

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

Date: January 8, 2008

To: Council Member Lisa Goodman, Chair
Community Development Committee

Subject: Informational Report about 2007 AHTF Pipeline Overview

Recommendation: Receive and File

Previous Directives: The City Council approved the 2007 AHTF funding awards on December 4, 2007 and approved adding "project proposals with strong neighborhood support" as eligible applicants for the 2007 AHTF pipeline funds.

Prepared by: Donna Wiemann, Principal Project Coordinator, 612-673-5257

Approved by: Charles T. Lutz, Deputy Executive Director _____

Presenter in Committee: Donna Wiemann

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____ NA

Policy Review Group (PRG): Approval ___ Date _____ NA

Financial Impact

No financial impact

Community Impact

Neighborhood Notification - Not applicable.

City Goals – In five years, all Minneapolis residents will have a better quality of life and access to housing and services.

Sustainability Targets – AHTF projects must meet the affordable housing targets.

Comprehensive Plan – 4.9: Minneapolis will grow by increasing its supply of housing;

4.11: Minneapolis will improve the availability of housing options for its residents.

Zoning Code – Projects will comply.

Supporting Information

With the City Council award of 2007 AHTF funds to eleven (11) multi-family rental projects in early December, 2007, a balance of approximately \$2,000,000 remains for production. At that time, CPED staff reported that the established AHTF pipeline criteria

and process would be followed to solicit proposals for the balance of funds and the City Council approved adding “project proposals with strong neighborhood support” as eligible applicants for the 2007 AHTF pipeline money.

Similar to Minnesota Housing Finance Agency, CPED has had an open pipeline option for several years to respond to proposals with compelling funding needs. It allows projects moving through the Interagency Stabilization Group (ISG) more timing flexibility for funding consideration; it allows projects with unexpected shortfalls/gaps to be dealt with in a timely manner; and it allows CPED to move forward when a proposal has other funding commitments in place and is ready to commence. In addition, CPED must commit and spend federal HOME and CDBG funds (two primary sources of the AHTF) according to federal funding deadlines and the pipeline approach helps meet these rules.

Relative to the 2007 AHTF pipeline, the following covers the eligible applicants for consideration, the project criteria, and the pipeline process:

Eligible Applicants:

- 2007 RFP AHTF projects not yet approved.
- Previous AHTF or Low Income Housing Tax Credits projects experiencing unexpected shortfall/gap.
- ISG projects moving through the ISG technical review process.
- New proposals receiving MHFA, HUD, and/or County funding awards.
- Project proposals with strong neighborhood support. This would be project proposals that have been reviewed and are supported (in writing) by the City recognized official neighborhood group on all of the following measures:
 - 1) Identity of developer and identity of owner;
 - 2) Number of units;
 - 3) Project size (square footage, number of floors);
 - 4) Number of affordable units and number of market rate units; and
 - 5) Project’s physical design to the degree known.

Project Criteria:

- Proposals must meet all AHTF guidelines and minimum point threshold (at least 20 points in “financial soundness and management” and “economic integration”).
- Applicant adequately demonstrates project financial soundness and feasibility.

Pipeline Process:

- Pipeline proposals will be due on Friday, February 22, 2008. NOTE: This differs from the approach taken in previous years of “first come first serve” Staff believes the level of competitiveness for the 2007 AHTF pipeline funds will be higher than in the past and an RFP approach provides staff with more time to complete a quality and in-depth review of each proposal.
- The AHTF pipeline will be aligned with MHFA’s “black out” period by the RFP application deadline ending two months immediately preceding the issuance of the annual RFP.
- The applicant must submit full AHTF application and exhibits.
- Staff will conduct its proposal review and project underwriting.
- Each proposal will be scored and ranked according to the AHTF program selection criteria and the highest scoring projects will be recommended for approval until such time as the 2007 AHTF pipeline money is committed.
- Development Finance Committee and City Council consideration of staff recommendations will occur in early April, 2008.

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