

C Community Development Committee

For the Metropolitan Council meeting of June 13, 2007

ADVISORY INFORMATION

Date Prepared: May 22, 2007

Subject: Local Housing Incentives Account Funding Recommendations

Summary of Committee Discussion:

The recommendation to award all of the 2007 Local Housing Incentives Account funding in the fall round of LHIA grants prompted a question from the committee as to whether there was a possibility that the Council might not award all of the funds in the fall round and the consequences if not all funds were awarded. Staff responded that given the need for assistance for affordable housing, it would be unlikely that there would be funds remaining after the fall awards. However, if there were remaining funds, those funds would be carried over for inclusion in Local Housing Incentives Account funds available through the 2008 Livable Communities Fund Distribution Plan. In response to a follow-up question, staff confirmed that the fifteen applications considered premature for funding during the spring round were likely to be back for consideration in the fall along with other applications for funding.

Recommendation:

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.

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.