

## Community Development Committee

Meeting date: December 21, 2015

For the Metropolitan Council meeting of January 13, 2016

**Subject:** Strategic Land Acquisition for Affordable Housing

**District(s), Member(s):** All

**Policy/Legal Reference:** Minn. Stat. §§ 471.59; 473.195

**Staff Prepared/Presented:** Beth Reetz, Director, Community Development Division (651-602-1060)

**Division/Department:** Community Development

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and the Chair to execute a Joint Exercise of Powers Agreement with the Minnesota Housing Finance Agency to provide \$1,000,000 in program support in the form of a grant to the Twin Cities Community Land Bank (Land Bank) to further the Land Bank's work to acquire sites for future affordable housing using guidelines listed in Attachment 1 to assist in the prioritization of investments.

### Background

The Minnesota Housing Finance Agency (MHFA) currently provides funding to the Twin Cities Community Land Bank (Land Bank) to support acquiring strategic sites for future affordable housing in market areas where land prices are rising and the availability of strategic sites for affordable housing are at risk. The Land Bank is able to use lower or no cost funds from government and philanthropic partners to leverage more private debt to invest in the acquisition, preservation and creation of affordable housing. With additional funds provided by the Council, the Land Bank will be able to increase its capital base enabling it to leverage lower cost private debt to use in acquiring additional strategic sites for affordable housing. Under the proposed joint powers agreement the MHFA will use Council funds to increase MHFA's program support to the Land Bank for strategic land acquisition. The Council funds will be used on a revolving basis and be reused as acquired sites are sold to affordable housing developers and new sites are purchased.

To date, the Land Bank has deployed over \$7.2M for 12 large-site strategic acquisitions, and over \$105.8M to purchase over 1200 properties following foreclosure to stabilize neighborhoods and protect home ownership opportunities for low- and moderate-income households. Large-site acquisition projects have included the Old Home Dairy site in Saint Paul now being developed into 62 units by Aurora/St. Anthony Neighborhood Development Corporation and Sand Company, a site in Golden Valley by the Jewish Housing and Programming and Community Housing Corporation into 45 units, the House of Charity Expansion site in downtown Minneapolis into 65 units, and a site in Edina across from the Southdale Transit Center for 39 units for homeless youth developed by Beacon Interfaith.

### Rationale

This action supports direction in the Council's:

- Housing Policy Plan which includes a strategy to work with community partners to develop and provide mechanisms and financial resources to strategically acquire property for future development of affordable

housing that provides TOD-supportive land use and leverages private investment to create a mix of housing affordability around emerging transit investments, and

- Transit Oriented Development Policy which includes a strategy to pursue private sector and government partnerships to accelerate land acquisition and development for TOD, and
- Transportation Policy Plan which includes expectations of locating higher density residential and mix-use developments that include a mix of housing affordability at transit stations and along transit corridors, and acknowledges the Federal Transit Administration’s New Starts and Small Starts scoring evaluation criteria for funding which assesses the supply of legally binding affordable housing as well as plans and policies to increase the supply.

This action also is consistent with HUD’s new Affirmatively Furthering Fair Housing rule which, among other things, encourages: targeting investments in neighborhood revitalization or stabilization; preserving or rehabilitating existing affordable housing; promoting greater housing choice within or outside areas of concentrated poverty and greater access to areas of high opportunity; and improving community assets such as quality schools, employment and transportation.

### **Funding**

The Council’s 2015 Unified Budget authorized \$1M of its general purpose levy to support community partners in strategically acquiring sites for affordable housing.

### **Known Support / Opposition**

Joint powers agreements between governmental units must be “entered into through action of their governing bodies.” The MHFA Board of Directors will consider the proposed joint powers agreement at an upcoming meeting. No known opposition.

## Investment Guidelines

### Purpose

The Metropolitan Council strategic acquisition grant funds will be invested in the Twin Cities Community Land Bank as a pilot project for the acquisition of strategic real estate sites for the creation of affordable housing for two main purposes: to provide access to stable, quality housing in communities of low opportunity and to expand housing options in areas of high opportunity, as those terms are described in the Council's Housing Policy Plan. The Metropolitan Council is seeking this partnership with the Land Bank because of its ability to leverage additional investment and because of its ability to act quickly and nimbly to acquire sites. None of the Metropolitan Council funding for this program shall be used to increase the concentration of poverty, as defined in the Council's Housing Policy Plan and Choice, Place and Opportunity Report, in any area of the Region.

### Guidelines

The Land Bank will use the grant funds:

1. In location-efficient sites within the 7-county metropolitan region, and when appropriate, allocating at least half of the funds from the Metropolitan Council: (a) to opportunities in the counties other than Hennepin and Ramsey, or, (b) alternating the investment of such funds between an opportunity located in either the counties of Hennepin or Ramsey and an opportunity in the counties other than Hennepin and Ramsey,
2. Sites are eligible whether they have or don't have good access to transit as described in the Council's Transportation Policy Plan,
3. For developments that include housing affordable to households earning at or below 80% of AMI, with a preference for units 50% of AMI and below, as identified in the Metropolitan Council's Housing Policy Plan,
4. For both owner-occupied housing and rental housing, and
5. As revolving funds, with the expectation of repayment to allow reinvestment.

### Reporting Requirements

The Land Bank will provide semi-annual reports for a period of five years on:

1. Invested funds. Property and project information containing location and project descriptions, including anticipated affordability and type of housing.
2. Leveraged funds. Amounts and sources of capital leveraged from grant funds.
3. Review of Pilot. Challenges, successes, learning opportunities and recommendations for changes and enhancements to the program.