



Discussing Affordable Housing Aid

Emergency Rental Assistance and Housing Stability

August 21, 2024

Why We're Here

- Housing impacts Minnesotans of **all backgrounds** in **all corners** of the state
- Housing touches **all areas of life** – education, health, jobs and more





Local Government Housing Programs

Jennifer Bergman | Director of Local Government Housing Programs

New Resources for Local Governments and Regions

Legislature Invested in Local Government Support

New resources for new programs include over \$100 million in annual sales taxes in the metro and over \$50 million in annual appropriations all targeted to units of local government.

Minnesota Housing Created a New Team with Deputy Commissioner

- Director: Jennifer Bergman
- Manager of Local Programs: Annie Reiersen
- Policy & Programs Specialist: Nick Boettcher
- Program Manager: Colleen Meier

New Funding: Local Government Housing Programs

- **Bring It Home Rental Assistance, Annual**
 - Statewide Appropriation \$23 million
 - Sales Tax (7-County Metro) \$32 million (updated estimate)
- **Affordable Housing Aid, Annual**
 - Local Affordable Housing Aid \$100 million (updated estimate)
 - Statewide Affordable Housing Aid \$20.25 million
 - Tier II Cities Competitive Grant \$2.25 million
- **Local Housing Trust Fund, one-time** \$5.8 million
- **Greater Minnesota Infrastructure, one-time** \$8 million
- **Lead Safe Homes, one-time** \$4 million

For more information

**Minnesota Housing
website (mnhousing.gov)**
Local Government Housing
Programs

*[https://mnhousing.gov/local-
government.html](https://mnhousing.gov/local-government.html)*



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NEW: Affordable Housing Aid

- New program funded by state appropriations (statewide) and metro sales tax (metro).
- Aid is distributed directly to cities, counties and Tribes by the Department of Revenue.
- The aid funds do not pass through Minnesota Housing, though Minnesota Housing will collect reporting starting in 2025.
- <https://www.revenue.state.mn.us/local-affordable-housing-aid>
- <https://www.revenue.state.mn.us/statewide-affordable-housing-aid>

Local Affordable Housing Aid (LAHA)

LAHA was created to help metropolitan local governments meet local housing needs through affordable housing development projects and support for organizations and individuals in maintaining stable, affordable housing

- All 87 Minnesota counties and metropolitan cities over 10,000 in population
- Dedicated sales tax of .25 cents
- 25% to metropolitan cities LAHA
- 50% to metropolitan counties LAHA
- Department of Revenue will be collecting tax proceeds and determining funding
- First disbursement will be in July of 2024

LAHA Cities and Counties

Using an annual estimate* of \$120 million in metropolitan sales tax for housing proceeds:

- **Seven Counties in the Metropolitan Area:**

- Fifty percent of the total sales tax for housing is distributed to 7 counties – Total of \$60 million
- Anoka \$5.6 mil, Carver \$1.5 mil, Dakota \$7.3 mil, Hennepin \$27.3 mil, Ramsey \$12 mil, Scott \$2.2 mil, Washington \$4 mil

- **Sixty-Three Cities in the Metro (examples)**

- Twenty-five percent of the sales tax for housing distributed to 63 cities – Total of \$30 million
- Bloomington \$1.1 mil, Mendota Heights \$76k, Minneapolis \$6.1 mil, New Hope \$307k, Woodbury \$582k

** Estimates are for discussion purposes only. Contact the Minnesota Department of Revenue for more information.*



Statewide Affordable Housing Aid (SAHA)

Similar to LAHA, SAHA was created to help Tribes and Greater Minnesota counties and cities meet local housing needs through affordable housing development projects and support organizations and individuals in maintaining stable, affordable housing.

- All 87 Minnesota counties, nonmetro cities over 10,000 in population and 11 Tribal Nations
- \$22.5 Appropriation for 2023 and 2024, appropriation steps down starting in 2025
- Department of Revenue calculates and disburses funding
- Minnesota Housing supports the program and collects reports
- First round of funding was dispersed in late 2023

SAHA Cities and Counties

Appropriated aid statewide is the same in 2023 and 2024, steps down in 2025:

- **All 87 Counties in Minnesota:**
 - Metro counties receive SAHA in addition to LAHA: Anoka \$400k, Carver \$171k, Dakota \$517k, Hennepin \$1.7 mil, Ramsey \$800k, Scott \$211k, Washington \$323k
 - Greater Minnesota counties (examples): Big Stone \$83k, Mower \$119k, Olmstead \$242k, Otter Tail \$144k, St Louis \$321k, Stearns \$243k, Wright \$204k
- **Thirty-Seven (37) Nonmetropolitan Cities (examples)**
 - Bemidji \$114k, Duluth \$520k, Hibbing \$67k, Rochester \$546k, St. Cloud \$376k, Willmar \$44k
- **Tribal Governments: 7 received equal distributions in 2023; aids will be based on Tribal applications in 2024 and after**

LAHA/SAHA Requirements

Use of Funds:

Any funds distributed under this program must be spent on a qualifying project.*

Qualifying Projects:

- Emergency Rental Assistance
- Financial Support to Non-Profit Affordable Housing Providers
- Construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing to provide affordable housing to those who earn less than 115% of AMI (homeownership) and 80% AMI (rental)
- Financing the operations and management of financially distressed residential properties (2024)
- Funding of supportive housing (2024)
- Costs of operating emergency shelter facilities, including services (2024)

See Minnesota Housing's Frequently Asked Questions for more information on the housing aid programs, reporting and compliance.

