

**Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED**

Date: June 24, 2008

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Paul Ostrow, Chair, Ways & Means/Budget Committee

**Subject:** Fiscal Year 2008 HOME Budget

**Recommendation:** Approve the Fiscal Year 2008 HOME Budget

**Previous Directives:** On April 4, 2008, the City Council approved the 2008 Consolidated Plan and authorized staff to submit the plan to HUD. The plan includes the Fiscal Year 2008 HOME funding amount for Minneapolis.

Prepared by: Donna Wiemann, Principal Project Coordinator

Approved by: Thomas Streitz, Director, Housing Policy & Development \_\_\_\_\_  
Charles T. Lutz, Deputy Director \_\_\_\_\_

Presenters in Committee: Donna Wiemann

**Reviews**

Permanent Review Committee (PRC): Approval NA Date \_\_\_\_\_  
Policy Review Group (PRG): Approval NA Date \_\_\_\_\_

**Financial Impact**

- No financial impact
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact:
- Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification: The HUD Consolidated Plan with the 2008 HOME budget was made public on March 14 to April 12, 2008. It was mailed to every one on the Consolidated Plan mailing list and was on the City's website.

City Goals: A SAFE PLACE TO CALL HOME – In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.

Sustainability Targets: Development and preservation of affordable housing.

Comprehensive Plan: 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households. 4.91 – Minneapolis will grow by increasing its supply of housing.

Zoning Code: All projects approved for funding with HOME Program funds will comply with the zoning code.

### **Supporting Information**

On April 4, 2008, the Council approved the staff recommendations to submit the Fiscal Year (FY) 2008 Consolidated Plan to HUD. The plan includes the FY 2008 HOME funds; the Fiscal Year runs from June 1, 2008 to May 31, 2009. HUD approved the Consolidated Plan by May 31, 2008. The total HOME funds allocated to the City for FY 2008 is \$3,419,475.

The HOME funds will be used for programs and activities that will assist in the production and maintenance of decent affordable rental and ownership housing. Ten percent (10%) of the FY 2008 HOME funds will be used for administrative purposes. The proposed allocation of FY 2008 HOME funds is as follows:

Affordable Housing Trust Fund (AHTF)	\$2,477,528
HOME Ownership Works (HOW)	\$ 600,000
CPED Admin	\$ 326,947
Grants & Special Projects Admin	<u>\$ 15,000</u>
TOTAL	\$3,419,475

Funds allocated to the AHTF are used to provide gap financing for the production and stabilization of affordable rental housing. On average, approximately 225 units are either produced or stabilized annually through this program. The Council approves the funding of each project.

Funds allocated to the HOW Program will be used for either the renovation or new construction and sale of approximately 10 to 20 ownership dwellings. It is designed to address the goal of providing home ownership opportunities to low and moderate income homebuyers who would otherwise have difficulty in attaining home ownership. It is also designed to address the problem of abandoned and foreclosed houses. The program is used for the rehab of existing homes and used to demolish properties to make way for new construction. These program activities serve the following public purpose objectives:

- 1) Provide home ownership opportunities and long term, affordable and decent housing for residents who are otherwise unlikely to achieve home ownership.
- 2) Addresses the problem of vacant and deteriorated structures.

- 3) Helps the City maintain a base of owner occupants and provides housing opportunities to people who find that it is increasingly difficult to qualify for a home mortgage.