

Memorandum

TO: City Council

FROM: Niki Hill, AICP , Assistant Community Development Director

DATE: August 17, 2026

SUBJECT: Local Affordable Housing Aid (LAHA) allocation - use of 2024 and partial 2025 funds

ITEM NUMBER: 8.f

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve the transfer of Local Affordable Housing Aid (LAHA) funds to the home improvement loan funds for affordable home rehabilitation improvements and/or down payment assistance programs.

- 2024 funds - \$130,516
- 2025 funds -\$200,000

INTRODUCTION

In April 2025, the EDA had a discussion of how they would like to use the Local Affordable Housing Aid (LAHA) funds that had 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 provided a staff recommendation on what we believe the best use of the funds are in the short term. In June of 2025, the EDA voted to recommend to the city council that the 2024 partial payment of LAHA funds be transferred to our home loan programs to be used for affordable home improvement loan and down payment assistance programs. However, through an oversight by staff, this recommended action was not forwarded to the city council for formal approval. Staff is correcting this error, as well as asking for additional LAHA funds be transferred due to the increased usage of the program.

DISCUSSION

LAHA background

During 2023, a 0.25% sales tax increase was mandated by the Minnesota State Legislature for the seven county metro area. This increase in tax dollars funds the 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 received \$334,672.99 in 2025 and will receive a total of \$342,353.81 in 2026.

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. For example, with the 2024 funds Shoreview would have until December 31, 2027, to commit to using the funds and December 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
- Accessible multi-unit building construction or rehabilitation
- Housing trust fund

Staff review

Staff would recommend transferring the LAHA money received in 2024, as originally proposed, and an additional \$200,000 of our 2025 LAHA funds to our home loan programs. This additional transfer of funds is due to the amount of use the loan programs have experienced in the past few years. The use of LAHA money is now the primary source of funding income-qualifying home rehabilitation improvements now that the TIF District #4 has been decertified and there was a determination that TIF #4 funds can no longer be allocated towards home improvement loan programs. This recommended transfer of LAHA funds from the 2024 and 2025 allocations will help to supplement the program targeting those with more modest incomes.

During discussions with the EDA board on housing priorities, it was the consensus to utilize LAHA funds received from the first few allocations to support home improvement rehabilitation loans for income-qualifying residents. The use of future LAHA allocations may be directed towards other eligible affordable housing initiatives once the new strategies are identified with the housing study update that is currently in process. This action is also 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

To approve the transfer of Local Affordable Housing Aid (LAHA) funds to the home improvement loan funds for affordable home rehabilitation improvements and/or down payment assistance programs.

- 2024 funds - \$130,516
- 2025 funds - \$200,000

ATTACHMENTS

[2025 City of Shoreview Housing Goals](#)