

Amended and Restated Unified Housing Policy of the City of Minneapolis

(December __, 2018)

I. Consistency with City Housing Goals

Minneapolis 2040 identifies goals to increase the supply of housing, its diversity and location types, to produce more affordable housing and to preserve existing affordable housing.

The City supports the development of new affordable housing throughout the City to expand affordable housing opportunities and support mixed income communities.

The City recognizes assets, value and cultural wealth in every part of the city and will work to ensure that people continue to have housing opportunities in all parts of the city.

The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion, preservation, acquisition and substantial rehabilitation.

The City supports improved access to homeownership, especially among low-income residents, people of color and Indigenous Peoples.

The City will coordinate its housing and economic development strategies to improve access to affordable housing, jobs, transit, amenities and services for Minneapolis residents.

II. Affordable Housing Requirements

For the purposes of this Policy, “unit” means either a for-sale dwelling or a rental dwelling for which a lease is signed prior to occupancy. “Financial assistance from the City” includes, but is not limited to, tax increment financing, land write-down, issuance of bonds to finance the project, pass-through funding, and other forms of direct subsidy. City financial assistance is used to support the acquisition, new construction, and preservation of affordable housing unit.

The affordable units required by City Financing, Land Sales and Inclusionary Zoning (as described below) shall be reasonably distributed throughout the project and comparable in size, number of bedrooms, quality and finish to the market rate units in the project as determined by CPED staff.

The City requires owners of rental housing projects subject to this Policy to accept tenant based rental housing assistance, including, but not limited to, Section 8 Housing Choice Vouchers, HOME tenant-based assistance, and Group Residential Housing. This requirement will be enforced through a contract between the City and project owner, pursuant to which the owner will be required to adopt business practices that promote fair housing and provide documentation of compliance with these requirements to the City. This requirement will be further enforced through the City’s monitoring policies and procedures. The City

requires owners of City-assisted housing projects to affirmatively market affordable housing opportunities.

1. Affordable Housing Requirements related to City Financing and City Land Sales

Any residential project of ten or more units that either: (i) receives financial assistance from the City; or (ii) is developed on property purchased from the City (even if no financial assistance is being provided by the City) must meet the following affordable housing requirements:

- a. For residential rental projects, at least 20% of the units shall be affordable to and occupied by households with an income at or below 60% of the AMI.
- b. For residential ownership projects, at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% of the AMI.
- c. Unless a shorter affordability period is specifically approved by City Council adopted program criteria, the affordability period for affordable units subject to this Policy shall be for a period not less than 30 years.

Large redevelopment projects that include more than one building or phase can meet this requirement on a blended basis, so that the total affordable housing units developed within the project area is at least 20 percent of the total housing units produced; however, City financial assistance will only be considered to support buildings or phases that include affordable housing for at least 20 percent of the units. In the case of for-sale housing, a threshold of 10% on a blended basis will apply.

Any specific projects requesting exemptions to the affordable housing requirements above must seek City Council approval based on alternative public purpose, which may include new market-rate housing development on City-owned land in areas where none has occurred in the previous three years.

Projects that receive City financial assistance in the form of pass-through funding for environmental remediation may request a waiver from the affordable housing requirements from the City Council based on the following factors: to allow new market-rate housing development in areas where none has occurred in the previous three years; or the total combined land value of all parcels involved in the project is less than the total projected environmental investigation and remediation costs required for the project.

Specific City programs, including the Affordable Housing Trust Fund and Family Housing Initiative, may have deeper affordability requirements.

2. Affordable Housing Requirements relating to City Inclusionary Zoning Ordinance (NEW)

Any residential project that is subject to the zoning code's Inclusionary Housing requirements [Proposed text amendment to be considered for approval by the City Council concurrent with this Policy, would be effective for land use applications which are complete on or after January 1, 2019 and apply only to projects that propose and receive a substantial increase in the allowable residential development capacity through zoning amendment (rezoning), variance, density bonus, or other application or combination of applications] must meet the affordable housing requirements of this section.

