ROBBINSDALE
ECONOMIC DEVELOPMENT AUTHORITY
AGENDA
7:00 P.M.
TUESDAY, JULY 11, 2023
COUNCIL CHAMBERS

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1. MEETING CALL TO ORDER:

2. MICROPHONE CHECK:

3. ROLL CALL: Webb, Wagner, Blonigan, Murphy, President Parisian

4. CONSENT AGENDA:
   Pursuant to REDA policy, one motion, non-debatable, will approve the recommendation noted. Any member of the REDA Board may ask for an item to be taken from the Consent Agenda for discussion and separate action. Such items removed from the Consent Agenda shall be considered immediately following approval of the balance of the Consent Agenda:

   A. **Motion** to approve and order placed on file minutes of the following:
      - **Regular Meeting Minutes of June 13, 2023**....................... **2-5**

   B. **Motion** to approve **Disbursement Requests** for period ending **July 11, 2023**... **6**

5. PUBLIC HEARINGS:
   A. None scheduled.

6. OLD BUSINESS:
   A. Home Improvement Rebate Program with CE&E......................... **7-21**

7. NEW BUSINESS
   A. None scheduled.

8. OTHER BUSINESS:
   A. None scheduled.

9. INFORMATION ONLY:
   A. Project Updates.. **22**

10. REDA GENERAL COMMUNICATIONS

11. ADJOURNMENT

ROBBINSDALE
ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
TUESDAY, JUNE 13, 2023
COUNCIL CHAMBERS

CALL TO ORDER:

1. The Robbinsdale Economic Development Authority (REDA) meeting was called to order at 7:00 p.m. by President Parisian.

MICROPHONE CHECK:

2. Complete.

ROLL CALL:

3. Members Present: Murphy, Wagner, Blonigan, Webb, President Parisian
Members Absent: None
Staff Present: Tim Sandvik, Executive Director
Rick Pearson, City Planner
Ron Batty, EDA Attorney

#4A-B CONSENT AGENDA:

4. **MOTION** by Member Blonigan seconded by Member Murphy to approve and place on file the Consent Agenda Items #4A-B:
   A. **Motion** to approve and order placed on file minutes of the following:
      - **Regular Meeting Minutes of May 9, 2023**
   B. **Motion** to approve Disbursement Requests for **period ending June 13, 2023**
   The vote was 5-0 and the motion carried.

#6A: OLD BUSINESS:

Robbinsdale Home Improvement Rebate Program with Center for Energy & Environment

5. Pearson presented the staff report. Announced Jim Hasnik, Director of Lending Service representing the Center for Energy and Environment is here tonight. Mr. Hasnik has been working with us to lay the groundwork for the city grant program. Staff is seeking direction on the program budget and program guidelines.

6. President Parisian thanks the staff for putting this information together so quickly. Would also like electric vehicle charging stations added to eligible project expense.

7. Member Wagner asked if the bids would include sweat equity. Pearson stated that one of the guidelines would be that the project be approved before any work is done. Difficult to measure sweat equity, so its discouraged. Most of the work should be contracted out.

8. **Jim Hasnik, Director of Lending Services with Center for Energy & Environment**
He explained that the CEE requires only one bid be submitted. We can deduct sweat equity if it is part of your guidelines. Review cost of materials. The funds are escrowed.

9. Member Blonigan would like to add that solar panels can be installed in properties with HOAs, sweat equity with a "kick-back" clause. **Mr. Hasnik** clarified that all contractors are property licensed, permits are pulled and work is inspected.

10. Member Wagner asked if one of the eligible items includes recycling or waste removal. Pearson stated that it is usually covered by the contractor.

11. Member Murphy inquired about a definition of manufactured homes. Pearson stated it is generally motor homes. Prefab homes would be eligible. What is accepted as proof of income. **Mr. Hasnik** replied that it is the most recent 1040, number of people in the household, bank statements, social security income.

12. Member Webb asked about work completion, what if the work is not completed by the deadline, what are other similar factors. Mr. Hasnik stated that contractors get delayed and work with the homeowner and contractor. Work with the contactors. He wanted to add that the Board should decide how often they want residents to receive the service; one a year, etc.

13. President Parisian inquired about properties held in trust. **Mr. Hasnik** stated that the Board would have to decide if they are eligible or not.

14. Member Webb noted how would the Board decide what is eligible. Pearson explained that safety issues (i.e. electrical/plumbing) are priority. Would decide on a case-by-case basis.

