

Memorandum

Date: September 15, 2009

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Year 3 Affordable Housing Reserve Fund Allocation for
24th Street and Bloomington Avenue

In July 2008, I provided the Policy Board with a summary of the status of the projects awarded funds from the Affordable Housing Reserve Fund (AHRF). As part of that report I identified three possible candidates for reallocation. Two of the three projects for which reallocation was requested were reviewed by the Board and had their allocation terminated. The third, for a redevelopment project of the Powderhorn Residents Group (PRG), had its allocation continued with a status and progress report to be provided to the Policy Board by June 30, 2009. This action continued to reserve \$305,000 from the third year of the AHRF allocations for the construction of affordable housing units by PRG at 24th Street and Bloomington Avenue South.

This project was the third in a major effort to redevelop Bloomington Avenue. In the first phase, East Phillips Commons, a 34-unit affordable rental building was constructed at 29th and Bloomington for low-income households. This phase was completed in 2005 and NRP provided \$ 515,000 from the first year of the AHRF for the project. In the second phase, 28 owner occupied town homes were constructed on 24th Street between 15th and 17th Avenues South. These units were constructed as the first part of the “Village in Phillips” vision of PRG and the Midtown and East Phillips neighborhoods. The project received \$ 360,000 from year 1 of the AHRF and was successfully completed.

The final project in the Bloomington Avenue redevelopment effort was to construct another 36 units of housing at 24th St. and Bloomington Avenue, with small commercial spaces on the southwest and southeast corners of the intersection. Twenty percent of the units were to be affordable to households earning less than 50% AMI and another 20% were to be affordable to households earning less than 80% AMI. The project was designed to “fill-in the gap” between the townhouses constructed earlier along 24th Street and use up the vacant lots at the intersection. The Policy Board awarded \$ 305,000 from its year 3 AHRF program to this project.

As the housing markets began to soften in late 2007 it became clear that a condominium at this location was no longer financially viable. PRG was the developer and reported, in June 2008, that financing for construction could be secured but that they could not reach the required threshold of presold units. As a result, PRG requested that the NRP Policy Board extend the

term of their award from the AHRF and allow them to convert the project to rental units. The Board approved continuing the allocation of \$ 305,000 from the AHRF for this project and converting the condominiums to rental units at its July 28, 2008 meeting.

Both the Midtown Phillips Neighborhood Improvement Association and the East Phillips Improvement Coalition unanimously approved the proposed change in the project (from ownership condominiums to rental units) and the inclusion of CommonBond Communities as one of the members of the development partnership. In early 2009 Common Bond withdrew from the project as a result of the sharply declining tax credit market.

The American Indian Community Development Corporation (AICDC) subsequently expressed interest in the site for a possible senior housing project. They have proposed construction of 48 units of senior rental housing on the east and west corners of the 24th and Bloomington intersection. The project would primarily be financed through the HUD 202 funding currently being made available for the development and construction of housing that serves seniors. A market study conducted for AICDC shows that there is significant latent demand in the surrounding neighborhoods for this type of housing.

AICDC would perform all the pre-development related work, gather the financing, and work with the Metropolitan Urban Indian Directors (MUID), the larger American Indian Community and the Midtown and East Phillips neighborhood organizations to design the facilities and gain approval for the project. Both Midtown and East Phillips have now gone on record as supporting the new project.

PRG has been supportive and sees the new approach as:

1. Consistent with the original proposed use and design for the redevelopment of this highly visible intersection.
2. Financially more viable because of the HUD 202 potential.
3. A good partnership between AICDC, CommonBond Communities and the neighborhoods.

PRG's Board of Directors supports the proposed project and the assignment of the NRP AHRF award from PRG to AICDC.

In addition to presenting a possible solution to a redevelopment effort that has been in the works for more than 7 years, addressing the vacant lots that have become a major problem for the already constructed units, and providing an alternative for retaining seniors in the neighborhood, the revised project will exceed the original affordability targets. Of the 48 units proposed for construction, 100% would be affordable to elder households at or below 50% AMI for a period of 40 years. The development will also serve families at or below 30% AMI by providing federal rent subsidies for all of the units. The proposal is attached.

The Policy Board has several choices that it can make with regard to this project.

