

Metro Cities

Livable Communities Act Work Group

July 2018 Report and Recommendations

Introduction

Formation of a work group was recommended by Metro Cities staff and approved by the Board of Directors for the purposes of comprehensively examining the Livable Communities Act (LCA) programs, identifying any areas of concern and possible recommendations for modification to the programs, with any recommendations to be further considered through Metro Cities' policy development process.

The work group was comprised of city officials from 10 cities, Metro Cities staff, and Metropolitan Council members and staff. Three meetings were held in Winter-Spring, 2018.

Metro Cities issued a survey in fall 2017 to a range of cities throughout the metropolitan area. The survey was sent to LCA participating cities that received Livable Communities grants, participating cities that submitted unsuccessful applications, and non-LCA participating cities. The survey questions are attached. Responses (unattributed) were provided to the work group and helped inform the scope of the work group's discussions.

The work included a review of the LCA programs provided by Metropolitan Council LCA staff, a review of cities' experiences with programs, an identification of concerns, and discussion of recommendations from the group.

Livable Communities Background

The Livable Communities Act, established in 1995 by the Minnesota Legislature, provides regional funding for cleanup, development and redevelopment projects across the seven-county metro region ([M.S. 473.25](#)). The full LCA program consists of five funding programs: Livable Communities Demonstration Account (LCDA), Tax Base Revitalization Account (TBRA), Local Housing Incentives Account, and two Transit Oriented Development accounts - one each under the LCDA and TBRA programs, respectively.

Participation in the Livable Communities program is voluntary. In 2017, 95 cities were enrolled in the program. To compete for Livable Communities grants, a community must elect to participate in the Local Housing Incentives program established by the statutory Metropolitan Livable Communities Act as well as negotiate with the Metropolitan Council on goals for affordable and lifecycle housing.

The Metropolitan Council develops and adopts an annual Fund Distribution Plan to establish the annual plan for distributing funds under the Livable Communities Act. According to the Metropolitan Council, the plan "establishes the amount of funding available for [the year] and the limits that apply to individual awards; sets the schedule for submitting grant applications, reviewing them, and awarding

the funds; describes the criteria the Metropolitan Council uses in selecting projects for grants; and defines who is eligible to apply for the grants.”

The 2017 Fund Distribution Plan authorized the following base amounts for grants to be awarded during 2017, or as supplemental funding to 2016 LHIA grant recipients:

- \$5 million for the TBRA Contamination Cleanup program, with up to \$250,000 of that available for site investigation grants
- \$1 million for the TBRA Seeding Equitable Environmental Development program (in addition to the amount above)
- \$7.5 million for the LCDA program
- \$2.5 million for the LHIA program
- \$5 million for the LCDA-TOD grant category, with up to \$500,000 of that available for predevelopment awards
- \$2 million for the TBRA-TOD grant category, with up to \$250,000 of that available for site investigation grants

Metro Cities Policy -- 4-P Livable Communities

Metro Cities’ policies support the LCA programs and support ensuring that program criteria are flexible and programs are accessible to participating communities. The organization’s policy is as follows:

The Livable Communities Act (LCA) provides a voluntary, incentive-based approach to affordable housing development, tax base revitalization, job growth and preservation, brownfield clean up and mixed-use, transit-friendly development and redevelopment. Metro Cities strongly supports the continuation of this approach, which has been widely accepted and is fully utilized by local communities. Since its inception in 1995, the LCA program, administered by the Metropolitan Council, has generated billions of dollars of private and public investment, created thousands of jobs and added thousands of affordable housing units in the region.

Metro Cities supports a review of the LCA programs and any necessary statutory changes to ensure that the LCA program criteria are flexible and promote the participation of all participating communities, and to ensure that all metropolitan area cities are eligible to participate in the Livable Communities Demonstration Account (LCDA).

Metro Cities supports increased funding and flexible eligibility requirements in the LCDA to assist communities with development that may not be exclusively market driven or market proven in their particular location and in order to support important development and redevelopment goals.

Metro Cities supports the statutory goals and criteria established for the Livable Communities Act, and opposes any changes to LCA programs that constrain flexibility around statutory goals, program requirements and criteria.

Metro Cities opposes funding reductions to the Livable Communities Program and the transfer or use of these funds for purposes outside of the LCA program.

Metro Cities supports statutory modifications in the LCDA to reflect the linkages among the goals, municipal objectives, and Met Council system objectives.

Metro Cities supports the use of LCA funds for projects in transit improvement areas, as defined in statute, if funding levels for general LCA programs are adequate to meet program goals and the program remains accessible to participating communities.

Use of interest earnings from LCA funds should be limited to covering administrative program costs. Remaining interest earnings should be considered part of LCA funds and used to fund grants from established LCA accounts per established funding criteria.

Process

Three work group meetings were held in early 2018 – January 29, February 12 and March 7.

At the first meeting, Metro Cities staff reviewed the organization’s Livable Communities policy and work group participants shared overall experiences with the Livable Communities program. Metropolitan Council staff reviewed the program’s statutory guidelines, as well as participating communities and participation requirements. The work group reviewed a map depicting recent LCA grant awards throughout the region for the period of 1996-2016. Metropolitan Council staff reviewed application guides for programs including the 2017 and 2018 budgets, program timelines, the grant cycle calendar, and the application review process. Metro Cities staff provided a summary of city survey comments.

City participants on the work group provided additional comments on their experiences and perceptions of the programs, as well as concerns, and responded to requests for information. Members whose cities had applied for grants were generally positive about their interactions with Council staff and processes for applying for LCA funds.

