2021-2030 Livable Communities Act Re-Enrollment

Determining Affordable and Life-cycle Housing Goals

February 3, 2020

Community Development Committee
Today’s discussion

- Overview of the Livable Communities Act, including 2021-2030 re-enrollment
- Overview of affordable and life-cycle housing goals
- Summary of discussions to date about how to determine 2021-2030 affordable and life-cycle housing goals
- Seek feedback from the Committee
Metropolitan Livable Communities Act (LCA)

• Voluntary grant program adopted by legislature in 1995 to promote:
  – Living-wage jobs
  – A full range of housing options
  – Compact and efficient development

• Participants/Applicants must be units of local government

• In addition to statutory requirements, LCA is an incentive tool:
  – Support affordable housing production
  – Develop comprehensive plans that are consistent with Council plans and policies
Three active LCA accounts

**Tax Base Revitalization Account (TBRA)**
- Environmental Investigation
- Environmental Clean-up

**Local Housing Incentives Account (LHIA)**
- Create and preserve affordable housing
- Part of Minnesota Housing’s Consolidated Request for Proposals

**Livable Communities Demonstration Account (LCDA)**
- Promote living-wage jobs, a full range of housing options, and compact development
- Separate Transit Oriented Development (TOD) category
- Separate Pre-development categories for both LCDA and LCDA-TOD
Requirements for participation

Communities must:

• Adopt affordable and life-cycle housing goals
• Establish a Housing Action Plan
• Spend an affordable and life-cycle housing opportunity amount (ALHOA)
2021-2030 Re-enrollment process

• Affordable and Life-cycle Housing Goals are updated every decade
• Current participating communities adopted Affordable and Life-cycle housing goals that expire at the end of 2020
• Must adopt 2021-2030 Affordable and Life-cycle Housing Goals by November 15, 2020
• Opportunity to enroll in the program on an annual basis, but the 10-year re-enrollment process applies to all communities
Baseline principles for goal determination

- Affordable and Life-cycle Housing Goals should be connected to Council policies
  - A community’s **allocation of affordable housing need** should be the foundation from which goals are determined

- Every community’s Goals should be determined using a consistent methodology that is easy to understand and explain
How were 2011-2020 goals determined?

Began with a community’s 2011-2020 allocation of affordable housing need

Federal, state, and local funding availability estimates were projected for the decade
- Determined to be enough to build about 65% of the affordable housing need

Goals were calculated as a range:
- Low-end: 65% of their 2011-2020 allocation of affordable housing need
- High end: Allocation of the housing need

Minneapolis, St. Paul, and Dakota County cities were exceptions to the low-end calculation
- These communities are sub-allocators of Low Income Housing Tax Credits
Discussion to date

- Two meetings with stakeholders
- Presentation to Land Use Advisory Committee
- Consensus on baseline principles
- General comfort with projected funding availability
- Significant discussion on whether goals should be the same as the need or based on funding availability
Considerations for goal/need determination

• Goal = Need
  – Allows goal to reflect the true significance of the affordable housing need
  – There is no “penalty” for not meeting the goal, so no “risk” in having a higher goal
  – Cities are already deeply embedded in how to address their need through the Comprehensive Plan update process

• Goal = Share of Need we expect funding for
  – Acknowledges lack of funding to meet need
  – Acknowledges cities alone cannot meet their need
  – Higher goals may discourage program participation
Next steps

- Use today’s feedback to continue conversations and narrow down recommended approach
- March/April: Return to CDC for confirmation of approach
- May - July: Communicate with all cities about upcoming reenrollment, goal determination
- August – November 15: Local adoption of proposed goals
- November: Public hearing at CDC meeting
- December: CDC and Council adopt 2021-2030 goals as part of mass reenrollment
Questions for discussion

• What are your initial thoughts on how to determine 2021-2030 goals?
• Do you have thoughts on how to best reach out to cities regarding goal determination and the LCA reenrollment process?

Thank you!
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