

## Community Development Committee

Meeting date: November 16, 2015

For the Metropolitan Council meeting of December 9, 2015

**Subject:** 2015 Livable Communities Local Housing Incentives Account Funding Recommendations

**District(s), Member(s):** All

**Policy/Legal Reference:** MN Statutes §473.253

**Staff Prepared/Presented:** Paul Burns, Manager, Livable Communities (651) 602-1106

**Division/Department:** Community Development/Livable Communities

### Proposed Action

That the Metropolitan Council (1) award \$2.2 million in Local Housing Incentives Account grants as follows and (2) authorize its Community Development Division Director to execute the grant agreements on behalf of the Council:

#### Rental Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
66 West	Edina	39		\$400,000
Marshall Flats	Minneapolis	36		\$400,000
Indian Knoll Manor	Mound	16	50	\$400,000
72 Cesar Chavez	St. Paul	40		\$400,000
<b>Sub-total Rental:</b>		<b>131</b>	<b>50</b>	<b>\$1,600,000</b>

#### Ownership Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Ivy Estates	Forest Lake	6		\$150,000
City of Lakes Community Land Trust	Minneapolis		20	\$150,000
Homes Within Reach	Hennepin County Suburbs		6	\$114,000
Twin Cities Habitat for Humanity	Multiple cities	40		\$186,000
<b>Sub-total Ownership:</b>		<b>46</b>	<b>26</b>	<b>\$600,000</b>
<b>TOTAL RENTAL AND OWNERSHIP</b>		<b>177</b>	<b>76</b>	<b>\$2,200,000</b>

### 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 (LHIA) of the Livable Communities Act (LCA).

Minnesota Housing issues the Consolidated 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 Metropolitan Council through its 2015 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, the financial feasibility of the proposal, and the overall match with funding partner priorities. 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 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 local and regional policies and goals. They include both new construction and rehabilitation of rental and ownership units that support revitalization and reinvestment efforts in aging and/or declining areas or provide affordable housing opportunities near areas of significant employment and population growth. These housing efforts involve activities and public investment that advance *Thrive MSP 2040* outcomes and principles.

As Table 1 shows, the recommended LHIA awards will align LCA funding with other significant public and private investments. LCA dollars will help leverage nearly \$47 million in private investments and over \$16 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages over \$21 in private investment, and additionally, over \$7 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*
66 West	39	\$400,000	\$3,179,764	\$7,625,303
Marshall Flats	36	\$400,000	\$7,051,259	\$1,365,655
Indian Knoll Manor	66	\$400,000	\$9,458,844	\$1,416,000
72 Cesar Chavez**	40	\$400,000	\$9,954,324	\$879,800
Ivy Estates	6	\$150,000	\$2,795,000	\$373,251
City of Lakes Community Land Trust	20	\$150,000	\$2,145,000	\$2,007,500
Homes Within Reach	6	\$114,000	\$810,000	\$1,179,817
Twin Cities Habitat for Humanity	40	\$186,000	\$11,538,219	\$1,227,189
<b>Total</b>	<b>253</b>	<b>\$2,200,000</b>	<b>\$46,932,410</b>	<b>\$16,074,515</b>

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

\*\* This project is located in an Area of Concentrated Poverty

Combined, over \$16 million will be awarded for multifamily rental housing proposals recommended by MHIG; projects are outlined in Table 2. These proposals will assist the construction of 266 new affordable units, and the rehabilitation or preservation of 111 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
Creeks Run Townhomes	Chaska	36	0	\$1,519,000
66 West*	Edina	39	0	\$5,635,303
Balsam Apartments	Dayton	48	0	\$2,009,000
Oxford Village Apartments	Hopkins	51	0	\$1,539,563
Indian Knoll Manor*	Mound	16	50	\$2,104,000
Affirmation House	Minneapolis	0	12	\$500,000
Marshall Flats*	Minneapolis	36	0	\$820,000
PRG 2 Portfolio	Minneapolis	0	49	\$195,000

72 Cesar Chavez*	St. Paul	40	0	\$1,867,000
<b>TOTAL:</b>		<b>266</b>	<b>111</b>	<b>\$16,188,866</b>

(Asterisked proposals are recommended to receive LHIA funds as a portion of the total MHIG award.)

