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300 Metro Square Building, 7th Street and Robert Street, Saint Paul, Minnesota 55101 Area 612, 291-6359

April 10, 1981

TO: METROPOLITAN AREA CITIZENS AND GOVERNMENT OFFICIALS

The attached documents will be considered at a Public Hearing at 4 p.m. on May 11, 1981, at the Metropolitan Council Offices. The documents cover subjects of growing concern to local officials and citizens of the area: review guidelines for subsidized housing, Community Development (CD), and Housing Assistance Plans (HAP). When adopted, these guidelines will be used by the Council to review and rank applications for federal and state funds. As local, state, and federal budgets shrink, competition for these funds may intensify, making it more important than ever that they be reviewed and used wisely.

The Council has reviewed and ranked subsidized housing applications for a number of years now using Review Guidelines that were adopted in 1976. Changes in the Council's Allocation Plan for Subsidized Housing and changing local housing conditions have made it necessary to revise the review guidelines at this time.

The Council also has reviewed Community Development applications since 1975, using adopted Council housing and development framework policies. Specific review guidelines were not adopted prior to this time, but the Council indicated that additional review guidance would be forthcoming to assure strong ties between the use of CD funds and the local housing situation. The draft review guidelines being proposed address this issue.

Review guidelines for Housing Assistance Plans were adopted by the Council in 1976. They are being amended at this time for consistency with the Council's Allocation Plan for Subsidized Housing and to be used in conjunction with proposed CD Review Guidelines.

We hope you will give us your comments and suggestions for improvements to the proposed new review guidelines. For additional information, please contact Nancy Reeves (291-6307), Chuck Ballentine (291-6381), or Wayne Nelson (291-6406) at the Council's housing staff.

If you plan to testify, please notify Shirlee Smith at 291-6421. People indicating their intention to testify will be heard first. Others will then be given the opportunity to speak. Written comments will also be accepted at the above address until May 18, 1981.

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STATE OF MINNESOTA

Sincerely,

Charles R. Weaver  
Chairman, Metropolitan Council

## METROPOLITAN COUNCIL

Suite 300 Metro Square Building, Saint Paul, Minnesota 55101

### PUBLIC HEARING PROCEDURES

The following procedures will be used to conduct the meeting to insure that each person has a fair opportunity to present his or her views:

1. Individuals are asked to limit their remarks to five minutes. Representatives of groups are asked to limit their remarks to ten minutes.
2. Persons who wish to speak at the hearing are asked to register by letter or phone before the meeting. Those who register first will be allowed to speak first. Registration will be open at the beginning of the meeting at the entrance to the hearing room.
3. Speakers should state his or her name, address and the organization they represent, if any, at the start of each presentation. Written statements, in addition to oral testimony, are appreciated.
4. Proceedings will be recorded by a court reporter. Copies of the official transcript as recorded by the court reporter can be purchased at cost when available through the Council. ( If no court reporter, the proceedings will be taped).
5. The hearing may be recessed to another time and date if necessary to allow for a full and fair airing of all points of view.
6. The questioning of speakers from the floor will be permitted on approval by the chairman of the hearing.

D R A F T

PROPOSED CHANGES TO THE GUIDELINES FOR REVIEWING  
AND RANKING SUBSIDIZED HOUSING PROPOSALS

and

PROPOSED GUIDELINES FOR THE REVIEW OF  
COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATIONS  
AND HOUSING ASSISTANCE PLANS

Adopted for purposes of a  
Public Hearing

to be held  
at 4 p.m. May 11  
in the  
Metropolitan Council Chambers

Metropolitan Council  
Suite 300 Metro Square Building  
St. Paul, Minnesota 55101  
291-6359  
Publication #19-81-024

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PROPOSED CHANGES TO THE  
GUIDELINES FOR REVIEWING AND RANKING  
SUBSIDIZED HOUSING PROPOSALS

BACKGROUND INFORMATION

The Housing Chapter of the Metropolitan Development Guide contains a number of policies that relate to federally subsidized housing. In addition, the Metropolitan Council has adopted an Allocation Plan for Subsidized Housing to guide the housing into a variety of places not currently the location of many lower-income households. And, in connection with its A-95 Review Authority for subsidized housing, the Council has developed review guidelines to help in determining which applications are acceptable and, among those, which should be given the highest priority for funding. The review guidelines have been based on the Council's policies for subsidized housing, as well as on the allocation plan.

THE CURRENT REVIEW GUIDELINES

The housing chapter of the Metropolitan Development Guide includes general housing review guidelines (pp. 105-108), guidelines for accessibility of services and facilities (pp. 108-111), guidelines for review of housing developments in rural areas (pp. 111-114) and guidelines for ranking subsidized housing proposals (pp. 114-117). All these guidelines apply in the review of all housing proposals, including subsidized housing. But only the guidelines for ranking subsidized housing proposals are proposed for change at this time. These guidelines are attached at the end of this material, alongside the proposed revisions, to help you compare the old and new versions of the review guidelines.

SUGGESTED CHANGES TO THE CURRENT GUIDELINES

Most of the proposed areas of change are in response to the new Allocation Plan for Subsidized Housing, adopted February 1980. Reasons for the proposed changes are discussed below.

1. Subsidized housing proposals were previously ranked according to the priority area of their locations. The new allocation plan does not include priority areas, so they cannot be used in the new review guidelines.

2. Immediate top priority previously was given to all proposals having 20 percent or more units for large families (3 or more bedrooms). It is now proposed that proposals for family and large-family units (2 or more bedrooms) be treated equally and that top priority be given to proposals having a mix of family and large-family units. A strong need remains for family units of all sizes, but production in recent years has included an increased percentage of large-family units, which now represent less than 10 percent of the unmet need for subsidized housing. For review purposes, proposed 1-bedroom units will be considered units for the elderly unless they will serve households of non-elderly handicapped, or are included in a Substantial Rehabilitation proposal.
3. Many communities were encouraged to and did exceed their allocation plan numerical goals under the previous guidelines. The new allocation plan encourages every community to achieve its full goals but not to exceed them. Based on the new plan, the new guidelines give higher priority to proposals within the local allocation plan numerical goals, and lower priority to proposals in communities that have already achieved current goals.
4. In line with the emphasis in the new allocation plan on spreading subsidized housing resources as broadly as possible, the new guidelines propose giving priority to units in communities having no previously constructed subsidized housing units, and to communities with large goals during the previous allocation plan period but less than 50 percent achievement of those goals.
5. The new allocation plan makes mention of the special needs of the handicapped and of those displaced by both public and private urban renewal activities. The new review guidelines also include these special housing needs.
6. The new allocation plan includes separate goals for housing for the elderly and family housing for each community, but provides that communities can choose to transfer units from their goals for the elderly to their goals for family housing, if needed. In the new guidelines, this principle will apply when family proposals are being reviewed, if the municipality agrees. However, when proposals for the elderly are being reviewed, a community's actual unused goal for the elderly will be the only number used as the measure of consistency with the allocation plan.
7. In the previous plan, proposals for family housing were given priority over proposals for subsidized units for the elderly. This priority continues because, although progress has been made, the elderly's share of subsidized housing in the Area (45 percent in 1979) still exceeds its share of the Area need (40 percent in 1979). However, some funding sources are available for units for the elderly only (such as the Section 202 program). The numerical goals for units for the elderly

in the new allocation plan are not, by themselves, a sufficient criterion for ranking proposals of housing for the elderly. It is proposed that a separate set of review guidelines be established for ranking proposals for subsidized housing for the elderly competing for funds available only for housing for the elderly.

8. At the heart of the Council's housing policies has always been encouragement of mobility opportunities for lower-income residents of concentrated areas in the central cities. In its 1980 bonus fund review criteria for subsidized housing, the Council required all applicants to agree to provide a percentage of their units in non-concentrated locations for occupancy by eligible central-city applicants. All the selected applicants now have signed agreements with the Council to implement this mobility program. The guidelines propose that the Council continue strongly to encourage this approach by giving preference to proposals that include a mobility program over and above the minimum required in the Affirmative Marketing plan.
9. Because Rural Centers are now included in the new allocation plan for a limited amount of subsidized housing, guidelines include criteria for ranking proposals in these locations. Rural Freestanding Communities, which were treated as a separate group in previous review guidelines, are now considered to be the same as other communities within the urban service area for ranking purposes.

Other features of the previous review guidelines remain unchanged, such as the priority for projects that are partially subsidized, and the policy of discouraging proposals in concentrated locations.

