



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

Date: August 22, 2006

To: Council Member Lisa Goodman, Community Development

Subject: Modification of Funding Recommendation for the 2005 Affordable Ownership Housing Program (AOHP)

Recommendation: Authorize CPED staff to replace \$40,000 of Single Family HOME funds with \$40,000 of Single Family Vacant Housing Recycling Program (CDBG) funds for the Redeemer Center for Life Housing Projects at 1901-1915 4th Avenue North.

Previous Directives: During the 2004 budget process, the City Council approved \$1,000,000 for the Workforce Ownership Housing Development Program. On January 20, 2004, the Community Development Committee reviewed the Housing Policy Agenda and directed CPED staff to prepare guidelines and criteria for the Workforce Ownership Housing Development Program. On September 14, 2004, the Community Development Committee approved the guidelines for and implementation of the Workforce Ownership Housing Development Program. On April 5, 2005, the Community Development Committee approved Workforce Ownership Housing Development Program funding commitments of \$1,130,000 to five development projects. The committee also approved combining the Workforce Housing, Perpetual Affordability and Limited Equity Cooperative Funding programs creating one consolidated program, the Affordable Ownership Housing Program. On December 13, 2005, the Community Development Committee approved funding recommendations totaling \$1,990,000 for the Affordable Ownership Housing Program (AOHP).

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Approved by:

Chuck Lutz, Deputy Director CPED

Elizabeth Ryan, Director of Housing Policy & Development

Permanent Review Committee (PRC) Approval Not Applicable

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Presenter in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the Capital Budget or Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification: The report and action do not require neighborhood notification.

City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.

Comprehensive Plan: Increase the city's population and tax base by developing and supporting housing choices citywide through preservation of existing housing and new construction.

Zoning Code: Projects will comply.

Other: Not applicable for this action.

Background/Supporting Information:

In May 2005, staff issued a Request for Proposal (RFP) for the 2005 Affordable Ownership Housing Program (AOHP) funding availability. A total of \$1,990,000 available for AOHP included \$1,000,000 of 2005 AOHP, \$750,000 of Limited Equity Cooperative Program (returned from Riverview Cooperative), \$200,000 of Perpetual Affordability Program and \$40,000 of Single Family HOME funds.

During the RFP process, staff received 9 multifamily and two single family new construction and/or rehabilitation housing development proposals requesting a total of \$3,200,000 in AOHP funding. A total of 9 proposals was recommended for AOHP funding, including a proposal from Redeemer Center for Life for construction of twin homes housing projects at 1901 and 1915 4th Avenue North.

At the Community Development Committee meeting on December 13, 2005, up to \$40,000 in Single Family HOME funds was approved for the Redeemer Center for Life's proposal. After committee and city council approvals, staff began reviewing and developing documents for implementation of AOHP. Staff determined that HOME funds did not match well with AOHP guidelines and to try developing new documents was too time-consuming and cumbersome. Staff then researched other funding sources that will work better with AOHP guidelines. After meeting with the city's legal staff to discuss this matter, staff determined that CDBG rather than HOME funds are a better match with AOHP guidelines.

It is recommended that the Community Development Committee's action on December 13, 2005, to approve up to \$40,000 in Single Family HOME funds for Redeemer Center for Life's AOHP proposal for 1901-1915 4th Avenue North be modified to read as follows:

Authorize CPED staff to replace \$40,000 of Single Family HOME funds with \$40,000 of Single Family Vacant Housing Recycling Program (CDBG) funds for the Redeemer Center for Life Housing Projects at 1901-1915 4th Avenue North.

The above recommended modification will have no financial impact because HOME and CDBG funds are available within existing Single Family budgets, and none of the HOME funds approved on December 13, 2005, for Redeemer Center for Life's proposal is expended. Additionally, except for recommending CDBG rather than HOME funds for Redeemer Center for Life's proposal, the previous recommendations and action of December 13, 2005, for the 2005 Affordable Ownership Housing Program remain effective. The recommended modification will affect only the Redeemer Center for Life proposal.