



DRAFT FOR PUBLIC COMMENT

Application to U.S. Department of Housing and Urban Development Pathways to Removing Obstacles to Housing Grant Program

The [U.S. Department of Housing and Urban Development Pathways to Removing Obstacles to Housing program](#) supports communities that are actively taking steps to remove barriers to affordable housing, particularly communities where housing production is not meeting the increased demand for accessible and available housing units.

This application draft is available for public comment for 15 days.

How to comment:

[Attend a public hearing on Monday, Oct. 2](#)

Mail: to Metropolitan Council Public Information, 390 Robert St North, St. Paul, MN 55101

E-mail: sarah.berke@metc.state.mn.us

Record comments on the Met Council's Public Comment Line:

651-602-1500

TTY: 651-291-0904

Comments must be received by 11:59 p.m. on Tuesday, Oct. 10.

Executive Summary

In recent years, the Minneapolis-Saint Paul region has been a national leader in expanding its land use policies to allow for increased density, reduced or eliminated parking requirements, and other crucial reforms that all lead to greater production, affordability, and choice.

Our vision is to use PRO Housing funds to go broader and deeper, making the most of the policy and funding momentum underway. This means going broader on our zoning reform - expanding changes across the entire region, creating greater parity in code across jurisdictions - and deeper in each corner of the region, continuing to allow more housing, more affordable housing and denser housing in more communities, as we plan for regional growth and development looking toward the year 2050.

Specifically, our work to achieve this vision will benefit from three significant regional advantages:

1. **Unprecedented Local Revenue for Housing** in coming years, with new infusion of capital to meet affordable housing needs. This year, the Minnesota Legislature approved historic levels of new state funding for housing, including a new regional sales tax that will raise approximately \$350 million in regional housing dollars over the next biennium.
2. **New and ongoing attention to housing in regional and local planning** that is gaining momentum but has not yet succeeded in closing gaps.
3. **Zoning and land use policies** that have smoothed the way for more affordable housing development and efforts to encourage development that builds community prosperity.

We know that without deep coordination and collaboration among local jurisdictions, these new funds and zoning authorities will not deliver the full impact that is possible. Many cities, particularly suburban ones, have relatively small staffs and do not have dedicated housing personnel available to manage the influx of dollars. Establishing regional coordination and support resources to identify the best uses for these funds will maximize everyone's impact.

We intend to use a \$10 million PRO Housing grant, from 2024-2029, for the following purposes, coordinated by Metropolitan Council and implemented in partnership with Hennepin and Ramsey Counties:

- **Policy & Planning:** We will fund full-time positions and project-specific consultants to work with cities.
- **Direct Grants:** grants, combined with direct consultant time described above, to support technical assistance and ordinance review for communities throughout the region.
- **New development of 30% AMI Housing:** This funding will boost Ramsey County's annual consolidated housing development solicitation for deeply affordable units.

Additionally, the PRO Housing activities will leverage a minimum of \$6 million in Local Housing Incentives account grants to cities metro-wide to support affordable rental and ownership preservation and production.

Threshold Requirements and Other Submission Requirements

The Metropolitan Council and all partners in this application meet the Threshold Requirements and are therefore eligible to apply for a PRO Housing federal grant. We attest that:

1. There are no outstanding charges from HUD concerning a systemic violation of the Fair Housing Act or receipt of a cause determination from a substantially equivalent state or local fair housing agency concerning a systemic violation of a substantially equivalent state or local fair housing law proscribing discrimination because of race, color, religion, sex (including sexual orientation and gender identity), national origin, disability or familial status.
2. We are not defendants in a Fair Housing Act lawsuit filed by the United States alleging a pattern or practice of discrimination or denial of rights to a group of persons raising an issue of general public importance.
3. We are not a defendant in any other lawsuit filed or joined by the Department of Justice, or in which the Department of Justice has intervened, or filed an amicus brief of statement of interest, alleging a pattern or practice or system violation of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Americans with Disabilities Act, Violence Against Women Act, or a claim under the False Claims Act related to fair housing, non-discrimination, or civil rights generally including an alleged failure to affirmatively further fair housing.
4. We are not in receipt of a letter of findings identifying systemic non-compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, Violence Against Women Act, or the Americans with Disabilities Act.
5. We are not in receipt of a cause determination from a substantially equivalent state or local fair housing agency concerning a systemic violation of provisions of a state or local law prohibiting discrimination in housing based on sexual orientation, gender identity, or lawful source of income.

Exhibit A: Need

Regional Efforts to Date

The Twin Cities Metropolitan Region has a history of working together across jurisdictions to address regional needs, including housing, transit, wastewater treatment, parks, and more. Hennepin and Ramsey Counties are the state's two most populous counties and home to the state's most populous cities of Minneapolis and Saint Paul. These two counties are identified as priority geographies by HUD and are the focus of our application. Our collective regional efforts to identify, address, mitigate, and remove barriers to affordable housing production and preservation are extensive, as illustrated by the examples below.

Zoning and Land Use Policies: Reducing barriers to affordable housing production and preservation has been a major focus of our region in recent years. Minneapolis won much national acclaim when, in 2018, the city council voted to approve a new comprehensive plan. Along with upzoning commercial corridors and eliminating parking minimums on new developments, the plan allowed a minimum of three units on any city residential parcel by right, thus ending decades of restrictive zoning that had mandated single family homes as the only housing option on roughly 70% of city lots.

While Minneapolis (located in Hennepin County) received much of the national attention, many units of government in the region were making and continue to make meaningful changes to their zoning codes to allow for increased density, greater affordability, and improved climate resilience. Saint Paul (located in Ramsey County) is currently simplifying lot setback requirements, removing parking requirements on new developments, and allowing for more 2-4 unit homes to be built by right across the city.

Across the region, cities are increasingly taking action to change zoning policies to allow for more housing and more affordable housing. In Ramsey County, the City of Roseville upzoned its municipal code, allowing duplexes in zones that had previously been zoned exclusively for single family homes. Meanwhile, the City of Shoreview passed Ramsey County's first Inclusionary Zoning Policy.

At the metropolitan level, the Metropolitan Council has paid ongoing and heightened attention to housing in its own regional planning. Thrive 2040, the regional development guide approved in 2015, defined the need and the goals for affordable housing development across each community in the region, and – for the first time – specified the need for extremely low-income units at 30% of AMI and below. Cities throughout the region used this housing policy plan to guide their own 2040 comprehensive plans. In the coming year, the region will consider final recommendations for the Imagine 2050 regional development guide, and then – per the decennial planning cycle specified in state law – each municipality in the region will establish its own 2050 comprehensive plan. There is an opportunity to deepen housing strategies and make them more integral parts of the overall communities' visions.

New Public Investments in Housing: Importantly, metropolitan leaders worked with the state legislature during the last session to establish a new 0.25% Metro Area Sales and Use Tax for Housing. This is the first-ever tax dedicated to affordable housing and will raise approximately

\$350 million over the next two years for housing projects in the seven-county metro region. This includes up to an estimated \$34 million per year for Hennepin County, \$16 million per year for Ramsey County, nearly \$9 million per year for Minneapolis, and \$6 million per year for Saint Paul, in the initial years of the program. Eligible uses include new housing production and emergency rental assistance.

In 2022, Ramsey County began a property tax levy dedicated to its Housing and Redevelopment Authority (HRA) where it focuses most of its investments on expanding and preserving deeply affordable housing. Furthermore, Ramsey County and the city of Saint Paul teamed up to invest over \$74 million of American Rescue Plan Act (ARPA) funding in deeply affordable housing. Their collective ARPA outcomes were documented in their participation in the federal House America initiative. The combined City of Saint Paul and Ramsey County results for the House America Initiative are as follows: Rehousing started with 1,444 units in 2020 and ended with 1,290 units in 2022. Housing supply units began at 12 units in 2020 and ended with 415 units at the end of 2022.

Hennepin County's Housing and Redevelopment Authority (HRA) created and funded one of the first housing trust funds in the state in 2000, which has since created or preserved over 10,000 units of housing affordable to households with incomes below 50% of the area median income. In recent years, the HRA has grown that fund to \$5 million annually, and added \$5 million for supportive housing capital, \$1.1 million for single room occupancy (SRO) housing, and \$1.2 million for homeownership opportunities, all from the HRA's annual levy. Hennepin County also invested \$46 million of its ARPA allocation to create or preserve almost 3,000 units of affordable housing. Hennepin County's housing strategy focuses on households with the lowest incomes to reduce racial disparities in homelessness and housing cost burden, and to increase access to greater economic opportunities. This includes targeting funding to most affordable housing units, as well as creating new financial and development models to fill gaps in the housing continuum.

One-time state dollars approved by the 2023 legislature will also fund \$200 million in housing infrastructure, \$150 million for down payment assistance, and \$15 million in public housing renovations across the state. Taken together, these new funds are unprecedented in their scale and, in the case of the regional sales tax, serve to structurally embed an annual infusion of capital that is tied to inflation and will bring the region closer to meeting its affordable housing needs.

New Transit Infrastructure Investments: Additionally, the Metropolitan Council has made substantial new transit and infrastructure investments that make the region more accessible to all. Many of the specifics of these new investments have been influenced by communities who have not historically had a voice in infrastructure development. The Council is committed to ensuring that communities have influence over the location and nature of new public investments in their neighborhoods so that the investment builds prosperity for those who live and work in the vicinity. The 0.75% Metro Area Transportation Sales and Use Tax is another new tax that will help support regional transit infrastructure, and is above and beyond the pre-existing regional sales tax.

Both Ramsey County and Hennepin County levy property tax for their regional rail authorities. These authorities, in partnership with the Metropolitan Council and local cities, help plan future regional transit lines and fund the operations of existing METRO system lines. Ramsey County further aligns development investments along transit corridors with the Critical Corridors programs, which provides pre-development, planning and development funding for projects located in an existing or emerging transportation corridor. To maximize the public benefits of transit investments, Hennepin County leads extensive, coordinated land use planning efforts in partnership with cities along planned light rail corridors to establish a community-supported vision, identify and coordinate public sector investments, and shape development aligned with each community's vision. Hennepin County's TOD program provides capital for infrastructure and development projects along future and existing corridors. To date, Hennepin County's TOD Program has supported 156 projects with over \$40 million, generating 11,000 housing units and 3,300 jobs. Hennepin County has also expanded TOD funding to support emerging developers enter the development field. In its second year, early predevelopment assistance has been provided to 13 emerging developers, including 12 people of color and four women.

Acute Demand for Affordable Housing

The Twin Cities Metropolitan Region has an acute demand for affordable housing. Both Hennepin and Ramsey Counties – our most populous counties and home to the state's two most populous cities of Minneapolis and Saint Paul – are identified as priority geographies by HUD. These two counties are the focus of our application.

Overall, the region has not kept pace with its total housing demand, due in part to a contraction in new construction activity after the 2008 housing crisis, along with other factors. The need for affordable housing is particularly acute for households earning 30% Area Median Income and for suburban areas. Despite significant efforts by the Metropolitan Council, counties, and cities, we are still significantly behind:

- Between 2011-2020, the region met 37% of its forecasted need for affordable housing (60% AMI and below). 44,600 units were needed, but we built only 14,600 during that time.
- In 2021, we had an annual production gap of 1,700 deeply affordable units across the region, with the need particularly significant in suburban areas. Approximately one in ten new units constructed that year was an affordable unit.
- We still have a large gap in deeply affordable units. To begin to close it, we will need to produce **1,000 deeply affordable units per year for the next nine years**. This will help meet the needs of future households. However, it will not solve cost burden for current residents; this is most assuredly an undercount, given the large number of households who are housing cost burdened in their current housing.

The Twin Cities region is home to 61% of the state's renters earning below 30% AMI. Only 35,105 units are available to serve the needs of this population, leaving a shortage of 68,035 units that are needed, but do not exist. In Hennepin and Ramsey Counties alone, the shortage in 30% AMI units is 39,705 (26,570 and 13,180 respectively), and 38% of households – or 211,831 households - are housing cost burdened (26% and 12%, respectively). The Counties document these needs and strategies to address them in Ramsey County's Economic Competitiveness and Inclusion Plan and Hennepin County's Disparity Reduction Plan.

Of primary concern coming out of the pandemic and recession is the capacity for the needed new production. The Minneapolis-Saint Paul region has a strong ecosystem of affordable housing developers and owners, and continually attract new developers with our amenable funding environment. Over the last few years, however, owners have experienced the double-burden of their tenants being unable to pay rents, and the increase in operating costs due to inflation and workforce issues. When asked what they will need to help meet the region's affordable housing production needs, they respond that that they are focusing on holding on to their current portfolios. Hennepin and Ramsey acutely feel the need to reduce any and all barriers to production (i.e. zoning, regulatory issues, funding mazes), while actively working to rebuild capacity in our developer ecosystem.