On the following pages are the proposed revised review guidelines for family subsidized housing, and the proposed new review guidelines for proposals for subsidized housing for the elderly.

- DRAFT-

## PROPOSED GUIDELINES FOR RANKING SUBSIDIZED HOUSING PROPOSALS

The Metropolitan Council's housing guide and the subsidized housing allocation plan contain a number of policies that relate to federally subsidized housing. Guidelines are needed to clarify the relative weight and rank of these policies as the Council recommends subsidized projects for funding. Under federal and state regulation, the Council reviews only proposals for new construction and substantial rehabilitation and does not review proposals for Existing housing programs.

In recent years, the majority of the subsidized housing proposals submitted for review have been in locations with generally high levels of services. Therefore, a ranking system based on Council policies and plans was developed to provide an orderly and fair means of making recommendations for funding from among the well-serviced proposals.

### REQUIREMENTS FOR EVERY SUBSIDIZED HOUSING PROPOSAL

Subsidized housing developments, like other housing proposals, must meet the review criteria detailed in the General Housing Review Guidelines and the Guidelines for Accessibility of Services and Facilities. In addition, each proposal must be located in a community included in the Allocation Plan for Subsidized Housing. Finally, each proposal will be carefully examined to determine whether it would result in a concentration of lower-income housing in a single area or neighborhood. Further concentrations of lower-income housing as the result of subsidized new construction will not be acceptable.

### REVIEW GUIDELINES FOR PROPOSALS FOR FAMILY HOUSING

#### A. FACTORS IN FUNDING PRIORITY

All proposals that meet the requirements stated above will be given funding priority in accordance with the following factors:

##### 1. Numerical goals according to the Allocation Plan for Subsidized Housing

The allocation plan is the single most important guiding principle for Council decision-making on subsidized housing. Because subsidized housing funds are scarce, all Area communities are urged to achieve, but not substantially exceed, their allocation plan numerical

goals. Each time a community's goal is exceeded, the subsidy funds that are used must be taken away from other communities' shares, making it impossible for them to achieve their goals. Because the total funding pool is small, many communities have goals that are too small for even one feasible new construction project.

The Council will not automatically reject proposals for the first new construction developments in communities with small goals, even if the proposals exceed the communities' total three-year goals. But the Council will give low priority to subsequent proposals in communities that have already used up most or all of their goals on earlier proposals during the allocation plan period. The ranking will be, first, proposals that do not exceed local allocation plan goals; second, proposals that exceed local goals but are the first proposal in the community; third, all other proposals.

## 2. Small- and Large-Family Housing

In reviewing applications for funding sources available for housing for both families and the elderly, family units will be given priority, followed by family-elderly-mixed units. Lowest priority will be given to proposals for housing for the elderly only. Because of the need for both small- and large-family units, proposals that include a mix of small-family (2-bedroom) and large-family (3 or more bedroom) units will be given highest priority. One-bedroom "family" units will be considered small-family units only if they will serve households of non-elderly handicapped or if they are part of a Substantial Rehabilitation proposal.

## 3. Special Needs

The Council recognizes the special needs for housing for the handicapped and for people displaced by public and private urban revitalization activities. To encourage the development of housing to meet these special needs, proposals designed to provide housing for handicapped or displaced households will be included in the highest-ranking allocation plan grouping, even if the communities in which the proposals are located have already met or exceeded their allocation plan goals.

## 4. Economic Mix

In order to spread scarce subsidized housing resources around as much as possible, to discourage further concentrations of subsidized housing, and to encourage economic mix, the Council will give priority consideration to family proposals that are either partially subsidized or located on scattered sites, or small projects having 35 assisted units or fewer. Projects not meeting this criterion will be given a lower priority.

## 5. First Proposal For Family Housing in the Community

In order to assist communities that have no family subsidized housing construction and/or have been previously unable to make substantial progress toward meeting their allocation plan goals, and to promote the Council's policy of encouraging subsidized housing in a wide variety of locations, proposals that represent the first family subsidized housing construction in a community, or are located in communities previously unable to achieve at least 50 percent of their allocation plan family goals, will rank ahead of otherwise comparable proposals in other communities.

## 6. Mobility Concerns

A primary goal of the allocation plan is the location of subsidized housing outside of concentrated areas and its availability as a mobility resource for people from concentrated areas. In reviewing proposals for family subsidized housing, the Council will look for a statement from the developer indicating that the housing will be available to people from concentrated areas as well as to local residents. This statement also should indicate how the mobility opportunities will be implemented. Among otherwise equally ranked proposals, those having this statement will be given priority.

## 7. Rural Centers

Rural Centers and Developing Freestanding Communities are treated as a separate category; 4.6 percent of the subsidized units will be available to these communities. If these units are not provided through the Section 8 Existing or Farmers Home programs, then other new-construction programs may be used. Individual communities within this group have not been given numerical goals. Proposals should be of a reasonable size for the communities and will be ranked according to the level of services available within the communities. Proposals in these communities are not covered by the "Order of Funding Priorities" that follows.

## B. ORDER OF FUNDING PRIORITIES FOR FAMILY SUBSIDIZED HOUSING PROPOSALS

The following illustrates how the priorities listed above will be used to rank competing projects that have met the basic review requirements.

1. Proposals that do not exceed local allocation plan goals for new construction, and special needs proposals

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or fewer).
  - b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.
2. Proposals that exceed local allocation plan goals for new construction, but are the first proposals in the community during the allocation plan period

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or fewer).
  - b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.
3. Proposals that exceed local allocation plan goals for new construction, and are not the first proposals in the community during the allocation plan period

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or fewer).
  - b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.
4. Proposals for mixed housing, for families and the elderly
  5. Proposals for housing for the elderly only, or 1-bedroom units in a non-rehabilitated building for non-handicapped people

Within each category, among otherwise equally ranking proposals, those that include a commitment to provide mobility opportunities will be ranked ahead of others having the same number of points.

### C. IN-CONFLICT RECOMMENDATIONS

In addition to the guidelines for establishing priority, there are a number of Council policies which could result in an "in-conflict" recommendation. The "in-conflict" recommendation means that the Council is recommending against funding to the Department of Housing and Urban Development or the State Housing Finance Agency. This recommendation could be given for the following reasons:

1. Site or level of services are inadequate, would have negative environmental impacts, etc.

These reasons are historically the major reasons for A-95 in-conflict recommendations. More details on these criteria are found in the Housing Project Review Guidelines.

2. Proposal would further the concentration of low-income persons.

Proposals will not be approved if they would increase the concentration of lower-income persons in a single neighborhood or area. For example, completely subsidized family projects in predominately lower-income central city neighborhoods are unlikely to be recommended for funding by the Council. However, a proposal in a central city location undergoing major revitalization and the substantial loss of older low-income housing units may be an acceptable location. In summary, central city proposals will be examined individually to determine their status with regard to the issue of concentration.

3. Proposal would provide subsidized housing for the elderly in a community that has not provided or does not have definite plans to provide its share of family subsidized housing.

Council policy states that communities should provide subsidized housing for both families and the elderly. The Council has approved projects for the elderly in communities only with the provision that the community is providing or has definite plans to provide for its full goal for family subsidized housing. The only exception would be if subsidized housing units for the elderly were to be totally lost to the Area because no other acceptable projects were submitted for the funds.

4. Proposal is to be located in a community not included in the Allocation Plan for Subsidized Housing.

Council policies designate that subsidized housing should be located within the Metropolitan Urban Service Area, in a Freestanding Growth Center, or in a developing Freestanding Growth Center or Rural Center. Proposals located in other than these locations will be found in conflict.

## REVIEW GUIDELINES FOR PROPOSALS FOR HOUSING FOR THE ELDERLY

### A. MINIMUM REQUIREMENTS

As with proposals for family housing, all proposals for housing for the elderly must meet certain minimum requirements set forth in Council policies in order to be reviewed and ranked for funding. If proposals are not consistent with these policies, discussed earlier (p. 1) as "Requirements for Every Subsidized Housing Proposal," the Council recommends against funding of the proposal to the Department of Housing and Urban Development or the State Housing Finance Agency.

This "in-conflict" recommendation could also be given for any of the following reasons for proposals for housing for the elderly:

1. Site or level of services are inadequate, would have negative environmental impacts, etc.

These reasons are historically the major reasons for A-95 in-conflict recommendations. More details on these criteria are found in the Housing Project Review Guidelines and the Guidelines for Access to Community Services in Housing for the Elderly (see p. 14).

