

## Minutes of the

### SPECIAL MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE

Wednesday, May 16, 2018

**Committee Members Present: Barber, Commers, Chavez, Elkins, Kramer, Munt, Wulff**

**Committee Members Absent: Cunningham, Dorfman**

**Committee Members Excused:**

### CALL TO ORDER

A quorum being present, Committee Chair Commers called the special meeting of the Council's Community Development Committee to order at 2:50 p.m. on Wednesday, May 16, 2018.

### APPROVAL OF AGENDA AND MINUTES

It was moved by Wulff, seconded by Munt to approve the agenda. Motion carried.

It was moved by Wulff, seconded by Munt to approve the minutes of the May 7, 2018 regular meeting of the Community Development Committee. Motion carried.

### BUSINESS

none

### INFORMATION

#### 1. Discussion of proposed amendments to the Guidelines for Housing Policy Performance

Housing Planning Analyst Tara Beard provided an overview of the information item defining points, ALHOA, levy requirements, addressed double counting and invited discussion in preparation for the May 21, 2018 Community Development Committee meeting which will revisit Business Item 2018-117, first introduced at the May 7, 2018 Community Development Committee meeting.

Using the Guidelines, Metropolitan Council staff annually calculate Housing Performance Scores ("Scores") for most of the region's cities and townships to assess local efforts in developing and maintaining affordable housing and providing housing-related services and programs. The Council uses the Scores to evaluate applications to the Livable Communities Act programs. The Scores also account for 7 percent of proposals' total score in the Regional Solicitation for federal transportation funding.

In July 2015, the Council adopted [a major revision](#) to the Guidelines that resulted from the development of the *2040 Housing Policy Plan*. At that time, the Council committed to reviewing the results of the new Scores after the first year of new scores ([2016](#)) and biennially thereafter. This proposed amendment resulting from the 2018 review is the second amendment fulfilling this commitment.

Staff convened two meetings of representatives from the cities of Brooklyn Park, Chanhassen, Farmington, Minneapolis, and Fridley; Carver County Community Development Authority; Washington County Community Development Authority; Minnesota Housing; Metro Cities; Housing Justice Center; and Minnesota Housing Partnership. The recommended changes to the Guidelines reflect suggestions and recommendations from the meetings. Some changes were a consensus recommendation; other changes

represent Council staff’s efforts to balance divergent views. The guiding framework for the recommendation is to allow all types of communities the opportunity to achieve a high Score, and to balance that with the need for a consistent and clear scoring process.

**Table 1: Recommended changes to the Guidelines**

Substantive Changes	Rationale	Anticipated Impact
<p>The removal of the “hold harmless” provision that was developed to mitigate adverse impacts to communities’ Scores after major changes to the Guidelines were made in 2015.</p>	<p>The 2016 Guidelines specify revisiting the provision in 2018.</p> <p>Communities have had three years to adjust to new Guidelines and adapt their housing strategies accordingly.</p> <p>In an analysis of 2017 Scores, only five cities would have had a significant reduction (between 10 and 14 points lower) in their Score without the “hold harmless” provision.</p>	<p>A small number of communities may receive a 2018 Score that is lower than what they would have received under the “hold harmless” provision.</p>
<p>All communities will be scored using the same point split (25/25) for new versus preserved affordable units. The rollover provision will continue to allow a portion of excess units in either category to count in the other category if the maximum has not been met.</p>	<p>Assigning a relative value to new versus preserved affordable units by community designation oversimplifies the complexity of addressing affordable housing needs. Cities are in the best position to determine if new construction or preservation should be emphasized. Equalizing the maximum points of both approaches and keeping the rollover provision ensures both types of efforts are given equal credit.</p>	<p>When this change is applied to the 2017 Scores, eight communities showed decreases in their final score of 3 points or more and 17 communities showed increases in their final score of 3 points or more.</p>
<p>Change in requirements for mixed-income projects in N4. There is no minimum or maximum percentage of affordable or market rate units as long as both types of units exist.</p>	<p>With increasing mixed-income policies being passed in cities across the region, more private market housing is including small percentages (such as 10, 15 or 18 percent) of affordable housing. While the number of affordable units may be less than a minimum “20% affordable” project, it actually reflects more effort on the part of the city to create</p>	<p>This change is likely to allow more cities, especially those who have passed mixed-income housing policies, to gain points in this category.</p>

