

## **METROPOLITAN HOUSING INVESTMENT POLICY MULTIFAMILY**

### **Section 1 – Background and Purpose**

The 1995 Minnesota Legislature adopted two significant pieces of legislation related to affordable housing: the Metropolitan Livable Communities Act (Minn. Stat. §473.25 - §473.254) and the Governor's Economic Vitality and Housing Initiative (1995 Laws, Chapter 224, Section 6). The Metropolitan Livable Communities Act created a fund available to participating communities to provide a full range of housing opportunities and to preserve and rehabilitate affordable housing. The Governor's Economic Vitality and Housing Initiative targets appropriations to supporting and complementing regional economic development and redevelopment efforts.

In 1995, Family Housing Fund was awarded a McKnight Foundation Grant, a portion of which is earmarked to support the creation of low income housing opportunities in the suburban metropolitan area. That same year, the Minneapolis Public Housing Authority settled the Hollman v. Cisneros lawsuit; pursuant to the settlement, substantial funds are available for affordable rental housing in the metro area.

The 1999 Minnesota Legislature created, with a one-time only appropriation, the Economic Development and Housing Challenge program (hereinafter "Challenge program") which offered an incentive for private employers to contribute to affordable housing efforts. Funds from the Challenge program could only be used on projects that have a contribution from a private employer and either a local unit of government or a philanthropic organization. Also in 1999, the Innovative and Inclusionary Housing program was created to provide an incentive to local units of government to take steps to reduce the costs of developing affordable housing and to encourage the use of innovative building techniques and materials that reduce the costs of developing affordable housing.

Two years later, the 2001 Minnesota Legislature preserved the policy of encouraging leveraging of private money for affordable housing by consolidating a number of existing development and redevelopment programs into the Challenge program.

Both the Metropolitan Livable Communities Act and the Governor's Economic Vitality and Housing Initiative directed the Minnesota Housing Finance Agency (Minnesota Housing) to confer with the Metropolitan Council (Met Council) to identify priorities for using the Economic Vitality and Housing funds in the metro area. One of the grant-making objectives of the Family Housing Fund is to encourage collaboration among a number of units of government.

In an effort to coordinate affordable housing resources available for the metro area, Minnesota Housing, the Met Council, and the Family Housing fund convened the Metropolitan Housing Implementation Group (MHIG). In addition to representatives from these three entities, MHIG is composed of representatives from: Corporation for Supportive Housing, Greater Minneapolis Metro Housing Corporation (GMMHC), Local Initiatives Support Corporation (LISC), Minnesota Housing Partnership (MHP), Minneapolis Public Housing Authority and HUD.

MHIG has developed joint selection criteria to ensure that consistent policies are used by members of MHIG to inform funding decisions on housing projects in the metro area. MHIG is also attempting to use a coordinated and comprehensive funding process. The selection criteria are a tool to implement the policies articulated in the Metropolitan Council's Regional Blueprint as well as the Metropolitan Livable Communities Act and the Governor's Economic Vitality and Housing Initiative.

Delivery of a combination of resources from members of the MHIG will be streamlined through a single application process and joint review process.

Members of MHIG may have other criteria in addition to the joint selection criteria which limit the types of projects that may be funded from a member's resources.

## Section 2 – Source of Funds

Funds are available for affordable housing projects in the seven-county metro area through the MHIG joint application process. The sources of these funds are:

### Metropolitan Housing Implementation Group Resources

- Metropolitan Council's Livable Communities Act Local Housing Incentives Account;
- Family Housing Fund;
- Minnesota Housing; and

### Other

- The Minneapolis Public Housing Authority's Hollman settlement.

## Section 3 – Eligible Applicants

Any municipality in the seven-county metro area or any affordable housing project or development in a municipality in the seven-county metro area provided that the threshold criteria of Section 5 have been met.

## Section 4 – Award Terms and Conditions

No maximum or minimum award amounts.

Additional terms and conditions may apply depending on the ultimate source of funds awarded for a particular project.

## Section 5 – Project Selection Criteria for Rental Developments

The Metropolitan Housing Implementation Group will take the following criteria into consideration when determining whether an application and applicant will be selected for funding from MHIG.

### Threshold Criteria (must be met to be considered for funding):

- The proposed project must be consistent with the housing element of the community's local comprehensive plan or with the applicable HUD Continuum of Care plan

### Competitive Criteria:

- The proposed project promotes economic integration within the development or within the community.
- The proposed project links affordable housing, employment, retail services, social and other services, recreation, and schools and is located within transit corridors or is convenient to public transportation.
- Private funds and non-MHIG public funds are being contributed to the proposed project.
- The proposed project assists in meeting clearly identified goals relating to the housing element of a plan cooperatively developed by local units of government, neighborhood and/or community groups, housing providers, and funders.
- The project is being carried out as part of a "cluster" \* action plan in which two or more adjacent municipalities have entered into agreement to cooperatively provide affordable and life-cycle housing.
- The municipality is engaged in good faith negotiations with the Minneapolis Public Housing Authority to utilize resources available under the Hollman settlement.\*
- The proposed project maintains rent affordability on a long-term basis.
- The proposed project serves larger families with children, (i.e., those needing 3 or more bedrooms) and/or persons with special needs and is not restricted to certain age groups.

For projects that serve persons with special needs, the proposed project is located in a community that underserves the housing needs of persons with special needs.

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\*Two or more adjacent municipalities that have entered into agreements to cooperatively provide affordable and lifecycle housing.

- The proposed rental development is located in a community with LCA\_housing goals and/or affordable housing goals in its local comprehensive plan.
- The local unit of government of the community in which the proposed project is located is making or has made changes to local regulations, ordinances, policies, or fees that result in a reduction or avoidance of the cost or costs of developing the proposed project.
- The proposed project results in no net loss of affordable housing units in the neighborhood of the proposed site.
- The proposed project is located in a community which has allowed residential development at the maximum unit per acre densities identified in the city's comprehensive plan for the appropriate residential land use or the project for which funding is being sought proposes development that equals or exceeds the maximum density permitted in the city's comprehensive plan for the same residential land use.

**Individual Funder's Criteria:**

In addition to the joint selection criteria, members of MHIG may have additional criteria which must be applied to funds provided by that member.

Minnesota Housing should be contacted for specific Minnesota Housing program criteria.

See Attachment for a summary of the additional Metropolitan Council criteria for funds from the Local Housing Incentives Account.

**Section 6 – Procedures**

Applications will be solicited through a Request for Proposals (RFP).

Applicants must complete and submit by the application deadline date for a Minnesota Housing deferred loan application. An analysis of the application will be completed by the Minnesota Housing underwriting staff. This analysis will include a general review of market, program, financial feasibility, cost appropriateness and capacity of developer. Applications will also be reviewed and evaluated based on the MHIG joint selection criteria.

Applications will be selected for funding by the deferred loan selection committee. The committee will be composed of representatives from each of the funders.

Applications that best meet the proposed purpose and the selection criteria of the MHIG will be presented to the appropriate decision-making body for final approval (i.e. Metropolitan Council, Minnesota Housing and Family Housing Fund).

Disbursement to and monitoring of selected applicants will be the responsibility of the individual funders.