EDA Members:	City of ROSEVILLE Minnesota, USA	Address:
Dan Roe, President Wayne Groff, Vice President Robert Willmus, Treasurer Jason Etten Julie Strahan	**Economic Development Authority Meeting Agenda** **Monday, September 20, 2021** **6:00pm** Members of the public who wish to speak during public comment or an agenda item during this meeting can do so in person or virtually by registering at www.cityofroseville.com/attendmeeting	2660 Civic Center Dr. Roseville, MN 55113 **Phone:** 651-792-7000 **Website:** www.growroseville.com

1. 6:00 P.M. Roll Call
   Voting & Seating Order: Willmus, Etten, Groff, Strahan, and Roe

2. 6:02 P.M. Pledge Of Allegiance

3. 6:03 P.M. Approve Agenda

4. 6:04 P.M. Public Comment

5. Business Items (Action Items)

5.A. 6:05 PM Authorize Contract With Ramsey County Housing And Redevelopment Authority For Community Development Block Grant (CDBG) Funds For The Marion Street Trail

Documents:

5A REPORT AND ATTACHMENTS.PDF

5.B. 6:10 PM Receive Information Regarding Inclusionary Housing/Mixed-Income Housing And Just Cause Ordinances

Documents:

5B REPORT AND ATTACHMENTS.PDF

5.C. 6:35 PM Receive Information And Provide Direction On A Land Trust Program

Documents:

5C REPORT AND ATTACHMENTS.PDF

5.D. 7:00 PM Review A Preliminary Budget And Adopt A Resolution Requesting A Preliminary Tax Levy Collectible In 2022

Documents:

5D REPORT AND ATTACHMENTS.PDF

6. Informational Item

6.A. Minnesota Housing 2022-2023 Affordable Housing Plan

Documents:

6A REPORT AND ATTACHMENTS.PDF

7. 7:15 P.M. Adjourn To City Council

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 09/20/2021
Item No.: 5.a

Department Approval

Janice Gundlach

Executive Director Approval

Item Description:	Authorize Contract with Ramsey County Housing and Redevelopment Authority for Community Development Block Grant (CDBG) funds for the Marion Street Trail

BACKGROUND

At the March 8, 2021, Roseville Economic Development Authority (REDA) staff was authorized to apply for Community Development Block Grant (CDBG) funds from Ramsey County for public improvements to assist with the Marion Street Greenway Trail Connection (Attachment A). The REDA was awarded grant funds in the amount of $99,597.00 for paving the pathway. The REDA must formally enter into a Grant Agreement with Ramsey County Housing and Redevelopment Authority to receive the funds (Attachment B).

BUDGET IMPLICATIONS

There are no budget implications. The award of CDBG funds is a grant to the REDA to assist with the Marion Street Greenway Trail connection.

STAFF RECOMMENDATION

Adopt a Resolution authorizing the grant agreement with Ramsey County Housing and Redevelopment Authority for CDBG grant funds to assist the Marion Street Greenway Trail connection.

REQUESTED REDA ACTION

By motion, adopt a Resolution authorizing the grant agreement with Ramsey County Housing and Redevelopment Authority for CDBG funds to assist the Marion Street Greenway Trail connection.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachment A: Marion Street Greenway Connection
B: Grant agreement with Ramsey County Housing and Redevelopment Authority for CDBG funds
C: Resolution authorizing the grant agreement

Attachment A

TRAIL EASEMENT EXHIBIT FOR THE ENCLAVE AT MCCARRONS LAKE

PROPOSED EASEMENT DESCRIPTION

Those parts of Lots 15 and 16, Block 1; Lot 4, Block 2; and Outlot A of THE ENCLAVE AT MCCARRONS LAKE, according to the recorded plat thereof, Ramsey County, Minnesota, described as follows:

Commencing at the southerly most corner of said Outlot A; thence North 10 degrees 11 minutes 4 seconds East, assumed bearing, along the easterly line of said Outlot A a distance of 197.65 feet to the point of beginning of area to be described; thence South 89 degrees 48 minutes 45 seconds West a distance of 47.52 feet; thence North 59 degrees 40 minutes 25 seconds West a distance of 39.37 feet to the intersection with the south line of said Lot 16; thence South 89 degrees 18 minutes 22 seconds West along the southerly lines of said Lot 16 and said Outlot A, a distance of 294.47 feet; thence North 23 degrees 20 minutes 35 seconds East a distance of 19.72 feet; thence North 89 degrees 18 minutes 26 seconds East a distance of 131.83 feet; thence North 64 degrees 18 minutes 26 seconds East a distance of 42.76 feet; thence South 78 degrees 5 minutes 49 seconds East a distance of 61.37 feet; thence South 32 degrees 17 minutes 56 seconds East a distance of 6.68 feet; thence North 89 degrees 17 minutes 50 seconds East a distance of 60.81 feet; thence South 61 degrees 53 minutes 45 seconds East a distance of 36.04 feet; thence North 89 degrees 48 minutes 45 seconds East a distance of 12.32 feet; thence North 44 degrees 57 minutes 16 seconds East a distance of 21.16 feet; thence North 0 degrees 5 minutes 46 seconds East a distance of 113.96 feet; thence North 47 degrees 22 minutes 39 seconds West a distance of 56.91 feet; thence North 2 degrees 37 minutes 21 seconds East a distance of 14.84 feet to the south right–of–way line of McCarrons Boulevard South, according to said THE ENCLAVE AT MCCARRONS LAKE; thence South 47 degrees 28 minutes 10 seconds East along said south right–of–way line a distance of 86.34 feet; thence southeasterly a distance of 20.18 feet along a tangential curve concave to the northeast having a radius of 570.00 feet and a central angle of 2 degrees 1 minute 43 seconds to said east line of Outlot A; thence South 10 degrees 11 minutes 4 seconds West along said east line a distance of 132.55 feet to said point of beginning.

This description will become valid upon the recording of THE ENCLAVE AT MCCARRONS LAKE, plat at Ramsey County.

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Anderson Engineering of Minnesota, LLC
13605 1st Avenue North, Suite 100
Plymouth, MN 55441
763-412-4000 (o) 763-412-4090 (f)
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14957_TRAIL EXHIBIT

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

AGREEMENT

between

THE RAMSEY COUNTY HOUSING and REDEVELOPMENT AUTHORITY
A POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA

AND

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY
A POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA

This agreement entered into this 1st day of July, 2021, between the **RAMSEY COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**, a political subdivision of the State of Minnesota (hereinafter referred to as the "AUTHORITY"), and **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**, a political subdivision of the State of Minnesota (hereinafter referred to as the "GRANTEE").

RECITALS

A. The AUTHORITY is an urban county applicant for block grant funds under the Housing and Community Development Act, 42 U.S.C. §§ 5301-5321 (Act), and will receive block grant funds for the purpose of carrying out eligible community development and housing activities under the Act and under regulations promulgated by the Department of Housing and Urban Development (H.U.D.) at 24 C.F.R., pt. 570;

B. An Urban County Consortium has been established by a Joint Cooperation Agreement between the AUTHORITY and municipal corporations within Ramsey County, the terms of which specify allocation of block grant funds to those participating jurisdictions for use in accordance with the County Housing Assistance and Community Development Plans accepted by participating jurisdictions and reviewed by H.U.D.;

C. The AUTHORITY desires to have certain work or services performed by the GRANTEE as described within this agreement, and as authorized by Resolutions of the Ramsey County Housing and Redevelopment Authority Board for the purpose of implementing eligible activities under the Act and H.U.D. regulations;

D. It is appropriate and mutually desirable that the GRANTEE be designated by the AUTHORITY to undertake the aforementioned eligible activities, so long as the requirements of the Act, H.U.D. regulations, state law, and local law are adhered to, as provided for herein;

E. The purpose of this Agreement is to provide for cooperation between the AUTHORITY and the GRANTEE, as the parties in this agreement, in implementing such eligible activities in the manner described above;

F. The parties are authorized and empowered to enter into this Agreement by the Laws of the State of Minnesota;

G. The attached exhibits as listed below are hereby incorporated in this agreement and made a part hereof: **1)** the Application dated March 15, 2021, and **2)** Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions.

H. In consideration of payments, covenants, and agreements hereinafter mentioned, to be made and performed by the parties hereto, the parties mutually covenant and agree as provided for in this agreement.

PART 1. GENERAL CONDITIONS

1. SCOPE OF AGREEMENT

The Agreement between the parties shall consist of: the signature page; the general conditions; the federal, state, and local program requirements; the evaluation and record keeping requirements; Attachment A; each and every project exhibit incorporated into the Agreement; all matters and laws incorporated by reference herein; and any written amendments made according to the general conditions. This Agreement supersedes any and all former agreements applicable to projects attached as exhibits to this Agreement.

2. SCOPE OF WORK OR SERVICES

The Grantee shall perform and carry out in a satisfactory and proper manner the work or services set forth in the exhibit(s) attached hereto. In the case of multiple projects, each project shall correspond to a separate exhibit. This Agreement may be amended from time to time, in accordance with the general conditions, for the purpose of adding new projects, amending the scope of work, or for any other lawful purpose.

3. **COMMENCEMENT AND TERMINATION OF PROJECTS**

Upon release of project related funds by H.U.D. pursuant to federal regulations, the AUTHORITY shall furnish the GRANTEE with written notice to proceed. No work on the project shall occur prior to the notice to proceed without written approval from the AUTHORITY. Termination dates for individual projects shall be specified in the appropriate exhibits. The termination date may be changed through amendment of this Agreement. In general, a project is expected to be completed within 24 months from the date which the Agreement is executed. Projects which do not show substantial progress within the timespan specified in the application may be terminated at the sole discretion of the AUTHORITY upon 30 days written notice to the GRANTEE.

4. **ADMINISTRATION**

A. The GRANTEE shall appoint a liaison person who shall be responsible for the overall administration of block grant funded project(s) and coordination with the AUTHORITY. The GRANTEE shall also designate one or more representatives who shall be authorized to sign the monthly Voucher and Reporting Form. The names of the liaison persons and representatives shall be specified in the exhibits.

B. For all agencies which are presently parties to Joint Cooperation Agreements with the AUTHORITY covering planning, distribution of funds, and program execution under the Act, the GRANTEE remains subject to the provisions of such agreement.

5. **COMPENSATION AND METHOD OF PAYMENT**

A. The AUTHORITY shall reimburse the GRANTEE for the work or services specified in the exhibits in an amount not to exceed Ninety-Nine Thousand Five Hundred Ninety-Seven and no/100 Dollars ($99,597.00). Reimbursement shall be based on a Community Development Voucher and Reporting Form submitted with supporting documents and signed by the GRANTEE's authorized representative.

B. The GRANTEE shall submit a properly executed Voucher and Reporting Form no later than fifteen (15) working days after the close of each billing period. The AUTHORITY will make payment to the GRANTEE not more than twenty-one (21) working days after said invoice is received and approved by the AUTHORITY. The AUTHORITY will issue a statement of correction voucher in the event that the voucher request is erroneous. Payment does not constitute absolute approval.

6. **OPERATING BUDGET**

The GRANTEE shall apply the funds received from the AUTHORITY under this Agreement in accordance with the requirements of the exhibit(s) attached hereto.

7. FUNDING ALTERNATIVES AND FUTURE SUPPORT

A. The GRANTEE shall report all Program Income generated under this Agreement or generated through the project(s) funded under this Agreement. In the event the GRANTEE receives any Program Income it shall, in the sole discretion of, and at the direction of at the AUTHORITY, either utilize it solely for the purposes set forth in this Agreement or return it to the AUTHORITY. At the end of the program year the AUTHORITY may require remittance of all or part of any program income balances (including investments thereof) held by the GRANTEE (except those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump sum drawdown, or cash or investments held for Section 108 security needs).

B. The AUTHORITY makes no commitment to future support and assumes no obligation for future support of the activities contracted for herein, except as expressly set forth in this Agreement.

C. Should anticipated sources of revenue not become available to the AUTHORITY for use in the Community Development Block Program, the AUTHORITY shall immediately notify the GRANTEE in writing and the AUTHORITY will be released from all contracted liability for that portion of the Agreement covered by funds not received by the AUTHORITY.

8. AMENDMENTS

Either party may request modifications in the scope of work or services, terms, or conditions of this Agreement. Proposed modifications which are mutually agreed upon shall be incorporated by written amendment to this Agreement. A written amendment may affect a project or projects authorized by this Agreement or may be of general application.

9. ASSIGNMENT AND SUBCONTRACTING

A. The GRANTEE shall not assign any portion of this Agreement without the written consent of the AUTHORITY, and it is further agreed that said consent must be sought by the GRANTEE not less than fifteen (15) days prior to the date of any proposed assignment.

B. Any work or services assigned or subcontracted hereunder shall be subject to each provision of this Agreement and proper bidding procedures contained therein. The GRANTEE agrees that it is as fully responsible to the AUTHORITY for the acts and omissions of its subcontractors and of their employees as agents, as it is for the acts and omissions of its own employees and agents.

10. HOLD HARMLESS AND INDEMNIFICATION

A. The GRANTEE further agrees that it is financially responsible (liable) for any audit exception which occurs due to its negligence or failure to comply with the terms of the Agreement.

B. The GRANTEE and AUTHORITY mutually agree to hold harmless and defend each other, their officials, officers, employees, agents, representatives, customers, or invitees against any and all claims, lawsuits, damages, or lawsuits for damages arising from or allegedly arising from or related to the PROJECT, including but not limited to the GRANTEE's or the AUTHORITY's acts, failure to act, or failure to perform its obligations hereunder. The GRANTEE and AUTHORITY further agree to pay the costs of and/or reimburse each other, their officials, officers, employees, agents, representatives, customers, or invitees for any and all liability, costs, and expenses (including without limitation reasonable attorney's fees) incurred in connection therewith. Each party shall promptly notify the other of any claim made for any such damage or loss and afford that party and its counsel the opportunity to contest, compromise, or settle such claim.

C. Nothing in this Agreement shall constitute a waiver by the GRANTEE or AUTHORITY of any statutory limits or exceptions on liability.

11. INSURANCE

A. GRANTEE shall purchase and maintain such insurance as will protect it from claims which may arise out of, or result from, its operations related to this AGREEMENT, whether such operations be by the GRANTEE or by any subcontractor, or by anyone directly employed by them, or by anyone for whose acts any one of them may be liable.

B. GRANTEE shall secure the following coverages and comply with all provisions noted. Certificates of Insurance shall be issued evidencing such coverage to the AUTHORITY throughout the term of this AGREEMENT.

1. Commercial General Liability Insurance
   $ 500,000 per claim
   $1,500,000 per occurrence
   $2,000,000 general aggregate
   $2,000,000 products/completed operations total limit
   $1,500,000 personal injury and advertising liability

This policy shall be written on an occurrence basis using ISO form CG 00 01 or its equivalent. Coverage shall include contractual liability and XCU. GRANTEE will be required to provide proof of completed operations coverage for 3 years after substantial completion.

GRANTEE is required to add the AUTHORITY, Ramsey County, their officials, employees, volunteers and agents as Additional Insured to the GRANTEE's Commercial General Liability and Umbrella policies with respect to liabilities caused in whole or part by GRANTEE's acts or omissions, or the acts or omissions of those acting on GRANTEE's behalf in the performance of the ongoing operations, services and completed operations of the GRANTEE under this AGREEMENT. The coverage provided shall be primary and non-contributory.

2. Automobile Insurance
   Coverage shall be provided for hired, non-owned and owned auto.
   Minimum limits of $1,000,000 combined single limit

3. Workers' Compensation and Employers' Liability
   Workers' Compensation as required by Minnesota Statutes
   Employers' Liability Limits:
   $500,000/$500,000/$500,000

4. Professional Liability/Errors and Omissions Coverage (if applicable)

   Per Claim Limit: $ 500,000
   Per Occurrence Limit: $1,500,000
   Aggregate Limit: $2,000,000

   This policy is to be written as acceptable to the AUTHORITY.

   Certificates of Insurance must indicate if the policy is issued on a claims-made or occurrence basis. If coverage is carried on a claims-made basis, then: 1) the retroactive date shall be noted on the Certificate and shall be prior to or the day of the inception of the AGREEMENT; and 2) evidence of coverage shall be provided for three years beyond expiration of the AGREEMENT.

C. GRANTEE shall provide AUTHORITY with prior notice of any lapse in the insurance required under this AGREEMENT including cancellation, and/or non-renewal or material change in coverage. GRANTEE who is providing services on behalf of the AUTHORITY shall notify its insurer that the AUTHORITY is requiring third party notice of mid-term cancellation per Minn. Stat. § 60A.36, Subd. 2a.

D. The above sub-paragraphs establish minimum insurance requirements, and it is the sole responsibility of GRANTEE to purchase and maintain additional coverages as it may deem necessary in connection with this AGREEMENT.

E. Certificate of Insurance must indicate if the policy is issued pursuant to these requirements. GRANTEE shall not commence work until the GRANTEE has obtained the required insurance and filed an acceptable Certificate of Insurance with AUTHORITY. Copies of insurance policies shall be submitted to the AUTHORITY upon request.

F. Nothing in this AGREEMENT shall constitute a waiver by the AUTHORITY or Ramsey County of any statutory or common law immunities, limits, or exceptions on liability.

G. Certificates shall specifically indicate if the policy is written with an admitted or non-admitted carrier. Best's Rating for the insurer shall be noted on the Certificate, and shall not be less than an A-.

12. CONFLICT OF INTEREST

A. **Interest of Officers, Employees or Agents**. No officer, employee, or agent of the GRANTEE who exercises any functions or responsibilities in connection with the planning and carrying out of the Block Grant Program, or any other person who exercises any functions or responsibilities in connection with the Program, shall have any personal financial interest, direct or indirect, in this Agreement, and the GRANTEE shall take appropriate steps to assure compliance.

B. **Interest of Subcontractor and Their Employees**. The GRANTEE agrees that it will incorporate into every subcontract required to be in writing and made pursuant to this Agreement the following provisions:

> The contractor covenants that no person who presently exercises any functions or responsibilities in connection with the Block Grant Program, has any financial interest, direct or indirect, in this contract. The contractor further covenants that he presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of his work or services hereunder. The contractor further covenants that in the performance of this contract no person having any conflicting interest shall be employed. Any interest on the part of the contractor or his employees must be disclosed to the GRANTEE and the AUTHORITY.

13. TERMINATION

A. This Agreement is subject to termination upon thirty (30) days written notice by the AUTHORITY should:

1) The GRANTEE mismanage or make improper or unlawful use of Agreement funds;

2) The GRANTEE fail to comply with the terms and conditions expressed herein or the applicable federal, state, or county regulations and directives;

3) The GRANTEE fail to provide work or services expressed by this Agreement; or

4) The GRANTEE fail to submit reports or submit incomplete or inaccurate reports in any material respect.

B. This Agreement may be terminated by the AUTHORITY immediately upon the receipt by the AUTHORITY of notice of the loss of federal funding for the Community Development Block Grant Program or any project of the GRANTEE.

C. This Agreement is subject to termination upon thirty (30) days written notice by the GRANTEE should:

1) The AUTHORITY fail in its commitment under this Agreement to provide funding for work or services rendered, as herein provided; or

2) Block Grant Funds become no longer available from the federal government or through the AUTHORITY.

D. This agreement may be terminated by the parties, in whole or in part, under such terms and conditions as they may agree, subject to the provisions of paragraphs A, B, and C herein.

E. Otherwise, this Agreement shall terminate on the latest termination date specified on the exhibit(s) attached hereto and shall be subject to extension only by mutual agreement and amendment in accordance with the General Conditions of this Agreement.

F. Upon termination of this Agreement, any unexpended balance of Agreement funds shall remain in the Block Grant Fund.

G. In the event that termination occurs under paragraph A(1) of this section, the GRANTEE shall return to the AUTHORITY all funds which were expended in violation of the terms of this Agreement.

PART II. FEDERAL AND LOCAL PROGRAM REQUIREMENTS

1. PROGRAM ADMINISTRATION

The GRANTEE shall comply with the applicable uniform administrative requirements set forth at 24 C.F.R. § 570.502.

2. **PROCUREMENT STANDARDS**

A. General. In awarding contracts pursuant to this Agreement, the GRANTEE shall comply with all applicable requirements of local and state law for awarding contracts, including, but not limited to, procedures for competitive bidding, contractor's bonds, and retained percentages. In addition, the GRANTEE shall comply with the requirements of the U.S. Office of Management and Budget Circular A-102, relating to bonding, insurance, and procurement standards, and with Executive Order 11246, as amended by Executive Order 11375, and as supplemented in Department of Labor regulations, 41 C.F.R., Ch. 60, regarding nondiscrimination bid conditions for projects over Ten Thousand and no/100 ($10,000.00) Dollars. Where federal standards differ from local or state standards, the stricter standards shall apply. The federal standard of Ten Thousand and no/100 ($10,000.00) Dollars for competitive bidding shall apply only if the applicable state or local standard for competitive bidding is less strict than Ten Thousand and no/l00 ($10,000.00) Dollars.

B. Construction. All contracts and subgrants for construction or repair shall include a provision for compliance with the Copeland "Anti-Kickback" Act, 18 U.S.C. § 874, as amended, and as supplemented in Department of Labor regulations, 29 C.F.R., pt. 3.

3. **ENVIRONMENTAL REVIEW**

A. **National Environmental Policy Act**. The AUTHORITY retains environmental review responsibility for purposes of fulfilling requirements of the National Environmental Policy Act as implemented by H.U.D. Environmental Review Procedures, 29 C.F.R., pt. 58. The AUTHORITY may require the GRANTEE to furnish data, information, and assistance for the AUTHORITY's review and assessment in determining whether an Environmental Impact Statement must be prepared.

B. **State Environmental Policy Act**. Agencies which are branches of government under Minnesota law retain responsibility for fulfilling the requirements of the state law regarding environmental policy and conservation, and regulations and ordinances adopted thereunder. If the GRANTEE is not a branch of government under Minnesota law, the AUTHORITY may require the GRANTEE to furnish data, information, and assistance as necessary to enable the AUTHORITY to comply with the State Environmental Policy Act.

C. **Satisfaction of Environmental Requirements**. Project execution under this Agreement by either the AUTHORITY or the GRANTEE shall not proceed until all applicable requirements of the National and State Environmental Policy Acts have been satisfied. The AUTHORITY will not issue a written notice to proceed until all such requirements are met.

4. **NON-DISCRIMINATION**

A. **General**. The GRANTEE shall comply with all federal, state, and local laws prohibiting discrimination on the basis of age, sex, marital status, race, creed, color, national origin or the presence of any sensory, mental or physical handicap, or any other basis.

B. **Program Benefit**. The GRANTEE shall not discriminate against any resident of the project service area by denying benefit from or participation in any block grant funded activity on the basis of race, color, sex, or national origin.

C. **Fair Housing**. The GRANTEE shall take necessary and appropriate actions to prevent discrimination in federal assisted housing and lending practices related to loans insured or guaranteed by the federal government.

D. **Employment**.

1) In all solicitations under this Agreement, the GRANTEE shall state that all qualified applicants will be considered for employment. The words "equal opportunity employer" in advertisements shall constitute compliance with this section.

2) The GRANTEE shall not discriminate against an employee or applicant for employment in connection with this Agreement because of age, marital status, race, creed, color, national origin, or the presence of any sensory, mental or physical handicap, except when there is a bona fide occupational limitation. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training.

3) The GRANTEE shall provide training and employment opportunities for lower income residents within the area served by block grant assisted projects as required by the Housing and Urban Development Act, § 3, 12 U.S.C. § 1701u and in accordance with the requirements of the Ramsey County Section 3 Plan. As appropriate, the Section 3 Clause, a copy of which is attached hereto as Attachment A and made a part hereof, shall be included in contracts between the GRANTEE and contractors and subcontractors.

E. **Contractors and Suppliers**

1) No contractor, subcontractor, union or vendor engaged in any activity under this Agreement shall discriminate in the sale of materials, equipment or labor

on the basis of age, sex, marital status, race, creed, color, national origin, or the presence of any sensory, mental or physical handicap. Such practices include upgrading, demotion, recruiting, transfer, layoff, termination, pay rate, and advertisement for employment.

2) All firms and organizations described above shall be required to submit to the GRANTEE certificates of compliance demonstrating that they have, in fact, complied with the foregoing provisions; provided, that certificates of compliance shall not be required from firms and organizations on contracts and/or yearly sales of less than $10,000.

3) To the greatest extent feasible, the GRANTEE shall purchase supplies and services for activities under this Agreement from vendors and contractors whose businesses are located in the area served by block grant funded activities or owned in substantial part by project area residents.

F. **Notice**

1) The GRANTEE shall include the provisions of the appropriate subsections A, B, C, D, and E of this section in every contract or purchase order for goods and services under this Agreement and shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or worker's representative of the commitments made in these subsections.

2) In advertising for employees, goods, or services for activities under this Agreement, the GRANTEE shall utilize minority publications in addition to publications of general circulation.

5. **LABOR STANDARDS**

GRANTEE shall comply with all federal, state and local laws that apply to the construction or rehabilitation of the PROPERTY, specifically the Ramsey County Prevailing Wage Ordinance No. 2013-329.

GRANTEE shall require that project construction contractors and subcontractors pay their laborers and mechanics at wage rates in accordance with the Davis-Bacon Act, 40 U.S.C. §§ 3141-44 and §§ 3146-3147; provided that this section shall not apply to rehabilitation of residential property designed for residential use by fewer than eight families.

A copy of the current Davis-Bacon wage rate must be included in all construction bid specifications and contracts over Two Thousand and no/100 ($2,000.00) Dollars.

6. **PROPERTY MANAGEMENT**

A. The GRANTEE agrees that any nonexpendable personal property, purchased wholly or in part with agreement funds at a cost of Three Hundred and no/100 ($300.00) Dollars or more per item, is, upon its purchase or receipt, the property of the AUTHORITY and/or federal government. Final ownership and disposition of such property shall be determined under the provisions of U.S. Office of Management and Budget Circular No. A-102.

B. The GRANTEE shall be responsible for all such property, including its care and maintenance.

C. The GRANTEE shall admit the AUTHORITY's property management officer to the GRANTEE's premises for the purpose of marking such property, as appropriate, with AUTHORITY property tags.

D. The GRANTEE shall meet the following procedural requirements for all such property:

1) Property records shall be maintained accurately and provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage of block grant funds used in the purchase of property; and location, use and condition of the property.

2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two (2) years to verify the existence, current utilization, and continued need for the property.

3) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft to the property. Any loss, damage, or theft of the property shall be investigated and fully documented.

4) Adequate maintenance procedures shall be implemented to keep the property in good condition.

7. ACQUISITION AND RELOCATION

A. Any acquisition of real property for any activity assisted under this Agreement which occurs on or after the date of the AUTHORITY's submission of its Block Grant application to H.U.D. shall comply with Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act, Title III, 42 U.S.C. §§ 4601-4655 (Uniform Act) and the Regulations at 49 C.F.R., pt. 24.

B. Any displacement of persons, business, non-profit organizations or farms occurring on or after the date of the AUTHORITY's submission of its Block Grant application as the result of acquisition of real property assisted under this Agreement shall comply with Title II of the Uniform Act and the Regulations at 49 C.F.R., pt. 24. The

GRANTEE shall comply with the regulations pertaining to costs of relocation and written policies, as specified by 24 C.F.R. § 570.606.

8. **HISTORIC PRESERVATION**

The GRANTEE shall meet the historic preservation requirements of the National Historic Preservation Act, 16 U.S.C. §§ 470-470x-6 and the Archaeological and Historic Preservation Act, 16 U.S.C. §§ 469-469c-1 and Executive Order 11593, including the procedures prescribed by the Advisory Council on Historic Preservation at 36 C.F.R., pt. 800.

9. **ARCHITECTURAL BARRIERS**

Any facility constructed pursuant to this Agreement shall comply with design requirements of the Architectural Barriers Act, 42 U.S.C. §§ 4151-4157 and the Americans with Disabilities Act, 42 U.S.C. §§ 12101-12213.

10. **ACTIVITIES FOR WHICH OTHER FEDERAL FUNDS MUST BE SOUGHT**

The GRANTEE may use Community Development Block Grant funds for the provision of public services as described by 24 C.F.R. § 570.201(e) provided that the GRANTEE meets the requirements of and follows the procedures outlined in 24 C.F.R. § 570.607.

11. **NON-PARTICIPATION IN POLITICAL ACTIVITIES**

The GRANTEE shall comply with the provisions of the Hatch Act, 5 U.S.C. §§ 7321-7326.

12. **CONDITIONS FOR RELIGIOUS ORGANIZATIONS**

Where applicable, the conditions prescribed by H.U.D. for the use of CDBG funds by religious organizations shall be followed, and, if applicable, included in agreements between the GRANTEE and contractors or sub-contractors.

13. **NATIONAL FLOOD INSURANCE**

The GRANTEE may not receive Community Development Block Grant funding for acquisition or construction in any area that has been identified as having special flood hazards and is not participating in the National Flood Insurance Program, Flood Disaster Protection Act, § 3(a), 42 U.S.C. §§ 4001-4003, and the Regulations thereunder. The GRANTEE shall comply with the Regulations at 24 C.F.R. § 570.605.

14. **AIR AND WATER POLLUTION**

The GRANTEE shall comply with the provisions of the Clean Air Act, 42 U.S.C. §§ 7401-7642, and the Federal Water Pollution Act, 33 U.S.C. §§ 1251-1274, and the regulations issued thereunder.

15. **LEAD-BASED PAINT POISONING**

The GRANTEE shall comply with the regulations at 24 C.F.R., pt. 35, issued pursuant to the Lead-Based Poisoning Prevention Act, 42 U.S.C. § 4831, relating to the use of lead-based paint.

16. **NON-SUBSTITUTION FOR LOCAL FUNDING**

The Block Grant funding made available under this Agreement shall not be utilized by the GRANTEE to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of funds under this Agreement.

