

The Way Home:

Safe, dignified, and affordable housing for Minneapolis residents

2021-2023 Progress Report



— Introduction

The Way Home: Safe, dignified, and affordable housing for Minneapolis residents

Minneapolis is a magnet city, attracting more residents and businesses each year. Like most major cities, Minneapolis faces challenges as it grows, including a shortage of housing units that residents can afford, a rise in the number and percentage of cost-burdened households – especially among renters – and a history of zoning regulations that have favored single-family housing at the expense of housing diversity and access since the era of segregation.

Minneapolis 2040, the City’s Comprehensive Plan, envisions that all Minneapolis residents will be able to afford and access quality housing throughout the city. The strategies outlined in this report were developed in tandem with Minneapolis 2040 to begin implementation of this goal.

Many of the programs included here are long-standing, foundational housing investment programs that have been reshaped to reflect the policies and values of Minneapolis 2040 and they have been informed by extensive community input. Others are new, innovative pilot programs that will be evaluated for their results. All these programs are important to meeting the housing needs of Minneapolis residents.

Unprecedented investment by the City under the Mayor and City Council has led to a significant increase in housing production and preservation across the city. In 2023, much of our work continued to focus on relief and recovery from the economic impacts of the COVID-19 pandemic and the civil unrest after the murder of George Floyd by a Minneapolis police officer, including a significant focus on homelessness response and providing emergency housing assistance. Even with this focus on emergency response, the pace of new affordable housing production and preservation, new program development and policy implementation remained strong.

This report includes the work of other departments but is heavily focused on the work of the Community Planning and Economic Development (CPED) department.

This document highlights City housing values, strategies and key results of City programs, policies and investments that advance City housing goals.

Cover page photos

Top (L to R): *Anishinabe Bii Gii Wiin (Project for Pride in Living); a Minneapolis Homes single family affordable ownership housing project (PRG, Inc.); The Louis Apartments (Aeon)*

Bottom (L to R): *The 628 (HOPE Community/City of Lakes Community Land Trust); Peregrine (Schafer Richardson); a Minneapolis Homes twin-home affordable ownership housing project (Magnolia Homes)*

— OUR CORE HOUSING VALUES

Advance Racial Equity

Eliminate racial disparities

Expand Opportunity

Disrupt historical geographic patterns of racial segregation and wealth extraction, disinvestment in Black, Indigenous and people of color (BIPOC) communities, and limited fair housing choice and opportunity

Prevent Displacement

Prevent the involuntary displacement of Minneapolis residents, especially low-income, BIPOC, seniors and people with disabilities

Prioritize Resources

Invest in households facing the most severe housing instability

Develop Sustainably

Promote energy-efficient and healthy homes

— OUR KEY STRATEGIES

- 1. Increase housing supply, diversity and affordability in all neighborhoods**
- 2. Produce more affordable rental housing and preserve subsidized affordable rental housing, for 30 years or more**
- 3. Preserve unsubsidized naturally occurring affordable housing (NOAH)**
- 4. Improve and sustain access to homeownership, especially among low-income and Black, Indigenous, People of Color (BIPOC) residents**
- 5. Support renters**
- 6. Prevent and end homelessness**
- 7. Maximize potential of publicly-owned land to meet City housing goals**

— PROGRESS: 2021 - 2023

Strategy 1:

Increase housing supply, diversity and affordability in all neighborhoods

The City is creating new mechanisms through land use policy and zoning to increase housing density, require more affordable units and allow for more housing types throughout the city.

New [built form regulations](#) that will govern the scale of new buildings and additions throughout Minneapolis were approved by the City Council in December 2020. New resources and tools, such as the [Built Form Overlay District Handbook](#), which includes summaries of the 14 different built form districts, is now available. In July 2023, as required by state law, the City successfully changed its zoning rules to match the development guidelines that the City Council already approved with Minneapolis 2040.

Minneapolis 2040 was informed by more than three years of engagement with the people of Minneapolis, including over 150 meetings and conversations with thousands of residents, business owners and community members. The plan guides growth and change with 14 key goals, including eliminating racial disparities, promoting climate change resiliency and increasing access to jobs and housing.



The MPHA Family Housing Expansion Project

One of 16 small apartment buildings (four to six units each). This project resulted in 84 affordable two- and three-bedroom units. But for the elimination of single-family zoning in the Minneapolis 2040 Plan, this project would not have been possible.

The City is proactively encouraging innovation under this strategy to create new housing options. For example:

In 2021,

- CPED developed an [Inclusionary Zoning Dashboard](#) on a public facing webpage to share a variety of data on [Inclusionary Zoning \(IZ\)](#) outcomes.

In 2022,

- The City modified CPED's home improvement lending programs to offer a broader range of assistance options that leverage sustainability and health and safety grants offered by the Health Department as well as Minnesota Housing lending investments. Changes were launched in 2022 and the City has doubled its lending output.

In 2023,

- The City successfully advocated in partnership with key stakeholders for the adoption of down payment assistance best practices—including successful advocacy for \$150 million of assistance for first-generation homebuyers. The statewide program is expected to have substantive benefits for Minneapolis residents. The City also adjusted the [Homeownership Opportunity Minneapolis](#) program to reflect the regional best practices from the working group, it will re-launch as Minneapolis Homes Access in 2024.
- In response to concerns from some Ward 5 Minneapolis residents' experience with Home Ownership Associations (HOAs) charging high legal fees for minor assessments, City staff partnered with the University of Minnesota, Minnesota Homeownership Center, and Legal Aid to change state HOA law. New HOA requirements necessitate written notice of assessments with a referral to the Minnesota Homeownership Center for help, require that reinstatement amounts cannot include attorney fees, and provide homeowners with rights prohibiting payment of attorney fees or assessments, if they prevail in a dispute.
- The City adjusted its home improvement lending programs based on learnings from the pilot year and successfully secured \$1.5 million of funding from Minnesota Housing. A relaunch of the program is expected in 2024—Quarter II.
- The City adopted an allocation plan to utilize \$9.6 million in HOME Investment Partnership American Rescue Plan Program (HOME ARP) funds to reduce homelessness and increase housing stability.

