

Guidelines for Priority Funding for Housing Performance

March 2012

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The mission of the Metropolitan Council is to foster a prosperous, livable metropolitan region. The Metropolitan Council is the regional planning organization in the seven-county Twin Cities metropolitan area. The Council runs the regional bus and light-rail system and Northstar commuter rail, collects and treats wastewater, coordinates regional water resources, plans regional parks and administers funds that provide housing opportunities for low- and moderate-income families. The Council board is appointed by and serves at the pleasure of the Governor.

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Introduction

The Metropolitan Council's *Development Framework* includes policy and strategies that support, encourage and promote broader opportunities for affordable and life-cycle housing throughout the region. As one of the actions to support such housing opportunities, the Framework states the Council will give funding priority to communities and community projects that increase the variety of housing types and costs, appropriately mix land uses, increase transportation choices and leverage private investment.”

The following criteria and their relative weight will be used to annually determine a score – 0 to 100 points – and rank for cities and counties in the region to be used in the evaluation and prioritization of applications for funding by the Council. County scores will be used in the evaluation of county applications for funding; city scores will be used for city applications. Joint applications for discretionary funding will be weighted pursuant to the applicable combination of counties, cities, or both counties and cities.

The amount of emphasis or weight given to the housing performance score or rank in the evaluation of applications for various funding programs will be at the discretion of the Metropolitan Council at the time it solicits applications for any of these discretionary funding activities. Any changes to the performance criteria themselves will be made only after the Council follows its adopted policy and practices for changing policy documents.

COUNTIES

Use of resources, authority, programs and initiatives for affordable workforce and life-cycle housing

- 0 or 5 points** 1. The county or its housing agency or authority owns and is responsible for the management of affordable housing units.
- 0 or 5 points** a. which are public housing units funded under the Office of Public and Indian Housing at the U.S. Department of Housing and Urban Development (HUD).
- 0 or 5 points** b. and/or housing units not included in (a).
- 0 to 70 points** 2. The county, its housing agency or authority, the Metro HRA or a non-public agent of the county (which may include a designated non-profit), administers programs and/or resources to address affordable housing assistance, development and preservation needs in the county for cities and townships that do not manage their own such programs or resources to address these housing needs.

Examples of programs or resources to address these needs include, but are not limited to, the following:

- Tenant-based rental assistance (Section 8 Choice Vouchers administered by the county or its agent)
- Project-based rental assistance (Section 8 Choice Vouchers administered by the county or its agent)
- Development of county housing TIF district(s) to assist affordable housing development or preservation
- The use of housing revenue bonds to support affordable housing production, homebuyer assistance programs, or housing preservation efforts
- Land acquisition assistance program for affordable housing providers

And/or locally-administered activities such as:

- First-time homebuyer mortgage assistance program
- Down payment and/or closing cost assistance program
- Homeowner rehabilitation or home improvement grants or loan program
- Rental property rehabilitation or renovation program
- Funding for new affordable ownership or rental housing construction (e.g. federal low-income housing tax credits, HOME dollars etc.)
- Low-income housing rehabilitation loan or grant program funded by use of federal CDBG or HOME funds
- Housing counseling services (e.g. renter or first-time homebuyer education efforts)

And/or other innovative efforts or initiatives such as:

- A county-funded program to aid affordable housing development or preservation through the provision of gap financing assistance.

- Activities undertaken by the county or its authorized agent(s) that require county involvement, partnership, support, or resources and address the housing needs of low- and moderate-income individuals and households, or those with special housing needs in the county, or advance the production or preservation of such housing.
- Initiatives by the county to create and/or expand non-profit capacity or foster local intergovernmental collaborations to create and preserve affordable housing for low- and moderate-income persons.

Each policy, activity, program, resource or other initiative is worth 5 points, not to exceed 70 points.