17. **PUBLIC OWNERSHIP**

For agencies which are not municipal corporations organized under the laws of the State of Minnesota, it may become necessary to grant the AUTHORITY a property interest where the subject project calls for the acquisition, construction, reconstruction, rehabilitation, or installation of publicly owned facilities and improvements. The GRANTEE shall comply with current AUTHORITY policy regarding transfer of a property interest sufficient to meet the public ownership requirement.

18. **PUBLIC INFORMATION**

If requested by the AUTHORITY, the GRANTEE shall comply with the following:

A. In all news releases and other public notices related to projects funded under this Agreement, the GRANTEE shall include information identifying the source of funds as the Ramsey County Housing and Redevelopment Authority Community Development Block Grant Program.

B. For all construction projects, the GRANTEE shall erect a sign to AUTHORITY specifications at the construction site, identifying the source of funds.

19. **REVERSION OF ASSETS**

The GRANTEE shall transfer to the AUTHORITY any CDBG funds, including but not limited to project income, on hand at the time of expiration of this Agreement, or received thereafter, and any accounts receivable attributable to the use of CDBG funds. Any real property under the GRANTEE's control that was acquired or improved in whole or in part with CDBG funds in excess of $25,000 is either:

(i) Used to meet one of the national objectives in 24 C.F.R., pt. 570, until five years after expiration of the agreement, or such longer period of time as determined appropriate by the AUTHORITY; or

(ii) Is disposed of in a manner which results in the AUTHORITY being reimbursed in the amount of the current fair market value of the property less any portion thereof attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such reimbursement is not required after the period of time specified in accordance with (i) above.

20. **PROHIBITED USE OF EXCESSIVE FORCE**

The GRANTEE, if a unit of government, certifies by the execution of this Agreement that it has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations. 24 C.F.R. § 91.225(b)(5).

21. **LOBBYING PROHIBITION**

The GRANTEE certifies by the execution of this Agreement that it has adopted and is enforcing the following as required by 24 C.F.R., pt. 87:

1) No federal appropriated funds have been paid or will be paid by, or on behalf of, the undersigned 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, the GRANTEE shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

3) The GRANTEE shall require that the language of this 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.

PART III. EVALUATION AND RECORD KEEPING

1. **EVALUATION**

The GRANTEE agrees to participate with the AUTHORITY in any evaluation project or performance report, as designed by the AUTHORITY or the appropriate federal agency, and to make available all information required by any such evaluation process.

2. **AUDITS AND INSPECTIONS**

The records and documents with respect to all matters covered by this contract shall be subject at all times to inspection, review or audit by the AUTHORITY, federal or state officials so authorized by law during the performance of this contract during the period of retention specified in this Part III.

The GRANTEE, regardless of the amount of funds received from the AUTHORITY, shall obtain at its own expense an annual certified financial and compliance audit.

All audits shall be submitted to the AUTHORITY within six months of the close of the GRANTEE's fiscal year and shall be prepared by an independent auditor who meets the independence standards specified in the General Accounting Office's yellow book, "Government Auditing Standards".

The GRANTEE shall submit a copy of the annual financial audited statements with the management compliance letter and the recipient's response to the management letter, to the Director of Community Development within six months of the end of the GRANTEE's fiscal year.

3. **RECORDS**

As required by H.U.D. Regulations, 24 C.F.R., pt. 570, the GRANTEE shall compile and maintain the following records:

A. **Financial Management**. Such records shall identify adequately the source and application of funds for activities within this Agreement, in accordance with the provisions of the U.S. Office of Management and Budget Circular A-102. These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

B. **Citizen Participation**. Narrative and other documentation describing the process used to inform citizens concerning the amount of funds available, the ranges of project activities undertaken, and opportunities to participate in funded block grant projects.

C. **Relocation**. Indication of the overall status of the relocation workload and a separate relocation record for each person, business, organization, and farm operation displaced or in the relocation workload.

D. **Property Acquisition**. GRANTEE files must contain **(a)** invitation to owner to accompany appraiser during inspection, **(b)** at least one property appraisal, **(c)** statement of basis for determination of just compensation, **(d)** written offer of just compensation, **(e)** all documents involving conveyance, **(f)** settlement cost reporting statement, and **(g)** notice to surrender possession premises.

E. **Equal Opportunity**. The GRANTEE shall maintain racial, ethnic, and gender data showing the extent to which these categories of persons have participated in, or benefited from, the activities carried out under this Agreement. The GRANTEE shall also maintain data which records its affirmative action in equal opportunity employment, and its good faith efforts to identify, train, and/or hire lower income residents of the project area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the project.

F. **Labor Standards**. Records shall be maintained regarding compliance of all contractors performing construction work under this Agreement with the labor standards made applicable by the Davis-Bacon Act, as amended (40 U.S.C. Sections 3141-3148).

G. Such other records as may be required by the AUTHORITY and/or H.U.D.

4. **RETENTION OF RECORDS**

Required records shall be retained for a period of six (6) years after termination of this Agreement, except as follows:

(1) Records that are the subject of audit findings shall be retained for six (6) years after such findings have been resolved.

(2) Records for nonexpendable property shall be retained for six (6) years after its final disposition.

5. **REPORTS**

The GRANTEE shall submit reports as required by the AUTHORITY on a monthly and annual basis and also prior to project execution.

6. DATA PRIVACY

All data collected, created, received, maintained or disseminated for any purpose in the course of the GRANTEE's performance of this Agreement is governed by the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, or any other applicable state statutes, any state rules adopted to implement the Act and statutes, as well as federal statutes and regulations on data privacy.

AUTHORITY	**GRANTEE**
By: ____________________ Ryan T. O'Connor	By: ____________________
Its: Ramsey County Manager	Its: ____________________
Dated: ____________________	Dated: ____________________
APPROVAL RECOMMENDED:	**APPROVED AS TO FORM**:
____________________ Community and Economic Development	____________________ Amy Schmidt Assistant Ramsey County Attorney

ATTACHMENT A

SECTION 3 CLAUSE

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7 (b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

EXTRACT OF MINUTES OF MEETING
OF THE
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

* * * * * * * * * * * * * * * * *

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the "Board") of the Roseville Economic Development Authority ("REDA") was duly held on the 20th day of September, 2021, immediately preceding the meeting of the City Council of the City of Roseville.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No. __

RESOLUTION APPROVING COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AGREEMENT BETWEEN THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY AND RAMSEY COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

WHEREAS, The Roseville Economic Development Authority, ("REDA") previously proposed to act on behalf of the City of Roseville (the "City") for the purpose of applying for grants to finance a portion of the costs of construction of the proposed Marion Street Greenway Connection (the "Public Infrastructure"), to be located at Marion Street and South McCarrons Boulevard in the City; and

WHEREAS, REDA approved Community Development Block Grant Investment Partnership Program ("CDBG") funds allocated to Ramsey County Housing and Redevelopment Authority (the "County HRA") as a potential source of grant funding to finance a portion of the costs of the Public Infrastructure, and authorized REDA staff to apply for a CDBG grant (the "Grant") for such purpose; and

WHEREAS, The County HRA having awarded the Grant to REDA, REDA and the County HRA now propose to enter into a Community Development Block Grant Program Agreement dated as of July 1, 2021 (the "Grant Agreement"), memorializing the terms and conditions of the receipt by REDA of the Grant; and

WHEREAS, REDA's Board of Commissioners and legal counsel have reviewed the Grant Agreement and find that the approval and execution of the Grant Agreement are in the best interest of the City and its residents.

NOW, THEREFORE, BE IT RESOLVED, that the Grant Agreement as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Grant Agreement by such officials shall be conclusive evidence of approval.

BE IT FURTHER RESOLVED that the President and Executive Director are hereby authorized to execute on behalf of REDA the Grant Agreement, and any other documents requiring execution by REDA in order to carry out the transaction described in the Grant Agreement.

BE IT FURTHER RESOLVED that REDA staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON said resolution was declared duly passed and adopted.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on September 20, 2021.

I further certify that Commissioner ___________ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner __________, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this __ day of September, 2021.

____

Patrick Trudgeon, Executive Director
Roseville Economic Development Authority

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 09/20/2021
Item No.: 5.b

Department Approval	Executive Director Approval
Janice Gundlach	

Item Description: Receive information regarding Inclusionary Housing/Mixed-Income Housing and Just Cause ordinances

BACKGROUND

In 2019, the City Council/Economic Development Authority requested information on Inclusionary Housing ordinances, also known as Mixed-Income Housing ordinances. In addition, the Council expressed interest in reviewing Just Cause ordinances. The City Council's June 21, 2021 approved City Policy Priority Plan's Housing strategic priority commits to an informational discussion on these ordinances in the third quarter of 2021. The purpose of this Request for Economic Development Authority Action is to receive information on these ordinances.

Inclusionary Housing/Mixed-Income Housing

Inclusionary Housing/Mixed-Income Housing polices and ordinances require developers to build a percentage of housing units within market-rate development as affordable to low-medium income households. These ordinances generally contain a trigger, such as use of public finance assistance, construction of at least 10-20 units, and the need for some sort of land use approval like a zoning change, comprehensive plan amendment, planned unit development, and/or conditional use. These ordinances (although sometimes it's merely a policy) almost always contain an opt-out option, which generally consists of a cash payment made to a city's Affordable Housing Trust Fund to assist in building affordable housing elsewhere. These ordinances have been adopted in approximately ten communities in the metro-area.

These ordinances have generally been adopted by communities who have struggled to obtain new affordable housing or in communities that lack, or are continually loosing naturally occurring affordable housing. They have also been somewhat controversial being developers perceive them as creating another added cost to the construction of housing, which is counter-intuitive to the intent. As such, these ordinances almost always are accompanied by commitments to provide public finance assistance (carrot and stick approach). Since the City of St. Louis Park was one of the first communities to adopt such a policy, staff has provided their most recent policy as Attachment A. Attachment B includes a summary of Bloomington, Edina and Minnetonka's policies/ordinances. Attachment C includes a Developer Insight summary and Attachment D is another summary document covering all the cities known to have adopted some sort of policy and/or ordinance related to inclusionary housing/mixed-income requirements. Many of these materials were created by the Federal Reserve Bank of Minneapolis and the Urban Land Institute of Minnesota.

Based on the number of affordable apartments the City has created over the last two years, Roseville's immediate affordability needs likely surround affordable homeownership, which would be consistent with the Housing strategic priority outlined in the Council's most recently adopted Policy Priority Plan. One exception to this statement would be 30% AMI rental housing units. Besides apartments, Roseville's in-fill development opportunities for housing greater than 10 units is fairly limited, meaning such an ordinance might not provide much benefit in terms of creating affordable units that are not apartments and/or contributions of meaningful amounts to a City-established Affordable Housing Trust Fund. Two exceptions include future housing at Rosedale Center and the PIK Terminal site, should that develop for housing. Creating affordable homeownership units is best served through a land trust, which an Affordable Housing Trust Fund could be a funding source. Staff has been researching land trust programs, which will be discussed by the EDA separately.

Just Cause

Just Cause ordinances generally codify requirements for landlords related to reasons for eviction or lease non-renewals (sometimes referred to as "no-fault" evictions if the tenant refuses to leave). Because State law doesn't require a landlord to provide a reason when opting to not renew a lease, Just Cause ordinances require the landlord to provide for the reason in writing to the tenant. St. Paul's recently adopted Stable, Accessible, Fair & Equitable (S.A.F.E.) housing ordinance, provided as Attachment E, in addition to stating reasons for evictions and lease non-renewals, includes tenant screening guidelines, security deposit limitations, and advance notice requirements. St. Paul's ordinance was challenged in court, where a federal judge blocked the ordinance from taking effect following a lawsuit filed by landlords, finding the ordinance is likely unconstitutional. Staff is unaware of other cities using Just Cause ordinances, although Minneapolis is working on an Eviction Protections Ordinance. The City of St. Louis Park has adopted a Notice of Eviction ordinance, provided in Attachment F. This ordinance is very narrow in scope in that its sole purpose is for seven day written notification to the tenant of the reason for eviction.

Tenants in Minnesota are already protected from discriminatory housing practices under either the federal Fair Housing Act or the state Human Rights Act. Both laws prohibit discrimination on the basis of being in a protected class, such as race, religion, gender, disability, sexual orientation and public assistance status. Government agencies, such as the Department of Housing and Urban Development and the Minnesota Department of Human Rights enforce these laws and represent the interests of tenants who are the subject of such discrimination. As such, most cities do not enact anti-discrimination housing ordinances as doing so would be duplicative and strain local resources. Large cities, such as Minneapolis and St. Paul, who have enacted local anti-discrimination ordinances, fund local departments of human rights to investigate and conduct enforcement activities.

While not the same as Just Cause, but related, staff is aware of Tenant Protection ordinances in the cities of New Brighton, Brooklyn Park, Golden Valley, and St. Louis Park, which differ from Just Cause ordinances in that they focus on notification requirements to the tenant and city if rental housing is conveyed or otherwise transferred. The purpose of Tenant Protection ordinances is to ensure tenants and the city are provided adequate notification (typically 90 days) if leases are going to be terminated and/or not renewed, rent raised, implementation of use of new screening requirements, or other material changes to leases due to changes implemented by new ownership. These ordinances often have trigger points for mandatory relocation assistance. These ordinances also provide an avenue for City intervention to maintain affordability before the ownership change occurs. Because New Brighton's ordinance was the product of a legal settlement, staff thinks this is the best example (see Attachment G). To-date, neither New Brighton nor Brooklyn Park's ordinances have faced a legal challenge. Staff is unaware if implementation issues surround Golden Valley or St. Louis Park's ordinances.

POLICY OBJECTIVE

The role of the REDA is to review all matters related to economic development and housing.

BUDGET IMPLICATIONS

None at this time.

STAFF RECOMMENDATION

Receive information.

REQUESTED EDA ACTION

Receive information.

Prepared by: Janice Gundlach, Community Development Director, 651-792-7071

Attachments:
A: City of St. Louis Park Inclusionary Housing ordinance
B: Mixed-Income Housing Policy in the Twin Cities (as of October 2019)
C: Developer Insights on Mixed-Income Housing Policies (as of October 2019)
D: Mixed-Income/Affordable Housing Policies in the Region (as of May 2019)
E: City of St. Paul's S.A.F.E. Ordinance
F: City of St. Louis Park Notice of Eviction ordinance
G: City of New Brighton Tenant Protection ordinance

ATTACHMENT A

St. Louis Park
MINNESOTA
Experience LIFE in the Park

Inclusionary Housing Policy

This policy promotes high quality housing for households with a variety of income levels, ages and sizes in order to meet the city's goal of preserving and promoting economically diverse housing options in our community.

The city recognizes the need to provide affordable housing to households of a broad range of income levels in order to maintain a diverse population and to provide housing for those who live or work in the city. Without intervention, the trend toward rising housing prices in new developments will continue to increase. As a result, this policy is being adopted to ensure that a reasonable proportion of each new development receiving city financial assistance, seeking PUD land use approvals or requesting a comprehensive plan amendment include units affordable to low-and-moderate income households and working families or in the case of for-sale units, make a payment in lieu of including affordable units.

The requirements set forth in this policy further the city's housing goals and the city's comprehensive plan to create and preserve affordable housing opportunities. These requirements are intended to provide a structure for participation by both the public and private sectors in the production of affordable housing.

I. Applicability and minimum project size

This policy applies to market rate multi-unit residential developments that receive financial assistance from the city, seek PUD land use approvals or request a comprehensive plan amendment, and includes:

a) new developments that create at least 10 multi-family dwelling units; or

b) any mixed-use building that creates at least 10 multi-family dwelling units; or

c) renovation or reconstruction of an existing building that contains multi-family dwelling units that includes at least 10 dwelling units; or

d) any change in use of all or part of an existing building from a non- residential use to a residential use that includes at least 10 dwelling units.

II. Affordable dwelling units

General requirement

Rental developments and for-sale developments subject to this policy shall provide a minimum number of affordable dwelling units or a payment in lieu subject to the requirements listed below.

Calculation of units and payment in lieu required.
For development of multi-family dwelling units:

a) The required number of affordable dwelling units or corresponding payment in lieu is based on the total number of dwelling units that are approved by the city or the number of naturally occurring affordable housing (NOAH) dwelling units that are being demolished or converted to a use other than low-income dwelling units in connection with construction of the development.

b) To calculate the number of affordable dwelling units or payment in lieu required in a development the total number of approved dwelling units shall be multiplied by five percent (5%), ten percent (10%), fifteen percent (15%) or twenty (20%) depending on the affordability standard. If the final calculation includes a fraction, the fraction of a unit shall be rounded to the nearest whole number.

c) If an occupied rental property with existing dwelling units is remodeled and/or expanded, the number of affordable dwelling units shall be based on the total number of units following completion of renovation/expansion. At least five percent (5%), ten percent (10%) or twenty percent (20%) shall be affordable, depending on the affordability standard.

d) NOAH dwelling units that are being demolished or converted to a use other than low-income dwelling units in connection with construction of the development must be replaced in the new development on a one-for-one basis. New developments must include a minimum number of affordable dwelling units equal to at least five percent (5%) to twenty percent (20%) of the total number of dwelling units in the development or the number of naturally occurring affordable housing dwelling units that are being demolished or converted, whichever is greater. Any deviation from replacing NOAH units on a one-for-one basis requires city approval.

   *A NOAH unit is defined as a unit in which the amount of rent charged is affordable to a household whose income is at or below 60% area median income based on bedroom size, or for a for-sale unit, affordable to a household whose income is at or below 80% AMI.

e) For-sale home ownership developments will be required to pay a payment in lieu of including affordable units in the development. The payment in lieu will be an amount equal to the difference between the average market rate sale price of the for-sale units in the development and the for-sale home purchase amount affordable to a household with an income at or below eighty percent (80%) AMI. The amount of the difference will be multiplied by a number equal to fifteen percent (15%) of the total number of for-sale units in the development.

III. Affordability level

The required number of affordable dwelling units within a residential project subject to this policy shall meet an income eligibility and rent affordability standard for the term of the restriction as follows:

a) Rental Projects:
   a. At least twenty percent (20%) of the units shall be affordable for households at sixty percent (60%) Area Median Income (AMI), or
   b. At least ten percent (10%) of the units shall be at affordable for households at fifty percent (50%) AMI, or
   c. At least five percent (5%) of the units shall be affordable for households at thirty percent (30%) AMI.

b) Demolished or converted NOAH units:

c) NOAH units demolished or converted to a use other than affordable housing in connection with the construction of the new development must be replaced on a one-for-one basis or at rate and affordability level as noted in III. a, whichever is greater. The new units must be comparable in bedroom size to the units demolished or converted and be affordable to households at 60% AMI or below.

*A NOAH unit is defined as a rental unit in which the amount of rent charged is affordable to a household whose income is at or below 60% area median income based on bedroom size or a for-sale unit affordable to a household whose income is at or below 80% AMI. NOAH status for rental units will be based on the rents charged on the date 6 months prior to the submitting of a development application.

d) For-sale projects:

   For-sale home ownership developments will pay a payment in lieu of including affordable units in the development. The payment in lieu will be an amount equal to the difference between the average market rate sale price of the for-sale units in the development and the current for-sale home purchase amount affordable to a household with an income at or below eighty percent (80%) AMI. The payment will be multiplied by a number equal to fifteen percent (15%) of the total number of for-sale units in the development.

   NOAH pricing for for-sale dwelling units shall be determined at time of issuance of the occupancy permit.

e) Rent and sale price level

   Rental unit: The monthly rental cost for an affordable dwelling unit shall include rent, utility costs, parking and any other non-optional monthly occupancy charges. The maximum rent amount shall be based on the metropolitan area that includes St. Louis Park adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development and posted by Minnesota Housing for establishing rent limits for the Housing Tax Credit Program.

   Parking: The resident's monthly rent shall include the availability of adequate on-site parking for at least one vehicle per affordable unit. If adequate on-site surface parking is not available, one underground parking stall must be assigned to the unit; the cost of which is included in the maximum rent amount. City approval must be obtained for any proposed alternative to the parking requirements noted in the Policy.

For-sale projects: The qualifying affordable sale price for an owner-occupied affordable dwelling unit shall be based on a homeownership unit affordable to a household with income at or below eighty percent (80%) AMI for the metropolitan area that includes St. Louis Park calculated annually by the Department of Housing and Urban Development and posted by the Metropolitan Council.

f) Period of affordability

For rental developments subject to this policy, the period of affordability for the affordable dwelling units shall be at least twenty-five (25) years.

IV. Location of affordable rental dwelling units

Except as otherwise specifically authorized by this policy, the affordable dwelling units shall be located within the development.

V. Standards for inclusionary rental units

Size and design of affordable units

The size and design of the affordable dwelling units should be consistent and comparable with the market rate units in the rest of the project and is subject to the approval of the city. The interior of affordable dwelling units is not required to be identical to the market rate units but if units are smaller than the other units with the same number of bedrooms in the development, city approval must be obtained.

If naturally occurring affordable housing dwelling units are being demolished or converted to a use other than lower-income dwelling units in connection with construction of the development, an equal number of affordable units with a comparable number of bedrooms to the units demolished or converted must be included in the new development.

Exterior/interior appearance.

The exterior materials and design of the affordable dwelling units in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development. The interior finish and quality of construction of the affordable dwelling units shall at a minimum be comparable to entry level rental housing in the city. Construction of the affordable dwelling units shall be concurrent with construction of market rate dwelling units.

VI. Integration of affordable dwelling units

Distribution of affordable rental housing units.

The affordable dwelling units shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the city council. Affordable dwelling units shall be distributed throughout the building.

Number of bedrooms in the affordable units.

The affordable dwelling units shall have a number of bedrooms in the approximate proportion as the market rate units. The mix of unit types, both bedroom and accessible units, of the affordable dwelling units shall be approved by the city.

Tenants

Rental affordable dwelling units shall be rented only to income eligible families during the period of affordability. A household that was income eligible at initial occupancy may remain in the affordable dwelling unit for additional rental periods as long as the income of the household does not exceed one-hundred forty percent (140%) of the applicable AMI. Affordable units must be administered in compliance with the rules and procedures stated in St. Louis Park's Inclusionary Housing Program Guide.

VII. Alternatives to on-site development of affordable dwelling units

This section provides alternatives to the construction of affordable dwelling unit's onsite. The alternatives are listed in subsection (c), below.

a) The alternatives must be:

1. Approved by the city council; and
2. Agreed to by the applicant in an Affordable Housing Performance Agreement with the city; and
3. Applicant must show evidence acceptable to the city that a formal commitment to the proposed alternative is in place.

b) This section does not apply unless the applicant demonstrates:

1. The alternative provides an equivalent or greater amount of affordable dwelling units in a way that the city determines better achieves the goals, objectives and policies of the city's housing goals and Comprehensive Plan than providing them onsite; and
2. Will not cause the city to incur any net cost as a result of the alternative compliance mechanism.

c) If the conditions in (b) are met, the city may approve one or more of the following options to providing affordable dwelling units that are required by this policy.

1. Dedication of existing units: Restricting existing dwelling units which are approved by the city as suitable affordable housing dwelling units through covenants or contractual arrangements. The city shall determine whether the form and content of the restrictions comply with this policy. Off-site units shall be located within the City of St. Louis Park. The restriction of such existing units must result in the creation of units that are of equivalent quality and size of the affordable dwelling units which would have been constructed on-site if this alternative had not been utilized.

2. Off-site construction: Offsite construction of affordable units must be constructed within the city and should be located in proximity to public transit service at a site approved by the city.

3. Partnering with an affordable housing developer: Participation in the construction of affordable dwelling units by another developer on a different site within the city.

4. Proposed alternative: An alternative proposed by the applicant that directly provides or enables the provision of affordable housing units within the city. The alternative must be approved by the city and made a condition of approval of the Affordable Housing Performance Agreement.

VIII. Non-discrimination based on rent subsidies:

Developments covered by the policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, including, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

IX. Affordable housing plan

a) Applicability

Developments that are subject to this policy shall include an Affordable Housing Plan as described below. An Affordable Housing Plan describes how the developer complies with each of the applicable requirements of this policy.

b) Approval

1. The Affordable Housing Plan shall be approved by the city.

2. Minor modifications to the plan are subject to approval by the city manager. Major modifications are subject to approval by the city council. Items that are considered major and minor will be designated in the Affordable Housing Plan.

c) Contents

The Affordable Housing Plan shall include at least the following:

1. General information about the nature and scope of the development subject to these regulations.

2. For requests of an alternative to on-site provision of affordable housing, evidence that the proposed alternative will further affordable housing opportunities in the city to an equivalent or greater extent than compliance with the otherwise applicable on-site requirements of this policy.

3. The total number of market rate units, and for rental developments, the number of affordable dwelling units in the rental development.

4. The floor plans for the affordable dwelling units showing the number of bedrooms and bathrooms in each unit.

5. The approximate square footage of each affordable dwelling unit and average square foot of market rate unit by types.

6. Building floor plans and site plans showing the location of each affordable dwelling unit.

7. The pricing of each ownership dwelling unit shall be determined at time of issuance of the occupancy permit. At time of sale this price may be adjusted if there has been a change in the median income or a change in the formulas used in this ordinance.

8. The order of completion of market rate and affordable dwelling units.

9. Documentation and specifications regarding the exterior appearance, materials and finishes of the development for each of the affordable dwelling units illustrating that the appearance of affordable units are comparable to the appearance of the market-rate units.

10. An Affordable Dwelling Unit Management Plan documenting policies and procedures for administering the affordable dwelling units in accordance with the Affordable Housing Performance Agreement.

11. Any and all other information that the city manager may require that is needed to achieve the council's affordable housing goals.

X. Recorded agreements, conditions and restrictions

a) An Affordable Housing Performance Agreement shall be executed between the city and a developer, in a form approved by the city attorney, based on the Affordable Housing Plan described in Section VII, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this policy and location criteria. The Agreement shall identify:
   1. the location, number, type, and size of affordable housing units to be constructed;
   2. sales and/or rental terms; occupancy requirements;
   3. a timetable for completion of the units; and
   4. restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the city as applicable.

b) The applicant or owner shall execute any and all documents deemed necessary by the city manager, including, without limitation, restrictive covenants and other related instruments, to ensure the affordability of the affordable housing units in accordance with this policy.

c) The applicant or owner must prepare and record all documents, restrictions, easements, covenants, and/or agreements that are specified by the city as conditions of approval of the application prior to issuance of a zoning compliance permit for any development subject to this policy.

d) Documents described above shall be recorded in the Hennepin County Registry of Deeds as appropriate.

e) Inclusionary Housing Program Guide: The affordable units will be managed and operated in compliance with rules and regulations outlined in the Inclusionary Housing Program Guide.

XI. Definitions

a) *Affordable Dwelling Unit:* The required affordable dwelling units within a residential project subject to this policy shall meet an income eligibility and rent affordability standard for the term of the restriction as follows:

1) Rental Projects:
   a. At least twenty percent (20%) of the units shall be affordable for households at sixty percent (60%) Area Median Income (AMI), or

   b. At least ten percent (10%) of the units shall be at affordable for households at fifty percent (50%) Area Median Income.

   c. At least five percent (5%) of the units shall be affordable for households at thirty percent (30%) Area Medium Income.

2) For-Sale Projects:
   The qualifying affordable sale price for an owner-occupied affordable dwelling unit shall be based on a household income of eighty percent (80%) AMI for the

metropolitan area that includes St. Louis Park calculated annually by the Department of Housing and Urban Development.

b) *Affordable Housing Plan*: A plan that documents policies and procedures for administering the affordable dwelling units in accordance with the Affordable Housing Performance Agreement.

c) *Affordable Housing Performance Agreement:* Agreement between the city and the developer which formally sets forth development approval and requirements to achieve Affordable Housing in accordance with this policy.

d) *Financial Assistance:* The Inclusionary Affordable Housing Policy applies to all new and renovated multifamily residential buildings receiving city financial assistance, seeking PUD land use approvals or request an amendment to the comprehensive plan.

Financial Assistance is defined as funds derived from the city and includes but is not limited to the following:

1) City of St. Louis Park Funds
2) Community Development Block Grant (CDBG)
3) City Housing Rehabilitation Funds
4) Revenue Bonds (private activity bonds are negotiable)
5) Tax Increment Financing (TIF) & Tax Abatement
6) Housing Authority (HA) Funds
7) Land Write-downs

e) *NOAH units*:

1) Rental units: A rental unit is defined as a NOAH unit if the amount of rent charged is affordable to a household whose income is at or below 60% area median income based on bedroom size.

2) Ownership unit: A for-sale unit is defined as a NOAH unit if the price of the home is affordable to a household whose income is at or below 80% AMI.

f) *Tenant paid rent:* The monthly rent for an affordable dwelling unit shall include rent, utility costs, parking and any other non-optional monthly occupancy charges. The rent shall be based on the metropolitan area that includes St. Louis Park adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development and posted by Minnesota Housing for establishing rent limits for the Housing Tax Credit Program.

ATTACHMENT B

Mixed-Income Housing Policy in the Twin Cities

Mixed-income housing policy, also known as inclusionary zoning (IZ), requires developers to build a percentage of housing units within market-rate developments that are affordable to low- or middle-income households. In recent years, such housing policies have been adopted by some Twin Cities metro area cities as one tool for increasing the supply of affordable housing units in their communities. This document offers a comparison of the existing policies for the cities of Bloomington, Edina, and Minnetonka as they apply to rental housing developments.

