



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

Date: August 11, 2015

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

Subject: Hennepin County Housing and Redevelopment Authority (HRA) financial assistance from the 2015 Affordable Housing Incentive Fund (AHIF) to eight projects located in Minneapolis.

Recommendation: Adopt the attached resolution granting approval for the Hennepin County Housing and Redevelopment Authority (HRA) to provide financial assistance from the 2015 Affordable Housing Incentive Fund (AHIF) to eight projects located in Minneapolis.

Previous Directives:

Anishinabe Bii Gii Wiin:

- On October 28, 2013, the City Council approved an allocation of \$692,572 9% LIHTC for the Anishinabe Bii Gii Wiin
- On October 31, 2014, the City Council approved a loan of \$1,170,000 from the AHTF program for the Anishinabe Bii Gii Wiin project.

CLCLT Homebuyer Initiated Program:

- No previous directives

Corcoran Triangle:

- On February 16, 2010, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$735,000 for this project.
- On April 6, 2010, the City Council authorized the submission of a Hennepin County TOD grant application in the amount of \$300,000.
- On July 24, 2012, the City Council authorized the submission of a LCDA-TOD grant application to Metropolitan Council.
- On February 12, 2013, the City Council accepted an LCDA-TOD grant in the amount of \$505,000.
- On October 31, 2014, the City Council approved an additional loan from the Affordable Housing Trust Fund in the amount of \$415,000 for this project.
- On November 3, 2014, the City Council authorized the submission of an additional Hennepin County TOD grant application in the amount of \$200,000.
- On March 3, 2015, 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 April 3, 2015, the City Council granted preliminary approval to issue tax exempt entitlement housing revenue bonds up to \$13 million.

Hawthorne Eco Village:

- 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 Minneapolis City Council approved an Affordable Housing Trust Fund Loan of up to \$1,875,000 for the Hawthorne EcoVillage Apartments. On March 28, 2014 the Minneapolis City Council approved the acceptance of a \$1 million grant from the Metropolitan Council's Livable Communities Demonstration Account.
- On October 31, 2014 the Minneapolis City Council approved a 24-month extension of the exclusive development for five (5) City-owned parcels location at 617 Lowry Avenue North, 3110 and 3116 Lyndale Avenue North and 3113 and 3117 6th Street North.

Indian Neighborhood Club Expansion:

- On October 31, 2014, the City Council approved a loan of \$160,000 from the AHTF program for the Indian Neighborhood Club Expansion project.

Opportunity Housing Partnership Preservation:

- On October 31, 2014, the City Council approved a loan of \$650,000 from the AHTF program for the Opportunity Housing Partnership Preservation
- On October 31, 2014, the City Council approved an allocation of \$353,477 9% LIHTC for the Opportunity Housing Partnership Preservation project.

Seward Towers:

- On September 27, 2002 City Council Approved up to \$20,000,000 Series 2003 Multifamily Housing Entitlement Revenue Bonds to the Seward Towers Project under Resolution 2002R-325
- On September 19, 2002 the MCDA Board of Commissioners approved the restructure and subordination of existing 3rd and 4th Position MCDA Loans under Document 2002-228M
- On December 13, 2013 City Council approved the recasting of the third and fourth position loans at 1% simple interest for both Seward Towers East and Seward Towers West Retroactively to April 3, 2003 from the original rate of 5.47%

Department Information

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Approved by:	D. Craig Taylor, CPED Director _____
	Charles T. Lutz, CPED Deputy Director _____
	Andrea Brennan, Director Housing Policy & Development _____
Presenters in Committee:	Jon Clevenger

Financial Impact

No financial impact.

Community Impact

Neighborhood Notification: Not applicable.

City Goals: Living well: Minneapolis is safe and livable and has an active and connected way of life.

Comprehensive Plan: Policy 3.3: Increase housing that is affordable to low and moderate income households.

Zoning Code: Projects will comply.

