

Affordable Housing Challenges

Three strategies:

1. Preserve existing Naturally Occurring Affordable Housing (NOAH) units
2. New construction of affordable rental housing
3. Affordable homeownership

New Construction of Affordable Rental Housing

- Challenges
 - In a developed community, building sites are expensive and difficult to acquire
 - Highly competitive funding

Affordable Rental Construction

Sources:

First mortgage	\$ 3,400,000.00	Private financing/mortgage	27%
HTC	\$ 8,358,750.00	Federal subsidy	67%
City contribution	\$ 500,000.00	City subsidy	4%
Other (County, Met Council)	\$ 200,000.00	County or regional subsidy	2%
TOTAL	\$ 12,458,750.00		100%
Total subsidy		73%	
Subsidy per unit	\$ 181,000.00		
Affordability	30 years		

Affordable Homeownership

- The largest of segment of housing in communities like Bloomington is detached, single family houses
- Record high sales prices make homeownership difficult or impossible for an increasing number of households
- Concepts like a Land Trust can reduce the initial cost of buying a house, and retain affordability as the house is sold in the future

Land Trust Budget in Bloomington

Sources:

Homebuyer Mortgage	\$ 145,000.00	Private financing/mortgage	45%
2016 AHIF	\$ 25,000.00	County subsidy	8%
2016 Home	\$ 45,000.00	Federal subsidy	15%
2016 Bloomington CDBG	\$ 50,000.00	Federal funds/City contribution	16%
2015 Met Council	\$ 13,781.00	Regional Govt.subsidy	4%
2015 Minnesota Housing Impact Funds	\$ 19,000.00	State subsidy	6%
2015 Minnesota Housing Infrastructure Bonds	\$ 19,000.00	State subsidy	6%
	TOTAL \$ 316,781.00		100%

Uses:

Acquisition Costs	\$ 251,500.00	Total subsidy	55%
Closing Costs	\$ 1,614.00	Subsidy per unit	\$ 171,781.00
Inspection/other	\$ 385.00	Affordability	99 years
Acquisition costs	\$ 253,499.00		
Adm Fee	\$ 13,250.00		
Holding/Closing Costs/ LC/ Taxes/LC fees	\$ 14,960.00		
Rehab Costs	\$ 35,072.00		
	TOTAL \$ 316,781.00		

Conclusion

- Preservation, affordable rental construction, and affordable homeownership are all sound strategies for communities to pursue.
- The sheer number of single family houses in cities like Bloomington offer opportunities for affordable homeownership with Land Trusts.
- Any affordable housing construction, rehab or preservation requires participation from a wide variety of resources, including cities.