



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

**Date:** January 29, 2013

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

**Subject:** Authorization to grant exclusive development rights to Alliance Housing Incorporated for the 27<sup>th</sup> and Penn site in North Minneapolis

**Recommendation:** It is recommended that the City Council grant exclusive development rights to Alliance Housing Incorporated for the five residential parcels comprising the 27<sup>th</sup> & Penn Avenue North for 12 months with a possible extension of up to 6 months approvable by administrative action.

**Previous Directives:** None.

### Department Information

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Approved by: Charles T. Lutz, Deputy CPED Director

Thomas A. Streitz, Director Housing Policy & Development

Presenters in Committee: Jerry LePage, Senior Project Coordinator

### Financial Impact

- Other financial impact - Eliminates all future property management expenses

### Community Impact

- Neighborhood Notification – In June 2012, the Jordan Area Community Council (JACC) meeting to review the Alliance proposal and has provided a letter in support of the project.
- City Goals - Livable Communities, Healthy Lives - Our built and natural environment adds character to our city, enhances our health and enriches our lives. High-quality, affordable housing for all ages and stages in every neighborhood.
- Comprehensive Plan – The Minneapolis Plan for Sustainable Growth identifies Penn Avenue North as a Community Corridor. Community Corridors support new residential development from low- to medium-density in specified areas, as well as increased housing diversity in neighborhoods, where compatible with existing character of the neighborhood. As the project proceeds to development, additional review will be necessary to ensure consistency with the Comprehensive Plan and the Zoning Code.
- Zoning Code – The site is currently in the R1A Single-family District and would require site plan review and a rezoning to the R4 Multi-family Residential District with a variance for lot area (density), or a rezoning to the R5 Multiple-family Residential District. Additional applications may be identified with the actual land use submittal.
- Other – Not Applicable

## Supporting Information

Alliance Housing, Inc. (AHI) was created in 1991 by residents and staff at St. Stephen's Shelter. Their mission is to create, own and manage permanent affordable housing for low income and homeless single adults and families. AHI originally purchased duplexes in South Minneapolis and rented to homeless singles and families at a very low rent. In all, they have purchased and rehabilitated 11 duplexes, an eight-plex, and a 27-unit rooming house, totaling 57 units and have constructed an additional 80 units (64 affordable units and 16 market rate units). Additionally, through a partnership with Aeon and RS Eden, a total of 211 units (185 rehab and 26 new construction units) of supportive housing has been developed. Currently, AHI is building 46 units on West Broadway in North Minneapolis using tax credit and deferred loan financing. AHI is also completing the purchase and rehab of 21 units, mostly for families, 12 units under the auspices of the NSP1 program, all in North Minneapolis.

AHI is proposing a project called Jordan Apartments which will involve the construction of a 38-unit of rental apartment building at 27<sup>th</sup> and Penn Avenue North. The site has a total of 26,426 square feet (approximately 0.6 acres) and includes the five properties listed below. All of these properties are either currently owned by the City or are in the process of being acquired from the County through tax forfeiture.

Property Address	Square Feet	Ownership
2712 Penn Avenue No.	5,303	Owned by City
2718 Penn Avenue No.	5,024	City acquiring through tax forfeiture
2720 Penn Avenue No.	5,412	City acquired through tax forfeiture
2724 Penn Avenue No.	5,360	Owned by the City
2800 Penn Avenue No.	5,327	Owned by the City
Total	26,426	

The Jordan Apartments project will include 18 studios apartments, 15 1-bedrooms, and 5 2-bedrooms. There will be 8 units affordable at 30% of AMI, 29 affordable at 60% of AMI, and 1 unit that will be market rate and occupied by an onsite caretaker. AHI anticipates that the project will house people over age 50 that have been experiencing long term homelessness. More specifically, the target population may be homeless veterans. The preliminary plans and elevations of the project are attached as **Exhibit 1**. Additional project information is included on the Project Data Worksheet, which is attached as **Exhibit 2**.

In 2012, AHI submitted an application for \$950,000 under the City's RFP for the Affordable Housing Trust Fund (AHTF). However, CPED did not recommend AHTF funding because the AHI proposal was still in the early stages of development. In 2012, AHI also considered submitting applications to Minnesota Housing and Hennepin County for funding but decided against that since it did not have site control of the 27<sup>th</sup> & Penn site. CPED staff made the suggestion to AHI that it focus on submitting applications in 2013 for Minnesota Housing funds, Hennepin County AHIF funds, and City AHTF funds, when its project was further along in terms of readiness.

In order to submit 2013 applications to funders, AHI will need to provide evidence of site control. Since the City owns or in the process of acquiring the five properties that make up this site, AHI has submitted a request to the City to grant development rights to the site to enable it to pursue these funding sources (see attached AHI letter, **Exhibit 3**). In February 2013, AHI plans to submit an application to Hennepin County when it issues its RFP for the

Affordable Housing Incentive Fund (AHIF). Later this year, AHI will be applying for MN Housing, Federal Home Loan Bank, and City AHTF funding when these RFP's are issued.

In June 2012, AHI presented its development proposal to the Jordan Area Community Council (JACC) which endorsed it as consistent with the cluster plan developed a few years ago for that area (see attached JACC letter, **Exhibit 4**). JACC is a partner organization in the Northside Home Fund (NHF), which is a fund of the Northside Partnership established by the City. In January 2007, the City, in consultation with the NHFB and as part a neighborhood planning process, established the 27<sup>th</sup> Penn Avenue area as one of NHF's clusters. This cluster encompasses two city blocks on Penn Avenue extending from 26<sup>th</sup> to 29<sup>th</sup> Avenue North.

In partnership with the NHF, JACC issued an RFP in Spring 2007 to select a development partner to work with the neighborhood organization and cluster residents to establish a vision for the cluster, identify residential development opportunities, and execute development projects in support of the cluster vision. The Greater Minneapolis Housing Corporation (GMHC) was subsequently selected as the development partner for this cluster. But with the emergence of AHI's development proposal, GMHC has now indicated its willingness to step aside in terms of the 27<sup>th</sup> & Penn site and has expressed its support of the AHI proposal (see attached GMHC letter, **Exhibit 5**).

Based on this evidence of a neighborhood planning consensus and the prerequisite of site control to allow AHI to seek development funding sources, CPED staff is recommending the granting exclusive development rights to AHI for the 27<sup>th</sup> & Penn site to allow it to complete the planning and fund-raising process for its proposal. The development rights would be for a 12-month period, with a possible extension of up to an additional 6 months approvable by administrative action.