



FY 2022 Minneapolis

HUD CONSOLIDATED PLAN ACTION PLAN

for Housing and Community Development and One Year Action Plan

Public Comment Draft: April 18 - May 17, 2022

- ❖ Community Development Block Grant (CDBG)
- ❖ Emergency Solutions Grant (ESG)
- ❖ Housing Opportunities for Persons with AIDS (HOPWA)
- ❖ HOME Investment Partnerships (HOME)



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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The 2020-24 Consolidated Plan and 2022 Action Plan details how the City of Minneapolis will use the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) entitlement funding provided to it by the U.S. Department of Housing and Urban Development (HUD). The Plan describes how the City of Minneapolis will address needs facing its very low-, low- and moderate-income residents.

The City of Minneapolis' 2022 Action Plan program year runs from June 1, 2022 through May 31, 2023. This Action Plan describes how the city will continue implementing the strategies outlined in the 2020-24 Consolidated Plan.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The City of Minneapolis' Consolidated Plan seeks to address the following HUD objectives and outcomes for these HUD entitlement funds:

Objectives

1. Creating suitable living environments
2. Providing decent housing, and
3. Expanding economic opportunities

Outcomes

1. Availability/accessibility
2. Affordability, and
3. Sustainability

In pursuit of these HUD objectives and outcomes, the City will pursue the following goals with its HUD resources over the 2020-24 Consolidated Plan:

1. Provide decent affordable housing
2. Develop housing and services for the homeless
3. Provide special needs housing
4. Expand economic opportunities
5. Improve neighborhood conditions

3. Evaluation of past performance

The City continues to seek expanded economic opportunities that benefit its low and moderate income citizens, preserve and create decent and affordable housing opportunities, address the needs faced by those who are homeless or are threatened with homelessness, provide accessible public services for vulnerable populations, affirmatively further fair housing, and leverage its federal HUD funding to make significant, sustainable change in the community.

During the most recently completed program year of 2020 (June 1, 2020-May 31, 2021) CDBG funds were directed to increased affordable housing investments to preserve existing affordable housing that is at risk of being lost for guaranteed affordability and to creating new affordable housing in an attempt to increase available supply. The City invested its HOME funds in first-time homeownership opportunities and the creation of new long-term affordable rental housing. ESG funds programming initiatives addressed basic shelter and housing stabilization needs of those who are homeless. Finally, HOPWA funds were used to serve the housing needs of medically fragile, HIV-positive, low-income households throughout the metropolitan region.

Some specific accomplishments during the year included:

- Minneapolis Works served 286 income qualified Minneapolis residents who were either unemployed or underemployed.
- Investment of \$13.4 million in emergency shelters resulting in 200 more shelter beds, including a low barrier culturally specific shelter and another 36-bed facility under construction.
- Contributed CDBG COVID (CDBG-CV) funds for operations of the recently opened homelessness shelters allowing for 24-7 access.
- In response to COVID-19, assistance to approximately 197,751 persons, 406 households, and 26 businesses.

The success and impact of past funded programs and projects inform the City as it reviews the needs and market analysis contained in this Consolidated Plan and its determination to address its existing efforts for the benefit of very low-, low-, and moderate-income residents.

4. Summary of Citizen Participation Process and consultation process

The City of Minneapolis seeks to provide its residents many opportunities to provide input to decision making processes. Residents are encouraged to review and participate in City council committee meetings, neighborhood/community revitalization meetings, numerous boards and public hearings designed to solicit public comments. These avenues of engagement allow the City Council to sense the needs and views of city residents and factor them into decision-making actions. Community participation includes the broad resident involvement in neighborhood and community organizations, and supports clearly defined links between the City, municipal services and neighborhood and community organizations. The City encourages resident participation to promote sustainable decisions by recognizing and communicating the needs and interests of all participants, including elected officials and decision-makers.

As a business planning strategy, City departments commit to a resident engagement framework that encourages participation for a shared vision. The City provides alternative means of public involvement through its community engagement framework, various community advisory groups, technical assistance, requests for proposals (RFPs) and through its extensive use of internet communications and community surveys. The City actively meets its policy objectives by developing public service, employment and housing strategies, through a network of sustainable relationships. Participation from the local and regional stakeholders garners broad relationships, and through this network of relationships, resources are leveraged whenever possible with new and existing partnerships including federal, private and non-federal public sources.

5. Summary of public comments

Three public hearings were held for the purpose of obtaining comment on the City of Minneapolis proposed 2022 City Budget including the 2022 Consolidated Plan Action Plan budget. The hearing dates were November 16, December 1, and December 8, 2021.

The City of Minneapolis implemented the Waiver of Community Planning and Development (CPD) Grant Program and Consolidated Plan Requirements to Allow for Virtual Public Hearings in the Preparation of FY 2022 Consolidated Plans and Annual Action Plans. HUD issued a memorandum on March 23, 2022 providing regulatory waivers for as long as national or local health authorities recommend social distancing and limiting public gatherings for public health reasons and while the grantee or participating jurisdiction is preparing its Consolidated Plan or Annual Action Plan for FY 2022 to prevent the spread of COVID-19.

The hearings noted above were held virtual to prevent the spread of COVID-19 during this ongoing nationwide emergency. The Public comments are summarized as:

- Comments on public safety funding levels and how public safety services and its allocation of funds should be delivered

- Funding for violence prevention, resources for youth populations, opioid crisis treatment and alternative mental health services and investments
- Funding for senior services for housing and caregivers
- Access to jobs and housing and community services for those experiencing homelessness and persons disproportionately impacted by the coronavirus pandemic and reduction in public services
- Assistance with housing costs for seniors on a fixed income and other senior support services
- Continued support for funding and strategies to grow affordable housing options

A public hearing is scheduled for May 17, 2022 to obtain comment on the proposed 2022 Consolidated Plan/Action Plan.

With receipt of CARES Act supplemental funding of CDBG, ESG and HOPWA resources, the City provided abbreviated public comment periods and remote public hearings as outlined in a revised citizen participation plan as permitted with a previously provided HUD waiver.

6. Summary of comments or views not accepted and the reasons for not accepting them

The City Council considers all comments received.

7. Summary

As outlined and discussed in the following pages of the Consolidated Plan Action Plan, the City will address the housing and community development needs of its very low-, low- and moderate-income residents with a variety of programming initiatives that implement the following goals:

Provide decent affordable housing

Work to maintain and produce decent, safe and affordable housing options for extremely low-, low- and moderate-income households. The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion, preservation, acquisition and substantial rehabilitation. With this work, the City will also seek to address racial disparities in housing and affirmatively further fair housing.

Develop housing and services for the homeless

Assist persons experiencing homelessness in realizing safe and accessible shelter and housing. This work will be done consistent with Continuum of Care priorities and strategies.

Provide special needs housing

Support development of affordable housing options for households with special needs including but not limited to HIV/AIDS.

Expand economic opportunities

Invest in high-quality community-based, culturally appropriate, and accessible employment strategies and business creation efforts that serve to remove barriers to holding a living-wage job and achieving economic self-sufficiency with a focus on eliminating race-based employment disparities.

Improve neighborhood conditions

Implement city housing, economic development and public service strategies to improve access to affordable housing, jobs, transit, amenities and services for Minneapolis residents.

Further the City will continue to address community needs related to the COVID-19 pandemic faced by very low-, low- and moderate-income residents by using HUD and other resources specifically intended for pandemic response, preparation and mitigation.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator	MINNEAPOLIS		Finance & Property Services Department
HOPWA Administrator	MINNEAPOLIS		Finance & Property Services Department
HOME Administrator	MINNEAPOLIS		Community Planning & Economic Development Dept.
ESG Administrator	MINNEAPOLIS		Community Planning & Economic Development Dept.

Table 1 – Responsible Agencies

The City’s lead agency responsible for the plan’s development is the Office of Grants & Special Projects in the Finance and Property Services Department. Consolidated Plan policy items are under the general purview of the City Council's Business, Inspections, Housing and Zoning Committee. Programs are administered by Minneapolis city departments, primarily the Health Department and the Community Planning and Economic Development Department (CPED). Programming is delivered by the City directly or through subrecipients and contractors.

Development of the Five-Year Consolidated Plan strategy and annual Action Plans is a continuous process with many opportunities for feedback. Annually, the Mayor recommends a budget for Consolidated Plan funding each August for City Council deliberation leading up to an approved budget in December. City departments and partner agencies review implementation and program strategies to develop the Consolidated Plan submitted to HUD in the Spring for the program year. Then the City collects performance data, annually, on previous program year activities during the summer before submitting an annual performance report to HUD in August. This performance data provides feedback for budget setting priorities for the following year.

Consolidated Plan Public Contact Information

Questions regarding the Consolidated Plan/Action Plan can be directed to Matt Bower, City of Minneapolis Finance and Property Services Department, 307M City Hall, 350 South Fifth St., Minneapolis, MN 55415; matthew.bower@minneapolismn.gov

AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

In developing the Consolidated Plan, the City relies on a variety of complementary planning efforts to inform the needs and strategies expressed in the Plan. The following summaries describe some of these efforts. The City of Minneapolis will continue to consult with other partners in the implementation of the Consolidated Plan.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

Staff of the Grants and Special Projects office consult internally with the Minneapolis Department of Community Planning and Economic Development (CPED), Health Department, and other city departments as appropriate in drafting the Consolidated Plan Five-Year Strategy and updating annual Action Plans. Hennepin County staff in the Office to End Homelessness provide information and analyses on homelessness needs and priorities based on Continuum of Care (CoC) consultation. City staff sit on the Minnesota HIV Housing Coalition covering HOPWA issues. The Minneapolis Public Housing Authority (MPHA) provide data and information on public housing. Economic development priorities are developed through the City's relationships with private industry and businesses and public service strategies are developed through consultation with social services agencies. As well, city staff consult with various outside stakeholder groups. Outside efforts are reviewed for formally provided input to city programming priorities and strategies through means such as advisory committees, task groups and commissions.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City of Minneapolis is an active participant in the local Continuum of Care (CoC) known as Heading Home Hennepin. The City provides support for the Office to End Homelessness which provides coordination activities for the implementation of goals and strategies of Heading Home Hennepin. City elected officials and staff sit on the Continuum of Care Executive Board and its operating committees. City and county Office to End Homelessness staff meet frequently on areas of concern.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City consults with the Continuum of Care through the CoC's Executive Board and its various committees on ESG funds allocation, development of outcome and written performance standards for the CoC, and the funding, policies and procedures developed for the administration of HMIS and the Coordinated Entry System.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Heading Home Hennepin
	Agency/Group/Organization Type	Services-homeless Other government - County Regional organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Continuum of Care is consulted at both the elected official and staff level. City staff and elected officials sit on the Executive Board. At a staff level, city and county office to end homelessness staff meet bi-monthly on areas of concern.
2	Agency/Group/Organization	Minnesota HIV Housing Coalition
	Agency/Group/Organization Type	Housing Services-Persons with HIV/AIDS Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Minnesota HIV Housing Coalition is the community planning and advisory group that assists with identifying the housing needs for persons living with HIV/AIDS in the EMSA served by the Minneapolis HOPWA grant.
3	Agency/Group/Organization	MINNEAPOLIS PUBLIC HOUSING AUTHORITY
	Agency/Group/Organization Type	PHA

	What section of the Plan was addressed by Consultation?	Public Housing Needs Market Analysis
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Minneapolis Public Housing Authority plans and staff were consulted on identifying the public housing needs in the city.
4	Agency/Group/Organization	City of Minneapolis Advisory Boards
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Health Services-Employment Health Agency Agency - Emergency Management Other government - Local Business and Civic Leaders
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Lead-based Paint Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The City of Minneapolis City Council has several community advisory boards which provide input to the city decision making process in areas around need identification, strategy development, priority-setting, and evaluation. Several documents and initiatives related to these boards in areas such as community public services around health, community livability, youth and senior living and other issues inform and contribute to the City's setting of priorities and strategies related to the Consolidated Plan.
5	Agency/Group/Organization	HENNEPIN COUNTY
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless Service-Fair Housing Publicly Funded Institution/System of Care
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	City and Hennepin County staff consulted and collaborated on needs identification and analysis required for the Consolidated Plan, particularly in areas of special needs populations and homelessness.

Identify any Agency Types not consulted and provide rationale for not consulting

City staff did not rule out any agency input into the Consolidated Plan that could be utilized. The City considers its consolidated planning process an open and fluid environment that can responsively react to new input over the course of the five-year plan.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Hennepin County Office to End Homelessness	All homelessness goals outlined in the Consolidated Plan are consistent with the goals of the Continuum of Care.
2020 Regional Analysis of Impediments to Fair Hous	Fair Housing Implementation Committee	Affirmative fair housing actions developed during the 2020-24 Consolidated Plan are sourced from the findings in the Analysis of Impediments to Fair Housing.
Minneapolis 2040 Comprehensive Plan	City of Minneapolis CPED-Planning	Strategic plan goals and strategies related to housing and community development sourced from comprehensive plan text regarding future development and redevelopment long range planning of the City of Minneapolis.
HIV Housing Coalition Status Report	Minnesota HIV Housing Coalition	HOPWA goals and priorities set by the HIV Housing Coalition.
Moving To Work Annual Plan	Minneapolis Public Housing Authority	Public housing discussion reflects priorities adopted by the MPHA in their annual strategic plan.

Table 3 – Other local / regional / federal planning efforts

Narrative

The above consultations and planning efforts were undertaken in preparation for the 2020 Five Year Consolidated Plan and include concurrent efforts during the course of the annual action plans. These consultations are continually reviewed and updated during the course of implementing the five year strategy through formal processes such as the development of annual HUD performance reports, development of annual departmental business planning efforts, and joint planning efforts undertaken across the community with other partners at the government and private sector levels; for example, planning around the update to the City's Comprehensive Plan, the Green Zones initiative, and the Minnesota HIV Housing Plan.

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City of Minneapolis seeks to provide its residents many opportunities to provide input to decision making processes. Residents are encouraged to review and participate in City council committee meetings, neighborhood/community revitalization meetings, numerous boards and public hearings designed to solicit public comments. These avenues of engagement allow the City Council to sense the needs and views of city residents and factor them into decision-making actions. Community participation includes the broad resident involvement in neighborhood and community organizations, and supports clearly defined links between the City, municipal services and neighborhood and community organizations. The City encourages resident participation to promote sustainable decisions by recognizing and communicating the needs and interests of all participants, including elected officials and decision-makers.

As a business planning strategy, City departments commit to a resident engagement framework that encourages participation for a shared vision. The City provides alternative means of public involvement through its community engagement framework, various community advisory groups, technical assistance, requests for proposals (RFPs) and through its extensive use of internet communications and community surveys. The City actively meets its policy objectives by developing public service, employment and housing strategies, through a network of sustainable relationships. Participation from the local and regional stakeholders garners broad relationships, and through this network of relationships, resources are leveraged whenever possible with new and existing partnerships including federal, private and non-federal public sources.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Hearing	Non-targeted/broad community	Public hearing on 2020 Consolidated Annual Performance and Evaluation Report held on August 20, 2021	No comments on performance received.	N/A	https://www2.minneapolismn.gov/media/content-assets/www2-documents/departments/Minneapolis-2020-CAPER-Final.pdf
2	Public Hearing	Non-targeted/broad community	Public hearing held on November 16, 2021 on the 2022 Consolidated Plan and City budget.	See executive summary discussion.	The City Council received the comments for the record and consideration.	https://lims.minneapolismn.gov/File/2021-01260
3	Public Hearing	Non-targeted/broad community	Public hearing held on December 1, 2021 on the 2022 Consolidated Plan and City budget.	See executive summary discussion.	The City Council received the comments for the record and consideration.	https://lims.minneapolismn.gov/File/2021-01260

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
4	Public Hearing	Non-targeted/broad community	Public hearing held on December 8, 2021 on the 2022 Consolidated Plan and City budget.	See executive summary discussion.	The City Council received the comments for the record and consideration.	https://lms.minneapolismn.gov/File/2021-01260
5	Public Hearing	Non-targeted/broad community	Public hearing held on the draft 2022 Consolidated Plan Action Plan before the Business, Inspections, Housing and Zoning Committee of the City Council on May 17, 2022.	To be received. Comments received will be included in the Action Plan submission to HUD.	N/A	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

Anticipated resources are based on assumptions about future federal funding levels. Annual funding levels are dependent upon the annual Congressional appropriation process and changes in the number of formula recipients. The City also factors in potential changes to one or more of the formulas that may occur over the five year 2020-2024 Consolidated Plan planning period. The funds shown in the table below are estimated allocations approved by the City Council in December 2021.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	11,292,323	1,445,085	0	12,737,408	15,105,834	Expected amount remainder of ConPlan based on 1% annual decrease.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	2,656,039	1,804,949	0	4,460,988	4,562,338	Expected amount remainder of ConPlan based on 5% annual increase.
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	1,945,851	0	0	1,945,851	2,894,008	Expected amount remainder of ConPlan based on federal \$410 million level funding under HOPWA formula.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	971,353	0	0	971,353	1,686,483	Expected amount remainder of ConPlan based on 1% annual increase.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Other resources from federal, private and non-federal public sources that are reasonably expected to be available to address Consolidated Plan needs are state, county and local funds and federal applications for assistance. The state is a key funding source for rental and ownership housing projects. Local funds are made available for housing and non-housing activities. Other resources expected during Consolidated Plan five year cycle to support housing and community development goals will be Minnesota Housing, Metropolitan Council, Family Housing Fund, multi-family housing revenue bonds, mortgage revenue bonds, project-based Section 8, low income housing tax credits, and the McKinney-Vento Homeless Assistance programs. The City will support any organization’s application for state or federal assistance that is consistent with this Consolidated Plan.

The HOME program will receive matches that include, but are not limited to the following:

- Project cash contributions (e.g. housing trust funds, foundation grants, and private donations)
- Proceeds from Housing Revenue Bonds with the automatic 4% Low Income Housing Tax Credit entitlement
- Cost of supportive services provided to the families residing in HOME-assisted units during the period of affordability.

HOME program income is also anticipated to be received. For the 2022 Action Plan it is estimated to be \$1,804,949.

A one-for-one match is required for the ESG grant. It is obtained by eligible match contributions received and expended by sub recipients in support of eligible ESG programming and activities. Sources of match by sub recipients can be unrestricted federal, state, local or private sources; however, if any match is federal the laws governing a particular source of federal funds must not prohibit these funds from being used as match to ESG. Additionally, if the ESG funds are used to satisfy match requirements of another federal program, then funding from that program may not be used as match for ESG.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Minnesota State statute requires Hennepin County to dispose of tax-forfeited land through two approaches—sale to the City of Minneapolis or through a public auction process. The City typically acquires and treats those properties that are blighted (condemned and/or boarded and vacant) through either demolition or responsible rehabilitation. Disposition and sale of these properties is a strategy in addressing the housing stabilization needs expressed in this plan.

Discussion

Anticipated resources are based on assumptions about future federal funding levels. Annual funding levels are dependent upon the annual Congressional appropriation process and changes in the number of formula recipients nationally. The City also factors in potential changes to one or more of the block grant formulas that be may realized over the next five years.

The budgets presented in this draft Action Plan are based on preliminary estimates provided to the City Council for their budget deliberations in December 2021. Based on recently updated estimates stemming from recent federal budget approval the City anticipates a cut of approximately \$325,000 in CDBG to the December Council approved amount. Further estimates from the approved federal budget indicates a \$444,000 increase in HOME funds and a \$783,119 increase in HOPWA funding. HUD has not announced actual allocation awards to the City at time of this public draft. Treatment of any differences from the estimated budgeted resources described in this Action Plan and future actual grant awards is described in the AP-35 Projects section.

As the City's HUD program year starts June 1, 2022, prior to HUD's approval of this Plan, the City will incur pre-award costs in all of its covered entitlement grants. Consistent with project programming outlined in the 2022 Action Plan and the estimated budgets contained within, the City finds the need to incur these pre-award costs to allow and permit programs to operate without disturbance. These pre-award costs are within the estimated allocations and do not affect future program awards. The City will treat increases/decreases in its estimated and budgeted 2022 Consolidated Plan entitlement award amounts through programming decisions as outlined in the AP-35 Projects section. With HOPWA, the City will apply the increase in prior approved estimated budget allocation with increases to the programming budget consistent with programming priorities as detailed in this draft action plan. As detailed in the citizen participation plan, these changes are considered minor amendments.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Provide decent affordable housing	2020	2024	Affordable Housing		Affordable Housing	CDBG: \$5,267,020 HOME: \$3,644,397	Rental units constructed: 126 Household Housing Unit Rental units rehabilitated: 28 Household Housing Unit Homeowner Housing Added: 10 Household Housing Unit Homeowner Housing Rehabilitated: 25 Household Housing Unit Housing Code Enforcement/Foreclosed Property Care: 70 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Develop housing and services for the homeless	2020	2024	Homeless		Homelessness	ESG: \$882,926	Public service activities other than Low/Moderate Income Housing Benefit: 150 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 90 Households Assisted Housing for Homeless added: 65 Household Housing Unit
3	Provide special needs housing	2020	2024	Affordable Housing Non-Homeless Special Needs		Affordable Rental Housing for Special Needs	HOPWA: \$1,682,990	Rental units constructed: 85 Household Housing Unit Rental units rehabilitated: 40 Household Housing Unit Tenant-based rental assistance / Rapid Rehousing: 150 Households Assisted Housing for People with HIV/AIDS added: 0 Household Housing Unit HIV/AIDS Housing Operations: 36 Household Housing Unit
4	Expand economic opportunities	2020	2024	Non-Housing Community Development		Economic Development Public Services	CDBG: \$2,062,848	Public service activities other than Low/Moderate Income Housing Benefit: 15 Persons Assisted Jobs created/retained: 375 Jobs Businesses assisted: 200 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Improve neighborhood conditions	2020	2024	Non-Housing Community Development		Neighborhood Stabilization Public Services	CDBG: \$3,112,989	Public service activities other than Low/Moderate Income Housing Benefit: 1925 Persons Assisted Businesses assisted: 0 Businesses Assisted Buildings Demolished: 20 Buildings Housing Code Enforcement/Foreclosed Property Care: 75 Household Housing Unit
6	COVID-19 Pandemic Response	2020	2022	Actions to prepare for, prevent and respond to the coronavirus pandemic		Affordable Housing Neighborhood Stabilization Public Services Homelessness		

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Provide decent affordable housing
	Goal Description	Work to maintain and produce decent, safe and affordable housing options for extremely low-, low- and moderate-income households. The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion, preservation, acquisition and substantial rehabilitation. With this work, the City will also seek to address racial disparities in housing and affirmatively further fair housing.

