



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

Date: November 27, 2012

To: Council Member Lisa Goodman, Community Development Committee
Referral to: Council Member Betsy Hodges, Ways and Means Committee

Subject: Approval of 2012 Housing Revenue Entitlement Bond Carryforward

Recommendation: Approve the attached Resolution authorizing the carryforward of \$49,405,645 of the 2012 Tax Exempt Multi-family Housing Entitlement Revenue Bonds for Multifamily Housing programs

Previous Directives: There have been no previous directives concerning this carryforward request.

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

Approved by: Charles T. Lutz, Deputy Director _____

Approved by: Tom Streitz, Director, Housing Policy & Development _____

Presenter(s) in Committee: Dollie Crowther

Financial Impact

- Annual bond fees are collected.

Community Impact

- Neighborhood Notification - NA
- City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services.
- Comprehensive Plan: 9.9.1 Minneapolis will grow by increasing its supply of housing. 4.15 Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand. - NA
- Zoning Code : projects will comply
- Other - NA

Supporting Information

Each year the City of Minneapolis receives an entitlement allocation of tax-exempt housing revenue entitlement bonds that are used to support both single-family and multi-family housing programs. For 2011 the Minneapolis entitlement amount was

\$45,326,000. This amount was carried forward into 2011 for Multifamily and Single Family programs. As of the date of this report, all of the SF entitlement has been issued. There were projects that closed in 2011 which used 2010 carryforward and some of the 2011 carryforward. There is still 2011 entitlement carryforward that is available for projects in Minneapolis. These projects have received preliminary approval and include two (2) projects that have received final approval. It is anticipated that two of these projects will close before the end of 2012 and will use the remaining Year 2011 allocation. Staff must still provide a carryforward for the Year 2012 allocation.

The 2012 entitlement allocation which is \$45,675,992 requires a carryover action. Included in this carryforward action is the reallocated volume cap that the City of Minneapolis received from the State Department of Revenue, which raises the total to **\$49,405,645**. This reallocation was a division of the returned credits each allocator received from the State pool of unused 2010 credits. To accomplish the carryforward, the City Council must approve the attached resolution which declares the intended use of the funds for multi-family purposes. Attached is a Resolution for City Council approval that authorizes and directs CPED staff to take the necessary steps to assure the bonding authority is carried forward for multi-family programs. The current financial market has seen a drastic improvement in support of HRB projects and the City will utilize all of the entitlement in the future.

Staff is requesting that the City Council approve the attached resolution approving the carryforward recommendation.

RESOLUTION
Of the
CITY OF MINNEAPOLIS

AUTHORIZING CARRYFORWARD OF
UNUSED PRIVATE ACTIVITY BOND VOLUME CAP

WHEREAS, the City of Minneapolis, Minnesota (the "City") is an "entitlement issuer" within the meaning of Minnesota Statutes, Section 474A.02, subd. 7; and

WHEREAS, the City's entitlement allocation of private activity bond volume cap for 2012 under Minnesota Statutes, Chapter 474A.03, subd. 2a is \$49,405,645; and

WHEREAS, the City does not expect to issue any private activity bonds allocable to its 2012 entitlement allocation on or prior to December 31, 2012; and

WHEREAS, the City may, under § 146(f) of the Internal Revenue Code of 1986, as amended, and under Minnesota Statutes, Chapter 474A, "carryforward" all or a portion of the City's unused entitlement allocation; and

WHEREAS, it is in the best interest of the public health, safety and welfare that the City carryforward for qualified carryforward purposes its 2012 entitlement allocation remaining unused on December 31, 2012;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Minneapolis, Minnesota, as follows:

1. The City hereby elects to carryforward its entire 2012 entitlement allocation remaining unused on December 31, 2012, for qualified residential rental bonds.

2. The Director of the Department of Community Planning and Economic Development is hereby authorized and directed to execute and cause to be filed with the Internal Revenue Service a Form 8328 specifying the amount of 2011 entitlement allocation to be carried forward as described above. The Form 8328 shall be filed with the Internal Revenue Service on or before February 15, 2013. The Director is further authorized to notify the Minnesota Department of Finance of such carryforward at such time and as required by Minnesota Statutes, Chapter 474A.