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Report

Report

Metropolitan Livable Communities Fund

Report to the Minnesota
State Legislature

March 1999

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The mission of the Metropolitan Council is to provide leadership in the effective planning of regional growth and redevelopment, and in the delivery of quality regional services.

The Metropolitan Council coordinates regional planning and guides development in the seven-county area through joint action with the public and private sectors. The Council also operates regional services, including wastewater collection and treatment, transit and the Metro HRA – an affordable-housing service that provides assistance to low-income families in the region. Created by the legislature in 1967, the Council establishes policies for airports, regional parks, highways and transit, sewers, air and water quality, land use and affordable housing, and provides planning and technical assistance to communities in the Twin Cities region.

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Summary

This is the third annual report to the Minnesota Legislature on the Metropolitan Livable Communities Fund, established by the 1995 Livable Communities Act (Minnesota Statutes, Sections 473.25 through 473.254). The report details activities of the Metropolitan Council's administration of the fund in 1998, and a summary to date of fund activities covering 1996 through 1998. The report responds to a requirement in the Livable Communities law that the Council submit an annual report on the fund's activities and on how the funded projects meet regional policies and goals.

The Livable Communities Fund has three accounts:

- The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated metro area land for subsequent commercial and industrial development, thus restoring tax base and jobs near existing housing and services.
- The **Livable Communities Demonstration Account (LCDA)** funds projects that demonstrate using land and services more efficiently, through more compact, higher-density, transit-and pedestrian-oriented development with a mix of residential and commercial buildings and a range of housing types and costs.
- The **Local Housing Incentive Account (LHIA)** helps expand life-cycle and affordable rental and ownership housing in the region.

The Metropolitan Council awarded \$11,611,765 in grants from the three accounts during 1998. Funds came primarily from tax levies, with additional monies from 1996-97 carryover, accrued interest, and from previously funded projects completed under budget.

Grants were awarded as follows:

- **Tax Base Revitalization Account:** Ten grants totaling \$5,461,765 to help clean up 300 acres of polluted land in seven communities.
- **Livable Communities Demonstration Account:** Ten grants totaling \$4,950,000 for economic and community development projects in eleven communities.
- **Local Housing Incentive Account:** Seven grants totaling \$1,200,000 to help construct and rehabilitate affordable rental and ownership housing in seven suburban communities.

Grant awards to date in the three years of the fund's operation, 1996 through 1998, include:

- **Tax Base Revitalization Account:** 38 grants in 13 communities totaling \$19.97 million to clean up 506 acres of land.
- **Livable Communities Demonstration Account:** 28 grants in 17 communities and two multi-city coalitions, totaling \$13.5 million.
- **Local Housing Incentive Account:** 18 grants to 14 communities totaling \$2.8 million for affordable suburban rental and ownership housing.

The uncommitted balance in the fund (total sources minus total awarded) was \$1,846,848 as of December 31, 1998. The report includes a summary of each project funded in 1998 and a detailed financial summary.

Projects Funded, How Projects Support Regional Policy

Projects funded through the Tax Base Revitalization Account in 1998 will foster the regional objective to stimulate economic growth in the region's core and other older communities. The TBRA awarded grants

to help with cleanup and reuse of over 300 acres of brownfields in core locations of Minneapolis and St. Paul, and in Bloomington, Brooklyn Center, Robbinsdale, Shoreview and West St. Paul. These economic development projects result in creation of 4,474 jobs paying an average hourly wage of \$13. A more than \$4.2 million increase in net tax capacity will be realized from these cleanup projects, and they involve more than \$329 million in private investment.

Livable Communities Demonstration Account projects present replicable models for how land and services can be used more efficiently, supporting the regional growth strategy to ensure orderly development and limit sprawl, promote infill development to use land better and improve jobs-housing-transportation connections, and expand affordable and life-cycle housing choices in the region.

The Demonstration Account funded two models for redevelopment and infill development in the core--one in Minneapolis, one in St. Paul--in 1998 that provide rehabilitated and new housing in a range of costs, improved physical environment and livability, and good access to transit and jobs. Additional LCDA-funded projects represent models of compact infill redevelopment in older communities that improve jobs-housing-transportation links (St. Louis Park and Columbia Heights); demonstrations that upgrade and diversify the housing supply (north Minneapolis bordering Brooklyn Center, and one operating jointly in Brooklyn Center, Crystal, New Hope and Robbinsdale) to stabilize older neighborhoods, maintain the housing supply's economic and market value, and improve livability. Projects along Central Avenue in north Minneapolis and South Robert Street in West St. Paul will demonstrate ways to revitalize commercial corridors. In addition, Brooklyn Park and Circle Pines will develop models for revitalizing aging commercial centers.

Projects awarded Local Housing Incentives Account grants will result in more new affordable multifamily housing in seven suburban communities in the region, promoting the Council's policy to expand life-cycle and affordable housing options in the region. Funded projects include 94 new rental townhouses, all affordable to families with incomes from 30 to 50 percent of the area median (\$18,240 to \$30,400 for a four-person family, in 1998 dollars); 24 new single-family homes to be sold to families earning from 50 to 80 percent of the median (\$30,400 to \$48,650); and 472 rehabilitated apartments affordable to families at 30 to 50 percent of median income (\$21,280-\$30,400).

Projects funded through the three accounts will provide over 1200 new and rehabilitated housing units--single-family houses, townhouses, condominiums, rental apartments for families and seniors, and live-work housing. About half of this housing, an estimated 620 units, will be affordable to families earning 30 to 50 percent (\$18,240 to \$30,400) of the area's median income. An additional 170 units will be affordable to families earning up to 80 percent (\$48,640) of median income.

