



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

**Date:** September 28, 2004

**To:** Council Member Lisa Goodman, Community Development Cmte

**Prepared by:** Donna Wiemann, Sr. Housing Project Coordinator, 612-673-5257

**Presenter in Committee:** Donna Wiemann

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_

**Subject:** 1230 Morgan Avenue North – Morgan Apartments  
Debt Restructuring Request

**RECOMMENDATION:** Request approval to extend the term and change the interest rate for the \$171,853 existing CDBG loan to Northside Residents Redevelopment Council (NRRC) for Morgan Apartments at 1230 Morgan Avenue North

**Previous Directives:** The City approved \$169,353 of CDBG loan in May 1988 and \$2,500 in May 1991. In addition, the City approved a CDBG grant of \$16,350 in 1994.

**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:** Fifth Ward

**Neighborhood Notification:** This is an existing project and the neighborhood supports its continued good operations and management.

**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:** 4.91 – Minneapolis will grow by increasing its supply of housing. 4.15 – Minneapolis will identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demands.

**Zoning Code:** Complies.

**Living Wage/Job Linkage:** NA

### **Background/Supporting Information**

1230 Morgan is a four unit property with all two bedroom units. It is owned and managed by Northside Residents Redevelopment Council (NRRC); they have been working hard to keep the project affordable and in good condition. Units are affordable to and occupied by households with less than 50% of median income.

Through the years, the MCDA provided gap funds through the Multi-Family Rental Program for the development of affordable rental projects and one of the properties receiving funds through this program was 1230 Morgan Avenue North. Specifically, the MCDA provided a \$171,853 CDBG loan. There is no other financing on this property.

The MCDA loan and interest, accruing at 5% simple interest, was due on September 23, 2003. The 5% interest rate is reflective of what existed in the market place when the loan was made.

NRRC has requested that this loan be extended for 30 years and that the interest rate be changed from 5% to 1% for the extended term period. The proposed extension of the loan term will mean the continuation of this affordable housing resource and the proposed interest rate reduction for the new term period will make the project financially stronger by reducing the amount of future accruing interest.