2	Goal Name	Develop housing and services for the homeless
	Goal Description	Assist persons experiencing homelessness in realizing safe and accessible shelter and housing. This work will be done consistent with Continuum of Care priorities and strategies.
3	Goal Name	Provide special needs housing
	Goal Description	Support development of affordable housing options for households with special needs including but not limited to HIV/AIDS.
4	Goal Name	Expand economic opportunities
	Goal Description	Invest in high-quality community-based, culturally appropriate, and accessible employment strategies and business creation efforts that serve to remove barriers to holding a living-wage job and achieving economic self-sufficiency with a focus on eliminating race-based employment disparities.
5	Goal Name	Improve neighborhood conditions
	Goal Description	Implement city housing, economic development and public service strategies to improve access to affordable housing, jobs, transit, amenities and services for Minneapolis residents.
6	Goal Name	COVID-19 Pandemic Response
	Goal Description	Under the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, the City of Minneapolis received supplemental funding of \$22,860,339 in Community Development Block Grant (CDBG-CV), Emergency Solutions Grant (ESG-CV), and Housing Opportunities for Persons with AIDS (HOPWA-CV) funds from the U.S. Department of Housing and Urban Development (HUD). HUD encourages communities to use CARES Act funding for COVID-19 related costs responsive to community needs stemming from the coronavirus pandemic and eligible for programming under the regulatory framework and any appropriate program waivers provided by the grants.

AP-35 Projects – 91.220(d)

Introduction

Allocation of an estimated \$16,865,566 HUD entitlement grant funds for 2022 are aligned with the high priority housing and community development needs identified in the needs assessment and housing market analysis of the 2020-24 Consolidated Plan. The budget received comment during the Minneapolis 2022 city budgeting process. The project budgets also include CDBG and HOME anticipated program income receipts and are programmed to the project support that generated the program income per the City's program income policy.

The City has received in the past, supplemental COVID funds in the CDBG, ESG and HOPWA programs totaling \$22,860,339 that were subject to amended citizen participation processes put into place during the COVID-19 pandemic. Projects funded under these HUD CARES Act monies are currently being implemented.

The City will be receiving an additional \$9,626,335 of American Rescue Plan funds in the HOME program made available by the American Rescue Plan legislation passed in spring of 2021 (HOME-ARP). These HOME-ARP funds are currently being planned for by City staff. A summary of how HOME-ARP can be used is found in the Appendix. Over the next year the City will be engaging stakeholders in developing a HOME-ARP Allocation Plan to present to City Council as an amendment to the City's 2021 Consolidated Plan Action Plan. To date, the City has received a portion of HOME-ARP administrative funding to assist in planning for full development of the HOME-ARP Allocation Plan.

Projects

#	Project Name
1	Adult Training, Placement and Retention
2	High Density Corridor Initiative
3	Multi-Family Affordable Housing Trust Fund
4	NEDF/CEDF (Great Streets)
5	Home Ownership Support and Development
6	Vacant and Boarded Building Program
7	Lead Reduction
8	Youth Employment
9	Journey Forward
10	Community Crime Prevention Services
11	Way to Grow
12	Youth Connection Center (Curfew Truancy Program)
13	Domestic Abuse Project
14	Fair Housing Initiative/Davis Bacon Compliance/Monitoring

#	Project Name
15	CPED Administration
16	Mid-Minnesota Legal Aid
17	Grant Administration - Health Department
18	Way to Grow Administration
19	Youth Violence Prevention
20	Program Administration
21	Grants and Special Projects
22	Mid-Minnesota Legal Aid (Housing Discrimination Law Project)
23	Youth Coordinating Board Administration
24	Neighborhood & Community Relations Access and Outreach
25	Problem Properties Strategy
26	HOME Program- Affordable Housing Trust Fund (AHTF)
27	Minneapolis Homes Financing- Resale (Formally known as HOW)
28	HOME Administration
30	ESG22 Minneapolis
35	2022-2024 City of Minneapolis MNH22F001 (Mpls)

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The allocations for these projects were approved by the City Council after holding three public hearings on the 2022 city budget in late 2021. The budget recommendations contained in the 2022 city budget reflect estimated HUD entitlement grants and program income to be received. The allocations reflect the needs, strategies and goals as outlined in this document. Subsequent to adoption of the budget the City will receive official entitlement grant awards from HUD sometime later in the spring likely by mid-May. The City expects to see funding cuts to the CDBG program (estimated \$325,000) and an increase in the HOME program (estimated \$440,000). The HOPWA grant award will be at a higher level of funding than estimated for the 2022 city budget.

It is anticipated that during the comment period for the 2022 Action Plan, these minor changes to funding allocations will be reviewed by the City Council but only after official notification from HUD. The project budgets in this Action Plan reflect funding based on estimated HUD awards that have been acted upon by the City Council. It will be recommended to City Council that the CDBG reduction be applied to the Affordable Housing Trust Fund program and that the HOME increase be applied to the Minneapolis Homes Financing-Resale program. The HOPWA increase will be provided to the funding pool for the RFP to go out later this year. Any subsequent change to an approved budget will be reflected as a percentage increase/decrease to a particular budget as outlined in this draft Plan.

The primary obstacle to addressing underserved needs is the reduction in HUD funding levels made available for these types of programming needs. Over the past decade the City has seen a cut in its

CDBG grant of one-third. These reductions have not permitted the City to continue to fund past priority needs.

To follow up with the issuance of COVID-19 relief assistance through the CARES Act, the City has and continues to prioritize HUD CV funding for ESG, CDBG, and HOPWA to high needs encountered in the community requiring the prevention, preparation for and response to COVID-19 pandemic measures.

AP-38 Project Summary
Project Summary Information

1	Project Name	Adult Training, Placement and Retention
	Target Area	
	Goals Supported	Expand economic opportunities
	Needs Addressed	Economic Development
	Funding	CDBG: \$1,817,785
	Description	Employment services for adult low-income Minneapolis residents. Training provider agencies are located throughout the city. An updated list is available from Minneapolis Employment & Training by calling (612) 673-5298 or by accessing city's website. The project budget includes \$455,837 in program income.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	The City's Community Planning and Economic Development department projects that this program will benefit 375 households in the 2022 program year.
	Location Description	Citywide.
	Planned Activities	Community-based organizations are contracted to provide low-income residents career counseling, job placement and job retention services. CDBG funded employment services are provided by organizations that compete for performance-based contracts through a request for proposal process. The agencies are paid a contracted fixed dollar amount for assisting their participants in achieving employment outcomes. The employment goals are given in the agency's contract with Minneapolis Employment & Training. Agencies are monitored yearly to ensure program requirements and standards are being met.
2	Project Name	High Density Corridor Initiative
	Target Area	
	Goals Supported	Provide decent affordable housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$494,109
	Description	Acquisition of sites for site assembly supporting mixed-income rental and ownership multifamily housing development on community commercial and transit corridors as defined in Minneapolis 2040 Plan.

	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	This project assembles land for multifamily development projects. It is unknown how many families may benefit from the eventual development.
	Location Description	Community commercial and transit corridors as defined in the Minneapolis 2040 Plan.
	Planned Activities	Acquisition of sites for site assembly supporting mixed-income rental and ownership multifamily housing development on community commercial and transit corridors as defined in the Minneapolis 2040 Plan. With these future development opportunities, at least 51% of the units will be affordable at <80%MMI, and at least 20% of the units will be affordable at <50% MMI.
3	Project Name	Multi-Family Affordable Housing Trust Fund
	Target Area	
	Goals Supported	Provide decent affordable housing Develop housing and services for the homeless Provide special needs housing
	Needs Addressed	Affordable Housing Affordable Rental Housing for Special Needs Homelessness
	Funding	CDBG: \$3,470,000
	Description	Multifamily rental new construction and rehabilitation program. This program includes \$500,000 of estimated program income.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	An estimated 125 units will be created or rehabbed for low income households in the 2022 program year.
	Location Description	Citywide.

	Planned Activities	Gap financing loans provided to development companies, for-profit or nonprofit developers, community housing development corporations, limited partnerships, joint ventures and governmental units. Deferred payment loans typically with 30 year terms at 0-1% interest with principal and accrued interest due at term's end. Substantial changes to the programs policies and criteria are subject to a 45-day neighborhood review. Requests for Proposal (RFP) are anticipated to be announced in May of every year. Awards are made approximately in November. Eligible housing is both family and single adult rental units (including homeless youth). At least 20% of the units must be affordable at or <50% AMI. Program income can be realized and used through this program. Activities set up under this funding project may be revolving loan programs. Estimated program income of \$500,000 has been budgeted for this project.
4	Project Name	NEDF/CEDF (Great Streets)
	Target Area	
	Goals Supported	Expand economic opportunities
	Needs Addressed	Economic Development
	Funding	CDBG: \$549,491
	Description	Commercial economic development program. Acquisition, construction, demolition, rehabilitation of commercial/industrial structures. Financial and technical assistance to businesses. Technical assistance to income-eligible micro-entrepreneurs.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 3 businesses will be assisted under this project.
	Location Description	Citywide.

	Planned Activities	<p>Applications from developers and businesses for real estate development and equipment loans are accepted year-round by CPED; application form is available on the City's website. Funds are awarded in accordance with program guidelines and approval by the City Council and Mayor. Program income can be realized through this program through loan repayments. Some redeveloped buildings are occupied by a single tenant and some have multiple tenants. Loans are made to developers and businesses.</p> <p>"Businesses" are the end users (occupants). Technical assistance contracts for microenterprises are awarded to qualified business consulting organizations, many of them designated CDFIs, through a competitive RFP process. Funds are also planned for use in improvements of commercial and industrial sites to eliminate blighting influences. Projects can generate and receive CDBG program income. Estimated program income of \$455,837 has been budgeted for this project.</p>
5	Project Name	Home Ownership Support and Development
	Target Area	
	Goals Supported	Provide decent affordable housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$945,228
	Description	<p>Programming support for low-moderate income homeowners that can include project gap assistance for rehabilitated or new construction homes, homeownership assistance, or home improvement loans. Program is a revolving loan fund. This scope of expanded programming uses from past Action Plans applies to funding provided to this program with approved past budgets from 2018-2021. This will increase the number of households that could receive assistance. For further information please direct your questions or concerns to Roxanne Young Kimball, City of Minneapolis, Community Planning and Economic Development, Roxanne.kimball@minneapolismn.gov.</p>
	Target Date	5/31/2023
Estimate the number and type of families that will benefit from the proposed activities	It is estimated this program will benefit 68 households over the next program year.	

	Location Description	Citywide.
	Planned Activities	<p>Housing Project Gap assistance through loans and grants for acquisition and rehabilitation of housing where at least 51% of the units are for low/moderate-income level renters or buyers. Project gap assistance for new construction will only be provided through a certified Community Based Development Organization pursuant to 24 CFR 570.204.</p> <p>Homeownership Assistance in the form of affordability gap assistance, closing cost assistance and loans/grants of up to 50% of any required down payment to allow low/moderate-income level buyers to purchase owner-occupied housing for households at 80%, 60%, or 40% of Area Median Income. Homeownership assistance will require either be (1) secured as a junior mortgage to the first mortgage as a deferred loan, repayable upon sale from net proceeds of sale or (2) secured with a declaration of covenants that requires an equity sharing formula so homes are permanently affordable for each resale. Project can generate and use program income.</p>
6	Project Name	Vacant and Boarded Building Program
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Neighborhood Stabilization
	Funding	CDBG: \$1,488,163
	Description	Acquisition and disposition of vacant and substandard housing to eliminate blight. The parcels may later be packaged for redevelopment. Program is a revolving fund.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	No families will directly benefit from this activity as it is the removal of slum/blight influences.
	Location Description	Citywide.

	Planned Activities	Acquisition and disposition of vacant and substandard housing to eliminate blight. In cases where structures are demolished the vacant lots are marketed for development for the fair reuse value. This program also supports the property management expenses with holding the property until disposition occurs. Program income can be generated through this program.
7	Project Name	Lead Reduction
	Target Area	
	Goals Supported	Provide decent affordable housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$109,323
	Description	Support for lead hazard reduction activities of the City's Healthy Homes and Lead Hazard Control Program.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	70 properties are estimated to be treated with the program.
	Location Description	Citywide with programming emphasis on older housing stock in south central and north central Minneapolis neighborhoods.
	Planned Activities	Project work will include performing risk assessments, lead education, lead safe work practices education, clearance tests, swab cleanings for lead hazards, developing work specs for income eligible families housed in units with children with identified elevated blood lead levels. Qualified homeowners may be supplied with paint and brushes to assist in compliance with lead hazard reduction orders. Assisted units are those referred to city by reports of families with children with elevated blood lead levels. Used as match funds towards a HUD Lead Hazard Control Grant for eligible activities.
8	Project Name	Youth Employment
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Public Services
	Funding	CDBG: \$251,099

	Description	Provision of summer employment training opportunities for income eligible city youth 14-21 years old.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	The Step Up program under Youth employment is projected to help 150 youth. The type of families that will benefit from the proposed activity are Minneapolis families with incomes that fall into the CDBG Low income guidelines. In addition, the majority of youth will come from communities of color and many will have additional barriers to employment which could include but are not limited to pregnant/parenting teens, foster children, youth with disabilities, and justice involved youth.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Services include Step-Up work experience, education, community service and leadership development through community-based organizations and school program partners.
9	Project Name	Journey Forward
	Target Area	
	Goals Supported	Expand economic opportunities
	Needs Addressed	Economic Development Public Services
	Funding	CDBG: \$107,246
	Description	Journey Forward is a pre-employment program. The program serves disconnected, highly barriered and at-risk youth and young adults who are gang or cliqued involved, in the City of Minneapolis.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	50 young adults are estimated to benefit from this project.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320

	Planned Activities	Providing barrier elimination to employment and education which include but is not limited to: Pre-employment training, Support services, Follow-up services, Housing stability assistance, Support with attaining vital documentation.
10	Project Name	Community Crime Prevention Services
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Public Services
	Funding	CDBG: \$887,455
	Description	Crime prevention public services.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Services provided under this initiative are directed to areas that are predominantly occupied by persons of low- and moderate-income.
	Location Description	Citywide in city neighborhoods that contain a majority of low- and moderate-income residents.
Planned Activities	With CDBG emphasis on targeted neighborhoods that are at least 51% low- and moderate-income due to their inverse violent victimization rates based on household income, Crime Prevention Specialists work with low- and moderate-income residents, neighborhood organizations and businesses to: develop and maintain block clubs; provide safety and neighborhood livability information to the public through multiple venues; publish and distribute crime alerts; promote National Night Out and other community building activities; address complaints about problem properties; and responsively address other public safety issues in communities.	
11	Project Name	Way to Grow
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Public Services
	Funding	CDBG: \$221,616

	Description	Community-based collaboration designed to promote family-friendly communities and the school readiness of its children. Informal and formal support systems for parents are provided to meet child's growth and development needs through age six.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	The City's health department estimates that this project will benefit 474 families per year
	Location Description	201 Irving Avenue North. Suite 100
	Planned Activities	Community-based collaboration designed to promote family-friendly communities and the school readiness of its children. Informal and formal support systems for parents are provided to meet child's growth and development needs through age six.
12	Project Name	Youth Connection Center (Curfew Truancy Program)
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Public Services
	Funding	CDBG: \$100,000
	Description	The Youth Connection Center (YCC) provides short-term supervision and services for youth under the age of 18 who encounter law enforcement professionals for low level offenses (e.g. assault, theft, disorderly conduct, etc.), truancy, or curfew violation.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	This project estimates serving 300 youth.
	Location Description	1210 Glenwood Ave. Minneapolis, MN 55405

	Planned Activities	Funds go to Hennepin County as part of a Joint Powers Agreement between City of Minneapolis, Hennepin County, and Minneapolis Public Schools; all YCC Joint Powers Funds are used for staffing and services provided by The Link for curfew and truancy activities as part of broader YCC operations. The YCC provides short-term supervision and services for youth under the age of 18 who encounter law enforcement professionals for low level offenses (e.g. assault, theft, disorderly conduct, etc.), truancy, or curfew violation. The YCC assures that youth are safe until they can be returned to a safe and appropriate environment (i.e. school, home, or shelter if appropriate). While at the YCC, YCC staff conduct a risk and needs screening with youth and offer resources and additional services when applicable. Some youth who visit the YCC and who demonstrate increased needs are engaged in short-term case stabilization or long-term case management. YCC staff identify youth that are currently receiving County services and document communication with Case Manager, Probation Officer, etc. regarding possible follow up. YCC services are provided by The Link, a community-based service provider. While each Joint Powers entity shares financial and oversight responsibility, Hennepin County serves as the fiscal agent and holds the service contract with The Link. Therefore, City of Minneapolis CDBG funds are contracted to Hennepin County to be incorporated as part of Hennepin County's Joint Powers contract with The Link for operation of the YCC.
13	Project Name	Domestic Abuse Project
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Public Services
	Funding	CDBG: \$74,202
	Description	Domestic Abuse Project provides advocacy services for victims of domestic violence.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	The City's department of Health estimates this project will benefit 239 persons.
Location Description	1121 Jackson Street NE, Suite 105	

	Planned Activities	The Domestic Abuse Project works to ensure that each victim has information about how to protect him/herself and their children including developing a safety plan and information about her/his rights and options within the legal system, promoting self-sufficiency and reducing isolation by assisting with meeting victim's basic life needs, and referral for other community services through a city-wide case management system.
14	Project Name	Fair Housing Initiative/Davis Bacon Compliance/Monitoring
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$344,300
	Description	Administration of city's contract compliance functions, enforcement of city's civil rights ordinance, fair housing education and enforcement, federal labor standards, Davis-Bacon Act and Section 3 wage monitoring and outreach.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	350 South Fifth Street Room 239 City Hall
	Planned Activities	Administration of city's contract compliance functions, enforcement of city's civil rights ordinance, fair housing education and enforcement, federal labor standards, Davis-Bacon Act and Section 3 wage monitoring and outreach.
15	Project Name	CPED Administration
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$1,414,176
	Description	Administration of comprehensive planning activities Consolidated Plan strategies.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Administration of comprehensive planning activities Consolidated Plan strategies. This activity will be using \$489,248 of program income.
16	Project Name	Mid-Minnesota Legal Aid
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$25,335
	Description	Contracted administrative function to provide advice and representation with special emphasis on housing and shelter-related issues to income eligible persons and groups in low- and moderate-income neighborhoods.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	111 North Fifth St., Suite 100
	Planned Activities	Contracted administrative function to provide advice and representation with special emphasis on housing and shelter-related issues to income eligible persons and groups in low- and moderate-income neighborhoods.
17	Project Name	Grant Administration - Health Department
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$63,734

	Description	Grant development and program management for CDBG public service programs.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	Public Service Building 505 S Fourth Ave, Room 520
	Planned Activities	Grant development and program management for CDBG public service programs.
18	Project Name	Way to Grow Administration
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$5,047
	Description	General administration of the Way to Grow program.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administration activity.
	Location Description	Public Service Building 505 S Fourth Ave, Room 520
	Planned Activities	General administration of the Way to Grow program.
19	Project Name	Youth Violence Prevention
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$162,402

	Description	The City's Health Department leads and coordinates community efforts to implement the Youth Violence Blueprint for Action through policy, planning, community support, and programming.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	Public Service Building 505 S Fourth Ave, Room 520
	Planned Activities	Activities include: planning and service coordination with jurisdictional partners, technical assistance to community-based agencies, oversight of the Juvenile Supervision Center for curfew, truancy, and low-level offenders, and individualized case management and mentoring administration for youth at risk of involvement with violence.
20	Project Name	Program Administration
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$172,495
	Description	Financial administration and accountability for Consolidated Plan programs.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	350 South Fifth St Room 325M City Hall
	Planned Activities	Financial administration and accountability for Consolidated Plan programs.
21	Project Name	Grants and Special Projects
	Target Area	
	Goals Supported	

	Needs Addressed	
	Funding	CDBG: \$179,089
	Description	Resource development and program management for Consolidated Plan.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	350 South Fifth St Room 307M City Hall
	Planned Activities	Resource development and management for Consolidated Plan strategies; Part 58 environmental review process; overall city management of Consolidated Plan. City staffing on HIV Housing Coalition, Fair Housing Implementation Committee, Hennepin County Continuum of Care Operations Board.
22	Project Name	Mid-Minnesota Legal Aid (Housing Discrimination Law Project)
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$41,169
	Description	City contracted administration project with Mid-Minnesota Legal Aid serving low-income clients with investigation of housing discrimination claims, negotiation, advice and referrals and representation in court and administrative actions.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	111 North Fifth St., Suite 100
	Planned Activities	Services will include complaint intake, investigation, advocacy and litigation for low-income clients encountering fair housing discriminatory actions.

