



Legislation Details (With Text)

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Title: Resolution 2019-06 in Support of In-Kind Contribution for Spring Creek II Project

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DATE: March 21, 2019

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Resolution 2019-06 in Support of In-Kind Contribution for Spring Creek II Project

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) to consider the adoption of Resolution 2019-06 in support of \$20,000 in-kind contribution for the Spring Creek II Affordable Housing Project.

BACKGROUND:

On April 24, 2018, the Housing & Redevelopment Authority (HRA) adopted Resolution 2018-04 in support of Tax Increment Financing (TIF) and to donate up to 4.5 acres of land to Three Rivers Community Action Agency (TRCA) for a 32-unit townhome complex known as Spring Creek II. On May 22, 2018 the HRA adopted Resolution 2018-05 to provide \$20,000 of in-kind support for the Spring Creek II Project. Both resolutions were contingent upon the award of 2018 Low Income Housing Tax Credit (LIHTC) funding through the Minnesota Housing Finance Agency (MHFA).

Unfortunately, the 2018 application for LIHTC funding was not successful. LIHTC funding is very competitive in Minnesota and it is common for a project, of this size & caliber, not to receive funding with the first application. TRCA plans to re-apply for LIHTC funding in 2019.

ANALYSIS:

Each LIHTC application is scored using criteria set by MHFA. Only the highest scoring applications are funded. The HRA's in-kind contribution will assist with strengthening the LIHTC application by raising the overall score of the application. The in-kind contribution will occur only after 2019 tax credit funding is awarded for the project.

Although the \$20,000 in-kind donation only raises the overall application score by a couple of points, it may be a critical advantage to being successful in obtaining LIHTC financing in the 2019 application round. The HRA will be contributing \$225,000 land donation and \$20,000 in-kind commitment to leverage a \$9.25 million affordable housing project.

RECOMMENDATION:

Staff recommends the HRA consider adoption of Resolution 2019-06 supporting \$20,000 in-kind contribution toward development-specific fees or cost avoidance of development expenses.