

C Community Development Committee

Item: 2010-392

For the Metropolitan Council meeting of Dec. 8, 2010

ADVISORY INFORMATION

Date
 Prepared: November 30, 2010
 Subject: LCA Local Housing Incentives Account Funding Recommendations

Proposed Action:

That the Metropolitan Council award Local Housing Incentives Account (LHIA) grants totaling \$1,500,000 as follows:

Project	City	Number of New Units	Number of Units to be Rehabilitated	LHIA Funding Recommendation
Rental Housing Proposals				
Yorkdale Townhomes	Edina		90	\$250,000
Twin Ponds II	Farmington	25		\$250,000
Forest Oak Apartments	Forest Lake	36		\$100,000
West View Estates	Plymouth	67		\$300,000
Sienna Green Phase II	Roseville	50		\$300,000
Village Commons	Savage	66		\$300,000
	TOTAL:	244	90	\$1,500,000

Summary of Committee Discussion / Questions:

The Community Development Committee had no questions. They unanimously approved the recommendation.

Meeting date: November 15, 2010

Metropolitan Council Meeting Date: December 8, 2010

ADVISORY INFORMATION

Date: November 10, 2010
 LCA Local Housing Incentives Account Funding
 Subject: Recommendations
 District(s), Member(s): All
 Policy/Legal Reference: Livable Communities Act, Minnesota Statutes 473.254
 Staff Prepared/Presented: Linda Milashius, Senior Planner, 651-602-1541
 Paul Burns, Manager, Livable Communities, 602-1384
 Division/Department: Community Development, Housing and Livable Communities

Proposed Action/Motion

That the Metropolitan Council award Local Housing Incentives Account (LHIA) grants totaling \$1,500,000 as follows:

Project	City	Number of New Units	Number of Units to be Rehabilitated	LHIA Funding Recommendation
Rental Housing Proposals				
Yorkdale Townhomes	Edina		90	\$250,000
Twin Ponds II	Farmington	25		\$250,000
Forest Oak Apartments	Forest Lake	36		\$100,000
West View Estates	Plymouth	67		\$300,000
Sienna Green Phase II	Roseville	50		\$300,000
Village Commons	Savage	66		\$300,000
	TOTAL:	244	90	\$1,500,000

Background

The Metropolitan Council, as a member of the Metropolitan Housing Implementation Group (MHIG), participated in the issuance of a Request for Proposals (RFP) for home ownership and multifamily rental housing programs in May 2010.

Applicants applied for funds for the purposes of financing acquisition, demolition, new construction, or rehabilitation of affordable housing. All proposals received through the RFP process were reviewed by Minnesota Housing staff for completeness and evaluated pursuant to the MHIG criteria as delineated in the 2010 Fund Distribution Plan adopted by the Metropolitan Council in April 2010.

Proposals meeting the MHIG baseline criteria were then evaluated against the LHIA specific criteria. All applications deemed eligible to be considered for funding were then reviewed by a selection committee consisting of representatives of the MHIG, including staff from Minnesota Housing, the Metropolitan Council and the Family Housing Fund. The selection committee rated the proposals on the proposer's organizational capacity to deliver the project and the feasibility of the proposal. Funds were then allocated to each proposal based on its composite rank, and the best use of each of the MHIG funding sources.

Pursuant to the Additional MHIG Funding Criteria – LHIA, as amended in May 2002, the housing performance scores of the municipalities hosting or collaborating in proposals that are eligible and identified for LHIA funding consideration are to be used in reverse rank order to prioritize LHIA funding recommendations.

Rationale

The multifamily rental housing proposals recommended for LHIA funding assistance are for housing development, preservation and affordability opportunities consistent with both local and regional policies and goals. They involve new construction and the rehabilitation of rental units that help revitalization and reinvestment efforts in aging and/or declining areas, or are affordable housing opportunities near areas of significant employment and growth. These housing efforts involve activities and public investment that advance *2030 Regional Development Framework* objectives.

As Table 1 shows, the LHIA recommended awards will align Livable Communities Act (LCA) funding with other significant public and private investments being made in all six recommended proposals. LCA dollars will leverage over \$35 million in private investments and nearly \$19 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages nearly \$24 in private investment and an additional \$12 in other public investment to provide safe, affordable housing to low income residents in the metro area.

Table 1 Anticipated Leveraged Investment of LCA Funds				
Proposal	Total Units	Recommended LCA Award	Estimated Total Private Investment	Estimated Total Other Public Investment*
Yorkdale Townhomes	90	\$250,000	\$3,600,000	\$4,000,000
Twin Ponds II	25	\$250,000	\$2,500,000	\$1,900,000
Forest Oak Apartments	36	\$100,000	\$5,800,000	\$1,300,000
West View Estates	67	\$300,000	\$6,800,000	\$5,400,000
Sienna Green Phase II	50	\$300,000	\$7,800,000	\$2,900,000
Village Commons	66	\$300,000	\$8,800,000	\$3,300,000
Total	334	\$1,500,000	\$35,300,000	\$18,800,000

*Other public investments do not include the recommended LCA funds.