15. President Parisian supports the program; in favor of more homes that are different to pursue the grant instead of the same property over again.

16. Pearson asked for clarity on some other items that may be eligible; lots of upgrade projects for garages. Twenty percent, remove roof and diseased trees from eligibility.

17. Member Webb supports prioritizing requests for service, energy and efficiency and safety should be first. Pearson replied that this program will catch on and more grant money could be available.

18. President Parisian requested more information on income verification and capping the amount of funds at $8,000. The Board agreed.

19. Executive Director Sandvik noted that further information on income data will be brought to the July meeting.

20. **MOTION** by Member Blonigan, seconded by Member Murphy to authorize the Executive Director to execute an agreement for the Robbinsdale Home Improvement Program Origination Agreement with the Center for Energy and Environment.
The vote was 5-0 and the motion carried.

#7A: NEW BUSINESS: Consider Business Loan

21. Executive Director Sandvik provided information on the request. Staff contacted by business owner seeking financial assistance from the EDA.
The owner is here to provide details on his request.

22. **Samuel Ngwa, Owner of Safari Pride Coffee**
Mr. Ngwa provided information about his personal background and the history of his coffee company. He has owned his business since 1996. Has been looking to relocate. Found a location in Robbinsdale. He is seeking assistance to move his coffee roasting equipment that is really big and expensive. The covid crisis did not help his business thrive and business went down. Resources are limited. He would pay back any loan.

23. President Parisian inquired as to where the business is currently located and the timeline to move to Robbinsdale. **Mr. Ngwa** stated that they are located on 22nd Ave North off Washington and Broadway. The space did work out for the model we started with but with the closure of independent coffee houses we only supplied coffee to corporate sponsors.

24. Member Blonigan stated he wanted to see a proforma from Mr. Ngwa.

25. Member Murphy noted the grant/loan program the EDA has for façade improvements.

26. Executive Director Sandvik noted that other resources maybe available.

27. EDA Attorney Batty noted a few programs where the EDA provided loans for other businesses but they were more comprehensive with loans secured by others.

28. Member Wagner stated he would like to see a policy/program developed to address requests such as these. Member Murphy agreed with Member Wagner.

29. President Parisian supported staff investigating all the things mentioned here. In addition, how much staff time will be needed to develop a loan program.

30. Member Webb supports staff creating a loan program, perhaps establishing a partnership with others.

31. City Planner Pearson provided a letter received from a former council member. Recommended contacting *Elevate Business* to assist Mr. Ngwa.

32. Executive Director Sandvik stated that staff can provide an updates on other businesses but data is sensitive and limited but will bring back what we can.

#9A: INFORMATION ONLY: Project Update

33. No further information provided.

#10: REDA GENERAL COMMUNICATIONS:

34. Member Blonigan noted that 4600 Lake Road can be called The Reeve and would like statistics on occupancy of EDA properties in the next Project Update.

#11: ADJOURNMENT:

35. **MOTION** by Member Murphy, seconded Member Wagner to adjourn the meeting at 8:20 p.m.
The vote was 5-0 and the motion carried.

Mia Parisian, REDA President

Tim Sandvik, Executive Director

AGENDA ITEM #4B
July 11, 2023

CONSENT AGENDA: Disbursement Requests for period ending July 11, 2023

This information will be distributed at the meeting.

AGENDA ITEM #6A
July 11, 2023

Old Business: Robbinsdale Home Improvement Rebate Program with CE&E

BACKGROUND:
On June 13, the REDA discussed a concept developing a home improvement and rebate program with the Center for Energy & Environment (CE&E) and requested HUD low income numbers and an expanded list of eligible projects.

ANALYSIS/CONCLUSION:
Mr. Hasnik has provided drafts of documents derived from the Crystal Program which are attached.

EXHIBIT A: Robbinsdale Program Guidelines includes Eligible Project Expenses, Ineligible Project Expenses, Minimum project size, and Grant Amount and so on. The REDA may want to review and edit the list of eligible projects.

Staff has edited the list of eligible projects by striking out retaining walls, sidewalks driveways and fences..

EXHIBIT B: A draft Home Improvement Program Origination Agreement is attached.

