

C Community Development Committee
 Meeting date: April 2, 2012,
 For the Council Meeting of April 11, 2012

ADVISORY INFORMATION

Date: March 28, 2012
Subject: Guidelines for Priority Funding for Housing Performance – Minor and Clerical Revisions
District(s), Member(s): All
Policy/Legal Reference: Minnesota Statutes Section 473.175
Staff Prepared/Presented: Beth Reetz, Director, Livable Communities, 651 602-1060; Guy Peterson, Director, Community Development Division, 651 602-1418
Division/Department: Community Development

Proposed Action

That the Council adopt the *Guidelines for Priority Funding for Housing Performance* with the revisions as proposed in the attached document to make clarifications and other miscellaneous changes to the January, 2003 publication.

Background

The Metropolitan Council has been measuring the performance of local government in the provision and support for housing affordability and diversification since its first regional Housing Policy Plans in the 1970s. This determination in the form of a housing performance score has been undertaken by the Council for all but perhaps a 10 year hiatus during the 1990s.

In the heyday of federally required A-95 review by regional entities as a prerequisite for federal categorical grants, the Council had in place specific housing policy requiring that the performance of communities with regard to low-and-moderate income having be a factor in the evaluation of applications for federal funds. In competitive processes, preference would be given to communities providing affordable housing and using programs, fiscal devices and land use official controls and regulations to facilitate the development of more.

In the 70s and 80s different versions of the Housing Policy Plan included Policy 13 and later, Policy 39 as the policy basis for evaluating the housing performance of communities to be used as a factor in the rating and ranking of applications for federal, and in some instances, state funding. In those years, as in the past decade, communities were asked to complete a housing performance survey each year, from which staff determine a score for each community based on several criteria and metrics.

With the demise of the federal A-95 review by the late 1980s, both the importance and applicability of the housing performance scores diminished. Their relevance and use declined not only because of the absence of opportunities to apply the scores as the broad range of federal funding and grants programs shrunk dramatically, but because the Housing Policy Plan itself failed to be updated in the 90s. As the focus of Council attention turned away from affordable housing until the latter part of the decade and the creation of the Livable Communities Act, the policy and its determination of scores fell out of practice entirely.

Early in its tenure, the Mondale Council (1999-2002) was confronted with funding decisions and prioritization for which it sought the inclusion and application of communities' affordable housing performance. Finding that none were still in place and practices, or required as a factor in the evaluation of applications for discretionary funding, they pressed staff to reinstitute the practice of measuring affordable housing performance. By 2001, after nearly a year of development and public interaction and comment, the Council adopted the *Guidelines for Priority Funding for Housing Performance*.

The *Guidelines* say the Council may apply the evaluation of how well communities do on several measures regarding housing affordability and diversification in the form of a performance score from 0 to 100. In late 2002 several minor revisions were made to the criteria by the Mondale Council, and the revised document was published in January, 2003 as the Council transitioned to new policymaker membership.

Since then the housing performance scores determined through the *Guidelines* have been used exclusively in the evaluation and rankings of LCA grant applications. They have not been employed in other Council funding decisions.

Rationale

Because the *Guidelines* have not been revised at all since the end of 2002, there are various changes in definitions, descriptions, applicable threshold amounts and terminology, as well as formatting improvements, that haven't been made to the document that should be to make it more clear, accurate and current.

Staff has reviewed the document for appropriate places for what might be described as "housekeeping" or "cleanup" changes that do not change the intent or application of the criteria but instead are intended to clarify and make applicable to 2012.

A more thorough re-examination and revision of the criteria employed in the *Guidelines* should be undertaken after the Council develops and adopts a new regional Housing Policy Plan in late 2013 or early 2014.

