and land use implementation tools such as overlay zones or zoning districts;
- analysis of alternatives for market mix, land use mix, economic feasibility, or for air, water, or energy issues;
- soil testing to determine land uses that are feasible on the site;
- site-specific surface water management;
- development staging plans; and/or
- determining strategies for land banking and land acquisition.

### ***Ineligible uses for Pre-Development grants***

Ineligible uses include:

- all costs eligible for LCDA Development grants, including land acquisition, demolition, infrastructure, and construction costs;
- the applicant's or consultants' administrative overhead;
- retainers paid to consultants or other vendors in advance of services performed;
- costs for activities conducted prior to the date of the grant award;
- costs associated with preparing comprehensive plans;
- legal fees, local permits, licenses or authorization fees;



- travel expenses, food and beverages;
- costs associated with preparing other grant proposals;
- printing costs;
- salary costs, other than those contributed as part of the applicant's proposed match; and/or
- marketing expenses.

### ***Local funding match***

A twenty-five percent documented local match is required for Pre-Development grants. Matches may be made in cash or in-kind or a combination of the two. In-kind matches must comprise eligible LCDA Pre-Development activities. Information describing match requirements is included in the application materials.

### ***Evaluation process for Pre-Development grants***

The LCDA Pre-Development application evaluation process is identical to that of Development applications (see page 24).

## Step One Evaluation Criteria for Pre-Development Grants - 50 possible points

**Applications must score 25 or more points to advance to the Step Two evaluation process.** A staff evaluation team will review and score eligible proposals using the Step One evaluation criteria and guidelines:

<b>Land use criteria</b>	<b>Possible points</b>
Applications will be evaluated on the degree to which the proposed activities will enhance the potential for a <b>future development project</b> to:	
Intensify land use by planning to add buildings or other uses and increase density to a level that maximizes the potential of the location	8
Improve the balance between jobs and housing and establish a connected development pattern between housing and centers of employment, education, retail and recreation uses.	8
Diversify housing options within the future development site, neighborhood and community.	8
How well the Project will achieve development that is designed in relationship to transit and transportation by:	
<ul style="list-style-type: none"> <li>Providing internal pedestrian convenience and efficiency through the design, layout and features of the design of the Project.</li> </ul>	5
<ul style="list-style-type: none"> <li>Providing efficient, effective, and thoughtful pedestrian access to transit through connections to, and/or integration of transit stops and access points in the design.</li> <li>If the proposed Project has no transit access, the proposal may be eligible to receive up to 2.5 of the total 5 points available for this criterion, if the project takes advantage of locational potential/opportunity to encourage alternative modes of access to the site and through the site, such as bike paths or trails.</li> </ul>	5
Provide opportunities to employ natural resources, where feasible and appropriate, as community connections, assets and amenities.	8
<b>Local planning and implementation processes</b>	
<p>The extent to which the proposed activities will enhance the potential for the future development project to:</p> <ul style="list-style-type: none"> <li>implement the applicant city's local comprehensive plan;</li> <li>help achieve the city's negotiated affordable and lifecycle housing goals;</li> <li>implement any redevelopment plans, corridor or other local plans applicable to the identified project area; and</li> <li>the extent to which the proposed grant activities appropriately support the intent of the proposal.</li> </ul>	8
<b>Total</b>	<b>50</b>

<b>Step Two Evaluation Criteria for Pre-Development Grants – 50 possible points</b>	
The LCAC will score proposals according to the evaluation and selection criteria in Step Two. <b>To be considered for funding, proposals must score 30 or more points of a possible 50 points in the Step Two evaluation</b> or be supported by a majority of the advisory committee members who are voting.	
<b>Innovation and demonstration</b>	
The extent to which the proposed activities will enhance the potential for the future development project to <b>demonstrate new development concepts or elements</b> in one or more of the scoring areas: <ul style="list-style-type: none"> <li>• use land efficiently to maximize the potential of the project location;</li> <li>• link land uses to transportation and transit, where available, and maximize major state transportation investments;</li> <li>• connect housing and centers of employment, education, retail, civic uses and recreation;</li> <li>• provide a range of housing densities, types and costs;</li> <li>• conserve, protect and enhance natural resources through development that is sensitive to the environment;</li> <li>• utilize tools and processes to develop and implement the project, including consistency with area, neighborhood, corridor or other plans adopted by the municipality;</li> <li>• represent a model, in whole or in part, for the community it is located in and for the region; or</li> <li>• represent other innovation not covered in the above categories.</li> </ul>	20
<b>LCDA funding as a catalyst</b>	
The extent to which the LCDA funding will be a catalyst to implement development in the project area.	10
<b>Other criteria</b>	
<ul style="list-style-type: none"> <li>• Local leadership, political commitment and community involvement to date.</li> <li>• The potential for meaningful and appropriate public involvement in carrying out the activities funded by an LCDA Pre-Development grant.</li> <li>• The potential for a project implementation process that includes appropriate partners and coordination to ensure successful project implementation.</li> <li>• The degree to which the project presents an opportunity to capitalize on unique opportunities offered by the project area. Additionally, would opportunities presented by the project area be jeopardized if the applicant does not act in a timely way to direct the development process?</li> <li>• The potential to enhance major regional investments.</li> <li>• The potential for replication of the project, key elements of the project, or the project type.</li> </ul>	20
<b>Total</b>	<b>50</b>

