

**2005 Annual Livable  
Communities Fund  
Distribution Plan**

**April 13, 2005**

## BACKGROUND

The Livable Communities Act, *Minnesota Statutes 2002, Chapter 473.25*, creates 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, restore tax base and create and retain jobs.
- The **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that achieve development patterns that link housing, jobs and services, and that use infrastructure and regional facilities efficiently.
- The **Local Housing Incentives Account (LHIA)** helps expand and preserve lifecycle and affordable rental and ownership housing.

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. In 2000, eleven grants totaling \$4.2 million were awarded to eight communities from those funds. Interest accrued on funds held in the Inclusionary Housing Account prior to communities requesting payment of their grant awards. Those interest dollars (2000-2003) were awarded through a final round of IHA grants during 2004. The account was closed to further interest accrual effective January 1, 2004.

The Livable Communities Act establishes the funding sources for each of the active accounts:

- The TBRA has the same amount available each year: a levy capped at \$5,000,000.
- The LCDA also is funded by a levy. The amount for the LCDA varies annually as the levy is applied to the changing regional tax base.
- Funding for LHIA comes from \$500,000 transferred from the LCDA levy, plus \$1,000,000 annually from the Council's general fund.

The amount available for distribution each year is somewhat greater than these legislatively authorized amounts. The additional funds come from two sources:

- Balances from grant projects completed the previous year with remaining unexpended funds, and funds relinquished by grantees for projects where a change in circumstances resulted in the inability to proceed with a project; and
- Interest credited to each account during the previous year

Minnesota Statutes 473.25 states "The council shall prepare an annual plan for distribution of the fund based on the criteria for project and applicant selection." The *2005 Annual Livable Communities Fund Distribution Plan* is the tenth fund distribution plan prepared for the Livable Communities Fund.

The dollar amounts set in the fund distribution plan are the base amounts for grants to be awarded during 2005. If significant additional monies accrue to any account during 2005 due to the recovery of unexpended or relinquished funds, those additional dollars may be included in the amount of money available for distribution during the fall round of grant awards for that particular account or carried forward to the 2006 fund distribution plan.

The Community Development Committee reviewed the funding criteria and selection process for each of the LCA accounts prior to the preparation of the 2005 fund distribution plan. The criteria in the distribution plan include revisions made as a result of the committee's discussions.

## **2005 FUNDS AVAILABLE FOR GRANT AWARDS**

The annual fund distribution plan for 2005 is presently estimated to include:

- \$5.44 million in the Tax Base Revitalization Account (**TBRA**),
- \$8.31 million in the Livable Communities Demonstration Account (**LCDA**), and
- \$1.65 million in the Local Housing Incentives Account (**LHIA**)

The following sections of this document provide the “criteria for project and applicant selection” for each LCA account as required by the legislation. A funding cycle schedule for each account is also included.

# TAX BASE REVITALIZATION ACCOUNT

2005

## **FUNDING SCHEDULE FUNDING CRITERIA AND SELECTION PROCESS**

## Tax Base Revitalization Account 2005 Funding Schedule

**2005 Available Funding: \$5.44 Million**

### **ROUND 1 (Spring) Available Funding: \$2,720,000**

<b>Date</b>	<b>Activity</b>
January 31	Issue request for proposals
February 23	Grant Applicant Workshop -- held jointly with Department of Employment and Economic Development (DEED) and other public cleanup funding agencies.
May 2	Applications Due
May 2 – June 20	Application review – coordinate evaluation and funding recommendations with DEED, the MPCA, the Department of Commerce, the Department of Agriculture, the Department of Health, Hennepin County, Ramsey County, and others as appropriate.
June 20	Community Development Committee recommends grant awards
July 13	Metropolitan Council awards grants

### **ROUND 2 (Fall) Available Funding: \$2,720,000**

<b>Date</b>	<b>Activity</b>
August 1	Issue request for proposals
August (date to be determined)	Grant Applicant Workshop -- held jointly with DEED and other public cleanup funding agencies.
November 1	Applications Due
November 1 – December 16	Application review – coordinate evaluation and funding recommendations with DEED, the MPCA, the Department of Commerce, the Department of Agriculture, the Department of Health, Hennepin County, Ramsey County, and others as appropriate.
December 19	Community Development Committee recommends grant awards
December 28	Metropolitan Council awards grants

