

C Community Development Committee

For the Metropolitan Council meeting of November 28, 2012

ADVISORY INFORMATION

Date Prepared: November 19, 2012

Subject: 2012 Local Housing Incentives Account Funding Recommendations

Proposed Action:

That the Metropolitan Council award \$1.5 million in Local Housing Incentives Account grants:

Project	City/Applicant	Number of New Units	Number of Units to be Rehabilitated	LHIA Funding Recommendation
Rental Housing Proposals				
Midway Pointe	St. Paul	50		\$100,000
Snelling Apartments	Minneapolis	60		\$150,000
West Broadway Curve	Minneapolis	53		\$300,000
Greenway Heights Townhomes	Minneapolis	42		\$300,000
Concordia Arms	Maplewood		125	\$300,000
Inver Hills & Riverview Ridge	Dakota Co. CDA	51		\$300,000
	Sub-total:	256	125	\$1,450,000
Ownership Housing Proposals				
Rebuilding Twin Cities	St. Paul		9	50,000
	Sub-total:		9	\$50,000
	TOTAL	256	134	\$1,500,000

Summary of Committee Discussion / Questions:

Livable Communities staff presented information about each of the recommended awards. Staff summarized the expected outcomes from the 2012 LHIA funding, which includes the construction of 256 new affordable units and the rehabilitation and preservation of another 134 affordable units to provide safe, affordable housing options to low income residents in the metro area. The \$1.5 million in LHIA funds will leverage over \$24 million in private investment, and another \$45 million in other public investment.

After summarizing the Concordia Arms project, which is the acquisition, rehabilitation and preservation of an existing senior housing complex, Committee Member Elkins asked if proposals requesting funding for rehab and preservation were becoming more prevalent in the application process. Staff responded that more applications for this type of scope of work have been submitted through the joint application process over the past several years, and that this trend was expected to continue as a large portion of the existing affordable housing stock was built in the '70s and '80s and is now in need of repair and renovation, as well as a renewing of the long-term affordability guarantee that is a condition of publicly subsidized developments. Committee Member Elkins asked if this is a similar trend for homeownership opportunities. Staff responded that the majority of homeownership applications that are submitted and funded are for rehabilitation and preservation efforts, and that it is a priority of all the collaborating funding partners of the Metropolitan Housing Implementation Group to preserve the existing affordability housing stock while at the same time adding new units to address the growing need.

Committee Member Wulff raised the concern that with the limitations of even the current longer-term affordability mechanisms of 30 years, new construction developments could likely need to be

publically subsidized again at the end of that time in order to ensure the preservation of the units, as we're now seeing happening with projects such as Concordia Arms. Staff responded that although affordable housing projects funded today may return sometime in the future for assistance with rehabilitation and preservation needs, the underwriting requirements of today have changed and improved from the past to now require that developments have sufficient maintenance and operating budgets and reserves in order to address maintenance issues on an as needed and ongoing basis.

The Committee unanimously voted to approve the Proposed Action.

C Community Development Committee
Meeting date: November 19, 2012

ADVISORY INFORMATION

Date: November 8, 2012
Subject: 2012 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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	Sub-total:	256	125	\$1,450,000
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Background

The Metropolitan Council collaborates with the Metropolitan Housing Implementation Group (MHIG) to solicit and evaluate requests for funding in support of new and/or rehabilitated affordable housing through the Local Housing Incentives Account of the Livable Communities Act (LCA). Minnesota Housing issues the Request for Proposals and conducts a preliminary completeness and eligibility review based on criteria approved by the governing bodies of each of the funding partners, including the 2012 LCA Fund Distribution Plan. All eligible applications are 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 rates the applications on the proposer's organizational capacity to deliver the project and the financial feasibility of the proposal. Funds are allocated to each proposal based on its composite rank and by making the best use of each of the MHIG funding sources. Not all applications received through the MHIG process request LHIA funding from the Metropolitan Council. Additionally, not all sources of funding available through the MHIG process are as flexible as the LHIA funds. In some cases, projects that fit well with the goals of the Livable Communities Act are not awarded LHIA funds because other funds offered by one of the other funding partners, fit the project better.

