



Request for City Council Committee Action from the Department of

Date: December 12, 2006
To: Lisa Goodman, Chair, Community Development Committee
Subject: 2006 Affordable Housing Trust Fund (AHTF) Project Recommendations

Recommendation: Approve a total of up to \$6,297,500 AHTF for the following projects and a total of up to \$150,000 from the Non-Profit Development Assistance for the developers noted below and authorize the execution of the necessary documents for the AHTF loans and the Non-Profit Development Assistance Fund grants:

1. Up to \$530,000 from the AHTF and \$30,000 of Non-Profit Admin for the Abbott View project located at 1801 First Avenue South by Plymouth Church Neighborhood Foundation or an affiliated entity;
2. Up to \$182,600 from the AHTF for Buri Manor Apartments located at 1515 Chicago Avenue South by Central Community Housing Trust or an affiliated entity;
3. Up to \$400,000 from the AHTF for Currie Park Lofts Phase I located at 415 15th Avenue South by Fine Associates LLC or an affiliated entity, contingent on satisfactory resolution of access easement issues as outlined in the City Council action dated March 10, 2006;
4. Up to \$332,000 from the AHTF and \$30,000 from the Non Profit Admin fund for Dundry House and Dayton Apartments located at 1829 5th Avenue South and 616-18 East 22nd Street by Hope Community Inc. or an affiliated entity;
5. Up to \$345,400 from the AHTF for Echo Flats located at 2216 & 2616 Third Avenue South, 319 West 25th Street, and 2800 Pleasant Avenue by Community Housing Development Corporation or an affiliated entity;
6. Up to \$400,000 from the AHTF and \$30,000 from the Non Profit Admin Assistance Fund for Franklin Portland Gateway Site C – Franklin Steele Commons located at 14, 20 28 Portland Avenue and 500 East Franklin Avenue South by Hope Community Inc. and Central Community Housing Trust or an affiliated entity;
7. Up to \$400,000 from the AHTF for 333 located at 333 East Hennepin Avenue by Sherman Associates, Inc. or an affiliated entity;
8. Up to \$400,000 from the AHTF for Longfellow Station Phase IA Workforce Housing located at 3815 Hiawatha Avenue South by Capital Growth Real Estate LLC or an affiliated entity;

9. Up to \$1,104,000 from the AHTF for Minnehaha Apartments located at 5359 Minnehaha Avenue by Metro Plains Development LLC or an affiliated entity;
10. Up to \$495,000 from the AHTF for 1822 Park by Central Community Housing Trust or an affiliated entity;
11. Up to \$496,000 from the AHTF for 2011 Pillsbury and \$30,000 of Non Profit Admin Assistance Fund by Alliance Housing, Inc. or an affiliated entity;
12. Up to \$542,500 from the AHTF for Slater Square located at 100, 1412, 1416, 1420 and 1425 Portland Avenue South by CHDC Slater LLC or an affiliated entity; and
13. Up to \$670,000 from the AHTF and \$30,000 from the Non Profit Admin Assistance Fund for Van Cleve Court Apartments West (Phase II) located at 917 – 13th Avenue SE by Van Cleve Court Apartments West Limited Liability Company (co general partners are Project for Pride in Living, Inc. and Cabrini House) or an affiliated entity.

Previous Directives:

