American Rescue Plan: Fiscal Recovery Funds

Housing Opportunities and Resources



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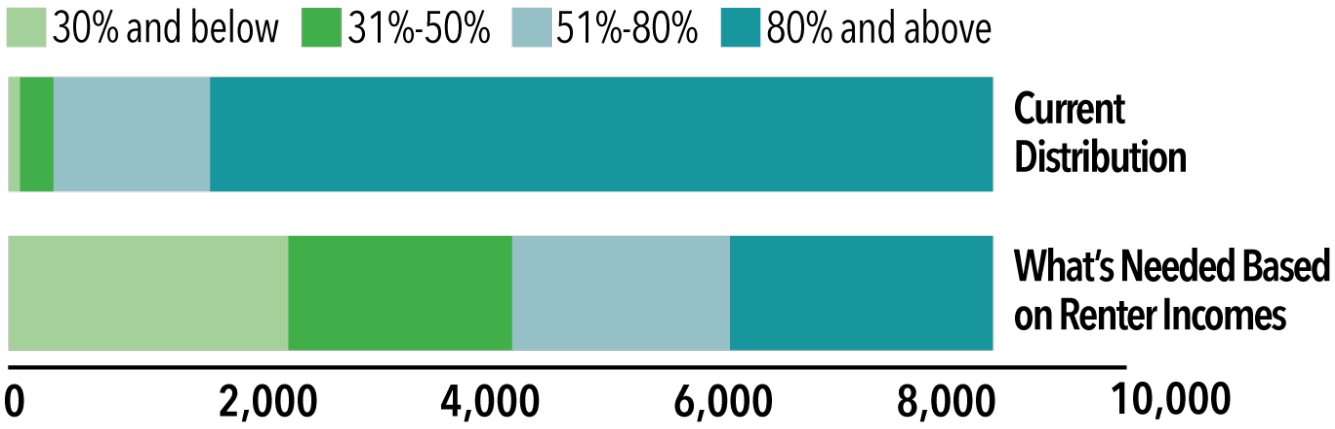
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Agenda

- Minnesotans need equitable housing
- What is allowed: Fiscal Recovery Funds
- Reimagine, collaborate, layer resources
- Examples
- Q & A

Housing Production in Minnesota

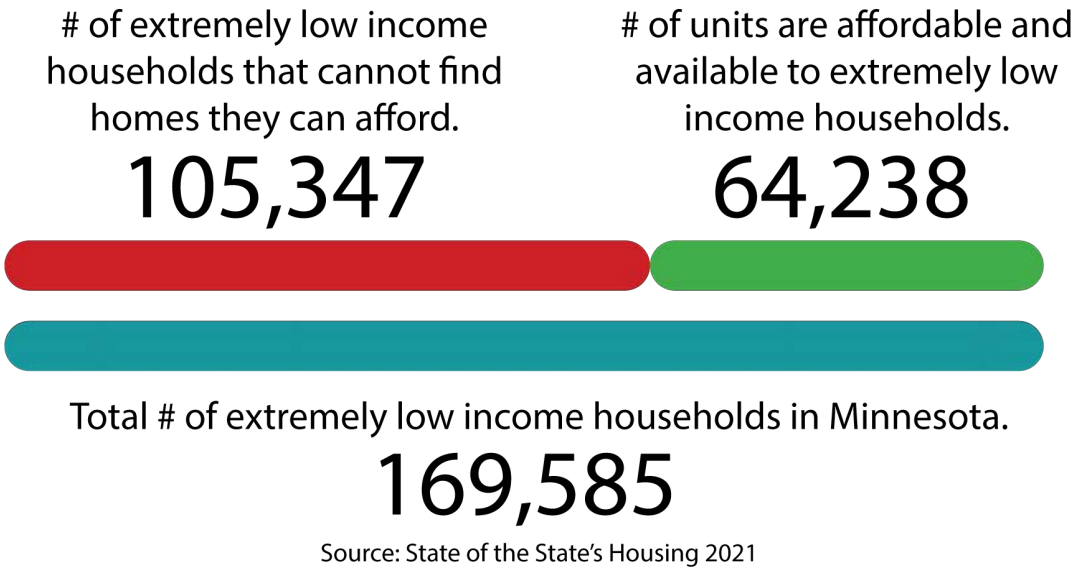
There is a severe mismatch between market supply and market demand. Production of new units is skewed toward higher incomes.



