

Metropolitan Livable Communities Fund

**Report to the Minnesota State
Legislature**

June 2010



Metropolitan Council

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CONTENTS

About This Report	1
Enabling Legislation	1
Amount of Money in LCA Funds	2
Amount of LCA Funds Distributed	2
Disbursements	2
Applications for LCA Programs in 2009	3
Aggregate awards	3
Funds Distribution and Purposes	4
2009 Tax Base Revitalization Account awards	4
2009 Livable Communities Demonstration Account awards	4
2009 Local Housing Incentives Act awards	6
2009 Land Acquisition for Affordable New Development awards	7
Effectiveness Evaluation	7
Appendix A - Maps of 2009 LCA-Funded Projects	A-1

About This Report

The Livable Communities Act (*Minnesota Statutes, §473.25*) requires the Metropolitan Council ("Council") to prepare and submit to the legislature an annual report on the Metropolitan Livable Communities Fund¹. This report provides an overview of Livable Communities Act programs and activities during 2009 and includes specific information required by the law about:

- the amount of money in the fund;
- the amount of money distributed;
- to whom funds were distributed and for what purpose; and
- an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the Council.

The legislation states the report may also include recommendations to the legislature on changes to the Livable Communities Act. This year's report includes no such recommendations.

Enabling Legislation

In 1995, the Minnesota Legislature passed the Livable Communities Act (LCA)². The LCA created a voluntary, incentive-based approach to address the metropolitan area's affordable and lifecycle housing issues and to help communities grow and succeed. It established the Metropolitan Livable Communities Fund, including three ongoing accounts from which eligible communities could apply for funding:

- The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated urban land and buildings for subsequent redevelopment that could include commercial, industrial or housing opportunities. Restoring the tax base, developing more jobs near existing housing and services or adding affordable housing to the region are primary objectives of this account.
- The **Livable Communities Demonstration Account (LCDA)** funds grants and loans for development and redevelopment projects that achieve connected development patterns that link housing, jobs and services and maximizes the development potential of existing or planned infrastructure and regional facilities. In partnership with the Minnesota Housing and the Family Housing Fund, in 2008 the Council initiated the Land Acquisition for Affordable New Development (LAAND) program using \$4 million in LCDA funds to provide no-interest loans that would assist communities in efforts to address their affordable housing need.
- The **Local Housing Incentives Account (LHIA)** helps preserve and expand lifecycle and affordable rental and ownership housing in the metropolitan area.

¹ <https://www.revisor.mn.gov/statutes/?id=473.25&year=2008>

² <https://www.revisor.mn.gov/statutes/?topic=263706>

A fourth account, the **Inclusionary Housing Account (IHA)**, operated during 1999-2000 with a single appropriation to support affordable housing developments in which the reduction of local controls and regulations resulted in reduced development costs. Interest accrued on funds held in the Inclusionary Housing Account prior to communities requesting payment of their grant awards. Those interest dollars were awarded through a final round of IHA grants during 2004.

In order to be eligible to compete for funding, the LCA requires interested communities to:

- negotiate long-term affordable and lifecycle housing goals with the Council;
- have in place an LCA Housing Action Plan to identify and give direction to the city's use of programs, official controls and fiscal devices to help accomplish these negotiated goals; and
- make the minimum annual contribution or expenditure on affordable housing activities required by a formula provided in the law. The formula is based on each community's share of the tax levy supporting the Livable Communities Demonstration Account and determines an Affordable and Lifecycle Housing Opportunities Amount (ALHOA) specific to each community.

Amount of Money in LCA Funds

The total funding budgeted for new 2009 awards was \$9.24 million.