EXHIBIT C: 2023 Ownership and Affordability Limits (Met Council report)

RECOMMENDATION:
If the REDA is in agreement with the Robbinsdale Program Guidelines, then authorize the Executive Director to execute the Home Improvement Program Origination Agreement with the Center for Energy & Environment on behalf of the Authority.

Tim Sandvik, Executive Director

CONCURRENCE:

Rick Pearson, Community Development Coordinator

EXHIBIT A

Robbinsdale Program Guidelines

This document includes guidelines for the
Home Improvement Program of the
Economic Development Authority of the Robbinsdale

ROBBINSDALE PROGRAM GUIDELINES

The Robbinsdale Economic Development Authority (Authority) is making funds available for homeowners to assist with home additions, remodeling, maintenance and energy improvements. Center for Energy and Environment shall serve as the administrator for the Robbinsdale Grant Program.

Robbinsdale Grant Program

Eligible Project Expenses:
- Interior remodeling
- Building additions
- Finishing basements, attics or additions
- Insulation (wall, attic, air sealing and rim joist)
- Solar, including battery storage
- Heating Systems >=90% AFUE
- Air Source Heat Pumps
- Central Air Conditioning >=14 SEER
- Exterior building improvements such as roofing, siding, soffits/fascia, windows and doors
- Site improvements such as ~~retaining walls, sidewalks, driveways, fences,~~ patios, decks and garage repair or replacement
- Electrical upgrades, including EV charging stations
- Plumbing

Ineligible Project Expenses:
- Payment for work initiated prior to the grant being approved and closed, unless due to emergency.
- Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas,whirlpools, etc.)
- Furniture, non-permanent appliances (unless part of a kitchen remodel); funds for working capital, debt service or refinancing existing debts.
- Homeowner labor or other in-kind contributions to the project.

Minimum Project Size:
Eligible Project Expenses must total at least **$4,000** to qualify for a grant.

Grant Amount:
20% of Eligible Project Expenses

Multiple Grants are allowed, but not to exceed $8,000 in total.

Eligible Properties: 1-4 unit owner-occupied properties located within the geographical boundaries of the City of Robbinsdale. Properties held in a Trust, Townhomes and Condominiums are eligible, subject to Association Bylaws. Properties may be held in a Contract for Deed. If the property has more than 1 unit, the non-owner-occupied units must be in compliance with the City of Robbinsdale's rental licensing requirements.

Ineligible Properties: Dwellings with more than 4 units, cooperatives, mobile homes, properties used for commercial purposes and non-owner occupied properties.

Eligible Recipients: All recipients must be legal residents of the United States.

Ineligible Recipients: Including but not limited to: - Businesses, Foreign Nationals, Non-Occupant Co-Borrowers.

Income Limit:
The property owner's household income shall not 100% AMI based on family size.

Income will be determined by the adjusted gross income on the most recent Federal Tax Return. If a tax return is not required, income will be determined by the projected gross income for the upcoming 12 months.

Credit Requirements: 1) All mortgage payments must be current, 2) All real estate taxes must be current, and 3) No defaulted government loans, tax liens or child support.

Bids: Two estimates are required. Only 1 materials list is required for sweat equity projects. All contractors must be properly licensed

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a "sweat equity" basis, but only the purchase of materials and rental of tools or equipment will be considered an Eligible Project Expense.

Recipient Paid Fees: None

Deadline for Work Completion: All work must be completed within 120 days of the grant closing. Extensions may be granted by CEE due to weather or similar factors.

General Program Conditions

Application Processing: Grants will be distributed on a first come first serve basis as recipients qualify. **Applicants must provide a completed application package including thefollowing in order to be considered for funding.**

- Completed and signed application form
- Proof of income
- Proof of Identity (drivers license, passport, etc.)
- Bids or estimates for proposed projects
- Other miscellaneous documents that may be required.

Program Costs: Grant origination fees, grants and post-installation inspection fees will be paid out of the Program Budget. Program marketing efforts will be billed directly to the Cityof Robbinsdale and is a separate expense should the city choose to commission CEE for marketing support.

Total Project Cost: It is the recipient's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original amount, the recipient must obtain the additional funds and provide verification of the additional funds in order to proceed.

