

Memorandum

To: Policy Board Members and Alternates
From: Robert D. Miller, Director
Date: April 15, 2004
Subject: Affordable Housing Reserve Fund – Amendment to Guidelines

Attached is a request from the Minneapolis Community Planning and Economic Development (CPED) department for a change to the Affordable Housing Reserve Fund (AHRF) guidelines.

CPED serves as the contract administrator for NRP's approved AHRF projects and facilitates the execution of all agreements on the use of the AHRF dollars. In this capacity they have found that one of the contract provisions required by the AHRF guidelines is "unnecessary and cumbersome" for some homeownership projects that can demonstrate reliable mechanisms to ensure long-term or perpetual affordability.

For both the 2001 and 2003 AHRF Request for Proposals, the guidelines adopted by the Policy Board state:

Repayment provisions will be included in all funding agreements. At a minimum, repayment of funds will be required in the event the NRP-assisted units fail to retain their affordability for the required time period. Repayment provisions will be structured on a project-by-project basis. Repayment provisions may take the form of an amortized loan, a shared loan, distribution from annual project cash flows, repayment at time of sale, refinancing or conversion, or other acceptable forms.

CPED requests that additional language be added to provide some flexibility. The language proposed for addition to the exiting guidelines is as follows:

When an ownership project receiving AHRF funding assistance has an established model for long-term or perpetual affordability of ownership housing (for example the Habitat for Humanity or Minneapolis Public Housing Authority models) the repayment of AHRF funds will not be required.

Based on my review of the request, I recommend that the Policy Board approve the following resolution:

RESOLVED, That the Minneapolis Neighborhood Revitalization Policy Board (Board) approves amending the 2001 and 2003 Affordable Housing Reserve Fund guidelines by adding the following provision to the repayment requirement;

When an ownership project receiving AHRF funding assistance has an established model for long-term or perpetual affordability of ownership housing (for example the Habitat for Humanity or Minneapolis Public Housing Authority models) the repayment of AHRF funds will not be required.