

CITY OF MINNEAPOLIS

**MinneapolisHomes**

BUY·BUILD·REHAB

# Housing Stabilization Pilot Program



# What are we trying to accomplish with the Housing Stabilization Pilot Program?

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## City Goals from Minneapolis 2040

### **Eliminate disparities**

All communities thrive regardless of race, country of origin, religion, or zip code

### **Affordable and accessible housing**

All residents will be able to afford and access quality housing throughout the city

### **More residents and jobs**

All people will equitably benefit from that growth



# Current Preservation Strategies

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- **NOAH Preservation Fund**
- **Small Medium Multifamily Pilot (SMMF)**
- **4d Affordable Housing Incentive Program**



# Policy Initiatives

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- Inclusionary Zoning
- Advance Notice of Sale (of NOAH property)
- Post-Sale Tenant Protections (of NOAH property)
- Tenant Protections ordinance
- Anti-Displacement Policy agenda
- Emergency Housing Repairs Ordinance
- Tenant Relocation Assistance Ordinance
- Renter-First Policy



# Tenant Stability

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- **Tenant Hotline (612) 728-5767**
  - Information and referral services - approximately 3,000 renters served annually
- **Tenant Legal Services (612) 334-5970**
  - Increased legal representation for low-income renters in habitability and evictions cases
- **Rental License and Code Enforcement**
- **Public Housing Partnerships**
  - Stable Homes Stable Schools
  - Minneapolis Property Owner Incentive Fund



# Why stabilize 1-4 unit rental?

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- The City of Minneapolis has several programs that stabilize 10-unit+ rental housing
- This program seeks to expand the City's capacity to stabilize 1-4 unit rental property
- As of July 2019, 1-4 unit buildings make up around 30% of the total rental units in Minneapolis and around 75% of the total rental licenses in Minneapolis
- As rents have increased and vacancy rates have fallen, families with low to moderate incomes are faced with increasingly precarious affordability concerns



