

Committee Development Committee

Meeting date: December 1, 2014

For the Metropolitan Council meeting of December 10, 2014

Subject: 2014 Livable Communities Local Housing Incentives Account Funding Recommendations
District(s), Member(s): All

Policy/Legal Reference: MN Statutes §473.253

Staff Prepared/Presented: Linda Milashius, Senior Planner (651) 602-1541
 Paul Burns, Manager, Livable Communities (651) 602-1106

Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council award \$1.5 million in Local Housing Incentives Account (LHIA) grants as follows:

Rental Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Morgan Square Townhomes	Lakeville/Dakota Co.CDA	36		\$145,000
Broadway Flats	Minneapolis	103		\$200,000
Hawthorne Eco Village	Minneapolis	75		\$200,000
Mill City Quarter	Minneapolis	150		\$214,000
Sunwood Village	Ramsey	47		\$200,000
Twin Lakes Apartments	Roseville	64		\$200,000
Sub-total Rental:		475		\$1,159,000

Ownership Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Waconia Townhomes	Carver County Community Land Trust	4		\$31,000
City of Lakes Community Land Trust	Minneapolis		20	\$150,000
St. Paul Inspiring Communities	St. Paul		10	\$160,000
Sub-total Ownership:		4	30	\$341,000
TOTAL RENTAL AND OWNERSHIP		479	30	\$1,500,000

Background

The Metropolitan Council collaborates with the Metropolitan Housing Implementation Group (MHIG) to solicit and evaluate requests for funding in



support of new and/or rehabilitated affordable housing through the Local Housing Incentives Account of the Livable Communities Act (LCA). Minnesota Housing issues the Request for Proposals (RFP) and conducts a preliminary completeness and eligibility review based on criteria approved by the governing bodies of each of the funding partners, including the 2014 LCA Fund Distribution Plan. All eligible applications are reviewed by a selection committee consisting of representatives of the MHIG, including staff from Minnesota Housing, the Metropolitan Council and the Family Housing Fund. The selection committee rates the applications on the proposer’s organizational capacity to deliver the project and the financial feasibility of the proposal. Funds are allocated to each proposal based on its composite rank and by making the best use of each of the MHIG funding sources. Not all applications received through the MHIG process request LHIA. Additionally, not all sources of funding available through the MHIG process are as flexible as the LHIA funds. In some cases, projects that fit well with the goals of the Livable Communities Act are not awarded LHIA funds because other funds offered by one of the other funding partners, fit the project better.

Rationale

The housing proposals recommended for LHIA funding are for housing development, preservation and affordability opportunities consistent with both local and regional policies and goals. They include both new construction and rehabilitation of both rental and ownership units that help revitalization and reinvestment efforts in aging and/or declining areas or provide affordable housing opportunities near areas of significant employment and growth. These housing efforts involve activities and public investment that advance *ThriveMSP 2040* -outcomes and principles.

As Table 1 shows, the LHIA recommended awards will align LCA funding with other significant public and private investments. LCA dollars will leverage over \$83 million in private investments and over \$37 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages over \$55 in private investment, and additionally, nearly \$25 in other public investment to provide safe, affordable housing to low income residents in the metro area.

Table 1: Anticipated Leveraged Investment of LCA Funds

Proposal	Total Units	Recommended LCA Award	Estimated Total Private Investment	Estimated Total Other Public Investment*
Morgan Square Townhomes	36	\$145,000	\$8,511,636	\$660,000
Broadway Flats**	103	\$200,000	\$17,084,303	\$5,500,000
Hawthorne Eco Village**	75	\$200,000	\$5,914,008	\$10,232,888
Mill City Quarter	150	\$214,000	\$7,346,000	\$28,261,854
Sunwood Village	47	\$200,000	\$6,852,268	\$5,515,751
Twin Lakes Apartments	64	\$200,000	\$10,263,361	\$4,686,561
Waconia Townhomes	4	\$31,000	\$634,300	\$164,860
City of Lakes Community Land Trust	20	\$150,000	\$2,880,000	\$2,500,000
St. Paul Inspiring Communities	10	\$160,000	\$2,702,000	\$690,000
Total	509	\$1,500,000	\$83,103,730	\$37,296,060

*Other public investments do not include the recommended LCA funds.

