

C Community Development Committee
Meeting date: November 18, 2013

ADVISORY INFORMATION	
Date:	November 13, 2013
Subject:	2013 Local Housing Incentives Account (LHIA) 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/Motion

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

Rental Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Lakeshore Townhomes	Eagan/Dakota County CDA	50		\$200,000
The Cameron	Minneapolis	44		\$200,000
PPL Recapitalization Project	Minneapolis		51	\$200,000
Lyndale Gardens	Richfield	35		\$200,000
Clare Terrace	Robbinsdale	36		\$200,000
Hamline Station Family Housing	St. Paul	108		\$200,000
Sub-total Rental:		273	51	\$1,200,000

Ownership Housing Proposals

Project	City/Applicant	Number of New Units	Number of Preserved Units	LHIA Funding Recommendation
Neighborhood Investment Fund	St. Paul HRA	8	10	\$200,000
Homes Within Reach	Minnetonka		10	\$100,000
Sub-total Ownership:		8	20	\$300,000
TOTAL RENTAL AND OWNERSHIP		281	71	\$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 2013 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 funding from the Metropolitan Council. 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 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 *2030 Regional Development Framework* objectives.

As Table 1 shows, the LHIA recommended awards will align LCA funding with other significant public and private investments. LCA dollars will leverage over \$67 million in private investments and approximately \$39 million in other public investments. Each dollar of LHIA funds contributed to these projects leverages nearly \$45 in private investment, and additionally, \$26 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**
Lakeshore Townhomes	50	\$200,000	\$8,585,514	\$2,572,155
The Cameron	44	200,000	3,847,873	6,040,320
PPL Recapitalization	51	200,000	7,127,902	3,063,780
Lyndale Gardens	35	200,000	27,526,454	3,808,851
Clare Terrace	36	200,000	5,193,409	2,394,700
Hamline Station	108	200,000	10,646,342	17,801,819
Neighborhood Investment*	18	200,000	3,448,620	2,436,000
Homes Within Reach*	10	100,000	700,000	1,214,222
Total	352	\$1,500,000	\$67,076,114	\$39,331,847

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

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

Combined, nearly \$13.5 million will be awarded for multifamily rental housing proposals recommended by MHIG. The proposals will assist the construction of 322 new affordable units, and the rehabilitation or preservation of 366 affordable housing units.

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

Project	City	New Affordable Units	Units to be Preserved	Total MHIG Award
Lakeshore Townhomes*	Eagan/Dakota County CDA	50		702,155
PPL DEC Recapitalization Project*	Minneapolis		51	1,200,000
The Cameron*	Minneapolis	44		700,000
Lyndale Gardens*	Richfield	35		851,000
Clare Terrace*	Robbinsdale	36		1,054,700
Hamline Station Family Housing*	St. Paul	108		3,840,000
The Lonoke	Minneapolis		19	\$470,000
Ebenezer Towner Apartments	Minneapolis		192	1,851,853
St. Anne's Senior Housing	Minneapolis		61	500,000
Commons @ Penn	Minneapolis	45		1,599,975
Elders Lodge	St. Paul		43	362,785
Mt. Airy Four-Plex	St. Paul	4		360,000
TOTAL:		322	366	\$13,492,468

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

In addition to the projects noted above, the following list of multifamily rental housing proposals received funding to support their projects through other Minnesota Housing funding resources available through the combined RFP. Note: The Metropolitan Council supported the Forest Oaks project with two prior grants – LCDA in 2008 and LHIA in 2010.

Table 3: Multifamily Proposals that Received Other Funding

Project	City	New Affordable Units	Units to be Rehabilitated	Total MHIG Award
Housing Tax Credits:				
Forest Oaks	Forest Lake	36		104,317
Maple Knoll Townhomes	Maplewood		57	603,727
Medina	Medina	32		587,989
Compass Pointe	New Hope	68		1,055,000
1st Mortgage:				
The Groves	Cottage Grove		72	1,540,000
TOTAL:		236	129	\$3,891,033

Combined, over \$4.5 million will be awarded for homeownership housing proposals recommended by MHIG. The proposals will assist the construction of 29 new affordable units, and the rehabilitation or preservation of 78 affordable units.