# **Tax Base Revitalization Account Funding Criteria and Selection Process**

(Applicable for grants awarded Fall 2005 and Spring 2006)

## **Section 1: BACKGROUND AND PURPOSE**

The Metropolitan Livable Communities Act (MN Statutes Chapter 473.252) creates the *Tax Base Revitalization Account* (TBRA). The Tax Base Revitalization Account provides funds to clean up contaminated land in areas that have lost commercial/industrial activity to make it available for economic redevelopment, job retention or job growth, or the production of affordable housing to enhance the tax base of the recipient municipality. TBRA funds, raised by a legislatively authorized levy capped at \$5 million, will be available annually with applications accepted twice each year (the first regular business day on or after May 1 and November 1). The Account is coordinated with complementary programs at the MN Pollution Control Agency (MPCA) and MN Department of Employment and Economic Development (DEED).

## **Section 2: ELIGIBLE APPLICANTS**

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

## **Section 3: ELIGIBLE USE OF FUNDS**

Eligible expenditures include Phase I and Phase II investigations, and preparation and implementation of approved Response Action Plans (RAPs) developed in conjunction with the MPCA for hazardous waste, or abatement programs that meet the requirements for the V-PIC/LUST program at MPCA (for petroleum), or AHERA standards (for asbestos). The funds may be used consistent with DEED guidelines to provide a portion of the local match required for a grant from DEED's Contamination Cleanup Grant Program. Costs for investigating the extent and/or nature of contamination are only eligible if incurred within 180 days of the grant application. Costs not related to clean up are not eligible expenditures under this program except when they meet DEED eligibility requirements and are used to match DEED funding. Costs incurred to prepare or submit applications are ineligible.

## **Section 4: AWARDING GRANTS/COMPETITIVE PROCESS**

The Metropolitan Council is required to consider certain factors in order to ensure the highest return in public benefits for the public costs incurred. In order to objectively compare and evaluate applications, the following criteria will be assigned point values to rank each applicant's proposal against the others in the grant cycle. Consultation with Council staff and external partners, including DEED, MPCA, the MN Department of Commerce, and—when applicable—others, informs the process of evaluating applications. Applications may be submitted for more money than is expected to be available in a grant cycle. Such applications will be considered for their maximum eligibility in successive grant cycles based on the cumulative amount of funding awarded or recommended, and provided there is a commitment for each applicable grant cycle to complete the clean-up and proceed with redevelopment. Such commitments to proceed must not be contingent on subsequent awards of clean-up funding. Applications will be ranked according to the extent to which they address the following:

- increase the tax base of the recipient municipality--16 points (TIF designation does not disqualify a site, however a non-TIF district site earns 4 *bonus points because all the affected tax jurisdictions benefit immediately*);
- result in a net gain in long-term jobs/industry for the region--16 points;
- reflect demonstrated market demand for commercial/industrial land in the proposed site area--12 points (a contract with an end-stage developer earns 4 *bonus points because prompt implementation is most likely*);

- support supplementary funding for unanticipated but warranted costs for a previously approved project where the aggregate clean-up cost remains acceptable--12 points;
- reward community housing performance—10 bonus points;
- preserve and/or increase living wage jobs--8 points;
- improve the environment by reducing human health risk--8 points;
- promote compact and efficient development--8 points;
- increase the number of livable wage jobs in/near areas of concentrated poverty and demonstrate sensitivity to linkages with local residents--8 points;
- represent innovative partnerships among government, private for-profit and non-profit sectors--8 points;
- make more efficient use of currently underutilized public service capacity (e.g., roads and highways, transit, wastewater, utilities, telecommunications infrastructure, etc.)--4 points;

Applications may be determined ineligible for funding if:

- clean-up funding is available from other public sources;
- an analysis of the proposal determines the funding is not needed in order for the project to proceed;
- the project requires extensive new (regional) infrastructure beyond that which is already planned (extensive subsequent infrastructure disqualifies an applicant);
- the proposal is not consistent with the redevelopment component of the municipality's comprehensive plan (in re: Minn. Stat. section 473.859, Subd. 5); or
- the proposed redevelopment activities include a residential element, but do not include an affordable component, either on the site, or committed/contributed to occur elsewhere in the recipient city.

