

Business Item

Community Development Committee



Committee meeting date: December 15, 2025

For the Metropolitan Council: January 14, 2026

Business Item: 2025-319

Funding Recommendation for 2025 Livable Communities Local Housing Incentives Account Grants

District(s), member(s): All
Policy/legal reference: Minn. Stat. § 473.254
Staff prepared/presented: Emily Seddon, Livable Communities Manager, 651-602-1023
Division/department: Community Development / Regional Planning

Proposed action

That the Metropolitan Council:

1. Award four multifamily rental Local Housing Incentives Account (LHIA) grants as shown in Table 1, totaling \$2.5 million.
2. Authorize the Executive Director of Community Development to execute the grant agreements on behalf of the Council.

Table 1. 2025 LHIA Award Recommendation

Grantee	Project	LHIA Funding Recommendation
Anoka County HRA	Heights Ridge Apartments (Columbia Heights)	\$750,000
Minneapolis	Flour Exchange	\$650,000
Saint Paul	Hamm's Brewery – East End Apartments	\$600,000
Saint Paul	Torre de San Miguel	\$500,000
TOTAL		\$2,500,000

Background

Pursuant to the Livable Communities Act (LCA), the Metropolitan Council awards grants to projects through the Local Housing Incentives Account (LHIA) that advance Metropolitan Council priorities and create incentives for communities to develop and preserve affordable multi-family rental housing. On February 12, 2025, the Metropolitan Council adopted the 2025 LHIA guidelines, criteria, and schedule as part of the annual Livable Communities Act Fund Distribution Plan ([Business Item 2025-46](#)). This plan allocated \$2.5 million for LHIA grants in 2025.

To solicit applications for this program, the Met Council partners with Minnesota Housing on its Consolidated Request for Proposals (RFP); however, not all projects that apply for tax credits or deferred financing through the Consolidated RFP request an LHIA grant, or they may request consideration only if their primary funding request is not fulfilled. Projects request consideration for an LHIA grant by completing a short attachment to their proposal that verifies city, county, or development authority support and attests that the project has funding to match any potential LHIA award dollar-for-dollar.

Interested projects completed an intent to apply in May and their complete proposal by July 10, 2025. Eighteen projects requested consideration for an LHIA grant. Rather than requesting a specific grant amount, the LHIA application asks applicants for their overall project funding gap and will not consider a grant larger than the demonstrated available match. The total funding gap in all projects that applied through the Consolidated RFP significantly exceeded the funding available from all partners in the Consolidated RFP process.

Review Process

Based on the criteria in the Fund Distribution Plan, all 18 projects were eligible for consideration. Staff assessed applications based on the established criteria, which include affordability, preserving existing housing, the ability to accommodate large families, and meeting the needs of people experiencing homelessness.

At the same time, Minnesota Housing and other funding partners evaluated the proposals based on their eligibility and underwriting standards. After reviewing the requests and available funding types—each with different priorities, requirements, and levels of flexibility—the Met Council and funding partners make independent decisions on their funding recommendations.