23	Project Name	Youth Coordinating Board Administration
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$74,523
	Description	Advocate, catalyst and developer of comprehensive services and systems benefiting children, youth and families.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	330 2nd Avenue South, Suite 540.
	Planned Activities	Dedicated to promoting the healthy, comprehensive development of Minneapolis children and youth ages 0-20 through collaborative action and policy alignment.
24	Project Name	Neighborhood & Community Relations Access and Outreach
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$104,804
	Description	The Access and Outreach Team provides support for a broad range of engagement activities to cultural communities and under engaged groups in the City enterprise. It also manages various state and federally mandated programs that promote equity in accessibility.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.

	Location Description	
	Planned Activities	Access and outreach provide the logistical and office support for cultural engagement services and federally mandated programming. This includes the following services: Americans with Disabilities Act (ADA) compliance; Continuation of Limited English Proficiency planning, interpretation and translation services; Administration of the One Minneapolis Fund, the Hello Neighbor program among other community support activities; Core infrastructure support to eliminating barriers to participation in neighborhood organizations, boards and commissions, and City programming.
25	Project Name	Problem Properties Strategy
	Target Area	
	Goals Supported	Improve neighborhood conditions
	Needs Addressed	Neighborhood Stabilization
	Funding	CDBG: \$90,454
	Description	The Problem Properties Unit (PPU) is housed in the Housing Inspections Services division of Regulatory Services and is charged with identifying the City's worst properties and developing an action plan to resolve their issues. PPU includes staff from various City departments that work together to reduce the number and severity of problem properties in Minneapolis.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 510.
	Planned Activities	The Problem Properties Unit identifies the city's worst properties in terms of meeting housing code standards and develops effective solutions to reduce or eliminate problems and establish long-lasting goals of quality housing. Solutions include mitigation steps up to securing buildings with boards, winterizing condemned properties, entering into restoration agreements to rehab vacant properties, or demolishing buildings under the provisions of Chapter 249 on the city's code of ordinances. CDBG funds pay for the administrative aspects of planning and evaluation.

26	Project Name	HOME Program- Affordable Housing Trust Fund (AHTF)
	Target Area	
	Goals Supported	Provide decent affordable housing Develop housing and services for the homeless Provide special needs housing
	Needs Addressed	Affordable Housing Affordable Rental Housing for Special Needs
	Funding	HOME: \$1,838,969
	Description	Funding for multifamily affordable rental development.
	Target Date	5/31/2023
	Estimate the number and type of families that will benefit from the proposed activities	An estimated 12 housing units to be developed.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Funding for affordable multifamily rental development. Program income can be realized through this program. A minimum of 15% of the grant will be used to support CHDO-sponsored activities. HOME funds will be used as development gap financing on new and rehabilitated rental projects. Further details on delivery of HOME funds for multifamily rental development is contained in the Appendix. Anticipated program income will be received for this project.
27	Project Name	Minneapolis Homes Financing- Resale (Formally known as HOW)
	Target Area	
	Goals Supported	Provide decent affordable housing
	Needs Addressed	Affordable Housing
	Funding	HOME: \$610,399
	Description	Funding for single family homeownership buyer assistance and development.
	Target Date	5/31/2027

	Estimate the number and type of families that will benefit from the proposed activities	An estimated XX households will be assisted.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Funding for affordable homeownership development. Program income can be realized through this program. HOME funds will be used as development gap financing on new and rehabilitated ownership projects and as affordability gap assistance. Further details on delivery of HOME funds for single family homeownership is contained in the Appendix. Anticipated program income will be allocated for this project.
28	Project Name	HOME Administration
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	HOME: \$206,671
	Description	Administration of the HOME program.
	Target Date	5/31/2027
	Estimate the number and type of families that will benefit from the proposed activities	Administrative activity.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Administration of the HOME program.
29	Project Name	ESG22 Minneapolis
	Target Area	
	Goals Supported	Develop housing and services for the homeless
	Needs Addressed	Homelessness
	Funding	ESG: \$971,353

	Description	Emergency Solutions Grant funding for Emergency Shelter Rehabilitation/Renovation/Essential Services, Street Outreach, Rapid Rehousing and Homelessness Prevention services.
	Target Date	5/31/2025
	Estimate the number and type of families that will benefit from the proposed activities	An estimated 90 households will be served with rapid rehousing services, 150 persons with street outreach services, and 5,000 persons through the emergency shelters.
	Location Description	Public Service Building 505 Fourth Ave. S., Room 320
	Planned Activities	Rehabilitation of emergency housing shelters and shelter essential services serving families and persons with homelessness (est. \$732,926). Shelter projects are selected through an annual request for proposals process. Awards will be made by end of 2022. Funding is also provided for street outreach programming by Avivo at a level of \$150,000. Rapid Rehousing/Homelessness Prevention funds are provided to Hennepin County to be distributed to eligible rapid re-housing and homelessness prevention community-based service providers (est. \$305,098). Two percent of the grant is provided to Institute for Community Alliances to support Homeless Management Information Systems (HMIS) administration and maintenance (est. \$19,427). Funding up to 7.5% of the grant is reserved for ESG administration (\$69,000).
30	Project Name	2022-2024 City of Minneapolis MNH22F001 (Mpls)
	Target Area	
	Goals Supported	Provide special needs housing
	Needs Addressed	Affordable Rental Housing for Special Needs
	Funding	HOPWA: \$1,945,851
	Description	Housing Opportunities for Persons with AIDS (HOPWA) programming to assist those living with HIV/AIDS at risk of homelessness, living across the 13-county Eligible Metropolitan Statistical area, achieve and maintain housing stability and improve health care access.
	Target Date	5/31/2025

Estimate the number and type of families that will benefit from the proposed activities	Estimated service levels are at 150 households with rental assistance and 36 households with site-based supportive services.
Location Description	350 South Fifth St. Room 307M City Hall
Planned Activities	<p>The City is allowed 3% of program year HOPWA funding to administer the program of which the City will use \$50,000, and Subrecipients are allowed 7% of their respective funding amount to administer their programs. Third Party Contractors/Subrecipients/Subgrantees = \$1,895,851 plus any increase in estimated award reflected in official HUD award. Project renewals for existing programs are a priority of the Minnesota HIV Housing Coalition.</p> <p>Grants & Special Projects Administration = \$50,000</p> <p>The City will prioritize renewals of existing projects. Existing projects with renewable funding are Metropolitan Council HRA tenant-based rental assistance at an estimated level of \$590,402 and Rainbow Health tenant-based rental assistance at an estimated level of \$950,865. The balance of funds available will be issued through a request for proposals for priorities consistent with MN HIV Housing Coalition priorities.</p>

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

CDBG will be directed on an area basis to census tracts in the city where, based on the American Census Survey, the majority of residents are of low- and moderate-income.

HOME rehabilitation funds are spent throughout the City for income-eligible units. If a new construction project receives HOME funds out of this program, that project is sited in an area that is non-impacted by race or poverty.

ESG funds will be expended for eligible activities within the City and Hennepin County for projects benefiting Minneapolis residents.

HOPWA will fund programs serving site-based initiatives and providing tenant rental assistance throughout the metropolitan area.

The City will continue to work with the MPHA for opportunities to develop its public housing programs throughout the City. The City works with MPHA to site new units in areas of the City with low numbers of assisted units in order to help the MPHA meet its objectives.

Rationale for the priorities for allocating investments geographically

The City locates its funded projects in line with approved city policies and priorities with respect to CDBG, ESG and HOME. The City has an interest in the comprehensive redevelopment and stabilization of its neighborhoods where a majority of residents are at or less than 80% of median income. New affordable housing is targeted for designated growth areas that can benefit from and support increased housing density and can diversify the housing costs in a neighborhood. HOPWA funds are required to be spent on programming of benefit for residents of the Twin Cities metropolitan area and thus provided throughout the metropolitan area.

Discussion

The City locates its funded projects in line with approved city policies and priorities with respect to CDBG, ESG and HOME. The City has an interest in the comprehensive redevelopment and stabilization of its neighborhoods where a majority of residents are at or less than 80% of median income. New affordable housing is targeted for designated growth areas that can benefit from and support increased housing density and can diversify the housing costs in a neighborhood. HOPWA funds are required to be spent on programming of benefit for residents of the Twin Cities metropolitan area and thus provided throughout the metropolitan area.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

This section details how the City will meet the following Consolidated Plan goal of Provide decent affordable housing. The City will use programming to maintain and produce decent, safe and affordable housing options for extremely low-, low- and moderate-income households. The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion, preservation, acquisition and substantial rehabilitation. With this work, the City will also seek to address racial disparities in housing and affirmatively further fair housing.

One Year Goals for the Number of Households to be Supported	
Homeless	155
Non-Homeless	259
Special-Needs	311
Total	725

Table 8 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	240
The Production of New Units	286
Rehab of Existing Units	93
Acquisition of Existing Units	20
Total	639

Table 9 - One Year Goals for Affordable Housing by Support Type

Discussion

Since 2000, Minneapolis has lost roughly 15,000 housing units that are considered affordable for those earning 50 percent of the area median income. These units generally still exist, but they cost more to own or rent, making them unaffordable to this demographic. The City will establish positive marketing strategies and program criteria increasing housing choices for households with limited incomes focused on racially equitable outcomes, provide geographical choice in assisted housing units, and improve the sustainability of existing affordable housing units. In cooperation with public and private partners, the City has adopted and implemented policies to provide lifecycle housing throughout the city, providing all residents with safe, quality and affordable housing. A recent step is the approval of inclusionary zoning which should allow the development of more affordable multi-family units. Single family zoning has also been eliminated to increase housing density.

The City's Unified Housing Policy outlines the following affordable policies. The City policy will be no net loss of affordable housing units. The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion. Any residential project of ten or more units that receives financial or property development assistance from the City shall meet the following affordable housing requirements:

- For rental projects, at least 20% of the units shall be affordable to and occupied by households earning 60% or less of AMI. For ownership projects, at least 10% of the units shall be affordable to and occupied by households earning 80% or less of the AMI.
- Any affordable units shall be reasonably distributed throughout the project and comparable in size, number of bedrooms, quality and finish to the market rate units in a project.
- Unless a shorter affordability period is specifically approved by City Council adopted program criteria, the affordability period shall be for a period not less than 30 years for new construction, substantial rehabilitation, or recapitalization projects.
- Affordable housing requirements of the Policy do not apply if the project is located in a census tract that is a city-defined minority or poverty concentrated area and no City financing is involved.
- New affordable housing will be targeted for designated growth areas and commercial and transit corridors that can benefit from and support increased housing density.
- No City funds or resources shall be used for operating subsidies and/or rental assistance for any project units initiated or created under the Unified Housing Policy.
- All owners of rental housing projects subject to the Unified Housing Policy shall accept tenant based rental housing assistance, including, but not limited to, Section 8 Housing Choice Vouchers, HOME tenant-based assistance, and Group Residential Housing.
- The City requires owners of City-assisted housing projects to affirmatively market affordable housing opportunities. All rental housing providers must submit an Affirmative Fair Housing

Marketing Plan at least every 5 years, and a Survey and Certification regarding outcomes annually.

AP-60 Public Housing – 91.220(h)

Introduction

The City recognizes the important role that public housing plays in the provision of affordable housing. Minneapolis and the Minneapolis Public Housing Authority (MPHA) continue to work with each other in the development of housing policies and strategies to implement a range of housing options in support of mutual goals of providing quality affordable housing choice and opportunity to residents. The City and MPHA have entered into a memorandum of understanding that commits the City to work with the MPHA to identify and retain resources that preserve public housing properties and extend long term public ownership. The memorandum of understanding also commits to informing public housing residents of planned actions and how their rights to public housing are to be retained.

Actions planned during the next year to address the needs to public housing

Minneapolis will continue to partner with MPHA in joint housing developments that need project-based housing vouchers to finance low-income units. Where opportunities exist, the City may assist in land assembly under its High Density Corridor Housing program for new development of public housing. The City continues to partner with MPHA in the Stable Homes Stable Schools program supporting families facing homelessness or experiencing homelessness. With the expressed need of fire suppression sprinkler systems lacking in public housing high rises built prior to fire code requirements, with the 2021 Action Plan, the City reprogrammed \$1.25 million of its High Density Corridor Housing site acquisition program funded with CDBG to provide capital rehabilitation grants to the MPHA. These capital rehabilitation grants are for fire suppression sprinkler system retrofits in the public housing authority's inventory.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The City will work to support these efforts as it can through means such as staff support and consistent with the memorandum of understanding.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Minneapolis Public Housing Authority is not a troubled agency and is classified as a Moving to Work agency by HUD.

Discussion

MPHA is one of a few “Moving to Work” (MTW) housing authorities in the United States. The MTW program allows housing authorities enhanced flexibility to implement innovative, locally-designed

strategies for providing low-income families with affordable housing. The MPHA strategies, work plans and performance reports as a MTW agency are available for review at <https://mphaonline.org/about/agency-overview/mtw/> .

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The following section outlines the City's strategies to addressing homeless and other special needs. Further details can also be found in the Strategic Plan and Market Analysis sections of the 2020 Consolidated Plan found at <https://www2.minneapolismn.gov/government/departments/finance/grants-special-projects/consolidated-plan/>

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City funds Avivo (formerly known as RESOURCE) Outreach Team with ESG. Street outreach services serve individuals meeting Category 1 and 4 definitions of homelessness with high barriers according to an assessment. Outreach services consist of engagement, case management, emergency and mental health services, transportation and unique services that work to connect users to housing opportunities and support services for which they are eligible. The City will also continue its work with the Stable Homes initiative with Minneapolis Public Housing Authority, Hennepin County, and Minneapolis Public Schools in providing assessments and housing vouchers to families who are unstably housed and have children in the public school system.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City will continue its longstanding commitment to addressing the capital rehabilitation/renovation needs of the Continuum's emergency shelters. The City budgets the greater of its Hold Harmless amount (\$582,812) or 60 percent of the grant annually to shelter rehabilitation/essential services and street outreach activities. The City will issue an RFP for rehabilitation/renovation projects and anticipates assisting 1-2 shelters. Projects must be located in the City or Hennepin County serving Minneapolis families and individuals. ESG funds may also be used for furniture, security systems and/or equipment in a new construction, positive conversion or renovation/rehabilitation project consistent with compliance with Minneapolis Consolidated Plan and applicable HUD regulations. The City does not fund any other operating costs as defined under §576.102(3) with its formula ESG however the City has temporarily determined to use its ESG-CV funding to support shelter operations. The City also allows for emergency shelter essential services in the form of case management as an allowable use and priority of its formula ESG funds. Fuller details on essential services are provided in the Appendix with the Emergency Solutions Grant program description.

Helping homeless persons (especially chronically homeless individuals and families, families

with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The City prioritizes funding rapid re-housing over homeless prevention. Rapid re-housing is used to serve Minneapolis residents -- homeless families and single adults without children who reside in a Hennepin County sited homeless shelter (previous permanent address was within Minneapolis) as well as unaccompanied youth who are verifiably homeless according to the HUD definition found at 24 CFR §576.2. City of Minneapolis ESG funding for rapid re-housing is delivered through service providers selected under Hennepin County's request for proposals process that is combined with other family homelessness assistance funds to maximize coordination and results. Homelessness prevention must be last resort funds to keep a person/household at risk of homelessness in housing. Similar target populations noted under rapid re-housing are also served under homelessness prevention. A person/household at risk of homelessness is defined at 24 CFR §576.2. For purposes of this definition's paragraph (g), someone who lives in housing that has characteristics associated with instability and an increased risk of homelessness is defined as follows: a renter household with income at/or below 30% of median income adjusted for family size whose housing costs exceed 50% of their income and upon provider assessment is shown to be at imminent risk of losing existing housing.

Rapid Re-housing and homelessness prevention funds can be for short-term or medium-term rental assistance for no longer than to obtain permanent housing. The rental assistance can be tied to the recipient or consist of project-based assistance that can "float" within a development serving eligible recipients. Housing relocation and stabilization services can also be provided consisting of financial assistance or services. Financial assistance is rental application fees, security deposits, last months rent, utility deposits, utility payments and moving costs. Financial services can include housing search and placement, housing stability case management, landlord-tenant mediation, legal services, and credit repair.

All housing referrals are made through the Coordinated Entry System which identifies people most appropriate for permanent supportive housing and those who can benefit from rapid rehousing or transitional housing. Priority is given to veterans who cannot be served through veteran specific resources, and then to chronically homeless individuals who are on the chronic by-name list. Length of time homeless is also a factor in prioritization and single adult shelters are regularly updated with their current length-of-stay report (out of HMIS) to help them target assistance within the shelter. The family shelter system offers additional supports, and uses a case conferencing model, for families not eligible for existing housing interventions and to families in shelter past 45 days.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Hennepin County is the provider of programming to serve institutionalized persons being discharged from public health and correctional facilities and systems. The County and its Healthcare for the Homeless team has added a discharge specialist staff person to work on preventing discharges from the Hennepin County Medical Center to homelessness. In 2019, Hennepin Health partnered with Hennepin Healthcare to develop a targeted program to connect Hennepin Health members who are experiencing homelessness and inpatient at Hennepin Healthcare to housing and other resources, and this work has shown a significant decrease in hospital readmissions among the engaged population. The County has also instituted training and capacity building through a 'Housing Resource Specialist' within Hennepin County's Housing Stability Area. Their focus is specifically on building capacity of front line workers across the County, including Corrections and Adult Behavioral health as well as Child Protection, to ensure that housing options are made known and available. While Hennepin County is the primary provider of most non-housing social services, the City does provide for some of these needs through use of its CDBG funds devoted to public services, workforce development and early childhood programming. As well, the City works to assist low-income individuals and families avoid becoming homeless through the homelessness prevention delivery of services described above. The City will continue to work with the County and other partners to address system gaps that may result in a household finding themselves homeless.

Discussion

The City is and will continue to be an active participant in supporting the capital housing strategies of the Heading Home Hennepin Plan for homelessness and will address the housing needs of special needs populations. This work includes providing capital funds to the creation of additional housing units to the supportive housing inventory or the creation of additional affordable housing units at the very low-income level.

AP-70 HOPWA Goals– 91.220 (I)(3)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	0
Tenant-based rental assistance	150
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	36
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	186

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

Minneapolis is sensitive to the effects that public policies have on the cost of housing, or serve to dissuade development, maintenance or improvement of affordable housing. Although some of the barriers to the cost of producing affordable housing are beyond the control of local government, it is hoped that city policies do not create more barriers. The city works to establish positive marketing strategies and program criteria increasing housing choices for households with limited incomes, to provide geographical choice in assisted housing units, and to improve the physical quality of existing affordable housing units. As of 2018, the Minneapolis Civil Rights Ordinance prohibits discrimination against Housing Choice Vouchers (also known as “Section 8”) as a form of income for tenants seeking housing in the city. The City has adopted and implemented policies to provide lifecycle housing throughout the City, providing all residents with safe, quality and affordable housing, as a priority, in cooperation with public and private partners.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The City will establish positive marketing strategies and program criteria increasing housing choices for households with limited incomes, to provide geographical choice in assisted housing units, and to improve the sustainability of existing affordable housing units. In cooperation with public and private partners, the City has adopted and implemented policies to provide lifecycle housing throughout the city, providing all residents with safe, quality and affordable housing. A recent step is the approval of inclusionary zoning which should allow the development of more affordable multi-family units. Single family zoning has also been eliminated to increase housing density and provide a variety of housing types in all neighborhoods.

The City continues to address its regulations to eliminate barriers to affordable housing. It works to avoid cost burdens in the maintenance and development of housing in areas of building codes, permitting, fee structures and to provide improved documents for marketing and closing. City staff work closely with buyers of condemned properties assisting with code compliance inspections and fees. It works to improve mechanical permitting and supports comprehensive testing to ensure the competency of individuals performing all work on housing to improve the quality of the housing stock.

The City addresses transportation barriers for low-income residents and access to job opportunities that promote economic self-sufficiency. The city’s multifamily funding programs have established priority points ranking for proximity to jobs and transit. The comprehensive plan states that Minneapolis will implement steps to integrate development with public transit opportunities, concentrating highest

densities and mixed-use development near transit stations.

In spite of the decrease in federal entitlement budget levels, the City has worked to increase its local commitment to funding affordable housing efforts. CPED continues to operate its Low Income Housing Tax Credits, Housing Revenue Bond, Affordable Housing Trust Funds programs which financially assist in the development and stabilization of affordable housing. The City continues to advocate for full federal and state financial participation in its affordable housing efforts through legislation.

AP-85 Other Actions – 91.220(k)

Introduction:

The actions described in the following sections support the outlined strategies outlined in SP-05, the Five-Year Strategic Plan Overview and amends the Five-Year Strategic Plan in outlining how it will support the creation of housing units for special needs populations and how homeless units developed will be filled. The actions will work to address the following Consolidated Plan Goals:

Provide decent affordable housing

Work to maintain and produce decent, safe and affordable housing options for extremely low-, low- and moderate-income households. The City will prioritize the creation of units affordable to households with incomes less than 30% and 60% of Area Median Income (AMI) through new construction/positive conversion, preservation, acquisition and substantial rehabilitation. With this work, the City will also seek to address racial disparities in housing and affirmatively further fair housing.

Develop housing and services for the homeless

Assist persons experiencing homelessness in realizing safe and accessible shelter and housing. This work will be done consistent with Continuum of Care priorities and strategies.

Provide special needs housing

Support development of affordable housing options for households with special needs including but not limited to HIV/AIDS.

Expand economic opportunities

Invest in high-quality community-based, culturally appropriate, and accessible employment strategies and business creation efforts that serve to remove barriers to holding a living-wage job and achieving economic self-sufficiency with a focus on eliminating race-based employment disparities.

