



## **Request for City Council Committee Action from the Department of Community Planning and Economic Development**

**Date:** January 31, 2012

**To:** Council Member Lisa Goodman, Community Development Committee

**Referral to:** Council Member Betsy Hodges, Ways & Means/Budget Committee

**Subject:** Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grants awarded to the City of Minneapolis on behalf of City of Lakes Community Land Trust Homebuyer Initiated Program (\$175,000), Currie Park Lofts (\$400,000) and Spirit on Lake (\$250,000); authorize execution of Grant and Sub-recipient Agreements.

### **Recommendation:**

- 1) Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grants totaling \$825,000 (City of Lakes Community Land Trust Homebuyer Initiated Program (\$175,000), Currie Park Lofts (\$400,000) and Spirit on Lake (\$250,000)).
- 2) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 - Other Grants – State and Local (01600-8900220) by \$650,000 and Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900230) by \$175,000.
- 3) Increase the 2012 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900900-321513) by \$825,000.
- 4) Authorize appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) grants with the Metropolitan Council, and with City of Lakes Community Land Trust, Fine Associates, and PRG, Inc. or their related entities.

**Previous Directives:** On December 16, 2011, the City Council acknowledged its receptivity to receiving Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) grants on behalf of the City of Lakes Community Land Trust Homebuyer Initiated Program, Currie Park Lofts, and Spirit on Lake projects.

## Department Information

Prepared by: Paula Mazzacano, Development Grants Coordinator 612 673-5129

Approved by: Charles T. Lutz, Interim Director, CPED \_\_\_\_\_

Jeffrey Streder, Director, Development Finance \_\_\_\_\_

Presenters in Committee: Paula Mazzacano

## Reviews

- Permanent Review Committee (PRC): Approval n/a Date \_\_\_\_\_
- Civil Rights Approval Approval n/a Date \_\_\_\_\_
- Policy Review Group (PRG): Approval n/a Date \_\_\_\_\_

## Financial Impact

- Action requires an appropriation increase to the Capital Budget or Operating Budget  
Dept Name: Community Planning & Economic Development 8900220 and 8900230  
Fund Name: 01600 Other Grants - State and Local  
Amount: \$650,000 to 01600-8900220 and \$175,000 to 01600-8900230
- Action provides increased revenue for appropriation increase  
Dept Name: Community Planning & Economic Development  
Fund Name: 01600 Other Grants - State and Local  
Amount: \$825,000
- Action is within the Business Plan
- Request provided to Finance Department

## Community Impact

- Neighborhood Notification: These projects have undergone neighborhood review; all three of these projects have previously been awarded grant funds.
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Comprehensive Plan: Section 4.1: Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods. Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents. Section 4.15: Minneapolis will carefully identify project sites where housing redevelopment or housing revitalization are the appropriate responses to neighborhood conditions and market demand.
- Zoning Code: All of the projects either comply or will comply with the zoning code.

## Supporting Information – 2011 Local Housing Incentive Account Grant Awards

On December 14, 2011, the Metropolitan Council awarded Livable Communities Local Housing Incentive Account (LHIA) grants to three projects located in the City of Minneapolis. Awarded projects include City of Lakes Community Land Trust Homebuyer Initiated Program (\$175,000), Currie Park Lofts (\$400,000) and Spirit on Lake (\$250,000). Staff is now requesting City Council authorization to accept and appropriate the LHIA grant awards, and to execute such agreements as may be necessary to implement the projects.

## Grant Application and Award Processes

The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated Livable Communities Act housing goals. This program is conducted in coordination with the Minnesota Housing Finance Agency. Developers may apply directly to the Metropolitan Council for the Livable Communities Local Housing

Incentive Account (LHIA) program funding, using the consolidated Request for Proposals published by Minnesota Housing. While the LHIA program does not require direct City application, LHIA grants are awarded to the City and passed to the developer applicant via a sub-recipient agreement.

The Metropolitan Council awarded nine (9) LHIA grants totaling \$2,300,000 in this funding round. The awards to City of Minneapolis projects represent almost 36% of the funds awarded.

### **Grant Award Summaries**

**City of Lakes Community Land Trust (City of Lakes Community Land Trust or related entity):** The City of Minneapolis is partnering with the City of Lakes Community Land Trust (CLCLT) to transform foreclosed and boarded/vacant homes in North Minneapolis into long-term affordable homeownership opportunities for low to moderate income households at 60-80% of area median income. The Metropolitan Council and Minnesota Housing will contribute a total of \$300,000, matched by a \$270,000 contribution through Hennepin County, to enable the CLCLT to buy up to seven homes. The homes will be sold for their improved appraised value minus the land value, thus making them affordable to low- and moderate-income families. The CLCLT will own the land, and the family will own the home. The affordable homeownership efforts of the City of Lakes Community Land Trust have been assisted previously through two LHIA grants - \$100,000 in 2006, and \$150,000 in 2008 - which assisted in the acquisition, rehabilitation and resale of 13 affordable ownership units. LHIA funds will be used for eligible rehabilitation and construction costs.

**Currie Park Lofts (Fine Associates or related entity):** Currie Park Lofts will be a newly-constructed 260-unit, six-story apartment building with underground parking and some commercial space. This transit oriented development is located adjacent to a current Hiawatha LRT stop, a Central Corridor LRT stop under construction, downtown Minneapolis and the University of Minnesota. The rental housing component will include 41 efficiency, 92 one-bedroom, 52 two-bedroom, and 23 three-bedroom units. Two hundred and eight (208) of the units will be affordable to households at 60% or less of area median income, and the rest will be market rate. Rents for the affordable units (including utilities) will range from \$642 to \$1,106. Local resources used to match the LHIA funds will be \$1,720,000 in City funds. LHIA funds will be used for eligible construction costs of the rental units.

**Spirit on Lake (PRG, Inc. or related entity):** Spirit on Lake will be a newly-constructed 46-unit, four-story apartment building with underground parking. The site is currently a largely vacant parking lot in an area that is primarily improved with a mix of commercial and multifamily residential related uses. The project will have 28 one-bedroom, and 18 two-bedroom units. All units will be affordable to households at 50% or less of area median income. Five of the units will be set aside and marketed to households experiencing long-term homelessness. Rents (including utilities) will range from \$775 to \$931.

**Amending the 2012 General Appropriation Resolution.**

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

- 1) Increasing Community Planning & Economic Development agency Fund 01600 - Other Grants – State and Local (01600-8900220) by \$650,000 and Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900230) by \$175,000.
- 2) Increasing the 2012 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900900-321513) by \$825,000.