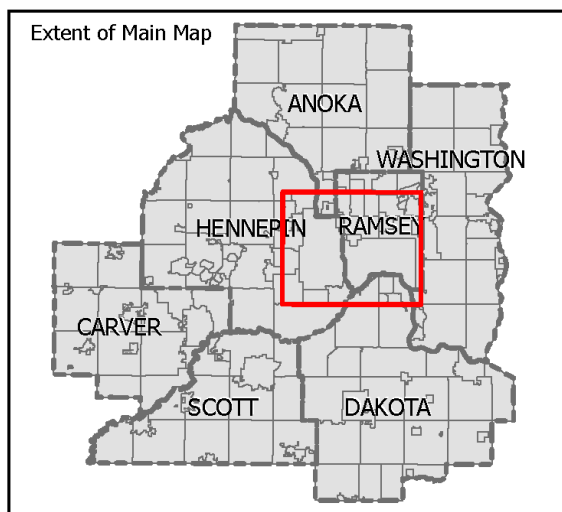
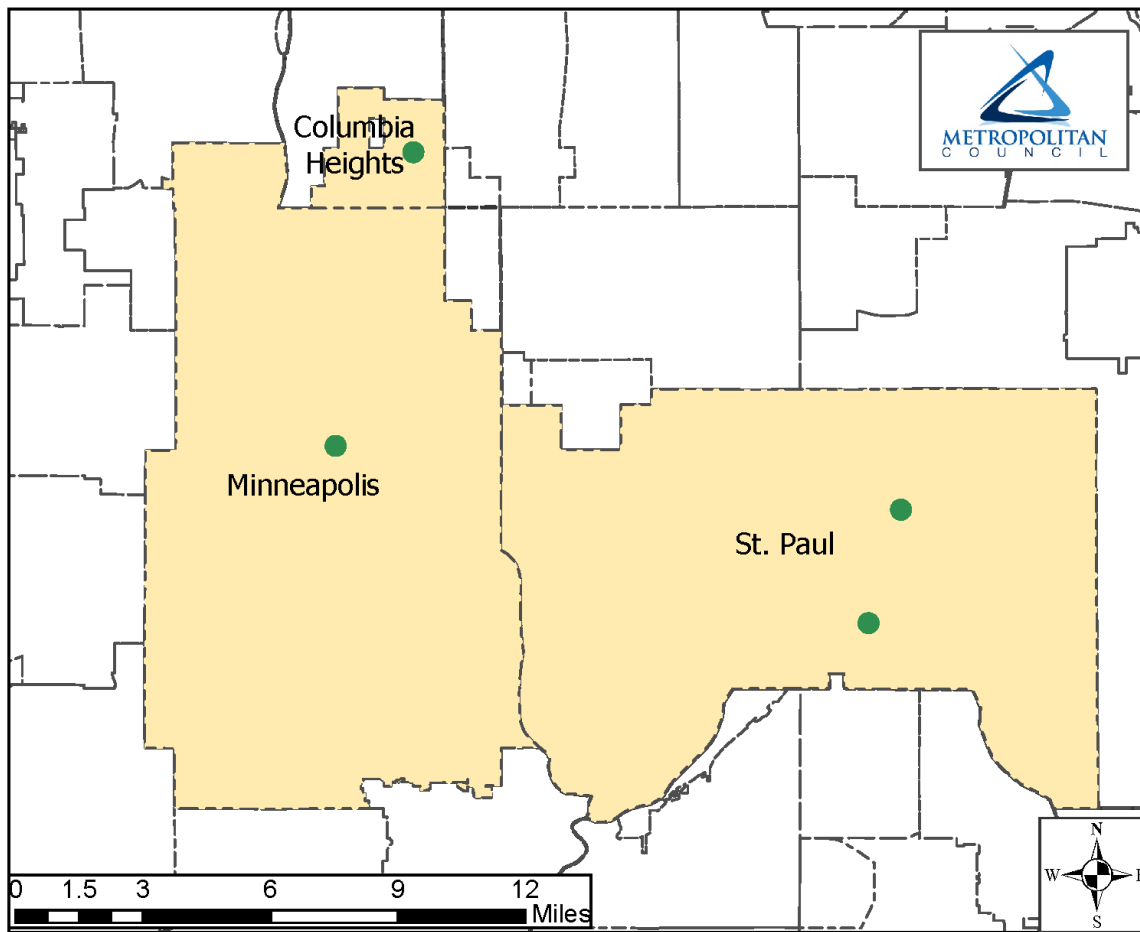
Table 2. All projects requesting consideration for LHIA funding (* projects are recommended for funding)