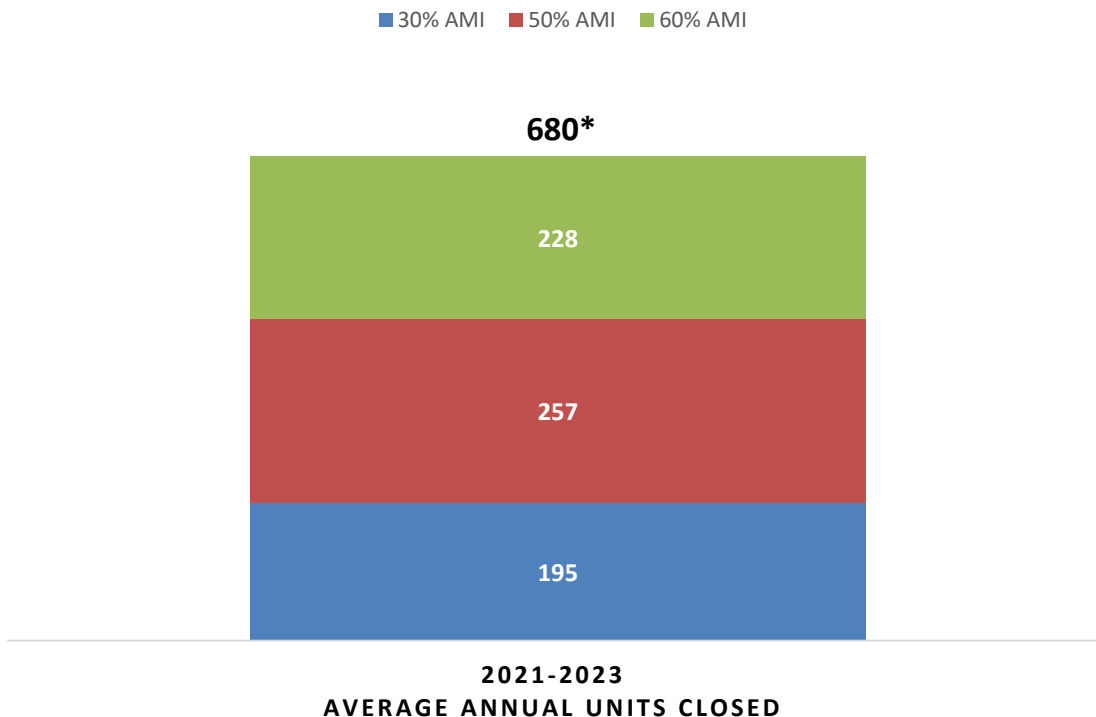
Strategy 2:

Produce more affordable rental housing and preserve subsidized affordable rental housing, for 30 years or more

The City has long invested in the production and preservation of affordable rental housing with subsidies that have income and long-term affordability restrictions. Increased City investment in affordable rental housing is setting records for new production and expanding our ability to serve the lowest income residents. To track production, **the City counts projects that had a financial closing—all financing documents are executed and the project begins construction.** Additional affordable housing units are produced as part of the Inclusionary Zoning Policy. The two charts below illustrate the average annual number of affordable units (by income) closed during the reporting period and the total number of affordable units (by income) that have received funding, but not yet closed— construction will begin in 2024 and beyond.

- The City continues to prioritize the development of new deeply affordable units—affordable to households with incomes at or below 30% AMI.
- Since the Inclusionary Zoning Policy was first enacted, 248 affordable on-site units and 278 affordable student bedrooms have been permitted in 21 projects throughout the city. It has generated nearly \$6.8 million in in-lieu fee payments (four projects) that will go toward the development of affordable housing in the city and 95 proposed off-site units.

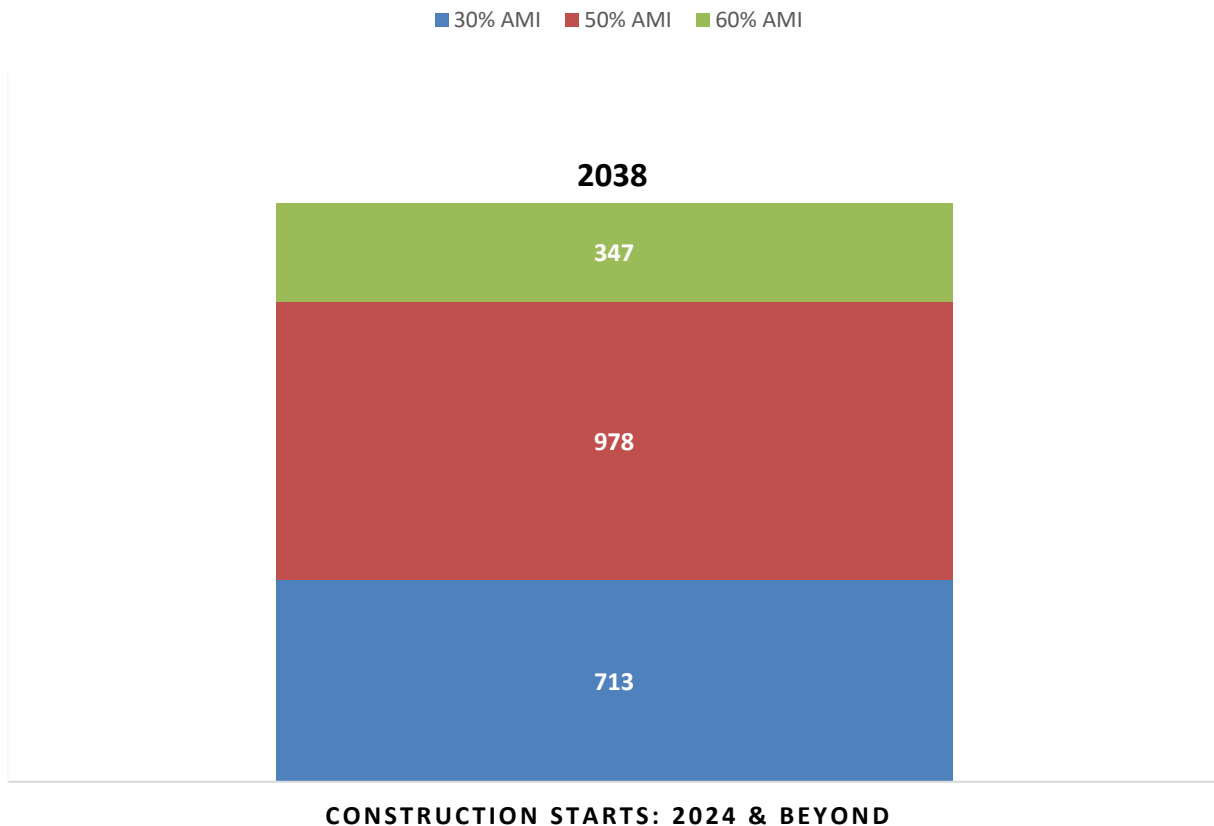
Affordable Rental Housing Production (Units Closed & Construction Started)