Combined multifamily rental housing proposals recommended for funding by MHIG will be awarded over \$38 million to assist the construction of 340 new affordable units, and the rehabilitation or preservation of 2,092 affordable housing units. Of the 22 multifamily rental proposals proposed to be funded through the MHIG (Table 2), six proposals are being recommended for LHIA funding.

Table 2 Multifamily Rental Housing Proposals Recommended for Funding by the MHIG				
Project	City	Number of New Affordable Units	Number of Units to be Rehabilitated	Total MHIG Award
Yorkdale Townhomes	Edina		90	\$1,250,000
Twin Ponds II	Farmington	25		\$900,000
Forest Oak Apartments	Forest lake	36		\$933,871
West View Estates	Plymouth	67		\$5,093,436
Sienna Green Phase II	Roseville	50		\$2,098,506
Village Commons	Savage	66		\$3,251,454
Diamond Hill Townhomes	Minneapolis		66	\$750,000
J. Jerome Boxleitner Place	Minneapolis		85	\$370,284
Opportunity Housing	Minneapolis		130	\$252,000
Riverside Plaza	Minneapolis		1,303	\$7,500,000
Emanuel Housing	Minneapolis	56	45	\$1,400,000
Urban Homeworks Reclaim	Minneapolis		16	\$560,500
Northern Warehouse	St. Paul		52	\$200,000
PPL West 7 th Housing	St. Paul	44		\$1,540,000
St. Phillips Gardens	St. Paul		55	\$1,467,940
West Side Flats	St. Paul	36		\$2,000,000
Transition Units	Chaska		4	\$81,500
Shakopee Avenue	Shakopee		2	\$91,000
Charter Oaks	Stillwater		60	\$3,500,133
CIP/Bass Lake Road	Crystal		4	\$108,063
Lakeville Court	Lakeville		52	\$4,435,591
Louisiana Court Apts.	St. Louis Park		128	\$900,000
TOTAL:		340	2,092	\$38,685,478

(Shaded proposals are being recommended to receive LCA Local Housing Incentives Account funds as a portion of the total MHIG award.)

Table 3 below summarizes all multifamily rental and ownership proposals received and those recommended for funding.

Table 3 Summary of Metropolitan Area Applications Received and Recommended Funding Awards							
Total Applications Submitted		Total Projects Recommended for Funding		Total MHIG Recommended Funding Award		Number New Units Assisted	Number Units to be Rehabilitated
Rental Housing							
18	Suburban	12	Suburban	\$1,500,000	Metropolitan Council	340	2,092
31	Central Cities	10	Central Cities	\$700,000	Family Housing Fund		
49	Total	22	Total	<u>\$36,485,478</u>	MN Housing		
				\$38,685,478	Total		
Ownership Housing							
6	Suburban	3	Suburban	<u>\$2,755,150</u>	MN Housing	8	105
11	Central Cities	6	Central Cities				
17	Total	9	Total				
				\$2,755,150	Total		
				\$1,500,000	Metropolitan Council		
				\$700,000	Family Housing Fund		
				<u>\$39,240,628</u>	MN Housing		
				\$41,440,628	Total	348	2,197

No homeownership projects are being recommended for LHIA funding this year. This decision was based on three primary factors – the projects:

- 1) did not have the required match for the LHIA request;
- 2) served households above the Council's 80% of area median income threshold; or
- 3) extremely high per unit gaps.

Not being recommended for any MHIG funding this round were ownership proposals requesting nearly \$2 million in funding from Anoka County, Minneapolis, South St. Paul, St. Paul and Washington County, and multifamily rental proposals requesting nearly \$25 million from Arden Hills, Inver Grove Heights, Maple Grove, Minneapolis, Richfield, St. Paul, Shakopee, and Woodbury. These proposals were not recommended for funding because of their lower ranking, insufficient amount of funds available to meet all requests, and/or the selection committee's assessment that the proposals were premature for funding at this time.

Funding

In its 2010 Livable Communities Fund Distribution Plan, the Council approved \$1.5 million for 2010 LHIA awards.

Known Support/Opposition

The six proposals being recommended for LHIA funding are all supported by the communities in which the projects are located, receiving both resident support as well as official community support through policies that encourage the construction, preservation and maintenance of affordable housing, and financial support through the local funds invested in the projects that serve as match for the LHIA dollars. There is no known opposition to any of these projects being funded through the LHIA.

