

Community Development Committee

Meeting date: November 5, 2018

For the Metropolitan Council meeting of November 14, 2018

Subject: 2018 Livable Communities Act 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 (651) 602-1541

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

1. Award five multifamily rental and two single family ownership Local Housing Incentives Account (LHIA) grants as shown in the following table, totaling \$2.5 million.
2. Authorize its Community Development Division Director to execute the grant agreements on behalf of the Council.

Multifamily Rental and Single-Family Ownership Proposals (units directly assisted by LHIA)

Project	City/Applicant	New Affordable Units	Preserved Units	LHIA Funding Recommendation
Galway Place Townhomes	Coon Rapids		36	\$200,000
Cahill Place Apartments	Inver Grove Heights/Dakota County Community Development Agency	40		\$565,000
Emma's Place	Maplewood/Ramsey County Housing and Redevelopment Authority		13	\$182,467
Maya Commons	Minneapolis	50		\$1,062,133
Mino Bimaadiziwin	Minneapolis	109		\$344,700
Sub-total Rental:		199	49	\$2,354,300
Irving – Near North Infill Development	Minneapolis	3		\$35,700
Homes Within Reach	Hennepin County Communities/City of Minnetonka	2		\$110,000
Sub-total Ownership:		5	0	\$145,700
TOTAL		204	49	\$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 2018 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.

The selection committee allocates funds 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 funding. 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 support housing development, preservation, and affordability opportunities consistent with both 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 and 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 awards will align LHIA funding with other significant public and private investments. LHIA dollars will help leverage just over \$44 million in private investments and almost \$38 million in other public investments to provide safe, affordable housing to low and moderate-income residents in the metro area.

Table 1: Anticipated Leveraged Investment of LHIA Funds

Proposal	Total Units	Recommended LCA Award	Estimated Total Private Investment ¹	Estimated Total Other Public Investment ²
Galway Place Townhomes	36	\$200,000	\$6,864,932	\$11,634,325
Cahill Place Apartments	40	\$565,000	\$2,988,896	\$8,674,753
Emma’s Place	13	\$182,467	\$532,500	\$1,048,089
Maya Commons	50	\$1,062,133	\$12,264,172	\$2,010,260
Mino Bimaadiziwin	109	\$344,700	\$15,217,542	\$19,033,059
Irving – Near North Infill Development	3	\$35,700	\$10,500	\$420,000
Homes Within Reach	10	\$110,000	\$0	\$1,465,736
Total	204	\$2,500,000	\$37,868,042	\$44,296,722

¹ Includes syndication proceeds

² Includes Minnesota Housing funding and prior LCA awards

As shown in Table 2, Minnesota Housing and its funding partners will award over \$44 million for multifamily rental housing proposals in the metropolitan area. These proposals will assist the construction of 527 new affordable units, and the rehabilitation or preservation of 299 affordable housing units.

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

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
108 Place	Bloomington	42		\$849,743
Amorce I	Brooklyn Park		170	\$6,616,563
Galway Place Townhomes ³ & Community Plaza	Coon Rapids & Saint Paul		76	\$3,533,777
Trail Pointe Ridge	Eden Prairie	52		\$5,186,000
Cahill Place Apartments ³	Inver Grove Heights	40		\$7,388,384
Emma’s Place ³	Maplewood		13	\$1,003,630
Lydia Apartments	Minneapolis	38	40	\$8,224,029
Maya Commons ³	Minneapolis	50		\$1,062,133
Mino Bimaadiziwin ³	Minneapolis	109		\$2,750,000
Sarazin Flats II	Shakopee	48		\$1,007,002
The Willows	Shakopee	60		\$4,194,000
Willow Ridge East	Vadnais Heights	36		\$643,394
Vista Ridge	Waconia	52		\$988,257
TOTAL		527	299	\$43,446,912

³ Proposals also being recommended to receive LCA Local Housing Incentives Account funds

As shown in Table 3, Minnesota Housing and its funding partners will award over six million dollars for Metropolitan Area single-family homeownership housing proposals. These proposals will assist the construction of 70 new affordable units and the rehabilitation or preservation of 181 affordable units.