1. NRP could terminate the existing project and fund reservation because the original project is not being constructed. It could then reopen the AHRF and request responses to an RFP for the awarding of the \$ 305,000 that would become available.
2. NRP could terminate the existing project and fund reservation because the original project is not being constructed. The \$ 305,000 reserved for the project could then be reallocated to NRP's reserve to help pay for approved neighborhood action plan strategies.
3. NRP could determine that the proposed project is consistent with the intent of the original project, improves the originally targeted area, serves a population that needs the type of housing proposed, and is supported by the neighborhoods most affected by the project. The \$ 305,000 for the original project could then be assigned to this project.

In reviewing these options, it is important to remember that the AHRF was established to provide a dedicated source of funding that could encourage partnerships, leverage funds from non-NRP sources, and meet unmet housing needs in neighborhoods.

Improvements to the City's housing stock and providing housing that is affordable to any resident have been, and continue to be, priorities of neighborhoods and NRP. The NRP Affordable Housing Reserve Fund was created to specifically invest \$16 million in the development of long-term affordable housing units for low-income families and individuals at or below 50% of the Metropolitan Median income as adjusted for family size.

After reviewing and considering these options and the proposal from AICDC and PRG, and the support provided by Midtown and East Phillips, I am recommending the following resolution to the Policy Board for action:

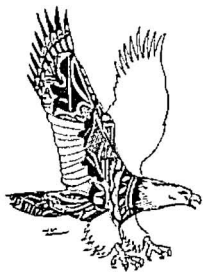
RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board approves the reallocation of \$ 305,000 of the year 3 Affordable Housing Reserve Fund from the Powderhorn Residents Group (PRG) Phase II "Village in Phillips" project to the American Indian Community Development Corporation (AICDC) Bii Di Gain Dash Anwebi project;

FURTHER RESOLVED: That this award is based upon the support of the Midtown Phillips Neighborhood Improvement Association and the East Phillips Improvement Coalition for the project and the involvement of the CommonBond Communities in the development partnership;

FURTHER RESOLVED: That these dollars will not be disbursed until total project financing is in place and available for closing on the project;

FURTHER RESOLVED, That the reassignment of these funds is contingent upon the execution of a mutually agreeable loan agreement between NRP and AICDC.

FURTHER RESOLVED, That the Director provide an update in 12 months and a review of progress on the project in 2 years to determine next steps.



AMERICAN INDIAN COMMUNITY DEVELOPMENT CORPORATION

1404 East Franklin Avenue • Minneapolis: MN 55404-2134 • Telephone: 612/813-1610 • Fax: 612/813-1612

September 9, 2009

Mr. Robert Miller/ Ms. Barbara Lickness
Neighborhood Revitalization Program
Crown Roller Mill Building, #425
105 - 5th Avenue South
Minneapolis, MN 55401-2585

Re: Village In Phillips, Phase II
Request to Allocate \$305,000 in NRP Funds
Bii Di Gain Dash Anwebi Elder Housing Project

VILLAGE IN PHILLIPS, PHASE II **Update: August 2009**

Village in Phillips is a multi-phased redevelopment plan for the area surrounding 24th Street and Bloomington Avenue. Phase I of the plan, 28 owner-occupied townhomes, was completed by PRG in 2005.

Phase II of Village in Phillips originally was to include 36 condominium units and one small commercial space located on the southwest and southeast corners of Bloomington Avenue and 24th Street East. In 2005, PRG was awarded \$305,000 from the NRP Affordable Housing Reserve Fund. Plans called for 20% of the units to be affordable to households earning less than 50% AMI and another 20% affordable to households earning less than 80% AMI.

By late 2007 it became clear that condominium units at this location were no longer feasible. In the summer of 2008, PRG brought forth a request to the NRP Policy Board to both extend the term of the award and to approve its use on rental project. These requests were approved at the July 28, 2009 Policy Board meeting.

In the fall of 2008, both the Midtown Phillips Neighborhood Improvement Association and the East Phillips Improvement Coalition unanimously approved PRG's proposed change to rental housing in partnership with CommonBond Communities. In early 2009 CommonBond, as a result of the sharply declining tax credit market, withdrew from the project.

Equal Opportunity Employer

American Indian Community Development Corporation (AICDC) subsequently expressed interest in a senior housing project on the site. In partnership with CommonBond Communities, AICDC will build a 48 unit housing facility on the east and west corners of 24th and Bloomington. This project will be primarily funded through the HUD 202 funding currently available for the development and construction of housing to serve senior citizens. A market study performed by the AICDC identified that there is a need for between 480 - 600 units of housing to satisfy the need for serving senior elders in the surrounding community. Census data shows that Minneapolis does not have the capacity to serve the life cycle housing needs of its current residents and as a result has lost over 30% of the senior population during the past 10 years. CommonBond has a long history in the successful development, construction and operating management of a variety of multi-unit housing projects throughout the metropolitan area. The role of AICDC in this project will be to perform all the pre-development related projects such as solidifying the funding mechanisms, working with the MUID group, the larger American Indian Community and the surrounding neighborhood groups to design the facilities and gain approval for the project. They will work in partnership throughout the development, construction and consequential management process to ensure this project is successful and remains sustainable into the future.

