

Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: March 23, 2010

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Betsy Hodges, Ways and Means/Budget Committee

Subject: Accept and Appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$575,000 for Riverside Plaza; and authorize execution of Grant and Sub-recipient Agreements.

Recommendation:

- 1) Accept and appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$575,000 for Riverside Plaza.
- 2) Amend the 2010 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900220) by \$575,000.
- 3) Increase the 2010 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900900-321513) by \$575,000.
- 4) Authorize appropriate City staff to execute such agreements as may be necessary to implement the Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) grant with the Metropolitan Council and SA Riverside Plaza Limited Partnership (or affiliated entity).

Previous Directives:

- Riverside Plaza: On March 28, 2008, the City Council approved the key terms for a reimbursement and release agreement among the City of Minneapolis, Minneapolis Community Development Agency (MCDA) and Riverside Plaza, LP resolving certain City indemnity obligations, and authorized the proper City officers to execute said agreement and related documents consistent with the terms outlined in the Department of Community Planning & Economic Development staff report.
- Riverside Plaza: On March 10, 2006, the City Council approved the key terms for an Agreement for Mutual Vehicular Access between the City of Minneapolis (“CPED”), Riverside Plaza, LP (“Riverside”) and Crablex, Inc. (“Crablex”); authorized appropriate city officials to execute an access agreement and related documents consistent with the terms outlined in this report; and amended the 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund SPH0 (Community Development) appropriation by \$925,000.

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Approved by: Thomas Streitz, Director, Housing Policy & Development _____
Charles T. Lutz, CPED Deputy Director _____

Presenters in Committee: Matt Goldstein, Senior Project Coordinator

Reviews

- Permanent Review Committee (PRC): Approval n/a Date _____
- Policy Review Group (PRG): Approval n/a Date _____

Financial Impact

- Action requires an appropriation increase to the ___ Capital Budget or X Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification – The West Bank Community Coalition Board discussed the Riverside Plaza project at its February 2010 meeting.
- City Goals - A Safe Place to Call Home – In five years all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city
- Sustainability Targets - Affordable rental/Affordable ownership housing
- Comprehensive Plan - Section 4.11: Minneapolis will improve the availability of housing options for its residents. Section 4.15: Minneapolis will carefully identify project sites where housing redevelopment or housing revitalization are the appropriate responses to neighborhood conditions and market demand.
- Zoning Code – All of the projects either comply or will comply with the zoning code.
- Living Wage/Business Subsidy Agreement Yes _____ No X _____
- Job Linkage Yes _____ No X _____
- Other – N/A

Background/Supporting Information

On February 24, 2010, the Metropolitan Council awarded a Livable Communities Local Housing Incentives Account (LHIA) grant of \$575,000 to SA Riverside Plaza Limited Partnership. Staff is now requesting City Council authorization to accept and appropriate the LHIA grant award, and to execute such agreements as may be necessary to implement the project.

Grant Application and Award Processes

The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for

affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated Livable Communities Act housing goals. This program is conducted in coordination with the Minnesota Housing Finance Agency.

Developers may apply directly to the Metropolitan Council for the Livable Communities Local Housing Incentives Account (LHIA) program funding, using the consolidated Request for Proposals published by Minnesota Housing. While the LHIA program does not require direct city application, LHIA grants are awarded to the City and passed to the developer applicant via a sub-recipient agreement.

The Metropolitan Council awarded five LHIA grants totaling \$1,800,000 in this funding round. The award to Riverside Plaza represents 32% of the funds awarded.

Grant Award Summary

Riverside Plaza (SA Riverside Plaza Limited Partnership (or affiliated entity)) - \$575,000:

The Riverside Plaza project involves the acquisition, rehabilitation and preservation of the 1,303 unit Riverside Plaza property in Cedar-Riverside. Riverside Plaza was constructed in 1973 and remains the largest affordable housing project in the City of Minneapolis. The owner of the property is seeking funds to perform extensive rehabilitation throughout the complex, which consists of eleven interconnected buildings. The Riverside Plaza complex includes 669 project-based Section 8 units, a post office, grocery store, daycare facilities and resident services resource center. The complex also houses educational facilities which include early child care, a K-8 charter school, computer education labs and adult literacy programs.

The refinancing and renovation of the complex will secure the affordability of the housing units for an additional 30 years. The total unit mix at Riverside Plaza includes 193 efficiencies, 510 1-bedroom units, 534 2-bedroom units, 58 3-bedroom units and 8 4-bedroom units. All units will be affordable to households earning 50% or less of area median income, which is currently \$41,950 for a family of four. Twenty of the units will be set aside for households experiencing long-term homelessness. The rents, which include utilities, will range from \$545 to \$1,595.

The LHIA funding award is a small but critical piece of an \$87 million project. The LHIA funds can be used for acquisition and/or rehabilitation costs. (The acquisition will replace the limited partnership, but Sherman Associates will remain the owner/developer of Riverside Plaza.) Also during this RFP funding round, funds were awarded to Riverside Plaza from Economic Development Housing Challenge (EDHC - \$1,300,000) and Preservation Affordable Residential Investment Fund (PARIF - \$3,500,000).

Amending the 2010 General Appropriation Resolution.

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

- 1) Increasing the appropriation for Community Planning & Economic Development agency Fund 01600 - Other Grants - State and Local (01600-8900220) by \$575,000.
- 2) Increasing the revenue source for Community Planning & Economic Development agency Fund 01600 - Other Grants - State and Local (01600-8900900-321513) by \$575,000.