

Memorandum

Date: December 15, 2004
To: Policy Board Members and Alternates
From: Robert D. Miller, Director
Subject: New Housing Fund Option

At the November 22 meeting of the Policy Board, Mayor Rybak introduced an amendment to the Housing Funds proposal of staff to include a ninth housing option for neighborhoods. Staff were directed to develop a draft description of the proposed program for discussion by the Board and possible distribution to the neighborhoods for their review and comment.

The following proposed description is based on the February 3, 2004 description of the Higher Density Corridor Housing Initiative and is offered for Board consideration.

I recommend approval of the following resolution:

RESOLVED, That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board accepts the draft Corridor Initiative Housing Program developed by staff and authorizes the Director to distribute the proposed addition to the NRP Housing Fund Options to the neighborhoods for their review and comment, in accordance with the adopted policy of this Board;

RESOLVED FURTHER, That the comments be submitted to NRP by 4:30 p.m. of the 45th day after the proposed addition is distributed to neighborhoods.

Fund 9
(Draft)
NRP/Minneapolis Corridor Housing Initiative
(Program Guidelines)

1. **Fund Purpose:** To use NRP funds in combination with resources of the City and other entities to assemble and secure multifamily housing sites along or near community, commercial and transit corridors (defined in the Minneapolis Plan) for the construction of higher density multi family housing developments.
2. **Interest Rate:** NRP funds will be provided at a simple interest rate of 4%. Interest will be amortized and paid monthly during the term of the loan.
3. **Income Limit:** At least 20% of the constructed housing units must be affordable to households with incomes of less than 50% of the Metropolitan Median Income (MMI) for their family size. The determining income shall be the adjusted gross income from the applicant's most recent Federal Tax return or their current salary pro-rated forward on an annual basis, whichever is higher.
4. **Loan Term:** The NRP loan principle will be due when 80% of the units constructed have been rented or sold. The loan (principle and interest) will be due and payable: at the end of the term; upon a transfer of title; upon conversion to contract for deed; if the original borrower no longer owns the property; or if the occupancy requirements are not met during the period of the loan, whichever comes first.
5. **Loan Amount:**

The minimum loan to any single project will be \$50,000. CPED staff will recommend, with approval of the neighborhood where the project will be sited, the amount of NRP funds to be used for specific projects. The NRP Director must agree with the award before it is final and communicated to the recipient.
6. **Eligible Properties:** The property being acquired must be on or within one block east or west of a community, commercial or transit corridor as defined in the Minneapolis Plan.
7. **Eligible Costs:** The costs eligible for support include, but are not limited to, the following:
 - a) Acquisition;
 - b) Relocation;
 - c) Demolition;
 - d) Design and engineering; and
 - e) Property management during the holding period prior to construction.

9. **Work Completion:** Construction should be completed within 3 years after the loan is closed. The NRP Director may authorize exceptions on a case by case basis. CPED staff will monitor project progress and indicate when the conditions of an approved loan have been satisfied or an extension of the loan term is needed.
10. **Application Process:** CPED will solicit suggestions for specific sites from neighborhood organizations, developers, and other interested parties. The process will be similar to the single family acquisition program and will not require an RFP. Neighborhood review and approval of the site and proposed reuse will be required. CPED staff will evaluate and rank the proposed and neighborhood approved sites.
11. **Site Selection Criteria:** Priority will be given to projects meeting the following criteria:
 - Neighborhood support
 - New housing units for households with incomes of less than 30% MMI
 - Project is in a non-impacted area
 - Financial feasibility and readiness
 - Consistency with broader revitalization efforts
 - Amount of leverage/match
 - Appropriateness of density
 - Removal of blighted property
 - Minimal displacement
 - Long term affordability
 - Units in excess of the required 20% at less than 50% of MMI for projects in non-impacted areas
12. **Acquisition:** Acquisition and disposition will be undertaken in accordance with MCDA/CPED policies.