Supporting Information

On May 13, 2015, the Hennepin County Housing and Redevelopment Authority (HRA) approved Affordable Housing Incentive Fund (AHIF) financial assistance in the total amount

of \$2,700,000 for eleven projects. Seven of these projects are located in Minneapolis with a cumulative award of \$1,800,000. The County HRA's funding process requires that the City Council adopt a resolution approving the awards prior to executing funding agreements. The County HRA's AHIF program is an important funding resource for the City of Minneapolis to create and stabilize affordable rental and ownership housing. Program guidelines include providing affordable long-term housing units and promoting the connection of affordable housing to local employment, schools, transit corridor development and supportive services. AHIF is used as a last resort for gap financing and as a vehicle to leverage other public and/or private funding sources. Since Hennepin County administers these funds without City assistance, there is no appropriation associated with approving these funding awards. The attached resolution declares there is a need for and approves the County HRA exercising its powers in the City for the limited purpose of providing up to \$1,800,000 of AHIF funds from the County HRA for projects within the City.

The 2015 AHIF awards for projects located in Minneapolis are:

Development Name	Applicant	Activity	Amount
Anishinabe Bii Gii Wiin Housing	AICDC and PPL	Rental	\$150,000
CLCLT Homebuyer Initiated Program	CLCLT	Homeownership (Land Trust)	\$100,000
Corcoran Triangle	Wellington Management	Rental	\$400,000
Hawthorne Eco Village	PPL	Rental	\$450,000
Indian Neighborhood Club Expansion	INC	Rental	\$200,000
Opportunity Housing Partnership Preservation	AEON	Rental	\$200,000
Sewards Tower	Redesign and CommonBond Communities	Rental	\$300,000
		TOTAL	\$1,800,000

The following is a brief description of each approved project:

Anishinabe Bii Gii Wiin Housing: American Indian Community Development Corporation (AICDC) and Project for Pride in Living (PPL) are partnering on this project, which includes the rehabilitation of Anishinabe Wakiagun and the new construction of Anishinabe Bii Gii Wiin. Wakiagun is located at 1600 19th St S near the Franklin Avenue LRT station, and includes 45 units of single-room occupancy (SRO) housing for homeless and near-homeless persons living with disabilities. Wakiagun was developed in 1996, and was funded with 9% Low-Income Housing Tax Credits provided by the MCDA, along with deferred funds provided by the State, MCDA, HUD, and others. As a part of the new partnership, Bii Gii Wiin will acquire Anishinabe Waukiagin and incorporated under the new partnership. Bii Gii Wiin will be constructed south of Wakiagun along Franklin Avenue, and will contain 32 units of supportive housing for the same population. Unlike Wakiagun, Bii Gii Wiin will be a sober housing facility. The site plan is preserving space for a possible 3rd phase, at the intersection of Franklin and Hiawatha. AICDC currently provides services at Wakiagun, and would provide services at the new Bii Gii Wiin facility as well. The proposed rehabilitation work at Wakiagun includes the following: window replacement, mechanical systems repair and upgrades, lighting and electrical upgrades, site drainage/landscaping improvements, and commercial kitchen appliance replacement.

CLCLT Homebuyer Initiated Program: This ownership acquisition rehab project is a continuation of City of Lakes Community Land Trust's (CLCLT) Homebuyer Initiated Program

(HIP) that provides affordability and rehabilitation financial assistance to moderate income buyers purchasing and renovating market rate single family homes and owner-occupied duplexes in the City of Minneapolis. This project has 16 scattered site units.

Corcoran Triange: 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 a 2.6 acre parcel which includes 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.

Hawthorne Eco Village: Project for Pride in Living is proposing a new construction project at the southeast corner of the Lyndale-Lowry node in the Hawthorne EcoVillage. The project will contain a single four-story building with 71 units and two detached townhome units containing two units each. All 75 rental units will be affordable to households at or below 50% MMI. PPL also intends to serve four LTH households within the project. The Hawthorne EcoVillage Apartments will be the first higher density residential project on Lowry Avenue since the roadway reconstruction several years ago. The project is proposed to feature several green design elements including, sustainable site planning, urban reforestation, water and energy efficiencies and improved indoor air quality. PPL is also considering solar domestic hot water as well as a geothermal heat pump and photo voltaic ready infrastructure. The project will also feature ground level, indoor community space and property management offices, underground parking, public bicycle parking, public art, an integrated transit stop, a community garden and outdoor gathering spaces for the residents and variety of other public pedestrian amenities.

