

Request for Board Action Details

File #: 2023-186

Type: Administrative Item **Status:** Passed

In control: Board of Commissioners

On agenda: 6/6/2023 **Final action:** 6/6/2023

Title: Obligation of American Rescue Plan Act Funding Towards 2023 Affordable Housing Development

Sponsors: Community & Economic Development

Indexes:

Code sections:

Attachments: 1. Narrative Project Description, 2. Resolution

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------|----------|--------|
| 6/6/2023 | 1 | Board of Commissioners | approved | Pass |

Sponsor: Community & Economic Development

Title
Obligation of American Rescue Plan Act Funding Towards 2023 Affordable Housing Development

Recommendation

1. Approve the obligation of American Rescue Plan Act Funding for recommended projects and funding amounts for the preservation and construction of deeply affordable housing.
2. Authorize the County Manager to enter into the necessary loan or other agreements and execute amendments to loan or other agreements in a manner consistent with the American Rescue Plan Act regulations and requirements, federal, state and local regulations and requirements, in a form approved by the County Attorney's Office.

Background and Rationale

Ramsey County has an urgent and evident need for affordable housing, especially for individuals and families with household incomes less than 30% of the area median income (AMI). According to Ramsey County's Economic Competitiveness and Inclusion (ECI) Plan the county has a deficit of 15,000 units affordable to those at 30% AMI or below. The lack of affordable housing supply leads to greater housing instability for residents and exacerbates the county's ongoing homelessness crisis.

On August 17, 2021, the Ramsey County Board of Commissioners obligated \$20 million of the American Rescue Plan Act (ARPA) allocation and an additional \$17 million of ARPA on May 17, 2022, totaling \$37 million towards affordable housing as envisioned in the ECI Plan. On December 21, 2021 and May 17, 2022 the Ramsey County Board obligated a portion of the ARPA allocation towards specific housing development projects in an amount totaling \$20,800,000 million. An additional \$6,750,000 of the allocation was obligated to housing development projects in a board action on December 20, 2023. And \$1,850,000 is earmarked for administrative and planning expenses. Since awarded, three approved projects totaling \$6,800,000 were cancelled by the developers, which left \$14,400,000 for the 2023 Housing Development Solicitation. The transformational investment allows Ramsey County to participate in the funding and development of deeply affordable housing at a new level.

To obligate ARPA funds for this use, private, non-profit and governmental developers were encouraged to apply to the competitive 2023 Housing Development Solicitation that opened on February 14, 2023 and closed on March 14, 2023. The 2023 Housing Development Solicitation was modeled after Ramsey County's previous Inclusive Housing Development Solicitation and the existing process for obligating funding from the U.S. Department of Housing and Urban Development (HUD). Ramsey County marketed the solicitation on the Ramsey County website, through the Community & Economic Development (CED) newsletter and direct outreach to partner organizations.

Ramsey County received twenty-seven applications, which were evaluated using the competitive solicitation's scoring criteria. CED staff recommends advancing eight awards for funding consideration at this time. Projects will be funded in a manner consistent with ARPA and other applicable federal, state, and local regulations and requirements in a form approved by Finance and the County Attorney's Office. A declaration will be recorded against each property's title that requires rental affordability for 30 years. Affordability will be monitored through an annual compliance review to ensure that property owners are maintaining units at 30% AMI.

Cancelled Projects from Previous Solicitations

| | |
|---|-------------|
| Ridgewood Apartments, AEON (Saint Paul) | \$1,800,000 |
| Gallery Building, Reuter Walton (Saint Paul) | \$1,500,000 |
| Woodale Apartments, Reuter Walton (Mounds View) | \$3,500,000 |
| Total | \$6,800,000 |

The \$6,800,000 was added to the remaining \$7,600,000 and made available through the competitive 2023 Housing Development Solicitation. The following projects totaling \$14,400,000 are recommended for ARPA funding:

Obligation from the 2023 Housing Development Solicitation

| | |
|---|--------------|
| Gladstone Village II, JB Vang (Maplewood) | \$2,748,031 |
| Laurel Flats, Outlaw Development (Saint Paul) | \$957,970 |
| CB Ford II, Commonbond (Saint Paul) | \$2,400,000 |
| Mary Hall, AEON (Saint Paul) | \$2,390,936 |
| Panorama, Presbyterian Homes (Saint Paul) | \$2,500,000 |
| Treehouse, Trellis (Saint Paul) | \$375,000 |
| Magnolia Flats, Outlaw Development (Saint Paul) | \$1,740,000 |
| Project for Pride in Living East 7 th (Saint Paul) | \$1,288,063 |
| Total | \$14,400,000 |

Additional information for each project can be found in the Narrative Project Descriptions attachment.