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 and St. Paul.

### **Section 5: LOCAL SUPPORT**

Any proposal for funds under this program must include a resolution of support from the local unit of government within which the project is proposed.

### **Section 6: REPORTING REQUIREMENTS**

Recipients of Tax Base Revitalization Account grants must submit a report to the Metropolitan Council at the closure of the grant and for five years annually thereafter, stating: (1) the site redevelopment activities completed the previous calendar year, (2) the net tax capacity for the current year and the total property taxes paid on this parcel (land and buildings) for the preceding year, and (3) the part-time and full-time jobs on the site at the end of the previous year and the percentage that are new jobs in the following hourly rate categories: less than \$8.49/hr., between \$8.50 and \$10.49/hr., between \$10.50 and \$12.49/hr., and greater than \$12.50/hr.

### **Section 7: PROCEDURES**

Applicants may write or call to request application packets from the Metropolitan Council, 230 East Fifth Street, St. Paul, MN 55101-1634. Application materials are also available on-line in the Community Assistance section under the Services and Programs heading (see “Livable Communities”) at [www.metrocouncil.org](http://www.metrocouncil.org). Any questions should be directed to Kristina Smitten at 651-602-1535. This Notice of Funding Availability is subject to applicable federal, state, and municipal laws, rules and regulations. The

Metropolitan Council reserves the right to modify or withdraw this RFP at any time. **Applicants required to have a Response Action Plan (RAP) approved by the MPCA should submit the required reports to the Voluntary Investigation Cleanup Program or the Voluntary Petroleum Investigation Cleanup Program a minimum of 45 days prior to the Metropolitan Council application deadline.** The MPCA requires this much lead-time to assure a review of the RAP.

**Section 8: APPLICATION FORMAT**

An original and two copies of the attached application information must be submitted by the grant application deadline. If funds are requested as part of the match to a DEED request, follow the Alternate Process for Joint Applications with the Department of Employment and Economic Development found at the end of the TBRA application information.

**Section 9: MODEL EXAMPLES**

A sample clean-up budget showing eligible expenditures and a sample resolution authorizing submission of the grant application are provided with the application form. These examples may be modified to fit applicant needs and interest.

## **ALTERNATE PROCESS FOR JOINT APPLICATIONS WITH THE DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

The Metropolitan Council application form is not necessary for joint applications where the Council is asked to match Department of Employment and Economic Development (DEED) funding. Submit two copies of the DEED application with a cover letter indicating that matching funds from the Metropolitan Council are requested. The DEED attachments documenting appraisals and the MPCA response action plan need not be included. Provide two copies of the following additional information:

1. Authorized official(s) who would execute a contract to expend the funds.
2. Resolution authorizing the submission of the application to the Metropolitan Council.
3. Current and projected “net tax capacity” of the existing parcel and the proposed redevelopment and indicate the years used, who provided the information and how it was calculated. Indicate if the site is in a tax increment finance district.
4. Mechanisms/programs in place to ensure that local residents will have appropriate access to new jobs created.
5. Section of the municipality’s comprehensive plan addressing the site.
6. Clarify the amount requested from the Metropolitan Council if this is not explicit in the DEED application.
7. Clarify the anticipated sources of private and public investment in the entire redevelopment including items like building construction that are not included in the “project budget” indicated in the DEED application.

LIVABLE COMMUNITIES  
DEMONSTRATION ACCOUNT

2005

**FUNDING SCHEDULE**  
**FUNDING CRITERIA**  
AND  
**SELECTION PROCESS**

## **Livable Communities Demonstration Account 2005 Funding Schedule**

2005 Available Funding: \$8.31 Million for Development Grants

**(Opportunity Grants will not be awarded in 2005)**

<b>Date</b>	<b>Activity</b>
April 14	Issue request for proposals
April 26 April 28	Hold two workshops for grant applicants
June 30	Applications due
July 30	Local resolution of support due
July to late August	Staff conducts technical review of proposals and Step 1 evaluation process
September to mid-November	Livable Communities Advisory Committee conducts Step 2 evaluation process and selection process; recommends funding awards.
December 5	LCAC funding recommendations presented to Community Development Committee
December 19	Community Development Committee recommends grant awards
December 28	Metropolitan Council awards grants

# LIVABLE COMMUNITIES DEMONSTRATION ACCOUNT

## Development Grants

### Funding Criteria and Selection Process

Funding Available in 2005: \$8.31 Million

#### Legislative Authority and Purpose:

The Livable Communities Demonstration Account was established by the Livable Communities Act [Minnesota Statutes Chapter 473.25, (b)]. The Demonstration Account provides funds to development or redevelopment projects that connect development with transit, intensify land uses, connect housing and employment, provide a mix of housing affordability, and provide infrastructure to connect communities and attract investment.

