



Board of Commissioners

Request for Board Action

Meeting Date: November 21, 2023

Agenda #: 6A

DEPARTMENT: Community and Economic Development

FILE TYPE: Regular - Action

TITLE

Commitment Of The Dakota County CDA's 2024 9% Low Income Housing Tax Credits

PURPOSE/ACTION REQUESTED

Approve the commitment of the Dakota County CDA's 2024 9% Low Income Housing Tax Credits.

SUMMARY

The Dakota County CDA is a Suballocator of 9% Low Income Housing Tax Credits (Tax Credits) and is authorized to allocate \$1,083,326 of 2024 Tax Credits within Dakota County. The Tax Credits are allocable to affordable rental housing developments on a competitive basis according to a selection process set forth in the CDA's Housing Tax Credit Qualified Allocation Plan for 2024 (2024 QAP). In accordance with state and federal requirements, a public hearing was held at the April 18, 2023 CDA Board of Commissioners meeting prior to CDA Board's adoption of the 2024 QAP (Resolution #23-6683).

Three applications were received by the July 13, 2023 deadline, requesting a total of \$2,978,788 in Tax Credits:

- Denmark Trail Workforce Housing Limited Partnership, the developer of which is Dakota County CDA, requested \$194,496 in Tax Credits to help fill a gap for the construction of a 40-unit townhome development in Farmington known as Denmark Trail Townhomes.
- Kenyon Green Limited Partnership, the developer of which is Connelly Development, LLC/Ron Clark Construction and Design, requested \$1,382,000 in Tax Credits for the construction of a 49-unit multifamily development in Lakeville known as Kenyon Green.
- The Pillsbury, Limited Partnership, the developer of which is MWF Properties, LLC, requested \$1,402,292 in Tax Credits for the construction of a 48-unit multifamily development in Burnsville known as The Pillsbury.

Tax Credits are allocated to affordable rental housing developments on a competitive basis according to a selection process set forth in the 2024 QAP. The applicants were scored as follows:

Denmark Trail Townhomes (Farmington)	115 points
Kenyon Green (Lakeville)	70 points
The Pillsbury (Burnsville)	72 points

RECOMMENDATION

Based on the review of the application materials submitted and the scores of the three applicants, staff recommends a commitment of the 2024 Tax Credits to Denmark Trail Townhomes in the amount of \$141,814 and the remaining 2024 Tax Credits to The Pillsbury in the amount of \$941,512. Additionally, staff requests establishing a waiting list for The Pillsbury, which would allow the CDA to commit additional Tax Credits to this project in the event the CDA is provided additional 2024 Tax Credits from Minnesota Housing. If this occurs, the CDA will review The Pillsbury's need for additional

Tax Credits at that time. The CDA may continue to commit Tax Credits to both applicants until the application deadline for Minnesota Housing’s Round 2, tentatively scheduled for January 31, 2024.

EXPLANATION OF FISCAL/FTE IMPACTS

None. The Tax Reform Act of 1986 created the Housing Tax Credit Program as a means of raising private capital to finance affordable rental housing and the CDA is authorized under Minnesota Statutes Section 462A.222 to allocate tax credits for eligible projects in Dakota County. The tax credit is a 10-year annual reduction in the tax liability of investors in affordable housing and does not require any commitment of CDA funds. The investor, typically a private corporation, makes an initial equity contribution to the development to receive the annual tax credit.

Applicants pay fees throughout the process to administer the tax credits that equal 5% of the annual allocation. These fees are meant to cover staff time administering the program.