Total housing units produced annually in Minnesota. Source MN Housing 2019

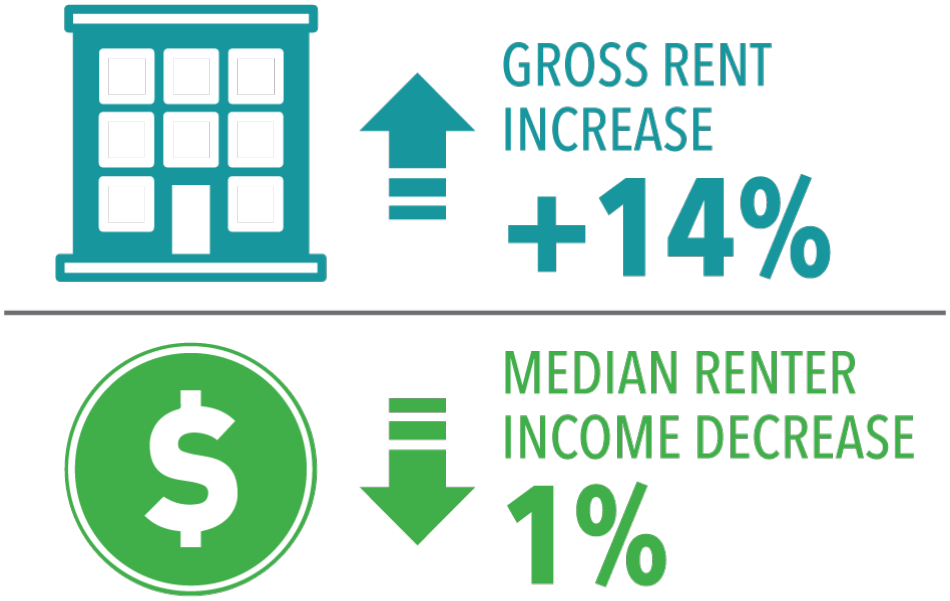
More affordable housing is needed

Greatest need for extremely low income families



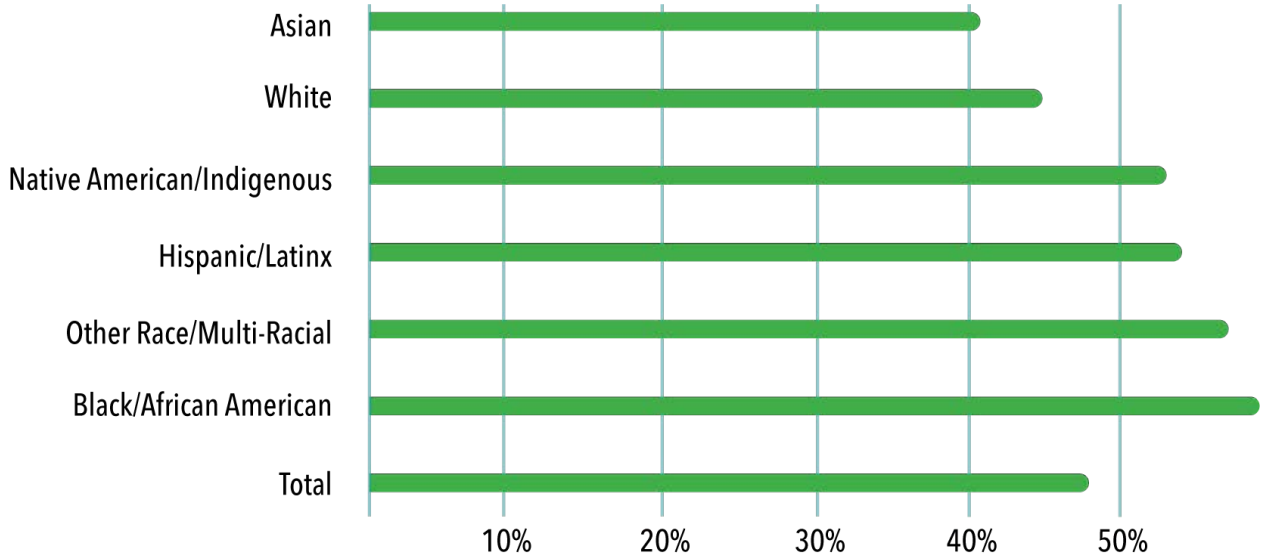
Source: State of the State's Housing 2021

