

**Minneapolis Neighborhood Revitalization Policy Board**

**MINUTES OF THE REGULAR MEETING OF**

**May 17, 2004**

**Present and Voting:** Debbie Evans, Cam Gordon, Zachary Korb, Nicholas Kakos, Peter McLaughlin, Gail Dorfman, David Fey (Alternate, Mayor's Office), Dennis Schapiro, Byron Laher (Alternate, United Way), Ken Kelash, (Alternate, Central Labor Union), Diane Hofstede, and Rep. Joe Mullery, chair, presiding

**Alternates Attending:** Sean Wherley, Steven Miller, Carol Pass, Jeffrey Strand

**Absent:** Michael Opat, Paul Ostrow (excused), Jon Olson, Emmett Carson, Lauren Segal, Tony Looking Elk, Todd Klingel

**Staff:** Bob Miller, Carsten Slostad

**Others Present:** Jeff Schneider, Gary Arntsen,

**I. CALL TO ORDER**

Representative Joe Mullery, chair, called the meeting to order at 4:42 p.m. in Conference Room C-2350 in the Hennepin County Government Center.

**II. APPROVAL OF THE AGENDA**

Upon a motion by Ken Kelash and seconded by Diane Hofstede the agenda was adopted.

**III. APPROVAL OF THE MINUTES**

Upon a motion by Ken Kelash and seconded by Diane Hofstede the minutes of the April 19, 2004 meeting were adopted.

**IV. ACTION ITEMS**

**1. Hennepin County "Second 7.5%" NRP Funds for Byrant [NRP / FR#2004-16]**

Upon a motion by Dennis Schapiro and seconded by Ken Kelash the following resolution was adopted.

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board hereby approves the use of up to \$12,500 of Hennepin County "Second 7.5%" NRP funds to support the Bryant Village Initiative expansion project from May 1, 2004 through December 31, 2004; and,

**RESOLVED FURTHER:** That this approval is contingent upon final approval by the Hennepin County Board of Commissioners; and,

**RESOLVED FURTHER:** That the effective date of this approval will be May 1, 2004.

**2. Implementation Fee for Affordable Housing Reserve Fund and Downtown Affordable Housing Fund Projects** [NRP / FR#2004-17]

On May 1, 2004, CPED adopted a policy that assesses implementation fees to NRP funded projects, programs, services and activities administered by CPED. Upon a motion by Byron Laher and seconded by Ken Kelash a request to cover fees for the implementation of the 2003 NRP Affordable Housing Reserve Fund and Downtown Affordable Housing Fund Projects was then discussed. Nicholas Kakos moved to amend with Ken Kelash seconding a third resolved clause as follows: *“That approval of this resolution shall not be seen as a precedent for future projects approved by NRP.”* The amendment was adopted and then the resolution as amended was adopted as follows:

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board (Board) approves the use of \$42,141 from the NRP Affordable Housing Reserve Fund to pay for CPED implementation fees in accordance with the attached schedule; and

**RESOLVED FURTHER:** That the available funds for the 2004 AHRF RFP be reduced by this amount.

**RESOLVED FURTHER:** That approval of this resolution shall not be seen as a precedent for future projects approved by NRP.

Based upon the discussion in the consideration of this item, the following recommendation and request resolutions were discussed and adopted.

Moved by Diane Hofstede and seconded by Ken Kelash that the following recommendation be given to CPED regarding their Policy on Fees for NRP Implementation Activities. The recommendation resolution was adopted.

[NRP / RR2004-01]

**The Minneapolis Neighborhood Revitalization Policy Board recommends:** That item #4 on page 2 in the March 22, 2004 “Policy on Fees for NRP Implementation Activities” should be changed to read ... *activity that is administered by any other governmental departments or jurisdictions...*

Moved by Debbie Evans and seconded by Ken Kelash to pursue the following request for information from the City's finance department. The motion carried.

[NRP / RR2004-02]

**The Minneapolis Neighborhood Revitalization Policy Board requests:** That the City provide the NRP Policy Board with the administrative costs assessed for NRP implementation from 1990 through 2003 by year from fund SAD or any other Common Project Revenue Fund.