POLICY FEATURE	CITY OF BLOOMINGTON	CITY OF EDINA	CITY OF MINNETONKA
Policy Trigger	Developments with 20 units or more	YES construction or rehab that includes 20 units or more AND if the development requires a zoning change or a comprehensive plan amendment or city financing is involved	YES if the development is new construction or rehab that includes 10 or more units AND if the development requires a zoning change or a comprehensive plan amendment or city financing is involved
Affordability Requirements	9% of units affordable at 60% area median income (AMI) or below	20% of total project units at 60% AMI or 10% of total project units at 50% AMI	New construction or rehab only (NO zoning changes, comprehensive plan amendment, or city financial assistance): 5% at 50% AMI Zoning change or comprehensive plan amendment: 10% at 60% AMI and 5% at 50% AMI City financing: 20% of units affordable at 50% AMI or 40% of units affordable at 60% AMI
Affordability Term	20 years	20 years	30 years
Opt-Out (Alternatives)	1. New construction off-site 2. Payment-in-lieu of units developed based on leasable square feet of market rate area; $9.60 per livable square foot paid prior to certificate of occupancy of development 3. Payment-in-lieu assigned to another development equal to 20% affordable at 60% AMI 4. Dedication of land – value ≥ payment-in-lieu amount	1. New construction at a different site 2. Cash payment fee of $100,000/unit to the city in lieu of units; dedication of existing units equal to 110%, must be equivalent quality 3. Participation in construction of affordable units by another developer within the city	Waivers may be granted on a case-by-case basis to developers who provide evidence of extraordinary costs that prohibit the inclusion of affordable units
Cost Offsets (granted on a case-by-case basis)	Density, floor-area ratio (FAR), or height bonuses; parking reduction; enclosed parking space conversion allowance; reductions in unit size or storage space; alternative exterior materials; development fee deferments or reimbursements; expedited plan review; land write down on city-owned land; housing TIF; project-based vouchers	Density bonus, reduced development requirements, housing TIF, property tax abatement, deferred low-interest loans from Edina HRA or Edina Housing Foundation	Not specified in the written policy, but may be offered on a case-by-case basis
Other	Bloomington offers IZ unit occupants assistance for up to 2 years if their income decreases; tenants whose incomes increase to 140% or less of AMI may remain in units for up to 5 years	Edina employs a dedicated affordable housing administrator who also is affiliated with the Edina Housing Foundation. Cities might want to consider whether there exists an opportunity to partner with a community foundation to help meet their program administration needs	Owners and managers of units produced as a result of this policy must not discriminate against tenants who can pay their rent with federal, state, or local public assistance, including, but not limited to, rent supplements and Housing Choice Vouchers
Policy Contact	Eric Anthony Johnson, Community Development Director, ejohnson@bloomingtonmn.gov	Bill Neuendorf, Economic Development Manager, bneuendorf@edinamn.gov	Julie Wischnack, Community Development Director, jwischnack@eminnetonka.com

ATTACHMENT C

Developer Insights on Mixed-Income Housing Policies

Highlights from a roundtable convened by the Federal Reserve Bank of Minneapolis and Urban Land Institute Minnesota

In the last five years, multiple cities in the Twin Cities region have adopted mixed-income housing policies that require developers to include affordable units in market-rate rental projects that meet a policy threshold, such as receiving city financial assistance or requiring zoning changes. While most cities that have adopted mixed-income housing policies are located in suburbs experiencing strong development markets, e.g., Bloomington, Edina, and St. Louis Park, the City of Minneapolis is considering a mandatory policy that would apply to any market-rate housing development.

In September 2019, the Federal Reserve Bank of Minneapolis and Urban Land Institute Minnesota convened a Developers' Roundtable to discuss the impacts of mixed-income housing policies. This document summarizes the results of that conversation with leadership and representatives from 17 multifamily rental residential housing developers based in the Twin Cities, which included both market-rate and affordable developers.*

Financing challenges

Developers perceive requirements to include affordable units in otherwise market-rate residential developments as an added tax:

The estimated added cost of required affordable units is between $100,000 and $150,000 per required affordable unit.

This increase in cost translated into roughly a 10 percent tax on development.

Profit margins and yields in local residential development have declined over time, making financing challenging without added costs.

FROM A DEVELOPER:

We have no interest in a voluntary tax on development, which is what IZ [inclusionary zoning] is. We can't make the numbers work. Why would we voluntarily tax ourselves?

One of the key challenges articulated by developers is the impact of institutional equity on the Twin Cities real estate market. The vast majority of local developers use institutional equity from national investors to capitalize their developments.

Developers indicated that:

Institutional investors tend to prefer markets where they can maximize their yields, which mixed-income housing policies threaten.

Financing market-rate apartments in suburban locations in the Twin Cities can be difficult even without mixed-income housing policies in place because of weaker markets.

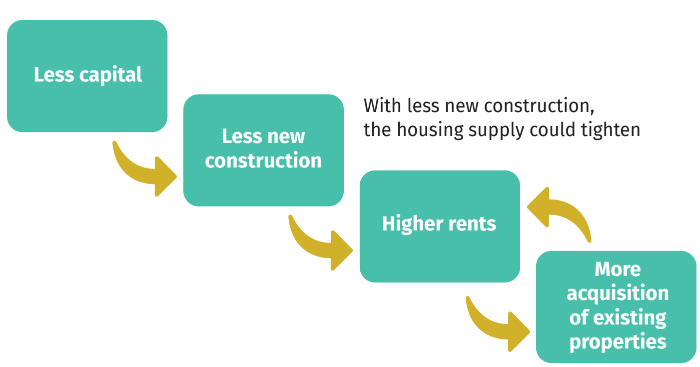
Institutional investors prefer the predictability of either 100 percent market-rate or 100 percent affordable developments rather than mixed-income developments.

If the cost structure of development in the Twin Cities market is not competitive, capital could move to more profitable cities, such as Milwaukee or Nashville.

FROM A DEVELOPER:

In this scenario, institutional capital wins and renters lose.

Less capital available for new construction in the Twin Cities could have cascading, negative effects on the local rental markets, illustrated by the figure below.



*Of the 33 developers invited, the following were in attendance: Aeon, Bader Development, Beacon Interfaith Housing Collaborative, Carlson Partners, Dominium, Doran Companies, Hope Community, Lupe Development, McGough, MWF Properties, Project for Pride in Living, Ryan Companies, Sand Companies, Saturday Properties, Shafer Richardson, Wall Companies, and Wellington Management.

One local developer remarked that they were already receiving phone calls from outside investors looking to buy rental properties in anticipation of rising rents in this market.

Less housing and higher rents

Developers, including both market-rate and affordable developers, were sympathetic to the housing affordability challenges facing low- and moderate-income households in the Twin Cities. However, they were unanimous in their belief that the most important driver of housing affordability is continued growth in housing supply across all price points. Policies that increase the cost of development (e.g., green building requirements) or the cost of operating housing (e.g., limits on tenant screening) constrain housing supply, which results in higher rents. In general, developers prefer suburban communities that welcome developers as a partner, have fewer barriers, and welcome new residential development.

Compliance requirements and added costs

Developers identified two operational sets of challenges associated with building mixed-income housing—compliance and marketing:

- The multiple funding sources commonly associated with affordable housing increase legal costs at project closing.
- Managers of buildings with income-restricted affordable units must regularly report the incomes of their renters to ensure compliance with their funding sources.
- Affordable housing developers are prepared to respond to these reporting requirements.
- Market-rate developers typically do not have the staffing or structure in place to easily handle the added compliance requirements associated with federal or state financing.
- Marketing of new rental units can be more challenging because some renters are not interested in living in mixed-income projects.

Nonetheless, a quick poll of attendees suggested that market-rate developers would be willing to deal with compliance and marketing issues if they were made whole on the cost side.

> *FROM A DEVELOPER:*
>
> Beyond the numbers, some developers just don't do affordable, and some developers only do affordable.

Effective use of scarce subsidy

Developers who generally build market-rate development were clear that they preferred building mixed-income development in cities that provide financial assistance to close the financing gap. However, a nonprofit affordable housing developer expressed concern that mixed-income housing development could siphon off scarce public resources needed for more deeply affordable housing (that is, for households earning 30 percent or less of area median income (AMI)). Developers agreed that building housing for households earning 30 percent or less of AMI is impossible without significant public subsidy and government intervention. As a result, housing policies that provide public resources for affordable units in otherwise market-rate developments could limit opportunities to build new deeply affordable units for the lowest-income households.

> *FROM A DEVELOPER:*
>
> How many more market-rate units could have been created that would have provided workforce housing?

> *FROM A DEVELOPER::*
>
> What is the policy objective—to maximize income-restricted housing, or to maximize units?

> *FROM A DEVELOPER:*
>
> People say that we have an affordable housing crisis, but what we really have is an affordable housing financing crisis.

Policy opportunities ahead

To address the challenges of housing affordability in the Twin Cities region, developers saw potential opportunity in a range of policy options and financing tools:

- Streamline development processes and waive fees.
- Expand the benefit of the 4d tax abatement.
- Increase flexibility in the use of tax-increment financing (TIF) and TIF pooling more often to support affordability.
- Leverage Opportunity Zones.
- Increase funds available for rental subsidy.
- Consider the collective costs and benefits of housing-related regulation on construction.
- Make more private activity bonds available for new housing construction.
- Focus on new tools to acquire and convert existing naturally occurring affordable housing (NOAH) into mixed-income housing.
- Create an affordable housing fund financed through developer contributions from market rate development.

Mixed-Income/Affordable Housing Policies in the Region

City	Policy Applicability (Trigger)	Affordability Requirements	Affordability Period	Opt-out (alternative) options	Enforcement Tool	Notes *
St. Louis Park (revised 2018)	• City financial assistance or land use change for new developments creating at least 10 multi-family units or renovation of an existing multi-family development with at least 10 units.	• Rental developments - 20% of units in the development required affordable at 60% AMI or 10% of units required at 50% AMI or 5% of units at 30% AMI. • Ownership development – required to make payment-in lieu rather than build units = difference in the average market rate sale prices comparted with sale price affordable to income at or below 80% AMI. The payment will be multiplied by a number equal to fifteen percent (15%) of the total number of for-sale units in the development.	• 25 year minimum.	• Approval by City Council only for Opt-out options • Dedication of existing units • Offsite construction near public transit • Participation in construction of affordable units by another developer within the City. • Alternative proposed by developer.	• Affordable Housing Performance Agreement between City and Developer finalized prior to Zoning Compliance Permit being issued and recorded in Hennepin Co Registry of Deeds.	• Produced 309 affordable units (50-80% AMI) in six developments (totaling 1,254 units) since adoption. • Payment-in-lieu required for condominium and townhome homeownership developments. • Families may remain in the dwelling unit until income exceeds 140% AMI. • Developments may not discriminate against tenants with HCV, rent supplements and/or rental assistance.
Edina (2015, updated 2018)	• Re-zoning, Comprehensive Plan Amendment, or City financial assistance for all new multi-family development of 20 or more units. All new multi-family developments requiring a rezoning will be re-	• Rental developments - 10% of all rentable area at 50% AMI or 20% of all rentable area at 60% AMI. • Ownership – 10% of all livable area at affordable sales prices.	• 15 year minimum.	• Cash payment fee of $100,000/unit to the City in lieu of units. Dedication of existing units equal to 110%, must be equivalent quality. • New construction at a different site. • Participation in construction of affordable	• Affordability a consideration in PUD ordinance.	• Produced 57 affordable units in six developments (totaling 1,354 units) since adoption. Two developments opted for a cash payment in lieu of units, providing $2M to the City. • City will consider incentives for

	zoned to Planned Unit Development.			units by another developer within the City.		developments with affordable housing including: Density bonuses, parking reductions, TIF, deferred low interest loans from the Edina Foundation, and Tax Abatement.
Golden Valley (2017)	• Market rate residential development with 10 or more units and receive: ○ Conditional Use Permit (ord.) ○ Planned Unit Development ○ Zoning Map Amendment (ord.) ○ Comprehensive Plan Amendment ○ Financial Assistance ○ Pass-through grants	• 15% of units at 60% AMI or 10% of project units at 50% AMI. • Families may remain in the dwelling unit as long as the income does not exceed 120% AMI.	• 20 year minimum.	• Equal or greater amount dedication of existing units. • An alternative proposed by developer.	• Affordable Housing Performance Agreement. • Mix of policy and ordinance.	• Zero units produced under policy. • City will consider incentives including: ○ Minimum of 33% reduction in required parking spaces ○ Minimum of 10% density bonus
Brooklyn Park (2017; ordinance in 2019)	• New market rate residential development with 10 or more units and receive: ○ Planned Development Overlay (ord.) ○ Zoning Map Amendment (ord.) ○ Comprehensive Plan Amendment ○ Or Financial Assistance	• 15% of units at 60% AMI or 10% of units at 50%AMI or 5% of units at 30%AMI.	• 20 year minimum.	• An alternative proposed by developer.	• Affordable Housing Performance Agreement. • Mix of policy and ordinance.	• Zero units produced under policy. • Units must be located within the development and distributed throughout the building unless approved by City Council. • No incentives included in the policy.
Saint Paul (2014)	• General policy to have City/HRA financially assisted projects meet portfolio affordability goals.	• 30% of units affordable at 60% AMI or below.	• Varies.			• Park dedication fee reduction for affordable units developed.

Bloomington (2019)	• Apply inclusionary housing ordinance to all new rental and ownership developments over 20 units or rehabilitation that receives city financial assistance.	• Rentals New - 9% of units affordable at 60% AMI or below. • Ownership – 9% of units affordable at 110% AMI or below • Existing Rentals – preservation of 20 units for more that receives financial assistance; 9% affordable at 60% AMI or below		• New construction off-site • Payment-in-lieu of units developed based on leasable square feet of market rate area. $9.60 per livable square footage paid prior to certificate of occupancy of development • Payment-in-lieu assigned to a another development = to 20% affordable at 60% AMI • Dedication of land – value => Payment-in-lieu amount	• Development Agreement	• Projects that provide 20% of the units at 60% AMI or below may be eligible for financial assistance for rental, ownership, preservation or mixed. • Projects that comply with 9% unit affordable in projects may be eligible for non-direct financial concessions such as density bonus, reduced parking, increased height based upon specific criteria.
Minnetonka (2004)	• City Assistance • Voluntary/incentive based for all developments.	• Rentals – 10% of units at 50% AMI for all developments, 20% of units at 50% AMI if using TIF funding.	• 15 year minimum.		• Development Agreement.	• Produced over 1000 affordable units since 2004. • Since 2015 over 737 affordable units have been constructed or approved out of 2,650 units. (28%)
Eden Prairie (under consideration)	• Currently negotiating on a deal-by-deal basis • Created a citizen task force to study a policy over the next 9 months	• 5%; 30% AMI or below • 10%; 50% AMI or below • 15%; 60% or below	• Negotiating some units to be affordable in perpetuity			• Estimate of 40 units affordable in perpetuity. • Since 2015, 230 units of affordable units approved or constructed out of 656 total units (35% affordable) and 186 units preserved.
Woodbury (2012)	• Voluntary/incentive based – density bonus policy	• 20% of units at 80% AMI or negotiated.	• 15 year minimum.			
Minneapolis (2002)	• City-assisted housing projects of 10 or more units.	• Varies based on funding source but generally is either 20% of units at 60%	• 15 year minimum.	None.		• Only 1-2 projects have taken advantage of the

	• City-assistance includes TIF, condemnation, land buy downs, issuance of bonds to finance project, pass-through funding, and other forms of direct subsidy. • Density bonus and parking reduction incentive	AMI or 20% of units at 50% AMI (AHTF)				incentive program since 2002. Engaging a consultant to find an effective incentive system.
Chaska	• All developments that need City approval	• 30% of units at 80% AMI.	•			•
Forest Lake (2014)	• Voluntary/incentive based – density bonus policy	• Negotiable	•			• 15% density bonus, flexible parking requirements.

ATTACHMENT E

City of Saint Paul

City Hall and Court House
15 West Kellogg Boulevard
Phone: 651-266-8560

Signature Copy

Ordinance: Ord 20-14

File Number: Ord 20-14

Creating Chapter 193 of the Legislative Code (Title XIX) pertaining to Tenant Protections.

Section 1

WHEREAS, under City Council RES 17-994, the Council directed the creation of a fair housing workgroup to make policy and budget recommendations "with the goal of eliminating housing disparities, lowering barriers to affordable housing, and ensuring access to economic opportunity in the City of Saint Paul"; and

WHEREAS, under City Council RES 17-2064, the Council directed the development of a fair housing strategic plan "to continue to research and work with housing partners on strategies to further Fair Housing goals such as…improved tenant protections, Tenant Remedies Actions, Advance Notice of Sale policy, gentrification studies, just cause eviction, non-discrimination policies, and others"; and

WHEREAS, under City RES 18-1204, the City Council acknowledged that "the housing crisis in our city and region, and the urgent need to address the crisis as our population grows,"; and

WHEREAS, in 2019 the City created the Affordable Housing Trust Fund, with five objectives: to meet the needs of those with the lowest incomes by increasing supply; to invest in low and moderate income residents by investing in existing supply; to explore innovative approaches to meeting housing needs; to build wealth for residents and communities; and to promote fair access to housing for us all; and

WHEREAS, in 2019, the Office of Financial Empowerment, which housed the Fair Housing Coordinator Position, was created and subsequently developed the framework for a citywide fair housing strategy identifying decreasing housing displacement, increasing housing access and affirmatively furthering fair housing as the overall objectives; and

WHEREAS, Tenant Protections is one of four focus areas including education and engagement, enforcement and compliance, and preservation and production, to address strategy objectives based on the current housing landscape; and

WHEREAS, stagnant wages, increasing rents, a lack of affordable housing, and a consistently low housing vacancy rate are making it harder for Saint Paul residents to find housing and to afford it over time; and

WHEREAS, the 2040 Comprehensive Plan identified decent safe and healthy housing for all Saint Paul residents, fair and equitable access to housing for all city residents, stable rental housing and improved access to affordable housing as 3 of the 7 housing goals; and

WHEREAS, the number of renters has increased by 12 percent from 2000-2016 and the City of Saint Paul has now become a renter-majority city, with 51% (57,621) of City residents being renters; and

WHEREAS, rent has increased by 15 percent from 2000-2016 while incomes remained stagnant at 2000 levels; and

WHEREAS, renters are disproportionately people of color and are disproportionately representative of individuals from low wealth backgrounds; and

WHEREAS, the City has a per capita income gap of $28,763 between white households and households of color; and

WHEREAS, demographically 83% of African-American households are renting, compared to 41% of White households; and

WHEREAS, more than half of our renter households earn 60 percent or less of the Area Median Income, and more than half of our renter households of color earn 30 percent or less of the Area Median Income; and

WHEREAS, in St. Paul, 51 percent of our renter households are housing-cost burdened, resulting in seventy-five percent of our low-income renter households being housing cost burdened and thirty-nine percent being severely housing cost burdened; and

WHEREAS, the Fair Housing Act of 1968 requires that the City affirmatively further fair housing, meaning the City must take meaningful action to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination; and

WHEREAS, the Federal Fair Housing Act, Minnesota Human Rights Act and Saint Paul Human Rights Ordinance prohibit discrimination based on protected class status; and

WHEREAS, in April 2016, the United States Department of Housing and Urban Development issued warning that blanket policies of refusal to rent to people with criminal records could violate the Fair Housing Act if “without justification, their burden falls more often on renters or other housing market participants of one race or national origin over another”; and

WHEREAS, as of January 1, 2020, people of color make up 47.9 percent of the MN prison population, but only 15.9 percent of our state population; and

WHEREAS, criminal justice research supports that the effect of a criminal offense on a resident’s housing outcome declines over time and becomes insignificant; and

WHEREAS, criminal justice research supports housing as a contributing factor to reducing recidivism; and

WHEREAS, our current credit scoring system has a disparate impact on people and communities of color, rooted in a long history of housing discrimination and wealth inequities even though credit score itself does not reflect positive rental history or timely rent payments or probability of on time rent payments; and

WHEREAS, in 2017 there were an estimated 1,710 residential evictions filed against tenants in the City of Saint Paul; and

WHEREAS, evictions, regardless of outcome, impact a renter's ability to secure future housing, and research suggests that "Informal evictions" occurring outside of the court process are occurring at twice the rate of formal evictions; and

WHEREAS, the 2014 Regional Analysis of Impediments to Fair Housing Choice identified high rental application denial rates in communities of color and those with disabilities, based on rental selection criteria pertaining to criminal background, credit history and rental background; and

WHEREAS, the 2017 Addendum to the 2014 Regional Analysis of Impediments to Fair Housing Choice identified involuntary displacement of low income, often households of color as a fair housing issue; and

WHEREAS, the City of Saint Paul has approximately 11,000 units of housing which are considered Naturally Occurring Affordable Housing (NOAH) affordable at or below 60 percent Area Median Income and NOAH buildings are most at risk for ownership changes; and

WHEREAS, the CURA Diversity of Gentrification Study reported they found significant evidence of gentrification between 2000 and 2015 in the cities of Minneapolis and St. Paul through both quantitative and qualitative research; and

WHEREAS, research supports housing unaffordability and instability affect not just individuals and families, but also public institutions, education, healthcare systems, and private businesses, and

WHEREAS, 2019 research from the Aspen Institute named insufficient supply, low income and lack of public funding, racial discrimination and rental housing policies as the drivers of housing unaffordability and instability; and

WHEREAS, the 2018 Minnesota Homeless study by Wilder Research reported homelessness increased by 10% from 2015-2018; and

WHEREAS, the 2018 Minnesota Homeless study by Wilder Research reported that more than half of respondents (56%) said they have had difficulty renting an apartment or getting housing because there was no housing they could afford; and

WHEREAS, the 2018 Minnesota Homeless study by Wilder Research reported that the most common reasons that adults reported leaving their last housing were: eviction or not having their lease renewed (39%) and being unable to afford rent or house payments (38%); and

WHEREAS, the 2018 Minnesota Homeless study by Wilder Research reported that African American and American Indian adults are overrepresented in Minnesota's homeless population, add that racist and discriminatory economic and housing policies, along with generational poverty, continue to play a role in the overrepresentation of African American and American Indian people in the homeless population; and

WHEREAS, Minnesota's tenant resource hotline, HOME Line, reported in 2019 their tenant hotline served 2,153 St. Paul Renter Households totaling 5,382 renters; and

WHEREAS, HOME Line reported in 2018 and 2019 that Evictions, Repairs, Security Deposits and Notice to Vacate were among their top 10 reasons for calls; and

WHEREAS, evidence suggests both formal and "informal" evictions can mask unlawful retaliation or discrimination; and

WHEREAS, historical and ongoing discrimination in housing makes tenant protections a fair

housing, racial equity and economic justice imperative; now, therefore, be it
RESOLVED, that the Council of the City of Saint Paul does Ordain:

Section 2

Chapter 193 of the Saint Paul Legislative Code is hereby created to read as follows:

Sec. 193.01 Definitions.
For the purposes of this Chapter, the following terms shall have the meaning ascribed to them in this section.

(1) *Affordable Housing Building* shall mean a single-family rental home or a multiple-family rental housing building where at least twenty (20) percent of the units rent for an amount that is affordable at no more than thirty (30) percent of income to households at or below eighty (80) percent of area median income, as most recently determined by the United States Department of Housing and Urban Development for Low Income Housing Tax Credit (LIHTC) purposes, as adjusted for household size and number of bedrooms.

(2) *Affordable Housing Dwelling Unit* shall mean a rental dwelling unit in an Affordable Housing Building that rents for an amount that is affordable to households at or below eighty (80) percent of Area Median Income, as most recently determined by the United States Department of Housing and Urban Development, as adjusted for household size and number of bedrooms.

(3) *Available for Sale* shall mean the earliest implementation of any of the following actions: negotiating to enter into a purchase agreement that includes an Affordable Housing Building, advertising the sale of an Affordable Housing Building, entering into a listing agreement to sell an Affordable Housing Building, or posting a sign that an Affordable Housing Building is for sale.

(4) Just *Cause* shall mean any of the bases listed in Sec. 193.05(a) upon which a landlord may terminate tenancy.

(5) *Cure the Deficiency* shall mean that a tenant pays all monies rightfully owed, or fully complies with an order to correct a lease violation or notice to cease an activity that is in violation of a lease.

(6) *Displacement Dwelling Unit* shall mean the dwelling unit from which a tenant was displaced pursuant to Sec. 193.05(5) or (7).

(7) *Eviction* shall mean a summary court proceeding to remove a tenant or occupant from, or otherwise recover possession of, real property by the process of law, pursuant to Minn. Stat. Ch. 504B.

(8) *Family Member* shall mean a property owner's child, step-child, adopted child, foster child, adult child, spouse, sibling, parent, step-parent, mother-in-law, father-in-law, grandchild, grandparent, or registered domestic partner as defined by Saint Paul Code of Ordinances section 186.02 and any individual related by blood or affinity whose close association with the property owner is the equivalent of a family relationship.

(9) *Landlord* shall mean the property owner or agent of the property owner.

(10) *Lease* shall mean an oral or written agreement creating a tenancy in real property.

(11) *Rental Application Fee* shall mean a fee paid by the potential tenant to a landlord, in order for the landlord to screen the background of the potential tenant before signing the lease.

(12) *Relocation Assistance* shall mean a payment in an amount equal to three times the rental housing affordability limit at sixty (60) percent of Area Median Income for the Twin Cities metro area as published by the Metropolitan Council. Annually updated payments calculations can be located on the met council websites Affordability Limits for Ownership and Rental Housing: https://metrocouncil.org/

(13) *Security Deposit* shall have the meaning stated in Minnesota Statutes, section 504B.178.

(14) *Single Month's Rent* shall have the following meaning: for a lease in which rent is paid once each month in the same amount, Single Month's Rent means that amount. When a tenant's

rent is supplemented by a rental subsidy, rent means the total contract rent for the dwelling unit. For a lease in which rent is paid once each period in the same amount but the period is not one (1) month, Single Month's Rent means the amount paid per period divided by the number of days in the period and then multiplied by thirty (30). For other leases, Single Month's Rent means the total amount of rent due under the anticipated length of the lease divided by the number of days in the anticipated length of the lease and then multiplied by thirty (30).

(15) *Substantially Equivalent Replacement Unit* shall mean a dwelling unit which is decent, safe and sanitary, contains at least the same number of bedrooms and other living areas as the Displacement Dwelling Unit, and is available at a Substantially Similar Rental Rate within the neighborhood district of the Displacement Dwelling Unit. Perfect comparability is not required.

(16) *Substantially Similar Rental Rate* shall mean the Displacement Dwelling Unit rental rate plus five percent (5%) or minus ten percent (10%) of the contract rate for a Single Month Rent.

(17) *Tenant* shall mean an authorized occupant of a residential rental building under a lease or contract, whether oral or written.

(18) *Tenant Protection Period* shall mean the period that commences with the transfer of ownership of an Affordable Housing Building and runs through the end of the ninety (90) calendar days following the month in which written notice of sale is delivered to each affordable housing dwelling unit tenant pursuant to Sec. 193.08(a).

(19) Transfer of Ownership shall mean any conveyance of title to an Affordable Housing Building , whether legal or equitable, voluntary or involuntary, resulting in a transfer of control of the building, effective as of the earlier of the date of delivery of the instrument of conveyance or the date the new owner takes possession.

(20) Termination of Tenancy shall mean the end of a tenancy following ~~a~~ written notice given by a landlord to a tenant requiring the tenant to move, including nonrenewal of lease.

Sec. 193.02 Tenant rights information packets and tenant rights posters.

(a) Tenant rights information packets and posters for landlords and tenants. The Office of Financial Empowerment (the Office) will create and maintain a Tenant Rights Information Packet that includes:

(1) A summary of the City of Saint Paul Chapter 193 (Tenant Protections), the Minnesota Attorney General’s booklet on Landlords and Tenants Rights and Responsibilities pursuant to Minnesota Statutes §504B.275, and a summary of federal fair housing laws describing the respective rights, obligations, and remedies of landlords and tenants thereunder; and

(2) A list of tenant resources, including but not limited to: information regarding community organizations, government departments, and other entities and organizations that tenants can use to support their housing stability, seek legal advocacy, and provide information or resources for other housing needs.

(b) Tenant Rights Information Poster. The Office of Financial Empowerment will create and maintain a poster summarizing tenant rights and responsibilities that includes a summary of City of Saint Paul Chapter 193 (Tenant Protections).

(c) Online availability. The Office will make the information packets and posters described in Sec. 193.02 available online.

(d) Non-English versions. The poster and packet will be printed in English and any other languages that the department determines are needed to notify tenants of their rights under this chapter.

Sec. 193.03. Security deposits.

(a) Limit on Security Deposit amount. No landlord shall demand, charge, accept, or retain from a tenant more than a Single Month’s Rent as a Security Deposit.

(b) Pre-paid rent limitation. No landlord shall demand, charge, accept, or retain from a tenant pre-paid rent an amount that exceeds the equivalent of a ~~one~~ Single Month’s Rent. This provision should not be read to prohibit a landlord from demanding, charging, accepting, or retaining a Security Deposit, pet deposit, or application fees, pursuant to Sec. 54.03 of the Saint Paul Legislative Code.

(c) Governing law. Any Security Deposit furnished herein shall be governed by the provisions of Minnesota Statutes, Section 504B.178, together with this section.

(d) Exception. For applicants who could be disqualified under Sec. 193.04 an owner may charge, accept and retain an additional payment not to exceed one (1) Single Month's Rent in the form of a Security Deposit or pre-payment as a condition to enter into a lease agreement with the applicant.

Sec. 193.04. Applicant screening guidelines for prospective tenants.

(a) Screening criteria made available. Before accepting applications for rental housing, a landlord must provide written rental screening criteria to all applicants.

