CITY OF MINNEAPOLIS

Housing Stability Strategy

Andrea Brennan
Director, Housing Policy & Development

February 5, 2019
Housing Stability Strategy Framework

• Trends and Data

• Naturally Occurring Affordable Housing (NOAH) Preservation Initiatives
  • Acquisition by preservation buyer
  • Incentives for existing rental properties to maintain lower rents

• Policy Initiatives

• Tenant Stability
Rental Housing Data: NOAH in Minneapolis

- **95,000 rental units**
  - 29% are 1-3 units – limited market data
  - 71% are 4+ unit buildings – more market data

- **4+ unit buildings**
  - About 15,000 units affordable to households with incomes at or below 60% AMI
  - Average building size = 17 units (compared to 149 units in Class A)

- **Increase in Sales**
  - 288 unit sales in 2010; 4,005 units sold in 2017 (~8% of total units)
  - Rents of sold units increased more than rents of unsold units

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>40-60 AMI units</th>
<th>Neighborhood</th>
<th>40-60 AMI units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whittier</td>
<td>1,888</td>
<td>Hiawatha</td>
<td>138</td>
</tr>
<tr>
<td>Marcy-Holmes</td>
<td>1,187</td>
<td>Howe</td>
<td>130</td>
</tr>
<tr>
<td>Loring Park</td>
<td>1,084</td>
<td>Ventura Village</td>
<td>125</td>
</tr>
<tr>
<td>Uptown</td>
<td>1,064</td>
<td>Cedar Village</td>
<td>112</td>
</tr>
<tr>
<td>East Calhoun</td>
<td>1,041</td>
<td>Cedar Riverside</td>
<td>107</td>
</tr>
<tr>
<td>Stevens Square</td>
<td>881</td>
<td>Wenonah</td>
<td>99</td>
</tr>
<tr>
<td>Lowry Hill</td>
<td>569</td>
<td>Fulwell</td>
<td>98</td>
</tr>
<tr>
<td>Seward</td>
<td>503</td>
<td>Northeast Park</td>
<td>92</td>
</tr>
<tr>
<td>Windom</td>
<td>468</td>
<td>Corcoran</td>
<td>82</td>
</tr>
<tr>
<td>Downtown</td>
<td>375</td>
<td>Armstage</td>
<td>72</td>
</tr>
<tr>
<td>Lyndale</td>
<td>360</td>
<td>Minnehaha</td>
<td>70</td>
</tr>
<tr>
<td>Prospect Park</td>
<td>311</td>
<td>Marshall Terrace</td>
<td>66</td>
</tr>
<tr>
<td>Wincin Park</td>
<td>205</td>
<td>West Calhoun</td>
<td>66</td>
</tr>
<tr>
<td>Phillips</td>
<td>188</td>
<td>Cooper</td>
<td>65</td>
</tr>
<tr>
<td>Tanglewood</td>
<td>175</td>
<td>Central</td>
<td>61</td>
</tr>
<tr>
<td>Powderhorn Park</td>
<td>171</td>
<td>Como</td>
<td>58</td>
</tr>
<tr>
<td>Longfellow</td>
<td>156</td>
<td>Bincroft</td>
<td>51</td>
</tr>
<tr>
<td>Linden Hills</td>
<td>148</td>
<td>Holland</td>
<td>48</td>
</tr>
<tr>
<td>East Harriet</td>
<td>145</td>
<td>Webber-Camden</td>
<td>37</td>
</tr>
<tr>
<td>Kingfield</td>
<td>138</td>
<td>Cleveland</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Minnesota Housing Partnership "Market Watch: Minneapolis" | www.mhponline.org/market-watch-mpls
Innovative Housing Strategies

Pilot Program Steps

1. Issue and opportunity identification
2. Research and concept development
3. Pilot program
4. Evaluate and revise pilot program
5. Scale up to full program
Preservation: Acquisition Strategy

• NOAH Preservation Fund
  • $4.5 million fund
  • 0% interest deferred loan to preservation buyers
  • Up to $25,000 per unit
  • Leveraged by other non-profit funds
  • Criteria and documents pre-approved; ability to move quickly

• NOAH Investment Policy (pairs with Preservation Fund)
  • City purchases Freddie Mac Participation Certificate Bond – underlying mortgage for NOAH property at lower rate

• Small Medium Multifamily Pilot (SMMF)
  • 2-49 unit buildings
  • Partnership with Land Bank, Twin Cities, Local Initiatives Support Corporation (LISC)
  • Land Bank acquires multiple properties, makes needed repairs, assembles into portfolios, sells to non-profit community based organizations
Preservation: Owner Incentives

• 4d Affordable Housing Incentive Program
  • 4d property tax classification allows for ~40% tax rate reduction
  • 10 year declaration restricting at least 20% of the units affordable to and occupied by 60% AMI households
  • Grants of $100/unit, maximum of $1,000
  • City energy efficiency incentives
  • Properties with as few as 2 units
  • Administrative light touch
  • Launched as a limited pilot program in 2018 – certified 10 buildings, 207 units with broad geographic distribution
  • 2019 program application period started 12/1/18: 104 buildings, 700 units
Policy Initiatives

• Inclusionary Zoning
• Advance Notice of Sale (of NOAH property)
• Post Sale Tenant Protections (of NOAH property)
• Tenant protections ordinance
• Anti-Displacement Policy agenda
Tenant Stability

- Tenant Hotline
  - Information and referral services ~ 3,000 renters served annually
- Tenant Legal Services
  - Increased tenant representation in housing court to enforce rights to live in housing that meets city code requirements and evictions cases
  - Tenant hotline serving 3,000 renters annually
- Rental License and Code Enforcement
- Public Housing partnerships
  - Stable Homes Stable Schools
  - Property Owner Incentive Fund