Rationale

The housing proposals recommended for LHIA funding are for housing development, preservation, and affordability opportunities consistent with both local and regional policies and goals. They include both new construction and rehabilitation of units that help revitalization and reinvestment efforts in aging and/or declining areas or provide 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 LCA funding with other significant public and private investments. LCA dollars will leverage over \$43 million in private investments and nearly \$45 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages nearly \$16 in private investment and an additional \$30 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*
Midway Pointe	50	\$100,000	**\$67,000	\$7,850,000
Snelling Apartments	60	\$150,000	\$352,856	\$10,255,904
West Broadway Curve	53	\$300,000	\$4,428,039	\$6,305,000
Greenway Heights	42	\$300,000	\$3,345,148	\$4,801,982
Concordia Arms	125	\$300,000	\$7,095,554	\$14,014,265
Riverview Ridge	51	\$300,000	\$9,129,765	\$1,647,180
Rebuilding Twin Cities	9	\$50,000	\$60,000	\$50,000
Total	390	\$1,500,000	\$24,478,362	\$44,924,331

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

** Midway Pointe is part of a larger senior facilities campus that includes memory care, skilled nursing and catered living. The overall project includes private investment in excess of \$23 million.

Combined nearly \$81 million will be awarded for multifamily rental housing proposals recommended by MHIG. The proposals will assist the construction of 768 new affordable units, and the rehabilitation or preservation of 1,081 affordable housing units.

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
Midway Pointe	St. Paul	50		\$250,000
Snelling Apartments	Minneapolis	60		297,920
West Broadway Curve	Minneapolis	53		2,325,000
Greenway Heights Townhomes	Minneapolis	42		1,260,000
Concordia Arms	Maplewood		125	14,114,265
Riverview Ridge/Inver Hills	Eagan/Inver Grove Heights	51		900,000
Urban Homeworks	Minneapolis		16	1,000,000
Mpls Portfolio Preservation	Minneapolis	13	566	30,208,436
Seward Square Apartments	Minneapolis		81	750,000
South Quarter IV	Minneapolis	73	30	1,700,000
City Place Lofts	Minneapolis	55		3,866,524
Roosevelt Public Housing	St. Paul	6		540,000
Lewis Park Apartments	St. Paul		103	1,500,000
Rolling Hills Apartments	St. Paul	108		500,000
Old Home Plaza	St. Paul	57		1,342,982
VA Housing	Fort Snelling	58		14,719,692
Creeks Run	Chaska	40		850,000
Parkview Villa	Columbia Heights	41	100	1,500,000
Elmbrooke Townhomes	Golden Valley		54	1,168,033
CIP Scattered Sites	Hopkins	11	6	200,000
Bottineau Ridge Apartments	Maple Grove	50		1,733,696
TOTAL:		768	1,081	\$80,766,548

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

Combined approximately \$8 million will be awarded for homeownership housing proposals recommended by MHIG. The proposals will assist the preservation of 158 existing affordable units, and develop 10 new affordable housing units.

Table 3 Homeownership Housing Proposals Recommended for Funding by the MHIG				
Project	City	Number of Existing Units to be Preserved	Number of New Construction Units	Total MHIG Award
Rebuilding Twin Cities	St. Paul/Falcon Heights	9		\$100,000
CLCLT Hombuyer Initiative	Minneapolis	10		630,000
CLCLT Re-Grant	Minneapolis	4		97,763
CPED Advantage Program	Minneapolis	4		100,000
CPED Green Homes North	Minneapolis		4	450,000
CPED Rehab Support Program	Minneapolis	15		150,000
Mpls. Foreclosure Initiative	Minneapolis	35		2,566,530
Little Earth Homeownership	Minneapolis		4	60,000
Urban Homeworks	Minneapolis	7		245,000
Dayton's Bluff Renewal	St. Paul	3		200,000
Frogtown Homeowner Rehab	St. Paul	11		175,000
Frogtown Preservation	St. Paul	2		90,000
Model Cities – MCASA	St. Paul	4		120,000
St. Paul Rehab Support	St. Paul	10		500,000
Habitat for Humanity	St. Paul	2	2	289,000
Build Wealth Family Stabilization	Mpls/St. Paul	10		145,000
Dakota Co CDA – Homebuyer	Dakota Co.	10		400,000
Foreclosure Recovery	Brooklyn Park/ Maplewood	4		200,000
Two Rivers CLT	Washington Co.	8		644,800
Homes Within Reach	Hennepin Co.	10		838,000
TOTAL:		158	10	\$8,001,093