**V. POLICY ITEMS**

**1. By-Laws Committee**

Ken Kelash reported that the committee met and discussed recommending some changes to the April 22, 2002 By-Laws changes approved by the Board. He announced that another meeting to continue the discussion of recommendations for Policy Board consideration would be held.

**2. Participation Agreement Approvals**

[NRP / PR#2004-27]

Upon a motion by Ken Kelash and seconded by Diane Hofstede the following resolution was discussed. The resolution was requested at the April meeting as an agenda item. After discussion of the need for action and a review of the existing policies of the Board, Debbie Evans called the question, which was seconded by Nicholas Kakos. The call of the question carried and the following resolution was then adopted.

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board (Board) authorizes the NRP Director to approve Participation Agreements for Phase II that meet the Participation Agreement Guidelines approved on May 21, 2001; and

**RESOLVED FURTHER:** That the Director provides the Board with a written update each month showing approved Participation Agreements and allocations and expenditures approved by either the Director or the Board from the Phase II Plan Development Advance Fund.

**3. 2004 Affordable Housing Reserve Guidelines**

[NRP / PR#2004-28]

Revisions to the "Request for Proposals" (RFP) for the third and final round of the NRP's Affordable Housing Reserve Fund (AHRF) program were presented by Bob Miller. David Fey moved and Ken Kelash seconded this item for discussion. During the discussion the following changes were made to the RFP as follows:

**Moved by Zachary Korb and seconded by Debbie Evans the following:** In the “Selection Criteria” section on Page 3 ...re-insert “*or a construction project*” to the criteria that refers to the project located in an impacted census tract and delete “(5 points) *The project is located in a non-impacted census tract.*” This motion was adopted.

Nicholas Kakos deferred to alternate Jeffrey Strand to make the following motion.

**Moved by Jeffrey Strand and seconded by Cam Gordon the following:** In the “Selection Criteria” section on Page 3...insert “(5 points) *The project is located in a non-impacted census tract and meets the 20% affordability requirement.*” This motion was adopted.

At this point in the meeting Zachary Korb deferred to Carol Pass to make the following motion.

**Moved by Carol Pass and seconded by Gail Dorfman the following:** In the “Selection Criteria” section on Page 3...insert “(5 points) *The project is located in an impacted census tract.*” The motion was not adopted.

**Moved by Gail Dorfman and seconded by Ken Kelash the following:** In the “Purpose” section on Page 1, second paragraph, last sentence...change to read “*Priority will be given to projects that target households at or below 50% of the median income.*” This motion was adopted.

**Moved by Nicholas Kakos and seconded by Ken Kelash the following:** In the “Program Features & Requirements” section on Page 2, item #11...change the maximums established by the Federal HOME Investment Partnership Program to reflect the January 1, 2004 amounts. This motion was adopted.

**Moved by Diane Hofstede and seconded by Byron Laher the following:** In the “Selection Criteria” section on Page 3...insert “(5 points) *The project includes quality of life issues and amenities such as but not limited to, off street parking, playgrounds, setbacks on busy streets, green space and trees, and places for yard equipment.*” This motion was adopted.

**Moved by Diane Hofstede and seconded by Byron Laher the following:** In the “Program Features & Requirements” section on page 1...insert #6 “*The proposal includes the process used for the vacation of individuals and families living in a unit before conversion to a market rate housing.*” Following discussion, this motion was withdrawn.

**Moved by Ken Kelash and seconded by Diane Hofstede the following:** In the “Contract and Closing Requirements” section on page 5...*insert #7* “That owners are required to give 90 day notice prior to the conclusion of the affordable housing rates.” This motion was adopted.

Byron Laher moved and Ken Kelash seconded to call the question. The following resolution, which includes all the adopted amendments to the RFP was then adopted with Gail Dorfman voting no.

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board (Board) approves the 2004 Affordable Housing Reserve Fund “Request for Proposals” as amended and attached.

The amended 2004 Affordable Housing Reserve Fund “Request for Proposals” is an attachment to these minutes.

## **VI. PRESENTATIONS & REPORTS**

### **1. Hennepin County NRP Social Services Fund Update**

A summary report of the uses of Hennepin County’s “Second 7.5%” NRP funds was included in the meeting materials.

### **2. East Calhoun Neighborhood Phase I Plan Review**

Bob Miller complimented the neighborhood on the quality of this document and asked that Board members review it on their own in lieu of a formal presentation.