2. Proposal would further the concentration of low-income persons.

Proposals will not be approved if they would increase the concentration of lower-income persons in a single neighborhood or area. For example, completely subsidized family projects in predominately lower-income central city neighborhoods are unlikely to be recommended for funding by the Council. However, a proposal in a central city location undergoing major revitalization and the substantial loss of older low-income housing units may be acceptable. Central-city proposals will be examined individually to determine their status with regard to the issue of concentration.

3. Proposal would provide subsidized housing for the elderly in a community which has not provided or does not have definite plans to provide its share of family subsidized housing.

Council policy states that communities should provide subsidized housing for both families and the elderly. The Council has approved projects for the elderly in communities only with the provision that the community is providing or has definite plans to provide for its full goal for family subsidized housing. (The only exception would be if subsidized housing units for the elderly were to be totally lost to the Area because no other acceptable applications were submitted for the funds.)

This strong emphasis on family housing continues, based on the historical pattern of a disproportionate share of subsidized housing for the elderly in the Area, over and above the share of the Areawide need for such housing.

To meet this criterion, a community should be able to demonstrate one or more of the following:

- (a) Achievement of 100 percent of its 1977-79 family-housing allocation plan goal.
  - (b) Achievement of 100 percent of its current (1980-83) allocation plan goals for families and large families.
  - (c) A specific plan for achievement of 100 percent of its current allocation plan goals for families and large families. This plan can include the capacity to achieve the goal through the Section 8 Existing Housing or Moderate Rehabilitation program, a cooperative agreement to provide family public housing units, or a locally approved subsidized new-construction proposal that has been submitted to HUD or MHFA for funding.
4. Proposal is to be located in a community not included in the Allocation Plan for Subsidized Housing.

Council policies designate that subsidized housing should be located within the Metropolitan Urban Service Area, in a Freestanding Growth Center, or in a developing Freestanding Growth Center or Rural Center. Proposals located in other than these locations will be found in conflict.

#### B. FACTORS IN FUNDING PRIORITY

All proposals that meet the requirements referred to above will be ranked by use of a point system, with one point given for each of the following factors (a maximum of five possible points) in which the proposal meets established criteria:

##### 1. First Housing-for-the-Elderly Proposal in the Community

Subsidy funds for proposals for housing for the elderly are extremely scarce, and the demand among Area communities has always been substantially in excess of the supply. In recognition of the strong desire of many communities to have housing for the elderly, and to promote the Council's policy encouraging subsidized housing in a wide variety of locations, proposals that represent the first construction of subsidized housing for the elderly in a community will be given one point. Otherwise comparable proposals in communities that already have subsidized housing for the elderly will receive no point.

## 2. Awareness of Community Services for the Elderly

Services that are available in or near a housing development for the elderly are an important part of the supportive environment that older people need to enhance their independent functioning. Housing sponsors should be aware of the service needs of residents, and how these needs will change over time. When a building is first built, it may not be necessary to provide more than social activity programs. However, as the residents age, awareness of community resources and referral of individuals to these programs, and perhaps the arrangement for some on-site provision of services, may be very appropriate.

The services that are considered to be most important for the elderly include:

- social/recreational opportunities
- health services
- transportation services
- individual assistance, referral and counseling
- meal services
- housekeeping and personal care services

Housing proposals that include a plan for how these services will be provided will be given one point. This plan can include lists of agencies providing services for the elderly in the area, any letters or indications of communication between the sponsor and these community agencies regarding the capacities of the adjacent community agencies to provide needed services, or similar information.

## 3. Capabilities of Housing Sponsor

The sponsorship and management of a housing development for the elderly are critical factors in the success of the development and the well-being of the residents.

Because of the importance of these factors, housing proposals submitted by housing sponsors with proven high-quality experience in housing for the elderly will be given one point. This point also will be given to sponsors without previous experience who can demonstrate their capability to develop quality housing for the elderly. This evidence can include training/consultation obtained by the sponsor from organizations experienced in housing for the elderly, criteria for choosing and arranging for management of the housing, and such other information as the applicant may provide.

#### 4. Proximity of Community Services

Because access to services in the community is such a critical part of site selection for housing for the elderly, housing proposals will be given one point for an outstanding level of proximity to community services and facilities. (In order to be considered for funding, all proposals will have to meet minimum access requirements. See A.1. on page 5.)

#### 5. Design Features

Proper design can help make multi-unit housing for the elderly safe, accessible, and psychologically supportive for the residents. While these three qualities are important individually, they are interrelated as well. For example, housing could be designed with only the safety and accessibility of residents in mind, but they may not like it because it is not appealing or comfortable.

Even though the Council's review of proposals for housing for the elderly often occurs prior to the completion of all design features, such items as type of structure, design of outside space, plans for community space, etc., are often included in the information prepared for the funding source. When this information is available and includes appropriate design features, a point will be given to the housing proposal. (A checklist of appropriate design features will be developed in the near future for distribution to all developers interested in housing for the elderly.)

#### 6. Special Needs

Because this section deals primarily with the review of proposals for housing for the elderly, and because it is only under this section that such proposals are likely to be funded, the preference for special needs identified earlier in the review of family-housing proposals will not apply here. Proposals for housing for the elderly that also meet displacement or handicapped needs certainly will be accepted, but they will not be given priority over other proposals competing for funds for the elderly.

### C. FINAL RANKING

Once points have been assigned to the housing proposals being reviewed, final ranking will be done. Each proposal's relationship to the numerical goals for housing for the elderly in the Council's allocation plan will be used, in the process described below.

Numerical goals for housing for the elderly will be used, according to the Subsidized Housing Allocation Plan.

The allocation plan is the single most important guiding principle for Council decision-making on subsidized housing. However, allocation plan numerical goals for new construction for the elderly are generally quite low, due to an overall lack of federal funds available for this type of housing. To operate economically while providing services for its residents, a building for the elderly should usually have at least 40 units. Yet only five communities in the Area have numerical goals in excess of 40 units for the elderly. It is therefore anticipated that there will be proposals for buildings for the elderly which substantially exceed the numerical goals of the communities in which they are located. Such proposals cannot be rejected by the Council for this reason alone. (It should be noted that smaller projects for the elderly are not discouraged by the Council if adequate services are included.)

The numerical goals for the elderly have been based to a large extent on local need, and reflect the local share of need relative to all communities in the Area. The Council will, therefore, use the local goal as a factor, as it relates to the size of the project proposed. For example, among two otherwise equal projects, a 70-unit project in a community with a goal of 35 units (35 units over the goal) would rank higher than a 60-unit project in a community with a goal of 10 units (50 units over the goal).

Among competing proposals with similar size relationships, the funding order will be determined by the number of points awarded to the proposal.

#### D. FORMAL CLUSTERING ARRANGEMENTS

The majority of communities in the Area have very small allocation plan goals for housing for the elderly (10 units or less). In many cases, these communities border one another and could decide to work together to secure a subsidized building for the elderly in one of the communities to meet the needs of several neighboring communities. If such an effort is made, these communities may enhance their chances for funding by entering into a formal clustering agreement. In the agreement, each community contributes its entire unused goal for housing for the elderly to be included in a pooled larger goal. This larger goal is then used in ranking the proposal.

Naturally, only the host community will be able to serve as a location for housing for the elderly for the balance of that allocation plan period. The family-housing performance of all communities in the cluster will be evaluated also, to determine whether the cluster has achieved its family-housing goals. In determining whether a proposal from a cluster of communities qualifies as the first building for the elderly

in the community, all communities in the cluster will be considered. If any of them has a building for the elderly, then the cluster proposal will not be considered the first proposal in the community. And, of course, no community can participate in more than one cluster. Any cluster agreement will be expected to last through the balance of the current allocation plan period.

#### E. GUIDELINES FOR ACCESS TO COMMUNITY SERVICES IN HOUSING FOR THE ELDERLY

Access to services in the community is a critical part of site selection for a housing development for the elderly. Good access to grocery stores, medical services, transportation and public facilities encourages independent functioning of the elderly and their continued involvement in the community for as long as possible.