(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 of New Units Assisted	Number of Units to be Rehabilitated or Preserved
Rental Housing							
19	Suburban	8	Suburban	\$1,450,000	Met Council LHIA	768	1,081
41	Central Cities	13	Central Cities	\$1,000,000	Family Housing Fund		
60	Total	21	Total	<u>\$78,316,548</u>	MN Housing		
				\$80,766,548	Total		
Ownership Housing							
6	Suburban	6	Suburban	\$50,000	Met Council LHIA	10	158
16	Central Cities	15	Central Cities	\$200,000	Family Housing Fund		
22	Total	21	Total	<u>\$7,751,093</u>	MN Housing		
				\$8,001,093	Total		
				\$1,500,000	Met Council LHIA	778	1,239
				\$1,200,000	Family Housing Fund		
				<u>\$86,067,641</u>	MN Housing		
				\$88,767,641	Total		

There were 24 proposals not recommended for any MHIG funding this round, requesting over \$25 million from the communities of Arden Hills, Belle Plaine, Cottage Grove, Fridley, Minneapolis, New Hope, Plymouth, 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 2012 Livable Communities Fund Distribution Plan, the Council approved \$1.5 million for LHIA awards.

Known Support/Opposition

The 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 SUMMARIES FOR RECOMMENDED AWARDS

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$100,000		
Applicant:	City of St. Paul		
Project Name:	Midway Pointe		
Project Location:			
	Corner of University Ave. and Lynhurst Ave. East		
Council District:	District 14 – Jon Commers		
Project Summary:	This project involves the new construction of a 50-unit independent senior building. The project is proposed as part of the larger redevelopment complex for seniors that will also include 3 other facilities for memory care, skilled nursing and catered living. The building is located adjacent to the Fairview Station on the Central Corridor LRT. This development will receive capital financing under the HUD 202 program, which will allow residents to pay only 30 percent of their income toward rent. All units will be affordable to households at 50% AMI.		
Number and type of units	50 unit, senior complex All one bedroom		
Rents	\$550		
Funding Match:	\$500,000 – City grant that was committed to the overall redevelopment project.		
Other LCA Funding:	\$2,000,000 LCA TOD - 2011		
\$8,017,000	Total Development Cost		
	Funding Sources:		
\$7,300,000	HUD 202 Capital Grant		
\$400,000	HUD Predevelopment grant		
\$67,000	Private capital		
\$7,767,000	Total Funding Sources		
	Funding gap requests		
\$100,000	LHIA		
\$150,000	MN Housing		

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$150,000		
Applicant:	City of Minneapolis		
Project Name:	Snelling Apartments		
Project Location:			
	24 th Street East and Snelling Avenue		
Council District:			
	8 – Adam Duinick		
Project Summary:			
	This project involves the new construction of a 60-unit independent senior building proposed by Seward Redesign, in collaboration with CommonBond Communities. This project is proposed as part of the larger Franklin LRT Station Area Redevelopment Plan, and more specifically the Seward Commons area. This development will receive capital financing under the HUD 202 program, along with a Project Rental Assistance Contract (PRAC) for all units, which will allow residents to pay only 30 percent of their income toward rent. This development will offer residents the opportunity to age in place in a walkable, transit-oriented community. All units will be affordable to households at 50% AMI.		
Number and type of units			
	60 unit, senior complex All one bedroom		
Rents			
	\$602		
Funding Match:			
	\$944,584 – Minneapolis Affordable Housing Trust Fund (AHTF)		
Other LCA Funding:			
	\$1,100,000 LCDA – 2012 \$550,000 LCDA – 2008 \$500,000 LAAND – 2008 \$140,600 TBRA - 2011		
\$11,158,760 Total Development Cost			
Funding Sources:			
\$8,733,400			HUD Capital Grant
944,584			Minneapolis AHTF
400,000			Hennepin Co. AHIF
400,000			HUD Predevelopment
300,000			Federal Home Loan Bank
38,928			Owner contribution
30,000			Minneapolis Non-profit contribution
13,928			Deferred developer fee
\$10,860,840			Total Funding Sources
Funding gap requests			
\$150,000			LHIA
\$147,920			MN Housing

