

## Community Development Committee

Meeting date: July 17, 2017

**Subject:** 2018 Community Development Division Preliminary Budget

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

**Policy/Legal Reference:** Information only

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

**Division/Department:** Community Development

### Proposed Action

Information item only

### Background

The presentation at the Committee Meeting on July 17<sup>th</sup> will be followed by a presentation at the August 9<sup>th</sup> Council meeting of the entire Council 2018 preliminary budget.

The Division's preliminary 2018 budget builds on the 2017 base budget which includes previously approved programmatic and staffing needs to accomplish Council priorities identified before and in *Thrive MSP 2040*. These include:

- Transit Oriented Development (TOD) capacity– staff (subsequently transferred to Metro Transit to establish the TOD office) plus the Livable Communities Act (LCA) Transit Oriented Development grant categories within the Demonstration and Cleanup accounts
- Housing policy, planning and development technical assistance capacity
- Additional research capacity
- Housing mobility (Community Choice Program) capacity
- Parks ambassador capacity
- Climate resiliency planning and research capacity
- Economic competitiveness capacity
- Fair housing initiatives support
- Planning grants for communities
- Strategic land acquisition for affordable housing support
- Increased support for affordable housing gap financing (LCA Local Housing Initiative Account)
- Additional planning and Sector Representative capacity

The work associated with the above priorities will continue into 2018 with existing staff capacity.

An addition to the 2018 preliminary Division budget is a request to support the regional efforts to reduce the loss of naturally occurring affordable housing. At an astounding rate, and one that far surpasses the rate of production of new affordable housing, the region is losing its stock of *Naturally Occurring Affordable Housing* (NOAH). Naturally occurring affordable housing is residential rental housing that has aged in affordability. It is not subsidized by any federal, state or local program. The rental rates are low compared to the regional housing market

primarily due to their age and lack of the amenities now seen as standard in new construction.

Due to the very healthy regional housing market, outside investors/speculators are purchasing these units at an alarming rate, upgrading the units through primarily cosmetic improvements, and putting them back in the market at much higher rents while displacing the existing renters many of which have school age children. In one or two purchases 500-1000 units are lost. This represents the number of new affordable units produced in the Region using ALL publicly available funding sources for an entire year. The Council's 2040 Housing Policy Plan acknowledges this problem and threat. Presently there are several organizations that are working with mission driven investors and innovative developers. They have created an impact fund to acquire and preserve NOAH units. This request would support the effort to build a source of capital available for these preservation efforts.

The presentation will include information regarding the Division's operating, pass through, and capital revenues and expenses identified by source and use, and a comparison with the approved 2017 budget.