** These projects are located in Racially Concentrated Areas of Poverty (RCAPs)

Combined, nearly \$89 million will be awarded for multifamily rental housing proposals recommended by MHIG. The proposals will assist the construction of 1,182 new affordable units, and the rehabilitation or preservation of 1,427 affordable housing units.

Table 2: All Multifamily Rental Housing Proposals Recommended for funding by the MHIG

Project	City	New Affordable Units	Units to be Preserved	Total MHIG Award
Broadway Flats*	Minneapolis	103		\$1,400,000
Corcoran Triangle	Minneapolis	135		\$2,350,000
Hawthorne EcoVillage Apartments*	Minneapolis	74		\$5,261,528
Little Earth of United Tribes	Minneapolis		78	\$4,062,192
Mill City Quarter*	Minneapolis	150		\$3,160,000
Opportunity Housing Partnership	Minneapolis		117	\$1,879,550
Seward Towers East and West	Minneapolis		623	\$3,649,195
BROWNStone	St. Paul	35		\$1,302,000
Higher Ground	St. Paul	193		\$19,000,000
Jamestown Homes	St. Paul		73	\$3,622,396
McDonough Public Housing	St. Paul	12		\$1,080,000
Prior Crossing	St. Paul	44		\$5,067,401
Skyline Tower	St. Paul		504	\$10,243,242
Carver Crossing	Carver	68		\$4,242,142
Cornerstone Creek	Golden Valley	45		\$877,674
Forest Oak Apartments	Forest Lake	36		\$1,113,000
Hickory Ridge	Maple Grove		32	\$2,096,813
Morgan Square Townhomes*	Lakeville	36		\$145,000
Sunwood Village*	Ramsey	47		\$9,053,000
Twin Lakes Apartments*	Roseville	80		\$1,575,000
Veterans East	Fort Snelling	100		\$7,436,000
Villages at Frost & English (Family Housing Component)	Maplewood	40		\$439,032
TOTAL:		1,182	1,427	\$89,055,165

(Asterisked proposals are being recommended to receive LCA Local Housing Incentives Account funds as a portion of the total MHIG award.)

Combined, nearly \$5 million will be awarded for homeownership housing proposals recommended by MHIG. The proposals will assist the construction of 19 new affordable units, and the rehabilitation or preservation of 112 affordable units.

Table 3: All Homeownership Housing Proposals Recommended for Funding by the MHIG

Project	City	Number of New Affordable Units	Number of Units to be Preserved	Total MHIG Award
City of Lakes Community Land Trust*	Minneapolis		17	\$1,250,000
Minneapolis PED – Homeownership	Minneapolis	3	4	25,000
Minneapolis PED – Rehabilitation Support	Minneapolis		11	200,000
Greater Metro Housing Corp	Minneapolis		4	254,340
PRG, Inc. – Foreclosure Recovery	Minneapolis	1	4	310,000
Rebuilding Together Twin Cities	Minneapolis		6	45,000
Urban Homeworks – Project Reclaim	Minneapolis		4	140,000
Inspiring Communities – Acquisition/Rehabilitation*	St. Paul		4	400,000
Inspiring Communities – New Construction	St. Paul	4		320,000
Community Neighborhood Housing	St. Paul		7	80,000
The Village on Rivoli	St. Paul	1		130,840
Green Line Homebuyer Program	St. Paul		5	217,280
Frogtown Rondo Home Fund	St. Paul		4	250,000
Build Wealth, MN	Mpls/St. Paul	2	10	168,000
PPL – Impact Rehab Program	Mpls/St. Paul		9	319,280
Carver County Community Land Trust Townhomes*	Waconia	4		160,300
Hennepin County HRA Healthy Homes	Hennepin County		7	61,200
Robert Engstrom Foreclosure Recovery	Brooklyn Park		3	87,500
Twin Cities Habitat Townhomes	Cottage Grove	4		160,000
Homes Within Reach	Suburban Hennepin County		9	342,000
TOTAL:		19	112	\$4,920,740

(Asterisked proposals are being recommended to receive LCA Local Housing Incentives Account funds as a portion of the total MHIG award.)