## Section 7: Reporting requirements

LCDA grantees are required to make periodic progress reports. Until the first draw request is made, quarterly progress reports are required. Thereafter, detail supplied with payment requests comprises the bulk of these progress reports. When the grant is closed, the grantee's chief financial officer must certify to the appropriate expenditure of funds, and a final progress report is required.



# **Regular LCA Programs**



## **Local Housing Incentives Account**

**2012  
Funding Schedule  
Funding Criteria  
and Selection Process**

# Local Housing Incentives Account 2011 Funding Schedule

**2012 available funding: \$1.5 Million**

## Ownership & Rental Programs

<b>Month</b>	<b>Activity</b>
April	MHFA/MHIG Issues Notice of Funding Availability
June	Application deadline
July-August	MHFA/MHIG staff review applications
September	MHIG application evaluation and selection meeting
October	MHFA Board acts on recommendations from MHIG for RFP selections
November	Community Development Committee recommends grant awards
December	Metropolitan Council awards grants

## Local Housing Incentives Account

### Section 1: Background and purpose

The Metropolitan Livable Communities Act<sup>7</sup> (LCA) established the requirements for the distribution of Local Housing Incentives Account (LHIA) funds to help cities meet their negotiated affordable and lifecycle housing goals. To implement the LHIA, the Metropolitan Council (Council) partners with the Minnesota Housing Finance Agency (MHFA), the Family Housing Fund and others—collectively called the Metropolitan Housing Implementation Group (MHIG)—in a collaborative process for distributing funds to assist affordable housing development and preservation. The MHIG employs an overall set of investment guidelines and criteria to which the funding partners may add their own criteria.

### Section 2: New LHIA elements for 2012

There are no new LHIA program elements proposed for 2012.

### Section 3: Partnerships and coordination

The Council, as a member of the MHIG, participates in the annual issuance of a Request for Proposals (known as the Super RFP) and in the evaluation process for home ownership and multifamily rental housing programs. The Super RFP is advertised in the State Register and on the Council and Minnesota Housing websites, and an electronic notification is sent to all communities participating in the Local Housing Incentives Program.

### Section 4: Application process

Applications are submitted to Minnesota Housing for consideration for LHIA funding and all other funding available through the MHIG.

#### ***Receptivity form***

Any proposal for funds under this program must include an Acknowledgement of Receptivity form from the local unit of government within which the project is proposed.

### Section 5: Competitive process, eligible and ineligible uses for LHIA grants

#### ***Eligible uses for LHIA grants***

Eligible uses of funding include:

---

<sup>7</sup> MN Statutes §473.254, Subd. 6



- gap financing costs, including land acquisition;
- property (structure) acquisition;
- demolition;
- site preparation (e.g., water, sewer, roads);
- general construction/structural additions;
- alterations and rehabilitation;
- interior and exterior finishing;
- roofing;
- electrical;
- plumbing; and/or
- heating and ventilation.

### ***Ineligible uses for LHIA grants***

Soft costs, such as:

- administrative overhead;
- bonds and insurance;
- legal fees;
- permits;
- travel;
- grant/bid preparation costs;
- architects' fees;
- retainer fees paid to a vendor in advance of services; or
- holding costs (e.g., property taxes, property maintenance, utilities<sup>8</sup>, or interest)

### ***Competitive process for LHIA grants***

Because LHIA grants are awarded through a joint process with MHIG, there are multiple sets of criteria that apply during the competitive process.