Disbursement Process:

Grant: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- Final invoice or proposal from contractor (or materials list from supplier);
- Final inspection verification by a City Inspector ;
- Completion certificate(s) signed by borrower and contractor;
- Lien waiver for entire cost of work;
- Evidence of city permit (if required) or confirmation of post-installation inspection by city (if no permit is required).
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Exhibit B

HOME IMPROVEMENT PROGRAM ORIGINATION AGREEMENT

This HOME IMPROVEMENT PROGRAM ORIGINATION AGREEMENT ("Agreement"), dated this _____ day of ____________________, 20____, is made by and between the ECONOMIC DEVELOPMENT AUTHORITY in and for the City of Robbinsdale, with offices at 4100 Lakeview Ave N, Robbinsdale, MN 55422 ("Authority"), and CENTER FOR ENERGY AND ENVIRONMENT, with offices at 212 3rd Avenue North, Suite 560, Minneapolis, Minnesota 55401 ("CEE").

RECITALS

A. The Authority has a need for certain professional services and desires to retain CEE to provide said services, all subject to the terms and conditions contained in this Agreement.

B. CEE is qualified to provide the desired professional services and desires to provide said services for the Authority, all subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the parties agree as follows:

1. Services/Scope of Work

1.1 CEE shall in conjunction with the Authority develop and deliver the City of Robbinsdale ~~Crystal~~ Home Improvement Program (hereinafter the "Program") and more fully described in Exhibit A1 attached hereto. All activities delivered under the Program shall be coordinated with the Authority's designated Title, Name.

1.2 CEE shall assist the Authority staff in marketing the Program. This will include being on the CEE website and creating an information sheet about the loan program.

1.3 The funding source is exclusively from the Authority.

2. Compensation

2.1 The Authority shall compensate CEE for services provided under this agreement according to the schedule in Exhibit B1 attached hereto.

The Authority shall compensate CEE only for services completed.

2.2 Upon request, CEE will provide additional marketing services. Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to marketing. CEE will be reimbursed by the Authority for any non-labor, out-of-pocket expenses, relating to these services on a dollar-for-dollar basis with no mark-up.

2.3 CEE shall invoice the Authority not more than two times each month. The Authority shall pay CEE within 20 days of receipt of the invoice.

3. CLIENT's Obligations

3.1 If requested by CEE, the Authority shall make reasonable efforts to respond promptly to requests from CEE for information and approvals regarding the services to be provided under this Agreement.

3.2 If requested by CEE, the Authority shall make reasonable efforts to obtain information and or permission for access from clients which may be necessary for CEE to provide the services under this Agreement.

3.3 The Authority shall provide sufficient funding to fund eligible Authority funded loans. The Authority shall determine the amount of funds allocated to the Program.

3.4 The Authority shall establish eligibility for the Program and shall provide these criteria in writing to CEE prior to commencement of any marketing efforts.

3.5 The Authority shall make reasonable efforts to respond promptly to requests from CEE for information and approvals regarding the services to be provided under this Agreement.

4. CEE's Obligations

4.1 CEE shall use its best efforts to provide services under this Agreement in a professional manner consistent with the care and skill used by reputable members of CEE's profession.

4.2 CEE, and all of its employees or agents, shall comply with all statutes, ordinances, rules, regulations and other laws applicable to the provision of services under this Agreement.

4.3 CEE shall secure all permits and licenses required for performance of the services under this Agreement.

4.4 CEE shall not engage in discriminatory employment practices against any employee or applicant for employment and shall in all respects comply with all federal, state and local laws, regulations and orders, including without limitation, Chapter 363 of the Minnesota Statutes, as amended from time to time. Failure to comply with the provisions hereof shall be deemed a material default under this Agreement.

5. Term and Termination

5.1 Unless earlier terminated as provided in the following paragraphs, this Agreement shall become effective on TBD and continue through TBD.

5.2 This Agreement may be terminated by either party, for any reason or no reason, immediately upon written notice to the other party. In the event this Agreement is terminated by CEE prior to the expiration of the term set forth in paragraph 5.1, the Authority shall compensate CEE for all services delivered up the date of termination and CEE shall provide the Authority with such information as the Authority may request regarding the status of the Program.

5.3 Any termination of this Agreement shall not release either party from their respective obligations under sections 7 and 8 of this Agreement.

6. Insurance

6.1 During the term of this Agreement, CEE will obtain and maintain insurance in the amounts listed below:

General Liability	$2,000,000	Aggregate Limit
Automobile Liability	$1,000,000	Combined Single Limit
Excess Liability	$1,000,000	Aggregate Limit
Workers Compensation		Statutory Limit

7. Liability and Indemnification

7.1 CEE represents that the services to be provided under this Agreement are reasonable in scope and that CEE has the experience and ability to provide the services.

