

GOAL

Increase annual City investment to \$50 million from a permanent dedicated source of funds for affordable housing

<p>Affordable Rental Housing Production</p> <ul style="list-style-type: none"> -Increase funding for development -Inclusionary zoning with TIF and/or other City incentives -Rental subsidies to support renters/units affordable at <30% AMI 	<p>Affordable Rental Housing Preservation</p> <ul style="list-style-type: none"> -Provide incentives for current NOAH owners to preserve affordability, while maintaining and/or improving safety and baseline quality -Increase funding for NOAH acquisition 	<p>Renter Supports</p> <ul style="list-style-type: none"> -Ensure housing quality through Regulatory Services -Create and improve tools to expand access to housing -Prevent displacement -Explore rental subsidies to support lowest-income and vulnerable renters 	<p>Access to Affordable Homeownership</p> <ul style="list-style-type: none"> -Increase rate of vacant lot development - Enhance down payment assistance -Increase education and wrap-around services through nonprofit partners
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Accountability through an annual “who benefits” report

OVERARCHING GOALS

Over the course of the community meeting and roundtables, common themes emerged. Stakeholders recognize that housing is a regional issue and requires a regional solution. While Minneapolis is a critical partner in a regional solution, the City should not delay actions that will address affordable housing shortages and tenant issues within the City. The City must act both as a partner in regional efforts and to improve housing and support tenants within its boundaries.

The community meeting and roundtables highlighted two overarching goals for the City.

1. **Increase funding.** Regionally, the Twin Cities needs \$1.1 billion for housing in order to address current need and meet the demands of projected growth (Minnesota Housing Partnership). As part of this, we recommend the City of Minneapolis establish a permanent, dedicated source of funds for affordable housing that will increase the City's annual housing budget to \$50 million of local funds. This is a \$38-\$39 million increase over current funding levels. Because of the scale of the need, the City should focus on leveraging its funds to attract private and federal investment in addition to funding successful, existing programs.
 - a. Stakeholders encourage Mayor Frey to explore creative financing mechanisms, including those not solely implemented by the City of Minneapolis and those discussed during his campaign.
 - b. Stakeholders also shared ideas from other cities to create funding streams, such as linkage fees or increases in sales tax.
2. **Be accountable.** Housing is an opportunity to meaningfully support low-wealth communities and communities of color, repairing past harm. As the City targets resources explicitly, though not exclusively, to benefit low wealth communities and communities of color, we encourage an annual report out on who is benefiting from City investment in housing.

SPECIFIC STRATEGIES

Within the above overarching goals, we've organized the prioritized recommendations from the community meeting and roundtables into four functions of the City's housing strategy:

- Affordable Rental Housing Production
- Affordable Rental Housing Preservation
- Renter Protections
- Access to Affordable Homeownership

AFFORDABLE RENTAL HOUSING PRODUCTION

1. Increase funding for development.
 - a. Remove \$25,000 per unit cap on Affordable Housing Trust Fund. This will create alignment between City resources and market conditions, removing the reliance

AFFORDABLE HOUSING RECOMMENDATIONS

- on workarounds such as the contingency fund in excess of the cap that helps developers move “stuck projects” to closing.
- b. Put a greater focus on production of units that are accessible to renters earning <30% AMI.
 - c. When focusing on development for low-income renters, it is important to consider who is low income. In Minneapolis, people earning <50% AMI are more likely to be people of color. This strategy will help reduce racial disparities in housing.
2. Maximize market growth through inclusionary zoning with TIF and/or other City incentives. Based on today’s market and availability of capital, this is a unique moment in time for the City to be able to promote affordability. Stakeholders agreed that this opportunity will be lost in one to four years.
 - a. Calibrate to market conditions to continue to promote growth and development.
 - b. Consider phasing and/or geographic targeting.
 3. Provide rental subsidies to renters earning <30% AMI or developers in exchange for longer affordability.
 - a. The City of Minneapolis could partner with the Minneapolis Public Housing Authority or nonprofit partners who already have the program model and infrastructure to administer rent subsidy programs.
 - b. Pilot project for direct subsidy to renter in the Promise Zone to support the success of school children.

In addition to the priorities above, the stakeholders discussed regulatory relief at length. They noted that many changes would only create marginal cost savings, but that changes would be an important statement about the priorities of the City to the development community. We encourage the City to explore ways to reduce fees and simplify requirements and administrative processes.

