



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

Date: October 25, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Donna Wiemann, Principal Project Coordinator, 612-673-5257

**Presenter in
Committee:** Donna Wiemann, Principal Project Coordinator

Approved by: Elizabeth J. Ryan, Director, Housing _____

Subject: 2005 Affordable Housing Trust Fund (AHTF) Recommendations

RECOMMENDATION: Approve up to \$3,890,339 AHTF monies for the following proposals and up to \$181,000 from the Non-Profit Development Assistance Fund as itemized below and authorize the execution of necessary documents relative to the AHTF monies and the Non-Profit Development Assistance Funds:

1. Up to \$600,000 from the AHTF for Agape Apartments located at 2000 West Broadway by Agape Apartments Limited Partnership with Legacy Management & Development, Welsh Companies, and Oasis of Love, Inc. as general partners or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;
2. Up to \$300,000 from the AHTF and \$30,000 from the Non-Profit Assistance fund for Alliance Addition at 724 E. 17th Street by Central Community Housing Trust or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;
3. Up to \$523,177 from the AHTF and \$29,000 from the Non-Profit Assistance fund for Bridge Center for Youth at 2xxx Emerson Avenue South by The Bridge for Runaway Youth, Inc. or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;
4. Up to \$200,000 from the AHTF for Elliot Park Apartments located 719 East 14th Street, 727 East 14th Street, 1516 Elliot Avenue, and 1601 Elliot Avenue by Community Housing Development Corporation or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;

5. Up to \$275,000 from the AHTF for Franklin Gateway – The Wellstone at 1931 Portland Avenue by Franklin-Portland Gateway Phase II Limited Partnership with Hope Community, Inc. and Central Community Housing Trust as general partners or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;
6. Up to \$418,407 from the AHTF and up to \$30,000 from the Non-Profit Assistance fund for Lovell Square located at 1012-14 Irving Avenue North, 1042 Irving Avenue North; 1115 Humboldt Avenue North; 1111 -15 James Avenue North; 1205-07 Humboldt Avenue North; 1205-07 Irving Avenue North; 1216 James Avenue North, and 1419-21 – 11th Avenue North by Northside Residents Redevelopment Council or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan, contingent upon the Inter Agency Stabilization Group's (ISG) development of a satisfactory overall project stabilization plan leading to the long term stabilization of this project;
7. Up to \$99,572 from the AHTF for the Maynidoowahdak Odena project located at 1321-1351 E. 23rd Street by Indigenous Peoples Task Force;
8. Up to \$273,849 from the AHTF and \$24,000 from the Non-Profit Assistance fund for the Minnesota Indian Women's Resource Center Supportive Housing located at 2300 – 15th Avenue South by Minnesota Indian Women's Resource Center and extension of the term of the existing deferred debt against the property to run concurrently with the proposed new deferred loan financing, to assign the loan to the new borrowing entity (if necessary) and to modify the terms of the loan to meet CPED's current AHTF loan origination guidelines;
9. Up to \$171,814 from the AHTF and \$8,000 from the Non-Profit Assistance fund for the North Haven Apartments located at 2216 Clinton Avenue by Plymouth Housing LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan;
10. Up to \$336,520 from the AHTF and \$30,000 from the Non-Profit Assistance fund for the PPL Southside Recap Project located at 3312 – 4th Avenue South, 205 West 26th Street, 2746 Pleasant Avenue South, 3044 – 5th Avenue South, 3521 – 2nd Avenue South, 3628 Columbus Avenue South and 2835 Park Avenue by Southside Community Limited Partnership with Project for Pride in Living, Inc. as general partner or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan and extension of the term of the existing deferred debt against the seven properties to run concurrently with the proposed new deferred loan financing, to assign the loans to the new borrowing entity and to modify the terms of the loans to meet CPED's current AHTF loan origination guidelines;
11. Up to \$412,000 from the AHTF and \$30,000 from the Non-Profit Assistance fund for Van Cleve Courts Apartments located at 917 – 13th Avenue S.E. by Van Cleve Court Apartments East LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan; and

12. Up to \$280,000 from the AHTF for Whittier Townhomes located at 333 E. 25th Street and 2738 Stevens Avenue South by Minneapolis Leased Housing Development LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan.