Combined, over \$4.7 million will be awarded for homeownership housing proposals recommended by MHIG; projects are outlined in Table 3. The proposals will assist the construction of 62 new affordable units, and the rehabilitation or preservation of 122 affordable units.

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

Project	City	Number of New Affordable Units	Number of Units to be Preserved	Total MHIG Award
City of Lakes Community Land Trust*	Minneapolis		20	\$877,500
Green Homes North 5	Minneapolis	10		\$416,670
Rehab Support Program	Minneapolis		20	\$280,000
Construction Consultants	Minneapolis	2		\$109,250
Northside Homes	Minneapolis		6	\$180,000
PRG Foreclosure Recovery V	Minneapolis	2	3	\$185,000
Community Keys	St. Paul		10	\$80,000
Twin Cities Community Land Bank	St. Paul		6	\$300,000
Build Wealth MN	Minneapolis/St. Paul	2	10	\$150,000
GMHC Suburban Fix-up Incentive Program	Brooklyn Center, Crystal, Richfield		29	\$171,975
Tax Forfeit to Affordable Homeownership	Hennepin County		2	\$210,000
Rebuilding Together Twin Cities	Brooklyn Center, Brooklyn Park, Minneapolis & St. Paul		10	\$80,000
Twin Cities Habitat for Humanity*	Scattered sites	40		\$1,174,680
Ivy Estates*	Forest Lake	6		\$150,000
Homes Within Reach*	Hennepin County Suburbs		6	\$342,000
<b>TOTAL:</b>		<b>62</b>	<b>122</b>	<b>\$4,707,075</b>

(Asterisked proposals are recommended to receive LHIA funds as a portion of the total MHIG award.)

Table 4 & 5 summarize the multifamily rental and ownership proposals received and those recommended for funding.

**Table 4: Summary of Metropolitan Area Applications Received**

Program Type	Total # of Applications Submitted	# of Center Cities Apps	# of Suburban Apps	Total # Recommended for Funding	# of Center Cities	# of Suburban
Rental	41	27	14	9	4	5
Ownership	22	14	8	15	9	6
<b>Total</b>	<b>63</b>	<b>41</b>	<b>22</b>	<b>24</b>	<b>13</b>	<b>11</b>

**Table 5: Summary of Metropolitan Area Applications Recommended Funding Awards**

Fund	Rental (266 New & 111 Preserved)	Ownership (62 New & 122 Preserved)	Total (328 New & 233 Preserved)
Met Council LHIA	\$1,600,000	\$600,000	\$2,200,000
Family Housing Fund	\$227,000	\$0	\$227,000
MN Housing	\$14,361,866	\$4,107,075	\$18,468,941
<b>Total Award</b>	<b>\$16,188,866</b>	<b>\$4,707,075</b>	<b>\$20,895,941</b>

There were 34 proposals not recommended for any MHIG funding this round, requesting nearly \$110 million, from the communities of Anoka, Blaine, Brooklyn Center, Brooklyn Park, Fridley, Maplewood, Minneapolis, Minnetonka, Shoreview, 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 2015 Livable Communities Fund Distribution Plan, the Council approved \$2 million for LHIA awards. There was a \$200,000 relinquishment received from a previously funded LHIA project that was added back in to the 2015 available funding balance, creating a total of \$2.2 million available 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 have 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.

## Projects Recommended for Funding

Project summaries for project recommended for funding are on the following pages.

