

Memorandum

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Date: February 28, 2005

Subject: Affordable Housing Reserve Fund

On September 22, 2004 fourteen proposals were received in response to the "Request for Proposals" (RFP) for the third round of NRP's *Affordable Housing Reserve Fund (AHRF)* program.

The review of proposals was conducted in cooperation and coordination with the Minneapolis Community Planning and Economic Development Department's (CPED) Affordable Housing Trust Fund (AHTF) "Request for Proposals."

A technical review team was formed to evaluate the proposals. The members of the team were: Steve Peacock from LISC, Tonya West-Hafner from Hennepin County, Tom Leighton from the CPED-Planning Division, Mike Huck from Greater Twin Cities United Way, Cynthia Lee and Donna Wiemann from the CPED- Affordable/Family Housing Development Offices, and Joe Horan from NRP. The members were selected for their knowledge of development, financing and city housing needs.

Team members first examined each proposal and identified questions they had about the original submission. Each submitting developer was then invited to a 30 minute meeting with the AHRF Technical Review Team to clarify information in the application. The individual team members then rated each proposal based on the information in their submission and the responses at the interviews. The team met to review the results of the individual ratings, to discuss and resolve any significant differences, and outline funding recommendations. No significant differences were found.

The Attachments to this memorandum provide a variety of information on each proposal, including: the composite rating, a narrative description of the project, the project developer, the location of the project, total development costs (TDC), the AHRF funding request, total number of affordable units, bedroom mix, and the recommended amount of AHRF funds.

A primary objective of the funding recommendations was to attain a mix of both homeownership and rental projects. This objective addresses concern raised by the Policy Board during the approval process of the 2nd round funding awards when only 1 of the 10 awards was to a homeownership project.

The following projects are being recommended for approval but have important circumstance and conditions to note.

Clare Apartments

This project has closed and construction has begun. The developer moved ahead with the project because of concerns that committed funding sources would be lost if the project was not underway by the end of 2004. Clare Housing committed \$90,000 of their projected developer fees to cover initial construction and soft costs. The funding recommendation covers these expenses with AHRF dollars to help ensure that Clare Housing has sufficient resources to manage the asset after construction is completed.

St. Anthony Mills Apartments

The Downtown Minneapolis Neighborhood Association (DMNA) has committed \$488,095 of neighborhood NRP Funds to the project.

Midtown Exchange

The Midtown Exchange housing proposal has not complied with the program requirement that states "All AHRF requests must be reviewed and sponsored by the recognized NRP neighborhood organization for the geographic area in which the project occurs." The funding award for this project will be contingent upon satisfying this requirement.

MS Residence

The MS Residence proposal was originally submitted as a 49-unit project serving persons with multiple sclerosis. The major funding source for 21 units in the project is the HUD Section 811 program for Supportive Housing for Persons with Disabilities. HUD approved the project application November 5, 2004 and then subsequently notified the developer that the additional 28 units that were to be funded through sources other than Section 811 could not serve persons with disabilities. This decision adversely affected the financial feasibility of the project. The developer proposed an alternative that would have reduced the number of units to 41 but this option was rejected by HUD on January 21, 2005.

The developer has reduced the project scope to 21 Section 811 units, 3 additional units for persons with disabilities and 1 caretaker unit, and reduced the AHRF request from \$450,000 to \$352,000.

Indian Neighborhood Club

The Technical Review Team had hoped to partially fund the INC request to help complete the project. However, the AHRF program requirements state “A proposal must score a minimum of 70 points overall to be considered for funding.” The INC proposal scored at 66.7.

