

Community Development Committee

Meeting date: December 2, 2019

For the Metropolitan Council meeting of December 11, 2019

Subject: 2019 Livable Communities Act Local Housing Incentives Account Funding Recommendations

District(s), Member(s): All

Policy/Legal Reference: MN Statutes §473.253

Staff Prepared/Presented: Tara Beard, Manager, Livable Communities (651) 602-1051

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

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

Table 1. Multifamily Rental and Single-Family Ownership Proposals (units directly assisted by LHIA)

Project	City/Applicant	New Affordable Units	Preserved Units	LHIA Funding Recommendation
Bloom Lake Flats	Minneapolis	42	0	\$350,000
American House Recapitalization	St. Paul	69	0	\$335,000
4100 Apartments	Edina	70	0	\$500,000
Element	Plymouth	58	0	\$500,000
Prairie Estates	Inver Grove Heights/Dakota County CDA	0	40	\$350,000
Sub-total Rental:		239	40	\$2,035,000
Build Wealth MN	Minneapolis	2	0	\$20,000
Carver County Community Land Trust	Carver County CDA	8	0	\$20,000
Two Rivers Community Land Trust	Washington County CDA	4	0	\$130,000
Oakdale Avenue Phase II	St. Paul	6	0	\$120,000

Project	City/Applicant	New Affordable Units	Preserved Units	LHIA Funding Recommendation
Shoreview/Rondo CLT Townhomes	Shoreview	7	0	\$55,000
Homes Within Reach	Hennepin County Communities/City of Minnetonka & St. Louis Park	10	0	\$120,000
Sub-total Ownership:		37	0	\$465,000
TOTAL		276	40	\$2,500,000

Background

The Metropolitan Council collaborated with the Minnesota Housing Finance Agency, as well as the Greater Minnesota Housing Fund, 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 2019 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 2 shows, the recommended awards will align LHIA funding with other significant public and private investments. LHIA dollars will help leverage over \$34 million in private investments and over \$33 million in other public investments to provide safe, affordable housing to low and moderate-income residents in the metro area.

Table 2. Anticipated Leveraged Investment of LHIA Funds

Proposal	Total Units	Recommended LCA Award	Estimated Total Private Investment ¹	Estimated Total Other Public Investment ²
Bloom Lake Flats	42	\$350,000	\$0	\$13,256,948
American House Recapitalization	69	\$335,000	\$3,720,546	\$3,297,753
4100 Apartments	70	\$500,000	\$14,451,477	\$4,129,134
Element	58	\$500,000	\$9,336,099	\$5,846,800
Prairie Estates	40	\$350,000	\$6,595,078	\$4,513,604
Build Wealth MN	2	\$20,000	\$0	\$158,750
Carver County Community Land Trust	8	\$20,000	\$0	\$380,000
Two Rivers Community Land Trust	4	\$130,000	\$42,669	\$176,970
Oakdale Avenue Phase II	6	\$120,000	\$0	\$852,000
Shoreview/Rondo CLT Townhomes	7	\$55,000	\$0	\$0
Homes Within Reach	10	\$120,000	\$0	\$480,000
TOTAL	316	\$2,500,000	\$34,145,869	\$33,091,959

¹ Includes syndication proceeds

² Includes Minnesota Housing funding and prior LCA awards

As shown in Table 3, Minnesota Housing and its funding partners will award over \$223 million for multifamily rental housing proposals in the metropolitan area. These proposals will assist the construction of 781 new affordable units, and the rehabilitation or preservation of 615 affordable housing units.

Table 3. 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
4100 Apartments ³	Edina	70	0	\$9,637,011
Amundson Flats	Edina	62	0	\$9,876,942
Prairie Estates ³	Inver Grove Heights	0	40	\$6,385,886
Maplewood Gardens	Maplewood	0	29	\$5,362,972
Amber Apartments	Minneapolis	76	0	\$13,783,887
Anishinabe III Supportive Housing	Minneapolis	40	0	\$7,236,673
Bimosedaa	Minneapolis	0	48	\$11,475,733
Bloom Lake Flats ³	Minneapolis	42	0	\$9,814,233
Exodus II	Minneapolis	0	167	\$38,867,172
Sabathani Senior Housing	Minneapolis	48	0	\$5,416,183
Snelling Yards Senior Housing	Minneapolis	100	0	\$9,749,210

