

Community Development Committee

Meeting date: Monday, October 19, 2020

For the Management Committee Meeting of October 28, 2020

For the Metropolitan Council Meeting of October 28, 2020

Subject: Family Affordable Housing Program Unit Purchase and Special Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.195, subd. 1

Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority, (651) 602-1187; Heather Aagesen-Huebner, Director, CD-MTS Finance and Administration, (651) 602-1728

Division/Department: Community Development / Housing and Redevelopment Authority

Proposed Action

That the Metropolitan Council:

1. Amend Metro Housing and Redevelopment Authority existing capital program authority by reducing Family Affordable Housing Program Project 14652 by \$200,000 and transferring that \$200,000 to new project, Family Affordable Housing Program House Acquisition Project 14653.
2. Authorize the purchase of property located at 7378 Vinewood Court in the City of Maple Grove.
3. Authorize the Community Development Director to execute the necessary documents for the acquisition of this property.
4. Direct staff to develop a policy identifying under which conditions the Council would purchase the second half of a duplex where the Council already owns half, as well as consider other opportunities for the sale of existing properties and the acquisition of others.

Background

The Metropolitan Council took action in January 1999 to establish the Family Affordable Housing Program (FAHP). As a result, the Council owns 150 housing units located in 11 suburban communities throughout Anoka, Hennepin, and Ramsey Counties. The units include 2 to 5 bedrooms and are single family homes, townhomes, and twin homes of a scattered site nature. The breakdown is as follows:

Table 1. Composition of Council-owned Housing Units

Unit Type	Number of Units
Single Family Home	76
Townhome	65
Twin home	9
TOTAL	150

The units were purchased to help implement the Hollman Consent Decree that required the Minneapolis Public Housing Authority (MPHA), the U.S. Department of Housing and Urban Development (HUD), and their co-defendants to make a series of policy changes aimed at deconcentrating poverty in Minneapolis. The decree required demolishing 770 public housing units in Minneapolis and redeveloping them in non-concentrated areas of the city and suburbs.

At that time, the Council received \$28 million in federal funds and purchased the 150 FAHP units on the open housing market between 2001 and 2004. The units have been operated successfully, since inception, by a private property management company. The Council has not purchased any additional units since that time.

As shown in the chart above, the Council owns 9 twin homes. In 2 cases, the Council owns both halves of the twin home. In 7 cases, the Council only owns 1 half. Council staff were recently approached by a neighboring homeowner inquiring whether there was interest in purchasing the other half of a twin home. Although the Council has not purchased any new housing units in sixteen years, the original authorization was for the purchase of up to 300 units. The Council acquired 150, and not 300, largely due to funding limitations at that time.

Minn. Stat. § 473.195, subd. 1 authorizes the Council to undertake any “housing project, housing development project, redevelopment project, or urban renewal project,” but must do so with the consent of the municipality in which the project is located. As such, if the Council approves the purchase of this home or any other additional homes, Council staff will then need to follow up with the municipality to seek their approval prior to purchase.

The Authorized Capital Program (ACP), has \$500,000 programmed for the Family Affordable Housing Program. The revenue source is General Purpose Levy funds the Council programmed as a 2020 targeted initiative under the ‘housing that is affordable’ umbrella. Funds were originally intended to support asset management initiatives for Council owned housing units. The potential home purchase was not known at the time of the budget amendment authorizing funds or during development of the Capital Improvement Plan.

Staff recommendation is to reprogram \$200,000 of the \$500,000 in the Authorized Capital Program to purchase this property. The Council carries no debt on existing FAHP homes, and the program has proven to be self-funding; this purchase is not expected to place financial pressure on other areas of the Metro HRA.

Rationale

Purchasing the second half of existing twin homes assists with asset protection if the Council owned both sides. The price for this unit is reasonable based on a market analysis completed by the Council's Real Estate Office. The Council-owned properties remain in a state of good repair. The Metro HRA has its capital improvements prioritized in a three-year project plan; this budget change will not delay or remove any anticipated projects.

Thrive Lens Analysis

The purchase of an additional FAHP unit supports the Thrive outcomes of equity, livability, and prosperity by increasing the housing choices available to low income families across the region. Families that have stable housing in a community of their choice are better able to thrive and flourish. The acquisition of the second half of this twin home also furthers the Thrive outcome of stewardship as it improves the Council's ability to ensure the good condition of the units we own.

Funding

Funding for this project comes from General Purpose Levy funds within the existing Metro HRA authorized capital program.

