

Memorandum

TO: Economic Development Authority
FROM: Niki Hill, AICP , Assistant Community Development Director
DATE: June 2, 2025
SUBJECT: Local Affordable Housing Aid (LAHA) Allocation - Use of 2024 Funds
ITEM NUMBER: 5.c
SECTION: GENERAL BUSINESS

REQUESTED MOTION

To recommend the city council approve the transfer of the 2024 Local Affordable Housing Aid (LAHA) funds in the amount of \$130,516 to our Home Improvement loan funds for affordable home improvement or down payment assistance programs.

INTRODUCTION

In April, the EDA had a discussion of how they would like to use the Local Affordable Housing Aid (LAHA) funds that have been appropriated. As part of this, staff brought forward the comprehensive list of the current housing programs and policies in Shoreview, highlighted what other communities have committed to doing with their LAHA funds, and gave a staff recommendation on what we believe the best use of the funds are in the short term. Following that discussion, staff would recommend that the 2024 partial payment of LAHA funds be transferred to our Home Loan Programs to be used for affordable Home Improvement Loan Programs and Downpayment Assistance.

DISCUSSION

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

STAFF REVIEW

Staff would recommend pooling the money received in 2024 to our Home Loan programs due to the amount of use that the loan programs have experienced in the past year to 2 years, the lack of funding source now that the TIF i#4 has been decertified and a recent determination that we may not use the TIF #4 funds towards Home Improvement Loan programs going forward. This transfer of LAHA funds from the 2024 allocation will help to supplement the program targeting those with more modest incomes. This action is consistent with the adopted Comprehensive Plan goal of Neighborhoods and Housing Reinvestment: Maintaining neighborhood quality by encouraging reinvestment, preserving assets, and fostering safety & health.

RECOMMENDATION

Staff recommends the EDA recommend the city council approve the transfer of the 2024 LAHA funds in the amount of \$130,516 to our Home Improvement loan fund for use in our affordable home improvement or down payment assistance programs.

ATTACHMENTS

[2025 City of Shoreview Housing Goals](#)