

City of Minneapolis Request for Committee Action

To: Community Development & Regulatory Services
Date: 10/25/2016
Referral: Community Development & Regulatory Services
From: Community Planning & Economic Development
Lead Staff: Dollie Crowther X 5263
Presented by: Dollie Crowther
File Type: Action
Subcategory: Staff Direction

Subject:

Allocation of Year 2017 Low Income Housing Tax Credits (LIHTC)

Description:

Approving preliminary reservation of Year 2017 Federal Low Income Housing Tax Credits totaling \$1,223,745 for the following projects: YouthLink Supportive Housing, 41 12th St N, in the amount of \$98,614; Great River Landing, 813 5th St N, in the amount of \$674,359; and Aeon Prospect Park, 3001 4th St S, in the amount of \$450,772.

Previous Actions:

In May 2016 the City Council approved the LIHTC Qualified Allocation Plan (QAP) and Procedural Manual for Year 2017 LIHTCs.

Ward/Address:

City Wide- Includes all neighborhoods

Background/Analysis:

Community Planning Economic Development (CPED), acting on behalf of the Minneapolis St. Paul Joint Housing Finance Board, administers an allocation of Federal Low Income Housing Tax Credits (LIHTC) each year. The LIHTC Program provides a reduction in federal tax liability to owners and investors of qualified low income housing developments that comply with federally imposed rent and tenant income restrictions for a minimum of 30 years. CPED is administering an allocation of tax credits for year 2017 in the amount of \$1,223,745.

A public hearing on the Qualified Allocation Plan adopting the Selection Criteria and Allocation Plan was held on May 18, 2016 at the Minneapolis St. Paul Joint Housing Finance Board meeting. A discussion was held of recommended staff changes to the QAP, some of which were suggested by the Minneapolis Consortium of Community Developers. (MCCD). The City Council approved the QAP on May 27, 2016.

The tax credit deadline was June 30, 2016. Five proposals requesting a total of \$5,283,115 in tax credits were received. The summary list of projects, amount of tax credits requested, and unit breakdown is shown on Exhibit A (attached). The proposals are ranked according to the Selection Criteria as shown in Exhibit B (attached). Three of the projects were selected for funding. The YouthLink Supportive Housing project ranked number one. This project received tax credit funding in last Year's 2016 round and required additional funding to close a remaining gap due to MHFA not approving an anticipated deferred loan. Great River Landing was ranked

number two and received all of the Year 2017 MHFA Non-Profit Set Aside which totaled \$799,833. This allowed CPED staff to assist this project with the additional tax credits required of \$674,359. The project has now received all of its requested tax credit funding. As noted on Exhibit B, the Blooming Place project ranked number three but staff is not requesting tax credit funding for this project. At this time, this project has no funding commitments for financial feasibility. The costs per unit are outside of the City's AHTF guidelines, and this project has not had a prior request for funding as compared to the list of approved applicants. Aeon Prospect Park will be receiving tax credits of \$450,772. This is a partial allocation and Aeon will return in next year's tax credit round (Year 2018) with the City of Minneapolis or they can apply in the second round to the MHFA in February 2017.

Year 2017 Low Income Housing Tax Credit projects and descriptions are listed below:

- YouthLink Supportive Housing- Project for Pride in Living (PPL) will receive \$98,614 of Low Income Housing Tax Credits for the new construction of 47 units of supportive housing in a new 5 story building attached to the Youth Opportunity Center for homeless youth between the ages of 18-23. The majority of the SRO style units will be grouped into suites of 4 rooms, with shared kitchens and bathrooms to encourage community building amongst residents and to fight against isolation that can be a barrier to the youth's success. The ground floor will house community spaces for a lounge, activity room, and a computer lab. It will also provide offices for property management and service provider staff.
- Great River Landing- Beacon Interfaith Housing Collaborative has partnered with Plymouth Congregational Church, will receive \$674,369 of Low Income Housing Tax Credits from the City of Minneapolis. This was the MHFA's highest ranking tax credit project and will receive \$799,833 of tax credits for the new construction of 72 transitional housing units in a six story 45,000 square foot building for single adults. These residents have been locked out of opportunities due to a history of homelessness, unemployment, and previous incarcerations. Great River Landing will target four units for Long Term Homeless (LTH) youth and create another 68 units of affordable housing.
- Aeon Prospect Park- Aeon will receive \$450,772 of Low Income Housing Tax Credits from the City of Minneapolis and proposes to construct 70 new apartment homes. Seven of the units will be permanent supportive housing for households with children who have been homeless or at risk of homelessness. This five (5) story project will have community space on the first level, a fitness room, bike storage and a leasing office. The project will be located one block from the Green Line's Prospect Park Station. The exterior of the project will have pedestrian benches, bike racks, and a tot lot.

The tax credit reservations are contingent upon the selected projects meeting certain application and program requirements established by deadlines. If these requirements are not met, staff will again review all the projects remaining on the waiting list to determine the best candidate for receiving a tax credit reservation and completing a carryover. Staff will continue to work with the applicants of these projects.

The tax credit amounts shown are based on estimates only. Final credit amounts are determined at the time the commitment is entered into or at the time the building is placed in service. Unallocated or returned credits will be distributed among eligible projects as ranked on Exhibit B, and any remaining credits after that may be returned to the Minnesota Housing Finance Agency (MHFA).

Financial Review:

Fees will be collected from approved projects.

Attachments:

1. Attachment A - Summary of proposals
2. Attachment B – Ranking of applications
3. Project Data Worksheets (PDW) for selected Applicants