Fund Administration

Interagency or community participation is a feature of the Council's administration of all three funding accounts. The Tax Base Revitalization Program is coordinated with, and some projects also funded through, the Department of Trade and Economic Development's Contaminated Site Cleanup Program. The Minnesota Pollution Control Agency's staff reviews TBRA applications to verify that cleanup is necessary and will be done cost-effectively. Applications for Livable Communities Demonstration Account funding are reviewed by a 15-member Livable Communities Advisory Committee with expertise in development and redevelopment, finance, transportation, urban design, local and county government, and private foundation work to ensure that proposed projects receive scrutiny in these areas, and that the projects selected meet the program's objectives. The Metropolitan Council administers the Local Housing

Incentives Account through the Metropolitan Housing Implementation Group (MHIG), an organization of all major housing funders in the region established in 1995 to coordinate and streamline the complex system of delivering housing resources in the metropolitan area. The MHIG developed a single request for proposal and application form so applicants need to apply only once to access any of the funds available during a funding cycle.

No legislative changes are recommended at this time for the Livable Communities Fund. The Council may make recommendations in the future in response to issues that may arise relating to effective operation of the fund and achieving outcomes consistent with the legislative intent.

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Background and Provisions of the Law

This is the third annual report to the Minnesota Legislature on the Metropolitan Livable Communities Fund, established by the 1995 Livable Communities Act (Minnesota Statutes, Sections 473.25 through 473.254). The report details activities of the Metropolitan Council's administration of the fund in 1998, and a summary to date of fund activities covering 1996 through 1998.

The fund has three accounts:

- The **Tax Base Revitalization Account (TBRA)** helps cities clean up contaminated metro area land for subsequent commercial and industrial development, thus restoring tax base and jobs near existing housing and services.
- The **Livable Communities Demonstration Account (LCDA)** funds projects that demonstrate using land and services more efficiently, through more compact, higher-density, transit-and pedestrian-oriented development with a mix of residential and commercial buildings and a range of housing types and costs.
- The **Local Housing Incentive Account (LHIA)** helps expand life-cycle and affordable rental and ownership housing in the region.

To receive funds from any of the accounts, cities must voluntarily agree to participate in the Housing Incentives Program established by the Act and work toward affordable housing goals developed in cooperation with the Council. In 1998, 101 metropolitan area cities participated and were eligible to receive funds.

The legislation requires the Council to prepare and submit an annual report to the Legislature on the fund, including "the amount of money in the fund, the amount distributed, to whom the funds were distributed and for what purposes, and an evaluation of the effectiveness of the projects in meeting the policies and goals of the Council. The report may make recommendations to the legislature on changes to this act."

This report contains the information required by the legislation. In addition, information is included on interagency cooperation and community participation in administering the fund.

Amount of Money In the Fund and Amount Distributed

The amount of money available in the Livable Communities Fund in 1998 from current year tax levies was \$10.6 million--\$5.1 million in the TBRA account, \$4.1 million in the LCDA account, and \$1.5 million in the LHIA Account. Additional monies were available from accrued interest, unexpended balances from closed TBRA and LHIA grants, unused 1996-97 LCDA funds due to lack of fundable requests and slower than anticipated grant drawdowns.

The Metropolitan Council awarded \$11,611,765 in grants during 1998 as follows:

- **Tax Base Revitalization Account:** Ten grants totaling \$5,461,765 to help clean up more than 300 acres of polluted land in seven communities.
- **Livable Communities Demonstration Account:** Ten grants totaling \$4,950,000 for economic and community development projects in eleven communities.
- **Local Housing Incentive Account:** Seven grants totaling \$1,200,000 to help construct and rehabilitate affordable ownership and rental housing in seven suburban communities. (The

remaining \$300,000 in this account will be awarded in Spring 1999 for homeownership projects).

The uncommitted balance in the fund (total sources minus total awarded) was \$1,846,848 as of December 31, 1998. A detailed funding report is contained in Attachment A.

Distribution and Purposes of Funds

This section briefly describes each project for which funds were awarded, purposes of the grant award and the grant amount. The recipient of the funds is the city in which the project is located, unless noted otherwise (counties may apply for funding to be used in projects located in cities within the county).

Tax Base Revitalization Account

Grants Awarded June 1998

American Aviation Airport, Shoreview (Southeast quadrant of I-35 W and County Rd. J). Clean fly ash, construction debris and hospital waste residue from a former University of Minnesota landfill, and remove covertly dumped materials throughout the site. Redevelop with a business park for corporate offices, retail, manufacturing, production and warehouse facilities. Townhouses will be developed on part of the site. Grant award: \$179,200.

Sears Site, Minneapolis (Lake St. and Chicago Ave.). Clean hazardous waste and asbestos from the older building on the 17.64 acre site formerly occupied by Sears Roebuck and Co. Renovate the building as the Great Lake Center with industrial, office, retail, government, education facilities and common space. A hotel, entertainment complex and transit hub are planned. Grant award: \$1,303,982 (supplementing a 1997 TBRA award of \$2,666,332).

Rivercentre Arena, St. Paul (143 West Fourth St.). Address asbestos issues in the Civic Center preparatory to its demolition to make way for a new \$130 million arena. The adjacent convention center and the Roy Wilkins Auditorium will complement the new arena. The new arena will accommodate the new Minnesota Wild National Hockey League team and numerous other shows and events. Grant award: \$975,082.

Old Police and Fire Building, Robbinsdale (4145 Hubbard Ave.). Remove asbestos, lead paint and pistol range bullets. Renovate the property with eight units of family three-story row houses and 9,000 square feet of retail space suitable for a café or specialty stores. Grant award: \$149,701.

Grant Awarded November 1998

Williams Hill, St. Paul (east of I-35E between University Ave. and Pennsylvania Ave.). Clean contamination discovered under large stockpiles of earth that were removed to complete a previously funded cleanup on this 31-acre site. The remediation involves the investigation and management of debris, contaminated soil, petroleum, hazardous waste and groundwater. An industrial park is currently under development on the site. Grant award: \$433,000 (amendment supplemental to a 1996 award).

Grants Awarded December 1998

Market Pointe, Bloomington (4350 & 4400 W. 78th St.). Address landfill debris encroaching from the former France Avenue Dump which was situated on the property adjacent to the east. Remove asbestos and hazardous materials in two buildings on the site. Redevelop the site with three Class A office buildings (748,000 square feet) and a four-level parking ramp in a campus setting. Grant award: \$788,128.