7.2 CEE warrants that any services provided hereunder shall be done in a professional and workmanlike manner.

7.3 CEE shall indemnify, defend and hold harmless Authority and its officers, directors, employees and agents from and against any and all claims, damages, losses, injuries and expenses (including attorneys' fees and damages for death, personal injury and property damage) which Authority may incur as a result of any act or omission by CEE in providing services under this Agreement.

7.4 Authority shall indemnify, defend and hold harmless CEE and its officers, directors, employees and agents from and against any and all claims, damages, losses, injuries and expenses (including attorneys' fees and damages for death, personal injury and property damage) which CEE may incur as a result of any act or omission by Authority in discharging its duties under this Agreement.

8. Confidentiality

Unless otherwise agreed by Authority in writing, CEE shall maintain in confidence and not disclose to any third party any information obtained regarding the Authority and/or any of Authority's clients for which CEE is providing services; provided, however, that this obligation to maintain confidentiality shall not apply to:

a) Information in the public domain at the time of disclosure;

b) Information which becomes part of the public domain after disclosure through no fault of CEE; or

c) Information which CEE can demonstrate was known by it prior to the date of this Agreement.

Notwithstanding the foregoing, CEE shall be entitled to disclose the documents or client information covered by this paragraph to governmental authorities to the extent CEE reasonably believes it has a legal obligation to make such disclosures and to the extent CEE reasonably deems to be necessary; provided, however, that if CEE believes that any such disclosure is required by law, it shall provide advance notice to the Authority to provide the Authority with a reasonable opportunity to attempt to obtain an injunction or other protective order preventing such disclosure.

9. Relationship of Parties

CEE will provide services as an independent contractor under this Agreement. Neither CEE, nor any of its employees or agents, shall be considered employees of the Authority for any purpose, and neither shall CEE be eligible for any compensation or benefits which the Authority may provide to its employees from time to time. CEE shall be solely responsible for all employment and other taxes applicable to providing services hereunder, and the Authority will not withhold any taxes or contributions from the compensation payable to CEE under this Agreement.

10. Notices

All notices, requests, demands and other communications required to be given in writing under this Agreement shall be given to the other party in person or by mail as provided in this section. If delivered personally, notice shall be deemed to have been duly given on the date of delivery. If delivered by mail, such notice shall be sent via first class U.S. mail, postage prepaid, to the address set forth at the beginning of this Agreement or such other address as a party may otherwise request by written notice, and notice shall be deemed duly given three (3) business days after mailing.

11. Assignment

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns; provided, however, that neither party shall assign or transfer in any manner, this Agreement or any portion hereof without the prior written consent of the other party, and any attempt to assign or transfer without prior written consent shall be void and of no effect.

12. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

13. Miscellaneous

13.1 Headings and captions used in this Agreement are for convenience only and shall not affect the meaning of this Agreement.

13.2 This Agreement contains the entire agreement of the parties and supersedes all prior agreements, discussions and representations, written or oral, concerning the subject matter hereof.

13.3 No waiver by the Authority of any term or condition of this Agreement or any document referred to herein shall, whether by conduct or otherwise, be construed as a waiver or release of any other term or condition of this Agreement.

13.4 This Agreement may only be amended in a written agreement signed by both parties.

13.5 Except as expressly set forth in section 7, the rights and benefits under this Agreement shall inure solely to the benefit of the Authority and CEE, and this Agreement shall not be construed to give any rights, benefits or causes of action to any third party.

13.6 The invalidity or partial invalidity of any provision of this Agreement shall not invalidate the remaining provisions, and the remainder shall be construed as of the invalidated portion shall have never been a part of this Agreement.

13.7 CEE shall comply with the provisions of Minnesota Statutes Chapter 13 (Government Data Practices) that are applicable to the Authority and shall not disseminate any information concerning loan requests of the borrowers without the prior written approval of the Authority.

13.8 This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ECONOMIC DEVELOPMENT AUTHORITY
In and for the ROBBINSDALE

By: ______________________________ Its: TITLE

NAME

Date: ______________________________

CENTER FOR ENERGY & ENVIRONMENT

By: ______________________________ Its: ______________________________

Date: ______________________________ Tax ID # 41-1647799

Exhibit C

2023 OWNERSHIP AND RENT AFFORDABILITY LIMITS

Affordability limits survey

We are exploring how affordability is defined and the potential ways, if any, these definitions can be modified to better reflect the experiences of residents throughout the region. Read this page to learn more about this topic and then **take our survey** to give us your feedback.

