

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

Date: June 21, 2011

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

Subject: Adoption of Resolution granting approval for the Hennepin County Housing and Redevelopment Authority (HRA) to provide financial assistance from the 2011 Affordable Housing Incentive Fund (AHIF) to six (6) projects located in Minneapolis.

Recommendation: Adopt the attached resolution granting approval for the Hennepin County Housing and Redevelopment Authority (HRA) to provide financial assistance from the 2011 Affordable Housing Incentive Fund (AHIF) to six (6) projects located in Minneapolis.

Previous Directives:

1. Alliance Housing Properties - On March 27, 2009, the City Council approved \$325,000 of NSP1 funds for this project. On June 17, 2011, the City Council will consider awarding up to \$188,311 of AHTF monies to the project and \$23,500 Non-Profit Development Assistance Funds to the developer.
2. City of Lakes Community Land Trust Homebuyer Initiated Program – On March 20, 2009, the City Council approved the award of NSP money for development gap financing to 9 of 14 projects which submitted proposals in response to the City Foreclosure Recovery Rehabilitation Program RFP, one of which was City of Lakes Community Land Trust.
3. Emanuel Housing – On August 20, 2010, the City Council authorized City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form if Emanuel Housing is recommended for Livable Communities Local Housing Incentive Account Grant award. On November 5, 2010, the City Council acted to preliminarily reserve Year 2011 Federal Low Income Housing Tax Credits to the project in the amount of \$857,000. On January 14, 2011, the City Council approved a loan up to \$1,900,000 from the Affordable Housing Trust Fund to the project and a grant up to \$30,000 from the Non-Profit Development Assistance Fund for RS Eden. On June 17, 2011, the City Council will consider approving the resolution to authorize submission of the Emanuel Housing grant application to the Metropolitan Council Livable Communities Demonstration Account.
4. Longfellow Station – a) December, 2005 – approved a resolution authorizing submission of applications to the Metropolitan Council for Hiawatha Corridor Land Assembly Fund proposals; b) March, 2006 – approved acceptance and appropriation of Metropolitan Council Hiawatha Light Rail Land Assembly Fund Grants of \$3,500,000 for projects along the Hiawatha Light Rail line, including the Longfellow Station project; c) June, 2006 – authorized submission of an application for Metropolitan Council Livable Communities Demonstration Account (LCDA) funding; d) October, 2006 – authorized submission of an application for a Hennepin County ERF brownfield grant; e) December, 2006 – approved up to \$400,000 from the Affordable Housing Trust Fund; f) February, 2007 – accepted and appropriated \$934,523 Metropolitan Council Livable Communities Demonstration Account grant and \$90,000 Hennepin County ERF grant; g) May, 2007 – authorized submission of an application

for Metropolitan Council Livable Communities Demonstration Account funding; h) August, 2007 – adopted a resolution approving the Longfellow Station Redevelopment Plan; i) December, 2007 – approved up to an additional \$1,000,000 from the Affordable Housing Trust Fund; j) January, 2008 – accepted and appropriated \$500,000 in Metropolitan Council Livable Communities Demonstration Account funding; k) February, 2008 – approved Project Analysis Authorization; l) December, 2008 – approved up to an additional \$500,000 from the Affordable Housing Trust Fund; m) September, 2009 – approved proposed TIF financing, redevelopment agreement terms, and Great Streets loan of up to \$300,000; n) December, 2010 – approved the assignment and assumption by Sherman Associates Inc. or an affiliate of the existing agreements between City and Longfellow Station I, LLC, Longfellow Housing Limited Partnership and/or Capital Growth Real Estate LLC; o) on May 13, 2011, approved Preliminary Approval of up to \$17,000,000 in Tax-Exempt Multifamily Housing Revenue Bonds, authorized early advance of the HOME loan to finance property acquisition by the Settlement Agreement deadline; and authorized release of the forgivable note, mortgage and declaration securing the LHLAF funds at the HOME loan closing.

5. Project: Reclaim 2 – On March 20, 2009, the City Council approved the award of NSP 1 money for development gap financing to 9 of 14 projects which submitted proposals in response to the City Foreclosure Recovery Rehabilitation Program RFP, one of which was Urban Homeworks.
6. Urban Homeworks Rental: Reclaim Phase 4 – On July 2, 2010, the City Council approved \$960,000 of NSP2 funds for this project. On June 17, 2011, the City Council will consider awarding up to \$345,375 of AHTF monies to the project and up to \$30,000 Non-Profit Development Assistance Funds to Urban Homeworks.

Department Information

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

Approved by: Thomas A. Streitz, Director, Housing & Policy Development _____

Charles T. Lutz, Deputy Director _____

Presenters in Committee: Donna Wiemann

Financial Impact

- No financial impact.

Community Impact

- Neighborhood Notification: Not applicable.
- City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing and services.
- Comprehensive Plan: 4.9 – Minneapolis will grow by increasing its supply of housing; 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households.
- Sustainability Targets: Development and preservation of affordable housing.
- Zoning Code: Projects will comply.

Supporting Information

On May 3, 2011, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive Fund (AHIF) financial assistance in the total amount of \$1,630,000 for six (6) projects located in Minneapolis.

Hennepin County's AHIF program is an important funding resource for the City of Minneapolis to create and stabilize affordable rental and ownership housing. Program

guidelines include providing affordable long-term housing units and promoting the connection of affordable housing to local employment, schools, transit corridor development and supportive services. AHIF is used as a last resort for gap financing and as a vehicle to leverage other public and/or private funding sources.