PRG viewed this proposal favorably based on the following:

1. Importance of developing this highly visible intersection in a manner consistent with the original use and design.
2. Financial feasibility of HUD 202-financed projects given the other affordable housing financing options.
3. AICDC's willingness to work with the neighborhood groups and the addition of Commonbond Communities as a project partner.

PRG's Board of Directors strongly supports the proposed project and the assignment of the NRP AHRF award from PRG to AICDC.

In addition to the above, the AICDC elder housing project, to be known as Bii Di Gain Dash Anwebi ("Come in. Rest." in Ojibwe), will provide more units than originally planned, forty-eight (48) and will exceed the original affordability targets by making 100% of the units affordable to elder households at or below earning less than 50% AMI for a period of forty years. Further, the development will serve families at or below 30% AMI through the provision of federal rental subsidies for all units.

From a broader community development perspective the project will provide the following positive attributes to the community:

Bii Di Gain Dash Anwebi Elder Housing will provide a high quality, affordable senior housing development that will enhance the value of its surrounding community.

Currently exempt land will be added to the tax roll contributing to City of Minneapolis revenues for the long-term benefit of the entire community.

Much needed housing will be made available to seniors in vibrant Minneapolis neighborhoods at rental prices tied to their incomes.

Bii Di Gain Dash Anwebi Elder Housing will be an important component of the city's life-cycle housing stock which, under the sponsorship of AICDC and CommonBond will be a long-term asset to the community

The proposed project will serve to stabilize the neighborhood by eliminating functionally and economically obsolete, blighted, unimproved vacant land and develop in its place affordable senior housing.

It will build on and reinforce the successful redevelopment efforts along Bloomington Avenue between 25th and 28th Streets.

Based upon the above AICDC respectfully requests that \$305,000 previously awarded to PRG for affordable housing projects on this site be allocated to AICDC for the development of Bii Di Gain Dash Anwebi Elder Housing Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael A. Goze', with a long horizontal flourish extending to the right.

Michael A. Goze, CEO
AICDC

The Concept
Bii Di Gain Dash Anwebi
(Come In. Rest)

Background: Elder housing is a growing concern for all communities. The City of Minneapolis recognized the need as early as 2001 in its Senior Rental Housing Policy. AICDC along with ComonBond Communities have partnered to address the need in the South Minneapolis area. A market feasibility study has been complete establishing a tremendous need for the Elders that would be housed in Bii Di Gain Dash Anwebi.

Location: Bloomington Ave and 24th St. Southwest and Southeast corners

Type: Elder Housing (HUD Section 202)

Units: 48-1br apartments, designed for elders.

