

## Community Development and Management Committees

For the Metropolitan Council meeting of October 28, 2020

**Subject:** Family Affordable Housing Program Unit Purchase and Special Budget Amendment

### Proposed Action

That the Metropolitan Council authorizes the 2020 Unified Budget as indicated and in accordance with the attached tables.

### Summary of Committee Discussion/Questions

**The proposed amendment will be reviewed by the Community Development Committee on October 19, 2020 meeting.**

Terri Smith, Metro HRA Director, presented the staff report to the Committee. Committee members inquired about the potential for a policy to define a broader approach to acquisition and sales. Smith stated the next steps and issues that would go into developing that policy. There was a question about the improvements that are needed prior to occupancy by a family. Staff responded the improvements needed are cosmetic such as flooring replacement, sheetrock work, and the installation of a wall to increase the unit from a 3 bedroom to a 4 bedroom. Another question was asked about how families are selected for the unit. Staff explained that families will be drawn from the current Family Affordable Housing Program waiting list.

The Committee passed the proposed actions unanimously.

**The proposed amendment will be reviewed by the Management Committee at its October 28, 2020 meeting.**

Any issues or concerns will be communicated to the Council.

## Management Committee

Meeting date: October 28, 2020

For the Metropolitan Council meeting of October 28, 2020

**Subject:** Family Affordable Housing Program Unit Purchase and Special Budget Amendment

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

**Policy/Legal Reference:** MN Statutes Section 473.13, Subd. 1

**Staff Prepared/Presented:** Stewart McMullan, Director of Budget and Operations (651-602-1374)

**Division/Department:** All

### Proposed Action

That the Metropolitan Council amends the 2020 Unified Budget as indicated and in accordance with the attached tables.

### Background

The October unified budget amendment includes an amendment to the capital budget for Community Development – HRA.

The proposed amendment was reviewed and approved by the Community Development Committee on October 19, 2020 and will be presented to the Management Committee and full Council on the same day, October 28, 2020.

### Community Development - HRA

This amendment will alter the purpose for a share of the funds in the single HRA capital budget program, creating a second project for those funds. The HRA proposes purchasing the second half of an existing twin home and 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.

Change in Authorized Capital Program (ACP): \$0

Additions: \$0

Reductions: \$0

Change in Capital Improvement Plan (CIP): \$0

Additions: \$0

Reductions: \$0

Change in Capital Program (ACP+CIP): \$0

Change in 2020 Capital Budget: \$200,000

## **Rationale**

The proposed amendment programs available federal, state, other, and regional funds to the Unified Budget to allow the Council to carry out its work plan and its long-term capital program.

## **Thrive Lens Analysis**

- Community Division Livable Communities amendments support the Equity outcome by investing in a mix of housing affordability and producing or preserving more affordable housing along transit corridors.
- The Community Development Division Parks amendments address the Livability outcome by providing access to natural resources for healthy exercise.

## **Funding**

The operating budget amendment have no impact on regional taxpayers beyond those presented in the 2020 Unified Budget.

Funding for the capital program amendments come from new federal, local funding and from available uncommitted regional bond authorizations.