- 0 to 10 points** 3. The total per-capita expenditure of funds by the county or its authorized agent(s) on homelessness as identified in the previous year’s budget will be assigned points based upon the following:

- 10 points – \$10 or more per capita
- 8 points – \$8.00 to \$9.99 per capita
- 6 points – \$6.00 to \$7.99 per capita
- 4 points – \$4.00 to \$5.99 per capita
- 2 points – \$1.00 to \$3.99 per capita
- 0 points – less than \$1.00 per capita

- 0 to 10 points** 4. The total per-capita commitment (i.e. per-capita counting only those communities with a tax levy to fund the county housing or community development entity, and/or a participation agreement with the county) of county-originated funds (taxes, reserve funds, fees, land sales, etc., not funds passed through from other levels of government) to affordable housing development or preservation, rental or homeownership assistance, or homelessness prevention and/or assistance activities as identified in the county’s previous fiscal year’s budget will be assigned points based upon the following:

- 10 points - \$ 16.00 or more per capita
- 8 points - \$ 13.00 to \$15.99 per capita
- 6 points - \$ 10.00 to \$12.99 per capita
- 4 points - \$ 7.00 to \$9.99 per capita
- 2 points - \$ 4.00 to \$6.99 per capita
- 1 point - \$1.00 to \$3.99 per capita
- 0 points - less than \$1.00 per capita

CITIES AND TOWNSHIPS

Affordability and Diversification

- 0 to 8 points** 1. Municipalities are ranked according to the percent of their owner-occupied housing (homesteads) with an assessed valuation equal to or lower than an amount affordable to households at 60 percent of area median income (AMI), and their total number of manufactured homes.
- 0 to 8 points** 2. Municipalities are ranked according to the percent of their total housing stock that is comprised of rental units affordable to households of low- and moderate-income (60 percent of AMI or less). This includes but is not limited to all federally subsidized rental units – public housing, Section 8 housing, units subsidized by the U.S. Department of Agriculture, units developed with the use of low-income housing tax credits, units developed with assistance from MN Housing, the Livable Communities Act, the Family Housing Fund, or the assistance of other local fiscal tools or housing finance initiatives.
- 0 to 8 points** 3. Municipalities are ranked according to the percent of their housing stock that is comprised of units that are not single family detached units developed in the typical detached housing site plan approach. These units may include twinhomes, quads, apartments, townhomes, condominiums, detached townhomes, manufactured homes, and units developed with a zero-lot line.
- 0 to 10 points** 4. Municipalities are ranked according to the percent of units added to their housing stock that are affordable at 60 percent AMI – both ownership and rental - since 1996. These “new” units may include units that have been “preserved” as affordable for a definitive period of time because of public or private re-investment to retain their affordability.
- 0 to 3 points** 5. Housing for special needs

Municipalities are awarded up to three points for the following types of special housing within their jurisdiction:

- Housing for which federal, state, county or local funds or those of a non-profit organization have been used to purchase and operate residential units or provide licensed housing that is not for the purposes of incarceration, but as a transitional placement of adult offenders or adjudicated delinquents
- A publicly subsidized or non-profit group home licensed by the Department of Health or Department of Human Services which provides temporary or permanent housing for residents who are physically disabled, mentally ill, developmentally disabled or chemically dependent
- A shelter which is publicly subsidized and/or operated by a non-profit organization to provide temporary housing for people experiencing homelessness, battered women or those not otherwise able to secure

private housing

- Housing for individuals and families who are experiencing homelessness, but who with a transitional stay of six to 24 months, and the assistance of advocates, can work towards housing stability and self-sufficiency to obtain permanent housing

Each instance of such housing is worth 1 point up to 3 points.

Local Initiatives to Facilitate Affordable Workforce Housing Development or Preservation

0 to 15 points

6. Fiscal Tools and Initiatives

The municipality has in place adopted local policy in its comprehensive plan or local housing plan that allows and encourages the use of a local fiscal tool or initiative and has used such a local fiscal tool to assist affordable workforce or life-cycle housing development and/or preservation.

Examples of such fiscal tools include but are not limited to the following:

- Tax increment financing
- Housing revenue bonds
- General obligation bonds
- A local property tax levy
- Local tax abatement
- Local fee waivers or reductions
- Credit enhancements
- Taxable revenue bonds
- Land write-down or sale
- Collaboration and participation with a community land trust or other non-profit organization to preserve long-term affordability

The use of federal or state dollars is only applicable if such dollars may be used for activities other than the development or preservation of affordable and life-cycle housing but the municipality has chosen to use them for affordable housing development or preservation (i.e., CDBG dollars used for housing development or preservation).

