

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 10/13/2014
From: Community Planning & Economic Development
Prepared by: Dollie Crowther x 5263
Presented by: Dollie Crowther
File type: Action
Subcategory: Staff Direction

Subject:

Approve Allocation of Year 2016 Low Income Housing Tax Credits

Description:

Approve preliminary reservation of Year 2016 Federal Low Income Housing Tax Credits totaling \$1,427,361 for the following Projects:

- YouthLink Supportive Housing- 41 12th Street North (In the amount of \$831,962)
- Marshall Flats-Clare Housing - 2525 2nd Street South (In the amount of \$246,941)

PRG Portfolio I -3708 Elliot & Scattered Sites (In the amount of \$348,458)

Previous Actions:

In May 2015, the City Council Approved the Qualified Allocation Plan and Procedural Manual.

Ward/Neighborhood/Address:

City Wide

Includes All Neighborhoods

Background/Analysis:

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis St. Paul Housing Finance Board administers an allocation of Federal Low Income Housing Tax Credits (LIHTC) each year. The LIHTC Program provides a reduction in federal tax liability to owners and investors of qualified low income housing developments that comply with federally imposed rent and tenant income restrictions for a minimum of 30 years. CPED is administering an allocation of tax credits for year 2016 in the amount of \$1,427,361.

A public hearing on the Qualified Allocation Plan (QAP) adopting the Selection Criteria and Allocation Plan was held at the Community Development Committee on May 19, 2015. A discussion was held of recommended staff changes to the QAP, some of which were suggested by the Minneapolis Consortium of Community Developers (MCCD).

The tax credit deadline was July 8, 2015. Seven (7) proposals requesting a total of \$6,124,675 in tax credits were received. The summary list of projects, amount of tax credits requested and unit breakdown is shown in Exhibit A (attached). The proposals are ranked according to the Selection Criteria as shown in Exhibit B (attached). The three highest ranking projects are being recommended for tax credit funding. The PRG Portfolio I and House of Charity ranked the same. Staff felt the PRG Portfolio I is a top priority on the Interagency

Stabilization Group (ISG) list with the MHFA, Hennepin County and other lenders. It also serves large families, which is a demonstrated need in the City of Minneapolis.

Year 2016 Low Income Housing Tax Credit projects are listed below:

- YouthLink Supportive Housing-Project for Pride In Living (PPL) will receive \$831,962 of tax credits for the new construction of 46 units of supportive housing in a new 5 story building attached to the Youth Opportunity Center for homeless youth between the ages of 18-23. The majority of the SRO style units will be grouped into suites of 4 rooms, with shared kitchens and bathrooms to encourage community building amongst residents and to fight against the isolation that can be a barrier to the youth's success. The ground floor will house community spaces such as a lounge, activity room and a computer lab. It will also provide offices for property management and service provider staff.
- Marshall Flats-Clare Housing-Clare Housing promises to build a new construction 4 story, 36 unit permanent supportive housing development for people living with HIV/AIDS. The City will provide \$246,941 in LIHTC for this project. The State had an additional \$82,154 in tax credits which they allocated to this project. The project will serve long term homeless, (LTH) and at risk of homelessness individuals. Many of these residents will also have physical disabilities, chemical dependency and mental health issues. Included with the 36 units, the building will have a community room with a kitchen and supportive service offices on the first level. Group Residency Housing (GRH) has been approved for 11 of the units and the developer will be requesting assistance for the remaining units. This project received a partial allocation of \$371,688 in last year's tax credit RFP round. The remaining credits will complete the project's request for tax credits and the project can move forward towards a closing in 2016.
- PRG Portfolio I-CommonBond Communities, Inc. proposes to rehabilitate this 42 unit large family scattered site project. PRG I has 5 units set aside for homeless households and will have a part time service coordinator at the sites. The financing will provide much needed capital improvements for long term preservation and stabilization. The rehab will also provide energy efficient interiors and exteriors, unit finishes, and building elements needing update. The project includes 6 properties which are duplexes, triplexes and fourplexes. All are walk-ups. A partial allocation of \$348,458 will be recommended for this project.

PRG I will require additional tax credits to meet its goal of \$740,108. It is anticipated that the MHFA will assist this project in the winter round with returned credits or in the spring round in 2016. If not, the project will return to the City for the remaining credits.

The tax credit reservations are contingent upon the selected projects meeting certain application and program requirements established by deadlines. If these requirements are not met, staff will again review all the projects remaining on the waiting list to determine the best candidate for receiving a tax credit reservation and completing a carryover. Staff will continue to work with the applicants of these projects.

The tax credit amounts shown are based on estimates only. Final credit amounts are determined at the time the commitment is entered into or at the time the building is placed in service. Unallocated or returned credits will be distributed among eligible projects as ranked on Exhibit B, and any remaining credits after that may be returned to Minnesota Housing Finance Agency (MHFA).

Financial Review:

Fees will be collected from approved projects.

Attachments:

1. Attachment A - Summary of Proposals
2. Attachment B - Ranking of Applications
3. Project Data Work Sheets for Selected Applicants