

# Request for City Council Committee Action from the Department of CPED

**Date:** December 14, 2010

**To:** Lisa Goodman, Chair, Community Deveopment Committee  
**Referral to:** Betsy Hodges, Chair, Ways and Means Committee

**Subject:** Approval of 2010 revenue bond entitlement carryforward

**Recommendation:** Approve the attached Resolution authorizing the carryforward of \$42,635,000 of the 2010 tax-exempt revenue bond entitlement for multi-family housing programs.

**Previous Directives:** There have been no previous directives concerning this carryforward request.

## Department Information

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| Prepared by: Dollie Crowther, Principal Project Coordinator   |
| Approved by: Thomas Streitz, Director Housing Policy & Development _____<br>Charles T. Lutz, Deputy CPED Director |
| Presenters in Committee: Dollie Crowther  |

## Reviews

- Permanent Review Committee (PRC): Approval \_\_\_ Date \_\_\_\_\_
- Civil Rights Approval Approval \_\_\_ Date \_\_\_\_\_
- Policy Review Group (PRG): Approval \_\_\_ Date \_\_\_\_\_

## Financial Impact

- No financial impact

## Community Impact

- Neighborhood Notification - NA
- Other

## Supporting Information

Each year the City of Minneapolis receives an entitlement allocation of tax-exempt revenue bonds that are used to support both single-family and multi-family housing programs. For 2010 the Minneapolis entitlement amount was \$42,635,000. As of the date of this report none of this entitlement allocation has been used.

In 2009 staff carried forward all of its 2008/2009 entitlement allocation for multi-family programs to support projects that were to be covered in 2010 and the remaining for Single Family revenue bond programs. Due to the Recovery Act, the City received a "bonus"

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allocation which meant there were still unspent bonus and 2008 entitlement. Entitlement issuers have until December 2011 to use the 2008/2009 carryforward funds without a penalty.

Staff is pleased to report that these Recovery funds, the remaining 2008 allocation and a portion of the 2009 carryforward entitlement will be used to fund a project by the end of 2010. (Riverside Plaza).

The 2010 allocation which is \$42,635,000 requires a carryover action. To accomplish the carryforward, the City Council must approve the attached Resolution which declares the intended use of the funds for multi-family housing purposes. Attached is a Resolution for City Council approval that authorizes and directs CPED staff to take the necessary steps to assure the bonding authority is carried forward for multi-family programs.

The current financial market has seen some improvement in support of multi-family programs and staff anticipates fully utilizing the 2010 allocation for projects that are expected to close in 2010/2011.

RESOLUTION AUTHORIZING CARRYFORWARD OF  
UNUSED PRIVATE ACTIVITY BOND VOLUME CAP

WHEREAS, the City of Minneapolis, Minnesota (the "City") is an "entitlement issuer" within the meaning of Minnesota Statutes, Section 474A.02, subd. 7; and

WHEREAS, the City's entitlement allocation of private activity bond volume cap for 2010 under Minnesota Statutes, Chapter 474A.03, subd. 2a is \$42,635,000; and

WHEREAS, the City does not expect to issue any private activity bonds in 2010 allocable to its entitlement allocation; and

WHEREAS, the City may, under § 146(f) of the Internal Revenue Code of 1986, as amended, and under Minnesota Statutes, Chapter 474A, "carryforward" all or a portion of the City's unused entitlement allocation; and

WHEREAS, it is in the best interest of the public health, safety and welfare that the City carryforward for qualified carryforward purposes its 2010 entitlement allocation remaining unused on December 31, 2010;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Minneapolis, Minnesota, as follows:

1. The City hereby elects to carryforward all of its 2010 entitlement allocation for qualified residential rental bonds.

2. The Director of the Department of Community Planning and Economic Development is hereby authorized and directed to execute and cause to be filed with the Internal Revenue Service a Form 8328 specifying the amount of 2010 entitlement allocation to be carried forward as described above. The Form 8328 shall be filed with the Internal Revenue Service on or before February 15, 2011. The Director is further authorized to notify the Minnesota Department of Finance of such carryforward at such time and as required by Minnesota Statutes, Chapter 474A.