



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

Date: January 6, 2015

To: Council Member Lisa Goodman, Community Development and 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 Broadway Flats (\$200,000), City of Lakes Community Land Trust (\$150,000), Hawthorne EcoVillage Apartments (\$200,000) and Mill City Quarter (\$214,000); authorize execution of Grant and Sub-recipient Agreements.

Recommendation:

- 1) Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grants totaling \$764,000 to the following projects: Broadway Flats (\$200,000), City of Lakes Community Land Trust (\$150,000), Hawthorne EcoVillage Apartments (\$200,000) and Mill City Quarter (\$214,000).
- 2) Amend the 2015 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900220) appropriation by \$614,000 and (01600-8900230) appropriation by \$150,000.
- 3) Increase the 2015 Revenue Budget for the Community Planning & Economic Development agency Fund 01600- Other Grants – State and Local (01600-8900900-321513) by \$764,000.
- 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 Rose Development, City of Lakes Community Land Trust, Project for Pride in Living, and Eagle Iron Partners and/or their related entities.

Previous Directives:

Broadway Flats:

- On February 24, 2012, the City Council authorized the submission of LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council on behalf of this project, and granted exclusive development rights to Rose Development for the City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months.
- On June 29, 2012, the City Council accepted an LCDA-TOD grant in the amount of \$1,536,100 and a TBRA-TOD grant in the amount of \$463,900 that had been awarded by the Metropolitan Council.
- On November 2, 2012, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000 for this project.
- On April 26, 2013, the City Council granted exclusive development rights to Rose Development for the 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 an additional loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$300,000.
- On January 23, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project.
- On June 13, 2014, the City Council authorized staff to continue analysis of the TIF application to determine if TIF assistance is appropriate and justifiable, and authorized staff to negotiate the terms and conditions of a redevelopment contract and prepare a TIF Plan and any necessary Redevelopment Plan modifications for the project.
- On August 29, 2014, the City Council authorized the extension of the City's exclusive development rights agreement for the City owned parcels at 2413 and 2423 Penn Avenue North.
- On December 5, 2014, the City Council: 1) gave final approval to the issuance of up to \$13,900,000 in Tax-Exempt Multi-family Housing Entitlement Revenue Bonds; 2) approved the sale of 2413, 2423, 2425, 2503, 2507 and 2511 Penn Avenue North to Broadway Flats, LLLP or an affiliate for \$152,256; 3) authorized a Redevelopment Contract and related documents; 4) authorized signature of a joint application for a Certificate of Possessory Title and Registered Land Survey on the land to be included in the Broadway Flats project; 5) approved the Broadway Flats Tax Increment Financing Plan and authorized issuance of a limited revenue pay-as-you-go TIF note to Broadway Flats, LLLP in a principal amount not to exceed \$1,424,300; and 6) authorized execution of a redevelopment contract, loan agreement and any other necessary documents.
- On December 5, 2014, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form for this project.

City of Lakes Community Land Trust: City of Lakes Community Land Trust received LHIA funds in 2006, 2008 and 2011, which the City Council accepted and appropriated. On December 5, 2014, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form for this project.

Hawthorne Eco Village Apartments:

- On April 12, 2013, the City Council authorized the City to apply to the Metropolitan Council for an LCDA grant, and on March 28, 2014, accepted the awarded grant and appropriated the funds.
- On April 26, 2013 the Minneapolis City Council approved exclusive development rights for 12 months with the option for a 6-month administrative extension for Project for Pride in Living on five City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6th Street North.
- On October 18, 2013, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$1,875,000.
- On October 31, 2014, the City Council extended Exclusive Development Rights for 24 months on five (5) City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6th Street North.
- On April 12, 2013, the City Council authorized the City to apply to the Metropolitan Council for an LCDA grant, and on March 28, 2014, accepted the awarded grant and appropriated the funds.
- On December 5, 2014, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form for this project.

Mill City Quarter:

- In June 1992, the Minneapolis Community Development Agency (MCDA) acquired Parcel A as part of the Milwaukee Depot property acquisition
- On March 6, 2009, the City Council awarded exclusive development rights to Eagle Iron Partners Joint Venture, Lupe Development Partners, LLC and North First Ventures, LLC (or an affiliate).
- On December 18, 2009, the City Council extended the exclusive development rights for 24 months.
- On December 16, 2011, the City Council adopted Resolution 2011R-674 authorizing the submittal of a DEED funding application for Parcel A.
- On August 3, 2012, the City Council adopted Resolution 2012R-411 authorizing submitting LCDA and LCDA TOD grant applications for Mill City Quarter.

- On February 22, 2013, the City Council accepted and appropriated a Metropolitan Council LCDA TOD grant of \$1,000,000 for Mill City Quarter and a TBRA TOD grant of \$1,000,000 for Mill City Quarter.
- On October 18, 2013, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$1,200,000.
- On October 31, 2014, the City Council approved an additional \$300,000 loan from the Affordable Housing Trust Fund.
- On December 5, 2014, 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: Catherine A. Polasky, Economic Development Director _____ Charles T. Lutz, Deputy Director, CPED _____ Presenters in Committee: Paula Mazzacano, Development Finance, 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

Other financial impact –

- The required local match for Broadway Flats (\$1,050,000), Hawthorne EcoVillage Apartments (\$1,875,000) and Mill City Quarter (\$1,500,000) will be provided from Affordable Housing Trust Fund (AHTF) allocations previously awarded these projects. The local match for City of Lakes Community Land Trust (at least \$150,000) will be provided by Minneapolis HOME/NSP funds, or should they be awarded, Hennepin County AHIF funds.
- Grant administration fees totaling \$22,920 will help offset the City's cost of administering these grants.