**Additional requirements detailed in Minnesota Statutes 477A.35*

Panelists



David Hewitt
Hennepin County
Director, Housing Stability



Stephanie Hawkinson
City of Edina
Affordable Housing
Development Manager



Madeline Kastler
Dakota County
Deputy Director, Housing
and Community Resources

Describe the community that you represent. What are the housing needs or challenges that your community is facing?

Part 1



Hennepin County

David Hewitt | Director, Housing Stability

Hennepin County Population overview

Hennepin County

- 45 cities
- 1.3 million residents
 - 22% of Minnesota's population)
 - 34th most populous county in the U.S.
- 65,000 households spend more than 50% of their income on housing costs. Rates of severe housing cost burden compared to White households:
 - 3x higher among Indigenous households
 - 2.5x higher among Black households
 - 1.5x higher among Latinx households





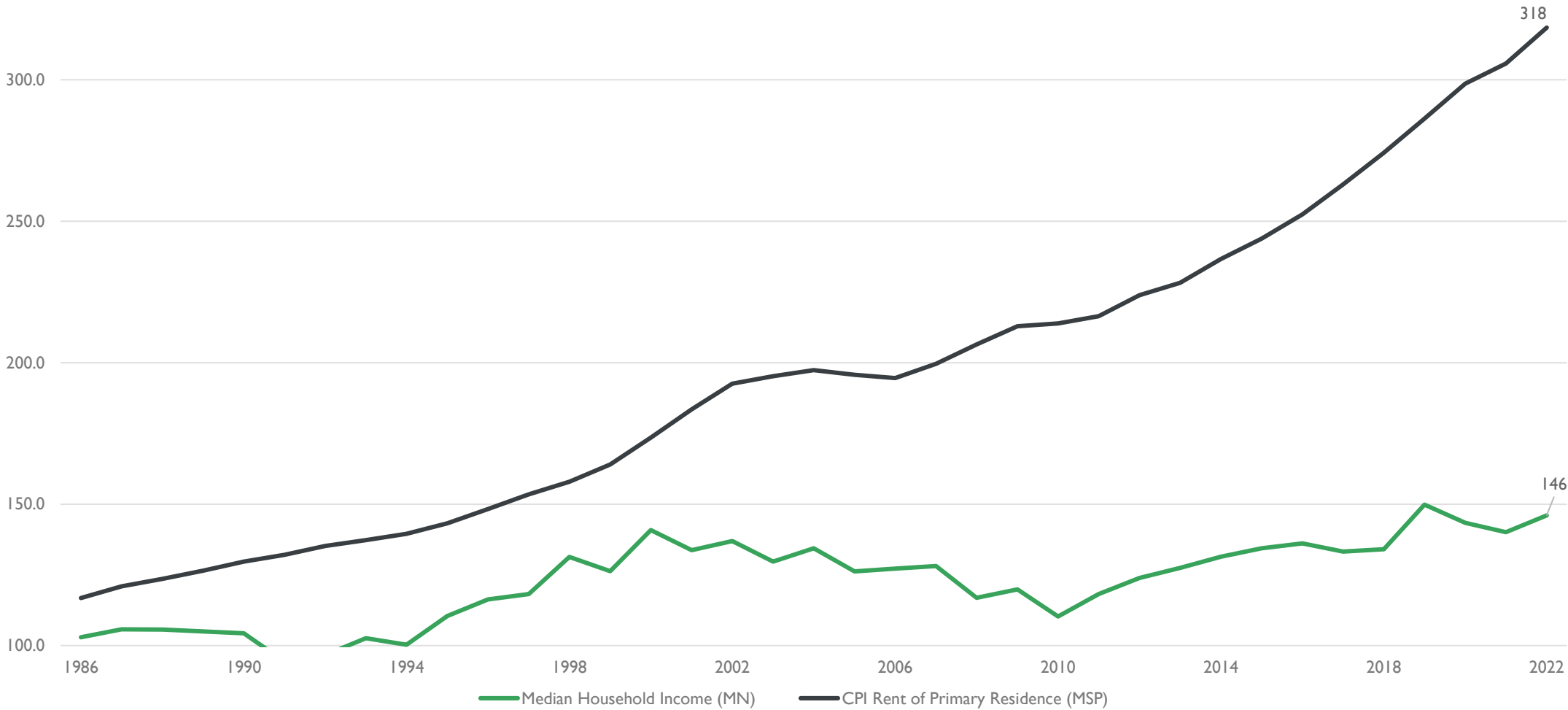
City of Edina

Stephanie Hawkinson | Affordable Housing Development Manager

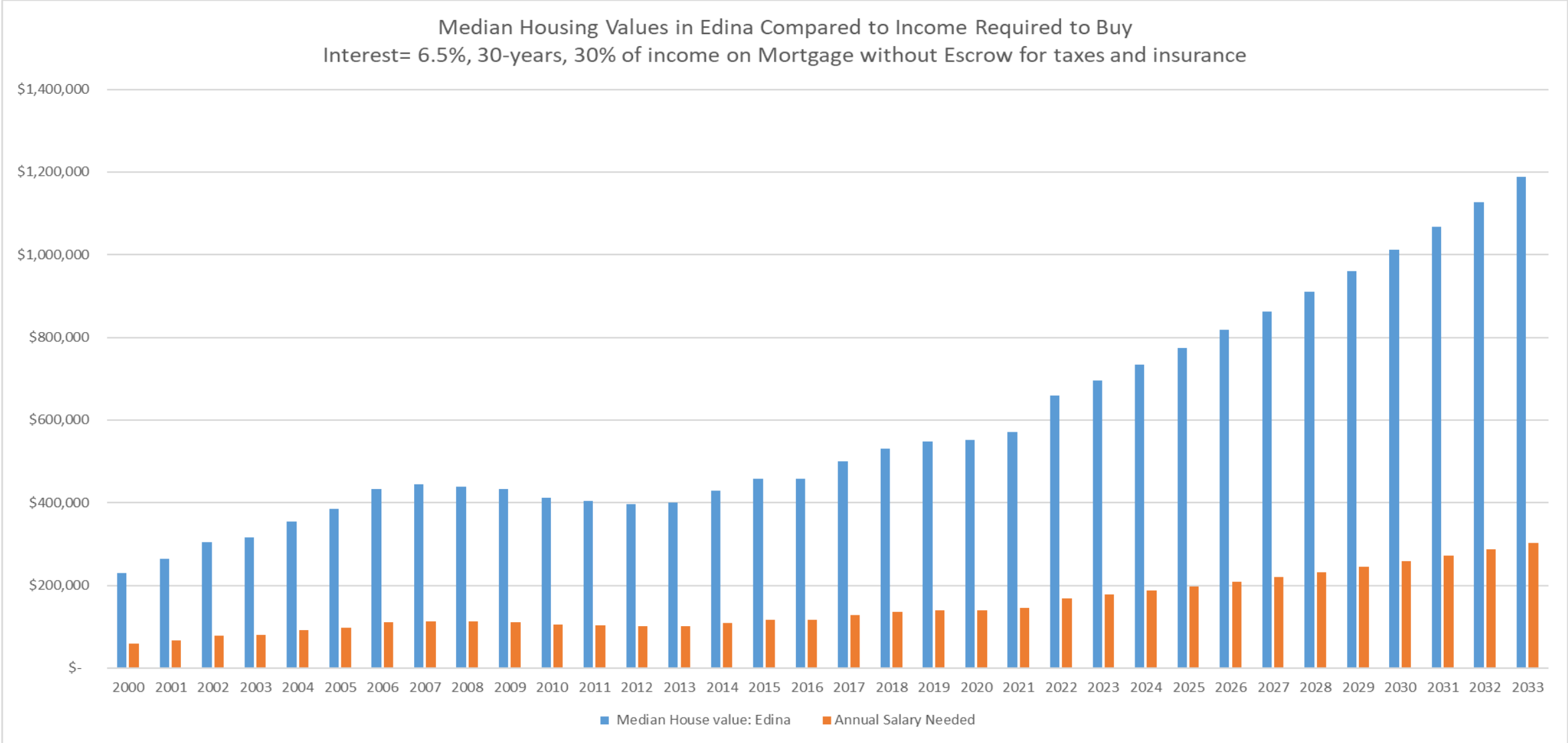
Today's Context

Change in Rent Expense vs. Household Income

Minneapolis/ St. Paul MSA - Minnesota



