



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

Date: September 25, 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 \$1,326,961 for the following project:

- **Franklin Steele (South Quarter IV) -1900 Portland Avenue South (In the amount of (\$1,326,961)**

Previous Directives: The City Council approved the 2013 Qualified Allocation Plan and Low Income Housing Procedural Manual on May 11, 2012.

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 is administering an allocation of tax credits for Year 2013 in the amount of \$1,326,961.

A public hearing on the Qualified Allocation Plan (QAP) adopting the selection criteria and allocation plan was held at Community Development Committee on May 1, 2012. There was only one change recommended by staff to the Qualified Allocation Plan. This change would allow for 10 points for projects that are located in a Neighborhood Stabilization Program (NSP) Foreclosure Target Area NSP 3 priority 1 and 2 (as defined by the City of Minneapolis). The Council voted not to include this addition to the QAP.

The tax credit application deadline was July 2, 2012. Nine proposals requesting a total of \$5,968,386 in tax credits were received. One project was rejected due to not meeting Tax Credit threshold. The remaining eligible projects are attached (See Exhibit A). The proposals are ranked according to the Selection Criteria as shown in Exhibit B. The City has elected to fund one project in this Year 2013 tax credit round. South Quarter IV, a 120 unit mixed use, mixed income project, which is the final phase of the Franklin Portland Gateway intersection, has a commitment of funds that assures this project will be ready to close next Fall 2013. Fund raising efforts have allowed more than half the required funds to be committed at this time and Aeon is diligently working to secure the remaining funds. CPED is requiring that all remaining funds for this project be committed no later than September 30, 2013. If this goal cannot be met, CPED will go to the tax credit waiting list for the next highest ranking project (s).

The project approved for Year 2013 Low Income Housing Tax Credits is listed below:

- **South Quarter IV** – Aeon (1900 Portland Avenue South) will receive tax credits in the amount of \$1,324,961 for the new construction and rehabilitation of 120 units of mixed income, mixed use and homeless housing for families at the intersection of Franklin and Portland Avenues. The rehabilitation includes the integration of Pinecliff into the project. They also received a prior tax credit allocation in Year 2012 of \$1,000. (See attached project data worksheet).

The above project is anticipated to close in Fall 2013 and begin construction thereafter. Projects not funded in this round may participate in the next tax credit round for 2014 which will be the summer of 2013 RFP, or may apply to MHFA in the supplemental round this winter.

These 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.

The tax credit amounts shown are based on estimates only. Final credit amounts are determined at the time the commitment is entered into or at the time the building is placed in service. Unallocated or returned credits will be distributed among eligible projects as ranked on Exhibit B, and any remaining credits after that may be returned to the MHFA.