



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

Date: June 5, 2012

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

Subject: Adoption of Resolution granting approval for the Hennepin County Housing and Redevelopment Authority (HRA) to provide financial assistance from the 2012 Affordable Housing Incentive Fund (AHIF) to five (5) projects located in Minneapolis.

Recommendation: Adopt the attached resolution granting approval for the Hennepin County Housing and Redevelopment Authority (HRA) to provide financial assistance from the 2012 Affordable Housing Incentive Fund (AHIF) to five (5) projects located in Minneapolis.

Previous Directives:

2600 17th Ave. S.

- On February 20, 2012, the City Council approved a loan up to \$356,822 from the AHTF and a grant up to \$30,000 from the NPDAF for the 2600 17th Avenue South project to be located at 2600 17th Avenue South by Alliance Housing Incorporated or an affiliated entity.

North Haven II

- On April 2, 2010, the City Council approved a \$212,184 Loan from the 2009 Affordable Housing Trust Fund (AHTF) and \$10,000 from the Non-Profit Housing Development Assistance Fund (Non Profit Admin Fund) for the North Haven – Phase 2 project and authorized the execution of the necessary documents for the AHTF loans and the Non-Profit Admin Fund grant.

PPL Foreclosure Redirection II

- On July 2, 2010, the City Council approved a Neighborhood Stabilization Program II (NSP) award of up to \$1,440,000 for 24 units for the PPL Foreclosure Redirection II B project.
- On February 10, 2012 the City Council approved a loan of up to \$349,500 from the AHTF and a Non Profit Development Assistance Grant of up to \$30,000 for the PPL Foreclosure Redevelopment Phase IIB located at 3405, 3415 Penn Ave. N and 2115 Lyndale Ave. N.
- On April 27, 2012 the City Council approved the transfer of \$349,500 of AHTF to 518 Penn Ave. N and 1618 Glenwood Ave. N.;

Snelling Apartments

- On February 10, 2012, the City Council approved a loan up to \$944,584 from the AHTF and a \$30,000 grant from the NPDAF for the Snelling Apartments project to be located at 2304 Snelling Avenue by Seward Redesign and CommonBond Communities or an affiliated entity of either.

- On March 8, 2012, the City Council accepted and appropriated a \$200,000 brownfield grant from DEED, a \$140,600 TBRA grant from the Metropolitan Council, and a \$135,000 ERF grant from Hennepin County.

Spirit on Lake

- On December 23, 2005, the City Council approved affordability funding of up to \$350,730 from the 2005 Affordable Ownership Housing Program.
- On November 3, 2006, the City Council approved Project Analysis Authorization (PAA) to evaluate the use of tax increment financing for this project.
- On April 27, 2007, the City Council adopted a resolution of support for Spirit on Lake as part of the City's 2007 list of priority projects for Hennepin County Transit Oriented Development (TOD) grant funding.
- On April 27, 2007, the City Council supported the developer's direct application to the Hennepin County Environmental Response Fund (ERF) investigation grant program on behalf of the Spirit on Lake redevelopment project.
- On August 3, 2007, the City Council approved Hennepin County HRA Affordable Housing Incentive Fund (AHIF) financial assistance in the amount of \$225,000.
- On October 5, 2007, the City Council authorized the execution of a Cooperative Agreement between Hennepin County and the Hennepin County Housing and Redevelopment Authority related to a \$75,000 Hennepin County TOD grant award to Spirit on Lake.
- On October 19, 2007, the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the Spirit on Lake project.
- On January 31, 2008, the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the Spirit on Lake project.
- On February 29, 2008, the City Council accepted two brownfield grants to the Spirit on Lake project, \$235,600 from Hennepin County ERF and \$328,800 from Metropolitan Council TBRA.
- On May 2, 2008, the City Council accepted a \$391,500 DEED Redevelopment grant for the Spirit on Lake project.
- On January 14, 2011, the City Council approved a loan up to \$1,449,000 from the AHTF and a grant up to \$30,000 from the Non-Profit Fund for Spirit on Lake.
- On June 17, 2011 the City Council authorized application to the Metropolitan Council's LCDA grant program.
- November 4, 2011 the City Council authorized application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) and the Hennepin County Environmental Response Fund (ERF) grant programs on behalf of the project.
- On December 16, 2011 the City Council authorized application to the Minnesota Department of Employment and Economic Development (DEED) Redevelopment grant program on behalf of the project.
- On February 10, 2012, the City Council accepted & appropriated a \$250,000 Metropolitan Council LHIA grant for the project.
- On February 24, 2012, the City Council authorizing application to the Metropolitan Council for Transit Oriented Development funding.
- On March 8, 2012, the City Council granted preliminary approval to the issuance of bonds for this project and authorized continued analysis of the project to determine if tax increment financing is appropriate and justifiable.
- On March 8, 2012, the City Council accepted and appropriated a grant of 235,600 from Hennepin County's Environmental Response Fund for this project.
- On May 15, 2012, the Community Development Committee of the City Council recommended approval of the Spirit on Lake Redevelopment Plan and TIF Plan

Department Information

Prepared by: Matt Goldstein, Senior Project Coordinator, 612-673-5075
Approved by: Thomas A. Streitz, Director, Housing & Policy Development _____
Charles T. Lutz, Deputy Director _____
Presenters in Committee: Matt Goldstein

Financial Impact

- No financial impact.

Community Impact

- Neighborhood Notification: Not applicable.
- City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services.
- Comprehensive Plan: 4.9 – Minneapolis will grow by increasing its supply of housing; 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households.
- Sustainability Targets: Development and preservation of affordable housing.
- Zoning Code: Projects will comply.

