

C Community Development Committee

For the Metropolitan Council meeting of Dec. 14, 2011

Item: 2011-348

ADVISORY INFORMATION

Date December 6, 2011
 Prepared:
 Subject: LCA Local Housing Incentives Account Funding Recommendations

Proposed Action:

That the Metropolitan Council award Local Housing Incentives Account (LHIA) grants totaling \$2,300,000 as follows:

Project	City/Applicant	Number of New Units	Number of Units to be Rehabilitated	LHIA Funding Recommendation
Rental Housing Proposals				
Maple Village Phase II	Maple Grove	48		\$300,000
Currie Park Lofts	Minneapolis	208		\$400,000
Spirit on Lake	Minneapolis	46		\$250,000
St. Albans Park	St. Paul		74	\$400,000
Legacy Townhomes	Wayzata	6		\$300,000
Sub-total:		308	74	\$1,650,000
Ownership Housing Proposals				
City of Lakes Community Land Trust	Minneapolis		7	\$175,000
Dayton's Bluff	St. Paul		8	\$175,000
Homes Within Reach	Suburban Hennepin Co.		5	\$150,000
Two Rivers Community Land Trust	Washington County		5	\$150,000
Sub-total:			25	\$650,000
TOTAL		308	99	\$2,300,000

Summary of Committee Discussion/Questions:

Committee Member Rummel asked for clarification regarding how land trusts operate. Staff responded that the land trust models the Council has worked with create affordable homeownership opportunities by removing the cost of the land from the purchase price, separating ownership of the land from the home and its improvements. The land trust acquires the property, retains ownership of the land, and sells the home on the land to qualified families. If the homeowners decide to sell at some point, they receive a portion of the equity that has accumulated to invest in another home. The land trust is then able to offer that home once again as an affordable homeownership opportunity to another family. Committee Member Smith added that through her experience working with the West Hennepin Affordable Housing Land Trust she has learned that they offer homeowners 30% of the equity accrued in the home plus the total of any home repairs/improvements the owner has made to the property. After some additional positive general discussion about the program, the motion passed unanimously.

C Community Development Committee

Meeting date: December 5, 2011

ADVISORY INFORMATION

Date: November 30, 2011
Subject: 2011 Local Housing Incentives Account Funding Recommendations
District(s), Member(s): All
Policy/Legal Reference: MN Statutes §473.253
Staff Prepared/Presented: Linda Milashius, Senior Planner 651.602.1541
 Paul Burns, Manager, Livable Communities 651.602.1106
Division/Department: Community Development / Livable Communities

Proposed Action/Motion

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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 through MN Housing in May 2011.

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 2011 Fund Distribution Plan adopted by the Metropolitan Council in April 2011.

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 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 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 nine recommended proposals. LCA dollars will leverage over \$38 million in private investments and nearly \$49 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages nearly \$17 in private investment and an additional \$21 in other public investment to provide safe, affordable housing to low income residents in the metro area.

Proposal	Total Units	Recommended LCA Award	Estimated Total Private Investment	Estimated Total Other Public Investment*
Maple Village	48	\$300,000	6,340,460	2,609,100
Currie Park Lofts	208	\$400,000	14,385,400	29,225,100
Spirit on Lake	46	\$250,000	3,025,000	5,217,450
St. Albans Park	74	\$400,000	10,273,500	4,317,000
Legacy Townhomes	6	\$300,000	226,900	928,200
CLCLT	7	\$175,000	714,000	995,000
Dayton's Bluff	8	\$175,000	2,117,250	3,920,000
Two Rivers	5	\$150,000	639,400	396,600
Homes Within Reach	5	\$150,000	708,700	1,183,600
Total	407	\$2,300,000	\$38,430,610	\$48,792,050

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

Combined multifamily rental housing proposals recommended for funding by MHIG will be awarded over \$22 million to assist the construction of 429 new affordable units, and the rehabilitation or preservation of 458 affordable housing units. Of the 14 multifamily rental proposals proposed to be funded through the MHIG (Table 2), five 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
Maple Village*	Maple Grove	48		\$2,843,619
Currie Park Lofts*	Minneapolis	208		\$900,000
Spirit on Lake	Minneapolis	46		\$2,488,583
St. Albans Park	St. Paul		74	\$3,286,408
Legacy Townhomes	Wayzata	6		\$518,188
Unity Place	Brooklyn Center		112	\$3,000,000
North Haven II	Minneapolis		5	\$238,396
PPL Foreclosure Redirection	Minneapolis		24	\$850,000
Stratford Flats	Minneapolis		62	\$1,436,260
Alliance NSP2 Rehab	Minneapolis		6	\$195,000
2600 17 th Ave. S.	Minneapolis		20	\$598,490
Sunset Hill Apartments	Minnnetonka	51		\$2,718,592
Pillsbury Commons	Richfield	70		\$3,170,493
Mary Hall	St. Paul		155	\$122,504
TOTAL:		429	458	\$22,366,533

