



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: February 1, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Dollie Crowther, Senior Housing Project Coordinator, Phone 612-673-5263

Presenter in Committee: Dollie Crowther, Senior Housing Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth J. Ryan, Director, Housing _____

Subject: Allocation of 2005 Federal Low Income Housing Tax Credits

RECOMMENDATION: It is recommended that the City Council preliminarily reserve 2005 Federal Low Income Housing Tax Credits totaling \$33,000 for the Ripley Gardens Project and \$133,429 for The Central Avenue Lofts Project

Previous Directives: The City Council approved the Qualified Allocation Plan and Procedural Manual on June 18, 2004. On November 19, 2004 the City Council approved a reservation of 2005 Federal Low Income Housing Tax Credits totaling \$1,035,637 for:

Camden Apartments/FACT Housing – 4643-51 Lyndale Avenue North (In The Amount of \$404,208)

Ripley Gardens – 300 Queen Avenue North (In The Amount of \$465,000)

MS Residence – 4550 Humboldt Avenue North (In The Amount of \$134,429)

Heritage Park III – SWC Olson Highway & Lyndale Avenue North (In The Amount of \$32,000)

On January 14, 2005 the City Council approved a reservation of 2005 Low Income Housing Tax Credits of \$32,000 for the MS Residence Project.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

____ Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: Varies with each proposal.

Neighborhood Notification: Varies with each proposal.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, meets current needs, and promotes future growth.

Comprehensive Plan: 4.91. Minneapolis will grow by increasing its supply of housing. 4.15. Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demands.

Zoning Code: Projects will comply.

Living Wage/Job Linkage: NA

Dear Council Member Goodman:

Background/Supporting Information

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis/St. Paul Housing Finance Board, is administering an allocation of \$1,035,637 in Federal Low Income Housing Tax Credits for 2005.

On November 9, 2004, staff recommended funding for four (4) projects from the 2005 Federal Low Income Housing Tax Credit allocation. At the time funding was approved, Heritage Park III required and was eligible for \$32,000 of 2005 LIHTC's. This project was also eligible for \$32,000 returned 2004 credits from the Minnesota Housing Finance Agency (MHFA), however, there was a timing issue. In order to assure the project received the requested credits, CPED approved tax credits pending MHFA approval of the returned credits.

Due to timing issues with Heritage Park III Project, staff requested and the City Council approved \$32,000 of LIHTC for this project. MHFA later approved the needed credits and staff was able to allocate those credits to the next eligible project, which was MS Residence. The total tax credit amount available was \$166,429.

MS Residence accepted those credits contingent upon HUD approval of a deviation in project size for the proposed project. Persons with Disabilities under the Section 811 program have regulations on project size limits for more than 24 units. MS Residence's request was originally for 49 units. HUD recently denied this request for an increase in the proposed size of the project. MS Residence will be proceeding with the project on a smaller scale and will be returning the tax credits totaling \$166,429.

Staff is requesting to allocate a portion of the refunded credits to Ripley Gardens for an additional \$33,000. Ripley Gardens was previously approved for \$465,000 of Year 2005 tax credits. This project is eligible and can use the additional credits to close any remaining gap. The 2005 total tax credit allocation for this project will be \$498,000.

Central Avenue Lofts is the next project eligible for tax credits. This is a new construction, 59-unit, mixed use project at 2338 Central Avenue N.E., developed by Sherman Associates. Staff is requesting the remaining tax credits of \$133,429 be approved for Central Avenue Lofts.