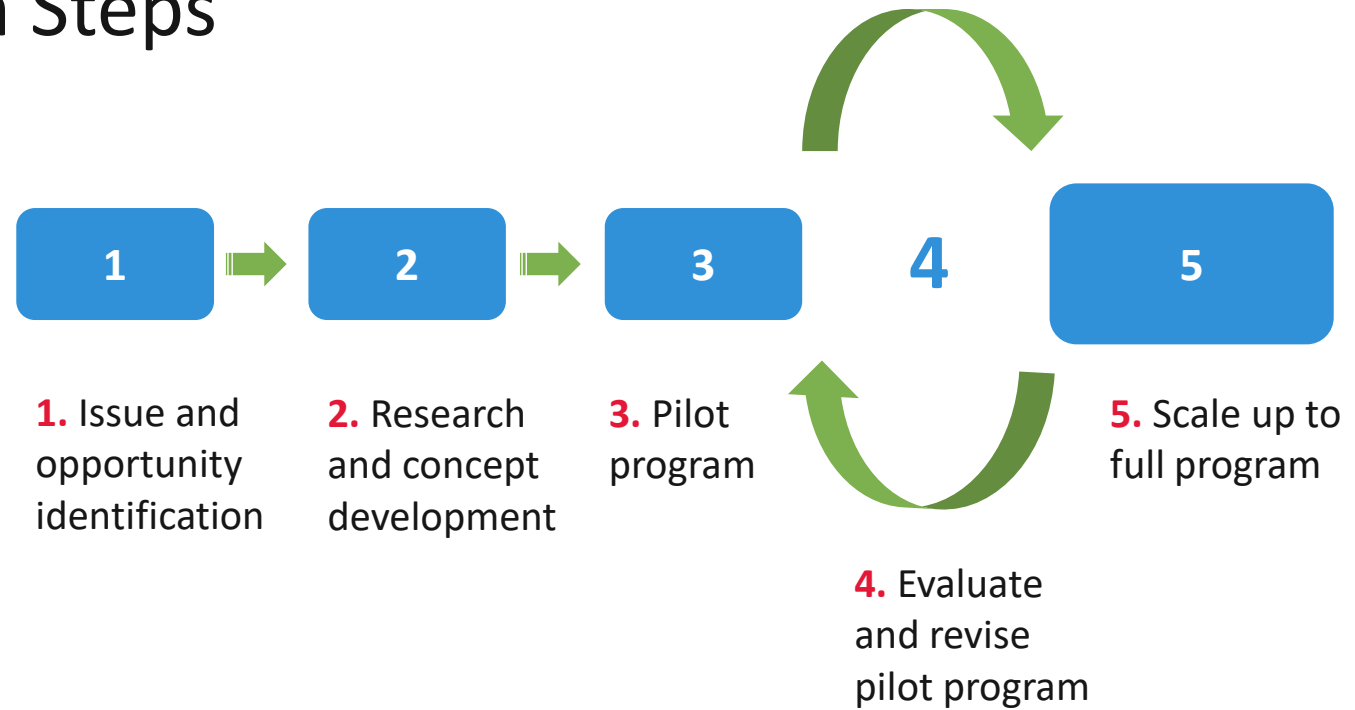
## Innovative Housing Strategies

### Pilot Program Steps

**Innovative Housing Strategies**

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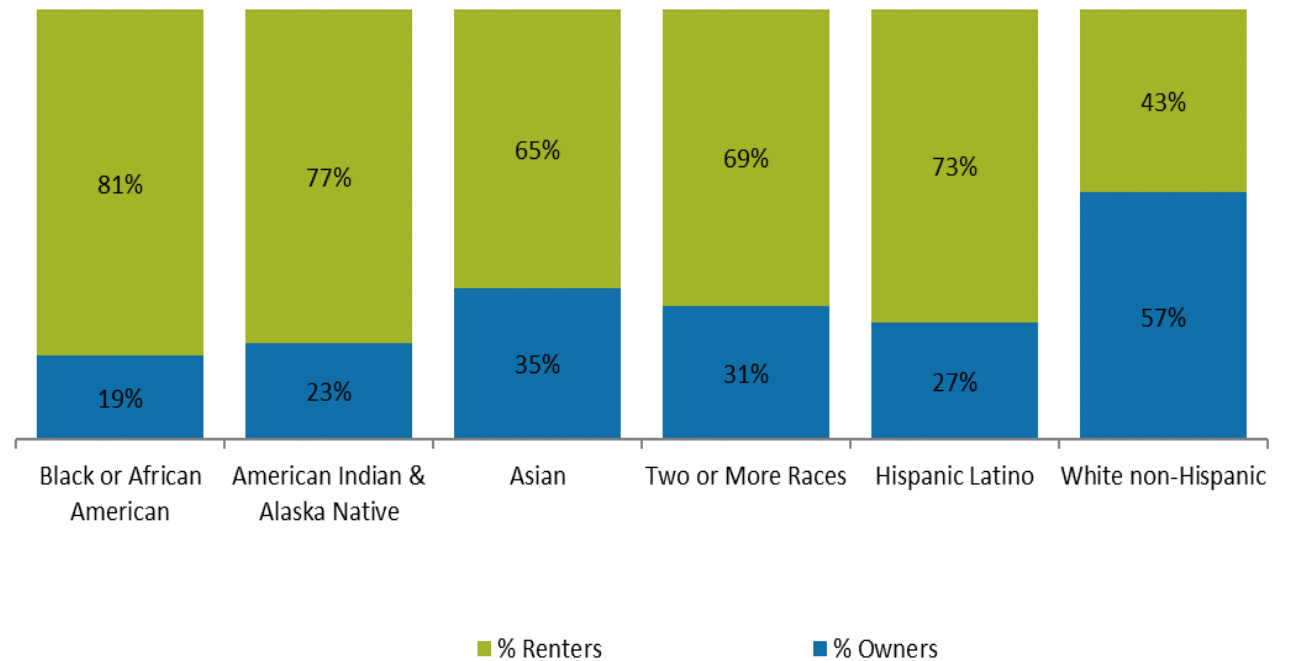
POLICY 36



# Who is renting in Minneapolis?

- White households remain the only racial group for which the majority own their homes
- Just one in four households headed by a Person of Color own their home in Minneapolis.

