



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

Date: January 28, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Referral to: Council Member John Quincy, Chair, Ways & Means/Budget Committee

Subject: Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grants awarded to the City of Minneapolis on behalf of PPL DECC Recapitalization (\$200,000) and The Cameron (\$200,000); authorize execution of Grant and Sub-recipient Agreements.

Recommendation:

- 1) Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grants totaling \$400,000 to the following projects: PPL DECC Recapitalization (\$200,000) and The Cameron (\$200,000).
- 2) Amend the 2014 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900220) by \$400,000.
- 3) Increase the 2014 Revenue Budget for the Community Planning & Economic Development agency Fund 01600- Other Grants – State and Local (01600-8900900-321513) by \$400,000.
- 4) Authorize appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) grants with the Metropolitan Council, and with Project for Pride in Living (PPL) and Schafer Richardson and/or their related entities.

Previous Directives:

PPL DECC Recapitalization: On November 5, 2012 the City Council approved \$1,165,000 of AHTF for the PPL DECC Recapitalization project; on October 18, 2013 the City Council approved \$744,459 of Low Income Housing Tax Credits for the PPL DECC Recapitalization project. On December 6, 2013, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form for this project.

The Cameron: On August 5, 2011, the City Council authorized the submission of a brownfield investigation grant application to the Metropolitan Council's Tax Base Revitalization Account (TBRA) program on behalf of this project. On September 23, 2011, the City Council accepted a TBRA investigation grant in the amount of \$15,200. On November 2, 2012, the City Council approved an AHTF loan of up to \$430,000. On August 2, 2013 the City Council authorized submission of a DEED Redevelopment Grant application for the project. On December 6, 2013, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form for this project.

Department Information

Prepared by: Paula Mazzacano, Development Grants Coordinator, 612 673-5129
Approved by: Jeffrey Stredler, Director, Development Finance _____
Presenters in Committee: Paula Mazzacano, 612 673-5129

Reviews

- Permanent Review Committee (PRC): Approval n/a Date _____
- Civil Rights Approval Approval n/a Date _____
- Policy Review Group (PRG): Approval n/a Date _____

Financial Impact

- Action requires an appropriation increase to the Operating Budget
Dept Name: Community Planning & Economic Development (8900220)
Fund Name: 01600 Other Grants – State & Local
- Action provides increased revenue for appropriation increase
Dept Name: Community Planning & Economic Development (8900900)
Fund Name: 01600 Other Grants – State & Local
- Action is within the Business Plan
- Request provided to the Finance Department
- The required local match will be provided from Affordable Housing Trust Fund (AHTF) allocations previously awarded to both of these projects.
- Should both projects move forward, grant administration fees totaling \$12,000 will help offset the City's cost of administering these grants.

Community Impact

- Neighborhood Notification: PPL DECC Recapitalization (multiple sites): The Central neighborhood and the Ventura Village neighborhood have both issued letters (dated September 6, 2012 and September 14, 2012, respectively) that support this project's overall building rehabilitation plans. The Cameron (756 N 4th Street): The North Loop Neighborhood Association has issued letters of support dated August 1, 2011 and September 26, 2012.
- City Goals - A Safe Place to Call Home – Healthy homes, welcoming neighborhoods; Homelessness eliminated.
- Sustainability Targets – Affordable Housing Units
- Comprehensive Plan - Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents.
- Zoning Code – PPL DECC Recapitalization - complies. The Cameron - This project will require the rezoning of a portion of the project site; that rezoning was approved by the Planning Commission on October 3, 2011 and by the City Council on November 4, 2011.

Supporting Information – 2013 Local Housing Incentive Account Grant Awards

On December 17, 2013, the Metropolitan Council awarded Livable Communities Local Housing Incentive Account (LHIA) grants to two projects located in the City of Minneapolis. Awarded projects include PPL DECC Recapitalization (\$200,000) and The Cameron (\$200,000). Staff is now requesting City Council authorization to accept and appropriate the LHIA grant awards, and to execute such agreements as may be necessary to implement the projects.

Grant Application and Award Process

The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated Livable Communities Act housing goals. The program is conducted in coordination with the Minnesota Housing Finance Agency. Developers may apply directly to the Metropolitan Council for LHIA funding, using the consolidated Request for Proposals published by Minnesota Housing. While the LHIA program does not

require direct City application, the grants are awarded to the City and funds passed to the developer applicant via a sub-recipient agreement.

The Metropolitan Council awarded six (6) LHIA rental housing grants totaling \$1,200,000 in this funding round. The awards to projects located in the City of Minneapolis represent 33.3% of the rental housing funds awarded. In addition, both projects were awarded funds from Minnesota Housing (\$800,000 for PPL DECC Recapitalization and \$500,000 for The Cameron).

Grant Award Summaries

PPL DECC Recapitalization \$200,000 - (PPL or related entity): PPL DECC Recapitalization encompasses the aggregation, acquisition and rehabilitation of 51 scatter site units currently owned by four separate entities controlled by PPL. The units are located in nine buildings in south Minneapolis, primarily in the Central and Ventura Village neighborhoods. The buildings were constructed between 1887 and approximately 1950, and are in need of significant interior and exterior rehabilitation and systems upgrades. LHIA funds will be used to pay for eligible construction costs.

The LHIA funding award of \$200,000 will be matched by the city's AHTF award of \$1,165,000.

The Cameron \$200,000 - (Schafer Richardson or related entity): The Cameron is the rehabilitation and reuse of a 100-year-old industrial cold storage warehouse building in the North Loop neighborhood. The developer plans to convert the warehouse into 44 units of affordable rental workforce housing. Amenities are planned to include a fitness center, bike storage room, and outdoor patio and grilling area, common laundry facilities, and surface parking. The property has received approval of its Part I historical analysis for listing on the National Register of Historic Places; the Part II application is pending. LHIA funds will be used to pay for eligible construction costs.

The LHIA funding award of \$200,000 will be matched by the city's AHTF award of \$430,000.

Amending the 2014 General Appropriation Resolution:

Resolved by The City Council of The City of Minneapolis:

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

- 1) Increasing Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900220) by \$400,000.

- 2) Increasing the 2014 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 - Other Grants – State and Local (01600-8900900-321513) by \$400,000.