



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: November 18, 2014

To: Council Member Lisa Goodman, Community Development and Regulatory Services Committee

Subject: Authorize appropriate City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award with respect to the referenced applications for Metropolitan Council Livable Communities Local Housing Incentive Account grant funds to assist certain projects located in the City of Minneapolis

Recommendation: That the appropriate City officials be authorized to sign an Acknowledgement of Receptivity to an LCA Funding Award form for the referenced projects recommended for Livable Communities Local Housing Incentive Account grant awards.

Previous Directives:

Broadway Flats:

- On February 24, 2012, the City Council authorized the submission of LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council on behalf of this project, and granted exclusive development rights to Rose Development for the City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months.
- On June 29, 2012, the City Council accepted an LCDA-TOD grant in the amount of \$1,536,100 and a TBRA-TOD grant in the amount of \$463,900 that had been awarded by the Metropolitan Council.
- On November 2, 2012, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000 for this project.
- On April 26, 2013, the City Council granted exclusive development rights to Rose Development for the City-owned properties at 2425, 2503, 2507 and 2511 Penn Avenue North for a period of 24 months.
- On October 18, 2013, the City Council approved an additional loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$300,000.
- On January 23, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project.
- On June 13, 2014, the City Council authorized staff to continue analysis of the TIF application to determine if TIF assistance is appropriate and justifiable, and authorized staff to negotiate the terms and conditions of a redevelopment contract and prepare a TIF Plan and any necessary Redevelopment Plan modifications for the project.
- On August 29, 2014, the City Council authorized the extension of the City's exclusive development rights agreement for the City owned parcels at 2413 and 2423 Penn Avenue North.

City of Lakes Community Land Trust: City of Lakes Community Land Trust received LHIA funds in 2006, 2008 and 2011, which the City Council accepted and appropriated.

Hawthorne Eco Village:

- On April 12, 2013, the City Council authorized the City to apply to the Metropolitan Council for an LCDA grant, and on March 28, 2014, accepted the awarded grant and appropriated the funds.
- On April 26, 2013 the Minneapolis City Council approved exclusive development rights for 12 months with the option for a 6-month administrative extension for Project for Pride in Living on five City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6th Street North.
- On October 18, 2013, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$1,875,000.
- On October 31, 2014, the City Council extended Exclusive Development Rights for 24 months on five (5) City-owned parcels located at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6th Street North.
- On April 12, 2013, the City Council authorized the City to apply to the Metropolitan Council for an LCDA grant, and on March 28, 2014, accepted the awarded grant and appropriated the funds.

Mill City Quarter:

- In June 1992, the Minneapolis Community Development Agency (MCDA) acquired Parcel A as part of the Milwaukee Depot property acquisition
- On March 6, 2009, the City Council awarded exclusive development rights to Eagle Iron Partners Joint Venture, Lupe Development Partners, LLC and North First Ventures, LLC (or an affiliate).
- On December 18, 2009, the City Council extended the exclusive development rights for 24 months.
- On December 16, 2011, the City Council adopted Resolution 2011R-674 authorizing the submittal of a DEED funding application for Parcel A.
- On August 3, 2012, the City Council adopted Resolution 2012R-411 authorizing submitting LCDA and LCDA TOD grant applications for Mill City Quarter.
- On February 22, 2013, the City Council accepted and appropriated a Metropolitan Council LCDA TOD grant of \$1,000,000 for Mill City Quarter and a TBRA TOD grant of \$1,000,000 for Mill City Quarter.
- On October 18, 2013, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$1,200,000.
- On October 31, 2014, the City Council approved an additional \$300,000 loan from the Affordable Housing Trust Fund.

Department Information

Prepared by: Paula Mazzacano, Development Grants Coordinator, 612 673-5129 Approved by: Catherine A. Polasky, Economic Development Director _____ Charles T. Lutz, Deputy Director, CPED _____ Presenters in Committee: Paula Mazzacano, Development Finance, 612 673-5129

Reviews

- Permanent Review Committee (PRC): Approval n/a Date _____
- Civil Rights Approval Approval n/a Date _____
- Policy Review Group (PRG): Approval n/a Date _____

Financial Impact Other financial impact – If grant funds are awarded to these projects, staff will return to City Council for permission to accept and appropriate the grant funds. CPED staff are actively engaged in the efforts to secure funding for these projects. If grant funds are awarded to these projects, they will be subject to the 3% grant administration fee.

