



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

Date: June 17, 2014

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

Subject: Hennepin County Housing and Redevelopment Authority (HRA) financial assistance from the 2014 Affordable Housing Incentive Fund (AHIF) to eight 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 2014 Affordable Housing Incentive Fund (AHIF) to eight projects located in Minneapolis.

Previous Directives:

Broadway Flats: On February 24, 2012, the City Council approved exclusive development rights for Rose Development for City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months and authorized submitting LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council. On June 29, 2012, the City Council accepted and appropriated a \$1,536,100 LCDA-TOD grant and a \$463,900 TBRA-TOD grant from the Metropolitan Council. On November 2, 2012, the City Council approved a loan of up to \$750,000 from the Affordable Housing Trust Fund. On April 26, 2013, the City Council granted exclusive development rights to Rose Development for City-owned properties at 2425, 2503, 2507 and 2511 Penn Avenue North for a period of 24 months. On October 18, 2013, the City Council approved a supplemental loan of up to \$300,000 from the Affordable Housing Trust Fund. On January 23, 2014, the City Council authorized submitting a DEED grant application. On June 3, 2014, CPED staff sought Project Analysis Authorization for tax increment financing.

CLCLT Homebuyer Initiated Program: No previous directives.

Commons @ Penn Avenue: On August 3, 2012, the City Council authorized the submission of a TBRA brownfield investigation grant on behalf of this project. On October 19, 2012, the City Council accepted a TBRA brownfield investigation grant that had been awarded for this project. On April 12, 2013, the City Council authorized the submission of an application to the Metropolitan Council for LCDA-TOD funds on behalf of this project. On November 1, 2013 the City Council authorized the submission of an application for Hennepin County ERF Grant funding for this project.

Minneapolis Portfolio Preservation Project: The City Council and MCDA have previously approved numerous fundings for properties within the Aeon portfolio from 1987 through 2004.

PPL DECC Recapitalization: On November 2, 2012, the City Council approved \$1,165,000 of AHTF for PPL DECC. On October 18, 2013 the City Council approved a reservation of \$774,459 in 9% Low Income Housing Tax Credits for PPL DECC. On December 20, 2013 the City Council approved the forgiveness of existing subordinate debt (principal and interest) to assist with the future syndication and rehabilitation.

Tax Forfeited to Affordable Housing: No previous directives.

The Cameron: On August 5, 2011 the City Council authorized the submission of a brownfield investigation grant application to the Metropolitan Council's TBRA program on behalf of this project. On September 23, 2011 the City Council accepted a TBRA investigation grant in the amount of \$14,000. On November 2, 2012 the City Council approved a loan of up to \$430,000 from the Affordable Housing Trust Fund. 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. On February 7, 2014 the City Council accepted a \$200,000 Local Housing Incentives Account (LHIA) grant from the Metropolitan Council. On March 28, 2104 the City Council granted preliminary approval to the developer's request for up to \$7.5 million in Housing Revenue Bonds.

The Lonoke: On October 5, 2012, the City Council approved a partial award of \$7,203 in 9% low income housing tax credits for the Lonoke project. On December 7, 2012, the City Council approved a partial award of \$30,391 in 9% low income housing tax credits for the Lonoke project. On November 2, 2012 the City Council approved a loan of up to \$432,523 from the Affordable Housing Trust Fund.

Department Information

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Approved by: Catherine A. Polasky, Director, Economic Development _____

Charles T. Lutz, Interim CPED Director _____

Presenters in Committee: Matt Goldstein

Financial Impact

No financial impact.

Community Impact

Neighborhood Notification: Not applicable.

City Goals: Living well: Minneapolis is safe and livable and has an active and connected way of life.

Comprehensive Plan: Policy 3.3: Increase housing that is affordable to low and moderate income households.

Zoning Code: Projects will comply.

Supporting Information

On May 13, 2014, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive Fund (AHIF) financial assistance in the total amount of \$3,300,000 for ten projects. Eight of these projects are located in Minneapolis with a cumulative award of \$2,505,000. The County HRA's funding process requires that the City Council adopt a resolution approving the awards prior to executing funding agreements.

The County HRA'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 \$2,505,000 of AHIF funds from the County HRA for projects within the City.

The 2014 AHIF awards for projects located in Minneapolis are:

Development Name	Applicant	Activity	Amount
Broadway Flats	Rose Development Lupe Development Partners	Rental	\$300,000
Commons @ Penn Avenue	Building Blocks	Rental	\$500,000
CLCLT Homebuyer Initiated Program	CLCLT	Homeownership (Land Trust)	\$480,000
Minneapolis Portfolio Preservation Project	Aeon	Rental	\$200,000
PPL DECC Recapitalization	PPL	Rental	\$400,000
Tax Forfeited to Affordable Housing	STS Homes, CLCLT and HCHRA	Homeownership (Land Trust)	\$100,000
The Cameron	Schafer Richardson	Rental	\$300,000
The Lonoke	Beacon Interfaith Housing Collaborative	Rental	\$225,000
		TOTAL	\$2,505,000

The following is a brief description of each approved project:

Broadway Flats: Broadway Flats is a four-story, mixed use, new construction project containing 103 units of affordable workforce rental housing above 19,000 square feet of commercial/retail space at the northwest corner of the Penn-Broadway node by Rose Development, LLC. The total development cost is \$24,557,578. The site includes three privately owned parcels and six parcels owned by the City. The project will have underground parking stalls for the tenants and shared surface stalls for the commercial uses and the neighboring church. The project will feature CPTED design elements, innovative storm water management systems, green space, public pedestrian amenities, green roof, integrated transit shelter and public art installations.