Housing costs are increasing



Source: State of the State's Housing 2021

Cost-Burden Disparities Magnified



Source: State of the State's Housing 2021

MN Local Gov't Fiscal Recovery Funds

- Counties: $1.11 billion
- 21 Largest Cities: $644 million
- All others: $377 million

How can local gov't use ARPA-FRF?

1. Respond to public health emergency
2. Serve hardest hit/address inequities
3. Address negative economic impacts
4. Improve infrastructure

***Generally not for general economic development or workforce development*



Eligible use: Public Health Outcomes

- Housing Services
- Remediation of lead paint

***Presumed eligible when in QCT or evidence of disproportionate impact from pandemic*



Eligible use: Negative Economic Impact

- Assistance to households generally
  - Home repairs
  - Weatherization
  - Rent/utilities
  - Legal aid
  - Cash assistance

***Has the household experienced a negative economic impact*



Eligible use: Disparate impact people and geographies

- Building stronger neighborhoods
  - Supportive housing/homeless services/improve access to housing
  - Development of affordable housing
  - Housing vouchers
  - Relocation to areas of opportunity
  - Cash assistance

***Presumed eligible when in QCT or evidence of disproportionate impact from pandemic*



Populations disproportionately impacted

Page 33 of Interim Rule (preamble)

"A recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low-or moderate-income experienced negative economic impacts resulting from the pandemic."

Eligible use: Infrastructure

Infrastructure projects that respond to a specific pandemic-related public health needs are eligible

e.g. Affordable housing in a Qualified Census Tract (example in Treasury FAQ)

Reimagine Housing with FRF

- Local gov't taking it slow
- Longer timelines for short term funds:
  - Obligate by 12.31.24
  - Performance by 12.31.26
- Jurisdictions can amplify impact with pooling
- Transfer to partners an option
- Layer FRF with other resources

Ramsey County

- $20M now + potential $17M more for housing
- Housing for 30% AMI
- NOAH preservation
- Supportive housing units
- Has signaled will commit similar amount from second funding round

Mankato

- City received $10.1m in ARP founding total over two rounds
- Proposed $900k in funding for affordable housing including 51 units of family housing and 64 units of senior housing
- Potential for additional affordable housing uses – the city still has $6.7m in unallocated funding



Hubbard County

- County was awarded $4.1m in ARPA funds total
- $1.6M for infrastructure prep for site intended for affordable housing. Located in QCT.
- The county has established a review board and a process for evaluating applications for use of funds

Hennepin County

- $46m for housing recovery including the preservation and production of affordable housing
- $25.5m for homelessness response
- $2.2m for eviction prevention assistance in the courts

Cincinnati

- $500,000 for repairs of housing code violations
- $2.5M for affordable housing development
- $3M for services to homeless families
- $6.4M to housing trust fund

Boston

- $5M for affordable housing investments and housing navigation services
- $4.6M for acquisition to prevent displacement
- $400,000 for housing stabilization

Louisville

- $15M for homelessness and affordable housing
- Includes transitional housing and services for those with mental health service needs and substance abuse



