

**Community Planning & Economic Development**

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April 15, 2004

MEMO TO: Chuck Lutz, Deputy Director

FROM: Jack Kryst, Chair, Development Finance Committee

SUBJECT: Development Finance Committee Action Regarding Linden Hills Townhomes Project (3824 West 44<sup>th</sup> Street)

On April 15, 2004, the Development Finance Committee considered a report on a proposed forgivable loan of up to \$1,000,000 from the 2004 Affordable Housing Trust Fund "Seed Money" Program (Hilton legacy funds) to the Minneapolis Public Housing Authority (MPHA) for the construction of five public housing units in the Linden Hills Townhomes project. The MPHA will own and operate the units.

The Committee recommends that the City provide up to \$1,000,000 in gap funding to the Minneapolis Public Housing Authority for the development of the Linden Hills Townhomes project, with the comment that the amount of gap funding per unit will be approximately 10 times the average per unit gap funding historically provided by the City and approximately 2.5 times the previous high level of gap funding per unit, due to the absence of outside funding sources.

The Committee further recommends that the loan agreement include a provision specifying that the project is to remain in use as public housing and providing for repayment of the loan if the public housing use ceases.

cc: Lee Sheehy  
Theresa Cunningham