Project Summary

Applicant: City of Edina
Project Name: Yorkdale Townhomes
Project Location: York Avenue and 76th
Council District: District 5 – Polly Bowles

Project Description:

The project involves the rehabilitation and preservation of a 90-unit development originally built in 1980. The development has a project-based Section 8 Housing Assistance Payment (HAP) contract for all of its units, and is in need of debt restructuring and a comprehensive rehabilitation of the entire development. Examples of the exterior and interior rehabilitation work include retaining walls and drainage for the site, new windows, kitchen cabinets, counters, and floors.

The project consists of 10 one-bedroom units, 56 two-bedroom units, 20 three-bedroom units, and 4 four-bedroom units. All units will be affordable to households at 50% or less of area median income (\$42,000 for a family of four). Rents (including utilities) range from \$744 to \$1,089.

Local resources used to match the LHIA funds include \$200,000 in CDBG funds that the city has dedicated to this project, as well as \$500,000 in Hennepin County funds. LHIA funds will be used for eligible costs associated with rehabilitation of the units.

Funding:

Amount recommended: \$250,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents	
90	\$7,852,500		\$744	1 BR
			\$892	2 BR
			\$1,206	3 BR
			\$1,089	4 BR
	\$3,402,500	Restructured mortgage		
	2,000,000	MHFA 2011 Resources		
	500,000	Hennepin County		
	200,000	East Edina Housing		
	200,000	CDBG		
	<u>300,000</u>	FHLB		
	\$6,602,500	Total funding sources		
	\$1,250,000	Funding gap request		
	\$250,000	LHIA		
	\$1,000,000	MN Housing		

Project Summary

Applicant: City of Farmington/Dakota County CDA
Project Name: Twin Ponds II
Project Location: 22200 – 22247 Twin Pond Circle
Council District: Council District 16 – Wendy Wulff

Project Description:

The project involves the new construction of a 25-unit townhome development consisting of 5 two-story buildings with attached garages. This is the second phase of the Twin Ponds development. The first phase was completed in 2009.

The project consists of 18 two-bedroom units, and 7 three-bedroom units. All units will be affordable to households at 50% or less of area median income (\$42,000 for a family of four). Rents (including utilities) range from \$738 to \$812.

Local resources used to match the LHIA funds include \$380,000 in CDA HOME funds dedicated to this project. LHIA funds will be used for eligible construction costs of the units. Previous LCA grant awards for this development include an LHIA award of \$210,000 in 2007 for Phase I.

Funding:

Amount recommended: \$250,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents
25	\$4,668,828		\$738 2 BR \$812 3 BR
	\$2,141,877	Syndication proceeds	
	239,729	CP Capital Contribution	
	457,186	TIF	
	300,000	CDA 1 st Mortgage	
	250,000	CDA HOPE	
	<u>380,036</u>	CDA HOME	
	\$3,768,828	Total funding sources	
	\$900,000	Funding gap request	
	\$250,000	LHIA	
	\$100,000	FHF	
	\$550,000	MN Housing	

Previous LCA Grants Received For This Project:

Project names	Award amount	Source	Year	Outcome
Twin Ponds Phase 1	\$210,00	LHIA	2007	Completed

Project Summary

Applicant: City of Forest Lake
Project Name: Forest Oak Apartments
Project Location: 19830 Forest Road North
Council District: District 11 – Georgeanne Hilker

Project Description:

The project involves the new construction of a 36-unit, three-story elevator building with underground parking. The design is a “V” shaped single building, which will provide privacy and security while maximizing the existing view for the residents and the children’s play area.

The project consists of 18 two-bedroom units, and 18 three-bedroom units. All units will be affordable to households at 50% or less of area median income (\$42,000 for a family of four). Rents (including utilities) range from \$800 to \$925.

Local resources used to match the LHIA funds include the city’s \$216,000 ALHOA contribution to the Washington County HRA. LHIA funds will be used for eligible construction costs of the units. Previous LCA grant awards for this development include a \$500,000 LCDA grant in 2008 to acquire the land for this apartment complex.