Owner/Renter Status by Racial Group for Minneapolis, 2013-2017

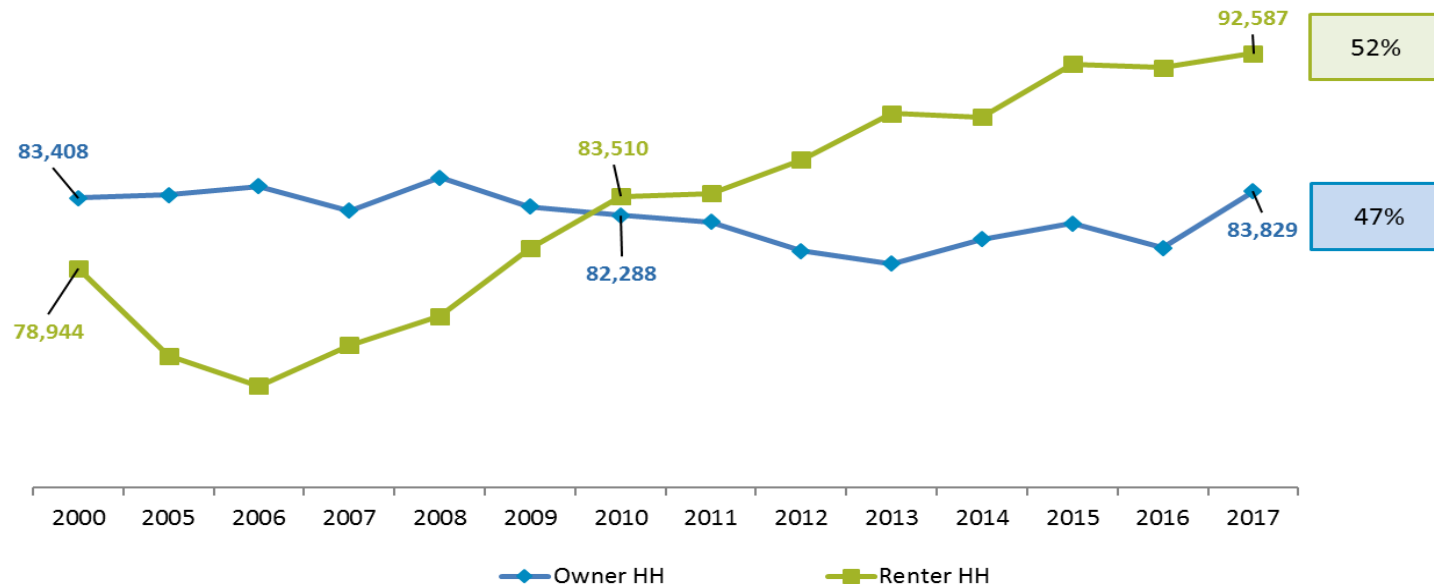




# Market Context

- Communities of color are the fastest growing population in Minneapolis
- Racial disparities persist in income and housing
- The majority of Minneapolis households are renters
- Minneapolis has less affordable housing than it did in 2000

