

Local Affordable Housing Aid

May 21, 2024

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Overview

- Affordable Housing Background
- Affordable Housing in Hopkins
- 2023 Legislative Policies
- Local Affordable Housing Aid (LAHA) Overview
- LAHA Options for Hopkins



State of Housing in Minnesota

Housing is unaffordable to *half* of all renters.



More Minnesota renter households are cost burdened than at any other point in the last decade.

And, rents are climbing.



Median rent increased by 8% in just one year—the largest year-to-year increase in the past decade.

The racial homeownership gap continues to be significant.



The disparity between Black and white Minnesotans who own a home is substantial.

*white non-Hispanic



* 2024 Minnesota Housing Partnership State of the State's Housing Profile

Affordable Housing

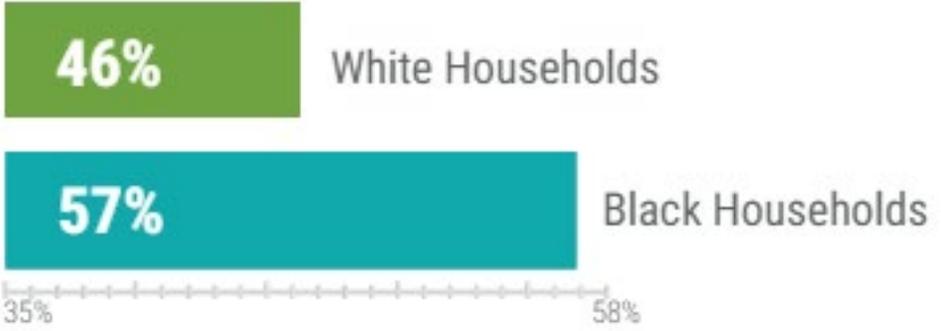
Housing is considered affordable when a household spends no more than **30%** of its income on housing costs.