On the homeownership side, the effective costs of buying a home have risen with the latest interest rate trends, even as sales prices have held steady. Investor ownership of single-family homes – estimated at about 3.4% in the metro region by the Minneapolis Federal Reserve Bank – remains double the rate from 2006, before the foreclosure crisis. This reflects both acute demand for rental homes and continued barriers to ownership for those priced out of the market. Meanwhile, the number of 2-4 unit properties in the region has declined by about 10% since 1990, reflecting both teardowns/redevelopment and conversion to single-family.

Given this acute need, our proposal will primarily serve the geographies of Hennepin and Ramsey Counties, while making zoning prototypes and technical assistance resources also available across the entire 7-county region.

Remaining Barriers

Like many other parts of the country, our region has a history of racial discrimination including segregation, redlining, and racial covenants. While these are no longer explicitly in place, their impacts continue today and explain many of the racial inequities in access to housing. Zoning itself was frequently used as a tool for racial segregation; our community is in the process of reckoning with the ramifications of restrictive zoning laws and using that knowledge to rezone in ways that desegregate and affirmatively further fair housing.

Within our region's zoning laws, there are several key topics that create the largest barriers to producing and preserving more affordable and accessible units. Permitting procedures and approval times are described as being far too slow and, perhaps more importantly, significantly different between jurisdictions. This constrains developers' ability to build in many of our cities because they must not learn only one set of rules, but rather, tens of sets of rules. This particularly comes to play where communities lack options in affordability levels or housing types, but zoning, land use controls, or funding priorities either prohibit or disincentivize the needed development. It also arises where cities have adopted zoning and land use policies to create more density or transit orientation, but hyper-local concerns about development haven't yet been ameliorated.

Our nonprofit affordable housing organizations, along with many private players, carry significant financial risk in the coming years as their current financing terms close and they seek new refinancing. Substantial hikes in interest and insurance rates compared to the rates they've

paid over the past decade and more will squeeze them. Additionally, many have experienced a significant reduction in revenue, with many residents still not consistently paying their monthly rent even after the end of the state’s eviction moratorium. Security expenses and staffing costs have also risen, all while the hiring environment has become much more challenging and expensive. Many providers are seriously contemplating – and even beginning to take action toward – selling properties within their portfolios. If they sell, we lose not only the affordable housing itself but, in many cases, the additional support and social services that accompany many nonprofit housing models.

The cost of new production, meanwhile, continues to rise. While attempts to innovate to reduce costs and provide more housing options are underway, they have yet to create a meaningful dent in the housing supply. For example, while ADUs have been legalized and requirements loosened in many cities across the region, only a couple of hundred have been built in the past decade. Similarly, a manufactured housing production facility recently partnered with a local public housing agency to build 84 units of modular, scattered-site housing for families; this model shows promise but has not yet to reach the meaningful scale that would yield marketwide affordability benefits.

As noted in the “Demand for Affordable Housing” section, the priority geographies have a deep need for the production of units affordable at 30% AMI in particular. But despite this significant demand, the market is unable to provide these units without government investment and intervention. As just one example, in 2023, Ramsey County received 27 applications for the development and preservation of deeply affordable units with a total funding request of \$65 million. Existing local and federal resources were only enough to fund \$20 million of the request. This demonstrates the additional dollars that are needed for housing production at 30% AMI—in addition to removing land use and regulatory barriers to development. Developers have a desire to build these housing developments in the area however, they lack the government investment and regulatory pathways needed to bring these projects to fruition.

There is a need for housing that can serve a variety of types of households including individuals, families with children, and multigenerational households. Options along the affordable housing continuum give households choice and access to opportunities. This includes deeply affordable units (affordable at 30% AMI) ranging from efficiencies to 4-bedroom units in neighborhoods with access to transit, jobs, and schools; permanent supportive housing units and deeply affordable housing without support services; housing at 50% and 80% AMI so that families continue to live and thrive in our communities as incomes increase; and entry-level homeownership developments. Beyond our region’s need for more affordable housing, our region has an acute need for housing options that align with people’s preferences and needs, that provide safe environments, that foster community and agency, and that create pathways for families’ economic stability.

There are also many ongoing barriers that are systemic, but that manifest in very personal ways on the individual family level. Many of these housing barriers reflect decades of racial bias within governmental policies and financial services, and the extraction of land and homes from Indigenous peoples and Black households without fair compensation. Addressing these needs and disparities benefits all Ramsey and Hennepin County residents and builds broader

community wealth. Numerous obstacles, often systematic, prevent people from finding and maintaining housing. The extensive network of housing and service providers with whom Ramsey County and the City of Saint Paul engaged—culminating in the *Deeply Affordable Housing Engagement Report*—described a wide array of barriers they see for their clients.

Common barriers identified include:

- No income, low income, or unstable/inconsistent income.
- Housing available is not affordable or suitable.
- Insufficient funds for the rental deposit.
- Rental screening barriers such as lack of rental history, no or poor credit history, criminal history, and lack of documentation (ID/SSN/birth certificate).
- Household size or makeup (harder to find larger units or ones that work for multigenerational households).
- Mental and physical health needs.
- Disabilities and accessibility needs.
- Substance abuse issues.
- Racism.
- Lack of culturally specific support and culturally responsive options (especially for LGBTQ, BIPOC and immigrant communities, and youth).
- Lack of social or family support.
- Lack of knowledge about renting (rules and norms, communication with landlord).
- Insufficient “stepping-stones” of support along continuum.

For some individuals exiting homelessness, community residences and other forms of congregate housing may be a good option. Placing people who are not ready into fully independent apartments can be very isolating and destabilizing. For others, an independent scattered-site apartment may be best. Housing that provides a certain level of autonomy to tenants is sometimes critical for some residents while others need a more structured program.

We also heard during our engagement that getting into housing itself does not stop the cycle of homelessness. Once housed, there can be a rocky adjustment period and without proper support, residents may be pushed back into homelessness. The journey towards stability cannot end with housing placement. It must include attention to proximity and access to employment, schools, and inclusive communities.

In short, while our region has made substantial progress in recent years to remove barriers and expand housing choice for everyone, there are still many challenges that prevent all residents in our region from accessing safe, stable, and affordable housing that meets their needs.

Exhibit B Soundness of Approach

Our Vision

In recent years, the Minneapolis-Saint Paul region has been a national leader in expanding its land use policies to allow for increased density, reduced or eliminated parking requirements, and other crucial reforms that all lead to greater production, affordability, and choice. This year, the Minnesota Legislature approved historic levels of new state funding for housing, and also established a new regional sales tax that will raise approximately \$350 million in regional housing dollars over the next biennium.

Our vision is to use PRO Housing funds to go broader and deeper, making the most of the policy and funding momentum underway. This means going broader on our zoning reform - expanding changes across the entire region, creating greater parity in code across jurisdictions - and deeper in each corner of the region, continuing to allow more housing, more affordable housing and denser housing in more communities, as we plan for regional growth and development looking toward the year 2050.

Specifically, our work to achieve this vision will benefit from three significant regional advantages:

1. **Unprecedented Local Revenue for Housing** in coming years, with new infusion of capital to meet affordable housing needs. This includes more than \$115M directed to the two largest counties in the area, and nearly \$30 million to the two largest cities, via a new regional sales tax. Funds can be used for new affordable housing production and preservation, and for emergency rental assistance. However, the new dollars do not come with any additional funding to support implementation of the dollars – a challenge for smaller municipalities without designated housing staff – nor does it include funding for coordination of the investments across and between jurisdictions.
2. **New and ongoing attention to housing in regional and local planning** that is gaining momentum but has not yet succeeded in closing gaps.
 - a. Thrive 2040, the regional development guide approved in 2015, defined the need and goals for affordable housing development across each community in the region, and for the first time specified the need for extremely low-income units at 30% of AMI and below. Cities throughout the metro region used this housing policy plan to guide their own 2040 comprehensive plans.
 - b. Over the coming year, the region will consider final recommendations for the Imagine 2050 regional development guide, and then – per the decennial planning cycle established in state law – municipalities across the region will establish their own 2050 comprehensive plans. With improved coordination, there is a once-in-a-decade opportunity to deepen housing strategies and make them more integral parts of each community’s overall vision.
 - c. Jurisdictions that receive HUD funding will continue to collaborate through the regional Fair Housing Implementation Council (FHIC) to affirmatively further fair housing and prepare for the next regional equity plan. The FHIC’s work seeks

to overcome impediments to fair housing and create greater racial equity in housing.

3. **Zoning and land use policies** that have smoothed the way for more affordable housing development and efforts to encourage development that builds community prosperity.
 - a. Cities across the region have taken increased interest in “Missing Middle” land use policies and many have recently adopted new, more permissive codes that allow for gently increasing density within residential neighborhoods, thereby making these neighborhoods more accessible to a wider range of residents. We now need to connect these new regulatory authorizations with expanded development capacity.
 - b. As suburban city leaders see the impacts of these first major zoning expansions undertaken by our two core cities, they are increasingly ready and willing to make changes to their own zoning codes and land use plans, thereby creating a moment of opportunity to scale these changes across a much broader geography.
 - c. New commitments to transit and infrastructure investments include improved community representation, providing greater opportunities for public investments that result in increased prosperity without displacement.
 - d. Increasing interest and support for walkability, and transit-oriented development among suburban residents as ways to create more livable and climate-resilient communities provides an opportunity to build support for revising land use policies, yet many suburban cities need additional capacity to develop and implement zoning changes.

Our vision is to ensure maximum impact from these regional advantages by streamlining zoning reforms across geographic boundaries and encouraging all municipalities within the Met Council’s borders broadly – and Hennepin and Ramsey Counties’ border specifically – to continue advancing more expansive housing policies that encourage more housing and more affordable housing. We know that without deep coordination and collaboration among local jurisdictions, these new funds and zoning authorities will not deliver the full impact that is possible. However, there is currently minimal funding dedicated to staffing the launch and distribution of these new capital investments or responding to regional inquiries.

Using PRO Housing funds, we will expand our policy and planning staff capacity to help extend zoning changes more broadly across the entire metro region. This will create greater consistency, all while continuing to deepen the zoning reforms already underway. The significant new financial resources from the metro sales tax and the state offer a generational opportunity to build more housing. But if funding is managed at every municipal level, the sum will be less than the parts. We urgently need a coordinated approach across counties and the entire region to stand up the new funding program and ensure that building and land use requirements are streamlined and consistent. Many cities, particularly suburban ones, have relatively small staffs and do not have dedicated housing personnel available to manage the influx of dollars. Establishing regional coordination to identify the best uses for these funds will maximize everyone’s impact.

Further, the addition of these new state and regional dollars makes cities’ zoning and land use policies ever more important. After watching Minneapolis and Saint Paul move first to update

their codes, other cities across the region are increasingly willing to make this push as well. They often reach out to the Metropolitan Council and Hennepin and Ramsey Counties to request assistance in updating their own zoning codes, and we expect these inquiries to increase with the new funds available. But the staffing capacity again does not exist at the level required. By using PRO Housing Funds to increase staff capacity, we'll work together across government jurisdictions to extend the best zoning changes to all cities across Hennepin and Ramsey Counties – and, indeed, the entire metro region.

We intend to use a \$10 million PRO Housing grant for the following purposes:

- **Policy & Planning:** We will fund full-time positions and project-specific consultants at Hennepin County (to work with cities within that county) and at the Metropolitan Council (to work predominantly with cities located in Ramsey County, while also keeping a regionwide view).
- **Direct Grants:** grants, combined with direct consultant time described above, to support technical assistance and ordinance review for communities throughout the region with the goal of making this available on a pipeline basis rather than through competition, if possible.
- **New development of 30% AMI Housing:** This additional funding will be added to Ramsey County's annual consolidated housing development solicitation for units affordable at 30% AMI. This solicitation streamlines the application process for developers by creating one application for all funding sources and in alignment with state and city application processes. Funding will support two to three new developments with units affordable at 30% AMI in communities that have recently updated their zoning to allow for higher densities and encourage affordable housing development, such as Saint Paul, Roseville, Shoreview and other high opportunity communities.

Additionally, the PRO Housing activities will leverage a minimum of \$6 million in Local Housing Incentives account grants that Metropolitan Council makes available (\$1.5 million minimum per year, per state statute) to cities metro-wide to support affordable rental and ownership preservation and production.

Policy & Planning

Our Policy & Planning work builds on past successes as well as recent and current efforts led by Hennepin County, Ramsey County, and the Metropolitan Council, in close collaboration with cities. Some examples include:

- Hennepin County has collaborated on station area planning, housing analyses, and zoning code changes along both the Green Line Extension and Blue Line Extension corridors of the light rail system, in collaboration with five cities in each corridor.
- Hennepin County led the interagency Penn Avenue Community Works effort in collaboration with Metropolitan Council and City of Minneapolis to advance a community-supported vision along Penn Avenue in north Minneapolis before, during, and after construction of the C-Line Bus Rapid Transit Project. Hennepin County's capital investment in the Penn Corridor to support the interagency planning effort have exceeded \$40 million.
- In the midst of the pandemic, Hennepin County led a business district placemaking and "shop local, shop safe" campaign in collaboration with eleven cities that involved

collaborative planning and implementation of both city-specific and overarching strategies.

