

Community Development Committee

Meeting date: November 21, 2016

For the Metropolitan Council meeting of December 14, 2016

Subject: 2016 Livable Communities Local Housing Incentives Account Funding Recommendations**District(s), Member(s):** All**Policy/Legal Reference:** MN Statutes §473.253**Staff Prepared/Presented:** Ryan Kelley, Senior Planner-Livable Communities

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Division/Department: Community Development/Livable Communities**Proposed Action/Motion**

That the Metropolitan Council (1) award \$2.5 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:

Multifamily Rental Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Indian Neighborhood Club Expansion	Minneapolis	20		\$300,000
Minnehaha Townhomes	Minneapolis	16		\$400,000
Ramsey Apartments	Ramsey	54		\$100,000
Como by the Lake	Saint Paul		89	\$400,000
Model Cities Supportive Housing	Saint Paul		37	\$100,000
The Glen at Valley Creek	Woodbury	42		\$400,000
Sub-total Rental:		132	126	\$1,700,000

Single Family Ownership Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Twin Cities Habitat	Multiple Cities/Anoka County HRA	9		\$200,000
Tax Forfeit to Affordable Home Ownership	Bloomington & Minneapolis/Hennepin County HRA		1	\$105,000
Homes Within Reach	Hennepin County Suburbs/Minnetonka		9	\$335,000
Inspiring Communities	Saint Paul	4		\$160,000
Sub-total Ownership:		13	10	\$800,000
TOTAL RENTAL AND HOME OWNERSHIP		145	136	\$2,500,000

Background

The Metropolitan Council collaborated with the Minnesota Housing Finance Agency, as well as the Greater Minnesota Housing Fund and the Department of Employment and Economic Development, 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 the Metropolitan Council through its 2016 LCA Fund Distribution Plan. All eligible applications are reviewed by a selection committee consisting of representatives of the funding partners, including staff from Minnesota Housing, Hennepin County, the Federal Home Loan Bank and the Metropolitan Council. 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 partners' funding sources. Not all applications received through the consolidated RFP process request LHIA. Additionally, not all available sources of funding 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 support revitalization and reinvestment efforts in aging and/or declining areas and provide affordable housing opportunities near areas of significant employment and population growth. These housing efforts involve activities and public investment that advance *ThriveMSP 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 \$50 million in private investments and over \$17 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages over \$19 in private investment, and additionally over \$6 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*
Indian Neighborhood Club Expansion *	20	\$300,000	\$528,000	\$1,164,995
Minnehaha Townhomes	16	\$400,000	\$300,000	\$3,416,859
Ramsey Apartments ¹	54	\$100,000	\$11,535,168	\$1,456,343
Como by the Lake	89	\$400,000	\$11,901,658	\$2,635,350
Model Cities Supportive Housing *	37	\$100,000	\$621,850	\$1,170,000
The Glen at Valley Creek ¹	42	\$400,000	\$9,085,388	\$1,895,156
Twin Cities Habitat	9	\$200,000	\$1,714,000	\$606,900
Tax Forfeit to Affordable Home Ownership	1	\$105,000	\$11,538,219	\$1,227,189
Homes Within Reach	9	\$335,000	\$5,000	\$1,474,123
Inspiring Communities *	4	\$160,000	\$2,380,000	\$2,200,000
Total	291	\$2,500,000	\$49,609,283	\$17,246,915

* These projects are located in Areas of Concentrated Poverty

¹ These projects are also being recommended for Metro HRA Project Based Vouchers

Combined, over \$82.3 million will be awarded for multifamily rental housing proposals recommended by Minnesota Housing and funding partners. These proposals will assist the construction of 377 new affordable units, and the rehabilitation or preservation of 231 affordable housing units.