Signal Hills Mall, West St. Paul (west side of Robert St. between Butler and Moreland Aves.). Address asbestos in the Signal Hills Mall prior to the demolition of a large portion including the existing Herberger's anchor store. The asbestos is present in air duct insulation, floor tile and linoleum, pipe insulation and ceiling panels. The redevelopment plan includes a new Wal-Mart store and relocation of Herbergers on the site. It also involves more parking on an outlot and reconfiguring the remainder of the center to its original "open air" design supplemented with new signage and facades. Grant award: \$324,500.

Sears Site, Minneapolis (Lake St. and Chicago Ave.). Complete the cleanup of hazardous waste and asbestos from the older building on the 17.64 acre site formerly occupied by Sears Roebuck and Co. Renovate the building as the Great Lake Center with industrial, office, retail, government, education facilities and common space. A hotel, an entertainment complex and a transit hub are planned. Grant award: \$600,000 (supplementing 1997 and June 1998 awards of \$3,970,314; award to date totals \$4,570,314).

American Aviation Airport, Shoreview (Southeast quadrant of I-35 W and County Rd. J). Address unanticipated asbestos and infectious wastes encountered during the previously funded landfill cleanup. Also, the presence of benzo(a)pyrene, other PAH's, PCB's and heavy metals at concentrations more elevated than encountered during the pre-cleanup investigation require a higher volume of disposal at an industrial waste landfill and possibly additional testing and disposal as hazardous waste. Redevelop with a business park for corporate offices, retail, manufacturing, production and warehouse facilities. Townhouses are to be developed on part of the site. Grant award: \$390,000 (supplementing a June 1998 award of \$179,200)

France Ave. Business Park, Brooklyn Park (west of Hwy 100, north of France Ave.) Address contamination stemming from the former Joslyn wood pole treating operation. The Joslyn site will be combined with three adjacent sites for a 39-acre redevelopment parcel west of Hwy. 100 and north of France and Lakebreeze Aves. The redevelopment site extends north to the Soo Line Railroad and west to Twin Lakes. The Joslyn site constitutes the northeast portion of the redevelopment site. A 130,000 sq. ft. regional office outlet and distribution center with space for a 60,000 sq. ft. expansion would be constructed for a Fortune 500 company. Grant award: \$318,172

Livable Communities Demonstration Account

Grants Awarded December 1998

Urban Village, Minneapolis (Between Hennepin/Lake St. and Lyndale/Lake St. areas in southwest Minneapolis; 28th St. and 29th Street Greenway on the north and south; Aldrich Ave. and Dupont Ave. to the east and west). Redevelopment of a 3-block, 6.6 acre light industrial area to include 210 mixed-income, owner-occupied housing units. New housing will include five types: 16 townhouses, 70 live/work

rowhouses, 12 duplexes, 10 mansion apartments and 94 lofts. Twenty percent of the units will be priced between \$95,000 and \$128,000; 10 percent of the units will be subsidized through homebuyer programs to provide greater affordability. Total development cost is \$42.6 million. Demonstration account funding will help fund land assembly and preparation activities, and public realm improvements. Grant Award: \$640,000.

Park Commons (Phase I, Block 1), St. Louis Park (North side of Excelsior Blvd at Ottawa Ave.; part of the 125-acre Park Commons redevelopment area in the northeast quadrant of Hwy 100 and Excelsior Blvd.) Redevelopment of a 4.4 acre site (currently a vacant lot and 3 buildings) to include a 40,000 sq. ft. town green with transit stop and pedestrian/bicycle connections to Wolfe Park; multi-story, mixed-use buildings with 186,000 sq. ft. of leasable space; 92 new mixed-income residential units, and shared structured parking. The housing will include 10 live-work units and 18 apartments affordable for people earning 30 to 50 percent of the area median income (\$18,240 to \$30,450 in 1998 dollars). Total development cost is \$30 million. The Park Commons project was awarded a \$139,000 LCDA grant in 1996 for predevelopment activities. Demonstration account funding will fund a portion of shared structured parking and main transit hub improvements. Grant Award: \$1,200,000

Four Cities Northwest Housing Resource Center (various locations in Brooklyn Center, Crystal, New Hope and Robbinsdale) Enhance Housing Resource Center services with new programs for housing rehabilitation and new construction, and improving transit links by giving priority to projects adjacent to transit corridors and targeted neighborhoods. Housing programs include a rehabilitation incentive program, a gap/purchase rehabilitation program, and a demonstration program for acquiring blighted properties for demolition and new construction. Business and resident surveys will be used to help link job opportunities and transit needs. A planbook of housing redesigns will be produced, and rehabilitation design assistance will be made available to residents. Total project cost is \$3.7 million. Demonstration account funding will fund portions of a rehabilitation incentive program, purchase and rehabilitation program, demolition and new construction program, production and distribution of housing planbook, program and transit marketing. Grant Award: \$492,000

Main Street on Payne, St. Paul (¾ mile northeast of downtown St. Paul; comprises a 26-block area bounded by Lawson Avenue (north), Edgerton Street (west), railroad tracks, Stroh Brewery (south), and Arcade Street (east). Recreate an urban village centered on the intersection of Payne and Case. Enhance the mix of businesses and improve their appearance; increase the mix of residential and commercial uses along Payne Avenue; improve pedestrian and transit use through public improvements. Will include reintroduction of residential above commercial uses, and secondary units in existing homes. Total project cost: \$9.4 million. Demonstration account funding will help fund commercial and mixed-use improvements; help fund duplex homeownership program. Grant Award: \$750,000

Community Revitalization, Columbia Heights (41st Avenue Northeast, within the general project area around downtown Columbia Heights (south of 42nd Avenue, north of 37th avenue along Central Avenue). Redevelop a block between commercial and single-family uses to include 26 for-sale townhouses ranging in price from \$108,000 - \$140,000 (12 affordable at \$120,000 or less), 18 tax credit rental townhouses for incomes at \$30,400 (50 percent of median) or less, 70 senior rental apartments and a potential transit hub. The larger project area goal is the revitalization of downtown Columbia Heights, to be implemented through a master plan. Total development cost is \$12.9 million. Demonstration account funding will assist with construction of tax credit units, senior units and townhouses; assist with preparation of master plan. Grant Award: \$575,000

