

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

Date: October 28, 2008

To: Council Member Lisa Goodman, Community Development Committee

**Subject:** Allocation of 2009 Low Income Housing Tax Credits

**Recommendation:** It is recommended that the City Council preliminarily reserve Year 2009 Federal Low income Housing Tax Credits totaling \$1,300,366 to the following projects:

- Lowry Apartments- 2510 Polk Street NE ( In the amount of \$461,029)
- Creekside Commons- 5400-5412 Stevens Avenue (In the amount of \$538,304)
- Clare Midtown- 3105 23<sup>rd</sup> Avenue South (In the amount of \$150,517)
- PPL Near North- scattered sites (In the amount of \$150,516)

**Previous Directives:** The City Council approved the 2009 Qualified Allocation Plan and Procedural Manual on April 22, 2008.

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Approved by: Tom Streitz, Director of Housing Policy and Development  
Presenters in Committee: Dollie Crowther

**Reviews**

Permanent Review Committee (PRC):                      Approval \_\_\_ Date \_\_\_\_\_  
Policy Review Group (PRG):                                      Approval \_\_\_ Date \_\_\_\_\_

**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 (Fees will be collected)
- \_\_\_\_\_ Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification – projects received neighborhood notification and approval at time of initial application. - Creekside has since lost neighborhood approval.  
City Goals-Foster the development and preservation of a mix of quality housing types that are available, affordable, meet the current needs and promotes future growth.  
Sustainability Targets- N/A  
Comprehensive Plan- 5.91. Minneapolis will grow by increasing its supply of housing. 4.12. Minneapolis will reasonably accommodate the housing needs of all its citizens.  
Zoning Code- Projects will comply.  
Living Wage/Business Subsidy Agreement                      Yes \_\_\_\_\_                      No   
Job Linkage    Yes \_\_\_\_\_                      No   
Other-N/A

## Supporting Information

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 each year (LIHTC). 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 15 years. CPED is administering an allocation of tax credits for Year 2009 in the amount of \$1,300,366.

A public hearing on the Qualified Allocation Plan (QAP) adopting the selection criteria and allocation process was held at Community Development Committee on April 22, 2008. There were several changes recommended and approved for 2009 and were incorporated into the Plan. The tax credit application deadline was June 27, 2008. Nine proposals requesting a total of \$5,788,002 in tax credits were received. The proposals are ranked according to the Selection Criteria as shown in Exhibit B. Nicollet Square was fully funded by the Minnesota Housing Finance Agency and did not require tax credit assistance. Due to the Federal Housing and Economic Recovery Act of 2008 (HR 3221) which increases the amount of tax credits and provides more flexibility to make projects more financially feasible, CPED was able to provide more housing tax credits to individual projects for calendar years 2008-2009. The Recovery Act provisions will be included as part of the 2009 QAP and Procedural Manual administered by the Minneapolis/St. Paul Housing Finance Board. The Act will end after Year 2010.

The projects approved for Year 2009 Low Income Tax Credits are listed below:

- Lowry Apartments- 2510 Polk Street in the amount of \$461,029. Families Moving Forward and Metro Plains proposes to develop 30 units of housing with 4 long term homeless units. (See attached data worksheet).
- Creekside Commons-103 54<sup>th</sup> Street in the amount of \$538,304. Plymouth Church Neighborhood proposes to develop 30 units of family housing on land donated by Mayflower Congregational Church. (See project data worksheet).
- Clare Midtown-3105 23<sup>rd</sup> Avenue South in the amount of \$150,517. Clare Housing proposes to develop 45 units of supportive housing for persons living with HIV/AIDS. (See attached data worksheet).
- Near North Community Housing Project-Scattered site units in the amount of \$150,516. Project For Pride In Living proposes to rehabilitate 62 units of scattered site family housing and restructure the existing debt. (See attached data worksheet).

Projects not funded in this round may participate in the next tax credit round for 2010 which will be the summer of 2009 RFP, or may apply to MHFA in the second round this winter if credits remain. Lowry Apartments and Creekside Commons received a prior 2008 allocation and will have received sufficient credits in this round to close.

These 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 carryforward. 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 shall be returned to the MHFA. Staff has included a project data worksheet for all the applicants.