- Currie Park Lofts: On June 30, 2006, the Council authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account (LCDA) funding. On March 31, 2006, the Council accepted and appropriated \$1,720,000 Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Fund grant. On December 23, 2005, the Council authorized submission of an application for Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Funding.
- Dundry House: On April 15, 2005, the Council granted preliminary and final approval to the issuance of up to \$2.1 million in revenue bonds of the Minneapolis Community Development Agency.
- Echo Flats: On January 18, 2006, the Council approved up to \$362,359 from the Affordable Housing Trust Fund and \$30,000 from the Non-Profit Admin Fund.
- Franklin Portland Gateway Site C - Franklin Steele Commons: On October 20, 2006, the Council approved up to \$260,000 of Affordable Housing Ownership Program funds.
- 1822 Park: On March 1, 2005, the Council approved up to \$300,000 from the Affordable Housing Trust Fund. On December 19, 2003, the Council approved up to \$475,000 from the Affordable Housing Trust Fund and \$30,000 in Non-Profit Admin funds.
- Longfellow Station: On June 30, 2006, the Council authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account funding. On March 31, 2006, the Council accepted and appropriated \$230,000 Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Fund grant. On December 23, 2005, the Council authorized submission of an application for Metropolitan Council Hiawatha Corridor Land Assembly CMAQ Funding.
- 2011 Pillsbury: On November 22, 2002, the Council approved up to \$160,000 from the Affordable Housing Trust Fund.
- Slater Square: On May 14, 1986, the MCDA Board approved Tax Increment Contribution Agreement loan in the amount of \$3,145,839.
- Van Cleve Court Apartments West (Phase II): On November 3, 2006, the Council approved a Project Analysis Authorization of PPL's application for Tax Increment Financing. On September 22, 2006, the Council approved a Low Income Housing Tax Credit allocation in the amount of \$68,680. On August 18, 2006, the Council accepted a Metropolitan Council TBRA grant in the amount of \$121,000 and a Hennepin County ERF grant in the amount of \$243,000. On June 30, 2006, the Council authorized the submission of an application to the Metropolitan Council for

LCDA funds. On November 4, 2005, the Council approved up to \$412,000 in Affordable Housing Trust Funds for Van Cleve Phase I and \$30,000 in Non Profit Admin Funds. On October 7, 2005, the Council approved a Low Income Housing Tax Credit allocation in the amount of \$488,828 for Van Cleve Phase I.

Prepared by:	Donna Wiemann, Principal Project Coordinator
Approved by:	Charles T. Lutz, Deputy Director, CPED _____ Elizabeth J. Ryan, Director of Housing Development, CPED _____
Presenter in Committee:	Donna Wiemann, 612-673-5257

Reviews

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

Financial Impact

- No financial impact.

Community Impact

- Neighborhood Notification – All of the project proposals being recommended for funding have been reviewed by the official neighborhood organization representing the area in which the project is located.
- 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 infra-structure will be well maintained and people will feel safe in the City.
- Sustainability Targets – The proposed projects meet the affordable housing targets.
- Comprehensive Plan – 4.9 Minneapolis will grow by increasing its supply of housing; 4.11 Minneapolis will improve the availability of housing options for its residents; 9.5 Minneapolis will support the development of residential dwellings of appropriate form and density.
- Zoning Code – All of the projects either comply or will comply with the zoning code.

Supporting Information

In June, 2006, CPED issued a Request for Proposals (RFP) for the 2006 Affordable Housing Trust Fund (AHTF). The AHTF provides gap funding for the development and stabilization/preservation of affordable rental housing.

The City Council established AHTF selection criteria for scoring and competitive ranking of the proposals submitted in response to the RFP. There is one set of selection criteria for project proposals located in impacted areas of the City and another set of selection criteria for project proposals located in non-impacted areas of the City.

Attachment A-1 is a map of the current impacted and non-impacted areas of the City. Attachment A-2 is the selection criteria for the impacted areas and Attachment A-3 shows the selection criteria for the non-impacted areas.

The evaluation and analysis of the AHTF proposals involves financial underwriting, determining conformance to the selection criteria, property inspections, plan review, coordination with other lenders, consideration of support services plan and financing, and so forth.

Twenty one proposals were received in response to the 2006 AHTF RFP. Three of the twenty one proposals ultimately received funding approval from other sources replacing the need for 2006 AHTF monies. These projects were 1) Broadway Workforce Housing by

Alliance Housing; 2) Paige Hall by Central Community Housing Trust, and 3) St. Anne's Senior Housing by St. Anne's Community Development Corporation.

One applicant, West Bank Community Development Corporation, withdrew the AHTF application for Blue Goose Apartments because the CDC determined that consideration of an alternative financial plan, including the possible use of housing revenue bonds, would result in a more feasible and stronger development financing plan.