#### MHIG criteria

Applicants apply for LHIA funds through the Super RFP distributed by the Minnesota Housing Finance Agency (<http://mnhousing.gov>). All applications submitted are reviewed and evaluated as to the extent they address the following MHIG Shared Evaluation Criteria:

- preserving existing affordable housing stock;
- providing workforce housing choices;
- increasing homeownership opportunities for underserved populations;
- exhibiting strong implementation partnerships;

---

<sup>8</sup> Utilities and property maintenance *may* be eligible to support renovation activities.

- identifying significant leveraged resources;
- demonstrating a high degree of readiness;
- achieving comprehensive community support;
- complying with the missions of the funding partners;
- using land efficiently;
- displaying efforts to end long-term homelessness;
- adhering to green development criteria. For the specific criteria and more information, see the following website: [http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa\\_006584.pdf](http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_006584.pdf); and
- locating developments within walking distances of public transit stations and stops.

#### Metropolitan Council project eligibility criteria

Funds from this account are awarded as grants that must be matched by a dollar-for dollar expenditure on affordable housing activities by the eligible applicant receiving the funds (see definition of *eligible applicants* on page 3). LHIA grant funds may be used for costs associated with projects that help eligible applicants meet their negotiated LCA housing goals, including, but not limited to acquisition, rehabilitation and construction of permanent affordable and lifecycle housing.

#### Threshold and competitive criteria

- Applicants seeking assistance through the LCA LHIA funds must have a significant component of the project serving households with incomes at or below 60 percent of Area Median Income (AMI).
- The LHIA contribution to fill the gap in homeownership applications will be limited to no more than one-half of the difference between the purchase price of the home and the total per-unit hard costs.
- The Council will give priority to ensure one-half of the funds are directed to rental proposals creating/preserving affordability to persons at or below 30 percent of AMI.

Among these proposals, further priority will be given to those meeting the needs of the chronically homeless.

#### Other considerations

Funding preference will be given if:

- A municipality currently has a net fiscal disparities contribution of \$200 or more per household.
- A municipality does not use its Affordable and Lifecycle Housing Opportunity Amount (ALHOA) expenditure as the source for its matching funds.
- A municipality has a lower Housing Performance score than the other proposals being consider for funding.

## ***Evaluation process***

All proposals received through the RFP process are reviewed by Minnesota Housing staff for completeness and evaluated according to the MHIG criteria to determine the extent to which proposals meet the criteria.

Proposals meeting baseline criteria are then reviewed by a selection committee consisting of representatives of the MHIG, including staff from Minnesota Housing, the Council and the Family Housing Fund. Proposals are discussed regarding their overall concept, consideration of the joint selection criteria and individual funder's criteria, as well as any funder's past experience with the applicant, previous funding allocations, and familiarity with the project or expertise related to any aspect of the proposals. The selection committee then rates the proposals on the applicant's organizational capacity to deliver the project and the feasibility of the proposal. Funds are then allocated to each proposal based on its composite rank, and the best use of each of the MHIG funding sources.

## **Section 6: Reporting requirements**

LHIA grantees are required to submit periodic progress reports. Until the first draw request is made, quarterly progress reports are required. Thereafter, the detail supplied with payment requests comprises the bulk of the progress reports, which are augmented with semi-annual reports. A final progress report is required with the last payment request. When the grant is closed, the grantee's chief financial officer is required to certify to the appropriate expenditure of funds.

# **Transit Oriented Development Program**



## **Tax Base Revitalization and Livable Communities Demonstration Accounts**

# **Transit Oriented Development Funding Schedule**

**2012 Available Funding**  
**TBRA TOD: To be determined**  
**LDCA TOD: To be determined**

2012 Funding Schedule will be determined following  
evaluation of 2011 Funding Round.

# Tax Base Revitalization and Livable Communities Demonstration Accounts

## Transit Oriented Development Grant Category

### Section 1: Background and purpose

The Metropolitan Livable Communities Act<sup>9</sup> (LCA) created both the **Tax Base Revitalization Account** (TBRA) and **Livable Communities Demonstration Account** (LCDA) to promote the purposes of the Act and the policies of Metropolitan Development Framework.

The purposes of the Livable Communities Act include to:

- create incentives for all communities to implement compact and efficient development;
- interrelate development or redevelopment and transit;
- intensify land use that leads to more compact development or redevelopment; and
- encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement; and
- provide project area residents with expanded opportunities for private sector employment.