Local Gov't Panel



David Dunn, Olmsted County



Adam Fulton, Duluth



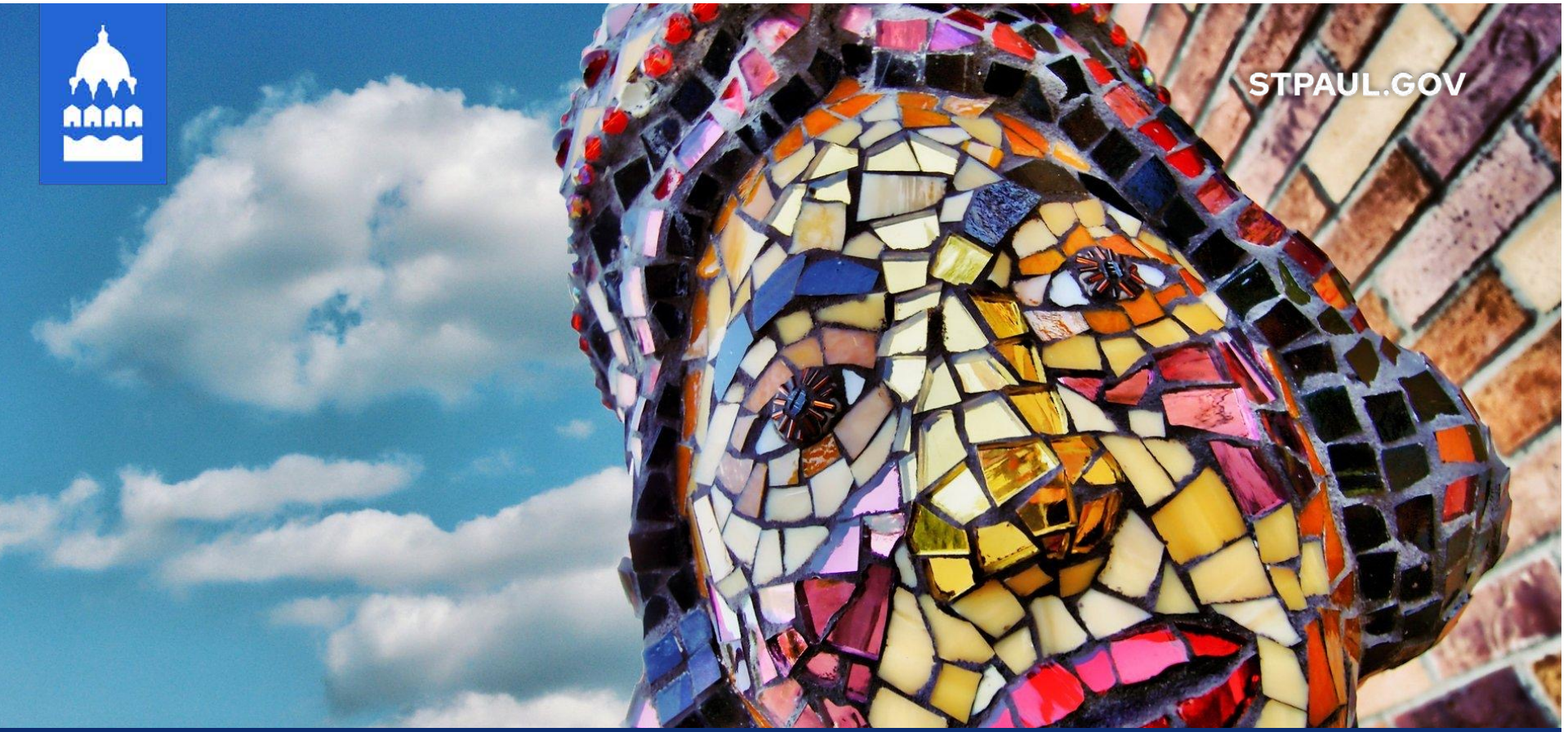
Commissioner Sheila Kiscaden, Olmsted County



Elfric Porte, Minneapolis



Kayla Schuchman, St. Paul



Saint Paul's Housing Strategy and ARP Investment Proposal

October 29, 2021

Saint Paul was experiencing a housing crisis pre-COVID resulting from more renters, increasing rents and stagnant wages.

- From 2000 to 2016
  - The number of renters in Saint Paul increased 12%
  - Median rents increased 15%, incomes remained stagnant.
- The result
  - 75% of low-income Saint Paul renters cost-burdened
  - Increasing share of residents throughout Ramsey County that are homeless.
- There is a gap of 11,000 units for our lowest income residents with incomes at or below 30% AMI

Housing Strategy

Objective 1:

Meet the needs of those with the lowest incomes by ***increasing*** supply

Objective 2:

Invest in low and moderate income residents by ***investing*** in the supply

Explore innovative approaches to meeting housing

Objective 4:

Build wealth for residents and communities

Objective 5:

Promote fair access for all of us

ARP investments will create and support housing stability for Saint Paul residents, with a focus on ensuring the most vulnerable in our community can secure stable and accessible housing.

