

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 9/27/2016
Referral: Ways & Means
From: Community Planning & Economic Development
Lead Staff: Carrie Flack Goldberg, Multifamily Finance Specialist, x5240
Presented by: Carrie Flack Goldberg, Multifamily Finance Specialist, x5240
File Type: Resolution
Subcategory: Appropriation

Subject:

Appropriating HOME Program Income.

Description:

Passage of a Resolution amending the 2016 General Appropriation by increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900230) appropriation by \$1,724,059 for additional HOME Program Income received.

Previous Actions:

City Council approved an appropriation of HOME Program Income in December 2015.

Ward/Address:

Not Applicable

Background/Analysis:

Annually the City of Minneapolis receives an appropriation of HOME funds through the federal Department of Housing and Urban Development (HUD). These appropriations can generate program income in the following ways:

1. In the Affordable Housing Trust Fund (AHTF) program, interest payments from a project with amortized debt or repayment of the loan.
2. In the Home Ownership Works (HOW) program, proceeds from the sale of houses to eligible owner occupants when interim construction financing is awarded and repaid.

All program income generated by HOME activities must be used in accordance with HUD rules for the production of affordable housing. CPED staff has identified a total of \$1,724,059 in program income – accrued from December 2015 to June 2016 – that must be added to the operating budget.

This additional program income was generated largely by two HOME loan repayments from the Creamettes and Brown Krause projects in addition to HOW program proceeds. The Regulatory Agreement for the Brown Krause project was terminated earlier this year to accommodate the acquisition of the property by Hennepin County Medical Center (HCMC). The termination was outside of HOME rules and thus HOME funds were returned to HUD as per HUD instruction. Creamettes was a loan repayment resulting from refinancing the project and thus the loan was repaid and the mortgage was satisfied. However, the Regulatory Agreement for the affordable units in this project remains in effect throughout the period of affordability, expiring on March 1, 2019.

Financial Review:

Additional appropriation required.

Amend the 2016 General Appropriation Resolution to increase the CPED Agency HOME Fund 01500-8900230 appropriation by \$1,724,059.

Future budget impact anticipated.

Increase the 2016 Revenue Budget in CPED HOME Fund 01500-8900900-373501 by \$1,724,059.

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. HOME Program Income Appropriation Resolution

RESOLUTION

By Goodman and Quincy

Amending the 2016 General Appropriation Resolution.

Resolved by The City Council of The City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by increasing the appropriation for the CPED Agency in the HOME Fund 01500-8900230 by \$1,724,059 and increasing the revenue source 01500-8900900-373501 by \$1,724,059.