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>City of Edina</b>
<b>Project Name</b>	<b>66 West</b>
<b>Project Location</b>	<b>3330 66<sup>th</sup> Street West, Edina</b>
<b>Council District</b>	<b>5 – Steve Elkins</b>

<b>Project Detail</b>	
Development summary of project to commence by 12/31/2018	This project is the adaptive reuse of a former bank building and the new construction of 39 affordable units for homeless youth in the city of Edina. The City is partnering with Beacon Interfaith Housing to provide high quality, permanent housing with intensive services for 39 young adults, ages 18-24, who are experiencing homelessness. The location of the development including its access to jobs and educational opportunities through transit are key to this development. Currently, there are no housing options for homeless youth in the western suburbs; it is estimated that there are 250-300 young people homeless in the western suburbs on any given night.
Total housing units	39
Affordable units (80% AMI)	39 (all at 30% AMI)
Anticipated # bedrooms	39 studios
Est. total development cost	\$11.2 million
Est. private funds leveraged	\$3.2 million
Est. other public funds	\$7.6 million
<b>Funding</b>	
LHIA Funding Match	Edina TIF
Other LCA funding	Recommended for a 2015 TOD Award of \$900,000
Recommended Funding	
<b>\$400,000</b>	<b>LHIA</b>
\$5,008,303	MN Housing
\$227,000	Family Housing Fund
<b>Other Funding Sources</b>	
\$2,679,764	Low Income Housing Tax Credit Syndication Proceeds
\$800,000	Hennepin County HOME
\$550,000	Edina TIF
\$273,000	Federal Home Loan Bank
\$202,000	Private funding
\$140,000	Sales Tax Rebate
\$25,000	Energy Rebates
<b>\$11,205,067</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>City of Minneapolis</b>
<b>Project Name</b>	<b>Marshall Flats</b>
<b>Project Location</b>	<b>2525 2<sup>nd</sup> Street NE, Minneapolis</b>
<b>Council District</b>	<b>8 – Cara Letofsky</b>

<b>Project Detail</b>	
Development summary of project to commence by 12/31/2018	This is the acquisition and new construction of 36 affordable apartment units, with permanent supportive housing services for people living with HIV/AIDS. The four-story, elevator building will include a large community room with small kitchen, supportive services and management offices, a front desk staffed 24/7, and work space and private meeting rooms on the first floor. At least 15% of the units are designed to be fully-accessible for residents experiencing fluctuating health and mobility issues.
Total housing units	36
Affordable units (80% AMI)	36 (29 units at 50% AMI and 7 units at 30% AMI)
Anticipated # bedrooms	22 – studio 14 – 1BR
Est. total development cost	\$8.8 million
Est. private funds leveraged	\$7 million
Est. other public funds	\$1.4 million
<b>Funding</b>	
LHIA Funding Match	CPED funding
Other LCA funding	None
Recommended Funding	
<b>\$400,000</b>	<b>LHIA</b>
\$420,000	MN Housing
Other Funding Sources	
\$6,551,259	Syndication proceeds
\$655,000	Minneapolis AHTF
\$500,000	Federal Home Loan Bank
\$150,000	HOPWA
\$140,655	Sales tax rebate
<b>\$8,816,914</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>City of Mound</b>
<b>Project Name</b>	<b>Indian Knoll Manor</b>
<b>Project Location</b>	<b>2020 Commerce Blvd., Mound</b>
<b>Council District</b>	<b>3 – Jennifer Munt</b>

Project Detail	
Development summary of project to commence by 12/31/2018	This is an acquisition, substantial rehab and new construction development. The Indian Knoll Manor will be a combination of one four-story elevator building with 62 units, including 50 rehabilitated and 12 new units, and one two-story building with four new townhome units. Fifty units currently receive project-based rental assistance. Metro HRA is recommending an additional 16 project-based vouchers for this project..
Total housing units	66
Affordable units (80% AMI)	66 (59 units at 30% AMI, 7 units at 60% AMI)
Anticipated # bedrooms	9 – studio 42 – 1BR 5 – 2BR 10 – 3BR
Est. total development cost	\$11.3 million
Est. private funds leveraged	\$9.5 million
Est. other public funds	\$1.4 million
Funding	
LHIA Funding Match	Hennepin County HRA
Other LCA funding	None
Recommended Funding	
<b>\$400,000</b>	<b>LHIA</b>
\$1,000,000	MN Housing
Other Funding Sources	
\$6,099,520	Low Income Housing Tax Credit Syndication proceeds
\$2,535,000	Seller Loan
\$704,000	LMIR 1 <sup>st</sup> mortgage
\$300,000	Hennepin County HRA
\$65,000	Existing Reserves
\$55,224	Deferred developer fee
\$100	General Partner cash
<b>\$11,274,844</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>St. Paul</b>
<b>Project Name</b>	<b>72 Cesar Chavez</b>
<b>Project Location</b>	<b>Third Avenue and Second Street</b>
<b>Council District</b>	<b>13 – Richard Kramer</b>

