



## **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

**Subject: Adoption of Resolution approving Hennepin County Housing and Redevelopment Authority (HRA) Affordable Housing Incentive Fund (AHIF) financial assistance to eleven projects located in Minneapolis and approving Hennepin County HRA ownership of ten units at 2414 Park Avenue South**

**Recommendation:** It is recommended that the City Council adopt the attached resolution approving Hennepin County Housing and Redevelopment Authority (HRA) Affordable Housing Incentive Fund (AHIF) financial assistance to the eleven projects listed in this report and approving Hennepin County HRA ownership of real property to be located at 2414 Park Avenue South containing ten rental housing units serving families experiencing homelessness.

### **Previous Directives:**

- 1822 Park - On December 22, 2006, the Council approved a loan up to \$495,000 from the Affordable Housing Trust Fund (AHTF). On March 1, 2005, the Council approved up to \$300,000 AHTF loan funds. On December 19, 2003, the Council approved up to \$475,000 AHTF loan funds and a \$24,500 grant from the Nonprofit Development Assistance Fund.
- Abbott View – On December 22, 2006, the Council approved up to \$530,000 AHTF loan funds and a \$30,000 grant from the Nonprofit Development Assistance Fund.
- Alliance Housing Scattered Site – No previous directives.
- Bridge Center for Youth - On October 6, 2006, the Council approved up to \$439,253 of 2006 Emergency Shelter Grant (ESG) funds. On August 18, 2006, the Council accepted \$51,000 Met Council TBRA grant and \$136,600 Hennepin County ERF grant both for the abatement of asbestos and lead-based paint. On November 18, 2005, the Council approved up to \$376,823 of 2005 ESG funds. On November 4, 2005, the Council approved up to \$523,177 AHTF loan funds and a \$29,000 grant from the Nonprofit Development Assistance Fund. On April 15, 2005, the Council approved up to \$500,000 NRP Affordable Housing Reserve Fund loan.
- CLCLT Homebuyer Initiated Program: On October 20, 2006, the Council approved up to \$471,250 for construction gap from the Affordable Ownership Housing Program.

- LSS Park Avenue Apartments: On September 22, 2006, the Council allocated \$616,805 of 2007 Low Income Housing Tax Credits. On December 23, 2005 the Council approved up to \$500,000 AHTF loan funds.
- Minnehaha Avenue Apartments: On June 29, 2007, the Council adopted a resolution giving preliminary approval of up to \$3,915,000 in tax exempt multifamily rental housing bonds. On December 22, 2006, the Council approved up to \$1,104,000 AHTF loan funds.
- MN Lead-Safe Housing Partnership – No previous directives.
- Spirit on Lake Cooperative – On November 3, 2006, the Council authorized staff to continue analysis of the Spirit on Lake Redevelopment Project, negotiate terms and conditions of a redevelopment contract, and prepare a redevelopment plan and TIF plan. On December 23, 2005, the Council approved up to \$350,730 from the Affordable Ownership Housing Program.
- The Nokoma – On October 20, 2006, the Council approved up to \$360,000 from the Affordable Ownership Housing Program. On December 23, 2005, the Council approved up to \$350,730 from the Affordable Ownership Housing Program.
- Van Cleve Apartments West, Phase II – On May 11, 2007, the Council approved: the adoption of the Van Cleve Redevelopment Plan and TIF Plan; the issuance of a Pay-Go TIF Note for Van Cleve Apartments West in a principal amount not to exceed \$595,000 and a Pay-Go TIF Note for Van Cleve Apartments East in a principal amount not to exceed \$415,000; and the proposed redevelopment contract business terms with PPL. On February 9, 2007, the Council approved the acceptance of a Livable Communities Development Account (LCDA) grant of \$1,334,523 from the Metropolitan Council to fund site development. On December 22, 2006, the Council approved up to \$670,000 AHTF loan funds for Van Cleve Apartments West and a \$30,000 grant from the Nonprofit Development Assistance funds. On November 3, 2006, the Council approved a Project Analysis Authorization regarding TIF assistance for the Van Cleve project. On September 22, 2006, the Council approved \$68,680 in Low Income Housing Tax Credits for Van Cleve Apartments West. On August 18, 2006 the Council accepted a Metropolitan Council TBRA grant of \$121,000 and a Hennepin County ERF grant of \$243,000 for contamination investigation and cleanup for the overall Van Cleve project.

Prepared by: Donna Wiemann, Principal Project Coordinator  
 Approved by: Elizabeth Ryan, Director of Housing Policy & Development \_\_\_\_\_  
 Presenters in Committee: Donna Wiemann

**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 \_\_\_\_\_ or Operating Budget \_\_\_\_\_
- 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
- \_\_\_\_\_ Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification: Not Applicable.

City Goals: A SAFE PLACE TO CALL HOME – Housing, Health and Safety: 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 fee 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: Projects will comply.