Table 4 summarizes all multifamily rental and ownership proposals received and those recommended for funding.

Table 4: Summary of Metropolitan Area Applications Received and Recommended Funding Awards

Program Type	Total # of Applications Submitted	# of Center Cities Apps	# of Suburban Apps	Total # Recommended for Funding	# of Center Cities	# of Suburban
Rental	42	28	14	22	14	8
Ownership	24	18	6	20	15	5
Total	66	46	20	42	29	13

Program Type	Total MHIG Recommended Funding Awards	New Units Assisted	Units Rehabilitated or Preserved
Rental	\$89,055,165 \$1,159,000 Met Council LHIA \$700,000 Family Housing Fund \$87,196,165 MHFA	1,182	1,27
Ownership	\$4,920,740 \$341,000 Met Council LHIA \$4,579,740 MHFA	19	112
Combined Total	\$94,316,905 \$1,500,000 Met Council LHIA \$700,000 Family Housing Fund \$92,116,905 MHFA	1,201	1,539

There were 24 proposals not recommended for any MHIG funding this round, requesting nearly \$55 million, from the communities of Edina, Hopkins, Mahtomedi, Maplewood, Minneapolis, Minnetonka, St. Louis Park and St. Paul. These proposals were not recommended for funding because of their lower ranking, insufficient amount of funds available to meet all requests, and/or the selection committee’s assessment that the proposals were premature for funding at this time.

Funding

In its 2014 Livable Communities Fund Distribution Plan, the Council approved \$1.5 million for LHIA awards.

Known Support / Opposition

The proposals being recommended for LHIA funding are all supported by the communities in which the projects are located. In addition to the local regulatory review process, residents and neighborhood groups are provided opportunities for input and comment. Each proposal has received official community support through policies that encourage the construction, preservation and maintenance of affordable housing. Recommended projects also receive financial support through the local funds invested in the projects that serve as match for the LHIA dollars. There is no known opposition to any projects being funded through the LHIA.

PROJECT SUMMARIES FOR RECOMMENDED AWARDS

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant Dakota County Community Development Authority
Project Name Morgan Square Townhomes
Project Location 207th Street W and Keystone Avenue, Lakeville
Council District 16 – Wendy Wulff

Project Detail	
Development summary of project to commence by 12/31/2017	This project is for the new construction of 36 units of affordable housing in seven townhome buildings. The project has good linkages to supporting services and public facilities as it is located near public parks, retail/grocery shopping (a Super WalMart is just across the street), and a park-and-ride transit hub. The project is designed to serve large families.
Total housing units	36
Affordable units (60% AMI)	36 (all at 50% AMI)
Anticipated # bedrooms	23 – 2 BR 13 – 3 BR
Est. total development cost	\$9.3 million
Est. private funds leveraged	\$8.5 million
Est. other public funds	\$660,000
Funding	
LHIA Funding Match	CDA HOPE funds
Other LCA funding	None
Recommended Funding	
\$145,000	LHIA
Other Funding Sources	
\$7,287,035	Syndication proceeds
\$720,000	General partner cash
\$510,000	CDA HOPE funds
\$504,601	1 st mortgage
\$150,000	Sales Tax rebate
\$9,316,636	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name Broadway Flats
Project Location 2220 W. Broadway Ave., Minneapolis
Council District 7 – Gary Cunningham

