

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

Date: April 6, 2010

To: Council Member Lisa Goodman, Chair Community Development Committee

Subject: Affordable Housing Trust Funds (AHTF) for 3631 Penn Avenue North

Recommendation: Approve a total of up to \$272,300 of Affordable Housing Trust Funds (AHTF) for 3631 Penn Avenue North, a Non Profit Admin Grant of up to \$12,000 and authorize the execution of the necessary documents for the AHTF Loan and NPA Grant

Previous Directives: NONE

Department Information

Prepared by: Dollie Crowther, Principal Coordinator, Housing 612- 673-5263

Approved by: Tom Streitz, Director Housing Policy & Development _____

Presenter in Committee: Dollie Crowther

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification – The Cleveland Neighborhood Association (CNA) was advised of the intent to purchase and repair the 6 unit building.
- City Goals- In five years all Minneapolis residents will have a better quality of life and access to housing and services.
- Sustainable targets – The project meets the affordable housing targets.
- Comprehensive Plan – 4.9: Minneapolis will grow by increasing its supply of housing; 4.11 Minneapolis will improve the availability of housing options for its residents.
- Zoning Code- Will comply

Supporting Information

3631 Penn Avenue North is an existing 6 unit 2 ½ story walk up apartment currently owned by Families Moving Forward. The property was built in 1971. Alliance Housing Incorporated (AHC) intends to acquire and rehabilitate this project for use as permanent supportive housing. Four of the units will be used for homeless families and the remaining two units will be for families about to be homeless due to foreclosure. The property was partially renovated ten years ago and AHI has negotiated a favorable sale price. The proposed rehabilitation work will be focused on those changes that will have the greatest impact on reducing on-going operating costs such as replacing the windows and roof, insulating the walls and attic, replacing the damaged stucco, and swapping the inefficient stoves and refrigerators for new Energy Star appliances. Once the rehab is completed, it will be a very cost effective building to operate. This property is considered a good location for homeless

and foreclosure families. AHI is requiring that the tenants participate in services and to complete their monthly goal plans. These goal plans will be provided through case management, home visits and links to community resources.

AHI has a great track record in providing housing and services to homeless families and singles. They have worked with homeless people since 1982 and have overseen the rehab and or new construction of four large projects and many scattered site units. Families for this project will be secured through St. Stephens Human Services, People Serving People and Hennepin County's Rapid Exit Program. The MHFA has approved a loan of \$320,360 to assist with the acquisition and rehab. An operating subsidy from the State has also been approved to assist with the rents. MHFA looks very favorably at this project. In the event the operating subsidy is not approved after four years, AHI has already fundraised for an operating reserve for this project. With the approval of a \$272,300 HOME Loan from the AHTF and a grant of \$12,000 from the Non Profit Admin Fund, the project will have all of its funds committed. (See attached PDW for sources and uses of funds, unit affordability and unit breakdown).

3631 Penn complies with the Affordable Housing Selection Criteria and Guidelines and scored very well in the competitive RFP process. This project was not approved with the prior AHTF projects as the affected Council Member required additional information. Because all the funds will be committed, staff anticipates a late summer 2010 closing on this project.