(b) Uniform screening criteria. A landlord must apply uniform screening criteria and cannot disqualify an applicant for any of the following reasons:

(1) Criminal history.

a. Any arrest or charge that did not result in conviction of a crime;

b. Participation in or completion of a diversion or a deferral of judgment program, including but not limited to: pre-charge or pretrial diversion, stay of adjudication, continuance for dismissal, or a continuance without prosecution;

c. Any conviction that has been vacated or expunged;

d. Any conviction for a crime that is no longer illegal in the state of

Minnesota;

e. Any conviction or any other determination or adjudication in the juvenile justice system, except under procedures pursuant to Minn. Stat. § 260B.130.

f. A petty misdemeanor offense is not a criminal offense. For the purposes of this Chapter, a petty misdemeanor cannot be grounds for a denial;

g. Any misdemeanor, gross misdemeanor or felony conviction stemming from the following traffic offenses: reckless driving, driving without a license, driving with a suspended or revoked license, and DUI that did not result in additional charges for injury to a person;

h. Any conviction for misdemeanor or gross misdemeanor offenses for which the dates of sentencing are older than three (3) years;

i. Except as indicated in paragraph (j) below, any criminal conviction for felony offenses for which the dates of sentencing are older than seven (7) years; however, a landlord may deny an applicant who has been convicted of the illegal manufacture or distribution of a controlled substance as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802), or for those same offenses that mandate denial of tenancy in federally assisted housing subject to federal regulations, including but not limited to when any member of the household is subject to a lifetime sex offender registration requirement under a state sex offender registration program.

j. Any criminal conviction for the following felony offenses for which the dates of sentencing are older than ten (10) years: first-degree assault (Minnesota Statutes section 609.221), first-degree arson (Minnesota Statutes section 609.561), aggravated robbery (Minnesota Statutes section 609.245), first-degree murder (Minnesota Statutes section 609.185), second-degree murder (Minnesota Statutes section 609.19), third-degree murder (Minnesota Statutes 609.195), first-degree manslaughter (Minnesota Statutes 609.20), kidnapping (Minnesota Statutes section 609.25), or first-degree criminal sexual conduct (Minnesota Statutes section 609.342).

(2) Credit history.

a. Credit score by itself; however, a landlord may use credit report information to the extent the report demonstrates a failure to pay rent or utility bills; or

b. Insufficient credit history, unless the applicant in bad faith withholds

credit
history information that might otherwise form a basis for denial.

(3) Rental history.

a. An eviction action pursuant to Minnesota Statutes Chapter 504 or other equivalents in other states, if the action occurred three (3) or more years before the applicant submits the application or if the action occurred during the three years immediately preceding submission of the application but did not result in a judgment entered against the applicant.

b. Insufficient rental history, unless the applicant in bad faith withholds rental history information that might otherwise form a basis for denial.

c. If a landlord uses a minimum income test requiring an income equal to two and half (2.5) times the rent or higher, the landlord must allow an exception to that test where the applicant can demonstrate a history of successful rent payment with the same or lower ratio of income to rent.

d. Exception. Whenever local, state, or federal funding or loan requirements for tenant screening conflict with any portion of section Sec. 193.04, the funding or loan requirements will take precedence over only those portions in conflict.

Sec. 193.05. Just cause notice for tenants.

(a) Just cause notice. A landlord may not issue a notice terminating tenancy unless the landlord is able to establish one or more of the following grounds:

(1) Non-payment of rent. The tenant fails to Cure the Deficiency after receiving a non-payment notice from the landlord, and the landlord does not pursue a valid non-payment eviction action under Minn. Stat. § 504B.291, subd. 1(a), but decides to terminate tenancy at the end of the lease.

(2) Repeated late payment of rent. The tenant repeatedly makes late payments of rent, no fewer than five times in a 12-month period. The landlord must provide the tenant with notice following a late payment that a subsequent late payment may be grounds for Termination of Tenancy. If the tenant continues to make a late payment on no fewer than five occasions per year, the landlord must give the tenant notice to vacate at least equal to the notice period outlined in the original lease agreement terms.

(3) Material non-compliance. After receiving a written notice to cease from the landlord, the tenant continues, or fails to Cure the Deficiency, to a material breach of the lease. This subsection shall not diminish the rights of a landlord, if any, to terminate a lease for actions permitted under Minn. Stat. § 504B.281, et seq.

(4) Refusal to renew. The tenant refuses to renew or extend the lease after the landlord requests in writing that the tenant do so. The landlord shall give the tenant notice to vacate at least equal to the notice period outlined in the original lease agreement terms following the tenant's refusal to renew or extend the lease. This subsection shall in no way diminish the fifteen to thirty day notice period as required by Minn. Stat. 504B.145 for leases with automatic renewal provisions.

(5) Occupancy by property owner or Family Member. The property owner, in good faith, seeks to recover possession of the dwelling unit so that the property owner or a Family Member may occupy the unit as that person's principal residence. The property owner or Family Member must move into the unit within 90 days from the tenant's vacation. If a Substantially Equivalent Replacement Unit is vacant and available, that unit must be made available to the tenant at a Substantially Similar Rental Rate as the tenant's current lease.

(6) Building demolishment and dwelling unit conversion. The landlord (i) elects to demolish the building, convert it to a cooperative provided the landlord complies with the provisions of Minn. Stat. Ch. 515B, or convert it to nonresidential use; provided that, the landlord must obtain a permit necessary to demolish or change the use before terminating any tenancy, or (ii) the landlord seeks, in good faith, to recover the unit to sell it in accordance with a condominium conversion, provided the landlord complies with the provisions of Minn. Stat. Ch. 515B, or (iii) the dwelling unit is being converted to a unit subsidized under a local, state or federal housing program and the tenant does not qualify to rent the unit under that program.

(7) Rehab and renovation. The landlord seeks, in good faith, to recover possession of the dwelling unit that will render the unit uninhabitable for the duration of the rehabilitation or renovation. The landlord must provide 90 days' written notice to the tenant, and shall provide Relocation Assistance to the tenant upon delivery of the written notice. If a Substantially Equivalent Replacement Unit is vacant and available in the building, that unit may be made available to the tenant at a Substantially Similar Rental Rate as the tenant's current lease.

(8) Complying with a government order to vacate. The landlord is complying with a government agency's order to vacate, order to abate, or any other order that necessitates the vacating of the dwelling unit as a result of a violation of Saint Paul city codes or any other provision of law. The landlord shall provide Relocation Assistance to the tenant upon delivery of the written notice. If a Substantially Equivalent Replacement Unit is vacant and available in the building, that unit may be made available to the tenant at a Substantially Similar Rental Rate as the tenant's current lease.

(9) Occupancy conditioned on employment. The tenant's occupancy is conditioned upon employment on the property and the employment relationship is terminated.

(10) Exceeding occupancy. Tenant exceeds the occupancy standards under City of Saint Paul Code 34.13, except for that no tenant may be evicted, denied a continuing tenancy, or denied a renewal of a lease on the basis of familial status commenced during the tenancy unless one year has elapsed from the commencement of the familial status and the landlord has given the tenant six months prior notice in writing, except in case of nonpayment of rent, damage to the premises, disturbance of other tenants, or other breach of the lease. Any provision, whether oral or written, of any lease or other agreement, whereby any provision of this section is waived by a tenant, is contrary to public policy and void.

(b) Landlord responsibilities. All residential tenant leases, except for state licensed residential facilities and subject to all preemptory state and federal laws, shall include the following Just Cause Notice language:

> The landlord under this lease shall not unilaterally terminate or attempt to terminate the tenancy of any tenant unless the landlord can prove in court that Just Cause exists. The reasons for Termination of Tenancy listed in the City of Saint Paul's Just Cause Notice (Sec. 193.05), and no others, shall constitute Just Cause under this provision.

(c) Application. This section applies to every lease, written or oral.

(d) Notice requirements. With any termination notices required by law, landlords terminating any tenancy protected by this Chapter shall advise the affected tenant or tenants in writing of the reasons for the termination and the facts in support of those reasons.

Sec. 193.06. Advance notice of sale (of affordable housing).

(a) Notice of proposed sale. Any owner or representative of the owner who intends to make Available for Sale any Affordable Housing Building shall notify the Director of the Department of Planning and Economic Development. The notice shall be on a form prescribed by the city stating the owner's intent to make Available for Sale the Affordable Housing Building and which may include, at the city's sole discretion, some or all of the following information:

(1) Owner's name, phone number, and mailing address;

(2) Address of the Affordable Housing Building that will be made Available for Sale;

(3) Total number of dwelling units in the building; and

(4) Number and type (e.g., efficiency, one bedroom, two bedrooms, etc.) of affordable housing dwelling units in the building and the contract rent for every dwelling unit in the building.

(b) Manner and timing of notice. The notice shall be mailed, or hand delivered to the Director of the Department of Planning and Economic Development no later than ninety (90) days prior to the Affordable Housing Building being made Available for Sale. The notice shall also be delivered directly to all affected tenants and include the following language requirement: "This is important information about your housing. If you do not understand it, have someone translate it for you now, or request a translation from your landlord." This advisory must be stated in the notice in the following languages: English, Spanish, Somali, Karen, and Hmong. This notice shall be delivered to all affected tenants no later than ninety (90) days prior to the Affordable Housing Building being made Available for Sale. Upon request by the tenant, the owner must provide a written translation of the notice into the tenant's preferred language of ones listed above.

(c) Exclusions. This section shall not apply to the sale of transfer of title of an Affordable Housing Building already subject to federal, state, or local rent or income restrictions that continue to remain in effect after the sale or transfer.

Sec 193.07 Relocation Assistance.

(a) Relocation Assistance required. If, during the tenant protection period provided in 193.08(b), the new owner of an Affordable Housing Building terminates or refuses to renew any affordable housing dwelling unit tenant's lease without cause, then the new owner shall pay Relocation Assistance.

(b) Relocation Assistance upon written notice of termination. If, during the Tenant Protection Period provided in 193.08(b), the new owner of an Affordable Housing Building raises any affordable housing dwelling unit tenant's rent, or rescreens an existing affordable housing dwelling unit tenant, and the tenant or new owner delivers written notice to terminate the lease because the new owner has determined that the tenant does not meet the new screening criteria, the new owner shall, within thirty (30) days of receiving or delivering written notice of termination of the lease, pay Relocation Assistance to the tenant.

Sec 193.08 Notice of sale (of affordable housing).

(a) Written notice required. When a Transfer of Ownership occurs, the new owner shall, within thirty (30) days of acquiring ownership of the property, deliver written notice to each affordable housing dwelling unit tenant of the building that the property is under new ownership and all of the following information:

(1) Name, phone number, and mailing address of the new owner.

(2) The following statement: "Saint Paul Code of Ordinances Sec. 193.08 provides for a ninety (90) day Tenant Protection Period for affordable housing dwelling unit tenants. Under Sec. 193.07, an affordable housing dwelling unit tenant may be

entitled to Relocation Assistance from the new owner if the new owner terminates or does not renew (pursuant to the City of Saint Paul Just Cause Notice) the tenant's lease without cause within the ninety (90) day Tenant Protection Period following delivery of this notice. Affordable housing unit tenants may also be entitled to Relocation Assistance from the new owner if the owner raises the rent or initiates a tenant screening process within the Tenant Protection Period and the tenant terminates their lease."

(3) Whether there will be any rent increase within the ninety (90) day Tenant Protection Period with the amount of the rent increase and the date the rent increase will take effect.

(4) Whether the new owner will require existing affordable housing dwelling unit tenants to be rescreened to determine compliance with existing or modified residency screening criteria (pursuant to Sec. 193.04) during the ninety (90) day Tenant Protection Period and, if so, a copy of the screening criteria.

(5) Whether the new owner will terminate or not renew leases without cause during the ninety (90) day Tenant Protection Period and, if so, notice to the affected affordable housing dwelling unit tenants whose leases will terminate and the date the leases will terminate.

(6) Whether, on the day immediately following the Tenant Protection Period, the new owner intends to increase rent, require existing affordable housing dwelling unit tenants to be rescreened to determine compliance with existing or modified residency screening criteria, or terminate or not renew affordable housing dwelling unit leases without cause.

(b) Tenant Protection Period. The Tenant Protection Period commences with the Transfer of Ownership of an Affordable Housing Building and runs through the end of the ninety (90) calendar days following the month in which written notice of sale is delivered to each affordable housing dwelling unit tenant pursuant to this Section.

(c) Delivery of notice to Department of Safety and Inspections. This same written notice shall be furnished to the Director of the Department of Safety and Inspections at the same time notice is delivered to tenants. The new owner or representative of the new owner of an Affordable Housing Building shall not terminate or not renew a tenant's lease without cause, raise rent, or rescreen existing tenants during the Tenant Protection Period without providing the notices required by this section. The notice shall also include the following language requirement: "This is important information about your housing. If you do not understand it, have someone translate it for you now, or request a translation from your landlord." This advisory must be stated in the notice in the following languages: Spanish, Somali, Karen, and Hmong. Upon request by the tenant, the owner must provide a written translation of the notice into the tenant's preferred language of ones listed above.

Sec. 193.09 Enforcement, penalties, and prohibitions.

(a) Private right of action created Penalties for violation. In addition to any other remedy available at equity or law, failure to comply with the provisions of this Chapter may result in criminal prosecution and/or administrative fines. In addition, any tenant aggrieved by a landlord's noncompliance with this Chapter may seek redress in any court of competent jurisdiction to the extent permitted by law.

(b) Damages for violation of 193.05, Just Cause. A landlord who terminates a tenancy using a notice which references Sec. 193.05 as the ground for Termination of Tenancy, without fulfilling or carrying out the stated reason for or condition justifying the termination of such tenancy, shall be liable to such tenant in a private right for action for damages equal to Relocation Assistance under Sec. 193.07(b), costs of suit or arbitration, and reasonable attorney's fees.

(c) Administrative fines and notice requirement for violation of 193.08, Notice of Sale. A violation of Sec. 193.08 as to each affordable housing dwelling unit shall constitute a separate offense. A notice of violation shall not be required in order to establish or enforce a violation of the section. Notwithstanding any other provision to the contrary, the administrative fine for a violation of Sec 193.08

shall be the sum of the applicable amount of Relocation Assistance. Within thirty (35) days after receipt of this money by the City, the City shall pay to the displaced tenant of the affordable housing dwelling unit for which the violation occurred an amount equal to the Relocation Assistance as defined by this Chapter.

(d) Prohibition of waiver. Any lease provision which waives or purports to waive any right, benefit or entitlement created in this Chapter shall be deemed void and of no lawful force or effect.

(e) 'No Just Cause' as lawful defense. In any action commenced to non-renew or to otherwise terminate the tenancy of any tenant, it shall be a defense to the action that there was no Just Cause for such non-renewal of lease or termination as required in this Section.

(f) Mutual termination. This Section does not preclude a landlord and tenant from agreeing to a mutual termination.

Sec. 193.10Evaluation

(a) The OFE shall conduct an evaluation of the impact of this chapter to determine if the section should be maintained or amended. The evaluation shall demonstrate the section's impacts, if any, on the ability of low-income persons, persons of color, and persons with limited English proficiency to obtain housing, and the overall availability of affordable housing in the city and known data on the compliance and known violations of the ordinance. The OFE may retain an independent, outside party to conduct the evaluation. The evaluation shall be conducted 18 months following the effective date of this chapter, and be submitted to the City Council within two and one-half years following the effective date.

Sec. 193.11Budget

(a) Within 90 days after passage of this section, the OFE shall present to the Council the costs of implementing this section, including education and enforcement, and will propose a budget equal to these costs for the Council's consideration for every year beginning in 2021.

Sec. 193.12Exemptions.

(a) Whenever local, state, or federal funding or loan requirements conflict with any portion of this Chapter, those funding or loan requirements will take precedence over only those portions in conflict. This subsection shall not be read to exempt properties from the requirements of this Chapter based on funding source alone.

Sec. 193.13 Implementation Task Force Created

(a) The Office of Financial Empowerment (OFE) shall convene an Implementation Task Force made up of tenants, landlords and tenants' and landlords' advocates to propose rules and an implementation plan for this chapter, including a plan for educating landlords and tenants about the provisions in this section.

Sec. 193.14 Severability.

(a) If any section, clause, provision, or portion of this Chapter is determined to be invalid or unconstitutional by a court of competent jurisdiction, that section, clause, provision, or portion shall be deemed severed from the Chapter, and such determination shall not affect the validity of the remainder of the Chapter.

SECTION 3

This Ordinance will take effect and be in force on March 1, 2021 following its passage, approval, and publication.

ATTACHMENT E

At a meeting of the City Council on 7/8/2020, this Ordinance was Passed.

Yea: 7 Councilmember Brendmoen, Councilmember Thao, Councilmember Tolbert, Councilmember Noecker, Councilmember Prince, Councilmember Jalali, and Councilmember Yang

Nay: 0

Vote Attested by Council Secretary Trudy Moloney

Date 7/8/2020

Approved by Mayor Melvin Carter III

Date 7/14/2020

ATTACHMENT F

ORDINANCE NO. _____

CITY OF ST. LOUIS PARK
HENNEPIN COUNTY, MINNESOTA

AN ORDINANCE AMENDING THE ST. LOUIS PARK CITY CODE BY ADDING SECTION 8-337 REQUIRING SEVEN DAYS WRITTEN NOTICE TO TENANT PRIOR TO OWNER INITIATING EVICTION PROCEEDINGS

The City of St. Louis Park Does Ordain:

Section 1. The St. Louis Park City Code is amended by adding Chapter 8, Section 8-337 as follows:

Sec. 8-337. Notice Required Prior to Initiating Eviction Proceedings.

(a) At least seven days before bringing an eviction action alleging nonpayment of rent or other unpaid financial obligations in violation of the lease, an Owner must provide written notice to the residential tenant specifying the basis for future eviction action.

(b) For an allegation of nonpayment of rent or other unpaid financial obligations in violation of the lease, the Owner must include the following in the written notice:

(1) The total amount due;

(2) A specific accounting of the amount of the total due that is comprised of unpaid rents, late fees, or other charges under the lease; and

(3) The name and address of the person authorized to receive rent and fees on behalf of the Owner.

(c) A notice provided under this section must:

(1) provide a disclaimer that a low-income tenant may be eligible for financial assistance;

(2) provide a description of how to access legal and financial assistance through information posted on the city's website.

(3) state that the Owner may bring an eviction action following expiration of the seven day notice period if the tenant fails to pay the total amount due or fails to vacate.

(d) The Owner or an agent of the Owner must deliver the notice personally or by first class mail to the address of the leased premises or by email to the residential tenant at the residential tenant's email address on file with Owner.

(e) If the tenant fails to correct the rent delinquency within seven days of delivery or mailing of the notice, or fails to vacate, the Owner may bring an eviction action under Minn. Stat. § 504B.321.

Section 2. This Ordinance shall take effect immediately upon its passage and publication according to law.

ADOPTED this ______ day of _______________, 2020, by the City Council of the City of St. Louis Park.

First Reading	November 2, 2020
Second Reading	November 16, 2020
Date of Publication	November 26, 2020
Date Ordinance takes effect	January 1, 2021

Reviewed for Administration

____

Thomas K. Harmening, City Manager

Adopted by City Council

____

Jake Spano, Mayor

Attest:

____

Melissa Kennedy, City Clerk

Approved as to Form and Execution:

____

Soren Mattick, City Attorney

Article 6. Tenant Notification and Notice of Potential Sale

Sec. 13-200. Purpose.

The purpose of this Article is to provide housing stability, protection, and notification to tenants in rental housing during an ownership transition. This Article requires notice to both tenants and the City whenever title to property containing three or more rental housing units is conveyed or otherwise transferred. Under this Article, an owner of a housing building is required to pay resident relocation benefits if the owner takes certain actions during a required three-month tenant notification period, and the resident of the building needs to move as a result of the owner's action(s). In addition, this Article requires that when rental properties affordable to lower income households become available for sale, the City must receive notice of the potential sale so that it can make such information available to parties interested in purchasing the property with a goal of keeping rents affordable for lower income households. (Ord. No. 878, 10-27-20)

Sec. 13-205. Definitions.

The following definitions in this Section apply in Article 5. Defined terms remain defined terms, whether or not capitalized.

(1) Affordable Housing Building. A multiple-family rental housing building having five or more dwelling units where at least 20 percent of the units rent for an amount that is affordable. Affordable shall mean no more than 30 percent of income to households at or below 80 percent of area median income, as most recently determined by the United States Department of Housing and Urban Development for Low Income Housing Tax Credit (LIHTC) purposes, as adjusted for household size and number of bedrooms.

(2) Available for Sale. The earliest implementation of any of the following actions: negotiating to enter into a purchase agreement that includes an affordable housing building, advertising the sale of an affordable housing building, entering into a listing agreement to sell an affordable housing building, or posting a sign that an affordable housing building is for sale.

(3) Cause. The tenant or a member of the tenant's household materially violated a term of the lease or rental agreement, or violated an applicable federal, state, or local law or regulation.

(4) Housing Building. A building with three or more rental units.

(5) Housing Unit. A rental unit within a housing building.

(6) Material Change. A change in the terms of a lease that significantly limits or restricts the tenants' use and enjoyment of a housing unit or the housing building.

(7) Tenant Notification Period. The period that commences on the date when a written notice of the transfer of ownership of a housing building is sent to each housing unit tenant pursuant to Section 13-215 and ends on the last day of the third full calendar month following the date on which the notice was sent. In no case shall the tenant notification period be less than 90 days.

(8) Transfer of Ownership. Any conveyance of title to an affordable housing building, whether legal or equitable, voluntary or involuntary, resulting in a transfer of control of the building, effective as of the earlier of the date of delivery of the instrument of conveyance or the date the new owner takes possession. (Ord. No. 878, 10-27-20)

Sec. 13-210. Notice to the City of Proposed Sale.

(1) Notice to the City. Any owner or representative of the owner who intends to make available for sale any affordable housing building shall notify the Director of the Department of Community Assets and Development of the proposed sale by providing the notice required in this Section. The notice shall be on a form prescribed by the City stating the owner's intent to make available for sale the affordable housing building and which may include, at the City's sale discretion, some or all of the following information:

(A) Owner's name, phone number, and mailing address;

(B) Address of the affordable housing building that will be made available for sale;

(C) Total number of dwelling units in the building; and

(D) Number and type (e.g., efficiency, one bedroom, two bedrooms, etc.) of each of the affordable housing dwelling units in the building and the contract rent for every dwelling unit in the building.

(2) Manner and Timing of Notice. The notice shall be mailed or hand delivered to the Director of the Department of Community Assets and Development no later than 90 days prior to the affordable housing building being made available for sale. The notice shall also be delivered directly to all affected tenants and include the following language requirement: "*This is important information about your housing. If you do not understand it, have someone translate it for you now, or request a translation from your landlord*." This advisory must be stated in the notice in the following languages: English, Spanish, Somali, Karen, and Hmong. This notice shall be delivered to all affected tenants no later than 90 days prior to the affordable housing building being made available for sale. Upon request by the tenant, the owner must provide a written translation of the notice into the tenant's preferred language if the language is listed above.

(3) Exclusions. This notice of potential sale requirement shall not apply to the sale or transfer of title of an affordable housing building already subject to federal, state, or local rent or income restrictions that continue to remain in effect after the sale or transfer; or with respect to the sale or transfer of a residential rental building in which the buyer contracts with the City to maintain the property in compliance with the definition of an "affordable housing building" as defined in this Article, for a period of no less than 10 years. (Ord. No. 878, 10-27-20)

Sec. 13-215. Post Sale Notice.

(1) Notice to Tenants. Whenever title to property containing a housing building is conveyed or otherwise transferred, as a condition of receipt of a rental license, the new owner must within 30 days after the real estate closing, deliver written notice to each housing unit tenant that the housing building is under new ownership. The notice must include, at a minimum, the following information:

(A) The name, mailing address, and telephone number of the new owner.

(B) The following statement: "New Brighton City Code Section 13-215 provides for a three month tenant notification period to housing unit tenants when new ownership takes control of a property. A tenant may be entitled to relocation assistance from the new owner if, during the three month tenant notification period, the new owner:

1. Terminates or does not renew the tenant's rental agreement without cause;

2. Raises the rent and the tenant terminates his or her rental agreement due to the rent increase;

3. Requires existing tenants to be re-screened or comply with new screening criteria, and the owner or tenant terminates the tenant's lease based on that re-screening or failure to meet those new screening criteria;

4. Imposes a material change in the terms of the lease, and the owner or tenant terminates or does not renew the tenant's lease because of those material changes; or

5. Engages in construction activity at the property that would trigger federal, state, or local law regarding lead paint or asbestos safety."

(C) Whether there will be any rent increase within the three month tenant notification period and, if so, the amount of the rent increase and the date the rent increase will take effect.

(D) Whether the new owner will require existing housing unit tenants to be re-screened or comply with new screening criteria during the three month tenant notification period and, if so, a copy of the applicable screening criteria.

(E) Whether the new owner will, without the tenant's consent, impose a material change in the terms of the lease during the three month tenant notification period and, if so, the language of the material change and explanation of its effect.

(F) Whether the new owner will terminate or not renew rental agreements without cause during the three month tenant notification period and, if so, notice to the affected housing unit tenants whose rental agreements will terminate and the date the rental agreements will terminate.

(G) Whether the new owner intends to increase rent, require existing tenants to be rescreened to determine compliance with existing or modified residency screening criteria, terminate or not renew housing unit rental agreements, or impose a material change in the terms of the lease without cause within 30 days immediately following the tenant notification period.

(H) Whether the new owner intends to engage in construction activity at the property that would trigger federal, state, or local law regarding lead paint or asbestos safety.

(I) The date that the tenant notification period will expire.

(2) Language requirement. Each notice required by this Section shall contain an advisory that reads as follows: "This is important information about your housing. If you do not understand it, have someone translate it for you now, or request a translation from your landlord." This advisory must be stated in the notice in the following languages: English, Spanish, Somali, Karen, and Hmong. Upon written request by a tenant that identifies the tenant's native language, the owner must provide a written translation of the notice in that language.

(3) Notice to the City. The new owner must deliver a copy of the notice required by this Section to the City of New Brighton Community Assets and Development Department at the same time that the notice is delivered to tenants.

(4) Required tenant notification period. The new owner of a housing building must not terminate or not renew a tenant's rental agreement without cause, raise rent, re-screen existing tenants, or impose a material change to the terms of the lease during the tenant notification period without providing the notices required by this Section. (Ord. No. 878, 10-27-20)

Sec. 13-220 Relocation Assistance.

(1) When Required. A new owner of a housing building must pay relocation assistance to housing unit tenants if, during the three month tenant notification period, the new owner:

(A) terminates or does not renew the tenant's rental agreement without cause;

(B) raises the rent and the tenant terminates his or her rental agreement due to the rent increase;

(C) requires existing tenants to be re-screened or comply with new screening criteria and the owner or tenant terminates the tenant's lease; or

(D) imposes a material change in the terms of the lease and the owner or tenant terminates or does not renew the tenant's lease.

(2) Amount. Relocation assistance shall be in an amount equal to three months of the monthly rent pursuant to the current lease.

(3) When Paid. The new owner shall, when required, pay relocation assistance to the tenant of a housing unit within 30 days after receiving tenant's written notice of termination of the lease or within 30 days after the owner notifies the tenant that the lease will be terminated or not renewed. (Ord. No. 878, 10-27-20)

Sec. 13-225 Tenant Complaints.

A tenant of a housing unit who believes the new owner has not provided the tenant the notifications required under this Article may submit a notice of violation to the City. The purpose of the notice is to inform the City of an alleged violation of this Article to assist the City in determining whether to impose an administrative penalty provided for in this Section. The City is not required to take any particular action in response to a notice of violation, and any enforcement action it does take shall be on behalf of the City, not the tenant. Filing a notice of violation does not prohibit the tenant from pursuing any remedy available to the tenant under law. (Ord. No. 878, 10-27-20)

Sec. 13-230 Penalty.

(1) Violations. A violation of this Article is an administrative offense that may be subject to an administrative citation and civil penalties as provided in Article 5 of the City Code. Notwithstanding any provision of Article 5 of the City Code, the penalty for a violation of Sections 13-215 or 13-220 shall be the sum of the applicable amount of relocation assistance plus $500.

(2) Number of Offenses. A violation of this Article shall constitute a separate offense for each dwelling unit affected.

(3) Transfer of Funds. Within 30 days after a person pays the penalty in Section 13-230 (1) to the City, the City shall pay to the displaced tenant of the housing unit in which the violation occurred an amount equal to the relocation assistance amount specified in Section 13-220 (2).

(4) Additional Redress. In addition, any tenant aggrieved by a landlord's noncompliance with this Chapter may seek redress in any court of competent jurisdiction to the extent permitted by law. (Ord. No. 878, 10-27-20)

Sec. 13-231—249 Reserved (Ord. No. 878, 10-27-20)

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 09/20/2021
Item No.: 5.c

Department Approval

Executive Director Approval

Janice Gundlach

Patrick Trudgeon

Item Description: Receive information and provide direction on a land trust program

BACKGROUND

On June 21, 2021, the City Council adopted the City Policy Priority Plan, which identifies Housing as a Strategic Priority. This Strategic Priority includes an initiative of ensuring housing in Roseville meets all identified needs, including housing styles, affordability, availability, and market needs. The desired outcome is to increase the number of new housing units. One specific "goal" or "focus area" for 2022 and beyond was to "monitor tax-forfeiture properties to purchase for affordable ownership opportunities". Beyond the City's Policy Priority Plan, yet related to its overarching goals, staff understands the Council has interest in exploring ways the City could secure more affordable homeownership units through long term affordability, such as land trusts. Since the City has focused heavily over the past two and a half years at creating affordable rental opportunities in Roseville, the transition towards affordable ownership seems appropriate.

Staff has met with the Cities of Lakes Community Land Trust (CLCLT), Two Rivers Community Land Trust (TRCLT), Rondo Community Land Trust (RCLT), and Twin Cities Habitat for Humanity (TCHH). TCHH Land Trust program is not a state statute developed Land Trust like the other three, but has 25 homes in various communities around the metro being held for long term affordability through 99 year leases. From discussions with these organizations, they all would be open to a partnership with the REDA. Land trusts operate in specified geographic areas, with RCLT encompassing Roseville. As such, in order to work with CLCLT and/or TRCLT, the City would need to have RCLT consent to the partnership. TCHH would not require such consent.

From discussions with all of these Land Trusts, it was determined the following structure could work in terms of establishing a partnership:

- The partnership could target homes priced less than $300,000.
- The REDA could provide the land write-down costs in an amount not to exceed $80,000 per unit, which then would be held in a land lease for 99 years. The actual amount that could be contributed per unit would be based on the assessed land value determined by Ramsey County. Or, if the REDA uses CDBG funds, the land price could be limited to no more than 25% of the total price of the home for the land write down. This arrangement wouldn't require the REDA to purchase or hold title to any real estate (except for the possible acquisition through tax forfeiture).
- The Land Trust partner would income qualify buyers of homes to be a first time buyers who earn an income not to exceed 80% of Area Medium Income (AMI).
- The Land Trust partner would determine the amount of renovation needed on a home, if any, and provide the resources for such renovations.
- The Land Trust partner would maintain a land lease with the homes for 99 years to assure the

home's continued long term affordability.

