METROPOLITAN COUNCIL

390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE

Monday, October 6, 2008

Committee Members Present: Annette Meeks, Vice-Chair; Richard Aguilar; Sherry Broecker; Georgeanne Hilker, Tony Pistilli and Kris Sanda

CALL TO ORDER

A quorum being present, Vice-Chair Meeks called the regular meeting of the Council's Community Development Committee to order at 4:00 p.m. on Monday, October 6 2008.

APPROVAL OF AGENDA AND MINUTES

It was moved by -Hilker, seconded by Sanda, to approve the agenda. **The motion carried.** It was moved by Broecker, seconded by Sanda, to approve the minutes of the September 8, 2008 regular meeting of the Community Development Committee. **The motion carried.**

BUSINESS

2008-206 City of Chanhassen 2030 Comprehensive Plan, Review File No. 20265-1

Jim Uttley, Planning Analyst, introduced Kate Aanenson and Bob Generous from the City of Chanhassen. Uttley gave an overview of the staff review report and explained that Chanhassen's 2030 Comprehensive Plan (Update) does conform to the regional systems plans for regional parks, transportation and water resources management; is consistent with Council policies, forecasts, housing, 2030 regional development framework and land use, individual sewage treatment systems program and water supply; and is compatible with plans of the adjacent governmental units and plans of affected special districts and school districts.

Sanda asked if permits were required for seaplanes, and who issued them. Uttley responded that the permitting of seaplanes to land on certain lakes is controlled statewide by the State of Minnesota, Department of Transportation.

Sanda moved, seconded by Hilker, that the Metropolitan Council approves the following recommendations:

1. Authorize the City of Chanhassen to put its 2030 Comprehensive Plan Update into effect without any plan modifications;
2. Remind the City to submit a copy of the City Council Resolution adopting its Update to the Council for its records;
3. Remind the City that Minnesota Statutes 473.864 require it to formally adopt the Comprehensive Plan after the Council's final action and require the City to submit two copies of the adopted Plan to the Council in a timely manner; and,
4. Remind the City that it is required to submit any updated ordinances and controls intended to help implement the Plan to the Council upon adoption.
5. Encourage Chanhassen to participate in the zoning process for protection of Flying Cloud Airport operations and system role.
6. Advise the City to either include a reference to its Water Supply Plan (WSP) in Chapter 9 of the Update or include the WSP as an appendix to Chapter 9 in the Update.

The motion carried.

2008-255 City of Bloomington CPA for Applewood Pointe Southtown, Review File

Denise Engen, Senior Planner, introduced Carol Dixon, City of Bloomington. Engen gave an overview explaining that the Metropolitan Council reviewed the City's 2020 Comprehensive Plan in April 2001. Since then, the City has submitted 20 plan amendments to the Council for review. The *2030 Regional Development Framework* identifies Bloomington as a Developed Community and the Metropolitan Council forecasts that between 2000 and 2030 the city will grow from 85,172 to 93,000 people and from 36,400 to 40,000 households. The Council forecasts the city's employment is to grow from 101,564 to 137,500 jobs over the same period. The CPA affects a 5.2-acre area located at 2600 West 82nd Street in the Southtown area of Bloomington. The CPA changes the land use from *Quasi-public* to *High Density Residential.* It will allow the site to be developed for 102 independent living units in a senior coop housing development.

Hilker moved, seconded by Sanda that the Metropolitan Council:

1. Adopt the review record and allow the City of Bloomington to put the Applewood Pointe Southtown comprehensive plan amendment (CPA) into effect.
2. Find that the comprehensive plan amendment (CPA) does not change the City's forecasts.
3. Remind the City to describe activities to identify and reduce sources of excessive inflow and infiltration as a part of the 2008 Comprehensive Plan Update.

Vice-Chair Meeks asked if the existing church would remain. Staff explained that it would.

The motion carried.