#### Program Goals:

Consistent with regional policy in the *2030 Regional Development Framework*, program goals for all communities are to:

- Accommodate regional growth while using regional systems and land efficiently,
- Increase transportation choices,
- Appropriately mix land uses,
- Increase the variety of housing types and costs,
- Leverage private investment.

Program goals for Developed and Developing Communities are:

- Developed Communities: Invest Council resources to facilitate reinvestment—infill, adaptive reuse and redevelopment.
- Developing Communities: Invest Council resources to support staged development, and centers with convenient access to transportation and transportation corridors.

#### Funding Goals

Funding goals are to support projects that will help meet these *2030 Regional Development Framework* goals for all communities:

- Develop land uses linked to the local and regional transportation systems.
- Connect housing and centers of employment, education, retail and recreation uses
- Develop a range of housing densities, types and costs.
- Abate, prevent or remove point and nonpoint source pollution, and maximize groundwater recharge through surface water infiltration.

Program focus and funding goals for Developed and Developing Communities:

- Developed Communities: Maintain, renew and improve infrastructure, buildings and land to provide developments that integrate land uses.
- Developing Communities: Accommodate growth, support centers along corridors, encourage connected land patterns for new development, and encourage the development of communities where shopping, jobs and a variety of housing choices co-exist by design.

**Eligible Applicants:** Application is open to cities participating in the Local Housing Incentives Program of the Livable Communities Act, on behalf of proposals in their communities; or metropolitan counties on behalf of projects located in LCA participant communities.

**Number of Applications Per City:** No more than five applications may be submitted by a single city in any application cycle. Cities submitting more than one application per cycle (year) must prioritize them according to the city's internal priorities. Counties are not required to prioritize.

**Use of Funding:** Funding will assist communities with infrastructure and other hard costs for projects that are ready or will be ready within a year for construction. Eligible uses include site assembly, land acquisition, demolition and removal of obsolete structures on the site; new streets and sidewalks, structured parking.

**Eligible Uses of Funds:** Grant funds may be used primarily for infrastructure, site preparation and construction costs—hard costs such as site assembly, acquisition, demolition and removal of obsolete buildings; new streets and sidewalks, structured parking. Funded project components must directly contribute to completion of a built or finished project, and reflect the goals of the program. Funded components will be evaluated in the context of individual projects.

**Ineligible Uses of Funds:** City's administrative overhead, project coordination, activities prior to the start of the grant project; travel expenses; legal fees; local permits, licenses or authorization fees; costs associated with preparing other grant proposals; operating expenses; comprehensive planning costs; prorated lease and salary costs; pollution cleanup on the site; preparation of master plans or redevelopment plans; conducting design workshops, developing design standards; conducting market studies; developing zoning and land use implementation tools; housing affordability gap and value gap financing.

**Amount of Awards:** No minimum or maximum award levels for projects have been established. The Metropolitan Council reserves the right to award less than the available funding in the grant cycle.

**Distribution of Funds:** The Livable Communities Advisory Committee may recommend up to 40 percent of the total funds available in a grant cycle for projects located in Minneapolis and St. Paul. The Metropolitan Council reserves the right to subsequently consider awarding more than 40 percent of the total available funds in the grant cycle to projects located in Minneapolis and St. Paul, provided these conditions are met:

- 1) The consideration will adhere to the project evaluation and scoring process outlined in these criteria and to the project rankings; and,
- 2) Minneapolis and St. Paul projects that, if granted funds, would result in a total that exceeds 40 percent of the available funding in the current grant cycle:
  - a) Are exemplary demonstrations of the program criteria, as measured by these projects having scored 75 or more of 90 possible points in the evaluation process; and,
  - b) Have satisfactorily met the evaluation tests for developability, readiness, and funding appropriateness, as determined by the Livable Communities Advisory Committee.