CLCLT Homebuyer Initiated Program: This ownership acquisition rehab project is a continuation of City of Lakes Community Land Trust's (CLCLT) Homebuyer Initiated Program (HIP) that provides affordability and rehabilitation financial assistance to moderate income buyers purchasing and renovating market rate single family homes and owner-occupied duplexes in the City of Minneapolis. This project has 16 scattered site units and a total development cost of \$3,060,800.

Commons @ Penn Avenue: The Commons @ Penn Avenue by Building Blocks Non-Profit, Inc. is a four story, mixed-use, new construction, 45 unit affordable rental project targeting families that will redevelop the southwest corner of Penn and Golden Valley Road in North Minneapolis with a total development cost of \$10,677,024.00. The site is comprised of five parcels, two of which are City-owned. The project includes approximately 4,500 square feet of community service space on the ground floor that will house Building Blocks offices and North Point Health and Wellness. The project will also feature CPTED design elements, an exercise space for the residents, underground parking, and a tot lot.

Minneapolis Portfolio Preservation Project: Aeon proposes to renovate and recapitalize 10 rental properties totaling 582 units with a total development cost of \$59,470,836. The properties include The Balmoral (1005 Portland Ave S.), The Barrington (911 Park Ave. S.), Buri Manor (1515 Chicago Ave. S.), Chicago Ave. Apts. (1500-08 Chicago Ave. S.), Elliot Court (1132 8th St. S.), Elliott Park IV (609-11 E. 14th. St.), The Heritage SRO (624 9th St. S.), and Paige Hall (727 5th Ave. S.). All but 14 units are affordable to households at or below 50% AMI, and 48 units will be at or below 30% AMI.

PPL DECC Recapitalization: Project for Pride in Living (PPL) is proposing to refinance, renovate and stabilize 10 existing apartment buildings totaling 51 units for a total development cost of \$10,701,860. Located in the Central, Whittier, and Ventura Village neighborhoods, the units consist of duplexes, four-plexes, two-story buildings and three-story walk-ups. The projects together preserve existing affordable housing and provide 11 long term homelessness units and 40 general occupancy units. The rehabilitation will consist of energy efficiency improvements such as new windows and doors, roof and porch replacement, electrical upgrades, exterior and interior repair and painting, kitchen and bathroom improvements.

Tax Forfeited to Affordable Housing: City of Lakes Community Land Trust (CLCLT) is proposing to continue a program to acquire vacant and tax forfeited properties in the City to renovate and stabilize for decent, safe and affordable homeownership with two units and a total development cost of \$420,000. The Hennepin County HRA acquires the property, contracts with Sentence to Serve Homes for the construction work, and sells the redeveloped unit to CLCLT who will own the land and convey the improvements by a ground lease to an income qualifying homeowner.

The Cameron: The Cameron by Schafer Richardson is the adaptive reuse of an historic warehouse that was built for cold storage and known as the Cameron Transfer and Storage Company Building, and more recently, as the Dial Building. The 44 unit positive conversion affordable workforce housing rental project with a total development cost of \$11,229,349. The proposed amenities include a fitness center, a bike storage room, extra storage for residents, an outdoor patio and grilling area, common laundry facilities, and surface parking. The property is in the process of being placed on the National Register of Historic Places based mostly on its association with internationally renowned Minneapolis engineer Claude Allen Porter "C.A.P." Turner who patented in 1906 the mushroom cap reinforced concrete structural system.

The Lonoke: The Lonoke is the renovation of the historic, 19 unit Lonoke apartment building at 1926 3rd Ave. S. which currently provides general occupancy market rate rental housing in the Stephens Square-Loring Heights neighborhood for a total development cost of \$3,079,484. Following the renovation, 10 of the units will convert from general occupancy to permanent supportive housing units, with supportive services provided by Spectrum Mental Health.

Attachment: Municipal Consent Resolution

Resolution
of the
City of Minneapolis

Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to Broadway Flats (\$300,000), Commons at Penn Avenue (\$500,000), City of Lakes Community Land Trust Homebuyer Initiated Program (\$480,000), Minneapolis Portfolio Preservation Project (\$200,000), PPL DECC Recapitalization (\$400,000), The Cameron (\$300,000), The Lonoke (\$225,000) and Tax Forfeited to Affordable Housing (\$100,000) 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 \$2,505,000, 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 \$2,505,000 from the County HRA.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation 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.