2008-232 Adoption of 2008-2009 Utility Allowance Schedule – Tenant-based and Public Housing Programs.

Beth Reetz, HRA Manager, presented a request for new allowances for tenant paid utilities used in the administration of section 8 housing choice voucher, family affordable housing and other rental assistance programs administered by the council. She gave some examples to show how the utility allowances impact the administration of the programs. The Section 8 Utility Allowance schedule is reviewed and updated annually to reflect current utility rates according to regulations of the program. The current rates are based on unit size and structure type and applied to the average consumption data for heating, cooking, other electric, water heating, water/sewer and trash collection if paid by the tenant, based on unit size and structure type. The tenant receives the allowance to help cover their out of pocket utilities expenses that their lease indicates they are responsible for. The Utility Allowance Schedule helps ensure participants total housing costs for rent and utilities is within 30 to 40% of the household's monthly adjusted income.

Currently seventy-one percent (71%) of all Section 8 participants are assisted in a one or two-bedroom multifamily unit where all utilities are included in the rent except electricity for cooking and lights. These households will experience a slight increase in their utility allowance this year. For the remaining participant population living in townhouses, duplexes, and single family homes, where most, if not all utilities are the tenant's responsibility, a greater increase will occur due to the increase in the rates for natural gas, propane, and fuel oil.

Council Members asked questions about how the increase in the utility allowances and correlating increases in monthly rent subsidies would impact the funding levels for the program. Staff explained that currently program expenditures are tracked quarterly by the U.S. Department of Housing and Urban Development and if program expenses increase from one quarter to the next, the increase is made up with the following quarterly funding allocation. There were questions about the level of rent default by Family Affordable Housing Program residents and Section 8 Program participants. Staff explained that the levels are very low because families do not want to lose their program benefits or be evicted for rent default. However, if a resident or participant leaves the program owing the Council money, they are ineligible to participate again until the balance owing is paid in full.

Hilker moved, seconded by Broecker, that the Metropolitan Council approves the 2008-2009 Section 8 Utility Allowance Schedule effective November 1, 2008 for use by the Metro HRA in the administration of the Section 8, Family Affordable Housing, and other Rent Assistance Programs.

The motion carried.

2008-233 Adoption of Payment Standards for Section 8 Housing Choice Voucher Program

Beth Reetz, HRA Manager, explained that the Metropolitan Council annually reviews and adopts Payment Standards, which are used to calculate the maximum monthly subsidy for each assisted family in the administration of Section 8 Housing Choice Voucher Program. These payment standards are set at amounts that assure a sufficient supply of rental housing is available to program participants. To accomplish this objective, payment standards must be both high enough to permit choice of unit types and location; and low enough to serve as many households as possible with limited funding. Payment standards are limited by the Fair Market Rent (FMR) limits published annually by HUD for each metropolitan area and/or county. By federal regulation, the Metropolitan Council is authorized to establish Payment Standards at amounts not less than 90% and not more than 110%. New FMRs are published annually effective October 1st. The proposed FMRs for Federal Fiscal Year 2009 have increased 3% for each bedroom size which mirrors the findings by the local market advisor. The level at which HUD sets FMRs is expressed as a percentile point within the rent distribution of all standard-quality rental housing units occupied by renter.

Council Member Pistilli asked a question about the differing levels of rent subsidy paid from one community to another based on differing rental costs from one community to another and what keeps a household from moving to a higher cost community so as to receive a larger amount of subsidy. Staff explained that the subsidy is paid directly to the landlord to offset the cost of the unit. The participating household pays 30% of their income towards the rent regardless of where the unit is located. Rental markets that earn higher rents due to location for the same standard unit result in a higher subsidy costs. Competitive payment standards help participating households find suitable units in all markets so as to avoid concentrations of assisted housing in lower cost rental markets. Council Member Meeks asked whether families can move to lower cost markets outside the seven county regions. Staff explained that Metro HRA vouchers are valid only within its service jurisdiction but families can request to transfer to another Housing Authority. Each Housing Authority sets its own payment standards based on the fair market rents as established by HUD for that area. Council Member Sanda asked about the number of households and people that benefit from the Section 8 and FAHP programs. Staff explained the Council's Section 8 program is 5904 households or approximately 17,000 people. The FAHP program is 150 households based on 150 properties.