<b>Project Detail</b>	
Development summary of project to commence by 12/31/2018	This is a mixed-use project intended to contribute to the revitalization of District del Sol, the main commercial area on St. Paul's West Side. The project comprises 40 units of affordable rental housing and 4,468 sq. ft. of commercial space. The commercial space will initially serve as a community arts center. This community/artist-curated space will provide exhibition and performance space, and will draw new visitors (along with residents) to District del Sol.
Total housing units	40
Affordable units (80% AMI)	40 (All at 60% AMI)
Anticipated # bedrooms	3 – studio 9 – 1BR 18 – 2BR 10 – 3BR
Est. total development cost	\$11.3 million
Est. private funds leveraged	\$10 million
Est. other public funds	\$880,000
<b>Funding</b>	
LHIA Funding Match	St. Paul HRA
Other LCA funding	\$550,000 – LCDA-TOD 2014
Recommended Funding	
<b>\$400,000</b>	<b>LHIA</b>
\$1,467,000	MN Housing (LMIR 1 <sup>st</sup> mortgage)
<b>Other Funding Sources</b>	
\$8,486,462	Low Income Housing Tax Credit Syndication proceeds
\$329,800	St. Paul HRA
\$862	General Partner cash
(\$105,051)	Remaining GAP
<b>\$11,339,175</b>	<b>Total Funding Sources</b>



## Livable Communities Project Summary

**Grant #**  
**Type:** Local Housing Incentives Account  
**Applicant** Washington County HRA/City of Forest Lake  
**Project Name** Ivy Estates  
**Project Location** 6244-6258 20<sup>th</sup> Street N., Forest Lake  
**Council District** 12 – Harry Melander

<b>Project Detail</b>	
Development summary of project to commence by 12/31/2018	This is the new construction of six affordable three-bedroom, two-bath rambler style homes in Forest Lake. The Two Rivers Community Land Trust is the developer. The site for Ivy Estates has been platted yet undeveloped for nearly a decade. The lots are pad-ready and approved. Ground breaking is expected in March 2016 and completion of all six units by August 2017.
Total housing units	6
Affordable units (80% AMI)	6 (All at 60% AMI)
Est. total development cost	\$3.3 million
Est. private funds leveraged	\$2.8 million
Est. other public funds	\$373,000
<b>Funding</b>	
LHIA Funding Match	Washington County HRA HOME and GROW Funds
Other LCA funding	\$742,000 – Six prior LHIA awards
Recommended Funding	
<b>\$150,000</b>	<b>LHIA</b>
\$243,251	MN Housing
<b>Other Funding Sources</b>	
\$1,380,000	Private investment
\$1,200,000	First State Bank and Trust – Interim construction financing
\$150,000	Federal Home Loan Bank
\$65,000	Private Foundation
\$70,000	Washington County HRA HOME
\$60,000	Washington County GROW Fund
<b>\$3,318,251</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>City of Minneapolis</b>
<b>Project Name</b>	<b>City of Lakes Community Land Trust</b>
<b>Project Location</b>	<b>North Minneapolis</b>
<b>Council Districts</b>	<b>7 – Gary Cunningham 8 – Cara Letofsky</b>