Applicant	Project Name	Total Units	# of Disability and Homelessness Units ¹	# of 3+ Bedroom Units
*Anoka County HRA	Heights Ridge Apartments (Columbia Heights)	62	12	20
Anoka County HRA	Terrano Apts	48	10	0
Carver County CDA	Trails Edge Senior Apartments	43	9	0
Minneapolis	2116 Nicollet ²	53	17	0
Minneapolis	Clare 5	33	43	0
Minneapolis	EPIC+R ²	68	15	0
*Minneapolis	Flour Exchange	110	18	17
Minneapolis	Lindquist Apartments	24	20	0
Minneapolis	OSCS-VOA Housing Project	40	26	0
Minneapolis	Zaria ²	90	14	0
Richfield	Aster Commons ²	38	26	0
Saint Paul	F2F@Arcade ²	24	24	0
Saint Paul	GloryVille ²	87	18	0
*Saint Paul	Hamm's Brewery - East End Apts ²	110	23	35
Saint Paul	Highland Bridge Phase III	59	16	0
Saint Paul	The Aragon	53	14	0
*Saint Paul	Torre de San Miguel	142	8	78
Saint Paul	Westminster Place / Vista Village	147	16	0

¹ These are units designated as “[High Priority Homeless](#)” (HPH) or “[Persons with Disabilities](#)” (PWD), as defined by Minnesota Housing. A unit can be both an HPH unit and a PWD unit, meaning it would serve a person who has experienced homelessness and has a disability; therefore, units may be counted more than once in the count.

² Project has received Met Council Livable Communities funding through another program. Receiving an award through another program (or not) does not affect a proposal’s competitiveness for LHIA funding.

Figure 1 Map showing the location of the 2025 LHIA recommended projects



LHIA Recommended Projects 2025

- LHIA Project Recommended for Funding
- City Recommended for Funding
- County Boundaries
- City and Township Boundaries

Addressing the Affordable Housing Need

The 2021-2030 Allocations of Affordable Housing Need forecasts how much new affordable housing is needed in each community to meet demand driven by projected population growth. The 2021-2030 needs data was adopted as part of the Thrive MSP 2040 planning process. The allocation is proportional to a city's overall forecasted growth, its existing affordable

housing stock, and the ratio of jobs paying low wages to residents earning low wages. The Met Council publishes the forecasted need and tracks progress on its [website](#).

The 2025 LHIA funding recommendation includes three projects to build new housing and one to preserve existing housing. The rental housing units expected to be built because of this funding recommendation are projected to be built between 2026 and 2028, generally. Table 3 shows how the three new construction projects will contribute toward meeting the projected affordable housing need for the decade between 2021 and 2030.

Regionally, [not enough housing that is affordable to households living on 30% of the area median income \(AMI\) is being built to meet the projected need](#). The region needs 21,606 deeply affordable units to accommodate the growth in households in this decade between 2021 and 2030; just 7% of the units needed have been permitted so far between 2021 and 2024. Fifty-six units of new housing affordable to households living at or below 30% AMI (\$39,700 for a family of four in 2025) are recommended for 2025 LHIA funding. This is progress, but it represents just over 2% of the three cities' forecasted need. The three cities have collectively met their forecasted need for new housing affordable to households earning 31% to 80% AMI (\$39,701 to \$104,200 for a family of four in 2025), but new units will still provide needed housing for current residents living on low incomes. In the Twin Cities, for every 100 renters living on 50% AMI or less (less than \$66,200 for a family of four in 2025), only 63 homes are available (National Low Income Housing Coalition). Therefore, there remains a significant *current* need for housing across different affordability bands in addition to the future need.



Table 3 Percentage of forecasted future need met by funding 2025 LHIA recommendation³

City in which the project is located	City's affordable housing need by AMI Level 2021-2030 (Units) ⁴		Progress: # of units permitted through 2024	LHIA Proposed for Award (Units)	Share of City's Affordable Housing Need Funded by Project
Columbia Heights	<30% AMI	87	0	17	20%
	31-50% AMI	0	0	45	NA (need is 0)
	51-80% AMI	99	67	0	0%
Minneapolis	<30% AMI	1,552	745	33	2%
	31-50% AMI	494	869	51	NA (need met)
	51-80% AMI	1,454	3267	26	NA (need met)
Saint Paul	<30% AMI	832	420	6	0.7%
	31-50% AMI	128	309	72	NA (need met)
	51-80% AMI	1,014	2353	32	NA (need met)
Total <30% AMI	2,471		1165	56	2.27%
Total 31-50% AMI	622		1178	168	NA (need met)
Total 51-80% AMI	2,567		5620	58	NA (need met)
TOTAL ALL UNITS	5660		7963	282	2.27%