**The 278 student bedrooms produced, in compliance with the Inclusionary Zoning Policy, are not included in the 680 units in the chart (only affordable units are included, as bedrooms are not treated as units).*

- Future Affordable Rental Projects (Projects funded, but not yet closed)
 - 25 projects totaling **2,038 units and 124 shelter beds** have been funded and will begin closing in 2024 and beyond – **713 (35%) of the units are designated for households at 30% AMI, including 374 designated as homeless units.**

Affordable Rental Housing Production (Units Received Funding Award, but not Closed)



- In 2023, \$18.3 million of City AHTF and 9% Housing Tax Credit awards leveraged over \$341.4 million in other public and private investment to create or preserve 876 affordable units.
- In 2023, the City financed critical life-safety sprinkler systems in 128 public housing units owned by the Minneapolis Public Housing Agency. These units are available to households with incomes at or below 30% AMI and represent some of the most deeply affordable units available in Minneapolis.
- In 2023, the City was awarded \$5,895,000 of Metropolitan Council Livable Communities grant funding to support four affordable rental projects. These funds are not available to projects without City sponsorship, application assistance, and grant administration.
 - Three projects will produce 220 new affordable units, including 117 units at 30% AMI, 95 units at 50% AMI, and eight units at 60% AMI
 - One project will preserve 212 deeply affordable Project Based Section 8 units

Strategy 3:

Preserve unsubsidized naturally occurring affordable housing (NOAH)

More than half of low-income renter households in Minneapolis live in unsubsidized housing, often referred to as naturally occurring affordable housing. The strong real estate market and low rental vacancy rate have made these properties more attractive to investors, leading to increased sales, higher rents and displacement of tenants who can't afford rent increases or aren't given the choice to stay. The City's NOAH preservation strategy, launched in 2018, includes a mix of property tax incentives and financing—large acquisition funding, smaller scale preservation financing and intermediary support with pathways for tenant ownership.

- Since program inception, 424 NOAH units and 103 transitional housing beds were acquired by City partners using funds from the City's NOAH Preservation Fund and the Small and Medium Multifamily Loan Program.
 - 343 NOAH units preserved with NOAH Preservation Fund, including a 209-unit NOAH portfolio acquired by Aeon and 10 NOAH units acquired by Avivo.
 - 81 NOAH units preserved through the City's [Small and Medium Multifamily Loan Program \(SMMF Program\)](#), including acquisition by the Land Bank Twin Cities of five apartment buildings in the Corcoran neighborhood, a major victory for renters and organizers with Inquilinx Unidxs Por Justicia (IX). The properties include 69 apartments, with 34 apartments occupied at acquisition. The Land Bank is renovating the buildings and IX is working with renters to form a cooperative to purchase the buildings from the Land Bank in the future.
 - 103 transitional housing beds preserved by Avivo, preventing displacement of 103 transitional housing residents at risk of homelessness.
- 2,394 NOAH units across the city were preserved through partnerships with property owners, primarily small-scale landlords, through the 4d Affordable Housing Incentive Program. In 2021, CPED updated the NOAH Preservation Program guidelines to expand eligibility to for-profit developers and promote participation by emerging and BIPOC developers.
- [4d Affordable Housing Incentive Program's](#) participants received City and utility match funding to complete 103 energy efficiency projects and 13 solar energy projects between 2018-2023 as part of the City's Green Cost Share program. These 116 4d Green Cost share projects are expected to save more than 1.8 million kWh and 857,000 therms of natural gas annually.
- The City subscribes to CoStar, a real estate database that provides information on the city's inventory of multifamily housing, including data on rents, vacancy rates, and other market metrics. This critical resource ensures a data driven NOAH preservation strategy informed by the most comprehensive and current market data available.

There are about 15,000 units of NOAH housing in the city in buildings with 4+ units, with many additional NOAH units in smaller 1-3 unit properties.

Between the City's NOAH Preservation Fund, the Small and Medium Multifamily Loan Program, and 4d Affordable Housing Incentive Program, the City has preserved nearly 2,818 affordable rental housing units and 103 transitional housing beds throughout the city since 2018.

