

Community Planning & Economic Development

Crown Roller Mill, 105 Fifth Ave. S.
Suite 200
Minneapolis, MN 55401



MEMORANDUM

February 26, 2009

MEMO TO: DEVELOPMENT FINANCE COMMITTEE

FROM: Donna Wiemann, Principal Project Coordinator, CPED Housing

SUBJECT: 2008 Affordable Housing Trust Fund Pipeline Funding Recommendation for the Walker Apartments

On November 20, 2008, the Development Finance Committee recommended approval of an Affordable Housing Trust Fund loan of up to \$1,575,000 for the Walker Apartments. This was a 70 unit rental project at 12th and Hennepin Avenue proposed by MetroPolitan Development Inc.. The project would have created four (4) units affordable to households at 30% of area median income, 44 units at 50%, two units at 60%, and 20 market rate units. The TDC was \$13,422,253.

The DFC approved the financing with the following comment: the location of the project at this site does not represent the highest and best use of a prime downtown site with relatively high land costs, nor is it normally the best use of public funds to assist private development in an area that likely would be developed without public assistance.

The City Council did not approve the 2008 AHTF loan to the project because it was believed that there should be a higher number of market rate units in the project and that the amount of the AHTF was too high.

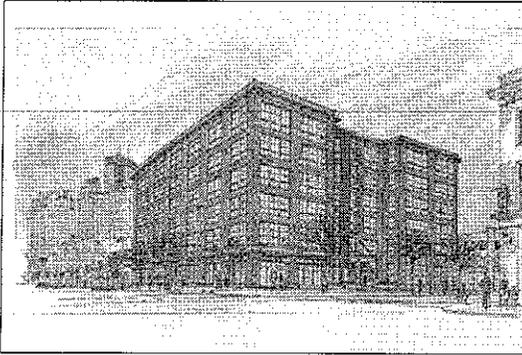
After the 2008 AHTF projects were approved, there remained approximately \$1.8 million of AHTF Pipeline funds for the production, stabilization and preservation of affordable rental housing.. Per established City Council policy, CPED has in place an open pipeline process for handling remaining AHTF monies. Proposals are considered on a first come first serve basis. Pipeline projects must meet all AHTF guidelines including minimum point threshold and total point threshold. All proposals are scored and ranked according to the program selection criteria, underwritten according to industry standards and physically inspected.

The 2008 AHTF pipeline was announced on 2/06/09 and three qualified applications were received in a very short amount of time. MetroPolitan Development, Inc. submitted a revised Walker Apartments proposal. The current proposal consists of 85 units of which four (4) units are affordable to households at 30% of area median income, 44 units affordable to households at 50%, and 37 market rate units. The TDC is \$15,695,073 and the amount of the 2008 AHTF pipeline request is \$1,440,000. The project will be six floors with 46 spaces of underground parking. Four units will provide supportive housing to single adults who were formerly homeless.

NOTE: The other 2008 AHTF pipeline projects are stabilization projects with requests less than \$200,000.

Attached is a Project Data Worksheet with more detail about the sources and uses of the development budget. The project is in conformance with the AHTF program guidelines and staff is recommending up to \$1,440,000 of 2008 AHTF monies. The official neighborhood group, Downtown Minneapolis Residents Association, has reviewed the revised project and has expressed its support. The City's repayment policy calls for consideration of cash flow sharing in mixed income projects with market rate units. The Walker Apartments is a mixed income project with 37 market rate units. At this time, staff has not negotiated a percentage share of the net cash flow, however, CPED staff will negotiate the terms when the Housing Revenue Bond application for the project is submitted and the recommendation for Housing Revenue Bonds will be contingent on agreed upon terms.

CPED MULTIFAMILY HOUSING DEPARTMENT
Affordable Housing Inventory Project Data Worksheet



Project Status	
Proposed:	2/6/2009
Approved:	<input checked="" type="checkbox"/>
Closed:	
Complete:	

Impaction	
<input checked="" type="radio"/> Non-Impacted	
<input type="radio"/> Impacted	

Occupancy	
<input checked="" type="radio"/> Rental	
<input type="radio"/> Ownership	

Project Name:	Walker Apts
Main Address:	12th St & Hennepin Ave
Project Aliases:	
Additional Addresses:	
Ward:	7
Neighborhood:	Downtown West

Housing Production and Affordability									
UNIT COMPOSITION	UNIT	QTY	UNIT AFFORDABILITY	UNIT	<30%	<50%	<60%	<80%	MKT
	0BR	13		0BR	4	9	0	0	0
	1BR	60		1BR	0	33	0	0	27
	2BR	12		2BR	0	2	0	0	10
	3BR	0		3BR	0	0	0	0	0
	4+BR	0		4+BR	0	0	0	0	0
	TOT	85		TOT	4	44	0	0	37

