

## **Memorandum**

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Date: November 17, 2003

Subject: Housing Program Collaborations

For the past month, NRP staff has been working with the Director of the Housing Division of CPED (Lee Pao Xiong) to examine possible ways that NRP and CPED could collaborate to help address housing issues in the city. The results of that effort were presented as two reports to the Community Development Committee of the Minneapolis City Council on November 10. A copy of the reports is attached for your information.

The report covers two initiatives: a property acquisition and redevelopment program and a coordinated affordable housing request for proposals.

The property acquisition program is a program that will allow neighborhoods to actively participate in the acquisition and redevelopment of properties in their neighborhood. Under the proposed program CPED would reserve up to \$1.2 million to match, on a one for one basis, any neighborhood dollars committed to the purchase and redevelopment of lots in their neighborhood. The lots could be vacant, tax forfeitures, or contain boarded or blighted structures. The emphasis would be on augmenting, but not supplanting, private sector purchase and redevelopment efforts. CPED would serve as the acquiring agent and redevelopment manager. Neighborhoods would be part of the decision making process for identifying lots, determining the appropriate redevelopment, selecting the developer and monitoring redevelopment progress.

The process proposed for establishing and operating the program is patterned after the very successful demolition partnership that NRP initiated with the Inspections Department in 1997.

Work on the details for this program will be continuing over the next several weeks and we are planning to invite neighborhoods to an informational meeting during the first week in December. The CPED match would be available during 2004. NRP staff sees this as an excellent opportunity for neighborhoods to leverage their available housing dollars and become a partner in the redevelopment process.

The second major effort is to develop a coordinated affordable housing request for proposals. There is strong agreement on the desirability of coordination: it can reduce duplication of effort, minimize predevelopment costs, coordinate funding decisions and more efficiently utilize the talents of review team staff. NRP staff believes that developing a coordinated RFP process is very doable.

Last year NRP staff worked with MCDA staff on the forms to be used in the RFP process and the evaluation criteria. NRP has also used MCDA/CPED staff to assist with proposal reviews and ratings in both rounds of the affordable housing reserve fund.

NRP funding was a check off option on the submission forms for MCDA and EZ and NRP's submission deadline was only 38 days later than MCDA's. NRP also granted projects requesting NRP funds that were submitted to MCDA but without a neighborhood support resolution the opportunity to secure such a resolution if they could do so by the submission deadline for NRP's proposals. Several projects submitted for this round were able to secure neighborhood support – some were not.

The disagreement occurs about the cycle in which coordination should occur. CPED and the city are issuing RFP's twice each year: in January, with a mid-February deadline for submissions and in July with a late August deadline. In both cases, there are about 7 weeks between the date the RFP is issued and the deadline for submission. NRP staff understands that these deadlines are needed to meet the semiannual submission dates for MHFA's super RFP but the proximity of the issuance date to the response date creates problems in securing neighborhood support.

The guidelines for NRP's Affordable Housing Reserve Fund submissions adopted by the Policy Board requires the sponsorship of the neighborhood before a proposal can be submitted. The failure to secure such an endorsement disqualifies the project from consideration.

Part of the process for securing neighborhood support is the requirement that the neighborhood provide 30 days notice prior to hearing any proposed project for endorsement. Given the existing issuance and submissions deadlines for CPED's next round of funding, neighborhoods would have to be informed of the project and notice their neighborhood within 2 weeks of the RFP issuance date.

It is the staff belief that coordination with the second funding round (i.e. July) is far more responsible and appropriate. Here are just a few of the reasons:

1. CPED is still reviewing and rating the proposals submitted for its August 22 deadline.

2. NRP's review team is completing its assessment of the proposals submitted on September 30. Additional information has been requested of several submitters and a recommendation to the Policy Board is planned for the December 15 Policy Board meeting.
3. An RFP issued in January for response in February is likely to receive submissions from projects that have previously been reviewed by other funders.
4. It takes considerable time and effort to assemble a development proposal that meets the submission requirements for CPED, EZ, NRP and MHFA.
5. Neighborhoods may support a proposal without an extensive review of the project but past experience indicates that such an outcome is highly unlikely.
6. The RFP has to be issued earlier (by at least a month) if the developer and the neighborhood are going to have a fair chance to develop and review, respectively, any proposal seeking neighborhood sponsorship and to avoid the appearance of a perfunctory request for neighborhood review and support.
7. The Policy Board has not yet determined the funds available for the submission to this year's NRP RFP. With fewer dollars available for the program, issuing an RFP twice a year would appear to be a waste of resources and time.
8. The emphasis should be on getting quality submissions that are well thought out, have their other funding streams in place or in process and are supported by the neighborhoods.

If the January date is used the neighborhoods may be able to review and comment on proposals but they will not be sponsors. The impact of their comments would also be subject to question since the proposal has been accepted without their initial endorsement.

The following resolutions are intended to provide authorization to NRP staff to continue discussions with Minneapolis Community Planning and Economic Development (CPED) on the above referenced housing collaborations and to establish parameters for those discussions.

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board (Board) hereby authorizes the Director to work with Minneapolis Community Planning and Economic Development (CPED) staff on a program whereby CPED would reserve up to \$1.2 million to match, on a one for one basis, any neighborhood dollars committed to the purchase and redevelopment of lots in their neighborhood; and

**RESOLVED FURTHER:** That the Minneapolis Neighborhood Revitalization Policy Board (Board) hereby authorizes the Director to work with Minneapolis Community Planning and Economic Development (CPED) staff on a 2004 coordinated affordable housing RFP that provides a minimum of three and one half months between the date of RFP issuance and the proposal submission deadline; and

**RESOLVED FURTHER:** That participation in a 2004-coordinated affordable housing RFP is subject to prior authorization by the Minneapolis Neighborhood Revitalization Policy Board (Board) that makes Affordable Housing Reserve Fund dollars available in 2004.