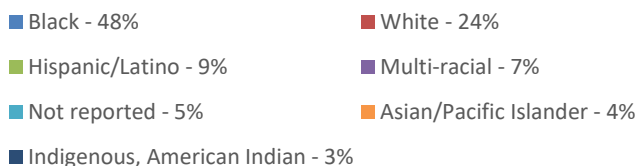
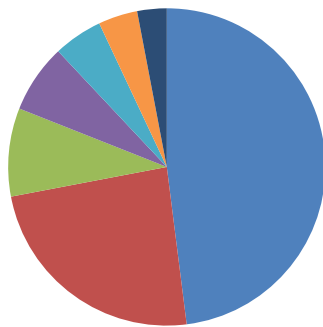
Strategy 4:

Improve and sustain access to homeownership, especially among low-income and BIPOC residents

The City invests in programs to support access to homeownership, create new homeownership units and sustain homeownership through home improvement. These investments improve access to homeownership for low-income and BIPOC communities, leading to opportunities for intergenerational wealth-building.

Homeownership Programs

(Average Rate of Service - 2021 to 2023)

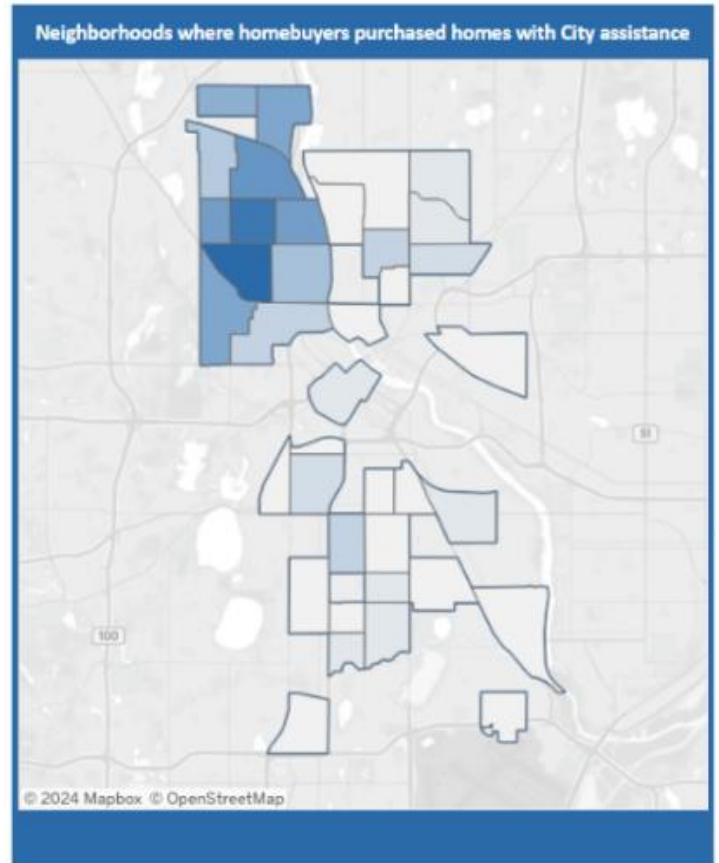
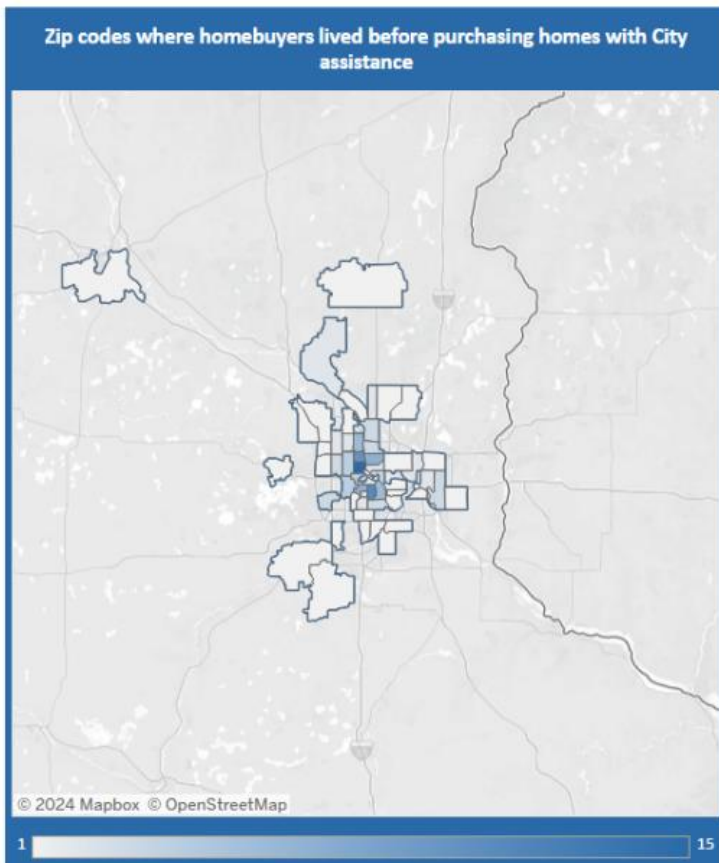


Minneapolis Homes programs consistently serves BIPOC households at a rate of 70% or more. Black households, who experience the highest disparity in homeownership rates in the Twin Cities region, are the primary demographic served through programs.

Access

The City invests in programs to support low-wealth and BIPOC residents with accessing homeownership – including homebuyer education, financial wellness counseling, and down payment assistance to support the home purchase process.