Improve neighborhood conditions

Implement city housing, economic development and public service strategies to improve access to affordable housing, jobs, transit, amenities and services for Minneapolis residents.

Special Needs Population Support

Minneapolis supports the creation of housing units for special needs populations. Consistent with nondiscrimination requirements in 24 CFR 92.350 and selection requirements outlined in 24 CFR 92.253, the City may limit eligibility or give a preference in projects intended to serve any of the following designated populations:

- Elderly/Frail Elderly
- Severe Mental Illness

- Developmentally Disabled
- Physically Disabled
- Persons with Alcohol Addiction
- Persons with Other Drug Addiction
- Veterans
- HIV/AIDS

Homelessness

For projects that receive AHTF points for Homeless Units, all such units will be filled using Hennepin County's Coordinated Entry system.

Actions planned to address obstacles to meeting underserved needs

In order to address obstacles to meeting underserved needs, the City will continue to commit its full Consolidated Plan resources to addressing priority needs identified earlier in the plan. The City will use Consolidated Plan resources along with other resources made available to address the goals of Provide decent affordable housing; Develop housing and services for the homeless; Provide special needs housing; Expand economic opportunities; and Improve neighborhood conditions.

Actions planned to foster and maintain affordable housing

The City will pursue the following strategies over the next year to preserve and create rental housing to deliver housing suitable for people and households in all life stages, adaptable to accommodate changing housing needs over time.

- Preserve and improve the physical condition of existing subsidized housing, both publicly and privately owned.
- Preserve the inventory of naturally occurring affordable housing units through targeted investment and regulatory strategies.
- Emphasize development of new three or more bedroom rental units for large families.
- A minimum of 20% of all city-assisted (HUD and local funds) rental project units be affordable at 50% AMI.
- A minimum of 10% of all non-city-assisted rental project units be affordable at 60% AMI.
- Create additional housing units with appropriate supportive services as an alternative to extended shelter use. Units for those exiting homelessness will receive referrals out of Hennepin County Coordinated Entry or similar alternative referral system.
- Identify opportunities for placing new housing on transit corridors to take advantage of transit opportunities and job markets.
- Encourage development of mixed-income housing serving a broad and continuous range of incomes.

- Link housing programs to supportive service programs, income assistance programs and public housing initiatives to facilitate affordability.
- Not use zoning ordinance or other land use regulations to exclude permanent housing for persons with disabilities. Special needs housing will be available as needed and appropriately sited throughout the city.
- Promote accessible housing design

Over the next year the City will provide financing and administer programs for the development and preservation of affordable ownership housing through:

- Preserve and improve the physical condition of existing ownership housing through home improvement offerings.
- Support in-fill development of new houses for large families through a combination of construction gap financing and affordability loans.
- A minimum of 20% of all HUD-assisted ownership projects be affordable at 50% AMI.
- Identify opportunities for placing new housing on transit corridors to take advantage of transit opportunities and job markets.
- Prioritize and support first-time homeownership opportunities and outreach for traditionally underserved populations (Black, Indigenous, People of Color).
- Streamline City development review, permitting, and licensing for property development.
- Foster close dialog with community participants about appropriate locations and design standards for new housing and growth.
- Promote accessible housing design.
- Create permanent affordability options for developed ownership housing.

In the area of housing quality, the City will continue to work through its Regulatory Services and CPED departments to ensure that the City's market and affordable housing supply is safe in compliance with the housing code. Solutions can include up to securing buildings with boards, entering into restoration agreements to ensure timely rehab of properties, or demolish buildings under the provisions of Chapter 249 of the City's code of ordinances. These activities will be pursued with recognition of the potential of displacement of protected class residents and the need to mitigate any such displacement.

Community Preference Policy

The City will provide a preference in 50% of initial occupancies for new construction projects consistent with the City's Community Preference Policy listed in the Appendix.

Actions planned to reduce lead-based paint hazards

The City will work to address lead poisoning in city housing stock through continued lead hazard reduction and education activities using its local, CDBG, HUD Lead Hazard Control/Healthy Homes and

other funding. Minneapolis recently received a HUD Lead Hazard Control/Healthy Homes grant to support its work. The City will continue to undertake the following strategies to treat lead-based paint hazards:

- Risk assessments, lead education, lead safe work practices education, clearance tests, swab cleanings for lead hazards, developing work specs for income eligible families housed in units with children with identified elevated blood lead levels.
- Identification and removal of lead hazards from units occupied by children with elevated blood lead levels, including offering a free lead dust cleaning to reduce lead hazards.
- Implement a mandatory inspection trigger of a blood lead level of ≥ 5 micrograms per deciliter of blood as permitted by state law.

The City implements policies that support primary prevention without reduction in the efforts for secondary prevention response. The City will continue to identify and reduce lead hazards through the efforts of City departments, including the Healthy Homes and Lead Hazard Control program, and Community Planning and Economic Development, and through agencies such as Minneapolis Public Housing Authority. Federal Title X (Section 1012/1013 and 1018) rules are incorporated into their policies and procedures. The City's housing inspections process continues to emphasize paint condition during rental license inspections and requires property owners issued interior corrective orders on paint condition to take the Renovation, Remodeling and Painting rule. CPED requests lead risk assessments in assisted properties and has incorporated lead safe hazard reduction practices into properties undergoing rehabilitation.

Actions planned to reduce the number of poverty-level families

Minneapolis continues to review issues of concentrated poverty, housing choice and the needs of its low and moderate-income residents when designing its housing and economic development programs. The city work to deconcentrate poverty, increase the variety of housing options and support residential displacement and relocation policies through project selection criteria in funding solicitations. The city focuses resources and efforts on developing a skilled and employable resident workforce capable of receiving living wage jobs and works to support industries that can pay a living wage. It is important to raise incomes of residents to lower their housing costs and to increase their housing options. The CPED department works to assist local businesses in navigating financing and regulatory issues while seeking or expanding a site in the city. CPED pursues Brownfield redevelopment initiatives from federal, state and local levels to clean up old industrial sites to prepare them for business investment. These efforts seek to broaden the availability of business opportunities providing jobs to the city's low and moderate-income residents. Annually the city expects to address contaminated sites with cleanup funds.

The city supports the work of various community-based employment training, human development and social service agencies. The city also reaches out to agencies that represent the city's new foreign-born populations to assure that no segment of the city's population lacks accessibility to culturally

appropriate human development strategies. The Neighborhood and Community Relations Department leads this effort. The department has in place culturally specific outreach staff to serve the community.

The city mandates businesses that receive financial assistance from city agencies in excess of \$100,000 hire city residents at livable wage levels. The city defines a living wage as a worker earning 110% of the federal poverty level for a position with health benefits, 130% of federal poverty level for positions not offering health benefits. As a HUD recipient, the city offers Section 3 assistance through project notification procedures, bid requirements, and monitoring applicable projects. The Section 3 promotion and enforcement monitoring is delivered through the Civil Rights Department.

In 2017, Minneapolis passed a municipal minimum wage ordinance mandating a \$15/hour minimum wage. A changing economy has vastly eroded the value of the minimum wage at the federal and state level and have pushed more Minneapolis families into economic challenges in securing housing and financial stability. The rising cost of housing in Minneapolis is threatening the stability of individuals and families to both access and maintain a home. The cost of living in Minneapolis is among the highest in the state. Without action to raise the wage floor, the problems caused by incomes that are inadequate to sustain working families will become more acute and the gap between low wages and the cost of a basic standard of living in Minneapolis will continue to widen. The city recognizes that income inequality, particularly between white and non-white workers, is one of the most pressing economic and social issues facing the city. Increasing the minimum wage is one of the primary ways the city can act to reduce economic and racial disparities. The other policy action passed by the city has been mandated paid family leave policies for employers.

Actions planned to develop institutional structure

The institutional structure through which the city carries out its housing and community development plan consists of public, private and nonprofit partners. The primary public entities are the City of Minneapolis, the Minneapolis Public Housing Authority, Hennepin County, and the Minnesota Housing. Nonprofit organizations include nonprofit developers and community housing development organizations, the Family Housing Fund, and the Funder's Council. Private sector partners include local financial institutions, for-profit developers and the foundation community.

These partnerships have allowed the City to realize progress on its housing and community development work. However, much remains to be done especially in the area of delivering the benefits of progress equitably throughout the community. Communities of color and very low-income continue to realize unequal outcomes in housing and service delivery compared with the broader community. The City will continue to work at developing and evaluating programs and partnerships in addressing equity concerns.

Actions planned to enhance coordination between public and private housing and social service agencies

The City will continue to build in the strengths of the delivery system which include a diverse and experienced base of housing, community development, and social service providers and organizations. Coordination among the state, the county, and regional and local governments has resulted in significant planning initiatives and working policy groups.

The City seeks to resolve any gaps in the delivery of services through its commitment to its institutional relationship partners evidenced by its close working relations with its partners. The City will continue to meet with and inform its partners of its housing and community development needs, goals and strategies. An example is periodic staff meetings with Hennepin County Office to End Homelessness staff to review, plan and coordinate actions around the City's delivery of Emergency Solutions Grant and homelessness response funding.

Discussion:

Affirmatively Furthering Fair Housing-

With its annual Action Plan submittals, Minneapolis is required to certify to HUD that it will affirmatively further fair housing, which includes completing an Analysis of Impediments (AI) to Fair Housing Choice, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting that analysis and actions. Minneapolis participates, along with twelve other entitlement jurisdictions, in the Fair Housing Implementation Council (FHIC) to complete a regional AI. A regional AI was completed in 2014 and updated with an Addendum in 2017. The Addendum contained a set of fair housing impediments and recommendations that the City has been working to address and has reported in its annual CAPERs. Recently the Lawyers' Committee for Civil Rights Under Law completed for the City and its partners on the Fair Housing Implementation Council a 2020 Regional Assessment of Fair Housing. The 2020 Assessment informed the City in how to affirmatively further fair housing in its housing and community development programming through a set of recommended goals and actions that will be reviewed and reported upon in the annual performance report (CAPER) to HUD. The City will continue to work with its governmental and non-governmental partners to increase affordable housing funding and regulatory and policy approaches that work to increase the availability of affordable housing and fair housing choice.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Fuller discussion of how the ESG and HOME programs operate are found in the appendix. A summary of HOME-ARP eligible uses is also found in the appendix. The HOME single family description in the appendix includes revised resale policy language pending HUD approval for public comment considerations.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	1,445,085
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	1,445,085

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	80.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City of Minneapolis does not use HOME dollars for other forms of investment beyond those identified in Section 92.205.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Recapture- It is likely the majority of purchasers buying properties with HOME funds will receive affordability gap (direct buyer) assistance. In instances where purchasers receive direct assistance a note and mortgage will be placed against the property with repayment due at the time of sale or maturity of the first mortgage. No resale provision will apply. Affordability period will be based on the amount of direct assistance received by the buyer.

Resale- Resale will ensure the initial purchaser with fair return on their investment. Details are found in the Appendix. Resale terms would be spelled out in a promissory note and mortgage and filed against the property along with a Declaration of Covenants.

The only instances where the City will use a resale provision will be when properties are sold through a developer who already has mechanisms in place to ensure long-term affordability for target buyers as part of their program such as a land trust. Under a land trust model, the owner-occupied purchaser only purchases the improvements. The land trust retains fee title to the land. The homeowner can recover its purchase price for the improvements and its share of market value appreciation.

- At resale, the home is made affordable to subsequent Target Buyers because the new owner-occupant only has to finance the improvements and the sale price is restricted by the terms of the ground lease.

- At resale, the purchase price must be affordable to a reasonable range of Target Buyers and will not exceed 95 percent of the area median purchase price or after-rehabilitation price for single-family housing, as determined by the HUD Secretary. These requirements are spelled out in a Declaration of Restrictive Covenants and all necessary documents related to the developer's program (i.e. land trust Ground Lease and Housing Subsidy Covenant.)

In consideration for the title of the land, the land trust model provides an affordability investment that makes the home affordable for low-moderate income households in perpetuity. In some cases, additional assistance, based on need, may be provided from other sources when using a land trust model. A ground lease is used as the mechanism to ensure the long-term affordability.

The appendix describes a proposed alternative resale policy that is pending HUD approval. If approved the language above will be changed to reflect the revised policy.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

HOME funds are typically only used for the acquisition of single family properties intended for homeownership. See the response for number 2 above. In instances where HOME is used as an acquisition source for a multifamily project, the response to number 4 below would apply.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

There are currently no plans to use HOME funds to refinance existing debt secured by multifamily housing. While the City of Minneapolis often provides HOME loans through its Affordable Housing Trust Fund (AHTF) and will refinance existing loans in a subordination effort when a project refinances their first mortgage through another lender, the City of Minneapolis does not use HOME funds to refinance existing debt as described under 24 CFR 92.206(b).

Emergency Solutions Grant (ESG) Reference 91.220(l)(4)

1. Include written standards for providing ESG assistance (may include as attachment)

The ESG Written Standards for Assistance are referenced in the Appendix. The written standards are developed by the Heading Home Hennepin Continuum of Care. These standards will be reviewed periodically and will reflect prioritized standards consistent with developed Continuum of Care standards. Changes to the standards will not be considered a substantial change to the Consolidated Plan.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Hennepin County CoC's Coordinated Entry System (CES) is the process by which households experiencing literal homelessness access, are assessed, and are prioritized for homeless-dedicated supportive housing programs. Hennepin has separate but coordinated CES's for families and singles. Both CES's:

- Cover and serve all of the Hennepin County CoC; use mobile outreach services, partnerships with geographically and culturally focused agencies, and after-hours crisis lines to assure easy access by households; and are promoted widely.

- Follow policies to address needs of households fleeing domestic violence, including privacy and confidentiality, safety planning, emergency management, and appropriate referrals.
- Employ standardized access and assessment. Trained assessors follow Coordinated Entry System standards and priorities. Households prioritized for supportive housing also complete a standard supplemental assessment of housing preferences.
- Use a uniform referral process to refer households to participating projects, which include rapid rehousing (including ESG-funded projects), transitional housing, and permanent supportive housing through the Coordinated Entry System. Housing Referral Coordinators employ a standard process and preference for households with the longest periods of homelessness and households who are chronically homeless.
- Offer referral denial protocol for both projects and households.
- Require housing providers to limit barriers to enrollment, such as income, disability status, substance use, and criminal history.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

Shelter projects are selected through an annual request for proposals process open to county-funded public and private emergency shelters. Awards will be made by end of 2022. Funding is provided to Avivo for street outreach programming for a five-year performance-based term based on a competitive proposal awarded in 2021. Rapid Re-housing/Homelessness Prevention funds are provided to Hennepin County to be distributed to eligible rapid re-housing and homelessness prevention community-based service providers through a biennial request for proposal process.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The Emergency Solutions Grant coordinates with the local Heading Home Hennepin Continuum of Care planning process that is countywide including Minneapolis. The Continuum of Care is under the direction of the Heading Home Hennepin Executive Committee and staffed by the City-County Office to End Homelessness. The HHH Executive Committee includes homeless/formerly homeless members in its makeup and its operations board, planning committees and subcommittees include homeless/formerly homeless individuals. The role of the Executive Committee is to provide overall policy direction and oversight to the implementation of the Heading Home Hennepin plan.

As described above with the description of the HHH Executive Committee composition and the

committees and subcommittees that serve under it, the City meets the requirements of 24 CFR§576.405 (b).

5. Describe performance standards for evaluating ESG.

Street Outreach:

- HMIS data will be entered in accordance with local HMIS data quality policies on timeliness, completeness and accuracy, per the community's Data Quality Plan
- At least 50% of persons contacted and who are eligible for the street outreach project, will be engaged within 30 days of initial contact by the outreach team
- All clients who become engaged will be offered a coordinated entry assessment completed within 30 days of their date of engagement
- At least 50% of engaged Street Outreach clients will be referred to a housing program within 90 days of their date of engagement.

Emergency Shelter:

- HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- After 14 days, 100% of emergency shelter clients should be connected to the coordinated entry system to ensure that they are assessed.
- Single adult emergency shelter clients (persons 18 years of age and older) should be offered a referral to the local coordinated entry system within 45 days of their entry into the emergency shelter
- Decrease length of time homeless: 1047 days (baseline – decrease over time)
- Increase exits to stable housing (TH, PSH, RRH): 7.2% (baseline – increase to 10%)

Rapid Re-housing

- HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- Exits to Permanent destinations: Permanent Housing Exits > 84 %
- Maintain or increase Employment Income: Qualifying adult participants > 41%

- Maintain or increase Non-Employment Income: Qualifying adult participants > 53%
- Maintain or Increase Total Income: Qualifying adult participants > 78%
- Number of days from program start to housing move in date 54 days

Homelessness Prevention:

- HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- No shelter entry within 6 months > 97%
- No shelter entry within 12 months > 95%
- Reduce First time homeless

HOPWA Project Sponsor Selection Criteria

The City of Minneapolis periodically issues request for proposals for its entitlement Housing Opportunities for Persons with HIV/AIDS (HOPWA) funding. Allocated from HUD to the City of Minneapolis, HOPWA funds provide housing options to persons diagnosed with HIV/AIDS. Eligible applicants include non-profit organizations or governmental housing agencies that can contract with the City of Minneapolis, be in compliance with Federal regulations and have capacity to carry out eligible activities serving the 13-county Eligible Metropolitan Statistical area (EMSA).

The Minnesota HIV Housing Coalition is the community planning and advisory group that assists with identifying the housing needs for persons living with HIV/AIDS in the EMSA served by the Minneapolis HOPWA grant. Based on its recommendation, renewals for existing programs, providing continuum of care strategies, are a HOPWA funding priority, and if funds appropriated exceed the amount necessary to continue those programs at comparable levels funds should be made available for any eligible HOPWA activity.

Grantee Unique Appendices

Appendix

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Consolidated Plan Public Comments

Summary of Consolidated Plan Public Comments:

- Comments on public safety funding levels and how public safety services should be delivered
- Funding for violence prevention, resources for youth populations, opioid crisis treatment and alternative mental health services and investments
- Funding for senior services for housing and caregivers
- Access to jobs and housing and community services for those experiencing homelessness and persons disproportionately impacted by the coronavirus pandemic and reduction in public services
- Assistance with housing costs for seniors on a fixed income and other senior support services
- Continued support for funding and strategies to grow affordable housing options

Minneapolis Consolidated Plan Citizen Participation Plan

Consolidated Plan Citizen Participation Plan

1. Background

Throughout the development of the Consolidated Plan, resident input is encouraged. City of Minneapolis staff has developed a citizen participation plan designed specifically for the Consolidated Plan. Generally, the City of Minneapolis provides its residents many opportunities to provide input to the decision-making process. Residents are encouraged to attend and participate in City council committee meetings, neighborhood/community revitalization meetings, and numerous boards and public meetings/hearings designed to solicit public comments. These community engagement practices are designed to meet the needs and requirements of various programs and planning processes. Community participation includes the broad resident involvement in neighborhood and community organizations, and supports clearly defined links between the City, City services and neighborhood and community organizations.

As a business planning strategy, City departments commit to a citizen engagement framework that encourages citizen participation for a shared vision. The City provides alternative means of public involvement through its community engagement framework via various community advisory groups, technical assistance, requests for proposals (RFPs) and use of internet communications and community surveys. Participation from the local and regional stakeholders garners broad relationships, and through the broad network of relationships, resources are leveraged whenever possible with new and existing partnerships including federal, private, and non-federal public sources.

The federal government and the state are key funding sources for rental and ownership housing projects. Local funds are available for housing and non-housing activities. Primary public entities are the City of Minneapolis department of Community Planning and Economic Development (CPED), the Minneapolis Public Housing Authority (MPHA), Hennepin County, and Minnesota Housing. Nonprofit organizations include developers and community housing development organizations, and advocacy and policy groups including the Family Housing Fund and the Funder's Council. Private sector partners such as local financial institutions, for-profit developers, faith-based organizations and the foundation community continue to be valuable in assisting Minneapolis meet its housing and community development goals and strategies.

City departments directly engage partner agencies and create program strategies that culminate with the Mayor's business planning process and annual budget in coordination with City Council input and deliberation. Additionally, the City informs the Consolidated Plan and its development through the collection of performance data through subrecipient relationships, which provide the necessary feedback for planning and budget-setting priorities. Nothing in the Consolidated Plan, however, shall be construed to restrict the City's responsibility and authority for the development of its application to the HUD and the execution of its Community Development Plan.

A Citizen Participation Schedule is developed for each year's Consolidated Plan at the beginning of the Citizen Participation process and is continually updated.

2. Schedule

FY 2022 Consolidated Plan/Action Plan Development Schedule	
November 16, 2021	Public Hearing on City 2022 Proposed Budget & Levy
December 1, 2021	Public Hearing on City 2022 Proposed Budget & Levy
December 8, 2021	2022 Council-Adopted Budget & Public Hearing
April 18-May 17, 2022	Public Comment period on 2022 Consolidated Plan Action Plan draft
May 17, 2022	Public Hearing on draft 2022 Consolidated Plan Action Plan
May 27, 2022	Anticipated Submission of 2022 Consolidated Plan Action Plan to HUD
June 1, 2022	Start of 2022 Consolidated Plan Program Year
August 2022	Public Comment Period and Public Hearing on 2021 Consolidated Annual Performance Report (CAPER)

3. Public Hearings

The City's citizen participation plan encourages the inclusion of all City residents during the Consolidated Plan development process – especially low-income residents who are the primary clients for HUD programs, organizations advocating for and serving low-income residents and other interested parties. Public meetings and public hearings have been and continue to be the foundation of the citizen participation plan. At least three public hearings are held each year to address housing and community development needs and development of proposed activities, approval of the annual Consolidated Plan and its budget and review of program performance.