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

- * Maple Village is also being recommended to receive Section 8 Project Based Vouchers. Currie Park Lofts is being recommended for an LCDA grant award.

Combined homeownership housing proposals recommended for funding by MHIG will be awarded over \$4 million to assist the preservation of 167 existing affordable units, and the rehabilitation and resale of 118 affordable housing units. Of the 14 homeownership proposals proposed to be funded through the MHIG (Table 3), four proposals are being recommended for LHIA funding.

Table 3 Multifamily Rental Housing Proposals Recommended for Funding by the MHIG				
Project	City	Number of Existing Units to be Preserved	Number of Units to be Rehabilitated and Resold	Total MHIG Award
City of Lakes Community Land Trust	Minneapolis		7	\$300,000
Dayton's Bluff	St. Paul		8	\$250,000
Homes Within Reach	Suburban Hennepin Co.		5	\$245,000
Two Rivers Community Land Trust	Washington County		5	\$446,000
CPED Advantage Program	Minneapolis		15	\$200,000
Enhanced Rehab Support	Minneapolis	40		\$750,000
Fix Up Fund Incentive	Minneapolis	90		\$111,415
Foreclosure Initiative	Minneapolis		16	\$500,000
Lead Safe Rehab Assistance	Hennepin Co.	35		\$160,720
PRG Foreclosure Recovery	Minneapolis		7	\$363,800
Urban Homeworks	Minneapolis		20	\$500,000
TC Habitat for Humanity	St. Paul	2		\$89,000
Family Stabilization Plan	Mpls/St. Paul		15	\$180,000
PRG Foreclosure Recovery	Brooklyn Park		3	\$136,200
TOTAL:		167	118	\$4,232,135

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

Table 4 below summarizes all multifamily rental and ownership proposals received and those recommended for funding.

Table 4 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 or Preserved
Rental Housing							
15	Suburban	5	Suburban	\$1,650,000	Met Council LHIA	429	458
23	Central Cities	9	Central Cities	\$1,000,000	Family Housing Fund		
38	Total	14	Total	<u>\$19,716,533</u>	MN Housing		
				\$22,366,533	Total		
Ownership Housing							
7	Suburban	3	Suburban	\$650,000	Met Council LHIA		285
13	Central Cities	11	Central Cities	<u>\$3,732,135</u>	MN Housing		
19	Total	14	Total				
				\$4,382,135	Total		
				\$2,300,000	Met Council LHIA		
				\$1,000,000	Family Housing Fund		
				<u>\$23,448,668</u>	MN Housing		
				\$26,748,668	Total	429	743

Not being recommended for any MHIG funding this funding round were ownership proposals requesting nearly \$3.5 million in funding from Brooklyn Park, Osseo, Maplewood, St. Paul, Hennepin, Ramsey and Washington Counties, and multifamily rental proposals requesting nearly \$45 million from Arden Hills, Blaine, Chaska, Dakota County, Minneapolis, Plymouth, Richfield, Spring Lake Park, St. Paul, Shakopee, West St. Paul, 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 2011 Livable Communities Fund Distribution Plan, the Council approved \$2.3 million for 2010 LHIA awards.

Known Support/Opposition

The nine 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 projects being funded through the LHIA.

Project Summary

Applicant: City of Maple Grove
Project Name: Maple Village
Project Location: 9150 Zanzibar Lane North, Maple Grove
Council District: 1 – Roxanne Smith

Project Description:

The project involves the new construction of a 48-unit, three-story elevator building with underground parking. The approximately 2 acre site is located at the north end of Zanzibar Lane North about a mile west of I-94 in Maple Grove. This project is phase two of a previous development and will help meet the demands in the city for work force family housing.

The project will have 12 one-bedroom, 24 two-bedroom, and 12 three-bedroom units. All of the units will be affordable to households at 50 percent of the area median income (\$41,350 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 \$775 to \$1,075.