<b>Project Detail</b>	
(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 (5 homes will be directly assisted with LHIA funds)
Affordable units (80% AMI)	20
Est. total development cost	\$4.3 million
Est. private funds leveraged	\$2.1 million
Est. other public funds	\$2 million
<b>Funding</b>	
LHIA Funding Match	Minneapolis HOME/NSP
Other LCA funding	\$575,000 – Four prior LHIA awards
Recommended Funding	
<b>\$150,000</b>	<b>LHIA</b>
\$727,500	MHFA
<b>Other Funding Sources</b>	
\$2,145,000	Private investment
\$1,000,000	Minneapolis HOME/NSP
\$280,000	Hennepin County AHIF
<b>\$3,575,000</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>	
<b>Type:</b>	<b>Local Housing Incentives Account</b>
<b>Applicant</b>	<b>City of Minnetonka on behalf of West Hennepin Affordable Housing Land Trust and suburban Hennepin County Communities</b>
<b>Project Name</b>	<b>Homes Within Reach</b>
<b>Project Location</b>	<b>Suburban Hennepin County</b>
<b>Council Districts</b>	<b>1 – Katie Rodriguez 2 – Lona Schreiber 3 – Jennifer Munt 5 – Steve Elkins 6 – Gail Dorfman</b>

<b>Project Detail</b>	
(Re)Development summary of project to commence by 12/31/2018	West Hennepin Affordable Housing Land Trust (WHAHLT) through its Homes Within Reach (HWR) program proposes to acquire, rehabilitate, and resell six, single family, detached units in western Hennepin County to increase the affordable housing stock available through the land trust. During the past 13 years, HRW has served 11 communities (Brooklyn Park, Deephaven, Edina, Eden Prairie, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park and Wayzata), and is working to implement the program in Bloomington and Crystal. Homes selected will be located in well-established neighborhoods, are typically between 30-60 years old, have 3 or 4 bedrooms, and have at least a single-car garage.
Total housing units	6
Affordable units (80% AMI)	6 (3 homes will be directly assisted with LHIA funds)
Est. total development cost	\$2.1 million
Est. private funds leveraged	\$810,000
Est. other public funds	\$1.2 million
<b>Funding</b>	
LHIA Funding Match	Hennepin County HOME
Other LCA funding	\$908,000 – Seven prior LHIA awards
Recommended Funding	
<b>\$114,000</b>	<b>LHIA</b>
\$228,000	Minnesota Housing
<b>Other Funding Sources</b>	
\$810,000	Private investment
300,000	Hennepin Co. HOME
150,000	Hennepin Co. AHIF
501,817	Cities of Eden Prairie, Edina, Maple Grove, Minnetonka and St. Louis Park
<b>\$2,013,817</b>	<b>Total Funding Sources</b>

## Livable Communities Project Summary

<b>Grant #</b>		
<b>Type:</b>	<b>Local Housing Incentives Account</b>	
<b>Applicant</b>	<b>City of Blaine on behalf of Twin Cities Habitat for Humanity and participating project communities</b>	
<b>Project Name</b>	<b>Twin Cities Habitat for Humanity</b>	
<b>Project Location</b>	<b>Multiple sites</b>	
<b>Council Districts</b>	<b>4 – Deb Barber</b>	<b>10 – Marie McCarthy</b>
	<b>5 – Steve Elkins</b>	<b>11 – Sandy Rummel</b>
	<b>7 – Gary Cunningham</b>	<b>13 – Richard Kramer</b>
	<b>8 – Cara Letofsky</b>	<b>14 – Jon Commers</b>

Project Detail	
(Re)Development summary of project to commence by 12/31/2018	Twin Cities Habitat for Humanity proposes to partner with several metro area cities to construct 40 new single-family homes. The average home has 3-4 bedrooms, one and a half bathrooms and is typically 1,500 square feet. The homes will be built in Blaine, Bloomington, Hugo, Prior Lake, Minneapolis and St. Paul.
Total housing units	40
Affordable units (60% AMI)	40 (4 homes will be directly assisted with LHIA funds)
Est. total development cost	\$12.9 million
Est. private funds leveraged	\$11.5 million
Est. other public funds	\$1.2 million
Funding	
LHIA Funding Match	Hennepin County, participating communities
Other LCA funding	None
Recommended Funding	
<b>\$186,000</b>	<b>LHIA</b>
\$988,680	MN Housing
Other Funding Sources	
\$6,086,000	Private investment
\$5,052,219	Donations
\$400,000	Federal Home Loan Bank
\$188,509	HUD
\$50,000	Hennepin County
<b>\$12,951,408</b>	<b>Total Funding Sources</b>
\$3,934,095	In-Kind donations