



## Request for City Council Committee Action from the Department of Community Planning & Economic Development

**Date:** August 22, 2006

**To:** Council Member Lisa Goodman, Community Development Committee

**Subject:** Request for Final Approval of up to \$1,420,000 in Tax Exempt Multi-Family Housing Entitlement Revenue Bonds for the Whittier Townhouse Housing Project

**Recommendation:** Approve the Attached City Council Resolution granting final approval of up to \$1,420,000 in tax exempt Multi-Family Housing Revenue Entitlement Bonds for the Whittier Townhouse project. Summary publication of the Resolution is also recommended.

**Previous Directives:** On November 4, 2005, the City Council approved up to \$280,000 from the AHTF program for the Whittier Townhouse Project. In March, 2006, the City Council granted preliminary approval of up to \$1,420,000 in Tax Exempt Entitlement Multifamily Housing Revenue Bonds for the project.

**Prepared by:** Dollie Crowther, Principal Coordinator      **Phone: 612-673-5263**

**Approved by:**

Elizabeth Ryan, Directory of Housing Policy & Development \_\_\_\_\_

**Permanent Review Committee (PRC)** Approval  Not Applicable

**Note:** To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Presenter in Committee:** Dollie Crowther

### Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- 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.
- Business Plan:  Action is within the plan.     Action requires a change to plan.
- Other financial impact (Explain): Annual bond fees will be collected when the bonds are issued.
- Request provided to department's finance contact when provided to the Committee Coordinator.

### **Community Impact (use any categories that apply)**

Neighborhood Notification: The Whittier Alliance neighborhood group met on June 3, 2005 and fully supports the new ownership entity and rehabilitation of the Whittier Townhouse project.

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 infrastructure will be well maintained and people will feel safe in the City.

Comprehensive Plan: 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods.

4.9 Minneapolis will grow by increasing its supply of housing.

4.12 Minneapolis will reasonably accommodate the housing needs of all its citizens.

Policy 35: Within the constraints imposed by state and federal regulations, the City should continue to sell tax-exempt revenue bonds to provide below market rate housing development financing.

Zoning Code: In compliance

Other: N/A

### **Background/Supporting Information**

Whittier Townhomes was developed in 1982 as a large family oriented Section 8 community. Dominion Acquisition, LLC established Minneapolis Leased Housing Associates LLP and is proposing to acquire the Whittier Townhomes complex located at 33 E. 25<sup>th</sup> Street and 2733 Stevens Avenue South and continue to maintain it as affordable rental housing. Since its completion, this project has maintained an average occupancy substantially over 95%. This is a 12 unit townhouse complex that has provided quality affordable housing for families that qualify for the Section 8 program.

Dominion is proposing to bring the property to like new construction through an extensive rehabilitation that addresses all the current needs of the property. This property is a mix of two, three and four bedroom units and the target population is female heads of households with more than two children. The proposed rehabilitation will not result in the displacement of the existing tenants or a change in the target population.

Rehabilitation includes new siding, roof and window replacement, kitchen and bathroom renovation. The parking lot will be reconditioned and the patios will be repaved. Each unit presently has a hook-up for washers and dryers. The units also have individual front and back entries for easy access, and full basements. The current HAP contract expires in 2013 and Dominion would like to extend this for twenty (20) more years.

### **Financial Summary**

The total development cost of the Whittier Townhouse project is \$3,321,462. The Project sources and uses are outlined on the attached Project Data Worksheet.

The City of Minneapolis previously approved \$280,000 of CDBG funds from the AHTF for this project. The request for tax-exempt housing revenue bonds (HRB) from the City's 2005 Entitlement Allocation will also include an allocation of 4% low-income housing tax credits. The

developer has been approved for additional public funds for the project from the MHFA and Hennepin County. Dominion will also provide general partner cash to assist as a source of funds.

### Housing Revenue Bond Information

Minneapolis Leased Housing Associates I, LLP has submitted an application to CPED for tax-exempt housing entitlement revenue bonds, which automatically includes 4% low income housing tax credits (LIHTC). Syndication of these tax credits is anticipated to generate approximately \$891,220 of additional equity investment in the project.

The proposal is to place the bonds directly with US Bank. As an institutional grade investor, the sale of the bonds directly to US Bank fulfills the City's Multifamily Tax-Exempt Revenue Bond financing guidelines. The bonds will have a 30 year amortization schedule.

<b>Status of 2005 HRB Entitlement</b>	<b>\$36,709,000</b>
Single Family	(21,000,000)
St. Anne's	(6,250,000)
Washington Court (pending)	(4,500,000)
Whittier Townhomes	(1,420,000)

**2005 Entitlement Remaining** \$3,539,000

<b>Bond Purchaser/Underwriter</b>	US Bank
<b>Bond Counsel</b>	Winthrop & Weinstine, P.A.
<b>Council Member Informed</b>	Yes, Ward 6

#### Projected Timetable

- City Council considers final HRB May, 2006
- Project Pre-closing June, 2006
- Construction Start July, 2006

Attachments  
City Counsel Resolution  
Project Data Worksheet