Thirteen (13) project proposals are being recommended for 2006 AHTF monies. Attachment B is a list of the projects; Attachment C shows their score and ranking; and Attachment D is a comparison of the proposals on certain key measures.

If staff recommendations are approved by the City Council, the projects will result in the total expenditure of up to \$6,297,500 AHTF monies and up to \$150,000 of Non Profit Development Assistance Funds. 786 units will be developed of which 84 will be affordable to 30% of MMI and 381 will be affordable to 50% of MMI. The remaining 2006 AHTF balance (approximately \$2,5 million) will be available through the pipeline process reviewed by the Council in January, 2006.

Four of the 13 recommended projects are new construction developments located in non impacted areas of the City. Developing and locating affordable housing in non impacted areas is an important component of the AHTF and the four projects are: 333 East Hennepin Avenue, Longfellow Station Phase IA, Minnehaha Apartments, and Van Cleve Court Apartments West Phase II.

The majority of the 2006 AHTF project recommendations incorporate green features such as green design, sustainable building methods and materials. Water conservation, energy conservation, and creating healthy living environment are a few of the primary outcomes. More detail about the sustainable and green elements of each project is described in the "general information" section of the attached Project Data Worksheets.

Details of each of the projects being recommended are provided in the attached Project Data Worksheets (Attachments E1 to E13). Some of the AHTF recommendations represent the last piece of development funding needed to close and start the project. Other AHTF recommendations represent the first piece of development funding needed and by virtue of the City providing these funds, the proposal becomes stronger to other project funders thereby increasing the possibility of securing funds from other sources. Finally, some of the projects will request other City funding resources e.g. low income housing tax credits, tax increment financing, housing revenue bonds, and so forth. All of these funding requests will need Council consideration at a later date.

The terms of the AHTF resources are typically deferred payment loans e.g. 30 to 40 year loans with 0 to 1% simple interest. Loans with no 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. Additionally, the City seeks recapture of a percentage of the net cash flow in mixed income projects, where possible, pursuant to CPED's adopted Housing Developer Fee policy.

The projects being recommended for funding are as follows. Attachments E1 to E13 are the Project Data Worksheets providing more information about each of the proposed projects:

1. Up to \$530,000 from the AHTF and \$30,000 of Non-Profit Admin for the Abbott View project located at 1801 First Avenue South by Plymouth Church Neighborhood Foundation or an affiliated entity (Attachment E1);

2. Up to \$182,600 from the AHTF for Buri Manor Apartments located at 1515 Chicago Avenue South by Central Community Housing Trust or an affiliated entity (Attachment E2);
3. Up to \$400,000 from the AHTF for Currie Park Lofts Phase I located at 415 15th Avenue South by Fine Associates LLC or an affiliated entity (Attachment E3), contingent on satisfactory resolution of access easement issues as outlined in the City Council action dated March 10, 2006;
4. Up to \$332,000 from the AHTF and \$30,000 from the Non Profit Admin fund for Dundry House and Dayton Apartments located at 1829 5th Avenue South and 616-18 East 22nd Street by Hope Community Inc. or an affiliated entity (Attachment E4);
5. Up to \$345,400 from the AHTF for Echo Flats located at 2216 & 2616 Third Avenue South, 319 West 25th Street, and 2800 Pleasant Avenue by Community Housing Development Corporation or an affiliated entity (Attachment E5);
6. Up to \$400,000 from the AHTF and \$30,000 from the Non Profit Admin Assistance Fund for Franklin Portland Gateway Site C – Franklin Steele Commons located at 14, 20 28 Portland Avenue and 500 East Franklin Avenue South by Hope Community Inc. and Central Community Housing Trust or an affiliated entity (Attachment E6);
7. Up to \$400,000 from the AHTF for 333 located at 333 East Hennepin Avenue by Sherman Associates, Inc. or an affiliated entity (Attachment E7);
8. Up to \$400,000 from the AHTF for Longfellow Station Phase IA Workforce Housing located at 3815 Hiawatha Avenue South by Capital Growth Real Estate LLC or an affiliated entity (Attachment E8);
9. Up to \$1,104,000 from the AHTF for Minnehaha Apartments located at 5359 Minnehaha Avenue by Metro Plains Development LLC or an affiliated entity (Attachment E9);
10. Up to \$495,000 from the AHTF for 1822 Park by Central Community Housing Trust or an affiliated entity (Attachment E10);
11. Up to \$496,000 from the AHTF for 2011 Pillsbury and \$30,000 of Non Profit Admin Assistance Fund by Alliance Housing, Inc. or an affiliated entity (Attachment E11);
12. Up to \$542,500 from the AHTF for Slater Square located at 100, 1412, 1416, 1420 and 1425 Portland Avenue South by CHDC Slater LLC or an affiliated entity (Attachment E12); and
13. Up to \$670,000 from the AHTF and \$30,000 from the Non Profit Admin Assistance Fund for Van Cleve Court Apartments West (Phase II) located at 917 – 13th Avenue SE by Van Cleve Court Apartments West Limited Liability Company (co general partners are Project for Pride in Living, Inc. and Cabrini House) or an affiliated entity (Attachment E13).