Today's Context: Single Family Housing Forecast



Housing affordability

| IF HOUSEHOLD EARNS (4 ppl) | | | | | |
|---|---|---|-------------------------------------|----------------------|----------------------|
| \$37,260 | \$62,100 | \$74,520 | \$99,360 | \$124,200 | \$149,040 |
| <30% AMI | 31-50% AMI | 51-60% AMI | 61-80% AMI | 81-100% AMI | 101-120% AMI |
| THE MAXIMUM RENT YOU CAN AFFORD IS* | | | | | |
| \$931 | \$1552 | \$1,863 | \$2,484 | \$3,105 | \$3,726 |
| THE MAXIMUM HOME YOU CAN AFFORD IS** | | | | | |
| \$111,109 | \$194,966 | \$238,683 | \$326,116 | \$404,597 | \$490,137 |
| TYPICAL HOUSING TYPE FOR THIS INCOME IS | | | | | |
| Publicly Subsidized Apartment | Existing or Subsidized New Apartment/ Condo | Existing or Subsidized New Apartment/ Condo | New Apartment/ Condo/ Smaller house | New Apartment/ House | New Apartment/ House |

*Based on spending 30% of income on housing costs

**Based on Zillow mortgage calculation

Housing in Edina

Median Home Value**
\$696,600

Median Rent*

Median Income

| IF HOUSEHOLD EARNS (4 ppl) | | | | | |
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*Includes efficiencies and 1 bedroom units