Broecker moved, seconded by Pistilli, that the Metropolitan Council adopt the following amounts, listed below, as Payment Standards for the Federal Section 8 Housing Choice Voucher Rent Assistance Program effective November 1, 2008.

	Recommended Payment Standards	Current Payment Standards	% Of Change	$ Of Change
0 BR	$ 671	$ 600	11.8	$ +61
1 BR	$ 790	$ 768	2.9	$ +22
2 BR	$ 960	$ 932	2.9	$ +28
3 BR	$ 1257	$ 1221	3.0	$ +36
4 BR	$ 1412	$ 1371	3.0	$ +41
5 BR	$ 1624	$ 1577	3.0	$ +47

* Zero bedroom standard increased this year to reflect same percent of FMR as all other bedroom sizes.

The motion carried.

INFORMATION

Proposed 2009-2014 Parks Capital Improvement Program

Guy Peterson, Community Development Director, presented the Proposed 2009—2014 Regional Parks Capital Improvement Program, which is part of the Council's Unified CIP scheduled for public hearing on October 22, 2008. The parks CIP proposes State funds finance about 60% and Council bonds finance 40%. Council bonds will be used to match State appropriations in which for every $1.50 of State funds appropriated, the Council would match it with $1. The Council's portion of $7 million per year is constant over the 2009 -2014 period. This insures that property tax levies used to pay the debt service on the Council's bonds is also constant. The CIP has a Project Specific CIP component and a Land Acquisition component - $5.25 million of State funds and $3.5 million of Council bonds is proposed for each year for both components.

Peterson stated that the Metropolitan Council, with the advice of the Metropolitan Parks and Open Space Commission prepares a capital improvement program (CIP) for the Park System. The CIP proposes funding for capital improvement grants to all 10 regional park agencies. The project specific CIP split the amount a regional park agency could request by considering the population of that park agency and the amount of non-local visitors that park agency hosted.

Peterson explained the State Legislature and Governor appropriated $10.5 million in the 2008 State bonding bill for the CIP which was matched with $7 million of Metropolitan Council bonds for a total of $17.5 million. The highest priority project or projects for each agency in the 2008-09 CIP was funded with the amount they received from the CIP appropriation. To ensure the Council's priorities for investing in the Regional Park System are accomplished, the funding requests for each park agency must be consistent with Metro Council's approved master plans. When park agencies ask to be reimbursed for a project they initially financed with local funds, the Council must have approved consideration of that reimbursement in a past action. The State funds and Metro Council bond match appropriated for the project specific CIP are distributed as a grant or grants to each park agency equal to the share proposed for that park agency in the CIP. Park agencies must spend their grant on their prioritized list of funding requests in priority order. This assures that the highest priority projects of the Metropolitan Council and each park agency are funded.

The second part of the Parks CIP is the Land Acquisition component – referred to as Park Acquisition Opportunity Grants. Since 2001, the Council has granted about $12.3 million to help park agencies acquire over 1,700 acres. The total cost of those acquisitions was $48.5 million. The grants finance only a portion of the acquisition costs. The grants along with potential future reimbursement s from the Parks CIP may finance up to 75% of acquisition costs for the period from July 1, 2008 to June 30, 2009. 25% of acquisition costs are financed solely by the regional park agency with its own funds or other grants. That 25% is NOT eligible for reimbursement form the Metro Council's Regional CIP. There are two accounts that finance the Park Acquisition Opportunity Grants – The State Acquisition Grant Account is used to buy land only. (currently $1.5 million of State funds that are matched with $1 million of Council bonds in this account) and the Land Acquisition Opportunity Account which is used to buy land and associated buildings. (currently $898,000 of Council bonds in that account). Grants from these accounts are added to the Capital Program when they are approved by the Council.