Table 2: All Metro Multifamily Rental Housing Proposals Recommended for Funding by Minnesota Housing

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
Riverdale Station Apartments	Coon Rapids	55		\$9,899,010
Bottineau Ridge Phase II	Maple Grove	50		\$8,992,616
Great River Landing	Minneapolis	72		\$14,298,230
Indian Neighborhood Club Expansion *	Minneapolis	20		\$634,220
Madison Apartments	Minneapolis		51	\$5,263,246
Minnehaha Townhomes *	Minneapolis	16		\$1,570,475
Pike Lake Marsh	Prior Lake	68		\$10,657,934
Ramsey Apartments *	Ramsey	54		\$9,553,019
Reprise: Robbinsdale & New Hope	Robbinsdale		86	\$10,324,601
Como by the Lake *	Saint Paul		57	\$5,660,329
Model Cities Supportive Housing Rehab *	Saint Paul		37	\$1,270,000
The Glen at Valley Creek *	Woodbury	42		\$4,240,338
TOTAL:		377	231	\$82,364,018

* Proposals being recommended to receive LCA Local Housing Incentives Account funds as a portion of the total funding award.

Combined, over \$6.2 million will be awarded for single-family homeownership housing proposals recommended by Minnesota Housing and funding partners. These proposals will assist the construction of 65 new affordable units, and the rehabilitation or preservation of 180 affordable units.

Table 3: All Metro Single-Family Homeownership Housing Proposals Recommended for Funding by Minnesota Housing

Project	City	Number of New Affordable Units	Number of Units to be Preserved	Total Funding Award
City of Lakes Community Land Trust-Homebuyer Initiated Program	Minneapolis		15	\$937,500
City of Lakes Community Land Trust-New Construction	Minneapolis	2		\$140,000
City of Lakes Community Land Trust-Organization Initiated Program	Minneapolis		10	\$525,000
Green Homes North	Minneapolis	12		\$500,000
Minneapolis Rehab Support	Minneapolis		45	\$236,842
Minneapolis Vacant Housing Recycling	Minneapolis		15	\$45,000
Northside Home	Minneapolis		10	\$250,000
PRG Neighborhood Stabilization	Minneapolis		4	\$220,000
PRG New Construction	Minneapolis	2		\$110,000
Village on Rivoli	Saint Paul	4		\$248,020
Inspiring Communities Program *	Saint Paul	14		\$560,000
Healthy Homes Assistance Project	Hennepin County		13	\$75,000
Tax Forfeit to Affordable Homeownership *	Hennepin County		2	\$210,000
Rebuilding Together Twin Cities	Scattered Sites		20	\$160,000
Robert Engstrom Foreclosure Recovery	Scattered Sites		10	\$150,000
Twin Cities Habitat – Affordability Gap	Scattered Sites	5	27	\$660,896
Twin Cities Habitat-New Construction *	Scattered Suburban	26		\$806,900
Homes Within Reach*	Hennepin Co. Suburbs		9	\$450,000
TOTAL:		65	180	\$6,285,158

* Proposals recommended to receive LCA Local Housing Incentives Account funds as a portion of the total funding award.

Table 4 summarizes all multifamily rental and single-family homeownership 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	42	34	8	12	6	6
Ownership	26	13	13	18	11	7
Total	68	47	21	30	17	13

Table 5: Summary of Metropolitan Area Applications Recommended Funding Awards

Program Type	Total Recommended Funding Awards	New Units Assisted	Units Rehabilitated or Preserved
Rental	\$15,438,416		
	\$1,700,000	Met Council LHIA	
	\$13,738,416	MN Housing	
		377	231
Ownership	\$6,285,158		
	\$800,000	Met Council LHIA	
	\$5,485,158	MN Housing	
		65	180
Combined Total	\$21,723,574		
	\$2,500,000	Met Council LHIA	
	\$19,223,574	MN Housing	
		442	411

There were 38 proposals not recommended for any Minnesota Housing, or partner funding this round. Unfunded requests totaled nearly \$146 million, in the communities of Anoka, Blaine, Bloomington, Brooklyn Park, Chaska, Minneapolis, Minnetonka, Richfield, Robbinsdale, Roseville, Shakopee, Shoreview, Saint Paul and Vadnais Heights. 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