What is affordable housing?

The **Met Council's 2040 Housing Policy Plan** defines affordable housing as housing that is affordable to low- and moderate-income families. The limits are based on the U.S. Department of Housing and Urban Development (HUD) area median income (AMI) calculations. Below, we provide context for these affordability measures and an opportunity for comment through our survey.

Who qualifies for affordable housing?

For 2023, the rental affordability limit is 60% of the area median income for TBRA, LCDA and LCDA-TOD, ownership affordability limit is 80% of the area median income. In 2023, the area median income (AMI) for a family* of four is $124,900. For details on how this is calculated, see **History of Median Income**.

We will use the following amounts as the upper limits for affordable housing in regard to the Livable Communities Act in 2023.

Annual updates of this page occur each spring dependent on timely updates of HUD data this page relies on. If you have questions about these values, please contact Hilary Lovelace at **Hilary.Lovelace@metc.state.mn.us**.

Rental housing

Rents include tenant-paid utilities. We have not separated tenant-paid utilities from the rent value because we want to consider all housing costs to determine affordability, rather than just rent alone.

2023 Rental Housing

# Bedrooms	30% AMI	50% AMI	60% AMI	80% AMI
Efficiency	$652	$1,087	$1,304	$1,739
1 Bedroom	$699	$1,165	$1,398	$1,864
2 Bedrooms	$838	$1,397	$1,676	$2,235
3 Bedrooms	$969	$1,615	$1,938	$2,584
4 Bedroom	$1080	$1,801	$2,161	$2.881

Ownership housing

For owner-occupied housing, the income limit includes principal, interest, property taxes and home insurance.

Assumptions include:

- Fixed-interest, 30-year home loan
- Interest rate of 5.500%
- A 28% housing debt-to-family income ratio
- A 3.5% down payment

- A property tax rate of 1.00% of the property sales price
- Mortgage insurance at 0.85% of unpaid principal
- $100/month for hazard insurance

2023 Home Ownership

Family Income Level	Affordable Home Price
80% AMI ($95,650)	$304,700
60% AMI ($74,520)	$234,200
50% AMI ($62,100)	$192,800
30% AMI ($37,250)	$109,900

Applying an interest rate of 5.500% on a 30-year fixed-rate home loan for 2023 and other standard mortgage assumptions listed above to the 80% of AMI amount for a family of four ($95,560) yields an affordable purchase price of $304,700. With recent increases in mortgage interest rates from the low values of 2022, the affordable purchase price has decreased from the 2022 limit of $355,600 based on the limited purchasing power of a potential buyer.

Note: The term "family" is used here because that is how HUD calculates household incomes, and we wish to be consistent with language as HUD's calculated family incomes do differ than other household income calculations. The Met Council recognizes that many household units in the metro area are not defined by municipal code as "family units," and that calculating benefits by familial status is inequitable when family status including marriage has not been available to all residents throughout the history of our nation.

Is affordable housing affordable?

For the past several years, various cities, housing advocates, and residents in our region have expressed their doubts about how well the measure of Area Median Income (AMI) and the subsequent rental limits match the realities of the households. In 2022 the Met Council gave staff permission to explore how affordability is defined and the potential ways, if any, it can be modified to better reflect the experiences of our residents. With the release of the 2023 rental limits based on AMI, and the upcoming release of the 2050 Housing Policy Plan, staff would like to ask the stakeholders of our region — you — to weigh in on the issue of defining affordability.

What is area median income (AMI)?

Area Median Income (AMI) is the measure of median income for family households in the Twin Cities metropolitan area. This measure is calculated by the **U.S. Department of Housing and Urban Development (HUD),** and changes each year based on different factors in their formula such as average national income, average income in our region, and interest rates. Housing units are often classified into varying levels of affordability based on how affordable it is to households earning incomes at various percentages of the regional AMI — for instance, many define "deeply affordable housing" as affordable to households with making 30% of the AMI.

In order to receive funding including Low-Income Housing Tax Credits (LIHTC) to build low-income housing, potential developers need to use the federally set AMI standard in determining the affordability of their units, making this standard one of the main ways we classify housing unit affordability. Unfortunately, the way AMI is calculated and the respective rental limits do not capture the realities of many households being able to afford housing.