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

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
Brooklyn Center, Crystal, & Richfield Interest Rate Subsidy	Brooklyn Center, Crystal, Richfield		37	\$62,345
Homes Within Reach ³	Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park, and Wayzata		10	\$550,000
Healthy Homes Assistance Project	Hennepin County		14	\$75,000
Family Stabilization Plan	Minneapolis, Saint Paul and Suburban	3	22	\$246,875
Pokegama North	Minneapolis	3		\$150,000
Irving – Near North Infill Development ³	Minneapolis	3		\$215,700
City of Lakes Community Land Trust – Affordability Gap, Rehab	Minneapolis		20	\$1,500,000
City of Lakes Community Land Trust – New Construction	Minneapolis	3		\$210,000
Minneapolis Homes Development Assistance Program	Minneapolis	20		\$800,000
PRG Infill Housing	Minneapolis	6		\$235,998
Critical Repairs for Low-Income Homeowners in North Minneapolis, South Minneapolis and Saint Paul	Minneapolis		20	\$160,000
Community Keys	Saint Paul		20	\$160,000
Affordable Homes for Saint Paul	Saint Paul		2	\$100,000
Village on Rivoli Phase II	Saint Paul	5		\$228,540
412 Goodrich Avenue	Saint Paul		1	\$50,000
Twin Cities Habitat Scattered Site New Construction	Seven-County Twin Cities Metropolitan Area	27		\$1,105,000
Twin Cities Habitat 2018 Stand-Alone Affordability Gap	Seven-County Twin Cities Metropolitan Area		25	\$512,500
Twin Cities Habitat-Scattered Site Acquisition-Rehab-Resale	Seven-County Twin Cities Metropolitan Area		10	\$238,500
TOTAL:		70	181	\$6,600,458

³ Proposals also being recommended to receive LCA Local Housing Incentives Account funds.

Tables 4 and 5 summarize all multifamily rental and single-family homeownership project proposals received through the Consolidated RFP and those recommended for funding.

Table 4: Summary of Metropolitan Area Applications Received

Program Type	Total # of Applications Submitted	Minneapolis /St. Paul Apps	Non-Minneapolis /St. Paul Apps	Total # Recommended for Funding	Minneapolis /St. Paul Awards	Non-Minneapolis /St. Paul Awards
Multifamily Rental	42	19	23	13	4	9
Single Family Ownership	21	13	8	18	12	7
Total	63	32	31	32	16	16

Table 5: Summary of Metropolitan Area Recommended Funding Awards

Program Type	Total Recommended Funding Awards	New Affordable Units	Units Rehabilitated or Preserved
Rental	\$43,446,912		
	\$2,354,300	Metropolitan Council	527
	\$41,092,612	Minnesota Housing	
Ownership	\$6,600,458		
	\$145,700	Metropolitan Council	70
	\$6,454,758	Minnesota Housing	
Combined Total	\$50,047,370		
	\$2,500,000	Metropolitan Council	597
	\$47,547,370	Minnesota Housing	

There were 31 proposals not recommended for any Minnesota Housing or partner funding this round. Unfunded requests in the communities of Bloomington, Brooklyn Center, Brooklyn Park, Chaska, Coon Rapids, Cottage Grove, Eden Prairie, Edina, Fridley, Inver Grove Heights, Maplewood, Minnetonka, Minneapolis, Mounds View, Plymouth, Ramsey, Saint Paul, Savage, Shakopee, St. Anthony, Vadnais Heights, Waconia, and Watertown totaled nearly \$155 million. These proposals were not recommended for funding because of their lower scoring, 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.

Thrive Lens Analysis

The Council’s investment in these affordable housing projects advances several Thrive outcomes.

- The Council will “encourage preservation of existing housing where rehabilitation is a cost-effective strategy to maintain housing” and “collaborate with regional housing partners and funders to identify priorities for preserving affordable housing and available resources” (Stewardship).
- Many of these projects introduce new affordability levels, or housing types, to the areas in which they are located which “helps create and preserve mixed-income neighborhoods and housing choices across the region” (Prosperity).

- These projects also “help close the gap between the region’s affordable housing need and the supply, especially in areas underserved by affordable housing and to house extremely-low-income households earning less than 30% of the area median income” (Equity).
- Several of the LHIA projects also support the Council’s efforts to “encourage and invest in a wide variety of housing options throughout the region to serve an increasingly diverse population, including viable housing choices for low- and moderate-income households and senior households” (Livability).

