



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

Date: November 19, 2013

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

Referral to: Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

Subject: Appropriation of HOME Program Income in the Amount of \$1,152,516.63

Recommendation: Amend the 2013 General Appropriation Resolution by increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900220, Residential Finance) appropriation by \$198,464.85 and increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900230, Residential & Real Estate Development) appropriation by \$954,051.78 from the available fund balance.

Previous Directives: None.

Department Information

Prepared by: Matt Goldstein, Multifamily Housing Finance Specialist, 612-673-5075	_____
Funding source and appropriation language reviewed by Development Finance	_____
Approved by: Thomas A. Streitz, Director, Housing Policy & Development	_____
Charles T. Lutz, Deputy Director	_____
Presenters in Committee: Matt Goldstein	_____

Financial Impact

X Action requires an appropriation increase to the Operating Budget.

Departments: 8900220 and 8900230

Fund: 01500 (HOME)

Amounts: \$198,464.85 (in 8900220)
\$954,051.78 (in 8900230)

The additional appropriation for the Affordable Housing Trust Fund (AHTF) program will increase the current, but committed, available balance of \$5,454,479 to \$5,652,944 that will be used for the production and stabilization of affordable rental housing.

The additional appropriation to the Home Ownership Works (HOW) program will increase the current, but committed, available balance of \$2,391,066 to \$3,345,118 that will be used for either renovating or sale of new construction of approximately 15 to 20 single family dwellings. 10% of this appropriation increase will be available for the administrative and program delivery cost relating to the increased programming revenue.

Community Impact

- Neighborhood Notification: None.
- City Goals: In five years Minneapolis residents will have access to housing and services.
- Sustainability Targets: Development and preservation of affordable housing.
- Comprehensive Plan: 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households. 4.91 – Minneapolis will grow by increasing its supply of housing.
- Zoning Code: All projects approved for HOME funding will comply with the zoning code.

Supporting Information – HOME Program Income Appropriation

All HOME program income must be used in accordance with HOME rules for the production of affordable housing including up to 10% for administrative costs. CPED staff has identified a total of \$1,152,516.63 in HOME program income (revenue) that has accrued from June 1, 2010 through October 8, 2013 and must be added to the operating budget. The program income has accumulated due to the following reasons:

1. In the AHTF program, interest payments from a project with amortized debt.
2. In the HOW program, proceeds from the sale of houses to eligible owner occupants.

Staff recommends the \$1,152,516.63 HOME program income currently available be allocated to the specific program (AHTF or HOW) that generated the income and 10% for administrative costs as follows:

HOME Residential Finance:

Affordable Housing Trust Fund (01500 – 8900220)	\$178,618.36
CPED Administrative Res. Finance (01500 – 8900220)	<u>\$19,846.49</u>
Total (01500 – 8900220)	\$198,464.85

HOME Residential Real Estate Development:

HOME Ownership Works (01500 – 8900230)	\$858,646.60
CPED Administrative RRED (01500 – 8900230)	<u>\$95,405.18</u>
Total (01500 – 8900230)	\$954,051.78

HUD requires that the HOME program income be used for HOME-eligible activities that assist in the production and maintenance of decent affordable rental and ownership housing. The Consolidated Plan states that program income is reinvested into the program from which the income was generated. Funds allocated to the AHTF will be used for the production and stabilization of affordable rental housing. Funds allocated to HOW are used for either the renovation or new construction and sale of approximately 15 to 20 single family dwellings. HOW is designed to address the goal of providing home ownership opportunities to low and moderate income homebuyers who would otherwise have difficulty in attaining home ownership. The program is used for the rehabilitation of existing homes and used to demolish properties to make way for new construction.

Amending the 2013 General Appropriation Resolution

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

Increasing the 2013 General Appropriation Resolution by increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900220) appropriation by \$198,464.85 and increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900230) appropriation by \$954,051.78 from the available fund balance.