Pistilli asked if it is possible to approve all master plans at the beginning of the year and then use this formula/methodology to give the park agencies grants to implement those master plans. Stefferud explained that park master plans are not submitted by park agencies in a certain time of year, and that the park agencies request CIP grants to implement previously approved park and trail master plans which encompass more than what the Council approves in a particular year. Furthermore, the CIP is a funding proposal—not an award of grants. The Council must take action to award grants from the CIP after the State Legislature has appropriated funds to partially finance the CIP. In cases where the State appropriation is less than what is proposed in the CIP, the grants to park agencies are proportionally reduced with the highest priority project in each agency receiving a grant in proportion to that agency's CIP share.

Meeks asked how the constitutional amendment may affect the way in which the Metropolitan Council funds regional parks and open space. Stefferud replied that the constitutional amendment if passed in November would dedicate a portion of new sales tax revenue to a Parks and Trails Fund. The Legislature will decide how money is appropriated from the Parks and Trails Fund. They may appropriate money from the fund to the Metropolitan Council for land acquisition and land stewardship grants to the regional park agencies. This new revenue is not intended to replace "traditional funding sources" but it likely will replace General Fund appropriations for regional parks operations and maintenance since that has been financed in part with sales tax revenue.

Meeks asked how the lottery proceeds were used to fund parks. Stefferud responded that a portion of the Lottery proceeds are placed into an Environment and Natural Resources Trust Fund. Investment earnings from that fund have been appropriated to the Metropolitan Council to help finance park land acquisition grants to regional park agencies. A portion of what would be a sales tax on lottery tickets is placed into a dedicated account, which in turn is used to finance grants to regional park agencies for operations and maintenance of their portion of the Regional Park System.

Hilker questioned how sometimes park agencies request and receive State bond appropriations for projects that are not part of the Metro Council's Regional Parks CIP request - how are those appropriations dealt with and what affect do they have on the Regional Parks CIP? Stefferud replied that these State bond appropriations for requests outside the Metro Council's Regional Parks CIP request flow through the Council but are directed by the language in the bonding law as grants to park agencies for specific projects. These line item appropriations have no effect on the Regional Parks CIP.

Overview of Section 8 Project Based Assistance Program

Beth Reetz, HRA Manager, gave an overview of the Section 8 Project Based Assistance Program. She gave a brief historical perspective and reviewed the connections between this program and other Council programs, goals and policies. She also explained the groundwork for award recommendations that will be presented later this year, and project basing that will be recommended following HUD's approval of the application to convert the public housing units to Section 8.

Project Based assistance is linked to the HRA's regular Section 8 Program, which has 5904 vouchers, issued to eligible households to be used in eligible units, and is owned by private property owners. Participating households pay 30% of their income toward the rent; the federal subsidy is paid by the Metro HRA directly to the landlord making up the difference between what the family can afford and the total rent charged by the landlord. Through the payments to the landlords, over $48 million annually is disbursed into the local economy by the Metro HRA. The vouchers are "tenant based"(or "tied") to the family, and move with the family as they move from unit to unit, community to community, even from state to state.

