



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

Date: October 11, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, Phone 612-673-5229

Presenter in Committee: Edie Oliveto-Oates, Senior Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director CL
Elizabeth Ryan, Director, Housing Policy and Support ER

Subject: Amendment of Affordability loans to development projects with the HOMS Initiative

RECOMMENDATION: Release the remaining fund balance of \$90,200 for the HOMS development subsidy fund for use on other projects subject to City Council approval.

Previous Directives: In June 2003, the Minneapolis Community Development Agency Board of Directors approved entering into a contract to provide affordability loans on 9 properties.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 6, 8

Neighborhood Notification: This request was supported by Midtown Phillips in August 2005.

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.

Comprehensive Plan: These projects are located within the Model Cities Urban Renewal plan which was adopted on October 23, 1970 and the activities are consistent with the City's Comprehensive Plan.

Zoning Code: N/A

Living Wage/Job Linkage: N/A

Background/Supporting Information

On October 11, 2002, the Minneapolis Community Development Agency Board of Commissioners approved entering into a contract with Southside Neighborhood Housing Services (SNHS) for \$200,000 in CDBG funds for CDBG eligible activities. These funds consisted of Year 26 and 27 CDBG funds. SNHS planned to use the funds to provide interest free affordability loans to buyers below 80% of metropolitan median income on several new home developments within their service area. These funds remained un-contracted at the time that SNHS closed their operation but they had made funding commitments to developers for the use of these funds. In June 2003 staff recommended commitment of these funds for affordability loans to the following properties based on these prior SNHS commitments:

28 th and Bloomington townhouses \$25,000 each for three units	\$ 75,000
Lyndale Condominiums – 31 st and Pleasant/Pillsbury 2 units	\$ 40,000
3244 Oakland Ave. S.	\$ 10,000
2709 – 12 th Ave. S.	\$ 15,000
2919 – 13 th Ave. S.	\$ 15,000
2500 – 14 th Ave. S.	\$ 15,000
2646 – 14 th Ave. S.	\$ 15,000
2638 – 15 th Ave. S.	<u>\$ 15,000</u>
Total	\$200,000

At this time, approximately half of the original funding has been used. The current available balance is \$90,200. The remaining funding was originally designated for 3 condominium units at 28th and Bloomington and one single family home at 2646 – 14th Avenue South, all of which are located in Midtown Phillips. In August 2005, the Midtown Phillips Neighborhood voted to request that the City approve the release of the remaining funds from the original addresses and that the remaining funds be made available to home ownership projects located in Midtown Phillips including, but not limited to, condominium units in the Midtown Exchange project.

Staff believes that it is appropriate to release these funds from the originally designated addresses and make these funds available as needed on a case by case basis for additional projects located in the Midtown Phillips Neighborhood. Each loan will be forwarded to the Community Development Committee and City Council for approval once staff has determined that the applicant qualifies.