

City Goals- A safe place to call home; jobs and economic vitality; livable communities; healthy lives.

Sustainability Targets- N/A

Comprehensive Plan- 5.91. Minneapolis will grow by increasing its supply of housing. 4.12. Minneapolis will reasonably accommodate the housing needs of all its citizens.

Zoning Code- Projects will comply.

Living Wage/Business Subsidy Agreement	Yes_____	No <u>X</u> _____
Job Linkage	Yes_____	No <u>X</u> _____

Other-N/A

Supporting Information

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis St. Paul Housing Finance Board administers an allocation of Federal Low Income Housing Tax Credits each year (LIHTC). The LIHTC Program provides a reduction in federal tax liability to owners and investors of qualified low income housing developments that comply with federally imposed rent and tenant income restrictions for a minimum of 15 years. CPED is administering an allocation of tax credits for Year 2012 in the amount of \$1,296,803.

A public hearing on the Qualified Allocation Plan (QAP) adopting the selection criteria and allocation plan was held at Community Development Committee on April 5, 2011. There were several changes recommended by the City Council. Some of these changes include deleting points for larger bedroom units, material participation of tenants, and reduction of points for prior allocation, etc. The tax credit application deadline was July 15, 2011. Eight proposals requesting a total of \$6,854,086 in tax credits were received. One project was rejected due to no site control. (See exhibit A). The proposals are ranked according to the Selection Criteria as shown in Exhibit B. There are three projects in this years round that CPED is partially funding. The top ranking project, Touchstone, received the largest credit allocation of \$733,587. MHFA has agreed to provide \$257,000 of their Year 2012 allocation to assist this project. This project is now fully funded with all other funds committed and can now move towards a closing. The Stradford Flats which ranked # 2 has been approved to receive credits from the MHFA to complete this project's tax credit allocation. The State has also agreed to cover any funding gap that remains with deferred loan funds. CPED now has the ability to partially fund the 2 next highest ranking projects. The final top 2 ranking projects, Franklin Steele and Artspace Jackson Flats received a partial allocation last year of \$50,000 each. Due to the 2 year tax credit window allowed for reserving credits, these credits are being returned to the State. These two projects will receive a Year 2012 partial allocation with the hopes that they rank well enough to complete the tax credit funding in Year 2013.

The projects approved for Year 2012 Low Income Housing Tax Credits are listed below:

- Touchstone – Project for Pride in Living (PPL) (2304 Snelling Avenue South) will receive tax credits in the amount of \$733,587 for the development of 40 one bedroom units of single, special needs housing for homeless individuals with severe and persistent mental health issues. (See attached data worksheet).
- Jackson Flats - Artspace (1839,43, 47 Jackson Street, N.E.) will receive tax credits in the amount of \$281,608. Artspace proposes to develop 35 units of live

work artist housing with gallery/community space. (See attached project data worksheet)

- Franklin Steele South Quarter IV- Aeon (1900 Portland Avenue South) will receive tax credits in the amount of \$281,608 and will provide 120 units of mixed income, mixed use family housing with 12 units reserved for homeless. This project includes the integration of Pinecliff, a 30 unit existing housing project. (See attached data worksheet).

The above projects are anticipated to close in early 2013 with Touchstone closing in 2012. Projects not funded in this round may participate in the next tax credit round for 2013 which will be the summer of 2012 RFP, or may apply to MHFA in the supplemental round this winter.

These tax credit reservations are contingent upon the selected projects meeting certain application and program requirements established by deadlines. If these requirements are not met, staff will again review all the projects remaining on the waiting list to determine the best candidate for receiving a tax credit reservation and completing a carryover. Staff will continue to work with the applicants of these projects.

The tax credit amounts shown are based on estimates only. Final credit amounts are determined at the time the commitment is entered into or at the time the building is placed in service. Unallocated or returned credits will be distributed among eligible projects as ranked on Exhibit B, and any remaining credits after that may be returned to the MHFA.