- The REDA could utilize existing/current Community Development Block Grant (CDBG) funds, Affordable Housing TIF pooling balances, and/or Roseville Housing Replacement Program funds for the land write-down costs. This new program could replace the existing Housing Replacement Program.
- If the REDA is interested in pursuing a program with a land trust partner, then staff, working along with the partnership, would identify additional funding sources to sustain longer-term operating of the program. If the REDA had a program in place, additional funding could be secured through Ramsey County, the Metropolitan Council, and/or Minnesota Housing.

Based upon the requirement of RCLT needing to sign off if the REDA wished to partner with a different land trust, staff focused on two organizations whereby the REDA could establish a partnership program for acquiring and retaining affordable home ownership units. The following comparison of RCLT and TCHH is provided for the REDA's review.

Affordable Ownership Program Factors	**Rondo/NeighborWorks***	**TCHH**
Developer Fee	10% - Rondo, plus 10-16% for NeighborWorks depending on rehab needs of the home	8-10%
Acquire the home directly into the program?	REDA would have to buy and hold until buyer identified	Yes
Waiting List of Income Qualified Buyer's at 80% or less AMI?	No	Yes
Provides Mortgage?	No	Yes
Homeowner support after buying?	No formal program, available upon home owner asking for assistance	Yes
Current number of homes in Trust	75	25

* Because RCLT does not do any inspection/construction oversight, they have indicated they would need to include NeighborWorks Home Partners.

Since the RCLT does not provide mortgages, any foreclosure on a land trust home through RCLT could be subject to termination of long-term affordability being the bank may opt to remove the land lease from its deed restrictions. However, RCLT did indicate that during the foreclosure crisis many of the banks that foreclosed on their homes did work with them to keep the RCLT land leases in place. TCHH homes would not be subject to this as TCHH is the first mortgage lender and would be aware, and intervene, when a home owner is having financial trouble.

Staff would like to understand if the REDA has interest in pursuing a program whereby the REDA financially contributes towards the creation of affordable homeownership units throughout the City. Depending on interest and direction from the REDA, staff would work with an identified Land Trust partner to formally put in place a program for the REDA to consider at an upcoming regular meeting. Based on the financial resources readily available, staff suggests a goal of financially participating towards acquisition of 1-4 homes a year for long time affordable homeownership to be a reasonably attainable goal if such a program were established. Any future tax forfeiture homes from Ramsey County that the REDA would be offered to acquire, could be transferred into this program. Staff would also suggest folding the existing Housing Replacement Program into a program as described herein. Doing so allows the REDA to streamline program offerings and to move focus towards programs that aim to establish affordable homeownership units throughout the City.

Budget Implications

The REDA funds identified for such a program include CDBG funds of $302,310, Affordable Housing TIF Pooling funds of $67,770, and Housing Replacement funds of $478,760.

Staff Recommendation

Receive information and provide feedback and direction.

Requested EDA Action

Receive information and provide feedback and direction.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 09/20/2021
Item No.: 5.d

Department Approval | Executive Director Approval

Item Description: Review a preliminary budget and adopt a Resolution requesting a preliminary tax levy collectible in 2022

BACKGROUND

Per the by-laws adopted by the Roseville Economic Development Authority (REDA), the REDA must review and recommend a preliminary budget to the City Council.

To request a preliminary EDA levy, the REDA must adopt a budget for consideration by the City Council via Resolution. Once the initial EDA levy request is approved, the levy may be lowered but cannot be raised above the preliminary level. The maximum amount the REDA can levy for in 2022 is $989,247.

A preliminary levy of $442,570 is being proposed for 2022, a decrease of $11,100 from the EDA's 2021 levy. When factoring in a projected valuation increase on single family homes of 5.7% for taxes payable in 2022, the preliminary levy amount proposed would result in an estimated decrease of $0.42 in the annual EDA property tax for a median valued single-family home projected to be valued at $296,500.

The REDA was presented the budget and preliminary levy on July 19, 2021. No changes were directed at that time. The information contained in these materials is unchanged, except the cash balances in the various funds have been updated as of September 14, 2021.

STAFFING

The Community Development Director is proposing no changes to the staffing structure for 2022. Economic Development staff supported by the EDA levy include a full-time Economic Development and Housing Program Manager and a .5 time Economic Development Coordinator (who also holds the title of GIS Specialist). The most significant impact proposed for 2022 consists of inflationary costs related to salaries and benefits and a $3,000 increase to the Administrative Service Fee, which is a payment to the City's Finance Department to service the EDA's finances.

The total cost for EDA staff in 2022 is anticipated to be: ***$194,070***

General REDA Expenditures and Personnel The REDA has operating costs associated with overhead, staff, attorney fees, recording secretary services, and continuing education/training of staff. This amount reflects total operating costs ***and*** personnel costs.	*$240,770* *(includes the $194,070 of staff-only costs)*

PROGRAMMING

The tables below outline existing housing and economic development programs the City of Roseville's Economic Development Authority currently maintains. In addition to personnel costs, accompanying costs of these programs are included herein.

In 2022, the following programs will continue to operate but do not require additional funds:

<u>Multi-Family Loan and Acquisition Funds</u> Offers rehabilitation loans to existing rental property owners (whose properties have 5 or more units) and also makes dollars available for energy improvements. This program is also available for general redevelopment activities and has a balance of $1,715,230* (fund 724).	$0
Roseville Rehab Revolving Loan Program, Last Resort – Emergency Deferred Program, Manufactured Home Improvement Program, Senior Deferred Loan Program, and First Generation Down Payment Assistance Program. This fund has a balance of $839,844* (fund 723).	$0
Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of $129,493* (fund 722).	$0
Housing Replacement/Single Family Construction Fund. This fund has a balance of $479,714* (fund 720).	$0

*fund balances noted are as-of September 14, 2021.

In 2022, the following programs are proposed to be budgeted for as follows:

<u>Ownership Rehabilitation Programs</u> Provides residents with free, comprehensive consultation services about the construction/renovation process to maintain, improve, and/or enhance their existing home, with a specific focus on energy efficiency. The program also recognizes homeowners that have done green construction or improvements to their homes and yards. This program budgets for at least 200 energy efficiency audits to be completed each year. This budget reflects no increase for 2022.	$27,850
<u>Marketing</u> This budget is maintained for printing and mailing of marketing materials. This budget has also been used to fund housing studies. The Council's 2021-2022 Strategic Priority related to Housing calls for an updated Housing Needs Assessment in "2022 and beyond". $5,000 will not fully fund an updated Housing Needs Assessment. However, based upon the volume of housing units currently under construction, staff suggests leaving this budget flat until it is better understood when the most value will come from an updated study. If necessary in 2022, and this budget is insufficient to fund the study, excess fund balance monies could be used or the study could be delayed until 2023.	$5,000
<u>Economic Development</u> The Economic Development budget reflects resources to aid in outreach to existing and prospective businesses. Current efforts include partnerships with the Minnesota State Chamber, St. Paul Area Chamber of Commerce, Twin Cities North Chamber, and others to assist with quarterly educational workshops,	$53,500

newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the use of economic development consulting ($30,000), which includes the City's public finance consultant Ehler's. Annual contract obligations for Golden Shovel Agency economic development marketing services are also included in this total ($12,000). This budget reflects a decrease of $20,000 from 2021 for economic development consulting to reflect actual and anticipated spending.	
<u>Neighborhood Enhancement</u> The Neighborhood Enhancement Program (NEP) is a seasonal effort whereby a pre-determined geographic area of the City is inspected for compliance with the City's Nuisance Code. This program has previously been partially supported through the EDA, as well-maintained neighborhoods and housing are a function of city-wide economic development. Several staff provide support for this program. To provide levy relief in 2021, these costs were moved to the Community Development Fund. This is proposed to continue in 2022.	$0
<u>Southeast Roseville Initiatives</u> The Cities of Roseville, St. Paul and Maplewood hired the Saint Paul Area Chamber of Commerce in 2019 to begin implementation of the Rice & Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. In March of 2021, SPACC's contract was extended an additional 12 months, with the City of Roseville (and Maplewood and St. Paul) continuing to set aside funds in support of the alliance and any other initiatives that may occur as a result of the visioning plan. While the Rice & Larpenteur Alliance's Strategic Fundraising Framework programs a 20% reduction for Roseville's contributions in fiscal year 2022, the impact of COVID has limited the Alliance's ability to fundraise. As such, staff would recommend this budget remain flat for 2022. Because Roseville serves as the fiscal agent to the Alliance, and to comply with standard best practices in budgeting, the EDA will budget for the full Alliance funding of $125,000, even though Roseville's costs are only $40,000. A revenue item has been inserted to account for Maplewood and St. Paul's financial contribution towards the Alliance ($85,000).	$125,000 ($40,000 is Roseville's cost)
<u>Open to Business/Small Business Assistance</u> Ramsey County executed a contract with the Metropolitan Consortium of Community Developers in the 1st quarter of 2020, bringing the Open to Business program to the City of Roseville. This program provides free business consulting services to Roseville businesses, as well as access to capital. There is no cost to the City for Open to Business. Beginning in 2020, the EDA began setting aside funds to administer a small business loan program in partnership with Open to Business. For year 2021, the EDA raised this budget by $50,000 in recognition that small businesses will likely need additional support post-COVID. In 2021, the EDA agreed to create and fund a Small Business Loan Program in partnership with Open to Business, which these funds would be used for. This budget reflects no increase in 2022.	$98,575
Total 2022 Levy Supported Program Expenses	$309,925

Non-Property Tax Revenue

Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several years ago the University of Northwestern committed to paying the City $23,125 annually in recognition of their tax-exempt status and continued expansion beyond their campus property. This “charitable pledge” is for economic development efforts aimed at expanding the tax base, thus they’ve been allocated to the REDA. This revenue is used to offset expenses. Staff continues to program this revenue towards the EDA. It’s worth noting the charitable pledge payments, per the June 2014 agreement, are set to expire in 2024. In 2022 and 2023, staff will begin engaging with Northwestern to extend the Charitable Pledge Agreement, although there are no guarantees Northwestern will cooperate.

Additionally, beginning in 2022 the EDA’s budget for the Rice and Larpenteur Alliance includes $85,000 of revenue paid by the cities of Maplewood ($10,000) and St. Paul ($75,000). Because Roseville is the fiscal agent for the Rice and Larpenteur Alliance, the Finance Director has recommended the EDA budget all revenues and expenditures for the Alliance, not just Roseville’s share.

Total EDA Proposed Budget: (Program Expenses + REDA Expenditures & Personnel)	*$550,695***
Minus Non-Property Tax Revenue	*-$23,125*
Southeast Roseville Revenues	*-$85,000*
Proposed Preliminary 2020 Levy	***$442,570*** ***(2.4% or $11,100 decrease from 2021)***

**the cash balance of the EDA general fund on September 14, 2021 is $665,583 (fund 725), which exceeds 35% of the proposed operating budget for 2020.

Staff Recommendation

Discuss the EDA’s proposed 2022 budget and preliminary tax levy in the amount of $442,570.

Requested EDA Action

Make a motion to adopt a Resolution requesting a preliminary tax levy in 2021, collectible in 2022, in the amount of $442,570.

Prepared by: Janice Gundlach, Community Development Director
Attachments: A. Resolution
B. REDA Budget Comparison

EXTRACT OF MINUTES OF MEETING OF THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

Pursuant to due call and notice thereof, a meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota, was duly called and held at the City Hall on Monday, the 20th day of September, 2021, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner _________________introduced the following resolution and moved its adoption

Resolution No. XX

A Resolution Requesting A Tax Levy in 2021 Collectible in 2022

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Roseville Economic Development Authority, Minnesota (the "Authority"), as follows:

Section 1. Recitals.

1.01. The Authority is authorized by Minnesota Statutes Section 469.107 to request that the City of Roseville, Minnesota (the “City”) levy a tax on all taxable property within the City, subject to approval of such tax levy by the City Council of the City, for the benefit of the Authority (the “EDA Levy”).

1.02. The Authority is authorized to use the amounts collected by the EDA Levy for the purposes provided in Minnesota Statutes, Section 469.090 to 469.1081 (the “EDA Act”).

Section 2. Findings

2.01. The Authority hereby finds that it is necessary and in the best interest of the City and the Authority to request that the City Council of the City adopt the EDA Levy to provide funds necessary to accomplish the goals of the Authority.

Section 3. Adoption of EDA Levy.

3.01. The Authority hereby requests that the City levy the following amount, which is no greater than 0.01813 percent of the City’s estimated market value, to be levied upon the taxable property of the City for the purposes of the EDA Levy described in Section 1.02 above and collected with taxes payable in 2021:

Amount: $442,570

Section 4. Report to City and Filing of Levies.

4.01. The executive director of the Authority is hereby instructed to transmit a certified copy of this Resolution to the City Council with the Authority's request that the City include the EDA Levy in its certified levy for 2022.

Adopted by the Board of the Authority this 20th day of September, 2021.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regularly held meeting thereof on September 20, 2021.

I further certify that Commissioner___________ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner ______________, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 20th day of September, 2021.

____
Executive Director, Patrick Trudgeon
Roseville Economic Development Authority

ATTACHMENT B

City of Roseville Economic Development Authority
2022 Proposed _Budget_Fund 725_as of June 17, 2021

Account Number 725	Description	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Proposed Budget	2022 Proposed Budget
	Proposed Revenues:	Revenue	Revenue	Revenue	Revenue	Revenue
	Investment Income					
	Cash carry-over					
	Cashflow Reserve					
	Northwestern Charitable Pledge			$23,125.00	$23,125.00	$23,125.00
	Southeast Roseville (St. Paul & Maplewood)					$85,000.00
	Property Tax paid late					
	EDA Levy	$360,150.00	$473,660.00	$463,400.00	$453,670.00	$442,570.00
	Total Revenue	$360,150.00	$473,660.00	$486,525.00	$476,795.00	$550,695.00

Account Number 725	Description	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Proposed Budget	2022 Proposed Budget
	Proposed Expenses:					
71	**Housing Replacement/Single Family Construction Funds**					
430000	Professional Services	$0.00	$0.00	$0.00	$0.00	$0.00
434000	Printing	$0.00	$0.00	$0.00	$0.00	$0.00
448000	Miscellaneous	$0.00	$0.00	$0.00	$0.00	$0.00
490000	Contractor Payments					
71	**Housing Replacement/Single Family Construction Funds**	$0.00	$0.00	$0.00	$0.00	$0.00
72	**Multi Family Loan & Acquisition Fund**					
430000	Professional Services	$0.00	$0.00	$0.00	$0.00	$0.00
434000	Printing	$0.00	$0.00	$0.00	$0.00	$0.00
448000	Rental Licensing - Manager/Owner Meeting					
	Other Services & Charges - Acquisition	$0.00	$0.00	$0.00	$0.00	$0.00
490000	ECHO Project 2016 Final					
72	**Multi Family Loan & Acquisition Fund**	$0.00	$0.00	$0.00	$0.00	$0.00
73	**Ownership Rehab Program**					
430000	Professional Services-CEE	$15,000.00	$15,000.00	$15,000.00	$15,000.00	$15,000.00
433000	Advertising					
	Other Services & Charges Fees for Loan Closing					
490000	Green Award Program	$850.00	$850.00	$850.00	$850.00	$850.00
	Energy Efficiency Program	$12,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00
73	**Ownership Rehab Program Total**	$27,850.00	$27,850.00	$27,850.00	$27,850.00	$27,850.00
74	**First Time Buyer Program**					
430000	Professional Services - Educational Outreach					
433000	Advertising					
448000	Other Services & Charges (448000, 424000)	$0.00	$0.00	$0.00	$0.00	$0.00
490000	Live/work RSV program					
74	**First Time Buyer Program Total**	$0.00	$0.00	$0.00	$0.00	$0.00
78	**Neighborhood Enhancement Program**					
430000	Prof Services - City of Roseville	$47,900.00	$39,920.00	$41,360.00		
433000	Marketing -Printing and Mailing	$3,070.00	$8,000.00	$8,000.00		
	Other Services & Charges	$3,580.00				
78	**Neighborhood Enhancement Program Total**	$54,550.00	$47,920.00	$49,360.00	$0.00	$0.00
82	**Marketing Studies**					
430000	Market Research					
434000	Printing Marketing Materials	$6,500.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00
448000	Miscellaneous-Postage	$1,500.00	$0.00	$0.00	$0.00	$0.00
82	**Marketing Studies**	$8,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00
56	**Economic Development**					
430000	Golden Shovel (Including Intern Assistance as needed)	$15,000.00	$15,000.00	$15,000.00	$15,000.00	$15,000.00
430000	Economic Development Consultant On-Call	$50,000.00	$50,000.00	$50,000.00	$50,000.00	$30,000.00
433000	BR&E Newsletter page, other outreach	$6,000.00	$6,000.00	$6,000.00	$6,000.00	$6,000.00
441000	Business Educational Series	$2,000.00	$2,000.00	$2,000.00	$2,000.00	$2,000.00
448000	Salesforce & Misc.	$500.00	$500.00	$500.00	$500.00	$500.00
56	**Economic Development Program Total**	$73,500.00	$73,500.00	$73,500.00	$73,500.00	$53,500.00
NA	**Southeast Roseville Initiatives**		$50,000.00	$50,000.00	$40,000.00	$125,000.00
NA	**Open-to-Business/Small Business Loan Program**			$48,575.00	$98,575.00	$98,575.00
00	**General EDA Expenditures**					
430000	City of Roseville Economic Development Staff	$159,600.00	$174,840.00	$186,540.00	$188,170.00	$194,070.00
430000	Prof. Svs. (Secretary)	$2,500.00	$3,500.00	$2,500.00	$2,500.00	$2,500.00
0006	Prof. Svs. (EDA Attorney)	$15,000.00	$16,000.00	$17,000.00	$15,000.00	$15,000.00
460001	Admin Service Fee	$9,650.00	$9,650.00	$12,000.00	$12,000.00	$15,000.00
441000	Education (Training/Conferences)	$4,500.00	$5,500.00	$8,000.00	$8,000.00	$8,000.00
441000	Training for Board	$1,500.00	$1,500.00	$1,500.00	$1,500.00	$1,500.00
441000	Office Supplies	$0.00	$200.00	$0.00	$0.00	$0.00
442000	Mbrship/Subscriptions	$1,500.00	$2,000.00	$2,000.00	$2,000.00	$2,000.00
448000	Miscellaneous	$2,000.00	$4,500.00	$2,000.00	$2,000.00	$2,000.00
432000	Mileage Reimbursement		$700.00	$700.00	$700.00	$700.00
453009	Computer Equipment		$1,000.00			
	Operating Reserves		$50,000.00			
00	**General EDA Expenditures**	$196,250.00	$269,390.00	$232,240.00	$231,870.00	$240,770.00
	Subtotal Expenditures	$360,150.00	$423,660.00	$486,525.00	$476,795.00	$550,695.00
	Total Budgeted Expenses	$360,150.00	$473,660.00	$486,525.00	$476,795.00	$550,695.00

ROSEVILLE

ECONOMIC DEVELOPMENT AUTHORITY INFORMATIONAL ITEM

Date: 09/20/2021
Item No.: 6.a

Department Approval | Executive Director Approval

Item Description: Minnesota Housing 2022-2023 Affordable Housing Plan

BACKGROUND

Every two years, Minnesota Housing releases it two-year affordable housing plan. This $4 billion plan identifies activities the agency will carry out over the next two years and provides an estimate of resources it expects to make available.

While the contents of this plan are similar to past plans, it also includes about $535 million for COVID-19 housing recovery, primarily rental and homeownership assistance for individuals and families that have faced a COVID-19- related economic hardship. The proposed spending breakdown also includes $2.3 billion for homebuyer financing and home refinancing, $6 million for homebuyer education and counseling, $117 million for home improvement lending, $272 million in new rental construction and rental rehabilitation, among other uses.

This is provided for informational purposes only. No formal discussion is necessary.

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Attachment A: Minnesota Housing 2022-2023 Affordable Housing Plan

MINNESOTA HOUSING

2022-2023
Affordable Housing Plan

Draft for Public Comment

August 30, 2021

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Summary – 2022 and 2023 at a Glance

This Affordable Housing Plan (AHP) identifies key activities that we will carry out over the next two years and provides an estimate of the financial resources we expect to make available. This $3.95 billion AHP is our largest ever, and we expect to make available approximately $2 billion to serve roughly 100,000 households in each of the two years. Besides our ongoing work, this plan includes about $535 million for COVID-19 housing recovery, primarily rental and homeownership assistance for Minnesota individuals and families that have faced a COVID-19-related economic hardship.

Table 1: Expected Investments by Activity in 2022-23

Program Category	**2022-2023 Estimated Resources to be Available**
Homebuyer Financing and Home Refinancing	$2,321,770,000
Homebuyer/Owner Education and Counseling	$6,063,174
Home Improvement Lending	$116,544,000
Rental Production - New Construction and Rehabilitation	$272,218,000
Rental Assistance Contract Administration	$465,000,000
Housing Stability for Vulnerable Populations	$66,655,679
Multiple Use Resources	$169,440,000
COVID-19 Housing Recovery	$535,831,609
Total	**$3,953,522,462**

Over the next two years, we will focus on:

- Deploying $535 million of federal COVID-19 housing recovery funds to significantly reduce the threat of evictions, foreclosures, housing displacement and homelessness that is currently confronting far too many Minnesota individuals and families. We currently estimate that about 130,000 Minnesota households are behind on their housing payments.

- Making progress on three persistent housing challenges in Minnesota:

    - Address the state's very large homeownership disparity between white/non-Latinx households and Black, Indigenous and households of color by increasing the share of our first-time homebuyer mortgages going to Black, Indigenous and households of color to 40%.

- Address the severe shortage of rental housing affordable to households with incomes at or below 30% of the area median income by working to make 45% of the new-construction rental units that we finance deeply affordable.

- Address the very limited supply of affordable homes for sale by increasing the resources available for single-family housing development and rehabilitation and supporting manufactured homes and communities and supporting over 1,000 homes each year.

- Making housing in Minnesota more inclusive and equitable. We will:
  - Increase Minnesota Housing's diversity, inclusivity and cultural competence
  - Foster co-creation of solutions with communities
  - Diversify the partners we fund and with whom we work
  - Make our programs more inclusive and equitable
  - Address systemic barriers
  - Continually analyze outcomes and program processes

- Creating a culture of innovation and entrepreneurship at Minnesota Housing. With persistent and seemingly intractable housing challenges, we also need to rethink how we work. We will focus on program designs, financing structures, and exploring different ways of meeting local housing needs.

Chapter 1 – Recovery, Equity, Access and Innovation

The 2022-2023 Affordable Housing Plan (AHP) is Minnesota Housing's business plan for implementing the last two years of our current Strategic Plan. The AHP covers October 1, 2021 through September 30, 2023 and provides information on the policy, program and operational initiatives we plan to carry out over the next two years. It also provides estimates of the financial resources we expect to make available through each of our programs.

Housing Needs for the Next Two Years

As we reach what we hope is near the end of the COVID-19 pandemic, we will continue to support housing and economic recovery. The pandemic and increased focus on social justice over the past year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. We will also continue to take on the significant housing challenges facing families and communities across the state that were persistent before the pandemic.

The large amount of federal COVID relief resources (from the Consolidated Appropriations Act and American Rescue Plan) for renter and homeowner assistance, as well as housing development resources targeting the lowest-income Minnesotans, will be critical to our work for the next two years. The AHP also includes resources from the 2021 state legislative session.

The pandemic and economic fallout has had a profound impact on individuals and families across Minnesota, and some, particularly Black and Indigenous households and households of color, continue to face significant challenges.

- When the pandemic first hit in March 2020, Minnesota lost nearly 400,000 jobs in that first month; and by April 1, 2021, a year later, the state was about 60% of the way back to pre-pandemic employment levels.[1]
- Since March 2020, about 1.4 million unemployment insurance applications have been filed in Minnesota, and Black workers have been six times more likely to file a claim than white workers because the pandemic hit them harder economically.[2]
- We estimate that about 70,000 homeowner and 60,000 renter households are behind on their housing payments, and Black households are six times more likely to be behind than white households.[3]

- The share of homeowners and renters who are behind is about twice what we normally see in Minnesota.

These pandemic-related challenges are on top of and have worsened the persistent and seemingly intractable housing problems that confront the state:

- In Minnesota, 536,000 households are cost burdened, meaning they pay more than 30% of their gross income on housing.[4] In particular, over 200,000 renter households make less than $50,000 a year and pay over 50% of their income on housing.[5] These households are likely one financial setback, even relatively minor, from missing a rent payment.
- The supply of housing that is affordable is very limited throughout the state:
    - For example, in Minneapolis and St. Paul, the vacancy rate for rental units affordable to households with incomes at or below 30% of the area median income (AMI) is effectively 0%, whereas a healthy vacancy rate is about 5%,[6] and
    - In the 16 counties in and around the Twin Cities metro area, the months-supply of homes selling for $250,000 or less is only one months, whereas a healthy supply is about five months.[7] While the best data highlighting this issue come from areas in and around the Twin Cities metro area, the very limited supply is a statewide issue.
- Newly constructed housing is not affordable for typical renters or homeowners:
    - 79% of newly constructed rental units are not affordable to low-income renters (those with incomes at or below 80% of AMI);
    - Without rental assistance, only 1% of new units are affordable to households with incomes at or below 30% of AMI,[8] and
    - The median sale price of a newly constructed home is $430,000,[9] while a household with the median homeowner income can only afford a $300,000 home.
- Minnesota has the fourth-largest homeownership-rate disparity between white/non-Latinx households and Black, Indigenous and households of color, 77% compared with 44%; and the 25% homeownership rate for Black households is egregiously low[10] and significantly lower than the 46% rate achieved by Black households in 1950.[11]
- In 2020, about 7,940 people in Minnesota experienced homelessness on a given night, which is an 8% increase since 2016. The increase has been extraordinarily large for people living outside and unsheltered, with a 119% increase in that period.[12] In addition, an Indigenous person in Minnesota is over 20 times more likely to experience homelessness than someone who is white/non-Latinx.

- Employers in cities across Greater Minnesota are adding jobs, but there is not enough housing, and programs that finance market-rate housing are not sufficiently large to address the need.

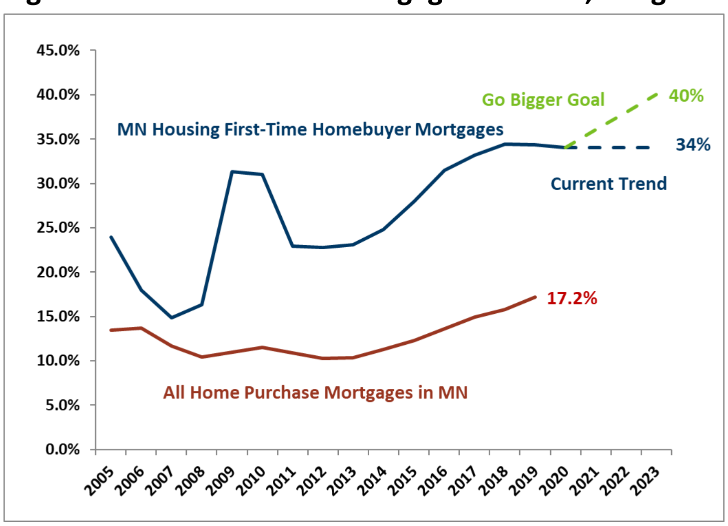
While not included in this AHP, the agency will pursue additional housing investments at the state and federal level. In 2022, the state Legislature will have a session focused on a capital investment/bonding bill and have conversations regarding how discretionary State Fiscal Recovery Funds that Minnesota will receive through the American Rescue Plan could be used to support housing, on top of the funds already set aside for housing assistance. There is also ongoing talk about additional federal housing resources.

Achieving Our Key Strategic Goals

In our Strategic Plan, we established two goals to address the large homeownership disparity and severe shortage of deeply affordable rental units.

- **Key Goal #1**: By 2023, have 40% of our first-time homebuyer mortgages going to Black and Indigenous households and households of color.

Figure 1: Share of Home Mortgages to Black, Indigenous and Households of Color



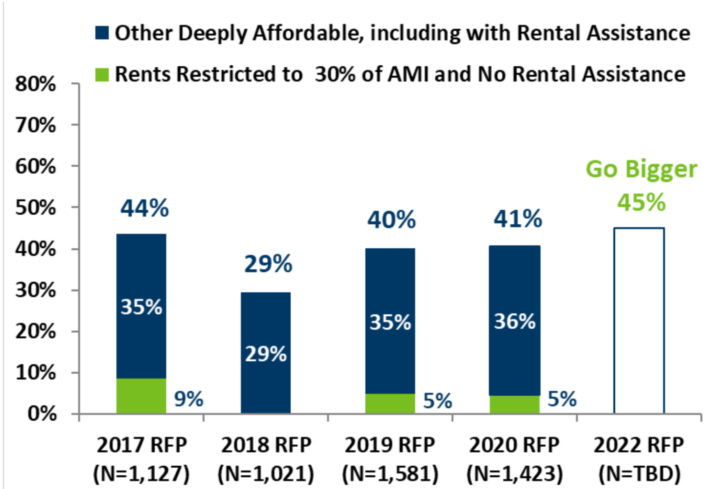
While our rate of lending to Black and Indigenous households and households of color is twice the marketwide rate in Minnesota, we only account for about 6% of the overall market. Because our lending can only modestly impact the overall disparity, we need the entire homebuying industry to act. Our role is to be on the forefront of this work, try new strategies, share what we learn, and provide leadership for industry-wide action.

