

Livable Communities Act

Local Housing Incentives Account

Land Use Advisory Committee

September 17, 2020



What will we cover today?

- Background: brief overview of Local Housing Incentives Account (LHIA)
- Evaluate impact of single-family LHIA applications with respect to geographic diversity
- Consider an in-house single-family LHIA process to increase geographic diversity of applications
- Share feedback thus far, seek input from LUAC

Local Housing Incentives Account (LHIA)

- Baseline from statute of \$1.5M available annually, often more made available via reserves or Council general funds
- Awarded on a dollar-for-dollar basis with a local match (can be County)
- Apply through Minnesota Housing Request for Proposals (Consolidated RFP)

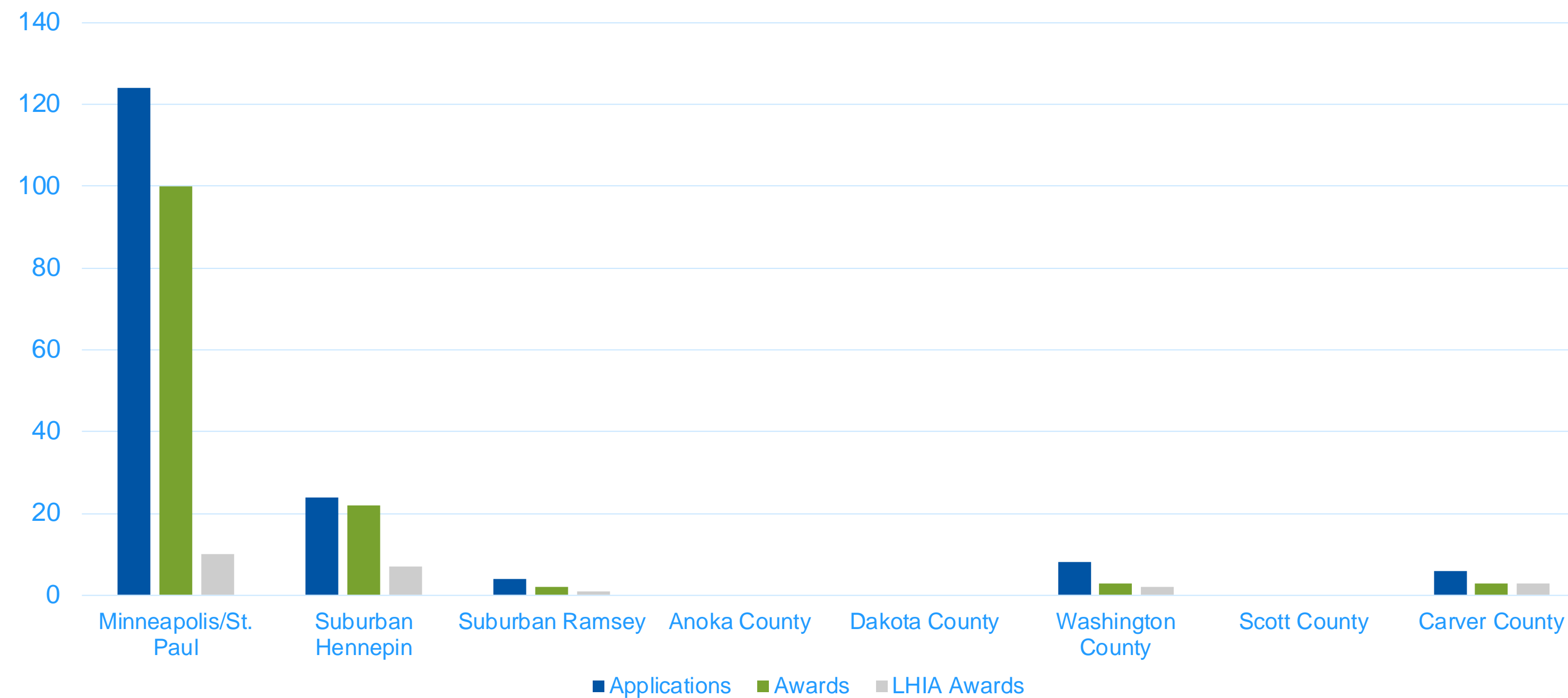
Minnesota Housing Consolidated RFP

- Multi-family funding sources:
 - Low Income Housing Tax Credits
 - Housing Infrastructure Bonds
 - Preservation Affordable Rental Investment Fund
 - Challenge Fund
 - Local Housing Incentives Account
 - Greater MN Housing Fund
 - HOME
 - National Housing Trust Fund
- Single-family funding sources:
 - Impact Fund (part of Challenge Fund)
 - Local Housing Incentives Account
 - Greater MN Housing Fund

Local Housing Incentives Account (LHIA)

- Primary purpose is to help cities meet their adopted affordable housing goals
- Priorities include:
 - Rental units affordable at 30% Area Median Income or below
 - Units with two or more bedrooms
 - Proposals that serve people experiencing long-term homelessness
 - Proposals that consider displacement impact and mitigation strategies; and
 - Proposals that provide a housing type not currently available or serve a population not currently served in or near the project area

LHIA impact (2013-2019): Single-family applications/awards



Observations of LHIA impact on affordable homeownership

- Single-family LHIA applications come from a smaller share of the region than multi-family applications
- Single-family LHIA applications come disproportionately from parts of the region with the most racial diversity
- The vast majority of single-family LHIA applications are coming from the central cities, though they comprise only 25% of regional households
- The vast majority of single-family LHIA applications are coming from the central cities, though the greater region has much higher shares of single-family housing units

Which led us to the question...

**How can we get more
geographic diversity in
single-family LHIA
applications???**

Which led us to the idea...

If we brought the single-family LHIA funding process in-house, could we attract and fund more affordable homeownership opportunities in the parts of the region with the highest shares of single-family housing?

Testing the hypothesis

Focus Groups with:

- Local Community Land Trusts
- Affordable homeownership developers (including acquisition/rehabilitation)
- Counties and County Housing and Redevelopment Authorities/Community Development Agencies (HRA/CDAs)
- Manufactured Housing Advocates and Co-operative Housing funders
- LCA participating cities

What we've heard so far

- The Consolidated RFP can be very challenging to navigate – though it has gotten a bit better in recent years
- Affordable housing developers have capacity to work in the broader region, but might need some help “matchmaking”
- Affordable housing developers already working in the broader region think there would be interest from communities without significant transit options to apply for funding for affordable homeownership outside of the Consolidated RFP
- The local match requirement is a potential barrier to more applications
- We could consider doing both the Super RFP and an in-house single-family program

Questions for LUAC

- Should we be focusing on more geographic diversity in single-family LHIA funding?
- Should we continue to explore creating an in-house single-family LHIA application process?
- Who else should we talk to about this idea, or other ways to get more geographic diversity in single-family LHIA applications?

Next Steps

- Determine if the Council should pilot an in-house single-family LHIA application process (next 6 months)
- If yes, continue to engage with stakeholders (including LUAC) to design the pilot program (6-12 months)
- Conduct outreach and build capacity to support applications to the pilot program (6-12 months)
- Pilot program in 2022

Thank you!

Tara Beard, AICP
Livable Communities Manager
Tara.Beard@metc.state.mn.us