City Center Redevelopment, Circle Pines (14-acre site along Lexington Avenue and Lake Drive). Create redevelopment plan to implement goals of creating a community gateway and city center, preserving mixed uses, increasing life-cycle housing options through new housing or rehabilitation, creating pedestrian-friendly area along Lake Drive, and connecting to existing trail system. The city will involve business owners and residents in the master planning process. The city will develop boulevard and streetscaping standards in conjunction with the the I-35W Corridor Coalition, and will work with the coalition on implementation of other joint goals. Total project cost is \$40,000. Demonstration account funding will fund development of a master plan. Grant award: \$30,000

Central Avenue, Minneapolis (Central Avenue in northeast Minneapolis, from 7th St. to 37th Avenue) Increase real and perceived safety on Central Avenue by incorporating Crime Prevention Through Environmental Design (CPTED) principles. Lighting will wrap around buildings to illuminate rear shared parking lots, rear entrances to stores will be encouraged, second floors of businesses will be converted to housing to provide more "eyes on the street." Total project cost will be \$4 million. Demonstration account funding will assist with funding of redevelopment using CPTED principles, and lighting to support the CPTED effort. Grant Award: \$398,000

South Robert Street Redevelopment, West St. Paul (South Robert Street in West St. Paul) Establish plan and design criteria to shape future redevelopment along Robert Street. Create a sense of place and neighborhood feel in the area to accommodate pedestrian circulation, using a variety of character and scale, and a mix of retail with day and nighttime activities. Total project cost is \$1.67 million. Demonstration account funding will assist funding of community design events, retail/office/housing market studies, streetscape design criteria and studies to reconfigure auto and public transit patterns. Grant Award: \$115,000

Humboldt Greenway, Minneapolis (Eight blocks, from Victory Memorial Drive to 53rd Avenue North, along Humboldt Avenue in northwest Minneapolis). Redesign the project area to include a parkway and new open space, remove small 1950s single-family houses that are deteriorating and losing market value, add townhouses and other housing types for families and seniors, and focus on pedestrian access to transit, lighting and bus shelter improvements to encourage transit use. Total cost for the project's first phase will be \$28.8 million. Demonstration account funding will assist land acquisition and site assembly for townhouse sites. Grant award: \$675,000 (to Hennepin County).

The Village, Brooklyn Park (80-acre area at Brooklyn Blvd., Zane, Regent and 73rd Avenues North). Create a development plan for the site, currently occupied by a 60 percent-vacant shopping center, multiple unit housing and other uses. Redesign the area, the city's "downtown," to include a mix of uses in a pedestrian- and transit-oriented environment that will that will serve the needs of people in the immediate neighborhood and throughout the city. Total project cost is \$150,000. Demonstration account funding will fund half the cost of preparing a development plan. Grant Award: \$75,000

Local Housing Incentive Account

Note: Funding programs require housing to be affordable at varying income levels, for example 50 percent of median family income in the region. In the descriptions below, the percents identified are equivalent to the following 1998 income levels for a family of four: 30 percent of median, \$18,240; 50 percent of median, \$30,400; 60 percent of median, \$36,480; 80 percent of median, \$48,640. Median 1998 regional income was \$60,800.

Multifamily Grants Awarded June 1998

Rice Lake Townhomes, Maple Grove Construction of a 19-unit rental family townhome development. The two-story buildings will include two- and three-bedroom units with attached double stall garages. The site is located next to a park and ride lot, a city-maintained trail, public ballfield and church. Fourteen of the units will be affordable to residents at 50 percent of median income or less, and five public housing units (through implementation of the Hollman vs. Cisneros settlement agreement) will serve families at 30 percent or less of median income. Rents will range from \$256 to \$831 a month. Rents will range from \$400 to \$790 a month. Total anticipated development cost is approximately \$3 million. Grant award: \$300,000.

Bass Lake Townhomes, New Hope Acquisition and rehabilitation of 14 apartment units and construction of 20 townhomes. Seven existing four-plexes will be converted into 14 four-bedroom units; the new townhomes will have 20 three-bedroom units. All units will have attached garages. Seven units will be affordable to families at 50 percent of median income, 15 units will be affordable to families at 43 percent of median income, and 12 public housing units (provided through Hollman settlement) will serve families at 30 percent or less of median income. Rents will range from \$256 to \$831 a month. Total anticipated development cost is approximately \$5 million. Grant award: \$200,000.

Homeownership Grant Awarded October 1998

East Creek Acres, Chaska Construction of 24 affordable single-family homes in downtown Chaska. The homes will be sold to households earning 50, 60 and 80 percent of area median income. The city of Chaska has committed to paying over half of the street and city improvements for the site, located in a tax-increment financing district. The Carver County HRA is a partner with the City on this project. Five of the homes will be constructed by Habitat for Humanity. Total anticipated development cost is approximately \$3.8 million. The development cost per unit is about \$158,000. The homes will sell for \$80,000 to \$110,000. Subsidy for each unit will range from \$20,000 to \$30,000. Grant award: \$200,000.

Multifamily Grants Awarded November 1998

Chasewood Family Townhomes, Apple Valley Construction of a 27-unit rental family townhome development. The development consists of a mix of two- and three-bedroom units to serve large families. All of the units will be affordable to residents with incomes at or below 33 percent of median income (\$20,064). Rents will range from \$539 to \$608 a month. Total anticipated development cost is approximately \$3.2 million. Grant award: \$180,000.

Evergreen Heights Townhomes, Shakopee Construction of a 28-unit rental family townhome development. The development will include two-, three- and four-bedroom units in seven buildings. The site is owned by the city and planned for a mix of residential, commercial and industrial development. Twenty-two of the units will be affordable to residents with incomes at or below 50 percent of median income (\$30,400), and six public housing units (provided through Hollman settlement) will serve residents with incomes at or below 30 percent of median income (\$18,120). Rents will range from \$683 to \$881 a month. Total anticipated development costs is approximately \$3.1 million. Grant award: \$120,000.