Substantive Changes	Rationale	Anticipated Impact
	affordable units in a largely unsubsidized project.	
Elimination of N5, which addresses a community's Livable Communities Act (LCA) goal for affordable housing.	As we near the end of the decade for which these goals were negotiated and consider the unforeseen consequences of the Great Recession on the housing market, comparing production to LCA goals for 2011-2020 is not a very accurate measure of city effort. When the Scores are reviewed again in 2020, acknowledging that 2021-2030 LCA goals will have been negotiated, staff will reconsider including LCA goals within the Guidelines.	Communities that had higher LCA goals may see more points because their production will no longer be measured against their goal. Communities with lower LCA goals may see fewer points because their production will no longer be measured against their goal.
Previous categories H5- H8 are reorganized into one category (H6) and focus entirely on households served.	It was hard to interpret the intent of this string of categories as written. New language and organization clarify that cities are receiving points here for proactively funding or administering housing programs that serve households earning low and moderate incomes. Rather than provide points for funding/administering the program and providing additional points for households served, only households served will be counted but at heavier weights.	Cities that serve the most households by funding or administering housing programs will continue to receive the most points from this category.
A suite of existing and new housing policy categories will be counted in a clearer way.	In the past few years many new types of housing policy efforts have become more mainstream in the region. Mixed income housing policies, fair housing policies, zoning allowing accessory dwelling units, tenants' rights policies and other strategies can all be categorized as local policies that encourage	Communities with mixed income policies will receive fewer points (these policies have become more common and actual mixed income projects also get points in new construction).  Communities with tenant rights policies will have access to more points, but primarily the

Substantive Changes	Rationale	Anticipated Impact
	affordable housing production. The proposed new Guidelines, consolidate these policies into one category (now H6).	change is for clarity and organization.
Eliminate H14, which provides points for cities that contribute to a County Housing and Redevelopment Authority or Community Development Authority through a county levy.	Contributions toward county levies that create affordable housing opportunities are already calculated and contribute toward points in H4 that measure a city's expenditures toward their affordable or life-cycle housing amount (ALHOA). Eliminating H14 prevents double counting.	Cities that earned points in this category will no longer receive them.

The committee members discussed the points awarded for different criteria. Criteria were discussed, the possible manipulation of points, and intentions. Concerns regarding points awarded for policies vs measurable outcomes, levies and the cost burdens paid by Counties and Cities were discussed.

Changes to scoring criteria and the impact on HRA/CDA's was discussed, acknowledging the varying local resources, affordable housing policies, and housing development markets.

The committee agreed adjusting the ALHOA points would be fair to cities and counties. A cap of points was discussed.

Ms. Beard reviewed the current guidelines and proposed guidelines from a handout to assist in the conversation.

**1. How we count the financial contributions city residents make that are used by the County vs. cities' use of their own levies or support of projects within their boundaries**

Points related to <b>City-specific</b> contributions to affordable housing	
Current Guideline	Proposed Guideline

City policies that supported affordable housing through a rental licensing program, an active code enforcement program, a Fair	City policies that supported affordable housing through a rental licensing program, an active code enforcement program, a Fair Housing policy, an ADU policy, <b><i>a mixed income or inclusionary housing policy,</i></b>
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Housing policy or an ADU policy received 4 points per policy (H9-H11, H13)	<b>or a tenant rights policy</b> would receive 4 points per policy
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City policies that supported affordable housing through a mixed income or inclusionary housing policy received 8 points (H12)	City policies that supported affordable housing through a <b>mixed income or inclusionary housing policy would only receive 4 points</b>
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City-specific support of new construction or preservation projects (points vary, depend on share of city’s financial contribution or specific support mechanism) (N1-N6, P1-P6, R1-R6)	No changes proposed
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Other policies could be given points at the Council’s discretion if included in the survey narrative