Table 4: 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
Neighborhood Reinvestment*	St. Paul	8	10	1,040,000
WHAHLT – Homes Within Reach*	Minnetonka		10	366,000
City of Lakes HIP	Minneapolis		6	180,000
City of Lakes Affordable Home	Minneapolis		3	282,000
CPED – Green Homes North	Minneapolis	5		250,000
CPED – Rehab Support	Minneapolis		8	104,350
Community Revitalization Project	Minneapolis		5	284,060
Community Revitalization Project	Richfield	5		277,850
PRG Foreclosure Recovery	Minneapolis		8	200,000
Lowry Avenue Rowhouses	Minneapolis	2		309,720
Jordan Avenue Revitalization	Minneapolis	4		196,000
Dayton’s Bluff	St. Paul	5		230,770
Greater Frogtown Rehabilitation	St. Paul		11	198,000
NeDa Homes	St. Paul		2	385,000
Rebuilding Twin Cities	St. Paul		10	68,180
Twin Cities Land Bank	St. Paul		5	177,250
TOTAL:		29	78	\$4,549,130

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

Table 5 summarizes all multifamily rental and ownership proposals received and those recommended for funding.

Table 5: Summary of Metropolitan Area Applications Received and Recommended Funding Awards

Rental Housing

Total Applications Submitted	Total Projects Recommended for Funding	Total MHIG Recommended Funding Award		New Units Assisted	Units Rehabilitated or Preserved
12 Suburban	8 Suburban	\$1,200,000	Met Council LHIA		
27 Central Cities	9 Central Cities	\$1,150,000	Family Housing Fund		
39 Total	17 Total	\$11,142,468	MN Housing		
		\$13,492,468	Total	322	366

Ownership Housing

Total Applications Submitted	Total Projects Recommended for Funding	Total MHIG Recommended Funding Award		New Units Assisted	Units Rehabilitated or Preserved
5 Suburban	2 Suburban	\$300,000	Met Council LHIA		
20 Central Cities	14 Central Cities	\$4,249,180	MN Housing		
25 Total	16 Total	\$4,549,180	Total	29	78
		\$1,500,000	Met Council LHIA		
		\$1,150,000	Family Housing Fund		
		\$15,391,648	MN Housing		
		\$18,041,648	Total	351	444

There were 31 proposals not recommended for any MHIG funding this round, requesting over \$31 million, from the communities of Falcon Heights, Golden Valley, Hopkins, Minneapolis, St. Paul, the Carver County CDA, and Washington County communities. 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 2013 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, receiving both resident support as well as official community support through policies that encourage the construction, preservation and maintenance of affordable housing, and 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 CDA – City of Eagan
Project Name Lakeshore Family Townhomes
Project Location 1319 Jurdy Road, Eagan
Council District 15 – Steven T. Chávez

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This is the new construction of a 50-unit affordable townhome development in the city of Eagan. The property consists of 10 townhome buildings with a mix of bedroom sizes. The project is targeted to primarily families with children. The site is adjacent to a small lake and green space.
Total housing units	50
Affordable units (60% AMI)	50
Anticipated # bedrooms	3 – 1BR 22 – 2BR 25 – 3BR
Est. total development cost	\$11.4 million
Est. private funds leveraged	\$8.5 million
Est. other public funds	\$2.9 million
Funding	
LHIA Funding Match	Dakota County contribution
Other LCA funding	None
Recommended Funding	
\$200,000	LHIA
\$502,155	Minnesota Housing
Other Funding Sources	
\$8,061,869	Syndication Proceeds
523,645	General Partner cash
730,000	Dakota County contribution
500,000	CDA First Mortgage
440,000	HOME Loan
400,000	HOPE Loan
\$11,387,669	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name The Cameron
Project Location 756 Fourth Street N, Minneapolis
Council District 7 – Gary Cunningham

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The project is a rehabilitation/adaptive re-use conversion to affordable apartments of a former cold storage warehouse facility on the edge of downtown Minneapolis in the North Loop Neighborhood. The existing building, which is located west of Target Field in the warehouse district, was built in 1910 and is currently vacant and pending a historical designation. It is next to a freeway access road with convenient access to major arterial and commuting routes. It has received Part 1 approval for eligibility of listing on the National Historical Register and is in the process of submitting application to the State Historic Preservation Office for Federal Part II and State Part A. On-site surface parking will be available for the tenants for a monthly fee. Planned amenities include laundry room, fitness center, storage and outdoor patio.
Total housing units	44
Affordable units (60% AMI)	44
Anticipated # bedrooms	23 - Studio 17 – 1BR 4 – 2BR
Est. total development cost	\$10 million
Est. private funds leveraged	\$3.8 million
Est. other public funds	\$6.2 million
Funding	
LHIA Funding Match	CPED Affordable Housing Trust Funds (AHFT)
Other LCA funding	\$14,000 - TBRA
Recommended Funding	
\$200,000	LHIA
\$500,000	Minnesota Housing
Other Funding Sources	
\$2,628,000	Syndication proceeds
2,175,322	HUD 1 st Mortgage
1,351,499	Federal Historic Tax Credit
1,351,499	State Historic Tax Credit
650,765	Land Note from Developer
569,108	Deferred Developer Fee
430,000	CPED A HTF
218,000	Hennepin County ERF
14,000	TBRA
\$10,088,193	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minneapolis
Project Name PPL DEC Recapitalization Project
Project Location Multiple Addresses, Minneapolis
Council District 6 (James Brimeyer). 7 (Gary Cunningham) & 8 (Adam Duininck)