The City's Business, Inspections, Housing and Zoning Committee holds public hearings for the Consolidated Plan and the Consolidated Annual Performance Report (CAPER), and the full City Council holds the public hearing and receives comments on the proposed budget during annual budget hearings.

4. Notification and Access to Hearings

To assist in obtaining broad-based participation, a Consolidated Plan mailing distribution list of approximately 230 names is used. The list includes public, private and social service agencies and individuals that request notices of meetings and hearings. Information on meetings and hearings is sent using the Consolidated Plan mailing list or through social media platforms.

Public notices for both public meetings and hearings are published in Finance and Commerce, in accordance with City notification practices. Electronic copies are also available on the City's website at <https://www2.minneapolismn.gov/government/departments/finance/grants-special-projects/consolidated-plan/>.

Printed notices list locations where copies of the Consolidated Plan are available and invite persons to speak at the public meetings and hearings and/or submit written comments. Public meetings and hearings are accessible and sign language interpretation is available for public hearings and meetings. All Consolidated Plan materials that are subject of the public meeting/hearing can be provided beforehand through the contact information listed under section 10. Access to Records.

The City can provide all Consolidated Plan materials in alternative formats upon request. If you need this material in an alternative format, or if you need disability related accommodations, please contact Matt Bower at (612) 673-2188 or email Matthew.Bower@minneapolismn.gov. Deaf and hard-of-hearing persons may use a relay service to call 311 agents at (612) 673-3000. TTY users may call (612) 673-2157 or (612) 673-2626.

Para asistencia 612-673-2700

Rau kev pab 612-673-2800

Hadii aad Caawimaad u baahantahay 612-673-3500

5. Technical Assistance

A wide range of assistance is available to all groups needing help in understanding the Consolidated Plan application process and development of proposals. This service, as well as referrals to appropriate community agencies, is available from the Finance & Property Services Department's Office of Grants and Special Projects in 307M City Hall. For technical assistance, call (612) 673-2188 or submit email to matthew.bower@minneapolismn.gov.

If a significant number of non-English speaking residents wish to participate in an aspect of the Consolidated Plan citizen participation process, a request for assistance should be made to the City Clerk's Office, or the Office of Grants and Special Projects.

6. Proposed Funding Processes

The City's method for allocating Consolidated Plan funds varies according to the funding source. Further information on funding opportunities can be obtained from the following staff, and is discussed in various sections of this plan (for instance, within project descriptions for programs that have funding solicitations):

<u>Fund</u>	<u>City Awards Funds to:</u>	<u>For Further Information Call:</u>
CDBG	Various Agencies	Matt Bower, Finance & Property Services – Grants & Special Projects (612) 673-2188
HOME	Project Developers	Carrie Goldberg, CPED (612) 673-5240
ESG	Shelter Rehabilitation/Essential Services Projects, Street Outreach, Homelessness Prevention and Rapid Re-Housing Services	Tiffany Glasper, CPED (612) 673-5221
HOPWA	Public Agencies and Private Non-profits	Matt Bower, Finance & Property Services – Grants & Special Projects (612) 673-2188

7. Comments/Complaints

If somebody is unable to attend Public Meetings or Hearings for the Consolidated Plan, written comments or relevant data such as articles, reports, studies, or surveys that should be considered in the Consolidated Plan can be sent to the Office of Grants & Special Projects. It is City procedure to respond to written comments or complaints pertaining to the Consolidated Plan within 15 days of receipt. All written comments and the City's response and action taken are included in the Appendix of the subsequent Consolidated Plan and or Annual Performance Report.

8. Anti-Displacement and Relocation Plan

The City of Minneapolis considers existing policies designed to minimize displacement in the CDBG program as the Consolidated Plan is developed. For example, CPED adheres to ongoing administrative policies to limit displacement when implementing CDBG-funded activities. These policies limit displacement by using land inventories, available vacant land and substandard vacant structures. Where displacement does occur, the City provides a full range of relocation benefits and services to those displaced according to its relocation policy. The Consolidated Plan complies with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24. The City follows a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding

under the CDBG or HOME programs. The City will provide public notification of specific replacement plans for the demolition of any affected low- and moderate-income housing units to the Minneapolis HUD CPD office. This notification will be done through the course of submitting project proposals to the City Council for their approval with a copy of the petition provided to the local HUD CPD office.

9. Substantial Change Process and Amendments

The City of Minneapolis outlines the following policy regarding formal amendments to its Consolidated Plan.

For purposes of definition, the City of Minneapolis defines “activity” as described in 24 CFR 91.505 as the equivalent of a “program/project” as described in the City’s annual Consolidated Plan budget documents.

The Consolidated Plan will be amended, formally, upon the occurrence of one of the following:

1. A Consolidated Plan activity described in the Consolidated Plan, as amended, is cancelled;
2. A new Consolidated Plan activity not previously described in the Consolidated Plan, as amended, is added; or
3. There is a substantial change to the current Consolidated Plan, as amended. Substantial change is defined as:
 - a) A change in Consolidated Plan priorities
 - b) A change in a program/project description of such a degree that it may be reasonably concluded that a significant change in projected program purpose, scope, location, fund allocation or intended beneficiaries would ensue; or
 - c) A reprogramming of more than 25% of an original CDBG amount budgeted for a major functional Consolidated Plan budget category: Housing, Economic Development, Community Development, Public Services, and Administration.

Formal amendments to the Consolidated Plan trigger the Consolidated Plan citizen participation plan (i.e., need for public hearing before the Housing Policy and Development or other Committee, 30-day public comment period). Changes to the Consolidated Plan not rising to the level of formal amendment will be treated as an informal or minor amendment to the Consolidated Plan through existing City review and approval processes. These informal changes will be included in the annual performance report to HUD and the public for the subject Consolidated Plan year.

10. Access to Records

When return to work practices are back in place, current Consolidated Plans are available for review at the Minneapolis Grants and Special Projects Office (Room 307M City Hall, enter at the door for Room 301M), all Public Libraries in Minneapolis, and at the office of Mid-Minnesota Legal Aid. A limited number of copies of the Consolidated Plan will be available for pickup.

Consolidated Plan information is also placed on the following website link for review <https://www2.minneapolismn.gov/government/departments/finance/grants-special-projects/consolidated-plan/>.

The website will be the primary means of making the Consolidated Plan available for review during the coronavirus pandemic until return to work practices are in place. Requests for other records related to the Consolidated Plan can be made by calling the Grants & Special Projects Office. Staff of the Grants & Special Projects Office can also meet with groups or individuals to discuss the Plan. Please call (612) 673-2188 to request information, or to arrange an appointment.

Orders for copies of the Consolidated Plan, comments on the Consolidated Plan process, requests for technical assistance and additions/changes to the mailing list should be sent to Matt Bower, Office of Grants and Special Projects, Room 307M City Hall, 350 South Fifth Street, Minneapolis, MN 55415, or call (612) 673-2188, email matthew.bower@minneapolismn.gov.

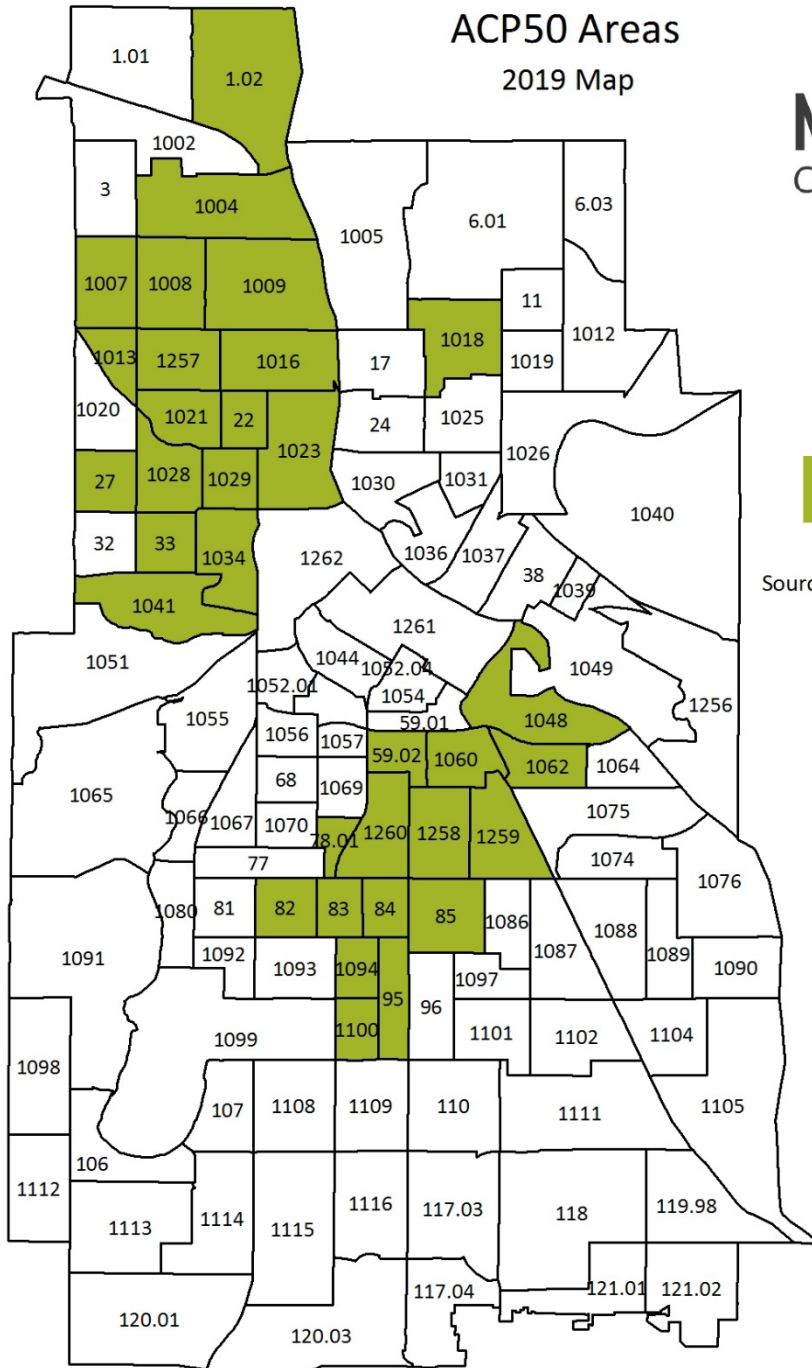
Maps

Minneapolis ACP50 Map- 2019

CPD Maps- Extremely Low-Income Areas

CPD Maps- Extremely Low-Income with Housing Problems

ACP50 Areas 2019 Map



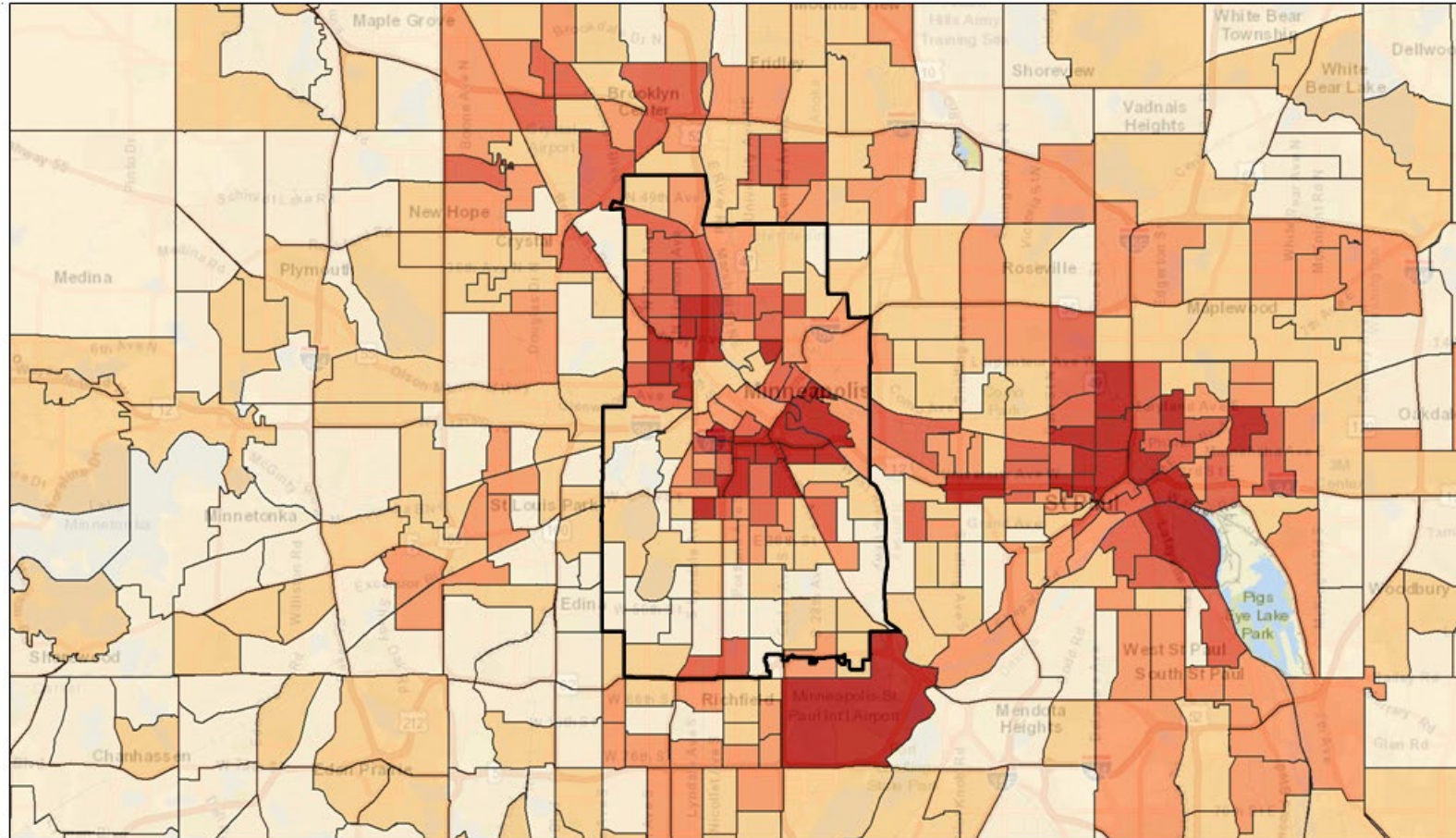
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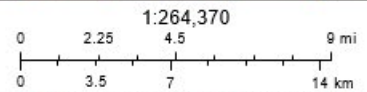
Source: Metropolitan Council analysis of U.S. Census Bureau data

The Metropolitan Council defines Areas of Concentrated Poverty (ACPs) as census tracts where 40% or more of the residents have family or individual incomes that are less than 185% of the federal poverty threshold. Data are also controlled to remove tracts with high proportions of college students who are not in poverty. To identify areas where people of color experience the most exposure to concentrated poverty, the Council further differentiates Areas of Concentrated Poverty where 50% or more of the residents are people of color (ACP50s, shown here).

CPD Maps - Extreme Low Income Areas

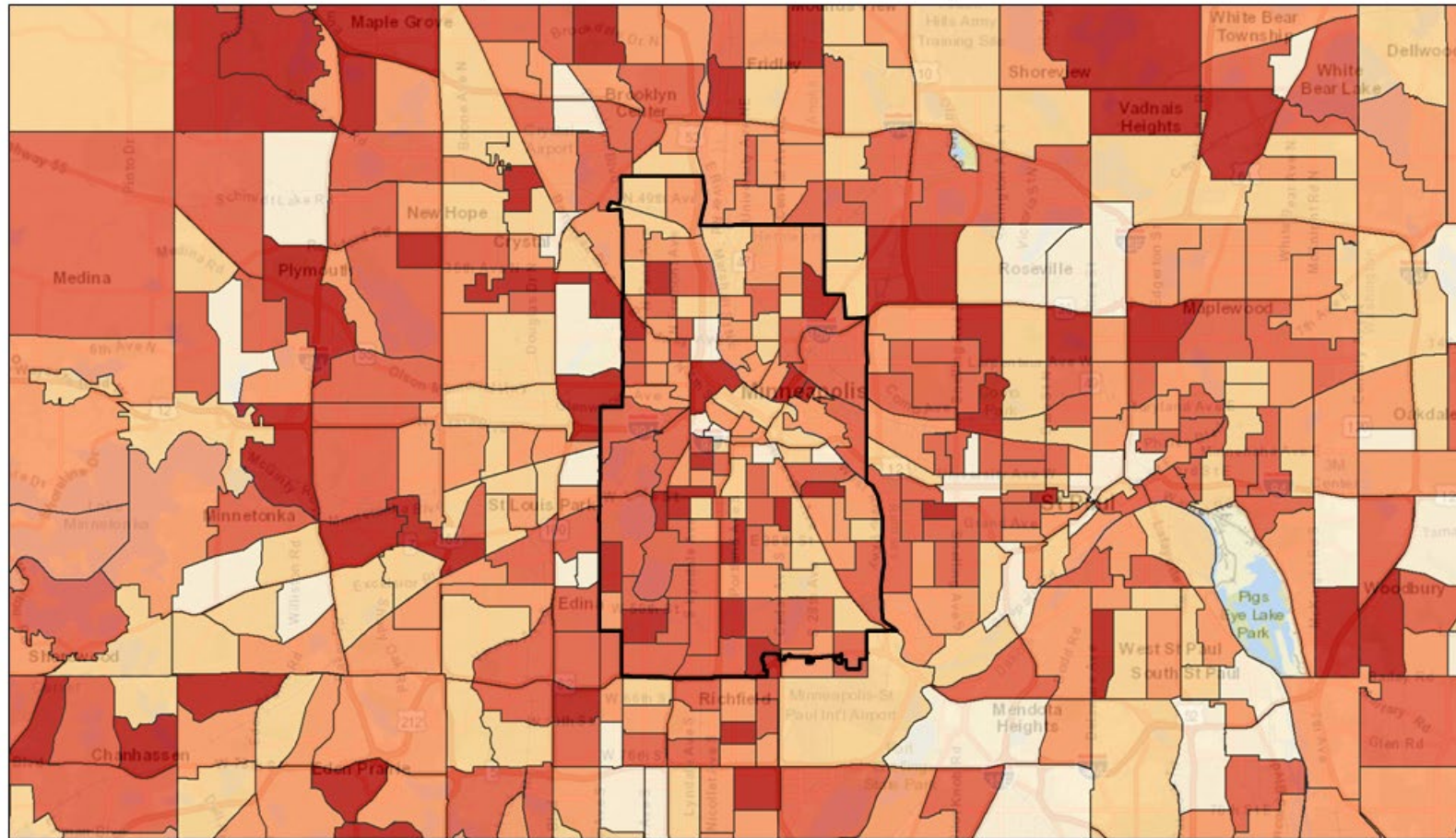


March 3, 2020

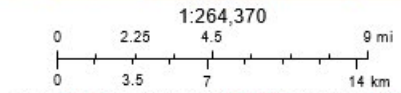


Sources: Esri, HERE, Garmin, USGS, ~~OpenStreetMap contributors~~, INCREMENT P, ~~IGN~~, Esri, Japan, METI, Esri, China (Hong Kong), ~~Switzerland~~, Esri, Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

CPD Maps - ELI Households with Housing Problem



March 3, 2020



Sources: [EAP](#), HERE, Garmin, USGS, [Wikidata](#), INCREMENT P, [NSD](#), [EAP](#), Japan, METI, [EAP](#), China (Hong Kong), [EAP](#), Korea, [EAP](#), (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Minneapolis HOME Program Description

For purposes of the 2020-24 Consolidated Plan the City is proposing to amend its single family resale policy to better target City objectives in increasing home ownership among traditionally underserved populations. This change is currently under review by HUD. Pending HUD approval, this change to single family resale policy would apply to ownership projects funded with 2020 and beyond HOME funds. Development assistance would be resale only under a land trust model and not include recapture. How the single family programming will operate under the new resale policy language as drafted for HUD approval starts on the following page. This description would replace the single family description starting on Appendix page 20 containing the existing recapture/resale policy.

Public comment on these changes is welcomed.

HOME Single Family Programs

HOME funds will be used as a funding source through the City's Minneapolis Homes – Financing program (formerly known as Home Ownership Works (HOW)) for the acquisition and renovation or new construction and sale of single-family dwellings. HOME funds programmed for single family housing development and sale is administered under the City's Minneapolis Homes Financing Program umbrella, but its uses are restricted to ensure that their use is consistent with federal HOME regulations and the City's Consolidated Plan. HOME funds may be used for any of the following activities: acquisition, demolition, renovation/repairs, or new construction.

The City will not invest any more HOME funds, in conjunction with other governmental (federal, state, and local sources) than is necessary to provide affordable housing as defined by the HOME regulations. The maximum HOME funding included in any ownership project, including any development subsidy and affordability subsidy, will not exceed the Twin Cities Area Maximum HOME subsidy limits established by HUD.

Minneapolis Homes - Financing

Minneapolis Homes Financing using HOME is designed to provide and sustain affordable, owner-occupied housing in 1-4-unit buildings for low and moderate-income purchasers throughout Minneapolis and reduce racial disparities in homeownership. All Minneapolis Homes Financing-assisted projects are expected to be owner-occupied upon completion.

Resale to Another Low-Income Buyer During the Period of Affordability

All units that have been assisted with HOME funding will be under a resale provision and sold through an approved Land Trust model. The Resale method is used for properties City-wide that require a purchase price write down of 20% or more of a home's value and are required to be sold through a Land Trust to ensure perpetual affordability of the unit sold. An example of this option is noted in exhibit A

At resale, the home will be resold at a price that (1) is affordable to a reasonable range of income-qualified homebuyers within the same low-income tier as the Original Buyer, and (2) give a reasonable return to the seller based on the Ground Lease formula described below, which provides for the value of improvements and a portion of the appreciation.

