



**Request for City Council Committee Action**  
**Office of the City Coordinator (Community Planning & Economic Development)**

Date February 18, 2003

To Ways & Means/ Budget Committee

Submitted by Kim W. Havey, Minneapolis Empowerment Zone, 673-5415

Approved by Lee Sheehy, Community Planning and Economic Development

**Subject** Approval of \$725,000 in federal Empowerment Zone funds for Heritage Park Phase II.

**Presenters in Committee** Kim W. Havey, Director, Minneapolis Empowerment Zone

**Recommendation**

- (1) Authorize \$725,000 in federal Empowerment Zone funds for Heritage Park Phase II, to be administered by the Minneapolis Community Development Agency (MCDA);
- (2) Authorize city officers to execute an agreement with the MCDA, setting forth the terms and conditions of administering federal Empowerment Zone funds for Heritage Park;
- (3) Decrease the appropriation for the City Coordinator Agency in the Federal Grants Fund (0300-840-8460) by \$725,000; and
- (4) Increase the appropriation in the Public Works Capital Project in the Permanent Improvement Projects Fund (4100-970-9719, Revenue Source 3210) for Heritage Park Phase II.

**Financial Impact**

- No financial impact or Action is within current budget.
- 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

**Background/Supporting Information**

On February 13, 2003 the Empowerment Zone (EZ) Executive Committee approved a grant of \$725,000 for Heritage Park Phase II.

The Heritage Park Phase II development will construct 113 rental units and approximately 90 ownership units. Of the 113 rental units in Phase II about half (57) are Hollman public housing replacement units which will be set aside for returning public housing residents and other priority families as outlined in the Consent Decree. In addition, 25 units will be set aside as conventional tax credit units and the remaining 31 will be unrestricted with respect to income, but will be affordable to households between 60% and 80% of area median income (AMI). Of the approximately 90 ownership units, approximately 30% will be affordable to families earning below 80% of the area median income (AMI). At least half of those, or 15% of the Phase II ownership units will be reserved for families earning less than 60% AMI.

The Empowerment Zone grant funds will be used to assist in clearing the remaining five substandard housing units from the site; and removing and replacing unsuitable soils with more appropriate soils for building and grading the site thereby allowing for more stable building foundations.