

**Request for City Council Committee Action from the Department of
Community Planning and Economic Development - CPED**

Date: March 1, 2011
To: Council Member Lisa Goodman, Chair
Community Development Committee

Subject: Amendment to the Unified Affordable Housing Policy

Recommendation: Changes to the City of Minneapolis Affordable Housing Policy from the mandatory that 20% of the units be available to households at or below 50% Metropolitan Area Median Income to the mandatory that 20% of the units be available to households at or below 60% Metropolitan Area Median Income. This change applies to all city financing tools used in multifamily housing development except for the Affordable Housing Trust Fund which will remain the mandatory 20% of the units available to households at or below 50% Metropolitan Area Median Income. This change will better align the City of Minneapolis Affordable Housing Policy with the requirements of the Federal Low Income Housing Tax Credit Program.

Previous Directives: The Unified Affordable Housing Policy for the City of Minneapolis was adopted by the City Council on September 7, 1999 and amended on February 16, 2001, September 17, 2004 and October 14, 2008.

Prepared by: Wesley J. Butler 673-5194 Approved by: Thomas Streitz, Director of Housing Policy & Dev. _____ Presenters in Committee: Wesley J. Butler

Permanent Review Committee (PRC): Approval ___ Date _____
Policy Review Group (PRG): Approval ___ Date _____

Community Impact

Neighborhood Notification: The report was sent to all neighborhoods.

City Goals:

- **A Safe Place to Call Home**
- **Livable Communities, Healthy Lives**
- **Jobs and Economic Vitality**
- **Many People, One Minneapolis**

Rational

This change is recommended to align the income restrictions of the Affordable Housing Policy with the requirements of the Federal Low Income Housing Tax Credit program.

**Background-Affordable Housing Policy as adopted in 2004
Resolution 2004R-260**

Rescinding Certain Previously Adopted Housing Policy Actions and Adopting a Unified City of Minneapolis Housing Policy.

Whereas, the City of Minneapolis desires to clarify and streamline existing City housing policies by adopting a unified document that consolidates various fragmented policies of the City; and

Whereas, the unified policy restates, consolidates and replaces, in part or in whole, as indicated, previous City housing policy documents;

Now, Therefore, Be it Resolved by the City Council of the City of Minneapolis:

That the City of Minneapolis hereby adopts the Unified City of Minneapolis Housing Policy and rescinds previous housing policies to the extent such previous policies are replaced by the Unified Housing Policy as indicated below:

1. Consistency with [The Minneapolis Plan](#) and General Principles

Minneapolis housing policy shall be consistent with The Minneapolis Plan, goals 4.9.1 through 4.19 as follows.

4.9.1 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.

4.11 Minneapolis will improve the availability of housing options for its residents.

4.12 Minneapolis will reasonably accommodate the housing needs of all its citizens.

4.13 Eliminated.

4.14 Minneapolis will maintain the quality and unique character of the city's housing stock, thus maintaining the character of the vast majority of residential blocks in the city.

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.

4.16 Minneapolis will work closely with [Neighborhood Revitalization Program \(NRP\)](#) planning and implementation to ensure that NRP plans are consistent with the City's Housing Policy.

4.17 Minneapolis will promote housing development that supports a variety of housing types at designated Major Housing Sites throughout the city.

4.18 Minneapolis will encourage both a density and a mix of land uses in TSAs that both support ridership for transit as well as benefit from its users.

4.19 Minneapolis will require design standards for TSAs that are oriented to the pedestrian and bicyclist and that enforce traditional urban form.

(Restates parallel language in The Minneapolis Plan: adopted March 2000).

The City will foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth. (Restates parallel language in Minneapolis City Goals and Expectations, adopted January 17, 2003).

2. Affordable Housing

That Resolution 1999R-192 entitled "Adopting an Affordable Housing Policy for the City of Minneapolis", passed September 7, 1999, and Resolution 2001R-057 entitled "Strengthening the City of Minneapolis/Minneapolis Community Development Agency's Affordable Housing Policy", passed February 16, 2001, be and are hereby rescinded.

The City of Minneapolis has launched an "Affordable Housing Initiative." The City of Minneapolis shall have as a clearly stated goal, consistent with The Minneapolis Plan, to grow the population and to have no net loss of housing across all income levels. The City policy will be positive gain on affordable housing units.

Each year the City will create more units affordable at 30-50% of Metropolitan Median Income (MMI) through new construction/positive conversion than the number of habitable units affordable to 30-50% of MMI that are demolished as a result of City sponsored projects.

Funding for housing programs serving those above 50% of MMI shall continue and those programs will remain a vital part of the City's housing policy.

Twenty percent (20%) of the units of each City assisted housing project of ten or more units will be affordable to households earning 50% or less of the MMI. It is understood that these affordable units may include any mix of rental and/or homeownership, and can be located on the project site or anywhere within the City of Minneapolis. For the purposes of this provision, financial assistance shall include tax increment financing, pollution remediation, condemnation, land buy downs, issuance of bonds to finance the project, and direct subsidy. Any specific projects requesting exemptions to this requirement must seek City Council approval on the basis of alternative public purpose.