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The Project for Pride in Living (PPL) DECC Recapitalization development s the aggregation, acquisition, and rehabilitation of 51 scattered site units that are currently owned by four separate entities controlled by PPL. The units are in 9 buildings in south Minneapolis, primarily in the Central and Ventura Village neighborhoods. The buildings were constructed between 1887 and 1950 (est.). Many of the buildings require extensive renovation of both systems and finishes, interior and exterior. There has been no extensive rehab or updating to any of these buildings for 20 years or more.
Total housing units	51
Affordable units (60% AMI)	51
Anticipated # bedrooms	9 – 1BR 25 – 2BR 8- 4BR
Est. total development cost	\$10.4 million
Est. private funds leveraged	\$7.2 million
Est. other public funds	\$3.2 million
Funding	
LHIA Funding Match	CPED Affordable Housing Trust Funds (AHFT)
Other LCA funding	None
Recommended Funding	
\$200,000	LHIA
\$800,000	Minnesota Housing
\$200,000	Family Housing Fund
Other Funding Sources	
\$6,327,902	Syndication proceeds
1,165,000	CPED AHFT
800,000	Assumed Debt
400,000	Hennepin Co. AHIF
287,650	Hennepin Co. ERF
125,317	Sales Tax Rebate
55,000	MN Brownfields
30,318	Other rebates/GP Capital
51,972	Deferred Developer Fee
\$10,443,159	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Richfield
Project Name Lyndale Gardens
Project Location 6330 Lyndale Ave. S., Richfield
Council District 5 – Steve Elkins

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This overall redevelopment project transforms a vacant blighted site in Richfield into a community Town Center overlooking Richfield Lake Park. The housing project is a new construction six-story elevator building with underground parking, townhomes and commercial space. The housing will be mixed-income, general occupancy serving a variety of populations including the local workforce and recipients of Hennepin County Human Services.
Total housing units	151
Affordable units (60% AMI)	35
Anticipated # bedrooms	11 – Studio 16 – 1BR 6 – 2BR 1 - 3BR
Est. total development cost	\$31.5 million
Est. private funds leveraged	\$27.5 million
Est. other public funds	\$4 million
Funding	
LHIA Funding Match	Hennepin County HOME
Other LCA funding	\$1,600,000 – 2011 LCDA-TOD & Pre-Dev
Recommended Funding	
\$200,000	LHIA
\$451,000	Minnesota Housing
\$200,000	Family Housing Fund
Other Funding Sources	
\$1,585,135	Syndication proceeds
21,597,000	HUD 221d4
3,000,000	Limited Partner Equity
2,572,000	TIF Note
800,319	Deferred Developer Fee
540,000	General Partner cash
400,000	Hennepin Co. HOME
61,000	Energy rebates/Tax credits
124,851	DEED Brownfield clean-up grant
\$31,531,305	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Robbinsdale
Project Name Clare Terrace
Project Location 3559 France Ave. N, Robbinsdale
Council District 7 – Gary Cunningham

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This project is a new construction 36-unit supportive housing development for people living with HIV/AIDS. The building includes studio apartments plus community space. The project is being developed by Clare Housing, a local non-profit with a successful track record of developing permanent supportive housing and providing services for persons living with HIV/AIDS. At least seven of the units will serve persons experiencing long-term homelessness.
Total housing units	36
Affordable units (60% AMI)	36
Anticipated # bedrooms	36 - Studio
Est. total development cost	\$8 million
Est. private funds leveraged	\$5.4 million
Est. other public funds	\$2.6 million
Funding	
LHIA Funding Match	Hennepin County
Other LCA funding	None
Recommended Funding	
\$200,000	LHIA
\$854,700	Minnesota Housing
\$200,000	Family Housing Fund
Other Funding Sources	
\$4,842,333	Syndication proceeds
500,000	FHLB
400,000	Hennepin County
400,000	Hennepin Co. HOME
200,000	Deferred Developer Fee
140,000	Sales tax and energy rebates
121,076	Fundraising
100,000	HOPWA
30,000	Clare Housing
\$7,988,109	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of St. Paul
Project Name Hamline Station Family Housing
Project Location Hamline and University Ave, St. Paul
Council District 14 – Jon Commers