(Re)Development summary of project to commence by 12/31/2017	The project is a four-story, mixed-use redevelopment consisting of 19,000 square feet of retail on the ground floor with up to 103 units of affordable rental housing on three floors above. The rental focus is "workforce" housing serving transit dependent smaller households near public transit. The project will have underground parking, exclusively for residents. Retail will be served by both front and rear entrances promoting foot traffic and 'eyes on the street.' An innovative shared use parking agreement with a neighboring church makes efficient use of the land, and preserves church land for future housing needs.
Total housing units	103 (54 at 50% AMI and 61 at 60% AMI)
Affordable units (60% AMI)	103
Anticipated # bedrooms	10 – studio 78 – 1BR 15 – 2BR
Est. total development cost	\$22.8 million
Est. private funds leveraged	\$17 million
Est. other public funds	\$5.5 million
LHIA Funding Match	Minneapolis AHTF
Other LCA funding	\$2,000,000 – LCDA-TOD 2012 \$500,000 – LCDA 2014 (proposed)
Recommended Funding	
\$200,000	LHIA
\$1,200,000	MHFA
\$8,583,000	1 st Mortgage
\$7,993,497	Syndication proceeds
\$1,050,000	Minneapolis AHTF
\$750,000	Hennepin County HRA TOD
\$507,806	Deferred developer fee/general partner cash
\$22,784,303	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name Hawthorne Eco Village Apartments
Project Location 617 Lowry Avenue N.
Council District 7 – Gary Cunningham

Project Detail	
Development summary of project to commence by 12/31/2017	This project is the new construction of a 75-units of affordable housing at the intersection of Lowry and Lyndale Aves North in Minneapolis by Project for Pride in Living, Inc. (PPL). As the cornerstone of the Hawthorne EcoVillage Cluster, the project is envisioned to be a hallmark of sustainability and energy efficiency. The building will be PPL's first multi-family project designed to LEED for Homes or LEED NC standard. The architectural design and transit-oriented design of the building will set it apart as an exciting landmark signifying the sustainable development in the area and the positive developments to come along the newly reconstructed Lowry corridor.
Total housing units	75
Affordable units (60% AMI)	74 (all at 50% AMI)
Anticipated # bedrooms	10 – studio 40 – 1BR 21 – 2BR 4 – 3BR
Est. total development cost	\$16.3 million
Est. private funds leveraged	\$5.9 million
Est. other public funds	\$10.2 million
Funding	
LHIA Funding Match	Minneapolis AHTF
Other LCA funding	\$1,000,000 – LCDA 2013 \$240,000 – TBRA 2013
Recommended Funding	
\$200,000	LHIA
\$5,061,528	MHFA
Other Funding Sources	
\$5,648,632	Syndication proceeds
\$1,875,000	Minneapolis AHTF
\$450,000	Federal Home Loan Bank
\$900,000	Hennepin County AHIF/TOD
\$293,300	Sales Tax/Energy Rebates
\$265,376	Deferred developer fee
\$250,000	Mississippi Watershed
\$13,060	Minnesota Brownfields
\$150,000	Home Depot Foundation
\$16,346,896	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant Minneapolis
Project Name Mill City Quarter
Project Location Third Avenue and Second Street
Council District 7 – Gary Cunningham