Awareness of homeownership opportunities, trust in the real estate and mortgage industries, and wealth/savings and credit challenges are key barriers to homeownership. To increase lending to Black and Indigenous households and households of color, we will continue and enhance our work to:

- Prepare potential homeowners for successful homeownership through the Homebuyer Education, Counseling and Training (HECAT) program and the Homeownership Capacity program (multi-year financial and credit coaching), which includes recent changes to the Homeownership Capacity program to incentivize successful completion of the program;
- Tailor the size of our downpayment and closing-cost loans to meet the needs of our borrowers;
- Develop outreach and marketing strategies to reach mortgage industry partners of color, including lenders and real estate agents;
- Partner with real estate associations, including the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association, the National Association of Real Estate Brokers and the Minnesota Realtors;
- Reach communities of color through community engagement, such as providing program information at events, connecting with community leaders and organizations, and promoting our work through social media posts and ads, local media interviews, and community newspaper articles; and
- Explore the possibility of new downpayment and closing-cost assistance options geared toward first-generation homebuyers, as well as options for homeowners in manufactured home communities.

- **Key Goal #2:** With the 2022 Consolidated RFP selections, have 45% of our new construction rental units be deeply affordable.

Figure 2: Share of New Rental Units that Will be Deeply Affordable*



* Includes new construction and adaptive-reuse units: (1) with contract rents that are affordable to households with incomes at or below 30% of the area median income (AMI), (2) with rental assistance, including Housing Support, and/or (3) that are permanent supportive housing.

Our success will be dependent on several factors, including: (1) the availability of Housing Infrastructure Bonds (HIBs), which is one of our most effective tools for financing deeply affordable units, particularly supportive housing; (2) the availability of rental assistance (including Housing Support from the Department of Human Services and local housing authorities project-basing[13] some of their Housing Choice Vouchers); and (3) incentivizing in our consolidated RFP selection criteria units with rent restricted to no more than 30% of AMI.

To increase the share of deeply affordable rental units that we finance:

- We continue to request additional HIBs. HIBs are the No. 1 source of capital provided by the State for housing development. In 2021, the legislature approved a conditional authorization for another $100 million in HIB authority, dependent on whether the federal government acts to provide additional housing resources by December 31, 2021. The agency will continue to advocate for more HIB authority in the 2022 legislative session.
- We amended our selection criteria under the 2021 consolidated RFP to include:
    - A requirement that developments restrict rents to no more than 30% of AMI[14] in at least 2% of the units in the development; and
    - More selection points for developments that restrict additional units at the 30% AMI rent level, awarding the most points in this category to projects that restrict at least 30%.[15]

- **Key Goal #3:** As an additional goal, we will increase the supply of affordable single-family homes and rehabilitate/improve existing owner-occupied homes. With median home prices increasing 19% in just the last year, the opportunity to achieve homeownership is slipping away from many Minnesotans.[16] Statewide, the median home sale price is $325,000, while a household with the median homeowner income can afford a $300,000 home.[17] To address this affordability challenge, our work for 2022 and 2023 will include:

  - Potentially allocating $18.333 million of the $100 million of the new conditional HIB authority to developing affordable single-family homes and another $15 million to address infrastructure needs in manufactured home communities (assuming the federal government does not provide resources for these activities before December 31, 2021);
  - Continuing to administer the Economic Development and Housing Challenge (EDHC) program, which typically awards roughly $15 million over a two-year period for single-family development and homeownership;
  - Making available $3.75 million (which includes a $3.25 million one-time increase) for our Workforce Homeownership Program, which also funds the development of homeownership opportunities; and
  - Continuing to build out our manufactured-home activities. In 2019, we created a new position to oversee our work financing infrastructure needs in manufactured home communities; and additional activities will include:
    - $3.75 million for the Manufactured Home Park Redevelopment program (which includes a $1.75 million one-time increase),
    - $15 million of the conditional HIB funds set-aside for manufactured home community needs (assuming the federal government does not provide resources for this activity before December 31, 2021),
    - The potential for resources to finance community ownership of parks, and
    - Exploring better lending options to serve families looking to live in a manufactured home community. This activity builds upon legislation passed in 2020 that changed the property classification for single family homes in cooperatively owned manufactured home communities.

  Alternatives to traditional, single-family detached homes (including townhomes, condominiums, manufactured homes, and others) will be a part of the strategy to make owner-occupied homes more affordable.

COVID-19 Housing and Economic Recovery

Since the early days of the pandemic and a historic level of job layoffs, Minnesotans have struggled with their rent and mortgage payments. Fortunately, most people have been protected by forbearance procedures and the state's eviction moratorium, but with those protections phasing out, we need to assist many of the roughly 130,000 households in Minnesota who are currently behind on their housing payments to avoid a high-level of evictions, foreclosures and housing displacement. The average renter who is behind is five to six months behind and owes $5,000, resulting in about $300 million in arrears; and the average homeowner who is behind is seven to eight months behind and owes $9,000, resulting in about $650 million in arrears.[18] A sizable majority, but not all, of these households are eligible for the new housing assistance programs.

For the next several years, Minnesota Housing will directly receive federal stimulus and recovery funds under three programs, as described below. Besides these programs, the agency will also be in conversations regarding the potential use of discretionary federal State Fiscal Recovery Funds, which will be available to Minnesota through the American Rescue Plan, to finance additional housing needs.

- Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive about $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local units of government. Under this program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments. The program launched in April of 2021. In program years 2022 and 2023, we currently expect to distribute roughly $400 million in assistance to households.

- Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our **HomeHelpMN** program is expected to cover past due principal, interest, taxes, insurance and other housing payments, loan modifications, and certain counseling services. The program's overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

- Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (**HOME-ARP**) to assist individuals or households who are experiencing homelessness, or at risk, along with other vulnerable populations. Fifteen percent of those funds can be used for administrative costs, with the remaining funds dedicated to assistance. We anticipate using these funds as housing development resources for individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

As Congress works on additional infrastructure and budget bills, we may get additional federal resources in the next two years beyond those already in place or expected through regular appropriations, and we will utilize these funds in accordance with federal requirements and agency goals.

Housing construction is also an economic stimulus and plays a key role in economic recoveries. As a review by the Federal Reserve Bank of Philadelphia states:

> *Although homebuilding [ownership and rental] constitutes a small portion of GDP — on average 4.7 percent since 1947 — it has outsize importance for the rest of the economy. In general, the housing sector leads the recovery in the rest of the economy, and the last recession suggests that without the housing sector, recovery is slow.*[19]

Under this Affordable Housing Plan, we expect to allocate about $550 million in resources to the construction, rehabilitation and improvement of single-family and multifamily housing, which will help the Minnesota economy recover from the COVID-19 pandemic.

Equity and Access

The pandemic and increased focus on social justice over the last year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. During the pandemic, Black Minnesotans were six times more likely to apply for unemployment benefits than white Minnesotans and also six times more likely to behind on their mortgage and rent payments. These disparities were on top of some of the nation's worst pre-pandemic disparities in housing, income, wealth, education and health. To achieve Governor Tim Walz's concept of **One Minnesota**, where everyone thrives, not just some, we need to reorient how we work and expand who has a voice at the table and participates in and benefits from the housing economy.

Our current Strategic Plan lays out six overarching strategies to create an inclusive and equitable housing system:

1. **Increase Minnesota Housing's diversity, inclusivity and cultural competency**
2. **Foster co-creation of solutions with communities**
3. **Make our programs more inclusive and equitable**
4. **Address systemic barriers**
5. **Diversify the partners we fund and with whom we work**
6. **Continually analyze outcomes and program processes**

In this section of the AHP, we identify the actions we will take over the next two years under each of these strategies. In some areas, we have already started this work, and we need to enhance and bring it to scale across the entire agency. As a critical step, we created a position and hired a Director of Equity and Inclusion to serve on the Agency's leadership team and lead the journey. To support the Director, the agency has created an Equity Change Team made up of leaders and staff from across the Agency. The policy, program and operational changes outlined here will be made by staff and teams throughout the Agency, but the Equity Change Team will facilitate and coordinate the internal work.

Increase Minnesota Housing's Diversity, Inclusivity and Cultural Competency

In this area, we have two primary goals:

- **Hire more staff who are Black, Indigenous or people of color, have a disability, or are a veteran**

  Since 2018, 29% of our new hires have been BIPOC, compared with 20% of all our staff; and 12% of new hires have a disability, compared with 13% of all staff. To increase our hiring in these areas, we are:
  - Recruiting candidates on the People of Color website, the Minnesota Council of Nonprofits website, LinkedIn, and specialty websites for specific positions
  - Making sure unconscious bias is not impeding our ability to select the best candidates to interview
  - Revising our interview questions and candidate scoring rubrics to remove cultural biases
  - Making sure staff on interview panels are racially diverse
  - Actively participating in the Connect 700 program, which is a program to make the state a leader in hiring people with disabilities

- **Retain 75% of employees who are of Black, Indigenous or people of color, have a disability, or are a veteran**

  Of our new hires from 2017 through 2019, we have retained 82% who are BIPOC, 67% who have a disability, and 100% who are veterans. To consistently reach and surpass this goal, we are:

  - Creating a more inclusive and equitable work environment by:
    - Building internal capacity to administer the Intercultural Development Inventory (IDI), a cultural competency assessment, across the Agency and delivering feedback and development sessions.
    - Continuing to support trainings and experiences sponsored by the Agency's Cultural Competency Committee, which includes activities like screening and discussing "Cracking the Code", a film that "asks Americans to talk about the causes and consequences of systemic inequity."
  - Promoting and encouraging career development and growth opportunities for employees
  - Making sure the agency's nominations for the state's staff development programs, including the Emerging Leaders Institute and Senior Leaders Institute, reflect opportunities for employees who are BIPOC, have a disability or are veterans to develop their careers and advance
  - Offering a competitive tuition assistance program to support employees in job- or Agency-related higher education
  - Revamping our mentorship program with a focus on equity and inclusion

Foster Co-Creation of Solutions with Communities

We have taken steps to improve in this area over the last two years, but we need to expand and improve this work further.

- **Bring community members to the table to design policies and programs.**

  Examples of this work that we want to expand include:

  - <u>Proactively engaging the community on the front end</u>. To develop our 2022-2023 Qualified Allocation Plan for awarding Low Income Housing Tax Credits (a primary tool for financing affordable rental housing), we proactively reached out to communities across the state before developing the plan, when we have traditionally relied on a public comment period after developing a draft. From January through March 2020, the Agency held 17 engagement sessions. In-person engagement strategies included informational and technical assistance sessions in Greater Minnesota, focus groups with residents of tax credit properties, and meetings with stakeholder groups. Over 400 people participated, representing a range of stakeholders including cities, counties, service providers, affordable housing developers, community-based organizations, Indian housing directors and residents.

- Directly engaging people with lived experience (those who live in or need the housing we finance). In the focus groups with residents of tax credit properties we asked, “When choosing a place to live, what neighborhood and property characteristics are most important to you?” “What challenges have you and your family and friends faced when trying to find housing that is affordable in a community of your choice?” “What has been your experience living in your current building?” This feedback played an important role in shaping the content of the Qualified Allocation Plan and how we will allocate tax credits going forward.

- Establishing workgroups to co-create solutions. In the spring of 2021, the Olmstead Implementation Office, which is housed within Minnesota Housing, launched five workgroups to explore solutions that address specific challenges that confront people with disabilities in living, learning, working and enjoying life in the most integrated setting possible. The workgroup topics are: (1) affordable, safe, accessible housing, (2) juvenile justice and special education, (3) workforce shortage and people with disabilities, (4) preventing abuse and neglect of people with disabilities, and (5) data collection practices. Each workgroup is comprised of a mix of state employees, service providers and people with disabilities.

- **When selecting housing developments to fund, prioritize those that have incorporated community engagement and planning in the creation of the proposal.**

  Our current scoring criteria for selecting multifamily developments in the Consolidated Request for Proposal process includes points for housing development projects that involve active:
  - Implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders; and
  - Participation in the development of the housing project proposal by communities most impacted by housing disparities. The proposed housing development must address a housing disparity. This equitable development priority was added to the selection process in 2021.

- **Have community members review and score proposals for funding.**

  Since 2016, we have been expanding the use of community-based reviewers, and they are now involved in recommending funding decisions for the following grant programs: (1) Family Homeless Prevention and Assistance Program (FHPAP), (2) Housing Trust Fund Rental Assistance, (3) Homework Starts with Home, (4) Bridges Rental Assistance, (5) Homebuyer Education Counseling and Training (HECAT), (6) Homeownership Capacity, (7) Impact Fund, and (8) Manufactured Home Park Redevelopment Grants. Having community expertise and insights is critical in making effective, informed and transparent decisions. Recruitment of reviewers focuses on representation from across the state and different types of expertise and perspectives, along with voices from the populations to be served, particularly diverse and underrepresented communities.

- **Enhance our capacity building and support work**

  We have a capacity building program that last year awarded about $700,000. The funds are distributed through two RFPs:

  - A direct program that provides up to $40,000 directly to local organizations in one-time funding for one-year projects that address housing disparities, build power in communities most impacted by housing challenges and disparities, pilot innovative solutions to housing challenges, and support inclusive and equitable communities. In the most recent round of funding, we funded 14 organizations.

  - A program that funds intermediary organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of: (1) communities, (2) stakeholders, and (3) organizations in housing planning, program development and engagement activities.

  We will look at the possibility of partnering with philanthropic organizations to continue and enhance the work.

  We are also looking at other ways to enhance this work, which would include building on the work of our Building Communities Committee, a cross-divisional team of Minnesota Housing staff who are focused on developing strategies for engaging, supporting and empowering communities. It is important for us to be regularly present in the community and understand each community’s culture, needs and way of doing work.

Diversify the Partners We Fund and with Whom We Work

We are currently working on three primary initiatives to diversify our partnerships, which we will continue to expand and enhance.

- **Incentivize development teams that include organizations owned or operated by Black, Indigenous and people of color and/or women in project scoring.**

  In our competitive funding process, we first awarded selection points for Black, Indigenous of people of color-owned or women-owned/operated businesses in the 2018 Qualified Allocation Plan for Low-Income Housing Tax Credits. Participation in this area has increased substantially since then, with 85% of all applications in the 2020 Consolidated RFP receiving the points. To further increase participation, we increased the points in the 2022 Qualified Allocation Plan for development teams that include multiple Black, Indigenous of people of color-owned/operated or women-owned/operated business entities. The goal is to build the capacity of these organizations to develop, manage, construct, design or own affordable housing in the future.

  We also prioritize Black, Indigenous of people of color-owned/operated - or women-owned/operated businesses in funding through the Impact Fund (our primary single-family development program) and the Homeownership Capacity program.

- **Increase the share of the vendors in our procurement process who are Black, Indigenous, people of color, people with disabilities and/or veterans.**

  Our current actions to increase the use of Targeted (TG), Economically-Disadvantaged (ED) and Veteran-Owned (VO) businesses include:
  - Encouraging these vendors to participate by: (1) listing benefits in the request, such as by helping local business and supporting our community, and (2) waiving of solicitation requirements if the purchase is under $25,000 by using the Equity Select method – a simplified procurement process;
  - Actively promoting the vendors by referring agency staff to a list of the vendors generated from the state's directory and recommending eligible vendors for the services if needed; and
  - Building a relationship with the Office of Equity Procurement (OEP) and working directly with their procurement staff.

- **Contract with organizations from and trusted by the community**

In 2014, we created the Homeownership Capacity program to provide multiyear financial coaching for renters who want to become homeowners but face credit, savings and other barriers and need coaching to become ready. To help address Minnesota's very large homeownership disparity for Black, Indigenous and households of color, we selected organizations from and run by people from these communities and which have strong track records of serving the community. These organizations include, but not limited to African Development Center, Build Wealth, Comunidades Latinas Unidas en Servicio, and Urban League of the Twin Cities. With these strong community ties, about 85% of program participants are Black, Indigenous and people of color. Most importantly, about 60% of participants who completed the program and reported an outcome bought a home within a year.

As a more recent example, we selected 28 organizations to serve as field partners under the RentHelpMN program to reach out to communities most impacted by the COVID-19 pandemic and the resulting financial crisis and help those needing assistance apply for and navigate the program. These organizations include African Immigrants Community Services, Housing Justice Center, Isuroon, Lao Assistance Center of Minnesota, Latino Economic Development Center, Leech Lake Housing Authority and Rise Incorporated.

Make Our Programs More Inclusive and Equitable

A key tactic under this strategy is reviewing program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity. We will focus on identifying and addressing barriers that prevent some households, developers, properties and communities from accessing resources. Examples include:

- In the fall and early winter of 2020, we ran the COVID-19 Housing Assistance Program (CHAP) that provided emergency housing assistance to both renters and homeowners. After the work was done, we identified lessons learned from the temporary program so that we could use them in other and future emergency housing programs. A key lesson included the need to devote resources for: (1) marketing and outreach, (2) leveraging trusted community-based organizations to create and amplify program awareness and participation, and (3) helping people apply for assistance.

- Over the last few years, we have substantially simplified our Rental Rehabilitation Deferred Loan (RRDL) program and Publicly Owned Housing Program (POHP). Both provide zero-interest, deferred loans, but with the first funding smaller rental properties in Greater Minnesota and the latter funding public housing developments across the state. Both programs have moved to a 'concept-based' application where applicants submit a general scope of work concept and cost estimate for the project. Applicants are not required to pay for third-party inspections, environmental reports, or provide a detailed development budget. If the applicant is selected for funding, those elements are completed with continual assistance from program staff during post-selection processing. Staff has also reduced the number of required application forms and materials to a minimum – from 30 plus to 10 or less. The most recent RRDL RFP had 21 applications that were scored, and a large share were applying to Minnesota Housing for funding for the first time. In each of the last three POHP RFPs (2017, 2018 and 2020), we received 15 to 24 applications with about 1/3 of the applications each year coming from local authorities that have never applied for POHP funding before.

A component of this strategy is geographic equity and making sure we address housing needs across the state, particularly in Greater Minnesota. Each community has its own housing needs, and our programs and processes need to be flexible enough to address all the needs, from supportive to workforce housing and from large cities to rural communities.

Over the next two years, we will expand this review of our programs. We are already looking at ways to simplify our Consolidated RFP for multifamily development funding and recently made simplifying changes to the Impact Fund's RFP for single-family development.

Address Systemic Barriers

We will work to make our programs more inclusive and equitable, but there are also large systemic barriers in the overall housing industry where we can play an advocacy role.

For example, Minnesota Housing staff worked on several renter stability provisions during the 2021 legislative session, which resulted in legislation ending Governor Walz's evictions moratorium. This legislation included a provision that barred eviction filings for non-payment of rent for renters with a pending COVID-19 emergency rental assistance program application (including RentHelpMN) through June 1, 2022. Minnesota Housing also supported three different rental stability provisions including a 14-day pre-eviction filing notice requirement, evictions expungement changes, and source of income discrimination, but none were signed into law. The goal of these proposed changes is to start reforming Minnesota's tenant/property-owner laws, recognizing that the current laws result in households of color and Indigenous households disproportionately being evicted, experiencing housing instability, and unable to access affordable homes.

Future work with stakeholders could include how credit scores are calculated and used. Studies have found that credit scores can be discriminatory. For example, some scoring mechanisms have assumed borrowers who received loans from finance companies, which are disproportionately used by borrowers of color, are a worse credit risk than people who received loans from depository institutions.[20] In addition, rent payments typically do not show up on a credit report, while mortgage payments do. Black and Indigenous households and households of color are far more likely to be renters in Minnesota and are typically not getting credit for their timely housing payments, while homeowners are.

Continually Analyze Outcomes and Program Processes

Part of creating change involves continuous improvement. What gets measured and tracked gets done, particularly if data is used to make mid-course adjustments. To create a more inclusive and equitable housing system, we need to understand outcomes, disparities and key drivers broken out by race, ethnicity, disability status and geography.

For example, we have increased our lending to first-time homebuyers who are Black, Indigenous or households of color from 530 loans in 2012 to 1,473 in 2020, nearly a three-fold increase in just eight years. These results were achieved through systematic tracking, analysis and response. Each year, our Home Mortgage team reviews the lending results from the previous year, develops and refines strategies to increase lending to BIPOC homebuyers, sets goals for the upcoming year, then tracks and monitors the results monthly. Any time a program or process change is considered, the first question asked is, "How will it affect lending to Black and Indigenous households and households of color?"

For the RentHelpMN program, we are collecting data beyond the six standard race categories (American Indian, Asian, Black, Pacific Islander, white and other) by breaking each category into subcategories – for example, splitting Asian into Hmong, Asian Indian, Chinese, Vietnamese, and other. We are also tracking and monitoring program results by race, disability status and county, which will allow us to adjust, such as revising our marketing and outreach strategies to address areas where we are falling short of our benchmarks.

Over the next two years, we will expand and enhance this work.

Innovation

Minnesota continues to face persistent housing challenges. More resources to address these challenges, such as more funding for rental assistance and housing development from the federal government, would be a tremendous boost; however, we also need to innovate and remove barriers. We need a culture of innovation and creative thinking, where staff and external partners are encouraged to take risks and try new ideas to achieve the vision that "All Minnesotans live and thrive in a stable, safe home they can afford in a community of their choice."

The purpose of this work is to:

- Find new ways to address persistent housing challenges,
- Tap into and leverage the expertise and knowledge of staff and the community and empower them to be creative problem solvers,
- Make time, space and resources available for brainstorming, collaborating, problem solving and piloting,
- Create opportunities for cross-team and cross-division collaboration, and
- Be willing to accept some failures (particularly if contained and well managed).

Areas that appear ready for innovative thinking include:

- Creating a more inclusive and equitable housing system, with human-centered design and community co-developed solutions playing a key role,
- Increasing housing production and workforce housing in Greater Minnesota communities,
- Reducing the cost of building new housing, which would include modular and other alternative construction techniques, and
- Enhancing our work around climate change and green/energy-efficient housing.

The key is making available the time, space and resources for this type of work, regardless of its exact form.

Chapter 2 – Resources for Our Work

For 2022 and 2023, we are currently estimating we will make available $3.95 billion for program investments, our largest plan ever. We expect to deploy roughly $2.0 billion and serve an average of approximately 100,000 households each of the two years.

These resources include funds that are: (1) newly available, (2) made available in previous AHPs but went unused, and (3) repayments of loans.

Overview of Our Program Investment Plan

Through our programs, we provide a wide continuum of tools for financing affordable housing and related services, ranging from grants for homelessness prevention and rental assistance to mortgages for home purchases and improvements. As shown in Table 2, six programs account for most of the estimated investment plan.

- **Home Mortgage Loans** (line 1) will involve an estimated $2.2 billion in lending over the two-year period and supporting about 4,890 homebuyers in each year of the two years.

- **Section 8 Rental Assistance Contract Administration** (line 18) will provide an estimated $465 million of federal project-based rental assistance over the two years and annually support nearly 30,000 of the state's lowest income households. With this assistance, households generally spend no more than 30% of their income on rent and utilities.

- **Housing Infrastructure Bonds** (Line 31) could provide $120 million of bonding authority over the two years and support about 1,550 housing units in each of the two years if that bonding is split evenly between the two years. The $100 million of new HIB authorization is conditional and dependent on the federal government not providing additional housing resources by December 31, 2021.

- **Low Income Housing Tax Credits** (line 10) is one of our primary programs for developing and rehabilitating affordable rental housing. The $21 million of 9% credits from the federal government over the two years will generate an estimated $96 million in private equity annually for the construction or rehabilitation of roughly 570 units of affordable rental housing in each of the next two years.

- **RentHelpMN** (line 26) will potentially make available over $400 million to assist over the two years roughly 50,000 renter households who have faced a COVID-related economic hardship, with most renters assisted in program year 2022, and some households assisted across both years.

- **HomeHelpMN** (line 27) will make available $109 million to assist 6,700 homeowner households over the two years, again with most being assisted in program year 2022 and a smaller number in 2023.

We will also use portions of our tax-exempt private activity bond allocation for multifamily projects to generate private equity from 4% housing tax credits. Some of these projects also utilize our deferred loan resources, so the units produced by these jointly funded projects are already included in our overall unit count for 2022 and 2023.

4% Tax Credits. While not in our program investment plan, we allocate 4% credits to rental housing developments that are financed with tax-exempt private activity bonds, which are regulated by Internal Revenue Service and can be used by states for a variety of purposes. Unlike 9% credits, awards of 4% credits are not directly capped, but there are statewide volume limitations on the use of tax-exempt private activity bonds for housing. Most of these bonds are used on rental housing, and on a yearly basis, the use of 4% credits can generate a significant amount of private equity for affordable housing.

Table 2 also shows, by program, the median incomes of the low- and moderate-income households that we served in 2020, which ranged from $6,168 to $81,180. The statewide HUD median family income in 2020 was $91,800.

Sample of Programs	Median Income(s)
• Rental assistance programs (lines 18-22)	$8,052 to $12,652
• Rehabilitation Loan Program (line 7)	$15,591
• Low-Income Housing Tax Credits (line 10)	$22,103
• Single-Family Economic Development and Housing/Challenge (line 25)	$47,991
• Home Mortgage Loans (line 1)	$63,116
• Home Improvement Loan Program (line 6)	$78,587

Table 2: Overview of 2022-2023 Program Investment Plan

		2022-2023 Estimated Resources to be Available	2019-2020 Actual Disbursement/ Deployment of Resources	Activity	Median Income Served (2020)	Share of BIPOC (2020)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$2,150,203,944**			
1	Home Mortgage Loans	$2,200,000,000	$2,055,334,285	First Mortgage	$63,116	32.8%
2	Deferred Payment Loans	$74,770,000	$53,419,875	Downpayment and Closing Cost Loans	$53,899	35.9%
3	Monthly Payment Loans	$47,000,000	$41,449,784	Downpayment and Closing Cost Loans	$81,180	29.8%
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$5,432,860**			
4	Homebuyer Education, Counseling and Training (HECAT)*	$3,063,174	$2,927,095	Education and Counseling	$41,498	56.4%
5	Homeownership Capacity	$3,000,000	$2,505,765	Education and Counseling	$42,000	82.9%
	Home Improvement Lending	**$116,544,000**	**$52,593,245**			
6	Home Improvement Loan Program	$101,000,000	$42,310,154	Home Improvement Loan	$78,587	10.6%
7	Rehabilitation Loan Program (RLP)	$15,544,000	$10,283,091	Home Improvement Loan	$15,591	9.4%
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$208,624,365**			
8	Multifamily First Mortgages	$150,000,000	$127,710,844	Amortizing Loans	$26,190	58.6%
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$15,574,363	Primarily Deferred Loans	N/A	N/A
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$11,776,695	Investment Tax Credits	$22,103	49.7%
11	National Housing Trust Fund	$18,506,000	$2,511,840	Deferred Loans and Operating Grants	N/A	N/A
12	HOME	$18,794,000	$10,003,440	Deferred Loans	$12,205	$12,205
13	Preservation - Affordable Rental Investment Fund (PARIF)	$24,436,000	$11,252,064	Deferred Loans	N/A	N/A
14	Asset Management	$6,000,000	$5,980,511	Loans	N/A	N/A
15	Rental Rehabilitation Deferred Loan Pilot (RRDL)	$9,486,000	$4,877,364	Deferred Loans	$17,125	15.4%

16	Publicly Owned Housing Program (POHP) - GO Bonds	$0	$15,631,224	Deferred Loans	$11,676	24.1%
17	Workforce Housing Development	$4,000,000	$3,306,020	Deferred Loans and Grants	N/A	N/A
	Rental Assistance Contract Administration	**$465,000,000**	**$385,701,451**			
18	Section 8 Project-Based Rental Assistance	$465,000,000	$385,701,451	Rent Assistance	$12,652	35.7%
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$53,100,424**			
19	Housing Trust Fund (HTF)	$29,685,490	$23,440,955	Rent Assistance and Operating Support	$9,636	62.3%
20	Homework Starts with Home	$3,500,000	$1,028,176	Rent Assistance and Other Support	$8,052	77.0%
21	Bridges	$9,940,589	$7,913,431	Rent Assistance	$10,368	31.5%
22	Section 811 Supportive Housing Program	$2,385,000	$1,692,893	Rent Assistance	$10,368	52.6%
23	Family Homeless Prevention and Assistance Program (FHPAP)**	$20,577,600	$18,701,632	Grants	$9,972	61.8%
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$323,337	Grants	$22,029	49.7%
	Multiple Use Resources	**$169,440,000**	**$78,129,620**			
25	Economic Development and Housing Challenge (EDHC)	$34,650,000	$32,640,359	Loans and Grants	MF: $20,370 SF: $47,991	MF: 69.9% SF: 61.9%
26	Single Family Interim Lending	$2,500,000	$2,124,942	Construction Loans	n/A	N/A
27	Housing Infrastructure Bonds (HIB)***	$120,000,000	$40,802,614	Primarily Deferred Loans	MF: $6,168 SF: $36,783	MF: 54.0% SF: 37.9%
28	Workforce Affordable Homeownership Program	$3,750,000	$0	Loans and Grants	N/A	N/A
29	Manufactured Home Community Redevelopment Program	$3,750,000	$0	Grants and Loans	N/A	N/A
30	Technical Assistance and Operating Support	$3,790,000	$2,561,705	Grants	N/A	N/A
31	Local Housing Trust Fund Grants	$1,000,000	$0	Grants		
	COVID-19 Housing Recovery	**$535,831,609**	**$5,530,823**			

32	COVID-19 Housing Assistance Program (CHAP)		$5,530,823	Rental and Homeowner Assistance	$18,000	56.0%
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)****	$400,000,000	$0	Rental Assistance	N/A	N/A
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$0	Homeowner Assistance	N/A	N/A
35	HOME - ARP (American Rescue Plan)	$26,467,161	$0	Loans and Grants	N/A	N/A
	Total	**$3,953,522,462**	**$2,939,316,732**			

*Of the HECAT funding, $1,030,000 is contingent on funds being made available by partner organizations.
**The last three months of funding for FHPAP (July 1 through September 30, 2023) is contingent on funds being made available for the 2024-2025 biennial appropriations.
***$100 million of HIB funding is conditional on the lack of certain federal action.
****If Minnesota Housing does not obligate a specified share of the funds by September 30, 2021, the Federal government could recapture some of these funds.

