



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

Date: July 24, 2007

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Paul Ostrow, Chair, Ways & Means/Budget

**Subject:** FY 2007 HOME Budget and HOME Program Income

**Recommendation:** Approve the Fiscal Year 2007 HOME Budget and amend the 2007 General Appropriation Resolution by increasing the Community Planning and Economic Development agency Fund FGO0 – Federal Grants Special Revenue Funds Other (FGO0-890-8952) appropriation by \$1,026,129.

**Previous Directives:** On April 13, 2007, the City Council approved the 2007 Consolidated Plan and authorized staff to submit the plan to HUD. The plan includes the Fiscal Year 2007 HOME funding for Minneapolis.

Prepared by: Donna Wiemann, Principal Project Coordinator  
Approved by: Elizabeth Ryan, Director, Housing Policy & Development \_\_\_\_\_  
Presenters in Committee: Donna Wiemann/Edie Oliveto-Oates

**Reviews**

Permanent Review Committee (PRC): Approval NA Date \_\_\_\_\_  
Policy Review Group (PRG): Approval NA Date \_\_\_\_\_

**Financial Impact**

- No financial impact
- Action requires an appropriation increase to the Capital Budget in the amount of \$1,026,129.
- 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: Increases grant revenue.
- Request provided to the Finance Department when provided to the Committee Coordinator

## Community Impact

Neighborhood Notification: The Consolidated Plan with the 2007 HOME budget was made public on March 14 to April 12, 2007. It was mailed to the Consolidated Plan mailing list and was on the City's website.

City Goals: A SAFE PLACE TO CALL HOME – 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: Development and preservation of affordable housing.

Comprehensive Plan: 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households. 4.91 – Minneapolis will grow by increasing its supply of housing.

Zoning Code: All projects approved for funding with HOME Program funds will comply with the zoning code.

## Supporting Information

On April 13, 2007, the Council approved the staff recommendations to submit the Fiscal Year (FY) 2007 Consolidated Plan to HUD. The plan includes the FY 2007 HOME funds; the Fiscal Year runs from June 1, 2007 to May 31, 2008. HUD approved the Consolidated Plan on June 13, 2007. The total HOME funds allocated to the City for FY 2007 is \$3,531,207.

The HOME funds will be used for programs and activities that will assist in the production and maintenance of decent affordable rental and ownership housing. Ten percent (10%) of the FY 2007 HOME funds will be used for administrative purposes.

The proposed allocation of FY 2007 HOME funds is as follows:

Affordable Housing Trust Fund (AHTF)	\$2,628,087
HOME Ownership Works (HOW)	\$ 550,000
CPED Admin	\$ 338,120
Grants & Special Projects Admin	\$ 15,000
TOTAL	\$3,531,207

Additionally, there is a total of \$1,026,129 HOME Program Income that has accrued in the program. Based on HOME Program regulations, all HOME program income must be used in accordance with HOME program income rules e.g. affordable housing production and preservation. This program income has accumulated due to the following reasons:

1) AHTF – Interest payments from several AHTF MF projects with amortized debt or with surplus cash flow.

2) HOW – Sale proceeds from property upon project completion and sale to an owner occupant.

Staff is recommending that the \$1,026,129 HOME program income currently available be allocated to the specific program (AHTF or HOW) that generated the income, Using this method for the program income currently available, the program income would be allocated as follows:

Affordable Housing Trust Fund:	\$275,556
Home Ownership Works:	\$750,573
TOTAL	\$1,026,129

Funds allocated to the AHTF are used to provide gap financing for the production and stabilization of affordable rental housing. On average, approximately 225 units are either produced or stabilized annually through this program. The Council approves the funding of each project.

Funds allocated to the HOW Program will be used for either the renovation or new construction and sale of approximately 10 to 20 single family dwellings. It is designed to address the goal of providing home ownership opportunities to low and moderate income homebuyers who would otherwise have difficulty in attaining home ownership. It is also designed to address the problem of abandoned and foreclosed housing. The program is used for the rehab of existing homes and used to demolish properties to make way for new construction.