**Requires a \$177,813 HH Income

\$1,700

\$126,420

Edina Residents: % of Households at various incomes*

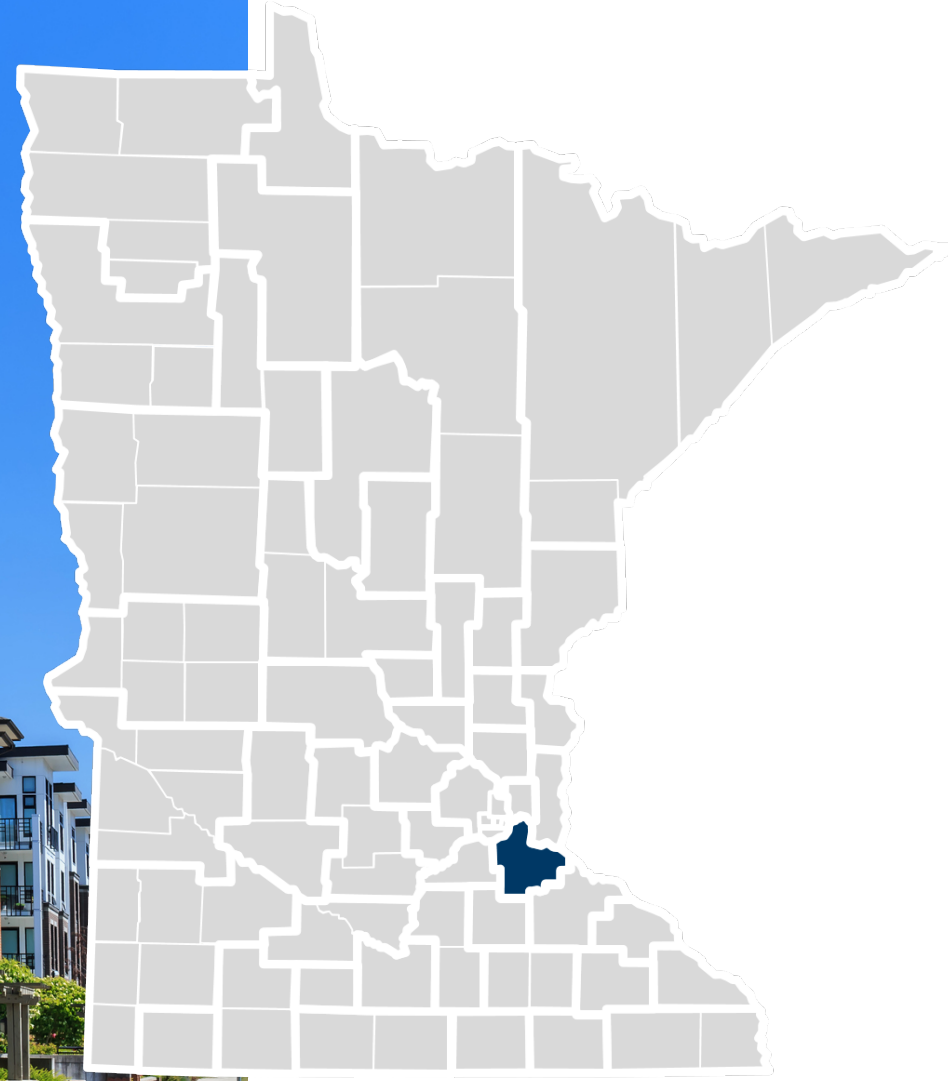
>\$150K (42.9%)

| <\$25 | \$25K-\$50K | \$50K-\$75K | \$75K-\$100k | \$100K-\$150K | |
|---|--|--|------------------------------------|----------------------|----------------------|
| IF HOUSEHOLD EARNES (4 ppl) | | | | | |
| \$37,260 | \$62,100 | \$74,520 | \$99,360 | \$124,200 | \$149,040 |
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| 14.4% | 7.2% | 11.4% | 9.3% | 14.9% | |



Dakota County

Madeline Kastler | Deputy Director, Housing & Community Resources



How will you use the Affordable Housing Aid funds to address the housing challenges in your community? What are the next steps?