Indian Neighborhood Club: The Indian Neighborhood Club Expansion provides sober housing and support for homeless and near homeless chemically dependent men. There will be 20 SRO units in four (4) pods. Each pod will have shared kitchens, bathrooms, and common areas and will provide residents with a supportive community. 10 of the units will be supported with GRH funding. 9 units will serve graduates who have stabilized their lives and are working and paying rent and need a sober community. 1 unit is for an on site staffperson.

Opportunity Housing Partnership: The Opportunity Housing Partnership provides formerly homeless adults with quality living and support services on site. There are 51 PBA units and 66 GRH units in the project. This project will require debt forgiveness and debt assumption by other lenders and CPED. OHP represents 3 buildings in downtown Minneapolis and has operated since 1992 as a resource to end homelessness. The Lamoreaux and Continental will be reconfigured to provide units with private kitchens and bathrooms while increasing supportive services on site. This reconfiguration will provide four 1BR units at the

continental. Each building has a community room and property office. The Lamoreaux and Continental have 24-hour desk service. There are currently 130 units. After rehab there will be 117.

Seward Towers: Seward Towers East and West are two 21- story high rises containing 320 apartments in each building and is located at 2910 East Franklin and 2525 South 9th Street. The Towers were built in 1969-1970 and acquired by the current ownership in 1990. The properties are owned by Seward Towers Corporation and have been governed by a board that includes Seward Neighborhood and Tower residents as well as Seward Redesign and CommonBond who will provide asset management and property management services. CommonBond and Redesign will restructure the financing of the buildings to renovate both Towers to a 20-year standard, including building systems and code upgrades in order to preserve the existing Federal Section 8 contracts on all the units. Preservation of the 640 units in Seward Towers East and West is crucial to maintaining affordable housing for the mix of families who live there.

The renovation project is necessary to replace the existing plumbing stacks and servicing all units in each building and is anticipated to last approximately 18 months in each building. All of the windows in both buildings require full replacement and their current condition is considered a life-safety issue given the absence of so-called "angel latches" that prevent young children from opening and falling from windows.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman

Granting approval for the Hennepin County Housing and Redevelopment Authority to provide financial assistance to Anishinabe Bii Gii Wiin Housing (\$150,000), City of Lakes Community Land Trust Homebuyer Initiated Program (\$100,000), Corcoran Triangle (\$400,000), Hawthorne EcoVillage (\$450,000), Indian Neighborhood Club Expansion (\$200,000), Opportunity Housing Partnership Preservation (\$200,000) and Seward Towers (\$300,000) under the Minnesota Housing and Redevelopment Authorities Act and Minnesota Statutes, Section 383B.77.

Whereas, representatives of the Hennepin County Housing and Redevelopment Authority (the "County HRA") have advised the City of Minneapolis, Department of Community Planning and Economic Development that the County HRA proposes to provide financial assistance from Hennepin County's Affordable Housing Incentive Fund in an amount up to \$1,800,000, to seven (7) projects in the City of Minneapolis, Minnesota (the "City"); and

Whereas, pursuant to Minnesota Statutes, Section 383B.77, subd. 3, the County HRA must obtain City approval of any project within the City before it is undertaken by the County HRA;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis that, as required by Minnesota Statutes, Section 383B.77, subd. 3, and other applicable law, the City Council hereby approves the County HRA exercising its powers in the City for the limited purpose of providing financial support to the Projects in the City, which Projects have requested, or may hereafter request, financial assistance in the combined amount up to \$1,800,000 from the County HRA.

Be It Further Resolved that nothing in this resolution shall create a pecuniary obligation of the City to assist the Projects, nor shall the City be in any way responsible for any financing obligation or agreement of the County HRA with respect to its provision of financial assistance to the Projects.

Be It Further Resolved that the request made hereunder extends only to the powers of the County HRA with respect to the financial assistance the County HRA proposes to provide to the Projects, and the City shall retain all other powers and jurisdiction over matters relating to the City and the Projects.

Be It Further Resolved that nothing in this resolution is intended to endorse the merits of the Projects to be undertaken.