Funding

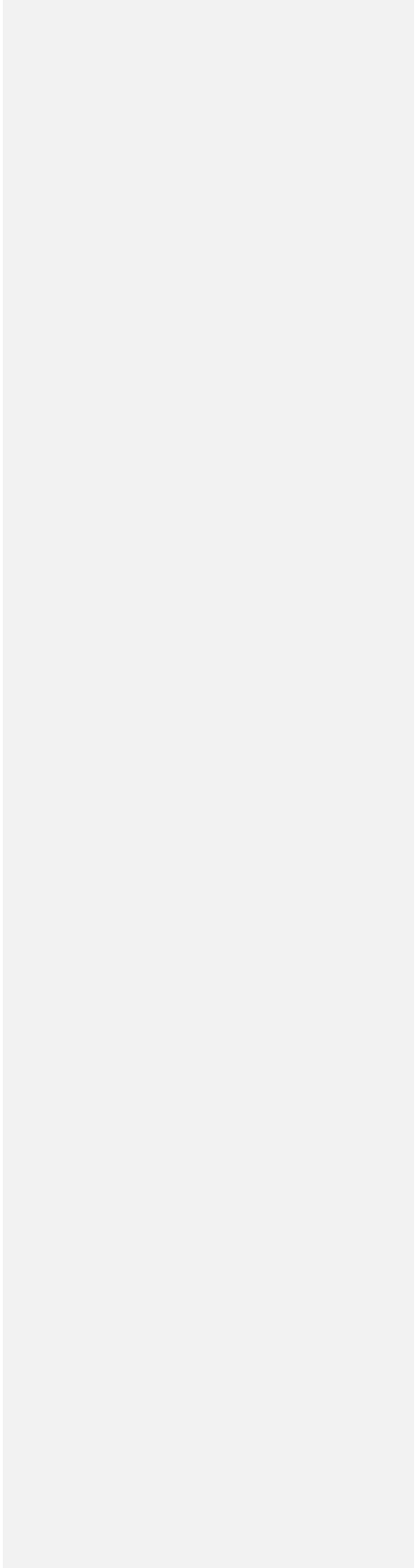
The criteria themselves are not a funding decision. They are a tool used by the Council as a factor in funding decisions.

Known Support / Opposition

None.

**Guidelines for Priority Funding
for Housing Performance**

~~January 2003~~ [March 2012](#)



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~~The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council advocates Smart Growth for vital communities and a competitive region. It runs the regional bus system, collects and treats wastewater, manages regional water resources, plans regional parks and administers funds that provide housing opportunities for low- and moderate income individuals and families. The Council is appointed by and serves at the pleasure of the Minnesota Governor.~~

The Metropolitan Council is the regional planning organization in the seven-county Twin Cities metropolitan area. The Council runs the regional bus and light-rail system and Northstar commuter rail, collects and treats wastewater, coordinates regional water resources, plans regional parks and administers funds that provide housing opportunities for low- and moderate-income families. The Council board is appointed by and serves at the pleasure of the Governor.

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Introduction

The Metropolitan Council's *Regional Blueprint Development Framework* includes ~~policy-policy and strategies~~ that supports, encourages and promotes the broadened opportunities for affordable and life-cycle housing throughout the region. As one of the actions it will take to support such housing opportunities, the *Blueprint Framework* statesays the Council will "give ~~priority for regional infrastructure investments or expenditures of public dollars to communities that have implemented plans to provide their share of the region's low and moderate income and life-cycle housing opportunities.~~" give funding priority to communities and community projects that increase the variety of housing types and costs, appropriately mix land uses, increase transportation choices and leverage private investment."

The following criteria and their relative weight will be used to annually determine a score – 0 to 100 points – and rank for cities and counties in the region to be used in the evaluation and prioritization of applications for funding by the Council. County scores will be used in the evaluation of county applications for funding; city scores will be used for city applications. Joint applications for discretionary funding will be weighted pursuant to the applicable combination of counties, cities, or both counties and cities. ~~Examples of current funding decisions that will be affected include but not be limited to those for community development—the LCA Fund and Smart Growth initiatives, transportation—TEA 21, the environment—MetroEnvironment Partnership grants, and other investments and programs such as those for parks and open space.~~

The amount of emphasis or weight given to the housing performance score or rank in the evaluation of applications for various funding programs will be at the discretion of the Metropolitan Council at the time it solicits applications for any of these discretionary funding activities. Any changes to the performance criteria themselves will be made only after the Council follows its adopted policy and practices for changing policy documents.