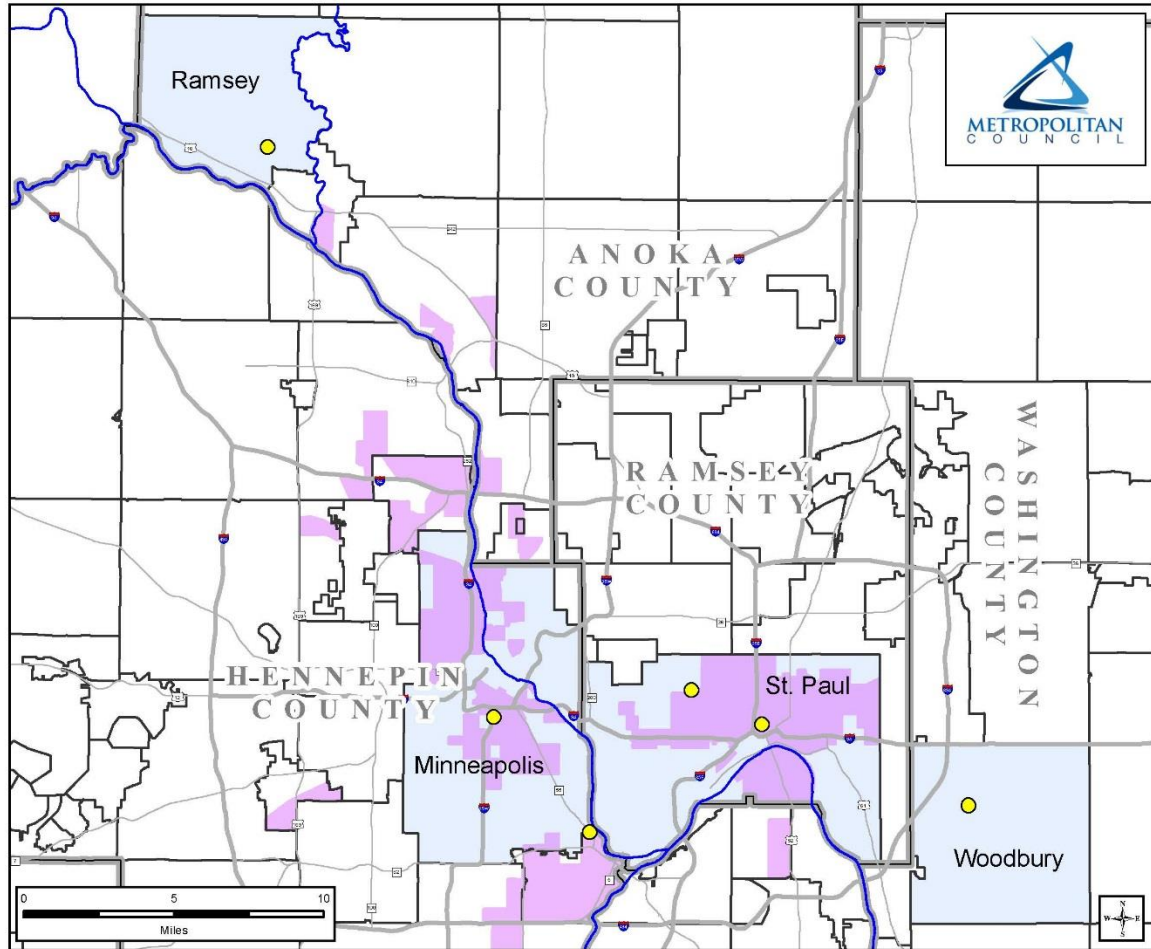
There is typically \$1.5 million available for LHIA awards. In its 2016 Livable Communities Fund Distribution Plan, the Council approved \$2.5 million for LHIA awards, which included an additional \$1 million dollars from the general fund for 2016.

Known Support/Opposition

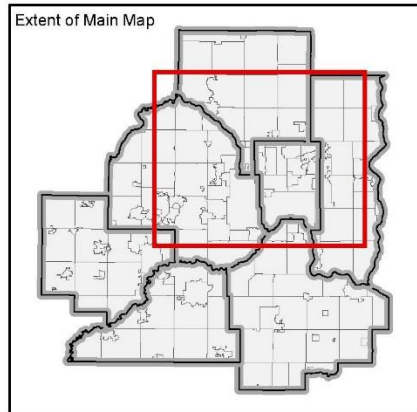
The proposals being recommended for LHIA funding are all supported by the communities in which the projects are located. In addition to the local regulatory review process, residents and neighborhood groups are provided opportunities for input and comment. Each proposal has received official community support through policies that encourage the construction, preservation and maintenance of affordable housing. Recommended projects also receive financial support through 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

