



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

Date: June 18, 2013

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 2013 Affordable Housing Incentive Fund (AHIF) to eight (8) 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 2013 Affordable Housing Incentive Fund (AHIF) to eight (8) projects located in Minneapolis.

Previous Directives:

2600 17th Ave. S.

- On May 10, 2013, the City Council extended exclusive development rights on the CPED owned properties at 2600 and 2606 – 17th Ave. S granted to Alliance Housing Incorporated (AHI) through November 15, 2013 with an optional administrative six month extension to May 15, 2014 only if 100% of the project funding has been secured on or before November 15, 2013 to finalize the implementation of a redevelopment plan on four residential parcels at 2600 – 2606 17th Avenue South.
- On December 8, 2009, January 18, 2011, and March 30, 2012, the City Council granted exclusive development rights to Alliance Housing Incorporated for 12 months to formulate and begin implementation of a redevelopment plan on the residential parcels at 2600 – 2606 17th Avenue South.
- On February 10, 2012, the City Council approved a loan up to \$356,822 from the Affordable Housing Trust Fund and a grant up to \$30,000 from the Non-Profit Development Assistance Fund for the 2600 17th Ave S project by Alliance Housing Incorporated or an affiliated entity.

Ebenezer Tower Apartments

- On November 2, 2012, the City Council approved a loan up to \$2,093,427 from the Affordable Housing Trust Fund for the Ebenezer Towers Apartments project to be located at 2523 Portland Avenue by ES Towers Limited Partnership or an affiliated entity.

Greenway Heights Family Housing

- On January 11, 2013, the City Council authorized CPED to accept and appropriate a Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grant (\$300,000) awarded to the City of Minneapolis on behalf of Greenway Heights development; and authorized execution of the appropriate Grant and Sub-recipient Agreements.
- On November 16, 2012, the City Council authorized the appropriate City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award in the event that the

Metropolitan Council awards Livable Communities Local Housing Incentive Account grant funds to the Greenway Heights Family Housing development.

- On November 2, 2012, the City Council approved a loan up to \$525,000 from the Affordable Housing Trust Fund for the Greenway Heights Family Housing project to be located at 2845 Bloomington Ave, by Greenway Partners, LLC or an affiliated entity;
- On February 10, 2012, the City Council approved a loan up to \$525,000 from the AHTF and a \$30,000 grant from the Non-Profit Development Assistance Fund for the Greenway Heights Family Housing project to be located at 2845 Bloomington Avenue by PRG Inc. and Phoenix Development Inc. or an affiliated entity of either.

Minneapolis Preservation Portfolio

- On October 29, 2012, the City Council accepted \$16,300 in TBRA investigation funds for select properties in this project.

Project: Reclaim 3

- None

Rental: Reclaim V

- On April 26, 2013, the City Council authorized the sale of land Neighborhood Stabilization Program Disposition Parcels 3L066 (2111 6th St. N.), 3L068 (2810 Emerson Ave. N.), and 3L094 (2605 Colfax Ave N) for the Rental Reclaim V project.
- On April 26, 2013, the City Council approved a loan up to \$363,953 from the Affordable Housing Trust Fund for the Rental Reclaim V scattered site project located at 2605 Colfax Ave N, 2810 Emerson Ave N, 2115 Lyndale Ave N, 2618 Dupont Ave N and 2111 6th St N, by Urban Homeworks, Inc. or an affiliated entity;
- On September 2, 2011, the City Council appropriated the NSP3 funds and authorized the Finance Officer to appropriate all loan repayments to the revolving loan fund for the provision of additional construction loans to support NSP-eligible projects.
- On April 29, 2011, the City Council approved all NSP1 and NSP2 developers as eligible to participate in NSP3; authorized the appropriate City officials to enter into related agreements with the approved NSP3 developers; and authorized the CPED Director to make changes to the awards and funding, if necessitated by refinements made to NSP3 to meet HUD, MHFA or programmatic requirements.

South Quarter Phase IV

- On May 10, 2013, the City Council approved the rezoning, vacation, and development plans (BZZ-5968, PL-275 and Vac-1613) for this project.
- On October 5th, 2012 the City Council approved \$1,330,000 of Year 2013 Low Income Housing Tax Credits for the South Quarter IV project.
- On February 10, 2012, the City Council approved a loan up to \$1,950,000 from the Affordable Housing Trust Fund for the Franklin Portland South Quarter Phase IV project, 1900–1928 Portland Ave S by Aeon and HOPE Communities Inc. or an affiliated entity of either.
- On February 10, 2012, the City Council approved the transfer of \$280,608 in Year 2012 Low Income Housing Tax Credits from Franklin Portland-South Quarter IV to the Artspace Jackson Flats project, 1839-47 Jackson St, 901-13 - 18th 1/2 Ave, and the preliminarily reserve of Year 2012 tax credits totaling \$30,158 to the ArtSpace project.

West Broadway Curve

- On April 26, 2013, the City Council approved a loan up to \$345,000 from the Affordable Housing Trust Fund for the West Broadway Curve project located at 2022 W Broadway, by CommonBond Communities or an affiliated entity.
- On April 2, 2013, the Community Development Committee supported approving a resolution authorizing submission of a Hennepin County TOD grant application and authorizing cooperative agreements for the County funded projects.
- On January 25, 2013, the Minneapolis City Council authorized the acceptance of a \$1 million LCDA grant for this project. On January 25, 2013, the Minneapolis City Council approved the submittal of a DEED Redevelopment Grant application for this project.
- On July 20, 2012, the Minneapolis City Council authorized staff to enter into an exclusive development rights agreement for the City owned parcels associated with this project.
- On March 8, 2012, the City Council adopted a resolution providing preliminary approval for the issuance of \$5.8 million of tax exempt multifamily housing revenue bonds.