Based on the work of the Technical Review Team and staff recommendations, I recommend that the Policy Board approve the following resolution appropriating the \$3,297,770 available for the third round of the AHRF program:

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (“Board”) hereby approves the recommendations of the NRP Director for the use of \$3,297,770 of NRP program funds from the Affordable Housing Reserve Fund; and

RESOLVED FURTHER: That these funds be awarded to the following projects, contingent upon their being able to comply with all appropriate regulatory requirements and to close on the project no more than eighteen (18) months from the date of this approval:

- \$ 90,000 to the Clare Apartments Project,
- \$500,000 to the Bridge Center for Youth Project,
- \$300,000 to the Ripley Gardens Project,
- \$200,000 to the Hawthorne Avenue Apartments Project,
- \$400,000 to the St. Anthony Mills Apartments Project,
- \$725,000 to the Midtown Exchange Apartments Project,
- \$305,000 to the Village IN Phillips – Phase 2 Project,
- \$200,000 to the MS Residence Project,
- \$175,000 to the 3310 Nicollet Condominiums Project, and
- \$125,000 to the Karamu West Project
- \$277,770 for project management

RESOLVED FURTHER: That the Board authorizes the Director to request that the City Council and Mayor [a] amend the 2005 General Appropriation resolution by increasing the Community Planning and Economic Development Department fund CNR – NRP Program Fund (CNR0-890-3550) by \$3,297,770 to fund the NRP’s 2004 Affordable Housing Reserve Fund, and [b] authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above.

**NRP Affordable Housing Reserve Funds
Funding Recommendations
February 28, 2005**

ATTACHMENT A

RATING	PROJECT	ADDRESS	DEVELOPER	TDC	AHRF REQUEST	AHRF RECOM'D
84.8	Clare Apartments	929 Third Ave NE	Clare Housing	\$ 6,822,100	\$ 300,000	\$ 90,000
84.7	Bridge Center for Youth	2209 Emerson Ave So.	The Bridge for Runaway Youth, Inc.	\$ 2,996,000	\$ 600,000	\$ 500,000
83.7	Ripley Gardens	300 Queen Ave No.	Central Community Housing Trust	\$ 12,275,425	\$ 300,000	\$ 300,000
80.8	Hawthorne Avenue Apartments	1501 Hawthorne Ave	Plymouth Church Neighborhood Foundation	\$ 1,872,521	\$ 200,000	\$ 200,000
80.2	St. Anthony Mills Apartments	Chicago Ave & 2nd St.	Brighton Development Co.	\$ 14,758,579	\$ 977,241	\$ 400,000
79.0	Midtown Exchange Apartments	2929 Chicago Ave	Sherman Associates, Inc.	\$ 46,649,794	\$ 1,000,000	\$ 725,000
78.1	Village In Phillips- Phase 2	24th St & Bloomington Ave	Powderhorn Residents Group	\$ 7,842,170	\$ 504,430	\$ 305,000
75.5	MS Residence	4550 Humboldt Ave No.	CommonBond Communities for MS Residence	\$ 3,200,000	\$ 352,000	\$ 200,000
74.1	3310 Nicolett Condominiums	3310-3314 Nicollet Ave So.	Lyndale Neighborhood Development Corp.	\$ 7,850,000	\$ 275,000	\$ 175,000
73.2	Karamu West	1245 Penn Ave & 2201-15 Plymouth Ave	Northside Residents Redevelopment Council	\$ 10,413,158	\$ 335,000	\$ 125,000
72.0	2100 Bloomington Court	2100 Bloomington Ave	Volunteers of America of Minnesota	\$ 5,432,000	\$ 300,000	\$ 0
67.1	Broadway Workforce Apartments	2601 W. Broadway Ave	Alliance Housing	\$ 2,941,686	\$ 236,192	\$ 0
66.7	Indian Neighborhood Club: Renovation & Addition	1805 Portland Ave	Indian Neighborhood Club	\$ 678,959	\$ 84,359	\$ 0
66.7	Pokegama	13th Ave & 24th St / 14th Ave & 22nd St	American Indian CDC	\$ 3,722,225	\$ 240,000	\$ 0
TOTALS				\$ 127,454,617	\$ 5,802,222	\$ 3,020,000

