



Legislation Details (With Text)

File #: HRA Res. 2018-005 **Version:** 1 **Name:**
Type: HRA Resolution **Status:** Agenda Ready
File created: 5/14/2018 **In control:** Housing & Redevelopment Authority
On agenda: 5/22/2018 **Final action:**
Title: Spring Creek II: Resolution of In-Kind Contribution
Sponsors:
Indexes:
Code sections:
Attachments: 1. Resolution of In-Kind Support, 2. Spring Creek II local funding points

| Date | Ver. | Action By | Action | Result |
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| 5/22/2018 | 1 | Housing & Redevelopment Authority | | |

DATE: May 22, 2018

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Spring Creek II: Resolution of In-Kind Contribution

ACTION REQUESTED:

Consider the adoption of a Resolution for \$20,000 of in-kind support for the Spring Creek II Affordable Housing Project.

SUMMARY REPORT:

On April 24, 2018 the Housing & Redevelopment Authority (HRA) adopted a resolution 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. The HRA's land donation to TRCA will serve as leverage to gain LIHTC and other financing tools for the project's successful completion. The HRA resolution confirming the land donation will assist with strengthening the TRCA application for tax credits. The land donation will occur only after the successful tax credit application by TRCA. Arlen Malecha of Coldwell Banker was engaged by staff to provide a Brokers Price Opinion (BPO) to determine the value of the HRA donation of approximately 4.35 acres of land at Southbridge to TRCA for the project. The value of the donation is set at \$180,000.

At their regular April 2018 meeting, the HRA Board, understanding the competitive nature of LIHTC applications, asked TRCA Community Development Director Leah Hall, if there were any other ways the HRA could assist to enhance the scoring of the application.

Three Rivers has continued to refine the Spring Creek II project as the agency prepares to submit it into the Minnesota Housing Finance Agency (MHFA) Multifamily RFP in June. As discussed at the April HRA Board

meeting, Three Rivers is seeking other opportunities to increase the Spring Creek II project score and has determined that an additional \$20,000 in in-kind contributions can increase the project's score by 2 points. This is in addition to a TIF contribution and the donation of HRA owned land.

The project's score would move from a projected 101 points to 103 points. Three Rivers is requesting that the Northfield HRA contribute an additional \$20,000 in in-kind contributions such as a cost reductions of development-specific fees, or cost avoidance of development expenses. The specifics of exactly what development costs, this in-kind contribution of \$20,000 would cover, could be discussed after October, 2018 once it is determined if Spring Creek II is successful. This request would be contingent on Spring Creek receiving an allocation of tax credits from MHFA.

ANALYSIS:

Although the \$20,000 in-kind donation only raises the overall application score by 2 points, it may be a critical advantage to being successful in obtaining LIHTC financing in the 2018 application round. The HRA would be leveraging their \$180,000 land donation and \$20,000 in-kind commitment to garner a \$9.25 million affordable housing project.

ALTERNATIVE OPTIONS:

The competition for LIHTC funds is very intense. However, the current score of 101 points, which includes land donation and Tax Increment Financing (TIF) support, may be sufficient to obtain LIHTC financing.

RECOMMENDATION:

Staff recommends the HRA Board adopt Resolution #2018-005 to contribute \$20,000 in in-kind contributions toward development-specific fees or cost avoidance of development expenses.