The following guidelines will be used when reviewing proposals for housing for the elderly:

##### 1. Transportation

- public transportation one to two blocks from the site (in areas served by bus system)
- some form of transportation with scheduled rides to all needed services (in areas not served by bus system)

##### 2. Commercial and Social Services

- grocery store and pharmacy within walking distance (one to five blocks depending upon the area)
- at least three of the following within walking distance:
  - places of worship
  - banks
  - post office
  - library
  - restaurant
  - service convenience/neighborhood stores
  - senior citizens center
  - congregate dining site

##### 3. Health Services

- major medical facilities within 20 minutes' driving radius of site
- ambulance service available to the site
- doctors' and dentists' offices, community clinics

COMPARISON OF THE OLD REVIEW GUIDELINES  
WITH THE PROPOSED GUIDELINES FOR  
SUBSIDIZED HOUSING FOR FAMILIES\*

OLD

*GUIDELINES FOR RANKING SUBSIDIZED  
HOUSING PROPOSALS*

The Housing Guide contains a number of policies which relate to federally subsidized housing. Guidelines are needed to clarify the relative weight and rank of these policies in recommending subsidized projects for funding. Under federal and state regulation, the Council reviews only "New Construction" proposals and does not review Section 8 "Existing Housing" proposals; therefore, unless there are changes in regulations, these guidelines will apply only to New Construction proposals.

In the past in reviewing applicants for federal and state funding, a large number of the developments were proposed on sites with generally high levels of services. Therefore, a ranking system based on Council policies and plans was developed to provide an orderly and fair means of making recommendations for funding from among the well-serviced proposals.

NEW

PROPOSED GUIDELINES FOR  
RANKING SUBSIDIZED HOUSING  
PROPOSALS

The Metropolitan Council's housing guide and the subsidized housing allocation plan contain a number of policies that relate to federally subsidized housing. Guidelines are needed to clarify the relative weight and rank of these policies as the Council recommends subsidized projects for funding. Under federal and state regulation, the Council reviews only proposals for new construction and substantial rehabilitation and does not review proposals for Existing housing programs.

In recent years, the majority of the subsidized housing proposals submitted for review have been in locations with generally high levels of services. Therefore, a ranking system based on Council policies and plans was developed to provide an orderly and fair means of making recommendations for funding from among the well-serviced proposals.

\*It should be noted that the proposed guidelines for subsidized housing for the elderly are new. There is no counterpart among previous Council review guidelines.

## REQUIREMENTS FOR EVERY SUBSIDIZED HOUSING PROPOSAL

It should be emphasized that subsidized housing developments, like other housing proposals, must meet the review criteria detailed in the General Housing Review Guidelines and the Guidelines for Accessibility of Services and Facilities. In addition to these standards, required of all housing developments, subsidized housing proposals must be consistent with the Council's Subsidized Housing Allocation Plan priorities and numerical goals. Subsidized housing proposals will also be carefully examined to determine whether they would result in a concentration of lower-income housing in a single area or neighborhood; further concentrations of lower-income housing as the result of subsidized new construction will not be acceptable.

Subsidized housing developments, like other housing proposals, must meet the review criteria detailed in the General Housing Review Guidelines and the Guidelines for Accessibility of Services and Facilities. In addition, each proposal must be located in a community included in the Allocation Plan for Subsidized Housing. Finally, each proposal will be carefully examined to determine whether it would result in a concentration of lower-income housing in a single area or neighborhood. Further concentrations of lower-income housing as the result of subsidized new construction will not be acceptable.

## REVIEW GUIDELINES FOR PROPOSALS FOR FAMILY HOUSING

### A. Factors in Funding Priority

#### Factors in funding priority

Assuming that the subsidized housing proposals satisfy these review standards, the acceptable proposals will be ranked and recommended for priority in funding as follows:

All proposals that meet the requirements stated above will be given funding priority in accordance with the following factors:

2. Priority area and numerical goals according to the Council's Subsidized Housing Allocation Plan.

Proposals are ordered according to the priority of the community in which they are proposed. The Allocation Plan is the single most important guiding principle for Council decision-making on subsidized housing, with the exception noted above aimed at stimulating construction of housing for low-income families.

Proposals within the MUSA will be ranked according to their priority designation. Proposals within the Freestanding Growth Centers will be ranked according to the level of services within the Freestanding Growth Centers with competing proposals.

The community numerical goals for each of the proposed projects will also be examined to ensure that the proposals will not be inconsistent with the Council Allocation Plan. The Allocation Plan established that numerical goals are best viewed as minimums for first and second-priority suburban communities within the MUSA and as maximums for the center cities and Freestanding Growth Centers. Third-priority suburban communities will be encouraged not to exceed their designated Allocation Plan goals, although proposals above the goals would not be rejected only on that basis. After proposals are grouped by priority areas, the following criteria will be used to rank within priority areas.

1. Numerical goals according to the Allocation Plan for Subsidized Housing.

The allocation plan is the single most important guiding principle for Council decision-making on subsidized housing. Because subsidized housing funds are scarce, all Area communities are urged to achieve, but not substantially exceed, their allocation plan numerical goals. Each time a community's goal is exceeded, the subsidy funds that are used must be taken away from other communities' shares, making it impossible for them to achieve their goals. Because the total funding pool is small, many communities have goals that are too small for even one feasible new construction project.

The Council will not automatically reject proposals for the first new construction developments in communities with small goals, even if the proposals exceed the communities' total three-year goals. But the Council will give low priority to subsequent proposals in communities that have already used up most or all of their goals on earlier proposals during the allocation plan period. The ranking will be, first, proposals that do not exceed local allocation plan goals; second, proposals that exceed local goals but are the first proposal in the community; third, all other proposals.

1. Developments with units containing three or more bedrooms.

The Council will give immediate top priority to any housing development which is proposed to include at least 20 percent of its units as subsidized family units containing three or more bedrooms. For such projects, the Council will set aside its normal priority area classifications and numerical goals and recommend highest priorities, except in the case of Minneapolis and St. Paul, which must accommodate all projects within their established numerical allocation. The project must, of course, meet normal review criteria, such as being adequately provided with necessary services, having no negative environmental impact, and not constituting an excessive concentration of low-income families. However, provided Council review criteria are satisfied, housing developments which will include subsidized three-or-more-bedroom units for families will receive the Council's top priority for funding.

2. Small- and Large-Family Housing

In reviewing applications for funding sources available for housing both families and the elderly, family units will be given priority, followed by family-elderly-mixed units. Lowest priority will be given to proposals for housing for the elderly only. Because of the need for both small- and large-family units, proposals that include a mix of small-family (2-bedroom) and large-family (3 or more bedroom) units will be given highest priority. One-bedroom "family" units will be considered small-family units only if they will serve households of non-elderly handicapped or if they are part of a Substantial Rehab proposal.

3. Special Needs

The Council recognizes the special needs for housing for the handicapped and for people displaced by public and private urban revitalization activities. To encourage the development of housing to meet these special needs, proposals designed to provide housing for handicapped or displaced households will be included in the highest-ranking Allocation Plan grouping, even if the communities in which the proposals are located have already met or exceeded their allocation plan goals.

### 3. Family Housing.

As previously noted, developments which will contain at least 20 percent of their units with three or more bedrooms will receive immediate top priority regardless of Allocation Plan priority area or numerical goals. Family housing which will serve smaller families or contain less than 20 percent larger units will receive priority within the normal constraints of the Allocation Plan. For example, among competing proposals within a given priority area, the developments proposed for family housing would take priority over those proposed for elderly.

In reviewing competing family housing proposals, the Council will give highest priority to proposals which are economically integrated and which propose to subsidize no more than 20 percent of their family units. Family proposals containing more than 20 percent subsidized units will be carefully examined to ensure that the project will not contribute to concentrating lower-income persons in a single area or neighborhood.

### 4. Economic Mix

In order to spread scarce subsidized housing resources around as much as possible, to discourage further concentrations of subsidized housing, and to encourage economic mix, the Council will give priority consideration to family proposals that are either partially subsidized or located on scattered sites, or small projects having 35 assisted units or less. Projects not meeting this criterion will be given a lower priority.

### 5. First Proposal For Family Housing in the Community

In order to assist communities that have no family subsidized housing construction and/or have been previously unable to make substantial progress toward meeting their allocation plan goals, and to promote the Council's policy of encouraging subsidized housing in a wide variety of locations, proposals that represent the first family subsidized housing construction in a community, or are located in communities previously unable to achieve at least 50 percent of their allocation plan family goals, will rank ahead of otherwise comparable proposals in other communities.

