

## Memorandum

Date: May 18, 2005

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: New Housing Fund Option

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

A draft was provided to the Board at the February 2005 meeting. The draft was based on the February 3, 2004 description of the Higher Density Corridor Housing Initiative developed by the city and comments and suggestions received from CPED staff. On March 28th the Policy Board approved distribution of the draft description to the neighborhoods for their review and comment.

The draft was mailed on March 29th and also emailed to each neighborhood. The deadline for submission of comments was May 17, 2005. The only comment that I have received is attached and recommends moving forward with the new fund.

I am now recommending that the Policy Board approve the following resolution:

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board approves inclusion of the **NRP / Minneapolis Corridor Housing Initiative** as it is described in the attachment to this memorandum as the Ninth Fund to be offered to neighborhoods for investment of their NRP housing dollars.

## **Fund 9**

### **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 prepare multifamily housing sites along or near community, commercial and transit corridors (as defined in the Minneapolis Plan) for the construction of higher density multi family housing developments.
2. **Recapture:** Land acquired by the City using NRP funds will be sold to developers for fair reuse value and all land sale proceeds will be returned as program income to NRP and the neighborhoods investing in this fund. In addition, opportunities to leverage other matching funds, including pollution remediation funds, will be pursued.
3. **Income Limit:** At least 20% of the constructed housing units must be affordable to and occupied by households with incomes of less than 50% of the Metropolitan Median Income (MMI) for their family size. The income verification process will use the applicable financing regulations (HOME, LIHTC, etc.) from the most stringent financing resource.
4. **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 and the amount of NRP funds to be invested. The NRP Director must agree with the award before it is final and communicated to the recipient.
5. **Eligible Properties:** The property being acquired must be on or within one block east, west, north or south of a community, commercial or transit corridor as defined in the Minneapolis Plan.
6. **Eligible Costs:** The costs eligible for support include, but are not limited to, the following:
  - a) CPED Acquisition;
  - b) Relocation;
  - c) Demolition;
  - d) Soil testing/engineering; and
  - e) Property management during the holding period prior to construction.

7. **Work Completion:** Construction should be completed within 3 years after the property is acquired. The NRP Director may authorize exceptions on a case-by-case basis. CPED staff will monitor project progress and indicate when the required improvements have been completed or an extension is needed.
8. **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 prior to acquisition **will be required.** CPED staff will evaluate and rank the neighborhood-approved sites.
9. **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
  - Located in a non-impacted area
  - Financially feasible and ready
  - Consistent with other neighborhood revitalization efforts
  - Compliance with neighborhood approved redevelopment plans
  - Amount of leverage/match
  - Appropriateness of density
  - Removal of blighted property
  - Minimal displacement
  - Long term affordability
  - Units in excess of the required 20% for households at less than 50% of MMI
10. **Acquisition:** Acquisition and disposition will be undertaken in accordance with NRP and CPED policies.
11. **Fund Administrator:** CPED will administer this fund. The delivery system for this program will be the Higher Density Corridor Housing Program process. This process is in place and no additional staffing will be required.