Tenure (Owner/Renter Status) for Minneapolis, 2000-2017



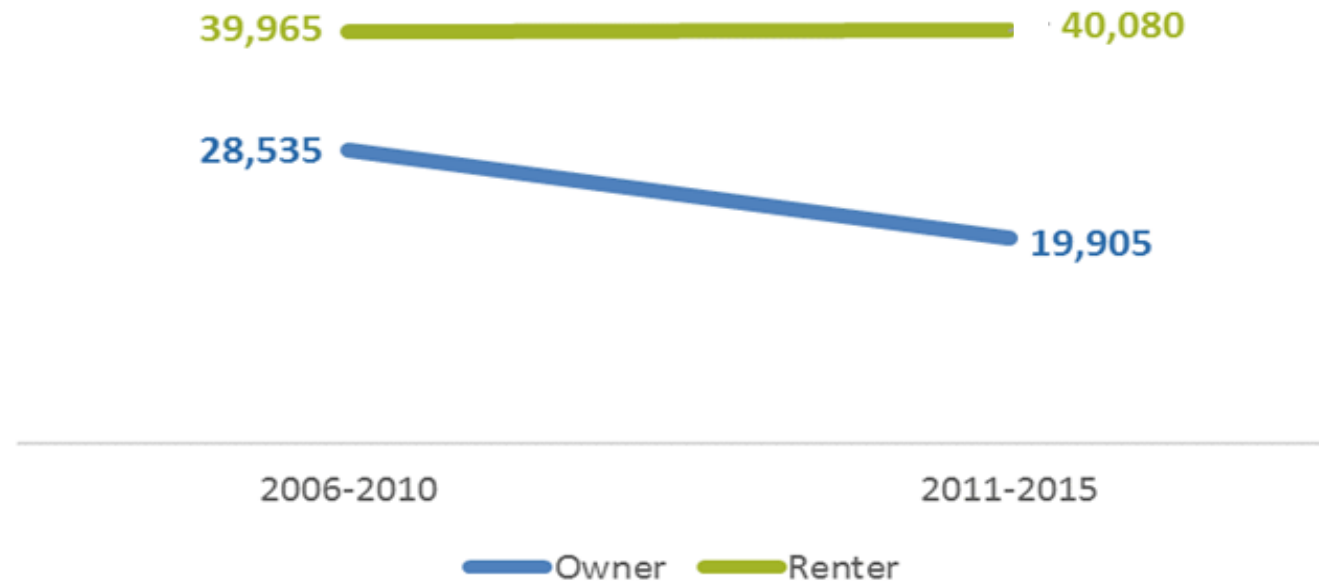
Source: US Census Bureau, American Community Survey



# How we define “affordable housing”?

- Housing that costs less than 30% of a household’s gross income
- Half of renters cannot afford their rent
- The majority of renters are low-income (below 50% AMI)

