

Management Committee

Meeting date: Wednesday, October 14, 2020

Subject: Family Affordable Housing Program Unit Purchase

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.195, subd. 1

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

Division/Department: Community Development / Housing and Redevelopment Authority

Proposed Action

Information only.

Background

The Metropolitan Council took action in January 1999 to establish the Family Affordable Housing Program (FAHP). As a result, the Council owns 150 housing units located in 11 suburban communities throughout Anoka, Hennepin, and Ramsey Counties. The units include 2 to 5 bedrooms and are single family homes, townhomes, and twin homes of a scattered site nature. The breakdown is as follows:

Table 1. Composition of Council-owned Housing Units

Unit Type	Number of Units
Single Family Home	76
Townhome	65
Twin home	9
TOTAL	150

The units were purchased to help implement the Hollman Consent Decree that required the Minneapolis Public Housing Authority (MPHA), the U.S. Department of Housing and Urban Development (HUD), and their co-defendants to make a series of policy changes aimed at deconcentrating poverty in Minneapolis. The decree required demolishing 770 public housing units in Minneapolis and redeveloping them in non-concentrated areas of the city and suburbs.

At that time, the Council received \$28 million in federal funds and purchased the 150 FAHP units on the open housing market between 2001 and 2004. The units have been operated successfully, since inception, by a private property management company. The Council has not purchased any additional units since that time.

As shown in the chart above, the Council owns 9 twin homes. In 2 cases, the Council owns both halves of the twin home. In 7 cases, the Council only owns 1 half. Council staff were recently approached by a neighboring homeowner inquiring whether there was interest in purchasing the other half of a twin home. Although the Council has not purchased any new housing units in sixteen years, the original authorization was for the purchase of up to 300 units.

The Authorized Capital Program (ACP), has \$500,000 programmed for the Family Affordable Housing Program. The revenue source is General Purpose Levy funds the Council programmed as a 2020 targeted initiative under the 'housing that is affordable' umbrella. Funds were originally intended to support

asset management initiatives for Council owned housing units. The potential home purchase was not known at the time of the budget amendment authorizing funds.

Staff recommendation is to reprogram a portion of the \$500,000 in the authorized capital program through a budget amendment, should the Council wish to move forward with a home purchase. The funds are not currently committed to a contract or to a specific project.

The topic for today's discussion is the potential purchase of this one unit, although this presents an opportunity to think more broadly on how to build additional equity with the FAHP program.

As we begin conversation, some questions for consideration:

- Is there support for the purchase of this unit?
- Is there interest in continued dialogue on building additional equity in the FAHP program?
- Should there be some set parameters on when we should sell a property or buy an additional property?

If there appears to be support for this housing unit purchase, an action item will be presented at the October 19th Community Development Committee and the October 28th Management and Council meetings.

Rationale

Purchasing the second half of existing twin homes assists with asset protection if the Council owned both sides. The price for this unit is reasonable based on a market analysis completed by the Council's Real Estate Office. The Council-owned properties remain in a state of good repair. The Metro HRA has its capital improvements prioritized in a three-year project plan; this budget change will not delay or remove any anticipated projects.

Thrive Lens Analysis

The purchase of an additional FAHP unit supports the Thrive outcomes of equity, livability, and prosperity by increasing the housing choices available to low income families across the region. Families that have stable housing in a community of their choice are better able to thrive and flourish.

Funding

Staff recommendation is to reprogram funds in the Authorized Capital Program from asset management activities to a home acquisition project. The FAHP program has proven to be self-funding; this purchase would not place financial pressure on other budget areas of the Metro HRA.

Known Support / Opposition

There is no known opposition.