### **3. Participation Research**

Bob Miller, in addressing a concern raised by Cam Gordon about inclusivity in participation as neighborhoods work on Phase II planning, reported that an application to use University of Minnesota students to do a research project on this issue will be initiated.

### **4. Minneapolis / St. Paul Home Tour**

Bob Miller gave a preliminary report on the Home Tour stating that the attendance numbers were record breaking and that a complete report will be coming at a future meeting. Gail Dorfman expressed her compliments and offered the following resolution:

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Policy Board expresses its thanks and commendations to all the staff of NRP, and especially Brett Feldman the Home Tour Coordinator, who helped run a really successful 2004 Home Tour.

The resolution was seconded by Nicholas Kakos and unanimously adopted.

**VII. ADJOURNMENT**

The meeting was adjourned at 6:45 p.m.

---

Carsten Slostad, Secretary Pro Tem

---

**ATTEST:** Joe Mullery, Chair

# Minneapolis Neighborhood Revitalization Program

## Affordable Housing Reserve Fund 2004

### REQUEST FOR PROPOSALS

**PURPOSE:** Improvement of the city's housing stock and providing housing that is affordable to any resident are Phase II priorities of the Minneapolis Neighborhood Revitalization Program (NRP). One approach to achieve these priorities is through the NRP Affordable Housing Reserve Fund (AHRF) program.

The goal of the AHRF is to assist with the development of long-term (at least 10 years) affordable housing units for low-income families and individuals, including the elderly and persons with special needs, at or below 50% of the Metropolitan Median Income (MMI) as adjusted for family size.

### **PROGRAM FEATURES & REQUIREMENTS:**

1. A proposal must score a minimum of **70 points overall** to be considered for funding.
2. All AHRF requests must be reviewed and sponsored by the recognized NRP neighborhood organization for the geographic area in which a project will occur.
3. Multi-neighborhood collaborations may sponsor an eligible AHRF project. The housing units to be occupied by low-income households do not need to be located within the geographic area of all sponsoring neighborhoods. The AHRF award will, however, be counted toward all sponsoring neighborhoods' AHRF cap. ■■■■
4. The neighborhood organization review process must include at least one neighborhood-wide, general attendance meeting, preceded by a 30-day meeting notice. Meeting notification can be accomplished through flyers, newspaper ads/articles, and/or newsletter ad/articles.
5. The cumulative total of AHRF dollars awarded for projects in any one neighborhood will not exceed \$1.5 million over the life of the AHRF program.
6. AHRF dollars must be leveraged at least 1 to 1 with non-NRP dollars.
7. At least 20% of the units in projects of 10 units or more must be affordable at or below 50% of SMSA median income.
8. AHRF dollars will not be disbursed until total project financing is in place and available for closing on the project.
9. Projects must demonstrate evidence of site control [for an acceptable amount of time] with no conditions that would limit the use of the property.

10. Rehabilitation standards for each project must at least meet the Section 8 Existing Housing Quality Standards or the Federal Housing Administration (FHA) Minimum Property Standards. More substantial rehabilitation may be required at the discretion of the NRP Policy Board.
11. Per unit assistance will not exceed the following maximums established by the Federal HOME Investment Partnership Program:

Effective	0 BD	1 BD	2 BD	3 BD	4 BD
January 1, 2004	102,224	117,179	142,491	184,332	202,304

12. AHRF dollars cannot be used for up front costs associated with developing and submitting the proposal for funding. Typical predevelopment costs such as architect fees, engineering, environmental surveys, legal work, etc. incurred prior to closing are eligible for reimbursement as project costs.

### **SELECTION PROCESS:**

A technical team will review the proposals and may conduct interviews with applicants. Additional information clarifying components of proposals may be requested from applicants. For rehab proposals, a physical inspection of the property may be necessary. Proposals will be evaluated in accordance with the program requirements and the selection criteria.

The technical team will forward recommendations to the NRP Management Review Team (MRT). The MRT will forward proposals, with comments, to the NRP Policy Board.

The NRP Policy Board will approve all funding awards. It is the prerogative of the Policy Board to determine the number and amount of awards. The Policy Board may award less than the total amount available.