4. Joint Family/Elderly Proposals.

Proposals which combine family and elderly units in the same development or building will be given priority over all elderly proposals. Such projects will be examined to ensure that the site and building designs are conducive to a good living environment for both the family and elderly tenants.

5. Elderly housing developments, which if approved would be located in communities with at least 60 percent existing or planned family subsidized housing.

Among elderly proposals, developments to be approved must be located in communities with at least 60 percent of their total subsidized housing existing or planned for families after the elderly proposal is included. Family subsidized units can include both housing which the community already has as well as units which the community plans to provide in the next three years. The plan for provision of units would have to be adopted by the local city council. The following illustrates how this would work. If a developer proposes a 40-unit elderly development, it can receive priority if the community has 60 family units, either existing or definitely planned. This priority is consistent with the Council's intent to encourage family housing by giving priority to an elderly project when a community has a clear intent to meet its family needs.

6. Mobility Concerns

A primary goal of the allocation plan is the location of subsidized housing outside of concentrated areas and its availability as a mobility resource for people from concentrated areas. In reviewing proposals for family subsidized housing, the Council will look for a statement from the developer indicating that the housing will be available to people from concentrated areas as well as to local residents. This statement also should indicate how the mobility opportunities will be implemented. Among otherwise equally ranked proposals, those having this statement will be given priority.

7. Rural Centers

Rural Centers and Developing Freestanding Communities are treated as a separate category; 4.6 percent of the subsidized units will be available to these communities. If these units are not provided through the Section 8 Existing or Farmers Home programs, then other new-construction programs may be used. Individual communities within this group have not been given numerical goals. Proposals should be of a reasonable size for the communities and will be ranked according to the level of services available within the communities. Proposals in these communities are not covered by the "Order of Funding Priorities" that follows.

## B. ORDER OF FUNDING PRIORITIES FOR FAMILY SUBSIDIZED HOUSING PROPOSALS

The outline below illustrates how this list of priorities would rank various projects. This ranking system seems to work well and represent Council policies, with the exception that in order to meet the 60 percent family goal the Council may need to give priority to all-family proposals regardless of their Allocation Plan priority. If there were a large number of elderly proposals meeting the priority criteria in high-priority communities, it might be that there would be insufficient funding to fund family units in a third-priority community. If this were the case in any funding cycle, the Council would set aside priority area criteria to meet the 60 percent family goal.

### Order of funding priorities for subsidized housing proposals

#### Large Family Subsidized housing

At least 20 percent of units having three or more bedrooms (highest priority).

#### First-Priority Communities:

1. Family project 20 percent or less subsidized
2. Family project over 20 percent subsidized
3. Joint family/elderly proposal
4. Elderly project proposed in communities that have at least 60 percent existing or planned subsidized family units

The following illustrates how the priorities listed above will be used to rank competing projects that have met the basic review requirements.

1. Proposals that do not exceed local allocation plan goals for new construction, and special needs proposals

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or less).
- b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.

2. Proposals that exceed local allocation plan goals for new construction, but are the first proposals in the community during the allocation plan period

Second-Priority Communities:

1. Family project 20 percent or less subsidized
2. Family project over 20 percent subsidized
3. Joint family/elderly proposal
4. Elderly project proposed in communities that have at least 60 percent existing or planned subsidized family units

Third-Priority Communities:

1. Family project 20 percent or less subsidized
2. Family project over 20 percent subsidized
3. Joint family/elderly proposal
4. Elderly project proposed in communities that have at least 60 percent existing or planned subsidized family units

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or less).
  - b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.
3. Proposals that exceed local allocation plan goals for new construction, but are not the first proposals in the community during the allocation plan period

Proposals for family housing (2 or more bedrooms) to receive one point for each of the following:

- a. Proposal is partially subsidized, scattered site, or small project (35 units or less).
  - b. Proposal is the first subsidized rental housing for families constructed in the community, or is located in a community that has not achieved 50 percent of its previous allocation plan family goal.
4. Proposals for mixed housing, for families and the elderly
5. Proposals for housing for the elderly only, or 1-bedroom units in a non-rehabilitated building for non-handicapped people

Within each category, among otherwise equally ranking proposals, those that include a commitment to provide mobility opportunities will be ranked ahead of others having the same number of points.

#### **In-conflict recommendations**

In addition to the guidelines for establishing priority, there are a number of Council policies which could result in an "in-conflict" recommendation being given. The "in-conflict" recommendation means essentially that the Council is recommending against funding to the Department of Housing and Urban Development or the State Housing Finance Agency. This recommendation could be given for the following reasons:

1. Inadequacies of the site or level of services, negative environmental impact, etc.

These reasons are historically the major reason for A-95 in-conflict recommendations. More details on these criteria are found in the Housing Project Review Guidelines.

#### **C. IN-CONFLICT RECOMMENDATIONS**

In addition to the guidelines for establishing priority, there are a number of Council policies which could result in an "in-conflict" recommendation. The "in-conflict" recommendation means that the Council is recommending against funding to the Department of Housing and Urban Development or the State Housing Finance Agency. This recommendation could be given for the following reasons:

1. Site or level of services are inadequate, would have negative environmental impacts, etc.

These reasons are historically the major reasons for A-95 in-conflict recommendations. More details on these criteria are found in the Housing Project Review Guidelines.

2. Proposal exceeds the community numerical goals of the Allocation Plan.

This would occur when proposals are submitted which exceed the community's allocated number of units according to the Council's Allocation Plan. This would most likely be a problem with proposals in the center cities and third-priority communities, where the numerical goals are viewed as maximums. According to Council policy, first and second-priority suburban communities may exceed the Allocation Plan's numerical goals. Current proposals would be added to other approved funding in the community, including Section 8 Existing Housing programs as well as New Construction programs, and any other federal or state subsidy programs to determine the total number of subsidized units a community has received.

3. Proposals would provide elderly subsidized housing in a community which has not provided or does not have plans for providing at least 60 percent family units.

Council policy states that communities should provide subsidized family and elderly units. The Council has approved elderly projects in communities only with the provision that the community is providing or has definite plans to provide at least 60 percent family housing. The only exception to this would be if units were to be totally lost to the Area because no other recommended projects could be found economically feasible to HUD or MHFA.

2. Proposal would further the concentration of low-income persons.

Proposals will not be approved if they would increase the concentration of lower-income persons in a single neighborhood or area. For example, completely subsidized family projects in predominately lower-income central city neighborhoods are unlikely to be recommended for funding by the Council. However, a proposal in a central city location undergoing major revitalization and the substantial loss of older low-income housing units may be an acceptable location. In summary, central city proposals will be examined individually to determine their status with regard to the issue of concentration.

3. Proposal would provide subsidized housing for the elderly in a community that has not provided or does not have definite plans to provide its share of family subsidized housing.

Council policy states that communities should provide subsidized housing for both families and the elderly. The Council has approved projects for the elderly in communities only with the provision that the community is providing or has definite plans to provide for its full goal for family subsidized housing. The only exception would be if subsidized housing units for the elderly were to be totally lost to the Area because no other acceptable projects were submitted for the funds.

4. Proposal is to be located in the Rural Service Area.

Council policies designate that subsidized housing should be located either within the Metropolitan Urban Service Area or within the 14 Freestanding Growth Centers. Proposals located in other than these locations will be found in conflict.

4. Proposal is to be located in a community not included in the Allocation Plan for Subsidized Housing.

Council policies designate that subsidized housing should be located either within the Metropolitan Urban Service Area, in a Freestanding Growth Center, or in a developing Freestanding Growth Center or Rural Center. Proposals located in other than these locations will be found in conflict.

5. Proposal would further the concentration of low-income persons.

Proposals will not be approved if they would increase the concentration of lower-income persons in a single neighborhood or area. For example, completely subsidized family projects in predominately lower-income center city neighborhoods are unlikely to be recommended for funding by the Council. On the other hand, a completely subsidized family development in a generally middle-income suburban community may not, in the Council's judgment, constitute a concentration of lower-income persons in an area or neighborhood. In summary, subsidized housing proposals will be examined carefully to ensure that they will not unduly concentrate low-income persons either within the project or within the area where they are to be located.

#### **Freestanding growth centers**

Freestanding Growth Centers are treated as a separate category. Fourteen percent of units will be available to these communities. The free-standing centers will compete against each other for the available funding rather than against the urban communities within the MUSA. Proposals within the Freestanding Growth Centers will be ranked according to the level of services within the Freestanding Growth Centers with competing proposals.

