

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE
Monday, March 17, 2008

Committee Members Present: Chair, Natalie Steffen; Richard Aguilar; Sherry Broecker, Georgeanne Hilker; Annette Meeks, Vice-Chair; Tony Pistilli, Kris Sanda

CALL TO ORDER

A quorum being present, Committee Chair Steffen called the regular meeting of the Council's Community Development Committee to order at 4:05 p.m. on Monday, March 17, 2008.

APPROVAL OF AGENDA AND MINUTES

It was moved by Hilker, seconded by Broecker to approve the agenda. **The motion carried.**

It was moved by Broecker, seconded by Hilker to approve the minutes of the March 3, 2008 regular meeting of the Community Development Committee. **The motion carried.**

BUSINESS

2008-71 – Request For an Additional Extension of LCDA Grant SG004-129, Mound Harbor Renaissance. Paul Burns, livable communities manager, presented an overview about the history of this two year, second extension LCDA grant request to June 30, 2010. He reported that the Metropolitan Council awarded a \$1,150,000 LCDA grant to the City of Mound on February 9, 2005 to build a parking ramp as a part of its Mound Harbor Renaissance project, and on May 29, 2007, Livable Communities staff processed an administrative amendment to extend the grant to June 30, 2008. The city then sent a letter seeking an additional two year extension. Burns explained that grants may be extended administratively only once, for a period not to exceed one year, and that any requests for additional extensions are decided by the Council at the recommendation of the CDC. Burns noted that several city representatives were in the audience.

Kandis Hanson, city manager, city of Mound, introduced Mark Hanus, Mayor; Sarah Smith, community development director; David Newman, Mound Harbor Renaissance Development, and Bruce Chamberlain, landscape architect. She thanked the committee for the opportunity to present the city of Mound's request for an extension to the LCDA grant for Deck 2 – a second parking deck in the midst of the redeveloping downtown Mound. Smith indicated that presenters would explain the current forces beyond their control that resulted in this grant request. She also stated the presentation would include a very brief overview of the Mound vision and mission, where they have been and where they are going, and asked Bruce Chamberlain to join her. Chamberlain walked the committee visually through several graphics and provided a brief history of downtown Mound development components. Chamberlain stressed that partnerships stretched across the board, including the Metropolitan Council, have been utilized to move towards completion of these projects of vision.

Smith noted that handouts were made available to the committee and indicated that various presenters would address a summary of the project's schedule including: 1) timing of the grant, 2) timing of infrastructure, and 3) market forces/the economy. David Newman, president, Mound Harbor Renaissance Development, explained shifting strategies, spoke briefly about insufficient surface parking, stated that structure parking was needed, spoke to marketing and economy downturn challenges, and explained the major focus of this project which is to create a vibrant downtown area. Smith concluded the presentation by stating it is imperative for the committee to understand that Mound is moving forward, no momentum has been lost, and that everything that can be done has been undertaken to ensure partnerships in order to accomplish this special project. Discussion followed.

Hilker requested clarification about this project as compared to a former, similar project that was requested by the city of White Bear Lake regarding a parking structure. Steffen provided a response, and Guy Peterson, community development director, further explained that White Bear Lake was in the process of applying for the grant funds when their developer pulled out which resulted in the decision not to fund them at that time. In this case, a grant has already been made and there have been no issues related to a developer.

Pistilli questioned MCES line relocation issues, and Chamberlain responded that once the bid was let for the MCES project, that process took about one year longer than anticipated. Pistilli expressed concern about the potential for disparate treatment based on other applicants who have also encountered current market challenges, however, he expressed that this is a good project and he would support it.

Aguilar stated that he is in the marketing business and expressed curiosity about the restaurant chains being worked with. Chamberlain responded. Aguilar stated that if the city is building a deck in trying to attract a restaurant, the city of Mound may be back in front of this committee two years from now. Aguilar expressed his opposition to this grant extension request due to the restaurant/retail challenges in the current market and stated that he would vote “No.”