- **Homebuyer education:** Between 2021 and 2023, the City served over 3,500 households through financial wellness, homebuyer education and foreclosure prevention workshops and counseling. Services are contracted with 15 homebuyer education and financial wellness non-profit counseling organizations, several that specialize in outreach to specific cultural communities.
 - BIPOC households account for 75% of families served annually.
 - The average annual income of households served is \$40,000 (about 30% AMI).
- **First Mortgage:** The City contributed \$500,000 that leveraged \$9.5 million of philanthropic and public contributions to support the 9000 equities first mortgage program offered by Build Wealth Minnesota. The 9000 equities program served 89 Black homebuyers in Minneapolis since its launch in 2021.
- **Down payment assistance:** The City serves roughly 50 households a year with down payment assistance through its Homeownership Opportunity Minneapolis program.
 - The average income of families served is approximately \$56,000 per year (about 50% AMI).
 - BIPOC households account for approximately 70% of households served annually.
 - About 66% of homebuyers that participated in the program were first-generation buyers.



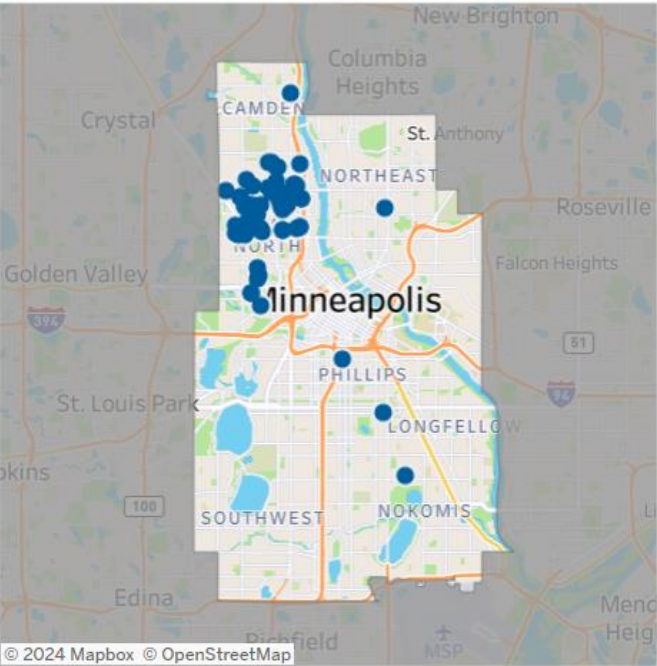
Stabilization: In 2022, the City implemented a new stabilization product with American Rescue Plan Act (ARPA) in partnership with City of Lakes Community Land Trust. The program provides deeper assistance up to \$150,000 to help current renters or homeowners access or sustain homeownership through shared equity housing. Sixteen households purchased homes through a shared equity homeownership model, and the homes will remain affordable in perpetuity.

Create

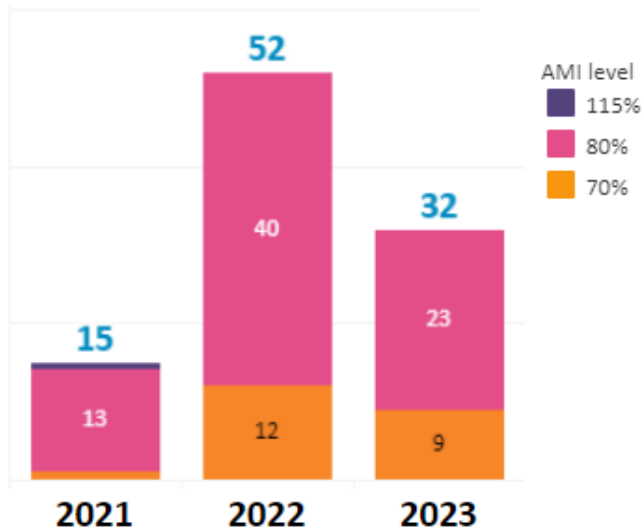
Minneapolis Homes: Financing: The City creates affordable homeownership units through its Minneapolis Homes Financing program, which provides gap assistance to developers to build and/or rehabilitate affordable ownership housing units. Between 2021-2023, the City approved 230 homeownership units that leveraged the program changes approved in 2020, including a range of AMI levels from 30-80% AMI and a range of housing types including single family detached, twin homes, four-plexes, and townhomes, and a range of sustainability efforts from DOE Net Zero Energy Ready to Passive Housing Institute certified.

- Over 75% of Minneapolis Homes homebuyers were BIPOC.
- Over 50% of developers in the program are BIPOC led.
- The average income of households served is approximately 60% AMI.
- From 2021-2023, staff secured a total of \$11.5 million in state funding to leverage with city resources for this program activity.

Closed Affordable Ownership Projects



Closed Affordable Ownership Projects (Year & AMI)



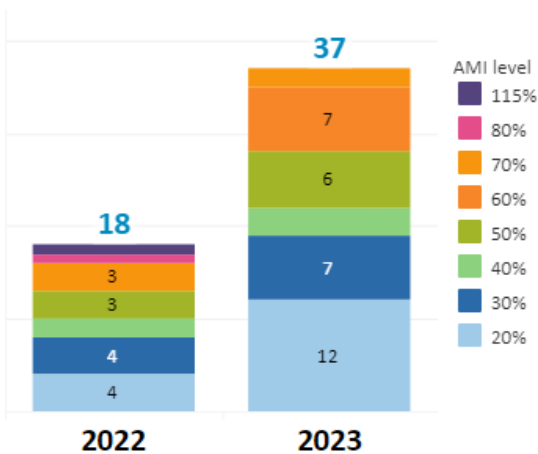
Sustain

- **Home Improvement Loans:** To sustain homeownership, the City provides financing to mitigate lead hazards and address health and safety repairs for low- and moderate-income households.
 - Since 2021, an average of 20 households were served annually, with an average income of \$40,000 (30% AMI) and approximately 40% BIPOC households. Process improvement, coupled with program changes were launched in 2022, resulting in faster closing timelines for homeowners and increased leverage with financing programs offered by the Minneapolis Health department and Minnesota Housing.
 - In 2023, 37 households were served, with an average income of \$42,000 and approximately 50% BIPOC households. Additionally, staff secured a \$1.5 million grant from Minnesota Housing to further program work.