Each local fiscal tool or initiative is worth 3 points, up to a maximum of 15 points.

0 to 15 points

7. Initiatives regarding local regulation and development requirements

To facilitate the development or preservation of affordable or lifecycle housing through cost avoidance or reduction measures, the municipality has in the previous two calendar years:

- Reduced, adjusted or eliminated a local official control; or
- Reduced, adjusted or eliminated a development or local code requirement; or
- Has in place in its policies and official controls a commitment to make such reductions, adjustments or eliminations of requirements when

they are requested by a developer to facilitate the development or preservation of affordable or life-cycle housing

Each local initiative is worth 3 points, up to a maximum of 15 points. No more than 6 points may be applicable to any one affordable or life-cycle housing development or preservation activity aided by these local regulative measures.

Examples of these initiatives in the use of official controls include but are not limited to the following:

- The use of a density bonus system, inclusionary housing requirements or some other innovative zoning approach
- The use of variances, rezoning, special use or conditional permits or similar variations from the standards set forth in the community's zoning ordinance for the purpose of facilitating a specific affordable housing development.
- A local initiative undertaken to revise local design requirements for public improvement that may reduce the cost of public services to residential properties.
- Modifications in public services standards or requirements that might include streets, curbs, gutter, sewer and water hookups, street lighting and other required public improvements in order to reduce development costs to increase affordability in a new residential development.
- A reduction of such standards as the required street right-of-way, or surfacing width or depth design for residential street, or the size of sewer or water service lines to new housing.
- Implementation of an accessory housing ordinance that permits the addition or creation of accessory housing units.

0 to 15 points 8. Initiatives regarding housing preservation and rehabilitation

The municipality has in place and promotes locally-initiated or administered (city or county) housing preservation, home improvement and/or rehabilitation programs, or other tools available to its residents to keep their housing stock in sound condition.

Examples of these initiatives include but are not limited to the following:

- A housing maintenance code and enforcement program for rental housing
- A housing maintenance code and enforcement program for owner-occupied housing
- A housing rehabilitation loan or grant program for rental housing
- A housing rehabilitation loan or grant program for owner-occupied housing
- A home improvement loan or grant program
- A home improvement resource center
- A local tool-sharing center or program

Each local initiative is worth 3 points, up to a maximum of 15 points.

9. Density of residential development

The average net density of new (or re-use) sewerred housing for which a building permit was issued in the municipality in the two previous calendar years multiplied by the total number of such units in those two years are compared among all communities. Sewerred communities are ranked highest to lowest, unsewerred communities are ranked lowest to highest. Points will only be given to sewerred communities with an overall density of three units per acre or greater and only to unsewerred communities for which the 2008 local comprehensive plan update has been put into effect.

Sewerred Communities

1 to 6 points

a. The average net density for attached housing units, i.e., units per acre multiplied by the number of such units permitted in the previous two calendar years.

1 to 6 points

b. The average net density for detached housing units (including detached townhomes and manufactured homes), i.e., units per acre multiplied by the number of such units permitted in the previous two calendar years.

Unsewerred Communities

1 to 12 points

The average net density of residential development multiplied by the number of all units permitted in the previous two calendar years

0 or 6 points

10. In the previous two calendar years, the municipality has:
- acquired land to be held specifically for development or redevelopment as affordable or senior housing (exclusively 55+), or
 - approved (permits may be drawn at any time) the development or local financial participation in a proposed development of new affordable or senior (exclusively 55+) housing, or
 - approved the involvement of the municipality in the preservation and reinvestment in such housing – ownership or rental – which has not as yet been undertaken for reasons beyond the municipality’s control.

Points will be awarded according to the number of units involved in the development proposal as follows:

2 points – land has been acquired for future affordable or life-cycle housing without a specific known number of units

2 points – less than 20 units in an approved project

4 points – 20 to 39 units in an approved project

6 points – 40 or more units in an approved project

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