Project Detail	
Development summary of project to commence by 12/31/2017	The overall Mill City Quarter consists of two buildings, east and west. This project is the west building which consists of 150 units of affordable housing targeting seniors, with 14,000 square feet of retail, in a six-story elevator building. It also includes two levels of underground parking to satisfy the required parking for the project and the parking burden on the existing surface lot. The east building has a small, retail public café and all of the support services for the entire project including laundry, kitchen and commons. It will also host 'Mill City Commons,' an existing senior support services group provided by Ecumen that is currently based in the area that assists seniors with meal planning, transportation, etc.
Total housing units	150
Affordable units (60% AMI)	150 (60 units at 50% AMI and 90 at 60% AMI)
Anticipated # bedrooms	115 – 1BR 35 – 2BR
Est. total development cost	\$35.8 million
Est. private funds leveraged	\$7.3 million
Est. other public funds	\$28.3 million
Funding	
LHIA Funding Match	Minneapolis AHTF
Other LCA funding	\$2,000,000 – LCDA/TBRA-TOD 2011 \$500,000 – LCDA-TOD 2014
Recommended Funding	
\$214,000	LHIA
\$2,946,000	MHFA
Other Funding Sources	
\$17,750,000	1 st Mortgage
\$9,502,859	Syndication proceeds
\$1,500,000	Minneapolis AHTF
\$1,009,995	Deferred developers fee
\$400,000	Minneapolis TOD
\$35,822,844	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Ramsey
Project Name Sunwood Village
Project Location Ramsey Station, Outlot A, Sunwood Drive
Council District 9 – Edward Reynoso

Project Detail	
Development summary of project to commence by 12/31/2017	Sunwood Village will be a new construction 47 unit housing community built on 1.85 acres of land in the heart of downtown Ramsey. All of the units will be available to those at 60% of the area median income (AMI), with four of the units will be set aside for long term homeless (LTH) households. CommonBond's Advantage Services program will be available to all residents, with special programming being made available for those in the LTH units. Sunwood Village will comprise three stories and feature several common building amenities for residents, including a community room. This development will promote walking and biking to amenities, use of non-motorized transportation and sustainable construction.
Total housing units	47
Affordable units (60% AMI)	47 (43 at 50% AMI and 4 at 30% AMI)
Anticipated # bedrooms	9 – 1BR 25 – 2BR 13 – 3BR
Est. total development cost	\$12.6 million
Est. private funds leveraged	6.9 million
Est. other public funds	5.5 million
Funding	
LHIA Funding Match	Anoka County HOME funds
Other LCA funding	\$580,000 – LCDA TOD 2014
Recommended Funding	
\$200,000	LHIA
\$5,653,000	MHFA
Other Funding Sources	
\$2,219,268	Syndication proceeds
\$3,200,000	LMIR Bridge Loan
\$330,000	Anoka County HOME funds
\$250,000	Anoka County funds
\$135,751	Sales tax rebate
\$12,568,019	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant: City of Roseville
Project Name: Twin Lakes Apartments
Project Location: 2785 Fairview Avenue N.
Council District: 10 – Marie McCarthy

Project Detail	
(Re)Development summary of project to commence by 12/31/2017	This project is a three phase, mixed-income, mixed-use new construction development that consists of 190 housing units and 6,000 square feet of office/retail space, with both underground and surface parking. The project will redevelop a blighted parcel and will be the first mixed-income project to offer market rate housing in the city in over 35 years. The building will provide a community room, free Wi-Fi, a fitness center and on-site leasing office.
Total housing units	80
Affordable units (60% AMI)	64 (40 units at 50% AMI, 24 at 60% AMI)
Anticipated # bedrooms	34 – 1BR 30 – 2BR 16 – 3BR
Est. total development cost	15 million
Est. private funds leveraged	\$10.3 million
Est. other public funds	\$4.7 million
Funding	
LHIA Funding Match	Roseville CDBG
Other LCA funding	\$1,181,361 - LCDA 2014 (recommended) \$43,000 – TBRA 2013
Recommended Funding	
\$200,000	LHIA
\$200,000	Family Housing Fund
\$1,175,000	MHFA
Other Funding Sources	
\$6,525,560	1 st mortgage
\$3,076,600	Syndication proceeds
\$1,086,400	Roseville TIF
\$720,000	Roseville CDBG/HOME
\$661,201	Deferred developer fee
\$198,800	SAC credit
\$82,000	DEED/Ramsey Co.
\$15,149,922	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant Carver County CDA
Project Name Waconia Townhomes
Project Location Tiffany Lane, Waconia
Council District 4 – Gary Van Eyll