Undesignated Family Affordable Housing Program (FAHP) – Project 14652 Family Affordable Housing Program House Acquisition – Project 14653 (NEW)

This amendment will reduce existing project 14652 by \$200,000 and reallocate those funds to new project 14653.

Known Support / Opposition

The current owner of the subject property approached Council staff regarding the sale of their home. Council staff are not aware of any opposition to the acquisition of this property.

	Authorized Capital Program (ACP)			Capital Improvement Plan (CIP)							ACP + CIP Combined
	2020 Amended	Changes	2021 Proposed	2021	2022	2023	2024	2025	2026	Total	
Housing and Redevelopment Authority											
Family Affordable Housing Program	500	-	500	100	100	100	100	100	100	600	1,100
Total Housing and Redevelopment Authority	500	-	500	100	100	100	100	100	100	600	1,100
Other Parks Programs											
Equity Grant Funds	2,364	-	2,364	-	378	422	468	513	558	2,338	4,702
Land Acquisition Funds	10,743	-	10,743	4,697	4,766	4,836	4,908	4,981	5,056	29,245	39,987
Other Governmental Units	28,936	-	28,936	-	-	-	-	-	-	-	28,936
Total Other Parks Programs	42,043	-	42,043	4,697	5,144	5,259	5,376	5,494	5,614	31,583	73,625
Regional Park Implementing Agencies											
Anoka County Parks	6,877	-	6,877	1,738	4,244	1,808	4,316	1,881	4,390	18,377	25,254
Carver County Parks	3,235	-	3,235	406	1,150	422	1,167	439	1,184	4,767	8,002
City of Bloomington Parks	1,803	-	1,803	342	999	356	1,013	370	1,028	4,107	5,910
City of St Paul Parks and Recreation	17,351	-	17,351	2,437	5,496	2,536	5,596	2,638	5,701	24,404	41,755
Dakota County Parks	8,094	-	8,094	1,522	4,106	1,584	4,169	1,648	4,234	17,263	25,357
Minneapolis Parks and Recreation Board	31,555	-	31,555	4,385	9,954	4,563	10,135	4,747	10,323	44,106	75,662
Ramsey County Parks	9,344	-	9,344	1,583	3,838	1,647	3,903	1,714	3,971	16,657	26,002
Scott County	2,116	-	2,116	721	1,610	750	1,639	781	1,670	7,172	9,288
Three Rivers Park District	21,906	-	21,906	4,489	9,974	4,670	10,159	4,859	10,352	44,502	66,408
Washington County Parks	5,670	-	5,670	991	2,616	1,031	2,657	1,072	2,699	11,065	16,734
Total Regional Park Implementing Agencies	107,951	-	107,951	18,614	43,987	19,366	44,754	20,149	45,552	192,421	300,372
Total CD – Parks and Open Space Capital Program	150,494	-	150,494	23,411	49,230	24,725	50,229	25,742	51,265	224,604	375,098

2020 Unified Budget - Capital Program - Special Budget Amendment

Community Development Committee - October 19th, 2020

Management Committee - October 28th, 2020

Metropolitan Council - October 28th, 2020

Business Item: 2020-281 JT SW
Capital - Attachment #3 (Project Detail) - Informational Only

ACP

Project #	Agency	Description	Subgrant #	CURRENTLY AUTHORIZED			PROPOSED CHANGES			AMENDED			2020 Budget	Multi-Year Authorization		
				State	Regional	Total	State	Regional	Total	State	Regional	Total				
METRO HOUSING AND REDEVELOPMENT AUTHORITY																
												Original Adopted	\$ -	\$ -		
												After Prior Amendments	\$ -	\$ 500,000		
												After This Amendment	\$ 200,000	\$ 500,000		
Administrative Adjustments / Reallocate Existing Funding																
14652		Undesignated Family Affordable Housing Program (FAHP)		\$ -	\$ 500,000	\$ 500,000	\$ -	\$ (200,000)	\$ (200,000)	\$ -	\$ 300,000	\$ 300,000	\$ (200,000)	\$ (200,000)		
NEW - 14653	7378 Vinewood Court, Maple Grove	Family Affordable Housing Program House Acquisition		\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000		
Closing Projects / Reallocate Authorized Funding																
				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		Section Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
												* Regional Parks Projects Closed and Removed from Authorized Capital Program			\$ -	
Authorize New Grants / Increase Authorized Funding / Reduce Authorized Funding																
				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		Section Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
METRO HOUSING AND REDEVELOPMENT AUTHORITY TOTAL				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		