PROPOSED GUIDELINES FOR THE REVIEW OF  
COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATIONS  
AND HOUSING ASSISTANCE PLANS

BACKGROUND, COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATIONS

In order to improve the Metropolitan Council's A-95 reviews of Community Development Block Grant (CDBG) applications, the review guidelines outlined below have been prepared. Adoption of CDBG review guidelines is particularly appropriate at this time because of the Council's need to integrate comprehensive planning, in the context of the Metropolitan Land Planning Act, into regional decision-making and to use this as a basis for responding to differing local situations and needs. Additionally, the Council's adoption of a revised Allocation Plan for Subsidized Housing provides a valuable guide for assessing the balance between housing initiatives and other activities that are eligible for funding through the CDBG program.

The objective of the CDBG process is "to develop viable urban communities, including decent housing and a suitable living environment, and expand economic opportunities, principally for persons of low and moderate income." Projects must be designed to give maximum feasible priority to activities that will: 1) principally benefit low- and moderate-income persons; or 2) aid in the prevention or elimination of slums and blight; or 3) meet other community development needs having a particular urgency.

REVIEW OBJECTIVES OF THE COUNCIL

There is a need to examine local CDBG activities in the context of each individual community, with its particular housing, neighborhood, and economic development characteristics and needs. The federal CDBG program requires that communities receiving funds prepare local housing plans, and that their goals for subsidized housing be achieved if they wish to apply for additional CDBG funds.

In the Twin Cities Area, there are communities with substantial amounts of low-cost and subsidized housing, while other communities have a limited supply. There are communities with major economic development and neighborhood revitalization needs, while other communities' needs are quite minimal in these areas.

Because of the federal CDBG requirements, local housing needs become the first focus of the Council's review of CDBG applications. If a community has not provided its share of low-cost and subsidized housing, then CDBG funds awarded to that community should be used to promote the development of such housing, regardless of the other needs the community may have.

At the other extreme, if a community has provided an ample share of low-cost and subsidized housing, then CDBG funds awarded to the community should be used to meet identified needs for neighborhood revitalization and economic development, even if the community could use the funds for low-cost housing.

Information regarding each community's share of the Areawide need for subsidized housing, as well as their current supply, is provided by the Council through the Allocation Plan for Subsidized Housing and the Annual Subsidized Housing Activity Reports. In addition, many local communities have adopted (or will adopt) long-term goals for subsidized and low-cost housing as part of their comprehensive plans.

This housing element of a comprehensive plan is reviewed by the Council in accordance with the Metropolitan Land Planning Act using adopted Council housing policies. Economic development and neighborhood revitalization needs have also been identified in many communities through their local planning processes. The Council has reviewed these aspects of their plans as well, using appropriate Council policy in the housing, Development Framework, and related areas.

Currently, the Council reviews these applications to make three basic assessments; 1) that the proposed development activities are consistent with Council policies; 2) that the subsidized housing initiatives are consistent with the Council's Subsidized Housing Allocation Plan (including an appropriate mix of housing for small and large families and for the elderly); and 3) that the community has been making satisfactory progress toward reaching the allocation plan goals. Additionally, the Council summarizes data to reveal the proportion of funding that is reserved for the various activities and to distinguish between housing and other categories of effort.

The proposed review guidelines are designed to allow local units of government to retain maximum flexibility to use CDBG funding for a diverse and changing variety of eligible activities, if the activities conform to the applicant's comprehensive plan and the applicant has demonstrated at least a minimal level of success in providing housing opportunities for low- and moderate-income people. To accomplish this objective, the following considerations should be evaluated for each CDBG application: 1) conformance with Council policies and CDBG guidelines, 2) conformance with the applicable comprehensive plans, and 3) balance between housing and non-housing CDBG activities.

## CONFORMANCE WITH COUNCIL POLICIES AND FEDERAL CDBG GUIDELINES

All applications should be consistent with Council policies generally and meet the federal eligibility criteria established for the CDBG Program. Consequently, any issues relating to an adverse impact on metropolitan level systems and plans should be identified and discussed. If issues relating to eligibility according to CDBG guidelines are raised as a result of A-95 notification procedures or staff contacts with funding agency personnel, they should be identified and commented upon. Obvious conflicts with the federal regulations should be commented on to avoid the misuse of time of Council staff and policymaking officials on the review of applications, or parts thereof, that are unlikely to be approved by the funding agency. Idiosyncrasies in the regulations which adversely affect local applicants are also appropriate subjects of the A-95 review and comment.

## CONFORMANCE WITH APPLICABLE COMPREHENSIVE PLANS

Most proposed CD activities should relate to the local comprehensive plan. A statement of this relationship would be helpful to document that the CD application is consistent with the areawide planning that is achieved as a result of the Metropolitan Land Planning Act. Any proposed housing activities should be in conformance with the "Housing Implementation Strategies" required under the Land Planning Act. However, references to "needs having a particular urgency" that are addressed in CDBG applications are not likely to have been included in the applicant's comprehensive plan because they may not have been clear at the time a comprehensive plan was being prepared.

Also, many proposed CDBG expenditures will occur in connection with programs established subsequently by applicants, and many of these initiatives cannot be predicted in terms of the specific locations or types of public assistance that will be utilized. Consequently, the comprehensive strategies for dealing with the community problems enumerated in the grant applications may be evaluated as a means of determining compatibility with applicable comprehensive plans.

## BALANCE BETWEEN HOUSING AND NON-HOUSING CDBG ACTIVITIES

The Council's Allocation Plan for Subsidized Housing should be used to evaluate the appropriateness of the mix of housing production and other proposed activities and the scope of the housing-related activities. Communities that have a minimal level of prior housing performance should be encouraged to emphasize housing opportunity to a greater extent than other communities.

Since housing performance depends significantly upon funding programs like Section 8 and Section 202 Elderly/Handicapped, which provide new commitments to only a limited number of communities each year, and since communities are discouraged from exceeding their goals, a reasonable cutoff figure for current or prior performance would be about 75 percent of the corresponding allocation plan goal. Communities that have achieved this performance level would be presumed to be attentive enough to the need for low- and moderate-income affordable housing that comments from the Metropolitan Council about the use of additional CDBG resources for this purpose would not be warranted. The percentage of communities that reached these achievement levels is as follows: 35 percent exceeded 75 percent of the allocation goal corresponding to 1980, and 48 percent exceeded 75 percent of the allocation goal corresponding to 1977-79. Sixty-one percent of the communities have exceeded one or both of these thresholds and only 22 percent of previously funded CDBG applicant communities have not exceeded one of the thresholds.

Communities that have provided more than their fair share of low- and moderate-income housing should be encouraged to concentrate CD resources in distressed areas. These expenditures should not be for activities intended to lead to the production of subsidized housing. Investments in public works, rehabilitation and economic development would work to rejuvenate these neighborhoods. Such investments would also encourage cities more consistently to define the boundaries of neighborhoods in need of such assistance. Better neighborhood-level data on the proportion of low- and moderate-income people will help the Council implement its objective to avoid actions that tend to create concentrations of these people.

#### APPLYING REVIEW PROCEDURES TO ENTITLEMENT AND SMALL CITIES APPLICATIONS

The entitlement applicants seek funds that are allocated on a formula basis. Applicant communities are entitled to these funds provided that they comply with federal regulations. Consequently, the review process dealing with them should result in a finding of consistency or conflict with areawide plans and goals. Ranking is inappropriate.

A ranking procedure is appropriate for the competitive first-year small-cities applications because they compete for a limited amount of funds. Council recommendations to the U.S. Department of Housing and Urban Development (HUD) can best discern the likely significance of projects' impacts if they are prioritized against each other. HUD uses a point system to rank the applications. The A-95 comment can shed significant light upon two elements of this system. They are potential project impact and previous housing performance, which account for about half of the available points. The Council ranking should be a final step added to the format for the review of CDGB applications generally.

It would be inconsistent with the purpose of the CDBG Program to give a higher priority to below-market-rate housing initiatives than other types of proposed activities unless the priority is justified in view of factors affecting the individual communities. Communities that have performed adequately in terms of subsidized-housing construction should not automatically be placed at a competitive disadvantage for CDBG funding relative to communities that are just beginning to respond to these housing needs.

