

# City of Minneapolis

## Request for Committee Action

**To:** Community Development & Regulatory Services  
**Date:** 5/3/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Lead Staff:** **Carrie Flack, Multifamily Finance Specialist**  
**Presented by:** Carrie Flack, Multifamily Finance Specialist, 673-5240  
**File Type:** Action  
**Subcategory:** RFP

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**Subject:**

2016 Affordable Housing Trust Fund Request for Proposal

**Description:**

Approve the draft of the 2016 Affordable Housing Trust Request for Proposal, Program Policies and Procedures.

**Previous Actions:**

May 16, 2003, the City Council approved the establishment of the Affordable Housing Trust Fund.

May 27, 2011, the City Council approved proposed changes to the Affordable Housing Trust Fund relating to application fee, origination fee, site control, maximum amount of AHTF award, and selection criteria, and that a \$1,000 application fee be authorized for each AHTF proposal and a one percent (1%) loan origination fee for each AHTF project with the exception of the AHTF HOME-funded projects.

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**Ward/Address:**

All Wards

**Background/Analysis:**

In 2003, the City Council combined previously separate multifamily affordable housing funding programs into the Affordable Housing Trust Fund (AHTF) to assist in the financing of the production and preservation/stabilization of affordable and mixed-income rental housing projects in Minneapolis. The AHTF Program assists with providing decent, safe and affordable housing opportunities, assists with community revitalization and blight removal; supports tax base enhancement, job creation, and increasing density along critical corridors. AHTF Program administration is guided by the Minneapolis Plan, the Unified Housing Policy and the HUD Consolidated Plan for Housing and Community Development.

The AHTF has three funding sources: Local funds, federal Community Development Block Grant (CDBG) funds, and federal HOME Investment Partnership Program funds.

The AHTF funds are typically provided as a deferred payment loan with a 30 to 40 year term with 0% to 1% simple interest. Additionally, the City seeks to recapture a percentage of net cash flow in mixed income projects, where possible, pursuant to CPED's approved policy guidelines.

There are several proposed changes to the Request For Proposal, Program Policies and Procedures for the 2016 AHTF round. These changes include:

Changes to Part 1, Program Policies and Procedures:

- Section V Additional language regarding funding for Senior Housing;
- Section V Additional language regarding funding not awarded in the current round to move forward in a pipeline based on established priorities;
- Section V Additional language regarding the Family Housing Initiative Fund per the Mayor's budget;
- Section VII A 3 An additional policy regarding HOME units being fixed only versus floating;
- Section VIII EE Additional language increasing eligibility to 60% AMI for maximum awards in high poverty or minority concentrated tracts.

Changes to Part 2, Selection Criteria:

- Section II A Points and percentages revised for secured funding;
- Section II B Economic Integration revised to match QAP;
- Section II J Revised Housing for Homeless;
- Section II L Revised Senior Housing to specify points only being awarded in Wards that further achieve the City's senior housing goals;
- Section III and Section IV Revised to include Minority Concentrated areas as well.

The draft of the 2016 AHTF RFP is attached and these changes are highlighted in yellow. On March 16, 2016, the proposed RFP document and changes were sent to all neighborhood groups for a 45 day public review as well as posted on the City's website:

[http://www.ci.minneapolis.mn.us/cped/rfp/AHTF\\_home](http://www.ci.minneapolis.mn.us/cped/rfp/AHTF_home)

Since the RFP was posted for public comment, based on feedback received, staff has added additional language to address the evaluation of cost reasonableness. The following additional language was added:

- Section VIII EE – Proposals will be evaluated for cost reasonableness. The City reserves the right to not award funding to projects in which the City deems costs are not reasonable or may award funding conditioned on reducing developments costs.

Staff recommends approval of the draft of the 2016 Affordable Housing Trust Request for Proposal.

**Financial Review:**

**Select financial statement.**

**Future budget impact anticipated.**

**Approved by the Permanent Review Committee.**

**Meets Small and Underutilized Business Program goals.**

Enter SUPB goals explanation.

**Attachments:**

1. Draft 2016 Affordable Housing Trust Fund Request for Proposal