COUNTIES

Use of resources, authority, programs and initiatives for affordable workforce and life-cycle housing

- 0 or 5 points**
1. The county or its housing agency or authority owns and is responsible for the management of affordable housing units.
 - a. which are public housing units funded under the Office of Public and Indian Housing at the U.S. Department of [Housing and Urban Development \(HUD\)](#). ~~UD~~
 - b. and/or housing units not included in (a).
- 0 or 5 points**
2. The county, its housing agency or authority, the Metro HRA or a non-public agent of the county (which may include a designated non-profit), administers programs and/or resources to address affordable housing assistance, development and preservation needs in the county for cities and townships that do not manage their own such programs or resources to address these housing needs.

Examples of programs or resources to address these needs include, but are not limited to, the following:

- ~~Tenant-based rental assistance (Section 8 ~~existing housing programs~~—Choice Vouchers ~~or certificates~~ administered by the county or its agent)~~
- [Project-based rental assistance \(Section 8 Choice Vouchers administered by the county or its agent\)](#)
- Development of county housing TIF district(s) to assist affordable housing development or preservation
- The use of housing revenue bonds to support affordable housing production, homebuyer assistance [programs](#), or housing preservation efforts
- Land acquisition assistance program for affordable housing providers (e.g. ~~Habitat for Humanity~~)

And/or locally-administered activities such as:

- First-time homebuyer mortgage assistance program
- Down payment and/or closing cost assistance program
- Homeowner rehabilitation or home improvement grants or loan program
- Rental property rehabilitation or renovation program
- Funding for new affordable ownership or rental housing construction (e.g. federal low-income housing tax credits, HOME dollars etc.)
- Low-income housing rehabilitation loan or grant program funded by use of federal CDBG or HOME funds
- Housing counseling services (e.g. renter or first-time homebuyer education efforts)

And/or other innovative efforts or initiatives such as:

- A county-funded program to aid affordable housing development or

preservation through the provision of gap financing assistance.

- Activities undertaken by the county or its authorized agent(s) that require county involvement, partnership, support, or resources and address the housing needs of low- and moderate-income individuals and households, or those with special housing needs in the county, or advance the production or preservation of such housing.
- Initiatives by the county to create and/or expand non-profit capacity or foster local intergovernmental collaborations to create and preserve affordable housing for low- and moderate-income persons.

Each policy, activity, program, resource or other initiative is worth 5 points, not to exceed 70 points.

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0 to 10 points

3. The total per-capita expenditure of funds by the county or its authorized agent(s) ~~on~~ homelessness as identified in the previous year's budget will be assigned points based upon the following:

- 10 points – ~~\$610~~ or more per capita
- 8 points – ~~\$48.00~~ to ~~\$5,999.99~~ per capita
- 6 points – ~~\$26.00~~ to ~~\$37.99~~ per capita
- 4 points – ~~\$14.00~~ to ~~\$15.99~~ per capita
- 2 points – ~~less than \$1.00 per capita~~ \$1.00 to \$3.99 per capita
- 0 points – less than \$1.00 per capita

0 to 10 points

4. The total per-capita commitment (i.e. per-capita ~~for counting~~ only those communities with a tax levy to fund the county housing ~~authorities or community development entity~~, and/or a participation agreement with the county) of county-originated funds (taxes, reserve funds, fees, land sales, etc., not funds passed through from other levels of governments) to affordable housing development or preservation, ~~and/or tenant based~~ rental ~~or homeownership~~ assistance, or homelessness prevention and/or assistance activities as identified in the county's previous fiscal year's budget will be assigned points based upon the following:

- 10 points - ~~\$4016.00~~ or more per capita
- 8 points - ~~\$813.00~~ to ~~\$915.99~~ per capita
- 6 points - ~~\$610.00~~ to ~~\$712.99~~ per capita
- 4 points - ~~\$47.00~~ to ~~\$59.99~~ per capita
- 2 points - ~~\$24.00~~ to ~~\$36.99~~ per capita
- 1 point - ~~less than \$1.99~~ \$1.00 to \$3.99 per capita
- 0 points - ~~\$0~~ less than \$1.00 per capita