## **Known Support / Opposition**

None

## **Attachments**

Table 11: 2020 Community Development Capital Program – Amended October 28, 2020

Community Development Committee Business Item – October 19, 2020

	Authorized Capital Program (ACP)			Capital Improvement Plan (CIP)							ACP + CIP Combined
	2020 Amended	Changes	2021 Proposed	2021	2022	2023	2024	2025	2026	Total	
<b>Housing and Redevelopment Authority</b>											
Family Affordable Housing Program	500	-	500	100	100	100	100	100	100	600	1,100
<b>Total Housing and Redevelopment Authority</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>600</b>	<b>1,100</b>
<b>Other Parks Programs</b>											
Equity Grant Funds	2,364	-	2,364	-	378	422	468	513	558	2,338	4,702
Land Acquisition Funds	10,743	-	10,743	4,697	4,766	4,836	4,908	4,981	5,056	29,245	39,987
Other Governmental Units	28,936	-	28,936	-	-	-	-	-	-	-	28,936
<b>Total Other Parks Programs</b>	<b>42,043</b>	<b>-</b>	<b>42,043</b>	<b>4,697</b>	<b>5,144</b>	<b>5,259</b>	<b>5,376</b>	<b>5,494</b>	<b>5,614</b>	<b>31,583</b>	<b>73,625</b>
<b>Regional Park Implementing Agencies</b>											
Anoka County Parks	6,877	-	6,877	1,738	4,244	1,808	4,316	1,881	4,390	18,377	25,254
Carver County Parks	3,235	-	3,235	406	1,150	422	1,167	439	1,184	4,767	8,002
City of Bloomington Parks	1,803	-	1,803	342	999	356	1,013	370	1,028	4,107	5,910
City of St Paul Parks and Recreation	17,351	-	17,351	2,437	5,496	2,536	5,596	2,638	5,701	24,404	41,755
Dakota County Parks	8,094	-	8,094	1,522	4,106	1,584	4,169	1,648	4,234	17,263	25,357
Minneapolis Parks and Recreation Board	31,555	-	31,555	4,385	9,954	4,563	10,135	4,747	10,323	44,106	75,662
Ramsey County Parks	9,344	-	9,344	1,583	3,838	1,647	3,903	1,714	3,971	16,657	26,002
Scott County	2,116	-	2,116	721	1,610	750	1,639	781	1,670	7,172	9,288
Three Rivers Park District	21,906	-	21,906	4,489	9,974	4,670	10,159	4,859	10,352	44,502	66,408
Washington County Parks	5,670	-	5,670	991	2,616	1,031	2,657	1,072	2,699	11,065	16,734
<b>Total Regional Park Implementing Agencies</b>	<b>107,951</b>	<b>-</b>	<b>107,951</b>	<b>18,614</b>	<b>43,987</b>	<b>19,366</b>	<b>44,754</b>	<b>20,149</b>	<b>45,552</b>	<b>192,421</b>	<b>300,372</b>
<b>Total CD – Parks and Open Space Capital Program</b>	<b>150,494</b>	<b>-</b>	<b>150,494</b>	<b>23,411</b>	<b>49,230</b>	<b>24,725</b>	<b>50,229</b>	<b>25,742</b>	<b>51,265</b>	<b>224,604</b>	<b>375,098</b>

## Community Development Committee

Meeting date: Monday, October 19, 2020

For the Management Committee Meeting of October 28, 2020

For the Metropolitan Council Meeting of October 28, 2020

**Subject:** Family Affordable Housing Program Unit Purchase and Special Budget Amendment

**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; Heather Aagesen-Huebner, Director, CD-MTS Finance and Administration, (651) 602-1728

**Division/Department:** Community Development / Housing and Redevelopment Authority

### Proposed Action

That the Metropolitan Council:

1. Amend Metro Housing and Redevelopment Authority existing capital program authority by reducing Family Affordable Housing Program Project 14652 by \$200,000 and transferring that \$200,000 to new project, Family Affordable Housing Program House Acquisition Project 14653.
2. Authorize the purchase of property located at 7378 Vinewood Court in the City of Maple Grove.
3. Authorize the Community Development Director to execute the necessary documents for the acquisition of this property.
4. Direct staff to develop a policy identifying under which conditions the Council would purchase the second half of a duplex where the Council already owns half, as well as consider other opportunities for the sale of existing properties and the acquisition of others.

### 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
<b>TOTAL</b>	<b>150</b>

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 Council acquired 150, and not 300, largely due to funding limitations at that time.

Minn. Stat. § 473.195, subd. 1 authorizes the Council to undertake any “housing project, housing development project, redevelopment project, or urban renewal project,” but must do so with the consent of the municipality in which the project is located. As such, if the Council approves the purchase of this home or any other additional homes, Council staff will then need to follow up with the municipality to seek their approval prior to purchase.

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 or during development of the Capital Improvement Plan.

Staff recommendation is to reprogram \$200,000 of the \$500,000 in the Authorized Capital Program to purchase this property. The Council carries no debt on existing FAHP homes, and the program has proven to be self-funding; this purchase is not expected to place financial pressure on other areas of the Metro HRA.

### **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. The acquisition of the second half of this twin home also furthers the Thrive outcome of stewardship as it improves the Council’s ability to ensure the good condition of the units we own.

### **Funding**

Funding for this project comes from General Purpose Levy funds within the existing Metro HRA authorized capital program.

### **Undesignated Family Affordable Housing Program (FAHP) – Project 14652 Family Affordable Housing Program House Acquisition – Project 14653 (NEW)**

This amendment will reduce existing project 14652 by \$200,000 and reallocate those funds to new project 14653.

**Known Support / Opposition**

The current owner of the subject property approached Council staff regarding the sale of their home. Council staff are not aware of any opposition to the acquisition of this property.