- Hennepin County has a track record of deep collaboration with urban, suburban, and exurban communities, including providing funds and technical assistance to 22 cities in support of 44 city-initiated land use planning efforts at the community and corridor scale through Hennepin County's Planning Grants program over the past 15 years.
- Hennepin County has implemented new programming with reliable annual funding to support emerging developers, with a focus on serving developers of color, to advance projects through predevelopment.
- The 10-year regional development guide, Thrive 2040, for the first time specified the need for extremely low-income units at 30% of AMI and below. Cities throughout the metro region have used this housing policy plan to guide their own 2040 comprehensive plans; the Metropolitan Council's planning assistance team supports these overall comprehensive planning and regional coordination efforts.
- Over the coming year, the region will consider final recommendations for the Imagine 2050 regional development guide, and the Met Council will then work with communities in the region to understand how housing needs can be addressed in their land use and policymaking; this effort, already underway, is a once-in-a-decade opportunity to deepen housing strategies and make them more integral parts of each community's overall vision.
- Ramsey County has implemented efforts to reduce barriers to development, including a new technical assistance program to build the capacity of emerging and diverse developers to apply to the annual consolidated solicitations. This program that began in 2023, aims to increase the number of diverse competitive applications going into future Ramsey County solicitations.
- To provide pre-development funding towards environmental mitigations, Ramsey County is introducing a new site assessment grant program to pay for environmental pre-development costs.
- Investments in planning and infrastructure through the Critical Corridors program continue.

Direct Grants:

- The Met Council deploys more than \$25 million annually in Livable Communities Act grants, intended to incentivize cities throughout the region to meet their affordable housing needs. Within this program, the Council recently launched a grant opportunity to support local policies that support a range of community development and affordable housing goals. The most recently round of grants were awarded to three local communities in Ramsey, Hennepin, and Anoka counties for zoning code updates and Accessory Dwelling Unit policy development, all intended to further affordable housing development and efficient land use.

Both Hennepin County and the Met Council have the infrastructure to ramp up and scale quickly; we simply need more staff capacity. As the state's most populous county, Hennepin County alone is home to 45 cities, 1.26 million residents, 900,000 workers, and 40,000 businesses. The Met Council, meanwhile, includes seven counties, 181 cities and townships, and is responsible for guiding the growth and development of the region, including planning for

housing policy and for three regional systems (including regional wastewater, metropolitan transportation, and regional parks and open spaces).

Both entities have built deep partnerships, networks, and communication channels to connect with municipal governments, as well as community organizations, for profit and nonprofit developers, and other stakeholder groups.,

With sufficient staffing in place to provide technical assistance and coordinate our efforts regionally, we can rapidly build on our extensive relationships across the region to prevent a patchwork set of requirements and inefficiencies that could hamper development. Instead, we'll create greater integration and cooperation to ensure the best and highest use of new dollars.

New Development of 30% AMI Housing:

In addition to staff capacity, Ramsey County will deploy a portion of the award to advance much-needed affordable housing projects, with an emphasis on creating units serving 30% AMI households. The County is facing high demands for capital for both new developments and to bridge critical gaps in previously-funded projects that are facing unprecedented pressure from financial markets and increased costs. PRO Housing will allow the County to continue making new commitments to advance its bold Economic Competitiveness and Inclusion Plan, which included re-activating its Housing and Redevelopment Authority levy in 2021 and has started to make progress meeting the strong demand for new affordable homes in the county.

All new housing developments supported through PRO Housing Funds will be affirmatively marketed to those groups in our region who have historically been marginalized, and been victims of wealth extraction and discrimination. We will work through our extensive network of affordable housing and supportive housing providers, community- and faith-based groups, schools, legal aid organizations, and others to build awareness and increase access for these specific communities.

Ramsey County has the existing staff and internal systems, through the annual consolidated solicitation, to deploy PRO funds without a request for additional staff. Meanwhile, technical assistance and developer capacity-building programs in the County will continue to complement the PRO Housing activities.

Geographic Scope

Our geographic scope is the entire 7-county metropolitan region, with a particular emphasis on Hennepin and Ramsey Counties – two of HUD's priority geographies.

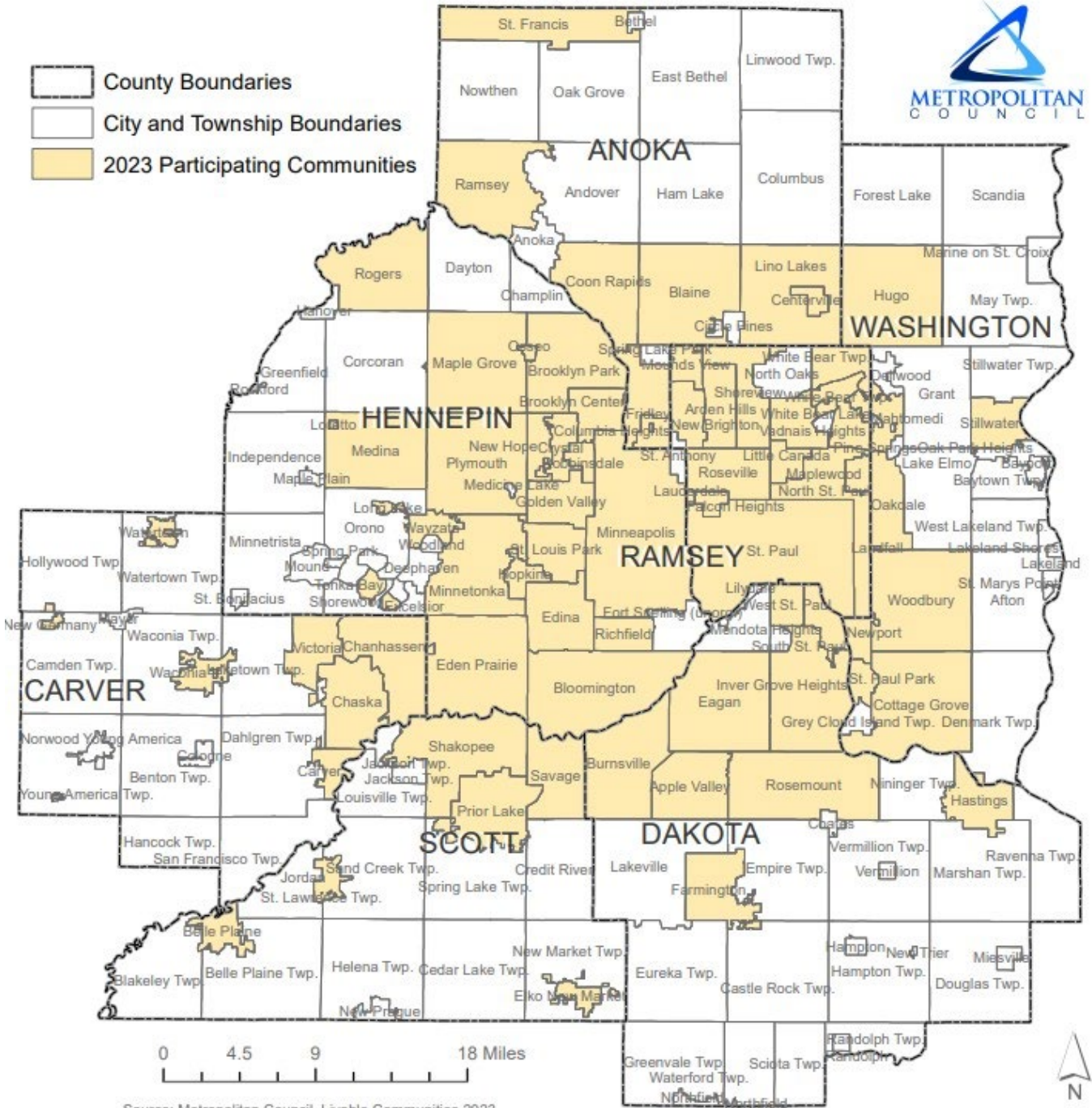
As the regional planning agency for the 7-county metropolitan area (inclusive of 181 cities and townships in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington), the Metropolitan Council is responsible for guiding the growth and development of the region, including planning for housing policy and for three regional systems: the regional wastewater system, the metropolitan transportation system, and the regional parks and open space system. The planning process for the statutorily required 2050 metropolitan development guide is underway, with a scheduled Council adoption date by the end of 2024.

Hennepin County has 45 cities, 1.26 million residents, 900,000 workers, and 40,000 businesses. It has built partnerships, networks, and communication channels to connect with each audience, as well as community organizations, for profit and nonprofit developers, and other stakeholder groups. The depth and breadth of its reach would be hard for other agencies to replicate. Within Hennepin County is the City of Minneapolis, the largest city in the state.

Ramsey County, the second most populous county in the metropolitan area, is home to more than 551,000 people; employs 320,000; and includes 18 cities and one township. It is the most densely populated and racially diverse county in Minnesota and has the highest percentage of residents living in poverty among all Twin Cities metro counties. Over 65,000 households in Ramsey County spend more than 30% of their income on housing, thus making very low income housing a top priority for the county. Within these households, most of which are renters, roughly 45% are extremely cost-burdened and spend more than half of their income on housing. Within the larger metropolitan region, Ramsey County offers some of the most affordable neighborhoods. However, much of this "naturally occurring affordable housing" (NOAH) is the result of aging, unsafe housing stock where occupants may face overcrowding, exorbitant energy costs, and exposure to health contaminants. Approximately six out of every ten affordable units are located within Saint Paul. Across Ramsey County, 61% of the NOAH rental units are in buildings that are at least 50 years old, and only 8% are in buildings that are less than ten years old. Preserving currently affordable housing while improving its condition is a key priority.

METROPOLITAN COUNCIL

Map of the 7-county Minneapolis-Saint Paul Metropolitan Region



Key Stakeholders

In addition to the strong network of local governmental agencies, regional coalitions, public housing authorities, nonprofit partners and private businesses, our key stakeholders are the thousands of residents of Hennepin County, Ramsey County, and the broader Minneapolis-Saint Paul region – our neighbors – who are struggling to find or afford housing that is safe, healthy, and meets their family needs. We are particularly attuned to our region’s racial disparities and have a strategic priority to promote equity. For the Met Council, this means:

- Using our influence and investments to build a more equitable region
- Creating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability
- Investing in a mix of housing affordability along the region’s transit corridors, and
- Engaging a full cross-section of the community in decision-making.

Additional stakeholders include Hennepin and Ramsey Counties, our close partners and sub-recipients on this project, along with all cities in the 7-county region. We are constantly working in partnership with many government entities, affordable housing providers, and builders and developers, particularly emerging BIPOC developers. Finally, we rely on a Technical Advisory Group (TAG) for highly technical aspects of regional planning.

To connect with individuals with lived experience of housing instability and the service providers who directly serve them, the Metropolitan Council has recently hosted a series Community Exchange Meetings. Audiences for these sessions have included local Native tribes, people with disabilities, the Islamic Youth Council, adult English Language Learners, and residents of affordable housing developments and manufactured housing parks. Attendees are paid a stipend for attendance and in exchange for sharing their knowledge and experience.

This application is a direct response to the housing needs that we heard during these Community Exchange Meetings. The need to find safe and affordable housing; the desire to live in the community of a person’s choice, and the economic requirement to live in proximity to transit that will bring workers to their jobs all are central to our efforts to reform land use policies around the region so that we can build and preserve the housing typologies that we need.

We also worked closely with Hennepin and Ramsey Counties, along with the cities of Minneapolis and Saint Paul, to draft and finalize the application. Together with the Met Council, all five have affirmed the plan articulated in this application.

Once we completed a draft, we shared it for verbal public comment during a public hearing at the Metropolitan Council Community Development Committee and posted it prominently on our website for a 15-day written public comment period. A summary of verbal and written comments is included as an attachment to this application.

Affirmatively Furthering Fair Housing

As a recipient of a \$5 million Sustainable Communities Regional Planning Grant from HUD in 2010, the Council was required to complete a thorough assessment of residential segregation by race and income, including an explicit study of concentrated poverty and regional opportunity. Our report, *Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region*

described the region's racial inequities, our residential segregation patterns, and the resulting uneven access to opportunities. Further, it discussed the significant barriers to housing choice for residents of color beyond income. These findings influenced policy making, including the Council's Thrive MSP 2040 and the 2040 Housing Policy Plan

The Met Council has identified equity as one of five key regional outcomes from Thrive MSP 2040 and will use equity as a lens to evaluate its operations, planning, and investments, and explore its authority to use its resources and roles to mitigate the place-based dimension of disparities by race, ethnicity, income, and ability. To meet the expectations of the federal Sustainable Communities Regional Planning Grant, the Council developed Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region. This assessment examined the historical and current geography of race, poverty, and opportunity in the region. The Council is asking itself and its partners whether and how public investments can effectively address a legacy of private disinvestment in select neighborhoods. This process also introduced a focus on Racially Concentrated Areas of Poverty, defined for our region as census tracts where at least half of the residents are people of color and at least 40% of the residents live below 185% of the federal poverty line. By 2010, nearly one in ten of our region's residents lived in Racially Concentrated Areas of Poverty. Because Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty can both limit the economic mobility of their residents and discourage private investment, our region cannot afford to allow these areas to either persist or grow.