**Supporting Information**

In May, 2007, Hennepin County Housing and Redevelopment Authority approved up to \$3,411,620 Affordable Housing Incentive Fund (AHIF) financing for the following eleven projects located in Minneapolis:

<u>PROJECT</u>	<u>APPROVED AHIF AMOUNT</u>
1822 Park	\$250,000
Abbott View	\$520,000
Alliance Housing Scattered Sites Rehab	\$176,620
Bridge Center for Youth	\$300,000
CLCLT Homebuyer Initiated Program	\$450,000
LSS Park Avenue Apts.	\$500,000
Minnehaha Avenue Apts.	\$400,000
MN Lead-Safe Hsing Partnership	\$100,000
Spirit on Lake Cooperative	\$225,000
The Nokoma	\$370,000

Van Cleve Apts. West Phase II	\$120,000
TOTAL	\$3,411,620

1822 Park will provide 18 units of affordable rental housing at 30% and 50% and below MMI; Abbott View located at 1801 First Avenue South will provide 21 units of affordable rental housing at 30% and below MMI; Alliance Housing Scattered Sites rehab located at 12 scattered site locations will provide 39 units of affordable rental housing at 30% and 50% and below MMI; Bridge Center for Youth located at 2200 Emerson will provide 18 beds of affordable housing at 30% and below MMI; CLCLT Homebuyer Initiative Program will provide 15 units of affordable ownership housing at 50% and below MMI; LSS Park Avenue located 2414 Park Avenue South will provide 38 units of affordable rental housing at 30% and 50% and below MMI; Minnehaha Avenue Apartments located at 5359 Minnehaha will provide 37 units of affordable rental housing at 50% and 60% and below MMI; MN Lead Safe Housing Partnership will provide lead hazard reduction to 25 units at 50% and below MMI; Spirit on Lake Cooperative located at 1238 E. Lake Street will provide 9 units of affordable ownership housing at 50% and below MMI; The Nokoma located at 1920 Third Avenue South will provide 19 units of affordable ownership housing at 50% and below MMI; and Van Cleve West Phase II located at 917 – 13<sup>th</sup> Avenue South will provide 50 units of affordable rental housing at and below 30% and 50% MMI.

Hennepin County Housing and Redevelopment Authority will purchase and own real property at 2414 Park Avenue South for the development of ten permanent supportive rental housing units. The development of the ten units for long term homeless households will be financed with State GO bonds. This is pursuant to the Minnesota Housing Finance Agency's Publicly Owned Housing Program under the Minnesota Housing and Redevelopment Authorities Act; units financed through this program must be publicly owned.

Resolution of the City of Minneapolis

**Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to 1822 Park (\$250,000) , Abbott View (\$520,000), Alliance Housing Scattered Sites Rehabilitation (\$176,620), Bridge Center for Youth (\$300,000), CLCLT Homebuyer Initiated Program (\$450,000), LSS Park Avenue Apartments (\$500,000), Minnehaha Avenue Apartments (\$400,000), MN Lead-Safe Housing Partnership (\$100,000), Spirit on Lake Cooperative (\$225,000), The Nokoma (\$370,000), and Van Cleve Apartments West, Phase II (\$120,000) and own real property containing ten units of rental housing serving families experiencing homelessness pursuant to the Minnesota Housing Finance Agency's Publicly Owned Housing Program, under the Minnesota Housing and Redevelopment Authorities Act.**

Whereas, representatives of the Hennepin County Housing and Redevelopment Authority (the "County HRA") have advised the City of Minneapolis, Department of Community Planning and Economic Development ("CPED") that the County HRA proposes to provide financial assistance from Hennepin County's Affordable Housing Incentive Fund in an amount up to \$3,411,620, for the eleven (11) projects identified in this resolution in Minneapolis, Minnesota (the "Projects"); and

Whereas, the County HRA will purchase and own real property at 2414 Park Avenue, Minneapolis, Minnesota (the "Property") for the development of ten permanent supportive rental housing units; and

Whereas, pursuant to Minnesota Statutes, Section 383B.77, subd. 2, the County HRA cannot exercise its powers within the boundaries of the City unless the City requests the County HRA to exercise specific powers within the City; and

Whereas, pursuant to Minnesota Statutes, Section 469.005 the City Council must declare there is a need for the County HRA to exercise its powers within the City, specifically through the provision of financial assistance for the Projects and ownership of the Property in the City;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis: That, as required by Minnesota Statutes, Section 383B.77, subd. 2, and pursuant to Minnesota Statutes, section 469.005, the City Council hereby declares there is a need for and approves the County HRA exercising its powers in the City for the limited purpose of providing financial support to the Projects in the City, which Projects have requested, or may hereafter request, financial assistance in the combined amount up to \$3,411,620 from the County HRA and the ownership of the Property which will utilize funding by the State of Minnesota for acquisition and construction of ten rental units solely for the purpose of creating ten permanent supportive rental units as conditioned by the Minnesota Housing Finance Agency.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation of the City to assist the Projects and Property, nor shall the City be in any way responsible for any financing obligation or agreement of the County HRA with respect to its provision of financial assistance to the Projects and Property.

Be It Further Resolved that the request made hereunder extends only to the powers of the County HRA with respect to the financial assistance the County HRA proposes to

provide to the Projects and Property, and the City shall retain all other powers and jurisdiction over matters relating to the City, the Projects and the Property.

Be It Further Resolved that nothing in this resolution is intended to endorse the merits of the Projects and Property to be undertaken.