

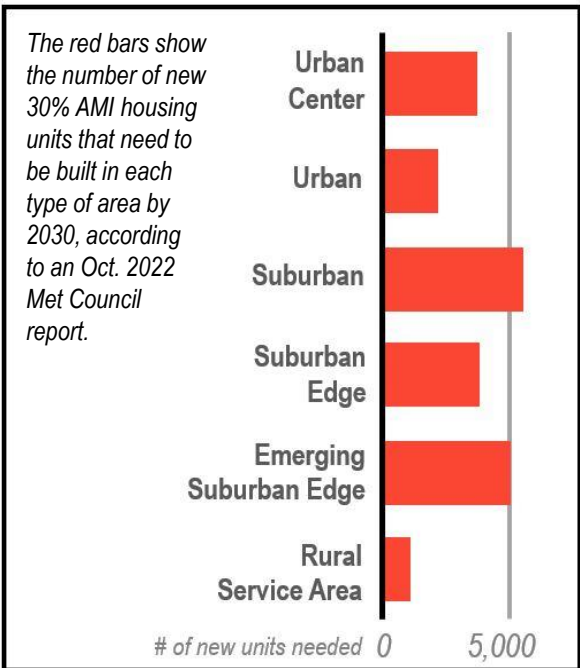
# Unlock the Metro!

## Unlock the Metro Goals

Beacon is calling on the Met Council to pass a strategic 30-for-30 Project-Based Voucher Policy that:

1. utilizes 30% of Met Council vouchers as PBVs for 30% AMI housing in communities where the poverty rate is 20% or less.
2. makes Met Council PBVs available across the whole 7-county metro region;
3. coordinates PBV awards with the MN Housing capital funding cycle to expedite the creation of new deeply affordable housing.

Fig 1. The need for new 30% AMI housing units is most acute in the suburbs



## The Case for Project-Based Vouchers

We urge the Met Council to pass a 30-for-30 Project-Based Voucher Policy to expedite the creation of deeply affordable housing in suburban communities --and give every family *real* housing choice.

### THE PROBLEM

Households with low incomes in the suburbs are unable to find homes they can afford,<sup>1</sup> especially those with incomes at or below 30% of the area median income (AMI)—about \$35,000 for a family of four. Although the Met Council has set a goal to create 1,900 new 30% AMI housing units annually, over the past five years, on average, only 165 new housing units were built every year--and very few of these were in the suburbs.

The lack of 30% AMI housing in suburban communities disproportionately impacts Black, Indigenous, and other minority households. In its 2040 plan, the Met Council centers equity as a fundamental value, but according to its own reports, the Twin Cities metro has some of the worst housing disparities in the nation. There's a disconnect between the Met Council's aspirations and its achievements.

### THE SOLUTION

Project-based vouchers are the keys that unlock deeply affordable housing in suburban communities. According to HUD, the Met Council may award up to 30% of their rent subsidies as project-based vouchers (PBVs) for 30% AMI housing in areas where the poverty rate is 20% or less. *This option was specifically created to stimulate the development of deeply affordable housing in the suburbs.*

Instead of taking advantage of this policy, the Met Council

- has awarded just 14% of its vouchers as PBVs,<sup>2</sup>
- will award PBVs in just half of the greater metro area, excluding many suburban communities entirely,<sup>3</sup> and
- makes PBVs available so inconsistently<sup>4</sup> that it can add years of delay and hundreds of thousands of dollars to the cost of constructing a new development.

As an interfaith collaborative, Beacon believes all people should be able to live in the communities they call home.

Through our Bring it Home, Minnesota initiative, we are working to create a new source of state-funded rent vouchers in the future. **But the Met Council has the power to act NOW.**

# Housing Choice Rent Vouchers 101

Through its Housing Choice program, HUD provides a limited number of rent vouchers for those whose income is at or below 30% of the area median income (AMI). That's about \$35,000 for a family of four.

HUD allocates vouchers to housing agencies based on the need in the region. **The Met Council's vouchers are administered by the Metropolitan Housing Regional Authority (Metro HRA).** Metro HRA has been allocated nearly 7,000 vouchers, far fewer than needed, but more than any other agency in the 7-county metro area.