CITIES AND TOWNSHIPS

Affordability and Diversification

- 0 to 8 points** 1. Municipalities are ranked according to the percent of their owner-occupied housing (homesteads) with an assessed valuation equal to or lower than an amount affordable to households at ~~80~~ 60 percent of area median income (AMI), and their total number of ~~mobile-manufactured~~ homes.
- 0 to 8 points** 2. Municipalities are ranked according to the percent of their total housing stock that is comprised of rental units affordable to households of low- and moderate-income (~~50~~ 60 percent of ~~area median income-AMI~~ or less). This includes but is not limited to all federally subsidized rental units – public housing, Section 8 housing, units subsidized by the U.S. Department of Agriculture, units developed with the use of low-income housing tax credits, units developed with ~~the~~ assistance of ~~MHFA~~ from MN Housing, the ~~LCA-Livable Communities Act, the Family Housing Fund, Fund~~ or the assistance of another local fiscal tools or housing finance initiatives.
- 0 to 8 points** 3. Municipalities are ranked according to the percent of their housing stock that is comprised of units that are not single family detached units developed in the typical detached housing site plan approach. These units may include twinhomes, quads, apartments, townhomes, condominiums, detached townhomes, ~~mobile-manufactured~~ homes, and units developed with a zero-lot line.
- 0 to 10 points** 4. Municipalities are ranked according to the percent of ~~net~~ units added to their housing stock that are affordable at 60 percent AMI – both ownership and rental - since ~~2006~~ the Council began monitoring in 1996. These “new” units may include units that have been “preserved” as affordable for a definitive period of time because of public or private re-investment to retain their affordability. (~~“Net units” means that affordable habitable units, not including units on land with a property tax classification of 4C, removed as the result of a city initiative will be subtracted from the total new affordable units.~~)
- 0 to 3 points** 5. Housing for special needs
- Municipalities are awarded up to three points for the following types of special housing within their jurisdiction:
- Housing for which federal, state, county or local funds or those of a non-profit organization have been used to purchase and operate residential units or provide licensed housing that is not for the purposes of incarceration, but as a transitional placement of adult offenders or adjudicated delinquents
 - A publicly subsidized or non-profit group home licensed by the Department of Health or Department of Human Services which provides temporary or permanent housing for residents who are the physically

~~handicapped disabled~~, mentally ill, developmentally disabled or chemically dependent

- A shelter which is publicly subsidized and/or operated by a non-profit ~~group organization~~ to provide temporary housing for ~~homeless persons and families~~ people experiencing homelessness, battered women or those not otherwise able to secure private housing
- Housing for individuals and families who are experiencing homelessness, but who with a transitional stay of six to 24 months, and the assistance of advocates, can work towards housing stability and self-sufficiency to obtain permanent housing.

Each instance of such housing is worth 1 point up to 3 points.

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Local Initiatives to Facilitate Affordable Workforce Housing Development or Preservation

0 to 15 points

6. Fiscal Tools and Initiatives

The municipality has in place adopted local policy in its comprehensive plan or local housing plan that allows and encourages the use of a local fiscal tool or initiative and has used such a local fiscal tool to assist affordable workforce or life-cycle housing development and/or preservation.

Examples of such fiscal tools include but are not limited to the following:

- Tax increment financing
- Housing revenue bonds
- General obligation bonds
- A local property tax levy
- Local tax abatement
- Local fee waivers or reductions
- Credit enhancements
- Taxable revenue bonds
- Land write-down or sale
- Collaboration and participation with a community land trust or other non-profit organization to preserve long-term affordability

The use of federal or state dollars is only applicable if such dollars may be used for activities other than the development or preservation of affordable and life-cycle housing but the municipality has chosen ~~by policy~~ to use them for affordable housing development or preservation (i.e., CDBG dollars used for housing development or preservation).

Each local fiscal tool or initiative is worth 3 points, up to a maximum of 15 points.

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0 to 15 points

7. Initiatives regarding local regulation and development requirements

To facilitate the development or preservation of affordable or lifecycle housing through cost avoidance or reduction measures, the municipality has in the previous two calendar years:

- ~~Reduced, adjusted or eliminated a local official control; or~~
- ~~Reduced, adjusted or eliminated a development or local code requirement; or allowed the reduction, adjustment or elimination of a local official control, or development or local code requirement as a cost avoidance or reduction measure in order to facilitate the development or preservation of affordable workforce or life-cycle housing, OR~~
- ~~h~~Has in place in its policies and official controls a commitment to make such reductions, adjustments or eliminations of requirements when they are requested by a developer ~~in order~~ to facilitate the development or preservation of affordable or life-cycle housing; ~~;~~ or
- ~~S~~ince 1996, ~~has taken the initiative to revise its land use regulation and official controls to such a degree that these revisions can be shown to be permitting permit greater density and more frequent opportunities~~ for reduced development costs than existed before 1996.