Amount of LCA Funds Distributed

Disbursements

Disbursements totaling \$13,840,927 from previous awards were made to Livable Communities grants and loans in 2009:

	2009
Tax Base Revitalization Account	\$5,077,728
Livable Communities Demonstration Account	7,158,524
Local Housing Incentives Account	604,675
Land Acquisition for Affordable New Development	<u>1,000,000</u>
Total	\$13,840,927

Applications for LCA Programs in 2009

	TBRA	LCDA	LHIA	LAAND
Number of applications	6	10	5	1
Number of awards	2	8	5	1
Total amount requested	\$1,205,005	\$5,789,718	\$1,800,000	\$440,000
Total amount available	\$3,000,000	\$4,000,000	\$1,800,000	\$440,000
Total amount awarded	\$191,500	\$4,000,000	\$1,800,000	\$440,000
(Oversubscribed) / undersubscribed (amount requested – amount available)	\$1,794,995	(\$1,789,718)	\$0	\$0

Aggregate awards

Since the inception of the Livable Communities program in 1996, the Metropolitan Council has awarded the funds as shown in the table below. Historically, over 90% of LCA awards have moved forward to project completion, with 52 awards having been relinquished in full or in the majority, for a net of 526 grants totaling \$175,682,248.

Fund	Count	Award Total
LAAND loans	5	\$4,000,000
TBRA grants	265	77,710,606
LCDA grants	170	90,697,447
LHIA grants	125	21,745,706
IHA grants	13	4,577,700
Total	578	\$198,731,459
Net total awards, reflecting relinquished grants	526	\$175,628,248

Funds Distribution and Purposes

2009 Tax Base Revitalization Account awards

City of Minneapolis Lyndale Green

\$170,000 for asbestos abatement of a church addition on a 0.9-acre site that formerly included a filling station and other commercial and residential structures prior to the construction of an addition to the Salem English Lutheran Church in the early 1960's. Expected benefits include the development of 61 affordable rental units, 8,900 square feet of commercial space and 51 units of underground parking.

City of Saint Paul Renaissance Box II

\$21,500 for the Renaissance Box building project for environmental investigation and soil remediation below a single-story addition to a vacant seven-story commercial building on a .043 acre site formerly used as a shoe factory and a warehouse. The building addition will be demolished. Expected benefits include the development of 70 new affordable rental units with approximately 5,000 square feet of new green space. This is the second award for this project.

2009 Livable Communities Demonstration Account awards

City of Saint Paul 2700 the Avenue II

\$280,282 in support of a mixed-use office and retail development featuring 72,000-90,000 square feet of office space in a four-to-five story building above a grocery store and retail to be located at the future Westgate Station for the Central Corridor. Grant-funded activities including replacing street lighting fixtures and sidewalks on Emerald Street and University Avenue, adding permanent bike racks for public use and partially funding a public-use parking structure with a minimum of 270 stalls. This is the second award for this project.

City of Minneapolis Capri Block

\$869,000 to complete site assembly to facilitate further development on West Broadway Avenue. Activities include expansion of the Capri Theater through the purchase and renovation of additional parcels to include dressing rooms, rehearsal space, a green room, a dance studio and recording studio; redevelopment of a currently vacant building to include the KMOJ radio station, a restaurant and coffee shop and an adjacent public plaza with new transit shelters.

City of Minneapolis Gateway Lofts

\$74,000 for demolition, site grading and engineering to construct a rain garden for new high-density mixed-income workforce housing along West Broadway in North Minneapolis near the Robbinsdale border. The site for this project is currently a blighted brownfield parcel with an abandoned gas station.

City of Saint Paul Harriet Island Boulevard / West Side Flats

\$750,000 to assist the City of Saint Paul in the first phase of mixed-use development in the West Side Flats Urban Village along the Mississippi River. The

road will provide access to the new West Side Flats Apartments with 180-185 rental units and approximately 8,500 square feet of new retail space. Located in the Wabasha Street bridgehead, this mixed-use project will be the first of two phases on the site and the first residential building on a previously industrial site. Grant-funded activities include construction of the street, lighting, sidewalk, and concrete pavers.

City of Eden Prairie Presbyterian Homes

\$848,300 to support construction of a nine-to-13 story senior building with 372 units of skilled nursing, temporary care and assisted living, with 168 spaces of underground parking. The new building is a part of a planned 21-acre development that already includes retail, restaurant, office and recreation uses. The City will realign Castlemoor Drive, one of the streets the building faces, to allow the construction of a traffic circle and public sidewalks and create a stormwater pond and rainwater garden. Grant-funded activities include design, engineering and realignment of Castlemoor Drive, and stormwater improvements, including rain gardens.