RATING	PROJECT NAME	NEIGHBORHOOD	TYPE	PROJECT DESCRIPTION
84.8	Clare Apartments	St. Anthony East	Rental	Clare Apartments, under construction at 929 3rd Ave NE in the St. Anthony East neighborhood, is a building of approximately 32,000 square feet. On the upper three stories there will be 32 apartments specifically designed for persons living with AIDS and other disabilities: 16 studios and 16 one-bedroom units (all which will be ADA-compliant and four of which will be specifically designed for wheelchair accommodation). Approximately 3,207 square feet of space will be dedicated to supportive services for residents such as counseling, individual therapies, support groups, health-related services, sharing meals, socialization and activities. Surface parking will accommodate 29 vehicles. 6,020 square feet will provide administrative office space for Clare Housing staff.
84.7	Bridge Center for Youth	East Isles	Transitional	The Bridge will develop a site at 2209 Emerson Ave So in the East Isles neighborhood into an 18 bed capacity transitional housing project for youth age 16-21 who are homeless, have aged out of foster care or other juvenile systems, or have special needs. The area is mixed residential and retail and is a non-impacted neighborhood. The project will replace the current nine bed transitional living facility on 2208 Emerson Ave So which is leased from Temple Israel. The Temple has informed The Bridge that the leased property is not available for purchase. The project will require the purchase and demolition of the two 100 year old triplexes on 2209 Emerson which currently offer market rate housing.
83.7	Ripley Gardens	Harrison	Rental	Central Community Housing Trust proposes to redevelop the site of the former Ripley Maternity Hospital in the Harrison neighborhood to a mixed-use, mixed-income housing development containing rental and home ownership opportunities for households at very-low, low, and moderate incomes. In addition to the renovations of the three existing buildings into housing and community space, CCHT intends to add three new buildings containing rental and homeownership units. There will be approximately 62 total units - 52 rental and 12 owner-occupied. The AHRF application addresses the development of the multifamily rental portion. Also planned is 1,600 square feet of space to accommodate a neighborhood-scale commercial business that compliments the Harrison Neighborhood Main Street Plan along Glenwood Ave.
80.8	Hawthorne Avenue Apartments	Loring Park	Rental	In collaboration with Minneapolis Community & Technical College, Plymouth Church Neighborhood Foundation is creating an innovative housing model linked to training the health care workforce. Low-income adults seeking a nursing degree will have access to affordable housing. Through acquisition and rehabilitation of 1501 Hawthorne Avenue in the Loring Park neighborhood, 35 units of existing affordable housing will be preserved. The scope of rehabilitation work will include a new roof, new windows, boiler and hot water heater replacements, electrical and mechanical code upgrades, fire safety upgrades, kitchen and bath replacements, and corridor and front entry repairs. As units become available through turnover, 75% of the units will be available on a "preference" basis for low-income working adults accepted into the nursing school at MCTC. The balance of the units will provide workforce housing. No displacement of current residents is planned.