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Each local initiative is worth 3 points, up to a maximum of 15 points. No more than 6 points may be applicable to any one affordable or life-cycle housing development or preservation activity aided by these local regulative measures.

Examples of these initiatives in the use of official controls include but are not limited to the following:

- The use of a density bonus system, inclusionary housing requirements or some other innovative zoning approach
- The use of variances, rezoning, special use or conditional permits or similar variations from the standards set forth in the community's zoning ordinance for the purpose of facilitating a specific affordable housing development.
- A local initiative undertaken to revise local design requirements for public improvement that may reduce the cost of public services to residential properties.
- Modifications in public services standards or requirements that might include streets, curbs, gutter, sewer and water hookups, street lighting and other required public improvements in order to reduce development costs to increase affordability in a new residential development.
- A reduction of such standards as the required street right-of-way, or surfacing width or depth design for residential street, or the size of sewer or water service lines to new housing.
- Implementation of an accessory housing ordinance that permits the addition or creation of accessory housing units.

~~**Each local initiative is worth 3 points, up to a maximum of 15 points. No more than 6 points may be applicable to any one affordable or life-cycle housing development or preservation activity aided by these local regulative measures.**~~

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0 to 15 points 8. Initiatives regarding housing preservation and rehabilitation

The municipality has in place ~~and has in the previous two calendar years~~

~~used~~ and promoted~~s~~ locally-initiated or administered (city or county) housing preservation, home improvement and/or rehabilitation programs, or other tools available to its residents to keep their housing stock in sound condition.

Examples of these initiatives include but are not limited to the following:

- A housing maintenance code and enforcement program for rental housing
- A housing maintenance code and enforcement program for owner-occupied housing
- A housing rehabilitation loan or grant program for rental housing
- A housing rehabilitation loan or grant program for owner-occupied housing
- A home improvement loan or grant program
- A home improvement resource center
- A local tool-sharing center or program

Each local initiative is worth 3 points, up to a maximum of 15 points.

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9. Density of residential development

The average net density of new (or re-use) sewerred housing for which a building permit was issued in the municipality in the two previous calendar years multiplied by the total number of such units in those two years are compared among all communities. Sewered communities are ranked highest to lowest, unsewerred communities are ranked lowest to highest. Points will only be given to sewerred communities with an overall density of three units per acre or greater and only to unsewerred communities for which the ~~1998-2008~~ local comprehensive plan update has been put into effect.

Sewered Communities

1 to 6 points

a. The average net density for attached housing units, i.e., units per acre multiplied by the number of such units permitted in the ~~last-previous~~ two calendar years.

1 to 6 points

b. The average net density for detached housing units (including detached townhomes and manufactured homes), i.e., units per acre multiplied by the number of such units permitted in the ~~last-previous~~ two calendar years.

Unsewerred Communities

1 to 12 points

The average net density of residential development multiplied by the number of all units permitted in the ~~last-previous~~ two calendar years

0 or 6 points

10. In the previous two calendar years, the municipality has:
~~-~~ acquired land to be held specifically for ~~the~~ development or redevelopment as ~~of~~ affordable or senior housing (exclusively 55+), or
~~-~~ has approved (permits may be drawn at any time) the development or

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local financial participation in a proposed development of new affordable or senior (exclusively 55+) housing, or
- approved the involvement of the municipality in the preservation and reinvestment in such housing – ownership or rental – which has not as yet been undertaken for reasons beyond the municipality’s control.

Points will be awarded according to the number of units involved in the development proposal as follows:

2 points – land has been acquired and being held for future affordable or life-cycle housing without a specific known number of units

2 points – less than 20 units or land acquisition for future housing in an approved project

4 points – 20 to 39 units in an approved project

6 points – 40 or more units in an approved project

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