



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

Date: January 31, 2012

To: Council Member Lisa Goodman, Community Development Committee

Subject: Allocation of Additional 2012 Low Income Housing Tax Credits and Transfer of Credits

Recommendation: It is recommended that the City Council approve the transfer of \$280,608 Year 2012 tax credits from Franklin Portland-South Quarter IV to Artspace Jackson Flats and preliminarily reserve Year 2012 Federal Low Income Housing Tax Credits totaling \$30,158 to the following project:

- **Art Space Jackson Flats-1839- 47 Jackson Street; 901-13,18th ½ Ave.**

Previous Directives: The City Council approved the 2012 Qualified Allocation Plan and Low Income Housing Procedural Manual on April 5, 2011. On November 4, 2011 the City Council approved low income housing tax credits for 3 projects- (Touchstone, Artspace Jackson Flats and Franklin Steele-South Quarter IV).

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Approved by: Tom Streitz, Director of Housing Policy and Development
Presenter in Committee: Dollie Crowther

Reviews

Permanent Review Committee (PRC):	Approval ___ Date _____
Policy Review Group (PRG):	Approval ___ Date _____

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 <u>X</u> _____
Job Linkage	Yes_____	No <u>X</u> _____

Other-N/A

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 is administering an allocation of tax credits for Year 2012 in the amount of \$1,296,803. The City was notified by the State of Minnesota that the Housing Tax Credit Per Capita was increased from \$2.15 to \$2.20 which meant the State's housing volume cap had increased. This netted the City of Minneapolis an additional \$30,158 of tax credits to be used on an existing 2012 project.

After a thorough review of the 2 projects that remained to be funded with tax credits, (Artspace Jackson Flats and Franklin Steele-South Quarter IV) the City approached Aeon with a request to return their 2012 partial allocation for South Quarter so that Artspace could utilize these credits, which would secure enough tax credits to close the project this summer. It was also discussed with MHFA the possibility of providing any remaining credits from the MHFA 2nd round RFP which is January/February 2012 for Artspace. Aeon agreed to return the credits and these credits will be reserved for the Artspace Jackson Flats project in the amount of \$280,608. This would leave \$1,000 for South Quarter IV and allow them the opportunity to receive the points for "prior allocation" which is a QAP criterion. A project data worksheet (PDW) is attached for the 2 projects mentioned above.

This reallocation of Low Income Housing Tax Credits in no way reduces the City's support and dedication for the South Quarter project. It is anticipated that with the prior allocation points allowed in the QAP, the South Quarter will be very competitive in the Year 2013 allocation round (occurring in June 2012). The South Quarter remains the top priority for tax credit funding in order to get this final phase of the Franklin Portland redevelopment project area completed and occupied.

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. Staff will continue to work with the applicants of these projects.