

**Community Development Committee**

For the Metropolitan Council meeting of January 13, 2021

**Subject:** Project Based Voucher Award Recommendations

**Proposed Action**

That the Metropolitan Council approve the award of Project Based Voucher (PBV) rent assistance and authorize the Metro HRA Director to execute the necessary documents with the project owners for the following six (6) projects as shown in Table 1 below.

**Table 1. Recommended Project Based Voucher Awards**

<b>Project</b>	<b>City</b>	<b>Total Units in Project</b>	<b>PBV Award</b>
Beyond New Beginnings	Chaska	4	4
Carver County School District Partnership	Chaska, Norwood Young America, Waconia	5 Scattered Sites	5
Cranberry Ridge	Plymouth	45	10
Edison II	Roseville	59	4
Trails Edge South	Waconia	60	8
Vista 44	Hopkins	50	50

**Summary of Committee Discussion/Questions**

Metro HRA Director Terri Smith presented the staff’s report to the Committee. There was a request for a future update on the value of supportive housing projects and the resident impact. Another Council Member asked what happens to the projects that are not getting awarded PBVs at this time. Staff responded they will need to reapply when at a later date when PBVs are offered.

The Committee passed the proposed action unanimously.



## Community Development Committee

Meeting date: January 4, 2021

For the Metropolitan Council meeting of January 13, 2021

**Subject:** Project Based Voucher Award Recommendations

**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 6,859 Housing Choice Vouchers. The majority of these vouchers are tenant-based and move from place to place with the tenant. The U.S. Department of Housing and Urban Development (HUD) allows housing authorities the discretion to Project Base up to twenty percent (20%) of their vouchers, referred to as PBVs (Project Based Vouchers). PBV ties the rental assistance to a specific unit instead of to a tenant. PBVs may be tied to new construction, rehabilitated units, or existing housing units.

The Metro HRA has awarded 845 PBV units (12% of total vouchers) in 48 separate projects to date located throughout Anoka, Carver, Hennepin, Ramsey, and Washington Counties. Units awarded PBVs must:

- be occupied by very low-income households at or below 50% of area median income
- have reasonable rent, not to exceed 110% of the Fair Market Rent
- meet health and safety inspection standards set by HUD

### Review Process

The Metropolitan Council approved the issuance of a Request for Proposals to offer and award up to 200 PBVs, [May 13, 2020 PBV Offer and Award Approval](#).

The RFP was issued on May 21, 2020, and proposals were due on June 17, 2020, prior to the due date of Minnesota Housing’s consolidated RFP applications. This allowed the Council to target PBVs to specific populations and project types that may not otherwise qualify under Minnesota Housing’s priorities and would give developers additional application points for other needed financing.

Proposals were submitted representing 24 separate projects requesting 321 PBV units. Proposals were ranked according to the below selection criteria.

**Table 2. PBV Selection Criteria**

Selection Criteria Description	Possible Points
Owner experience and capability to build or rehabilitate housing	5
Extent to which the project furthers the goal of deconcentrating poverty and expanding housing and economic opportunities	5
To promote projects located outside of Areas of Concentrated Poverty, unless the project is preserving an existing subsidy to help maintain affordability	15
To increase the supply and availability of affordable housing for very low and extremely low-income households in the metro area and to contribute to the upgrading and long-term viability of metro area housing stock	5
To integrate housing and tenant services for special needs tenants and to promote cooperative partnerships that link support services with affordable housing	20
To encourage economic integration in housing development	10
To the extent possible, encourage the development of housing for larger families needing 3 or more bedrooms	15
Extent to which the proposed project promotes linkages among housing, jobs and transportation and/or promotes higher-density development along selected transportation corridors	15
Extent of community support for the proposed housing	10
<b>Total Points</b>	<b>100</b>

The RFP outlined additional provisions for coordination with Minnesota Housing’s Consolidated RFP:

The highest scoring applications for up to 200 PBVs will proceed as follows:

- New Construction. New construction projects will be provided with a Letter of Intent that commits Project-Based Vouchers, contingent on a project receiving the necessary funding in 2020 to become financially feasible.
  - If a project receives the necessary funding award through Minnesota Housing’s consolidated RFP or through other funding sources in 2020, the PBVs will be formally awarded by the Metropolitan Council through business action.
  - If a project does not receive the necessary funding in 2020, the project will not be awarded PBVs and the project owner must reapply for PBVs at a later date when PBVs are again offered.
- Existing Housing. Existing housing applications will be formally awarded PBVs through formal Metropolitan Council action.