**Local Resolution:** A resolution from the applicant city, county or development authority in support of applications(s) must be submitted no later than July 30, 2005. This resolution must 1) authorize the grant applications(s), 2) identify the need for LCDA funding, such that the project could not occur in the foreseeable future "but-for" LCDA funds, and 3) prioritize the applications according to the city's internal priorities, if a city is submitting more than one application. Applications submitted by counties on behalf of projects located in LCA-participating cities must also be supported by a resolution in support of the application from the city in which the project is located, as well as the resolution from the applicant county.

**Application Process:** Submit 30 copies of the application and required attachments by **June 30, 2005** to:

Linda Milashius  
Metropolitan Council  
Mears Park Centre  
230 East Fifth Street  
St. Paul, MN. 55101

...**AND** send one email copy of the application to [linda.milashius@metc.state.mn.us](mailto:linda.milashius@metc.state.mn.us) (does not need to include attachments). Staff will send confirmation of application's receipt. The application is available online at [www.metrocouncil.org/grants/lcda/demoapp.doc](http://www.metrocouncil.org/grants/lcda/demoapp.doc)

**Questions?** Please direct questions related to the application and review process to Linda Milashius at [linda.milashius@metc.state.mn.us](mailto:linda.milashius@metc.state.mn.us) or 651.602.1541. For other questions, please contact the Council's sector representative for your city.

**Eligibility Criteria**

- The proposal involves new development, redevelopment or infill development addressing the program goals.
- Proposed project is located within the Council-identified developed area, developing area or a rural growth center.
- The Metropolitan Council has under review, or has reviewed and accepted applicant community’s comprehensive plan.
- The community’s comprehensive plan amendments for the submitted proposal, if necessary, are completed or under review by the Metropolitan Council.
- Proposed project helps achieve one or more of the affordable and life cycle housing goals adopted by the applicant city (or the city in which the project is located if the applicant is a county) under the Local Housing Incentive program of the Livable Communities Act.
- A local resolution (from the applicant city, county or development authority) authorizing the application for grant funds, identifying the need for LCDA funding, and prioritizing applications (if a city is submitting more than one application) is received by July 30, 2005.
- Application is complete.

**Step One: Regional Evaluation Process**

A staff team will evaluate eligible proposals using the Step One evaluation criteria and guidelines below.

**Step One Evaluation Criteria – 30 possible points**

*A. The extent to which the proposal will be a replicable demonstration of the following criteria, as applicable to the site location, geographic location and the community context. Proposals will be evaluated according to the appropriate developed or developing context of the project itself, not necessarily its developed or developing community classification: **22 total points possible** for this section, A1- A5 combined.*

- 1) **Uses land efficiently.** **0-5 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Makes cost-effective use of infrastructure and increases density.</li> <li>• Converts or reuses declining or underutilized lands to accommodate growth forecasts, ensure efficient utilization of existing infrastructure investments and meet community needs.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Converts or reuses declining or underutilized lands to accommodate growth forecasts, ensure efficient utilization of infrastructure investments, and meet community needs.</li> <li>• Includes land use patterns that will facilitate groundwater recharge to protect the region’s water supply</li> </ul>

2) **Develops land uses linked to the local and regional transportation systems. 0-4 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Includes land use patterns that support transit service and development.</li> <li>• Includes local transportation, transit, pedestrian and bicycle investments to improve connections between workplaces, residences, retail, services and entertainment activities.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Supports the transportation needs of the planned build-out of the community.</li> <li>• Improves transportation connections and addresses/incorporates commuting issues such as park and rides, express bus service.</li> <li>• Includes land use patterns to support transit development and service expansion.</li> </ul>

3) **Connects housing and centers of employment, education, retail, recreation uses. 0-5 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Provides infill development, redevelopment, and adaptive reuse of structures to connect housing and jobs, and integrate new development into existing neighborhoods.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Builds connections between workplaces, residences, retail, services and entertainment activities.</li> </ul>

4) **Develop a range of housing densities, types and costs. 0-4 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Integrates new housing into existing neighborhoods.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Includes housing planned to take into account population forecasts, existing housing stock, current and future community needs.</li> </ul>