Maple Pond Homes, Maplewood Acquisition, rehabilitation and preservation of a 168-unit rental development federally assisted by a Section 236 mortgage and project-based Section 8. The development has two large 3-story buildings. One building has 69 one-bedroom senior units; the other two contain 99

one-, two- and three-bedroom apartments for families. All units will be affordable to residents with incomes at or below 50 percent of median income (\$30,400). Rents will range from \$409 to \$633 monthly. Total anticipated development cost is approximately \$9 million. Grant award: \$100,000.

Archer Heights, Minnetonka Acquisition, rehabilitation and preservation of a 172-unit rental development federally assisted by a Section 236 mortgage and project-based Section 8 funds. The development includes 100 one-bedroom, 52 two-bedroom and 16 three-bedroom apartments for singles, seniors and families. All the units will be affordable to residents with incomes at 35 to 45 percent of median income (\$21,280-\$27,360). Monthly rents will range from \$429 to \$645. Total anticipated development cost is approximately \$9 million. Grant award: \$100,000.

Effectiveness of Funded Projects in Meeting the Policies and Goals of the Council

Projects awarded grants through the Livable Communities Fund promote and support the Council's *Regional Blueprint* and regional growth strategy in a variety of ways.

The Metro 2040 Plan, adopted by the Metropolitan Council in December 1996, outlines a regional strategy for shaping the region's future. The strategy is part of the Council's *Regional Blueprint*, which establishes a broad, long-term planning direction and action steps needed to make progress toward reaching the long-term goals.

The Metro 2040 Plan calls for developing the seven-county Twin Cities Region in a more compact fashion to accommodate 330,000 households and 650,000 people by the year 2020. It includes an urban reserve for additional growth if needed, and preserves key agricultural areas. Over half of the growth is planned for inside the current urban boundary area. This goal is significant because it runs counter to recent trends. Most growth has been occurring at the urbanizing edge and at relatively low densities. For the plan to work, development must now fill in vacant land and there must be extensive redevelopment inside the 2000 MUSA. New development will need to occur at higher densities overall than recent trends, and the net effect over time will be a much more compact urban area. The plan also calls for concentrating job growth in the core of the region and along transit routes within the I-494/I-694 interstate beltway.

The plan designates two policy areas, the core and urban area, within the built-up area served by central sewer and water. Strategies for each policy area are included.

Progress on Strategies for The Region's Core

The core includes the downtowns of St. Paul and Minneapolis, their immediate neighborhoods and University Avenue connecting them. It has major employment concentrations, good access to highways and transit, and many neighborhoods needing physical and economic revitalization.

Primary strategies for this area include:

- ◆ Encourage investment to foster economic growth and new jobs; clean up and reinvest in polluted lands.

- ◆ Encourage medium to higher-density housing
- ◆ Use incentives to improve economic opportunities for residents, such as job skills and job readiness training.
- ◆ Stabilize neighborhoods and improve their physical environment.

Progress was made in 1998 to clean up polluted "brownfield" sites for commercial and industrial development. Projects funded from the Tax Base Revitalization Account during the year will result in cleanup and reuse of 55 acres of land in the core, and 2,700 new jobs paying an average hourly wage of \$10.75. While only three of ten cleanup projects funded in 1998 are located in the core, over half of those funded to date (18 of 36) are in the core. For projects funded in 1996 through 1998, acres cleaned and reused for primarily commercial and industrial development total 506, with 6,750 new jobs created paying an average hourly wage of \$12.35.

By increasing tax base in older parts of the region where polluted land is located, economic growth in these locations will be significantly boosted. A more than \$2.4 million increase in annual net tax capacity will be realized from cleanup and redevelopment projects funded in 1998. More than \$126 million in private investment is involved in these projects. To date in the TBRA program (projects funded 1996-1998), the total increase in net tax capacity is \$9.6 million, in projects representing \$484 million in private investment.

Types of redevelopment stimulated by cleanups funded in 1998 include light industrial, manufacturing, office, retail, restaurant and arena uses.

These projects will assist in revitalizing the neighborhoods in which they are located, by providing locations for businesses that might otherwise move out of the core, or for new businesses to move to core locations. In doing so, needed jobs are provided for local residents, and in some cases, other community development projects or housing that benefit neighborhoods. For example, the site formerly occupied by Sears on Lake St. in South Minneapolis is planned to be redeveloped with industrial, office, retail, government, education facilities and common space.

Projects funded through the TBRA restore commercial and industrial properties that are situated in close proximity to affordable housing, providing conveniently-located job opportunities for people who do not own a car.

Two of ten LCDA demonstration projects funded in 1998 (eight of 28 in 1996 through 1998) are located in the urban core: Urban Village in Minneapolis' Uptown area and Main Street on Payne on St. Paul's east side. These projects are a revitalization efforts at a scale that can make significant improvements in their respective neighborhoods as places to live and invest. Urban Village will add 210 owner-occupied townhouses, duplexes and apartments, starting at sales prices of \$95,000, in a three-block, underutilized light-industrial area. Located a block north of Lake Street between Lyndale and Hennepin Avenues, Urban Village will include a mix of five building types, enabling this urban infill project to blend well with its neighborhood, and will help revitalize the area. This project will build on the subregional center of Uptown, maximizing the use of the services and transportation available in the area, including a planned Uptown transit station. Residents of Urban Village will have easy transit or pedestrian access to work, shopping, entertainment, medical offices, and recreational opportunities.

The second project located in the urban core, Main Street on Payne, includes related efforts to improve and add new commercial and residential uses in the area centered on the intersection of Payne Avenue and Case Street, and improve pedestrian and transit access. This will provide an economic boost to the

immediate area, and may have a significant impact beyond the project area because it builds on a major subregional investment strategy for the Phalen corridor in which it is located. The Phalen Corridor Initiative will address the physical and economic environment, including a focus on job creation.

