

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

Date: September 16, 2008

To: Council Member Lisa Goodman, Chair
Community Development Committee

Subject: Alliance Housing's Scattered Site Rehab proposed property swap to remove 1844 E. 26th St. and replace with 3037 Oakland Ave. for the rehab funded in part by the \$300,000 loan from the 2007 Affordable Housing Trust Fund.

Recommendation: Approve revising the 2007 Affordable Housing Trust Fund Alliance Housing's Scattered Site Rehab project by removing 1844 E. 26th St. from the rehab scope of work and replacing it with 3037 Oakland Ave., and authorizing the execution of the necessary documents for the AHTF loan.

Previous Directives:

a) In December 2007, the Council approved a \$300,000 loan from the Affordable Housing Trust Fund to Alliance Housing Inc. and \$30,000 non-profit admin funds to rehab eight scattered site buildings totaling 28 units.

Prepared by:	Matt Goldstein, Senior Project Coordinator, 612-673-5075
Approved by:	Charles T. Lutz, Deputy CPED Director _____
Approved by:	Thomas Streitz, Director, Housing Policy & Development _____
Presenters in Committee:	Matt Goldstein, Senior Project Coordinator

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget _____ or Operating Budget _____
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification- The official neighborhood organizations representing the area in which the property is located reviewed the rehab project prior to the 2007 AHTF award. The June 26, 2007 review by the Central Area Neighborhood Development Organization of the rehab included the 3037 Oakland Ave. property even though this property was not included in the 2007 AHTF application.

City Goals – In five years all Minneapolis residents will have a better quality of life and access to housing and services.

Sustainability Targets – The proposed projects meet the affordable housing targets.
 Comprehensive Plan – 4.9: Minneapolis will grow by increasing its supply of housing; 4.11: Minneapolis will improve the availability of housing options for its residents.
 Zoning Code – All projects being recommended either comply or will comply with the zoning code.

Supporting Information

To preserve existing affordable housing units, in 2007, the Council approved a \$300,000 loan from the Affordable Housing Trust Fund for Alliance Housing Inc. and \$30,000 of non-profit admin funds to rehab and stabilize eight scattered site properties totaling 28 units summarized in Table 1:

Neighborhood	Property Addresses	Ward
Whittier	2103 2nd Ave. S.	6
Phillips	2413 – 10th Ave. S.	6
Phillips	1844 – 26th St. E.	6
Central	3033 Oakland Ave.	8
Bryant	3823 Columbus Ave.	8
Powderhorn Park	3231 Elliot Ave.	9
Powderhorn Park	3327 Elliot Ave.	9
Powderhorn Park	3038 Bloomington Ave.	9

Since this funding was approved, Alliance has been approached by Council Member Schiff to sell the 1844 – 26th St. E. property to the City or Little Earth. The CPED Single Family division is working on that project. Alliance has subsequently requested that the 1844 – 26th St. E. be removed from the approved AHTF rehab scope of work and replaced with a comparable property, 3037 Oakland Ave. in the Central neighborhood and 8th Ward. No changes are proposed to the AHTF and non-profit admin funding amounts, property owners, property managers, and consultants, and the scoring of the project as to conformance with the AHTF selection criteria have not changed.

Table 2 summarizes the general configurations of the two properties which are currently serving similar populations. Alliance purchased the 3037 Oakland Ave. property in 1994 and has been managing the property since that time.

Property Configurations	Year Built	Size: (Sq. Ft.)	Stories	Units	Baths	Res. Rooms
1844 – 26th St. E	1900	1504	2 + basement	4	2	8
3037 Oakland Ave.	1905	2208	2.2 + basement	4	2	10

CPED staff has processed this property swap by inspecting the replacement property, evaluating the proposed scope of work, evaluating any cost differences, confirming that the revised project conforms with the AHTF selection criteria and underwriting standards, and examining the cash flow projections with the new property included. The proposed scope of work for 3037 Oakland Ave. includes limited site work such as sidewalk and pavement replacement, exterior improvements such as siding replacement, kitchen and bathroom improvements, floor resurfacing, and other improvements. CPED and Minnesota Housing staff inspected the 3037 Oakland Ave. property and the proposed scope of work and found that the rehab tasks for 3037 Oakland Ave. are comparable to the approved rehab scope for the 1844 – 26th St. E.

Regarding affordability, the proposed rents at 3033 Oakland Ave. are comparable with those at 1844 – 26th St. E. as summarized in Table 2. The 3037 Oakland Ave. property is larger than the 1844 – 26th St. E. property resulting in the addition of one bedroom which increases the total number of units in this rehab project from 28 to 29. Please note that the term “unit” refers to a rented bedroom that could include facilities such as kitchens that are shared by unrelated people. This definition is consistent with CPED underwriting standards and is reflected in the proformas used by the City and Minnesota Housing.

Address	Unit No.	Unit Type	Monthly Rent With Utilities
1844 – 26th St. E	Up #1	Single	\$ 290
1844 – 26th St. E	Up #2	Single	\$ 290
1844 – 26th St. E	Down #1	Single	\$ 290
1844 – 26th St. E	Down #2	Single	\$ 290
3037 Oakland Ave.	Up #1	Single	\$ 315
3037 Oakland Ave.	Up #2	Single	\$ 290
3037 Oakland Ave.	Up #3	Single	\$ 290
3037 Oakland Ave.	Down #1	2 Bedroom	\$ 715

The duplex properties are comparable in size, function, condition and affordability as summarized in Tables 1 and 2, and the updated scope of work after the property swap is consistent with the City’s underwriting standards. All funding sources have been secured including \$47,210 of private funds. Based upon the analysis summarized above, staff recommends revising the 2007 Affordable Housing Trust Fund Alliance Housing’s Scattered Site Rehab project by removing 1844 E. 26th St. from the rehab scope of work and replacing it with 3037 Oakland Ave., and authorizing the execution of the necessary documents for the AHTF loan.

Attached to this report is the following:

- 1) Attachment A: Project Data Worksheet for Alliance Scattered Site