5) **Abates, prevents or removes point and nonpoint source pollution, and maximizes groundwater recharge through surface water infiltration. 0-4 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Restores natural resources where feasible and appropriate.</li> <li>• Controls and treats stormwater, as feasible and appropriate.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Abates, prevents or removes point and nonpoint source pollution; reduces soil erosion; protects or improves water quality; maximizes groundwater recharge through surface water infiltration, as feasible and appropriate.</li> </ul>

*B. The extent to which the proposal includes tools and processes to ensure successful outcomes, as appropriate to the project.* **0-4 points**

All Communities
<ul style="list-style-type: none"><li>• Appropriate and effective regulatory tools, such as zoning codes, design standards, development standards</li><li>• Partnerships among government, private for-profit and nonprofit sectors.</li></ul>

*C. The extent of community support for the project.* **0-4 points**

All Communities
<ul style="list-style-type: none"><li>• Community participation, local vision and leadership.</li></ul>

*These guidelines will be applied to proposals following evaluation and scoring on the selection criteria, and provided as information for the Step 2 selection process.*

- Has applicant community responded or is responding to recommendations cited in the Council’s review of the comprehensive plan?
- If a proposal or related project has been previously funded through a Livable Communities Demonstration Account development or opportunity grant, have grant funds been expended or progress made?

### **Livable Communities Advisory Committee Evaluation and Selection Process**

The Livable Communities Advisory Committee (LCAC) will evaluate and score proposals according to the evaluation and selection criteria in Steps 2 and 3 below, and make funding recommendations to the Metropolitan Council through its Community Development Committee. The 17-member LCAC includes local government officials; local government economic and community development staff; experts in development and finance, land use design, land use and transportation.

The LCAC will select, following a first-phase evaluation, a group of applications to proceed to the second phase in the evaluation process and be considered for funding. Projects not selected for further evaluation are eliminated from funding consideration, based on not being well targeted to the land use criteria, or clearly lacking readiness in terms of land use or financial elements.

For each project, the LCAC will confirm the city’s “but-for” finding in the local resolution of support. Projects for which the “but-for” test is confirmed will move to the next evaluation step of scoring the applications against the LCDA evaluation criteria. Projects for which the “but-for” test is not confirmed will be eliminated from further consideration, and will not be scored against the evaluation criteria.

To be recommended by the LCAC for funding, proposals must score 60 or more points (of a possible 90) on the selection criteria (Section A, Phase 2 Evaluation) or be supported by a two-thirds vote of the committee. The LCAC will also assess the readiness of projects for funding in 2005, and appropriateness of the funding request. Housing incentive points as described below in “housing performance scoring” will be applied separately.

**Proposals will be evaluated in the context of the site, geographic area and community. This will recognize the unique and diverse characteristics of projects’ location and geographic location in the region.**

## Step Two: Evaluation Criteria

90 possible points, including up to 30 points carried over from Step 1 regional evaluation process.

A. The extent to which the proposal will be a replicable demonstration of the following criteria, as applicable to the site location, geographic location and the community context. Proposals will be evaluated according to the appropriate developed or developing context of the project itself, not necessarily its developed or developing community classification: **44 total points possible** for this section, A1- A5 combined.

**1. Uses land efficiently. 0-10 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Makes cost-effective use of infrastructure and increases density.</li> <li>• Converts or reuses declining or underutilized lands to accommodate growth forecasts, ensure efficient utilization of existing infrastructure investments and meet community needs.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Converts or reuses declining or underutilized lands to accommodate growth forecasts, ensure efficient utilization of infrastructure investments, and meet community needs.</li> <li>• Includes land use patterns that will facilitate groundwater recharge to protect the region's water supply</li> </ul>

**2. Develops land uses linked to the local and regional transportation systems. 0-8 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Includes land use patterns that support transit service and development.</li> <li>• Includes local transportation, transit, pedestrian and bicycle investments to improve connections between workplaces, residences, retail, services and entertainment activities.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Supports the transportation needs of the planned build-out of the community.</li> <li>• Improves transportation connections and addresses/incorporates commuting issues such as park and rides, express bus service.</li> <li>• Includes land use patterns to support transit development and service expansion.</li> </ul>

