

Affordable Homeownership Pilot

Livable Communities Act

Local Housing Incentives Account (LHIA)

What will we cover today?

- Brief review of Local Housing Incentives Account (LHIA) Affordable Homeownership Pilot
- Share draft scoring criteria for feedback and discussion
- Revisit funding availability options
- Next steps

Local Housing Incentives Account (LHIA) Affordable Homeownership Pilot

Pilot priorities:

1. **Geographic choice:** Increase affordable homeownership options in areas that are predominantly single-family and have higher sale prices
2. **Reducing racial disparities in homeownership:** Increase affordable homeownership opportunities focused on serving Black, Indigenous, and other ethnic groups that own homes at disproportionately lower rates than white households



LHIA Project: PPL Greenbelt (2020)

Pilot eligibility

- To be considered, projects would have to:
 - Be a participating Livable Communities Act community
 - Have a dollar for dollar local match
 - Provide an affordable homeownership opportunity for a household earning 80% Area Median Income or less
 - Provide a minimum affordability term of 15 years
 - Require Home Stretch or similar homeowner education for first-time homebuyers

Pilot-informing data

- 2020 Census data
 - Almost all LCA cities now meet geographic and/or racial equity focus considerations
 - “Pre-qualification” no longer helpful to differentiate applicants
 - Staff proposes a 2-step approach to scoring

Pilot scoring criteria

Step One

Sufficiently addresses one or both pilot priorities

Step Two

Efforts to reach populations with significantly lower rates of homeownership than white households

Considers unique local needs, depth and length of affordability

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

Geographic Equity

| Criteria | Points |
|---|--------|
| Project is in a city with an average home sale price higher than what is affordable to a household earning 80% AMI | 5 |
| OR Project is in a city with an average home sale price higher than what is affordable to a household earning 60% AMI | 3 |
| Project is in a city where the share of single-family housing stock is higher than the regional average | 2 |
| Project is in a city with an affordable housing need less than 20 OR more than 50% of their need is in the 51-80% affordability level. | 2 |

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

Racial Equity

| Criteria | Points |
|---|--------|
| Project is in a city with higher racial disparities in homeownership than the regional average | 5 |
| OR Project is in a census tract with higher racial disparities in homeownership than the regional average | 3 |
| Project is in a city with a higher share of Black, Indigenous, and other residents of color than the regional average | 3 |
| OR Project is in a census tract with a higher share of Black, Indigenous, and other residents of color than the regional average | 2 |

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

| Racial Equity | |
|--|-----------|
| Points available | 8 |
| Geographic Equity | |
| Points available | 9 |
| Total pilot priority points available | 17 |

A minimum of 5 points would be required to ensure the project sufficiently addresses one or both pilot priorities.

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

Equitable access

| Criteria | Points |
|---|-----------|
| Developer or program partner has a demonstrated record of serving Black, Indigenous, and/or other households of color in homeownership at rates equal to or greater than the city and or region's homeownership rates for those same groups | 3 |
| Developer or program partner has current waiting list consisting of Black, Indigenous, or other households of color at levels equal or greater to the regional and/or city population | 3 |
| Project team includes a lender, realtor, or other homebuyer-facing team member that is reflective of the BIPOC households of color that have disparate homeownership rates in the region | 2 |
| Project will be made available to a first-generation homebuyer | 2 |
| Marketing efforts for sale of the project affirmatively further fair housing | 1 |
| Total Equitable Access points available | 11 |

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

Unique needs and affordability criteria

| Criteria | Points |
|--|-----------|
| Project addresses a need specific to the community in which the project is located, through financing, marketing, design, size or other unique need. | 3 |
| Project will be affordable to homebuyers earning less than 80% AMI | 3 |
| Project will remain affordable upon resale for more than 15 years | 3 |
| Project is located in a city with a net fiscal disparity of \$200 or more per household | 1 |
| Total Unique Needs and Affordability points available | 10 |

Pilot scoring criteria

Pilot Priorities

Equitable access

Unique needs, affordability

| Pilot Priorities | |
|---------------------------------------|-----------|
| Points available | 17 |
| Equitable Access | |
| Points available | 11 |
| Unique Needs and Affordability | |
| Points available | 10 |
| Total points available | 38 |

Funding considerations

How much should we make available?

- Estimated average award per unit: \$150,000
- Goal for 2022 awards: 10-20 homes
- Recommended funding amount for 2022: \$1M - \$2M
- Source ?

Questions for the Committee

- Do the scoring criteria accurately reflect the goals of the pilot?
- What are reactions to the funding availability recommendation?

Next Steps

- Staff will return in early January with:
 - Any changes informed by today's conversation
 - Updated information and recommendations on funding availability
- Goal is to have pilot program ready for approval in early 2022 as a part of the greater LCA Funding and Criteria Plan

Contact Us

Name: Tara Beard, Livable Communities Manager

Email: Tara.Beard@metc.state.mn.us

Name: Ashleigh Johnson, Senior Planner

Email: Ashleigh.Johnson@metc.state.mn.us