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	This project consists of new construction of two, 4-story buildings that will include 108 units of affordable workforce housing over first floor commercial space and underground parking on a currently vacant parcel that was a former car dealership site. This 1.6 acre mixed-use project is adjacent to the Hamline Central Corridor LRT station, a Super Target, Walmart, police station and is part of the city's efforts to remove blighted conditions within the Midway neighborhood. The project will also include a central plaza between the two towers.
Total housing units	108
Affordable units (60% AMI)	108
Anticipated # bedrooms	9 – studio 40 – 1BR 46 – 2BR 13 – 3BR
Est. total development cost	\$28.4 million
Est. private funds leveraged	\$17.8 million
Est. other public funds	\$10.6 million
Funding	
LHIA Funding Match	St. Paul HOME
Other LCA funding	\$3,250,612 – prior LCDA and TOD funding awards
Recommended Funding	
\$200,000	LHIA
\$3,240,000	Minnesota Housing
\$400,000	Family Housing Fund
Other Funding Sources	
\$12,351,637	Syndication proceeds
2,143,258	LMIR 1 st Mortgage
3,250,612	LCA funding awards
1,210,182	Deferred Developer Fee
750,000	St. Paul HOME
562,472	TIF
859,000	Excelsior Bay Partners
141,000	Retail purchase funds
100,000	Corridors of Opportunity grant
3,240,000	Flexible financing capital
\$28,448,161	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant St. Paul HRA
Project Name Neighborhood Investment Fund
Project Location Dayton's Bluff, Frogtown and Payne-Phalen Neighborhoods
Council District 13 (Richard Kramer) & 14 (Jon Commers)

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	The St. Paul Housing and Redevelopment Authority (HRA) will oversee the acquisition, rehabilitation and re-sale of thirteen units, and new construction of 8 units in the St. Paul neighborhoods of Dayton's Bluff, Frogtown, and Payne-Phalen. These neighborhoods have been identified as Foreclosure Priority Areas. All of the properties or lots that the HRA intends to rehabilitate or develop were foreclosed or abandoned at the time they were acquired. 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 Dayton's Bluff 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. It expects that proximity to the new Green Line light rail will attract new residents to Frogtown. It also recognizes the need to preserve and develop affordable housing in a neighborhood that may see increasing gentrification as a result of the Green Line light rail.
Total housing units	13 acquisition, rehab and re-sale 8 new
Affordable units (60% AMI)	All
Est. total development cost	\$6 million
Est. private funds leveraged	\$3.5 million
Est. other public funds	\$2.3 million
Funding	
LHIA Funding Match	St. Paul HRA funds
Other LCA funding	\$375,000 – LHIA 1997& 2011
Recommended Funding	
\$200,000	LHIA
\$840,000	Minnesota Housing
Other Funding Sources	
\$3,416,620	Developer contribution
874,000	HRA commitment
378,000	NSP/HUD
323,000	CDBG/HUD
45,000	Ramsey County
16,000	Wells Fargo
\$6,092,620	Total Funding Sources

Livable Communities Project Summary

Grant #
Type: Local Housing Incentives Account
Applicant City of Minnetonka on behalf of West Hennepin Affordable Housing Land Trust and suburban Hennepin County Communities
Project Name Homes Within Reach
Project Location Suburban Hennepin County
Council District 5 (Steven Elkins) & 6 (James Brimeyer)

Project Detail	
(Re)Development summary of project to commence by 12/31/2016	West Hennepin Affordable Housing Land Trust (WHAHLT) proposes to acquire, rehabilitate, and resell seven, one or one and one-half-story single family, detached units in western Hennepin County to increase the affordable housing stock available through the land trust. They will serve borrowers earning incomes up to 60-80% of Area Median Income (AMI). WHAHLT's service area incorporates areas that demonstrate a high need for economic integration with proximity to job centers. There are also areas that demonstrate need for community stabilization and recovery including New Hope, St. Louis Park and Richfield. All communities WHAHLT serves have areas of high or moderate need for increasing homeownership. This Community Land Trust model is designed to provide low-and-moderate-income homebuyers access to affordable homeownership while maintaining long-term affordability of homes within the Trust.
Total housing units	7-10
Affordable units (60% AMI)	3-5 at 60% AMI 5-7 at 80% AMI
Est. total development cost	\$2 million
Est. private funds leveraged	\$700,000
Est. other public funds	\$1.2 million
Funding	
LHIA Funding Match	Hennepin County HOME
Other LCA funding	\$808,000 – Six prior LHIA funding awards
Recommended Funding	
\$100,000	LHIA
\$266,000	Minnesota Housing
Other Funding Sources	
\$700,000	Private investment
350,000	Hennepin Co. HOME
120,000	Hennepin Co. AHIF
225,000	City of Minnetonka
108,222	City of Edina CDBG
90,000	City of St. Louis Park CDBG
55,000	City of Eden Prairie CDBG
\$2,014,222	Total Funding Sources