

**Guidelines for Priority Funding  
for Housing Performance**

January 2003

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The mission of the Metropolitan Council is to improve regional competitiveness in the global economy so the Minneapolis-Saint Paul metropolitan region is one of the best places to live, work, raise a family and do business.

The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council advocates Smart Growth for vital communities and a competitive region. It runs the regional bus system, collects and treats wastewater, manages regional water resources, plans regional parks and administers funds that provide housing opportunities for low- and moderate-income individuals and families. The Council is appointed by and serves at the pleasure of the Minnesota Governor.

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## **Introduction**

The Metropolitan Council's *Regional Blueprint* includes policy that supports, encourages and promotes the broadened opportunity for affordable and life-cycle housing throughout the region. As one of the actions it will take to support such housing opportunities, the Blueprint says the Council will "give priority for regional infrastructure investments or expenditures of public dollars to communities that have implemented plans to provide their share of the region's low- and moderate-income and life-cycle housing opportunities."

The following criteria and their relative weight will be used to annually determine a score – 0 to 100 points – and rank for cities and counties in the region to be used in the evaluation and prioritization of applications for funding by the Council. County scores will be used in the evaluation of county applications for funding; city scores will be used for city applications. Joint applications for discretionary funding will be weighted pursuant to the applicable combination of counties, cities, or both counties and cities. Examples of current funding decisions that will be affected include but not be limited to those for community development – the LCA Fund and Smart Growth initiatives, transportation – TEA-21, the environment – MetroEnvironment Partnership grants, and other investments and programs such as those for parks and open space.

The amount of emphasis or weight given to the housing performance score or rank in the evaluation of applications for various funding programs will be at the discretion of the Metropolitan Council at the time it solicits applications for any of these discretionary funding activities. Any changes to the performance criteria themselves will be made only after the Council follows its adopted policy and practices for changing policy documents.

## COUNTIES

### Use of resources, authority, programs and initiatives for affordable workforce and life-cycle housing

- 0 or 5 points**
1. The county or its housing agency or authority owns and is responsible for the management of affordable housing units.
    - a. which are public housing units funded under the Office of Public and Indian Housing at the U.S. Department of HUD
    - b. and/or housing units not included in (a).
- 0 or 5 points**
- 0 to 70 points**
2. The county, its housing agency or authority, the Metro HRA or a non-public agent of the county (which may include a designated non-profit), administers programs and/or resources to address affordable housing assistance, development and preservation needs in the county for cities and townships that do not manage their own such programs or resources to address these housing needs.

Examples of programs or resources to address these needs include, but are not limited to, the following:

- Tenant-based rental assistance (Section 8 existing housing programs – vouchers or certificates administered by the county or its agent)
- Development of county housing TIF district to assist affordable housing development or preservation
- The use of housing revenue bonds to support affordable housing production, homebuyer assistance, or housing preservation efforts
- Land acquisition assistance program for affordable housing providers (e.g. Habitat for Humanity)

And/or locally-administered activities such as:

- First-time homebuyer mortgage assistance program
- Down payment and/or closing cost assistance program
- Homeowner rehabilitation or home improvement grants or loan program
- Rental property rehabilitation or renovation program
- Funding for new affordable ownership or rental housing construction (e.g. federal low-income housing tax credits, HOME dollars etc.)
- Low-income housing rehabilitation loan or grant program funded by use of federal CDBG or HOME funds
- Housing counseling services (e.g. renter or first-time homebuyer education efforts)

And/or other innovative efforts or initiatives such as:

- A county-funded program to aid affordable housing development or preservation through the provision of gap financing assistance.
- Activities undertaken by the county or its authorized agent(s) that require county involvement, partnership, support, or resources and address

the housing needs of low- and moderate-income individuals and households, or those with special housing needs in the county, or advance the production or preservation of such housing.

- Initiatives by the county to create/expand non-profit capacity or foster local intergovernmental collaborations to create and preserve affordable housing for low and moderate-income persons.

Each policy, activity, program, resource or other initiative is worth 5 points, not to exceed 70 points.