The resale requirements are spelled out in the Ground Lease that includes a City-required addendum rider to the ground lease in most projects (or a housing subsidy covenant when legally required such as condominium developments.) The ground lease addendum (or housing subsidy covenant) are signed by the Land Trust, the homebuyer, and the City and provides the City with the rights enforce the Land Trust and City requirements if the Land Trust fails to do so.

There will be a 15-year HOME Period of Affordability whereby the unit must comply with these HOME resale requirements, but the City additionally requires an extended local use restriction period that runs for as long as the unit is subject to the Land Trust's ground lease. Purchasers will be required to maintain the property as their principal residence for as long as they own the property which is enforced with the executed ground lease and addendum rider attached to the property.

Affordable to a Reasonable Range of Buyers

All housing units funded with HOME funds will be affordable and will be sold initially to an eligible homebuyer in one of two income tiers – 41%- 60% or 61%-80% AMI. The original homebuyers must have an annual income at or below 80% of Area Median Income as established by HUD and adjusted by household size and must meet the program's homebuyer underwriting and responsible lending standards, which include a minimum of 25% and maximum 40% of their income for principal, interest, taxes, insurance and any ground lease fees (with City assumptions for average applicable condominium fees, where applicable) and a total debt ratio not exceeding 50% of income.

During the HOME Period of Affordability, the home may be sold to an eligible buyer within the same income tier as the original buyer. Because the resale price is restricted by the terms of the ground lease and addendum, the resale price is anticipated to be affordable to a second homebuyer in the same income tier as the original homebuyer without additional assistance – e.g., if home was purchased by the original homebuyer in the 61%-80% income range, the resale price will be affordable to second homebuyer in the 61-80% income range.

However, in cases where market conditions result in a unit resale price that is unaffordable an income-qualified second homebuyer in the same income tier, the City will either: (1) work with a qualified homebuyer to provide additional assistance to enable the unit to be purchased at an affordable price within program underwriting guidelines; or (2) in cases where the original homebuyer was in the 41-60% tier, reserve the option to allow the Land Trust to sell to the next buyer in the 61-80% tier rather than provide additional subsidy. Either option will not alter the reasonable return to the seller, which is defined by the CLCLT formula.

If additional assistance is provided, the HOME Period of Affordability will be extended to reflect the total investment. If no additional assistance is provided, the subsequent buyer will be subject to the requirements for the remainder of the original HOME Period of Affordability.

Any prospective homebuyer will need to be reviewed and approved by the City to ensure that the prospective homebuyer meets Minneapolis Homes requirements, including the program's underwriting and responsible lending policies.

Reasonable Return

Under the Land Trust’s model, the homebuyer only purchases the improvements, while the Land Trust retains fee title to the land. Upon resale, the homeowner may recover its purchase price, the value of any qualified improvements and its share of market value appreciation, if any.

The City has determined that the Land Trust’s resale restrictions will comply with federal requirements by ensuring the initial purchaser with a fair return on their investment, and by limiting the share of any appreciation to ensure that the resale of any eligible property will not exceed the then-applicable HOME Homeownership Value Limit for Existing Homes during the HOME Period of Affordability.

The Land Trust calculates the fair return on investment using the following methodology:

- 1) A calculation of Market Value Appreciation will be performed. An independent 3rd party appraiser will establish the Current Appraised Value of the property and separately identify the current value of Qualified Capital Improvements.

Qualified Capital Improvements means those certain improvements made to the Improvements on the Premises at initial purchaser’s expense which add significant value to the Improvements, and which are capital in nature. Improvements which would qualify as Qualified Capital Improvements include, without limitation: the construction of additions, rooms, garages, bathrooms and kitchen remodeling. However, expenditures for maintenance, such as roof replacement, and the updating or replacement of appliances such as furnaces, water heaters and kitchen appliances, would not qualify as Qualified Capital Improvements herein.

The Initial Appraised Value of the property (which was determined at time of original purchase) will be subtracted from the Current Appraised Value to establish the Increase in Market Value Appreciation.

- 2) A 25% Shared Appreciation Factor will be applied to the Increase in Market Value Appreciation to determine the initial purchaser’s Share of Market Value Appreciation. (The 25% Shared Appreciation Factor was determined through community engagement upon the founding of CLCLT and has proven to both provide homebuyers a fair return on investment and to successfully maintain affordability in perpetuity.)
- 3) Fair Return on Investment will be calculated by adding the Share of Market Value Appreciation, plus down payment costs, plus the appraised value of Qualified Capital Improvements.

See **Exhibit A** for an example of a sample calculation for resale of a Land Trust assisted unit.

EXHIBIT A

The “Initial Appraised Value” is \$200,000.

“Homeowner’s Purchase (Base) Price” is \$150,000.

Based on the above, the following formula is used to calculate the Maximum Formula Price:

- a) *Calculation of Market Value Appreciation:* For the purpose of determining the Maximum Formula Price, Market Value Appreciation shall be determined by subtracting Current Appraised Value from the Initial Appraised Value. Following is a table for calculating Market Value Appreciation:

Current Appraised Value (at time of resale)	\$280,000
Minus Capital Improvements Appraised Value	– \$8,000
Minus Initial Appraised Value (at date of Ground Lease)	<u>– \$200,000</u>
Equals Market Value Appreciation	= \$72,000

- b) *Calculation of Homeowner’s Share of Increase in Market Value:* For the purpose of determining the Purchase Option Price, the Homeowner’s Share of Market Value Appreciation shall be determined by multiplying the Market Value Appreciation by 25% (twenty-five percent) Following is a table for calculating the Homeowner’s Share of Increase in Market Value of the Home:

Market Value Appreciation	\$72,000
Multiplied by Shared Appreciation Factor	<u>x 25%</u>
Equals the Homeowner’s Share of Market Value Appreciation	= \$18,000

- c) *Calculation of Maximum Formula Price:* The Maximum Formula Price shall be determined by adding the Homeowner’s Share of Market Value Appreciation to the Homeowner’s Purchase Price. Following is a table for calculating the Maximum Formula Price:

Homeowner’s Base Price	\$150,000
Plus Capital Improvements Appraised Value	+ \$8,000
Plus Homeowner’s Share of Market Value Appreciation	+ \$18,000
Equals Maximum Formula Price	= \$176,000

In the scenario above, the homeowner/seller would receive net proceeds of a market value appreciation of \$18,000 plus a credit of \$8,000 for capital improvements made during their homeownership period and additionally receive any principal buy down of their first mortgage. The total net proceeds would be \$18,000 appreciation, plus the \$8,000 capital improvement credit. The next purchaser would buy the home for an affordable price of \$176,000 instead of paying the full appraised value of \$280,000.

HOME Single Family Program

HOME funds will be available for the renovation or new construction and sale of single-family dwellings, under the Home Ownership Works (HOW) program. HOME funds may be used for any of the following activities: acquisition, demolition, renovation/repairs or new construction.

Home Ownership Works (HOW)

Home Ownership Works (HOW) is designed to address the goal of providing home ownership opportunities for households who otherwise would have difficulty in attaining home ownership. It is also designed to address the problem of abandoned and foreclosed houses through either rehabilitation or demolition and new construction. The Program serves the following objectives:

- 1) Provides decent, long term affordable home ownership opportunities for households who would normally experience challenges in achieving 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 households who find that it is increasingly difficult to qualify for a mortgage.

- 4) Helps combat the impacts of the foreclosure crisis

Properties will be treated by the HOW Program through one of the following methods:

- ◆ Properties will be owned by the City of Minneapolis during the renovation/construction period. All properties will meet the HOW Program Standards which exceed the minimum City code requirements. Non-profit housing development construction managers will complete scope of work, and construction monitoring. Private licensed general contractors will be selected through a sealed bid process conducted by the City to complete the required renovation/repairs or new construction. Non-HOME funds will be used to provide interim financing when possible.

- ◆ Non-profit developers will identify properties to acquire and develop under the HOW program. They will provide the City with a scope of work and pro-forma to either rehabilitate the home or construct a new home on the site. All properties will meet the HOW Program Standards which exceed the minimum City code requirements. City staff will inspect the property, review the scope and the pro forma and make a determination on program eligibility and the estimated amount of subsidy necessary to complete the

project. City will provide a per unit subsidy, not to exceed \$50,000, to the developer. City staff will monitor construction on all approved projects.

Funding for buyer assistance programs such as closing costs and down payments may be provided by CPED and other organizations.

Target Buyers

The homes will be affordable to a reasonable range of low-income homebuyers which is defined as 70 – 80% AMI, Qualified Buyer housing-related debt ratio cannot exceed 33% and total combined debt ratio cannot exceed 50%. They are households who are either trying to purchase a home but are having trouble qualifying for a mortgage or locating a decent home in their price range. All purchasers will be required to attend homebuyer counseling and housing maintenance seminars prior to closing. If more than one offer is received from qualified buyers, preference will be given to first-time homebuyers or buyers who are being displaced due to public action. If there are equal offers after applying the preference described above, a lottery will be held.

Target Houses

It is anticipated that a large number of properties will be FHA foreclosures or REO properties in need of moderate to substantial rehabilitation. Moderate rehab properties selected would be single family or duplex homes. Duplexes will be converted to single-family dwellings, where appropriate. The program will operate within the targeted communities identified in the map following this HOME section.

Development Assistance

Recapture

It is anticipated that the majority of purchasers buying properties assisted with HOME funds will receive direct buyer assistance. In instances where purchasers receive direct assistance a note and mortgage will be placed against the property with repayment of the entire amount of direct buyer assistance due from the Net Proceeds of sale at the time of sale or maturity of the 1st mortgage. . If there are not sufficient Net Proceeds to repay the entire amount of the City's direct buyer assistance, the balance of direct buyer assistance will be forgiven. Remaining Net Proceeds of sale may be retained by the original occupant of the HOME unit. Net Proceeds is defined as any and all consideration of any kind whatsoever, whether direct or indirect, that is received by the Borrower for, or in connection with, any sale, assignment, conveyance, transfer, lien or encumbrance of the property less any senior debt secured against the property and customary closing costs as defined on the HUD 1 settlement statement. If there is no transfer of 100% of the original occupant's interests in the property at the time of default or maturity or if the transfer is not an arms-length transaction, Net Proceeds means the fair market value of the property less outstanding senior debt. No resale provision will apply.

Affordability period in recapture will be based on the amount of direct HOME subsidy received by the buyer, however the maturity date of the homebuyer assistance loan will be a 30-year term. The period of affordability in recapture is based on the amount of direct subsidy received by the homebuyer in accordance with the following table:

Per unit amount of HOME funds	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years

If the purchaser does not transfer 100% of the purchaser’s interest in the Property and fails to maintain the property as their principal residence during the affordability period, the full direct buyer assistance amount plus any development subsidy amount shall be immediately due and payable regardless of Net Proceeds of sale.

Resale

The only instance where the City will use a resale provision will be when properties are sold through the City of Lakes Community Land Trust, who already has mechanisms in place to ensure long term affordability for target buyers as part of their program. The Land Trust has as their mission the conveyance of decent housing at affordable prices to low- and moderate-income families. In cases where a lower income purchase needs additional financial assistance to ensure that the home is affordable the Land Trust will provide direct assistance.

Under the land trust model, the homebuyer only purchases the improvements. The land trust retains fee title to the land. The homeowner can recover its purchase price for the improvements and its share of market value appreciation. At resale, the home is made affordable to substitute income qualified homebuyers because the new homebuyer only has to finance the improvements and the sale price is restricted by the terms of the ground lease. At resale, the purchase price must be affordable to a reasonable range of low-income homebuyers defined in the Target Buyers paragraph above. These requirements are spelled out in a Declaration of Restrictive Covenants and all necessary documents related to the developer’s program (i.e. land trust Ground Lease and Housing Subsidy Covenant.) In consideration for the title of the land, the Land Trust provides an affordability investment that makes the home affordable for low-moderate income households in perpetuity. In most cases they provide anywhere from 2-3 times the value of the land (for example, land value may only be \$15,000, but they are providing \$50,000 in affordability assistance to the home). They are using the land as the mechanism to ensure the long-term affordability.

The proposed resale restriction will comply with federal requirements, ensuring the initial purchaser with a fair return on their initial investment. To determine a fair return on investment the Land Trust will calculate a fair return on investment using the following methodology:

- 1) A calculation of Market Value Appreciation will be performed. An independent 3rd party appraiser will establish the Current Appraised Value of the property, and the Initial Appraised Value of the property will be subtracted to establish the Increase in Market Value Appreciation.
- 2) A 25% Shared Appreciation Factor will be applied to the Increase in Market Value Appreciation to determine the initial purchaser’s Share of Market Value Appreciation.
- 3) Fair Return on Investment will be calculated by adding the Share of Market Value Appreciation, plus down payment costs, plus principal paid on Qualified Capital Improvements. Qualified Capital Improvements means those certain improvements made to the Improvements on the Premises at initial purchaser’s expense which add significant value to the Improvements and which are capital in nature. Improvements which would qualify as Qualified Capital Improvements include, without limitation: the construction of additions, rooms, garages, bathrooms and kitchen remodeling. However, expenditures for maintenance, such as roof replacement, and the updating or replacement of appliances such as furnaces, water heaters and kitchen appliances, would not qualify as Qualified Capital Improvements herein.

See Exhibit A for an example of a sample calculation for resale of a CLCLT assisted unit.

The resale of any eligible property will not exceed 95 percent of the area median purchase price or after-rehabilitation price for single family housing, as determined by the HUD Secretary.

All purchasers will be required to maintain the property as their principal residence for the period of affordability as shown below. If the purchaser does not owner occupy the property for the required time period, the entire amount of the HOME funds invested in the property will be due and payable to the City of Minneapolis.

The affordability period(s) for resale is based on the total amount of HOME funding in the project in accordance with the following table:

Per unit amount of HOME funds	Minimum Period of Affordability
-------------------------------	---------------------------------

Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years

EXHIBIT A
SAMPLE CALCULATION OF FORMULA PRICE
UNDER THE GROUND LEASE

The "Initial Appraised Value" is \$187,000.00.

"Land Lessee's Purchase Price" is \$125,500.00.

Based on the above information the following table can be used to calculate the Land Lessee's share of Market Value Appreciation and Seller's Income.

a) Calculation of Shared Market Value Appreciation: Market Value Appreciation shall be determined by subtracting from the Current Appraised Value the Initial Appraised Value and deducting appraised value attributable to Capital Improvements made by the Land Lessee. Following is a table for calculating Shared Market Value Appreciation:

Current Appraised Value (at time of sale)	<u>\$197,000</u>
Minus Initial Appraised Value (at date of Ground Lease)	- <u>\$187,000</u>
Equals Increase in Market Value Appreciation	= <u>\$ 10,000</u>
Minus Capital Improvements Appraised Value	- <u>\$ 8,400</u>
Equals Shared Market Value Appreciation	= <u>\$1,600</u>

b) Calculation of Land Lessee's Share of Increases in Market Value: Land Lessee's Share of Market Value Appreciation shall be determined by multiplying the Shared Market Value Appreciation by twenty-five percent (25%) and then adding the principal paid on Capital Improvements by the Land Lessee. Following is a table for calculating Land Lessee's Share of Increase in Market Value of the Improvements:

Shared Market Value Appreciation	<u>\$ 1,600</u>
multiplied by Shared Appreciation Factor	x <u>25%</u>
equals the Land Lessee's Share of Market Value Appreciation	= <u>\$400</u>
Plus principal paid on Capital Improvements	+ <u>\$8,400</u>
Equals the Land Lessee's Share of Market Value Appreciation	= <u>\$8,800</u>

c) Land Lessee Seller's Income: This amount establishes the estimated amount that the Land Lessee seller will receive upon sale. This figure includes the Land Lessee's Share of Market Value Appreciation, *applicable down payment costs, and earned principal paid on the first mortgage.*

Land Lessee's Share of Market Value Appreciation	<u>\$ 8,800</u>
plus applicable down payment costs	+ <u> </u>
plus principal paid on first mortgage	+ <u>\$5,000</u>
less recapture down payment assistance	- <u> </u>
equals approximate Land Lessees Seller's Income	= <u>\$13,800</u>

Buyer Financing

First Mortgage Lending

Under the Home Ownership Works program, eligible households may be able to apply for a mortgage loan through one of the City's participating lenders, where interest rates are typically below market rates for a 30-year mortgage. If needed, down payment and closing cost loans will be available through various lenders and non-profit organizations. Purchasers will need a minimum of a 1% down payment or \$1,000 whichever is greater, plus an estimated 3% for closing costs and pre-paid.

Affordability – Direct Buyer Assistance

Most of the Home Ownership Works buyers are only able to purchase with direct buyer assistance in the form of a second mortgage provided by the City using HOME funds. The use of these HOW second mortgages will continue and are needed to keep the properties affordable to low and moderate-income households. A deferred second mortgage up to a maximum amount of \$14,999 may be available to households, through this HOME funded program, on an as-needed basis. The recapture provision will be enforced through a second mortgage. The term of the second mortgage is tied to the term of the first mortgage. The entire amount of the direct buyer assistance will be repaid from the net sales proceeds, if any, at the time of sale or refinance. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. Any repayments received upon sale will be placed into the Minneapolis HOME account for future production or as direct buyer assistance for affordability. Failure to occupy the property as the principal residence would require an immediate repayment of the full amount of HOME funds invested in the property

Non-profit Participation

The developer or their agent will perform property selection, buyer outreach, marketing, rehabilitation, construction and counseling. However, in instances where the properties will be owned by City during the development process, the City will contract with a local non-profit entity to perform construction management services and marketing. The non-profit entity will also be required to provide homebuyer counseling.

Property Selection and Purchase

The City and/or a Developer will identify a property for inclusion in the HOW Program. Once a property is identified, the City will review the estimated proforma and, when appropriate, authorize the purchase of the property and the use of HOME funds for the development.

Citizen Participation

The City will follow the approved process for neighborhood notification for all properties acquired and disposed by the City through this program.

Council Approval

The City Council has approved the HOW Program Guidelines which mirror the Consolidated Plan language.

Rehabilitation

Rehabilitation standards would include the housing maintenance standards, HOW Renovation Standards, energy efficiency, lead abatement, and ease of maintenance and long-term maintenance issues. While the homes will be rehabilitated to be an asset to the neighborhood and to avoid high maintenance costs, some economies will be made to avoid excessive rehabilitation costs. For example, newer roofs, furnaces, water heaters, etc., which are functioning properly and with an expected 7 to 10-year usable life expectancy, may not be replaced. The general rule will be to ensure that the owner does not experience major replacement costs for a minimum of the first seven years of ownership, and that the home will be eligible for FHA financing.

New Construction

Due to the increased costs of acquiring and renovating sub-standard housing, new construction is allowed in the HOW Program. Provided homeowners do the required general and annual maintenance, these newly constructed homes should assure homeowners minimal mechanical and structural problems for over twenty years. Homeowner occupancy requirements for new construction will be 15 years. Any sale or transfer of the property from its original owner within the affordability period will comply with the affordability requirements specified above under "Program Mechanics." Any repayments received will be placed into the Minneapolis HOME account for future production or as buyer affordability assistance.

Marketing

HOW properties will be affirmatively marketed and advertised after renovation/construction through newspapers and MLS. Marketing will be established on a pay per performance basis and will be performed by realtors' active in and familiar with the Minneapolis market. The marketing for resale of any eligible property will be affordable to households at or below 80% of AMI and will not exceed 95 percent of the area median purchase price or after-rehabilitation price for single family housing, as determined by the HUD Secretary.

Development Subsidy Layering Guidelines

City programs will not invest any more HOME funds, in conjunction with other governmental (federal, state, and local sources), than is necessary to provide affordable housing as defined by the HOME regulations. The subsidy amount is determined by subtracting the sales price from the cost of development (sum of acquisition, construction and soft costs). The maximum HOME

funding included in any single-family housing project will not exceed the Twin Cities Area Maximum HOME Subsidy Limits {Metro Area 221(d)(3)(ii) limits} established by HUD.

Direct Assistance to the Purchaser Subsidy Layering Guideline

Single family programs may provide direct assistance for affordability and closing costs to buyers of a single-family home. Affordability assistance will be used to bridge the gap between the buyer's maximum affordable first mortgage amount as determined by the mortgage lender underwriting process and the sale price. In addition, direct assistance can be provided to cover the buyers' eligible closing costs. The City has set a maximum housing debt ratio of 33% and a total monthly debt to income ratio of 50% as the standard for determining if it is appropriate to provide direct subsidy to the purchaser. The City will not invest any more HOME funds, than is necessary to make the single-family housing project affordable to an income eligible household as defined by the HOME regulations. The maximum HOME funding included in any single-family housing project will not exceed the Twin Cities Area Section 234 Condominium Housing with an elevator limits established by HUD.

Borrower Debt to Income Ratios

Qualified Buyer whose annual income is at or below 80% Area Median Income to render an Improved Property affordable, i.e. housing-related debt ratio not to exceed 33% and total combined debt ratio not to exceed 50%.

Evaluating the development and fiscal capacity of developers

All eligible developers have been vetted through a request for qualifications process and approved by the Minneapolis City Council. However, before any new developer is added, they will be vetted by City staff based on their experience on successfully taking on similar projects, experience with the Minneapolis Plan Review process, experience with the Minneapolis Department of Civil Rights and familiarity with the use of public funds. This process will be evaluated by a team of City's Housing Division staff—a project coordinator, a senior project coordinator and the unit's manager. Based on the decision rendered, the senior project coordinator will present a recommendation for acceptance as an eligible developer to the Minneapolis City Council.