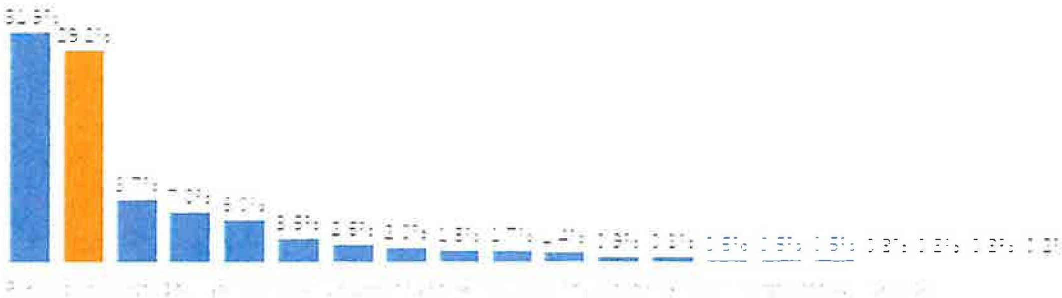
How does AMI fall short?

The use of AMI as the main standard for affordability in new housing construction has led to a few shortcomings that particularly misrepresent the needs of low-income households in our region. A few that staff have identified include the following.

Area Median Income (AMI) typically builds its assumptions of income off a family of four. However, not all households look like this — our region has many households of varying sizes, from households of one or two people to multi-generational households with more than five people, households with children, and households without. In fact, households that fit the HUD definition of family of four only make up 13.6% of our region's households and have the largest share of households that make incomes at 80% of the regional AMI or higher. Use our tool below to see where your household type median income fits in today's AMI standards.

Select your household type

1 Adult(s) and 0 kid(s)



29.2%

Households in the Region of this Type

$44,598

Median Household Income of this Type

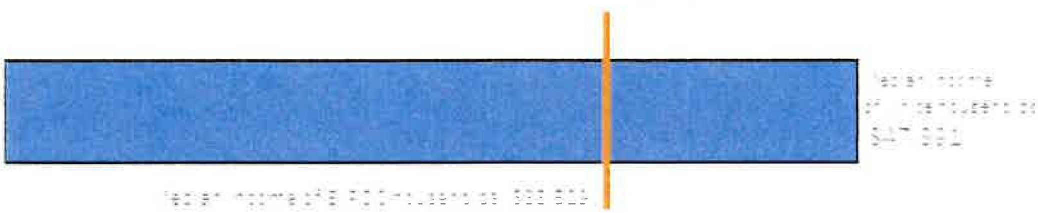
Households of this Type by Area Median Income (AMI) Band

Less than 30% AMI	23.6%
31-50% AMI	17.3%
51-60% AMI	8.7%
61-80% AMI	12.8%
81-100% AMI	12.9%
Greater than 100% AMI	24.8%

Households of this type that are Black Indigenous and People of Color (BIPOC)

19.8%

Median income for household type by race



Our region has many households with only one income earner. The current way that AMI is calculated means that a certain number of income earners is assumed and dependents such as children, older family members and those unable to earn wages can be counted equal to members of a household who are earning an income.

Rental limits based on the HUD's definition of AMI considers housing as affordable if housing costs make up 30% of a household's income before taxes, but this 30% threshold is arbitrary and ignores that many households face different financial realities, including medical or student debt, childcare expenses, and disability. The chart lists some typical household expenses that people in our region face.

The way it is currently calculated, AMI uses the entire region as a benchmark for comparison, which can mean that AMI levels of do not necessarily reflect true affordability at the neighborhood level. For instance, building an apartment building consisting solely of units affordable at 60% AMI in a community where many residents make 30% AMI or less actually creates housing that is unaffordable to residents of that neighborhood.

Alternative measures to Area Median Income

We have been looking into alternative measures of housing affordability that more accurately consider household costs at a more local level, or in a more representative way of the households in our region and their expenses. Some other measures of affordability include the **MIT Living Wage Calculator**, Shelter Poverty measures, and Residual Income measures, which incorporate varying household sizes and types, other costs of living beyond housing, and more specific geographies.

What should the future of affordability limits include? Take our survey!

Be part of the plan for the future of affordable housing in our region. We want to hear from developers, residents, people who work for a city or nonprofit, even people who just found out what AMI stands for. Our survey asks about affordability and how the measure of area median income has affected you in your journey to find, build, or plan for housing.