Local resources used to match the LHIA funds will be \$65,460 in city equity dedicated to this project, as well as local funds expended annually by the city for the development and/or preservation of affordable housing. LHIA funds will be used for eligible construction costs of the units. Previous LCA grant awards for this development include a LHIA grant for \$275,000 in 2007 for phase I.

Funding:

Amount recommended: \$300,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents
48	\$9,113,690		\$775 1 BR \$931 2 BR \$1,075 3 BR
	\$6,204,611	Syndication proceeds	
	<u>\$65,460</u>	City of Maple Grove equity	
	\$6,270,071	Total funding sources	
	\$2,843,619	Funding gap request	
	\$300,000	LHIA	
	\$2,293,619	MN Housing	
	\$250,000	Family Housing Fund	

Project Summary

Applicant: City of Minneapolis
Project Name: Currie Park Lofts
Project Location: 415 15th Avenue South, Minneapolis
Council District: 8 – Adam Duininck

Project Description:

The project involves the new construction of a 260-unit, six-story apartment building with underground parking and some commercial space in the city of Minneapolis. This transit oriented development is located adjacent to a current Hiawatha LRT stop, a Central Corridor LRT stop under construction, downtown Minneapolis and the University of Minnesota.

The project will have 41 efficiency, 92 one-bedroom, 52 two-bedroom, and 23 three-bedroom units. Two hundred and eight (208) of the units will be affordable to households at 60% or less of area median income (\$49,600 for a family of four), the rest will be market rate. Rents for the affordable units (including utilities) will range from \$642 to \$1,106.

Local resources used to match the LHIA funds will be \$1,720,000 in city funds. LHIA funds will be used for eligible construction costs of the units.

Funding:

Amount recommended: \$400,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents	
260	\$43,638,277			Eff.
				1 BR
			\$943	2 BR
			\$1,090	3 BR
	\$9,384,799	Syndication Proceeds		
	17,944,102	TE Bond		
	5,785,000	TE Bond – TIF Supported		
	1,720,000	City HLA Funds		
	370,000	Hennepin Co. TOD		
	1,200,000	CPED AHTF		
	500,000	FHLB		
	433,771	Met Council LCDA		
	400,000	Hennepin Co. AHIF		
	<u>5,000,605</u>	Seller Note		
	\$42,738,277	Total Funding Sources		
	\$900,000	Funding gap requests		
	\$400,000	LHIA		
	\$250,000	MN Housing		
	\$250,000	Family Housing Fund		

Project Summary

Applicant: City of Minneapolis
Project Name: Spirit on Lake
Project Location: 2930 13th Avenue S. and Lake Street E, Minneapolis
Council District: 7 – Gary Cunningham

Project Description:

The project involves the new construction of a 46-unit, four-story apartment building with underground parking in the city of Minneapolis. The site is currently a largely vacant parking lot in an area that is primarily improved with a mix of commercial and multifamily residential related uses. This project will assist the city meet the demands for workforce for housing.

The project will have 28 one-bedroom, and 18 two-bedroom units. All units will be affordable to households at 50% or less of area median income (\$41,350 for a family of four). Five of those units will be set aside and marketed to households experiencing long-term homelessness. Rents (including utilities) will range from \$775 to \$931.

Local resources used to match the LHIA funds will be \$1,449,000 in CPED Affordable Housing funds. LHIA funds will be used for eligible construction costs of the units.

Funding:

Amount recommended: \$250,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents	
46	\$8,492,435		\$775	1 BR
			\$931	2 BR
	\$2,650,000	Syndication proceeds		
	\$1,449,000	CPED AHTF		
	\$30,000	CPED Non-profit admin		
	\$272,750	Hennepin County ERF		
	\$25,000	Committed grants		
	\$47,102	Hennepin County TOD		
	\$460,000	Hennepin County		
	\$350,000	Deferred developer fee		
	\$328,500	Met Council TBRA		
	<u>\$391,500</u>	Met Council LCDA		
	\$6,003,852	Total Funding Sources		
	\$2,488,583	Funding gap requests		
	\$250,000	LHIA		
	\$2,088,583	MN Housing		
	\$150,000	Family Housing Fund		

Project Summary

Applicant: City of St. Paul
Project Name: St. Albans Park
Project Location: Selby Avenue, west of Dale Street, St. Paul
Council District: 14 – Jon Commers

Project Description:

The project involves the acquisition and significant rehabilitation of this 1980s built 74-unit apartment and townhome development in the Rondo neighborhood of St. Paul. Twenty-four of the units benefit from a project based Section 8 Housing Assistance Payment (HAP) contract.