- 0 to 10 points** 3. The total per capita expenditure of funds by the county or its authorized agent(s) on homelessness as identified in the previous year's budget will be assigned points based upon the following:

- 10 points – \$6 or more per capita
- 8 points – \$4.00 to \$5.99 per capita
- 6 points – \$2.00 to \$3.99 per capita
- 4 points – \$1.00 to \$1.99 per capita
- 2 points – less than \$1.00 per capita

- 0 to 10 points** 4. The total per capita commitment (i.e. per capita for only those communities with a tax levy to fund the county housing authorities, and/or a participation agreement with the county) of county-originated funds (taxes, reserve funds, fees, land sales, etc., not funds passed through from other levels of governments) to affordable housing development or preservation and/or tenant based rental assistance, as identified in the county's previous fiscal year's budget will be assigned points based upon the following:

- 10 points - \$ 10.00 or more
- 8 points - \$ 8.00 to \$9.99
- 6 points - \$ 6.00 to \$7.99
- 4 points - \$ 4.00 to \$5.99
- 2 points - \$ 2.00 to \$3.99
- 1 point - less than \$1.99
- 0 points - \$ 0

## CITIES AND TOWNSHIPS

### Affordability and Diversification

- 0 to 8 points** 1. Municipalities are ranked according to the percent of their owner-occupied housing (homesteads) with an assessed valuation equal to or lower than an amount affordable to households at 80 percent of area median income, and their total number of mobile homes.
- 0 to 8 points** 2. Municipalities are ranked according to the percent of their total housing stock that is comprised of rental units affordable to households of low- and moderate-income (50 percent of area median income or less). This includes all federally subsidized rental units – public housing, Section 8 housing, units subsidized by the U.S. Department of Agriculture, units developed with the use of low-income housing tax credits, units developed with the assistance of MHFA, the LCA Fund or the assistance of a local fiscal tool or housing finance initiative.
- 0 to 8 points** 3. Municipalities are ranked according to the percent of their housing stock that is comprised of units that are not single family detached units developed in the typical detached housing site plan approach. These units may include twinhomes, quads, apartments, townhomes, condominiums, detached townhomes, mobile homes, and units developed with a zero-lot line.
- 0 to 10 points** 4. Municipalities are ranked according to the percent of net units added to their housing stock that are affordable – both ownership and rental since the Council began monitoring in 1996. These “new” units may include units that have been “preserved” as affordable for a definitive period of time because of public or private re-investment to retain their affordability. (“Net units” means that affordable habitable units, not including units on land with a property tax classification of 4C, removed as the result of a city initiative will be subtracted from the total new affordable units.)
- 0 to 3 points** 5. Housing for special needs

Municipalities are awarded up to three points for the following types of special housing within their jurisdiction:

- Housing for which federal, state, county or local funds or those of a non-profit organization have been used to purchase and operate residential units or provide licensed housing that is not for the purposes of incarceration, but as a transitional placement of adult offenders or adjudicated delinquents
- A publicly subsidized or non-profit group home licensed by the Department of Health or Department of Human Services which provides temporary or permanent housing for the physically handicapped, mentally ill, developmentally disabled or chemically dependent

- A shelter which is publicly subsidized and/or operated by a non-profit group to provide temporary housing for homeless persons and families, battered women or those not otherwise able to secure private housing
- Housing for individuals and families who are homeless, but with a transitional stay of six to 24 months, and the assistance of advocates, can work towards housing stability and self-sufficiency to obtain permanent housing.

Each instance of such housing is worth 1 point.

## **Local Initiatives to Facilitate Affordable Workforce Housing Development or Preservation**

### **0 to 15 points** 6. Fiscal Tools and Initiatives

The municipality has in place adopted local policy in its comprehensive plan or local housing plan that allows and encourages the use of a local fiscal tool or initiative and has used such a local fiscal tool to assist affordable workforce or life-cycle housing development or preservation.

