



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

Date: April 17, 2007

To: Council Member Goodman, Chair, Community Development Committee

Subject: Receive and File Report Regarding Administrative Guideline Adjustments to the Affordable Housing Trust Fund and Affordable Ownership Housing Development Programs to Revise the Current Criteria for "Quality of Design" to Include Green/Sustainable Building Elements and to Establish Funding Commitment Deadlines

Recommendation: Receive and File

Previous Directives:

Previous Directives – Affordable Housing Trust Fund (AHTF)

On January 31, 2003, the City Council established an AHTF to enhance the City's ability to produce affordable rental housing and directed staff to draft program guidelines and criteria in conjunction with the Affordable Housing Trust Fund Advisory Committee.

On June 6, 2003 the City Council approved the AHTF guidelines for the solicitation, scoring and ranking of AHTF funding proposals.

Previous Directives – Affordable Ownership Housing Development Program (AOHP)

During the 2004 budget process, the City Council approved \$1,000,000 for the Workforce Ownership Housing Development Program. On January 20, 2004, the Community Development Committee reviewed the Housing Policy Agenda and directed CPED staff to prepare guidelines and criteria for the Workforce Ownership Housing Development Program. On September 14, 2004, the Community Development Committee approved the guidelines for and implementation of the Workforce Ownership Housing Development Program.

On April 5, 2005, the Community Development Committee approved combining the Workforce Housing, Perpetual Affordability and Limited Equity Cooperative Funding programs creating one consolidated program, the Affordable Ownership Housing Program.

On April 28, 2006, the City Council approved technical revisions to the Affordable Ownership Housing Program.

Prepared by:	Donna Wiemann, Principal Project Coordinator	_____
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Approved by:	Charles T. Lutz, Deputy CPED Director	_____
	Elizabeth Ryan, Director CPED Housing	_____
Presenters in Committee: Donna Wiemann and Cherré Palenius		

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____
 Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact
- 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
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact:

Neighborhood Notification: The revisions described in this report are minor, administrative changes which do not require neighborhood notification. On March 22, 2004, CPED sent a 45-day notice to all of the neighborhood groups and interested parties on the Workforce Ownership Housing Development Program guidelines for review and comments. On February 14, 2006, CPED sent a 45-day notice to all of the neighborhood groups and interested parties requesting comments on changes to the Affordable Ownership Housing Program guidelines.

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.

Sustainability Targets: Affordable Housing Units: new/positive conversion and rehabilitation.

Comprehensive Plan: Sections 4.09, 4.10 and 4.15: Minneapolis will grow by increasing its supply of housing and will increase the housing that is affordable to low and moderate income households. Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand. Increase the City's population and tax base by developing and supporting housing choices citywide through preservation of existing housing and new construction.

Zoning Code: Projects will comply.

Living Wage/Business Subsidy Agreement Yes _____ No X

Job Linkage Yes _____ No X

Other

Supporting Information

Staff intends to revise the current “Design Quality and Compatibility”/“Quality of Design” criteria to the Affordable Housing Trust Fund (AHTF) and the Affordable Ownership Housing Development Program (AOHP) program guidelines for the 2007 Request for Proposals (RFP). Of the total 10 points (maximum) allowed under these criteria, a proposal will be awarded up to 5 points if it incorporates green/sustainable elements consistent with the “Minnesota Overlay to the Green Communities Criteria” and/or national Green Communities Criteria. The remaining 5 points will be awarded based on the quality of the design and construction. NOTE: The “Minnesota Overlay to the Green Communities Criteria” is a Minnesota Housing Finance Agency’s new policy. The purpose is to encourage developers to incorporate Green Communities Criteria and sustainability initiatives in their developments when seeking AHTF or AHOP financial resources.

The second change is that staff intends to establish a time frame for using AHTF and AHOP funding commitments. To date, development proposals have been approved for funding before the balance of the development funds have been secured; this approach has helped projects because it demonstrates City support to other public and private funders and may increase the likelihood that the development will secure other development funds.

This timeframe will begin once the City Council has approved the funding. The developer will initially receive a fifteen-month funding commitment and will be eligible to receive an additional twelve-month funding commitment provided they can demonstrate that at least one-third of the total development funds have been raised, can provide evidence that the balance of development money is likely to be raised, and a closing will occur within the next twelve months. Projects unable to meet these timelines will lose their funding commitments, however, the developers may reapply either during the annual RFPs or, in the case of the AHTF, there may be an opportunity to reapply during the AHTF pipeline period. Establishing a commitment period time frame will mean that City resources are not tied up for an indefinite period of time. Staff will be better positioned to commit and spend the federal CDBG and HOME funds comprising the AHTF and AOHP within HUD’s statutory rules for commitment of and expenditure of funds.