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
Stonehouse Square Apartments	Minneapolis	0	71	\$10,642,149
Cranberry Ridge	Plymouth	45	0	\$10,292,025
Element ³	Plymouth	58	0	\$10,040,103
Spring Lake Lofts	Prior Lake	64	0	\$10,634,230
Owasso Gardens	Roseville	60	0	\$9,239,390
American House Recapitalization ³	Saint Paul	0	69	\$2,821,915
Stryker Senior Housing	Saint Paul	57	0	\$9,450,000
Wilder Square	Saint Paul	0	136	\$14,542,924
Core Crossings	Shakopee	59	0	\$10,890,306
Century Hills Townhomes	White Bear Lake	0	55	\$6,921,000
TOTAL		781	615	\$223,079,944

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 eight million dollars for Metropolitan Area single-family homeownership housing proposals. These proposals will assist the construction of 87 new affordable units and the rehabilitation or preservation of 1918 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
Homes Within Reach ³	Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park, and Wayzata	0	10	\$600,000
Carver County Community Land Trust ³	Carver County suburbs	0	8	\$380,000
Home Accessibility Ramps Program	Hennepin County	0	42	\$249,900
Build Wealth, MN Inc. – Near North Infill Development ³	Minneapolis	2	0	\$178,750
Build Wealth, MN Inc. – Family Stabilization Plan & Infill Development	Minneapolis	0	25	\$150,000
City of Lakes Community Land Trust – Homebuyer Initiated	Minneapolis	0	10	\$600,000

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
Program – Stand-Alone Affordability Gap				
City of Lakes Community Land Trust – Homebuyer Initiated Program – Owner-Occupied Rehabilitation	Minneapolis	0	10	\$250,000
City of Lakes Community Land Trust – LEEF Townhomes	Minneapolis	10	0	\$867,168
Minneapolis Homes Development Assistance Program	Minneapolis	25	0	\$1,000,000
PRG Infill Housing	Minneapolis	8	0	\$394,460
Minneapolis Rehab Support Program	Minneapolis	0	20	\$167,260
Northside Home LLC	Minneapolis	2	0	\$111,000
Urban Homeworks – Homeownership within Reach	Minneapolis	0	2	\$111,000
Dayton’s Bluff Neighborhood Housing Services – Village on Rivoli Pocket Neighborhood	Saint Paul	7	0	\$376,959
St. Paul Downpayment Assistance Program	Saint Paul	0	50	\$1,025,000
Neighborhood Development Alliance – Oakdale Avenue Projects Phase 2 ³	Saint Paul	6	0	\$972,000
Rondo Community Land Trust Homebuyer Initiated Program – Stand-Alone Affordability Gap	Saint Paul	0	8	\$193,200
Rondo Community Land Trust Homebuyer Initiated Program – Owner Occupied Rehabilitation	Saint Paul	0	8	\$206,800
Rondo Community Land Trust/Shoreview Townhomes ³	Shoreview	7	0	\$55,000
Twin Cities Habitat Scattered Site New Construction	Seven-County Twin Cities Metropolitan Area	12	0	\$480,000
Twin Cities Habitat 2019 SAAG Open Market Program	Seven-County Twin Cities Metropolitan Area	0	48	\$983,904
Twin Cities Habitat-Scattered Site Acquisition-Rehab-Resale	Seven-County Twin Cities Metropolitan Area	0	10	\$300,000
Rebuilding Together Twin Cities – Critical Repair Projects	Minneapolis, St. Paul, Brooklyn Center, Robbinsdale and Crystal	0	20	\$160,000

Project	City	New Affordable Units	Units to be Preserved	Total Funding Award
Richfield Housing and Redevelopment Authority – Homebuyer Assistance Program	Richfield	8	0	\$94,336
Two Rivers Community Land Trust – Own Sweet Home ³	Oakdale, Forest Lake, Woodbury and Cottage Grove	0	4	\$150,770
TOTAL:		87	191	\$6,899,857

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	45	19	26	21	11	10
Single Family Ownership	29	18	11	24	15	9
Total	74	37	37	45	26	19

Table 5: Summary of Metropolitan Area Recommended Funding Awards

Program Type	Total Recommended Funding Awards	New Affordable Units	Units Rehabilitated or Preserved
Rental	\$223,079,944		
	\$2,035,000	Metropolitan Council	400
	\$221,044,944	Minnesota Housing	
Ownership	\$10,488,007		
	\$465,000	Metropolitan Council	183
	\$10,023,007	Minnesota Housing	
Combined Total	\$233,567,951		
	\$2,500,000	Metropolitan Council	583
	\$231,067,951	Minnesota Housing	