The project will have 21 one-bedroom, 34 two-bedroom, 6 three-bedroom, and 6 four-bedroom units. All units will be affordable to households at 60% or less of area median income (\$49,600 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 \$679 to \$1,290.

Local resources used to match the LHIA funds will be the \$1,104,583 deferred debt the city is assuming. LHIA funds will be used for eligible construction costs of the units.

Funding:

Amount recommended: \$400,000

# of Units	Total Development Costs	Funding Sources	Anticipated Rents	
74	\$14,990,515		\$679	1 BR
			\$888-\$932	2 BR
			\$1,114	3 BR
			\$1,290	4 BR
	\$310,000	General Partner cash		
	\$1,104,583	St. Paul assumed deferred debt		
	\$8,432,080	Syndication proceeds		
	<u>\$1,531,420</u>	NCCB mortgage		
	\$11,378,083	Total Funding Sources		
	\$3,612,432	Funding gap requests		
	\$400,000	LHIA		
	\$2,886,408	MN Housing		
	\$326,024	Family Housing Fund		

Project Summary

Applicant: City of Wayzata
Project Name: Legacy Townhomes
Project Location: 110 Grand Avenue, Wayzata
Council District: 3 – Jennifer Munt

Project Description:

The project involves the construction of six new two-story, row-house style units with tuck under garages in Wayzata.

The project will have 2 two-bedroom, and 4 three-bedroom units. One unit will be fully handicapped accessible and one unit accessible for sensory-impaired occupants. All units will be affordable to households at 50% or less of area median income (\$41,350 for a family of four). Rents (including utilities) will range from \$558 to \$1,092.

Local resources used to match the LHIA funds will be \$385,000 in CDBG that the city has 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
6	\$1,455,080		\$558-\$899 2 BR \$620-\$1,092 3 BR
	\$196,892	General partner cash	
	\$385,000	CDBG	
	\$325,000	Hennepin County HOME	
	<u>\$30,000</u>	Donations	
	\$936,892	Total funding sources	
	\$518,188	Funding gap requests	
	\$300,000	LHIA	
	\$218,188	MN Housing	

Project Summary

Applicant: City of Minneapolis
Project Name: City of Lakes Community Land Trust
Project Location: Scattered sites
Council District: 7 – Gary Cunningham
 8 – Adam Duininck

Project Description:

The City of Minneapolis is partnering with the City of Lakes Community Land Trust (CLCLT) to transform foreclosed and boarded/vacant homes in North Minneapolis into long-term affordable homeownership opportunities for lower to moderate income households at 60-80% of area median income (\$49,600 for a family of four).

The Council and Minnesota Housing will contribute a total of \$300,000, matched by a \$270,000 contribution through Hennepin County, to enable the CLCLT to buy up to seven homes. The homes will be sold for their improved appraised value minus the land value, thus making them affordable to low- and moderate-income families. The CLT will own the land, the family will own the home.

The affordable homeownership efforts of the City of Lakes Community Land Trust have been assisted previously through two LHIA grant - \$100,000 in 2006, and \$150,000 in 2008, which assisted in the acquisition, rehabilitation and resale of 13 affordable ownership units combined. LHIA funds will be used for eligible rehabilitation and construction costs of the units.

Funding:

Amount recommended: \$175,000

# of Units	Total Development Cost Per Unit	Anticipated Selling Price	Affordability Gap Per Unit	MHIG Gap Funding Sources this Cycle
7	\$207,800	\$102,000	\$105,000	\$175,000 – LHIA \$125,000 – MN Housing Other Gap funding sources: \$270,000 – Hennepin County \$600,000 – CPED NSP funds

Project Summary

Applicant: City of St. Paul
Project Name: Dayton's Bluff
Project Location: Dayton's Bluff, Payne-Phalen & Northeast Neighborhoods, St. Paul
Council District: 13 – Richard Kramer

Project Description:

The city will partner with the Dayton's Bluff Neighborhood Housing Services (DBNHS) to rehabilitate and resell eight vacant foreclosed housing units. The houses are located on the East Side of St. Paul, which is one of the areas hardest hit by the foreclosure crisis. Homes to be acquired will have three or more bedrooms, with attached garages or room to build one. Most of the homes to be acquired were developed after WWII thru the early 1980s. There are currently approximately 1,500 vacant homes within the target area, located in pockets within the neighborhoods where most of the surrounding blocks are generally stable. The strategy is to focus on these pockets to help keep the surrounding blocks stabilized and to complement the activities of St. Paul's Neighborhood Stabilization program.