Closed Home Improvement Projects Map



Closed Home Improvement Projects (Year & AMI)



Data Current as of: 02/14/24 11:22:02

- **COVID response:** The City responded to the COVID-19 pandemic to stabilize homeowners in the following ways:
 - o Provided additional foreclosure counseling support for the Minnesota Homeownership Center to provide foreclosure prevention services through multiple non-profit organizations.
 - o Created an Emergency Forbearance Program that allowed homeowners to defer monthly City loan payments for 12 months (initial six months and two three-month extensions). Through September 2021, 77 homeowners participated and approximately \$9,000 in total average monthly payments were deferred.
 - o Created the Hennepin Homeownership Preservation Program in partnership with Hennepin County to provide direct assistance for past due mortgage and utility payments to homeowners below 50% AMI that were economically impacted by the COVID-19 pandemic. Through 2022, 141 households participated. The average assistance provided was \$7,900; 55% of households served were BIPOC and the average household income of households was \$24,000, or less than 30% AMI.

Strategy 5: Support renters

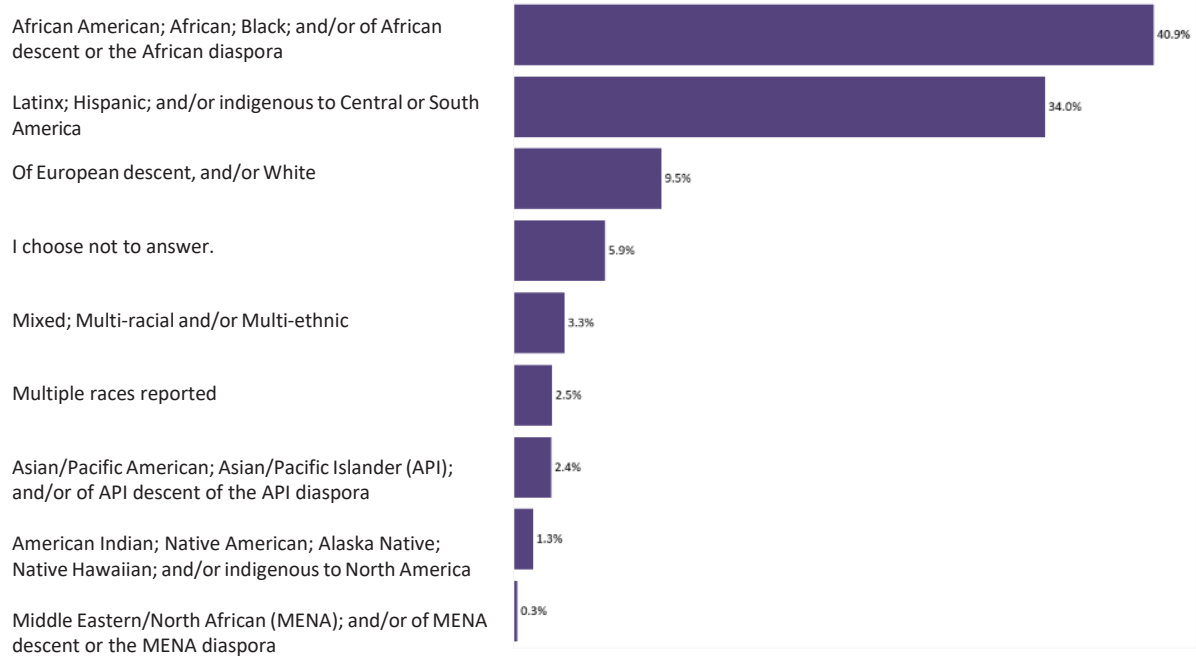
Minneapolis is a majority renter city facing increasing affordable housing challenges. The City is expanding renters' rights and protections and undertaking new pilot initiatives to create dignified, healthy, and stable housing for renters.

Renter Legal and Support Services

- The City's Right to Counsel ordinance entitles all low-income Minneapolis renters to legal representation when facing eviction in housing court. The City implements this policy by working with legal services partners and providing financial support for their work. With City support, Mid-Minnesota Legal Aid (MMLA) and Volunteer Lawyers Network (VLN) provide legal representation for renters facing housing issues, and HOME Line operates a hotline to provide renters with legal advice.
- Through this partnership, in 2023, MMLA and VLN represented 952 renter households, including 1,838 Minneapolis residents, in housing litigation cases. HOME Line's Tenant Hotline provided legal advice to 5,175 Minneapolis households, including 10,310 residents.
- As part of their work, MMLA and VLN also partner with pro bono attorneys from the private bar to provide legal representation to Minneapolis renters.
- The City of Minneapolis dedicates nearly \$1 million each year to housing legal services for renters.
- **COVID-19 Response: Home Retention**
 - In addition to Mid-Minnesota Legal Aid's typical eviction defense work, the City collaborated with MMLA and Hennepin County to prepare and deploy a coordinated response to the 2022 off ramp for Minnesota's eviction moratorium.
 - Federal Emergency Rental Assistance (ERA): In 2021, the City received \$23.3M in federal funds to provide Emergency Rental Assistance to Minneapolis renters who were impacted by the pandemic. The City worked with partners at Hennepin County, the State of Minnesota and non-profit organizations to deploy these funds. The average assistance per household was \$6,150.
 - Through the program, 3,788 households were served
 - Nearly 70% of the households served had incomes less than 30% AMI
 - 75% were BIPOC renters
 - In response to an immediate need created by the COVID-19 pandemic, the City established a Gap Funds for Housing Program. The new program directed:
 - \$2 million to a new Emergency Housing Assistance (EHA) program, and an additional \$1 million to temporarily expand the Stable Homes Stable Schools (SHSS) program.
 - Through the Gap Funds program, the City assisted 1,665 households—over 70% BIPOC households.