There were 28 proposals not recommended for any Minnesota Housing or partner funding this round. Unfunded requests in the communities of Anoka, Chaska, Hopkins, Maple Grove, Maplewood, Minnetonka, Minneapolis, Ramsey, Roseville, Richfield, Rogers, Saint Paul, Savage, and Woodbury totaled just over \$151 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 2019 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

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minneapolis
Project Name: Bloom Lake Flats
Project Location: 3017 16th Avenue
Council District: District 8 – Abdirihman Muse

Project Detail	
Project Overview	This project is the construction of a 42-unit permanent supportive housing development in Minneapolis. The units will be available to people living with HIV/AIDS and 21 units will serve high priority homeless adults.
Total housing units	42
Affordable units	28 @ 30% AMI; 14 @ 50% AMI
Anticipated # bedrooms	17 – Studio; 10 – 1 BR; 11 – 2 BR; 4 – 3 BR
Est. total development	\$13,606,948
Est. private funds	\$0
Est. public funds	\$13,256,948
Consolidated RFP Partner Funding	
\$350,000	LHIA
\$9,464,233	Minnesota Housing: Housing Infrastructure Bonds
LHIA Match	City of Minneapolis Affordable Housing Trust Fund

Livable Communities Project Summary

Grant # **SG**
Type: **Local Housing Incentives Account**
Applicant: **City of St. Paul**
Project Name: **American House Recapitalization**
Project Location: **352 Wacouta St.**
Council District: **District 13 – Chai Lee**

Project Detail	
Project Overview	American House Recapitalization will rehabilitate and preserve 69 single room occupancy units. They will provide housing for single High Priority Homeless and People with Disabilities.
Total housing units	69
Affordable units	69 @ 30% AMI
Anticipated # bedrooms	69 – Single Room Occupancy
Est. total development	\$7,353,299
Est. private funds	\$3,720,546
Est. public funds	\$3,297,753
Consolidated RFP Partner Funding	
\$335,000	LHIA
\$2,486,915	Minnesota Housing: Housing Infrastructure Bonds
LHIA Match	City of St. Paul

Livable Communities Project Summary

Grant # **SG**
Type: **Local Housing Incentives Account**
Applicant: **City of Edina**
Project Name: **4100 Apartments**
Project Location: **4100 76th St West**
Council District: **District 5 – Molly Cummings**

Project Detail	
Project Overview	This project will construct 70 new mixed-income housing units. The units will serve single, family High Priority Homeless, and People with Disabilities households
Total housing units	70
Affordable units	70 @ 60% AMI or less
Anticipated # bedrooms	17 – 1 BR; 35 – 2 BR; 18 – 3 BR
Est. total development	\$22,780,958
Est. private funds	\$14,451,477
Est. public funds	\$4,129,134
Consolidated RFP Partner Funding	
\$500,000	LHIA
\$14,441,377	Minnesota Housing: First Mortgage, 9% Housing Tax Credits
LHIA Match	City of Edina Housing and Redevelopment Authority

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Plymouth
Project Name: Element
Project Location: Intersection of HWY 55 and South Shore Drive, City of Plymouth
Council District: District 1 – Judy Johnson

Project Detail	
Project Overview	The project will construct 58 new mixed-income units. It will provide general occupancy and supportive housing for 58 households including single, family, High Priority Homeless, People with Disabilities households, and Long Term Homeless.
Total housing units	58
Affordable units	58 @ 60% AMI or less
Anticipated # bedrooms	10 – 1 BR; 32 – 2 BR; 16 – 3BR
Est. total development	\$15,882,899
Est. private funds	\$9,336,099
Est. public funds	\$5,846,800
Consolidated RFP Partner Funding	
\$500,000	LHIA
\$9,135,303	Minnesota Housing: First Mortgage, 9% Housing Tax Credits
LHIA Match	City of Plymouth: Tax Increment Financing, Fee Waiver; Hennepin County: AHIF, HOME

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Dakota County Community Development Agency (CDA)
Project Name: Prairie Estates
Project Location: 6153 Carmen Ave E, City of Inver Grove Heights
Council District: District 15 – Phillip Sterner

Project Detail	
Project Overview	The project is the renovation and preservation of a 100% project-based Section 8 development at risk of loss due to threat of market conversion.
Total housing units	40
Affordable units	40 @ 80% AMI or less
Anticipated # bedrooms	14– 2 BR; 22 – 3 BR; 4 – 4BR
Est. total development	\$12,470,901
Est. private funds	\$6,595,078
Est. public funds	\$4,513,604
Consolidated RFP Partner Funding	
\$350,000	LHIA
\$9,524,886	Minnesota Housing: First Mortgage, Preservation Affordable Rental Investment Fund, 9% Housing Tax Credits
LHIA Match	Dakota County CDA HOPE funds