Following Policy Board approval the Minneapolis Department of Community Planning and Economic Development (CPED) will assign a contract administrator for each project. The CPED contract administrator will be responsible for facilitating the execution of loan agreements.

**SELECTION CRITERIA:**

<b>Points</b>											
<b>10-0</b>	The extent the development team's experience, and administrative and financial capacity are satisfactory to the scope to the proposal.										
<b>10-0</b>	The extent to which all sources of funds are committed.										
<b>10-0</b>	Extent to which the proposal includes market analysis and underwriting that demonstrates viability.										
<table border="0" style="border-collapse: collapse;"> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>15</b></td> <td style="padding: 0 5px;">3 private dollars for every 1 AHRF dollar, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>10</b></td> <td style="padding: 0 5px;">3 private and other public dollars for every 1 AHRF dollar, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>8</b></td> <td style="padding: 0 5px;">2 private dollars for every 1 AHRF dollar, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>4</b></td> <td style="padding: 0 5px;">2 private and other public dollars for every 1 AHRF dollar, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>2</b></td> <td style="padding: 0 5px;">2 other public dollars for every 1 AHRF dollar</td> </tr> </table>	<b>15</b>	3 private dollars for every 1 AHRF dollar, or	<b>10</b>	3 private and other public dollars for every 1 AHRF dollar, or	<b>8</b>	2 private dollars for every 1 AHRF dollar, or	<b>4</b>	2 private and other public dollars for every 1 AHRF dollar, or	<b>2</b>	2 other public dollars for every 1 AHRF dollar	
<b>15</b>	3 private dollars for every 1 AHRF dollar, or										
<b>10</b>	3 private and other public dollars for every 1 AHRF dollar, or										
<b>8</b>	2 private dollars for every 1 AHRF dollar, or										
<b>4</b>	2 private and other public dollars for every 1 AHRF dollar, or										
<b>2</b>	2 other public dollars for every 1 AHRF dollar										
<b>5-0</b>	Extent to which the Development Team includes small, women-owned, and/or minority-owned businesses.										
<b>5</b>	The proposal qualifies as a multi-neighborhood collaboration.										
<b>5</b>	The project is located in a non-impacted census tract and meets the 20% affordability requirement.										
<table border="0" style="border-collapse: collapse;"> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>10</b></td> <td style="padding: 0 5px;">Affordability will be over 25 years, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>5</b></td> <td style="padding: 0 5px;">Affordability will be over 15 years.</td> </tr> </table>	<b>10</b>	Affordability will be over 25 years, or	<b>5</b>	Affordability will be over 15 years.							
<b>10</b>	Affordability will be over 25 years, or										
<b>5</b>	Affordability will be over 15 years.										
<table border="0" style="border-collapse: collapse;"> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>10</b></td> <td style="padding: 0 5px;">More than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income, or</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>5</b></td> <td style="padding: 0 5px;">Less than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income.</td> </tr> </table>	<b>10</b>	More than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income, or	<b>5</b>	Less than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income.							
<b>10</b>	More than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income, or										
<b>5</b>	Less than half of the proposed units will house families and/or individuals with household incomes at 0-30% SMSA median income.										
<b>5-0</b>	Extent to which the project provides units with 3 or more bedrooms										
<b>10-0</b>	Extent to which the project is consistent with the land-use, density and urban form elements of <i>The Minneapolis Plan</i> .										
<table border="0" style="border-collapse: collapse;"> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>10</b></td> <td style="padding: 0 5px;">The project is located in:</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"><b>10</b></td> <td style="padding: 0 5px;"> <ul style="list-style-type: none"> <li>• An <u>Impacted Census Tract</u> and is defined as a preservation project, a stabilization project, or a construction project.</li> <li>• A <u>Non-Impacted Census Tract</u> and is defined as either a construction project or a positive conversion project.</li> </ul> </td> </tr> </table>	<b>10</b>	The project is located in:	<b>10</b>	<ul style="list-style-type: none"> <li>• An <u>Impacted Census Tract</u> and is defined as a preservation project, a stabilization project, or a construction project.</li> <li>• A <u>Non-Impacted Census Tract</u> and is defined as either a construction project or a positive conversion project.</li> </ul>							
<b>10</b>	The project is located in:										
<b>10</b>	<ul style="list-style-type: none"> <li>• An <u>Impacted Census Tract</u> and is defined as a preservation project, a stabilization project, or a construction project.</li> <li>• A <u>Non-Impacted Census Tract</u> and is defined as either a construction project or a positive conversion project.</li> </ul>										
<b>5-0</b>	Extent to which resident services are an integral provision of the housing.										
<b>5-0</b>	Extent the project demonstrates access to public transit and proximity to jobs.										
<b>5-0</b>	Extent to which the project addresses quality of life issues and amenities such as, but not limited to -- off street parking, playgrounds, setbacks on busy streets, greenspace and trees, and places for yard equipment.										