2016 Local Housing Incentive Account Multifamily Grants Communities Recommended for Award



11/16/2016



- LHIA Project Site:
- Areas of Concentrated Poverty
- Community Recommended for Funding

Areas of Concentrated Poverty

Council staff analyzed the multifamily development projects recommended for funding that are located in an Area of Concentrated Poverty. The goal of the analysis was to determine if the proposed housing units would expand the mix of housing affordability and household incomes in these census tracts in response to the 2040 Housing Policy Plan which states: “Use Livable Communities Act resources to both catalyze private investment in Areas of Concentrated Poverty and attract affordable housing to higher-income areas.” Table 6 shows the effect of the addition of proposed units on the shares of both rental housing units and household incomes in the neighborhood.

Only one multifamily development, the Indian Neighborhood Club Expansion, is new construction within an ACP. The other multifamily project within an ACP, Model Cities Supportive Housing, is a preservation project. It does not include the addition of new units, only preservation of existing affordable units.

The addition of these units from the Indian Neighborhood Club Expansion development do not change the overall share of rental housing units affordable to households in any of the affordability bands. Looking at the incomes of all households (including both renters and homeowners) in those census tracts, the occupancy of the Indian Neighborhood Club Expansion project is also not likely to lead to a change in the shares of household incomes within each of the affordability bands.

Multifamily Development	Housing units				Households				
	At or below 30% of AMI	31%-50% of AMI	51%-80% of AMI	Above 80% of AMI	At or below 30% of AMI	31%-50% of AMI	51%-80% of AMI	Above 80% of AMI	
Indian NH Club	+0%	-0%	-0%	+0%	-0%	+0%	-0%	-0%	

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name Indian Neighborhood Club Expansion
Project Location 2105 5th Ave S, Minneapolis
Council District 7 – Gary Cunningham

Project Detail	
Development summary of project to commence by 12/31/2019	The Indian Neighborhood Club on Alcohol and Drugs Inc. provides affordable sober supportive housing for Native American men, as well as men from other racial backgrounds often experiencing long-term homelessness. This project includes an expansion of that program by providing 10 additional units with supportive services as well as 9 units for men who may be working, and may not need services, but due to their background have difficulty in securing traditional housing options.
Total housing units	20 (19 + 1 caretaker unit)
Affordable units	20 (10 supportive housing units at 30% AMI and 9 units at 50% AMI)
Anticipated # bedrooms	20 single-occupancy rooms with shared common spaces.
Est. total development cost	\$2 million
Est. private funds leveraged	\$528,000
Est. other public funds	\$1.2 million
Funding	
LHIA Funding Match	City of Minneapolis and Hennepin County
Other LCA funding	None
Recommended Funding	
\$300,000	LHIA
\$334,220	MN Housing
Other Funding Sources	
\$500,000	Federal Home Loan Bank
\$241,900	Minneapolis CPED
\$558,875	Hennepin County
\$28,000	Foundation & Tribal Funds
\$30,000	Sales tax rebate
\$1,992,105	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name Minnehaha Townhomes
Project Location 5348, 5364, 5368 Riverview Road
Council District 8 – Cara Letofsky

Project Detail	
Development summary of project to commence by 12/31/2019	This project includes the acquisition and redevelopment of a vacant site constructing 16 new townhomes for families experiencing homelessness. The Minneapolis Public Housing Authority (MPHA) will develop and manage the site. Minnehaha Townhomes fills the critical need of providing supportive housing for families. Supportive services are being designed to replicate Hennepin County’s Stable Families Initiative Pilot Program (SFI). Minneapolis and Hennepin County have begun implementation of the 10-year plan to end homelessness and while exceeding goals to provide housing opportunities for single adults, the housing opportunities developed for families is less than half of the identified goal with a deficit of 650 units.
Total housing units	16
Affordable units	16 Supportive Housing Units (16 @ 30% AMI)
Anticipated # bedrooms	8 – 2 BR 7 – 3 BR 1 – 4 BR
Est. total development cost	\$4.12 million
Est. private funds leveraged	\$300,000
Est. other public funds	\$3.4 million
Funding	
LHIA Funding Match	City of Minneapolis
Other LCA funding	None
Recommended Funding	
\$400,000	LHIA
\$1,170,475	MN Housing
Other Funding Sources	
\$400,000	Hennepin County AHIF
\$800,000	Minneapolis AHTF
\$300,000	Federal Home Loan Bank
\$540,000	Met Council LCDA (anticipate applying)
\$500,000	Minneapolis PHA
\$6,384	Sales tax rebate
\$4,116,859	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Ramsey
Project Name Ramsey Apartments
Project Location 7562 146th Ave NW
Council District 9 – Edward Reynoso

