

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

Date: November 17, 2009

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

Subject: Lovell Square Project – Legacy Management and Development, Northside Residents’ Redevelopment Council (NRRC)

Recommendation: Amend the June 12, 2009 approval to use the 2005 Affordable Housing Trust Fund award of \$418,407 to include all CDBG-eligible expenses associated with the foreclosure action and closing.

Previous Directives: On November 7, 2005, the City Council approved an Affordable Housing Trust Fund award in the amount of \$418,407 for the Lovell Square affordable housing project. On June 12, 2009, the City Council approved the use of \$418,407 to be used for the relocation of eligible tenants from the project and authorized foreclosure action on the project.

Prepared by: Tiffany Glasper, Senior Project Coordinator, Housing, 673-5221

Approved by: Thomas Streitz, Director, Housing Policy & Development _____

Presenters in Committee: Tiffany Glasper, Senior Project Coordinator, CPED
Tom Streitz, Director, CPED Housing Policy & Development

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification – The official neighborhood organization of the area in which the project is located is an active partner in the project.

City Goals – In five years all Minneapolis residents will have a better quality of life and access to housing and services.

Sustainability Targets – The proposed projects meet the affordable housing targets.

Comprehensive Plan – 4.9: Minneapolis will grow by increasing its supply of housing; 4.11: Minneapolis will improve the availability of housing options for its residents.

Zoning Code – All projects being recommended either comply or will comply with the zoning code.

Supporting Information

In June 2009, the Minneapolis City Council approved the use of CDBG funds provided through the Affordable Housing Trust Fund to be used for relocation of tenants and the proposed foreclosure action on the Lovell Square affordable housing project, a 25 unit scattered site project in north Minneapolis.

At that time it was demonstrated that the project was in arrears on property taxes and was also owing for special assessments. However, the report did not specifically authorize payment on these costs as part of closing out the project. We are seeking that explicit approval at this time.

Staff expects to pay approximately \$39,000 in delinquent property taxes, \$50,000 in property taxes payable in 2009, \$6,000 in special assessments and \$8,500 for other incidental costs associated with closing the project (closing costs, title clearance, etc.)

These are current estimates. Delinquent taxes and 2009 taxes continue to increase each month that they remain unpaid.