

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

Date: August 24, 2010

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 2010 Affordable Housing Incentive Fund (AHIF) to eight (8) 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 2010 Affordable Housing Incentive Fund (AHIF) to eight (8) projects located in Minneapolis.

#### Previous Directives:

1. 2810 and 2816 Bloomington – None.
2. City of Lakes Community Land Trust Homebuyer Initiated Program – On October 20, 2006, the City Council approved up to \$471,250 from the Affordable Ownership Housing Development Program for construction gap funding for scattered Minneapolis locations.
3. Gateway Lofts –  
On February 26, 2010, the City Council approved a loan up to \$636,334 from the 2009 Affordable Housing Trust Fund (AHTF) and accepted and appropriated a Metropolitan Council Livable Communities Demonstration Account grant of \$74,000. On August 14, 2009, the City Council approved the submission for Livable Communities Demonstration Account funding by the Metropolitan Council; On December 14, 2008, the City Council approved a loan up to \$997,000 from the 2008 AHTF. In December, 2005, the City Council approved a loan up to \$236,192 from the 2005 AHTF (no longer available) and a Non Profit Development Assistance Fund grant up to \$30,000.
4. J. Jerome Boxleitner Place –  
On July 2, 2010, the City Council authorized staff to execute a second extension of the redevelopment contract for the sale of 165 Glenwood Avenue North to extend the closing date to on or before December 31, 2010. On January 29, 2010, the City Council authorized staff to execute an extension of the redevelopment contract for the sale for the project development through May 31, 2010. On October 30, 2009, the City Council authorized staff to execute a Memorandum of Understanding to Transfer an Existing Emergency Shelter Facility at Secure Waiting Space located at 1000 Currie Avenue to the new J. Jerome Boxleitner Project at 165 Glenwood Avenue North. On January 23, 2009,

the City Council authorized the sale of 165 Glenwood Avenue to Community Housing Development Corporation or an affiliate for \$835,000 subject to the conditions outlined in that report.

5. MN Lead-Safe Housing – None.
6. Tax Forfeited to Affordable Housing – None.
7. Touchstone –

On April 2, 2010, the City Council approved an extension of the land sale authorization to June 2, 2010. On February 26, 2010 the City Council approved a \$1,000,000 2010 AHTF loan and a \$30,000 Non Profit Development Assistance Fund grant to the project. On October 2, 2009, the City Council approved the sale of a portion of 2304 Snelling Avenue to Project for Pride in Living for subject project. On August 14, 2009, the City Council authorized acceptance of \$140,500 DEED funds and \$270,000 ERF funds. On April 24, 2009, the City Council authorized an application to DEED and Hennepin County ERF environmental remediation funds.

8. Urban Homeworks Rental: Reclaim – None.

#### Department Information

Prepared by: Donna Wiemann, Principal Project Coordinator, 673-5257	
Approved by: Thomas A. Streitz, Director, Housing Policy & Development	_____
Charles T. Lutz, Deputy Executive 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.
- Sustainability Targets: Development and preservation of affordable housing.
- 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.
- Zoning Code: Projects will comply.

#### Supporting Information

On June 22, 2010, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive fund (AHIF) financial assistance in the total amount of \$2,460,000 for the follow eight (8) projects located in Minneapolis. The 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, promoting the connection of affordable housing to local employment, schools, transit corridor development and supportive services, supporting projects aligning with County priorities and goals, and using AHIF as a last resort for gap financing and as a vehicle to leverage other public and/or private funding sources.