City of Roseville Sienna Green Phase II

\$202,100 to support the construction of a new affordable apartment building for approximately 50 workforce families on the site of the 1950's-era Har Mar apartments. This is the second and final phase of the Sienna Green redevelopment. The new building will be located on a portion of the former parking lot for the apartments, and it will include underground parking, bike racks and a small surface parking area. The first phase, which received a previous LCDA and a TBRA grant, involved rehabilitation and site improvements to the existing five-building complex. 2009 LCDA funds will assist with infiltration swales and rain gardens that connect the project area and retain stormwater on site and will also allow for the completion of sidewalks along West Snelling Drive to provide pedestrian connections from Sienna Green to mass transit connections along Snelling.

City of Watertown South Lewis Avenue Redevelopment

\$366,318 to support the first phase of redevelopment of the southern end of Watertown's downtown. This project will bring 50 units of senior housing into the downtown area by constructing a four-story 75,000 square-foot mixed-use development. Grant-funded activities will assist with demolition, construct the water main, sanitary sewer and storm sewer to service the development, construct a new stormwater treatment pond, and fund design and engineering for the utilities and stormwater management.

City of Saint Paul The Penfield

\$610,000 to support a mixed-use project that will include 216 market-rate apartments, a 30,000 square foot grocery store, 200 underground parking spaces and 111 surface parking spaces located in the heart of downtown Saint Paul, one block from the future Central Corridor LRT line. LCDA funds will be used for design, engineering and constructing of a green roof, which will be employed for stormwater retention and will dramatically reduce storm runoff volume and peak flow rates. The roof will also conserve energy by moderating temperatures on the

roof and surrounding areas, helping to reduce the heat island effect downtown during the hot summer months. The building's green roof will serve as a model for city tours and educational purposes. Construction of The Penfield will also retain and incorporate a portion of the Public Safety Building, which has been determined eligible for the National Register of Historic Places.

2009 Local Housing Incentives Act awards

City of Wayzata

Boulevard Apartments

\$100,000 to acquire and rehabilitate a six-unit 1967 walk-up apartment building in Wayzata, including re-roofing, remodeling the kitchens, rebuilding balconies, installing a new play area, and redesigning the parking area. Units will remain affordable for 30 years.

City of Golden Valley

Dover Hill Apartments

\$150,000 to acquire, rehabilitate and preserve a 234-unit high-rise elderly and family townhome development that was constructed in 1976 and needs rehabilitation to comply with housing code standards. Work will include re-roofing, heating and air conditioning replacement and electrical and plumbing upgrades. Units will also be updated with new flooring, cabinets, appliances and doors, and green-certified products will be used to reduce costs for energy, water maintenance and ongoing repairs over the life of the development. Units will remain affordable for 30 years.

City of Saint Paul

East Side Commons

\$575,000 to acquire, rehabilitate and preserve 38 townhouses and eight apartments and build a new duplex. All sites are located adjacent to or in close proximity to the Payne Avenue commercial neighborhood of East Saint Paul and are within the city's Community Revitalization Area. All of the units will remain affordable for 30 years, and some will be set aside and marketed to households experiencing long-term homelessness.

City of Blaine

Northgate Woods

\$400,000 to acquire, rehabilitate and preserve a 75-unit development built in 1980, with 45 townhomes and 30 units of senior housing. The development has a project-based Section 8 Housing Assistance Payment contract for all of its units and is at risk of converting to market rate housing. Funding for this project provided an opportunity to maintain a valuable suburban housing resource for 30 years.

City of Minneapolis

Riverside Plaza

\$575,000 to support the acquisition, rehabilitation and preservation of a 1,303 unit development in the Cedar Riverside neighborhood of Minneapolis. Riverside Plaza was built in 1973 as part of the HUD "New Town in Town" projects. It is a mixed-income, workforce housing complex which includes 669 project-based Section 8 units, a post office, a grocery store, daycare facilities and resident services resource center. In addition, it houses one of the largest on-site education facilities found in any housing complex in the nation, with services for early child care, a K-8 charter school, computer education labs and adult literacy programs.