Most of the communities that qualify for the Small Cities Program are, however, located in parts of the Metropolitan Area identified as having an "outreach" responsibility to help meet needs of low- and moderate-income people currently living outside their boundaries. Preference should be given to those communities that have plans actively to market subsidized housing units to persons who are handicapped, displaced or from neighborhoods where low- and moderate-income people are concentrated. This preference should apply to adequately performing communities as well as other communities because it will have a favorable impact on future housing performance. Examples of such preference would include participation in the Metro HRA or specific programs to market lower-income housing opportunities to neighborhood strategy areas or center city residents.

Preference should also be given if the applicant community has been providing family subsidized housing opportunities at least in proportion to the ratio of the allocation plan goal for family housing to the goal for housing for the elderly for the community. For example, if the Council's allocation plan shows a goal for a hypothetical community of 60 units for families and 40 units for the elderly and more than 60 percent of the community's subsidized housing served families, the community would be given a rating preference over communities that have not been as responsive to family housing needs. If this ratio has not been achieved and the CDBG application activities are designed to encourage substantial progress toward its achievement, preference should also be given. Again, since this preference may have a favorable impact on future housing performance, it should apply to all communities.

#### APPLICATION OF REVIEW PROCEDURES TO BONUS FUNDS APPLICATIONS

The Metropolitan Council has been awarded CDBG Bonus Funds each year they have been awarded by HUD. These special-purpose CDBG funds are restricted to uses designed to implement objectives of Areawide Housing Opportunity Plans. The basic review of proposals competing for this source of funding will consist of the procedures established for the review of all CDBG proposals. Additional procedures will be established that are responsive to the specific regulations governing the expenditure of the funds and the local housing needs that are perceived at the time the funding becomes available. This flexibility will permit the Council to award funding on a rank-order basis.

## BACKGROUND, HOUSING ASSISTANCE PLAN GUIDELINES

Each community applying for Community Development Block Grant funds is required, by federal regulation, to prepare a Housing Assistance Plan (HAP). The HAP includes four tables that:

1. Analyze community housing conditions;
2. Analyze the need to provide housing assistance to people;
3. Propose three-year and annual housing-assistance goals;
4. Indicate general locations for assisted housing.

Since 1975, the Council has reviewed HAPs for consistency with Council policy, particularly the Subsidized Housing Allocation Plan. In 1977, the Council added a section to the Housing Assistance Plan Review Guidelines to cover housing performance. The performance guidelines require that block grant recipients demonstrate satisfactory progress toward meeting subsidized housing goals, or the recipients will not be recommended for continued CD funding.

Several factors require that the Council revise its Housing Assistance Plan Review Guidelines at this time. These factors include:

1. Changes in Council subsidized housing allocation policy. The HAP review guidelines should reflect the allocation system from the revised allocation plan adopted in February 1980.
2. Over the last several years, federal regulations have strengthened the ties between Areawide Housing Opportunity Plans (AHOP) like the Council's and Housing Assistance Plans. These regulations have also clarified the relationship between AHOPs and HAPs prepared by urban counties like Hennepin and Anoka. (The Council's Areawide Housing Opportunity Plan was approved by HUD in 1978. A revised AHOP including the 1980-1983 allocation plan will be submitted to HUD during the second quarter of 1981.)
3. The Council has now had experience with HAP and HAP performance reviews.

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PROPOSED GUIDELINES FOR THE REVIEW OF COMMUNITY DEVELOPMENT  
BLOCK GRANT (CDBG) APPLICATIONS

A. REQUIREMENTS FOR ALL PROPOSALS (ENTITLEMENT AND SMALL CITIES)

1. CDBG proposals will be evaluated to determine whether the proposed activities are consistent with Council plans and policies.
2. CDBG proposals and comments resulting from A-95 notification efforts and contacts with funding agency or local community staff will be evaluated to identify any significant issues relating to eligibility according to federal CDBG guidelines.
3. Comprehensive strategies dealing with neighborhood revitalization, housing, economic development, or the provision of improved community facilities and services must be compatible with approved components of the corresponding local comprehensive plan or to needs not anticipated in the plan that have a particular urgency. A statement describing the relationship of these strategies to the local comprehensive plan would be helpful. Any inconsistencies noted between proposed activities and a local comprehensive plan will be discussed and the applicant will be advised that it would be appropriate to consider amending the plan to address any inconsistencies. The current status of the comprehensive plan of any community for which CDBG activities are proposed will be described to indicate whether one has been submitted to and approved by the Metropolitan Council or the reasons for the lack of an approved plan.

B. RECOMMENDATIONS FOR BALANCE BETWEEN HOUSING-RELATED AND OTHER  
CDBG ACTIVITIES (ENTITLEMENT AND SMALL CITIES)

1. Applicant communities that have not achieved 75 percent of either their current\* or previous Subsidized Housing Allocation Plan goals will be found to be in conflict with Council policy unless their applications meet one of the following criteria:
  - a. Includes activities that can reasonably be anticipated to help the community achieve one-third of the entire current Subsidized Housing Allocation Plan goal established for the community; or
  - b. All proposed activities support below-market-rate housing initiatives.

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\*Prorated to reflect a portion of the goal corresponding to the time elapsed during the allocation plan period for which suitable performance data is available.

- c. Adequate initiatives have been undertaken to make allocation plan goals achievable, but it can be demonstrated that emphasis on housing-related activities in the CDBG application is not likely to improve prospects for achievement of the goals, and factors beyond the applicant's control have delayed anticipated achievements. A description of these types of factors is contained in section D, p. 37 and 38 of this document entitled "Progress in Meeting Subsidized Housing Goals." Typical examples are funding restraints or developer withdrawals from planned projects in the face of adverse market conditions.
2. Applicant communities that have exceeded 75 percent of their housing goals designated in the current\* or previous Subsidized Housing Allocation Plan will not be encouraged to concentrate CDBG resources on housing initiatives for low- and moderate-income people. A favorable review comment will be made if a significant proportion of the proposed funding is targeted for neighborhoods or localities in which 50 percent or more of the residents earn less than 80 percent of the median income in the Metropolitan Area. Targeting funds for revitalization, economic development and market-rate housing objectives may bring about a transition from the successful provision of a fair share of housing opportunities for lower-income people to the achievement of general community development objectives.

C. FUNDING PRIORITY FOR DISCRETIONARY PROPOSALS (SMALL CITIES)

1. Proposals will be evaluated according to the preceding requirements for all proposals to determine whether they are consistent with areawide plans and goals.
2. Proposals will be prioritized into categories based on the number of the following criteria they meet:
  - a. The applicant community has achieved 75 percent or more of its current\* or previous Subsidized Housing Allocation Plan goal.
  - b. The applicant community has not achieved 75 percent or more of its current\* or previous Subsidized Housing Allocation Plan goal but the application:
    - (1) Includes activities that can reasonably be anticipated to help the community achieve one-third of the entire current Subsidized Housing Allocation Plan goal established for the community, or
    - (2) Is limited to activities that support below-market-rate housing initiatives.

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\*Prorated to reflect a portion of the goal corresponding to the time elapsed during the allocation plan period for which suitable performance data is available.

- (3) Adequate initiatives have been undertaken to make allocation plan goals achievable but it can be demonstrated that emphasis on housing-related activities in the CDBG application is not likely to improve prospects for achievement of the goals, and factors beyond the applicant's control have delayed anticipated achievements. A description of these types of factors is contained in section D, p. 37 and 38 of this document entitled "Progress in Meeting Subsidized Housing Goals." Typical examples are funding restraints or developer withdrawals from planned projects in the face of adverse market conditions.
- c. The applicant community has adopted plans actively to market subsidized housing units to persons who are handicapped, displaced or from neighborhoods where low- and moderate-income people are concentrated.
- d. The applicant community either has an acceptable proportion of subsidized housing for families or will significantly improve its prospects for achieving this objective as a result of the implementation of its CDBG application. "An acceptable proportion" is defined as the achievement of a ratio of subsidized housing for families to that for the elderly that equals or exceeds the ratio for the community, as contained in the Council's current Subsidized Housing Allocation Plan.

#### D. PROVISIONS FOR THE REVIEW OF APPLICATIONS FROM COUNTIES

- 1. In assessing the consistency of an application with comprehensive planning, the relationships between comprehensive strategies for CDBG implementation will be evaluated in the context of the county comprehensive plan. Major expenditures targeted on a community basis must be compatible with the corresponding local comprehensive plans.
- 2. Housing performance assessments will be based on data about the affected community in a single-purpose effort. Where a multi-community effort is proposed, housing performance will be evaluated for each community for which major identifiable expenditures are proposed.

