

C Community Development Committee

Executive Summary

Item: 2007-148

Meeting date: May 21, 2007

ADVISORY INFORMATION

Date:	May 11, 2007
Subject:	LCA Local Housing Incentives Account Funding Recommendations
District(s), Member(s):	All
Policy/Legal Reference:	Livable Communities Act, MN Statute 473.25
Staff Prepared/Presented:	Linda Milashius, 651-602-1541
Division/Department:	Community Development/Livable Communities

Proposed Action/Motion

That the Metropolitan Council accept the staff recommendation that no proposals submitted during the Spring funding round of the Local Housing Incentives Account (LHIA) program should be funded, and approve awarding all of the \$1.89 million intended for distribution through the 2007 LHIA program during the Fall funding round, which includes both ownership and multifamily rental proposals.

Overview:

The Metropolitan Council, as a member of the Metropolitan Housing Implementation Group (MHIG), participated in the issuance of a Request for Proposals (RFP) for home ownership housing programs in December 2006.

Applicants were asked to apply for funds to be awarded through MHIG for the purposes of acquisition, demolition, new construction, rehabilitation, financing, or gap financing of housing in or to be developed in locations specifically designated by their applications. All proposals received through the RFP process were reviewed by Minnesota Housing (formerly Minnesota Housing Finance Agency [MHFA]) staff for completeness and evaluated pursuant to the MHIG criteria. Proposals were then reviewed by a selection committee consisting of representatives of the MHIG, including staff from Minnesota Housing, the Metropolitan Council and the Family Housing Fund. Proposals were discussed regarding their overall concept, consideration of the joint selection criteria and individual funder's criteria, as well as any funder's past experience with the applicant, previous funding allocations, and familiarity with the project or expertise related to any aspect of the proposals. The selection committee then rated the proposals on the proposer's organizational capacity to deliver the project and the feasibility of the proposal.

Evaluation Process

A total of 22 metropolitan area applications were evaluated by MHIG. Of those, seven (7) qualified to be considered for funding. The Minnesota Housing Board considered and recommended full funding for these seven proposals at its meeting on April 26, 2007. Council staff further evaluated three of the seven proposals for possible LHIA funding, resulting in a recommendation that no LHIA funds be awarded this round for two reasons:

1. The proposed total public per-unit subsidies for the three proposals range from \$97,000 to \$265,900. Staff concluded that the per-unit financial assistance required by the three projects would not be cost-effective given the required significant financing gaps for each unit.
2. Many of the 15 proposals that were deemed premature for funding consideration this round proposed total per-unit subsidies substantially below (\$58,000 or less) the subsidies requested in the three applications noted above. It is expected that several of these applications will be resubmitted for evaluation in the Fall round.

Therefore, staff recommends that the \$1.89 million approved for distribution through the 2007 LHIA program be applied to the Fall funding round, which includes both ownership and multifamily rental proposals.