2009 Land Acquisition for Affordable New Development awards

City of Hopkins Park Nicollet

\$440,000 awarded to acquire a key redevelopment parcel for mixed use, including housing with a twenty percent affordability component, to be developed in the next three to ten years. The site currently has a single-story vacant building previously used as a medical clinic, and is within one-quarter mile of the Downtown Hopkins Station for the proposed Southwest Light Rail Transitway.

Effectiveness Evaluation

The mission of the Metropolitan Council is to develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on transportation, wastewater, parks and aviation systems, that guides the efficient growth of the metropolitan area³. Towards that mission, the Council has adopted the 2030 Regional Development Framework, which has four policies that are supported by several general strategies⁴. The Livable Communities program makes awards consistent with criteria set in the enabling statute and the following Regional Development Framework policies:

1. *Work with local communities to accommodate growth in a flexible, connected and efficient manner.*

The Council's 2009 LCA grant awards continue to reflect both the communities' and the Council's emphasis on development and redevelopment in compact, mixed-use projects with convenient access to a variety of transportation modes, including transit. The 2009 projects also reflect efforts to provide for a mix of housing types in established neighborhoods and commercial areas. The Council's 2009 LCA grant awards are expected to leverage over \$109 million in private funds and \$85 million in other public money.

In 2009, 105 communities were participants in the LCA's local housing incentives program and were eligible to receive grant funds. Since 1996, grants have been awarded to the following cities:

³ <http://www.metrocouncil.org/about/mission.htm>

⁴ <http://www.metrocouncil.org/planning/framework/overview.htm>

Anoka	Columbia Heights	Hastings	Mendota Heights	Ramsey	Vadnais Heights
Apple Valley	Coon Rapids	Hilltop	Minneapolis	Richfield	Waconia
Arden Hills	Cottage Grove	Hopkins	Minnetonka	Robbinsdale	Watertown
Blaine	Crystal	Hugo	Mound	Rosemount	Wayzata
Bloomington	Dayton	Jordan	New Brighton	Roseville	West St. Paul
Brooklyn Center	Eden Prairie	Lakeville	New Hope	Saint Paul	White Bear Lake
Brooklyn Park	Edina	Lauderdale	North St. Paul	Shakopee	Woodbury
Burnsville	Excelsior	Lexington	Norwood Young America	Shoreview	
Centerville	Falcon Heights	Lino Lakes	Oakdale	South St. Paul	
Champlin	Farmington	Long Lake	Orono	St. Anthony	
Chanhassen	Forest Lake	Loretto	Osseo	St. Francis	
Chaska	Fridley	Maple Grove	Plymouth	St. Louis Park	
Circle Pines	Golden Valley	Maplewood	Prior Lake	Stillwater	

Additionally, awards have been made directly to Anoka, Carver, Dakota, Hennepin, Ramsey and Washington counties on behalf of projects in Norwood Young America, Chaska, Coon Rapids, Burnsville, Farmington, Hastings, Inver Grove Heights, Lakeville, West St. Paul, Minneapolis, Saint Paul, and Woodbury.

2. *Plan and invest in multi-modal transportation choices, based on a full range of costs and benefits, to slow the growth of congestion and serve the region's economic needs.*

One of the 2009 LCDA awards will partially fund a public-use parking structure and add a grocery and other retail to the future Westgate Station along the Central Corridor light rail line. Three other projects are within one-half mile of the Central Corridor, and 14 of the 16 project sites have multiple bus routes within easy walking distance. Two projects will add affordable or market rate apartments in downtown areas, reducing the need for vehicle traffic. Two other projects will add senior housing in commercial areas to also provide the opportunity for shorter distance trips or walking opportunities. One project will add a grocery store in a downtown area, also reducing trip distances for downtown residents and workers.

3. *Encourage expanded choices in housing locations and types, and improved access to jobs and opportunities.*

Livable Communities 2009 grants will help to build or rehabilitate over 2,700 housing units, with 1,977 of those being affordable at 60% or below Area Median Income. All of these housing units are being made available with work needed on only three streets and one sanitary sewer line. All of the projects involving housing will result in units convenient to jobs and or commercial areas.