The 2010 AHIF awards are as follows:

PROJECT NAME	AHIF AMOUNT
2810 & 2816 Bloomington	\$ 50,000
City of Lakes CLT Homebuyer Initiated Program	\$150,000
Gateway Lofts	\$200,000
J. Jerome Boxleitner Place	\$1,000,000
MN Lead-Safe Housing	\$100,000
Tax Forfeited to Affordable Housing	\$100,000
Touchstone	\$400,000
Urban Homeworks Rental: Reclaim	\$460,000

The following is a brief description of each of the projects:

1. 2810 and 2816 Bloomington: Alliance Housing Incorporated partnered with Sentence to Serve Homes to rehabilitate 2810 Bloomington (two 3 bedroom units) and 2816 Bloomington Avenue (two 2 bedroom units). The rehabilitation work exceeded the budget by \$50,000 and the relocation costs were underestimated. The AHIF funds will be used for the additional rehabilitation and relocation costs. The project provides affordable housing (rents affordable to households at or below 30% of area median income) for families and single adults who have experienced homelessness.
2. City of Lakes Community Land Trust Homebuyer Initiated Program: This project 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 assistance grants. Depending upon household income, the program provides up to \$60,000 in affordability gap assistance and \$34,000 in rehabilitation assistance. AHIF funds are used for the affordability gap. The project services primarily very low income families, people of color, new immigrants, and single parents and other underserved households that are currently priced out the ownership market.
3. Gateway Lofts: Alliance Housing Incorporated will create 46 rental units in a newly constructed three story building with underground parking located at 2601 West Broadway. The unit mix will be 6 two bedroom units, 14 one bedroom units, and 26 studios. The two-bedroom units will be on the first floor and have their own separate entrances. Thirty-one units will be affordable to households at 30% of income, 10 units to households at 50% of income, and 5 units will be market rate. Units will be marketed to low wage workers. Four units will be reserved for persons experiencing long-term homelessness.
4. J. Jerome Boxleitner Place: Community Housing Development Corporation will relocate the current Catholic Charities' Security Waiting Space to a newly constructed building that will include 74 SRO units and 200 shelter beds for men

who are long-term homeless or at significant risk of long-term homelessness. It will be located at 165 Glenwood Avenue. The unit types and services will be emergency shelter, pay-for-stay beds, permanent supportive housing, and safe haven units targeted to men with significant mental health and/or chemical dependency issues.

5. MN Lead-Safe Housing: This is a continuation of the revolving loan fund provided by Hennepin County to assist property owners participating in the HUD funded MN Lead-Safe Housing Partnership grant program. To participate in the program, property owners are required to provide matching funds. AHIF funds will allow at least 40 additional housing units be made lead safe. An average lead reduction project, including window replacement, costs on average \$6000 to \$8000 and the grant covers 50% up to \$5000.
6. Tax Forfeited to Affordable Housing: The project will acquire five vacant and tax forfeited properties to rehabilitate and stabilize for decent, safe and affordable single family homeownership. Hennepin County HRA will acquire, contract with Sentence to Serve Homes for the rehabilitation, and sell the redeveloped unit to City of Lakes Community Land Trust who will own the land and convey the improvements by a ground lease to qualifying homeowners.
7. Touchstone: Project for Pride in Living, Seward ReDesign, and Touchstone Mental Health jointly propose to construct a 40 unit structure for permanent supportive housing. The project will be located at 2304 Snelling Avenue. The rental units will serve adults experiencing serious and persistent mental illness of which eight units will serve adults who have been homeless.
8. Urban Homeworks Rental: Reclaim: Urban Homeworks is a non-profit, faith-based organization with experience working in scattered site development and redevelopment in Minneapolis and St. Paul. They were awarded 2009 AHIF which was used in conjunction with NSP1 to acquire and rehabilitate 12 foreclosed units. The 2010 AHIF will be used to acquire and rehabilitate an additional 44 units. Urban Homeworks serves very low income households.

Resolution of the City of Minneapolis

**Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to 2810 and 2816 Bloomington (\$50,000), City of Lakes Community Land Trust Homebuyer Initiated Program (\$150,000), Gateway Lofts (\$200,000), J. Jerome Boxleitner Place (\$1,000,000), MN Lead-Safe Housing (\$100,000), Tax Forfeited to Affordable Housing (\$100,000), Touchstone (\$400,000), and Urban Homeworks Rental: Reclaim (\$460,000) 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 \$2,460,000, to the City of Minneapolis (the "City") for the eight (8) 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 \$2,460,000 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.