Rationale

The recommendation will support housing development, preservation, and affordability opportunities consistent with local and regional policies and goals. These projects include both new construction and rehabilitation of rental homes. Projects were selected based on their alignment with the Council's adopted scoring criteria and with consideration for the cumulative requests and available funding across the Consolidated RFP funding partners.

Thrive lens analysis

On February 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Imagine 2050 lens, the Livable Communities Act programs represent one of the Council's primary financial tools to advance and encourage development and redevelopment that advance Imagine 2050 goals to ensure an **equitable and inclusive region, healthy and safe communities**, and a **dynamic and resilient region**. Several grant

³ Affordable housing need is based on forecasted growth and therefore does not include the need to preserve existing housing. As a result, the units preserved within Saint Paul's Torre de San Miguel project is not included in this table.

⁴ Area median income (AMI) is the midpoint of the region's income distribution—half of households earn more than the median and half earn less. For a family of four in 2025, 30% AMI is equal to an annual income of \$39,700, 50% AMI is equal to \$66,200, and 80% AMI is equal to \$104,200.

distribution criteria further the Council's goals by prioritizing projects that preserve affordable housing, can serve large families, and serve people who have experienced homelessness.

Funding

On February 12, 2025, the Metropolitan Council adopted the 2025 Annual Livable Communities Act Fund Distribution Plan ([Business Item 2025-46](#)). This plan allocated \$2.5 million from the Local Housing Incentives Account for grants to build or preserve affordable rental projects in 2025. This funding is also included in the Council's authorized budget. Reserves may need to be amended into a future annual budget to meet cashflow needs on Livable Communities multi-year grants.



Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Anoka County HRA
Project Name: Heights Ridge Apartments
Project Location: 1515 44th Avenue NE, Columbia Heights
Council District(s): 2 - Reva Chamblis

Project Detail

Project Overview: The Heights Ridge project will consist of two components: a four-story, 50-unit apartment building and 12 townhome-style units across three buildings, creating a welcoming, walkable residential environment. Lutheran Social Services will serve as the lead service provider, delivering case management and wraparound services to promote housing stability and independence. Residents of the apartment building will benefit from an array of high-quality amenities designed to enhance livability and promote community building:

- Underground parking for secure, weather-protected vehicle storage
- An on-site playground, providing outdoor recreation space for children and families
- A modern fitness center, supporting resident health and wellness
- A community room with an outdoor patio, designed for gatherings, celebrations, and resident-led events.

Total housing units: 62

of HPH and PWD units: 12

Affordability Mix:

<30% AMI: 17

41-50% AMI: 45

Unit Sizes:

One BR: 9

Two BR: 33

Three BR: 14

Four BR: 6

Funding Recommendation

LHIA Funds: \$750,000

LHIA Match Source: Anoka County HOME-ARP Funds - \$750,000



Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Minneapolis
Project Name: Flour Exchange
Project Location: 310 Fourth Avenue South
Council District(s): 7 - Yassin Osman

Project Detail

Project Overview: The Flour Exchange development will revitalize a historic, mostly vacant office building by converting it into a 110-unit apartment building with amenities. The project is skyway connected to the US District Courthouse, across the street from City Hall, and within walking distance to the Mill District and Downtown East, as well as several parks, grocery stores, and other service/employment opportunities. Flour Exchange is also 0.1 miles from the Government Center light rail station. Project amenities will include on-site management, a 12th-floor rooftop deck and amenity space, on-site laundry, and historic interiors.