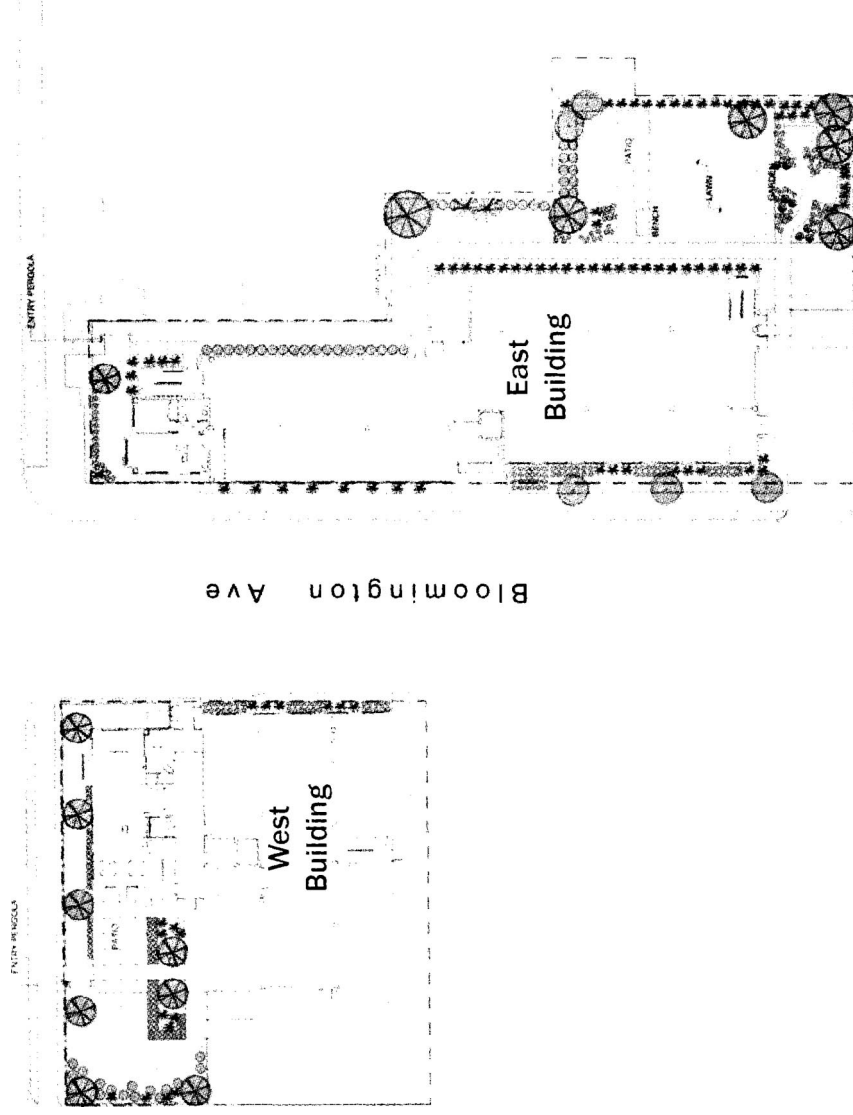
Population: Elder individuals and couples 62 Years of age or older those whose income does not exceed (50) percent of the metropolitan median household income.

Services: Advantage Center located on property as provided in all ComonBond Elder properties. Services are provided to enhance the quality of senior life and maintain seniors in an independent living style for as long as possible. The Senior Advantage Centers are resource centers that include computers, information and referral and community services. The focus is on personal enrichment through lifelong learning, which includes the use of computer labs offering personal, business, and educational applications as well as the Internet. Working with home care agencies, quality health care services designed specifically for the needs of senior residents are also provided. Regularly scheduled wellness and prevention services are offered onsite. Services include health promotion and foot care clinics, flu shots, and wellness discussion circles.

Management: ComonBond Communities

Development Cost Estimate: \$8 million

24th Ave. E.



BILL DASH ANWEBI ELDER HOUSING

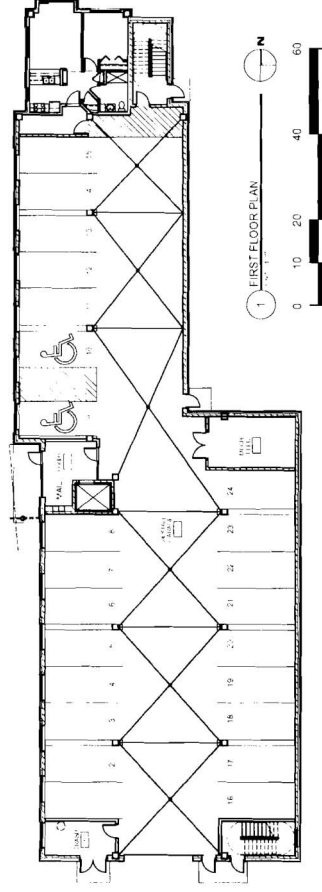
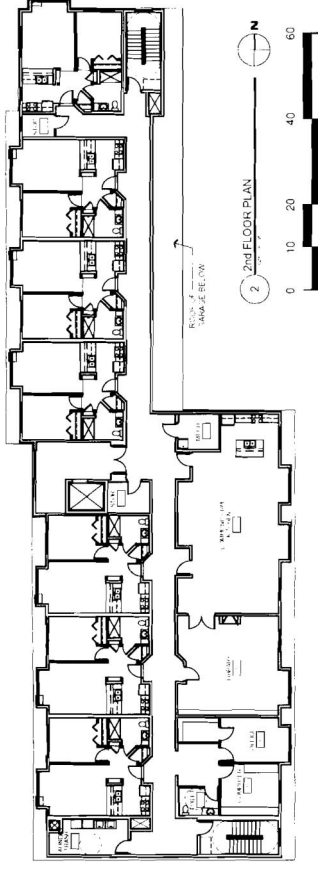
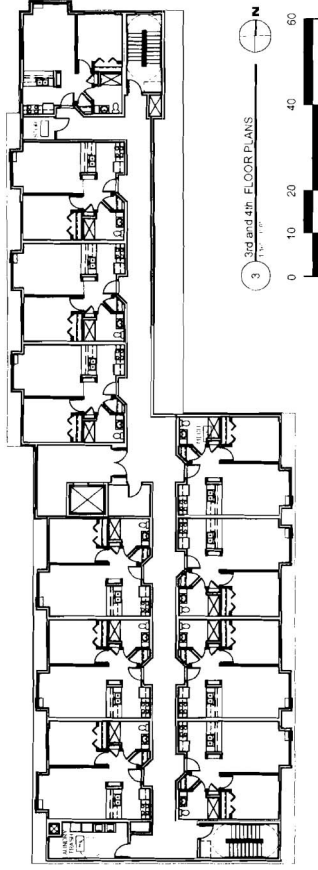
AICDC/CommonBond