Funding

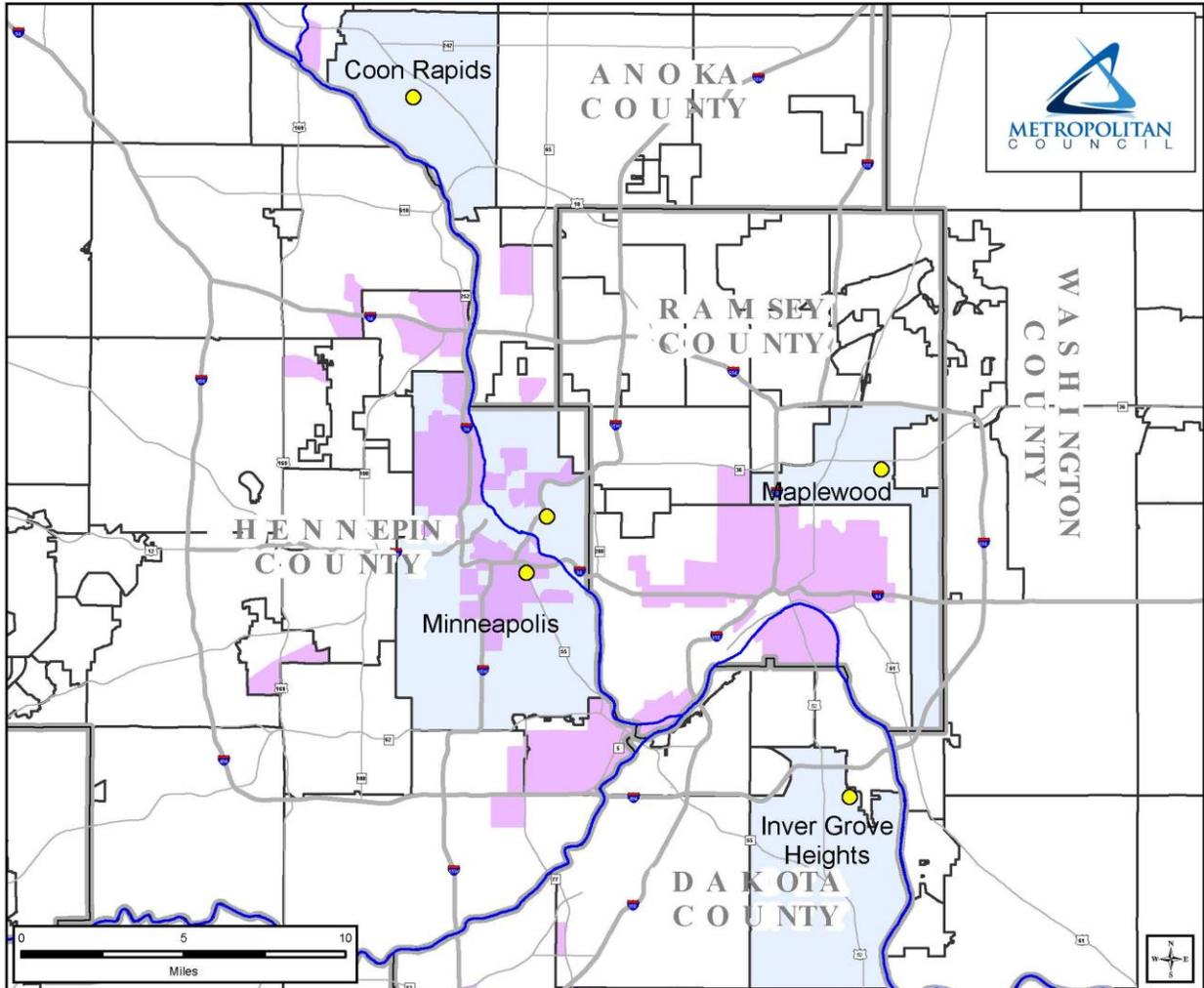
There is typically \$1.5 million available for LHIA awards annually. In its 2018 Livable Communities Fund Distribution Plan, the Council approved \$2.5 million for LHIA awards, which included an additional \$1 million dollars from past grant relinquishments and investment earnings on the account.