Regarding the fiscal capacity of the developer, on an annual basis, each eligible developer will submit their audited financials for review. Upon receipt, a representative from Minneapolis Finance Department will review and provide recommendations related to the soundness of the entity. Should there be any significant red flags, the developer will be required to provide a satisfactory response to enable the City to continue to contract with them under the HOW program.

Ensuring there is adequate need for projects based on neighborhood market conditions

City has determined that for the purposes of this section, we will limit this program to the “Targeted Communities” within its borders (see attached map). Embedded in the resulting area is a geography that has lost housing units due to abandonment, foreclosure and demolition so there continues to be a need for redeveloping (rehabilitation or new construction) single family units in these areas. The criteria in designating the target communities are based on Minnesota Statutes, Section 469.202, subdivisions 2 and 3:

- Census tracts in the City where the unemployment rate for the tract as determined by the 2010 Federal Decennial Census exceeds twice the unemployment rate for the Minneapolis and Saint Paul Standard Metropolitan Statistical Area;
- Census tracts in the City where the median household income in the tract is no more than 80 percent of the median household income for the Minneapolis and Saint Paul Standard Metropolitan Statistical Area;
- Census tracts in the City where 70 percent or more of the residential dwelling units in the area were built before 1960;
- Neighborhoods in the City that have a disproportionate number of vacant residential buildings and mortgage foreclosures as evidenced by a foreclosure rate of at least 1.5% in 2008.

The City has layered the aforementioned designated areas to create a map that identifies the portions of the City that meet at least three of the four criteria (the “Core Area”). In addition, Minnesota Statutes, Section 469.202, subdivision 3, permits the City to add to the qualifying area, an additional area extending up to four contiguous city blocks in all directions from the Core Area.

HOME/CDBG Multifamily Guidelines

Affordable Housing Trust Fund

Administrative Guidelines

The primary sources of funds for this program are HOME and CDBG monies. This program provides funds to affordable rental projects that need gap financing assistance to cover the difference between total development costs and the amount that can be secured from other sources. Applications for program funds will be solicited through a Request for Proposals scheduled to be advertised in June annually. CPED staff evaluates the projects against pre-determined application review and underwriting criteria further described in the Request for Proposals and make recommendations for funding commitments to the City Council.

Program Goals

The primary purpose of the Affordable Housing Trust Fund Program is to assist in the financing of the production and preservation/stabilization of affordable and mixed-income rental housing projects in Minneapolis. The Affordable Housing Trust Fund Program is designed to assist with the implementation of the Unified City of Minneapolis Housing Policy, the Consolidated Plan, and the housing goals in the Minneapolis Plan for Sustainable Growth. Program funds are available on a competitive basis to projects that need gap financing to cover the difference between total development costs and the amount that can be secured from other sources. All rental housing projects of 10 units or more funded by the Affordable Housing Trust Fund Program funds of CDBG or HOME shall have at least 20% of the units affordable to households at or below 50% of Metropolitan Area Median Income (AMI) for the term of the loan.

Minimum affordability Periods are as follows:

Per unit dollar-amount of HOME funds for Rehab or Acquisition of Existing Housing	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years
New Construction or Acquisition or newly constructed housing	20 Years

Compliance with Policies and Regulations

Further details can be found at <http://www.minneapolismn.gov/ahtf> on how the program complies with federal policies and regulations as well as project selection criteria used by CPED, or can be obtained through request to CPED. For more information, please contact Carrie Goldberg at (612) 673-5240.

Eligible Uses of Funds

CDBG funds may be used for the following eligible activities: acquisition, clearance, site improvements, rehabilitation, and related soft costs, if necessary and if done in conjunction with rehabilitation. Typically, CDBG funds may not be used for new construction, however, in certain instances CDBG regulations permit funds to be used

for new construction (for example, if the activity is undertaken by a neighborhood-based non-profit entity meeting HUD definitions).

HOME funds may be used for new construction in geographic areas that are not minority concentrated, and for rehabilitation of existing units provided no bedrooms are added to those units. Proposed sites for new construction must be approved by CPED for meeting HUD regulations relative to site and neighborhood standards (including the City's definition of minority concentration areas). HOME funds may be used for the following eligible project activities: development hard costs, acquisition costs, related soft costs and relocation costs. No disbursement of funds under this program is made until total project financing is in place and project closing has occurred.

Administration

The administration of the Affordable Housing Trust Fund Program is the responsibility of CPED's Residential Finance Division following established policies and procedures that are publicly advertised along with the annual Request for Proposals public application solicitation.

Procedure

The City Council annually allocates funding from the Affordable Housing Trust Fund to eligible projects that have been reviewed and underwritten. Staff reviews proposals against the established program goals, objectives, underwriting criteria, and related performance standards and present recommendations for funding to the City Council. Developers are required to submit their proposals to the appropriate neighborhood group for review and comment prior to the City Council approving a funding award. Reallocated funds from prior proposals that were unable to demonstrate project viability are also advertised.

Repayment of Program Funds

The repayment of program funds is structured on a project-by-project basis. Repayment may take the form of an amortized loan, distribution from annual project cash flows, repayment at time of sale, refinancing or conversion, or other acceptable forms of repayment such as a shared loan. Repayment of program funds is required of all developers, both profit and non-profit, who use the Affordable Housing Trust Fund, however, if later in a project's history the affordability of units becomes an issue, the payback of the program funds may be restructured to maintain that affordability.

HOME Other Forms of Assistance (Match)

There are no other forms of investment in the City's HOME Program as described in 24 CFR92.205 (b.). Matches to the program include, but are not limited to the following:

- ◆ Cash contributions (e.g. housing trust funds, foundation grants, and private donations)
- ◆ Proceeds from Housing Revenue Bonds with the automatic 4% Low Income Housing Tax Credit entitlement
- ◆ Cost of supportive services provided to the families residing in HOME-assisted units during the period of affordability.

HOME Affirmative Marketing Program plus Minority and Women Business Outreach

The City's HOME Affirmative Marketing Program is described in project selection criteria. Outreach to minority- and women-owned businesses is conducted through the City's Small and Underutilized Business Program. It is the policy of the City of Minneapolis and its departments and offices, including CPED, to provide small businesses, including women or minority owned businesses, with access to City business opportunities – including the procurement of goods, materials and services, and construction and economic development projects. Solicitation efforts include invitations to certified small businesses and encouraging subcontractor recruitment through Request for Proposal instructions.

Emergency Solutions Grant (ESG) Program Description

Emergency Solutions Grant (ESG)

The ESG program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons quickly regain stability into housing up to permanent housing after experiencing a housing crisis and/or homelessness. Minneapolis ESG funds are available for emergency shelter rehabilitation and essential services, street outreach, homelessness prevention and rapid rehousing through the City's Community Planning and Economic Development Department (CPED) and a Hennepin County sub-grant. Eligible sub recipients under ESG can be local government agencies or private nonprofit organizations.

Further discussion of the needs of and strategies for persons experiencing homelessness and those threatened with homelessness are covered in respective sections of the 2020-24 Consolidated Plan and respective annual action plans.

1. ESG Consultation Process

Minneapolis coordinates its use of Emergency Solutions Grant with the Heading Home Hennepin Continuum of Care (CoC) planning process. Hennepin CoC is under the direction of the Heading Home Hennepin Executive Committee and is staffed by the City-County Office to End Homelessness. The Executive Committee includes homeless/formerly homeless members in its makeup and its planning committees and subcommittees include homeless/formerly homeless individuals. The role of the Executive Committee is to provide overall policy direction and oversight to the implementation of the Heading Home Hennepin plan works through various committees to implement Continuum policies, strategies, programming, evaluation and public reporting. The Hennepin CoC Operations Board ensures that HUD requirements, critical tasks and initiatives are put into action. The Executive Committee.

Initial consultations on the Emergency Solutions Grant began in December 2010 with discussions with the City-County Office to End Homelessness, Hennepin County and the State of Minnesota on what the new HEARTH Act requirements would mean for local programming. These discussions have continued after the publication of HUD interim regulatory guidance pertaining to the Emergency Solutions Grant. On March 2, 2020 the Operations Board was consulted with by Hennepin County and Minneapolis staff on use of ESG.

Continuing consultation on the issues pertaining to the implementation of the ESG grant continues with City seats on the Executive Committee and Operations Board and service on its respective committees.

2. Summary of Citizen Participation

The City uses its Consolidated Plan citizen participation process for receipt of any comments on its ESG programming. Minneapolis relies on the Hennepin CoC structure and its community engagement processes to inform itself of the needs and strategies of the local Continuum of Care.

3. Proposed Activities

The city prioritizes ESG to the renovation/rehabilitation of emergency and transitional shelters in the city and provision of emergency shelter essential services, and providing funding for homelessness prevention, rapid re-housing and street outreach services. Between rapid re-housing and homelessness prevention services preference is given to rapid re-housing services.

Under ESG, the City will seek to budget the greater of its Hold Harmless amount (\$558,377) or 60 percent of the annual grant to shelter rehabilitation and essential services, and street outreach activities. Funds outside of this amount will be budgeted to administrative activities (up to 7.5% of grant amount) and to rapid re-housing activities and homelessness prevention. Two percent (2%) of the City's ESG funds are reserved for the HMIS system administration costs. The State HMIS Board has agreed on a HMIS funding model that requests Grantees/Sub-grantees (such as the City) receiving direct Federal funds from programs required to participate in HMIS (e.g. ESG) provide HMIS funding equal to 2% of the grant amount to the State HMIS administrator. Some occasional funding may be reserved for any HMIS costs that the City may incur in participation in ESG.

Homelessness Prevention and Rapid Re-housing activities are determined from project solicitations received from periodic Request for Proposals (RFP) issued by Hennepin County. Projects funded under these eligible activities may provide housing relocation and stabilization financial assistance/services and/or rental assistance. Street outreach and emergency shelter funds are awarded through RFPs issued by the City for those services and are subject to annual renewal.

The activities addressed with the City's ESG funds are consistent with needs identified by the Hennepin Continuum of Care.

The City will need to select projects and obligate funds to these projects within 180 days of a signed HUD grant agreement. Projects have up to 24 months after the date of the signed HUD grant agreement to expend ESG funds.

4. ESG Match

A one-for-one funding match is required for the ESG grant. Match is obtained by eligible match contributions received and expended by sub recipients during the program year that applies to the ESG funding. Match is only qualified if it is used by the sub recipient to support eligible ESG programming and activities. The City will consider meeting its one-for-one match requirement through the totality of the ESG projects that it funds and the match that the sub recipients provide.

Sources of match by sub recipients can be unrestricted federal, state, local or private sources; however, if any match is federal the laws governing the federal funds must not prohibit these funds being used as match to ESG. Additionally, if the ESG funds are used to satisfy match requirements of another federal program, then funding from that program may not be used as

match for ESG (no reciprocal federal matching). There cannot be any restrictions on proposed match that would preclude it from being used for eligible ESG activities.

5. ESG Funding Priorities

The following sections outline ESG funding priorities and activities of the City of Minneapolis. All projects funded under these priorities must at minimum meet the following requirements.

- ◆ Project applicants must demonstrate the ability to enter into contracts with the City of Minneapolis within sixty days of City Council approval.
- ◆ The contracted work must be completed, and funds spent no later than 24 months after the date of the signed HUD grant agreement applicable to the program year.
- ◆ ESG projects must participate in a Homeless Management Information System (HMIS) or for victim service providers, comparable database and will be required to collect data on all universal elements as defined in HMIS and consistent with the local HMIS data quality policies and standards.
- ◆ Projects must comply with the Hennepin Continuum of Care's Written Standards as amended for the ESG awarded service type.
- ◆ Applicant must provide the organization's most recent audited financial statements.
- ◆ A match equal to the program award is required for the performance period and can be in the form of operating costs funds provided by other entities to recipient projects. Match (either committed or pending) needs to be identified and a plan for documenting and reporting match detailed in any application.

Shelter Rehabilitation/Renovation

The City has traditionally used its ESG for rehabilitation and renovation assistance to emergency shelters in the city, or to positively convert buildings for use as emergency shelter. Neither property acquisition nor new construction is an eligible use of these funds. Historically, the City has received ESG funding requests exceeding available funding, demonstrating a high demand for this program. A shelter's physical condition has a shorter life span than similar structures and necessitates frequent rehabilitation to keep shelters in safe and sanitary condition and code compliant.

Assisted rehabilitation/renovation/conversion emergency shelter properties must be in the City of Minneapolis or Hennepin County serving Minneapolis families and individuals. Grant match can be in the form of operating costs funds provided by other entities to the project. Other match sources for projects can include rehabilitation-specific contributions from Minnesota Housing, foundations, and private sources. ESG program funds may also be used for furniture, security systems and/or equipment in either a new construction, positive conversion or renovation/rehabilitation project. Proposals requesting ESG funding for furnishings, security systems and equipment will be thoroughly analyzed for compliance with City of Minneapolis

Consolidated Plan and applicable HUD regulations. Any Minneapolis ESG shelter RFP is not intended to solicit proposals for any other operating costs as defined under §576.102 (3).

City representatives with other knowledgeable community representatives including to the extent possible, a person who is/was homeless will review proposals and recommend staff project selections. In addition, City rehabilitation staff will conduct a physical inspection of the property. City staff make recommendations to the City Council for their funding decisions.

Required qualifications of proposals are:

- ◆ Shelter must be operated by a private non-profit corporation or a government entity.
- ◆ Applicant must provide evidence that the property is properly zoned with necessary conditional-use permits in place. If a zoning change or a conditional-use permit is needed, proposer must obtain a letter from CPED Planning describing what must be done and the timetable for obtaining the approvals and submit with the funding application.
- ◆ Projects assisted with ESG emergency shelter funds cannot require occupants to enter into lease or occupancy agreements of any kind unless it is a project that was funded with FY 2010 ESG funds.
- ◆ Applicant must demonstrate sufficient knowledge, experience and capacity to undertake and complete the development project.
- ◆ The grant-eligible work items must be completed, and funds spent no later than the applicable 24-month expenditure deadline.
- ◆ The building must be maintained as an emergency for a period of either 3 or 10 years depending on the degree of renovation and the value of the building consistent with HUD minimum standards for shelters receiving rehabilitation funds outlined in § 576.102 (c) Minimum Period of Use.
- ◆ Applicant must provide evidence of sufficient revenue/income to operate the project.
- ◆ Shelters assisted must at minimum meet the shelter and housing standards as outlined in 24 CFR 576.403, as well as state and local government safety and sanitation standards, as applicable, including the requirements for lead-based paint and energy-efficient appliances.
- ◆ Recipients of ESG funds must participate in the Hennepin County Coordinated Entry System.
- ◆ Competitive bidding must occur in accordance with the City's bidding instructions included in the RFP materials.
- ◆ All development funding sources, in addition to the ESG funds, must be secured before a closing can occur.

- ◆ Environmental testing, including lead-based paint risk assessment and remediation, will be required, in most projects funded with ESG.
- ◆ Federal relocation regulations and local relocation rules apply to all projects funded through the Affordable Housing Trust Fund and the ESG Program.

Emergency Shelter Essential Services

In 2018 the Minneapolis City Council directed that the City’s Consolidated Plan permit emergency shelter essential services delivered through case management to be an allowable use of the City’s ESG. Case management is defined as the cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the immediate housing placement needs of shelter program participants. The outcome of this work is to increase the availability of emergency shelter beds and to transition long-term shelter users into permanent housing.

ESG program information and requirements for the provision of essential services include:

- Applicant must demonstrate sufficient knowledge, experience and capacity to undertake and complete intensive housing-focused case management for long-term, single adult shelter users
- Applicant must demonstrate long-term experience operating large shelter programs with priority for shelters with high client to case manager caseloads and clients with longest stays in shelter
- Applicant must demonstrate extensive experience in case management for frequent/long-term shelter stayers
- Applicant must demonstrate the ability to increase existing case management capacity or ramp up and hire a case manager to perform the work
- Services and activities must consist of:
 - When appropriate, connecting frequent/long-term shelter stayers to the Hennepin County Coordinated Entry System by either ensuring that the person receive an assessment if the person is experiencing chronic homelessness or making the connection to housing providers if a referral for the person is made as well as utilizing all other available housing options which include (but are not limited to) public housing, senior housing, board and lodges, market-rate housing, shared housing, etc.
 - Coordinate with Adult Shelter Connect for verifying and documenting eligibility
 - Securing and coordinating services and obtaining appropriate federal, state and local benefits for clients
 - Monitoring and evaluating client progress

- Assist in making needed referrals by facilitating a warm handoff between the person and the service or agency
- Developing an individualized housing and service plan leading to permanent housing stability for each person on the case manager’s case load
- Utilize the Length of Stay report in Homeless Management Information System (HMIS) to determine who to target and bring onto case load.

Street Outreach

ESG funding is provided for street outreach services made available to individuals meeting the Category 1 and 4 definitions of homelessness. Outreach services provided will consist of engagement, case management, emergency health services, emergency mental health services, transportation and unique services for unsheltered homeless populations that seek to connect them to housing opportunities through Coordinated Entry and support services for which they are eligible.

Rapid Re-housing

The City sub-grants a portion of its ESG grant to Hennepin County for projects that can service the eligible rapid re-housing portion of Minneapolis ESG allocations. Projects may provide homeless prevention services as well, however, the City prioritizes funding rapid re-housing over homeless prevention services.

Rapid re-housing will serve Minneapolis residents -- homeless families and single adults without children who reside in a Hennepin County sited homeless shelter (previous permanent address was within Minneapolis) as well as unaccompanied youth who are verifiably homeless according to the HUD definition found below. These clients must have an annual income at or below thirty (30%) of HUD area median family income. Specifically, homelessness is defined by HUD in 24 CFR §576.2 as:

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly- or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with

children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a); (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention or criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, e.g., family, friends, and faith-based or other social networks, to obtain other permanent housing.

Use of funds under the Rapid Re-housing eligible activity can be for short-term or medium-term rental assistance to achieve permanent housing and stability. This rental assistance should be for no longer than necessary for the recipient to obtain permanent housing. The rental assistance can either be tied to the recipient or consist of project-based assistance that can “float” within a development serving eligible recipients.

Housing relocation and stabilization services can also be provided under Rapid Re-housing. These services can consist of financial assistance or services. Financial assistance is provision of rental application fees, security deposits, last month rent, utility deposits, utility payments and moving costs. Financial services can include housing search and placement, housing stability case management, landlord-tenant mediation, legal services, and credit repair.

Homelessness Prevention

As described above, the City sub-grants ESG funds to Hennepin County that may fund projects providing eligible homelessness prevention services to Minneapolis resident renters.

Homelessness prevention services will be a secondary consideration to rapid re-housing in making project awards. Prospective applicant agencies can offer to provide both eligible uses in their applications. Funding provided to clients under homelessness prevention must be last resort funds required to keep in housing a person/household at risk of homelessness. Similar target populations noted under rapid re-housing are also sought to be served under homelessness prevention. A person/household at risk of homelessness is defined as:

(1) An individual or family who:

- (i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;
- (ii) Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and
- (iii) Meets one of the following conditions:
 - a. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - b. Is living in the home of another because of economic hardship;

- c. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
- d. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
- e. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
- f. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
- g. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a (2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

For purposes of the above definition’s paragraph (g), someone who lives in housing that has characteristics associated with instability and an increased risk of homelessness is defined as follows. A renter household with income at/or below 30% of median income adjusted for family size and whose housing costs exceed 50% of their income and upon provider assessment is shown to be at imminent risk of losing existing housing. Use of funds under the Homelessness Prevention eligible activity can be for similar uses as under Rapid Re-housing. Projects can be for short-term or medium-term rental assistance to retain permanent housing and stability. This rental assistance should be for no longer than necessary for the program participant to be stabilized in existing housing.

Housing relocation and stabilization services can also be provided under Homelessness Prevention. These services can consist of financial assistance or services. Financial assistance is provision of rental application fees, security deposits, last month’s rent, utility deposits, utility

payments and moving costs. Financial services can include housing search and placement, housing stability case management, landlord-tenant mediation, legal services, and credit repair.

6. ESG Written Standards for Assistance

The following ESG Written Standards for Assistance are presented in outline form and intended to provide a guide to how the City will implement the homelessness prevention and rapid re-housing services aspects of the ESG grant as well as outline the standards used in local emergency shelter rehabilitation/essential services and street outreach projects. Italicized text is the HUD guidance on what the respective written standards should address as outlined in the 24 CFR 576 amended regulations. These Standards will be reviewed periodically and will reflect prioritized standards consistent with developed Continuum of Care written standards. Changes to the standards outlined below will not be considered a substantial change to the Consolidated Plan.

Policies and procedures for establishing eligibility for assistance

Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG);

- ◆ Emergency Shelter Essential Services: Coordinate with Adult Shelter Connect for verifying and documenting eligibility
- ◆ Street Outreach: Services are provided to individuals who meet the Category 1 and 4 definitions of homelessness. The individuals must be living on the streets (or other places not meant for human habitation) and be unwilling or unable to access services in emergency shelters.
- ◆ Rapid re-housing: Minneapolis resident homeless families and single adults without children including unaccompanied youth who reside in a Hennepin County sited homeless shelter (whose previous permanent address within 3 months of entering shelter was within Minneapolis). Client households must have an annual income at or below thirty (30%) of HUD area median income and meet the definition of homeless as set out in 24 CFR §576.2. Clients are to be referred from the Coordinated Entry System.
- ◆ Homelessness Prevention: Minneapolis resident renters who are established as at-risk of homelessness as set forth in 24 CFR §576.2 and the Rapid re-housing paragraph as described above.
- ◆ Required documentation of the above will be made by providers by first attempting to get third-party verification of homelessness status. Other acceptable documentation options in secondary order of rank is 1) case manager verification of eligibility; and 2)

self-report verification of eligibility combined with justification of efforts made and reasons for a lack of success in obtaining third-party or case manager verification of status.

