



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: January 4, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Dollie Crowther, Senior Housing Project Coordinator, Phone 612-673-5263

Presenter in Committee: Dollie Crowther, Senior Housing Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth J. Ryan, Director, Housing _____

Subject: **Allocation of 2005 Federal Low Income Housing Tax Credits**

RECOMMENDATION: It is recommended that the City Council preliminarily reserve 2005 Federal Low Income Housing Tax Credits totaling \$32,000 for the MS Residence Project

Previous Directives: The City Council approved the Qualified Allocation Plan and Procedural Manual on June 18, 2004. On November 19, 2004 the City Council approved a reservation of 2005 Federal Low Income Housing Tax Credits totaling \$1,035,673 for:

Camden Apartments/FACT Housing – 4643-51 North Lyndale Avenue (In The Amount of \$465,000)

Ripley Gardens – 300 Queen Avenue North (In The Amount of \$465,000)

MS Residence – 4550 Humboldt Avenue North (In The Amount of \$134,429)

Heritage Park III – SWC Olson Highway & Lyndale Avenue North (In The Amount of \$32,000)

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- 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

Community Impact (Summarize below)

Ward: Varies with each proposal.

Neighborhood Notification: Varies with each proposal.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, meets current needs, and promotes future growth.

Comprehensive Plan: 4.91. Minneapolis will grow by increasing its supply of housing. 4.15. Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demands.

Zoning Code: Projects will comply.

Living Wage/Job Linkage: NA

Dear Council Member Goodman:

Background/Supporting Information

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis/St. Paul Housing Finance Board, is administering an allocation of \$1,035,637 in Federal Low Income Housing Tax Credits for 2005.

On November 9, 2004, staff recommended funding for four (4) projects from the 2005 Federal Low Income Housing Tax Credit allocation. At the time funding was approved, Heritage Park III required and was eligible for \$32,000 of 2005 LIHTC's. This project was also eligible for \$32,000 returned 2004 credits from the Minnesota Housing Finance Agency (MHFA), however, there was a timing issue. In order to assure the project received the requested credits, CPED approved tax credits pending MHFA approval of the returned credits.

The MHFA approved the needed credits from its returned 2004 allocation for Heritage Park III. This allows staff to recommend tax credits to the next eligible project, which is MS Residence. MS Residence only received partial funding in the 2005 round. Staff would like to secure the \$32,000 of LIHTC for MS Residence. Their new total for preliminary approval is now \$166,429. This still leaves a balance of \$239,172 required to complete their full request. They can apply for these additional credits from MHFA or CPED in the next available round which is winter of 2005 for the MHFA or spring 2005 for CPED.