Project Detail	
Development summary of project to commence by 12/31/2019	Ramsey Apartments is the new construction of 54 units within the Ramsey Downtown COR area within a half-mile of the North Star Ramsey Station. The project consists of a 3-story elevator building which includes four units serving those experiencing long-term homelessness. Metro HRA is recommending 15 project based vouchers for this project.
Total housing units	54
Affordable units	54 (4 units at 30% AMI, 50 units at 50% AMI)
Anticipated # bedrooms	6 – 1 BR 21 – 2 BR 21 – 3 BR 6 – 4 BR
Est. total development cost	\$13.3 million
Est. private funds leveraged	\$11.5 million
Est. other public funds	\$1.4 million
Funding	
LHIA Funding Match	Anoka County
Other LCA funding	None
Recommended Funding	
\$100,000	LHIA
\$992,951	MN Housing
Other Funding Sources	
\$8,460,068	Syndication proceeds
\$3,075,000	1 st mortgage
\$263,392	Sales Tax Rebate
\$200,000	Anoka County HOME
\$100	General Partner cash
\$13,091,511	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Saint Paul
Project Name Como By the Lake
Project Location 901 Como Ave
Council District 14 – Jon Commers

Project Detail	
Development summary of project to commence by 12/31/2019	Como By the Lake is a preservation project which involves the acquisition and rehabilitation of a 99 unit development serving seniors and people with disabilities. It is a five-story elevator building with fifty-seven units benefitting from project-based Section 8 rental assistance.
Total housing units	99
Affordable units	89 (62 @ 50% AMI, 27 @ 60% AMI)
Anticipated # bedrooms	75 – 1BR 24 – 2BR
Est. total development cost	\$14.9 million
Est. private funds leveraged	\$11.9 million
Est. other public funds	\$2.6 million
Funding	
LHIA Funding Match	City of Saint Paul
Other LCA funding	None
Recommended Funding	
\$400,000	LHIA
\$2,556,350	MN Housing
Other Funding Sources	
\$2,703,979	Syndication proceeds
\$8,192,000	First Mortgage
\$500,000	Federal Home Loan Bank
\$243,195	Aeon Loan
\$262,484	Deferred Developer Fee
\$79,000	Sales Tax Rebate
\$14,937,008	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Saint Paul
Project Name Model Cities Supportive Housing
Project Location 833 University Ave, 515 Dale St N, 914 Thomas Ave, 990 Lafond Ave, 625 Chatsworth St N
Council District 14 – Jon Commers

Project Detail	
Development summary of project to commence by 12/31/2019	This is the rehabilitation, and preservation, of two scattered site developments in Saint Paul. The Families First project contains multiple, two-story walk-up buildings with 21 units, 20 of which are assisted by Section 8 project-based vouchers. Sankofa Apartments contains multiple, two-story walk-up buildings with 16 units, four of which are assisted by Section 8 project-based vouchers. All five buildings are in close proximity to the Green Line LRT and preserve existing supportive housing units.
Total housing units	37
Affordable units	35 @ 30% AMI (2 units employee occupied)
Anticipated # bedrooms	16 – 1 BR 15 – 2 BR 5 – 3 BR 1 – 4 BR
Est. total development cost	\$1.9 million
Est. private funds leveraged	\$2.8 million
Est. other public funds	\$1.1 million
Funding	
LHIA Funding Match	Saint Paul HRA
Other LCA funding	
Recommended Funding	
\$100,000	LHIA
\$1,170,000	MN Housing
Other Funding Sources	
\$561,000	Federal Home Loan Bank
\$20,000	Foundation Grants
\$40,850	Energy Rebate
\$1,891,850	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Woodbury
Project Name The Glen at Valley Creek
Project Location 7987 Afton Road
Council Districts 12 – Harry Melander