Supporting Information

On May 1, 2012, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive Fund (AHIF) financial assistance in the total amount of \$1,700,000 for five (5) projects located in Minneapolis. The County's funding process requires that the City Council adopt a resolution approving the awards prior to executing funding agreements.

Hennepin County's AHIF program is an important funding resource for the City of Minneapolis to create and stabilize affordable rental and ownership housing. Program guidelines include providing affordable long-term housing units and promoting the connection of affordable housing to local employment, schools, transit corridor development and supportive services. AHIF is used as a last resort for gap financing and as a vehicle to leverage other public and/or private funding sources. Since Hennepin County administers these funds without City assistance, there is no appropriation associated with approving these funding awards. The attached resolution declares there is a need for and approves the County HRA exercising its powers in the City for the limited purpose of providing up to \$1,700,000 of AHIF funds from the County HRA for projects within the City.

The 2012 AHIF awards for projects located in Minneapolis are:

Development Name	Municipality	Applicant	Activity	Amount
2600 17th Avenue South	Minneapolis	Alliance Housing Incorporated	Supportive Rental	\$ 400,000
North Haven II	Minneapolis	Plymouth Church Neighborhood Foundation	Rental	\$ 100,000
PPL Foreclosure Redirection II	Minneapolis	Project for Pride in Living	Rental	\$ 400,000
Snelling Apartments	Minneapolis	CommonBond Communities and Seward Redesign	Senior Rental	\$ 400,000
Spirit on Lake	Minneapolis	PRG and Everwood Development	Rental	\$ 400,000
TOTAL				\$ 1,700,000

The following is a brief description of each approved project:

1. 2600 17th Avenue South-Alliance Housing proposes to construct a 20-unit building at this location to serve older (over 55 years of age) homeless individuals. Ten units will serve the long-term homeless population, eight units will serve homeless and near homeless individuals, one unit will be occupied by a on-site caretaker, and one unit is reserved for on-site staff. It is proposed that St. Stephen's Human Services will provide residents with rental assistance and support services.
2. North Haven – Plymouth Church Neighborhood Foundation proposes to renovate an existing 2-story, stucco, 5-unit apartment building providing housing for recently arrived refugees to meet the needs of very low-income families.
3. PPL Foreclosure Redirection II- PPL proposes to rehab 17 units of scattered site housing throughout North Minneapolis. The Main address is 3405 Penn Avenue North.
4. Snelling Apartments–Seward Redesign and CommonBond Communities are jointly proposing a 60 unit rental project for seniors. This project is the second phase of the redevelopment of the Bystrom Brothers site, a former industrial site near the Franklin Ave LRT station.
5. Spirit on Lake – PRG Inc. and Everwood Development, LLC are jointly proposing a 46 unit affordable rental project for the aging GLBT community located at the corner of 13th Ave. S. and E. Lake St. This project has first floor commercial space that is planned to be occupied by community-oriented users such as a GLBT resource center and library.

Resolution of the City of Minneapolis

Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to 2600 17th Avenue South (\$400,000), North Haven II (\$100,000), PPL Foreclosure Redirection II (\$400,000), Snelling Apartments (\$400,000), and Spirit on Lake (\$400,000) under the Minnesota Housing and Redevelopment Authorities Act and Minnesota Statutes, Section 383B.77.

Whereas, representatives of the Hennepin County Housing and Redevelopment Authority (the "County HRA") have advised the City of Minneapolis, Department of Community Planning and Economic Development that the County HRA proposes to provide financial assistance from Hennepin County's Affordable Housing Incentive Fund in an amount up to \$1,700,000, to the City of Minneapolis (the "City") for the five (5) projects in Minneapolis, Minnesota identified in the attached spreadsheet (the "Projects"); and

Whereas, pursuant to Minnesota Statutes, Section 383B.77, subd. 2, the County HRA cannot exercise its powers within the boundaries of the City unless the City requests the County HRA to exercise specific powers within the City: and

Whereas, pursuant to Minnesota Statutes, Section 469.005 the City Council must declare there is a need for the County HRA to exercise its powers within the City, specifically through the provision of financial assistance for the Projects in the City;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis that, as required by Minnesota Statutes, Section 383B.77, subd. 2, and pursuant to Minnesota Statutes, Section 469.005, the City Council hereby declares there is a need for and approves the County HRA exercising its powers in the City for the limited purpose of providing financial support to the Projects in the City, which Projects have requested, or may hereafter request, financial assistance in the combined amount up to \$1,700,000 from the County HRA.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation of the City to assist the Projects, nor shall the City be in any way responsible for any financing obligation or agreement of the County HRA with respect to its provision of financial assistance to the Projects.

Be It Further Resolved that the request made hereunder extends only to the powers of the County HRA with respect to the financial assistance the County HRA proposes to provide to the Projects, and the City shall retain all other powers and jurisdiction over matters relating to the City and the Projects.

Be It Further Resolved that nothing in this resolution is intended to endorse the merits of the Projects to be undertaken.

Hennepin County Housing and Redevelopment Authority
 2012 Affordable Housing Incentive Fund (AHIF) Program
 Applications Approved for Funding

Development Name	Municipality	Applicant	Activity	Amount
2600 17th Avenue South	Minneapolis	Alliance Housing Incorporated	Supportive Rental	\$ 400,000
North Haven	Minneapolis	Plymouth Church Neighborhood Foundation	Rental	\$ 100,000
PPL Foreclosure Redirection II	Minneapolis	Project for Pride in Living	Rental	\$ 400,000
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