**DEFINITIONS:**

Construction project	Construction of new affordable housing units.
Impacted census tracts	Census tracts with percent of minority population greater than or equal to 20% above MSA average (15.2%) or with percent of population at greater than or equal to 15% above City's poverty concentration (16.9%) -- (see attached map).
Multi-neighborhood collaboration	A project sponsored by 2 or more adjoining neighborhoods. Sponsorship requires each neighborhood to conduct a review process. The project location need only be in one of the neighborhoods.
NRP dollars	Funds allocated through Neighborhood Action Plans
Positive conversion project	Conversion, in any manner, of an existing unit to an affordable housing cost or the conversion of non-residential property to affordable housing.
Preservation project	Preventing the loss of viable federally subsidized units through acquisition and/or rehabilitation.
Rehabilitation project	Rehabilitation of vacant rental or ownership housing
Site control	Fee title; Contract-for-deed; Signed purchase agreement; Signed purchase option; Signed redevelopment contract; An application with the MCDA for a parcel of land or a building owned by the MCDA.
Stabilization project	Preventing the loss of viable non-federally subsidized affordable units through acquisition and/or rehabilitation.
Underwriting criteria	<ul style="list-style-type: none"> <li>▪ Current market interest rates in estimating mortgage financing.</li> <li>▪ 5 percent vacancy rate</li> <li>▪ 1.0 to 1.25 debt service coverage ratio</li> <li>▪ 4 percent annual operating increase</li> <li>▪ 2 percent annual income increase</li> <li>▪ Operating reserve fund</li> <li>▪ Replacement reserve fund</li> </ul>

**CONTRACT & CLOSING REQUIREMENTS:**

1. The time between the date of the NRP Policy Board’s award and the date of project closing should not exceed eighteen (18) months. The Board may approve extensions. If a commitment expires before a closing has occurred the funds will be considered to be available for other projects. Developers would be allowed to resubmit the proposal for future consideration.
2. If a developer cannot demonstrate the proper strength in a particular area but the project rates high on other selection criteria, the developer may be required to hire or joint venture with an entity that is strong in that particular area before closing as a condition of approval.
3. Repayment provisions will be included in all funding agreements. At a minimum, repayment of funds will be required in the event the NRP-assisted units fail to retain their affordability for the required time period. Repayment provisions will be structured on a project-by-project basis. Repayment provisions may take the form of an amortized loan, a shared loan, distribution from annual project cash flows, repayment at time of sale, refinancing or conversion, or other acceptable forms.
4. When an ownership project receiving AHRF funding assistance has an established model for long-term or perpetual affordability of ownership housing (for example the Habitat for Humanity or Minneapolis Public Housing Authority models) the repayment of AHRF funds will not be required.
5. Changes to the development team must be reviewed and approved by the NRP and CPED project staff.
6. Recipients may be required to comply with the current Department of Housing and Urban Development (HUD) Lead Safe Housing Regulation and asbestos mitigation rules.

Projects will adhere to certain requirements, when applicable, which include but are not limited to the following: equal employment opportunity, prevailing wage requirements, affirmative action, affirmative marketing, emerging small businesses, apprentice certification, public bidding, performance and payment bonds, insurance coverage, conformance with the Americans with Disabilities Act, zoning regulations and plan review, and relocation.

**TIMELINE:**

Issue Request for Proposals (RFP)	June 9, 2004
Due Date for submission of proposals	September 22, 2004
Applicant interviews	October 4 – October 15, 2004
Completion of the technical review and scoring	October 30, 2003
Review and comment by the Management Review Team	November 4, 2004
Policy Board awards	November 22, 2004