Previous Directives: In January, 2005, the Council approved \$900,000 of 2004 AHTF monies for Franklin Portland Phase III – The Wellstone. In addition, 2005 AHTF loans were approved earlier this year for the following projects: St. Anthony Mills Apartments, City Flats, and 1822 Park Avenue.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: The projects being recommended for funding are located in the following wards: Wards 2, 3, 5, 6, 7,

Neighborhood Notification: Neighborhood review of each project has occurred.

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.

Comprehensive Plan: Sections 4.09 and 4.10: Minneapolis will grow by increasing its supply of housing and will increase the housing that is affordable to low and moderate income households.

Zoning Code: Projects will comply.

Living Wage/Job Linkage: NA

Background/Supporting Information

In May, 2005, City staff issued a Request for Proposals (RFP) for the 2005 Affordable Housing Trust Fund (AHTF) money. The AHTF provides gap funding for the

development and stabilization/preservation of affordable rental housing. The Council established the AHTF selection criteria which staff uses to score and rank the competitive funding requests. The projects receiving the highest number of points based upon their conformance with the AHTF selection criteria are recommended for funding.

There are two sets of AHTF selection criteria – one set for projects located in impacted areas of the City and one set for projects located in non-impacted areas of the City. Attachment A-1 is a map showing the current impacted and non-impacted areas of the City. Attachment A-2 covers the selection criteria for the impacted areas of the City and Attachment A-3 covers the selection criteria for the non-impacted areas of the City.

There is approximately \$6,800,000 AHTF money available which is a combination of CDBG, HOME, program income, levy, and loan recapture. Eighteen (18) proposals were received in response to the AHTF RFP. One proposal from Powderhorn Residents Group for East Village Cooperative located at 2733 Portland was withdrawn. One proposal from CCHT for Paige Hall located at 727 – 5th Avenue South is for a funding amount now being considered by MHFA and this decision will be made on October 27th. One proposal from CCHT for Ripley Gardens located at 300 Queen Avenue North is for a funding amount now being covered by MHFA and the Metropolitan Council; MHFA will make its decision on October 27th and the Met Council will make its decision in December, 2005. Each eligible proposal was financially underwritten, reviewed for feasibility, discussed with other development funders, and evaluated for its conformance to the AHTF selection criteria.

Project Funding Recommendations

Twelve (12) proposals are being recommended for AHTF funding at this time. Attachment B is a list of the projects being recommended for funding. Attachment C provides an overview of the scoring and ranking of each proposal. Attachment D is a comparison of the proposal based on certain key measures.

Approval of these projects will result in the total expenditure of up to \$3,890,339 AHTF monies and up to \$181,000 of Non Profit Development Assistance funds. Details about each project are provided in the attached Project Data Worksheets (Attachments E1 to E2).

The AHTF loan terms are typically deferred payment 30 to 40 year loans with 0 to 1% simple interest. Loans with 0% interest will be allowed only when absolutely required by the results of the tax credit debt analysis in projects with low income housing tax credits.

The projects being recommended for funding are:

1. Up to \$600,000 from the AHTF for Agape Apartments located at 2000 West Broadway by Agape Apartments Limited Partnership with Legacy Management & Development, Welsh Companies, and Oasis of Love, Inc. as general partners or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E1).

