

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

Date: September 1, 2009

To: Council Member Lisa Goodman, Community Development Cmte
Referral to: Council Member Paul Ostrow, Chair, Ways & Means/Budget
Committee

Subject: Accept and Appropriate Tax Credit Program Funds (TCAP) Awarded by the Minnesota Housing Finance Agency (MHFA) for Audubon Crossing, (Lowry Apartments), Creekside Commons and Near North Re-Capitalization

Recommendation:

1. Accept Tax Credit Assistance Program Funds, (TCAP) Grant Funds awarded by the Minnesota Housing Finance Agency (MHFA) for Audubon Crossings (Lowry Apartments) \$1,098,199, Creekside Commons, \$1,253,590 – Near North Recapitalization - \$881,750.
2. Increase the 2009 Revenue Budget for the CPED Agency Fund 01300 (Grants and Federal Funds(01300-8900900) by \$3,233,539.
3. Amend the 2009 General Fund Appropriation Resolution increasing the CPED Agency Fund 01300 (Grants and Federal Funds (01300-89000220) by \$3,233,539
4. Authorize the appropriate City staff to execute loans, subrecipient and/or disbursement and related agreements for these grants.

Previous Directives: In May 2009 the City Council Approved the Qualified Allocation Plan and Procedural Manual. In May the City Council also approved the Draft Requirements for the Administration and Exchange Program Funds (TCAP Funds) for the American Recovery & Reinvestment Act. In June 2009 the City Council approved the TCAP Resolution for the American Recovery & Reinvestment Act. On August 28th the City Council approved TCAP Funds and Return/ Exchange Funds for 4 Housing Tax Credit Projects.

Department Information

Prepared by: Dollie Crowther, Principal Project Coordinator: 612-673-5263 Approved by: Tom Streitz, Director of Housing Policy & Development _____ 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:

- Fees will be generated from tax credit approved projects.
- Action requires an appropriation increase to the Capital Budget or Operating Budget

Dept Name: CPED, Affordable Housing Development (8900220)

Fund Name: 01300 –Grants- Federal

Project Name & Number (if capital budget):

Amount: \$3,233,539

- Action provides increased revenue for appropriation increase
Dept Name: CPED, Debt Services and Transfers (8900900)
Fund Name: 01300 –Grants- Federal
Project Name & Number (if capital budget):
Amount: \$3,233,539

Community Impact

- Neighborhood Notification; City Wide. Public hearing with the Minneapolis/St. Paul housing Finance Board. All changes to the QAP have been reviewed by the official neighborhood organizations. TCAP regulations posted on the City Public Web page and public comment period requested.
- City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing services.
- Comprehensive Plan: 4.9.1 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 demand.
- Zoning Code: projects will comply.
- Other: NA

Supporting Information

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 became law. This Recovery Act is to jumpstart the nation's failing economy with a primary focus on jobs, investing in infrastructure and long term economic benefits. It also provided funds for capital investments in Low Income Housing Tax Credits (LIHTC) projects. HUD has awarded Tax Credit Assistance Program (TCAP) grants by formula to state housing credit agencies to facilitate development of projects that received or will receive LIHTC awards between October 1, 2006 and September 30, 2009. These TCAP funds are distributed to each state housing credit agency based upon the percentage of the FY 2008 HOME Program appropriation received by the State. Per the formula, the City of Minneapolis received TCAP Funds in the amount of \$3,233,539.

Through an RFP process and establishment of criteria and guidelines by the Minneapolis/St. Paul Joint Housing Finance Board, three low income affordable housing projects were approved to receive TCAP Funds. These projects were approved by the City Council on August 28, 2009 and include:

Audubon Crossing- This proposed project involves the demolition of six buildings consisting of nine rental units. All nine units will be replaced at this location with the development of 30 rental units of which six will be affordable to households at 30% of area median income affordable to households at 50% of area median income.

Creekside Commons – This project proposes to demolish one single family house used for rental housing. This unit will be replaced with the development of 30 rental units of which six will be affordable to households at 30% of area median income and 24 to households at 50% of area median income.

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Near Northside Recapitilization-scattered in various areas in North Minneapolis, this project proposes to rehabilitate 62 units of affordable rental housing. There will be 20 units at 30% of area median income and 42 units renting to households at 50% of area median income.

The TCAP Funds will be awarded through the Minnesota Housing Finance Agency to the City of Minneapolis. In order to accept the award of funds, the City Council must approve the grant funds and appropriate an increase to the 2009 Revenue Budget for the Community Planning & Economic Development Agency Fund 01300 and amend the 2009 General Appropriation Fund 01300- grants- federal by \$3,233,539.

RESOLUTION of the CITY OF MINNEAPOLIS

Amending the 2009 General Appropriation Resolution

Resolved by The City Council of the City of Minneapolis

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the appropriation for Community Planning & Economic Development agency Fund 01300 – Grants and Federal Funds (01300-89000220) by \$3,233,539
2. Increasing the revenue source for Community Planning & Economic Development agency Fund 01300 – Grants and Federal Funds (01300-89000220) by \$3,233,539