## PROPOSED HOUSING ASSISTANCE PLAN REVIEW GUIDELINES

To receive a favorable Council review on a federal community development application, a community must have an acceptable Housing Assistance Plan (HAP) that is consistent with Council plans and policies. No community development applications will be recommended to HUD for funding without a plan consistent with Council guidelines.

The guidelines are based on adopted Council housing plans and policies as well as federal regulations and are as follows:

### A. CONSISTENCY WITH THE COUNCIL'S SUBSIDIZED HOUSING ALLOCATION PLAN

The Metropolitan Council's Subsidized Housing Allocation Plan establishes three sets of percentage goals for each community within the Metropolitan Urban Service Area (MUSA) and for each Freestanding Growth Center. These goals are:

- Household Type (Total/Family/Large Family/Elderly);
- Housing Tenure (Owner/Renter); and
- Housing Program Mix (Existing/New Construction/Substantial Rehabilitation).

These detailed goals correspond closely to the types of goals communities must develop when preparing a HAP.

#### 1. Household Type Goals - Total/Family/Large Family/Elderly

The Council will compare the community's local three-year goals to the corresponding goals in the allocation plan. The allocation plan encourages every community to achieve its full goals but not to exceed its fair share. The local goals must bear a reasonable relationship to the total housing goals as well as housing goals for families, large families, and the elderly. The text of the allocation plan should be consulted for more detail as to the interpretation of the numerical goals.

Further, federal AHOP regulations require consistency between HAP goals and AHOP goals. Communities proposing three-year total goals or goals for families, large families, or the elderly in substantial variation from the allocation plan will be found in conflict with Council plans and policies.

The major attention will be given to the overall three-year goals of a community; however, a community that proposes to undertake all its subsidized activity in the second or third year would have to satisfy the Council that there are valid reasons why the community cannot undertake some subsidized housing activity in the first year.

## 2. Housing Tenure Goals - Owner/Renter

The 1980-1983 allocation plan establishes housing-tenure goals. These tenure goals serve as general guidelines to indicate the mix of efforts communities should focus on to assist owner households versus renter households. The Council will compare these tenure goals with the local tenure goals. The Council will comment if there is an obvious inconsistency between the tenure mix of households needing assistance and the tenure mix of proposed assistance.

## 3. Housing Program Mix Goals - Existing/New Construction/Substantial Rehabilitation

The 1980-1983 allocation plan establishes housing-program-mix goals. "Program mix" refers to a community's use of the three major types of subsidized housing programs (existing, new construction, or substantial rehabilitation) to meet the assistance needs of renter households. The allocation plan notes that program-mix goals are advisory and can be modified to account for actual conditions or changing market conditions in a particular community. The Council will compare these program-mix goals with the local program-mix goals, and will consult with communities to resolve any obvious inconsistencies. If new construction is proposed where land is not realistically available, or existing housing where there are no appropriate rental units, or rehabilitation where there is no substandard housing, the Council would definitely comment; otherwise, if the program mix proposed looked workable, the Council probably would not comment.

## 4. Location of Units within the Community

The Council's housing guide contains a number of policies about housing location (the level of services, concentration of subsidized units, etc.). The proposed location of the subsidized housing would be reviewed against these established criteria. In addition, Council review will include examination of the community's zoning ordinances and/or comprehensive plan to ensure that multifamily housing can be built in the areas designated for New Construction Subsidized Housing.

#### B. THE ADEQUACY OF THE HOUSING ASSISTANCE PLAN (HAP) DATA

Federal Areawide Housing Opportunity Plan (AHOP) regulations establish data links between local HAPs and AHOPs like the Council's. Communities must use the data on housing needs from the Council's AHOP in preparing their HAPs. This is to ensure that HAPs are developed from a common data base which is prepared and updated uniformly for all jurisdictions.

Further, federal AHOP regulations require consistency of the AHOP and the local HAP in establishing HAP Expected to Reside (ETR) estimated needs. The Council's AHOP accounts for Expected to Reside through the formulas used to compute subsidized housing goals. If local communities use the Council's subsidized housing goals in the HAP, they will not be required to prepare a separate Expected to Reside estimate.

The Council will review the data in local HAPs and advise HUD and the community if there are major inconsistencies. Unless inconsistencies have no reasonable explanation, plans will not be found in conflict due to the inconsistency of data.

#### C. WAIVERS OF HAP REQUIREMENTS

Federal regulations require that HAP goals be proportional to the identified needs of each household type (families, large families, and elderly) by tenure (owner and renter). Additionally, when developing a HAP, communities must establish minimum housing assistance goals which are at least 15 percent of their total housing need. Neither of these requirements applies to communities using the subsidized housing goals from the Council's Subsidized Housing Allocation Plan.

#### D. PROGRESS IN MEETING SUBSIDIZED HOUSING GOALS

The Council will review the subsidized housing performance of both Entitlement and Small Cities Community Development Block Grant recipients. As noted in the federal AHOP regulations, the Council will use the goals in the Subsidized Housing Allocation Plan as the standard to judge performance. By the end of the three-year goal period, communities will be expected to have met the total goals and goals for families, large families and the elderly. The Council will count toward performance those subsidized units that have a firm financial commitment. The Council also will note which units have begun construction and which units are leased and occupied.

Some communities may fall substantially short of making any measurable progress in achieving these goals. In such cases, the Council will ask the community to provide information about unsuccessful efforts to use subsidized housing resources, such as:

1. Does the community have an active HRA; or has the community joined with a functioning county HRA or Metro HRA in order to provide Section 8 Existing, Moderate Rehabilitation, or public housing units?
2. Was the community involved in preparing an application for subsidized housing or approving a developer's proposal which was never completed or submitted to HUD or MHFA?
3. Did the community advertise for builders of subsidized housing, make sites known to developers or make other clear efforts to attract developers of subsidized housing?
4. Did the community make other clear efforts to overcome obstacles to the development of subsidized housing?
5. Did the community use CD or other local or federal funds to write down the cost of land or make project-specific public improvements for Section 8 New Construction projects?
6. Has the city done anything through its zoning powers to encourage the construction of subsidized housing?

This supplemental information will be carefully considered by the Council in assessing subsidized housing performance. It is fair to note, however, that a community would have to demonstrate considerable cumulative effort to achieve its housing goals. It would not be sufficient to cite obstacles to subsidized housing, such as high land costs, which the community makes no apparent efforts to modify. In addition, the Council will assess any negative actions taken to impede the provision of certain types of subsidized housing, such as refusal to rezone when there is no other land appropriately zoned, or refusal to grant building permits for assisted housing projects solely because it is assisted housing.

The Council will make every effort to assist communities with potential problems to meet their goals. Housing staff will offer to provide assistance to each community with performance problems. The Metro HRA staff will work with participating communities to do everything possible to assist them in meeting their goals. The staff will meet with HUD and MHFA to impress upon them the need to fund projects in these communities. In sum, Council staff sees it as a cooperative challenge and obligation to work with local communities to help them achieve their goals.

E. RESPONSIBILITY FOR HOUSING ASSISTANCE PLANS

Council policy clearly establishes the municipality as the level of government having responsibility for planning for housing for persons of a range of incomes. The municipality has prime control over the type and location of housing within the community.

In some cases counties, such as Anoka and Hennepin, are eligible applicants for Community Development funding on behalf of participating communities. AHOP regulations require housing goals to be established for each county and jurisdiction over 25,000 population. Further, for the purpose of A-95 review, the Council will require individual HAP goals from each participating municipality. At a minimum, these individual HAP goals should reflect the fair share amount of subsidized housing dollars available to individual jurisdictions. The amount of available fair share dollars will be provided annually by the HUD Area Office and the Metropolitan Council.

Also, it is possible that joint applications from a number of communities may also be reviewed by the Council. In these instances, the Council will also require individual HAP goals. Each community receiving Community Development funds has an obligation to prepare and implement a HAP regardless of the method of application. The same HAP review and monitoring process will apply to all communities receiving Community Development funds.

F. ALLOCATION PLAN COVERAGE AND HOUSING ASSISTANCE PLANS

The allocation plan covers the period from March 1980 through September 1983. The plan will guide any local plans developed during that period. Some plans, particularly three-year Housing Assistance Plans, may cover a time period extending beyond 1983. In those cases, the applying community, the Council and HUD will negotiate a logical extension of the allocation plan to cover the time period beyond September 1983.

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