For context, Table 2 describes the type of funding provided under each program, with more detailed descriptions of each program provided in Appendix B. Table 2 also provides the funding that we disbursed in 2019 and 2020, which are our two most recently completed program years. The 2022-2023 AHP numbers reflect the amounts that we anticipate making available for new awards over the next two years, while the 2019-2020 numbers reflect actual funds disbursed in two recent two years. Some programs move quickly from awards to disbursement, while others, particularly housing development, can take around two years.

Overall, we anticipate program activity to be about $1 billion higher for the next two years than it was in 2019 and 2020. Key changes include:

- **COVID-19 Housing Recovery Funds (lines 31-34).** We anticipate over $535 million in program activity over the next two years. These are very large one-time awards that will require a lot the agency's attention.

- **Homebuyer Financing and Home Refinancing (lines 1-3).** We are currently estimating an increase of about $170 million in home lending. The change is driven by increases in home prices and mortgage amounts.

- **Section 8 Project-Based Rental Assistance (line 18).** Under this program, we expect a $80 million increase for a couple of reasons. First, HUD has transferred to Minnesota Housing an additional 24 developments to administer; and second, with rising rents, the amount of assistance per unit is increasing. We are also anticipating additional transfers.

- **Home Improvement Lending (lines 6-7).** We expect to increase our home improvement lending by over $60 million, with particularly strong production under the Fix-Up Fund, which is our Home Improvement Loan Program.
- **Rental Production (lines 8-17)**. Across the ten programs listed, Table 2 shows a funding increase of over $60 million for the two years. Part of the increase is due to timing issues. Rental development projects can take two years to move from selection for funding to those funds being disbursed, with some projects taking less time and others taking more. With varying development timelines, the disbursement of funds can get uneven even when the amount awarded at initial selection is consistent over time. The funding for Low-Income Housing Tax Credits (line 10) is a perfect example of this. The program did not see a decrease in resources, but, in 2020, there was a smaller than typical number of tax-credit projects reaching the final stages of the funding process.
- **Housing Infrastructure Bonds (line 27).** We estimate a nearly $80 million increase from 2019-2020 activity levels. The 2022-2023 AHP includes a new $100 million allocation of Housing Infrastructure Bonds from the Legislature and about $20 million left from a previous authorization. The housing development timing issue described above is also a factor in the increase. The $100 million of new HIB resources includes legislatively designated amounts for single-family development ($18.333 million) and infrastructure needs in manufactured home communities ($15 million). Per state law, the new $100 HIB authorization is conditional, pending federal action.

Annual Household and Unit Projections

As shown in Table 3, we expect the resources in this AHP will assist on average roughly 100,000 households or housing units in each of the next two years. In the end, it is unlikely that there will be an even split. Given the need for a timely response to COVID-19 housing recovery, the number of households assisted will likely be higher and above 100,000 in 2022 and below 100,000 in 2023. Our household and housing unit estimates assume that all the resources shown in this AHP will be deployed. In the end, we probably fall short for some programs but may also exceed the resource estimates for other programs. Our Home Mortgage Loans, Multifamily First Mortgages, Home Improvement Loans are demand-driven and financed with resources that are less limited.

Table 3: 2022-2023 Forecast of Households or Housing Units Annually Assisted, by Program

	Program	Households or Units
	Homebuyer Financing and Home Refinancing	**4,890**
1	Home Mortgage Loans	4,890
2	Deferred Payment Loans	Included in First Mortgage Count
3	Monthly Payment Loans	
	Homebuyer/Owner Education & Counseling	**24,760**
4	Homebuyer Education, Counseling & Training (HECAT)	23,560
5	Homeownership Capacity	1,200
	Home Improvement Lending	**1,960**
6	Home Improvement Loan Program	1,680
7	Rehabilitation Loan Program (RLP)	280
	Rental Production- New Construction and Rehabilitation	**2,350**
8	Multifamily RFP/HTC/Pipeline Production	1,940
9	Multifamily First Mortgage	Part of RFP/ HTC/ Pipeline Total
10	Flexible Financing for Capital Costs (FFCC)	
11	Low-Income Housing Tax Credits (LIHTC)	
12	National Housing Trust Fund	
13	Housing Infrastructure Bonds (HIB) - Multifamily RFP	
14	Economic Development and Housing Challenge (EDHC)	
15	HOME	
16	Preservation - Affordable Rental Investment Fund (PARIF)	
17	Asset Management	150
18	Rental Rehabilitation Deferred Loan (RRDL)	190
19	Publicly Owned Housing Program (POHP)	0
20	Workforce Housing Development	70

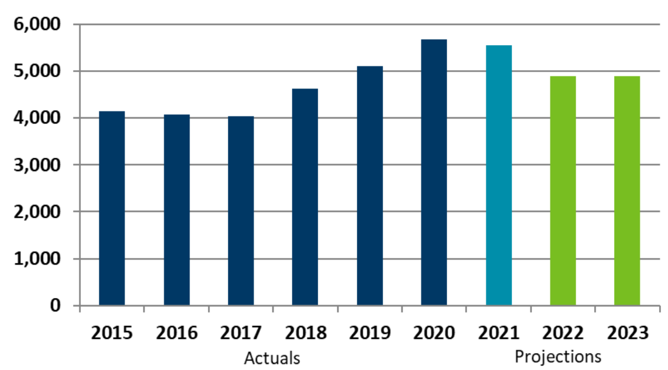
	Program	Households or Units
	Rental Assistance Contract Administration	**29,700**
21	Section 8 - Project-Based Rent Assistance	29,700
	Housing Stability for Populations Needing Extra Support	**8,920**
22	Housing Trust Fund (HTF)	2,300
23	Homework Starts with Home	320
24	Bridges	720
25	Section 811 Supportive Housing Program	160
26	Family Homeless Prevention and Assistance Program (FHPAP)	5,140
27	Housing Opportunities for Persons with AIDS (HOPWA)	280
	Multiple Use Resources	**1,470**
28	Impact Fund - EDHC and HIB	470
29	Single-Family Interim Lending	Part of Impact
31	Workforce Affordable Homeownership Program	50
32	Manuf. Home Comm. Redevelop. Program (Including HIB)	950
	COVID-19 Housing Recovery	**28,450**
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)	25,000
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	3,350
35	HOME-ARP (American Rescue Plan)	100
	Total	**102,500**

The following graphs show the number of households that we served in 2015 through 2020 (dark blue bars), and the households that we are projecting to serve in 2021 through 2023. The 2021 figures (light blue bars) are based on current projected awards, and the 2022 and 2023 figures (green bars) are based on the funds that are estimated to be available under this AHP. For these graphs, we have assumed an even split in resources between 2022 and 2023. Given the immediate need for COVID-19 housing recovery, it is possible that 2022 will have more activity than 2023 in the end. Also, particularly for the housing development program, projects can take two years for funds to be used after being selected for funding. Thus, some of these funds will not assist households until after 2023, but we show them in 2022 and 2023 to reflect the number of households that will eventually be assisted with funds awarded in those years.

Homebuyer Financing and Refinancing

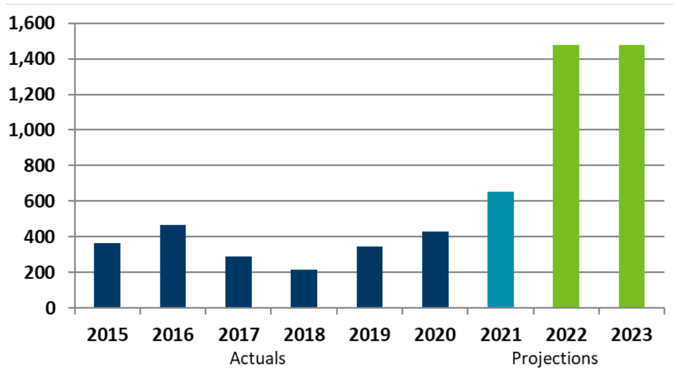
Figure 3 shows our historical home mortgage lending, which was around 4,000 mortgages in 2015 through 2017. It then increased in 2018 through 2020, reaching nearly 5,700. We are currently expecting production to taper off a bit to about 5,000 mortgages in both 2022 and 2023. From a dollar perspective, we expect to have a similar level of lending in the next two years as we did in 2020 and 2021, but with higher home prices and mortgage amounts, those funds will finance fewer mortgages. Historic low-interest rates have supported a high-level of mortgage lending the last couple of years. In addition, with a very limited inventory of homes selling for less than $250,000, low- and moderate-income borrowers face significant challenges in finding homes to buy.

Figure 3: Households/Homes Assisted – Home Mortgage Loans



In each of the next two years, we expect higher levels of activity under "other homeownership opportunities." Typically, we see about 400 single-family homes financed each year. With just over $33 million of HIB resources being temporarily set-aside for (contingent on lack of federal action) to single-family development, including infrastructure for manufactured home communities, we are projecting annual production to jump to over 1,000 homes each year, which will be a stretch goal. The exact timing of the increase is dependent on how quickly the funds are deployed and used. It may take time to ramp up to that level of activity, with higher production in later years. (Figure 4 includes the single-family portion of the Economic Development and Housing/Challenge program, Housing Infrastructure Bond proceeds for single-family development, Single-Family Interim Lending, Workforce Affordable Homeownership Program, and Manufactured Home Redevelopment Program.)

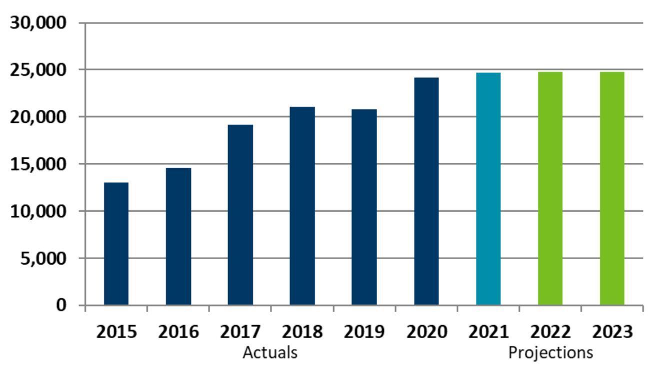
Figure 4: Households/Homes Assisted – Other Homeownership Opportunities



Homebuyer/Owner Education, Counseling and Coaching

As shown in Figure 5, education and counseling has been steadily increasing over the last few years. The addition of the Homeownership Center's online course called Framework, which is an alternative to traditional classroom training, has supported the increase. (Figure 5 includes Homebuyer Education, Counseling and Training (HECAT) and the Enhanced Homeownership Capacity Initiative.)

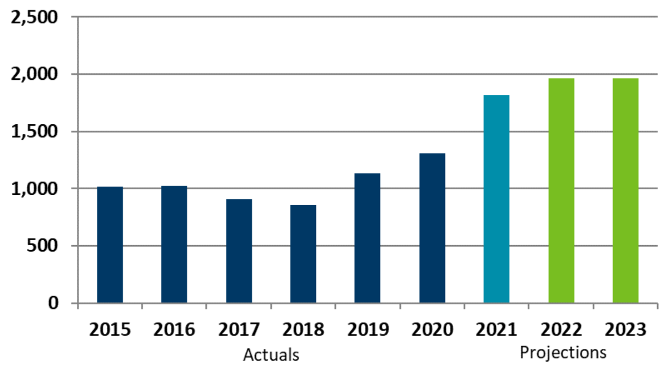
Figure 5: Households Assisted – Homebuyer/Owner Education and Counseling



Home Improvement Lending

Our home improvement production struggled a few years ago with the availability of home equity lines of credit and cash from mortgage refinancing limiting demand for our installment loans. With recent changes to the program that made it more desirable for borrowers and easier to administer, our lending volume increased significantly. We now expect the lending activity to be twice as high as it was just a few years ago. (Figure 6 includes both the Home Improvement Loan Program and the Rehabilitation Loan Program.)

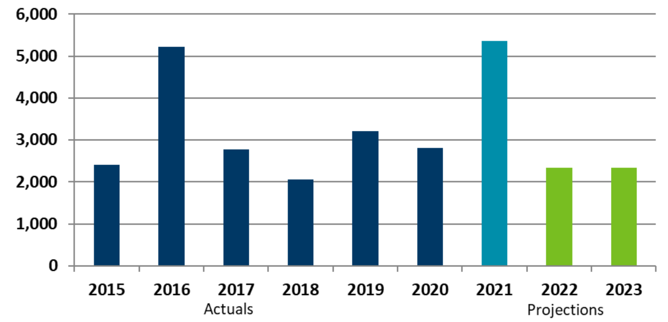
Figure 6: Households/Homes Assisted – Home Improvement Programs



Rental Production

In a typical year, the rental new constructions and rehabilitation that we finance varies between 2,000 and 3,000 units. Production is particularly high in years that have a large amount of state GO bond resources to finance the rehabilitation of public housing through our Publicly Owned Housing Program (POHP). Because the funding per unit is quite low (often less than $10,000 per unit), we can rehabilitate a large number of units with those funds. Even with potentially sizable HIB resources in 2022-2023, we expect production to be lower than recent years for a few reasons. First, the cost of construction is increasing, which limits the number of units we can finance. Second, after a temporary four-year increase in our 9% Low Income Housing Tax Credit allocation from the federal government, the allocation is going back to its traditional level. Third, due to loan repayments (which we recycle into new loans) and other factors, we had a larger-than-normal level of funding for a couple of the rental production programs in recent years. (Figure 7 captures all the programs in the rental production area and the multifamily portion of the Economic Development and Housing/Challenge and Housing Infrastructure Bond programs.)

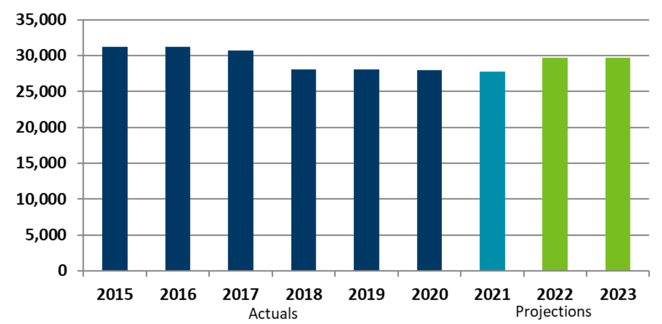
Figure 7: Units Assisted - Rental Production



Rental Assistance Contract Administration

Activity in Section 8 contract administration has been very steady (Figure 8). These are ongoing contracts that we administer, and the number of households served does not vary significantly from year to year. The number dropped slightly several years ago and is now coming back up. Due to federal budget uncertainties, HUD decided to take over the administration of 24 Section 8 properties, but we have since regained administration of those contracts. The households in these 24 properties continued to receive Section 8 assistance, but we did not administer it for a period.

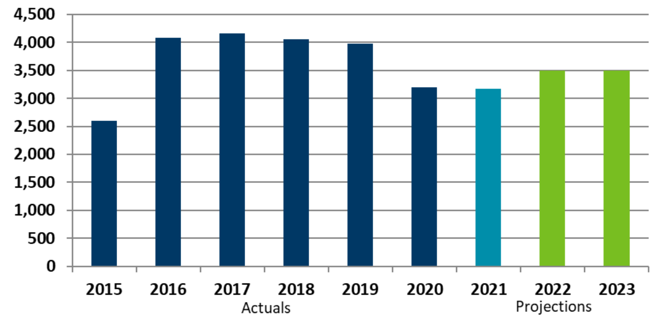
Figure 8: Households Assisted – Rental Assistance Contract Administration



Housing Stability for Populations Needing Extra Supports

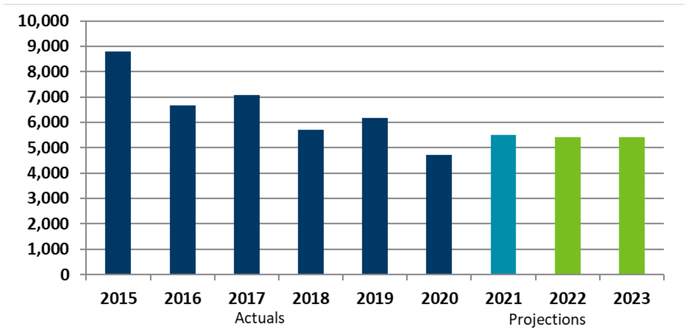
As shown in Figure 9, overall activity in rental assistance and operating subsidies declined after 2019 when the Minnesota Department of Human Services took over the administration of some operating subsidies in supportive housing developments that we had previously administered for them. (Figure 9 includes the four regular rental assistance programs and Housing Trust Fund operating subsidies.)

Figure 9: Households/Units Assisted – Agency Rental and Operating Assistance



The number of households assisted by the Family Homeless Prevention and Assistance Program (FHPAP) and Housing Opportunities for Persons with AIDS (HOPWA) (Figure 10) has declined in recent years because FHPAP has targeted clients needing more support, which requires more funding per household.

Figure 10: Household Assisted – Targeted Assistance – FHPAP and HOPWA



COVID-19 Housing Stimulus and Recovery

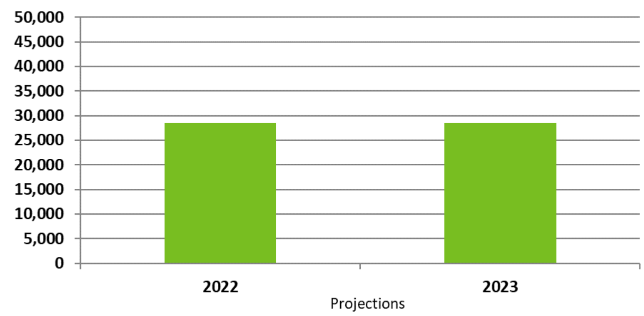
We launched our new RentHelpMN program in April 2021. It is still too early in the program to predict accurately how many households we will have assisted and when. Some renters may come in during 2021, receive assistance for six months of late rent, be done, and not show up in our 2022 or 2023 numbers. Others may come in for two months of assistance in 2021 and another 13 months across 2022 and 2023. Some renters may come in for assistance for the first time in 2022 or 2023. We currently estimate that about 60,000 Minnesota renter households are behind on their housing payments and are income-eligible for RentHelpMN, and thousands more need rental assistance going forward given their low incomes.

We don't know when homeowners will apply for and receive homeowner assistance, but we'll likely see a higher program activity in 2022. While we estimate that about 70,000 homeowner households in Minnesota are behind on their housing payments, we will only have the resources to serve about 6,700 over the course of the program.

The HOME-ARP program will assist additional individuals or households who are experiencing homelessness, or are at risk of homelessness, along with other vulnerable populations.

To show the relative size of these federally funded programs, Figure 11 shows the number of households that we expect to serve over 2022 and 2023, evenly split between the two years. In all likelihood, we will assist more households in 2022 than 2023, but it still unclear what the split will be. Some renters will be assisted in both years.

Figure 11: Household Assisted – COVID Recovery



End Notes

[1] Minnesota Department of Employment and Economic Development, Current Employment Statistics (through April 1, 2021).
[2] Minnesota Housing analysis of data from the Minnesota Department of Employment and Economic Development; https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/.
[3] Minnesota Housing estimate based on data provided by Black Knight Data & Analytics, LLC, Mortgage Bankers Association, Minnesota Multi-Housing Association, and U.S. Census Bureau's Pulse Survey and American Community Survey.
[4] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).
[5] Minnesota Housing analysis of microdata from the U.S. Census Bureau's American Community Survey (2019, 1-year sample, IPUMS).
[6] HousingLink, Minneapolis and St. Paul Rental Housing Briefs (April 2021).
[7] Minneapolis Area Association of Realtors.
[8] Minnesota Housing analysis of data from the Metropolitan Council.
[9] Minneapolis Area Association of Realtors; this data applies to the 16 counties in and around the Twin Cities metro area.
[10] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).
[11] Horowitz, Eng Ky, Starling and Tchourumoff, *Systemic Racism Haunts Homeownership Rates in Minnesota* (Minneapolis Federal Reserve Bank, February 25, 2021); https://www.minneapolisfed.org/article/2021/systemic-racism-haunts-homeownership-rates-in-minnesota#:~:text=Minnesota's%20homeownership%20gap%20is%20among%20the%20largest%20in%20the%20nation&text=In%201950%2C%20the%20gap%20in,now%2050%20percentage%20points%20wide.
[12] U.S. Department of Housing and Urban Development, Point-in-Time count.
[13] Project-basing involves tying a housing voucher to a specific housing development.
[14] The rent restriction is actually affordable at 30% of the Multifamily Tax Subsidy Project (MTSP), which is the Internal Revenue Service's version of HUD's area median income. They are nearly the same, but slightly different.
[15] These requirements and selection criteria apply to projects funded through our Consolidated Request for Proposals (RFP).
[16] Minnesota Realtors, June 2021 Monthly Indicators.
[17] Minnesota Realtors, June 2021 Monthly Indicators.
[18] The $5,000 average amount behind on rent is based on initial applications to the RentHelpMN program. The $9,000 average amount behind on principle, interest, taxes, insurance and other housing payments is based on data from Black Knight Data & Analytics, LLC and some modeling done by Minnesota Housing.
[19] Burcu Eyigungor, Federal Reserve Bank of Philadelphia Research Department, "Housing's Role in the Slow Recovery" Economic Insights (Second Quarter, 2016), p. 6.
[20] Lisa Rice and Deidre Swesnik, "Discriminatory Effects of Credit Scoring on Communities of Color" (Prepared for Symposium on Credit Scoring and Credit Reporting, sponsored by Suffolk University Law School and National Consumer Law Center, June 6 and 7, 2021).

Appendix A
Overview of Funding Sources

Appendix A-1: Overview of Funding Sources

Our strong balance sheet and financial resources are a key strength. This Appendix describes each of our funding sources and outlines how we will use them in 2022 and 2023. Table A-1 shows estimates of our planned program investments by funding source. Table A-2 is a crosswalk that shows how we currently plan to allocate resources from each source to each program.

Table A-1: 2022-2023 Estimated Program Investments by Funding Source

Program Category	2022-2023 Estimated Resources Available
Federal Resources	$1,064,079,609
State-Appropriated Resources	$164,442,853
Mortgage Capital from Bond or Agency Resources	$2,628,500,000
Housing Affordability Fund (Pool 3)	$96,500,000
Total	**$3,953,522,462**

Funding Source Descriptions

Federal Resources: There are various types of federal resources, including appropriations to the U.S. Department of Housing and Urban Development (HUD) that are made available to Minnesota Housing and Low-Income Housing Tax Credits from the Internal Revenue Service (IRS). For planning purposes, we generally assume that 2022 and 2023 HUD appropriations will remain at 2021 levels, which is subject to change. The amount of federal housing tax credits is based on a per capita formula. This AHP also includes about $535 million in one-time funding for COVID-19 housing recovery, doubling the federal funding that we typically receive.

State Appropriated Resources: The amount of funding is based on the 2022-2023 general fund budget adopted by the 2021 Minnesota Legislature. Any unused funds from previous year appropriations and repayments of loans are included.

Mortgage Capital from Bond or Agency Resources

State Capital Investments: These funds have traditionally come from the state capital budget (bonding bill) and include State General Obligation (GO) Bond and Housing Infrastructure Bonds (HIBs), for which the State pays the debt service. However, HIBs can be authorized through the regular appropriations and budget process, which occurred in 2019 and 2021.

Agency Bond Proceeds and Other Mortgage Capital: Bond proceeds are generated by the issuance of tax-exempt and taxable bonds. Certain tax-exempt bonding activity is limited statewide by IRS rules, which cap the amount of new issuance, making it a limited resource. We can also sell mortgage-backed securities backed by loans originated under our program on the secondary market.

Housing Investment Fund (Pool 2): We generate earnings from our lending and investment activities and reinvest them in a wide variety of housing programs. Most of our investment-earning assets are carried in the Housing Investment Fund, and most assets in Pool 2 produce revenue that supports our operations and programs. The earning assets that use Pool 2 funds are required to be of investment-grade quality.

Housing Affordability Fund (Pool 3): Pool 3 resources come from: (1) transfers from Pool 2 that capture a portion of the Agency's earnings, and (2) repayments or prepayments from loans previously funded under Pool 3. We can transfer Pool 2 earnings to Pool 3 only to the extent that we project that our aggregate net position will satisfy our Board policy and rating agency stress tests. Because Pool 3 has no earnings requirements, it is more flexible than Pool 2 and can be used for deferred loans and grants. However, Pool 3 is a more limited resource than Pool 2 because it is dependent on the transfer of earnings from Pool 2.

Table A-2: 2022-2023 Estimated Program Resources by Source

		2022-2023 Estimated Total	Federal Resources	State Appropriations	Mortgage Capital from Bond or Agency Resources	Housing Affordability Fund (Pool 3)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$0**	**$6,770,000**	**$2,255,000,000**	**$60,000,000**
1	Home Mortgage Loans	$2,200,000,000	$0	$0	$2,200,000,000	$0
2	Deferred Payment Loans	$74,770,000	$0	$6,770,000	$8,000,000	$60,000,000
3	Monthly Payment Loans	$47,000,000	$0	$0	$47,000,000	$0
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$0**	**$4,063,174**	**$0**	**$2,000,000**
4	Homebuyer Education, Counseling and Training (HECAT)	$3,063,174	$0	$3,063,174	$0	$0
5	Enhanced Homeownership Capacity Initiative	$3,000,000	$0	$1,000,000	$0	$2,000,000
	Home Improvement Lending	**$116,544,000**	**$0**	**$7,544,000**	**$101,000,000**	**$8,000,000**
6	Home Improvement Loan Program	$101,000,000	$0	$0	$101,000,000	$0
7	Rehabilitation Loan Program (RLP)	$15,544,000	$0	$7,544,000	$0	$8,000,000
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$60,296,000**	**$37,922,000**	**$150,000,000**	**$24,000,000**
8	Multifamily First Mortgage	$150,000,000	$0	$0	$150,000,000	$0
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$0	$0	$0	$20,000,000
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$20,996,000	$0	$0	$0
11	National Housing Trust Fund	$18,506,000	$18,506,000	$0	$0	$0
12	HOME	$18,794,000	$18,794,000	$0	$0	$0
13	Preservation Affordable Rental Investment Fund (PARIF)	$24,436,000	$0	$24,436,000	$0	$0
14	Asset Management	$6,000,000	$2,000,000	$0	$0	$4,000,000
15	Rental Rehabilitation Deferred Loan (RRDL)	$9,486,000	$0	$9,486,000	$0	$0
16	Publicly Owned Housing Program (POHP)	$0	$0	$0	$0	$0
17	Workforce Housing Development	$4,000,000	$0	$4,000,000	$0	$0
	Rental Assistance Contract Administration	**$465,000,000**	**$465,000,000**	**$0**	**$0**	**$0**

18	Section 8 - Project-Based Rental Assistance	$465,000,000	$465,000,000	$0	$0	$0
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$2,952,000**	**$63,703,679**	**$0**	**$0**
19	Housing Trust Fund (HTF)	$29,685,490	$0	$29,685,490	$0	$0
20	Homework Starts with Home	$3,500,000	$0	$3,500,000	$0	$0
21	Bridges	$9,940,589	$0	$9,940,589	$0	$0
22	Section 811 Supportive Housing Program	$2,385,000	$2,385,000	$0	$0	$0
23	Family Homeless Prevention and Assistance Program (FHPAP)	$20,577,600	$0	$20,577,600	$0	$0
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$567,000	$0	$0	$0
	Multiple Use Resources	**$169,440,000**	**$0**	**$44,440,000**	**$122,500,000**	**$2,500,000**
25	Economic Development and Housing/Challenge (EDHC)	$34,650,000	$0	$34,650,000	$0	$0
26	Single-Family Interim Lending	$2,500,000	$0	$0	$2,500,000	$0
27	Housing Infrastructure Bonds	$120,000,000	$0	$0	$120,000,000	$0
28	Workforce Affordable Homeownership Program	$3,750,000	$0	$3,750,000	$0	$0
29	Manufactured Home Community Redevelopment Program	$3,750,000	$0	$3,750,000	$0	$0
30	Technical Assistance and Operating Support	$3,790,000	$0	$1,290,000	$0	$2,500,000
31	Local Housing Trust Fund Grants	$1,000,000	$0	$1,000,000	$0	$0
	COVID-19 Housing Recovery	**$535,831,609**	**$535,831,609**	**$0**	**$0**	**$0**
32	RentHelpMN - Emergency Rental Assistance Program (ERAP)	$400,000,000	$400,000,000	$0	$0	$0
33	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$109,364,448	$0	$0	$0
34	HOME - ARP (American Rescue Plan)	$26,467,161	$26,467,161	$0	$0	$0
	AHP Total	**$3,953,522,462**	**$1,064,079,609**	**$164,442,853**	**$2,628,500,000**	**$96,500,000**

Appendix B
Program Descriptions

Contents

Notes on reading the program descriptions:

- “Housing Investment Fund” and “Pool 2” refer to the same resource, which is described in Appendix A.
- “Housing Affordability Fund” and “Pool 3” refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy in 2022-2023. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- “Program” is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives and activities.

HOMEBUYER FINANCING AND HOME REFINANCING

Home Mortgage Loans

We offer two home mortgage programs – Start Up, serving first-time home buyers, and Step Up, for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first-time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to serve Black and Indigenous households, households of color, and households with incomes below 80% of area median income.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$104,900	$120,600
Dodge and Olmsted Counties	$101,200	$116,300
All Other Counties	$93,100	$107,000

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge and Olmsted Counties	$156,800
All Other Counties	$139,200

Purchase price limits for Start Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$352,300
All Other Counties	$311,900

Purchase price limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area 11-county)	$402,500
All Other Counties	$356,362

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5,667 loans
- $1,122,941,722 total loan amount
- $198,155 average loan
- A median household income of $63,116 or 69% of the statewide median family income
- 33% of households were Black, Indigenous or households of color overall, and 34% of first-time Start Up borrowers were Black, Indigenous or households of color

Our home mortgage programs are experiencing high production, which is heavily supported by downpayment and closing-cost loans. Ninety-seven percent of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2.2 billion. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance mortgages for about 4,890 households each of the two years. Reducing the homeownership disparity for Black, Indigenous and households of color will continue to be a priority.