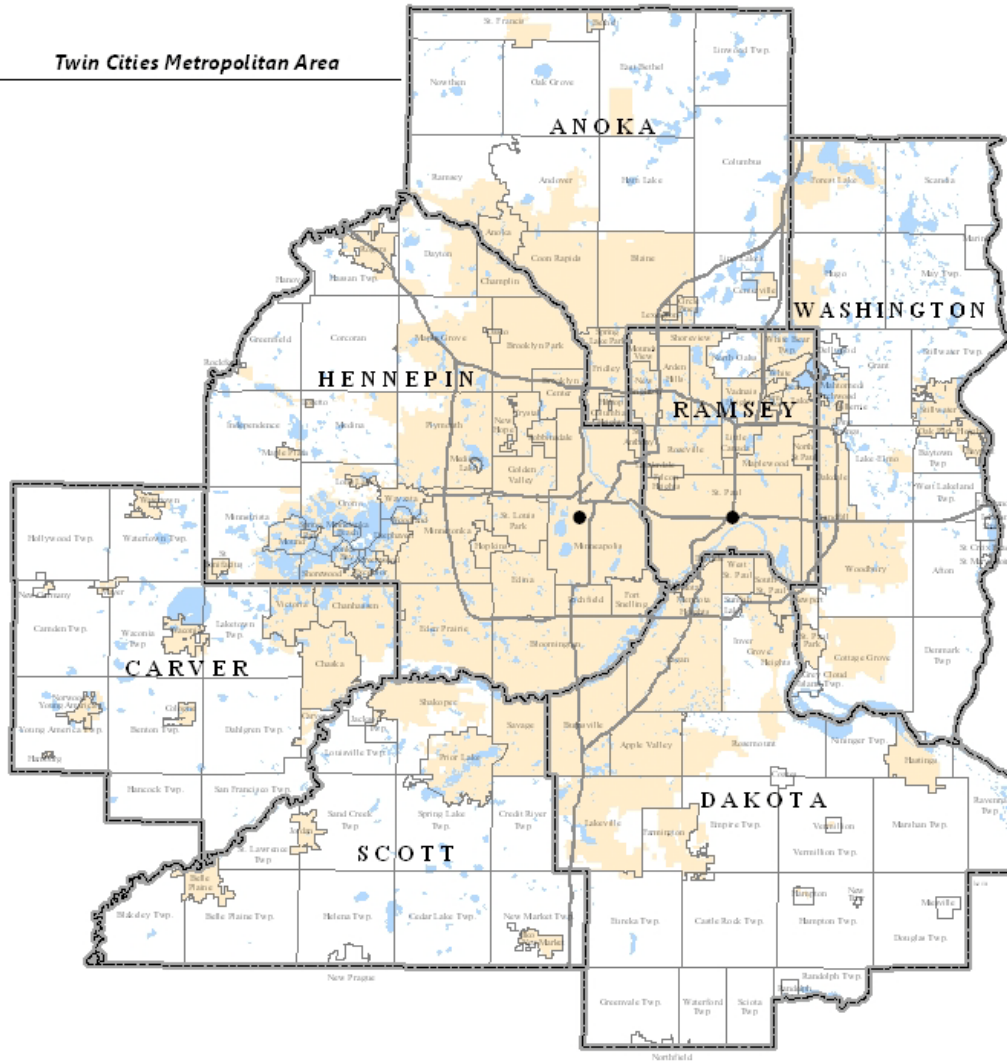
As already indicated, several projects will provide affordable, market rate, workforce or senior housing convenient to commercial areas and areas of job opportunities, increasing the housing options in each case.

4. *Work with local and regional partners to conserve, protect and enhance the region's vital natural resources.*

The two TBRA awards go directly toward cleaning the urban environment, with one award for asbestos abatement and another for environmental investigation and soil remediation. One of the LCDA awards will build a green roof on a large project with nearly 250,000 square feet of combined retail and residential space. Other projects are utilizing pervious pavers, underground storage tanks, infiltration swales and rain gardens to manage stormwater near the point of origin to allow gradual percolation back into the soil and reduce stormwater runoff. The five LHIA awards for 2009 focused on preservation of existing housing, rehabilitating more than 1,600 units. Such preservation efforts conserve on building materials and make direct use of existing infrastructure.