Projects funded in 1997 include three developments that also have locational advantages that make them livable places convenient to jobs. Augustana Village (Minneapolis) and Brewery Neighborhood (St. Paul), which both provide new affordable rental and ownership housing, are located in close proximity to the downtowns in their respective cities, with excellent transportation connections to jobs in the downtowns. A third 1997 project, Phillips Park in Minneapolis, will help improve a neighborhood adjacent to major regional employers—Honeywell, Allina/Abbot Northwestern Hospital complex—and will aid in their retention in the area. Phillips Park also provides moderately-priced new and rehabilitated rental and ownership housing. Jobs skills and employment training is a feature of two LCDA projects in Minneapolis funded in 1996.

Implementing Urban Area Strategies

This built-up area has central sewer and water service. Its outer edge is today's urban service boundary, called the Metropolitan Urban Service Area (MUSA) line.

Primary strategies for this area include:

- ◆ Increase overall housing density, especially along transit corridors.
- ◆ Encourage job concentrations along corridors inside the Highway I-494/I-694 beltway. Corridors would connect to the urban core.
- ◆ Use transit and other incentives to encourage higher-density housing and business concentrations in transportation corridors.
- ◆ Expand housing opportunities.

Located within this area are older communities with redevelopment needs and newer developing communities.

Three LCDA-funded projects focus on mixed-use development with the intent to create or maintain a city center. In St. Louis Park, redevelopment of a 4.4 acre site to include a town green, transit stop and multistory buildings with commercial and residential uses and structured parking is the first development phase of a 75-acre Park Commons project. This effort will intensify development, and will include significant numbers of jobs, housing units, services, entertainment and recreation within walking distance of residents of Park Commons, with convenient transit access for surrounding residents. Park Commons is in a key subregional location. A smaller-scale project is Circle Pines' effort to produce a redevelopment plan for creating a community gateway, preserving and enhancing commercial uses, and increasing housing options through new construction or rehabilitation in a 14-acre area. Brooklyn Park will also create a development plan to revitalize an older commercial district to promote compact, pedestrian and transit-oriented development.

Three additional LCDA-funded projects address ways to redevelop along arterial roadways. Columbia Heights will add market-rate townhomes, affordable rental townhomes and senior apartments on a block along Central Avenue, in an area where a transit hub is planned. This is an opportunity to model how a transit station can be integrated into a mixed-use development area, enhance the area's amenities and increase transit ridership. In northeast Minneapolis, principles for preventing crime through design will

be applied to redevelopment in another portion of Central Avenue; implementation mechanisms will be incorporated into a model zoning code. West St. Paul will develop a plan and design criteria for establishing a mix of uses with a sense of place and neighborhood feel along South Robert Street. These proposals all look at ways to increase density while addressing redevelopment and neighborhood needs.

Two additional projects focus on improving the quality and variety of housing and improving access to transit. Hennepin County, through its Hennepin Community Works project, will redesign an 8-block area of Humboldt Avenue to include a parkway and new open space, remove small 1950s single-family houses that are deteriorating and losing market value, add townhouses and other housing types for families and seniors, and focus on pedestrian access to transit, lighting and bus shelter improvements. A grant was awarded to be used to enhance services provided through the Northwest Housing Resource Center for housing rehabilitation and new construction in locations linked with job opportunities and transit. These efforts will provide infill housing and better jobs/housing links for residents in targeted areas of Brooklyn Center, Crystal, New Hope and Robbinsdale.

Five LCDA demonstrations funded in 1997 in older parts of the Urban Area focused on redevelopment and infill of housing and commercial activity, resulting in strengthened jobs/housing/transportation links, on improving neighborhood livability through expanded housing options and revitalization strategies in the cities of Golden Valley, Chaska, Richfield, Crystal. In addition, the I-35W Corridor Coalition cities of Arden Hills, Blaine, Circle Pines, Mounds View, New Brighton, Roseville and Shoreview received a grant to coordinate land use and transportation planning and development. Two additional grants awarded in 1997, to Maple Grove and Lino Lakes, will demonstrate models for integrated compact suburban development that mixes housing, commercial public and other land uses in a pedestrian environment.

Pollution cleanup grants have supported redevelopment in the urban area by helping clean sites for combinations of business development and medium- and high-density housing in Robbinsdale and Shoreview, office buildings in Bloomington, and rejuvenation of the Signal Hills Mall in West St. Paul.

The demonstration projects funded in 1998 will result in a total of 500 new and 40 rehabilitated housing units of various types, including up to 26 public housing units and a number of units with living and working spaces. The total number provided as a part of demonstrations funded to date (1996-98) totals over 3400 new and 200 rehabilitated housing units.

Projects awarded grants from the LHIA account will result in new or rehabilitated rental housing affordable to families earning 30 to 50 percent (\$18,240-\$30,400) of median income, and new ownership housing affordable to families earning 50 to 80 percent (\$30,400-\$48,640) of median income. These include 108 new townhouses in Apple Valley, Maple Grove, New Hope and Shakopee; 340 rehabilitated rental apartments in Maplewood and Minnetonka; and 24 new single-family homes in Chaska. All of these developments help to expand the supply of affordable housing in needed locations.

Progress on Other Regional Goals

Another focus of the Regional Blueprint is preserving the natural environment and incorporating environmental features into the development and redevelopment of the region.

The TBRA -funded projects contribute to restoring a clean environment by removing pollutants from the soil and enabling these lands to be reused for business, commercial and residential uses.

Environmental features can be capitalized on to serve as community assets, as demonstrated by three LCDA funded projects. St. Louis Park's redevelopment effort will enhance a large existing park, Wolfe Park, and make it more accessible to residents and visitors by creating a town green that serves as an entrance to the park from a major arterial roadway served by a new transit hub. Urban Village in Minneapolis is adjacent to the new 29th Street Midtown Greenway corridor, connecting residents by walking and bicycling to the numerous recreational opportunities at the Minneapolis Chain of Lakes and the Mississippi River. The redesign of Humboldt Greenway recognizes the value of park and open space amenities to the vitality and livability of a neighborhood, and as a way to create value and market appeal.