Cost-Burdened Households by Owner/Renter Status, Minneapolis

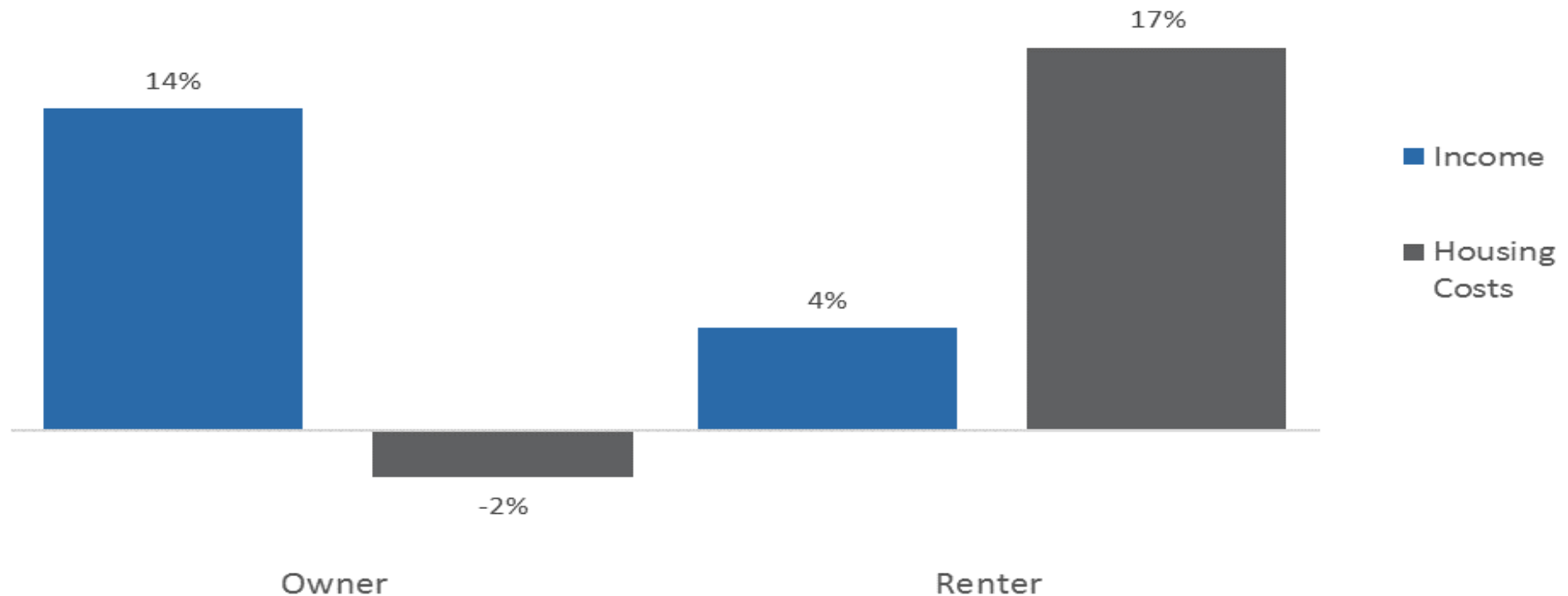


Source: US Census Bureau, American Community Survey



# Renter costs increasing faster than incomes

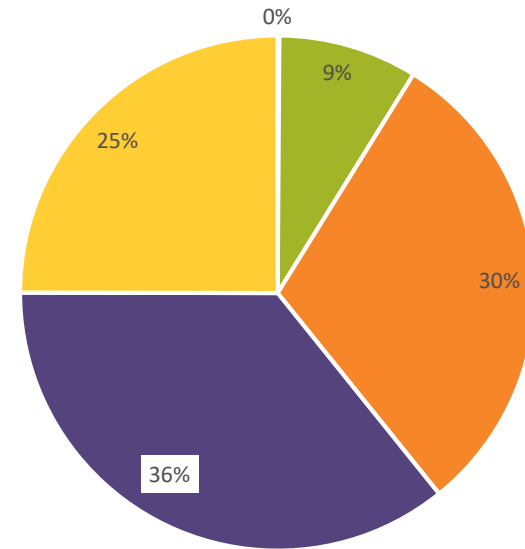
Change in Median Income and Median Housing Costs by Owner/Renter Status, 2000 & 2013-2017



# Advertised 1-2 Unit Rentals Offer a Variety of Bedroom Numbers

- Low-density 1-2 unit rentals had a mix of bedroom number options between 2018 Q3 and 2019 Q3
- By contrast, over half (54%) of advertised apartment buildings of 5+ units had just one bedroom