AFFORDABLE RENTAL HOUSING PRESERVATION

1. Provide incentives for current owners of naturally occurring affordable housing (NAOH) to preserve affordability, while maintaining and/or improving safety and baseline quality.
 - a. Expand use of 4d program.
 - b. Create a rental rehab program for small scale properties (<20 units).
2. Increase funds for a NOAH acquisition fund.
 - a. Support acquisitions by land bank, mission driven housing providers, and public agencies (such as MPHA)

In addition to the priorities above, which support the preservation of unsubsidized affordable housing, the Minneapolis Public Housing Authority (MPHA) has significant capital needs to maintain their housing units. We encourage the City to explore ways in which it can be a partner to (MPHA) in order to maintain safety and quality of the public housing units.

Hennepin County is an ally and partner for many of these strategies. The City should explore how to leverage the County Sentencing to Service fix-up crews to support preservation efforts or the new construction of single-family homes.

RENTER SUPPORTS

1. Emphasize the renter-focused function of Regulatory Services and align City departments around proactive actions to ensure housing quality for tenants.
 - a. Hire more housing inspectors.
 - b. Establish Tenant Remedy Act or Rent Escrow Actions—appointment of administrators and/or withholding of rent for repairs.
2. Create and improve tools to expand access to housing.
 - a. Improve/reform tenant rental screening within the City and as part of a state-wide effort.
 - b. Support master leases by nonprofit partners to provide housing to people with high barriers.
 - c. Increase ability to expunge unlawful detainers (evictions) from people’s record when renters were evicted without cause or if they create and comply with a settlement with the property owner.
3. Prevent displacement from eviction or after sale of property.
 - a. More funding for legal representation for those facing eviction.
 - b. Establish “notice to quit” rules that require landlords to provide notice to tenants that they are out of compliance with their lease and giving them a specified time frame to remedy the violation prior to filing an eviction.
 - c. Work with the County to reform emergency assistance so that renters can access it when they need it.
 - d. Explore just cause eviction regulations.
 - e. Explore requirements for a notice of sale, plus 90 day tenant protections.

For the lowest income renters, housing stability can also be improved through rental subsidies. Stakeholders encourage the City to explore possible rental subsidy models to expand access to and stability in housing.

ACCESS TO AFFORDABLE HOMEOWNERSHIP

Stakeholders estimated that improving access to homeownership on a scale that would help ease the affordable housing shortage would require \$6 million per year (of the overall recommended \$50 million per year) in funding.

1. Double or triple vacant City lot development. Vacant lots are City assets and a critical resource to addressing the housing shortage. Developing vacant lots will return the properties to the tax rolls and benefit the property values and quality of life of neighbors.
 - a. Scale up the existing vacant lot program to develop 300 lots over three years.
 - b. The City should explore different levels of investment in development targeted at different income levels.
 - c. Work with Hennepin County to also leverage tax forfeited property. There are currently about 37 tax forfeited lots that are big enough for development.
 - d. County STS Homes could help build on vacant lots, connecting workforce development and housing.

AFFORDABLE HOUSING RECOMMENDATIONS

2. Enhance down payment assistance. Down payment assistance is already tied to homebuyer education which helps the City reach underserved populations and create sustainable homeowners. Many homebuyers use multiple sources of down payment assistance to purchase their home. While this is unlikely to change, the City can enhance how it uses and grows its assistance programs by:
 - a. Adding a new first-generation homebuyer program to complement traditional first-time home buyer assistance programs.
 - b. Increasing assistance amount to \$10,000 per household at <80% AMI to better match the market conditions.
 - c. Improving process so that buyers can have a letter of commitment for funds prior to executing a purchase agreement (similar to mortgage pre-approval letters).
3. Increase education/wrap-around services through nonprofit partners. Current City assistance to nonprofits is tied to building capacity of homebuyers. Stakeholders encourage the City to grow this model focusing on nonprofits that provide pre-purchase, financial wellness, and post-purchase support.

Among the stakeholders there was additional interest in the City exploring:

- A 4-plex homeownership program.
- The production of senior units that will give people options to move out of their single-family homes, thus freeing up houses for larger families. CURA may be a helpful research partner to study this concept.