



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

Date: March 24, 2015

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Corcoran Triangle – Public Hearing on Preliminary Approval to issue up to \$13,000,000 in Tax Exempt Multifamily Housing Revenue Entitlement Bonds

Recommendation: Approve the attached Resolution giving Preliminary Approval to issue up to \$13,000,000 in Tax-Exempt Multifamily Housing Revenue Entitlement Bonds

Previous Directives:

- On February 16, 2010 – Approval of \$735,000 Affordable Housing Trust Fund loan.
- April 6, 2010, Authorization to submit Hennepin County TOD grant application in the amount of \$300,000.
- On July 24, 2012 – Authorization to submit LCDA –TOD grant applications to Metropolitan Council.
- On February 12, 2013 – Acceptance of \$505,000 LCDA-TOD grant from Metropolitan Council.
- On October 31, 2014 – Approval of additional \$415,000 from Affordable Housing Trust Fund loan.
- November 3, 2014 – Authorization to submit Hennepin County TOD grant application in the amount of \$200,000.
- March 3, 2015- Authorization of Project Analysis for Tax Increment Finance Application.

Department Information

Prepared by: Shalaunda Holmes, Senior Project Coordinator (612)673-5266
Approved by: Andrea Brennan, Director, Housing Policy & Development _____
Charles T. Lutz, CPED Deputy Director _____
D. Craig Taylor, CPED Director _____
Presenters in Committee: Shalaunda Holmes, Senior Project Coordinator

Financial Impact

- Project will generate semi-annual administrative fees.

Community Impact

- Neighborhood Notification: The developer sent a letter to The Corcoran Neighborhood Association.
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Sustainability Targets: Affordable housing production.

Minneapolis Comprehensive Plan contains the following relevant policy:

- *Policy 1.13: Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places.*
- *Policy 2.2: Support successful streets and communities by balancing the needs of all modes of transportation.*
- *Policy 3.1: Grow by increasing the supply of housing.*
- *Policy 3.2: Support Housing Density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities.*
- *Policy 3.3: Increase housing that is affordable to low and moderate income households.*
- *Policy 3.4: Preserve and increase the supply of safe, stable and affordable supportive housing opportunities for homeless youth, singles and families.*

This project also meets goals and expectations in the Hiawatha Lake Street Station Area Master Plan and the Corcoran Midtown Revival Plan.

Zoning Code: The site is currently zoned R5. The current zoning allows for the proposed use with a conditional use permit for a residential community facility for the nine long-term homeless units.

Supporting Information & Development Plan

Corcoran Triangle will be located at 3120 24th Ave S. The project is a 135 unit, new construction housing development poised to revitalize the intersection of 32nd and Hiawatha, just one block south from Blue Line Lake Street Light Rail Transit (LRT) Station on a triangular vacant parcel. The developer is Corcoran Triangle LLC c/o Wellington Management Inc. The site currently owned by Corridor Plaza, LLC is a 2.78 acre parcel which is leftover right of way from the development of the Hiawatha Light Rail Line. This infill project demonstrates how transit oriented development can fit into uniquely shaped parcels that are often leftover as a result of right-of-way expansions or other infrastructure related impacts. The total square footage for the building is approximately 98,000 square feet.

The building will include individual apartment entrances at street level, common spaces and community spaces both indoors and out, an outdoor plaza area, storm water management demonstration area, tot-lot, outdoor seating, bicycle racks, a new roadway, sidewalks, bike path, native plantings and green spaces.

This transit oriented development will consist of affordable workforce housing made up of nine units at or below 30% area median income for those experiencing long-term homelessness and suffering from HIV/AIDS, 37 units at or below 50% area median income, and 89 units at or below 60% area median income. Clare Housing a nationally recognized service provider will provide support services for the long term homeless residents.

Corcoran Triangle is a four-story building with one level of underground parking that will have 98 spaces. There will also be 67 surface parking spaces. The project will be owned by Corcoran Triangle, LP.

Project Financing Overview

The estimated total development cost of the project is approximately \$24,576,770. Developer equity in the project includes deferring a portion of the developer fee of \$875,000. The developer has submitted an application to CPED staff for preliminary approval of Housing Revenue Bonds which carries automatic 4% low income housing tax credits. The tax credits will generate approximately \$6,847,770 of syndication proceeds which is equity to the project.

The developer has secured financing from the following sources to finance this development:

Program	Amount	Source
Deferred Loan	\$1,850,000	Minnesota Housing
City Affordable Housing Trust Fund	\$1,150,000	City of Minneapolis
Deferred Developer Fee	\$875,000	Developer
LCDA Grant	\$505,000	Metropolitan Council
Deferred Loan	\$500,000	Family Housing Fund
Hennepin County TOD	<u>\$500,000</u>	Hennepin County
Total Funds Committed	\$5,380,000	

Tax Increment Financing

On March 3, 2015, the Community Development & Regulatory Services Committee recommended preliminary authorization analysis of the Corcoran Triangle Housing project to determine if tax increment financing (TIF) assistance is appropriate and justifiable. Staff is completing its analysis and anticipates moving forward to present a request for council action to create and approve a Housing TIF District and financing to this development. All tax increment generated by this housing development will be pledged to the TIF notes.

Housing Revenue Bond Information

The developer is requesting preliminary bond approval for the issuance of up to \$13,000,000 in tax exempt multi-family housing entitlement revenue bonds. Staff anticipates this project will close by year-end 2015. The developer is requesting the issuance of bonds in the amount of \$13 million in Series A, B and C releases. Preliminary estimates of the Series A (NOI supported bonds) in the amount of \$10,188,000 will be secured by a first mortgage on the property. The Series B (TIF supported bonds) in the amount of \$1,500,000 will be secured by a TIF note. The Series C bonds in the amount of \$1,102,000 (24 month construction loan) will be paid back by tax credit syndication proceeds after construction.

The current status of the HRB Entitlement allocation is shown below.

Allocation	Amount
2013 Allocation Remaining	\$15,701,966
2014 Entitlement Allocation	\$48,759,326
2015 Entitlement Allocation	\$49,090,273
Total Available Allocation	\$113,551,565
Current Projects Approved	Amount
Broadway Flats	\$13,900,000
Cameron	\$6,500,000
Mill City Quarter	\$22,000,000
Corcoran Triangle	\$13,000,000
Balance Available for Other Projects	\$58,151,565

Anticipated Project Timeline

Hennepin County AHIF Funding Announcement	April 2015
Final Bond Approval and TIF Approval	July 2015
Project Closing	August 2015
Construction Start	September 2015
Construction Completion	Summer 2016

Bond Purchaser/Underwriter	TBD
Tax Credit Equity Investor	TBD
Bond Counsel	Kennedy & Graven, Chartered
Council Member	Alondra Cano (Ward 9)

Attachments:

Project Data Worksheet
Resolution