Examples of such fiscal tools include but are not limited to the following:

- Tax increment financing
- Housing revenue bonds
- General obligation bonds
- A local property tax levy
- Local tax abatement
- Local fee waivers or reductions
- Credit enhancements
- Taxable revenue bonds
- Land write-down or sale
- Collaboration and participation with a community land trust or other non-profit organization to preserve long-term affordability

The use of federal or state dollars is only applicable if such dollars may be used for activities other than the development or preservation of affordable and life-cycle housing but the municipality has chosen by policy to use them for affordable housing development or preservation. (i.e., CDBG dollars used for housing development or preservation)

Each local fiscal tool or initiative is worth 3 points.

### **0 to 15 points** 7. Initiatives regarding local regulation and development requirements

The municipality has in the previous two calendar years allowed the reduction, adjustment or elimination of a local official control, or development or local code requirement as a cost avoidance or reduction measure in order to facilitate the development or preservation of affordable workforce or life-cycle housing, OR has in place in its policies and official controls a commitment to make such reductions, adjustments or eliminations of requirements when they are requested by a developer in order to facilitate the development or preservation of affordable or life-

cycle housing, or since 1996, has taken the initiative to revise its land use regulation and official controls to such a degree that these revisions can be shown to be permitting greater density and more frequent opportunity for reduced development costs than existed before 1996.

Examples of these initiatives in the use of official controls include but are not limited to the following:

- The use of a density bonus system, inclusionary housing requirements or some other innovative zoning approach
- The use of variances, rezoning, special use or conditional permits or similar variations from the standards set forth in the community's zoning ordinance for the purpose of facilitating a specific affordable housing development.
- A local initiative undertaken to revise local design requirements for public improvement that may reduce the cost of public services to residential properties.
- Modifications in public services standards or requirements that might include streets, curbs, gutter, sewer and water hookups, street lighting and other required public improvements in order to reduce development costs to increase affordability in a new residential development.
- A reduction of such standards as the required street right-of-way, or surfacing width or depth design for residential street, or the size of sewer or water service lines to new housing.

Each local initiative is worth 3 points. No more than 6 points may be applicable to any one affordable or life-cycle housing development or preservation activity aided by these local regulative measures.

**0 to 15 points** 8. Initiatives regarding housing preservation and rehabilitation

The municipality has in place and has in the previous two calendar years used and promoted locally-initiated or administered (city or county) housing preservation, home improvement and/or rehabilitation programs, or other tools available to its residents to keep their housing stock in sound condition.

Examples of these initiatives include but are not limited to the following:

- A housing maintenance code and enforcement program for rental housing
- A housing maintenance code and enforcement program for owner-occupied housing
- A housing rehabilitation loan or grant program for rental housing
- A housing rehabilitation loan or grant program for owner-occupied housing
- A home improvement loan or grant program
- A home improvement resource center
- A local tool-sharing center or program

Each local initiative is worth 3 points.

9. Density of residential development

The average net density of new (or re-use) sewerred housing for which a building permit was issued in the municipality in the two previous calendar years multiplied by the total number of such units in those two years are compared among all communities. Sewerred communities are ranked highest to lowest, unsewerred communities are ranked lowest to highest. Points will only be given to sewerred communities with an overall density of three units per acre or greater and only to unsewerred communities for which the 1998 local comprehensive plan update has been put into effect.

**Sewerred Communities**

**1 to 6 points**

a. The average net density for attached housing units, i.e., units per acre multiplied by the number of such units permitted in the last two calendar years.

**1 to 6 points**

b. The average net density for detached housing units (including detached townhomes and manufactured homes), i.e., units per acre multiplied by the number of such units permitted in the last two calendar years.

**Unsewerred Communities**

**1 to 12 points**

The average net density of residential development multiplied by the number of all units permitted in the last two calendar years

**0 or 6 points**

10. In the previous two calendar years, the municipality has acquired land to be held specifically for the development of affordable or senior housing (exclusively 55+), or has approved (permits may be drawn at any time) the development or local financial participation in a proposed development of new affordable or senior (exclusively 55+) housing, or the involvement of the municipality in the preservation and reinvestment in such housing – ownership or rental – which has not as yet been undertaken for reasons beyond the municipality’s control.

Points will be awarded according to the number of units involved in the proposal as follows:

2 points – less than 20 units or land acquisition for future housing

4 points – 20 to 39 units

6 points – 40 or more units

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