Blueprint policy also supports land use planning that creates community identity and fosters a civic infrastructure. It supports urban design that helps make neighborhoods safer, creates amenities and improves livability. Development can enhance or impede a sense of community.

Many of the projects assisted through LCDA grants illustrate how a mix of uses with attention to land use design can provide the framework for settings which have a "sense of place." Whether located in a large-scale suburban town center (St. Louis Park), a small city downtown (Circle Pines), or an urban neighborhood (Urban Village in Minneapolis) they serve as destinations for a number of daily activities, such as workplaces, errands, shopping and entertainment, and some include a library or YMCA. They can be places where people live, work and shop. They foster personal safety because of activity during many hours of the day. And they include parks and public spaces for informal gathering with other community residents or for public activities and celebrations.



Interagency Cooperation and Community Participation in Implementing the Fund

Interagency or community participation is a feature of the Council's administration of all three funding accounts.

The Tax Base Revitalization Program demonstrates a cooperative partnership between the Council and the Department of Trade and Economic Development (DTED) and the Minnesota Pollution Control Agency (MPCA). Council and DTED staff use the same application cycle deadlines and hold joint application workshops. DTED staff assist Council staff in ranking TBRA applications according to the Council's criteria. The Livable Communities Act authorizes TBRA funds as part of local match requirements for DTED's Contaminated Site Cleanup Program, and all projects eligible for both programs have been jointly funded.

Both the TBRA and the DTED programs require "response action plans" from the MPCA for all applicable projects. These plans are required as part of the Voluntary Investigation and Cleanup (VIC) program. MPCA staff review the applications to verify that proposed activities will cost-effectively implement an appropriate response action plan submitted by the applicant. Although asbestos cleanup is not currently addressed by the VIC strategy, MPCA staff also review applications involving asbestos cleanup. In addition, MPCA staff members participate in the application workshops.

Applications for the The Livable Communities Demonstration Account funding are reviewed by the 15-member Livable Communities Advisory Committee, which makes funding recommendations to the Metropolitan Council. The committee is made up of representatives with expertise in these areas: local and county government, development and redevelopment, finance, private foundation work, urban design and transportation. Review of proposals by the committee ensures that the projects receive scrutiny in these areas of expertise, and that the projects selected meet the program's objectives.

The Metropolitan Council administers the Local Housing Incentives Account through the Metropolitan Housing Implementation Group (MHIG), established in 1995 to coordinate and streamline the complex system of delivering housing resources in the metropolitan area. The MHIG includes representatives of the Metropolitan Council, Minnesota Housing Finance Agency (MHFA), the Minneapolis-St. Paul Family Housing Fund, the Minneapolis Public Housing Authority, Corporation for Supportive Housing, Greater Minneapolis Metro Housing Corporation, Local Initiative Support Corporation (LISC), Federal National Mortgage Association (FNMA) and the Department of Housing and Urban Development (HUD). The MHIG represents an unprecedented effort to bring together the major housing resource providers to collaboratively develop a process and tools to provide easy access to and disbursement of a combined pool of housing development dollars. To the Council's knowledge, this form of collaboration has not been attempted elsewhere in the country.

The MHIG group developed a Super Request for Proposal (RFP) to simplify and streamline the process for accessing housing development dollars. The Super RFP includes descriptions and requirements of all funding sources available during a funding cycle, including the Local Housing Incentives Program. The Super RFP is mailed to all communities, developers, housing agencies and others interested in the production of affordable housing. Applicants need to apply only once, using the Super RFP application, to access any of the funds available during that funding cycle. The MHIG has also developed joint project selection criteria as a tool to review proposals and choose award recipients. The joint criteria include the

policies articulated in the Council's *Regional Blueprint*, Livable Communities Act and the Governor's Economic Vitality and Housing Initiative.

MHIG also created a collaborative project selection process to assist its representatives in making the best funding decisions possible. Representatives from each of the participating MHIG agencies serve on a joint selection committee. The selection committee reviews each proposal, considering the joint selection criteria, individual funder's criteria, as well as any funder's past experience with the applicant, previous funding allocations, familiarity with the project or expertise related to any aspect of the proposal. Funds are then allocated to each proposal based on the outcome of that review and the best match of proposal to funding source. Funding recommendations are brought to each of the appropriate funding boards for final approval.

Monitoring of the Fund

No legislative changes are recommended at this time for the Livable Communities Fund. The Council may make recommendations in the future in response to issues that may arise relating to effective operation of the fund and achieving outcomes consistent with the legislative intent.

Attachment A

**Funding Report
Livable Communities Fund**

**Metropolitan Livable Communities Fund
Sources and Uses
1/1/96 - 12/31/98**

	<u>TBRA</u>	<u>LCDA</u>	<u>LHIA</u>	<u>LCA Total</u>
SOURCES				
Taxes	18,560,854	14,694,255	0	33,255,109
Interest	1,010,702	926,858	111,104	2,048,664
Transfers	0	-1,000,000	3,000,000	2,000,000
Other Revenue	3,282	0	1,672	4,954
Total Revenue	<u><u>19,574,838</u></u>	<u><u>14,621,113</u></u>	<u><u>3,112,776</u></u>	<u><u>37,308,727</u></u>
USES				
FY 96 Grants	6,500,000	4,574,500	1,000,000	12,074,500
FY 97 Grants	8,005,091	3,980,350	625,000	12,610,441
FY 98 Grants	5,461,765	4,950,000	1,200,000	11,611,765
Unexpended balances from closed grants	-709,827	0	-125,000	-834,827
	0	0	0	0
Total Uses	<u><u>19,257,029</u></u>	<u><u>13,504,850</u></u>	<u><u>2,700,000</u></u>	<u><u>35,461,879</u></u>
Uncommitted Balance (1)	<u><u>317,809</u></u>	<u><u>1,116,263</u></u>	<u><u>412,776</u></u>	<u><u>1,846,848</u></u>
Disbursements	<u><u>10,455,950</u></u>	<u><u>2,741,365</u></u>	<u><u>1,775,000</u></u>	<u><u>14,972,315</u></u>
"Cash" Balance (2)	<u><u>9,118,887</u></u>	<u><u>11,879,749</u></u>	<u><u>1,337,776</u></u>	<u><u>22,336,412</u></u>