Most vouchers are **tenant-based**. Households put their name on lists with housing authorities hoping to receive a voucher. **The wait for a voucher can take years, and three out of four eligible households never receive one.**

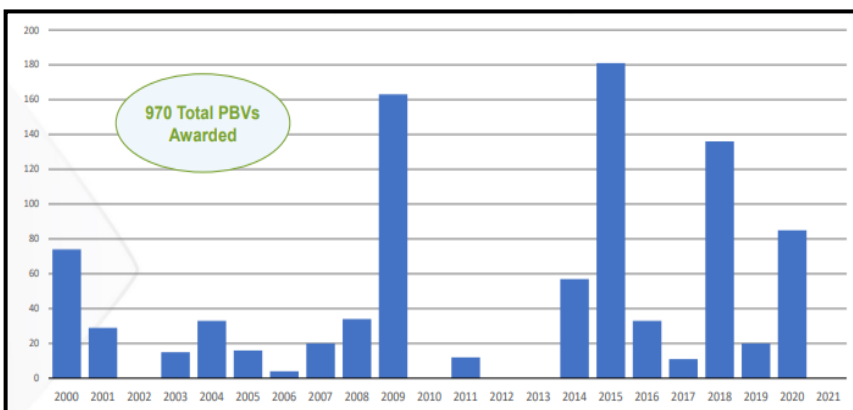
If they do receive a voucher, many suburban families are forced to move because there is no 30% AMI housing available in their community. This increases the concentration of very low-income households in the central cities and reinforces existing housing segregation. Even worse, **40% of the tenant-based vouchers that Metro HRA awards are ultimately returned because the recipients can't find deeply affordable housing anywhere.** Tenant-based vouchers can't create affordable housing where none exists.

**Project-based vouchers (PBVs) can.** Through a competitive process, agencies award PBVs to developers to create new 30% AMI housing. In order to secure the millions of dollars in capital funding necessary for construction, developers must receive a PBV for each deeply affordable housing unit they plan to build.

**Project-based vouchers are the keys that unlock housing availability and equity.** When deployed strategically, PBVs create new homes and give every family *real* housing choice.

## Fig 4. Metro HRA's PBV Offer and Award History (2000-2021)

The marked inconsistency in annual PBV availability from Metro HRA makes it difficult for developers to plan and budget effectively when creating affordable housing—and adds substantially to the overall cost and time involved.



Graph from Metro HRA, February 10, 2022. NOTE: 2009, 2015, and 2018 were anomaly years when additional vouchers were made available from HUD.

## Fig 2. PBV Awards by Housing Agency

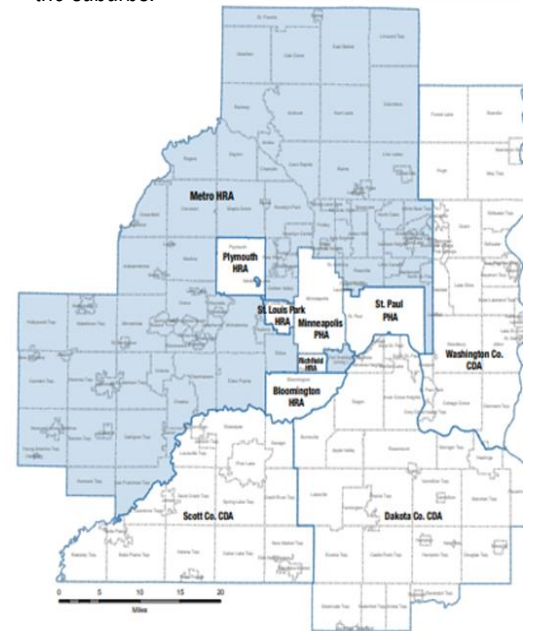
The Met Council has been allocated more Housing Choice vouchers than any other regional housing authority in MN but is only utilizing 14% as PBVs.

Housing Authority	#HCVs	#PBVs	%PBVs
Metro HRA (Met Council)	6961	970	14%
Minneapolis PHA	6000	1200	20%
St. Paul HRA	4929	805	16%
Bloomington HRA	551	36	7%
Scott Co. CDA	404	53	13%
St. Louis Park HRA	343	54	16%
Washington Co. CDA	237	0	0%
Richfield HRA	232	0	0%
Plymouth HRA	230	34	15%

Chart from Metro HRA, February 22, 2022

## Fig 3. Metro HRA limits its PBVs awards to the areas in blue on the map below

Metro HRA will only award PBVs to developments in communities that don't have a housing authority. Although Minneapolis and St. Paul have enough vouchers to utilize a significant portion as PBVs, smaller regional housing authorities in the suburbs do not. Thus, most 30% AMI housing continues to be built in the urban core, while the need grows in the suburbs.



Map from Metro HRA's 2023 Administrative Plan