County Goals (Check those advanced by Action)

- Well-being Prosperity Opportunity Accountability

Racial Equity Impact

ARPA funds will be used to implement eligible strategies from the ECI Plan by investing in projects and programs that specifically aim to reduce racial disparities in housing. These strategies include increasing the supply of deeply affordable rental units and the preservation of naturally occurring affordable housing. The recommended projects will preserve rental units where most renters are racially and ethnically diverse and add new affordable rental units to communities that lack affordable rental options.

Ramsey County has large racial disparities between residents of color and white residents in the housing sector. These disparities include a disproportionate number of African American and American Indian residents experiencing homelessness compared to white residents. Generally, racially and ethnically diverse residents are more likely to rent than own their own home and be cost-burdened by housing costs compared to white residents. To undo these historical and lasting inequities, inclusive investment is needed in communities where wealth has been extracted over time.

Community Participation Level and Impact

CED implemented a robust community engagement process in the creation of ECI Plan and the approval of the Housing Redevelopment Authority (HRA) levy. This included engagement with residents, businesses, community organizations, other governmental agencies, elected officials, and local municipalities. Community was informed about the competitive solicitation, one step towards the implementation of the community driven ECI Plan. Additional engagement with housing organizations that directly serve residents facing housing instability and homelessness occurred during the planning stage of the Deeply Affordable Housing Initiative.

Inform Consult Involve Collaborate Empower

Fiscal Impact

Of the \$37 million of ARPA funds obligated by the County Board for deeply affordable housing, \$27,550,000 was committed to specific projects through board actions passed on December 21, 2021, May 17, 2022, and December 20, 2022. After these three board actions and the cancellation of three projects totaling \$6,800,000, the amount of funding approved by the Board of Commissioners thus far is \$20,750,000. The eight recommended awards will bring the total amount of approved funding for obligated projects to \$35,150,000 with an additional \$1,850,000 for administration and planning. All obligated uses come to \$37,000,000. This is equal to the amount of ARPA funding that the Board of Commissioners designated for affordable housing on August 17, 2021 and May 17, 2022. As of April 17, 2023, \$5,709,544 has been spent or 15.4% of the total ARPA obligation for affordable housing. Per federal guidance, all ARPA funding needs to be obligated and under contract by December 31, 2024 and spent by December 31, 2026.

Last Previous Action

On December 20, 2022, the Ramsey County Board of Commissioners approved \$6,750,000 of American Rescue Plan Act funding for affordable housing projects (Resolution B2022-300)

On May 17, 2022, the Ramsey County Board of Commissioners approved \$12,816,697 of American Rescue Plan Act funding for affordable housing projects (Resolution B2022-125)

On May 17, 2022 the Ramsey County Board of Commissioners obligated an additional \$17,000,000 in American Rescue Plan Act funding for affordable housing investments as laid out in the Economic Competitiveness and Inclusion Plan (Resolution B2022-124).

On May 10, 2022, the Ramsey County Housing Redevelopment Authority approved the recommended projects and awards for the 2022 Annual Action Plan and substantial amendment to the 2021 Annual Action Plan (Resolution H2022-007).

On December 21, 2021, the Ramsey County Board of Commissioners approved \$6,183,303 of American Rescue Plan Act funding for affordable housing projects (Resolution B2021-291).

On August 17, 2021, the Ramsey County Board of Commissioners obligated \$20 million of American Rescue Plan Act funding for affordable housing investments as laid out in the Economic Competitiveness and Inclusion Plan (Resolution B2021-180)

Attachments

1. 2023 Project Narratives