

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

Date: July 15, 2008

To: Council Member Lisa Goodman, Community Development Committee

Referral to: Council Member Paul Ostrow, Ways and Means/Budget Committee

**Subject: Accept and Appropriate Metropolitan Council Livable Communities Local Housing Incentives Account (LHIA) Grant of \$150,000 for City of Lakes Community Land Trust Affordability Initiative; 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 \$150,000 for City of Lakes Community Land Trust Affordability Initiative.

2) Amend the 2008 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900230) by \$150,000.

3) Increase the 2008 Revenue Budget for the Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900900-321513) by \$150,000.

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 City of Lakes Community Land Trust (or affiliated entity).

**Previous Directives:**

- None

Prepared by: Paula Mazzacano, Financial Analyst (612) 673-5129

Approved by: Thomas Streit, Director, Housing Policy & Development \_\_\_\_\_

Jack Kryst, Director, Development Finance \_\_\_\_\_

Charles T. Lutz, CPED Deputy Director \_\_\_\_\_

Presenters in Committee: Paula Mazzacano

**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 – These scattered site house acquisitions will be reviewed by the official neighborhood organization representing the area in which the homes are located. All properties will be located in North Minneapolis neighborhoods.
- 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: Using the land trust model, City of Lakes Community Housing Trust in partnership with Greater Metropolitan Housing Corporation will create 10 to 15 long-term affordable single family homeownership opportunities for families earning less than 80% of Metro Median Income (MMI).
- Comprehensive Plan - Section 4.10: Minneapolis will increase its housing that is affordable to low and moderate income households. 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 June 11, 2008, the Metropolitan Council awarded a Livable Communities Local Housing Incentives Account (LHIA) grant of \$150,000 to City of Lakes Community Land Trust (CLCLT). 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 three LHIA grants totaling \$500,000 in this funding round. The award to City of Lakes Community Land Trust represents 30% of the funds awarded.

### **Grant Award Summary**

**CLCLT-GMHC Affordability Initiative (City of Lakes Community Land Trust (or affiliated entity) - \$150,000:** Through the Affordability Initiative, the City of Lakes Community Land Trust and Greater Metropolitan Housing Corporation will partner to transform foreclosed and vacant/boarded homes in North Minneapolis into long-term affordable homeownership opportunities for low-to-moderate income individuals and families earning less than 80% of Metro Median Income (MMI). The land trust model will ensure that the affordability is maintained as properties are resold by the initial owners. The initiative will utilize value gap funds previously committed to GMHC to acquire and rehabilitate up to 15 homes. Other affordability gap funders include a commitment of \$210,000 from Minnesota Housing and \$300,000 from Hennepin County. Value gap assistance that will also be used with these homes is supported by Minnesota Housing, City of Minneapolis-CPED, the Family Housing Fund, and other private sources.

**Amending the 2008 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 (01600-8900230) by \$150,000.
- 2) Increasing the revenue source for Community Planning & Economic Development agency Fund 01600 – Other Grants - State and Local (01600-8900900-321513) by \$150,000.