

Memorandum

TO: Economic Development Authority
FROM: Niki Hill, AICP , Assistant Community Development Director
DATE: April 7, 2025
SUBJECT: Discussion of Shoreview Housing Programs and LAHA Funding
ITEM NUMBER: 5.a
SECTION: GENERAL BUSINESS

REQUESTED MOTION

No formal action is required. Staff is looking for a recommendation on what should come back for formal approval.

INTRODUCTION

Staff would like to have a discussion of how the EDA would like to use the LAHA Funds that have been appropriated. As part of this, we wanted to again bring forward the comprehensive list of the current housing programs and policies in Shoreview, highlight what other communities have committed to doing with their LAHA funds, and give a staff recommendation on what we believe the best use of the funds are in the short term.

DISCUSSION

As the EDA board is aware, housing programs program are critical to the overall city goals to maintain quality neighborhoods and well maintained and safe housing in the community. These programs have continued to grow significantly in both numbers and complexity over the years. Staff believes that including this list would be beneficial for the EDA to review so there is an understanding of what Shoreview has in place currently.

We have also included a 1 page, double sided sheet that was put together to highlight some of our housing goals from the comprehensive plan and how we are meeting them.

Home Loan Program Usage Information

While the basic program information is included in the programs and policy attachment, staff wanted to highlight the 2020-2024 usage of our program and our current fund balances.

Between 2020 and 2024 we had the following loans close:

Shoreview Home Improvement Loan Program

- Due on Sale - 4 Loans for a total of \$84,355.06 (All in 2024)
- Amortizing - 7 Loans for a total of 219,752.00

Shoreview Down Payment Assistance

- Due on Sale - 8 Loans for \$155,000
- Amortizing - 7 Loans for \$177,900

That's a total of 26 loans with a total of \$641,869.40 in funds used.

As of our December 2024 report, we have \$238,146.68 left in Fund 307 and \$45,504.20 left in Fund 305. *The funds still have loans that Neighborworks will be invoicing us for that are shown as liabilities but have not been removed from the fund balance.

LAHA Background

During 2023, a .25% sales tax increase was mandated by the Minnesota State Legislature for the seven county metro area. This increase in tax dollars funds the Local Affordable Housing Aid (LAHA) program, which distributes money in two equal installments to 63 cities in the metro area for affordable and supportive housing initiatives.

ALLOCATION

The program distributes aid based on the share of “cost burdened” households as defined by HUD. Shoreview’s share is equal to 0.8104%, granting the city a projected allocation of \$130,516 in 2024. However, this is only a partial amount due to only a partial amount of the total tax funding being collected in 2023. With the total tax amount increasing, the city should receive closer to \$240,000 in 2025.

QUALIFIED USES

Cities must commit to a funding use by the end of the third year after receipt of the funding, and must use it by the end of the fourth year (Shoreview would then have until Dec. 31, 2027, to commit to using the funds and Dec. 31, 2028, to spend the funds.). Commitment is defined by the state as an action that legally requires payment such as a contract. City Council Resolutions do not qualify. Cities may also transfer funding to a local housing trust fund for future qualifying projects.

Eligible projects include:

- emergency rental assistance
- support for nonprofit housing providers
- financing for homeownership or rental housing developments meeting income criteria
- allocated to accessible multi-unit building construction or rehabilitation
- housing trust fund

METRO Area Usage

Many cities are looking to bolster their existing programs with the 2024 and 2025 allocations as many have a backlog of applications. Some said they would do so until they were presented with a project that could use the funding as they currently did not have an application that was eligible for the funding.

Some cities are partnering with their counties to pool funding together for a larger purpose or because the city does not have an existing home improvement program and defaults to the county.

Cities that are using the funding for **new** programs include:

- Bloomington - The funding will be split between Affordable homeownership programs like their down payment assistance program, affordable homeownership program, and "The Heights Direct Income based assistance"
- Brooklyn Park - Staff proposed allocating funds equally on a 50% / 50% basis between

their NOAH Program and the Home Improvement Loan Programs

- Crystal - Supplement a new 44-unit property, which will be co-developed by Woda Cooper Companies and Project for Pride in Living. Units will cost between 30-80 percent of the area's median income
- Minnetonka - Provide assistance to affordable housing developers to produce new affordable units

Cities that are distributing the funding to **existing** programs include:

- Bloomington (pt. 2) - The other half of the funding will be used for a preservation match at an existing development, and new developments that are funded through their affordable housing trust fund.
- Brooklyn Center - Funding would be used through the CEE for a Home Improvement Loan Program. They have a similar program that uses CDBG funds with a very long wait list so they will be creating a new program to supplement the existing one.
- Chanhassen - Will be Establishing a Local Housing Trust Fund until use is determined.

Ideas that were proposed included:

- Identify a housing development project with an affordability component
- Provide low or no-interest loans to qualifying households to offset road project assessments to assist in maintaining Naturally Occurring Affordable Housing (NOAH) housing stock
- Partnering with neighboring towns in order to pool funds for Carver County programs designed to support affordable housing projects, "greater needs could be addressed and broader impact achieved through cities working together and collaborating regionally."
- Eden Prairie - Funding will be used for first-time Homebuyer (FTHB), housing rehab programs, rental assistance through our community partners, and creating a new program supporting first-generation first-time homebuyers. Staff will evaluate funding usage and include longer-term usage planning in their 2028-2033 strategic plan
- Edina - Emergency rent assistance, Community Land Trust funding, Energy Efficiency Upgrade program for affordable properties
- Golden Valley - Community Land Trust funding
- Maple Grove - Enhance a variety of existing projects with a focus on increased contributions to the Hennepin County Rehab Loan program
- Plymouth - Either:
 - 1. Pool the funds for a future affordable housing development to make a larger impact once more funds are available. Or,
 - 2. Supplement existing first time homebuyer program that is currently funded through CDBG funding
- Richfield - First Time Homebuyer program through CEE
- Saint Louis Park - Housing trust fund to supplement down payment assistance or emergency rental funding
- Vadnais Heights - Partnering with Ramsey County to bolster their downpayment assistance, critical repair grants, etc.

Staff Recommendation

Staff would recommend pooling the money received in 2024 in fund 305 due to the amount of use that the loan program has experienced in the past year to 2 years, and the lack of funding source now that the TIF i#4 has been decertified. The 2025 amount could also be partly or fully used to supplement our program if there is not a specific project or fund that the EDA had in mind. Alternatively, it could be placed in the Housing Trust fund until we are presented

with a project that would qualify for funding.

RECOMMENDATION

Staff would like the EDA discuss the potential uses of the LAHA funds and make a recommendation for staff to bring back for a formal motion.

ATTACHMENTS

[2025 City of Shoreview Housing Goals](#)

[Shoreview Programs and Policies Summary](#)