METRO CITIES
Association of Metropolitan Municipalities

Metro Cities News

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Senate Select Committee on Housing Affordability Hears from Nonprofits

A series of nonprofit developers and nonprofit housing stakeholders presented at the December 10 meeting of the Senate Select Committee on Home Ownership Availability.

Representatives from Twin Cities Habitat for Humanity, City of Lakes Community Land Trust, Minnesota Homeownership Center, Southwest Minnesota Housing Partnership, MICAH and Northcountry Cooperative Foundation shared their experiences supporting home ownership across the state.

Several presenters highlighted land prices and labor as two of the significant and notable cost drivers of new home construction. The increasing gap between slow wage growth compared to home price increases has also made attaining and sustaining home ownership challenging for Minnesotans. Other presenters explained how homebuyer expectations at various price points are a challenge facing home sales, calling it the “HGTV Effect.” In greater Minnesota, a lack of residential contractors has limited new construction starts and contributed to higher sale prices.

Manufactured housing as an affordable homeownership option was advocated by two presenters. Home park cooperatives, which are owned by residents, can preserve what is seen by some as the most affordable housing in Minnesota. And a right of first refusal on home park sales for current home park residents was touted as a preservation tool that could preempt park closures while supporting home ownership.

Former St. Paul Mayor and current Twin Cities Habitat President & CEO Chris Coleman explained how Habitat recognizes cities have costs related to development that need to be paid for. He noted that land costs are the biggest cost concern for Habitat and called for increased financial support from the state to support affordable home ownership.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Legislative Auditor Releases VTRS Quarterly Review

The Legislative Auditor (OLA) has released a MN Vehicle Title and Registration System (VTRS) review, following action by the 2019 Legislature that directed the OLA to conduct a quarterly review of the VTRS project implementation, stakeholder engagement, and decommission of the MNLARS legacy system. The law also requires the review to identify any concerns or risks that could jeopardize the project.

The review found that the Department of Public Safety (DPS), MNIT, and FAST (the vendor that has been selected to conduct the work of creating VTRS) are on track to meet the project implementation deadlines prescribed by state law and concluded that there were no concerns with current stakeholder engagement efforts.

The OLA found that two proposed vehicle licensing and registration changes and data conversion uncertainties could jeopardize the project timeline. These licensing and registration changes include changes to how vehicle registration fees are calculated and the method in which they can be paid. These changes would need to be passed by the legislature by March 1, 2020 to not impact the current project timeline. The OLA also found that the intended decommissioning dates may be difficult to meet because the dates are close to final system implementation dates. The review also identifies three risks that may impact the VTRS project deadlines. These include that new legislative requirements could affect the ability to complete the VTRS project on time and within the budget, moving data from MNLARS to VTRS could be challenging due to existing data integrity issues, and decommissioning project timelines and budgets are still under development, but may not meet intended target dates in state law.

To view the Quarterly Review, click here.

Transportation Funding Discussed in Metropolitan Council Budget

In adopting a unified budget and levies this week, Metropolitan Council staff discussed the Council's transportation operating budget, identifying a projected structural deficit of $46.3 million in FY 2020 and $61.5 million in 2021. The adopted budget will use $23.2 million in non-base appropriations for FY 2020 and $13 million in FY 2021. The budget also uses $23.1 million from the budget reserve in FY 2020 and $43.9 million in FY 2021 and anticipates a deficit of $4.6 million in FY 2021. The Council estimates that under current state funding levels, there will be a structural deficit of $142.8 million for FY 2022-23.

The state November Budget and Economic Forecast anticipates Motor Vehicle Sales Tax receipts to be $5.9 million lower than expected and $12.6 million lower than expected in FY 2021. This will result in a negative impact of $8.1 million to bus operations and planning as well as a negative impact to suburban transit providers of $1.1 million.

A structural deficit for Metro Mobility, at $22.7 million in 2020 and $30.1 million in 2021, is also anticipated. The Metropolitan Council will address the 2020 deficit with $23.1 million in non-base state appropriations and the FY 2021 deficit with an appropriation of $13 million and the use of $14.1 million from the reserve. This leaves $3 million outstanding for 2021. The Met Council estimates that under the current budget, there will be a $79.4 million deficit for Metro Mobility in 2022/23.

A $1.4 million deficit in FY 2020 and $2.4 million deficit in FY 2021 are anticipated for rail transit funding and will be addressed using reserve funds. The Council estimates that under the current budget, there will be a $4.9 million deficit for rail transit in FY 2023.

DEED Announces Four Job Creation Fund Awards

Four businesses will receive state financial support for their business expansions, according to DEED, which announced the awards this week. The awards come from the Job Creation Fund (JCF), which provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. With strong support from Metro Cities the JCF received $8 million from the state in FY 2020.

The recipients are P.A. SpA in Bloomington, Central McGowan Inc. in St. Cloud, Distinctive Iron in Elk River, and Whirltronics Inc. in Buffalo. To be eligible in the Twin Cities metro, businesses must create at least 10 full-time jobs and invest at least $500,000. Businesses located in Greater Minnesota or those owned by 51% minority, veterans, women or persons with disability, must create at least five full-time jobs and invest $250,000 to be eligible.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Metropolitan Council Awards Livable Communities Grants – LCDA & TOD Pre-Development, LHIA

The Metropolitan Council awarded a series of grants to cities through its Livable Communities programs.

LCDA TOD Pre-Development
The Met Council awarded one Livable Communities Demonstration Account Transit-Oriented Development Pre-Development grant totaling $100,000 to the City of St. Paul. $250,000 was made available for this funding category in the 2019 Fund Distribution Plan. At an earlier Community Development Committee meeting Council staff explained the category was undersubscribed this year and will increase outreach efforts in 2020 to solicit more applications.

LCDA Pre-Development
The Met Council awarded three Livable Communities Demonstration Account Pre-Development grants for $190,000 to Chaska, St. Paul and South St. Paul. $250,000 was made available for this funding category in the 2019 Fund Distribution Plan.

Local Housing Incentives Account
The Met Council awarded five multifamily rental and six single family ownership Local Housing Incentives Account (LHIA) grants totaling $2.5 million. The awards represent both owner-occupied homes as well as rental units. $2.035 million will support 239 new affordable rental units and help preserve 40 rental units. $465,000 will support 15 new affordable homeownership units and help fund preservation of 8 ownership units.

The awards were earlier announced by the state's housing agency, MHFA. Council action this week authorized the Council to spend $2.5 million in regional funds to support that larger statewide affordable housing award announcement. The awards are for homes in Edina, Inver Grove Heights, Minneapolis, Plymouth, St. Louis Park, St. Paul, Shoreview and Carver County and Washington County.

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Metropolitan Council Changes Payment Standards for the Metro HRA Rent Assistance Programs

The Met Council adopted a change to its payment standards this week, recognizing and responding to market rent variables across the metropolitan region. The Council will now use Small Area Fair Market Rents as payment standards for the Housing Choice Voucher and other rent assistance programs effective January 1, 2020.

Currently the Metro HRA has one set of fair market rents for the entire metro region. As market rents have continued to rise, voucher holders have had difficulty finding landlords willing to accept their vouchers. A 56 percent voucher placement rate spurred Council conversations on how to increase the voucher acceptance rate.

The new policy will establish rent limits by zip code, allowing for a range of rents across the region. Council staff explained current tenants will be held harmless while some areas will experience increases in rent limits while other areas experience decreases in rent limits. Metro HRA's service area includes nearly 100 communities. Attachment 1 on the newly adopted policy shows small area fair market rents by zip code across the Metro HRA service area.

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