### Selected Projects

Metro HRA staff reviewed the applications and sent a Letter of Intent to 13 project owners, representing a request of 196 PBVs. The remaining project owners received letters stating PBVs will not be awarded at this time.

Of the 13 projects receiving preliminary approval, 6 have since received full financing to move forward with a formal PBV award. Council staff are recommending those for award. Project details for recommended projects are included below.

#### **Beyond New Beginnings - Chaska**

Beyond New Beginnings is a partnership between the Carver County Community Development Agency (CDA) as building owner and New Beginnings, an academic program for pregnant and parenting teens, under age 21, who have not yet reached high school graduation. The CDA owns the building which includes 4 rental units and a retail space that will be converted and used for resident programming. New Beginnings will provide the services with the goals of preparing for healthy pregnancy and childbirth, obtaining a high school diploma while implementing a parenting plan, acquiring independent living skills, and developing a career plan. Council staff recommend 4 PBVs for this project.

#### **Carver County School District Partnership – Chaska, Norwood Young America, and Waconia**

The Carver County Community Development Agency (CDA) has an existing partnership with the Carver County School Districts to provide housing and services for 3 students and families experiencing or at risk of homelessness. The CDA is requesting 5 PBVs to expand this partnership for 2- and 3-bedroom existing housing units located in Chaska, Norwood Young America, and Waconia. The CDA is a HUD-certified housing counseling agency and employs a Resident Service Coordinator to provide services and resources connections to stabilize families. Council staff recommend 5 PBVs for this project.

#### **Cranberry Ridge - Plymouth**

Cranberry Ridge is a 45-unit new construction development in Plymouth with Beacon Interfaith Housing Collaborative as the owner and developer. The units are a mix of 1- to 4-bedroom units, all serving low-income households. Ten units will be set aside for households experiencing homelessness. Five units will be designated for households living with disabilities. The remaining 33 units will serve households with incomes at or below 50% AMI. The Plymouth HRA awarded 10 PBVs to this project. The project is requesting an additional 10 PBVs from Metro HRA. On-site services and community programming will be provided by Interfaith Outreach & Community Partners. Council staff recommend 10 PBVs for this project.

#### **Edison II - Roseville**

Edison II is a proposed 59-unit, new construction building containing 1-, 2-, and 3-bedroom units serving households with incomes between 30% and 60% AMI. The focus of Edison II will be to meet the housing needs generated by the increase in people moving to the area for jobs, new and expanding employers, proximity to Minneapolis/St. Paul, and the increasing housing costs that place financial burden on households. Ten units will contain Housing Supports: 4 serving families experiencing long-term homelessness and 6 serving families living with disabilities. Simpson Housing will provide on-site support services. Council staff recommend 4 PBVs for this project, which will serve broader low-income families.

#### **Trails Edge South – Waconia**

Trails Edge South is a proposed 60-unit, new construction building with a unit mix of 1-, 2-, and 3-bedroom units. The project will contain 8 Housing Support units: 4 serving families experiencing long-term homelessness, and 4 serving families living with disabilities. The requested 8 PBVs will serve low-income families. The Community Action Partnership will provide permanent supportive housing

services following a Housing First model and employing harm reduction practices. All residents will be eligible for housing counseling services including financial literacy and how to be a good renter. A Resident Service Coordinator will make connections to services and programming to promote family success. Council staff recommend 8 PBVs for this project.

### **Vista 44 – Hopkins**

Vista 44 will bring 50 units of newly constructed permanent family supportive housing to Downtown Hopkins. Beacon Interfaith Housing Collaborative, the developer and owner, has partnered with Volunteers of America to provide intensive on-site services. The project will contain 1-, 2-, and 3-bedroom units. The project is requesting 50 PBVs: 25 will serve people experiencing homelessness, 8 will serve households living with disabilities, and 33 will be prioritized for households in need of supportive services. The housing is intended to be the first step in helping families facing housing instability and / or experiencing homelessness to build a pathway to stability and prosperity. Council staff recommends 50 PBVs for this project.

### **Rationale**

Awarding eighty-one (81) new PBV units will result in the total commitment to PBVs of 926 vouchers or 13% of Metro HRA's total voucher allocation. The 6 recommended PBV project awards will support new affordable housing, will assist in providing increased housing choice for the region's low-income families, and will provide support services promoting housing stability.

### **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 across 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**

Cranberry Ridge, Edison II and Trails Edge South received tax credits from MN Housing. Vista 44 received Housing Infrastructure Bonds from Minnesota Housing, \$1.5 Million in LCDA, \$170,000 in TBRA and \$150,000 in Hennepin County TOD funds.