

Minneapolis Community Development Agency

Request for City Council Action

Date: October 28, 2002

To: Council Member Lisa Goodman, Community Development Committee

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Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: Allocation of 2003 Federal Low Income Housing Tax Credits

Previous Directives: The City Council approved the Qualified Allocation Plan and Procedural Manual on May 17, 2002.

Ward: Varies with each proposal.

Neighborhood Group Notification: Varies with each proposal.

Consistency with *Building a City That Works*: Provide a diversity of housing choices within each community.

Comprehensive Plan Compliance: Varies with each project.

Zoning Code Compliance: Projects will comply.

Impact on MCDA Budget: (Check those that apply)

- No financial impact
- Action requires an appropriation increase to the MCDA Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

*Application fees are collected to offset administrative expenses.

Living Wage / Business Subsidy: NA

Job Linkage: NA

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Affirmative Action Compliance: Will Comply.

RECOMMENDATION: IT IS RECOMMENDED THAT THE CITY COUNCIL PRELIMINARILY RESERVE 2003 FEDERAL LOW INCOME HOUSING TAX CREDITS TOTALING \$925,698 FOR THE FOLLOWING PROJECTS:

- A) LYDIA HOUSE - 1920 LASALLE AVENUE (IN THE AMOUNT OF \$411,436)**
- B) THE BOULEVARD - 5320 LYNDALE AVENUE SOUTH (IN THE AMOUNT OF \$23,757)**
- C) LINDQUIST APARTMENTS - 1927-1935 WEST BROADWAY (IN THE AMOUNT OF \$142,832)**
- D) NEAR NORTHSIDE – OLSON HIGHWAY AND LYNDALE (IN THE AMOUNT OF \$347,673)**

Dear Council Member Goodman:

Background/Supporting Information:

The Minneapolis Community Development Agency (MCDA), acting on behalf of the Minneapolis/St. Paul Housing Finance Board, is administering an allocation of \$925,698 in Federal Low Income Housing Tax Credits in 2003.

A public hearing on the Qualified Allocation Plan adopting the selection criteria and allocation process was held on May 6, 2002. There were no changes recommended for 2003. The tax credit application deadline was August 1, 2002.

Twelve proposals requesting a total of \$5,171,014 in tax credits were received and are described in Exhibit A, Summary of Proposals. The twelve proposals are ranked according to the selection criteria as shown in Exhibit B.

Staff is recommending reserving the total \$925,698 of the 2003 annual allocation to the following projects:

Lydia Apartments

Plymouth Church Neighborhood Foundation (PCNF) a non-profit organization formed by members of the Plymouth Congregational Church is the general partner and the developer. This is the rehabilitation of a vacant nursing home and will contain 40 efficiency units with supportive housing for single adults who are currently homeless or living in temporary housing or who are living with disabilities.

Support services will be offered to each resident and tailored to their specific needs. Simpson Housing Services will design, manage and direct the on-site services with services on the first level. Each unit will have its own private bath and full kitchen and each resident will have access to common areas. The lobby entrance will have around the clock staffing. FHLB funds have been committed to this project.

The Boulevard

This project requires the acquisition/demolition of an existing commercial building and the new construction of a 24-unit mixed use permanent rental, combination 4 story and 2 story 5 unit townhouse family development. The project will also house underground parking to be shared by commercial and residential users. There will be an indoor playroom as well as a second floor outside play area. The developer has been approved for Section 8 project based assistance for 6 units. Most of the funds have been secured for this project including \$500,000 of HOME funds. In October, 2002, \$119,404 of tax credits was approved for this project. This 2003 tax credit request will provide the necessary credits to fully assist the project.

Lindquist Apartments

Lindquist Apartments is 20 units of efficiency and one bedroom permanent, drug free and sober supportive housing for disabled singles. RS Eden will provide case management, counseling, job readiness, and employment services. There will be one unit for the Resident Care Manager as well as 5,000 sq. ft. of office/commercial space. Section 8 project based assistance has been approved for the 20 units. HUD-SHP Funds have also been approved for this project.

Heritage Park – Phase III

McCormack Baron & Associates, Inc., lead developer for the Near Northside project, recently renamed Heritage Park, submitted an application for LIHTC for Phase III of the project. Phase III will be located at the southwest corner of Olson Memorial Highway and Lyndale Avenue North and consist of two and three story walkups and townhouses in a mix of one, two, three, four and five bedroom units. Fifteen buildings will be constructed on land currently owned by the MPHA and leased to the developer on a long-term ground lease. Thirty-eight of the 98 total units in this phase will be Public Housing Replacement (Hollman) units. Eighteen units will be eligible for tax credits and the remaining 42-units will rent at market rate. Off-street parking will be made available for tenants and their guest with 65 surface slots and covered parking for 50. It is anticipated that Phase III's construction will start mid 2004 and placed in service for late 2005. Phase III will need additional tax credits next year.

Collaborative Village ranked well with the MCDA and the MHFA has selected this project for tax credit funding. Also, the MHFA has agreed to provide one half of the funding for Lindquist Apartments and the MCDA has agreed to provide the remaining portion to fully fund the tax credits for this project.

Clare Apartments ranked well, is consistent with the adopted goals of the City/County Homeless Task Force report and is supported by MCDA staff. Due to the status of the neighborhood review, this project will not receive a 2003 allocation of tax credits. Staff anticipates Clare Apartments will be recommended in the next tax credit round in 2004, which will be a Spring 2003 RFP.

These tax credit reservations are contingent upon the selected projects meeting certain application and program requirements by established deadlines. If these requirements are not met, staff will again review all the projects left on the waiting list to determine the best candidate for receiving a tax credit reservation and completing a carryforward. Staff will continue to work with the applicants of these projects.

The tax credit amounts shown are based on estimates only. Final credit amounts are determined at the time the commitment is entered into or at the time the building is placed in service. Unallocated or returned credits will be distributed among eligible projects as ranked on Exhibit B, and any remaining unallocated credits after that shall be returned to the MHFA.