

Community Development Committee

For the Metropolitan Council meeting of December 23, 2020

Subject: Approval of the Edina Affordable Housing Partnership

Proposed Action

That the Metropolitan Council:

1. Approve the Edina Affordable Housing Partnership as described in this Business Item.
2. Authorize the Community Development Director, to negotiate and execute agreements with the City of Edina or the Edina Housing and Redevelopment Authority necessary to implement this affordable housing partnership initiative.

Summary of Committee Discussion/Questions

There were positive comments from Council Members expressing support for the creative partnership. The Committee passed the proposed actions unanimously.

Community Development Committee

Meeting date: December 7, 2020

For the Metropolitan Council Meeting of December 23, 2020

Subject: Approval of the Edina Affordable Housing Partnership
District(s), Member(s): All
Policy/Legal Reference: Minn. Stat. §§ 473.195 & 471.59
Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority (651) 602-1187
Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council:

1. Approve the Edina Affordable Housing Partnership as described in this Business Item.
2. Authorize the Community Development Director, to negotiate and execute agreements with the City of Edina or the Edina Housing and Redevelopment Authority necessary to implement this affordable housing partnership initiative.

Background

The Council’s Housing and Redevelopment Authority (Metro HRA) staff have had conversations with the City of Edina regarding a potential affordable housing partnership. The City has up to \$2 million available to purchase homes within the city and has an interest in renting the homes to low-income families. Neither the City nor the Edina HRA has the infrastructure to operate housing units and reached out to Council staff to explore a potential partnership.

The Council currently owns 8 units in Edina that are part of the Council’s Family Affordable Housing Program (FAHP). The FAHP units are operated under the federal Section 8 Project-Based Voucher program through an existing Cooperation Agreement with the City. The Council has a property management contract with a private property management firm that provides day-to-day management services for its FAHP units.

Under this partnership opportunity, the City would acquire single family homes with the cost of not to exceed \$400,000 each, maintain property ownership, and annually lease them to the Council for \$1. The Metro HRA, through its property management contract, would maintain and lease the properties to qualified households. Funding for operation and maintenance would be generated from rental income through tenant rent and Project-Based Voucher program funding.

Table 1. Proposed Roles and Responsibilities

Metro HRA	City of Edina
Work with the City on developing unit purchase criteria (unit size and type)	Acquire houses in cooperation with Metro HRA inspection and management team
Work with the City and management company to rehabilitate houses to bring up to code	Fund the home renovations based on a pre-approved rehabilitation budget

Attach Project-Based Voucher rent assistance to units and lease to low-income families on Metro HRA's waiting list	Lease houses to Metro HRA for \$1 annually
Provide ongoing maintenance and management (through property management contract) paid for through rental income	

The Edina Housing and Redevelopment Authority formally approved the partnership at its November 12, 2020 meeting.

Next Steps

If the Council chooses to approve this partnership agreement, then Council staff would proceed with the following steps.

- Negotiate agreements with the City or the Edina Housing and Redevelopment Authority which will allow the Council to operate additional FAHP units within the City and lease City-owned units for occupancy of Section 8 families.
- Work with the City to identify units to purchase for occupancy by low-income families.

Rationale

The cost of housing is a barrier for many people to move to Edina. People may be working in the City and contributing to the quality of life in Edina but may not be able to afford to live there due to the high rents. The City has a goal to increase affordable housing options in the City and this partnership would assist with increasing the number of homes available to low-income families.

Thrive Lens Analysis

The partnership supports the Thrive outcomes of equity, livability, and prosperity by assisting voucher families in moving to an area of their choice and expanding affordable housing opportunities in a high-rent community.

Funding

Funding for the home acquisitions and rehabilitation will be provided by the City of Edina. The ongoing operating expenses will be funding through the rental income generated from lease of the units via the FAHP program and Project-Based Voucher program funding.

Known Support / Opposition

An Information Item was presented at the September 8, 2020 Community Development Committee meeting where there was full support of the partnership development. The Edina Housing and Redevelopment Authority approved the partnership on November 12, 2020.