Appendix A - Maps of 2009 LCA-Funded Projects

Twin Cities Metropolitan Area

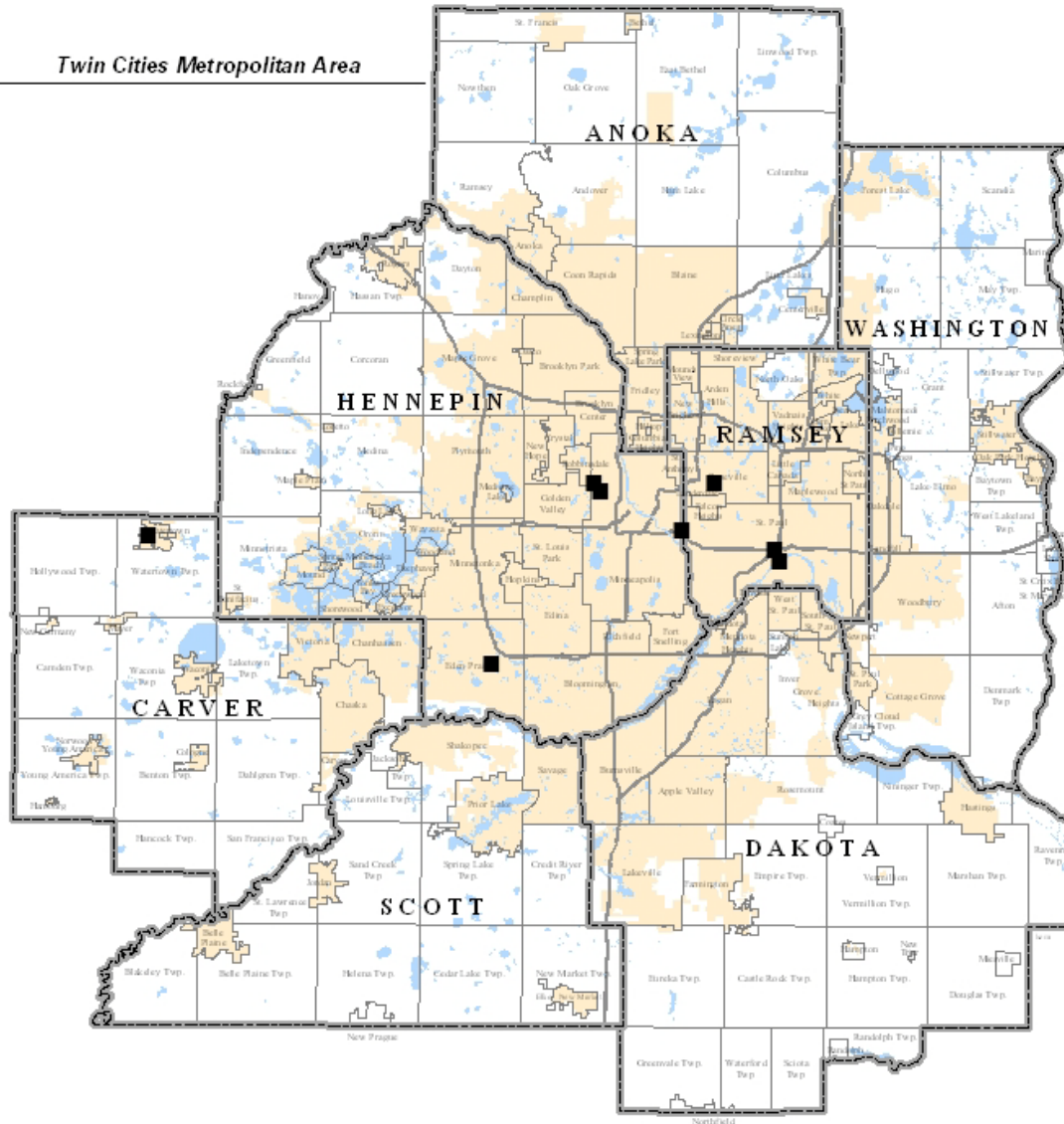


Livable Communities

Tax Base Revitalization Account Awards 2009

\$191,500 awarded in 2009

Twin Cities Metropolitan Area



Livable Communities

Demonstration Account Awards 2009

\$4.0 million awarded in 2009



February 2010