Community Impact

Neighborhood Notification:

Broadway Flats: The Jordan Area Community Council and the West Broadway Business and Area Coalition issued letters of support dated June 10, 2013 and February 22, 2012, respectively.

CLCLT Homes 2014: Not applicable.

Hawthorne Eco Village Apts.: The Hawthorne Neighborhood Council issued a letter of support on May 28, 2013.

Mill City Quarter: Downtown Minneapolis Neighborhood Association issued letters of support for the project on February 16, 2013 and September 12, 2013. Mill District Neighborhood Association issued its letter of support on June 28, 2013.

- City Goals - A Safe Place to Call Home – Healthy homes, welcoming neighborhoods; Homelessness eliminated.
- Sustainability Targets – Affordable Housing Units
- Comprehensive Plan - Section 4.9: Minneapolis will grow by increasing its supply of housing. Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. Section 4.11: Minneapolis will improve the availability of housing options for its residents.
- Zoning Code – All projects will be required to comply with the zoning code.
- Other – n/a

Supporting Information

Since 1996, the Metropolitan Council has awarded grants through its Local Housing Incentive Account Program. The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals. In Minneapolis, the match is usually provided by the developer-applicant. Through 2013, twenty-two (22) projects located in the City of Minneapolis have received a total of \$4,473,000 from LHIA. Recent Minneapolis projects awarded LHIA funds include Cameron Building, Greenway Heights Townhomes, PPL DECC Recapitalization, Snelling Apartments and West Broadway Curve.

The LHIA program is conducted in coordination with Minnesota Housing through their semi-annual RFP common application process. Multi-Family Housing applications were due in June of 2014. Developers apply directly to Minnesota Housing. There is little or no City staff involvement in the application process, and, unlike other Metropolitan Council grant programs, a resolution of City support is not a required component of the RFP LHIA application. Minnesota Housing and Metropolitan Council staff review each RFP and decide which agency will potentially participate in the project financing for selected projects. The Council's Livable Communities staff recommendations are then presented to the Metropolitan Council for consideration and final approval. The staff report must include an Acknowledgement of Receptivity to an LCA Funding Award form signed by the City for each project recommended for LHIA funding. The form states that the recipient community "supports the affordable and life cycle objectives of the Livable Communities Act" and will "accept and make available in a timely manner to RFP applicant any LCA award to the city to assist the housing program or activity proposed in the application if such an award is made."

Metropolitan Council staff has provided the City with a roster of projects being recommended for LHIA funding. The staff recommendations will not be considered and approved by the Metropolitan Council until December 2014. In the meantime, City staff is seeking authorization for the appropriate City officials to sign Acknowledgement of Receptivity to an LCA Funding Award forms on behalf of the following projects:

Project Name: Broadway Flats
Developer: Rose Development, LLC
Funding award: \$200,000 staff recommendation pending Metropolitan Council approval

Project Name: City of Lakes Community Land Trust
Developer: City of Lakes Community Land Trust
Funding award: \$150,000 staff recommendation pending Metropolitan Council approval

Project Name: Hawthorne Eco Village
Developer: Project for Pride in Living (PPL)
Funding award: \$200,000 staff recommendation pending Metropolitan Council approval

Project Name: Mill City Quarter
Developer: Eagle Iron Partners
Funding award: \$214,000 staff recommendation pending Metropolitan Council approval

Additional information for three of the candidate projects can be found on the attached [CPED Affordable Housing Inventory Project Data Worksheets](#). The project descriptions below were summarized by Metropolitan Council staff based on the application materials submitted to Minnesota Housing.

Broadway Flats

Broadway Flats is a new construction development of one four-story building with one level of underground parking on an urban infill parcel. The proposed development site is located at the corner of West Broadway and Penn in North Minneapolis. The proposed new construction will create first floor commercial space that will return two long-standing businesses back to the community. The residential portion will create 103-units of workforce housing consisting of 10 studios, 78 one-bedroom units and 15 two-bedroom units. All units will be affordable at or below 60% of the Area Median Income (AMI), and at least 20% of the units will be affordable to households at or below 50% AMI. The development team is a partnership between Rose Development and Lupe Development Partners.