Investments will be responsive to:

- Longstanding housing gaps in our community and aligned with our overarching housing strategy
- Urgent COVID-19 related housing needs and

30% AMI Fund Opportunity

- Create a strategy for production of increased **permanent** supportive housing supply, reducing housing instability and homelessness, and reducing strain on shelter capacity

- ARP funds provide additional opportunity to provide **deeply affordable** housing, including permanent supportive housing.

- ARP investment **provides the magnitude needed**, given the size of the problem and the costs associated with building deeply affordable housing, including permanent supportive housing.



American Rescue Plan- Affordable Housing

Committee of the Whole of the Duluth City Council

City Commitment to Long Term Solutions

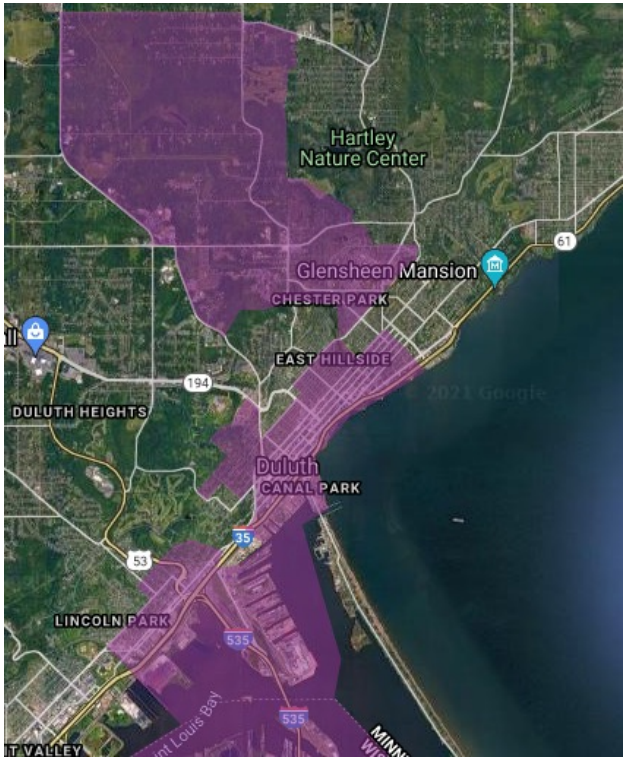
Duluth's housing situation is complex and requires complex solutions. The City has and continues to invest in solutions through:

- Fully dedicated housing staff
- Policy changes, including zoning updates to increase density (e.g. ADU's, Cottage Home Park)
- Affordability requirements for projects receiving public funding
- Advocating for expanded housing infrastructure bonds and other MHFA programs at the legislature
- Financially committing to all types of housing for all income levels needed to encourage market stability, economic development and make homes available for current and future residents

Proposed Focus Areas

#1 Housing for People Experiencing Homelessness		
Project(s) undefined	$	1,600,000
#2 Partnering with existing projects to increase affordability		
Project/s undefined	$	600,000
#3 Mixed Use Multifamily Projects with option for Community Space		
Up to five mixed use projects		$17,000,000
TOTAL	**$**	**19,200,000**

Where Can We Use ARP Funds?
Qualified Census Tracts (QCT's)



Housing for People Experiencing Homelessness

- Allocation is for housing exclusively for those with the greatest barriers.
  - These types of projects are hardest to finance and require greater levels of services.
  - Funding can be used without relying on other sources.
- This **does not** preclude mixed-income projects from containing units of those experiencing homelessness.
  - Example: Decker Dwellings' 42 units are at an average of 60%, but four are reserved for high priority homeless tenants.
- City is receiving additional HOME that could also be used for permanent supportive housing.

ARP Projects Versus HTF

ARP

- Larger scale projects (70+)
- May contain commercial/community spaces
- One time funds injected into projects to fill gaps
- Follows Federal government guidelines
- Deadline to commit/use funds

HTF

- Smaller, infill projects (<20)
- Loan fund with grant component
- Ongoing source if additional resources secured
- Guideline created locally and can be adjusted
- No deadline