- ◆ Applicant's level of need will be established through provider verification of resources available to the applicant household, financial and otherwise.

Standards for targeting and providing essential services related to street outreach

ESG funding will be provided for street outreach services made available to individuals meeting the Category 1 and 4 definitions of homelessness. The individuals must be living on the streets (or other places not meant for human habitation) and be unwilling or unable to access services in emergency shelters. Outreach services provided will consist of culturally appropriate engagement, case management, emergency health services, emergency mental health services, transportation and unique services for special populations that seek to connect users to housing opportunities and support services for which they are eligible. A community services team will perform outreach work in coordination with community stakeholders, public safety personnel and businesses and residents to identify and connect with unsheltered homeless individuals. Outreach will also be made to frequent users of emergency services as identified by program partners. Once contact is made, the outreach staff will triage a participant's housing and other needs and eligibility for referral to appropriate housing and support services options.

Standards for targeting and providing emergency shelter essential services

Emergency shelter essential services are to be delivered through intensive case management with frequent/long-term shelter stayers. Case management is defined as assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the immediate housing placement needs of shelter program participants. The outcome of this work is to increase turnover of emergency shelter bed supply. Potential clients to work with are to be determined through utilizing the Length of Stay report in HMIS.

Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG

Standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;

Emergency shelters potentially served by Minneapolis ESG funds fall under Hennepin County emergency shelter policies. Users of these emergency shelter services all meet the four respective categories of homelessness under the HEARTH definition of homelessness. Specific populations served by these shelters are:

Families with children or individuals who are pregnant—the County contracts with family shelters to provide emergency shelter to Hennepin County families who are without resources to meet their housing needs. No families are turned away and all are given vouchers after meeting with a county Shelter Team staff. If families are working on their case plan, they are eligible for renewed vouchers. There is no maximum length of stay. Once stable housing is identified for them, families are provided with assistance for damage deposits, prorated rental assistance, arrear payments for utilities primarily through emergency assistance funds. Non-County residents are referred to emergency shelter assistance resources in their county of residence. Families who wish to relocate are provided with assistance to do so only if there is verified employment or housing at the relocation site.

Young Adults—ages 18-21 are identified as special needs and eligible for emergency homeless sheltering through the County. The County contracts with several shelter and safe waiting facilities. An intake assessment and action plan with a County caseworker is developed.

Single Adults—the County contracts with several shelters and safe waiting spaces for sheltering single adults. Shelter is accessed through Adult Shelter Connect, a physical location with a telephone number where single adults could present during the day to receive an initial assessment and reserve a shelter bed at any of the five shelter providers for the night. Those already in shelter can reserve their bed on departure in the morning. Shared HMIS provides the platform for the reservation system and enables better tracking people experiencing homelessness in the system and target them for interventions. Shelter beds are available to those who receive federal disability benefits, are qualified for state cash benefits, are an active county social service case, or are a special need (fleeing domestic abuse, have a mental/physical impairment/disability or are ill). Those who cannot qualify or cannot be served by a shelter program are provided with safe waiting space. There are no maximum lengths of stay, clients are provided with access and referrals to county health case management services. As with families, an individual wishing to relocate may be provided with assistance to do so if there is verified employment or housing at the relocation site.

All intake assessments for the above populations triage the respective client housing situations and availability. Where resources are available or found, rapid exit into non-shelter housing is made first. Those with the highest barriers to finding housing are provided with shelter while a stabilization and housing plan is developed with a caseworker.

Policies and procedures for coordination among providers and mainstream providers

Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers (see § 576.400(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable);

Hennepin CoC has several committee workplans demonstrating coordination of services among providers. These will inform on framework elements to be considered in allowing for ESG to address existing gaps in continuum services or supplement other continuum efforts. Service providers will identify other appropriate and available services (employment, training, education, income supports, etc.) to assist the participant to achieve stable, permanent housing as part of a Housing Stability Plan to be developed with the clients. Further implementation of coordinated entry is occurring as the city and county implements ESG and Continuum of Care programming. All projects receiving ESG or CoC assistance are required to use coordinated entry system for referrals. Any victim service providers funded under the city's ESG program will not need to participate in HMIS but may use an equivalent intake and assessment system as described in 24 CFR §576.400.

Policies and procedures for prioritizing and determining whether HP or RR

Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance;

Households must be assessed through the Coordinated Entry System to determine whether members are eligible to receive ESG-funded housing services prior to the actual delivery of those services. This assessment must consider whether homelessness prevention or rapid re-housing is the appropriate form of assistance for each eligible household that has been determined.

The initial assessment by providers must determine 24 CFR §576.2 and income eligibility and level of need (including analysis of sufficient resources or support networks) as described above in determining eligibility for assistance. Households are prioritized by first, by disability, second by chronic homelessness, and third by number of HUD months homeless.

Standards for any rent and utility costs share required of participants

Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance

- ◆ Households must contribute at least 30% of their total, gross income towards rent. Providers will pay full housing costs for households with no – or very low - income and provide only move-in costs for households with incomes higher than 30% AMI (but up to 200% FPG).
- ◆ Complete re-certifications of need for direct assistance and services at three months from the date the household was housed, and every three months thereafter. Work with households toward 0% subsidies at service end.

Standards for determining length of rental assistance and whether adjustments allowed and how

Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time

- ◆ Project-based assistance must be for a lease term of a minimum of 12 months.
- ◆ Under ESG regulations, the maximum term of short-term rental assistance is three months, for medium term rental assistance the maximum period is 24 months- in both instances within a three-year timeframe. Assistance limit terms within these maximum limits to be determined. Evaluation and reevaluation of participant to be done by provider.
- ◆ Rental assistance cannot exceed actual rental costs plus utilities (if utilities expected to be paid by tenant) and comply with HUD reasonable rental standards determined through local rent survey analysis and local HUD Fair Market Rates.
- ◆ Rental assistance should be flat and tied to maximum rental subsidies consistent with HUD Fair Market Rates
 - ◆ Past due rental arrears count toward rental assistance time limits and may not exceed six months of rent arrears, including any late fees on those arrears
 - ◆ Termination of assistance by the provider to be done consistent with 24 CFR §576.402
 - ◆ Late payments. The sub recipient provider must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The sub recipient is solely responsible for paying late payment penalties that it incurs with non-ESG funds.
 - ◆ Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period covered by the URA payments. In addition, with exception for one-time payment of rental arrears on tenant's portion of rental payment, a program participant household who is receiving either tenant-based or project-based rental assistance through other public sources is not eligible for ESG rental assistance.
 - ◆ Legally-binding, written leases required between participant and Owner unless assistance is solely for rental arrears whereby an oral agreement is permitted if such oral agreement provides the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by owner's financial records, rent ledgers, or canceled checks.

- ◆ Rental assistance payments are only made to owners by the subrecipient provider under terms set forth in a rental assistance agreement. The rental assistance agreement must provide that during the agreement’s term, the owner must provide the subrecipient provider copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant. These rental assistance agreements terminate, and no further payments made under such agreement if
 - Program participant moves out of housing unit covered by participant’s housing lease;
 - The lease terminates and is not renewed; or
 - The program participant becomes ineligible to receive ESG rental assistance
- ◆ Subrecipient providers will be responsible for adherence to the tenant-based rental and project-based rental stipulations found in 24 CFR §576.106 (h) and (i)
- ◆ Adjustment allowances likely to be permitted subject to determination following an initial stabilization period and monthly thereafter. As income increases, housing assistance support will decrease across time. If an eligible household still requires assistance beyond ESG time limits, providers will refer such households to permanent supportive housing options.

Standards for determining type, amount, and duration of housing stabilization/relocation services including maximum length, amount of assistance and maximum number of times for assistance

Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance

All households eligible for ESG-funded homelessness prevention or rapid re-housing assistance will receive housing identification and housing stability services.

- ◆ Services cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.

- ◆ While the program participant is still experiencing homelessness, program will meet with the program participant weekly for first 2-3 months, and at least monthly thereafter.
- ◆ Housing identification services include recruiting landlords, addressing potential barriers to landlord participation, and completing rent reasonableness assessments and Fair Market Rent Determinations to assist households in identifying affordable.
- ◆ Housing stability services include negotiating lease agreements and rental assistance agreements, completing Habitability Assessments and lead-based paint reviews, creating a Housing Stability Plan/Case Plan, and referring to on-going resources
- ◆ Participation in services should not be required to receive rapid rehousing assistance.

Component services and activities of housing stability case management consist of:

- ◆ Using the coordinated entry system as required under 24 CFR §576.400(d), to evaluate individuals and families applying for or receiving assistance;
- ◆ Conducting initial evaluation required under 24 CFR §576.401(a), including verifying and documenting eligibility for applying for homelessness prevention or rapid re-housing assistance;
- ◆ Counseling;
- ◆ Developing, securing, and coordinating services and obtaining federal, state and local benefits;
- ◆ Monitoring and evaluating program participant progress;
- ◆ Providing information and referrals to other providers;
- ◆ Developing an individualized housing and service plan including planning a path to permanent housing stability solutions; and
- ◆ Conduction reevaluations required under 24 CFR §576.401(b)

The activities named above fall under the housing stability case management limits for duration of services.

Expenses paid under financial assistance costs, as part of housing relocation and stabilization services are subject to the following limitations:

Subject to the general conditions under 24 CFR §576.103 and 24 CFR §576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:

- ◆ *Rental Application Fees:* ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
- ◆ *Security Deposits:* ESG funds may pay for a security deposit that is equal to no more than two months' rent.
- ◆ *Last Month's Rent:* if necessary, to obtain housing for a participant, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner has paid the security deposit and the first month's rent. This assistance must not exceed one month's rent and must be included in calculating program participant's total rental assistance, which cannot exceed 24 months during any three-year period.
- ◆ *Utility Deposit:* ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in the utility payments section below.
- ◆ *Utility Payments:* ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to six months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participants shall receive more than 24 months of utility assistance within any three-year period.
- ◆ *Moving Costs:* ESG funds may pay for moving costs such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.
- ◆ *Services Cost:* subject to general restrictions under 24 CFR §576.103 and 24 CFR §576.104, ESG funds may be used to pay the costs of providing the following services:
 - *Housing Search and Placement:* service or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - Assessment of housing barriers, needs, and preferences;
 - Development of an action plan for locating housing;
 - Housing search;

- Outreach to and negotiation with owners;
- Assistance with submitting rental applications and understanding leases;
- Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness;
- Assistance with obtaining utilities and making moving arrangements; and
- Tenant counseling.

7. ESG Sub-Award Process

The City sub-grants its ESG rapid re-housing allocation to Hennepin County. Rapid re-housing services are provided by subrecipients selected via a Request for Proposals (RFP) process administered by Hennepin County. Following a community needs assessment and prioritization process, the County distributes an RFP through public distribution lists. The County also hosts a pre-proposal meeting to clearly convey requirements and responsibilities as a subrecipient of ESG funds. Provider agencies can propose new or expanded re-housing services. The County convenes a review panel with representatives from homeless shelters, housing programs, and other community organizations, which rates proposals based upon the provider’s qualifications and past performance, the perceived effectiveness and efficiency of the proposal, cost factors, prospects for successful outcome delivery, timeline for implementation, fit with community needs and priorities, and cultural competence. The County executes contract agreements with projects selected through the RFP process. Contracts contain a scope of work, applicable ESG requirements, and performance standards.

The City issues a Request for Proposals for its emergency shelter rehabilitation and essential services programming as well as for street outreach services distributed through the City of Minneapolis website. City representatives with other knowledgeable community representatives including to the extent possible, a person who is/was homeless will review proposals and recommend staff project selections. The City’s Community Planning and Economic Development Department will present funding determinations to the Minneapolis City Council for final approval. Applicants will be judged on the experience and capacity of their agency, and on the feasibility and appropriateness of their proposal and demonstration to meet federal and local mandates, including their ability to service ESG funds to those at or below 30 percent of area median income. Additional qualifying criteria will include but not be restricted to ability to assist the City in providing one-for-one qualifying funding match for the ESG award.

The RFPs are designed to select applicants who can work within a broad network of homelessness system response resources that address ESG guidelines and local Continuum of

Care priorities. Awards made under the grant will be enforced through a contract outlining ESG program requirements.

8. Homeless Participation Requirements

As described above with the description of the Heading Home Hennepin Continuum of Care Executive Committee composition and the committees and subcommittees that serve under it, the City meets the requirements of 24 CFR §576.405 (b).

Sub recipients of ESG funds are required to involve those who are homeless or formerly homeless in the development and delivery of ESG-funded projects and activities to the maximum extent practicable.

9. ESG Performance Standards

The following ESG performance standards for evaluation are approved by the Heading Home Hennepin Continuum of Care and will be reviewed and revisited by the Continuum of Care periodically.

Street Outreach

- ◆ HMIS data will be entered in accordance with local HMIS data quality policies on timeliness, completeness and accuracy, per the community’s Data Quality Plan
 - Timeliness
 - Workflow
- ◆ At least 50% of persons contacted and who are eligible for the street outreach project, will be engaged within 30 days of initial contact by the outreach team
- ◆ All clients who become engaged will be offered a coordinated entry assessment completed within 30 days of their date of engagement¹
- ◆ At least 50% of engaged Street Outreach clients will be referred to a housing program within 90 days of their date of engagement, including:
 - emergency shelter
 - transitional housing
 - permanent housing, including permanent supportive housing

Emergency Shelter

¹ Per the 2017 HMIS Data Standards, the date of engagement is defined as: “...the date when an interactive client relationship results in a deliberate client assessment or beginning of a case plan.” (<https://www.hudexchange.info/resources/documents/HMIS-Data-Standards-Manual.pdf>)

- ◆ HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- ◆ After 14 days, 100% of emergency shelter clients should be connected to the coordinated entry system to ensure that they are assessed.
- ◆ Single adult emergency shelter clients (persons 18 years of age and older) should be offered a referral to the local coordinated entry system within 45 days of their entry into the emergency shelter
- ◆ Decrease length of time homeless: 1047 days (baseline – decrease over time)
- ◆ Increase exits to stable housing (TH, PSH, RRH): 7.2% (baseline – increase to 10%)

Rapid Re-housing

- ◆ HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- ◆ Exits to Permanent destinations: Permanent Housing Exits > 84 %
- ◆ Maintain or increase Employment Income: Qualifying adult participants > 41%
- ◆ Maintain or increase Non-Employment Income: Qualifying adult participants > 53%
- ◆ Maintain or Increase Total Income: Qualifying adult participants > 78%
- ◆ Number of days from program start to housing move in date 54 days

Homelessness Prevention

- ◆ HMIS data will be entered in accordance with local HMIS data quality policies, per the community's Data Quality Plan
- ◆ No shelter entry within 6 months > 97%
- ◆ No shelter entry within 12 months > 95%
- ◆ Reduce First time homeless

HOME-American Rescue Plan (HOME-ARP) Program Summary

The following summarizes the HOME-ARP funding that the City has received from HUD and for which it will be developing an Allocation Plan over the next year describing how it will implement the funds. The Allocation Plan will be an Amendment to the 2021 Action Plan likely to be taken up during next spring's development of the 2023 Action Plan. City staff are currently planning out stakeholder engagement steps to develop the Allocation Plan.

On March 11, 2021, President Biden signed the American Rescue Plan into law to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include:

- (1) development and support of affordable housing,
- (2) tenant-based rental assistance (TBRA),
- (3) provision of supportive services; and
- (4) acquisition and development of non-congregate shelter units.

ARP legislation defines qualifying individuals or families as those that are:

- (1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. 11302(a)) ("McKinney-Vento");
- (2) at risk of homelessness, as defined in section 401 of McKinney-Vento;
- (3) fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- (4) part of other populations where providing supportive services or assistance would prevent a family's homelessness or would serve those with the greatest risk of housing instability; or
- (5) veterans and families that include a veteran family member that meet the criteria in one of (1)-(4) above.

Recognizing the urgent needs of individuals and families in qualifying populations, HUD requires that 100 percent of HOME-ARP funds be used by a community for TBRA, supportive services, and acquisition and development of non-congregate shelter units benefitting individuals and families in qualifying populations. Individuals and families in qualifying populations may be assisted by one or more of the HOME-ARP eligible activities.

Further, not less than 70 percent of affordable rental housing units acquired, rehabilitated, or constructed with HOME-ARP funds must be occupied by households in the qualifying populations. Units that are not restricted to occupancy by qualifying populations are subject to income targeting and rent requirements established under the HOME-ARP Rental Program rules and are only permitted in projects with rental units restricted for occupancy by qualifying populations. HUD recognizes that, because many households in the qualifying populations are unable to pay rents sufficient to cover unit operating costs, the City and project owners should attempt to obtain Federal or state project-based rental subsidies, if available. Since project-based rental subsidies can be difficult to secure, additional flexibility may be necessary to structure and underwrite projects so that they remain both affordable and financially viable. HUD is providing the City with additional flexibilities to structure and underwrite HOME-ARP rental projects so projects remain financially viable during the minimum compliance period. One of these flexibilities is permitting up to 30 percent of HOME-ARP rental housing units funded by Minneapolis to be occupied by low-income households. Minneapolis is encouraged to use this flexibility only when it is required to facilitate development of a HOME-ARP rental project. The City must determine and document that households meet the definition of a qualifying population or, for the portion of HOME-ARP rental units not restricted to these populations, that households are low-income.

The City will be required to develop a HOME-ARP Allocation Plan describing how it intends to distribute HOME-ARP funds, including how it will use these funds to address the needs of HOME-ARP qualifying populations. The HOME-ARP allocation plan must include:

- A summary of the consultation process and results of upfront consultation;
- A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why;
- A description of HOME-ARP qualifying populations within the jurisdiction;
- An assessment of unmet needs of each qualifying population;
- An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
- A summary of the planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations;
- An estimate of the number of housing units for qualifying populations the City will produce or preserve with its HOME-ARP allocation; and
- A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.

Affordable Housing Trust Fund Community Preference Policy

Community Preference Policy:

Affordable Housing Trust Fund (AHTF)

Adopted Community Preference Policy Summary

The City of Minneapolis established a Community Preference Policy that applies to housing units resulting from the sale of City-owned property or financing through City funding programs. Under this policy, up to 50% of the units so created, determined on a program-by-program basis, shall give preference to eligible residents in the sale or rental of those units. Eligible residents are limited to those former and existing residents of the NSP-designated areas of the city who have or are facing involuntary displacement due to extreme economic forces since January 1, 2007.

[Community Preference Policy – Housing Policy and Development RCA-2020-01047.](#)

Policy Goal

The goal of the Community Preference Policy is to disrupt involuntary displacement of Minneapolis residents. Preference policy opportunities will apply to those who have either experienced or are at-risk of experiencing displacement from identified Minneapolis neighborhoods due to extreme economic forces or housing crisis. This Community Preference Policy intends to serve current and previous Minneapolis community members, focusing on anti-displacement of Black, Indigenous, People of Color, and Immigrant (BIPOCI) and low wealth communities, which are disproportionately impacted by involuntary displacement. Involuntary displacement can and has been a result of extreme economic forces, such as gentrification and rapidly increasing housing costs.

Eligible Renter

- City of Minneapolis residents living in the eligible location area, as identified in Exhibit A, beginning January 1, 2007.
- Households shall attest to eligibility by signing an eligibility affidavit.
- Renter must meet tenant selection plan criteria and unit income-restriction requirements.

Applicable Units

To the extent not inconsistent with the requirements of other funding sources for a project, the Preference Policy shall apply to initial leasing of 50% of the total new restricted units¹ (new construction or adaptive reuse) less those units filled through other housing waiting list processes, including Coordinated Entry and/or Project-based Vouchers. The Policy applies to AHTF-funded projects located anywhere in the City.

(Total new restricted units – units filled through other waiting list processes) * 50% = Applicable Units

¹ For purposes of the AHTF, restricted units means the Extremely Low Income Units, the Very Low Income Units, the Sixty Percent Income Units and the Low Income Units.

Applicable units shall be leased to eligible renters through the Preference Advertising Period.

Preference Advertising Period

The property owner shall collect rental applications for 10 business days after the subject property is listed on the HousingLink website prior to commencing contact with non-preference applicants.

Renter Selection

The property owners must sort rental applications received during the Preference Advertising period by those applications claiming preference eligibility and those not claiming preference eligibility. Preference eligible renters must be placed at the front of the list until such time the applicable units are leased. If there are more preference eligible renters than applicable units, remaining preference eligible renters shall be placed back in their original place in the overall lease-up waiting list. If there are fewer preference eligible renters than applicable units, property owners should continue to prioritize any applications received claiming preference after the initial 10-day period, to the extent practicable, but may otherwise continue regular lease-up.

Exhibit A: Community Preference Policy Eligible Neighborhoods and Map

Potential renters must live or have lived in these neighborhoods on or before January 1, 2007, to be eligible for the preference.

Audubon Park	Ericsson	McKinley	Sumner-Glenwood
Bancroft	Field	Midtown Phillips	Ventura Village
Beltrami	Folwell	Near-North	Victory
Bottineau	Harrison	Northeast Park	Waite Park
Bryant	Hawthorne	Northrup	Webber-Camden
Camden Industrial	Holland	Phillips West	Whittier
Central	Humboldt Industrial	Powderhorn Park	Willard Hay
Cleveland	Jordan	Regina	Windom Park
Columbia Park	Lind-Bohanon	Sheridan	
Corcoran	Logan Park	Shingle Creek	
East Phillips	Marshall Terrace	Standish	