Part 2

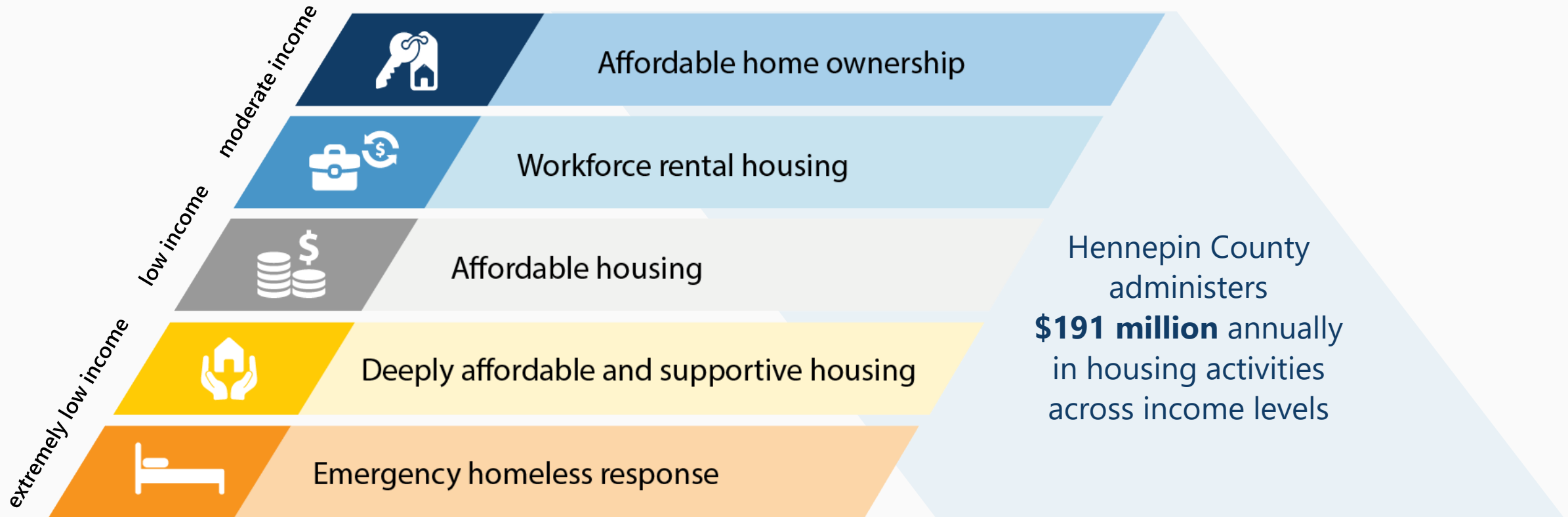


Hennepin County

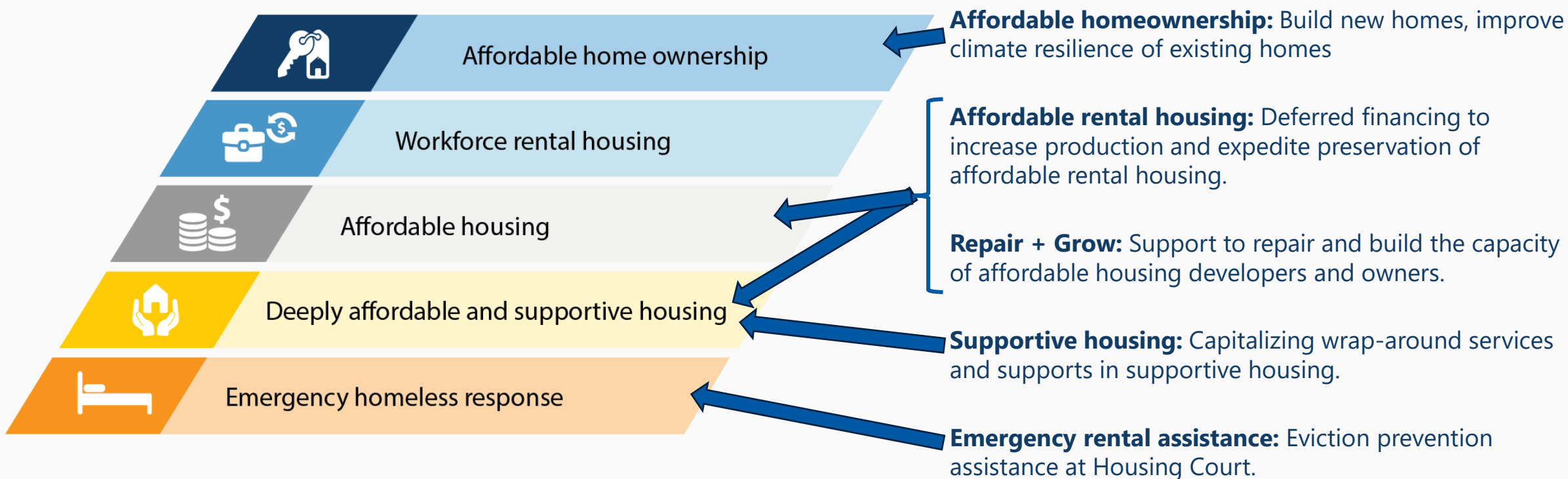
David Hewitt | Director, Housing Stability

Hennepin County SAHA/LAHA Implementation Plan

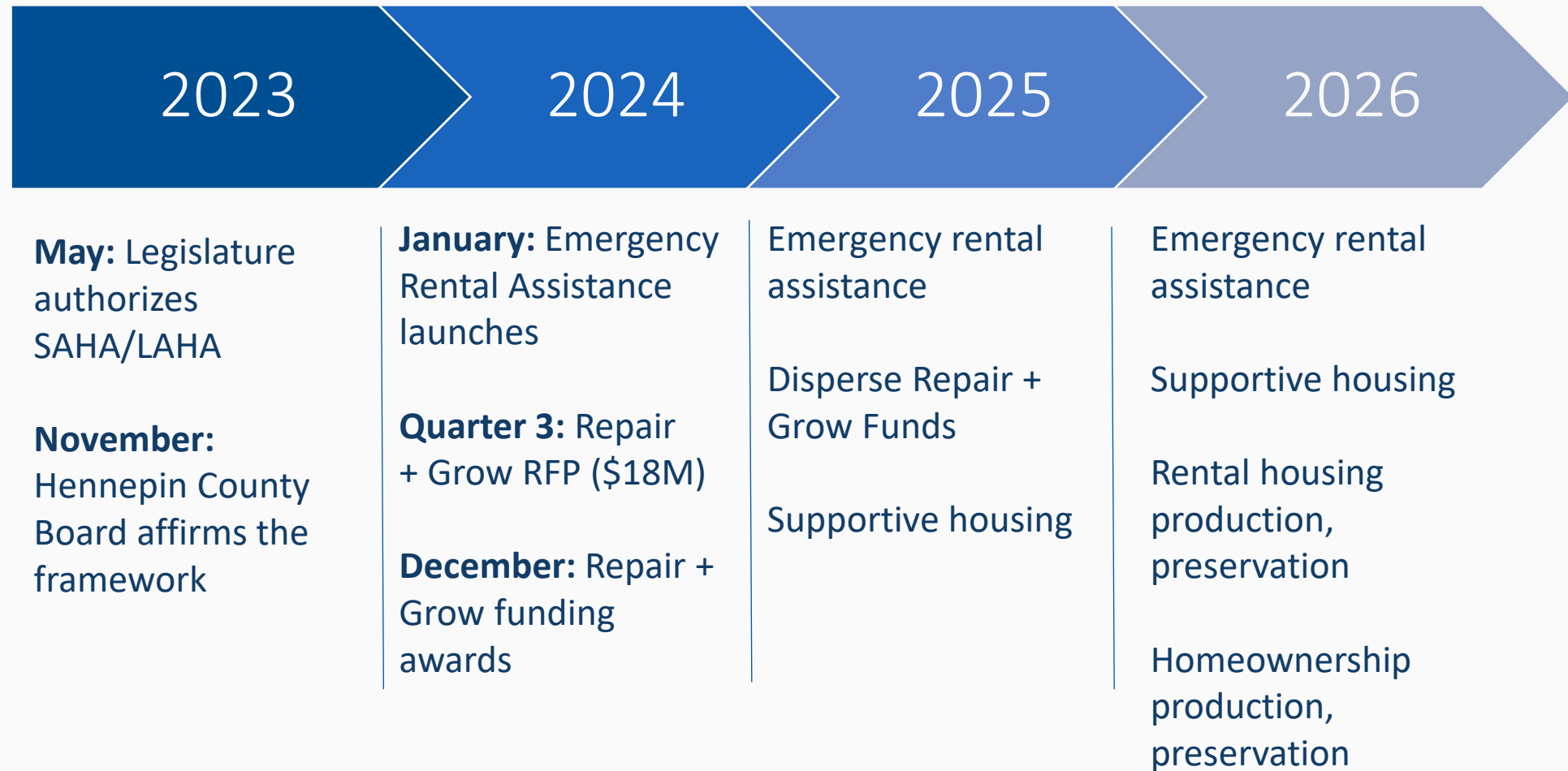
Coordinated approach to housing outcomes