At the second meeting, Metropolitan Council staff provided detailed information on each Livable Communities program. This included TBRA, LCDA, TBRA-TOD and LCDA-TOD scoring weights and scoring criteria, examples of funded and unfunded projects, and grant awards from 1996-2016. Work group members asked questions of Council staff regarding the programs and requirements.

At the third meeting, Metropolitan Council staff reviewed a draft 2018 Fund Distribution Plan and presented new requirements for 2018 on fair housing plans. The work group Chair led a discussion focused on the following questions: Do LCA program criteria accommodate the varying needs and characteristics of participating communities? How can the concerns by city officials who may not believe their application could be competitive (and therefore may not apply) be addressed? How might under-participating communities be encouraged to apply for funding? Do program criteria need to be adjusted? Is the Council’s interpretation of demonstration and innovation in the LCDA appropriate? Are the programs responsive to local goals and the development market? Should outreach efforts be expanded? If so, how? Metropolitan Council staff addressed various questions and concerns with respect to criteria and eligibility and clarified scoring and eligibility requirements in response to members’ questions.

Work Group Findings and Observations

Metro Cities initiated the LCA review and work group process by surveying cities to gain input and feedback on a range of ideas and issues to bring to the work group. The following recommendations are based on city input from the survey and discussion at the work group meetings.

As city concerns were vetted and discussed, Metro Cities staff emphasized to Metropolitan Council staff that some of the work group's recommendations might be 'big picture' in nature and not necessarily ready for inclusion in the 2018 Fund Distribution Plan and that any recommendations would be advanced for consideration in Metro Cities' policy process, Board of Directors and membership. Metro Cities encouraged the Metropolitan Council to review recommendations by the work group in the spirit of advancing the partnerships among the Council and local governments, and with the shared goal of making an existing effective program even stronger and more responsive to city needs.

SUMMARY OF SURVEY COMMENTS:

There is high awareness by city officials of LCA.

Comments and suggestions on the application process: some critiqued as too extensive, intimidating, some questioned the role and process of the Livable Communities Advisory Committee (LCAC) and some identified the need for more clarity on what the Council expects from applicants.

Some commented on the need for better information/examples of innovation or demonstration to help guide cities in the application process

Requests for less one-size-fits-all, more flexibility for outer-ring and developing edge cities

Request for clear standards, both for the Demonstration account and from the LCAC

SUMMARY OF WORK GROUP CONCERNS:

Perception of limited eligibility and of LCA program criteria not accommodating the varying needs and characteristics of participating communities. Perception of cities leads to applications not being submitted, or applications are not competitive.

Concern of limiting or exclusionary definition of "demonstration" and "innovation" in LCDA program criteria.

Outreach by Metropolitan Council staff could be improved.

Work Group Recommendations

Program Criteria and Scoring Should Reflect Full Range of Community Characteristics and Resources

The built environment, including local and regional infrastructure, and amenities and services that may or may not include regular transit service, are unique to each city in the seven-county metro region. Based on its age, development patterns, and public and private investments, cities have a range of development opportunities that may benefit from and be applicable for LCA program funding.

City officials emphasized the importance of flexibility in program requirements. The Metropolitan Council should examine each LCA funding program to determine how well they meet a comprehensive range of city characteristics, needs and resources and how programs can be supported and remain viable for participating communities over the next twenty years.

The Council should update its application guides and Fund Distribution Plan to show how cities can best compete for Livable Communities awards. Several city officials reflected an ongoing perception among

some officials that their cities may not be competitive for certain LCA programs due to factors such as a lack of access to regional infrastructure or proximity to jobs, an inability to meet affordable housing needs or that large urban communities tend to be more successful than smaller, more rural cities, or that criteria do not well accommodate certain city characteristics. Metropolitan Council staff clarified information on requirements and scoring in response to some specific questions and perceptions and sought to address misperceptions on some of the program requirements. Members discussed the importance of the programs and the need for sufficient flexibility in criteria, to accommodate the full range of goals that the programs support.

Work group members supported having the Metropolitan Council clarify its LCA documents describing how scoring works for each type of city and how each city is ranked against similar city types for funding.

Increase Marketing, Outreach and Customer Service

Work group members and feedback from the survey who have applied for funding through the Livable Communities Grant programs provided generally positive comments on the application process, clarity of timelines, accessible materials and prompt responses by Metropolitan Council staff to questions.

There was consensus that the Metropolitan Council should increase its outreach to all participating communities, and that it should give attention to reaching out to cities that do not have high staff capacity or economic development specialization and cities that may have new staff who are not familiar with the LCA programs. The Metropolitan Council should make sure it has current contacts in each participating city and reach out regarding annual program changes, program timelines and cycles, and answer any questions about the Livable Communities program. The Council could internally share best practices from its Environmental Services division, which has strengthened and refined its customer service efforts in recent years.

Improve Technical Assistance

The Metropolitan Council should recognize cities have a range of capacities and experience with the Livable Communities programs, and should increase its offerings of technical assistance. This may include scheduled trainings as well as being responsive to requests for specific project assistance.

Allow for Small Area Planning and Predevelopment Grants

The Metropolitan Council should increase funding for grants that allow cities to plan for future development and redevelopment. Small area planning and predevelopment grants have allowed cities to plan for developments that work well for their communities and be competitive for additional LCA funds.

Work Group Participants

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Attached Survey Questions and Responses