Known Support / Opposition

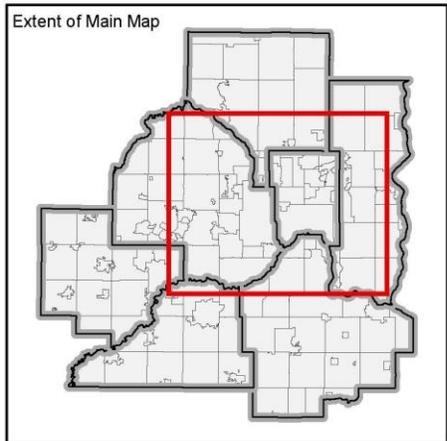
There is no known opposition to any of the applications recommended for funding.

Projects Recommended for Funding

2018 Local Housing Incentive Account Multifamily Grants Communities Recommended for Award



10/24/2018



- 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.

One multifamily development, the Mino Bimaadiziwin project, is new construction within an ACP. The addition of the units from the Mino Bimaadiziwin development does 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 this development is anticipated to increase the shares of household income within the 51-80% of AMI affordability band by one percent and decrease the share within the Above 80% of AMI affordability band.

Table 6: Change in Share of Housing Units and Households

	Rental housing units				All 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
Mino Bimaadiziwin	+0%	+0%	+0%	+0%	+0%	+0%	+1%	-1%

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Coon Rapids
Project Name: Galway Place Townhomes
Project Location: 1184 Hanson Boulevard NW
Council District: District 9 – Edward Reynoso

Project Detail	
Project Overview	This project is the rehabilitation of two properties by CommonBond Communities with one site in Coon Rapids and the other in Saint Paul. LHIA funding will be used toward the Coon Rapids site. Galway Place was built in 1981 and includes 36 units of Section 8 Housing. Funding supports rehabilitation of the property.
Total housing units	36
Affordable units	36 @ 60% AMI
Anticipated # bedrooms	28 – 2 BR; 7 – 3 BR; 1 – 4 BR
Est. total development cost	\$18,699,257
Est. private funds leveraged	\$6,864,932
Est. public funds leveraged	\$11,634,325
Consolidated RFP Partner Funding	
\$200,000	LHIA
\$3,333,777	Minnesota Housing: Preservation Affordable Rental Investment Fund, 4% Housing Tax Credits
LHIA Match	City of Coon Rapids Community Development Block Grant Funds

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Dakota County Community Development Agency
Project Name: Cahill Place Apartments
Project Location: 6070 Cahill Ave, Inver Grove Heights
Council District: District 15 – Steven Chávez

Project Detail	
Project Overview	Cahill Place Apartments is 40 units of new permanent supportive housing in Inver Grove Heights with units set aside for homeless families and families at risk of becoming homeless.
Total housing units	40
Affordable units	4 @ 30% AMI; 36 @ 60% AMI
Anticipated # bedrooms	2 – 2 BR; 18 – 3 BR
Est. total development cost	\$12,228,649
Est. private funds leveraged	\$2,988,896
Est. public funds leveraged	\$8,674,753
Consolidated RFP Partner Funding	
\$565,000	LHIA
\$6,823,384	Minnesota Housing: 1 st Mortgage, Housing Infrastructure Bonds, 4% Housing Tax Credits
LHIA Match	Dakota County Community Development Agency HOPE Funds

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Ramsey County Housing and Redevelopment Authority
Project Name: Emma's Place
Project Location: 2165 Van Dyke St, Maplewood
Council District: District 11 – Sandy Rummel

Project Detail	
Project Overview	This project is the rehabilitation of permanent supportive housing townhome units in the Maplewood. Emma's Place includes three- and four-bedroom units and specifically responds to the needs of homeless, single parent-headed families which include three or more children.
Total housing units	13
Affordable units	9 @ 30% AMI; 4 @ 50% AMI
Anticipated # bedrooms	13 – 3+ BR
Est. total development cost	\$1,763,056
Est. private funds leveraged	\$532,500
Est. public funds leveraged	\$1,048,089
Consolidated RFP Partner Funding	
\$182,467	LHIA
\$821,163	Minnesota Housing: Housing Infrastructure Bonds
LHIA Match	Ramsey County Housing and Redevelopment Authority

