

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 13, 2019

REGARDING: APPROVAL OF GUIDELINES AND FUNDING OF THE 4(D)
AFFORDABLE HOUSING INCENTIVE PROGRAM FOR THE YEAR
2019

Requested Board Action

1. Approval of the 4(d) Affordable Housing Incentive Program guidelines;
2. Approval of \$60,000.00 of the Housing Trust Fund to be allocated to the 4d Affordable Housing Incentive Program for the year 2019.

Background

In Resolution 17-2064 Directing staff of the Fair Housing Workgroup to develop a Fair Housing Strategic Plan, the City Council recommended staff to research and work with housing partners on strategies to further Fair Housing goals such as the 4(d) tax policy. In addition, the HRA Resolution 18-2014 calls for immediate implementation of a 4(d) program. The HRA's 2019 budget provides an allocation of \$12,000,000 to establish an Affordable Housing Trust Fund that will support housing affordability through various programs including a 4(d) tax incentive program.

Staff has developed the attached 4(d) Affordable Housing Incentive Program Guidelines with the purpose of preserving healthy, affordable housing for the well-being and stability of all our residents and our community. The program will offer incentives that include reduced property tax liability as well as a grant of \$100 per unit and up to \$1,000 per building to rental property owners in Saint Paul.

Eligibility requirements are defined in the attached 4(d) program guidelines. The owners of market-rate properties will meet the following among other criteria:

- At least 20% of the rental units in a building are occupied by and affordable to households whose family income is at or below 60% of the Area Median Income (Selection preference will be given to lower income proposals with at least 20% of the

restricted units affordable to tenants at 50% or lower AMI. For 2-unit buildings, preference will be given to proposals with at least one unit affordable to tenants at 50% AMI or lower).

- The building or tax parcel must have at least 2 units.

The recently completed Addendum to the Analysis of Impediments to fair housing in the metro area recommended that the City consider taking actions to address fair housing challenges. The 4(d) Affordable Housing Incentive Program will address five of the ten identified fair housing goals:

- Reduce Resident Displacement
- Expand Funding for Affordable Housing
- Expand Locations of Affordable Housing
- Invest in Place-Based Community Improvements
- Support Residents' Fair Housing Rights

Funds allocated to the program will cover:

- Cost of application to Minnesota Housing
- Recording fee
- Grants to applicants
- Marketing expenses

Budget Action: N/A

Future Action: N/A

PED Credit Committee Review: N/A

Compliance: N/A

Green/Sustainable Development: N/A

Environmental Impact Disclosure: N/A

Historic Preservation: N/A

Public Purpose/Comprehensive Plan Conformance

The program meets objectives of the Housing Plan, adopted as part of the City's Comprehensive Plan, Section 6.0, Strategy 3: Ensure Availability of Affordable Housing.

Recommendation:

Staff recommends approval of the 4d Affordable Housing Incentive Program Guidelines and allocation of \$60,000 of the Affordable Housing Trust Fund to the 4d Affordable Housing Incentive Program for the year 2019.

Sponsored by: HRA Chair Tolbert

Staff: Jules Atangana 651-266-6552

Attachments

- Program Guidelines