The Framework policies include to:

- develop land uses in centers linked to the local and regional transportation systems;
- efficiently connect housing, jobs, retail centers and civic uses; and
- conserve, protect and enhance natural resources by means of development that is sensitive to the environment.

High density, mixed-use development adjacent to transit stations using pedestrian friendly design standards is known as transit oriented development. Adding a new grant category, within the Livable Communities Demonstration Account and Tax Base Revitalization Account, to incent transit oriented development, meets the purposes of the LCA and Development Framework and will help demonstrate that increasing density around transit stations increases transit ridership and reduces automobile ownership, vehicular traffic, and associated parking requirements that would otherwise be necessary to support a similar level of more traditional development. Additional TBRA and LCDA funds are available at this time for the TBRA and LCDA Transit Oriented Development grant category because:

- previously awarded grants, in which the development did not move forward within the grant period (primarily due to the downturn in the economy) have been relinquished by the grantees, and,
- levies set aside per legislation passed in 2009 authorizing the Council to use up to one half of the LCDA and TBRA levies in years 2009, 2010, and 2011 if needed for

---

<sup>9</sup> MN Statutes §473.252

transit operations were not used for this purpose. This authorization sunsets this year.

The funding amounts available for the other TBRA and LCDA grant categories will remain available and unchanged. The additional funds made available for the TOD grant category will enable strong TOD projects to compete in the TOD funding cycle while enabling requests for developments less proximate to transit stations to better compete in the other TBRA and LCDA funding cycles.

## Section 2: New elements for LCA TOD awards for 2012

There are no TOD program changes proposed at this time. After the first round of 2011 TOD grants are awarded, staff will review the process and outcomes and determine whether changes in the program should be recommended to the Council. Any such changes would be presented as an amendment to this Fund Distribution Plan, which would require approval by the Council.

## Section 3: Partnerships and coordination

Same as listed for other TBRA and LCDA grant categories on pages 8 and 21.

## Section 4: Application process

Same as listed for other TBRA and LCDA grant categories on pages 8 and 21.

## Section 5: Local resolution

Same as listed for other TBRA and LCDA grant categories on pages 9 and 21.

### ***Number of Applications***

Cities are limited in the number of applications they may submit. This limit includes those submitted by all entities within the City (i.e. the city, economic development authority, port authority, etc) and applications submitted by counties on behalf of cities. Applicants submitting more than one application per funding cycle must provide the Council with their prioritization of the proposals at the time of application. These rankings will be used to inform the review process; however, the Council reserves the right to make awards independently of such rankings.

- No more than three combined applications for LCDA TOD Development and Pre-development may be submitted by a single city in any application cycle.
- No more than six applications for TBRA TOD Cleanup and Site Investigation may be submitted by a single city in any application cycle.

## **Award limits**

- TBRA Cleanup-Site Investigation, regular and TOD - \$100,000
- LCDA Pre-development, regular and TOD – \$100,000
- TBRA TOD Cleanup-\$1,000,000
- LCDA TOD Development –\$1,000,000 for requests not involving site acquisition; \$2,000,000 for requests involving site acquisition.
- No one city/applicant will be awarded more than one-half of LCDA TOD funds in any TOD funding cycle.
- According to statute, if TBRA grant applications exceed the available funds for an application cycle, no more than one-half of the funds may be granted to projects in a single city, and no more than three-quarters of the funds may be granted to projects located in cities of the first class (Minneapolis and Saint Paul).
- The award limits cited above on page 5 do not apply to the LCDA TOD grant awards; however, the Council will consider geographic distribution of LCDA grant funds when making grant award decisions.

## Section 5: Competitive process, eligible and ineligible uses

### **Eligible Applications**

An application eligible for consideration for a TBRA TOD or LCDA TOD grant category award is one where the proposal pertains to activities within a TOD Area, defined as:

1. A DEED-designated Transit Improvement Area (TIA) or TIA eligible station area located along light rail, commuter rail and bus rapid transit transitways operational by 2020 (Hiawatha LRT, Northstar Commuter Rail, Central LRT, Southwest LRT, I-35 BRT, and Cedar BRT).
2. Areas within ¼ mile radius all along high frequency\* local bus lines.
3. Areas within a 1/2 mile radius of bus stops/stations on high-frequency express bus routes\*\* where significant passenger infrastructure is in place.