The 2011 AHIF awards for projects located in Minneapolis are:

PROJECT NAME	AMOUNT
Alliance Northside Properties	\$170,000
City of Lakes Community Land Trust HIP	\$ 90,000
Emanuel Housing	\$650,000
Longfellow Station	\$460,000
Project: Reclaim 2	\$100,000
Urban Homeworks Rental: Reclaim 4	\$160,000

The following is a brief description of each approved project:

1. Alliance Northside Properties: Alliance Housing Incorporated will acquire and rehabilitate three foreclosed rental properties located in North Minneapolis to serve households who have been foreclosed on or are currently homeless and living in shelters. The properties are 2519 Fremont Avenue North (7 units), 2655 Thomas Avenue North (duplex), and 3725 Penn Avenue North (fourplex). All of the units will have rents affordable to households at or below 50% of AMI. The bedroom mix will be efficiencies and two bedrooms.
2. City of Lakes Community Land Trust Homebuyer Initiated Program: This proposal is a continuation of the Homebuyer Initiated Program (HIP) that assists low to moderate income households in purchasing market-rate single family homes by providing affordability and rehabilitation financial assistance. A vast majority of the homes HIP households are purchasing were previously foreclosed. AHIF funds will be used for the affordability gap. Of the 50 households served by HIP to date, 76% are female heads of households and 96% are first-time buyers.
3. Emanuel Housing: This proposal by RS Eden is to redevelop an existing building built in 1900 into 101 units (56 units of new construction and 45 units of adaptive reuse/conversion) for permanent supportive rental housing consisting of 95 efficiencies and six one bedroom units. The property is located at 822 Third Street South. The project will include a 24 hour front desk. The target population will include individuals who have been or are experiencing long term homelessness. Many of them will be disabled (chemical dependency and/or mental illness). The population will include veterans.
4. Longfellow Station: This proposal by Sherman Associates is the development of a mixed-income, mixed-use development located within one block of the 38th Street Station of the LRT. There will be 180 units ranging from efficiencies to three bedroom units. This project will increase density along a transit route by converting a brownfield site to a dense multi-family development. Unit affordability will range from 50% of AMI to market rate.
5. Project: Reclaim 2: Urban Homeworks proposes to expand the Project: Reclaim program to acquire and rehabilitate vacant and foreclosed single family homes in North Minneapolis for affordable homeownership. UHW provides interim financing (Contract for Deed) to qualifying buyers until they are approved for permanent

financing and sale with the City of Lakes Community Land Trust for inclusion with the land trust. This project serves households between 50 and 80% of AMI.

6. Urban Homeworks Rental: Reclaim Phase 4: Urban Homeworks proposes a 16 unit scattered site rental development in North Minneapolis. The addresses of the six properties are 2026 Fremont Avenue North, 1514 Irving Avenue North, 1601 Irving Avenue North, 1811 Emerson Avenue North, 2129 Emerson Avenue North, and 2701 Lyndale Avenue North. All of these properties have been significantly affected by foreclosure. The units will be affordable to households at or below 50% of AMI.

Resolution of the City of Minneapolis

Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to Alliance Northside Properties (\$170,000), City of Lakes Community Land Trust Homebuyer Initiated Program (\$90,000), Emanuel Housing (\$650,000), Longfellow Station (\$460,000), Project: Reclaim 2 (\$100,000), and Urban Homeworks Rental; Reclaim Phase 4 (\$160,000) under the Minnesota Housing and Redevelopment Authorities Act and Minnesota Statutes, Section 383B.77.

Whereas, representatives of the Hennepin County Housing and Redevelopment Authority (the "County HRA") have advised the City of Minneapolis, Department of Community Planning and Economic Development that the County HRA proposes to provide financial assistance from Hennepin County's Affordable Housing Incentive Fund in an amount up to \$1,630,000, to the City of Minneapolis (the "City") for the six (6) projects in Minneapolis, Minnesota identified in the attached spreadsheet (the "Projects"); and

Whereas, pursuant to Minnesota Statutes, Section 383B.77, subd. 2, the County HRA cannot exercise its powers within the boundaries of the City unless the City requests the County HRA to exercise specific powers within the City: and

Whereas, pursuant to Minnesota Statutes, Section 469.005 the City Council must declare there is a need for the County HRA to exercise its powers within the City, specifically through the provision of financial assistance for the Projects in the City;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis that, as required by Minnesota Statutes, Section 383B.77, subd. 2, and pursuant to Minnesota Statutes, Section 469.005, the City Council hereby declares there is a need for and approves the County HRA exercising its powers in the City for the limited purpose of providing financial support to the Projects in the City, which Projects have requested, or may hereafter request, financial assistance in the combined amount up to \$1,630,000 from the County HRA.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation of the City to assist the Projects, nor shall the City be in any way responsible for any financing obligation or agreement of the County HRA with respect to its provision of financial assistance to the Projects.

Be It Further Resolved that the request made hereunder extends only to the powers of the County HRA with respect to the financial assistance the County HRA proposes to provide to the Projects, and the City shall retain all other powers and jurisdiction over matters relating to the City and the Projects.

Be It Further Resolved that nothing in this resolution is intended to endorse the merits of the Projects to be undertaken.