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Minneapolis
Project Name: Build Wealth MN
Project Location: Two city-owned lots in the Near North neighborhood of Minneapolis
Council District: District 7 – Robert Lilligren

Project Detail	
Project Overview	The development project will consist of the redevelopment of two 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	2
Affordable units	2 @ 80% AMI
Est. private funds	\$0
Est. public funds	\$158,750
Consolidated RFP Partner Funding	
\$20,000	LHIA
\$158,750	Minnesota Housing
LHIA Match	City of Minneapolis HOME

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Carver County Community Development Authority (CDA)
Project Name: Carver County CDA Community Land Trust Countywide Expansion
Project Location: Carver County Communities, with a focus on Chaska, Watertown, and Waconia
Council District: District 3 – Christopher Ferguson
 District 4 – Deb Barber

Project Detail	
Project Overview	Carver County Community Development Authority (CDA) through its Community Land Trust program proposes to acquire, rehabilitate, and resell eight single family, detached units in Carver County to increase the affordable housing stock available through the land trust.
Total housing units	8, 2 assisted with LHIA
Affordable units	8 @ 80% AMI
Est. private funds	\$0
Est. public funds	\$380,000
Consolidated RFP Partner Funding	
\$20,000	LHIA
\$380,000	Minnesota Housing
\$10,000	One past LHIA award for previous project
LHIA Match	Carver County CDA and Cities of Chaska, Waconia, and Watertown

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: Washington County Community Development Authority (CDA)
Project Name: Two Rivers Community Land Trust – Own Sweet Home
Project Location: Cities of Forest Lake, Cottage Grove, Woodbury, and Oakdale
Council District: District 12 – Francisco Gonzalez
 District 11 – Susan Vento

Project Detail	
Project Overview	Two Rivers Community Land Trust proposes to acquire, rehabilitate, and resell four single family, detached units in Washington County to increase the affordable housing stock available through the land trust.
Total housing units	4, 2 assisted with LHIA
Affordable units	4 @ 65% AMI
Est. private funds	\$42,669
Est. public funds	\$20,770
Consolidated RFP Partner Funding	
\$130,000	LHIA
\$20,770	Minnesota Housing
\$442,000	Four past LHIA awards for previous projects
LHIA Match	Washington County CDA

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of St. Paul
Project Name: Oakdale Avenue Project Phase 2
Project Location: Oakdale Avenue, between State St. and Baker Ave in St. Paul
Council District: District 13 – Chai Lee

Project Detail	
Project Overview	Neighborhood Development Alliance proposes to build six new 3-bedroom townhomes.
Total housing units	6
Affordable units	6 @ 80% AMI
Est. private funds	\$0
Est. public funds	\$852,000
Consolidated RFP Partner Funding	
\$120,000	LHIA
\$852,000	Minnesota Housing
\$15,700	2017 TBRA award
LHIA Match	City of St. Paul

Livable Communities Project Summary

Grant # SG
Type: Local Housing Incentives Account
Applicant: City of Shoreview
Project Name: Shoreview/Rondo CLT Townhomes
Project Location: West side of Hodgson Road just South of County Road J in Shoreview
Council District: District 10 – Peter Lindstrom

Project Detail	
Project Overview	The City of Shoreview and Rondo Community Land Trust propose 7 new 3-bedroom townhome units that will be available through the land trust.
Total housing units	7
Affordable units	7 @ 51 - 115% AMI
Est. private funds	\$0
Est. public funds	\$0
Consolidated RFP Partner Funding	
\$55,000	LHIA
LHIA Match	City of Shoreview

Livable Communities Project Summary

Grant # **SG**
Type: **Local Housing Incentives Account**
Applicant: **City of Minnetonka**
Project Name: **Homes Within Reach**
Project Location: **12 suburban cities in Hennepin County**
Council District: **District 13 – Chai Lee**

Project Detail	
Project Overview	West Hennepin Affordable Housing Land Trust (WHAHLT) proposes to acquire, rehabilitate, and resell ten single family homes in western suburban Hennepin County.
Total housing units	10
Affordable units	10 @ 80% AMI
Est. private funds	\$0
Est. public funds	\$480,000
Consolidated RFP Partner Funding	
\$120,000	LHIA
\$480,000	Minnesota Housing
\$1,534,500	Eleven past LHIA awards for previous projects
LHIA Match	Cities of Minnetonka and St. Louis Park