Minneapolis, Minnesota

September 8, 2009

Site Plan

09-0046.1



BIL DILGAIN DASH ANWEBI ELDER HOUSING

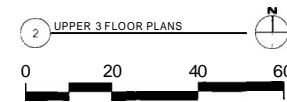
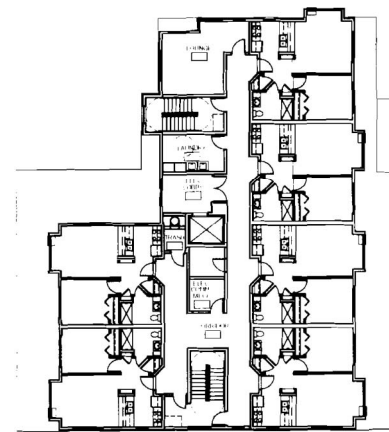
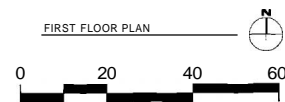
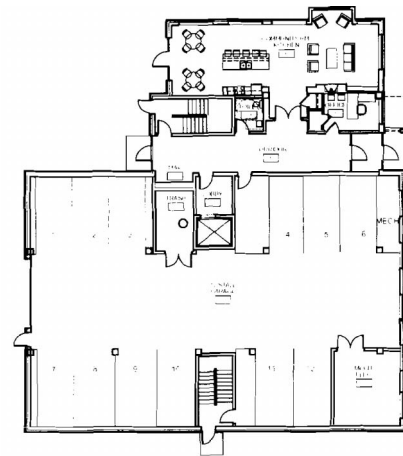
Minneapolis, Minnesota

