

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 2015 in the amount of \$1,417,737.

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 29, 2014. There were no changes recommended by staff to the Qualified Allocation Plan for Year 2015.

The tax credit application deadline was June 26, 2014. Eight (8) proposals requesting a total of \$7,024,567 in tax credits were received. The summary list of projects, amount of tax credits requested and unit breakdown is 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 2015 Low Income Housing Tax Credits projects are listed below:

- **Opportunity Housing Partnership Preservation** – Aeon Homes will receive \$353,477 of tax credits for the rehabilitation of three properties which includes the reconfiguration of 2 of the properties. These properties are located in downtown Minneapolis and have operated since 1992 as a resource to end homelessness. The tenants occupying the units are long term homeless, homeless, and very low income. With the reconfiguration from 130 units to 117, there will be private bathrooms and kitchens and 5 one bedroom units. Presently 12 apartments share six bathrooms and 2 community kitchens. With the addition of one bedroom units, couples will be able to occupy some of the units. The MHFA has agreed to provide all of its available Year 2015 Non-profit Set Aside Tax credits for this project to make the project whole. OHP has 51 Project Based Section 8 (PBA) units and 66 Group Residency Housing (GRH) units. All of these resources act as a subsidy for the project along with Hennepin County, MHFA and Aeon's Resident Connections. Additional rehabilitation will include updates to mechanical and building operating systems with energy efficient components, extensive tuck-pointing, new windows and community space improvements.
- **Anishinabe Bii Gii Wiin PPL** - Project for Pride in Living and American Indian Community Development Corporation (AICDC) are partnering on this rehabilitation of Anishinabe Wakiagan and new construction of Anishinabe Bi Gii Wiin. The City will provide \$692,572 in Year 2015 LIHTC for this project. The total amount of units will be 77. Anishinabe is 45 units of SRO housing for homeless and near homeless persons living with disabilities and was constructed in 1996. Bii Gii Wiin will be constructed south of Wakiagan along Franklin Avenue and will include 32 units of supportive housing for the same population. AICDC will provide supportive services at both facilities. The proposed rehabilitation of Wakiagan will include window replacement, mechanical systems repair and replacement, lighting and electrical upgrades, landscaping improvements and commercial kitchen appliance replacement.

- **Marshall Flats (Clare Housing)** Clare Housing promises to build a new construction 4 story, 36 unit permanent supportive housing development for people living with HIV/AIDS at 2525 2nd Street N.E. The City will provide \$373,761 in LIHTC for this project. The project will serve long term homeless, (LTH) and at risk-of homeless individuals. Many of the residents will also have physical disabilities, chemical dependency and mental health issues. Included with the 36 units, the building will have a community room with a kitchen and supportive service offices on the first level. Group Residency Housing (GRH) has been approved for 11 of the units and the developer will be requesting assistance for the remaining units.

Marshall Flats will require additional tax credits to meet its goal of \$666,366. It is anticipated that the MHFA will assist this project in the winter round with returned credits or in the spring round in 2015. If not, the project will return to the City for the remaining credits.

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.

EXHIBIT B

YEAR 2015 LOW INCOME HOUSING TAX CREDITS

	HOMELESS	NON-	HOMELESS	DISABLED	SUPPORT	NEIGHBOR	NON-	REHAB	GREEN	REHAB	FUNDING	NON-	INTERMEDI	ECONOMIC	PROXIMITY	DENSITY	DURATION	TENANTS
Opportunity Housing	10	5	15	0	5	5	15	5	5	15	0	0	5	10	10	5	5	12
Anishinabe Bii Gii Wiin	10	5	15	5	5	5	0	5	5	15	3	0	15	0	10	5	5	12
Marshal Flats-Clare Housing	10	5	15	5	5	5	15	0	5	0	0	1	5	10	10	5	5	12
PRG Portfolio	10	5	15	0	5	5	0	5	5	15	3	1	15	8	10	0	5	6
Youth Link Supportive Housing	10	5	15	0	5	5	15	0	5	0	0	1	5	10	10	5	2	12
Jordan Apts.	10	5	15	0	5	5	15	0	5	0	0	1	5	10	10	5	5	6
Flats on 46 th	10	5	15	0	5	5	15	0	5	0	0	1	5	10	10	5	5	6
Madison Apts.	10	5	15	0	5	5	0	5	5	15	0	1	5	0	10	5	2	12

Selection Criteria

1. (a) HOMELESS THE CITY RECOGNIZED CITIZEN 10 POINTS THE PROJECT MEETS THE GOALS OF THE HEADING HOME HENNEPIN PLAN AND RECEIVED SUPPORT IN WRITING FROM PARTICIPATION COMMUNITY PLANING COUNCIL OR A NEIGHBORHOOD BASED PLANING ORGANIZATION WHICH REPRESENTS THE GEOGRAPHIC LOCATION OF THE PROJECT
2. NON PROFIT 5 POINTS A TAX EXEMPT 501(C)(3) OR 501(C) (4) NON-PROFIT ORGANIZATION
3. HOMELESS SERVICES 15 POINTS THE PROJECT PROVIDES SUITABLE HOUSING COMBINED WITH SUPPORTIVE SERVICES FOR HOMELESS.
4. DISABLED 5 POINTS AT LEAST 50 % OF THE UNIT ARE SET ASIDE FOR THE DISABLED
5. SUPPORT SERVICES 5 POINTS THE PROJECT PROVIDES RESIDENT SUPPORT SERVICES WITH AN ESTABLISHED ORGANIZATION
6. NEIGHBORHOOD SUPPORT 5 POINTS SUPPORT IN WRITING FROM THE ORGANIZATION WHICH REPRESENT THE LOCATION OF THE PROJECT
7. NON-IMPACTED AREA 15 POINTS THE PROJECTED IS LOCATED IN A "NON-IMPACTED" AREA DEFINED BY HUD AND/OR OUTSIDE OF A QUALIFIED CENSUS TRACT
8. REHAB/STABILIZATION 5 POINTS THE PROJECT PRESERVES BELOW MARKET RATE SUBSIDIZED LOW-INCOME HOUSING DUE TO MORTGAGE PRE PAYMENTS EXPIRING USES OR MORTGAGE FORCLOSURE
9. Green Design 5 points project incorporates green/sustainable elements consistent with the "Minnesota Overlay to the green communities' criteria" and/ or national green communities' criteria
10. Rehab 15 points a. rehab per unit of \$25,001 or more
10 points b. rehab per unit of \$5,00-\$25,000
5 points c. the project will receive historic tax credits
11. Funding commitments Level of existing funding commitments
10 points a. 60% or more of funding committed

7 points. B. 30% to 59.9% of funding committed

3 points c. 10% to 29.9% funding committed

12. Non-smoking areas of the project	1 point the project has a policy prohibiting smoking in all apartments units and all common
13. Intermediaries	0-8 points the ratio of soft costs of TDC (0-15%=8pts, 15.1-24%=4pts, 30.1-35%=2pts)
14. Economic integration number of units	1-10 points the project meets mixed income goals based on a percentage of low income units to the total
15. Transit development is encouraged	5-10 points the project is located in a node or corridor well served by transit where multifamily housing
16. Density density equal to or greater than 30 units per acre	5 points the project has a high density of units Points will be given to those projects that have an overall
17. Duration	0-5 points extends the duration of low income use (1 pt. for every 5 years over 20 years)
18. Tenants	1-12 points serves the lowest income tenants (matrix in manual)