

Community Development Committee

Meeting date: May 4, 2020

For the Metropolitan Council meeting of May 13, 2020

Subject: Metro HRA Project Based Voucher Offer and Award Priorities

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

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

Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority, (651) 602-1187

Division/Department: Community Development/ Housing and Redevelopment Authority

Proposed Action

That the Metropolitan Council approve the issuance of a Request for Proposals to offer and award up to 200 Project Based Vouchers according to the selection criteria outlined in the Business Item table.

Background

The Council's Housing and Redevelopment Authority (Metro HRA) administers 6,812 Housing Choice Vouchers. The majority of these vouchers are tenant-based and move from place to place with the tenant. The U.S. Department of Housing and Urban Development (HUD) allows housing authorities the discretion to Project Base up to twenty percent (20%) of their vouchers, referred to as PBVs (Project Based Vouchers). PBV assistance is tied to a specific unit instead of to a tenant. PBVs may be tied to new construction, rehabilitated units, or existing housing units and can serve varying populations. The Metro HRA typically enters into 20-year contracts, although the regulations allow contract terms anywhere between 1 year and 20 years.

The Metro HRA has typically offered PBVs to interested owners/developers as part of Minnesota Housing's Consolidated Request for Proposals (RFP) process. Offering and awarding PBVs in this manner gives Minnesota Housing the control to choose which projects get funded and, therefore, which projects get PBVs. Metro HRA staff have been looking at alternative ways to offer and award PBVs and has had requests from developers to consider offering and awarding PBVs prior to the MN Housing RFP process. Awarding some PBVs outside of the Consolidated RFP process will allow the Council to target PBVs to specific populations and project types that may not otherwise qualify under Minnesota Housing's priorities and will give developers additional application points for other needed financing.

The Metro HRA has awarded 823 PBV units in 45 separate projects located in 30 communities throughout Anoka, Carver, Hennepin, Ramsey, and Washington Counties. Of these projects, 27 include some type of support services. The remaining 18 are considered general occupancy.

Prior to issuing an RFP, staff is recommending some changes in how selection criteria are prioritized through the award of points. The selection criteria are outlined in the Housing Choice Voucher Administrative Plan, Chapter 17, pages 17-6 and 17-7. [2019 Metro HRA Administrative Plan](#). Below are recommended revisions to points distribution:

Selection Criteria Description	Current Possible Points	Proposed Possible Points
Owner experience and capability to build or rehabilitate housing	10	5
Extent to which the project furthers the goal of deconcentrating poverty and expanding housing and economic opportunities	10	10
To promote projects located outside of Areas of Concentrated Poverty, unless the project is preserving an existing subsidy to help maintain affordability	20	15
To increase the supply and availability of affordable housing for very low and extremely low-income households in the metro area and to contribute to the upgrading and long-term viability of metro area housing stock	5	5
To integrate housing and tenant services for special needs tenants and to promote cooperative partnerships that link support services with affordable housing	15	20
To encourage economic integration in housing development	10	10
To the extent possible, encourage the development of housing for larger families needing 3 or more bedrooms	10	10
Extent to which the proposed project promotes linkages among housing, jobs and transportation and/or promotes higher-density development along selected transportation corridors	15	15
Extent of community support for the proposed housing	5	10
Total Points	100	100

If approved, a Request for Proposals will be issued in mid May 2020. If approved, an RFP process could result in contingent PBV awards by the end of June 2020. Projects that receive all financing necessary through Minnesota Housing’s RFP process in 2020 will move forward with formal award of PBVs. Projects that do not get the necessary funding to move forward will not be formally awarded PBVs and will need to reapply at a later date. These vouchers will remain in the tenant-based Housing Choice Voucher pool until later offered and awarded as PBVs.

Rationale

Awarding additional PBVs will support new affordable housing and will provide specific units in good locations for individuals and families with low wealth.

Thrive Lens Analysis

The award of Project Based Vouchers supports the Thrive outcomes of equity, livability, and prosperity by increasing the housing choices available to low income families within the region. Families that have stable housing in a community of their choice are better able to thrive and flourish.

Funding

Funding for the Project Based Voucher program is provided through the U.S. Department of Housing and Urban Development.

Known Support / Opposition

None.