

Community Development Committee

For the Metropolitan Council meeting of November 29, 2017

Subject: Project Based Voucher Award Recommendations

Proposed Action

That the Metropolitan Council approve the award of Project Based Voucher (PBV) assistance and authorize staff to execute the necessary documents with the project owners for the following four (4) projects:

Project	City	Total Units in Project	PBV Award
Edison	Roseville	58	4
The Mariner	Minnetonka	55	4
Waconia Townhomes	Waconia	2	2
Wayzata Portfolio	Wayzata	14	6

Summary of Committee Discussion/Questions

Council Members Dorfman and Munt asked general questions. Staff responded. Item passed unanimously.

Community Development Committee

Meeting date: November 20, 2017

For the Metropolitan Council meeting of November 29, 2017

Subject: Project Based Voucher Award Recommendations

District(s), Member(s): District(s), Member(s): All

Policy/Legal Reference: 24 Code of Federal Regulations, Part 983

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

Division/Department: Community Development / Housing and Redevelopment Authority

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Background

The Council's Housing and Redevelopment Authority (Metro HRA) administers 6,502 Housing Choice Vouchers. The majority of these vouchers are tenant-based and move from place to place with the tenant. HUD allows housing authorities the discretion to Project Base up to twenty percent (20%) of their vouchers. PBV ties the rental assistance to a specific unit instead of to a tenant. PBVs may be tied to new construction, rehabilitated or existing housing units.

The Metro HRA has awarded 681 PBV units in 39 separate projects to date located in 30 cities throughout Anoka, Carver, Hennepin, Ramsey and Washington Counties. Units awarded PBVs must:

- be occupied by households at or below 50% of area median income;
- have rents that are reasonable and within the rent limits established by the housing authority;
- meet health and safety inspection standards set by HUD.

The PBV program is marketed to interested owners/developers as part of Minnesota Housing Finance Agency's (MHFA) Consolidated Request for Proposal (RFP) process. The process provides a centralized means for developers to access a variety of funds to assist in affordable housing development, acquisition or rehabilitation.

Proposals ranked high enough to receive other requested funding to ensure financial feasibility are then ranked by the Metro HRA based on the PBV selection criteria outlined in the HRA's Administrative Plan including:

- Owner experience;
- Extent to which the project furthers the goal of deconcentrating poverty;

- To promote projects that are located outside of Areas of Concentrated Poverty;
- To increase the supply of affordable housing;
- To contribute to the long-term viability of the metro area housing stock;
- To integrate housing and tenant services such as education, job training and self-sufficiency;
- To promote the provision of services for special needs tenants;
- To encourage economic integration;
- To encourage housing for larger families;
- Extent to which the project promotes linkages among housing, jobs and transportation;
- Extent of community support.

There were 8 applications that requested a total of 46 PBVs during this funding round. Four projects (34 units) were determined not to be financially feasible by MHFA and are not being recommended for PBVs. Staff found the remaining four projects (16 units) meet the necessary criteria and recommend PBV awards to the following proposals:

Edison

The Edison is a proposed new construction project that will be part of an overall rental community totaling 209 units. The project is located in Roseville near the southeast corner of County Road D and Old Highway 8 and will include 58 units affordable to families with incomes at or below 60% of Area Median Income (AMI). The total project will also include 151 market rate units. The focus of this housing will be to meet the significant need of the community generated by the number of growing employers and lack of affordable housing.

The four PBVs will serve families experiencing long-term homelessness and who will receive social services to ensure success in independent living.

Other project support includes a commitment from Minnesota Housing of 9% tax credits.

The Mariner

The Mariner is a proposed new construction, mixed income project with a total of 246 units. 55 units are affordable to families with incomes at or below 60% of AMI. The remaining 191 units will be market rate. The project site is adjacent to the Southwest Light Rail Train Opus Station in Minnetonka.

The Mariner will convert commercial buildings into a modern development that will offer urban-style living options targeted to people interested in living near a light rail line. The project will give residents housing options in area of Minnetonka near jobs, excellent schools, local amenities and transportation.

The four PBVs units will be designated for families experiencing long-term homelessness with supportive services.

Minnesota Housing committed 9% tax credits and the Council committed \$210,500 in Local Housing Incentives Account (LHIA) funding.

Wayzata Portfolio

The Wayzata Portfolio includes six PBVs in three different buildings, three in a 6-unit townhome building, two in a 6-unit apartment building and one in a 2-unit townhome building all in Wayzata. The units will provide affordable housing for low wage workers in Wayzata such as food service and retail.

The Wayzata school district and Interfaith Outreach are anchor partners of a community-wide initiative designed to close the achievement gaps for district students. Interfaith has partnerships with local

employers and job training programs and provides a range of services including case management, advocacy and referrals services.

The units are existing housing so do not include any other funding support.

Waconia Townhomes

The Waconia Townhomes are two 2-bedroom units recently purchased by the Carver County Community Development Agency (CDA) to house families experiencing long-term homelessness. The project includes a partnership between the CDA and the Waconia School District to provide housing with services to homeless families within the district. The CDA is an approved Counseling Agency able to provide homeless counseling, budget and financial literacy training and other services to ensure occupant success.

The units are existing housing so do not contain any other funding support.

Rationale

Awarding sixteen (16) new PBV units will result in the total commitment to PBVs of 697 vouchers or 10% of Metro HRA's total voucher allocation.

Thrive Lens Analysis

The award of Project Based Vouchers supports the Thrive outcomes of equity, livability and prosperity by increasing the housing choices available to low income families in the region. Families that have stable housing in a community of their choice are better able to thrive and flourish.

Funding

Funding for the Project Based Voucher program is provided through the U.S. Department of Housing and Urban Development.

Known Support / Opposition

Edison and The Mariner received a funding commitment from MHFA in the form of tax credits. The Mariner is also being recommended for a Council LHIA grant of \$210,500.