



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: November 27, 2012

To: Council Member Lisa Goodman, Community Development Committee

Subject: Allocation of 2013 Low Income Housing Tax Credits

Recommendation: It is recommended that the City Council preliminarily reserve Year 2013 Federal Low Income Housing Tax Credits totaling \$30,391 for the following project:

- **The Lonoke -1936 3rd Avenue South (In the amount of \$30,391)**

Previous Directives: The City Council approved the 2013 Qualified Allocation Plan and Low Income Housing Procedural Manual on May 11, 2012. On October 5, 2012, the City Council approved Year 2013 Low Income Housing Tax Credits for the Franklin Steele South Quarter IV project and the Lonoke project

Prepared by: Dollie Crowther, Principal Coordinator, 612-673-5263
 Approved by: Charles T. Lutz, CPED Deputy Director _____
 Thomas A. Streitz, Director of Housing Development _____
 Presenter in Committee: Dollie Crowther

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact (Fees will be collected)
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification – projects received neighborhood notification and approval at time of initial application.

City Goals- A safe place to call home; jobs and economic vitality; livable communities; healthy lives.

Sustainability Targets- N/A

Comprehensive Plan- 5.91. Minneapolis will grow by increasing its supply of housing. 4.12. Minneapolis will reasonably accommodate the housing needs of all its citizens.

Zoning Code- Projects will comply.

Living Wage/Business Subsidy Agreement Yes _____ No X

Job Linkage
Other-N/A

Yes _____ No X _____

Supporting Information

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis St. Paul Housing Finance Board administers an allocation of Federal Low Income Housing Tax Credits each year (LIHTC). The LIHTC Program provides a reduction in federal tax liability to owners and investors of qualified low income housing developments that comply with federally imposed rent and tenant income restrictions for a minimum of 15 years. CPED received an allocation of tax credits for Year 2013 in the amount of \$1,337,203 (this includes the IRS published increase).

The City of Minneapolis received notice that there were additional credits to be allocated to each sub allocator. This allowed CPED to divide an additional \$10,242 between Franklin Steele South Quarter IV and the Lonoke (They received \$7,203). This was approved at City Council on October 5, 2012. Since that date, the IRS published a Revenue Procedure which increased the States total allocation. The State understands that the timing of the IRS publication is challenging because most sub-allocators have selected their projects at this time. Typically these credits would have rolled into Round 2 of the State pool but CPED was given the opportunity to use them for a Minneapolis Year 2013 project. Lonoke tied for first place and received a small amount of Year 2013 credits. Staff is recommending the \$30,391 tax credits go to Lonoke for a 2013 total of \$37,594. The developer, Portico will return for next year's RFP round to complete its request for their remaining credits.

- **The Lonoke** –Portico (formerly Plymouth Church Neighborhood Foundation) (1926 3rd Avenue South) will receive a total of \$37,594 for the historic rehabilitation of a 19 unit apartment building. The Lonoke will be a mixed income rental building providing permanent supportive housing to 10 individuals who have been part of the service housing program for chronically homeless adults at Lydia Apartments. The Lonoke will need an additional \$107,259 of LIHTC in a future round to complete the necessary financing for the project. (see the attached project data worksheet for the Lonoke,

Tax credit reservations are contingent upon the selected projects meeting certain application and program requirements established by deadlines. If these requirements are not met, staff will again review all the projects remaining on the waiting list to determine the best candidate for receiving a tax credit reservation and completing a carryover.