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minneapolis
Project Name: Maya Commons
Project Location: 1220 Brook Ave SE
Council District: District 8 – Cara Letofsky

Project Detail	
Project Overview	Maya Commons will provide 50 new units serving general workforce housing, as well as adults and youth experiencing long-term homelessness. The project is located on the same site as a 95 unit student co-op housing development and will reuse the historic Bunge tower as a shared lobby/entrance and community space. The development project also has a focus on health and wellness throughout its programming and design and dedicates space to meditation, gardening, and natural areas.
Total housing units	50
Affordable units	12 @ 30% AMI; 38 @ 50% AMI
Anticipated # bedrooms	40 – Studio/1 BR; 10 – 2 BR
Est. total development cost	\$15,336,565
Est. private funds leveraged	\$12,264,172
Est. public funds leveraged	\$2,010,260
Consolidated RFP Partner Funding	
\$1,062,133	LHIA
\$0	Minnesota Housing
\$587,103	Minneapolis 9% Housing Tax Credits
LHIA Match	City of Minneapolis Affordable Housing Trust Fund

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minneapolis
Project Name: Mino Bimaadiziwin
Project Location: 2105, 2109, 2113 Cedar Ave S
Council District: District 7 – Gary Cunningham

Project Detail	
Project Overview	The development is the new construction of a 109-unit mixed-use development near the Franklin Avenue Blue Line Station. The project includes 11 units assisted with project-based vouchers, a community service facility with medical clinic and an urban embassy for the Red Lake Nation.
Total housing units	109
Affordable units	24 @ 30% AMI; 5 @ 50% AMI; 80 @ 60% AMI
Anticipated # bedrooms	25 – Studio/1BR; 55 – 2 BR; 29 – 3+ BR
Est. total development cost	\$34,595,301
Est. private funds leveraged	\$15,217,542
Est. public funds leveraged	\$19,033,059
Consolidated RFP Partner Funding	
\$344,700	LHIA
\$3,774,529	Minnesota Housing: Economic Development Housing Challenge
\$1,369,229	Minneapolis 4% Housing Tax Credits
LHIA Match	City of Minneapolis Affordable Housing Trust Fund
\$2,057,900	2017 Livable Communities Demonstration Account-Transit Oriented Development and Tax Base Revitalization Awards

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minneapolis
Project Name: Near North Minneapolis – Irving and James
Project Location: Area around Irving and James Avenues North
Council District: District 7 – Gary Cunningham

Project Detail	
Project Overview	The development project will consist of the redevelopment of five city-owned vacant lots spread across three city blocks. The new homes include 5-bedrooms and 3-bathrooms and are targeted toward larger families. This project aims to provide homes for people seeking sustainable housing opportunities and provide down payment assistance to immigrant communities that need to have non-interest-bearing financing products.
Total housing units	3, 1 assisted with LHIA
Affordable units	3 @ 80% AMI
Est. private funds leveraged	\$10,500
Est. public funds leveraged	\$420,000
Consolidated RFP Partner Funding	
\$35,700	LHIA
\$180,000	Minnesota Housing
LHIA Match	City of Minneapolis HOME

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minnetonka
Project Name: West Hennepin Affordable Housing Land Trust
Project Location: Western Suburban Hennepin County Communities
Council District: District 1 – Katie Rodriguez
 District 3 – Jennifer Munt
 District 5 – Steve Elkins
 District 6 – Gail Dorfman

Project Detail	
Project Overview	West Hennepin Affordable Housing Land Trust (WHAHLT) through its Homes Within Reach (HWR) program proposes to acquire, rehabilitate, and resell four single family, detached units in western Hennepin County to increase the affordable housing stock available through the land trust. WHAHLT will operate in the cities of Bloomington, Brooklyn Park, Deephaven, Edina, Eden Prairie, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park, and Wayzata, and will serve households at or below 80% of area median income.
Total housing units	10, 2 assisted with LHIA
Affordable units	10 @ 80% AMI
Est. private funds leveraged	\$0
Est. public funds leveraged	\$1,465,736
Consolidated RFP Partner Funding	
\$110,000	LHIA
\$440,000	Minnesota Housing
\$1,424,500	Ten previous LHIA awards
LHIA Match	Cities of Bloomington, Edina, Maple Grove, Golden Valley, St. Louis Park & Eden Prairie