Bedroom Number Availability in Low-Density 1-2 Unit Rentals  
2018 Q3 - 2019 Q3



■ 0 Bedroom ■ 1 Bedroom ■ 2 Bedroom ■ 3 Bedroom ■ 4+ Bedroom

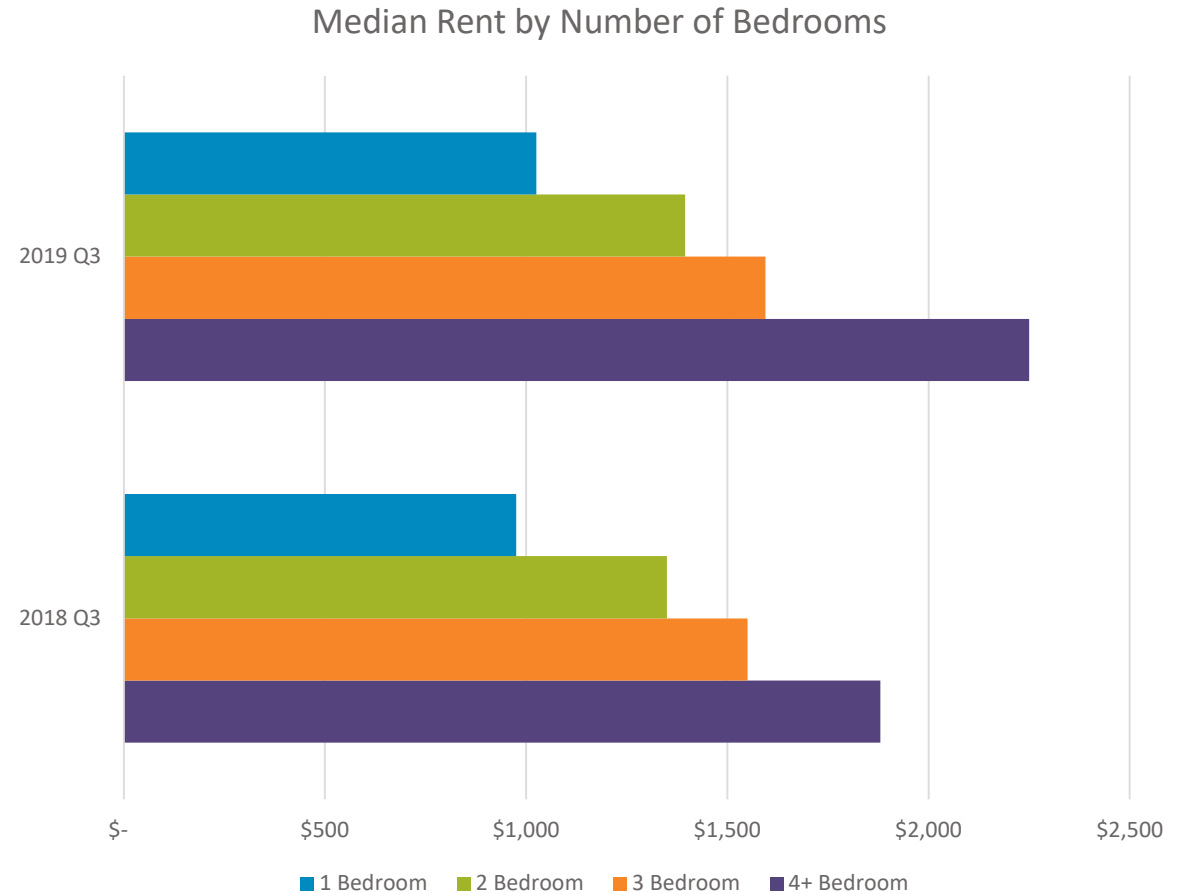
*Low-density 1-2 unit rentals vary in number of bedrooms<sup>1</sup>.*

<sup>1</sup>HousingLink. (2018). *Twin Cities rental revue - 2018 Q3*. HousingLink.org.



# Median Advertised Rents Among 1-2 Unit Listings

- Over the past year, 4+ bedroom units had the largest change in median rent.



Data comes from listings on HousingLink.org and other market sources.



# Advertised Rental Unit Options Vary by Location

- 68% of citywide rental listings between 2018 Q3 and 2019 Q3 were for apartment units.
- North Minneapolis was the only area with a large majority of low density 1-2 unit listings.