- a. Residential rental projects shall be subject to one of the following:

- i. At least 10% of the units shall be affordable to and occupied by households with an income at or below 60% of the AMI. Projects that meet this affordable housing standard are not eligible for City financial assistance.
 - ii. At least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI. Projects that meet this affordable housing standard are eligible to apply for City financial assistance.
 - iii. The minimum affordability shall be 20 years if no City financial assistance is provided. The minimum affordability period shall be 30 years if City financial assistance is provided or the project is on land purchased from the City.
- b. Residential ownership projects: at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% of the AMI. Projects may be eligible for City financial assistance, if determined by staff to be needed for project feasibility. The minimum affordability shall be 20 years if no City financial assistance is provided. The minimum affordability period shall be 30 years if City financial assistance is provided or the project is on land purchased from the City. Projects must include provisions to maintain affordability of the affordable units across multiple sales, so that the benefits of affordability are retained for future homebuyers.

III . Anti-Displacement Policy (NEW introduction paragraph)

The City recognizes that housing is the foundation for health, well-being and success in education and employment. Involuntary displacement leads to disparities in health, educational and employment outcomes. Everyone must benefit from the City's growth, which requires policies to minimize involuntary displacement of residents, particularly low-income residents, seniors, people of color and Indigenous Peoples.

1. SRO Replacement

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

2. City Relocation Policy (NEW)

The City's relocation policy applies to all private development receiving City direct (not pass-through) financial assistance that will result in the temporary or permanent displacement of residential or commercial tenants.

3. Preservation of Affordable Housing

The City supports interventions to preserve and stabilize affordable housing of all types. The first priority of the City is to preserve and stabilize federally subsidized low-income housing that is in danger of converting to market-rate housing, having subsidies expire, or is deteriorating due to age, poor

management or physical condition. The second priority of the City is to preserve and stabilize Low Income Housing Tax Credit (LIHTC) housing and locally subsidized housing that is approaching the end of its affordability period, and unsubsidized affordable housing that is at risk of experiencing significant rent increases (Naturally Occurring Affordable Housing). Naturally Occurring Affordable Housing is unsubsidized housing where at least 20 percent of the units have rents affordable to households with an income at or below 60 percent of the AMI.

4. Senior Housing

The City encourages affordable housing options for seniors in all parts of the city so that seniors can age in place in their community. The City supports the following senior housing goals:

- (a) create one housing development with at least 35 affordable units suitable for seniors in each ward of the City by 2025, and
- (b) support funding for homeowner rehabilitation programs that assist seniors to make needed repairs and modifications to their homes to support aging in place.

5. Tenant Supports (NEW)

The City recognizes the value and contributions renters bring to communities. In addition to investing in production and preservation of rental housing, the City seeks to improve living conditions in rental housing and ensure that renters can fully participate in community life by reducing evictions, supporting renter's rights to habitable homes, and expanding tenant protections.

6. Homeowner Supports (NEW)

The City supports sustainable homeownership opportunities for low- and moderate-income households to maintain and improve housing stability and to expand access to homeownership for people of color and Indigenous Peoples, who have historically not had equal access to homeownership.

IV. Homelessness Response

We must address the affordable housing crisis if we ever hope to prevent and end homelessness in Hennepin County. The major problem underlying shelter use and unsheltered homelessness is the lack of permanent affordable housing and permanent supportive housing, especially for households with an income at or below 30% of the AMI, and households facing other housing barriers such as credit or criminal history or health conditions. The metropolitan region is experiencing a severe shortage of affordable housing that is exacerbating homelessness in our community, and there is a need for a metropolitan-wide response to address homelessness and supportive service needs of persons experiencing homelessness.

The City partners with Hennepin County to support the City of Minneapolis and Hennepin County's Office to End Homelessness to plan and implement the response to prevent and end homelessness in Hennepin County.