

AGENDA ITEM – 3C



DATE: March 9, 2026

TO: Honorable Mayor and City Councilmembers
Jessica Jagoe, City Administrator

FROM: Jake Reilly, Community Development Director

SUBJECT: Met Council’s Livable Communities Act Fund for Housing Planning and Policy
Development Grant Discussion

Budgeted Amount:	Actual Amount:	Funding Source:
N/A	N/A	Metropolitan Council

Council Should Consider

- Council should consider the information provided on opportunities to apply for up to \$200,000 in grant funds through the Metropolitan Council Livable Communities Grant Program and provide direction to staff on next steps.

Background/Discussion

In September 2025, the City Council directed staff to work on several policy and planning initiatives related to housing choice, affordability, and supply in the City Arden Hills. In October, staff started presenting information to address those requests, starting first with conversations about enforceable affordable housing policies. That conversation resulted in a draft affordable housing ordinance that will be considered by the Planning Commission in April. Other Council requests include considering a discussion about Accessory Dwelling Units (Agenda Item 3E), evaluating vacant and/or underutilized land within the City (not including Rice Creek Commons), and identifying other opportunities that would ensure the Housing vision in the 2040 Comprehensive Plan to, “*Develop and maintain a strong, vital, diverse and stable housing supply for all members of the community*” can be achieved.

The Housing Chapter identifies the following policies:

- Promote the development of a variety of housing options by preserving and increasing high-quality housing opportunities that are suitable for a mix of ages, incomes and household types.
- Encourage the incorporation of affordable and life-cycle housing into new development and redevelopment where feasible.

- Maintain the quality, safety, and unique character of the City’s housing stock.
- Preserve and strengthen the community’s neighborhoods to maintain a high quality of life for residents.
- Encourage housing development and redevelopment that is complementary to and enhances the character of the City’s established neighborhoods.

Since October Staff and the Council have worked to consider information and develop defined policy documents to reflect the above. To achieve the above, some of the initiatives and information requested by the Council will benefit from additional resources to address limited staff capacity and to address the Council’s desired outcomes in a reasonable amount of time.

To support initiatives such as these being considered by the City of Arden Hills to address housing needs, in the 1995 session, the Minnesota Legislature enabled the Metropolitan Council Livable Communities Fund (Minn. Stat. §473.251). The Livable Communities grant program advances the regional development guide by increasing housing choice, improving safety, and helping ensure that residents can meet their needs in their community. The Livable Communities program helps local governments:

- Set the conditions for development through policy development and small area planning.
- Support development projects that add affordable housing, create community-centered commercial spaces, or clean up contaminated land.

Staff would like to apply for Livable Community Act Funds to support the current, ongoing and future housing policy work in Arden Hills (Attachment A). There are a couple of key steps the Council must consider as an eligible LCA applicant, prior to applying for the available funds.

The Council must have an adopted Fair Housing Policy on file with the Metropolitan Council. Historically the City has participated in the national Fair Housing month by issuing a proclamation declaring April Fair Housing Month. A draft potential Fair Housing Policy (Attachment B) statement for consideration and discussion. Staff would like to bring a draft policy to the April 13 Regular Council meeting for consideration, along with the proclamation.

The Council must also determine what of the policy initiatives underway and the projects that would support them would be appropriate for a funding request. Some of the projects requested by Council that would benefit from additional financial and staff resources include:

- Evaluation of vacant and underutilized land within the primary geography of the City.
- Evaluation of potential redevelopment sites for housing or other community needs.
- Studying the Arden Hills specific housing needs, in terms of mix of housing type, mix of housing affordability, and what is needed to maintain and support the existing housing supply. A specific report evaluating housing need was completed in 2008 for Rice Creek Commons. A similar report for the rest of the Arden Hills geography is recommended.

Council must also consider how staff will respond to the application questions. Staff would ideally use the adopted Comprehensive Plan as the basis for many of the questions.

The Metropolitan Council issued a 2026 Notice of Funding Availability for Policy and Affordable Housing Program Development Projects in February. The Metropolitan Council has authorized up to \$639,000 to be awarded for policy and affordable housing program development projects through the Livable Communities program in 2026. The Metropolitan Council is supplementing the Livable Communities funding with federal funding to make this grant opportunity available.

Requests are limited to \$100,000 per application. Grant funds may be used for staff or consultant time directly related to the project. No matching funds are required. Arden Hills is an eligible applicant.

To be eligible for Livable Communities grant funding, the policy or affordable housing program development project must:

- Be applied in or for a Livable Communities participating city, and the city must be consistent with all comprehensive plan requirements.
- Have a Livable Communities participating city, township, county, or development authority partner to sponsor the project, submit the application, and accept funds on behalf of the project.
- Meet at least one of the following defined outcomes:
 - Encourage more development or preservation of affordable housing, both rental and ownership
 - Incentivize environmentally sustainable development and green infrastructure
 - Mitigate or prevent future displacement of residents and businesses
 - Increase housing choice through type, tenure, and/or accessibility
- Result in an enforceable policy, ordinance, or program that is presented for adoption by the grantee's regulatory body, such as the city council or housing and redevelopment authority board. The regulatory body does not have to adopt the policy, ordinance, or program to qualify.
- Have a demonstrated funding gap/need.

Staff propose to apply for the maximum amount of \$100,000 in order to support the policy development work underway. Following this conversation, staff will bring back to Council recommendations for use of funding, a draft application, and a draft resolution authorizing staff to apply for the grant funds for consideration in April. The first application deadline is May 15, 2026. Awards are expected to be announced in July 2026. A second round of funding will open in the fall, with an application deadline of October 15, 2026 with awards announced in December 2026/January 2027.

Budget Impacts

Potential to offset staff or consultant time by utilization of grant funds towards projects to support the affordable housing policy development work.

Attachments

Attachment A – Met Council 2026 Notice of Funding Availability for Policy and Affordable Housing Program Development

Attachment B – Sample Fair Housing Policy statement