Project Detail	
Development summary of project to commence by 12/31/2019	The Glen at Valley Creek is an acquisition and new construction senior housing development. The project consists of a 3-story elevator building providing 42 units. Metro HRA is also recommending awarding Project Based Vouchers to this development.
Total housing units	42
Affordable units	37 @ 50% AMI 5 @ 30% AMI
Anticipated # bedrooms	27 – 1 BR 15 – 2 BR
Est. total development cost	\$11.4 million
Est. private funds leveraged	\$9 million
Est. other public funds	\$1.9 million
Funding	
LHIA Funding Match	Woodbury HOME/CDBG and Washington County HRA
Other LCA funding	
Recommended Funding	
\$400,000	LHIA
\$500,000	MHFA
Other Funding Sources	
\$3,340,388	Syndication Proceeds
\$4,145,000	First Mortgage
\$84,943	Woodbury HOME
\$114,793	Woodbury CDBG
\$920,000	Washington County HRA
\$500,000	Senior Care Communities
\$500,000	Federal Home Loan Bank
\$275,420	Sales Tax Refund
\$600,000	Deferred Developer Fee
\$11,384,544	Total Funding Sources

Livable Communities Project Summary

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

Project Detail	
Development summary of project to commence by 12/31/2019	West Hennepin Affordable Housing Land Trust (WHAHLT) through its Homes Within Reach (HWR) program proposes to acquire, rehabilitate, and resell nine 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	9
Affordable units	9 @ up to 80% AMI
Est. total development cost	\$2.8 million
Est. private funds leveraged	\$5,000
Est. other public funds	\$1.5 million
Funding	
LHIA Funding Match	Hennepin County HOME
Other LCA funding	\$1,022,000 – Eight prior LHIA awards
Recommended Funding	
\$335,000	LHIA
\$115,000	Minnesota Housing
Other Funding Sources	
\$5,000	Private investment
\$461,888	Hennepin Co. HOME
\$289,000	Hennepin Co. AHIF
\$608,235	Cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and St. Louis Park
\$1,814,123	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant City of Saint Paul
Project Name Inspiring Communities
Project Location Scattered site in Payne-Phalen
Council Districts 13 – Richard Kramer

Project Detail	
Development summary of project to commence by 12/31/2019	The Inspiring Communities makes targeted investments in Saint Paul neighborhood most impacted by vacancy and foreclosure. This project consists of constructing 14 new homes in the Payne-Phalen District 5 planning area. Typical homes built under the program are 2-stories with 3 bedrooms and 2 bathrooms.
Total housing units	14
Affordable units	4 @ 60% AMI 4 homes will be directly assisted with LHIA funds
Est. total development cost	\$4.5 million
Est. private funds leveraged	\$2.3 million
Est. other public funds	\$2.2 million
Funding	
LHIA Funding Match	Saint Paul HRA
Other LCA funding	None
Recommended Funding	
\$160,000	LHIA
\$400,000	MN Housing
Other Funding Sources	
\$1,904,000	Bank Financing
\$476,000	Developer Equity
\$300,000	NSP
\$1,500,000	Saint Paul HRA
\$4,740,000	Total Funding Sources

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant Hennepin County Housing and Redevelopment Authority
Project Name Tax Forfeit to Affordable Home Ownership
Project Location Bloomington
Council Districts 5 – Steve Elkins

Project Detail	
Development summary of project to commence by 12/31/2019	This project includes the acquisition, rehabilitation and resale of two tax-forfeited properties, one in Minneapolis and one in suburban Hennepin County. The homes will be rehabilitated by Sentence to Serve workers which provides job training then when completed they will be purchased by land trusts. The land trusts will sell the units to qualified buyers earning up to 80 percent of area median income (AMI).
Total housing units	2
Affordable units	2 @ 80% AMI 1 unit directly assisted with LHIA funds
Est. total development cost	\$613,900
Est. private funds leveraged	\$0
Est. other public funds	\$222,460
Funding	
LHIA Funding Match	Hennepin County
Other LCA funding	None
Recommended Funding	
\$105,000	LHIA
\$105,000	MN Housing
Other Funding Sources	
\$117,460	Hennepin County
\$327,460	Total Funding Sources