Homebuyers will have incomes equal to or less than 80% of the area median income. LHIA funds will be targeted to homes assisting households at 60% or less of area median (\$49,600 for a family of four).

Local resources used to match the LHIA funds will be \$292,250 in local city funds. LHIA funds will be used for eligible rehabilitation and construction costs of the units.

Funding:

Amount recommended: \$175,000

# of Units	Total Development Cost Per Unit	Anticipated Selling Price	Affordability Gap Per Unit	MHIG Gap Funding Sources this Cycle
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8	\$180,000	\$150,000	\$30,000	\$175,000 – LHIA \$75,000 – MN Housing Other funding sources: \$3,750,000 – Dayton's Bluff NHS
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Project Summary

Applicant: Suburban Hennepin County, City of Minnetonka
Project Name: Homes Within Reach
Project Location: Scattered sites
Council District: 1 – Roxanne Smith
 2 – Lona Schreiber
 3 – Jennifer Munt
 5 – Steve Elkins
 6 – James Brimeyer

Project Description:

Funds are for land acquisition, holding costs and rehabilitation expenses related to the acquisition and rehabilitation of existing homes in western Hennepin County suburbs, which will become part of the West Hennepin Affordable Housing Land Trust (WHALT). Communities to be served by this program include Brooklyn Park, Edina, Eden Prairie, Minnetonka, Maple Grove, and St. Louis Park. The land trust units will be sold to homebuyers at 60%-80% of area median income.

Local resources used to match the LHIA funds will be \$625,000 in combined local resources from the communities of Minnetonka, St. Louis Park, Brooklyn Park and Eden Prairies. Homes Within Reach have been assisted previously through two LHIA grant - \$175,000 in 2005, and \$150,000 in 2007, which assisted in the acquisition, rehabilitation and resale of 11 affordable ownership units combined. LHIA funds will be used for eligible rehabilitation and construction costs of the units.

Funding:

Amount recommended: \$150,000

# of Units	Total Development Cost Per Unit	Anticipated Selling Price	Affordability Gap Per Unit	MHIG Gap Funding Sources this Cycle
5	\$254,850	\$133,850	\$121,000	\$150,000 – LHIA \$ 95,000 – MN Housing Other funding sources: \$360,000 from participating cities

Project Summary

Applicant: Washington County Housing & Redevelopment Authority
Project Name: Two Rivers Community Land Trust
Project Location: Forest Lake and Oakdale – scattered sites
Council District: 11 – Sandy Rummel
 12 – Harry Melander

Project Description:

The Two Rivers Community Land Trust (CLT) is seeking funding to provide value and affordability gap assistance to acquire, rehabilitate and sell up to five previously foreclosed single-family homes in Forest Lake, Oakdale, and other Washington County Local Housing Incentive Program participating communities, to families with incomes at 60 to 80 percent of area median income.

The Council and Minnesota Housing will contribute a total of \$446,000, matched by approximately \$100,000, from Washington County HOME funds, plus an additional \$135,000 in local funds expended annually for the construction or preservation of affordable housing to enable the CLT to buy up to 5 homes. The homes will be sold for their improved appraised value minus the land value, thus making them affordable to low- and moderate-income families. The CLT will own the land, the family will own the home.

The affordable homeownership efforts of the Two Rivers CLT have been assisted previously through four LHIA grants totaling \$592,000 (\$42,000 in 2003, \$100,000 in 2004, \$150,000 in 2005, \$100,000 in 2006, and \$200,000 in 2008) which assisted in the acquisition, rehabilitation and resale of 26 affordable ownership units.

Funding:

Amount recommended: \$150,000

# of Units	Total Development Cost Per Unit	Anticipated Selling Price	Affordability Gap Per Unit	MHIG Gap Funding Sources this Cycle
5	\$216,000	\$120,000	\$96,000	\$150,000 – LHIA \$296,000 – MN Housing Other funding sources: \$100,000 – Washington Co.