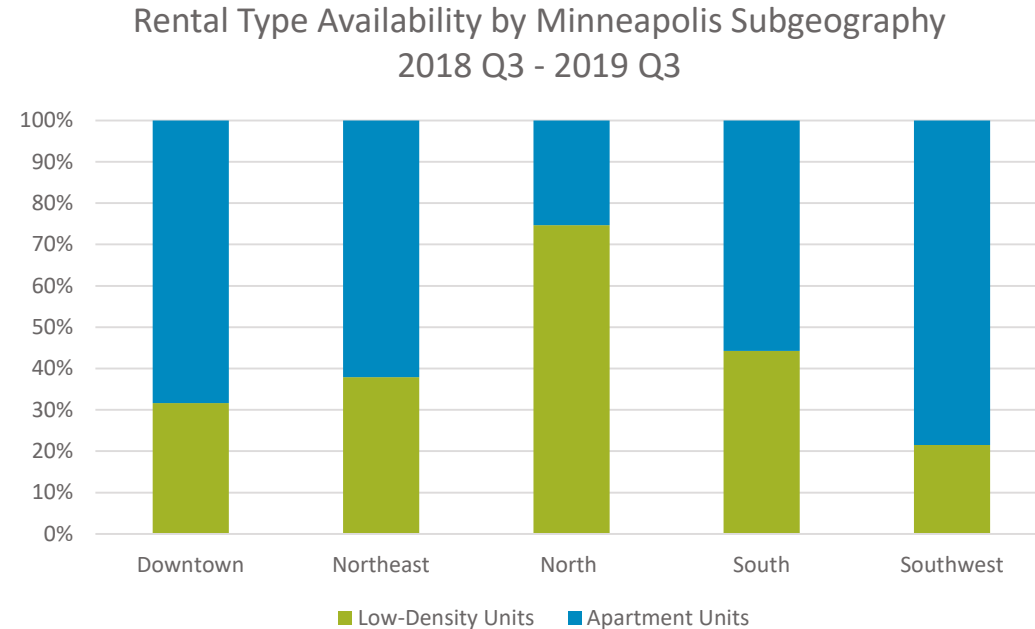
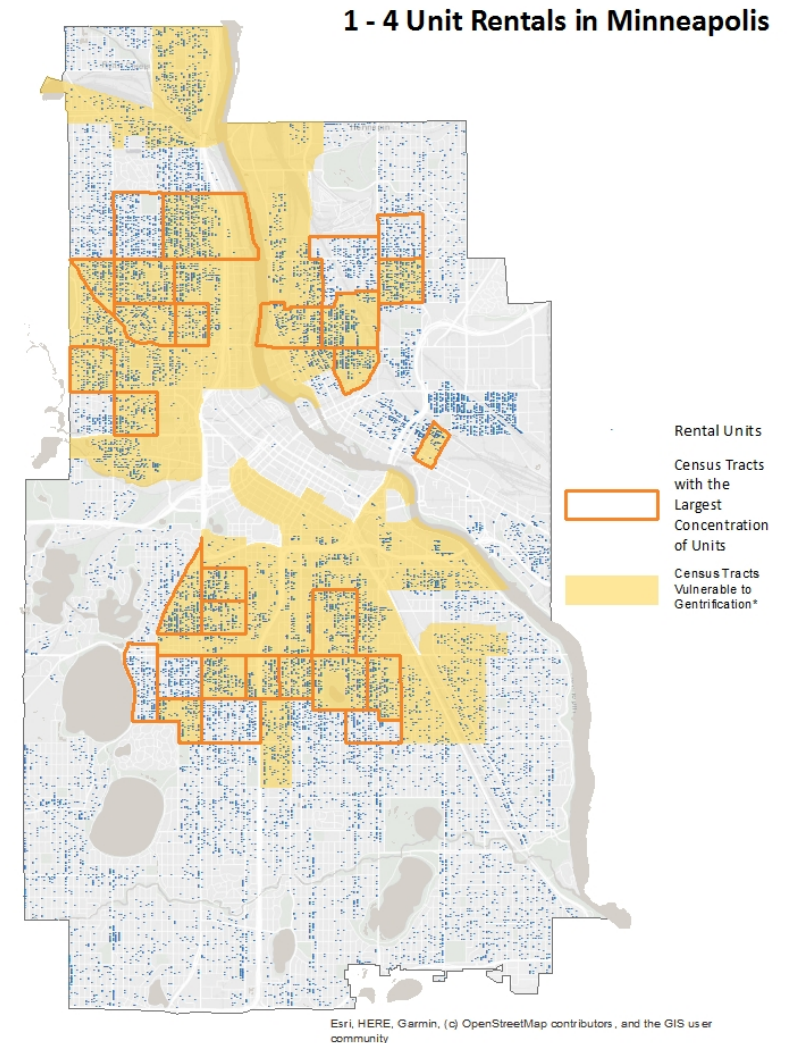


