

Request for City Council Committee Action from the Department of

Date: November 27, 2007
To: Lisa Goodman, Community Development Committee

Subject: Approval of 2007 revenue bond entitlement carryforward

Recommendation: Approve the attached Resolution authorizing the carryforward of \$12,739,000 of the unused 2007 tax-exempt revenue bond entitlement for single-family programs.

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

Prepared by: Mark Anderson, Senior Contract Management Specialist Approved by: Elizabeth Ryan, Director Housing Policy & Development _____ Presenters in Committee: Mark Anderson

Financial Impact

- No financial impact

Community Impact

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

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 2006 the Minneapolis entitlement amount was \$39,509,000. As of the date this report was prepared there is \$12,739,000 remaining.

For the past several years much of the Minneapolis entitlement was reserved for multi-family purposes with only a small portion of it used for single-family mortgage revenue bond programs. The condition of the financial markets in 2006 and 2007 has brought a reduced demand for tax-exempt bonds to support multi-family programs. This market change allows the City to designate additional entitlement resources to support the City's single-family mortgage program known as the CityLiving home program which has experienced significant demand over the course of the past three years.

In view of the market changes highlighted above, staff is recommending that all \$12,739,000 million of the remaining 2007 entitlement be carried forward in support of the single-family mortgage revenue bond programs in 2007.

Staff is requesting that the City Council approve the attached resolution approving the carryforward recommendations.

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 for 2007 under Minnesota Statutes, Chapter 474A.03, subd. 2a is \$39,509,000; and

WHEREAS, the City has issued bonds attributable to such allocation in the amount of \$27,130,000; and

WHEREAS, the City expects to have unused entitlement allocation for 2007 in the amount of \$12,379,000; 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 for the year 2007; and

WHEREAS, it is in the best interest of the public health, safety and welfare that the City carryforward for qualified carryforward purposes any 2007 entitlement allocation remaining unused on December 31, 2007;

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

1. The City hereby elects to carryforward \$12,379,000 for qualified mortgage 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 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, 2008. 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.