Community Impact

Neighborhood Notification:

Broadway Flats: The Jordan Area Community Council and the West Broadway Business and Area Coalition issued letters of support dated June 10, 2013 and February 22, 2012, respectively.

CLCLT Homes 2014: Not applicable.

Hawthorne EcoVillage Apartments: The Hawthorne Neighborhood Council issued a letter of support on May 28, 2013.

Mill City Quarter: Downtown Minneapolis Neighborhood Association issued letters of support for the project on February 16, 2013 and September 12, 2013. Mill District Neighborhood Association issued its letter of support on June 28, 2013.

- 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 – All projects will be required to comply with the zoning code.
- Other – n/a

Supporting Information – 2014 Local Housing Incentive Account Grant Awards

On December 10, 2014, the Metropolitan Council awarded Livable Communities Local Housing Incentive Account (LHIA) grants to four projects located in the City of Minneapolis. Awarded projects include: Broadway Flats (\$200,000), City of Lakes Community Land Trust (\$150,000), Hawthorne EcoVillage Apartments (\$200,000) and Mill City Quarter (\$214,000). 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 nine (9) LHIA rental and ownership housing grants totaling \$1,500,000 in this funding round. The awards to projects located in the City of Minneapolis represent 51% of the rental and ownership housing funds awarded. In addition, three of the projects were also awarded funds from Minnesota Housing: Broadway Flats (\$1,200,000), Hawthorne EcoVillage Apartments (\$5,061,528) and Mill City Quarter (\$2,946,000).

Grant Award Summaries

Broadway Flats \$200,000 – Rose Development LLC or related entity: Broadway Flats is a new construction development of one four-story building with one level of underground parking on an urban infill parcel. The proposed development site is located at the corner of West Broadway and Penn in North Minneapolis. The proposed new construction will create first floor commercial space that will return two long-standing businesses back to the community. The residential portion will create 103-units of workforce housing consisting of 10 studios, 78 one-bedroom units and 15 two-bedroom units. All units will be affordable at or below 60% of the Area Median Income (AMI), and 42 units will be affordable to households at or below 50% AMI. The development team is a partnership between Rose Development and Lupe Development Partners.

The proposed LHIA funding award will be matched by the City's 2012 and 2013 Affordable Housing Trust Fund awards totaling \$1,050,000.

City of Lakes Community Land Trust \$150,000 – City of Lakes Community Land Trust or related entity: City of Lakes Community Land Trust (CLCLT) requested grant funds for affordability gap and value gap for its Homebuyer Initiated Program (HIP) in the City of Minneapolis. HIP is a buyer-driven homeownership model that allows the homebuyer to select and purchase the home on the community land trust model. CLCLT works with homebuyers to develop a scope of rehabilitation work that addresses deferred maintenance, mechanical systems, safety and code issues, environmental concerns and energy efficiency retrofits. CLCLT anticipates assisting three homeowners with the 2014 LHIA award.

The proposed LHIA funding award will be matched by Hennepin County AHIF funds, should they be awarded, or Minneapolis HOME/NSP funds.

Hawthorne EcoVillage Apartments \$200,000 – Project for Pride in Living or related entity: The Hawthorne EcoVillage Apartments project is a proposed new construction of 75 units of housing in the four-block Hawthorne EcoVillage master plan at the intersection of Lyndale and Lowry Avenues. The development will consist of 71 apartment units in a four story building and two smaller townhome buildings, each containing 2 three-bedroom units with tuck-under parking. As the cornerstone of the Hawthorne EcoVillage, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be one of PPL's first multi-family projects to be certified through the Green Communities program.

The proposed LHIA funding award will be matched by the City's 2013 Affordable Housing Trust Fund award of \$1,875,000.

Mill City Quarter \$214,000 – Eagle Iron Partners or related entity: Mill City Quarter will create 150 new units of affordable workforce housing in a TOD priority area near both the Green Line and Blue Line LRT. The six-story elevator apartment building will have 115-one bedroom and 35-two bedroom units, as well as 14,495 square feet of retail space, 207 underground parking stalls and 20 surface parking stalls. A "woonerf", which is a pedestrian friendly street, will be added to the site, providing a direct connection to the Minneapolis Parks trails along the Mississippi River. Sixty (60) units will have rents affordable to households with incomes at or below 50% of AMI. Ninety (90) units will have rents affordable to households with incomes at or below 60% of AMI. Adding 150 units of workforce housing at an infill site in the growing downtown core is a high priority for the City of Minneapolis.

The proposed LHIA funding award will be matched by the City's 2013 and 2014 Affordable Housing Trust Fund awards totaling \$1,500,000.

Amending the 2015 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) Amend the 2015 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants – State and Local (01600-8900220) appropriation by \$614,000 and (01600-8900230) appropriation by \$150,000.
- 2) Increase the 2015 Revenue Budget for the Community Planning & Economic Development agency Fund 01600- Other Grants – State and Local (01600-8900900-321513) by \$764,000.