Figure 1. North Minneapolis was the only area where apartments made up a minority of the listings<sup>1</sup>



# Rental Housing Data

- There were 23,264 rental licenses on any building type in 2019; 17,400 or about 75% are licenses on 1-4 unit buildings
- NOAH Preservation efforts have been most active in South and Northeast due to greater concentration of five-plus unit rental housing
- The majority of rentals in the North are 1-2 unit housing



# What will be the criteria for the NOFA pilot?

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The City Council approved \$1.5 million for housing stabilization strategies related to 1-4 unit rentals. Responses to the Notice of Funding Availability (NOFA) will be evaluated based on the following criteria:

- Experience with completion and evaluation of a project similar in scope, scale, and/or complexity to the one proposed
- Cultural, geographic, and/or an income-based model that stabilizes communities most at risk of displacement
- Organizational staff and/or board representation reflective of the community being served
- Priority will be given to projects that serve communities where other city resources have not already been directed
- What tools will the applicant use to evaluate project effectiveness?
- Can the project be replicated and/or increased in scale?





# What's the timeline for the NOFA?

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The City of Minneapolis, at its discretion, may select more than one entity to carry out innovative strategies for housing stabilization related to 1-4 unit rentals. Here's the timeline for the Notice of Funding Availability (NOFA):

- Housing Stabilization NOFA Release – Friday, March 13, 2020
- Information Session on NOFA – Friday, March 27, 2020 at 10:00 a.m.
- Questions Regarding NOFA Due – Thursday, April 2, 2020 at 4 p.m.
- Responses to Questions Posted – Tuesday, April 7, 2020
- [Applications](#) Due – Friday, April 24, 2020 at 4 p.m.
- City Approval Process Completed – Estimated June 2020
- Estimated Contract(s) Term(s) – July 1, 2020 – June 30, 2021



# NOFA Frequently Asked Questions (FAQ's)

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Here are some of the questions that we heard from the March 27 Information Session regarding this Notice of Funding Availability (NOFA):

- **What types of activities can be funded?** *City is open to solutions from community that stabilize tenants currently living in 1-4 unit rental housing. Proposals that stabilize tenants by transitioning to homeownership or a more stable rental situation are both eligible. Types of activities can include, but are not limited to, acquisition/rehabilitation/new construction to produce rental units, direct funding to tenants, organizing or educational work in order to inform tenants of rights and options with their landlords. The City will be funding proposals that demonstrate capacity, readiness, and have potential to be taken to scale.*
- **How do I submit?** *Look at both the [NOFA](#) and the [application](#) posted on the City of Minneapolis [RFP website](#) under “Housing Development”*
- **Will the City offer vacant buildings for sale as part of this NOFA?** *No. The City does not own many vacant buildings currently and this NOFA is not intended as a redevelopment tool for City land. Sign up at [www.minneapolisishomes.org](http://www.minneapolisishomes.org) to receive a notification of opportunities to purchase City land.*
- **What’s the anticipated dollar amount of the awards?** *The City has allocated \$1.5 million dollars to this pilot program. We expect to award one or more programs under this funding.*
- **What about if we have questions after today?** *Questions can be submitted via email to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov) until Thursday, April 4 at 4 p.m. Answers to additional questions will be posted on the [RFP website](#) under “Housing Development” by April 7, 2020.*



# Thank you!

Questions regarding the NOFA should be submitted by 4 p.m. on Thursday, April 2, 2020 via email to:

[mplshomes@minneapolismn.gov](mailto:mplshomes@minneapolismn.gov)

Responses to all questions will be posted by April 7, 2020 on the [CPED RFP website](#) under “Housing Development”.

