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

Date: August 18, 2009

To: Council Member Lisa Goodman, Community Development Cmte

Subject: Approval of the Tax Credit Assistance and American Recovery Reinvestment Act Program (TCAP) and

Return/Exchange Projects

Recommendation: It is Recommended that the City Council Approve the Following Projects for Tax Credit Administration and Exchange Program Funds (TCAP) and Return/Exchange Funds:

- Audubon Crossing (Lowry Apartments)-2510 Polk Street NE -\$1,098,199 (TCAP Funds)
- Creekside Commons-5400-5412 Stevens Avenue South -\$1,253,590 (TCAP)
- Near North Recap- scattered sites North -\$881,750 (TCAP Funds) & \$150,516 (Return/Exchange)
- Clare Midtown-3105 23rd Avenue South -\$150,517 (Return/Exchange)

Previous Directives: In May 2009 the City Council Approved the Qualified Allocation Plan and Procedural Manual. In May the City Council also approved the Draft Requirements for the Administration and Exchange Program Funds (TCAP Funds) for the American Recovery & Reinvestment Act. In June the City Council approved the TCAP Resolution for the American Recovery & Reinvestment Act.

Department Information

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

Approved by: Tom Streitz, Director of Housing Policy & Development ______

Presenters in Committee: Dollie Crowther

Reviews

Permanent Review Committee (PRC):	Approval Date
Civil Rights Approval	Approval Date
Policy Review Group (PRG):	Approval Date

Financial Impact (delete all lines not applicable to your request) Fees will be generated from tax credit approved projects.

Community Impact

Neighborhood Notification: City Wide. Public Hearing with the Minneapolis/St. Paul Housing Finance Board. All changes to the QAP have been reviewed by the official neighborhood organizations. TCAP regulations posted on the City Public Web page and public comment period requested. City Goals: In five years all Minneapolis residents will have a better quality of life and access to housing services.

Comprehensive Plan: 4.9.1 Minneapolis will grow by increasing its supply of housing. 4.15 Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand. Zoning Code: projects will comply.

Other: NA

Supporting Information

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 became law. This Recovery Act is to jumpstart the nation's ailing economy with a primary focus on jobs, investing in infrastructure and long term economic benefits. It also provided funds for capital investments in Low Income Housing Tax Credit (LIHTC) projects. HUD has awarded TCAP grants by formula to state housing credit agencies to facilitate development of projects that received or will receive LIHTC awards between October 1, 2006 and September 2009. These TCAP funds are distributed to each state housing credit agency based upon the percentage of the FY 2008 HOME Program appropriation received by the State. Per the formula the City of Minneapolis received TCAP Funds in the amount of \$3,233,539. The Recovery Act established deadlines for the commitment and expenditure of grant funds and requires state housing credit agencies to give priority to projects that will be completed by February 16, 2012. The Act also allowed for a return of a portion or all of a projects tax credits to the Treasury for 85 cents on the dollar. Presently projects are getting 65 to 70 cents on the dollar.

Staff established submission requirements and a description of competitive selection as required by HUD. These requirements were mirrored after the MHFA requirements and approved by the City Council. An RFP was issued and applications were due July 8, 2009. There were 5 projects who responded to the RFP. Staff selected three (3) for TCAP funds and two of the projects were selected for a Return/Exchange. All of these projects have a previous allocation and 2 will require additional 2010 tax credits. Creekside Commons and Audubon Crossing are 9% deals and must close no later than December 2009 or their credits will expire. There were 2 HRB projects requesting TCAP Funds and are not subject to tax credit deadlines. These projects were not selected for any ARRA Funds.

The projects approved for TCAP and/or Return/Exchange are listed below:

- Audubon Crossings (Lowry Apartments)-2510 Polk Street in the TCAP amount of \$1,098,199. Families Moving Forward proposes to develop 30 units of housing with 4 long term homeless units. (See attached project data worksheet). This project is closing August 2009.
- Creekside Commons-5400-5412 Stevens Avenue South in the TCAP amount of \$1,253,590. Plymouth Church Neighborhood proposes to develop 30 units of family housing on land donated by the mayflower congregational Church. (See attached project data worksheet). Anticipated closing is September 2009.
- Near North Recapitilization –scattered sites North in the TCAP amount of \$881,750 and a Return of \$150,516. Project For Pride In Living proposes to rehabilitate 62 units of scattered site family housing and restructure the existing debt. (See project data worksheet) Anticipated closing in February 2010.
- Clare Midtown-3105 23rd Avenue South- Clare Housing proposes to develop 45 units of supportive housing for persons living with HIV/AIDs. (See attached project data worksheet). Project is anticipated to close in early 2010.

Timelines have been established by HUD and all selected projects are subject to compliance agreements and other mandatory regulatory requirements. Projects are also required to meet the conditions of the original selection as detailed in the Reservation and Carryover Agreements for each project.

TCAP/RETURN SUMMARY OF PROPOSALS

Project	<u>Owner</u>	Total	HTC						<u>TDC</u>	TCAP	Return
		<u>Units</u>	<u>Unit</u> <u>s</u>	SRO	1BR	2BR	3BR	4BR	I	<u>Request</u>	<u>Request</u>
Audubon Crossings (Lowry)	Metro Plains	30	30		7	15	8		7,716,74 6	1,098,19 9	
2510 Polk St. N.E.	Families Moving										
Creekside Commons	Plymouth Church	30	30		4	14	9	3	8,625,02 5	1,253,59 0	
5400-5412 Stevens Av. S.	Neighborhood										
Clare Midtown	Clare Housing	45	45	19	26				8,552,09 6	1,117,84 2	150,517
3105 - 23rd Av. S.											

Near North Recap	PPL	62	62	6	20	33	3	13,360,3 15	1,563,08 3	150,516
Scattered Sites (North)										
*32nd & Hiawatha	Wellington, McNellis,	132	106	20	64	40	8	16,776,2 81	993,873	
	Swenson									
*Lyndale Green	Brighton Development	65	65		32	33		13,016,9 06	866,998	
610 - 28th Street West	Corporation									