

Community Development Committee

Meeting date: April 21, 2014

For the Metropolitan Council Meeting of April 30, 2014

Subject: Section 8 Project Based Voucher Award Recommendations

Policy/Legal Reference: 24 Code of Federal Regulations, Part 983

Staff Prepared/Presented: Beth Reetz, Director of Housing and Livable Communities (651) 602-1060

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council approve the award of 51 Section 8 Project Based Vouchers (PBV) to the following projects and authorize staff to execute necessary documents with the U.S. Department of Housing and Urban Development (HUD) and project owners:

Project Name	City	Number of Units in Project	Number of PBV Units Requested	Target Population
CommonBond, Veterans Affairs Housing	Fort Snelling	58	38	Homeless Veterans
Sherman and Associates, The Villages at Frost-English	Maplewood	55	10	Homeless Veterans
Carver County Community Development Agency, Lake Grace Apartments	Chaska	91	3	Homeless Veterans
Total			51	

Background

The Section 8 Project Based Voucher Program (PBV) allows housing authorities that administer a tenant-based voucher program to assign up to twenty percent (20%) of the housing authority vouchers to specific units. This is different from the tenant based program where the housing authority issues the voucher to an eligible family and the family selects a unit of its choice. With the project based program the rent assistance becomes connected to the rental unit instead of to an eligible household. The Metro HRA, to date, has awarded a total of 445 PBV units to 23 separate projects located in Anoka, Carver, Hennepin and Ramsey Counties. The project based voucher program helps ensure that very low income households are able to rent units in higher rent developments helping to promote mixed income developments while also providing a guaranteed income stream which assists in the underwriting process.

PBVs may be attached to newly constructed, rehabilitated or existing housing units. The housing units awarded must:

- Be occupied by households at or below 50% of area median income;
- Have rents that are reasonable and within the rent limits established by the housing authority;
- Meet housing quality inspection standards set by HUD.

A Request for Proposals (RFP) for Section 8 PBVs to serve Homeless Veteran's was issued on December 17, 2013, offering up to 70 vouchers. In most cases, the Metro HRA offers PBVs in connection with MN Housing's Super RFP process which provides a centralized means for developers to access funds for affordable housing development, acquisition and rehabilitation. The RFP was issued differently in this case in anticipation of a HUD Notice of Funding Availability (NOFA) specifically offering project based vouchers for units to serve homeless veterans. The HUD NOFA was issued on February 4, 2014 providing housing authorities the opportunity to submit an application for one project only for Veteran's Affairs Supportive Housing (VASH). Staff is submitting an application for 20 VASH vouchers on behalf of the highest scoring application, CommonBond VA Housing-Fort Snelling. If awarded, the Metro HRA will use the 20 VASH vouchers to partially offset this PBV award.

Five proposals were received in response to the RFP. Staff evaluated the proposals according to criteria outlined in the Section 8 Administrative Plan and the HUD NOFA:

- Project Readiness;
- Extent to which the project furthers the goal of deconcentrating poverty;
- Promotion of cooperative partnerships that link supportive services with affordable housing;
- Linkages among jobs, housing and transportation;
- Community support;
- VA Medical Center support.

One proposer, Washington County HRA, withdrew their application to pursue a direct application to HUD. Another project, did not score well on project readiness and financial feasibility, and, as a result, is not being recommended for PBVs. The three recommended projects, as listed in the motion, are:

CommonBond, Veterans Affairs Housing - Fort Snelling – 38 PBV Units (20 VASH and 18 regular PBV)

The CommonBond VA Housing project includes the rehabilitation of five existing historic buildings on the Fort Snelling Upper Post to create 58 units of affordable housing. The housing will be occupied by homeless veterans and their families with associated supportive services. The PBV units include 25 efficiencies, 5 one-bedrooms, 2 two-bedrooms and 4 three-bedrooms. CommonBond will partner with the Veteran's Affairs to provide supportive services.

38 PBV units are proposed for this project – 20 Veteran's Affairs Supportive Housing (VASH) PBV and 18 regular PBV. The remaining 20 units have been awarded Group Residential Housing subsidy through Hennepin County. Construction is slated to begin in May 2014.

Sherman and Associates, The Villages at Frost-English, Maplewood – 10 PBV Units

The Villages at Frost-English is a multi-phase new construction project located in Maplewood owned by Sherman Associates. Phase I of the development will offer fifty-five (55) units of family mixed income housing; This includes 12 one-bedrooms, 32 two-bedrooms and 11 three-bedroom units. 10 units are proposed for PBV. The PBV units will serve homeless veterans. Supportive services will be provided by Lutheran Social Services to assist with successful independent living.

Phase II will provide 65 units of senior housing and Phase III will include 6,500 square feet of neighborhood-related retail. This development received a \$1.9 Million Livable Communities Demonstration Account grant in January to assist with site improvements. Construction is scheduled to begin in early 2015.

Lake Grace Apartments, Chaska – 3 PBV Units

Lake Grace Apartments is an existing 91-unit multi-family complex in Chaska owned by the Carver County Community Development Agency. There are four buildings of 24 units each consisting of one, two and three-bedroom units. The PBV is proposed for 3 units – one of each bedroom size to be occupied by homeless veterans and their families. Carver County will work closely with partnering agencies to ensure success of program participants including Veteran’s Services, Community Action Partnership and Carver County Social Services. Because Lake Grace is an existing building, the units will be available almost immediately for homeless veterans.

Rationale

The requested vouchers will become “in use” in stages - 3 now, 38 in 2015 and 10 in 2016. VASH PBV award announcements are anticipated in August 2014 as a result of the recent HUD Notice. Metro HRA is optimistic of an award of 20 vouchers through this process. If the HUD application is not funded with additional vouchers, current utilization and funding levels would support the proposed 51 PBV award.

Awarding 51 units of PBV will contribute to the State of MN achieving its goal of ending veteran homelessness by 2015.

Funding

Funding for the PBV program is provided by the U.S. Department of Housing and Urban Development.

Known Support / Opposition

There is no known support or opposition to this recommendation.