80.2	St. Anthony Mills Apartments	Downtown East	Rental	The St. Anthony Mills Apartments is a new construction 5-story structure, which consists of 93 units, 80 of which will provide affordable housing targeted to downtown workers and those dependent on public transportation. The project will also act to conceal the presence of a publicly owned parking facility located at the center of the block. The unit mix will offer 16 efficiencies, 61 one bedroom and 16 two bedrooms. Pending HUD approval, 17 of the units will be targeted to Non-Elderly Handicap, Section 8 tenants. 31 units will target households at 50% of Area Median Income, and 32 units will serve those with incomes at or below 60% of AMI. The remaining 13 units will be considered market rate and will be under long-term lease to the Guthrie Theater for their artists in residence.
79.0	Midtown Exchange Apartments	Midtown Phillips	Rental	Midtown Exchange will be a mixed-use, historic landmark redevelopment in the Midtown district of Minneapolis. The key components of Phase I include: Allina Commons which will house Allina's corporate headquarters, bringing 1,000 jobs to the neighborhood; 223 units of affordable and market workforce rental housing to be located in the historic building; 89 loft-style condominiums to be located inside the historic building; an internationally themed fresh and prepared food global marketplace that will include a mixture of start-up, second stage and anchor business providing jobs and opportunities for asset building among ethnic communities; a 128 room full service hotel; a Hennepin County Service Center; additional retail and office space; and Metro Transit bus facilities. The Midtown Exchange Housing will consist of the re-use of approximately 438,570 square feet of floors 2-15 of the historic 1928 tower complex resulting in 223 affordable and market rate apartments and 88 owner occupied loft style condominiums. The AHRF application addresses the development of the rental portion.
78.1	Village In Phillips- Phase 2	Midtown & East Phillips	Homeownership	Village In Phillips (VIP) is a three and one-half block area located in the Midtown and East Phillips neighborhoods. A unique collaborative planning process among several Minneapolis non-profit community developers and residents produced a design by and for neighborhood residents. The vision is to create a safe, diverse, sustainable, child-friendly and physically identifiable "village" by providing a mix of housing types, commercial space and greenspace. Phase I of VIP is underway with the construction of 28 townhomes. To-date, 25 of these 28 homes have been pre-sold. VIP Phase II proposes the construction of 36 condominiums to be located at the southwest and southeast corners of East 24th Street and Bloomington Avenue. Eight units will be sold to households under 50% AMI, another 8 units will be sold to households under 80% AMI and the remaining twenty units will be sold to households under 115% AMI. Partnerships with both City of Lakes Land Trust and Twin Cities Habitat for Humanity will ensure that the units remain affordable.
75.5	MS Residence	Lind-Bohanon	Rental	The MS Residence to be located at 4550 Humboldt Avenue North in the Lind-Bohanon neighborhood is designed to provide the opportunity for persons with multiple sclerosis, and similar diseases, to live independently in the community. The original concept was conceived by Powderhorn Community Council and the MS Society - Minnesota Chapter, as a response to the expressed needs of persons with multiple sclerosis. The project will provide a total of 25 units; 18 one bedrooms, 6 two bedrooms and 1 caretaker unit; as well as the availability of support services to allow persons with MS to move to, or remain in, the general community. In addition the project will provide space for a social model of adult daycare for persons in the community with MS and related disabilities.