The Council committed to the following actions, which are currently underway:

- Work to mitigate Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty by better connecting their residents to opportunity and catalyzing neighborhood revitalization.
- Work with communities to create more income-diverse neighborhoods, including strategically targeted subsidies to develop market-rate housing in areas that lack market-rate options.
- Use Livable Communities Act resources to catalyze private investment in Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty.
- Actively partner in neighborhood revitalization efforts such as Penn Avenue Community Works in North Minneapolis.
- Conduct a regional inventory of industrial land that considers the location of industrial land relative to the potential workforce eager to access nearby higher wage job opportunities.
- Work with our partners and stakeholders to identify indicators used to measure how projects, supported with Council resources, advance equity, including helping residents of Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty, lower-income households, or people with disabilities.

For our region to thrive, all parts of our region must prosper. By using public resources to catalyze investment in areas that have seen chronic private disinvestment—specifically including Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty—the Council will seek to help the region grow and prosper more equitably.

Because the challenges of racial and economic equity require aligning efforts across multiple entities, the Council will convene partners, including cities, counties, school districts, nonprofits, and philanthropy, to develop shared plans and investment strategies to address the issues of Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty. The Council will play a leadership role in this strategy, bringing data to the table and co-convening discussions with partner institutions to address both effects and underlying causes. Based on these conversations, the Council may explore funding set-asides or special investment resources to help create opportunities in Areas of Concentrated Poverty and Racially Concentrated Areas of Poverty. Additionally, we will tap into the broad network of developers—including BIPOC developers—to provide consulting services to cities, leveraging both their deep knowledge of development barriers and their experience with zoning policies across different jurisdictions.

As Ramsey County and the City of Saint Paul invest in new housing supply, intentional strategies have been put in place that reduce barriers to access the new units and connect residents in existing supportive settings to the new units. Strategies have included requiring property managers to market units to service providers, reserving units for residents “graduating” out of supportive programs like Housing Support, pay-for-stay shelter, and Rapid Re-Housing, as well as participation in landlord mitigation programs.

Examples of landlord mitigation programs used across the region include HousingLink’s Beyond Backgrounds Program where the nonprofit provides financial incentives for landlords to lease to residents who are stable but have barriers like criminal records. Buildings that include PRO Housing funding will also be required to accept Housing Choice Vouchers (Section 8) in all units in the building, already a requirement in HUD-funded buildings. Developers will be encouraged to explore other housing voucher and rent subsidy programs including FUP, VASH, Project-based Section 8, Rapid Re-Housing, Section 811, and Housing Support. The connection to service providers and their clients is key to reducing bottlenecks along the housing continuum.

Ramsey County also chairs the regional Fair Housing Implementation Council (FHIC) for local jurisdictions, including Hennepin County, that receive HUD funding. The goal of the FHIC is to eliminate impediments to fair housing and create greater racial equity in housing across the region. In 2022, the region pooled CDBG funds through a fiscal partner to fund activities that further fair housing including the translation and digitalization of homebuyer education classes, the funding of a regional eviction prevention program and a series of fair housing trainings for landlords and tenants. Future work will focus on the creation of a new equity plan that not only responds to HUD requirements, but continues to support local initiatives to eliminate barriers.

Ramsey County measures the success of these investments by tracing the progress on its Economic Competitiveness & Inclusion Plan, which includes eight strategies:

- Preserve and increase the supply of rental housing units for lowest-income residents
- Expand affordable homeownership opportunities and improve housing stability for communities that have experienced historic wealth extraction
- Foster inclusive economic development within county transit and key commercial corridors
- Support communities in equitable site development
- Sustain and accelerate workforce recovery programs

- Develop pathways to entrepreneurship and Black, Latinx, Asian, and Indigenous business ownership
- Attract and grow high-wage industry and innovation: technology, advanced manufacturing, and life sciences
- Strengthen business retention and expansion infrastructure to support communities

Hennepin County invests over \$146 million every year toward the affordable housing continuum, including the homeless response system as a safety net, focusing the vast majority of funds on housing and interventions for households with incomes below 30% of the area median income. This focus follows Hennepin County’s disparity reduction goals, as Black, Indigenous, and other people of color disproportionately have lower incomes and experience homelessness in Hennepin County. Hennepin’s successes in financing and creating new housing meets Affirmatively Furthering Fair Housing goals, but the PRO Housing funds will support the additional planning and capacity building to ensure the housing system offers a full range of choices and access to opportunity.

We will also use the Metropolitan Council’s new dataset, “Equity Considerations for Place-Based Advocacy and Decisions in the Twin Cities Region,” to track our progress and evaluate our effectiveness. This dataset provides equity-relevant characteristics for each of the 704 census tracts in the Twin Cities region. Formerly known as the Areas of Concentrated Poverty dataset, it has been expanded to provide a much more nuanced portrait of neighborhoods and their residents.

Budget and Timeline

Activity Category	Activity	Budget
Planning & Policy Activities	Staff Capacity – Met Council <ul style="list-style-type: none"> • 1.0 FTE TA provider to consult with cities on demand with particular focus on Ramsey County • 1.0 FTE TA provider / program coordinator to ensure coordination across jurisdictions and with other resources in the region • 0.25 Senior Grant Administrator to coordinate awards with subrecipients 	\$1.6 million
Planning & Policy Activities	Staff Capacity – Hennepin County	\$4.0 million

	<ul style="list-style-type: none"> • 1.0 FTE project manager to oversee and implementation vision, goals, and consultants • 0.5 FTE to support implementation • Zoning / planning consultants who will work with cities to amend their zoning plans for greater density, expedited permitting of new housing, and proactive recruitment of new housing <p>Grants and contracts - Combination of incentive grants and direct provision of contracted services in Hennepin County</p>	
Planning & Policy Activities	Combination of incentive grants and direct provision of contracted workshops and services – metro-wide with a focus on Ramsey County	\$0.9 million
Development Activities	Financing the construction of deeply affordable 30% AMI rental housing – Ramsey County	\$3.5 million
Leveraged Development Activities	At least \$6 million in Local Housing Incentives Account (LHIA) grants deployed for affordable housing production and preservation projects metro-wide; 2-5 projects funded annually	N/A
TOTAL REQUEST		\$10.0 million

If our proposal is selected but funded at a level lower than the requested \$10 million, we would first limit any activities outside of Hennepin and Ramsey Counties and focus our efforts exclusively on those two jurisdictions because they are defined as priority geographies by HUD. Beyond that, we would proportionally reduce our activities and seek to do each activity at a smaller scale. This would mean scaling back our staffing and consulting budgets, which

ultimately means a less expansive reach on zoning reforms across the region. We would also need to reduce the total dollars available for new affordable housing development. While this would still be a worthwhile project and allow us to take meaningful advantage of the new state and regional tax dollars and recent nation-leading zoning reforms, we would miss out on the opportunity to do so at the scale that is needed. We expect to require a minimum of \$8 million to meaningfully implement our proposal.

Timeline:

2024

- Met Council hire 2.0 FTE to provide consulting/technical assistance and to coordinate the overall activities regionally
- Met Council staff engage with communities throughout metro area to co-design new technical assistance and grant offerings to advance housing policies and program design (i.e. for new programs funded by metro sales tax revenue)
- Met Council staff develop key metrics and detailed evaluation plan
- Met Council staff engage with interagency groups to coordinate regional efforts
- Met Council provides Local Housing Incentive Account grants (minimum \$1.5M/year, each year through at least 2028) to leverage the PRO Housing activities by supporting production and preservation of affordable rental and ownership housing throughout the metro area.

- Hennepin hire 1.5 FTE
- Hennepin engage consultants focusing on shared learning (engagement, developing shared vision and goals, facilitation of interagency staff group and/or policymaker group) (focus in 2024, continue throughout)
- Hennepin engage consultant to kick off review of city-specific partner city policies and develop policy, zoning, toolkit, and “pattern book” (focus in 2024-2025, continue throughout)

- Ramsey County preps materials for 2025 annual consolidated solicitation for housing development (December)

2025

- Met Council begins accepting applications for direct assistance and grant funds to cities to advance housing policies and program design on a pipeline basis, coordinated with planning and implementation of 2050 comprehensive plans (continued through 2029)
- Met Council hosts workshops to equip communities throughout the region to deepen approaches to housing policy in comprehensive plans, share learnings across region (continued through 2027)

- Hennepin continue shared learning and city-specific review
- Hennepin engage consultants for funding analysis and assessing future impacts (I.e. tax base, climate, inclusion, affordability, housing demand)

- Hennepin fund first demonstration projects (e.g. temp ped/bike installations; commercial facade micro grants: sidewalk seating in business districts; model ADU; predevelopment support)
- Ramsey County opens annual consolidated solicitation for housing development (February)
- Solicitation closes (March)
- Staff review, score and select applications from solicitation for PRO funds (March-May)
- Staff recommend PRO awards to Ramsey County Housing and Redevelopment Authority (May and June)
- Projects begin pre-closing checklist
- Projects could close on financing as early as Q3 2025

2026

- Hennepin continue shared learning, city-specific review, funding analysis, assessing future impacts, demonstration projects
- Hennepin kick off implementation of policy change, providing TA to support cities through adoption
- Ramsey County selected projects close on financing, finish construction and report beneficiary outcomes (ongoing 2026-2028)
- Ramsey County monitors units to ensure 30% AMI affordability (ongoing 2026-2028)

2027

- Met Council evaluates demand for funds and technical assistance, determines whether to seek additional funding to continue programs as 2050 planning cycle focus changes
- Hennepin continue shared learning, city-specific review, demonstration projects, policy change implementation
- Hennepin finalize funding analysis, assessing future impacts, report on results
- Ramsey County selected projects close on financing, finish construction and report beneficiary outcomes (ongoing 2026-2028)
- Ramsey County monitors units to ensure 30% AMI affordability (ongoing 2026-2028)

2028

- Met Council evaluates learning and program impact (while continuing to provide technical assistance/consulting, workshops, and grants)
- Hennepin continue city-specific review, demonstration projects
- Hennepin finalize shared learning and implementation of policy change

- Ramsey County selected projects close on financing, finish construction and report beneficiary outcomes (ongoing 2026-2028)
- Ramsey County monitors units to ensure 30% AMI affordability (ongoing 2026-2028)

2029

- Met Council concludes program activities (or seeks additional funding sources to continue them)
- Met Council finalizes evaluation, reports on all results

- Hennepin complete final city-specific review, demonstration projects
- Hennepin report on all results

- Ramsey County completes final review of selected projects and reports on all results

Exhibit C: Capacity

Applicant and Partners' Capacity

The Metropolitan Council's Community Development Department will oversee implementation of the entire scope of this grant. As the regional planning body for the 7-county metropolitan area that includes 181 cities and townships, the Metropolitan Council is responsible for guiding the growth and development of the region, including planning for housing policy and for three regional systems: the regional wastewater system, the metropolitan transportation system, and the regional parks and open space system. The Met Council has a total annual operating budget of \$1.309 billion and deep experience managing and implementing federal grants with the expert project management, quality assurance, financial and procurement, and internal control capacity required to quickly launch and implement a major project of this scope. The Council leads regional planning, including the 2050 Plan that will be finalized over the coming year and influences each city's 2050 planning. Working with and coordinating among many partners is core to the Council's daily work and a core area of expertise. We do this all day, every day.

Sub-recipients Hennepin and Ramsey Counties provide guidance to the cities located within their jurisdictions, including policy and planning support. Ramsey County has the existing staff and internal systems, through the annual consolidated solicitation, to deploy PRO Housing funds without a request for additional staff. The consolidated fund aggregates multiple funding sources into one application process to make it easier for developers to access. In 2024 and 2025, this process will leverage the local Housing Redevelopment Authority, the new sales tax, and Federal HOME, Community Development Block Grants, and PRO Housing dollars. This suite of funds for affordable housing allows individual development projects to also leverage low-income housing tax credits, state bonding, philanthropic financing and local tax increment financing. The HRA also facilitates, through its funding awards, the intensification of land use through a biannual solicitation focused on redevelopment around transit and cultural corridors. Further, Ramsey County recently created a capacity building program for emerging and diverse developers. This program seeks to increase the supply of available low-to-moderate income housing solutions in the county by building the capacity of developers from Ramsey County to apply to Ramsey County solicitations. This process is done by sponsoring a cohort of developers through intense training to build applications for our solicitation-based funding sources.