In 2023 alone, 6,127 renter households including 12,148 Minneapolis residents received legal advice and representation to solve their housing problems. These cases included evictions, health and safety hazards, security deposit disputes, housing discrimination, and other housing issues. Renters in all 13 wards benefited from these legal services.

Race of Primary Approved Applicant



Strategy 6:

Prevent and end homelessness

The City funds the production and preservation of permanent supportive housing units, collaborates with key public and private partners, and invests in programs and services to prevent and end homelessness. The City and Hennepin County coordinate responsibilities for supporting the Office to End Homelessness (OEH). In response to unprecedented levels of unsheltered homelessness during the pandemic, the City, in partnership with the County, State and philanthropic partners, made significant new investments in the homeless response system. As a result, we are currently operating the most comprehensive, safest, and largest shelter system that has ever existed in Hennepin County. **Hennepin County, supported by the City of Minneapolis, has reduced unsheltered homelessness by 27% (from 642 in 2020 to 469 in 2023).**

- Since the pandemic, the City and its partners invested more than \$200 million in housing and homelessness response to expand emergency shelter, low-barrier housing and protective housing for people experiencing homelessness, as well as enhance existing shelters and expand support services, rapid rehousing, and street outreach. **Converted six shelter programs (320 beds) to 24/7 operations.**
- These partnerships, in combination with a new City emergency shelter ordinance adopted in December 2020 resulted in five new emergency shelters, with 236 beds, that opened in 2020 and 2021. New shelters include an innovative model and a culturally-specific shelter for Native American persons experiencing homelessness. These shelters are low barrier, harm reduction models that serve persons experiencing unsheltered homelessness.
- Through continued strong funding support for the Affordable Housing Trust Fund, in 2023, the City Council awarded \$16.8 million to create or preserve 876 units of affordable rental housing that are expected to close in the next couple of years. **Of the 876 units, 298 (34%) units are affordable to households at or below 30% AMI, including 175 to address homelessness.**
- In 2022, County Board and City Council authorized a City-County Joint Powers Agreement—transferring all City service contracts related to homelessness response to the County, including Rapid Rehousing, Street Outreach and Essential Services. The City and County staff collaborate on needed services and explore ways to fund those services. In 2023, the City collaborated with the County to provide one-time funding for additional nighttime and daytime warming centers to be operated during the winter season.
- In 2023, the City invested \$1 million in [Helix Health & Housing Services](#). While the pilot is still new, overtime the outcomes will need to be verified and success evaluated, **we are excited about the program's success in housing 98 individuals out of encampments and into housing.**
- In 2023, the City and its partners converted the Stable Homes Stable Schools (SHSS) program from a pilot to a permanent program and expanded it to additional Minneapolis Public Schools (MPS) elementary schools. SHSS rental assistance is now available in 24 elementary schools, providing access to 90% of elementary students experiencing homelessness. Housing stability assistance is now available at all MPS elementary schools; families can receive up to 24 months of rental assistance, if needed. Since inception in April 2019 through December 2023, **1,627 families with 4,580 children** in 24 MPS elementary schools, with the highest numbers of students experiencing homelessness, have received assistance and/or supportive services. SHSS supports children and families in two ways:
 - **Rental Assistance** and supportive services are provided for families who meet the McKinney-Vento definition of homelessness.
 - The **Housing Stability Fund** provides low-barrier funding to families who are housed but are facing housing instability or eviction.

Strategy 7:

Maximize potential of publicly owned land to meet City housing goals

The City is maximizing the potential of publicly-owned land by acquiring tax-forfeited land and properties in strategic locations and assembling sites for redevelopment to meet City housing goals.

- [Minneapolis Homes](#) has streamlined the process and created culturally-specific outreach tools to attract new, BIPOC-led, and homebuyers acting as their own developers to acquire and build on City-owned land and offering the Developer Technical Assistance Program.
- Minneapolis Homes staff conduct information sessions that reach an estimated 1,500 people annually. The Minneapolis Homes newsletter reaches 6,700 subscribers.
- In alignment with the Minneapolis 2040 Plan, CPED marketed Missing Middle appropriate lots—four to 20-unit development (20 sites totaling 37 parcels).

Highlights of 2023

- 10 properties acquired
- 27 properties sold
 - 2 rehabilitation
 - 23 new construction
 - 2 land transfers with Red Lake Nation
- 73 CPED properties enrolled in community garden program in partnership with Health and Public Works departments
- 51 CPED properties leased as community gardens



Pictured: community garden on the 2700 Block of James Ave N

— PROJECT HIGHLIGHTS:

South Minneapolis Home Improvement



Before



After

This home in South Minneapolis had significant lead-based paint hazards that were affecting the people who lived in the home. Minneapolis Homes staff from CPED partnered with the Minneapolis Health department to address health and safety issues through a phased home repair project. First the emergency issue of fixing the leaking roof was resolved, then a deeper health and safety analysis of the home and rehabilitation plan was developed. The family received over \$100,000 of assistance from six different financial products, a majority as grant assistance from City leveraged federal grants.

Stable Homes, Stable Schools



Lake Nokomis Community Schools (Wenonah and Keewaydin Schools were one of the five new additions to the SHSS Rental Assistance Program as part of the 2023 program expansion).

Stable Homes Stable Schools (SHSS) is a collaboration between the City of Minneapolis, Minneapolis Public Housing Authority (MPHA), Minneapolis Public Schools, Hennepin County and the YMCA of the North to provide stable housing for families with elementary-aged students who attend Minneapolis Public Schools to improve educational outcomes and school stability. SHSS has two programs by to support these housing stabilization efforts.