74.1	3310 Nicolett Condominiums	Lyndale	Homeownership	3310 Nicollet Condominiums is a one-phase, 4 story residential building to provide 35 affordable units of one and two bedroom units on Nicollet Avenue at 33rd Street in the Lyndale neighborhood. Underground parking will be available off 33rd Street. All units will be priced for people with incomes below 80% of the Area Median Income. Eleven of the units will be affordable to persons between 50% - 70% of AMI. Partnerships with the City of Lakes Land Trust and Twin Cities Habitat for Humanity are being discussed to ensure long-term affordability for families earning less than 50% of AMI.
73.2	Karamu West	Willard Hay	Homeownership	Karamu West is a new construction mixed-income ownership project. Karamu is a Swahili word meaning "Joyous Place to Gather". Karamu West is a major component of the Plymouth Avenue Visioning process initiated by NRRC. Karamu on Plymouth is a four block mixed use transit oriented development between the blocks of Newton and Russell. The Karamu West project between Penn Ave and Russell Ave consists of 54 for-sale condominium and/or walk-up brownstone units with 8,400 square feet of retail space at the southwest corner of Penn and Plymouth Avenue. Eleven of the 54 units will house persons below 50% of Area Median Income. The condominium units will include a mix of one bedroom, one plus, and two bedroom flats. Along Plymouth Ave and wrapping around the corner onto Russell Ave there will be 10 two bedroom townhome style units. The site is a brownfield in which 70% of the contaminants are petroleum based.
72.0	2100 Bloomington Court	Ventura Village	Rental	2100 Bloomington Ave is a 27-year old HUD subsidized property. The property contains a project-based rental assistance contract for all of its 90 units. The property was originally financed under the HUD Section 236 loan program, and still has IRP payments remaining until 2016. This three-story elevator building is unique in that it was designated as 100% handicap accessible building. The plan is to preserve the rental assistance contract, rehabilitate the physical structure, utilize the remaining HUD payments and provide for an on-site resident services coordinator to ensure that residents of 2100 Bloomington receive needed services. The change in ownership to Volunteers of America (VOA) is intended to bring an enhanced level of service that has not been experienced by the property's current residents.
67.1	Broadway Workforce Apartments	Willard Hay	Rental	Alliance Housing proposes to develop 31 units of affordable workforce housing at 2601 West Broadway in the Willard Hay neighborhood. The project will include 30 efficiencies and 1 one-bedroom caretaker unit, laundry, office, mechanical room, storage, and surface parking for 9 vehicles. The target population is low wage workers, however, units are open to disabled and retired single adults as well. A third of the units will be preferred for homeless singles who are working and ready for housing.
66.7	Indian Neighborhood Club: Renovation and Addition	Ventura Village	Rental	Indian Neighborhood Club (INC) is currently engaged in a major construction project. It has raised \$594,600 from public and private sources to construct an addition on the back of the present facility, make needed improvements to the present facility, and furnish both. INC serves 16 Native American men, all of whom have been homeless with a long history of chemical dependency and frequent use of detox and emergency services. Average age of current residents is 35. INC's current rent is \$180 a month for a bed and free use of the facility - common kitchen, community rooms, laundry. Once the addition and renovation are finished and most residents have their own room, rent will increase to \$280 a month for the singles and \$180 month for the two doubles.

66.7	Pokegama	Ventura Village	Homeownership	<p>Pokegama (Po-keg-ama, or lake beside a lake in the Ojibwa language) is a 24-unit development of two, three, and four bedroom homeownership opportunities for American Indian families. The site for sixteen of these units will be located at 13th Ave South and East 24th Street between Maynidoowadack Odena (American Indian AIDS Housing) and the Phillips Gym (Boys & Girls Club). Eight additional units will be constructed at 14th Ave South and East 22nd Street. AICDC plans to employ funding strategies similar to the 7 homeownership units under construction assisted by the Mille Lacs Band of Ojibwe and the Minnesota Housing Finance Agency. These strategies will help families at 50% AMI acquire the new units. Supportive homeownership services will be provided by AICDC in the form of a monthly American Indian Homeowners' Club that brings older and newer homeowners together in mutually supportive activities.</p>
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**NRP Affordable Housing Reserve Funds
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ATTACHMENT C

RATING	PROJECT	TOTAL UNITS	Affordability					Unit Mix				
			<30%	<50%	<60%	<80%	Market	0 BR	1 BR	2 BR	3 BR	4+ BR
84.8	Clare Apartments	32	30			2		16	16			
84.7	Bridge Center for Youth	18	18						10			
83.7	Ripley Gardens	52	6	20			26	6	12	13	7	
80.8	Hawthorne Avenue Apartments	35	17	18				34	1			
80.2	St. Anthony Mills Apartments	93	17	31	32		13	16	61	16		
79.0	Midtown Exchange Apartments	223	62		116		45	6	128	89		
78.1	Village In Phillips- Phase 2	36		8		8	20		4	16	12	
75.5	MS Residence	25	21	4					18	7		
74.1	3310 Nicolett Condominiums	35		9		26			3	32		
73.2	Karamu West	54		11			43		33	21		
72.0	2100 Bloomington Court	90	90						61	29		
67.1	Broadway Workforce Apartments	31	24	7				30	1			
66.7	Indian Neighborhood Club: Renovation and Addition	18	18					18				
66.7	Pokegama	24		5			19	6	1	6	1	10
TOTALS		766	303	113	148	36	166	132	349	229	20	10