Project Activity	
<input checked="" type="checkbox"/> New Construction	
<input type="checkbox"/> Rehabilitation	
<input type="checkbox"/> Stabilization	
<input type="checkbox"/> Preservation	
Year Built: _____	

Development	
<input checked="" type="radio"/> Apartment/Condo	
<input type="radio"/> Townhome	
<input type="radio"/> Coop	
<input type="radio"/> Shelter	
<input type="radio"/> Transitional	
<input type="radio"/> Scattered Site/Other	

Household	
<input checked="" type="checkbox"/> General	
<input type="checkbox"/> Family w/Children	
<input type="checkbox"/> Senior	
<input type="checkbox"/> Single	
<input type="checkbox"/> Special Needs	
<input type="checkbox"/> Homeless	

Shelter Units:	_____	+ Conversion Units:	_____
Section 8:	_____		

GENERAL INFORMATION

Proposed project is a six-story mixed-income rental development with an underground parking ramp. It features 81 general occupancy units and four supportive housing units designed to primarily serve homeless individuals.

Partnership:

Developer:
 Timothy Rooney
 MetroPolitan Development, Inc.
 P.O. Box 50654
 Minneapolis, MN 55405-
 Phone: (612) 369-4523 ext-
 Fax: (612) 338-2685
 trooney@metrodevelop.com

Owner:
 Timothy Rooney
 Twelfth & Hennepin Development, LLC
 3134 Dean Ct
 Minneapolis, MN 55416-
 Phone: _____ ext-
 Fax: _____

Contact Information:

Consultant:
 Brian Gorecki
 Real Estate Consultants LLC
 407 2nd St NE
 Minneapolis, MN 55413-
 Phone: (612) 963-4104 ext-
 Fax: (612) 378-7029
 brian@briangorecki.com

Contractor:

To Be Determined
 Phone: _____ ext-
 Fax: _____

Architect:

Ellness, Swenson, Graham Architects Inc.
 500 Washington Ave S
 Minneapolis, MN 55415-
 Phone: (612) 339-5508 ext-
 Fax: (612) 339-5382

Property Manager:

Metes & Bounds
 Phone: (612) 861-8526 ext-
 Fax: _____

Support Services:

Hennepin County HSPHD
 Phone: (612) 596-7036 ext-
 Fax: (612) 348-6901

CPED Coordinator:

Donna Wiemann
 CPED
 105 5th Ave S Suite 200
 Minneapolis, MN 55401-
 Phone: (612) 673-5257 ext-
 Fax: (612) 673-5259
 donna.wiemann@ci.minneapolis.mn.us

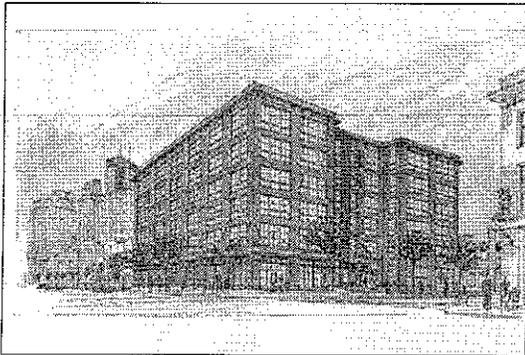
CPED Legal:

CPED Support Coordinator

CPED Rehab:

MPLS Affirmative Action

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 Section 8:

USES AND PERMANENT SOURCES

Project Uses:	
Land:	\$2,337,000.00
Construction:	\$10,103,427.00
Construction Contingency:	\$400,000.00
Construction Interest:	\$340,000.00
Relocation:	\$0.00
Developer Fee:	\$1,500,000.00
Legal Fees:	\$50,000.00
Architect Fees:	\$310,000.00
Other Costs:	\$504,646.00
Reserves:	\$150,000.00
Non-Housing:	\$0.00
TDC:	\$15,695,073.00
TDC/Unit:	\$184,648.00

Project Permanent Sources:				
Source / Program	Amount	%	Term	Committed
DEED	\$58,000.00			
DEED				
City of Minneapolis HRB	\$8,423,560.00			
Hennepin County ERF (2008)	\$42,000.00			12/1/2008
Deferred Dev Fee	\$891,044.00			
MHFA	\$650,000.00			
Hennepin County AHIF	\$550,000.00			
City of Minneapolis NRP	\$250,000.00			
CPED AHTF	\$1,440,000.00			
Hennepin County TOD	\$250,000.00			
	\$3,140,469.00			
Syndication Proceeds				
TDC:	\$15,695,073.00			

Financing Notes: