



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

Date: October 8, 2013

To: Council Member Lisa Goodman, Community Development Committee

Subject: Allocation of 2014 Low Income Housing Tax Credits

Recommendation: It is recommended that the City Council preliminarily reserve Year 2014 Federal Low income Housing Tax Credits totaling \$1,376,364 for the following projects:

- **The Lonoke** -1936 3rd Avenue South (In the amount of \$109,319)
- **PPL DECC** - scattered sites (In the amount of \$744,459)
- **Ebenezer Towers**- 2523 Portland Avenue South(In the amount of \$522,586)

Previous Directives: The City Council approved the 2014 Qualified Allocation Plan and Low Income Housing Procedural Manual on May 10, 2013.

Prepared by: Dollie Crowther, Principal Coordinator , 673-5263	
Approved by: Charles T. Lutz, CPED Deputy Director	_____
Thomas A. Streitz, Director of Housing Development	_____
Presenter in Committee: Dollie Crowther	

Financial Impact

 X Other financial impact (Fees will be collected)

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 Yes_____ No X

Other-N/A

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 30 years. CPED is administering an allocation of tax credits for Year 2014 in the amount of \$1,376,364.

A public hearing on the Qualified Allocation Plan (QAP) adopting the selection criteria and allocation plan was held at the Community Development Committee on April 30, 2013. There were two changes recommended by staff to the Qualified Allocation Plan for Year 2014. These changes included removing the points for projects located in a City recognized redevelopment area, which was a 10 point reduction and remove the criteria which would allow for 15 points if a project had a prior allocation of tax credits. These changes were approved by the City Council.

The tax credit application deadline was June 28, 2013. Ten proposals requesting a total of \$7,744,392 in tax credits were received. The summary list of projects, amount of tax credits requested and unit breakdown as shown in Exhibit A (attached). The proposals are ranked according to the Selection Criteria as shown in Exhibit B (attached). The three highest ranking projects are being recommended for tax credit funding.

Year 2014 Low Income Housing Tax Credits projects are listed below:

- **The Lonoke** –Portico (formerly Plymouth Church Neighborhood Foundation) (1926 3rd Avenue South) will receive \$109,319 for the historic rehabilitation of a 19 unit apartment building. The Lonoke will be a mixed income rental building providing permanent supportive housing to 10 individuals who have been part of the service housing program for chronically homeless adults at Lydia Apartments.
- **PPL DECC**- Project for Pride in Living (scattered sites properties) will receive \$744,459 for the stabilization, preservation and refinance of 51 units of affordable housing for families and includes homeless and long term homeless units.
- **Ebenezer Towers Apartments**- Ebenezer Society (2523 Portland Avenue South) will receive the remaining tax credits in the amount of \$522,586. Ebenezer Towers is 192 units of senior housing with 92 PBA units. There will be 21 homeless units which are Group Residency Housing (GRH) units.

Ebenezer will require additional tax credits to meet its goal of \$1,170,022. It is anticipated that the MHFA will assist this project through the Metropolitan Non-Profit Set Aside which is approximately \$750,000.

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. Project Data worksheets (PDW) are attached for the 3 selected projects.