Rental Assistance: The Rental Assistance program provides housing and supportive services to MPS elementary students and their families that are currently experiencing homelessness. Families are referred into the program by MPS social workers who help to complete the needed application materials for the program. Applicants are then forwarded to MPHA, where they are assisted in finding appropriate housing for their families and help navigate both the family and the future landlord through the leasing and payment process. Rental assistance is provided to the family for up to three years with the family contributing 30% of their income toward housing costs. The YMCA of the North provides a suite of supportive services to help the family work towards financial independence. In 2023, five new schools were added to the program, bringing the total number to 24 elementary schools and the referral capacity has doubled. This program is financially supported by the City and MPHA.

Housing Support: The Housing Support program is a homelessness prevention program that provided a range of assistance tailored to the family's specific circumstances and needs. The program provides \$2,500 per school year to referred families to help them remain in their existing housing. The other pathway this program has is a longer-term rental assistance of up to 24 months and the opportunity to access supportive services. In 2023, this program was expanded to all MPS elementary schools and is financially supported by the City, MHFA, Pohlada Family Foundation, and Hennepin County.

Together, these two approaches are working to provide stable housing for Minneapolis children and their families.

Passive-certified Minneapolis Homes project



Pictures: (left) the passive house plaque installation ceremony including new homeowner, CPED staff, Mayor Frey, Council Member Payne, former Council Member Reich, developer Greater Metropolitan Housing Corporation, architect TE Studio/Intep. (right) the interior kitchen

CPED partnered with the City's Office of Sustainability to study the development of sustainably-certified housing. Staff worked with Greater Metropolitan Housing Corporation (GMHC) and TE Studio/Intep to evaluate increasing the design requirements for City-funded one- to three-unit new construction homes and creating a funding incentive for ultra-efficient homes. As a result of this work, Council adopted a Sustainability policy on December 4, 2020 that provides a funding incentive for passive house or net zero certified homes built through the Minneapolis Homes: Financing program.

The first home funded through the funding incentive was recently completed in the Logan Park neighborhood of Ward 1. This home is the first affordable passive house in Minneapolis and the first of 17 passive-certified homes funded through the Minneapolis Homes: Financing program, which provides gap financing to develop affordable ownership properties throughout Minneapolis for households at or below 80% of area median income. Passive homes like this one use significantly less energy, saving the owners hundreds, if not thousands, of dollars in energy costs every year. They are also quieter, have cleaner air, and are more resilient to climate variations.

Northstar East



Northstar Apartments Exterior Rendering
Photo credit: RSP Architects

In May 2023, the CPED Housing team closed on financing to facilitate Sherman Associates' conversion of the historic 13-story Northstar office tower in downtown Minneapolis into affordable rental housing. This important project reflects the City's efforts to support conversion of underutilized office space into much-needed affordable rental housing for downtown workers and others looking to live downtown.

The project contains 216 apartments with 44 units affordable at 50% AMI with the balance affordable at 80-120% AMI. The units will be a mix of studio, one-, two-, and three-bedroom units. The building will also contain amenity space for residents and access to retail, restaurant, and entertainment opportunities throughout downtown.

The City provided Tax Increment Financing to support this project, which is the first to utilize the Inclusionary Zoning Revenue Loss Offset compliance option in the City's Inclusionary Zoning program. Sherman Associates partnered with Polaris Properties and Taconic Capital Advisors on this three-phase project, which also includes repositioned office space, new meeting and events facilities, and the 218-room boutique hotel—Hotel Indigo.

The Belfry—Grand Opening



Photos: (Left) Belfry Apartments Grand Opening, (Top Right) Exterior and (Bottom Right) Kitchen
[photo courtesy of Trellis]

In December 2023, Trellis Development hosted the grand opening of the Belfry Apartments project, located on the corner of 39th St and Chicago Ave. This project created 41 units of deeply affordable housing, including 10 units for families exiting homelessness, in a combination of new construction and adaptive reuse of the historic Calvary school and church.

The conceptualization, planning, and development of this project embodied principals of equitable development and demonstrates the collaborative efforts to merge the functions of Calvary Lutheran Church and provide safe, dignified housing for those most in need in the community. Calvary selected Trellis as its development partner to create new, deeply affordable housing on their site, stabilize the existing Church building, and continue providing services to the important neighborhood services. This project was able to meet all these goals.

In addition to providing space for resident and community services, the building still has space for services and other parish related activities. One key community service is the Calvary Food Shelf, which provides access to food for 160 households each week. To better serve the food shelf, the development team included a freight-sized elevator for pallets of food. The food shelf is set up like a grocery store, allowing users to browse shelves.

Resources for this project came together very quickly. Initial project funding was awarded in late 2021 and the building was open and fully occupied by the end of 2023. City contributions in the project included 9% Housing Tax Credits which generated nearly \$10.5 million in equity and \$1.23 million in Affordable Housing Trust Funds. Hennepin County awarded the project over \$6 million in AHIF and environmental clean-up funding.

What's Next?

Minneapolis 2040 establishes the goal that in 2040, all Minneapolis residents will be able to afford and access quality housing throughout the city. This progress report outlines our core values and strategies to achieve this goal. Due to the City's work represented here, thousands of Minneapolis residents have a safe, stable place to call home. But the need persists.

In 2024, the City has these major housing goals:

- Evaluate and adjust the Inclusionary Zoning policy for 20+ unit residential development
- Evaluate the "Create" strategy of Minneapolis Homes programs, focused on one- to 20-unit residential development
- Implement strategic budget planning for the new metro sales tax resource for housing
- Continue our partnership with Hennepin County to humanely address homelessness