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$300,000		
Applicant:	City of Minneapolis		
Project Name:	West Broadway Curve		
Project Location:			
	1926-2022 West Broadway Avenue		
Council District:	8 – Adam Duinick		
Project Summary:	This project involves the new construction of a 53-unit multifamily apartment complex on a vacant site located in a foreclosure impacted area in North Minneapolis. The development is located within the Northside Achievement Zone, which is a collaborative effort of over 50 organizations and schools to support area families and children. Redevelopment of this area is a priority of the city's West Broadway Alive redevelopment plan.		
Number and type of units	53 unit, multifamily apartment complex 39 – two-bedroom 14 – three-bedroom		
Rents	\$871-\$996		
Funding Match:	\$750,000 – Minneapolis Affordable Housing Trust Fund (AHTF)		
Other LCA Funding:	\$630,963 in LCDA funds, of which \$455,000 was relinquished \$1,000,000 – LCDA - 2012		
\$11,033,039	Total Development Cost		
	Funding Sources:		
\$3,737,242	Syndication proceeds		
\$2,200,000	Tax Exempt revenue		
\$750,000	CPED AHTF		
\$390,797	Deferred developer fee		
\$300,000	DEED Redevelopment grant		
\$300,000	Federal Home Loan Bank loan		
\$30,000	CPED Non-Profit Administration grant		
1,000,000	LCDA 2012 grant		
\$8,708,039	Total Funding Sources		
	Funding gap requests		
\$300,000	LHIA		
\$2,025,000	MN Housing		

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$300,000		
Applicant:	City of Minneapolis		
Project Name:	Greenway Heights Family Housing		
Project Location:			
	2845 Bloomington Avenue		
Council District:			
	District 7 – Gary Cunningham		
Project Summary:			
	This project is the new construction of a 42 unit workforce housing development on a site adjacent to the Midtown Greenway. With the recession and foreclosure crisis, this proposal is a direct response to a neighborhood identified need for more affordable housing. The proposal provides an opportunity to create affordable housing with the unique amenity and alternative transitway provided by the Midtown Greenway, in the centrally located and transit-connected Phillips neighborhood. The project site is near Abbott Northwestern, Children’s Hospital, Allina, and Wells Fargo Home Mortgage. All units will be affordable to households at 50% AMI.		
Number and type of units			
	42 multifamily apartment complex with underground parking 16 – two-bedroom 22 – three-bedroom 4 – four-bedroom		
Rents			
	\$913-\$1,161		
Funding Match:			
	\$525,000 – Affordable Housing Trust Fund (AHTF)		
Other LCA Funding:			
	None.		
\$8,447,130 Total Development Cost			
Funding Sources:			
\$2,650,000	Syndication Proceeds		
2,343,982	HUD 221 D4		
525,000	AHTF 2011		
525,000	AHTF 2012		
368,148	Deferred developer fee		
350,000	TIF		
297,000	Solar credits/rebates		
50,000	NRP 2011		
48,000	NRP 2008		
30,000	Non-profit developer assistance		
\$7,187,130	Total Funding Sources		
Funding gap requests			
\$300,000	LHIA		
\$760,000	MN Housing		
\$200,000	Family Housing Fund		