#### **\*High frequency local bus service =**

Bus service running at least:

- Every 15 minutes (or better)
- 5 am to 7 pm weekdays
- 9 am to 6 pm Saturdays

#### **\*\*High frequency express bus routes on or outside the I 494/694 Freeways=**

Bus service running at least:

- 6 trips during at least one hour of the am peak hours of 6-9 AM and
- Every 10 minutes during the am peak hour



In the TBRA TOD grant category, eligible applications include requests for contamination site investigation and cleanup in support of both specifically identified development or redevelopment Projects, or anticipated future development or redevelopment Projects.

In the LCDA TOD grant category, eligible applications include requests for public infrastructure, site acquisition, building demolition and site preparation in support of both specifically identified development or redevelopment Projects, or anticipated future development or redevelopment Projects.

Applications that lack an identified Project with a development partner(s), must describe how the activity will provide market certainty to leverage private investment or will improve the cost effectiveness of the public investment and have an estimated timeline for expected future development or redevelopment Project.

### ***Eligible Uses for Grants***

In addition to the eligible uses for regular program TBRA Site Investigation and Cleanup grants on pages 9 and 12 and eligible uses for LCDA Development and Pre-Development grants listed on pages 23 and 26, the following uses are eligible:

- Funds can be used for associated holding costs prior to development.
  - Eligibility for holding costs can also apply when the grant request does not include the cost of site acquisition.
- Funds can be used to reimburse a non-profit or socially responsible for profit developer, for sites previously acquired within 12 months of the application date for projects that will lead to the development of affordable housing or will result in jobs retained, created, or made more accessible to low-income and underserved populations including opportunities for entrepreneurship.
- For site acquisition, funds can be used for site preparation costs such as building demolition and other costs to prepare the site for future development.

### ***Ineligible Uses for Grants***

The same ineligible as stated on pages 9 and 12 for other TBRA grant categories and as stated on pages 23 and 26 for other LCDA grant categories, with no changes are also ineligible for TBRA TOD and LCDA TOD.

### ***Evaluation process***

The Evaluation Process includes both Threshold Criteria and Ranking Criteria.

Applicants are first asked to state whether the application applies to housing, jobs or both. To compete in the TBRA TOD and LCDA TOD grant categories, **all** threshold criteria for housing or jobs, depending on the choice indicated by the applicant, must be met.

If all threshold criteria are not met, the application will be found ineligible and will not advance for scoring.

If not already met, the applicant must agree it will fulfill all of the threshold criteria within 36 months of the grant award. Note: Cities awarded TOD funds will be required to report annually on their progress toward achieving each of these thresholds. The Council reserves

the right to recover grant funds from Cities awarded TOD funding that fail to achieve the thresholds during the allotted 36 months.

A staff evaluation team will review the application to determine if the proposal meets the threshold criteria. Applications that advance to scoring under the ranking criteria will also be reviewed and scored by a staff evaluation team.

**Required Threshold Criteria that must be in place or will be in place within 36 months of the grant award.**

**Land Use Criteria in the TOD Area and applicable to the development supported by the grant**

Land use guidelines, applicable within the TOD Area, are consistent with the Metropolitan Council’s Guide for Transit Oriented Development by requiring development at:	Pass	Fail
Residential Densities of: 30-75 units/acre for Rail OR 15-50 units/acre for Bus		
Minimum Floor Area Ratios of 1.5 to 3.0 for Rail OR .5 to 3.0 for Bus		
Employees per acre of 50-200/acre at employment cluster sites		

**Transit Oriented Development design features in the TOD Area**

Local planning within the TOD Area demonstrates:	Pass	Fail
<ul style="list-style-type: none"> <li>• minimal building setbacks;</li> <li>• short blocks with pedestrian connections adjacent to the buildings;</li> <li>• optimal pedestrian convenience between Station and other connecting transit;</li> <li>• a range of housing densities, types and costs;</li> <li>• connections between housing, retail, employment centers and recreational uses;</li> <li>• cycling and walking conveniences;</li> <li>• current and future employment opportunities within the TOD Area and within the connecting transit corridor/corridors;</li> <li>• conservation, protection, and enhancement of natural resources; and</li> <li>• residential and commercial parking is limited, shared between uses, located to the rear of buildings, and/or is structured.</li> </ul>		

**Equity considerations within the TOD Area**

City has adopted a policy/plan/guideline or other official local control to:	Pass	Fail
Address <b>both</b> the preservation of existing subsidized and naturally occurring affordable housing units in the TOD Area <b>AND:</b> the addition of affordable housing units in the TOD Area, <b>OR</b> the addition of higher value housing in lower income areas to achieve a mix of housing opportunities.		
Address how the applicant will proactively and intentionally address gentrification.		