Funding:

Amount recommended: \$100,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents
36	\$7,265,337		\$800 1 BR \$925 2 BR
	\$5,221,539	Syndication Proceeds	
	285,489	Deferred Dev. Fee	
	500,000	LCDA grant (2008)	
	282,438	General Partner Loan	
	<u>42,000</u>	Fenway LOC	
	\$6,331,466	Total funding sources	
	\$933,871	Funding gap request	
	\$100,000	LHIA	
	\$833,871	MN Housing	

Previous LCA Grants Received For This Project:

Project names	Award amount	Source	Year	Outcome
Forest Oak Apartments - Headwaters	\$500,000	LCDA	2008	Underway
TrailSide Senior Living /Headwaters	\$700,000	LCDA	2007	On-track

Project Summary

Applicant: City of Plymouth
Project Name: West View Estates
Project Location: 15920 County Road 47
Council District: District 1 – Roger Scherer

Project Description:

The project involves the new construction of a 67-unit, four-story elevator building with underground parking. The approximately 3.56 acre site is located northwest of County Road 47 and Vicksburg in the city of Plymouth. The site, currently a largely vacant lot with a single family home to be demolished, is surrounded by single-family homes. The project will help meet the demands in the city for work force family housing.

The project will have 3 one-bedroom, 38 two-bedroom, and 26 three-bedroom units. All of the units will be affordable to households at 50 percent of the area median income (\$42,000 for a family of four). Rents (including utilities) will range from \$786 to \$1,090.

Local resources used to match the LHIA funds will be \$600,000 in city funds that have been dedicated to this project. LHIA funds will be used for eligible construction costs of the units.

Funding:

Amount recommended: \$300,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents
67	\$12,479,203		\$787 1 BR \$943 2 BR \$1,090 3 BR
	\$6,781,767	Syndicated Proceeds	
	600,000	City of Plymouth	
	4,000	City fees	
	\$7,385,767	Total funding sources	
	\$5,093,4356	Funding gap request	
	\$300,000	LHIA	
	\$4,793,435	MN Housing	

Project Summary

Applicant: City of Roseville
Project Name: Sienna Green Phase II
Project Location: 2275 Snelling Avenue North
Council District: District 10 – Kris. Sanda

Project Description:

The project involves the new construction of a 50-unit, four-story apartment building of a phased development. This development will transform an under-utilized surface parking lot into a vibrant apartment community, located on a 1.1 acre parcel of land adjoining the existing Sienna Green Phase I development.

The project will have 4 one-bedroom, 30 two-bedroom, and 16 three-bedroom units. All units will be affordable to households at 50% or less of area median income (\$42,000 for a family of four). Four of those units will be set aside and marketed to households experiencing long-term homelessness. Rents (including utilities) will range from \$698 to \$1,062.

Local resources used to match the LHIA funds will be \$938,610 in TIF that the city has dedicated to this project. LHIA funds will be used for eligible construction costs of the units. Previous LCA grant awards for this development include two LCDA grants, \$305,000 in 2007 (Phase I), and \$202,100 in 2009, and one TBRA grant, \$121,500 in 2007 (Phase I).

Funding:

Amount recommended: \$300,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents
50	\$11,594,192		\$698 1 BR \$917 2 BR \$1,062 3 BR
	\$7,700,000	Syndication proceeds	
	938,610	TIF	
	202,100	LCDA grant (2009)	
	440,224	Deferred Dev. Fee	
	<u>214,752</u>	AEON	
	\$9,495,686	Total funding sources	
	\$2,098,506	Funding gap requests	
	\$300,000	LHIA	
	\$1,798,506	MN Housing	

Previous LCA Grants Received For This Project:

Project names	Award amount	Source	Year	Outcome
Sienna Green Phase II	\$202,100	LCDA	2009	In-Process
Sienna Green Phase I	\$121,500	TBRA	2007	Completed
Sienna Green Phase I	\$305,000	LCDA	2007	In-Process

Project Summary

Applicant: City of Savage
Project Name: Village Commons
Project Location: Connelly Parkway & West Virginia Court
Council District: District 4 – Craig Peterson

Project Description:

The project involves the new construction of a 66-unit, three-story apartment building with underground parking in the city of Savage. This project will contain 100% housing tax credit units serving the local workforce.

The project will have 11 one-bedroom, 34 two-bedroom, and 21 three-bedroom units. All units will be affordable to households at 50% or less of area median income (\$42,000 for a family of four). Four of those units will be set aside and marketed to households experiencing long-term homelessness. Rents (including utilities) will range from \$471 to \$1,090.

Local resources used to match the LHIA funds will be a \$350,000 CDA deferred loan from the Scott County CDA that has been dedicated to this project. LHIA funds will be used for eligible construction costs of the units.

Funding:

Amount recommended: \$300,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents	
66	\$12,447,017		\$471-\$786	1 BR
			\$943	2 BR
			\$1,090	3 BR
	\$8,604,000	Syndication Proceeds		
	350,000	CDA Deferred Loan		
	<u>241,563</u>	Deferred Dev. Fee		
	\$9,195,563	Total Funding Sources		
	\$3,251,454	Funding gap requests		
	\$300,000	LHIA		
	\$2,951,454	MN Housing		