Deferred Payment Loans

We offer two downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first mortgage loans. For the past two years, approximately 97% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is $15,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$72,000
Dodge and Olmsted Counties	$72,000
All Other Counties	$64,000

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Current purchase price limits match the Start Up program purchase price limits.

Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving Black and Indigenous communities and communities of color.

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 3,361 loans
- $29,293,275 total loan amount
- $8,716 average loan
- A median household income of $53,899 or 59% of the statewide median income
- 36% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $74,770,000.

If home mortgage demand is very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support 3,120 households each of the two years.

Monthly Payment Loans

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to $17,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$100,000	$115,000
Dodge and Olmsted Counties	$93,800	$107,800
All Other Counties	$88,600	$101,800

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$149,500
Dodge and Olmsted Counties	$149,500
All Other Counties	$132,500

Purchase price limits:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,995 loans
- $21,443,919 total loan amount
- $10,749 average loan
- A median household income of $81,180 or 88% of the statewide median income
- 30% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $47,000,000.

We anticipate approximately one-third of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest-rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to fund loans for 1,680 households each of the two years.

HOMEBUYER/OWNER EDUCATION AND COUNSLEING

Homeownership Education, Counseling and Training (HECAT) Fund

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: in-person homeownership education (Home Stretch and Realizing the American Dream), homeownership services (financial wellness and homebuyer counseling), home equity conversion (reverse mortgage) counseling, and foreclosure prevention counseling. Besides the state appropriation, Family Housing Fund, Greater Minnesota Housing Fund and the Minnesota Homeownership Center have annually contributed up to a total of $550,000 to the program. We award the funds through a competitive annual Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option to HECAT-funded homeownership education.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6,986 households served through the traditional HECAT program and an additional 16,169 households through Framework
- $1,424,595 total funding
- $204 average Minnesota Housing assistance per household
- A median household income of $41,498 or 45% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,063,174, of which is contingent on funds being made available by partner organizations.

About 23,560 households will receive homebuyer/owner education and counseling each of the two years (including online Framework training).

Enhanced Homeownership Capacity Initiative

Black, Indigenous and households of color are an increasing share of the state’s population, yet Minnesota’s homeownership disparity (the homeownership rate differential between white/non-Latinx households and Black Indigenous and households of color) is the fourth highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and state appropriations and provides intensive financial education, coaching and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low- to moderate-income households to increase their probability of successful homeownership.

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from several sources. In the most recent round of funding, 15 organizations will provide services – eight in the Twin Cities metro, four in Greater Minnesota, two in both areas, and one statewide.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,010 households served
- $1,253,009 total grant amount
- $1,241 average Minnesota Housing funding per household
- A median household income of $42,000 or 46% of the statewide median income
- 83% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,000,000.

Based on the resources available for new activity, we anticipate serving approximately 1,200 households each of the two years.

HOME IMPROVEMENT LENDING

Home Improvement Loan Program

The Home Improvement Loan Program (including Fix Up and Community Fix Up Loans) uses Pool 2 resources to provide fully amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up may offer a slightly lower interest rate compared to the regular Fix-Up Loan Program by using leveraged funds. Fix Up and Community Fix Up loans are key tools for addressing the state's aging housing stock.

The program serves a broad range of incomes and promotes economic diversity in lending. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers are able to improve and preserve their homes when other financing options may not be available to them.

Income limit:

Property Location	Income Limit
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge and Olmsted Counties	$156,800
All Other Counties	$139,200

(No Income limit for unsecured energy incentive and secured energy or accessibility loans.)

Maximum loan amount:

- $75,000 for secured loans
- $25,000 for unsecured loans and secured energy or accessibility loans

Program Performance and Trends

For the Program Assessment period of October 1, 2019 —September 30, 2020, we reported:

- 1,097 loans
- $24,083,355 total loan amount
- $21,954 average loan
- A median household income of $78,587 or 86% of the statewide median income
- 11% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $101,000,000.

Based on current loan production trends and the resources available for new activity, we anticipate serving approximately 1,680 households each of the two years.

Rehabilitation Loan Program (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to extremely low-income homeowners at or below 30% of the area median income (AMI) to improve the safety, livability, or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency and Accessibility Loan component of the program.

A network of over 30 lender partners, such as community action agencies and local units of government, administer the program throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title, or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from $22,100 for a single person household to $31,500 for a four-person household. Other borrower assets cannot exceed $25,000.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 212 loans
- $4,662,685 total loan amount
- $21,994 average loan
- A median household income of $15,591 or 17% of statewide median income
- 9% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $15,544,000.

Based on resources available for new activity, we expect to fund rehabilitation loans for approximately 280 households each of the two years.

RENTAL PRODUCTION

Multifamily First Mortgages

We make available Multifamily First Mortgages through our Low and Moderate Income Rental (LMIR) program, using resources from Pool 2 and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk-Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. We also finance construction (bridge) loans under this program. Financing is available to housing sponsors both through the Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; [1] or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 18 loans for developments with 1,176 units
- $81,544,844 total loan amount
- $69,341 average LMIR assistance per unit
- A median household income of $26,190 or 29% of the statewide median income
- 59% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $150,000,000 for both permanent first mortgages and construction loans.

Based on resources we expect to be available for new permanent first mortgages, we expect to finance roughly 840 rental units in each of the two years.

Flexible Financing for Capital Costs (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low or no interest, using Pool 3 resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. FFCC loans may also be used in tandem with Housing Infrastructure Bond (HIB) loans to fund costs not otherwise eligible from HIB proceeds. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% of the area median income; and the balance of units may have rents at the Minnesota Housing determined “market rate.”

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of the area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

[1] It is actually 60% of MTSP (Multifamily Tax Credit Subsidy Projects), which is very similar to AMI (area median income). We are using AMI in this explanation because it is a more widely used term.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 FFCC loans for developments with 560 units
- $9,069,000 total loan amount
- $16,195 average FFCC assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $20,000,000.

Based on resources available for new activity, we expect to finance about 470 rental units in each of the two years.

Low-Income Housing Tax Credits (LIHTC)

Low-Income Housing Tax Credits provide federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U.S. Department of Treasury's Internal Revenue Service (IRS) allocates 9% tax credits based on state population and a per capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments as a result of federal LIHTC awarded and then sold to investors. The award of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTCs must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTC in Minnesota and qualified local cities and counties as suballocators.

We award 9% tax credits in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Consolidated Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that tax credit allocating agencies develop an allocation plan for the distribution of the tax credits within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local conditions and established by us based on input from the public, partners and stakeholders.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 141 LIHTC units receiving 9% tax credits
- $23,232,952 in syndication proceeds (investor equity from the sale of credits)

- $164,773 average syndication amount per unit
- A median household income of $22,103 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

We estimate that that Minnesota Housing will allocate $20,996,000 in 9% tax credits in 2022-2023, which should generate about $190 million in syndication proceeds for the two years combined.

Based on the resources available for new activity, we expect to allocate tax credits to support 570 rental units in each of the two years.

National Housing Trust Fund (NHTF)

The National Housing Trust Fund (NHTF) is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. The Fund is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and administered by U.S. Department of Housing and Urban Development.

The program provides financing for:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, or
- Operating subsidies for one of the above developments that produces new units meeting the permanent supportive housing strategic priority (up to 30% of the grant)

Current Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI).

Current Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020 we reported:

- 1 loan for development with 40 units
- $2,511,840 total loan amount
- $62,796 average NHTF assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,506,000.

Based on the resources available for new activity, we expect to support 120 units in each of the two years.

HOME

HOME provides deferred loans for new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Request for Proposals (RFP) process.

Tenant income limit: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent limits: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 2 loans for developments with 34 units
- $7,324,462 total loan amount
- $215,435 average HOME assistance per unit
- A median household income of $12,205 or 13% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,794,000, which a substantial increase from previous years.

Based on resources available for new activity, we expect to fund about 100 rental units in each of the two years.

Preservation Affordable Rental Investment Fund (PARIF)

PARIF provides loans to fund the preservation of: 1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, and 2) existing supportive housing developments. Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Request for Proposals (RFP) process and on a year-round basis, if funding is available.

This program is a critical tool in the long-term preservation of expiring project-based Section 8 contracts, properties with Rural Development rental assistance, and other project-based federally assisted housing.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- No PARIF projects completed the financing process in FFY 2020

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $24,436,000.

Based on resources available for new activity, we expect to fund 290 rental units in each of the two years.

Asset Management

Under the Asset Management program, resources are available on a year-round basis and are designed to fund properties with immediate critical health and life safety needs. Properties with financing from Minnesota Housing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Pool 3. FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we provided $3,049,743 in asset management assistance for 289 units in four developments.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $6,000,000.

Based on resources available for new activity, we expect to fund about 150 rental units in each of the two years.

Rental Rehabilitation Deferred Loan Pilot Program (RRDL)

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing outside of the metro area. The program is funded with state appropriations and designed to serve owners of smaller properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals (RFP) process.

RRDL funds are available through targeted Request for Proposals. Owners may apply directly to Minnesota Housing for RRDL funds. Loan terms range from 10 to 30 years depending on the loan amount. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after the loan term has been met.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 loans for developments with 86 units
- $1,344,928 total loan amount
- $15,639 average RRDL assistance per unit
- A median household income of $17,125 or 19% of the statewide median income
- 15% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $9,486,000.

Based on resources available for new activity, we expect to fund about 190 rental units in each of the two years.

Publicly Owned Housing Program (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is funded with state General Obligation (GO) bond proceeds, which can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings.

POHP funds are available through targeted Request for Proposals. Owners may apply directly to Minnesota Housing for POHP funds. Loans are structured with a 20-year term and a 35-year compliance period. The loan amount is forgiven after the loan term has been met.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 16 loans for developments with 996 units
- $9,655,756 total loan amount
- $9,695 average POHP assistance per unit
- A median household income of $11,676 or 13% of the statewide median
- 24% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $0; however, if the Legislature passes next year a capital investment bill with GO bonds for this program, resources will be available.

Based on resources currently available for new activity, we expect to fund no rental units in each of the two years.

Workforce Housing Development Program

This competitive program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties, including: (1) acquisition of a property, (2) construction or improvements, or (3) provision of loans, grants, interest rate subsidies, public infrastructure and related financing costs. Funds are targeted to proposals with the greatest proportion of market-rate units but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone request for proposals (RFP). Proposals are ranked and scored according the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4 loans for developments with 99 units
- $2,806,020 total loan amount

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $4,000,000.

Based on resources available for new activity, we expect to fund about 140 rental units over the two years. We plan to have just one RFP, which will occur later this year, over the two years.

RENTAL ASSISTANCE CONTRACT ADMINISTRATION

Section 8 – Project-Based Rental Assistance

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U.S. Department of Housing and Urban Development (HUD) entered into contracts with property owners to provide rental assistance for a fixed period of time for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

We provided permanent mortgage financing for more than 235 Section 8 Traditional Contract Administration (TCA) properties developed from 1975 to the mid-1980s. We currently manage 18 of these TCA contracts. Most have been converted to Performance-Based Contract Administration (PBCA) contracts.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the agency, as a PHA, administers existing project-based Section 8 contracts for another 506 properties, which is expected to increase as more contracts convert to PBCA.

Under these contracts, the agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns, and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

TCA

- 4,481 households assisted
- $29,384,173 in Housing Assistance Payments (HAP)
- $6,558 average HAP assistance per household
- A median household income of $12,502 or 14% of the statewide median income
- 23% of households were Black, Indigenous or households of color

PBCA

- 23,438 households assisted
- $170,763,266 in Housing Assistance Payments (HAP)
- $7,286 average (HAP) assistance per household
- A median household income of $12,680 or 13% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. A greater proportion of PBCA units are in the Twin Cities Metropolitan Area than TCA units.

Expected Activity for 2022-2023

Our current PBCA agreement with HUD has been extended several times. The Agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. We currently manage 506 PBCA contracts under this agreement. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

The estimated 2022-2023 resource availability is $465,000,000.

Based on resources available for new activity, we expect to support about 29,700 rental units each of the two years.

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

Housing Trust Fund (HTF)

Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services.

Current tenant income limit: 60% of the area median income (AMI) for the Minneapolis/Saint Paul metro region, with priority for proposals at 30% of AMI and proposals to serve High Priority Homeless households.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,464 households assisted
- $9,969,447 in total disbursements
- $8,638 average HTF assistance per household
- A median household income of $9,636 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, we entered into new two-year contracts in October 2021. For operating subsidies, we will issue a Request for Proposal in 2022.

The estimated 2022-2023 resource availability is $29,685,490.

Based on resources available for new activity, we expect to support about 2,300 renter households each of the two years.

Expected Activity for 2022-2023

Based on resources available, we expect to provide rental assistance for an estimated 1,690 households and assist 810 units through operating subsidies.

Homework Starts with Home

Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability. We administer it in partnership with the Department of Education (MDE) and others. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves students and their families who are homeless or at imminent risk of homelessness, including: (a) families with children eligible for a pre-Kindergarten through grade 12 academic program and (b) youth (with or without children of their own) who are eligible for an academic program and facing housing instability without their parent or guardian. The goals of the program are to create housing stability as well as improve academic achievement.

In 2018, the Homework Starts with Home was started with $4.15 million of one-time funding from Housing Trust Fund (rent assistance), the Family Homeless Prevention and Assistance Program (other supports), and the Heading Home Minnesota Funders Collaborative (other supports). In the 2020-2021 biennial budget from the state Legislature, Homework Starts with Home became a standalone program.

A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 191 households assisted
- $1,028,176 in total disbursements
- $5,383 average Homework Starts with Home assistance per unit
- A median household income of $8,052 or 9% of the statewide median
- 77% of households were Black, of color or from Indigenous communities

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,500,000.

Based on resources available for new activity, we expect to support about 320 renter households each of the two years.

Bridges

Bridges is a state-funded rental assistance program for people with a mental illness. The program goal is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of both the Minnesota's Olmstead Plan and the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:

- Persons residing in an institution, segregated setting, or under correctional supervision who will be homeless upon exit,
- Persons experiencing homelessness who are assessed as High Priority Homeless (HPH) through the Coordinated Entry (CE) system, and

- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:
- 755 households assisted
- $3,806,855 in total disbursements
- $6,911 average Bridges assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 32% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Bridges funds rent assistance under two-year contracts with local administrators. Minnesota Housing entered into the most recent contracts in July 2021.

The estimated 2022-2023 resource availability is $9,940,589.

Based on resources available for new activity, we expect to support about 720 renter households each of the two years.

Section 811 Supportive Housing Program

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:
- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system for people with disabilities, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening and referrals for 811 units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. The project-based rent assistance covers the difference between the tenant’s payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 146 households assisted
- $952,777 in total disbursements
- $6,526 average Section 811 assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 53% of households were Black, Indigenous or households of color

HUD initially awarded Minnesota $3 million for up to 85 units of project-based rental assistance. We awarded all this funding for 84 project-based rental assistance subsidies (one unit less than the original goal of 85 units). In 2015, we received a second round of funding for an additional 75 units, which were awarded to existing or new properties through the Multifamily Consolidated RFP process in 2015 through 2017. As these projects are completed and the units lease up, the number of households assisted will increase.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,385,000.

Based on resources available for new activity, we expect to support about 160 renter households each of the two years.

Family Homeless Prevention and Assistance Program (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth, and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness, and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance (limited to 24 months but typically less than three months), security deposits, utilities and transportation assistance, and case management services. FHPAP grants also encourage and support innovations at the county, region or local level for a more seamless and comprehensive homelessness response system.

Grant funds are awarded through a competitive Request for Proposals (RFP) process. In the seven-county Twin Cities metro area, only counties are eligible to apply for funding. In Greater

Minnesota, eligible applicants include counties, groups of contiguous counties acting together, community-based nonprofit organizations or Tribal Nations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4,557 households assisted
- $9,191,079 in total disbursements
- $2,017 average FHPAP assistance per household
- A median household income of $9,972 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

The total number of households served has declined over the past few years because the program has targeted assistance to households with higher needs and utilized rapid rehousing as a strategy. Rapid rehousing provides short term rental assistance, housing case management and housing navigation services.

Expected Activity for 2022-2023

FHPAP also operates under two-year contracts with local administrators. Minnesota Housing will enter into new contracts in calendar year 2021.

The estimated 2022-2023 resource availability is $20,577,600. The last three months of funding (July 1 through September 30, 2023) is contingent on funds coming from the 2023-2024 biennial appropriations.

Based on resources available for new activity, we expect to support about 5,140 households each of the two years.

Housing Opportunities for Persons with AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage and utility assistance) for people with an HIV-positive status and their families. The U.S. Department of Housing and Urban Development (HUD) allocates funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The city of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award and contract with Rainbow Health to serve eligible households in Greater Minnesota. A small additional formula-based allocation was received this year in response to the COVID-19 global health crisis. These resources provide additional supports to Rainbow Health's HOPWA participants who are at greater risk of serious health implications if they were to contract COVID-19.

Current tenant income limit: 80% of area median income, adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 177 households assisted in 48 counties
- $178,483 of assistance disbursed
- $1,008 average HOPWA assistance per household
- A median household income of $22,029 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing will renew Rainbow Health's HOPWA contract for 2022 and will begin community engagement this fall on the next 5-year Consolidated Plan including an exploration of other eligible HOPWA activities such as Tenant-based Rent Assistance. The 2023 allocation will be awarded through a competitive RFP.

The estimated 2022-2023 resource availability is $567,000.

Based on resources available for new activity, we expect to support about 280 households each of the two years.

MULTIPLE USE RESOURCES

Economic Development and Housing/Challenge (EDHC) – Regular

Under the Economic Development and Housing/Challenge Program (EDHC), we provide grants or deferred loans for construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing, and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single-Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund ("Impact Fund"), which is the umbrella program for EDHC, Housing Infrastructure Bonds (HIB), and Single-Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, tribal and urban Indian housing authorities, or nonprofit organizations for both multifamily (minimum of four units) and single-family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

Multifamily EDHC

- 2 loans to developments with 83 units
- $9,713,508 total loan amount
- $117,030 average EDHC assistance per unit
- A median household of $20,370 or 22% of the statewide median income
- 70% of households were Black, Indigenous or households of color

Single-Family EDHC – Impact Fund

- 323 units
- $9,670,037 total loan/grant amount
- $29,938 average EDHC assistance per home
- A median household income of $47,982 or 52% of statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $34,650,000.

We will allocate funds through our Single-Family and Multifamily RFPs, with any remaining funds made available on a year-round basis in multifamily and through an incentive fund in Single Family.

Based on resources available for new activity, we expect to support about 470 housing units in each of the two years.

Single-Family Interim Lending

Single-Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish, or construct owner-occupied housing under the Community Homeownership Impact Fund ("Impact Fund"). The homes are then sold to households with incomes at or below 115% of the area median income (AMI). Interim loans are financed with Agency resources and have a term of 26 months. Funds are awarded annually through the Single-Family Request for Proposals process in accordance with our mission and priorities.

Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact Fund is the umbrella program under which we deliver the Economic Development and Housing/Challenge program and interim construction financing for single-family owner-occupied housing.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,500,000.

Based on resources available for new activity, we expect to support the construction of about 16 homes each of the two years.

Housing Infrastructure Bonds (HIBs)

Housing Infrastructure Bonds (HIBs) are issued by Minnesota Housing, as authorized by the Minnesota Legislature, to address specific critical housing needs. HIB proceeds may be used to finance the following project types:

- The acquisition, construction, or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally subsidized rental housing by funding acquisition, rehabilitation and refinancing;
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities;
- The costs of acquisition, rehabilitation, adaptive reuse or new construction of single-family housing; and
- The cost of acquisition and infrastructure needs for manufactured home communities.

HIB funds are allocated through the annual Multifamily and Single-Family Requests for Proposals (RFP). HIBs can be issued as governmental, 501(c)(3), and private activity bonds. If the bonds are issued as private activity bonds, applicants also may access 4% housing tax credits. HIB proceeds are typically provided as deferred, no interest loans.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or statewide median income, not adjusted for household size for rental housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported two new construction developments:

- 72 units
- $13,484,406 total loan amount
- $187,283 average HIB assistance per unit
- A median household income of $9,493 or 10% of the statewide median income
- 46% of households were Black, Indigenous or households of color

We financed two rehab projects:

- 69 units

- $4,057,163 total loan amount
- $58,800 average HIB assistance per unit
- A median household income of $2,436 or 3% of the statewide median income
- 55% of households were Black, Indigenous or households of color

We financed land acquisition by community land trusts:

- 38 homes
- $716,266 total loan amount
- $18,849 average HIB assistance per unit
- A median household income of $36,783 or 40% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $120,000,000.

Of the $120 million, $100 million is new authority, and $20 million is unused resources from previous authorizations. The $100 million new authorization from the Legislature is conditional, dependent on whether the federal government fails to provide additional resources for the same purposes by the end of 2021. Of that $100 million, just over $18 million is restricted for single-family development and $15 million for manufactured home communities.

Based on resources available for new activity, we expect to support 1,550 housing units in each of the two years. This includes annually supporting about 765 manufactured home lots through infrastructure improvements.

Workforce and Affordable Homeownership Development Program

The funds for the Workforce and Affordable Homeownership Development Program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are cities, tribal governments, nonprofit organizations, cooperatives and community land trusts.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support the construction of about 50 homes each of the two years.

Manufactured Home Community Redevelopment Program

While this program was created in statute in 2001, it was funded for the first time for the 2020-2021 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities. Acquisition is also an eligible use.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support the construction of about 185 manufactured home lots each of the two years. In addition, as described in the HIB program description, we will also be able to annually support roughly another 765 lots with that resource.

Technical Assistance and Operating Support

The Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. This program supports all our strategic objectives by:

- Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations – including the Homeownership Center for its statewide counseling network and HousingLink for its statewide affordable housing website; and
- Supporting capacity building programs and initiatives – including the Capacity Building Initiative, Community Developer Capacity, and the Capacity Building Intermediary program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded $1,426,159 of activity under this program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,790,000.

Local Housing Trust Funds

The 2021 Legislature appropriated $1 million for a Local Housing Trust Fund Grants program. This one-time program will provide grants to local housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize increases in local funding dedicated to affordable housing.

Grantees are eligible to receive a grant amount equal to:

- 100 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government, up to $150,000; and
- Depending on funding availability, an amount equal to 50 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than $150,000 but not more than $300,000.

The agency will consult with interested stakeholders when developing the guidelines, applications and procedures for the program.

A grantee must use grant funds within five years of receipt to (1) pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration; (2) make grants, loans and loan guarantees for the development, rehabilitation or financing of housing; (3) match other funds from federal, state or private resources for housing projects; or (4) provide down payment assistance, rental assistance, and home buyer counseling services. The funds must households with incomes at or below 115% of the state median income.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $1,000,000. At this time, we do not have sufficient information to estimate how and when they funds will be used and how many households will be annually assisted.

OTHER

Manufactured Home Relocation Trust Fund

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay $15 per licensed lot into a Trust Fund each year if the fund's balance is below $2,000,000. The park owner is authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to Minnesota Management and Budget for deposit into the Trust Fund. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Minnesota Management and Budget collects the assessment, and we make payments to homeowners, with claims overseen by an appointed neutral third party, for eligible costs.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6 households assisted
- $15,550 total disbursements
- $2,592 average assistance per household

Expected Activity for 2022-2023

As of March 31, 2021, the fund had a $1.2 million uncommitted balance, which is below the $2 million threshold, triggering to continued collection of fees.

Disbursements from the fund vary significantly from year to year, depending on the level of park closures. We are not making an estimate of the assistance needs at this time.

Disaster Recovery

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters such as a flood or tornado. We distribute these funds through the Disaster Recovery program for single-family properties and also assist in repairing damaged rental buildings, providing relocation services to renters displaced or homeless due to disasters, building organizational capacity to respond to disasters, and covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the single-family Rehabilitation Loan Program (RLP), the multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under the Disaster Recovery program.

Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from $1,000,000 for the May 2011 Minneapolis tornado to $12,720,000 for the August 2012 flooding in northeast Minnesota.

Expected Activity for 2022-2023

At the start of the 2022-2023 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster. If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

Disaster Relief Contingency Fund

The Minnesota Legislature established this fund in 2001 as the account into which we deposit all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

The terms and conditions under which the funds are made available are at the sole discretion of Minnesota Housing. Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded nine loans for $198,287.

Expected Activity for 2022-2023

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of March 31, 2021, the fund had a $2.2 million uncommitted balance.

COVID-19 HOUSING RECOVERY

RentHelpMN – Emergency Rental Assistance Program (ERAP)

Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local communities. Under the program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments.

Program Performance and Trends

The program launched in April of 2021, and we have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

As a rough estimate, we expect to provide about $400 million to assist approximately 50,000 renter households during the two-year period of 2022 and 2023 – very roughly 25,000 renter households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HomeHelpMN – Homeowner Assistance Fund (HAF)

Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our HomeHelpMN program is expected to cover past due principal, interest, taxes, insurance and other housing payments, loan modifications, and certain counseling services. The overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

We expect to provide about $109 million to assist approximately 6,700 homeowner households during the two-year period of 2022 and 2023 – very roughly 3,350 homeowner households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HOME-ARP – American Rescue Plan (ARP)

Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (**HOME-ARP**) to assist individuals or households who are experiencing or at risk of homelessness, along with other vulnerable populations. Fifteen percent of the funds can be used for administrative expenses, with the remaining fund dedicated for assistance. We anticipate these funds will provide housing development resources that benefit individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

Program Performance and Trends

We expect to launch the program in program year 2022 and have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

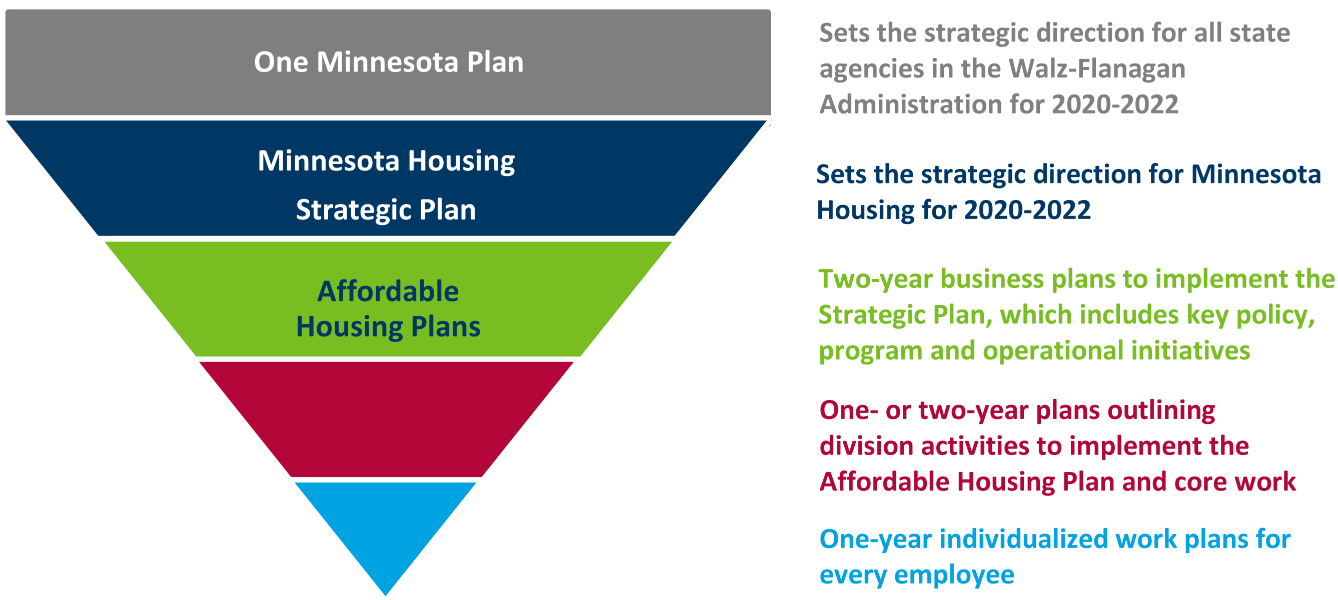
Expected Activity for 2022-2023

We expect to provide about $26.5 million ($31 million less administrative costs) to assist approximately 200 households during the two-year period of 2022 and 2023 – very roughly 100 homeowner households each year.

Appendix C
Strategy Management Structure and Reporting

Appendix C: Strategic Management Structure and Reporting

A set of planning documents and processes direct and align Minnesota Housing's work, as shown in the following diagram. The Affordable Housing Plan (AHP) is the piece that connects our day-to-day work with our Strategic Plan.



The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plan. The AHP is the business plan for implementing our strategic plan and establishes the key initiatives and provides resource estimates for a two-year period, which agency staff use to write their division and individual work plans. The AHP is rewritten every two years to reflect the new appropriations made available by the Legislature and other resource changes. It also considers new housing challenges, needs and opportunities.

The household and housing unit estimates in the AHP assume that all the funds made available are used and eventually disbursed. For some programs, we fall for short, but in other programs, we may end up using more resources than originally planned.

Accountability is key component of strategy management structure, and each set of plans in our structure has a tracking and reporting component. What gets tracked and reported gets done. Reporting and accountability for the AHP comes in two sets of reports:

- Each quarter, Minnesota Housing staff report to the Agency's board of directors progress in awarding funds through RFP selections and deploying resources through other process, such as home mortgage commitments. This quarterly report focuses on the number of households and housing units that will be assisted with the resources that have been awarded and compares the initial results with our AHP forecasts. This report, which is based on the initial awarding of resources, is a leading indicator in tracking progress because it can take a couple of years for housing developments to go from being selected for funding to the use of funds when construction is carried out. In some cases, funds that are awarded will go unused if a project is cancelled.

- At the end of each program year, in our Annual Program Assessment, we report to the Legislature and post on our website the funds that we disbursed that year and the number of households and housing units actually assisted for each program. This report captures our final results when the funding process is completed.