Hennepin County, also a sub-recipient, has the required infrastructure to quickly ramp up as well. As an agency, Hennepin County is a national leader. With an annual budget of \$2.64 billion and a total of 9,829 full-time employees, Hennepin County is dedicated to serving residents by working with community, delivering services, and implementing innovative changes to create opportunity for all residents. The county holds a vision of a community where all people are healthy, all people are valued, and all people thrive. The body of work being proposed builds on past successes, and robust affordable housing funding from other sources, along with current efforts led by Hennepin and in close collaboration with cities. For example, Hennepin has worked closely on light rail station area planning, housing analyses, and zoning code changes along both the Green Line Extension and Blue Line Extension corridors in collaboration with five cities in each corridor. In the middle of the pandemic, it led a business district placemaking and "shop local, shop safe" campaign in collaboration with 11 cities. And in any given year,

Hennepin County is actively engaging in land use planning efforts with two to five cities, and coordinated planning at the corridor level in ten cities.

Further, Hennepin County has the partner buy-in required for this kind of intensive, extensive engagement. Its track record and established relationships allows it to rapidly build a “coalition of the willing” to advance the proposed work quickly and effectively. This includes:

- Staff and programming: Hennepin County’s Department of Housing and Economic Development leads housing and community/economic development efforts in Hennepin, including both staff and capital programming.
- Outreach and communications: With 45 cities, 1.2 million residents, 900,000 workers, and 40,000 businesses, Hennepin Housing and Economic Development has built partnerships, networks, and communication channels to connect with each audience, as well as community organizations, for-profit and nonprofit developers, and other stakeholder groups. The depth and breadth of the county’s reach would be hard for any other agency to replicate.

These and many more regional partnerships, together with the zoning reforms already underway, have set the stage. Now, our region is poised to benefit from the historic funding invested in housing infrastructure this year through our state legislature. Cities in our region have been leading the nation with landmark zoning reform and many aspire to continue pushing farther. But the new funding comes with no explicit direction and no funding to coordinate or plan for the launch of the distribution of these capital investments. While the Metropolitan Council, Hennepin County, and Ramsey County all regularly receive and respond to inquiries we receive from city leaders across the region who are seeking help updating their own zoning codes and housing policies, we see an opportunity to do this in a more strategic, better supported way to create a cohesive policy approach across the region.

For this reason, we choose to dedicate a majority of our funding toward the staffing capacity that will be needed to ensure the new dollars are invested speedily, thoughtfully, and in coordination. This capacity investment includes:

- Planning and policy development to ensure hundreds of millions of new public dollars are invested speedily, thoughtfully, and in coordination
- Funding to provide technical assistance and build capacity to include meaningful housing policies into communities’ comprehensive plans
- Funding to expand and deepen policies that break down regulatory and land use policy barriers to housing at all scales, especially affordable housing development
- Funding to support community wealth building and prosperity in areas where public investments and development pressures are highest
- Funding to build the capacity of emerging, community-driven developers

Our capacity to advance this work does rely on an interdependent relationship between our three entities. Our size, constituencies, influence in land use and planning, and our collective taxing authorities make this partnership unparalleled by any other prospective regional partnership. We will achieve significantly more by working and coordinating together than any one of us could alone. Therefore, if any partner dropped out, it would be a disappointment to the project. We would go forward nonetheless, because there is much we can still achieve between only two

partners. We would simply need to supplement the third partner's work by offering those services or expertise through one of the remaining partners. But the likelihood of facing this scenario is extremely low. As stated previously, our government entities have a long and collaborative history of working with each other and others in service to our shared missions. We have every reason to believe that each of the partners will remain committed to the partnership and to delivering on each of our individual promises to the partnership. We always have.

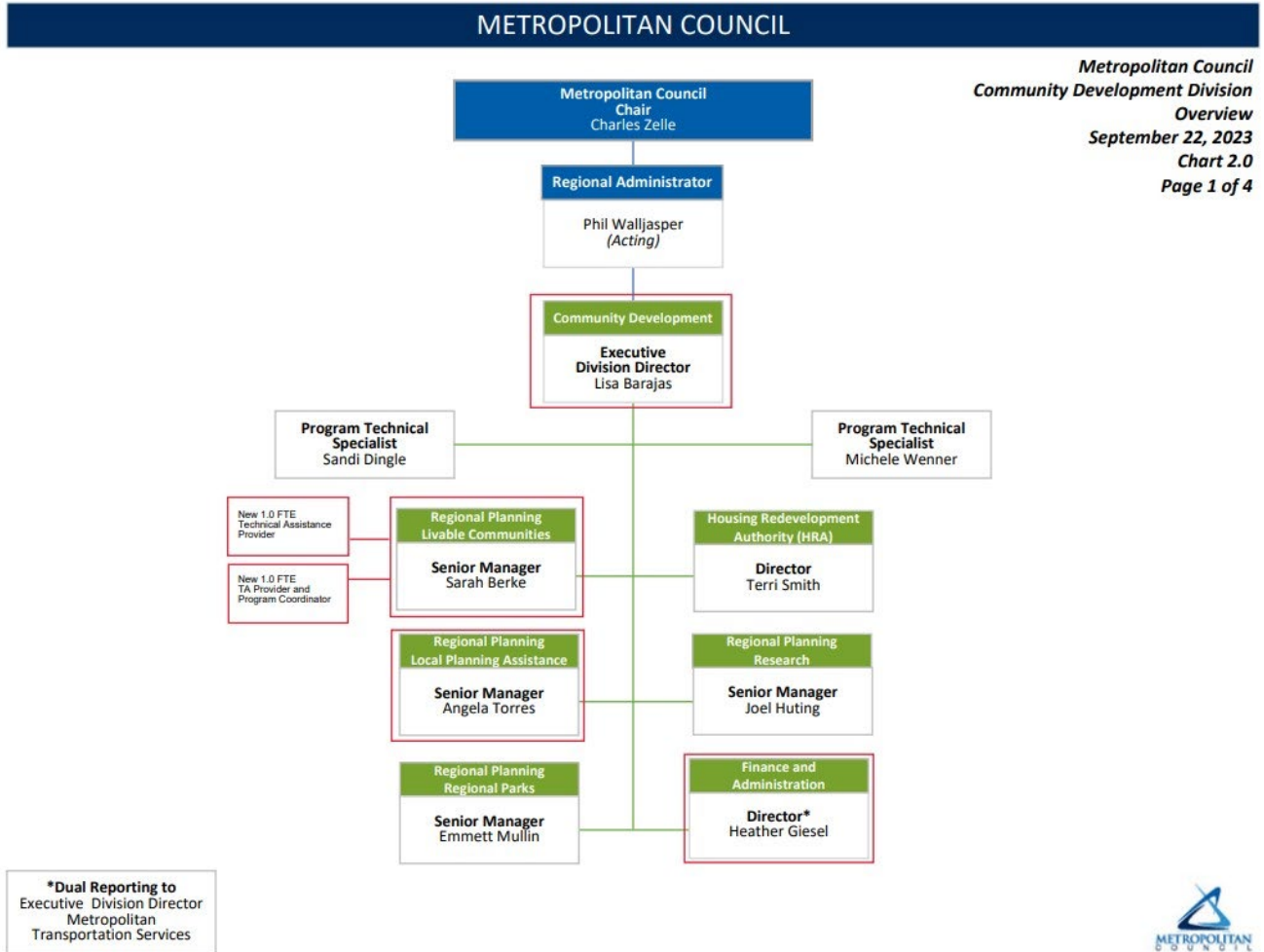
The grant application was written by a contracted independent consultant, Colleen Ebinger, who worked closely and consistently with project staff at the Met Council, Hennepin County, Ramsey County, the City of Minneapolis and the City of Saint Paul to organize the application concept. Staff members provided content and Ebinger compiled all components into a structured and cohesive draft, added additional content from recommended data sources, and provided a full draft to the group for edits. The team conducted multiple video calls and email exchanges to address questions and make changes throughout the process. Ebinger incorporated the team's edits and changes to create a final draft, which was then posted to the Metropolitan Council's website for public comment. She then assisted in compiling all feedback received during the public comment period and packaging the application and all attachments for submission.

The Met Council and both counties have deep experience working with civil rights and fair housing issues, including working with data to analyze racial and economic disparities. The aforementioned "[Equity Considerations for Place-Based Advocacy and Decisions in the Twin Cities Region](#)," is just one example. This new dataset provides equity-relevant characteristics for each of the 704 census tracts in the Twin Cities region. Formerly known as the Areas of Concentrated Poverty dataset, it has been expanded to provide a much more nuanced portrait of neighborhoods and their residents. Data can be analyzed by: demographic and socioeconomic characteristics (including multiple income levels); racial/ethnic/cultural groups; historical data on discriminatory practices; facets of housing markets; land use, environment/climate, amenities, and employment/commuting patterns. The intention is to call attention to broader patterns of economic segregation and their root causes, and to show that census tracts are much more multifaceted than a narrow focus on poverty rates would imply. The tool can be found at: <https://gisdata.mn.gov/dataset/us-mn-state-metc-society-equity-considerations>.

At the Metropolitan Council, the two new staff positions proposed, TA Provider and TA Provider/Program Coordinator, will manage the majority of the proposed activities on a day-to-day basis and would report to Senior Manager for Livable Communities and Housing, Sarah Berke. Berke will serve as the overall lead on project direction and coordination of grant program activities across the Metropolitan Council and its subrecipient partner agencies. Berke reports to Executive Director, Community Development, LisaBeth Barajas. Barajas will provide high-level policy direction to the project. Within the Community Development division, Angela Torres, the Senior Manager for Local Planning Assistance, will be a close collaborator for outreach to ensure the activities are available to communities throughout the region. Director of Finance and Administration, Heather Giesel, leads a team of twelve (12) grant management and financial management professionals who have experience administering federal grant awards as well as supporting the administration of grants that the Council awards for housing, community development, regional parks, and transportation investments. Giesel and her team, including 0.25

FTE of a senior grant administrator role, will oversee the administration, coordination with subrecipients, and reporting responsibilities of the grant.

Metropolitan Council Organizational Chart



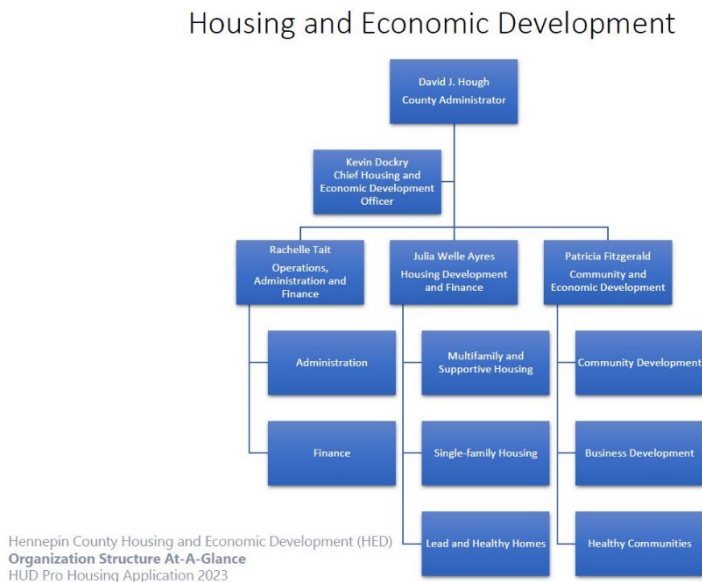
At Hennepin County, Julia Welle Ayres, Housing Development and Finance Director (.05 FTE) will provide overarching housing policy direction for the grant, communicate with the Hennepin County Board and assist with decision making when needed. Welle Ayres has over 15 years of experience in public sector administration, housing, and policy, along with extensive HUD grant experience. Patricia Fitzgerald, Community and Economic Development Director (.05 FTE) will provide overarching community development policy direction for the grant, communicate with the Hennepin County Board and assist with decision making when needed. She has over 20 years of experience in public and private sector experience, including real estate development, economic development, and policy. Ryan Kelley, Community Development Manager (.25 FTE) will provide oversight and management of the Project Manager, ensuring coordination with complementary programs and strategies in Hennepin County. He will lead the establishment of interagency partnerships with multiple cities in Hennepin County and ensure appropriate

benchmark tracking and overall performance. He will also be responsible for communication with and reporting to Metropolitan Council and HUD.

