



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

**Date:** August 11, 2015

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

**Subject:** 4041 Hiawatha Avenue Request for Support for Hennepin County Housing and Redevelopment Authority Issuance of Entitlement Bonds

**Recommendation:** Adopt the attached Resolution Approving the 4041 Hiawatha Avenue South Project and Authorizing the Hennepin County Housing and Redevelopment Authority to Issue up to \$30M of Housing Revenue Entitlement Bonds for the Project

**Previous Directives:** **None**

### **Department Information**

Prepared by: Jimmy Loyd, Senior Project Coordinator – CPED Residential Finance
Approved by: D.Craig Taylor, Executive Director, CPED _____
Charles T. Lutz, Deputy Director, CPED _____
Andrea Brennan, Director Housing Policy and Development _____
Presenter in Committee: Jimmy Loyd, Senior Project Coordinator, 673-5075

### **Financial Impact**

- No financial impact: None

### **Community Impact**

- Neighborhood Notification- Longfellow Community Council issued a letter of support dated February 17<sup>th</sup> 2015
- City Goals: A Safe Place To Call Home; Eco-Focused; Many People, One Minneapolis; Jobs & Economic Vitality; Livable Communities, Healthy Lives; A City That Works
- Sustainability Targets: Affordable Housing Units – Rehabilitation.
- Comprehensive Plan: 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households. 4.9.1 Minneapolis will grow by increasing its supply of housing. 4.11 Minneapolis will improve the availability of housing options for its residents

### **Supporting Information**

The 4041 Hiawatha project is a vacant, light industrial property located just two blocks south of the 38<sup>th</sup> Street Blue Line Light Rail on Hiawatha Avenue. The developer, Minneapolis Leased Housing Associates VIII, LLLP is proposing a full scale adaptive reuse of the existing two buildings on the property, converting the space to approximately 78 affordable workforce units along with a full amenity package. Eighty percent of the units will be affordable to residents with incomes at 60% of the area median income (AMI) or less and the remaining twenty percent will be rent restricted at the HUD fair market rents. The project will include one and two bedroom apartments. The transit-oriented features of the project include a low parking ratio, side walk replacement, substantial landscaping along Hiawatha and bike storage.

The developer originally met with staff to discuss the use of City of Minneapolis Housing Revenue Entitlement Bonds to fund the project. TBRA and ERF contamination grants were approved by the Metropolitan Council and will provide the necessary gap financing. The developer will infuse additional funds to cover any remaining gap. The developer requested to close this project with \$30M of bonds no later than early December 2015. Because of this timeline, the City did not have available entitlement allocation to fully fund the project until January 2016.

It was agreed that the developer would request \$30M of Entitlement Authority from Hennepin County Housing and Redevelopment Authority. This would allow the project to close in 2015.

The provisions of Minnesota Statutes, Section 383B.77 requires that if a housing project is undertaken in Hennepin County by the Authority, the governing body of the city in which the project is located must approve the project before it is undertaken.

**Attachments**

- Resolution