Four proposals are not being recommended for 2006 AHTF money; attachments F1 to E4 are the Project Data Worksheets for them. The four projects are:

1. Agape Apartments: This proposed 72 unit project would be located at 2000 West Broadway by Legacy Management and Development, Welsh Companies, and Oasis of Love, Inc. A 2006 AHTF request in the amount of \$1,740,409 was submitted. In October, 2005, the Council approved up to \$600,000 of AHTF monies for this

project. These funds were the first funds approved for the project and were a partial funding of the developer's AHTF request. Staff believed that the \$600,000 AHTF approval would demonstrate the City's support to other potential funders and increase the probability of securing additional development funds from other sources. Since then, Hennepin County approved \$100,000 and the developer continues to fundraise. CPED staff is not recommending additional 2006 AHTF monies and will continue working with the developer on the density and design of this project (Attachment F1).

2. Alliance Addition: This is a proposed 60 unit project located at 724 East 17th Street by Central Community Housing Trust. CCHT requests \$670,000 of 2006 AHTF monies. In November, 2005, the Council approved \$300,000 of AHTF and \$30,000 of Non Profit Admin. These funds were the first funds approved for the project and were a partial funding of CCHT's AHTF request. Staff believed that the \$300,000 AHTF approval would demonstrate the City's support to other potential funders and increase the probability of securing additional development funds from other sources. Since then, the FHLB has approved \$300,000 and CCHT continues to seek an allocation of Low Income Housing Tax Credits and Minnesota Housing Finance Agency funding. The project meets the important City, State, and County objective of providing affordable housing to homeless or formerly homeless single adults. CPED staff is not recommending additional 2006 AHTF monies and CCHT will continue to fundraise. (Attachment F2)
3. Franklin Portland - The Jourdain: This project is a 41 unit rental housing project located at 2000-12 Portland Avenue by Hope Community, Inc. and Central Community Housing Trust. A \$135,000 2006 AHTF application was submitted. This project closed on December 6, 2005 and construction is nearly complete. The 2006 AHTF request is \$135,000. The City has provided \$645,000 of 2004/2005 Affordable Housing Trust Funds, \$30,000 of Non Profit Admin, and \$170,000 of Empowerment Zone funds. The project was fully funded at the time of closing. It is not CPED's practice to provide additional AHTF monies after the closing. Development funding gaps after closing are generally expected to be covered by the project contingency and/or developer fees. (Attachment F3)
4. Karamu West – This proposed development is 36 units located at 2201, 2215 Plymouth Avenue North by Legacy Management and Development Corporation and NRRC Properties, Inc. A \$1,307,471 2006 AHTF application was submitted. The Council approved up to \$100,000 Affordable Housing Ownership Program funds for this project in 2005. The 2006 AHTF proposal, however, significantly changed the project from ownership to rental housing. CPED staff is not recommending 2006 AHTF monies and staff is working with the developer to assess proposal's feasibility, marketability, and other considerations. (Attachment F4)