**3. Connects housing and centers of employment, education, retail, recreation uses. 0-10 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Provides infill development, redevelopment, and adaptive reuse of structures to connect housing and jobs, and integrate new development into existing neighborhoods.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>• Builds connections between workplaces, residences, retail, services and entertainment activities.</li> </ul>

4. **Develop a range of housing densities, types and costs.**

**0-8 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>Integrates new housing into existing neighborhoods.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>Includes housing planned to take into account population forecasts, existing housing stock, current and future community needs.</li> </ul>

5. **Abates, prevents or removes point and nonpoint source pollution, and maximizes groundwater recharge through surface water infiltration.**

**0-8 points**

Developed Communities	Developing Communities
<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>Restores natural resources where feasible and appropriate.</li> <li>Controls and treats stormwater, as feasible and appropriate.</li> </ul>	<p><i>Achieves this objective in ways such as:</i></p> <ul style="list-style-type: none"> <li>Abates, prevents or removes point and nonpoint source pollution; reduces soil erosion; protects or improves water quality; maximizes groundwater recharge through surface water infiltration, as feasible and appropriate.</li> </ul>

*B. The extent to which the proposal includes tools and processes to ensure successful outcomes, as appropriate to the project.*

**0-8 points**

All Communities
<ul style="list-style-type: none"> <li>Appropriate and effective regulatory tools, such as zoning codes, design standards, development standards;</li> <li>Partnerships among government, private for-profit and nonprofit sectors.</li> <li>Plans appropriate to the market or demonstrated market support.</li> </ul>

*C. The extent of community support for the project.*

**0-8 points**

All Communities
<ul style="list-style-type: none"> <li>Community participation, local vision and leadership.</li> </ul>

### Step 3: Selection Criteria

#### A. Developability and Readiness

All Communities
<ul style="list-style-type: none"><li>• Grounded in market realities with developer interest or commitment. ___ ready ___ partially ready ___ not ready</li><li>• Implementation tools in place. ___ all tools in place ___ not all ready, some tools in process ___ not all in place</li><li>• Funding commitments in place to ensure construction start or further progress within a year. (For previously funded LCDA projects that received less than requested funding, consider that funding shortfalls may have slowed progress toward construction). ___ all commitments in place ___ most commitments in place ___ most commitments not in place</li></ul>

#### B. Appropriateness of funding and funded elements

All Communities
<ul style="list-style-type: none"><li>• One or more components for which funding are requested reflect LCDA program goals.</li><li>• One or more components, if funded, will provide a catalyst or key element of the project to move it forward to implementation.</li><li>• Consideration of the following, for projects previously funded by LCDA:<ul style="list-style-type: none"><li>▫ Does project's progress since earlier funding warrant additional funding at this time?</li><li>▫ Has project already received sufficient LCDA funding to move it forward, compared to needs for other projects?</li></ul></li></ul>

### Housing Performance Scoring

Following evaluation and scoring of proposals by the Livable Communities Advisory Committee, staff will assign up to ten additional housing incentives points to each applicant's score. The housing incentives points are determined by converting a community's housing performance score from a 100-point scale to a ten-point scale.

Project rankings may change as a result of adding the housing incentives points. However, the advisory committee's funding recommendations do not necessarily directly correspond to the numerical rankings.

A proposal will be 'held harmless' in the ranking process (the proposal will either improve its ranking or will not be lowered in the rankings) if the proposal includes or proposes new affordable housing, or affordable housing is located within the project site/area. The definition of affordable housing used is consistent with how the Council defines affordable ownership and rental housing in implementation of the Livable Communities Act.

LOCAL HOUSING INCENTIVES  
ACCOUNT

2005

**FUNDING SCHEDULE**  
**FUNDING CRITERIA**  
AND  
**SELECTION PROCESS**

## Local Housing Incentives Account 2005 Funding Schedule

**2005 Available Funding: \$1.65 million**

### Ownership Programs ROUND 1:

<b>Date</b>	<b>Activity</b>
December 2004	Minnesota Housing Finance Agency (MHFA)/Metropolitan Housing Implementation Group (MHIG) Issue Request for Proposals (RFP)
January 25, 2005	RFP Workshops for Metropolitan Area at MHFA
February 7	Application Deadline
February 10 – March 16	MHFA/MHIG staff review applications
April 28	MHFA Board acts on recommendations from MHIG for RFP selections
May 16	Community Development Committee recommends grant awards
May 25	Metropolitan Council awards grants