- On February 10, 2012, the Minneapolis City Council approved up to \$750,000 from the Affordable Housing Trust Fund and up to \$30,000 of Non-Profit Development Assistance Funds for this project.
- On December 13, 2011, the City Council approved the submission of an application for DEED Redevelopment Grant Program funding for the West Broadway Curve project.

Department Information

Prepared by: Matt Goldstein, Multifamily Housing Finance Specialist, 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 14, 2013, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive Fund (AHIF) financial assistance in the total amount of \$2,900,000 for ten projects. Eight of these projects are located in Minneapolis with a cumulative award of \$2,515,000. 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 2013 AHIF awards for projects located in Minneapolis are:

Development Name	Applicant	Activity	Amount
2600 17th Avenue South	Alliance Housing Incorporated	Rental	\$ 200,000
Ebenezer Tower Apartments	ES Towers LP / Ebenezer	Rental	\$ 400,000
Greenway Heights Family Housing	Phoenix Development Co. & PRG, Inc.	Rental	\$ 400,000
Mpls. Preservation Portfolio	Aeon	Rental	\$ 500,000
Project: Reclaim 3	Urban Homeworks	Homeownership	\$ 120,000
Rental: Reclaim V	Urban Homeworks	Rental	\$ 180,000
South Quarter Phase IV	Aeon	Rental	\$ 315,000
West Broadway Curve	CommonBond Communities	Rental	\$ 400,000
		TOTAL	\$ 2,515,000

The following is a brief description of each approved project:

2600 17th Ave. S. (\$200,000 new award for a total of \$600,000): Alliance Housing, Inc. (AHI) is proposing a 20 unit new construction project located at 2600 17th Avenue South to serve older (over 55) homeless individuals. The property is comprised of three parcels. AHI intends to demolish a duplex and combine that property with two adjacent city-owned properties to which AHI has exclusive development rights. 11 of the units will serve the long term homeless population, eight units will serve homeless and near homeless individuals and one unit will be occupied by an on-site caretaker. Except for the caretaker unit, all units are OBR bedroom efficiency units with a private bathroom and a kitchen.

Ebenezer Tower Apartments (\$400,000): Ebenezer Society is proposing to renovate Ebenezer Towers, a 23-story senior high rise rehab project located at 2523 Portland Ave. with 91 section 8 project-based certificates. The proposed major rehab includes new curbs, gutters, and exterior repair of handrail joints, retaining wall, and drainage, carpet replacement, new laundry facility, bathroom repair, window repair, replace roof, common area repair, and balcony repair.

Greenway Heights Family Housing (\$400,000): Phoenix Development and PRG are proposing Greenway Heights Family Housing, a 42 unit new construction project located at 2845 Bloomington adjacent to the Midtown Greenway in the East Phillips neighborhood. All of the units will all be available to households at 50% AMI in 2, 3 and 4 bedroom configurations.

Minneapolis Preservation Portfolio (Aeon Refinance, \$500,000): Aeon is proposing to refinance and renovate ten (10) existing rental properties containing 566 units, 171 of which will serve households at or below 30 percent of AMI. The properties are located at 500 South 10th Street, 1005 Portland Avenue, 911 Park Avenue South, 1515 Chicago Avenue South, 1132 South 8th Street, 1401 Portland Avenue, 624 9th Street, 1346 LaSalle Avenue, 727 5th Avenue South, and 910 Portland Avenue.

Project: Reclaim 3 (\$120,000) Urban Homeworks is proposing to acquire and rehabilitate four (4) vacant or foreclosed single family homes for homeownership in partnership with City of Lakes Community Land Trust. The specific properties have not yet been identified but will be located in specific target areas within North and South Minneapolis.

Rental: Reclaim V (\$180,000): Urban Homeworks is proposing Rental Reclaim Phase V, a scattered site rental rehabilitation project to further neighborhood stabilization efforts in North Minneapolis neighborhoods hardest hit by foreclosures. This 17-unit phase includes five properties: 2605 Colfax (duplex), 2810 Emerson (duplex), 2115 Lyndale (9-unit apt bldg), 2618 Dupont (duplex), 2111 6th St N (duplex). Of the 17 units, fifteen (15) will serve households at 50% of Area Median Income. Two (2) units will be market rate units for occupancy under Urban Homeworks' Urban Neighbors Program, under which renters commit to volunteering in the community and mentoring other residents. The sites selected are in Neighborhood Stabilization Program targeted neighborhoods and will be leveraged with NSP funds. This project is an important extension of our foreclosure recovery efforts.

West Broadway Curve (\$400,000): CommonBond Communities is proposing West Broadway Curve, a new construction project with 54 units of mixed income rental housing on the West Broadway Curve (1926-2022 W. Broadway). The development will include underground parking, attractive brick façade elements, a public pocket park, CPTED design and on-site services providing job training, youth academic services and adult education programs through CommonBond's Advantage Services Programs.

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 (\$200,000 for a total of \$600,000), Ebenezer Tower Apartments (\$400,000), Greenway Heights Family Housing (\$400,000), Minneapolis Preservation Portfolio (\$500,000), Project: Reclaim 3 (\$120,000), Rental: Reclaim V (\$180,000), South Quarter Phase IV (\$315,000) and West Broadway Curve (\$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 \$2,515,000, to the City of Minneapolis (the "City") for the eight (8) 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 \$2,515,000 from the County HRA.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation or pledge in any fashion the full faith and credit 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.