



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: April 17, 2007

To: Council Member Lisa Goodman, Community Development Committee

Subject: Low Income Housing Tax Credit (LIHTC) Procedural Manual and Allocation Plan

Recommendation: The City Council Approve the Low Income Housing Tax Credit (LIHTC) Manual and Qualified Allocation Plan as Detailed in this Report and Authorize Staff to Proceed With a Request for Proposal

Previous Directives: In April 2006 The City Council approved the Qualified Allocation Plan and LIHTC Manual

Prepared by: Dollie Crowther, Principal Project Coordinator Phone: 612-673-5263
Approved by: Elizabeth Ryan, Director of Housing Policy & Development _____
Presenters in Committee: Dollie Crowther

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____
Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact
- 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
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact: Application fees will be collected to offset administration expenses.
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: City Wide. Public Hearing with the Minneapolis/St. Paul Housing Finance Board.

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

Comprehensive Plan: 4.9.1 Minneapolis will grow by increasing its supply of housing. 4.15 Minneapolis will carefully identify projects sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand.

Zoning Code: Projects will comply.

Living Wage/Business Subsidy Agreement Yes_____ No_____

Job Linkage Yes_____ No_____

Other: NA

Supporting Information

The Omnibus Budget Reconciliation Act of 1993 authorized the permanent extension of the Low Income Housing Tax Credit Program (LIHTC). The LIHTC offers a reduction in tax liability to owners and investors of eligible low income new construction, rehabilitation, or existing rental housing.

CPED, on behalf of the Minneapolis/St. Paul Housing Finance Board, acts as the designated LIHTC suballocator for Minneapolis and is expected to receive \$1,145,829 of 2008 LIHTC. In the past, the suballocators have agreed to turn around approximately 5% of this allocation for the non-profit competitive pool. The suballocators chose to keep this set aside and not participate in the non profit competitive pool. This means the Metro pool will not be increased and will have only \$624,702 to designate. MHFA administers this pool.

Federal law requires suballocators to adopt a Qualified Allocation Plan and Procedural Manual which sets forth selection criteria for the allocation of tax credits to qualified rental housing developments. Program changes in state and federal law are made from time to time and need to be incorporated into the Qualified Allocation Plan and Procedure Manual. There are no recommended changes to the threshold or selection requirements for 2008.

Staff is anticipating proceeding with the RFP in May 2007 with an application deadline in July 2007. This timeline is in conjunction with the AHTF proposals and MHFA's funding round. City Council action allocating the 2008 tax credit funding is anticipated in September 2007.