None Current budget Other Amendment Requested New FTE(s) requested

RESOLUTION

WHEREAS, pursuant to Minnesota Statutes Sections 462A.221 through 462A.225 (the Act), the Dakota County CDA is a Suballocator of 9% Low Income Housing Tax Credits (Tax Credits); and

WHEREAS, in accordance with Section 42 of the Internal Revenue Code of 1986, as amended (the Code), by Resolution No. 23-6683, adopted on April 18, 2023, following a public hearing for which notice was duly published, the CDA adopted a Qualified Allocation Plan for 2024 tax credits (the 2024 QAP) setting forth criteria governing the award of the Agency’s 2024 Tax Credits; and

WHEREAS, because the members of the Dakota County Board of Commissioners are the ex-officio members of the CDA, the approval of such Resolution by the CDA satisfies the requirement that the 2024 QAP be approved by the applicable elected representative of the CDA; and

WHEREAS, the CDA received three applications for the 2024 Tax Credits by the first-round deadline, with applications from: Denmark Trail Workforce Housing Limited Partnership, the developer of which is Dakota County Community Development Agency, for the construction of a 40-unit townhome development in Farmington, known as Denmark Trail Townhomes; Kenyon Green Limited Partnership, the developer of which is Connelly Development, LLC/Ron Clark Construction and Design, for the construction of a 49-units multifamily development in Lakeville, known as Kenyon Green; and The Pillsbury, Limited Partnership, the developer of which is MWF Properties LLC, for the construction of a 48-unit multifamily development in Burnsville known as The Pillsbury; and

WHEREAS, pursuant to Minnesota Statutes § 462A.222, Subd. 3, any 2024 Tax Credits which are not committed by the CDA prior to Minnesota Housing’s second round of application deadline are required to be returned to Minnesota Housing.

NOW, THEREFORE BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, as follows:

1. The CDA hereby finds and determines with respect to the Denmark Trail Workforce Housing Limited Partnership, Kenyon Green Limited Partnership and The Pillsbury, Limited Partnership applications that:

- a. The applications for Tax Credits for Denmark Trail Townhomes, Kenyon Green and The Pillsbury are complete in all material respects.
- b. The allocation of Tax Credits requested by each of the applicants does not exceed the amount necessary for the financial feasibility of the respective projects and their viability as qualified low-income housing projects throughout the 15-year compliance period.
- c. On the basis of the applications submitted, the Tax Credit scores for the applicants are as follows:
 - Denmark Trail Workforce Housing Limited Partnership –
 - Denmark Trail Townhomes.....115 points
 - Kenyon Green Limited Partnership – Kenyon Green.....70 points
 - The Pillsbury, Limited Partnership – The Pillsbury.....72 points

- 2. In making the determination set forth in 1b above, the CDA considered: (a) the sources and uses of funds and the total financing planned for each project; (b) any proceeds or receipts expected to be generated by reason of tax benefits; (c) the percentage of the tax credit dollar amount used for project costs other than costs of the intermediaries; and (d) the reasonableness of the developmental and operational costs of each project.
- 3. The CDA hereby approves the commitment of a portion of its 2024 Tax Credits to Denmark Trail Workforce Housing Limited Partnership for Denmark Trail Townhomes in the amount of \$141,814.
- 4. The CDA hereby approves the commitment of the balance of its 2024 Tax Credits to The Pillsbury, Limited Partnership for The Pillsbury in the amount of \$941,512.
- 5. The CDA authorizes the establishment of a waiting list for additional Tax Credits for The Pillsbury project. The purpose of the waiting list is to permit the CDA to commit any 2024 Tax Credits that may become available from Minnesota Housing.
- 6. Staff is authorized to prepare, execute and deliver all documentation necessary or convenient to provide for the commitment of its 2024 Tax Credits pursuant to this resolution and the subsequent carryover and allocation of the same, based on findings made in accordance with the requirements of the Code as each such steps. Staff is further authorized to take any actions necessary to return any unused 2024 Tax Credits to Minnesota Housing prior to the second round deadline in the event Tax Credits are returned and not fully committed to a project on the waiting list.

