



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

Date: February 3, 2004

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Cynthia Lee, Phone 612-673-5266

Presenter in Committee: Cynthia Lee, Manager, Multifamily Housing

Approved by: Lee Pao Xiong, Director, Housing _____

Subject: Approval of Guidelines and Criteria for the Higher Density Corridor Housing Initiative Program

RECOMMENDATION: Approval of the Higher Density Corridor Housing Initiative program guidelines and criteria as described herein.

Previous Directives: The 2004 CPED budget includes funding for this proposed program.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- 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

Ward: Citywide.

Neighborhood Notification: The proposed guidelines were transmitted to all neighborhood groups and other interested parties for a 45-day review and comment period.

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: 4.9.1 Minneapolis will grow by increasing its supply of housing. 4.15 Minneapolis will carefully identify project 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/Job Linkage: Not applicable.

Other:

Background/Supporting Information

Previous CPED funding for acquisition has been programmed primarily for single family development. In order to promote higher density corridor housing development, particularly in non-impacted areas, funding is needed to assemble and secure multifamily housing sites.

The 2004 CPED budget includes \$1M of year 30 CDBG funding for the Higher Density Corridor Housing Initiative program. The program provides a new funding source for public (CPED) acquisition of sites for multifamily housing development on or near community, commercial and transit corridors (defined in The Minneapolis Plan). Funds will be used to assemble larger sites for new mixed-income rental and ownership multifamily housing development.

Staff is actively participating in the Center for Neighborhoods Corridor Housing Initiative. It is anticipated that CPED acquisition funding may assist some of the selected corridor projects in this program as it moves forward. In addition, staff will be coordinating the new CPED corridor funding with the Met Council CMAQ LRT acquisition funding and Hennepin County's TOD program.

SUMMARY OF PUBLIC COMMENTS

1. Minneapolis Consortium of Community Developers (MCCD) - recommends working with developers to acquire sites directly.
Staff comment - CPED will work with developers to identify and acquire sites, however, the program funds are strictly for CPED acquisition.
2. City of Lakes Community Land Trust (CLCLT, Jeff Washburne) - recommends adding a selection criteria regarding long-term affordability.
Staff comment - criteria added below.
3. Habitat for Humanity (Stephen Seidel) - recommends adding a selection criteria for units over the required 20% at <50% MMI.
Staff comment - criteria added below.

Higher Density Corridor Housing Initiative (\$1M CDBG)

Primary Objective: Public (CPED) acquisition of sites for multifamily housing development on or near community, commercial and transit corridors (defined in The Minneapolis Plan). Funds will be used to assemble larger sites for new mixed-income rental and ownership multifamily housing development. At least 20% of the housing units must be affordable at <50% MMI (city affordable housing policy) and at least 51% must be affordable at <80% MMI (CDBG regulations).

Eligible Costs: Acquisition, relocation, demolition, property management and related costs pursuant to CDBG regulations.

Process: CPED will solicit suggestions for specific sites from neighborhood organizations, developers and other interested parties in March - April 2004. (Similar to the single family acquisition program, this will not be a formal RFP process.) Staff will proceed to evaluate and rank the proposed sites according to the following criteria. Implementation begins when Year 30 CDBG funding becomes available on June 1, 2004. CPED acquisition and disposition will be undertaken pursuant to MCDA/CPED policies and procedures.

Criteria: Priority for projects meeting the following criteria.

- Neighborhood support.
- New housing units at <30% MMI.
- Non-impacted areas.
- Financial feasibility and readiness.
- Integration with broader revitalization efforts (e.g. Center for Neighborhood's Corridor Housing Initiative).
- Leverage/matching funds for acquisition (e.g. NRP).
- Density appropriate to the location.
- Removal of blighted property.
- Minimal displacement.
- Long term affordability
- In non-impacted areas, affordable (<50% MMI) units in excess of the required 20%