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$300,000		
Applicant:	Dakota County CDA on behalf of the cities of Inver Grove Heights and Eagan		
Project Name:	Inver Hills and Riverview Ridge		
Project Location:	Intersection of College Trail and Blaine Ave. in Inver Grove Heights Intersection of Sibley Memorial Highway and Terminal Drive in Eagan.		
Council District:	District 15 - Stephen T. Chávez		
Project Summary:	This project is for two new construction townhome developments targeted to working families. The development will be a split site development with 24 units located in Inver Grove Heights adjacent to the Inver Hills Community College campus, and an additional 27 units will be located in Eagan on 3 adjoining parcels. All units will be affordable to households at 50% AMI.		
Number and type of units	51 two and three story townhome units 30 – two-bedroom 21 – three-bedroom		
Rents	\$700-771		
Funding Match:	\$500,000 – HOPE Loan		
Other LCA Funding:	None.		
\$11,076,945	Total Development Cost		
	Funding Sources:		
\$8,295,750	Syndication proceeds		
547,180	HOME Loan		
500,000	HOPE Loan		
429,015	General partner cash		
405,000	First Mortgage - CDA		
\$10,176,945	Total Funding Sources		
	Funding gap requests		
\$300,000	LHIA		
\$600,000	MN Housing		

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$300,000		
Applicant:	City of Maplewood		
Project Name:	Concordia Arms		
Project Location:			
	2030 Lydia Avenue		
Council District:			
	District 11 – Sandy Rummel		
Project Summary:			
	This project is the acquisition and preservation of an existing Section 8, senior building originally financed under the HUD 202 program. The property has been well maintained but has challenges related to physical deterioration, particularly unit interiors and mechanical systems. The current owner consists of a church-sponsored non-profit board whose members will be retiring and so have approached CommonBond Communities to take over the ownership responsibilities. CommonBond will acquire the development, address the rehab needs, and agrees to maintain the Federal Assistance for at least 30 years so all the units will continue to remain affordable to households at 50% AMI.		
Number and type of units			
	125 unit senior apartment complex 124 – one-bedroom 1 – two-bedroom		
Rents			
	\$830-\$944		
Funding Match:			
	\$200,000 – Ramsey County funds \$100,000 – City of Maplewood ALHOA contribution		
Other LCA Funding:			
	None.		
\$21,400,819 Total Development Cost			
Funding Sources:			
\$3,336,100	Seller loan		
3,262,332	Syndication proceeds		
264,410	Cash Flow from NOI		
223,712	Deferred developer fee		
200,000	Ramsey County funds		
\$7,295,554	Total Funding Sources		
Funding gap requests			
\$300,000	LHIA		
\$13,814,265	MN Housing		

Local Housing Incentives Account Project Summary

Type:	LHIA	Grant #:	SG012-
Recommended award:	\$50,000		
Applicant:	City of St. Paul		
Project Name:	Rebuilding Together Twin Cities		
Project Location:			
	Scattered sites in St. Paul and Falcon Heights		
Council Districts:			
	District 10: John Đoàn District 14: Jon Commers		
Project Summary:			
	This project involves the rehabilitation and preservation of affordable owner-occupied housing units in the St. Paul neighborhoods of Como Park, Hamline-Midway, and Frogtown, as well as adjacent neighborhoods in Falcon Heights. Funding will be used to provide interest-free, deferred loans to eligible households earning less than 50% AMI for rehabilitation and maintenance of their existing homes. Rebuilding Together Twin Cities is an organization that partners volunteers (from organizations such as the Builder's Association and Dunwoody Technical College) with licensed contractors to address the scope of work needs. Typical scope of work includes re-roofing, installation of handicap ramps, weatherizing, plumbing and electrical repairs, painting, siding and other needed health and safety improvements.		
Number and type of units			
	Assistance is proposed to be provided for 9-18 owner-occupied homes		
Terms			
	Minimum loans will be \$5,000. Interest free and deferred at a rate of 1/360 th per month if the owner remains in the property for 30 years. Any remaining loan balance will be due at time of sale. Repaid funds will be revolved into new loans to assist additional owners		
Funding Match:			
	\$50,000 – City of St. Paul ALHOA contribution		
Other LCA Funding:			
	None.		
\$160,000	Total Development Cost		
	Funding Sources:		
\$60,000	Lowe's for needed building supplies		
	Funding gap requests		
\$50,000	LHIA		
\$50,000	MN Housing		