<b>Consistency with other plans/initiatives/programs</b>		
The TOD Area planning is consistent with the city's comprehensive plan	Pass	Fail
The City has adopted the vision, goals, and principles promoted by the Corridors of Opportunity Initiative, including the principle of Equitable Development.		
<b>Return on public investment</b>		
The proposed activity will have the potential to enhance the tax base of the City within the TOD Area.	Pass	Fail

Only applications that have met **all** of the above threshold criteria will advance to be scored using the following ranking criteria.

<b>Ranking criteria applicable to all applications</b>	<b>Points</b>
Proposal's ability to produce affordable housing	0 - 10
The degree to which the TOD Area provides the opportunity for residents and/or employees in that TOD Area to live or work there without reliance on an automobile... for meeting daily needs through the use of transit or walking... for reducing automobile ownership, vehicular traffic, and associated parking requirements that would otherwise be necessary to support a similar level of more traditional development.	0 - 10
Proposal's ability to create or preserve employment opportunities within 24 months (for construction jobs) and/or 48 months (for permanent jobs).	0 - 10
The applicant's Housing Performance Score will be converted from a 100 point scale to a 10 point scale. If a proposed project includes new affordable housing or if affordable housing is located within the TOD Area, the proposal will be held harmless by assigning the higher of the community's actual score or the average score for this criterion from all proposals.	0 - 10
City has adopted affordability requirements for housing assisted with City funds or fiscal devices applicable in the TOD Area.	0 - 10
The degree to which the City has formalized TOD guidelines.	0 - 5
City has hiring and procurement goals and /or processes that advance and promote the employment of local workers and/or disadvantaged businesses.	0 - 5
Partnership has been established with an existing funding commitment to advance the proposal and leverage other resources.	0 - 5
The application's ability to be catalytic to attracting private sector investment.	0 - 5
<b>TOTAL</b>	<b>70</b>

All applications will additionally be ranked using one of the following two categories dependent on the type of funds requested.

Ranking criteria applicable to site acquisition only	Points
*The applicant must certify and verify that acquisition cost will not exceed appraised market value.	
Anticipated timeframe of development.	0 - 10
Site to be acquired has been identified.	0 - 5
Percent of total development site assembly accomplished through this request.	0 - 5
Ability to complete acquisition within 2 years.	0 - 5
Intensity of potential future use of site.	0 - 5
<b>TOTAL</b>	<b>30</b>

OR

Ranking criteria applicable to all other requests	Points
Readiness (higher points for Projects further to the right the predevelopment continuum and development projects closest to "shovel ready/ground breaking" stage).	0 - 10
Proximity/high visibility from Platform/Station area (higher points for Projects with activities closest to platform and with high visibility).	0 - 5
Degree to which development plan demonstrates the TOD design features listed on page 45	0 - 5
The Project's ability to provide ridership impact.	0 - 5
The Project's demonstration value and potential to provide area wide benefits	0 - 5
<b>TOTAL</b>	<b>30</b>

To be considered for funding, applications must score 60 or more points of a possible 100 points from the ranking criteria.

## Section 6: Reporting requirements

Grantees are required to submit periodic progress reports. The detail supplied with payment requests comprises the bulk of the progress reports, which are augmented with semi-annual reports. A final progress report is required with the last payment request. When the grant is closed, the grantee's chief financial officer is required to certify to the appropriate expenditure of funds.

Recipients of Cleanup-Site Investigation grants must also submit to the Council at the closure of the grant a copy of the environmental investigation documents and approval of the response action plan by the MPCA VIC or PBP program.

Grantees will be required to report on achieving the threshold criteria.

Recipients of TBRA cleanup grants must also submit a report annually to the Metropolitan Council after the end of the grant term and for four years, stating:

- the site redevelopment activities completed the previous calendar year;
- the net tax capacity assessed in the prior year and the total property taxes paid on the parcel (land and buildings) for the reporting year; and
- the percentage of full-time equivalent jobs on the site at the end of the previous year that are at or above a living wage.