

# Request for City Council Committee Action from the Department of Community Planning and Economic Development

**Date:** July 13, 2010

**To:** Council Member Lisa Goodman, Chair, Community Development Committee

**Referral to:** Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

**Subject:** Appropriation of HOME Program Income in the Amount of \$1,487,532

**Recommendation:** Amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900220) appropriation by \$39,662 and increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900230) appropriation by \$1,447,870 from the available fund balance.

**Previous Directives:** None.

## Department Information

Prepared by: Donna Wiemann, Principal Project Coordinator, 612-673-5257
Approved by: Thomas A. Streit, Director, Housing Policy & Development _____
Charles T. Lutz, Deputy Director _____
Presenters in Committee: Donna Wiemann

## Financial Impact

X  Action requires an appropriation increase to the Operating Budget.

## Community Impact

- Neighborhood Notification: None.
- City Goals: In five years Minneapolis residents will have access to housing and services.
- Sustainability Targets: Development and preservation of affordable housing.
- Comprehensive Plan: 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households. 4.91 – Minneapolis will grow by increasing its supply of housing.

- Zoning Code: All projects approved for HOME funding will comply with the zoning code.

### Supporting Information

CPED staff has identified a total of \$1,487,532 in HOME program income that has accrued since the latter part of 2007. All HOME program income must be used in accordance with HOME rules for the production of affordable housing including up to 10% for administrative costs. The program income has accumulated due to the following reasons:

1. In the Affordable Housing Trust Fund (AHTF), interest payments from a project with amortized debt.
2. In the HOME Ownership Works program (HOW), proceeds from the sale of houses to eligible owner occupants.

Staff recommends the \$1,487,532 HOME program income currently available be allocated to the specific program (AHTF or HOW) that generated the income and 10% for administrative costs as follows:

#### HOME Multi Family:

Affordable Housing Trust Fund (01500 – 8900220)	35,696
CPED Administrative Multi-Family (01500 – 8900220)	<u>3,966</u>
Total (01500 – 8900220)	\$ 39,662

#### HOME Single Family:

HOME Ownership Works (01500 – 8900230)	1,303,083
CPED Administrative Single Family (01500 – 8900230)	<u>144,787</u>
Total (01500 – 8900230)	\$ 1,447,870

The HOME funds will be used for programs and activities that assist in the production and maintenance of decent affordable rental and ownership housing. Funds allocated to the AHTF will be used for the production and stabilization of affordable rental housing. Funds allocated to HOW are used for either the renovation or new construction and sale of approximately 10 to 20 single family dwellings. It is designed to address the goal of providing home ownership opportunities to low and moderate income homebuyers who would otherwise have difficulty in attaining home ownership. The program is used for the rehabilitation of existing homes and used to demolish properties to make way for new construction.

### Amending the 2010 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 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900220) appropriation by \$39,662 and increasing the Community Planning and Economic Development Agency Fund 01500 – HOME (01500-8900230) appropriation by \$1,447,870 from the available fund balance.