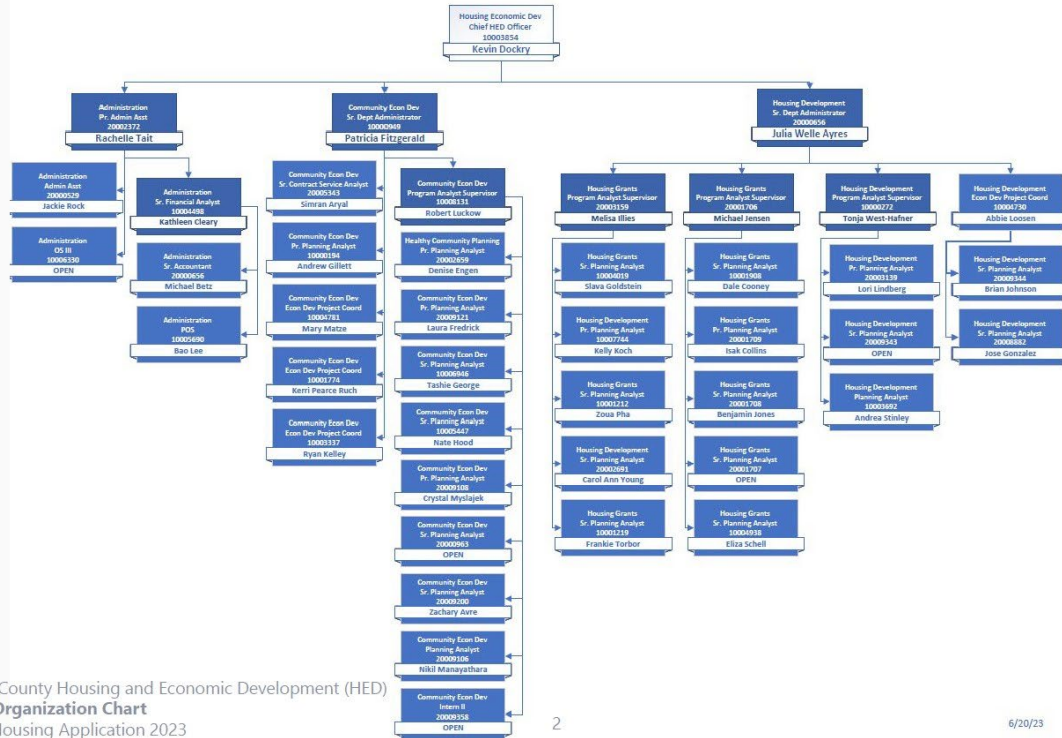
A Project Manager position is vacant and contingent upon funding (1 FTE): The project manager role will provide overall management of the grant including contract negotiations and monitoring, reviewing and approving invoices, preparing and reviewing documentation for grant reimbursements, recruiting and managing consultants, supervising staff, and building and maintaining partnerships. Project manager will be responsible to review and approve scopes of work and demonstration projects and will ensure compliance with all HUD requirements. The Assistant Project Manager (also vacant and contingent upon funding) (.5 FTE) will be responsible for overall implementation support and management of specific strategies and tasks within the grant. Additional responsibilities include public outreach coordination, event management, communication support, and administrative support for procurement, contracting, and contract management.

Kathleen Cleary, Senior Accountant (.1 FTE, as needed) will provide oversight of all grant accounting, generating monthly revenue and expenditure reports, reviewing financial procedures, and managing audit requirements. Two Housing Subject Matter Experts (.1 FTE each) will be available to offer their expertise: Abbie Loosen – Multifamily housing development, affordable housing finance, private sector nonprofit real estate development and Tonja West-Hafner – Single family home development and HUD grant administration. Finally, three Community Development and Land Use Planning Subject Matter Experts (.1 FTE each) will also be available: Robert Luckow – federal grant administration; community development and land use policy; community development research, data analysis, evaluation and reporting; and geospatial mapping; Kerri Pearce Ruch – interagency coordination, public outreach, policymaker coordination; and Andrew Gillett – interagency land use planning, infrastructure planning and development, transit-oriented development and station area planning.

Hennepin County Organizational Chart

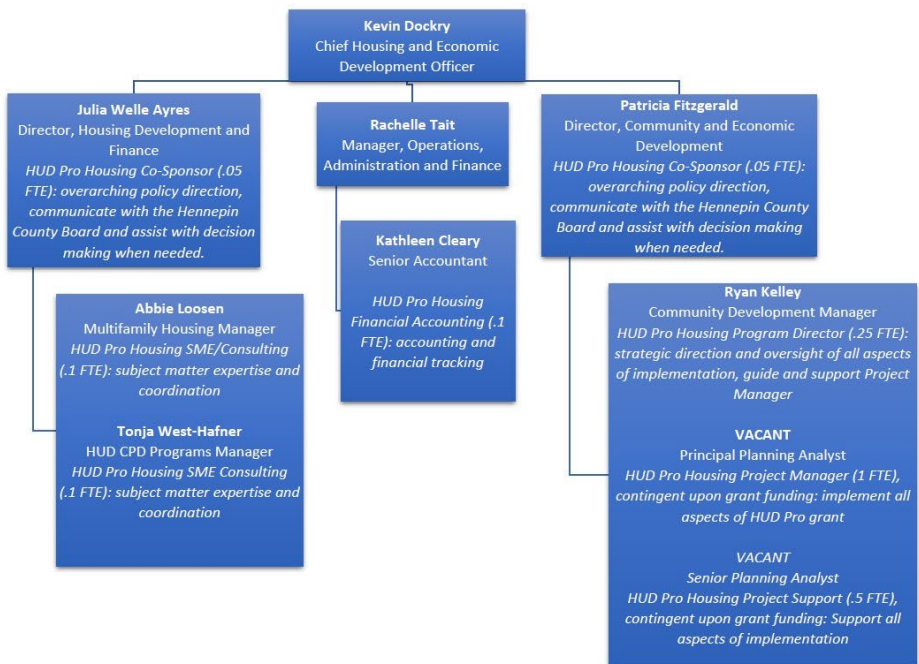


Hennepin County Housing and Economic Development (HED)
Detailed Organization Chart
 HUD Pro Housing Application 2023



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6/20/23



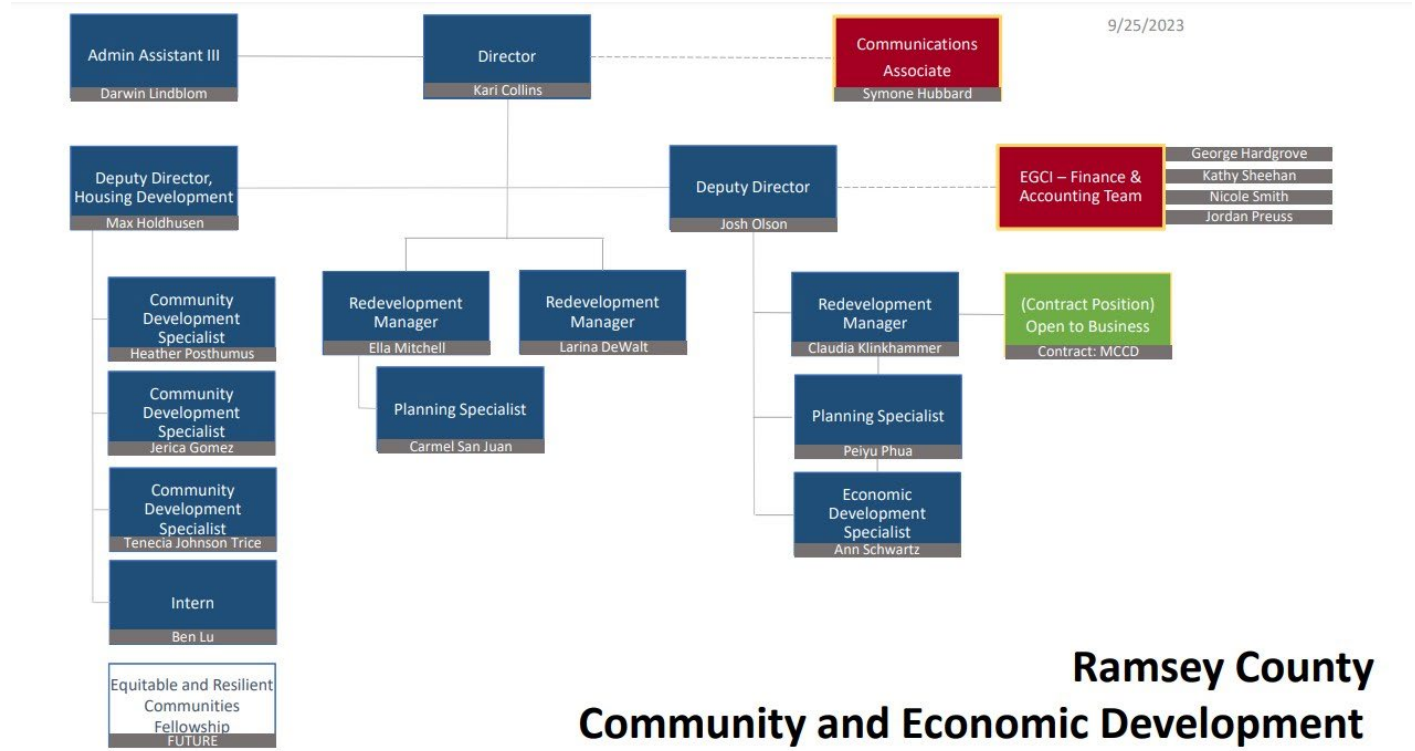
Hennepin County Housing and Economic Development
HED HUD Pro Roles
 HUD Pro Housing Application 2023

At **Ramsey County**, Kari Collins, Director Community & Economic Development (1 FTE) with over 20 years of community development experience will provide overarching housing policy direction for the grant, communicate with the Ramsey County Board, and assist with decision making when needed. Max Holdhusen has over ten years of experience in housing and public policy sector administration, community, and economic development, along with extensive HUD grant experience. Jerica Gomez, Community and Economic Development Multifamily Specialist (1 FTE) oversees multifamily solicitation processes in coordination with the Deputy Director. She has over ten years of experience in public and private sector experience, including policy and planning, community and economic development, and policy. In her role, she builds relationships with multifamily developers to encourage applications for Ramsey County funding and successful project closings, coordinates the technical assistance program for emerging and diverse developers, and oversees the annual consolidated solicitation process including marketing, scoring, and evaluation that includes PRO Housing funds.

Ann Schwartz, Economic Development Specialist, oversees project closings including agreement drafting, pre-closing checklists, signatures and recordings. She coordinate closings that will include PRO Housing funds. Peiyu Phua, Planning Specialist II coordinates data, reporting and outcomes for all projects across department, which will include outcomes for PRO funding. She will lead the establishment of interagency partnerships with multiple cities in Ramsey County and ensure appropriate benchmark tracking and overall performance. She will also be responsible for communication with and reporting to the Metropolitan Council and HUD.

Nicole Smith, Accountant will provide oversight of all grant accounting, generating monthly revenue and expenditure reports, reviewing financial procedures, and managing audit requirements. Kathleen Ritter, Assistant County Director, will be responsible for the creation of PRO Housing agreement templates that are in compliance with all local, state, and federal laws. She will also coordinate with the Community Development Specialist and Deputy Director, providing advisory legal advice on multifamily developments.

Ramsey County Organizational Chart



Ramsey County Community and Economic Development

Exhibit D: Leverage

Leverage

The Metropolitan Council is committing \$6 million in Local Housing Incentives Account (LHIA) grants as a 60% leverage commitment for \$10 million in federal PRO Housing funds, in the amount of \$1.5 million per year in 2024-2028. These funds are allocated from the Council's regional tax levy. Per Minnesota state statute, "the council shall annually credit \$1,000,000 of the revenues generated by the levy to the local housing incentives account;" and "the council shall annually transfer \$500,000 from the livable communities demonstration account to the local housing incentives account." The funds further "must be distributed annually by the council to municipalities that: (1) have not met their affordable and life-cycle housing goals as determined by the council; and (2) are actively funding projects designed to help meet the goals."

The PRO Housing grant activities, designed to empower communities that are actively taking steps to remove barriers to affordable housing and seeking to increase housing production and lower housing costs for families over the long term, are well-aligned with the goals of this program. A letter of commitment is included below.

In addition to this formal leverage commitment, Ramsey County is also committing at least \$4 million in Housing Redevelopment Authority levy funding to the annual consolidated solicitation and up to \$10 million of sales tax proceeds as leverage. Hennepin County is also committing \$17.5 million in Housing Redevelopment Authority levy funding to its Affordable Housing Incentive Fund and Transit Oriented Development over the grant term. As described earlier in this application, counties and cities throughout the region also anticipate using new metro sales tax revenue, dedicated to affordable housing, to further many complementary activities.

A letter of leverage commitment from the Metropolitan Council is included in the Attachments.

Exhibit E: Long-term Effect

Long-term Effect

Succeeding in this work will mean that our region is equipped to grow into the future in a manner that ensures greater equity and that we invest in housing stock that will meet the needs of current and future residents while reducing racial disparities and other barriers to fair housing choices.

