



Request for City Council Committee Action from the Department of

Date: April 17, 2012

To: Council Member Lisa Goodman, Chair Community Development Committee

Subject: PPL Foreclosure IIB Site Control Replacement

Recommendation: Request approval to transfer \$349,500 of Affordable Housing Trust Funds (AHTF) to 518 Penn Avenue North and 1618 Glenwood Avenue North

Previous Directives: On February 10, 2012 the City Council approved a loan of up to \$349,500 from the AHTF and a Non Profit Development Grant of up to \$30,000 for the PPL Foreclosure Redevelopment Phase IIB Project located at 3405 Penn Ave. N, 3415 Penn Ave. N and 2115 Lyndale Ave. N.

Department Information

Prepared by: Dollie Crowther, Principal Coordinator, (612)-673-5263

Approved by: Thomas A. Streit, Director, Housing Policy & Development _____

Charles T. Lutz, Acting Executive Director _____

Presenter in Committee: Dollie Crowther

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: The Harrison Neighborhood approved the transfer of the 2 properties to PPL
- City Goals: A safe place to call home, One Minneapolis, Connected Communities, enriched environment.
- Comprehensive Plan: The Minneapolis Plan for Sustainable Growth contains the following relevant policy: Policy 3:3:3 Increase housing that is affordable to low income and moderate households.
- Zoning Code: The project will comply.
- Other

Supporting Information

This transaction represents a larger Foreclosure Recovery effort by PPL being funded in part with Neighborhood Stabilization Program II Funds. In 2011 PPL requested AHTF to assist with the acquisition and rehabilitation of 3 properties located at 3405 Penn Avenue North,

3415 Penn Avenue North and 2115 Lyndale Avenue North. Their request for \$349,500 of AHTFs was approved in February 2012 for a project consisting of a total of 24 units. One address included in this Foreclosure IIB was already approved for funding. These addresses would represent the final acquisition and rehabilitation. Because these properties were part of the foreclosure recovery, PPL will reach out to victims of foreclosure by working closely with the foreclosure programs at Habitat for Humanity and the Home Ownership Center.

At the time of approval of the 3 NSP eligible properties, PPL had site control. The 3405 Penn property would remain in their inventory as part of the Recovery Program. The 2115 Lyndale and 3415 Penn purchase agreements were for short sales and PPL was waiting for short sale approval from the lenders. The lending banks decided not to approve the short sales and instead chose to foreclose on the owners which allowed PPL to begin to negotiate with the banks directly. Because of the 6 month redemption period, these properties will not be available for purchase until this summer. Rather than wait out the foreclosure process and redemption period, PPL decided to shift its NSP II acquisition efforts to other prospective properties that could be delivered in a timely manner. 2115 Lyndale and 3415 Penn represented 13 units. The additional properties total 16 units. With the 3405 Penn, property remaining in tact, there is a total of 20 units.

PPL identified 518 Penn Avenue N. (4 units) and 1618 Glenwood Avenue N. (12 units) as good candidates for replacement. These properties are in the Harrison Neighborhood and have been a long term problem for the community. The Harrison Neighborhood asked PPL to intervene in hopes of turning these 2 properties around. PPL acquired 518 Penn Ave. in February 2012 using NSP 2 Funds and received a fully executed purchase agreement on 1618 Glenwood Avenue. (Twin Cities Community Land Bank will purchase on PPL's behalf). A closing is anticipated within 60 days. It is staffs request to allow the AHTF to go to the 2 new properties to complete the transaction. Most of the funds have been committed and the other lenders are not in opposition to this change in properties. Some of the rehab needs are still being assessed by staff which will include an MHFA rehab assessment. At present the level of rehab does not exceed the budget request. If there are increased costs, PPL has agreed to cover those costs.