Sanda moved, seconded by Broecker, that the Metropolitan Council:

Respond to a request from the city of Mound to approve a two-year, second extension of the Livable Communities Demonstration Account (LCDA) grant SG004-129 for the Mound Harbor Renaissance project. The City has requested that the grant be extended to June 30, 2010.

The motion carried. (Aguilar voted “No.”)

2008-70 – Confirmation of Livable Communities Demonstration Account Grant Award SG007-120, Rivoli Street. Deborah Streets Jensen, sr. project administrator, stated that the committee is being asked to confirm a grant award of \$468,897 to the Saint Paul, Rivoli Street project. She reported that the CDC included Rivoli Street in the fall round of Livable Communities Demonstration Account grants when it awarded those grants on December 12, 2007.

Jensen explained that this action is being taken in the interest of full disclosure to correct two clerical errors contained in the section entitled, “Funding Requested” of Business Item #2007-342. Jensen stated that Dave Theisen, associate general counsel, Metropolitan Council, advised staff that these two items should be presented to the CDC for consideration and approval as follows: 1) The City’s application did not include details of \$95,679 for their project. This amount would fund design, engineering, and inspection costs for the new layout of street and intersection reconstruction, lighting, sidewalks, and the infiltration system for storm water treatment from the street, extensions and modification of sewer and water lines, and 2) Livable Communities staff omitted a \$38,000 line item for sanitary sewer costs. Jensen stated that the LCAC did evaluate this item as a part of the application, that neither error would have affected the score of the project, and neither changes the award amount previously approved by the CDC. The committee had no further questions.

Pistilli moved, seconded by Hilker, that the Metropolitan Council’s:

Community Development Committee confirm its \$468,897 Livable Communities Demonstration Account grant, approved on December 12, 2007, to the City of Saint Paul’s Rivoli Street project, grant number SG007-120.

The motion carried.

2007-249 – Request for Acquisition Opportunity Grant to Partially Finance the Acquisition of 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve, City of Bloomington. Arne Stefferud, planning analyst, reported that the city of Bloomington has asked for an opportunity grant of approximately \$340,000 to buy a half acre parcel at Hyland-Bush-Anderson Lakes Park Reserve. The park is located in western Bloomington, and the city would like to realign the road to the east side of the property. Stefferud stated that the property has a house on it and that a picnic area overlooking Bush Lake is being proposed. He noted that the property has been appraised, consisting of a house and land, with a purchase price of \$390,000 plus related costs of about \$62,500 that includes the appraisal fee, relocation services, closing costs, etc., for a total of \$452,518. The City has requested a Park Acquisition Opportunity Grant to finance 75% of the acquisition cost (\$339,389) under “Option 2: Revised Rules” for distributing grants from the Park Acquisition Opportunity Fund adopted on January 9, 2008. There is currently about \$6.1 million in the Park Acquisition Opportunity Fund. If the \$339,389 grant was approved, there would be about \$5.8 million for other acquisitions. The grant would finance 75% of the cost to acquire the land. The remaining 25% (\$113,129) would be split by the City of Bloomington and Three Rivers Park District. This local match is not eligible for regional park CIP reimbursement consideration. Discussion followed.

Sanda noted that \$25,000 would be used to demolish the house and questioned whether selling the house and moving it off the property had been researched. Stefferud noted that the Parks Commission had raised the same question. He responded that the city had considered this and found that the condition of the home was such that it was not economically viable to try to sell and move the house.

Meeks, seconded by Broecker, that the Metropolitan Council:

Authorize a grant of \$339,389 comprised of Metropolitan Council bonds in the Land Acquisition Opportunity Account portion of the Park Acquisition Opportunity Fund to the City of Bloomington. The grant will partially finance the land and structure associated with the 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve as shown on Attachments 2 and 3.

The motion carried.

