

Community Development Committee

Meeting date: July 19, 2021

For the Metropolitan Council meeting of July 28, 2021

Subject: Amend the 2021 Annual Livable Communities Funding Availability

District(s), Member(s): All

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

Staff Prepared/Presented: Tara Beard, Livable Communities Manager (651-302-1051)

Division/Department: Community Development/Regional Planning

Proposed Action

That the Metropolitan Council revise the 2021 Annual Livable Communities Act Funding Availability to increase the funding available for the Local Housing Incentives Account by \$4 million.

Background

The Council approved the 2021 Unified Budget on December 9, 2020 ([Business Item No. 2020-306](#)). This budget included \$4M for the Local Housing Incentives Account (LHIA).

In March 2021, the Metropolitan Council approved the [2021 Livable Communities Act Funding Availability, Program Guidelines and Scoring Criteria](#) (Business Item No. 2021-47) in alignment with the adopted 2021 Unified Budget.

In April of 2021, the Council provided policy direction to increase LHIA support by \$4M to support projects that would [advance racial equity in the region](#) ([Business Item 2021-84 SW](#)). Additional LHIA funding can help reduce racial disparities in housing stability and housing affordability by creating a full range of housing options across the region.

There are two Council procedural steps required to implement policy direction provided in April. The first is represented by this business item where staff request the Council to formally revise the 2021 Livable Communities Act Funding Availability, Program Guidelines and Scoring Criteria by increasing the LHIA availability from \$4M to \$8M. The second will be to amend funds into the 2021 budget. That action will occur in the Council 2nd quarter budget amendment, scheduled to come before the Metropolitan Council on August 11, 2021.

The Consolidated Request for Proposals, which is issued by Minnesota Housing and through which the Council solicits projects for LHIA grants will soon be underway, with applications due in July. Staff expect applications for LHIA funds will exceed the available \$8M available for programming.

Rationale

The addition of \$4 million to the 2021 Local Housing Incentives Account will support more new and preserved affordable housing units in the region. LHIA is an existing annual program that provides grants to create or preserve affordable housing, prioritizing deeply affordable, larger family units, and supportive housing for households experiencing homelessness.

Success will be measured by the number of new units compared to forecasted need for additional affordable housing and the number of preserved units funded compared to the number of housing cost burdened households. Disparities in

housing stability and access can also be tracked, though LHIA is a small portion of all available affordable housing funding.

This action also furthers the Council's Housing priority in the Strategic Plan, which identifies as a strategy to "[c]ontinue to add general fund dollars to the Local Housing Incentives Account (LHIA) each year, with funding prioritized toward housing affordable to households earning 30% of the Area Median Income or less." This strategy is meant to increase the Investment Objective of increasing Council-supported affordable housing production and preservation.

Thrive Lens Analysis

Additional funding for low-income residents in the region furthers the *Thrive MSP 2040* outcome of Equity by supporting the development of additional choices for residents to have safe, stable housing that meets their needs. The *2040 Housing Policy Plan* (HPP) and the Council's Choice, Place and Opportunity report (CPO) note that the lack of affordable housing disproportionately impacts people of color. The funding also supports the Thrive outcome of Prosperity by increasing the region's economic competitiveness by providing a full range of housing choices throughout the region.

Funding

In April of 2021, the Council provided policy direction to increase LHIA support by \$4M to support projects that would [*advance racial equity in the region \(Business Item 2021-84 SW\)*](#). That action will occur in the Council 2nd quarter budget amendment, scheduled to come before the Metropolitan Council on August 11, 2021.

Known Support / Opposition

There is no known opposition to increasing the 2021 LHIA funding availability.