(1) Uncommitted Balance = Total Sources - Total Uses

(2) Cash Balance = Total - Disbursements

**Livable Communities Demonstration Account
Award and Disbursements
1-1-96 to 12-31-98**

<u>Fund</u> <u>ycle</u>	<u>City</u>	<u>Award</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Total</u> <u>Payments</u>	<u>Unpaid</u> <u>Commitment</u>
96A	Minnetonka-Bld Gardens	770,000			356,783.67	356,783.67	413,216.33
96A	Minneapolis-Lake & 4th	740,000	153,500	500,750.00		654,250.00	85,750.00
96A	St. Paul-Phelan Village	650,000		650,000.00		650,000.00	-
96A	St. Louis Park City Center	139,000		49,677.72		49,677.72	89,322.28
96B	Chanhassen-Villages on the Ponds	500,500		201,303.69	236,665.31	437,969.00	62,531.00
96B	Minneapolis - Franklin Ave	725,000		180,000.00		180,000.00	545,000.00
96B	Roseville - Conerstone Program	270,000		26,329.53		26,329.53	243,670.47
96B	Robbinsdale	780,000				-	780,000.00
97	Golden Valley Valley Square Develop	510,000				-	510,000.00
97	I-35W Corridor Coaliton	131,250				-	131,250.00
97	Minneapolis Phillips Park	700,000				-	700,000.00
97	Minneapolis Augustana Village	550,000				-	550,000.00
97	Richfield Apartment Remodeling Program	575,000				-	575,000.00
97	St. Paul Brewery	750,000			386,355.05	386,355.05	363,644.95
97	Chaska Brickyard Redevelop	344,100				-	344,100.00
97	Lino Lakes The Village	220,000				-	220,000.00
97	Maple Grove Town Center	150,000				-	150,000.00
97	Crystal Welcome Neighborhood	50,000				-	50,000.00
98	Minneapolis Urban Village	640,000				-	640,000.00
98	St. Louis Park Commons Redevelopment	1,200,000				-	1,200,000.00
98	Four Cities Housing Resource Center	492,000				-	492,000.00
98	Columbia Heights Community Revitalization	575,000				-	575,000.00
98	Circle Pines City Center Redevelopment	30,000				-	30,000.00
98	Minneapolis Central Avenue	398,000				-	398,000.00
98	West St. Paul South Robert Street	115,000				-	115,000.00
98	Minneapolis Humboldt Greenway	675,000				-	675,000.00
98	Brooklyn Park The Village	75,000				-	75,000.00
98	St. Paul Main Street on Payne	750,000				-	750,000.00
		13,504,850	153,500.00	1,608,060.94	979,804.03	2,741,364.97	10,763,485.03
Funding Cycle Summary							
	96A	2,299,000	153,500.00	1,200,427.72	356,783.67	1,710,711.39	588,288.61
	96B	2,275,500	-	407,633.22	236,665.31	644,298.53	1,631,201.47
	97	3,980,350	-	-	386,355.05	386,355.05	3,593,994.95
	98	4,950,000	-	-	-	-	4,950,000.00
Total		13,504,850	153,500.00	1,608,060.94	979,804.03	2,741,364.97	10,763,485.03

**Local Housing Incentives Programs
Awards and Disbursements
1/1/96 - 12/31/98**

<u>City/Municipality</u>	<u>CYCLE</u>	<u>Funded Grant</u>	<u>Awarded Grant</u>	<u>Payments</u>			<u>Total Payment</u>	<u>Awards Remaining</u>
				<u>1996</u>	<u>1997</u>	<u>1998</u>		
Hastings Family Housing Ltd	96A	170,000	170,000		170,000		170,000	-
Minnetonka-Minnetonka Mills	96A	100,000	100,000	100,000			100,000	-
Minnetonka Crown Ridge	96A	100,000	100,000	100,000			100,000	-
Chaska-East Creek Carriage Homes	96A	130,000	130,000		130,000		130,000	-
Bloomington	96B	225,000	225,000				-	225,000
Cottage Grove-Parkside Apts	96B	125,000	125,000		125,000		125,000	-
South St. Paul- Rediscover So. St. Paul	96B	25,000	25,000		25,000		25,000	-
Plymouth	97A	225,000	225,000			225,000	225,000	-
Eden Prairie-Edenvale Townhomes	97A	300,000	300,000		300,000		300,000	-
Lakeville-Lakeville Townhomes	97B	100,000	100,000			100,000	100,000	-
Maple Grove-Rice Lake Townhomes	98A	300,000	300,000				-	300,000
New Hope- Bass Lake Townhomes	98A	200,000	200,000			200,000	200,000	-
Chaska-East Creek Carriage Homes	98A	200,000	200,000			200,000	200,000	-
Maplewood Maple Pond Homes	97B	100,000	100,000			100,000	100,000	-
Shakopee Evergreen Heights	98B	120,000	120,000				-	120,000
Apple Valley Chasewood	98B	180,000	180,000				-	180,000
Minnetonka Archer Heights	98B	100,000	100,000				-	100,000
							-	-
TOTAL		2,700,000	2,700,000	200,000	750,000	825,000	1,775,000	925,000

Summary of Funding Cycle

96A	500,000	725,000	200,000	300,000		500,000	225,000
96B	375,000	150,000		150,000		150,000	-
97A	525,000	525,000		300,000	225,000	525,000	-
97B	100,000	100,000			100,000	100,000	-
98A	700,000	700,000			400,000	400,000	300,000
98B	500,000	100,000			100,000	100,000	-
Total	2,700,000	2,300,000	200,000	750,000	825,000	1,775,000	525,000



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