2008-60 – Revised Reimbursement Grant Request for Wabun Picnic Area Rehabilitation in Minnehaha Regional Park, Minneapolis Park & Recreation Board. Arne Stefferud, planning analyst, stated that on August 8, 2007, the Metropolitan Council approved a request to consider reimbursing the Minneapolis Park & Recreation Board (MPRB) up to \$1,059,000 in the 2008-09 regional parks capital improvement program (CIP) for partially financing the renovation of the Wabun Picnic Area in Minnehaha Regional Park. On December 12, 2007 the Metropolitan Council included this reimbursement and an additional \$1,741,000 (\$2.8 million total) for the Wabun Picnic Area rehabilitation in the 2008-09 regional parks CIP. He noted that the \$1,741,000 is proposed to be financed with 2008 State bonds appropriated for the CIP and, since the amount of 2008 State bonds may not fully finance the request, the MPRB would like to complete the project this June. The MPRB is willing to finance the entire \$2.8 million with its funds, but wants to be eligible for reimbursement consideration in a future regional parks CIP for any amount not granted for the project in the 2008-09 regional parks CIP.

Stefferud provided background information on funding issues and noted that the recommended State bond appropriation in the House of Representatives for the 2008-09 Parks CIP would provide enough funds so that a \$2.8 million grant could be awarded for the project later this spring. The Senate's recommended appropriation would, however, only provide enough to grant \$2,544,000. Therefore, the Council should consider reimbursing the MPRB in a future regional parks CIP the difference between \$2.8 million and what is granted for the project in the 2008-09 CIP. Stefferud concluded his presentation by stating that the Metropolitan Parks and Open Space Commission considered this request on March 4 and unanimously approved the proposed action. There were no questions from the committee.

Hilker, seconded by Meeks, that the Metropolitan Council:

Consider reimbursing the Minneapolis Park & Recreation Board in a future regional parks CIP the difference between \$2.8 million and what is granted for completing the renovation of the Wabun Picnic Area in Minnehaha Regional Park as described in the 2008-09 Regional Parks CIP. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

The motion carried.

INFORMATION

2008-3 – Draft 2008 Annual Livable Communities Fund Distribution Plan. Paul Burns, livable communities manager, provided an informational overview about the elements included in the Draft *2008 Annual LCA Fund Distribution Plan*, which establishes the amount of funding that will be available for grant awards from each of the LCA Fund accounts during 2008, sets the calendar for the grants making processes, and sets forth the criteria upon which grant awards will be based. He also provided background information on the draft plan for three active accounts: TBRA (Tax Base Revitalization Account), LCDA (Livable Communities Demonstration Account), and LHIA (Local Housing Incentives Account) in addition to an overview regarding LCA funding sources for each program and 2008 funding amounts. Burns indicated that the proposed action/motion by the CDC is scheduled for April 7, 2008, with Council action on April 9, 2008.

The TBRA includes one change to the eligibility scoring process as well as some clarifications to the eligibility criteria. The LCDA work group also recommended that \$4 million in 2008 LCDA funds be set aside for a one-time allocation to a new affordable housing land acquisition loan program. The funding criteria and calendar for that program are not a part of the LCA Fund Distribution Plan. Burns reported that staff is working with Minnesota Housing in the development of this program for implementation in 2008 or 2009. Burns noted that CDC recently heard an overview of the LHIA. The purpose of this program is to expand and preserve both affordable housing and rental housing opportunities. The draft distribution plan does not contain any significant changes to this program from last year, however, new to the evaluation process this year is the inclusion of the Minnesota Overlay to the Green Communities Criteria that applicants will need to address in order to be considered for LHIA funding. Discussion followed.

Steffen questioned the proposal to award bonus points in the LCDA program for projects located within one-half mile of any station or stop on 2030 transitways or express commuter bus lines and asked why park and rides were omitted from this option. Steffen also noted the special bus line that is running from Forest Lake to Minneapolis because of the bridge collapse and inquired why these options are not recognized and included on the map for the bonus points option. Burns responded and explained that the one-half mile option was added after staff talked to transit planners who suggested that this was a reasonable distance. Joanne Barron, planning analyst, clarified that the one-half mile distance is generally accepted as the one within which the land uses would have some functional relationship to the line and establishing a relationship with the transit corridor. She pointed out that the map does include transitways and express bus commuter lines. Barron indicated that some of those stops would include some park and rides around which there would be some potential for types of other uses to create a mixed-use area for some of those commuters.

