

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

Date: October 26, 2010

To: Council Member Lisa Goodman, Community Development Committee

Subject: Allocation of 2011 Low Income Housing Tax Credits

Recommendation: It is recommended that the City Council preliminarily reserve Year 2011 Federal Low income Housing Tax Credits totaling \$1,257,639 for the following projects:

- **Stradford Flats-** 16-22 E. 15th Street (In the amount of \$ 300,000)
- **Emanuel Housing** – 822 Third Avenue South (In the amount of \$ 857,639)
- **Art Space Jackson Flats-**1839- 47 Jackson Street;901-13,18th ½ Ave. North (In the amount of \$50,000)
- **Franklin Steele-** 1900 Portland Avenue South (in the amount of \$50,000)

Previous Directives: The City Council approved the 2011 Qualified Allocation Plan and Low Income Housing Procedural Manual on April 16, 2010.

Prepared by: Dollie Crowther, Principal Coordinator , 612-673-5263

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.

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
Other-N/A

Yes _____ No X _____

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 2011 in the amount of \$1,257,639.

A public hearing on the Qualified Allocation Plan (QAP) adopting the selection criteria and allocation plan was held at Community Development Committee on April 6, 2010. There were no changes approved for 2011. The tax credit application deadline was June 23, 2010. Eleven proposals requesting a total of \$11,023,149 in tax credits were received. (See exhibit A). The proposals are ranked according to the Selection Criteria as shown in Exhibit B. There are four projects in this year's round that CPED is partially funding. The top ranking projects received the largest allocation. CPED is hoping that the Stradford Flats project can receive the remaining tax credits from the MHFA Supplemental Round this Fall. As a For-Profit developer, Sherman Associates could not apply to the State in the first round.

The projects approved for Year 2010 Low Income Tax Credits are listed below:

- Stradford Flats – Sherman Associates (16-22 E. 15th Street) will receive tax credits in the amount of \$300,000. Sherman Associates proposes to rehabilitate an existing 62 unit general occupancy rental apartment with 4 units serving long term homeless adults. (See attached data worksheet).
- Emanuel Housing – RS Eden (822 Third Avenue South) will receive tax credits in the amount of \$857,639. Emanuel Housing proposes to develop 101 units of permanent supportive housing for persons with various disabilities and experiencing long term homelessness. (See attached data worksheet).
- Jackson Flats – Artspace (1839,43, 47 Jackson St. N.E.) will receive tax credits in the amount of \$50,000. Artspace proposes to develop 35 units of live-work artist housing with gallery/community space. (See attached data worksheet).
- Franklin Steele – Aeon (1900 Portland Avenue South) will receive tax credits in the amount of \$50,000. Aeon proposes to develop 120 units of mixed income housing with six units serving long term homeless families.

The above projects are anticipated to close in early 2013. Projects not funded in this round must participate in the next tax credit round for 2012 which will be the summer of 2011 RFP, or may apply to MHFA in the supplemental round this winter.

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