The City will have a coordinated housing and economic development strategy. New affordable housing will be targeted for designated growth areas and commercial and transit corridors that can benefit from and support increased housing density.

The City will focus on linking incentives to housing opportunities in proximity to jobs and transit.

No City funds or resources shall be used for operating subsidies and/or rental assistance for any units or projects initiated or created under this policy.

3. SRO Replacement

That Resolution 1986R-379 entitled "Establishing a Policy for Replacement of Low-Income Dwelling Units in those Projects Where Public Financial Assistance is Requested", passed September 10, 1986, and Resolution 2000R-433 entitled "Preserving or replacing Single Room Occupancy (SRO)-type housing", passed September 29, 2000, be and are hereby rescinded.

That the City of Minneapolis prohibits the demolition/condemnation/elimination of SRO-type housing for any project receiving City assistance in the City of Minneapolis, as defined above, unless demolition/condemnation is unavoidable, in which case replacement of such units will be required as part of the project finance plan.

4. Senior Housing

That Resolution 2001R-539 entitled "Establishing a Senior Rental Housing Policy", passed December 28, 2001 be and is hereby rescinded.

The City has the following goals and objectives:

- Support development of affordable and mixed-income senior rental housing in all quadrants of Minneapolis. Senior rental housing may include independent rental, congregate, and/or assisted living projects;
- Seek opportunities for public and private partnerships;
- Seek new financing options outside of existing affordable housing resources;
- Identify appropriate sites for senior rental housing development based on market information, not solely on opportunity. Locate senior developments close to transit, retail and services;
- Ensure quality management and supportive services;
- Encourage high quality design and amenities.

5. Preservation/Stabilization of Federally Subsidized Low Income Housing

That the report passed by the Council on September 13, 1991 approving the Policy on Preservation/Stabilization of Federally Subsidized Low-Income Housing be and is hereby rescinded;

The preservation and stabilization of federally (HUD) subsidized rental housing that is in danger of converting to market-rate housing, having

subsidies expire, or is deteriorating due to poor management, is a priority for the City. The highest priority is the preservation of subsidized housing for families with children (2+ bedroom units). Federally subsidized housing for singles (efficiency and 1 bedroom units) should only be preserved to the extent there are federal funds available, with the exception of special needs populations.

6. Homeless Housing

That Resolution 2000R-192 entitled "Adopting the recommendations of the City/County Homeless Task Force", passed May 5, 2000; and the report passed on August 10, 2001 adopting legislative, system and housing creation recommendations be and are hereby rescinded.

We must address the affordable housing crisis if we ever hope to alleviate homelessness in Hennepin County. The major problem underlying shelter use is the lack of affordable permanent and supportive housing. The metropolitan region is experiencing a severe shortage of affordable housing which is exacerbating homelessness in our community and there is a need for a metropolitan-wide response to issues of homelessness.

The City of Minneapolis will be an active partner in the City-County Homeless Task Force to address the housing needs of the homeless.

Be It Further Resolved that Resolution 1995R-198 entitled "Outlining principles for housing and tax base growth in the City of Minneapolis", passed June 30, 1995 be and is hereby rescinded.

Adopted 6/18/04.

Absent – Samuels, Colvin Roy.

9/17/04

Amended language

The following section of the Affordable Housing Policy shall be amended to read:

2. Affordable Housing

That Resolution 1999R-192 entitled "Adopting an Affordable Housing Policy for the City of Minneapolis", passed September 7, 1999, and Resolution 2001R-057 entitled "Strengthening the City of Minneapolis/Minneapolis Community Development Agency's Affordable Housing Policy", passed February 16, 2001, be and are hereby rescinded.

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Each year the City will create more units affordable at 30-60% of Metropolitan Median Income (MMI) through new construction/positive

conversion than the number of habitable units affordable to 30-60% of MMI that are demolished as a result of City sponsored projects.

Funding for housing programs serving those above 60% of Metropolitan Area Median Income shall continue and those programs will remain a vital part of the City's housing policy.

Twenty percent (20%) of the units of each City assisted housing project of ten or more units will be affordable to households earning 60% or less of the Metropolitan Area Median Income. It is understood that these affordable units may include any mix of rental and/or homeownership, and can be located on the project site or anywhere within the City of Minneapolis. For the purposes of this provision, financial assistance shall include tax increment financing, pollution remediation, condemnation, land buy downs, issuance of bonds to finance the project, and Low Income Housing Tax Credits. Any specific projects requesting exemptions to this requirement must seek City Council approval on the basis of alternative public purpose.

Due to restrictions in some of the financing available with the Affordable Housing Trust Fund and the City's desire to encourage additional affordability, projects which utilize any funding from the Affordable Housing Trust Fund must have 20% of the housing units available to households at or below 50% of area medina income.

The City will have a coordinated housing and economic development strategy. New affordable housing will be targeted for designated growth areas and commercial and transit corridors that can benefit from and support increased housing density.

The City will focus on linking incentives to housing opportunities in proximity to jobs and transit.

No City funds or resources shall be used for operating subsidies and/or rental assistance for any units or projects initiated or created under this policy.

Effective Date

These changes to the Affordable Housing policy will be effective on all multifamily housing development projects that receive their first city committee approval for any type of financing after January 1, 2011.