

## Committee Report

# C Community Development Committee

For the Metropolitan Council meeting of December 10, 2008

Item: 2008-302

### ADVISORY INFORMATION

**Date Prepared:** December 2, 2008

**Subject:** Project Based Assistance Proposals

#### Proposed Action:

That the Metropolitan Council approve proposals for Section 8 Project Based Assistance (PBV) and authorize staff to execute necessary documents with the U.S. Department of Housing and Urban Development and the owners of the projects to assign a total of 34 Section 8 Vouchers in two projects as follows:

Project	City	Number of Units in Project	Number of PBV Units Requested	Targeted Population
Har Mar Apartments	Roseville	120	30	General Occupancy – Families and Children – long term homeless
Trails Edge Townhomes	Maplewood	48	4	Supportive Housing – long term homeless
			34	

#### Summary of Committee Discussion / Questions:

Council Member Pistilli asked what happens to the vouchers if the projects do not proceed. Staff explained the contract to award the vouchers is not executed until the project is complete, and therefore if the project does not go forward, the contract is not executed and the vouchers remain tenant based. There was no further discussion and the motion passed unanimously.

# C Community Development Committee

Meeting date: December 1, 2008

ADVISORY INFORMATION	
<b>Date:</b>	November 13, 2008
<b>Subject:</b>	Project Based Assistance Proposals
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	24 CFR 983
<b>Staff Prepared/Presented:</b>	Beth Reetz, Metro HRA Manager, (651) 602-1278 Terri Smith, Metro HRA Assistant Manager, (651) 602-1187
<b>Division/Department:</b>	Community Development/Housing & Redevelopment Authority (HRA)

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## Background

The Section 8 Project Based Voucher (PBV) program provides a housing authority the ability to designate a number of its available tenant based vouchers to specific projects. Council action in November 1999 authorized the Metro HRA to project base up to 754 units of its Section 8 allocation or approximately 13% of its current allocation of 5904 vouchers. The PBV program is marketed to interested owners/developers as part of the Minnesota Housing’s Consolidated Request for Proposal (RFP) process in order to further the development of affordable rental housing. The RFP process is coordinated by Minnesota Housing and provides a centralized means to access funds to assist in the development, acquisition or rehabilitation of affordable housing. Participating funders have included Minnesota Housing, Metropolitan Council, Family Housing Fund, Greater Minnesota Housing Fund, Minnesota Department of Employment and Economic Development (DEED), the Minnesota Department of Human Services (DHS) and the St. Paul Public Housing Authority.

When a project based assistance voucher is assigned to a unit, the unit is marketed to applicants on the HRA’s Section 8 waiting list. The rents charged by the owner for the PBV unit must be reasonable and affordable to participants of the Section 8 rent assistance program and within the Payment Standards adopted for the program. To date, the Council, through the Metro HRA, has awarded a total of 236 PBV units in 14 separate projects located in Fridley, Chaska, Minnetonka, White Bear Lake, Maplewood, Anoka, New Hope, Robbinsdale, Blaine, Coon Rapids, Waconia, Falcon Heights and Woodbury.

The Metro HRA offered 30 vouchers during the June 2008 Consolidated RFP. Metro HRA staff is recommending the award of 30 vouchers to Har Mar Apartments and an additional 4 vouchers to Trails Edge

Townhomes. Trails Edge was first interested in PBV during the 2007 round. However, their application was incomplete so the award was not made. Since Metro HRA did not make any PBV awards last year, staff is recommending 34 PBV units to be awarded this year.

The above listed proposals were first reviewed and ranked by Minnesota Housing staff and its collaborating partners irrespective of the project requesting or receiving PBV funding. Proposals were ranked based on overall project feasibility and organizational capacity. Other common funding priorities included the extent to which the proposed housing:

- addresses the housing needs of underserved populations
- is located near jobs, transportation and services
- increases or sustains the supply of affordable housing
- maximizes the adaptive reuse of existing buildings and the use of existing infrastructure
- includes private investment as a funding source
- ensures long-term affordability
- provides or maintains housing opportunities for households with a wide range of incomes and housing needs

Proposals ranked high enough to receive other requested funding to ensure financial feasibility are then ranked by the Metro HRA based on the following PBV selection criteria related to:

- Owner experience
- Deconcentration of poverty and expanding housing opportunities
- Increasing the supply of affordable housing
- Contributing to the upgrading and long-term viability of metro area housing stock
- Integration of housing and tenant services
- Encouraging economic integration in housing development
- Encouraging development of housing for larger families needing 3 or more bedrooms
- Promoting linkages among housing, jobs and transportation, health, education and recreation facilities

HRA staff found both proposals to meet the necessary criteria. HRA staff recommends the following proposals:

- **Har Mar Apartments - Roseville:** This is a redevelopment project of an existing 120-unit multifamily apartment community built in 1965. The property is identified as a highly distressed property in need of reinvestment. One hundred percent (100%) of the development will be tax credit units at 50% of AMI. The project will include 120 rehabilitated one-bedroom units. Six units will serve households that meet the definition of Long-Term Homeless. The site allows for the future construction of approximately 50 additional apartment units which will be part of Phase II of the project. The new building will feature two and three bedroom apartments. This project was awarded Met Council LCDA and TBRA grant funds.
- **Trails Edge Townhomes - Maplewood:** Trails Edge Townhomes are part of a larger vision of collaboration to create a healthy and diverse intergenerational community. The project will include 48 large two and three bedroom units for families earning 50% of AMI. Four units will serve those experiencing Long-Term Homelessness. The project will be developed in collaboration with three non-profit organizations to address the needs of lower income families. As part of the larger redevelopment of the St. Paul Monastery site, the Advantage Center will be provided in the current Monastery building to support the needs of Trails Edge families. This project was awarded funding under the Met Council's LHIA program.

Three other projects submitted requests for Metro HRA PBV through the MN Housing RFP. Wayzata Gateway requested 4 PBV units. This project will not be feasible until 2010 so is not being recommended for vouchers during this round. Washington County submitted a proposal for 14 PBV for a senior project in Forest Lake and 4 units of transitional housing in Oakdale. These projects did not apply for any other funding through MN Housing, are not being recommended as a priority for MN Housing and have not received any support from the Council in terms of other funding. These projects met less of the PBV selection criteria than the selected projects and are not being recommended for vouchers for this round.

**Rationale**

While the Metro HRA is currently fully utilizing all 5,904 Section 8 vouchers in its allocation, staff anticipates turnover of vouchers to accommodate the 34 PBV needed to accommodate these proposals. Staff recommends the described proposals and requests that the Metropolitan Council approve the award of the 34 Project Based Vouchers.

**Funding**

The funding for the Section 8 Project Based Voucher program is provided through the U.S. Department of Housing and Urban Development (HUD).

**Known Support / Opposition**

The above projects have been supported by Minnesota Housing with the award of tax credits and the Metropolitan Council with the award of LHIA, TBRA and LCDA grant funds.