Points related to <b>County HRA/CDA levies</b> paid by city residents	
Current Guideline	Proposed Guideline

Cities received points for meeting their ALHOA requirement (2 points for spending 85%, 3 points for spending 100% or more. County levies used toward affordable housing opportunities were counted toward this criterion. <i>Note: not all counties levy and those that do levy at different percentages up to the maximum allowed by state law</i> ) (H4)	No changes proposed
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<p>Cities received 3 points for being levied by their County HRA/CDA if the HRA/CDA constructs new affordable housing. <i>Note: Ramsey County does not levy, so no Ramsey County cities received these points. The share of the levy used for affordable housing (versus economic development, overhead, or other activities) is not considered.</i> (H14)</p>	<p>Cities would receive <b><i>no additional points</i></b> for being levied by their County HRA/CDA if the HRA/CDA constructs new affordable housing. <u>See Appendix A for analysis.</u></p>
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<p>Cities received points for any new affordable housing development or preservation project within their boundaries, including those supported by County HRA/CDA funds and whether or not the city made a financial or policy-related contribution to the project. (N1-N2, P1-P2, R1-R2)</p>	<p>No changes proposed</p>
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The committee agreed with this guideline. Seems fair to counties, county spending counted as city spending and receives credit.

**2. Eliminating base points for communities that participate in homeownership programs and increasing points for households actually served under the programs**

Points related to homeownership efforts	
Current Guideline	Proposed Guideline

<p>Cities received 3 points each for being a lender/administrator of MN Housing single family programs, successfully receiving a MN Housing Single Family Impact Fund award or preserving unsubsidized</p>	<p>Cities would receive <b><i>no base points for participating or administering MN Housing single family housing programs or preserving unsubsidized affordable housing</i></b> (which largely captured tenant</p>
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affordable housing in a way not captured in the Preservation points criteria.	rights policies which would be covered elsewhere).
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Cities received an additional 0.1 points for every household served under either of the three programs/practices noted in the previous bullet.	Cities would receive <b>0.2 points for every household</b> served under either of the three programs/practices noted in the previous bullet.
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The difference in 2017 Scores as is versus using the proposed criteria related to homeownership efforts is compared in Appendix B. A comment was made at committee about considering the number of households served in the context of total households. An option where points are based on the share of households served by these programs is also provided in Appendix B for consideration.

The committee discussed the points awarded and the inconsistencies. Lenders awarded more points than awarded for households served, points received without serving any households. Suggests eliminating points for lenders.

Ms. Beard directed the committee to Appendix B and the impacted communities. Larger cities will not be impacted, and smaller cities will receive more points. The proposed guidelines were preferred.

### 3. How cities receive points without producing units

Appendix C shows all 2017 scores broken down by 4 categories: Points for New Construction (maximum of 15-35 points), points for Preservation/Rehab (maximum of 15-35 points), points for housing policies and programs (maximum of 25 points), and points for existing housing stock characteristics (maximum of 25 points).

The committee discussed the scoring for new construction and points received by the city and for TIFF, and defined rollover and carry over function. Interim Community Development Director provided clarity on the 'N' points, explaining N1 and N2 points awarded for new constructions based on number of units versus N3-N7 were points awarded based on support from the city and local funding.

The committee moved on to preservation/rehab points. Ms. Beard explained the points vary; new construction with preservation/rehab units, the rollover provisions, and lack of units to preserve for some communities.

The committee discussed the points awarded for mixed income projects and the calculation of points. Were points calculated by units versus share of units. For example, Mound and St Louis Park scored the same but they're not equal regarding affordable housing units. Ms. Starling explained points is not the total score, more units counted in N1 and N2.

Several mixed income projects under development with no adopted mixed-use policy, level of effort recognized. Chair Commers acknowledged the difficulty reflecting support in mixed-use projects. The committee inquired how to measure projects. Ms. Beard commented results from survey results are tracked and published in early fall.

## **ADJOURNMENT**

Business completed, the meeting adjourned at 3:55 p.m.

Michele Wenner  
Recording Secretary