RISE IN COST-BURDENED HOUSEHOLDS: **9%**



RACIAL DISPARITIES IN RENTER COST BURDEN



* 2024 Minnesota Housing Partnership State of the State's Housing Profile

Strategies to Address Affordable Housing

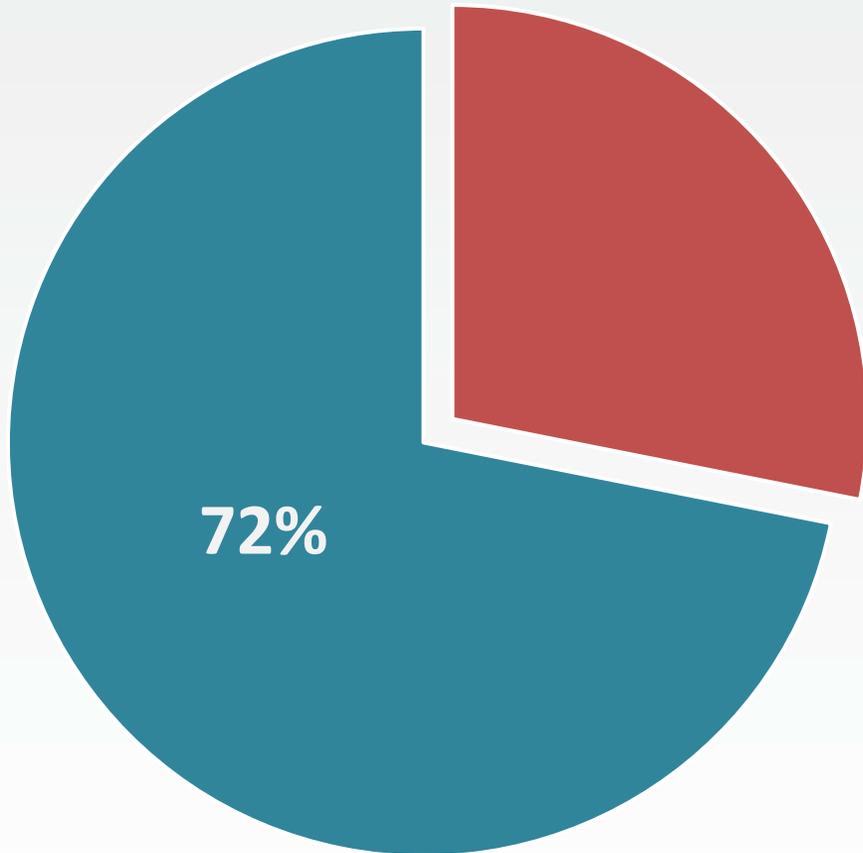


*graphic from Hennepin County Housing Plan

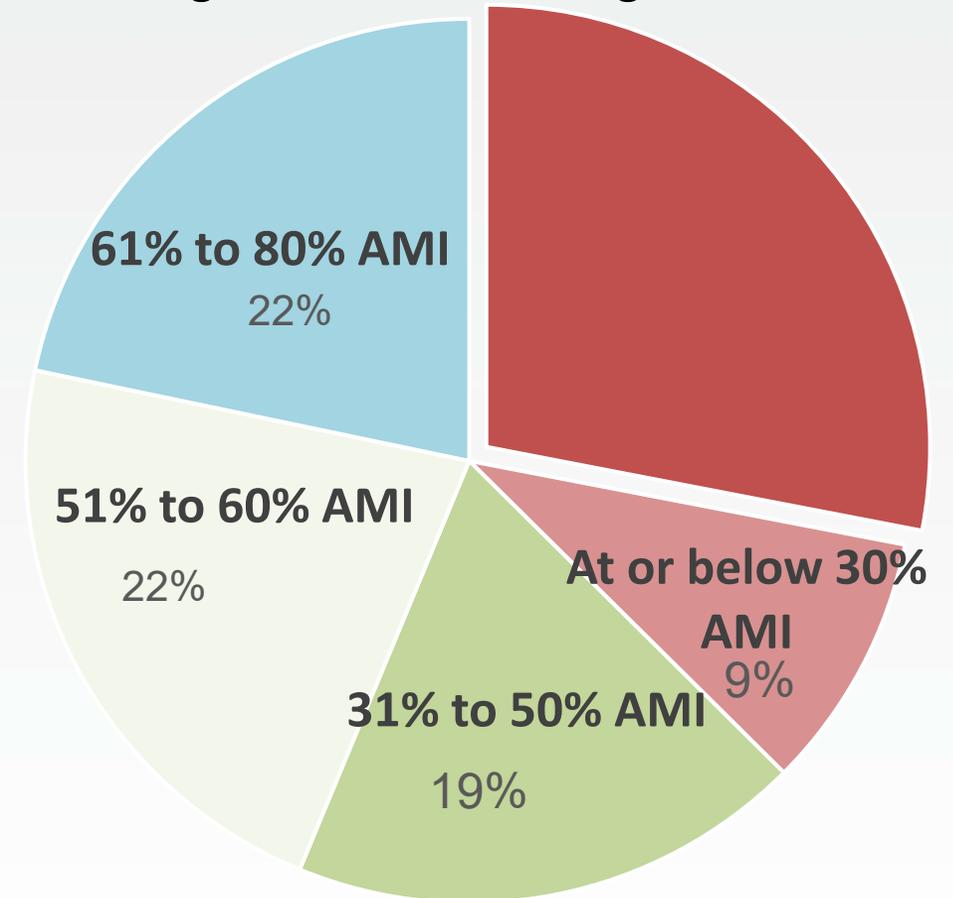


Existing Affordable Housing In Hopkins

Percentage of Existing Housing Units Affordable to Households Making Up to 80% of AMI



Breakdown of Affordability Level of Existing Affordable Housing Units



Source: Metropolitan Council



Types of Affordable Housing

Legally Binding (Subsidized) Housing

587 total units – 8.5% of existing affordable housing in Hopkins

- Dow Towers, Raspberry Ridge, Oxford Village, Fraser Hopkins Court, Sonoma, Hopkins Village, Burnes Building, Chorus Apartments, Vista 44 (opening soon)

91.5% of the existing affordable housing in Hopkins is Naturally Occurring Affordable Housing (NOAH)

- Subject to market conditions



Council Goals and Priorities

- Council Goals and Strategies 2024
- Affordable Housing Discussion in September 2022
- Affordable Housing Discussion in March 2023
 - Discussed: inclusionary housing, low-income rental classification, affordable housing trust funds
- Inclusionary Housing Policy adopted in May 2023
 - Requires 5% of units at 50% AMI or 10% of units at 60% AMI
 - Applies to developments that add/create 20+ units that receives financial assistance or discretionary land use approvals



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2023 Legislative Session

- Local Affordable Housing Aid (LAHA)
 - 0.25% metro area retail sales tax
- Local Housing Trust Fund Match
- Changes to Low-Income Rental Classification Program
- Down Payment Assistance
 - First Generation Homebuyers Community Down Payment Assistance Fund
 - Hennepin County HRA Downpayment Assistance

The largest single investment
in housing in state history!



LAHA Overview

- Emergency rental assistance for households earning less than 80% AMI
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing.



Hennepin County

- Spending Plan
- Peer Cities

Hennepin County's proven strategies	Local Affordable Housing Aid
<i>Shelter diversion</i>	
<i>Financial empowerment</i>	
<i>24/7 shelter</i>	
<i>Case management</i>	
<i>Employment services</i>	
<i>Low barrier shelters</i>	
<i>Project based operating assistance</i>	
<i>Emergency renter assistance</i>	✓
<i>Supportive housing capital</i>	✓
<i>Supportive housing operating</i>	✓
<i>Single room occupancy</i>	✓
<i>NOAH Preservation</i>	✓
<i>Affordable housing accelerator</i>	✓
<i>Homeownership assistance</i>	✓



LAHA Options

- Emergency Rent Assistance
- Financial Support for Nonprofit Housing Providers
- Gap Financing for New Construction
- Homeownership Assistance
- Rental Rehabilitation
 - Low income rental classification
 - Maintenance for Dow Towers



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4d(1) Property Tax Classification

- 4d(1) defined as “low income rental property”
 - Taxed at 0.25%
 - Market rate units (4a or 4b) taxed at 1.25%
- At least 20% of the units are occupied by, and are affordable to, households whose income is at or below 60% AMI.
- Property receives financial assistance (Federal, State or local)
- Initial application requires approval by the City



Priorities for LAHA Spending?

- Homeownership Assistance
- Emergency Rent Assistance
- Financial Support for Nonprofit Housing Providers
- Gap Financing for New Construction
- Rental Rehabilitation

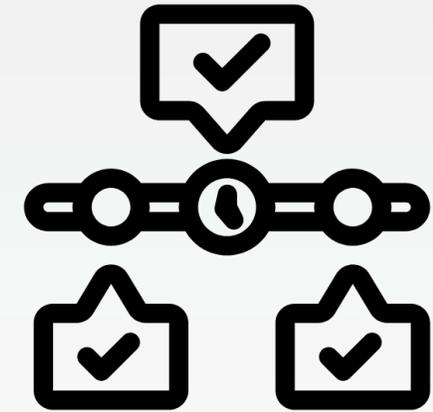


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Next Steps

- Staff will take feedback from tonight and research potential policies/program options
- Will return later this year with more detailed information
- Eventually, Council will pass a LAHA spending plan



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