By the end of the grant period, we will have achieved:

- A high-capacity system for investing public resources in affordable housing activities across the region that encourages the speedy adoption of policy and planning best practices and improves housing choice from city to city and across counties.
- The adoption of meaningful housing plan elements in communities' 2050 comprehensive plans throughout the region, ensuring that local leaders at all levels of government are equipped to plan for and implement effective housing policies.
- The adoption of well-coordinated land use policies in communities' 2050 plans throughout the region that provide more housing choice, affordability, and flexibility for generational changes across more areas of the region – especially for “missing middle,” mixed-use, multifamily, and denser single-family development in areas that are accessible to transit and activity centers.
- Construction of housing at all price points, and especially housing that is affordable below 100% AMI – and particularly below 50% and 30% AMI – is on track to meet the identified need of households in a growing and changing region, closing the housing supply gap.
- An affordable housing finance system that is both better-resourced and better coordinated across the region, especially one that works better for single-family and missing middle housing development, and for new homeowners and emerging real estate developers who seek new opportunities to build wealth.
- Effective use of new public funding authorized by the 2023 legislature for the metro region's housing needs.

Overall, we seek to become a model region in terms of our ability to address longstanding barriers to housing production and preservation, while coordinating across jurisdictions, reducing disparities across protected classes and vulnerable populations, implementing plans that are designed with meaningful community engagement, and making the best use possible of a new infusion of public investment in housing affordability.

Below is a summary of the success measures we seek and the specific desired outcomes for each of the grant's proposed activities.

Consultant and staff time for facilitation and coordination will advance shared learning across agencies and cities in the region, led and coordinated by Hennepin County and the Metropolitan Council (in Ramsey County and across the rest of the 7-county region). Success measures will include:

- Cities and counties throughout the region invest revenue from the new 0.25% housing sales tax revenue in a coordinated way and learn from each jurisdiction’s best practices.

Technical assistance from both consultants and expanded staffing positions, as well as grants to cities, will support the development of land use policy development, ordinance development, plan books, predevelopment and demonstration projects. This will be led and coordinated by the Metropolitan Council (in Ramsey County and the region) and Hennepin County. It will include strong coordination with the largest cities in the region, Minneapolis and Saint Paul, who have focused on both encouraging more multifamily development as well as more 2, 3, and 4-unit new development with their recently-adopted zoning changes to implement their 2040 plans. It will also build on the work of those suburban communities who are already adopting innovative and effective land use and housing policies, especially in transit-oriented areas. Success measures will include:

- Cities throughout the region adopt housing plan elements in their comprehensive plans that meet regional policy objectives and have the capacity and resources to support housing development implementation for new policies they adopt.

Consultant time at Hennepin County and a *staff position* focused on technical assistance and funding system navigation at Met Council will advance effective use and layering of housing development finance and funding sources to implement housing projects ranging from single-family to multifamily. Grants and technical assistance will also support efforts to close racial and ethnic homeownership disparities, and to ensure all community members benefit from increased prosperity when communities invest in housing as well as public transit, services, workforce development, infrastructure, and other community assets. Success measures will include:

- Cities throughout the region will have financial tools in place that support affordable housing development and make progress toward their Allocation of Affordable Housing Need (defined through regional housing policy planning in the 2040 and 2050 cycles).
- Cities throughout the region will implement effective systems for coordination on funding for homeownership, missing middle scale development, and other kinds of housing development projects that currently face very different funding landscapes across city and county lines.

Project support in Ramsey County to continue building new momentum for *30% AMI housing* developments that are acutely needed and for which there is substantial developer interest.

Success measures will include:

- Two to three new multifamily developments serving 30% AMI households will come online much faster with increased funding for this purpose.

Throughout the Metropolitan Council and its county and municipal collaborators, housing policy and production goals will be defined and measured not just in terms of volume, but also in terms of how *development builds prosperity for all impacted communities*, how the harms of development can be mitigated with a priority for those who have not benefited from past investments, and how housing and land use policies can be used to increase meaningful choices of communities and housing types for people throughout the metro region. Success measures will include:

- Development of and commitment to anti-displacement policies/tools by Metropolitan Council
- Implementation of community prosperity framework at Hennepin County
- Implementation of Economic Competitiveness and Inclusion policies at Ramsey County
- Decisions about public infrastructure investments are coordinated with meaningful community engagement and mitigation strategies for displacement, including a specific housing strategy

Long-term effect

All of these activities will directly affect how communities in our region are equipped to plan for a variety of scenarios into the future—through the 2050 long-term planning cycle that is currently underway—and will build the tools necessary to get closer to permanently closing the gaps in our housing stock and the racial disparities in housing in our region. Because of this long-term perspective, the bulk of the proposed activities that would be supported by this grant are related to building the capacity for communities in our region to adopt plans and policies that will pay dividends in future years and decades by helping to build and preserve affordable housing. Where we intend to invest capital in development, it is to build on the momentum of recent successes that will otherwise face timing gaps and slow progress toward meeting the most acute housing needs.

Model for others

Our proposal builds on work in our region that is already a model for other communities. For example, the Minneapolis 2040 plan received national attention and accolades for its elimination of 1-unit-per-lot zoning restrictions citywide. The City of Saint Paul has also been implementing meaningful zoning and land use reforms, especially with a focus on 1-4 unit zoning changes, as it implements its 2040 plan. The metropolitan region is well-known for collaboration across our seven counties and hundreds of municipalities.

Roadblocks

However, to continue serving as a model for others to emulate, our region must overcome significant roadblocks.

- One roadblock we face is in direct response to that very model policy achievement, with a legal challenge to the City of Minneapolis’s 2040 plan that is creating confusion about how cities can meet their comprehensive planning requirements. It potentially will have the effect of constraining cities’ willingness and ability to make bold plans more generally throughout the region. This proposal recognizes that, despite this real litigation challenge, the region is nonetheless committed to thoughtful planning for housing, land use, and other priority areas that the Metropolitan Council coordinates regionally, including wastewater infrastructure and transportation.
- Like other regions nationwide, we face economic conditions that make building new housing challenging, with high costs and a high interest rate environment.
- Additionally, while our quality of life and housing choices are “on average” among the best in the nation among peer regions, our region also regularly rates among the worst in the nation in terms of its racial disparities in homeownership and wealth. Repairing past harms of discrimination and changing deeply entrenched patterns of who benefits from

housing development and ownership is critical to being able to truly create a more resilient and fairer housing system.

Environmental risks and resilience strategies

Because the Metropolitan Council has land use planning authority, as well as regional wastewater and transportation system planning authority, we are well-positioned to work with a comprehensive view of the interaction among these systems. The most significant environmental risks in our region are related to climate change, and an important measure of success for the metro region's overall development will be how well we manage the preservation of natural systems, reduce greenhouse gas emissions, prioritize projects with an environmental justice lens, and encourage compact and efficient development while preserving and improving the quality of life for residents of the region. In the 2050 regional plan that is currently being drafted, important issues that will serve as a lens for developing all future policies, including for housing, include (a) mitigating climate change, (b) protecting natural systems, and (c) ensuring an equitable and inclusive region. This comprehensive regional framework will help to inform communities' housing policies and implementation regionwide.

At the more tactical level, sample development plans, consultation on policy development, and other technical assistance provided as part of the proposed activities in this grant will help equip communities to develop climate-resilient and energy efficient housing and to improve the efficiency and resilience of the existing built environment.

Removing barriers for affordable housing production that have perpetuated segregation

Exclusionary zoning practices long served as a practical/de facto barrier to housing access for protected-class groups in our region. The Metropolitan Council and Hennepin and Ramsey Counties all recognize that our roles in regional planning and the affordable housing finance system position us to break down some of these barriers both in terms of land use policies and in terms of opening up opportunities for housing development across neighborhood and city boundaries. The proposed activities will help us be more proactively and coordinated as we strive to build on the work we are already doing to address impediments to fair housing (as described in our regional Fair Housing Implementation Council's collaborative Analysis of Impediments in 2021) and to equip communities to plan for and implement housing policies that better consider the needs of protected class and vulnerable groups. Notably, given the goals of PRO Housing overall and our proposal specifically, the first recommendation of the first goal in this Analysis of Impediments, is to "(c)hange existing land use and zoning laws, where possible, to allow for more types of affordable housing, such as Accessory Dwelling Units (ADUs), Single Room Occupancy (SRO) multi-family projects, or other low-cost models such as tiny homes."

We are confident that we will succeed in our vision to go broader and deeper on land use and zoning changes, making the most of the policy and funding momentum already underway in our region. PRO Housing funds will catalyze this "bigger and better" approach and will result in more housing, more affordable housing and denser housing in more of our communities.

Attachments:

Attachment A: Certification of Compliance

Attachment B: Letter of leverage commitment from the Metropolitan Council

Attachment C: Budget

Attachment D: Letters of support

Attachment E: Summary of comments received on published Application and list of commenters by name/organization - to be compiled beginning 10/11 after Public Comment period ends.

PRO HOUSING CERTIFICATIONS FOR METROPOLITAN PLANNING ORGANIZATION (MPO) APPLICANTS AND NON-ENTITLEMENT LOCAL GOVERNMENT APPLICANTS

The applicant certifies that:

Affirmatively Further Fair Housing -- The MPO will affirmatively further fair housing.

The Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended (URA) -- It will comply with the acquisition and relocation requirements of the URA (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR Part 24.

Anti-Lobbying --To the best of the jurisdiction's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of MPO – The submission of the PRO Housing application is authorized under State and local law (as applicable) and the MPO possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR Part 75.

Build America, Buy America (BABA) – It will comply with Title IX, Subpart A of the Infrastructure Investment and Jobs Act of 2021 (41 U.S.C. 8301 et seq.).

Public Participation -- It is in full compliance with the PRO Housing streamlined public participation requirements found in Section VI.E of the PRO Housing NOFO.

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with PRO Housing funds, it has developed its PRO Housing proposal so as to give maximum feasible priority to activities which benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. The PRO Housing proposal may also include PRO Housing-assisted activities which the grantee certifies are designed to meet other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available (see Optional PRO Housing Certification).

2. Overall Benefit. PRO Housing funds shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons.

3. Special Assessments. It will not attempt to recover any capital costs of public improvements assisted with PRO Housing funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if PRO Housing funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with PRO Housing funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than PRO Housing funds. In addition, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than PRO Housing funds if the jurisdiction certifies that it lacks PRO Housing funds to cover the assessment.

Excessive Force – Each member State or local government has adopted and is enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

Compliance with Anti-discrimination laws -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

Lead-Based Paint -- Its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K and R; and EPA's lead-based paint rules (e.g., Repair, Renovation and Painting; Pre-Renovation Education; and Lead Training and Certification (40 CFR part 745)).

Compliance with RFRA -- The grant will be conducted and administered in conformity with the requirements of the Religious Freedom Restoration Act (42 U.S.C. 2000bb) and 24 CFR 5.109, allowing the full and fair participation of faith-based entities.

Compliance with Laws -- It will comply with applicable laws.

Signature of Authorized Official Date

Title



September 25, 2023

Attn: PRO Housing
Community Planning and Development
U.S. Department of Housing and Urban Development

RE: Leverage commitment for PRO Housing application

To Whom It May Concern:

The Metropolitan Council is pleased to commit \$6 million in leverage funds, from 2024-2028, to the PRO Housing grant activities outlined in the Council's PRO Housing application to the Department of Housing and Urban development, as an indicator of support and commitment to the grant activities.

In our fiscal years ending December 31, 2024 – December 31, 2028, the Metropolitan Council will deploy Local Housing Incentive Account (LHIA) grants totaling \$6 million (\$1.5 million each year). These funds are allocated from the Council's regional tax levy and are specified in statute. Per Minnesota Statute § 473.254, subds. 5b and 5c, "The council shall annually credit \$1,000,000 of the revenues generated by the levy authorized in section [473.249](#) to the local housing incentives account;" and "The council shall annually transfer \$500,000 from the livable communities demonstration account to the local housing incentives account." Per Subd. 6., "The funds in the account must be distributed annually by the council to municipalities that: (1) have not met their affordable and life-cycle housing goals as determined by the council; and (2) are actively funding projects designed to help meet the goals."

The PRO Housing grant activities, designed to empower communities that are actively taking steps to remove barriers to affordable housing and seeking to increase housing production and lower costs, align well with the goals of the LHIA grant program. LHIA grants support the production and preservation of affordable rental and ownership housing to help municipalities meet their negotiated LCA housing goals. They are available to participating communities throughout the 7-county Twin Cities metropolitan area. LHIA grant funds cover gap financing costs for affordable housing project, such as land/property/structure acquisition, demolition, site preparation (such as water, sewer, roads), general construction/structural additions, alterations and rehabilitation, interior and exterior finishing, roofing, electrical, plumbing, heating, and ventilation.

Thank you for your consideration of our PRO Housing application. Please reach out directly to me or to Sarah Berke, Senior Manager for Housing and Livable Communities, (sarah.berke@metc.state.mn.us) with any questions.