In 1989, federal legislation was passed enabling housing authorities to "project base" a portion of their Section 8 tenant based allocations. In 1990, the CDC recommended and the Council approved the Metro HRA to project base up to 15% of its Section 8 allocation. Project basing a voucher means the voucher becomes "tied" to a specific unit in a specific housing development. The project based units are marketed to households on the Section 8 waiting list. The waiting list family accepts the project based voucher knowing it is "tied" to a specific unit. Housing Authorities decide to project base some of their vouchers because in 1998, the CDC recommended and the Council approved making project based vouchers available to interested housing developers as part of Minnesota Housing's Super RFP/Consolidated Application process. In 2001, the Council, along with Minnesota Housing and the Family Housing Fund, convened the Metropolitan Housing Implementation Group (MHIG) as a way to coordinate affordable housing development and financing resources. MHIG developed joint selection criteria to help ensure consistent funding decisions and to help streamline the application process for developers of affordable housing. This criteria includes: Promoting economic integration within developments, Promoting linkages of affordable housing with employment, retail, social and other services, recreation, schools and locations within transit corridors or convenient to public transportation, serving larger families with children and families with special needs in communities with LCA housing goals and affordable housing goals in its comp plan and maintaining long term rent affordability.

By making project based vouchers available through Minnesota Housing's Common Application process, the Metro HRA is assured of receiving applications for project based assistance that have already been screened and ranked based on similar goals and criteria. This saves the Metro HRA staff time and resources. Metro HRA review the projects for compliance with federal regulations and rank the proposals on criteria modeled after MHIG criteria and Council goals. Recommendations are then sent to the Community Development Committee. To date 14 projects have been awarded project based vouchers totaling 236 units. The largest was Franklin Lane in Anoka which helped to preserve the affordability of units in a Senior High-rise. One of the smallest and more recent projects was Clear Spring Road residences where four project based vouchers were awarded to a 12 unit project designed for disabled adults with supportive housing needs in Minnetonka. The projects vary by size and location, and some are for the elderly, some for families, some supportive housing, and some for residents with special needs related to disability. The advantage for the developer of receiving project based vouchers is guaranteed rent. Underwriters look upon this favorably. For the HRA, the effects of project basing can be seen as "robbing Peter to pay Paul. Project Based vouchers take away from the HRA's allocation of tenant based vouchers. A family from the Section 8 wait list that initially agrees to take a vacancy in a project based unit becomes eligible for a "tenant based" voucher after one year of residency. Its important for a Housing Authority to monitor the size of its project based program to ensure project based turnovers don't hamper the ability to serve families on the waiting list with tenant based vouchers. The Metro HRA limits the number of vouchers made available in the common application process - this year up to 30 were available. Recommendations will be presented to the Committee in late November.

Council members asked if this wouldn't be seen as a great benefit to the developer because they would have a guaranteed tenant – what would prevent them from letting the units deteriorate. Reetz explained that the family renting the unit would still be on the section 8 program and would therefore have the right to annual inspections. If the developer/landlord consistently did not meet the housing quality, or were found to be using unscrupulous leasing practices, the contract could be ended. She explained that this was a way for the council to help communities meet their affordable housing goals – which can be a difficult task. Some developments have both tax credit units and project based units in the same complex.

Peterson commented that the Section 8 Project Based units have been the vehicle to help the units be affordable for the Governor's initiative to end long term homelessness.

Sanda discussed a project she has been working on in South Minneapolis for low income families, many immigrants/refugees from the State department. Currently this project has 20 families moved in to this combination church, housing units with child care and businesses to help teach refuges community residents how to manage their money. They are working with the Hennepin County Commissioners to determine how many, of what programs are necessary to meet the requirements.

Pistilli thanked Reetz for the interesting presentation.

What the 2007 American Community Survey Tells us About the Twin Cities Region

Libby Starling, Research Manager with Community Development, presented statistical information from the 2007 American Community Survey. Starling gave statistics regarding the racial diversity composition of the region; the housing stock by age of homes in the area; household size and the housing cost burden of Twin City residents; and the commuting position of the area.

Committee discussion followed. Vice Chair Meeks thanked Starling for this very interesting presentation.

ADJOURNMENT

The next regular meeting of the CDC will be held Monday, October 20, 2008, at 4:00 p.m. in the Council Chambers.

Business completed, Vice-Chair Meeks adjourned the meeting at 5:35 p.m.

Respectfully submitted,

Jan Bourgoin
Recording Secretary