



Virtual Info Session

September 12th, 2024

Joe Selvaggio Initiative Introduction

- Created in 2000 as a community development response to derelict and under-utilized housing resources.
- Financing made available by MHFA, City of Minneapolis and the Family Housing Fund.
- Portfolio of buildings ranging in age between 38 – 130 years.
- Utilized the Low Income Housing Tax Credit program to provide equity for a substantial rehabilitation in 2001.
- Project is late in the extended use period and the LURA (Deed Restriction) will lift DEC 31, 2030.
- Certain rent protections are provided to in-place residents through DEC 31, 2033.



RE-Seed Goals

- Systematically improve small unit properties within the PPL portfolio.
- Prepare aspiring BIPOC developers to successfully own and manage housing assets.
- Sell PPL assets to qualifying buyers from the community to create meaningful asset and wealth building opportunities.
- Cost neutral transactions for PPL
- Preserve affordable rental units for residents and families.

Eligibility Criteria / Definitions

For the purposes of the RFQ, emerging developer means:

- A person of color and self-identifies as belonging to a racial minority group.
- Has demonstrated experience, of at least one year duration, with multifamily properties including:
 - Managing or owning multifamily, rental property
 - Working for a developer
 - Commensurate experience
- Must operate under a legal business entity that does not own:
 - More than 5 rental properties, or
 - 25 units rental units
 - Must be eligible for a license under Chapter 244; Minneapolis Code of Ordinances (Rental License)
 - Required developer/owner contribution of a minimum of \$75,000 in equity.
 - Possess sufficient liquidity or access to financing for future M&O expenses.
 - Required to obtain their own lending source for financing the property mortgage.



How to Read Offering Sheet(s)

Example:	615 E. 27th Street
Appraised Value:	\$630,000 established by independent appraiser
Property Built:	1912
Substantial Rehab:	2000
Number of Units:	4
Current Mo. Income:	\$4,875 based on current rents charged existing residents
Potential Mo. Income: less utility allowance	\$6,416 based on maximum allowable LIHTC rent limit
Improvements:	Per schedule. Cost certification will be provided at closing.
Unit Detail:	As outlined (in some cases the SF is an estimate)
Property Walk-thru:	Only per schedule. Once a buyer is matched with a building, a full walk-thru of all units will be arranged.



Valuation and Improvements

- Sale price established by 3rd party appraisal or broker's opinion of value completed April 2024.
- Improvement scope completed by third party consultant FEB 2024.
- Construction scope and budget created JUN/JUL 2024.

- Work includes:

All Buildings

- Roof replacement
- Window replacement
- Boiler/furnace replacement
- Hot water heater replacement

Select Buildings

- Siding replacement
- Structural repairs
- Tuckpointing and foundation repairs
- Gutters and drainage

Aside from the planned improvements, the buildings are being offered in “as is” condition.



Submission Requirements

- Completed proposal form
- Proof of minority business ownership
 - Certification as a minority, woman, or disabled business that is 51% owned, managed or controlled by members of a qualified minority.
 - Certifying entities include: City of Minneapolis/St. Paul, MET Council, State of Minnesota; National Minority Supplier Development Council.
- Written property management plan
- Business plan / Financial plan
- Completed Property Bid Sheet
- Letter of Interest (LOI) or Commitment Letter from a first mortgage lender
- Supporting documentation as necessary to illuminate the proposal (ex. Balance sheet or other liquidity measurement; real estate license; resume; connection to the community)



Compliance: Tax Credit Project

- Low Income Housing Tax Credit Program (LIHTC)
- Income restrictions on new households at Move-In through 12/31/2030.
- Rent Restrictions on all households through 12/31/2030.
- At move-in, landlord must complete a Tenant Certification of household income and assets to determine program eligibility. Landlord completes 3rd party verification of the same.
- Self-certification of income and assets completed by resident households due annually.
- Annual report on household income and rent delivered to Minnesota Housing Finance Agency (MHFA) by FEB 15 showing household data for the previous calendar year.



Compliance: Deed (Use) Restrictions

- Land Use Restriction Agreement (LURA)
- Use of building must be permanent, residential housing through 12/31/2033.
- Cannot be used for short term rental or commercial uses.
- Rents must remain affordable at 60% of Area Median Income (AMI) through 12/31/2030 for all households.
- Rents on existing residents at 12/31/2030 must be kept affordable at 60% AMI until 12/31/2033.

Compliance: AMI and Rents

- Area Median Income (AMI) is established by HUD and used by the IRS for purposes of determining rents that are affordable to the target demographic.
- Source information on AMI income and rent amounts is found on the MHFA website.
- Source information on Utility Allowances is found on the HousingLink website.



Three Components to Determining Rent

Household Income						
Household Size	1	2	3	4	5	6
60% AMI	52,500	60,000	67,500	74,940	80,940	86,940

Gross Rent				
Unit Size	1BR	2BR	3BR	4BR
Gross Rent	1,406	1,687	1,948	2,173

Utility Allowance				
Unit Size	1BR	2BR	3BR	4BR
Heat –Gas	46	53	59	66
Cook –Elec	7	11	14	17
Elec Other	45	56	67	78
Total	98	120	140	161

Maximum Allowable Rent Charge

Unit Size	1BR	2BR	3BR	4BR
Gross Rent	1,406	1,687	1,948	2,173
Less Utility Allowance	98	120	140	161
Maximum Allowable Rent	1,308	1,567	1,808	2,012

Compliance Resources

Tax Credit Training

- Affordable Housing Connections <https://www.ahcinc.net/>
- Janken Housing Solutions
<https://www.jankenhousing.com/>
- Spectrum Enterprises
<https://spectrumlihtc.com/>
- MHFA
<https://www.mnhousing.gov/>

Compliance Reporting Resources

- Towne Management
<https://www.linkedin.com/in/andrea-hermersmann>
- MHFA
<https://www.mnhousing.gov/>



PROJECT FOR PRIDE IN LIVING

612.455.5100

ppl-inc.org

ppl@ppl-inc.org



1035 East Franklin Avenue
Minneapolis, MN 55404