Sincerely,

LisaBeth Barajas
Executive Director, Community Development

HENNEPIN COUNTY

MINNESOTA

September 25, 2023

Metropolitan Council
Community Development
390 Robert Street North
St. Paul, MN 55101

Re: Intent to Participate

To Whom It May Concern:

This letter is to confirm the mutual intent of both Metropolitan Council and Hennepin County to collaborate and enter into a partner agreement, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in Metropolitan Council's PRO Housing application.

With a population of 1.26 million residents, Hennepin County and its 45 cities are home to over 40% of the Minneapolis-St. Paul region's residents. In addition, Hennepin County employers provide over 900,000 jobs, or approximately half of the jobs in the region. Developing and sustaining high quality housing affordable to all of the county's residents and accessible to the county's workforce are critical to achieving an equitable and inclusive region, providing pathways to economic prosperity, and ensuring a more climate-resilient future.

As an agency, Hennepin County is a national leader. With an annual budget of \$2.64 billion and a total of 9,829 full-time employees, Hennepin County is dedicated to serving residents by working with community, delivering services, and implementing innovative changes to create opportunity for all residents. We hold a vision of a community where all people are healthy, all people are valued, and all people thrive.

Hennepin County Housing and Economic Development (HED) department leads the region in investments and impacts in affordable housing. Hennepin County HED created one of the first housing trust funds in the state, which has since created or preserved over 10,000 units of housing affordable to households with incomes below 50% of the area median income. In recent years, HED has grown that fund to \$5M annually, and added \$5M for supportive housing capital and \$1.245M for homeownership opportunities to the annual budget. Hennepin County HED's housing strategy focuses on households with the lowest incomes to reduce racial disparities in homelessness and housing cost burden, and to increase access to greater economic opportunities. This includes targeting funding to most affordable housing units, as well as creating new financial and development models to fill gaps in the housing continuum.



Hennepin County HED also initiates innovative strategies and supports partner efforts in community development, transit-oriented development, and coordinated land use planning. For over twenty years, Hennepin County HED has led collaborative, multi-jurisdictional efforts to develop and implement community-supported visions along the region's planned light rail transit lines through the nationally recognized Community Works model. Through these efforts, some of the first inclusionary housing policies were adopted by Hennepin County cities along key transit corridors, new TOD zoning was created and adopted, and over \$40 million has been invested into 156 transit-oriented development projects creating over 11,000 housing units and over 3,300 jobs.

While Hennepin County HED has established capital funding programs to create affordable housing, including supportive housing and housing for those with extremely low-incomes, as well as transit-oriented development to promote walkable, mixed-use communities, the county currently lacks the resources to support in-depth planning and zoning reform at the level needed to effectively eliminate barriers to affordable housing production in many municipalities.

As a subrecipient of grant funds, Hennepin County will lead collaborative planning efforts in cooperation with a coalition of urban and suburban communities committed to providing more affordable housing and to a shared vision for more sustainable, walkable communities inclusive of all incomes, ages, and abilities. Hennepin County will lead interagency coordination with cities, and with the added capacity of grant-funded consultant contracts, will provide added capacity, technical expertise, and implementation tools to enact policy change and effect zoning and regulatory changes necessary to realize a shared vision of inclusive communities affordable across the income spectrum. Hennepin County will procure and manage consultants, direct personnel, and administer grant funds for demonstration projects in accordance with all HUD PRO Housing requirements.

It is understood that this letter is only an expression of our intent and a binding subrecipient agreement detailing the terms and conditions of the proposed partnership must be executed before the use of any PRO Housing funds, if awarded.

Best regards,



David J. Hough
County Administrator



Ramsey County
15 W. Kellogg Blvd Suite #250
Saint Paul, Minnesota
55102

Re: PRO Housing Intention of Participation

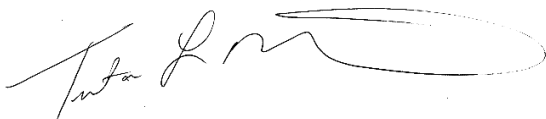
This letter is to confirm the mutual intent of Ramsey County to collaborate with the regional Metropolitan Council for the United States Department of Housing and Urban Development (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) competition. Ramsey County supports this regional approach to removing barriers to housing across the categories of eligible activities as provided in Metropolitan Council's PRO Housing application. The Metropolitan Council's PRO application focuses on two priority geographies, as defined by HUD: Hennepin and Ramsey Counties.

Ramsey County is Minnesota's second most populous county with over 550,000 residents. It is also the State of Minnesota's densest and most diverse county. Over 65,000 residents in Ramsey County are cost burdened and large racial disparities in homeownership exist. Additional local, regional, state, and federal investments are needed to increase the livelihoods of residents and reduce racial disparities. Ramsey County currently receives a direct entitlement of Community Development Block Grants from HUD and participates in the Dakota County Consortium to receive annual HOME funds. Ramsey County effectively uses federal HUD funds to meet national objectives and benefit low-to-moderate income residents. Furthermore, Ramsey County has participated in House America, chairs a robust continuum of care, and chairs the regional Fair Housing Implementation Council to affirmatively further fair housing.

As a priority geography for PRO Housing, Ramsey County will be a direct subrecipient from the regional Metropolitan Council grant application. Ramsey County seeks to expand the supply of rental housing affordable to residents making less than 30% of the area median income (AMI). Ramsey County will use PRO Housing dollars in its annual consolidated solicitation to streamline the funding application process for developers. The solicitation leverages multiple funding local and federal funding sources. To undo racial disparities, and reduce cost burdened households, Ramsey County will ensure that all PRO Housing dollars will go towards units affordable at 30% AMI.

PRO Housing resources would help address critical barriers to our vision for a more equitable and inclusive community in Ramsey County. Please accept this letter as an expression of our strong support for the Metropolitan Council's application.

Sincerely,



Trista Martinson
Chair, Board of Commissioners
Ramsey County



September 25, 2023

Metropolitan Council

RE: Expression of Support

This letter is to express the interest of the City of Bloomington in collaborating with Metropolitan Council and Hennepin County, contingent upon the award of funds from the United States Department of Housing and Urban Development (HUD) for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in the Metropolitan Council's PRO Housing application.

Bloomington, with over 92,000 residents, is the most populous suburb in Minnesota. Bloomington is the fourth largest city in Minnesota and holds a substantial presence in the tri-city (Minneapolis – St. Paul – Bloomington) metropolitan region. In 2022, 20% of our population was under the age of 18, and nearly 20% were aged 65 or older. Bloomington trends older than the region, highlighting the need to develop a breadth of amenities for all age ranges in the city. Our population is also growing more diverse: 32% of the population are Black, Indigenous, and People of Color (BIPOC), up from approximately 20% in 2010.

Housing costs for both rental and owner-occupied homes continue to rise. In 2022, single-family home values increased to \$355,600, representing a 25% increase since 2019. Multi-family rental rates increased, year-over-year, by 4.3%. Renter-occupied households experienced a higher rate of housing cost burden than owner-occupied households: 45.9% compared to 20.5%, respectively. We recognize the opportunities and challenges and intentionally move forward to create housing and housing stability in Bloomington through a variety of mechanisms serving the whole housing continuum like down payment assistance, policy changes, and greater access to information and education, we work together for our community.

PRO Housing fund resources would help address critical barriers to our vision for a more equitable and inclusive community in Bloomington. Please accept this letter as an expression of our strong support for the Metropolitan Council's application.

Sincerely,

Aarica L. Coleman
HRA Administrator
City of Bloomington



September 25, 2023

Metropolitan Council
390 Robert Street North
St. Paul, MN 55101

RE: PRO Housing Funding Application – Letter of Support

This letter is to express the interest of the City of Edina in collaborating with Metropolitan Council and Hennepin County, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in Metropolitan Council’s PRO Housing application.

Housing is becoming increasingly expensive. Approximately 28% of Edina households are considered cost-burdened, with housing costs exceeding 30% of household income. The median value single-family home in Edina is now up to \$696,600. Edina’s Comprehensive Plan includes many goals related to housing, including “encourage the development and maintenance of a range of housing options affordable to residents at all income levels and life stages.” Additionally, Edina has a goal of adding 1,804 affordable units by 2030.

The strongest tool that a city has to expand or limit housing is land use regulation. Land use regulations, such as zoning and development review processes may create unintended barriers to desired housing types. As such, it is critical to review, analyze and update these regulations to ensure that they are aligned with City goals. Many of Edina’s land use regulations have been in place since the 1970s and, in some cases, no longer serve the community’s vision.

PRO Housing fund resources would help the City of Edina address critical barriers to our vision for a more equitable and inclusive community. Please accept this letter as an expression of our strong support for the Metropolitan Council’s application.

Sincerely,

A handwritten signature in blue ink that reads "Scott H. Neal".

Scott H. Neal
City Manager
City of Edina

CITY OF EDINA

4801 West 50th Street • Edina, Minnesota 55424
EdinaMN.gov • 952-927-8861



City of Hopkins

1010 First Street South • Hopkins, MN 55343-7573 • Phone: 952-935-8474 • Fax: 952-935-1834
Web address: www.hopkinsmn.com

TO: Metropolitan Council
FROM: Kersten Elverum, Director of Planning & Development
City of Hopkins
DATE: September 25, 2023
RE: Expression of Support

This letter is to express the interest of the City of Hopkins in collaborating with Metropolitan Council and Hennepin County, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in Metropolitan Council's PRO Housing application.

Hopkins is a fully-developed city that has had success in redevelopment when the vision is clear and supported by the community. But Hopkins does have large redevelopment opportunities where the vision is not clear, where community opinions will likely differ, and housing density and affordability may not be seen by everyone as an asset. PRO Housing funds would allow the City of Hopkins to facilitate a community conversation utilizing a range of tools in order to arrive at an equitable and sustainable vision for development.

PRO Housing fund resources would help address critical barriers to our vision for a more equitable and inclusive Hopkins. Please accept this letter as an expression of our strong support for the Metropolitan Council's application.

September 25, 2023

TO: Metropolitan Council
RE: Expression of Support



Dear Met Council and Hennepin County Representatives,

This letter is to express the interest of the City of Brooklyn Park, MN, in collaborating with Metropolitan Council and Hennepin County, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in Metropolitan Council's PRO Housing application.

Brooklyn Park is a vibrant multi-cultural community (39% White, 30% Black or African American, 19% Asian, 7% two or more races, 6% Hispanic or Latino; and 25% foreign born) in the northwest area of the Minneapolis/St. Paul region. With 86,000 residents, we are the 6th largest city in Minnesota, benefiting from an engaged business community employing 28,000 workers.

While we have a nice mix of housing types within Brooklyn Park, we need additional housing to support the community. The City desires more high quality mixed-income rental housing, new compact homes for homeownership opportunities, and other styles of housing to meet the needs of the community today and to attract future residents. To that end, we are in the process of amending our comprehensive plan and zoning ordinance to require more intense development on our limited remaining vacant land. These changes, paired with our focus on building an inclusive local economy, will contribute toward our vision – Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

PRO Housing fund resources would help address critical barriers to our vision for a sustainable and inclusive community in Brooklyn Park. Please accept this letter as an expression of our support for Met Council's application.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Berggren".

Kim Berggren
Community Development Director
City of Brooklyn Park
5200 85th Ave N
Brooklyn Park, MN 55443
763-493-8050
Kim.berggren@brooklynpark.org



City Manager's Office

September 25, 2023

MAYOR
MARY SUPPLE

TO: Metropolitan Council
FROM: City of Richfield
6700 Portland Avenue South
Richfield, MN 55423

CITY COUNCIL
SHARON CHRISTENSEN
SEAN HAYFORD OLEARY
SIMON TRAUTMANN
BEN WHALEN

RE: Expression of Support

CITY MANAGER
KATIE RODRIGUEZ

This letter is to express the interest of the City of Richfield in collaborating with the Metropolitan Council and Hennepin County, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in the Metropolitan Council's PRO Housing application.

The City of Richfield has worked hard over the past many years to modernize our zoning code to increase allowable units, improve the diversity of housing stock in our community, and partner with affordable and market-rate housing developers to increase both affordable and accessible housing options in the community.

Despite these efforts, the City continues to struggle to meet both City and regional goals. The cost of building missing middle and low to moderate income housing continues to stymie construction. In addition to capital, Richfield is interested in working with partners throughout the region to re-evaluate our accessible dwelling unit (ADU) requirements, explore a "pattern book" of pre-approved housing/building types to expedite and reduce construction costs, explore construction of a model ADU, and assess ways to best layer state, county, and city sources to implement our goals.

PRO Housing fund resources would help address critical barriers to our vision for a more equitable and inclusive community in Richfield. Please accept this letter as an expression of our strong support for the Metropolitan Council's application.

Sincerely,

Letter of Support – PRO Application

September 25, 2023

Page 2

Katie Roary

Katie Rodriguiz, City Manager
City of Richfield

Melissa Poehlman

Melissa Poehlman, Executive Director
Richfield Housing & Redevelopment Authority