

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: November 10, 2015
Referral: N/A
From: Community Planning & Economic Development
Prepared by: Theresa Cunningham, Senior Project Coordinator (X5237)
Presented by: Theresa Cunningham
File type: Action
Subcategory: Loan

Subject:

Request to consolidate, restructure, forgive accrued interest and allow an assumption of outstanding City debt on the Anishinabe Wakiagun development and allowing the assumption of the debt by the Anishinabe Bii Gii Wiin Housing Limited Partnership

Description:

Authorizing Anishinabe Wakiagun Limited Partnership's request to consolidate, restructure, forgive accrued interest and allow an assumption of outstanding City debt of \$565,000 on the Anishinabe Wakiagun development (located at 1600 E. 19th Street); assumption of the debt by the Anishinabe Bii Gii Wiin Housing Limited Partnership through 2060 and consent to re-plat the development site.

Previous Actions:

On November 6, 2015, the City Council approved a loan of up to \$363,003 in 2015 Affordable Housing Trust Funds to assist in the development of the Anishinabe Bii Gii Wiin housing development.

On October 31, 2014, the City Council approved an allocation of 2015 Low Income Housing Tax Credits totaling \$692,572 to assist in the development of the Anishinabe Bii Gii Wiin housing development.

On October 18, 2013, the City Council approved a loan up to \$1,170,000 in 2013 Affordable Housing Trust Funds to assist in the development of the Anishinabe Bii Gii Wiin housing development.

Ward/Address:

Ward 6 / Ventura Village Neighborhood / 1600 19th Street East

Background/Analysis:

The Anishinabe Wakiagun Limited Partnership, consisting of co-developers and owners of the Anishinabe Wakiagun development located at 1600 East 19th Street and Franklin Avenue in the Ventura Village neighborhood (Ward 6) of Minneapolis MN: the American Indian Community Development Corporation (AICDC) and Project for Pride in Living, Inc. (PPL). The co-developers are proposing to purchase and renovate the existing Anishinabe Wakiagun development

located in the Anishinabe Wakiagun development which currently includes 60 units of Single Room Occupancy (SRO) housing.

The co-developers are now ready to begin construction of the second phase of developing the general area and have assembled the financing for the second phase: the Anishinabe Bii Gii Wiin development. Attached is a project data worksheet that provided additional information regarding the Anishinabe Bii Gii Wiin development. This phase of the development will include the purchase and renovation of the existing Anishinabe Wakiagun building and the new construction of an additional 32 units of SRO housing to be constructed south of the Anishinabe Wakiagun building along Franklin Avenue. Unlike Anishinabe Wakiagin, the Anishinabe Bii Gii Wiin component will be a sober housing facility.

AICDC currently provides supportive services and property management at Anishinabe Wakiagun, and will do the same at the Bii Gii Wiin building. The new building will also meet the green construction standards contained in the MN Overlay to Green Communities. All 77 units in the entire development will be SRO units with utilities included in the rent.

Anishinabe Bii Gii Wiin Housing LP, will purchase the Anishinabe Wakaigun development and additional land adjacent to the development site from Hennepin County HRA, the State of MN, and Anishinabe Bii Gii Wiin LLC to complete the assemblage of the development site. The acquisition of the adjacent land will allow the developers to undertake the second phase of a potential three individual buildings proposed in the initial plans for development of this site. A formal re-plat of the newly assembled land will be necessary to merge the individual parcels of land into one congruent development site.

The co-developers are requesting the City to consolidate its outstanding debt on the Anishinabe Wakiagun development of \$565,000, created a new loan; lowering the interest rate to 0%, extending the term out for another 45 years, and forgiving the accrued interest. It is proposed that as a part of the acquisition, the developers pay off a portion of the existing debt (FHF - \$200,000) and assume the balance of the outstanding debt of approximately \$1,540,000 as is outlined below:

Source	Outstanding Principal Balance	Maturity Date	Interest Rate	Accrued Interest	Principal To Be Paid Off	Principal To Be Assumed
Family Housing Fund (FHF)	\$300,000	2025	0.0%		\$200,000	\$100,000
City – NRP	\$300,000	2025	0.0%			\$300,000
City - HOME	\$265,000	2025	0.5%	\$27,958		\$265,000
MHFA	\$875,000	2025	0.0%			\$875,000
Total	\$1,740,000			27,958	\$200,000	\$1,540,000

Since the proposed Anishinabe Bii Gii Wiin restructure will include the original Anishinabe Wakiagun development, as a part of the larger Anishinabe campus, the Anishinabe Bii Gii Wiin Housing LP has been created solely to undertake Phase II and proposes to purchase the Anishinabe Wakiagun development (Phase I) as a part of the restructure.

The developer submitted an appraisal of the current value of the Anishinabe Wakiagun building at \$1,540,000. The debt being assumed of \$1,740,000 is in excess of what the developer can assume based on the value of the building; therefore, the LIHTC Syndicator, National Equity Fund (NEF) is requesting that the new financing payoff a portion of the outstanding debt (FHF - \$200,000) and the City forgive outstanding accrued interest of approximately \$28,000 to bring the outstanding debt to be assumed to \$1,540,000 consistent with the appraised value.

The development partnership is now requesting authorization from the city to consolidate all of the city’s outstanding debt on the Anishinabe Wakiagun property of approximately \$565,000, restructure the remaining debt with a new interest rate of 0% and extend the term of the new loan from 30 to 45 years, consistent with the LIHTC’s Land Use Restrictive Agreement (LURA). The developer agreed to a 45 year affordability to promote their ranking for 9% LIHTC

assistance. The funding partners: the Family Housing Fund, MHFA and the City staff all concur with the benefits of restructuring the Anishinabe Wakiagun project's financing and have approved the assumption of the outstanding debt by the new partnership, Anishinabe Bii Gii Wiin Housing LP, and support a new rate of 0% interest and a 45-year term extension to 2060 consistent with all other financing.

Finally, the developer is asking for the city's consent to re-plat the development site. As mentioned previously, a formal re-plat of the site will be necessary to merge the individual parcels of land into one congruent development site. City staff is requesting authorization to consent to the re-plat.

Financial Review:

No additional appropriation or re-allocation of funds will be required.

Attachments:

1. Project Data Worksheet
2. Rendering & Site Plan