September 8, 2009

AICDC/CommonBond

Floor Plans - East

09-0046.1



BII DI GAIN DASH ANWEBI ELDER HOUSING

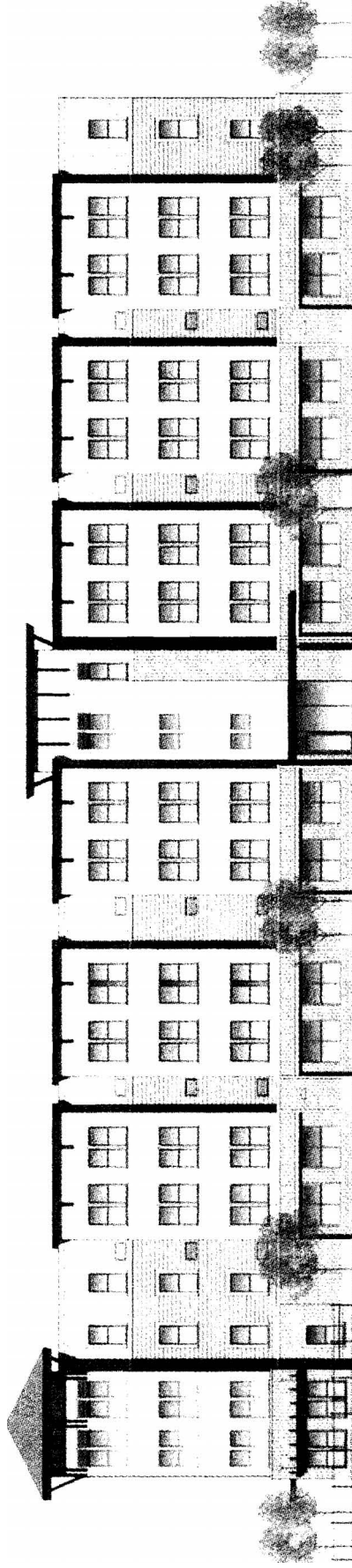
AICDC/CommonBond

Minneapolis, Minnesota

September 8, 2009

Floor Plans - West

09-0046.1



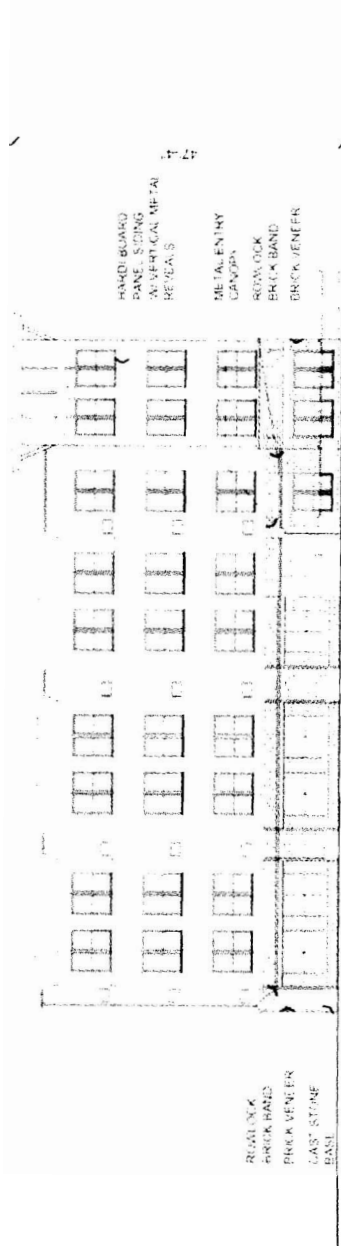
East Building - Bloomington Avenue Elevation

BILDI GAIN DASH ANWEBI ELDER HOUSING

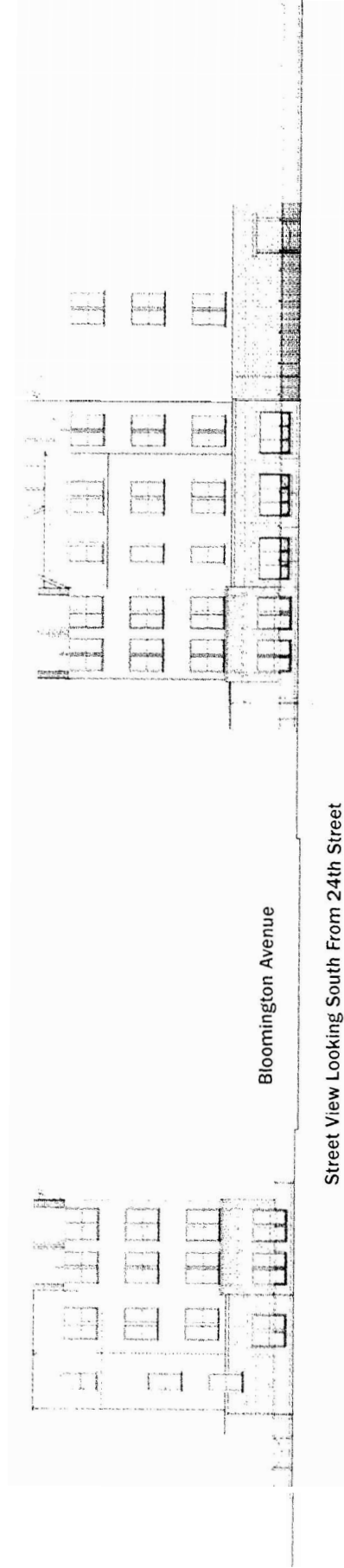
Minneapolis, Minnesota

September 8, 2009

AICDC/CommonBond



Bloomington Avenue Elevation



Street View Looking South From 24th Street

BILDI GAIN DASH ANWEBI ELDER HOUSING

AICDC/CommonBond

Minneapolis, Minnesota

September 8, 2009

Black & White Elevations

09-0046.1



East Building - Bloomington Avenue Elevation

BILDI GAIN DASH ANWEBI ELDER HOUSING

Minneapolis, Minnesota

AICDC/CommonBond

Corner Rendering

September 8 2009

09-0046.1

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DJR
DRAWN BY: DJR