Steffen directed staff to revisit the special bus line that is running since the bridge collapse and expressed that the one-half mile area proposed in the bonus points option does not seem like enough. Chair Steffen requested staff to prepare a coverage map with the options she outlined earlier in the week to Mr. Peterson (65 to Isanti) including the running lines discussed today. Steffen expressed that she is trying to make outlying cities eligible for this grant—not just those cities in the center of the region. Peterson stated that staff captured the sense that came out of the work group and that does not mean that people who are not within one-half mile of any station or stop on a transitway cannot submit a project. He clarified that the work group directed staff to give priority to projects that would benefit our transitways. Steffen directed staff to provide a map highlighting the discussed lines and to revisit the one-half mile radius proposed in the LCDA bonus points option for committee review at the CDC meeting on April 7.

Livable Communities Affordability Limits. Guy Peterson, community development director, provided an overview regarding the Council's definition of "affordable housing" on behalf of Linda Milashius, senior planner, who was absent from the office today, since he presented this information to the committee in past years. Peterson noted that these income limits for determining affordability have been a part of the foundation for goals negotiations and monitoring of goals progress with LCA participating cities since 1995, and have been the basis for counting all new affordable units in the housing stock, i.e., all new publicly-assisted and market rate units affordable to low-and-moderate income households. Since inception of LCA Local Housing Incentives Account in 1995, the Council has identified a purchase price ceiling or target maximum price for an owner-occupied home based upon what a family of four with an income at or below 80 percent of area median income (a standard prevalent in many homebuyer assistance programs including those at Minnesota Housing) can afford at prevailing interest rates. Peterson revisited the dollar amounts identified for this purpose prior to 2008.

Peterson noted that in 2001, the Council added to its Local Housing Incentives Account Additional Metropolitan Housing Implementation Group (MHIG) Funding Criteria a preference for funding ownership programs, including units affordable at 60 percent of area median income. The affordability level is identified each year for LCA implementation. The area median income for the seven-county Minneapolis-St. Paul area adjusted by HUD to be applicable to a family of four is \$80,900 in 2008. Eighty percent of the income is \$64,720; 60 percent is \$48,540; and 50 percent is \$40,450. Applying an interest rate on a 30-year fixed-rate home loan of 6.125 percent for 2008, and other payment factors to the 80 percent of area median income amount adjusted for a family of four (\$64,720), yields an affordable purchase price of \$214,900 in 2008. Applying this same anticipated interest rate, the 2008 purchase price affordable to a household at 60 percent of area median income adjusted for a family of four (\$48,540) will be \$158,000. He also noted that the affordable rent limits are those established by the federal government for purposes of administering the low-income housing tax credit program. There were no further questions from the committee.

Natural Resource Digital Atlas Update. Paul Hanson, GIS specialist, presented an informational update on recent activities surrounding the Natural Resources Digital Atlas project including: the completion of a complementary Atlas sponsored by Minnesota Department of Natural Resources for five adjacent counties, survey results conducted by Embrace Open Space and 1000 Friends of Minnesota regarding the use of natural resources and natural resources tools, and the distinction of being named the 2007 American Planning Association – Minnesota Chapter Merit Award for Outstanding Tool. Hanson informed the Committee that an online version of the Digital Atlas is currently being developed and is scheduled for a mid-summer release. He also provided an overview about the next steps regarding this project. Discussion followed.

Sanda questioned what the policy implications were of cooperating with the Wisconsin DNR. Hanson indicated he could not address policy questions regarding that matter but responded that he viewed this more as an opportunity for information sharing.

ADJOURNMENT

The next meeting of the Community Development Committee is Monday, April 7, 2008 at 4:00 p.m. in Chambers.

Business completed, the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Diane Jadwinski
Recording Secretary