

Committee Report

Community Development Committee



Committee Meeting Date: March 21, 2022

For the Metropolitan Council: April 13, 2022

Business Item: 2022-75

Approval of Property for Disposition and Acquisition – Family Affordable Housing Program

Proposed Action

That the Metropolitan Council:

1. Authorize disposition of five Family Affordable Housing Program units no longer meeting the needs and intent of the program contingent upon confirmation from funding partners that no repayment of funds or other financial penalties will be incurred as shown in Table 2.
2. Authorize its Community Development Division Executive Director to execute all agreements and documents required to complete the sale and disposition of the five properties.
3. Authorize its Community Development Division Executive Director to execute all agreements and documents required to complete the purchase of replacement properties.

Summary of Community Development Committee Discussion/Questions

Metro HRA Assistant Director Stephanie Paulson presented the staff report to the Committee. Council Members discussed housing priorities as the Housing and Redevelopment Authority updates its portfolio with future affordable housing purchases. Council Members expressed interest in continuing to advance the Council's goals of affordable homeownership for first time home buyers and families of color.

Motion by Council Member Wulff, seconded by Council Member Muse. Motion carried.

Community Development Committee

Meeting date: March 21, 2022

For the Metropolitan Council meeting of April 13, 2022

Subject: Approval of Property for Disposition and Acquisition – Family Affordable Housing Program

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. §§ 473.129, subd. 7 and 473.195, subd. 1

Staff Prepared/Presented: Stephanie Paulson, Assistant Director, Metropolitan Council Housing and Redevelopment Authority, (651) 602-1584

Division/Department: Community Development / Housing and Redevelopment Authority

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1. Authorize disposition of five Family Affordable Housing Program units no longer meeting the needs and intent of the program contingent upon confirmation from funding partners that no repayment of funds or other financial penalties will be incurred as shown in Table 2.
2. Authorize its Community Development Division Executive Director to execute all agreements and documents required to complete the sale and disposition of the five properties.
3. Authorize its Community Development Division Executive Director to execute all agreements and documents required to complete the purchase of replacement properties.

Background

The Family Affordable Housing Program (FAHP) was established in January 1999, resulting in the Council purchasing 150 housing units between 2001 and 2004. The units are 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 unit breakdown is shown in Table 1 below.

Table 1. Composition of Council-owned Housing Units

Unit Type	Number of Units	Notes
Single-Family Home	76	
Townhome	65	55 units part of an association
Twin home	9	
TOTAL	150	
Additional Single-Family Homes	2	Edina Affordable Housing Partnership Purchases to Date
New Total	152	

The number of units in the FAHP portfolio has remained the same for 20 years without additional purchases or sales. The HRA staff have undertaken a review of the FAHP portfolio and evaluated the suitability of the properties for program purposes. As a result of this evaluation, the HRA staff have concluded that a shift of its portfolio toward more single-family homes would be beneficial to participant families and would further achieve the goals of the

program. Single-family homes are in higher demand and allow families to achieve self-sufficiency efforts such as maintaining a home and yard.

Five FAHP units are located in townhome developments with challenging association rules, are apartment style, and are smaller units or upper units that are difficult to rent, with some locations also offering transportation barriers to residents. As a result, these units frequently turnover and resident success is difficult.

Staff are recommending the units shown in Table 2 for disposition.

Table 2. Units Proposed for Disposition

Unit Type	City	# Bedrooms	Year Built
Townhome	Eden Prairie	2	1983
Townhome	Eden Prairie	3	1985
Townhome	Eden Prairie	2	1997
Townhome	Maple Grove	2	1985
Townhome	Coon Rapids	3	1988

Staff have consulted the Council's Housing Work Group to gather advice and feedback. The Housing Work Group indicated that the portfolio should meet the needs of our residents, and were supportive of managing the portfolio with a net zero loss of units. Upon sale of these units, staff will seek new units that are more suitable for the program as replacement units.

The primary source of funding for original FAHP unit purchases was the U.S. Department of Housing and Urban Development. The initial funding also included deferred loan and grant agreements with local partners to fill funding gaps. Staff are working with all funding partners to ensure no repayment of funds will be required as a result of unit sale and replacement. Homes will not be sold until the Council receives confirmation from funding partners that no repayment of funds or other financial penalties will be incurred.

The 5 replacement units are anticipated to be single-family homes and it is likely the purchase prices will exceed proceeds generated through sale of existing townhome units. The FAHP program has reserves available to support these purchases and any necessary rehabilitation. Staff anticipates approximately \$800,000 - \$850,000 in FAHP program reserves will be required to complete the purchase of 5 homes. A future budget amendment would be required to program home sale proceeds and FAHP program reserves toward new home purchases.

Rationale

The Council may determine from time to time that certain real property is no longer needed for Council purposes and that such real property shall be considered "surplus." The Council may dispose of such real property, subject to applicable laws and regulations including Minnesota Statute section 473.129.

Staff will work with the Council's Real Estate Division on the sale and purchase of property. The Council likely will hire a real estate agent to make the properties available for sale on the open market.

Thrive Lens Analysis

The proposed action 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

Unit sale proceeds will be available for future FAHP programming. Funds would be authorized through a future budget amendment.