

Community Development Committee

Meeting date: November 16, 2020

For the Metropolitan Council meeting of November 18, 2020

Subject: Amend the 2020 Annual Livable Communities Fund Distribution Plan

District(s), Member(s): All

Policy/Legal Reference: Livable Communities Act (Minn. Stat. § 473.25)

Staff Prepared/Presented: Tara Beard, Livable Communities Manager (651-602-1051); LisaBeth Barajas, Community Development Director (651-602-1895)

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council revise the 2020 Annual Livable Communities Fund Distribution Plan to increase the funding availability for the Local Housing Incentives Account by \$1 million.

Background

In the 2020 budget, the Metropolitan Council budgeted \$1 million to support the creation of housing that serves populations experiencing homelessness. In March 2020, the Council authorized the negotiation and execution of a Joint Powers Agreement (JPA) with Minnesota Housing Finance Agency to direct those funds in support of the Minnesota Winter Homeless Initiative ([Business Item No. 2020-90](#)). The Minnesota Winter Homeless Initiative had been launched with philanthropic partners and initial private funds in the partnership had been distributed for operational purposes prior to the execution of the JPA. Given the onset of the pandemic in March, leveraging additional private funds for capital purposes, became difficult to realize.

The proposed use of funds for the Council's \$1 million contribution was to support capital projects that:

- Are located in the 7-county metropolitan area
- Provide up to 40 units of housing
- Provide housing units that are affordable to households with incomes of 30% AMI or less
- Are low barrier entry for residents
- Provide culturally specific and appropriate living spaces and supportive services
- Can commence construction in the next 6 months
- Accept housing choice vouchers

With the ongoing pandemic, the need for this type of housing has only grown. Staff explored multiple options for leveraging additional funds, including some newly available funds through the Federal CARES Act. These options were either not suitable for achieving the proposed use of funds noted above, or would not be expedient enough to be leveraged in 2020.

The Council approved the [2020 Annual Livable Communities Fund Distribution Plan](#) (FDP) at its meeting on February 26, 2020 (Business Item No. 2020-70). As part of the FDP and related 2020 budget approvals, the Council authorized the availability of \$4.5 million for the Local Housing Incentives Account (LHIA). The Consolidated Request for Proposals, through which the Council solicits projects for Local Housing Incentives Account grants, was underway, with applications submitted in July. Staff have found several

applications that were consistent with the proposed use of funds, in addition to other applications that also were consistent with the purpose and criteria for the LHIA program.

As such, Council staff is proposing to re-direct the use of the \$1 million originally allocated toward the Minnesota Winter Homeless Initiative to the Council's LHIA program to select and award projects from the 2020 solicitation. Council staff have tentatively scheduled Council action for 2020 LHIA project awards for January of 2021.

Rationale

The redirection of the \$1 million to the 2020 Local Housing Incentives Account will support a more expeditious awarding for projects that support the Council's intended purposes for the funding. Council staff explored other avenues but found the timelines to be too long due to the time needed to create new program processes, application periods, and structures for awards. The intended purposes of the funds can be met through the existing LHIA program, and staff review of submitted applications show that projects exist that meet these criteria.

This action also furthers the Council's recently developed Housing Goal and objectives regarding homelessness. In particular, this action supports the objective to "[a]ssume a leadership role to help regional stakeholders eliminate unsheltered homelessness." One of the strategies listed under the Housing Goal is to "[c]reate and contribute to a new collaborative fund to support smaller, low-barrier supportive housing options for people experiencing homelessness throughout the region." While these funds will not be part of "a new collaborative fund," the funds will support smaller, low-barrier supportive housing options.

Thrive Lens Analysis

Capital funding for the support housing for populations that are experiencing homelessness furthers the Thrive outcome of Equity by supporting the development of additional choices for residents to have safe, stable housing that meets their needs. Minnesota's 2019 report on homelessness also shows that people of color are more likely to experience homelessness than the overall Minnesota population.

The *2040 Housing Policy Plan* (HPP) notes that homelessness continues to be a challenge even though multiple collaborations and alliances continue to make progress toward its eradication and states that one of the aims of the HPP is "to prevent homelessness by creating housing options that give all people viable choices for safe, stable and affordable homes."

Funding

As part of its authorization of the 2020 Unified Budget, the Council allocated \$1,000,000 in general purposes levy to address housing for people experiencing homelessness. The 2020 November Operating Budget Amendment (Business Item 2020-305 JT) will reflect a transfer of budget authority from the Community Development Operating Budget to the LHIA passthrough budget. Moving funds to the passthrough budget will allow the Council to pass funds through via grant agreements.

Known Support / Opposition

Minnesota Housing has been a great partner in working with Council staff to investigate the submitted applications and review them for consistency with the proposed use of funds.