Project Detail	
Development summary of project to commence by 12/31/2017	This project is the new construction of 4 townhome units on infill lots in the city of Waconia. The units will be held by the Carver County Community Land Trust, which strives to provide low-and-moderate-income homebuyers access to affordable homeownership while maintaining long-term affordability of homes within the Trust. They will serve borrowers earning incomes up to 50-80% of Area Median Income (AMI), with a preference for households earning up to 50% AMI.
Total housing units	4
Affordable units (60% AMI)	4
Est. total development cost	\$830,160
Est. private funds leveraged	\$634,300
Est. other public funds	\$164,860
Funding	
LHIA Funding Match	City of Waconia and Carver County Community Development Authority
Other LCA funding	none
Recommended Funding	
31,000	LHIA
\$129,300	MHFA
Other Funding Sources	
\$596,000	Private investment
\$15,560	Carver County CDA
\$20,000	City of Waconia
\$10,000	CCR Homes
\$10,000	Ridgeview Medical Center
\$10,000	Philanthropic
\$8,300	Stadick/Burnett Realty
\$830,160	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name City of Lakes Community Land Trust
Project Location North Minneapolis
Council District 7 – Gary Cunningham

Project Detail	
(Re)Development summary of project to commence by 12/31/2017	The city of Minneapolis is partnering with the City of Lakes Community Land Trust (CLCLT) to transform foreclosed and boarded/vacant homes in North Minneapolis into long-term affordable homeownership opportunities for low- and moderate-income households. The CLCLT works with homebuyers to develop a scope of work that addresses deferred maintenance, mechanicals, safety and code issues, environmental concerns and energy efficiency issues in the property.
Total housing units	20 3 homes will be directly assisted with LHIA funds
Affordable units (60% AMI)	20
Est. total development cost	\$5.5 million
Est. private funds leveraged	\$2.9 million
Est. other public funds	\$2.5 million
Funding	
LHIA Funding Match	Minneapolis HOME/NSP
Other LCA funding	\$425,000 – LHIA 2006, 2008, 2011
Recommended Funding	
\$150,000	LHIA
\$1,100,000	MHFA
Other Funding Sources	
\$2,880,000	Private investment
\$820,000	Minneapolis HOME/NSP
\$580,000	Hennepin County HRA
\$5,530,000	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of St. Paul Housing and Redevelopment Authority
Project Name Inspiring Communities Program
Project Location Payne-Phalen and Dayton's Bluff neighborhoods
Council District 13 (Richard Kramer) & 14 (Jon Commers)

Project Detail	
(Re)Development summary of project to commence by 12/31/2017	The St. Paul Housing and Redevelopment Authority (HRA) will acquire, rehabilitate and re-sell 10 housing units in the Payne-Phalen and Dayton's Bluff neighborhoods. These neighborhoods were selected due to the high concentration of foreclosed and abandoned properties. There has been disinvestment in Dayton's Bluff due to foreclosures and the burdensome upkeep of some of the oldest structures in the city. The HRA hopes to stimulate economic activity and investment in this neighborhood through the rehabilitation and sale of the units. The HRA expects there will be interest in Payne-Phalen due to new commercial developments and a growth of businesses in the area.
Total housing units	10
Affordable units (60% AMI)	10 4 homes will be directly assisted with LHIA funds
Est. total development cost	\$3.55 million
Est. private funds leveraged	\$2.7 million
Est. other public funds	\$690,000
Funding	
LHIA Funding Match	St. Paul HRA funds
Other LCA funding	\$400,000 – LHIA 2007, 2013
Recommended Funding	
\$160,000	LHIA
\$240,000	MHFA
Other Funding Sources	
\$1,550,000	Private investment
\$1,152,000	Bank loan
\$240,000	NSP funds
\$210,000	St. Paul HRA funds
\$3,552,000	Total Funding Sources