Total housing units: 110

of HPH and PWD Units: 18

Affordability Mix:

<30% AMI: 33

41-50% AMI: 51

61%-70% AMI: 26

Unit Sizes:

Studio/Efficiency: 30

One BR: 42

Two BR: 21

Three BR: 17

Funding Recommendation

LHIA Funds: \$650,000

LHIA Match Source: Minneapolis Affordable Housing Trust Fund - \$650,000



Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Saint Paul
Project Name: Hamm's Brewery - East End Apartments
Project Location: 694 Minnehaha Avenue East
Council District(s): 13 - Chai Lee

Project Detail

Project Overview: The East End Apartments will include 110 units of multifamily, affordable housing with a family-friendly amenity package. The development will incorporate larger bedroom units, providing much-needed affordable units for large families. Twenty-three of the units will utilize rental assistance through Ramsey County, with services provided by Simpson Housing Services. East End Apartments will have free private parking underneath the apartments. The family-friendly building will have indoor and outdoor gathering areas, including community and recreation spaces for residents. The project is two blocks from commercial corridors on the East Side, Payne Avenue and Arcade Street, with multiple access points for transit. The project is also near Swede Hollow Park and the Bruce Vento Regional Trail. Hope Community Academy, a K-10 charter school, is also located adjacent to the site. The East Side YMCA is less than a mile away, offering a variety of fitness options and full-service childcare. Multiple options for groceries are within a short walk.

Total housing units: 110

of HPH and PWD Units: 23

Affordability Mix:

<30% AMI: 6

41-50% AMI: 72

51-60% AMI: 32

Unit Sizes:

One BR: 20

Two BR: 55

Three BR: 35

Funding Recommendation

LHIA Funds: \$600,000

LHIA Match Source: City of Saint Paul - \$600,000

Other Met Council Funding

The Met Council has been involved in the Hamm's Brewery redevelopment project for more than a decade. The Met Council awarded \$628,500 to help clean up the land that has allowed for the current, active uses on the site:

- SG-06231 2016 Tax base Revitalization Account (TBRA) Cleanup \$128,200
- SG2014-026 2014 TBRA Cleanup \$385,700
- SG2013-072 2013 TBRA Cleanup \$124,600

Under the current development plan, the project includes two major phases: the East End apartments (the subject of this award) and the rehabilitation of the West End Brewery Complex. Some awards have been to specific phases, and others have supported the project overall. Including this recommendation and a pending TBRA award, the Met Council will have



awarded the project \$5,225,800:

- Pending: 2025 Tax Base Revitalization Account (TBRA) Cleanup – \$1,500,000 (West End)
- SG-23186 2025 Pre-Development \$40,000 (West End)
- SG-25029 2025 Development \$750,000 (West End)
- SG-21564 2024 Pre-Development \$200,000 (West End)
- SG-22015 2024 Transit Oriented Development \$1,500,000 (East End)
- SG-19073 2023 Pre-Development \$315,500
- SG-19440 2023 Pre-Development \$200,000
- SG-20133 2023 TBRA Seeding Equitable Environmental Development (SEED) \$50,000
- SG-19089 2023 TBRA SEED \$50,000
- SG-15882 2021 TBRA SEED \$20,800



Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Saint Paul
Project Name: Torre de San Miguel
Project Location: 58 East Wood Street
Council District(s): 13 - Chai Lee

Project Detail

Project Overview: Torre de San Miguel was originally constructed more than 40 years ago and had its last rehabilitation in the early 2000s. The property is in need of physical improvements to maintain it as dignified, affordable housing. The scope of work for the project includes new roofs, energy-efficient mechanical systems, renovated resident units, modernized common areas and community spaces, and extensive site improvements. Most project units (124 of 142 units) benefit from project-based Section 8 subsidy, providing some of the most affordable housing in the area.

Total housing units: 142

of HPH and PWD Units: 8

Affordability Mix:

51-60% AMI: 142

Unit Sizes:

Two BR: 64

Three BR: 64

Four BR: 14

Funding Recommendation

LHIA Funds: \$500,000

LHIA Match Source: HOME/CDBG - \$500,000