### Ownership Programs ROUND 2: Tentative Schedule

<b>Date</b>	<b>Activity</b>
June 1 (Tentative)	MHFA/MHIG Issues RFP
June 7 - 11	RFP Workshop for Metropolitan Area at MHFA
Mid. July	Application Deadline
July – August	MHFA/MHIG staff review applications
September 22 (Tentative)	MHFA Board acts on recommendations from MHIG for RFP selections
To Be Determined	Community Development Committee recommends grant awards
To Be Determined	Metropolitan Council awards grants

## Rental Programs

<b>Date</b>	<b>Activity</b>
May 2, 2005	Minnesota Housing Finance Agency (MHFA)/Metropolitan Housing Implementation Group (MHIG) Issue Request for Proposals (RFP)
May, 2005	RFP Workshops for Metropolitan Area at MHFA
June 28	Application Deadline
July 1 – September 22	MHFA/MHIG staff review applications
October 27	MHFA Board acts on recommendations from MHIG for RFP selections
To Be Determined	Community Development Committee recommends grant awards
To Be Determined	Metropolitan Council awards grants

**Local Housing Incentives Account  
Funding Criteria and Selection Process**  
(Applicable for grants awarded Fall 2005 and Spring 2006)

The Metropolitan Livable Communities Act (MN Statutes Chapter 473.254, Subd. 6) sets forth requirements for the distribution of Local Housing Incentives Account (LHIA) funds to meet cities' negotiated affordable and lifecycle housing goals. To implement the LHIA, the Metropolitan Council partners with the Minnesota Housing Finance Agency, the Family Housing Fund and others—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 additional criteria.

**ADDITIONAL MHIG FUNDING CRITERIA  
Livable Communities Act-Local Housing Incentives Account (LHIA)**

Funds from this account are awarded as grants that must be matched on a dollar-for-dollar basis by the municipality receiving the funds. These grant funds may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals, including, but not limited to acquisition, rehabilitation, and construction of permanent affordable and life-cycle housing.

**Threshold Criteria**

- To be eligible, a municipality must have: 1) elected to participate in the Livable Communities Act Local Housing Incentives Account program; 2) negotiated housing goals adopted by the Metropolitan Council; and 3) identified to the Council the actions it plans to take to achieve these negotiated housing goals.
- The municipality must be actively pursuing various ways to meet their negotiated affordable and life-cycle housing goals.
- The municipality must match the amount of the LHIA funds to be awarded with a local affordable housing investment or contribution of an equal amount.
- New construction homeownership programs seeking assistance through the LCA LHIA funds must have a significant component of the program serving households with incomes at or below 60 percent of area median income. Other homeownership, rehabilitation, home improvement, and acquisition, demolition and resale programs may serve households at up to 115 percent of area median income in areas of low-valued, blighted and substandard properties where the local government is engaged in a redevelopment and neighborhood improvement effort to which they have committed matching local funding.

The LHIA contribution to fill the affordability or value gap in homebuyer programs will be limited to no more than one-half of the difference between the current affordable ownership amount for households at 60 and 80 percent of area median income.

- Homeownership programs involving affordability gap funding requests must include acknowledgment that resale limitations regarding equity realized by buyers assisted by LHIA funding will be imposed by the administrators of the ownership program to recover the public investment represented by the LHIA funds.
- Each funding round, priority will be given to using 50 percent of the funds directed to rental proposals for creating/preserving units affordable at 30 percent median income.
- Among these priority proposals, give further priority to those in which units affordable at 30 percent of median income are to meet the needs of the chronically homeless.

- Funds not used to assist rental proposals serving households at 30 percent of median income or lower may be used to assist rental proposals serving households at 50 percent of median income.

### **Competitive Criteria**

(Other factors to be considered)

- The municipality currently has a net fiscal disparities contribution of \$200 or more per household.
- The municipality does not use its Affordable and Life-cycle Housing Opportunity Amount (ALHOA) expenditure as the source for its matching funds.
- The Housing Performance Scores of the municipalities in which the housing either is or is proposed to be located are considered in inverse rank order in LCA LHIA funding recommendations.

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