

Community Development Committee

Meeting date: June 7, 2021

For the Metropolitan Council meeting of June 23, 2021

Subject: Approval of the Amended Edina Affordable Housing Partnership

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.195

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

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council:

1. Approve the Amended Edina Affordable Housing Partnership as described in this Business Item.
2. Authorize the Community Development Executive Division Director to negotiate and execute:
(a) a 25-year forgivable loan agreement with the City of Edina or the Edina Housing and Redevelopment Authority; and (b) other documents necessary to implement this affordable housing partnership initiative.
3. Authorize the Community Development Executive Division Director to execute purchase agreements and related agreements/documents necessary for the purchase of the homes.

Background

On December 23, 2020, the Council approved the Edina Affordable Housing Partnership, [Business Item 2020-331](#) whereby:

- The City of Edina committed \$2,000,000 to purchase homes within the city and lease them to the Council's Housing and Redevelopment Authority (Metro HRA) for \$1.
- The Metro HRA, through its existing Property Management contract, would maintain and lease the properties to qualified, low-income households.

After further consideration and discussion, Edina staff proposed revising the approved program. The overall program initiative objectives would remain similar. Rather than acquiring units and leasing the units to the Council, the City will provide the Metro HRA with up to \$2,000,000 (in the form of a 25-year forgivable loan) to acquire 4-5 single-family homes. The Council currently owns and operates 8 Family Affordable Housing Program (FAHP) units in the City of Edina. The Metro HRA would work with the City staff and the Council's Real Estate unit to locate and purchase these additional units.

The loan terms would be a 0% interest, 25-year forgivable loan. The Edina Housing and Redevelopment Authority approved the revised partnership initiative and forgivable loan at its May 27, 2021 meeting.

Next Steps

If the Council approves this revised partnership initiative, Council staff would proceed with the following steps.

- Negotiate agreements with the City or the Edina Housing and Redevelopment Authority which will allow the Council to acquire and operate additional Family Affordable Housing Program (FAHP) units within the City and lease the units for occupancy by Section 8 families.
- Amend funds into the Council's Authorized Capital Program.
- Work with the City to identify and purchase homes for occupancy by low-income families.

Rationale

The cost of housing is a barrier for many people to move to Edina which is home to and near many places of employment as well as local and regional services. People may be working in the City and contributing to the quality of life in Edina but may not be able to afford to live there due to the high rents. The City has a goal to increase affordable housing options in the City and this partnership would assist with increasing the number of homes available to low-income families.

Thrive Lens Analysis

The partnership supports the Thrive outcomes of equity, livability, and prosperity by assisting voucher families in moving to an area of their choice and expanding affordable housing opportunities in a high-rent community.

Funding

Funding for the home acquisitions and renovation will be provided by the City of Edina and amended into the Council's Authorized Capital program prior to home purchases. The ongoing operating expenses will be funded through the rental income generated from leases of the units via the Council's FAHP program and Project-Based Voucher program funding.

Known Support / Opposition

The Edina Housing and Redevelopment Authority approved the amended partnership and forgivable loan on May 27, 2021.