



Substantial Amendment #1 HOME-ARP Allocation Plan: City of Minneapolis

May 2024

Summary of Changes

The City of Minneapolis submits this substantial amendment regarding changes in three areas of the HOME-ARP Allocation Plan reflecting evolving implementation needs for our HOME-ARP program initiatives including 1) further defining a subpopulation under the homeless preference, 2) clarifying referral methods, and 3) adjusting funding allocations by sub-activity. These changes reflect the intended use of HOME-ARP funds to fill the gap of current unmet needs of those experiencing homelessness in the City while also braiding state and local funds to address these needs. Corresponding edits were made to the following sections of the Allocation Plan as demonstrated by additional red text below including: (1) Rationale for Planned Activities, (2) Use of HOME-ARP Funding, (3) Preferences, and (4) Referral Methods and Methods of Prioritization. Black text indicates original language in the accepted Allocation Plan.

Allocation Plan Language Changes by Section

Rationale for Planned Activities

Investing in affordable housing is a crucial investment for the City of Minneapolis to addressing the housing crisis and reducing homelessness. With rising housing costs and stagnant incomes, many families and individuals struggle to afford a safe and stable home. Building more affordable housing not only provides an immediate solution to this problem, but it also creates jobs, generates economic activity, and improves the overall quality of life for all residents in a community. By increasing the availability of affordable housing, we can promote economic mobility and help families break the cycle of poverty.

As highlighted in the HOME-ARP consultation process, there is a pressing need for affordable rental housing. Investing in affordable housing development would also help address the underlying reasons for homelessness and housing instability, providing direct assistance in increasing affordable housing stock. Consultations also highlighted the capacity limits, needs, and supports non-profit organizations need to carry out and administer a new federal funding source. **In further recognition of the need for more rental housing units, the City has moved funding from both the administration and planning and non-profit capacity building categories to the development of affordable rental housing category to maximize investment in rental units in accordance with local needs.**

Use of Home-ARP Funding

The left side of the chart represents the use of HOME-ARP funds from the accepted Allocation Plan. The two columns on the right-hand side (green headers, red text) indicate the updated funding allocation per activity as per this Substantial Amendment.

Eligible Activities	Original Funding Amount	Percent of the Grant	Statutory Limit	Updated Funding Amount	Updated Percent of the Grant
Development of Affordable Rental Housing	\$ 8,182,385	85 %		\$ 8,675,000	90%
Non-Profit Capacity Building	\$ 481,317	5 %	5 %	\$0	0 %
Administration and Planning	\$ 962,633	10 %	15 %	\$ 951,335	10 %
Total HOME-ARP Allocation	\$ 9,626,335			\$ 9,626,335	

Preferences

The City will support the following two preferences for HOME-ARP funded projects. Projects may only use one preference for all of their HOME-ARP funded units:

- QP1 Homeless
- High Priority Homeless (subpopulation of QP1)

Rationale for Qualifying Population 1: Homeless Preference

Following a thorough consultation and analysis of needs and gaps, the City has determined a need for a preference for individuals who meet the HOME-ARP QP1 definition for homelessness. This preference will be incorporated into the Request for Proposals (RFP) process by means of a scoring preference. Specifically, the City will assign bonus points to HOME-ARP funded project proposals that prioritize serving households in QP1 in their projects.

Rationale for High Priority Homeless Preference

In addition to the homeless preference, the City will support projects that further prioritize households that meet the Minnesota Housing definition of “High Priority Homeless (HPH)” a subpopulation of HOME-ARP QP1 defined locally as households experiencing literal homelessness for 12 months or more with the presence of health and behavioral health vulnerabilities. The City’s HOME-ARP Allocation Plan clearly outlines existing unmet needs and gaps for those experiencing homelessness with ongoing medical and mental health conditions based on annual Point in Time (PIT) count numbers. Notably the successful housing placement rate for the HPH population stands at 31% which underscores the urgency of further prioritization to increase housing opportunities and bridge the gap effectively.

Access for all Qualifying Populations

While all QPs will have access to the HOME-ARP activities, additional resources are available through the Affordable Housing Trust Fund that historically provides approximately \$15 million to support housing development and through the Emergency Solutions Grant (ESG) which has primarily been used for capital funding for shelter rehab, homelessness essential services and rental assistance. In partnership with Hennepin County, qualifying populations in the City of Minneapolis have access to a continuum of rental services, emergency assistance, supportive services, and shelter programming.

Referral Methods and Method of Prioritization

The City will allow the use of one of two referral methods outlined in [CPD-21-10 Section IV](#): (1) Coordinated Entry (CE) + Other Referral Methods or (2) a project waitlist for its HOME-ARP rental housing units. Either referral method will support access for all qualifying populations.

Waitlists for HOME-ARP units **using a QP1 homeless preference** will be prioritized as follows: all referrals meeting the criteria for QP 1 will have first preference, prioritized in chronological order of receipt of referral, followed by all other QP referrals in chronological order of receipt, in so far as practicable. The City will not adopt any CE prioritization.

Waitlists for HOME-ARP units using a HPH preference will follow the method of prioritization below:

- 1. all referrals meeting the criteria for HPH will have first preference in order of vulnerability and length of homelessness,**
- 2. then all other QP1 households not meeting the HPH definition in chronological order of receipt**
- 3. followed by all other QPs in chronological order of receipt.**

For rental projects using CE + Other Referral Methods, the City will require respondents to the RFP to identify other supplemental referral agencies as applicable and/or acknowledge that they will accept direct access for qualifying populations that ensure all qualifying populations have access to the waitlist. Any supplemental referral methods must be clearly identified in the project proposal and will be specified in the written agreement between the developer and the City.

Additionally for rental projects using CE + Other Referral methods, the Hennepin County CE system will make referrals to a project waitlist held by the project owner. The waiting list held by the project owner will also receive referrals from other referral agencies as identified in the Tenant Selection Plan (such as other COC member agencies, 211 helplines, etc.), and/or direct access for QPs. Each applicant, regardless of the referring source, will be placed on the project waitlist. The waitlist will be ordered as described above.

Each rental housing project awarded HOME-ARP funds will also be required to have a Tenant Selection Plan that must be approved by the City before referrals may be accepted.