

Business Item

Community Development Committee



Committee Meeting Date: April 18, 2022

For the Metropolitan Council: April 27, 2022

Business Item: 2022-98

Amend the 2022 Livable Communities Act Fund Distribution Plan.

District(s), Member(s):	All
Policy/Legal Reference:	Livable Communities Act (Minn. Stat. § 473.25)
Staff Prepared/Presented:	LisaBeth Barajas, Community Development Director, 651-602-1895
Division/Department:	Community Development / Regional Planning

Proposed Action

That the Metropolitan Council revise the 2022 Annual Livable Communities Act Fund Distribution Plan to increase the funding available for the Local Housing Incentives Account (LHIA) by \$2 million for the LHIA Affordable Homeownership Pilot.

Background

The Metropolitan Council approved the [2022 Livable Communities Act Fund Distribution Plan \(Business Item No. 2022-50\)](#) on March 9, 2022. The 2022 Fund Distribution Plan provides direction for up to \$25M in grants to be awarded in this solicitation cycle. The 2022 Livable Communities Act Fund Distribution Plan allocated \$3.5M for the Local Housing Incentives Account (LHIA).

In March of 2022, the Management Committee provided policy direction to increase LHIA support by \$2M to support an affordable homeownership pilot as part of the LHIA program. 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 this policy direction. The first step was to amend an additional \$2M into the LHIA program. The Council acted to amend \$2M into the program through the [2021 Carryforward Amendment / 2022 April Budget Amendment](#) (Business Item No. 2022-34 JT).

The second step is this business item to formally revise the 2022 Livable Communities Act Fund Distribution Plan by increasing the LHIA availability from \$3.5M to \$5.5M; \$3.5M of which is for the regular LHIA program, which is pooled with other funding partners as a part of Minnesota Housing's Consolidated Request for Proposals, and \$2M of which is for the LHIA Affordable Homeownership Pilot, which will be offered directly from the Council.

Staff anticipates applications for the LHIA Affordable Homeownership Pilot will be accepted in the fall of 2022, with funding recommendations tentatively scheduled for the regularly scheduled Community Development Committee meeting of November 21, 2022.

Rationale

The addition of \$2 million for the 2022 LHIA Affordable Homeownership Pilot will support affordable homeownership opportunities that focus on two priorities derived from 2022-2022

strategic plan objectives:

- Racial Equity Priority: incentivize homeownership opportunities for Black, Indigenous, and other ethnic or racial groups that own homes at disproportionately lower rates than white households in the region; and
- Geographic Choice Priority: incentivize affordable homeownership opportunities in parts of the region where it is most challenging to do so.

Success will be measured by the number and dollar amount of applications received, the number of affordable homeownership opportunities created that address one or both pilot priorities, and by a post-award evaluation of the pilot's effectiveness and potential to continue.

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. The proposed funding for this pilot also advances the Council's Strategic Plan 2020-2022, which identifies as an objective under the Housing priority to "[i]ncrease the rate of homeownership for people of color and indigenous people across the region" with one of the related strategies to "[e]xplore additional affordable homeownership strategies that the Council might take on with a focus on wealth-building for households of color."

Funding

The amended 2022 Fund Distribution Plan provides direction for up to \$27M in grants to be awarded in this solicitation cycle. Approximately \$19.5M is available in the 2022 Authorized Budget, and \$7.5M is available in reserve accounts to make up the balance. This business item provides the policy direction for future budget actions required to meet annual cashflow needs of multi-year grants. Future Council annual budgets and budget amendments will program reserves into the Council Authorized Budget to meet annual cashflow needs.