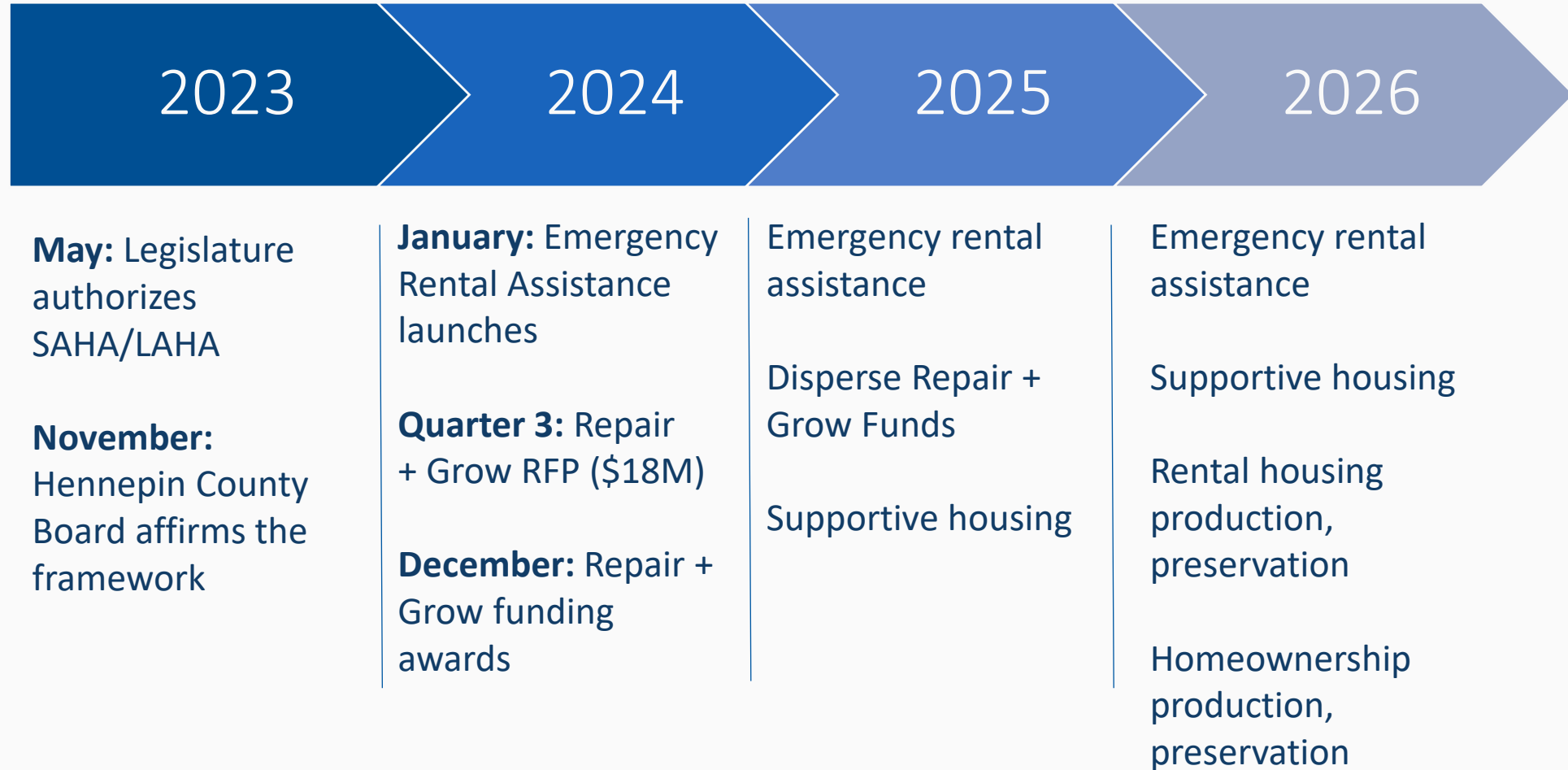
SAHA / LAHA Implementation Plan



SAHA / LAHA Multiphase Approach

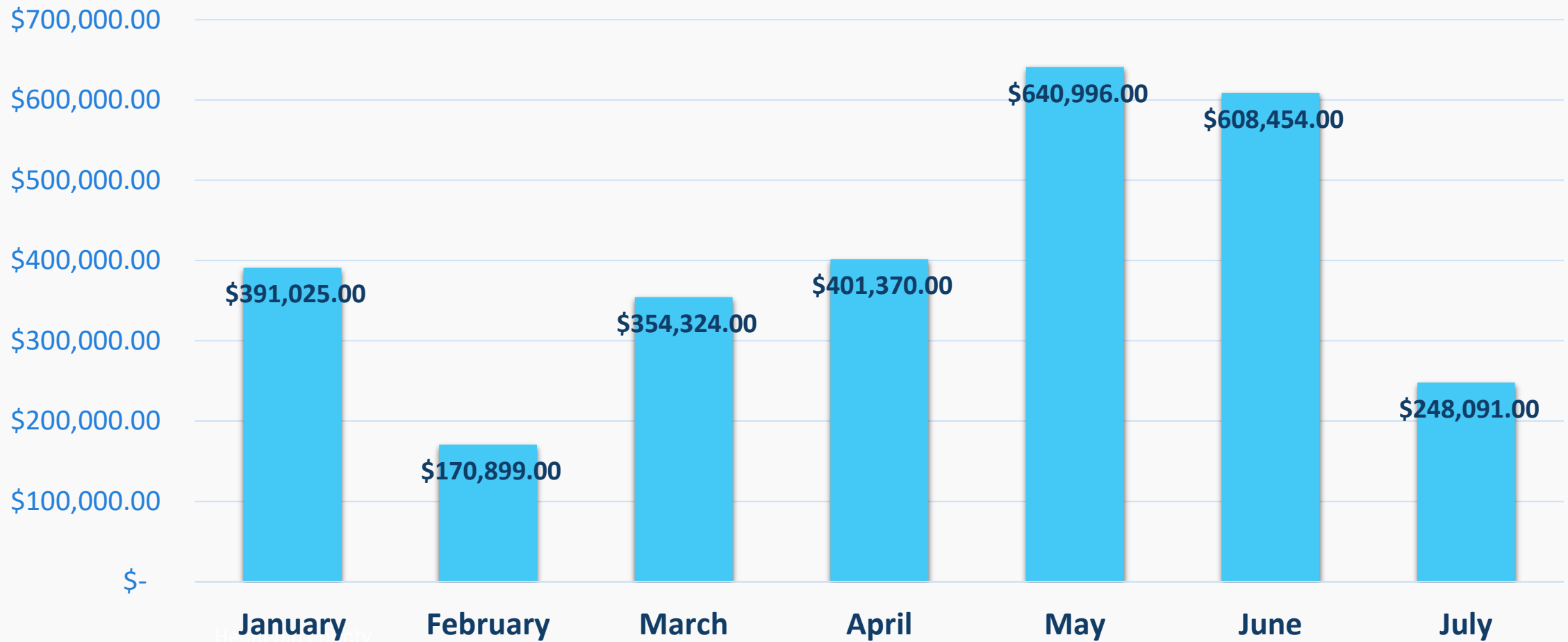


SAHA / LAHA Multiphase Approach



Goal: Mitigate the ongoing eviction crisis by providing rental assistance at Housing Court

\$2,815,159 disbursed through July 2024



David Hewitt, Housing Stability Director

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www.hennepin.us/en/business/work-with-henn-co/metro-area-sales-and-use-tax

