



Request for City Council Committee Action from the Department of CPED

Date: June 19, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee
Referral to: Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

Subject: Fiscal Year 2012 HOME Budget

Recommendation: Approve the Fiscal Year 2012 HOME Budget

Previous Directives: On April 13, 2012, the City Council approved the 2012 Consolidated Plan and authorized staff to submit the plan to HUD. The plan included the estimated Fiscal Year 2012 HOME funding amount for Minneapolis.

Department Information:

Prepared by: Matt Goldstein, Senior Project Coordinator (612-673-5075)
Approved by: Thomas Streitz, Director, Housing Policy & Development _____ Charles T. Lutz, Deputy Director _____
Presenters in Committee: Matt Goldstein
Funding Source and Appropriation Language Reviewed by Development Finance, Jeff Streder, Director Development Finance _____

Financial Impact

- No financial impact.

Community Impact

- Neighborhood Notification: The Consolidated Plan with the Fiscal Year 2012 HOME funding amount had a public comment period which started on March 16 and a public hearing on April 3, 2012. The public comment notice was mailed to everyone on the Consolidated Plan mailing list and was posted on the City's website.
- City Goals: A Safe Place to Call Home
- Sustainability Targets: Affordable housing production.
- Comprehensive Plan: 4.9 - Minneapolis will grow by increasing its supply of housing. 4:10 - Minneapolis will increase its housing that is affordable to low and moderate income households. 4.15 - Minneapolis will carefully identify project sites where

housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

- Zoning Code: All projects approved for HOME funds will comply with the zoning code.

Supporting Information

Neither the adopted City budget nor the approved Consolidated Plan specify the final allocation of HOME funds among the housing programs for both capital and administrative purposes. Therefore, separate City Council action is required to allocate this funding. Staff is working towards addressing this in the next budget and Consolidated Plan processes, which will eliminate the need for this action in the future.

Following the required public hearing, on April 13, 2012, the City Council authorized the submittal of the Fiscal Year (FY) 2012 Consolidated Plan to HUD. The plan included the estimated FY 2012 HOME funding amount. The Fiscal Year runs from June 1, 2012 to May 31, 2013. The final amount of HOME funds allocated to the City for FY 2012 is \$2,164,727 which is \$92,075 more than was estimated in the budget.

The HOME funds will be used for programs that will assist in the production and maintenance of decent and safe affordable rental and ownership housing. Ten percent (10%) of the FY 2012 HOME funds will be used for administrative purposes. The proposed allocation of the FY 2012 HOME funds is as follows:

Affordable Housing Trust Fund (AHTF)	\$1,558,133.84
Home Ownership Works (HOW)	\$ 375,120.46
CPED Admin	\$ 216,472.70
Grants/Special Projects Admin	\$ 15,000.00
TOTAL	\$2,164,727.00

The AHTF Program funds the new construction or stabilization of affordable rental projects needing gap financing to cover some of the difference between the total development cost and the amounts that may be secured from other sources. On average, approximately 225 units are either produced or stabilized annually. The Council approves the funding of each project.

The HOW Program funds are used to either renovate or build 10 to 20 single family dwellings for sale to owner-occupied households. HOW is designed to address the goal of providing home ownership opportunities to low and moderate income homebuyers who would otherwise have difficulty in attaining home ownership. It is also designed to address the problem of abandoned and foreclosed houses.