2. Up to \$300,000 from the AHTF and \$30,000 from the Non-Profit Assistance fund for Alliance Addition at 724 E. 17th Street by Central Community Housing Trust or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E2)
3. Up to \$523,177 from the AHTF and \$29,000 from the Non-Profit Assistance fund for Bridge Center for Youth at 2xxx Emerson Avenue South by The Bridge for Runaway Youth, Inc. or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E3);
4. Up to \$200,000 from the AHTF for Elliot Park Apartments located 719 East 14th Street, 727 East 14th Street, 1516 Elliot Avenue, and 1601 Elliot Avenue by Community Housing Development Corporation or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E4);
5. Up to \$275,000 from the AHTF for Franklin Gateway – The Wellstone located at 1931 Portland Avenue by Franklin-Portland Gateway Phase II Limited Partnership with Hope Community, Inc. and Central Community Housing Trust as general partners or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E5);
6. Up to \$418,407 from the AHTF and up to \$30,000 from the Non-Profit Assistance fund for Lovell Square located at 1012-14 Irving Avenue North, 1042 Irving Avenue North; 1115 Humboldt Avenue North; 1111 -15 James Avenue North; 1205-07 Humboldt Avenue North; 1205-07 Irving Avenue North; 1216 James Avenue North, and 1419-21 – 11th Avenue North by Northside Residents Redevelopment Council or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan, contingent upon the Inter Agency Stabilization Group's (ISG) development of a satisfactory overall project stabilization plan leading to the long term stabilization of this project (Attachment E6);
7. Up to \$99,572 from the AHTF for the Maynidoowahdak Odena project located at 1321-1351 E. 23rd Street by Indigenous Peoples Task Force (Attachment E7);
8. Up to \$273,849 from the AHTF and \$24,000 from the Non-Profit Assistance fund for the Minnesota Indian Women's Resource Center Supportive Housing located at 2300 – 15th Avenue South by Minnesota Indian Women's Resource Center. Staff also recommends the extension of the term of the existing deferred debt against the property to run concurrently with the proposed new deferred loan financing, to assign the loan to the new borrowing entity (if necessary) and to modify the terms of the loan to meet CPED's current AHTF loan origination guidelines (Attachment E8);
9. Up to \$171,814 from the AHTF and \$8,000 from the Non-Profit Assistance fund for the North Haven Apartments located at 2216 Clinton Avenue by Plymouth Housing LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E9);
10. Up to \$336,500 from the AHTF and \$30,000 from the Non-Profit Assistance fund for the PPL Southside Recap Project located at 3312 – 4th Avenue South, 205 West 26th

Street, 2746 Pleasant Avenue South, 3044 – 5th Avenue South, 3521 – 2nd Avenue South, 3628 Columbus Avenue South and 2835 Park Avenue by Southside Community Limited Partnership with Project for Pride in Living, Inc. as general partner or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan. Staff also recommends the extension of the term of the existing deferred debt against the seven properties to run concurrently with the proposed new deferred loan financing, to assign the loans to the new borrowing entity and to modify the terms of the loans to meet CPED's current AHTF loan origination guidelines (Attachment E10);

11. Up to \$412,000 from the AHTF and \$30,000 from the Non-Profit Assistance fund for Van Cleve Courts Apartments located at 917 – 13th Avenue S.E. by Van Cleve Court Apartments East LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E11); and

12. Up to \$280,000 from the AHTF for Whittier Townhomes located at 333 E. 25th Street and 2738 Stevens Avenue South by Minneapolis Leased Housing Development LLC or an affiliate of the Borrower established for the purpose of holding or owning real estate subject to the City loan (Attachment E12).

PROJECTS NOT BEING RECOMMENDED FOR FUNDING AT THIS TIME:

Three projects are not being recommended for funding at this time and these projects are: Franklin Portland Gateway - Site C; LSS Park Avenue Apartments, and Washington Court Apartments. The total of these three AHTF funding request is \$4,455,000. Details about each proposal are provided in the attached Project Data Worksheets (Attachments E13 to E15). The following is a brief explanation about the factors leading to the reasons the projects are not being recommended at this time.

1. Franklin Portland Phase IV – Site C: Hope Community and CCHT propose to develop 100 units located at Franklin & 19th Street. This is anticipated to be the final phase of the Franklin Portland Gateway corridor. The AHTF funding request is \$3,400,000. Although this project meets many of the City's housing goals and the AHTF selection criteria, City staff is currently focusing on the closing of Franklin Portland Phase II (The Jourdain) and securing the necessary funding for Franklin Portland Phase III (The Wellstone). Both MHFA and the City will issue rental housing RFPs in late spring/early summer, 2006, and this will provide another opportunity to seek funds for this proposal. (Attachment E13)

2. LSS Park Avenue Apartments: Lutheran Social Services proposes to redevelop the site of its current office located at 2414 Park Avenue into 64 units of affordable rental housing. The AHTF funding request is for \$675,000. The proposal is a good one and a strong candidate for AHTF monies, however, the project is not being recommended for funding at this time because CPED staff needs additional time to evaluate the development proposal and funding request. Funding remains in the 2005 AHTF to assist this project when it is ready to move forward for consideration which is expected to be in the next month or two. (Attachment E14)

3. Washington Court Apartments: MWF Properties proposed to develop 38 units of affordable rental housing located at 2101 Washington N.E. The AHTF funding request is \$380,000. The project is not being recommended for funding at this time because CPED staff needs additional time to evaluate the proposal including funding options and environmental issues. Funding remains in the 2005 AHTF to assist this project when it is ready to move forward for consideration which is expected to be in the next month or two. (Attachment E15)