



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

Date: May 18, 2004

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Donna Wiemann, Senior Housing Project Coordinator, Phone 612-673-5257

Presenter in Committee: Donna Wiemann, Senior Housing Project Coordinator

Approved by: Lee Pao Xiong, Director, Housing _____

Subject: Affordable Housing Trust Fund Program Funding
Recommendations for the First Round of 2004 AHTF Money

RECOMMENDATION: Approve the following project funding totaling \$6,493,309 from the Affordable Housing Trust Fund and \$90,000 from the Non-Profit Development Assistance Fund:

1. Up to \$600,000 from the AHTF for Cecil Newman Apartments by Legacy Management & Development Corporation and Northside Residents Redevelopment Council;
2. Up to \$589,572 from the AHTF for Double Flats by Project for Pride in Living and \$20,000 from the Non-Profit Admin Fund;
3. Up to \$1,204,237 from the AHTF for Elliot Park Commons by Project for Pride in Living and \$30,000 from the Non-Profit Admin Fund;
4. Up to \$205,000 from the AHTF for Franklin Portland Phase I (Children's Village) by Hope Community, Inc. and Central Community Housing Trust;
5. Up to \$300,000 from the AHTF for Franklin Portland Phase II (The Jourdain) by Hope Community, Inc. and Central Community Housing Trust;
6. Up to \$107,500 from the AHTF for Indian Neighborhood Club by Indian Neighborhood Club and \$10,000 of Non-Profit Admin Funds;
7. Up to \$850,000 from the AHTF for Marshall River Run Apartments by Sherman Associates, Inc.;
8. Up to \$137,000 from the AHTF for Many Rivers West by American Indian Community Development Corporation;
9. Up to \$1,800,000 from the AHTF for Midtown Exchange by Sherman Associates, Inc.;
10. Up to \$200,000 from the AHTF for Ripley Gardens by Central Community Housing Trust and \$30,000 from the Non-Profit Admin Fund; and
11. Up to \$500,000 from the AHTF for St. Anthony Mills Apartments by Brighton Development Corporation.

Previous Directives: On April 30, 2004, the City Council awarded up to \$1,000,000 of 2004 AHTF "Seed Money" Program for the Linden Hills Town Homes project.

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: Projects being recommended for funding are in Wards: 2, 3, 5, 6, 7, 8.

Neighborhood Notification: Neighborhood review has occurred for each project being recommended for funding.

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 4.9 and 4.10: Minneapolis will grow by increasing its supply of housing and Minneapolis will increase its housing that is affordable to low and moderate income households.

Zoning Code: Projects will comply.

Living Wage/Job Linkage: NA

Background/Supporting Information

CPED staff issued a Request for Proposals (RFP) for the first round of 2004 Affordable Housing Trust Fund (AHTF) in January, 2004. The AHTF provides gap funding for the development and stabilization of affordable rental housing.

The current program selection criteria used to score and rank proposed projects was approved by the City Council in May, 2003. There is one set of selection criteria for projects located in impacted areas of the City and one set for projects located in non-impacted areas. Attachment A is a map showing the current impacted and non-impacted areas.

The RFP announced the availability of approximately \$4,500,000 of AHTF money, \$500,000 of 2004 ESG funds, and \$2,300,000 of AHTF "Seed Money" Program funds. The sources of the AHTF money are HOME, CDBG, and CDBG program income. The sources of the "Seed Money" Program are \$1,300,000 CDBG and \$1,000,000 Hilton Legacy funds.

Sixteen proposals were received in response to the AHTF RFP, not including an ESG application or a Non-Profit Admin request. One of the sixteen AHTF proposals was withdrawn during the application review period. One of the sixteen AHTF proposals, Linden Hills Town Homes, was awarded up to \$1,000,000 of AHTF "Seed Money" by the Council on April 30, 2004.

Attachment B provides a summary overview of the fourteen remaining AHTF proposals. Attachment C shows the scoring and ranking of the fourteen proposals. Attachment D is a comparative analysis of the proposals being recommended for funding.

Staff is recommending the following projects for funding. Detailed information about each project is contained in the attached Project Data Worksheets (Attachments E1 – E11).

1. Up to \$600,000 from the AHTF for Cecil Newman Apartments by Legacy Management & Development Corporation and Northside Residents Redevelopment Council; (Exhibit E1)
2. Up to \$589,572 from the AHTF for Double Flats by Project for Pride in Living and \$20,000 from the Non-Profit Admin Fund; (Exhibit E2)
3. Up to \$1,204,237 from the AHTF for Elliot Park Commons by Project for Pride in Living and \$30,000 from the Non-Profit Admin Fund; (Exhibit E3)
4. Up to \$205,000 from the AHTF for Franklin Portland Phase I (Children's Village) by Hope Community, Inc. and Central Community Housing Trust; (Exhibit E4)
5. Up to \$300,000 from the AHTF for Franklin Portland Phase II (The Jourdain) by Hope Community, Inc. and Central Community Housing Trust; (Exhibit E5)
6. Up to \$107,500 from the AHTF for Indian Neighborhood Club by Indian Neighborhood Club and \$10,000 of Non-Profit Admin Funds; (Exhibit E6)
7. Up to \$850,000 from the AHTF for Marshall River Run Apartments by Sherman Associates, Inc.; (Exhibit E7)
8. Up to \$137,000 from the AHTF for Many Rivers West by American Indian Community Development Corporation; (Exhibit E8)

9. Up to \$1,800,000 from the AHTF for Midtown Exchange by Sherman Associates, Inc.; (Exhibit E9)
10. Up to \$200,000 from the AHTF for Ripley Gardens by Central Community Housing Trust and \$30,000 from the Non-Profit Admin Fund; and (Exhibit E10)
11. Up to \$500,000 from the AHTF for St. Anthony Mills Apartments by Brighton Development Corporation. (Exhibit E11)

At a minimum, it is proposed that the AHTF financing be provided as deferred payment loans, with a minimum of 20 year term, and at a 1% simple interest rate. If a project is mixed income and demonstrates excess cash flow, the loan may be structured with annual principal and interest payments, sharing of cash flow, or in another manner acceptable to the City Council.

Three projects are not being recommended for funding as described below. Exhibits E12 and E13 are the Project Data Worksheets for Franklin Portland – Phase III and for Central Avenue Lofts.

1. \$1,000,000 for Heritage Park Phase III by McCormack Baron Salazar. In April, 2004, MHFA awarded tax credits to this project thereby eliminating the need for AHTF money.
2. \$1,281,062 for Franklin Portland – Phase III (The Wellstone) at 1931 Portland Avenue by Hope Community and Central Community Housing Trust. This proposed project meets many of the City's housing goals, however, the project scored the lowest of the three Franklin Portland funding requests submitted to the City. The completion of Franklin Portland Phase I funding and the continued fund raising for Franklin Portland II are the first priorities at this time. Both MHFA and the City will issue the next rental housing RFPs in June, 2004 and this will provide another opportunity to seek funds for this project. (Exhibit E12)
3. \$300,000 for Central Avenue Lofts at 2338 Central Avenue by Sherman Associates, Inc. This proposed project meets many of the City's housing goal, however, the project scored low in relation to other AHTF proposals. The developer continues to work with the neighborhood on the design and components of this project and full neighborhood group review is expected this summer. (Exhibit E13)