The proposed LHIA funding award will be matched by the City's 2012 and 2013 Affordable Housing Trust Fund awards totaling \$1,050,000.

City of Lakes Community Land Trust

City of Lakes Community Land Trust (CLCLT) requests grant funds for affordability gap and value gap for its Homebuyer Initiated Program (HIP) in the City of Minneapolis. HIP is a buyer-driven homeownership model that allows the homebuyer to select and purchase the home on the community land trust model, and the CLCLT rehabilitates it post-purchase. For 12 of the 17 homes, the average affordability gap and value gap supported by the Impact Fund will be \$25,000 per unit, a total of \$50,000. For five homes purchased in higher-value Minneapolis neighborhoods, \$100,000 per unit in affordability gap assistance will be provided using housing infrastructure bond proceeds.

The proposed LHIA funding award will be matched by Hennepin County AHIF funds, should they be awarded.

Hawthorne Eco Village

The Hawthorne Eco Village Apartments is a proposed new construction of 75 units of housing in the four-block Hawthorne Eco Village master plan at the intersection of Lyndale and Lowry Avenues. The development will consist of 71 apartment units in a four story building and two smaller townhome buildings, each containing 2 three-bedroom units with tuck-under parking. As the cornerstone of the Hawthorne Eco Village, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be one of PPL's first multi-family projects to be certified through the Green Communities program.

The proposed LHIA funding award will be matched by the City's 2013 Affordable Housing Trust Fund award of \$1,875,000.

Mill City Quarter

Eagle Iron Partners is requesting funding for the construction of Mill City Quarter located in downtown Minneapolis. The project will create 150 new units of affordable workforce housing in a TOD priority area near both the Green Line and Blue Line LRT. The six-story elevator apartment building will have 115-one bedroom and 35-two bedroom units, as well as 14,495 square feet of retail space, 207 underground parking stalls and 20 surface parking stalls. A "woonerf," which is a pedestrian friendly street will be added to the site, providing a direct connection to the Minneapolis Parks trails along the Mississippi River. Sixty (60) units will have rents affordable to households with incomes at or below 50% of AMI. Ninety (90) units will have rents affordable to households with incomes at or below 60% of AMI. Adding 150 units of workforce housing at an infill site in the growing downtown core, this project is a high priority for the City

of Minneapolis. The developer competed in a City-issued request for proposals (RFP) process to gain development rights to the site.

The proposed LHIA funding award will be matched by the City's 2013 and 2014 Affordable Housing Trust Fund awards totaling \$1,500,000.

The Metropolitan Council is expected to finalize its 2014 LHIA grant awards in January 2015. The City Council will be asked to formally accept the grant awards and appropriate the grant funds soon thereafter.

Authorizing the proper City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award form in support of the award of Metropolitan Council Livable Communities Local Housing Incentive Account grant funds to certain projects located in the City of Minneapolis

Whereas, the City of Minneapolis (the "City") was and is a participant in the Livable Communities Act's Housing Incentives Program as determined by the Metropolitan Council, and is therefore eligible to participate in the Local Housing Incentive Account grant program; and

Whereas, the Metropolitan Council has notified the City that the following projects applied for funds in June of 2014 through the Minnesota Housing Common Application process: Broadway Flats, City of Lakes Community Land Trust, Hawthorne Eco Village and Mill City Quarter; and,

Whereas, based upon preliminary information about the projects, the City expects to accept and make available in a timely manner to these applicants any Livable Communities Act award to the City to assist the housing program or activity proposed in the applications, subject to such terms and conditions as the City determines are in the best interests of the City and comport with the Local Housing Incentive Account grant program's purposes and criteria; and

Whereas, the City has the institutional, managerial and financial capability to ensure adequate project administration;

Now, Therefore, Be It Resolved By The City Council of the City of Minneapolis:

That the City Council authorizes the appropriate City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award in support of the award of Metropolitan Council Livable Communities Local Housing Incentive Account grant funds to certain projects located in the City of Minneapolis, and subject to acceptance and appropriation, to execute such agreements as are necessary to provide the awarded funding to the projects.