Take our survey

History of area median income

Through 2010, the Council identified a purchase price ceiling for owner-occupied homes based on what a family of four with an income at or below 80% AMI could afford at prevailing interest rates. For affordable rental units, the limit was maximum monthly rents affordable for families at 50% AMI.

From 2011 through 2014, the Met Council used 60% AMI as the income limit for both rental and ownership costs.

This level was consistent with the funding criteria preference adopted by the Metropolitan Housing Implementation Group (MHIG) in 2001 and was a commonly-used threshold for affordability in federal, state, and local housing programs.

The table below lists the family incomes at previous levels of area median income, **as calculated by the U.S. Department of Housing and Urban Development (HUD)**. Please note that due to constraints and adjustments used in HUD's calculations, the income limits shown here do not necessarily equal the area median income multiplied by the given percentage.

HUD's Area Median Income for a family of four for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area

AMI	2023	2022	2021
Area Median Income	$124,900	$118,200	$104,900
80% of Area Median Income	$94,650*	$89,400*	$79,900*
60% of Area Median Income	$74,520	$70,380	$62,940
50% of Area Median Income	$62,100	$58,650	$52,450
30% of Area Median Income	$37,250	$35,200	$31,450

Note: The 80% of Area Median Income limit is capped at the U.S. national median family income, so this figure is less than 80% of the Minneapolis-Saint Paul-Bloomington MSA's median family income. The large increase from 2021 to 2022 is the result of a substantial regional and national increase in median family income as well as an increase in inflation.

AGENDA ITEM #9A
July 11, 2023

INFORMATION ONLY: Project Updates

ADDRESS	COMMENTS
The Reeve	Building is finished working through landscaping issues for CO
4136 Regent – Garages *(Pendergast)*	TIF Project 8: Mortgage payments for acquisition started 6/2016. Last mortgage payment 6/27/2036.
3933-39 W. Broadway	Green space pending development. Community gardens
42nd/W Broadway	Parking lot pending development.
Parker Station Flats	Final report has been submitted to DEED. The 1-year post completion follow up on the TBRA grant from Met Council has been completed. The follow up audit with DEED has also been completed.
3108-12 Grimes; 4212 Grimes	Holding.
4614 41 ½ Ave N *(Mitchell Realty)*	12 month lease agreement signed which expires August 2024
4165 Hubbard *NSide Oriental Mkt*	Lease continues as discussed with REDA this spring
4501 Orchard	REDA has right to review plans through 2028. Lot owned by neighbor.
Broadway Court	Market Rate Units and Commercial bays.
• **Bonds**	Final bond payment 2/1/2029. Opportunity to call in 2026.
• **Great Lakes Management**	5-year management agreement thru 12/31/2027.
• **Salon HALO**	Exercised extension through 6/30/2024.
• **GO Health**	Lease extended through 12/31/2026.
Wicked Wort Façade loan	Project completed – forgiven after 10 years (December 2025)
Golden Age Design Façade loan	Project completed – forgiven after 10 years (December 2026)
Birdhouse Building Façade loan	Project completed –forgiven after 10 years (March 1, 2031)
Travail/PAMP-Nouvelle EDIF County Grant	Report on employment status was submitted at the two-year mark after certificate of occupancy. No response from County.
Parker Village Bonds- TIF#8	Bond refinanced Final payment 2/1/2032 – decertify 12/31/2031.
Downtown TIF#10	Travail-Soul Bros Devts. 1st note expected to be paid off in 2024 for Nouvelle Brewing location, at that time all TIF funds go to 2nd note. Expected to decertify 2030. District must decertify 12/31/2039.
Hy-Vee TIF#11	Pay-as-you-go TIF agreement. Projected decertification 12/31/2044.
Clare Housing TIF#12	Pay-as-you-go TIF agreement. Projected decertification 7/1/2042.
Birdtown Flats District TIF#13	Pay-as-you-go TIF agreement. Projected decertification 7/1/2033.
Parker Station Flats TIF#14	Pay-as-you-go TIF agreement. Projected decertification 12/31/2046
The Reeve TIF#15	Pay-as-you-go TIF was executed in early 2023.
ELEVATE BUSINESS	New updated business counseling program. Working with Hennepin County to identify and promote services.

Tim Sandvik, Executive Director