www.hennepin.us/housing





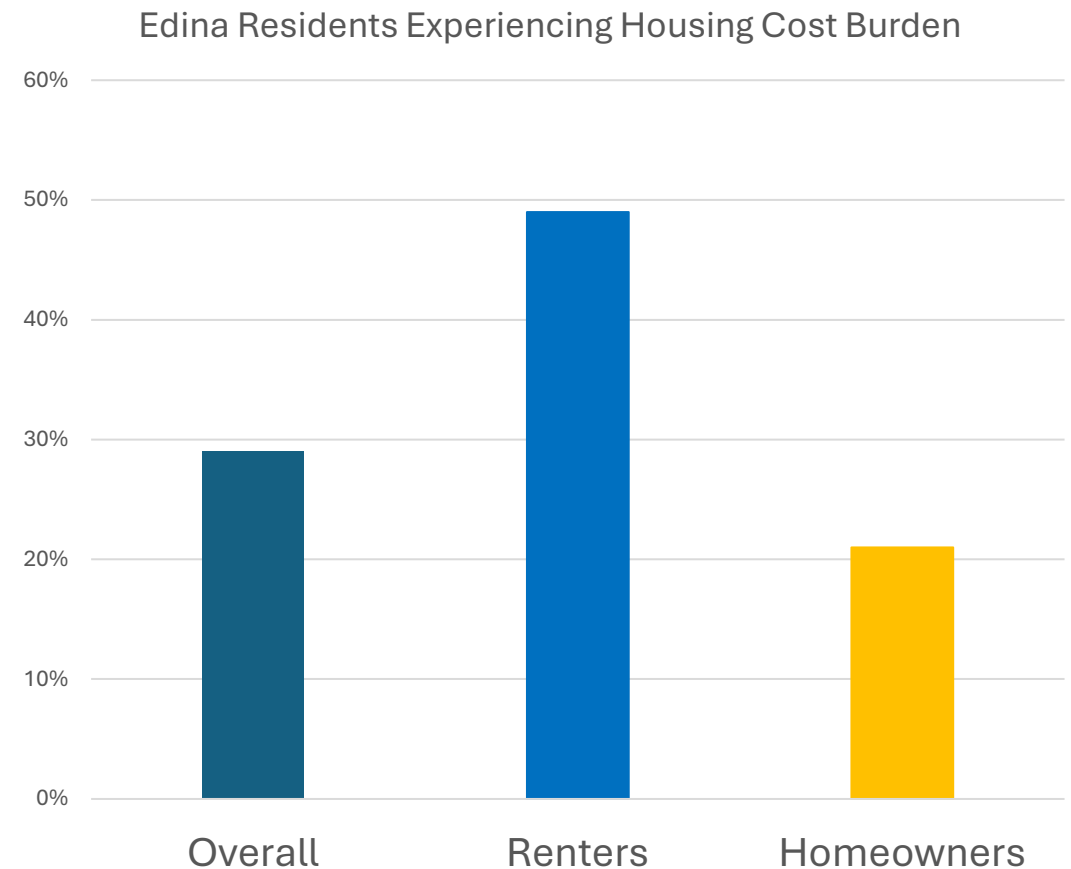
City of Edina

Stephanie Hawkinson | Affordable Housing Development Manager

Eligible Uses for LAHA

Department of Revenue:

Local Affordable Housing Aid helps metropolitan local governments develop and preserve affordable housing within their jurisdictions to keep families from losing housing and to help those experiencing homelessness find housing.



Proposed Use of 2024 LAHA

2024 Allocation \$ 339,342.32

| | Proposed | Remaining |
|--------------------------|------------|------------|
| VEAP - Emergency | \$ 100,000 | \$ 239,342 |
| Affordable homeownership | \$ 239,342 | \$ - |
| Ending Balance | | \$ - |

Deadline: Funds must be spent by December 31st of the fourth year after aid was received.

Who is VEAP?

Volunteers Enlisted to Assist People

- VEAP offers caring, professional support to help stabilize people's housing and financial situation and they help create an individualized plan to access resources.
- Their values: Compassion, Collaboration, Inclusion, Innovation, Responsiveness, Integrity.
- Have been in operation for 50-years



History of Giving

- Beginning April 7, 2020 the City Council approved a \$100,000 grant to VEAP for Emergency Rental Assistance
- In July 2020, an additional \$400,000 was granted through the CARES Act.
- In February 2022, VEAP granted \$300,000 out of ARPA proceeds.
- In December 2022, the last infusion of \$166,607 was granted to VEAP.
- All previous funding has been spent helping 619 Edina households.

yet the need continues....

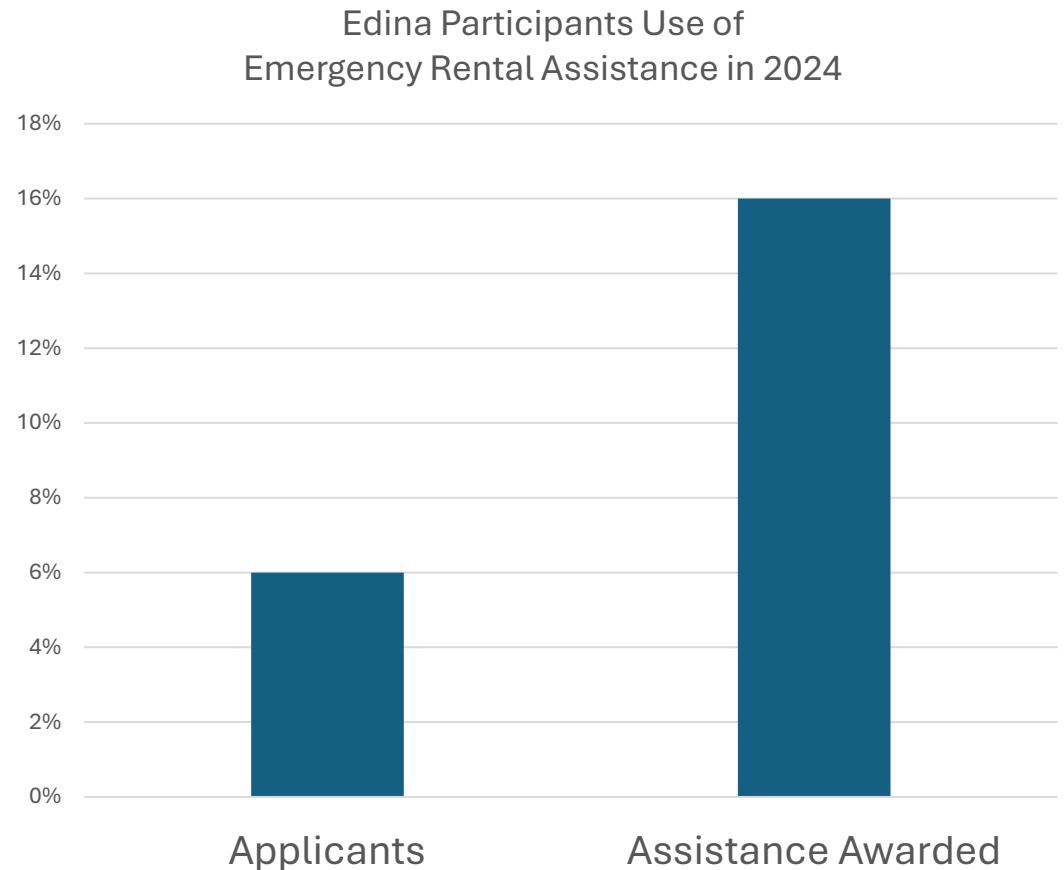
...According to [Eviction Lab](#), eviction filings have increased 44% over an average year prior to the pandemic



Current Need

2024 Statistics:

- 6% of Emergency Assistance awarded was to Edina Residents (46 households).
 - Estimated 66 were denied. 38 denied due to funding and capacity limits; 28 due to reaching the cap on available funds or ineligible.
- 23 Edina households used 16% of the funds available.



Affordable Preservation Ownership Program

Goals

- Preserve homeownership opportunities for low-to-moderate income households
- Retains community and homeowner wealth
- Enhances residential stability
- Preserves long-term housing affordability
- Serves households with incomes 60%-80% AMI (< \$82,720)



Program Impact (since 2020)

- 13 houses bought with these program funds.
- Houses were sold for roughly \$200,000.
- 12 houses are now owned and occupied by families with young children.
- Home ownership made a reality for a researcher, educator, utility worker, chef, family advocate, etc.





Dakota County

Madeline Kastler | Deputy Director, Housing & Community Resources

Prevention



Prevention Services and Navigation staffing to prevent evictions and homelessness

Emergency Rental Assistance financial assistance to households facing eviction

On-site Apartment Services services at apartment buildings throughout Dakota County

Housing Clinic services at eviction court

Housing Stability



Rental Assistance and Services includes Rapid Re-Housing, Family Voucher Program, Singles Voucher Program

Permanent Supportive Housing Services

Down Payment Assistance Program assists current CDA tenants to obtain homeownership

Financing for capital improvements and new construction on CDA housing

Thank you!

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Questions?