PREVIOUS BOARD ACTION

23-6683; 4/18/2023

ATTACHMENTS

Attachment A: Denmark Trail Townhomes Site Map and Rendering

Attachment B: Kenyon Green Location and Site Map

Attachment C: The Pillsbury Site Map and Rendering

BOARD GOALS

- Focused Housing Programs
- Collaboration

Development/Redevelopment

Financial Sustainability

Operational Effectiveness

PUBLIC ENGAGEMENT LEVEL

Inform and Listen

Discuss

Involve

N/A

CONTACT

Department Head: Lisa Alfson, Director of Community and Economic Development

Author: Kathy Kugel, Housing Finance Manager

Attachment A. Denmark Trail Townhomes Site Map and Rendering



DENMARK TRAIL TOWNHOMES

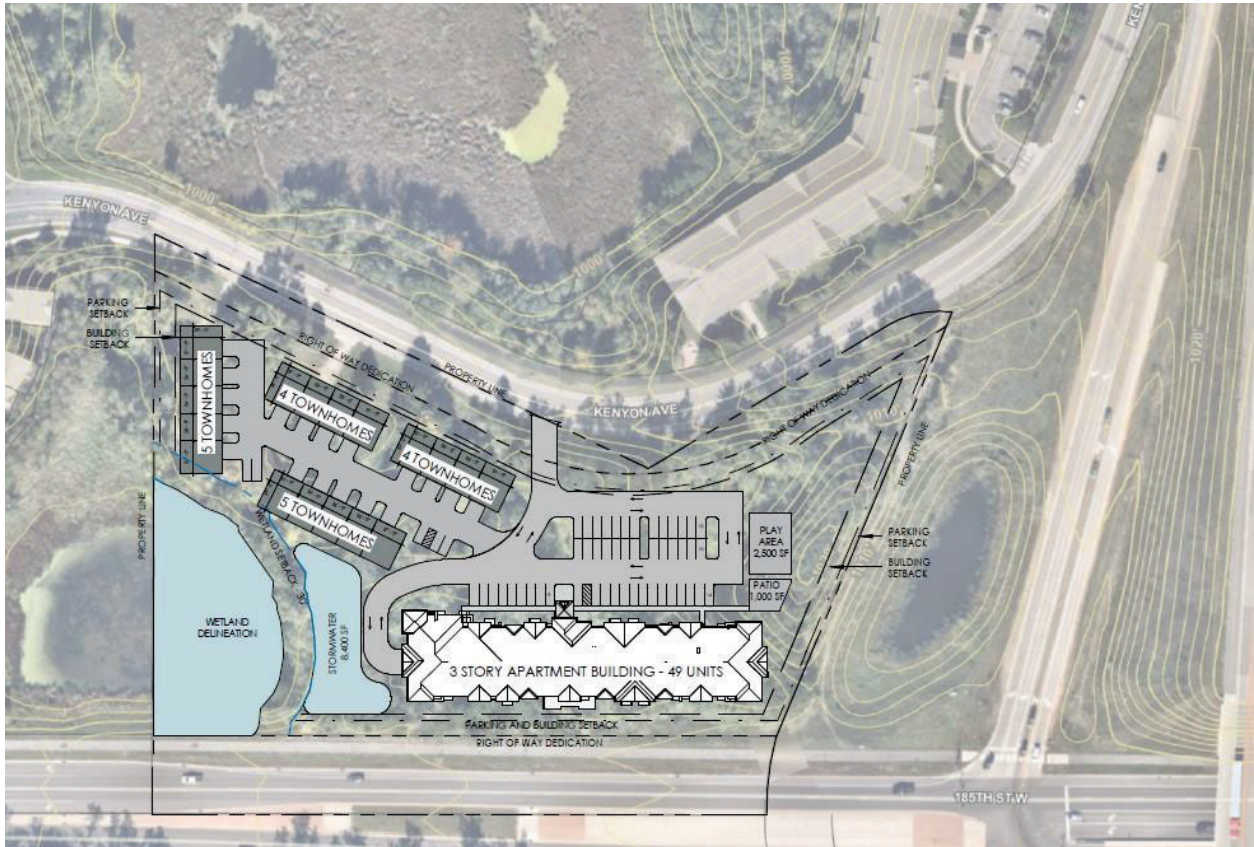
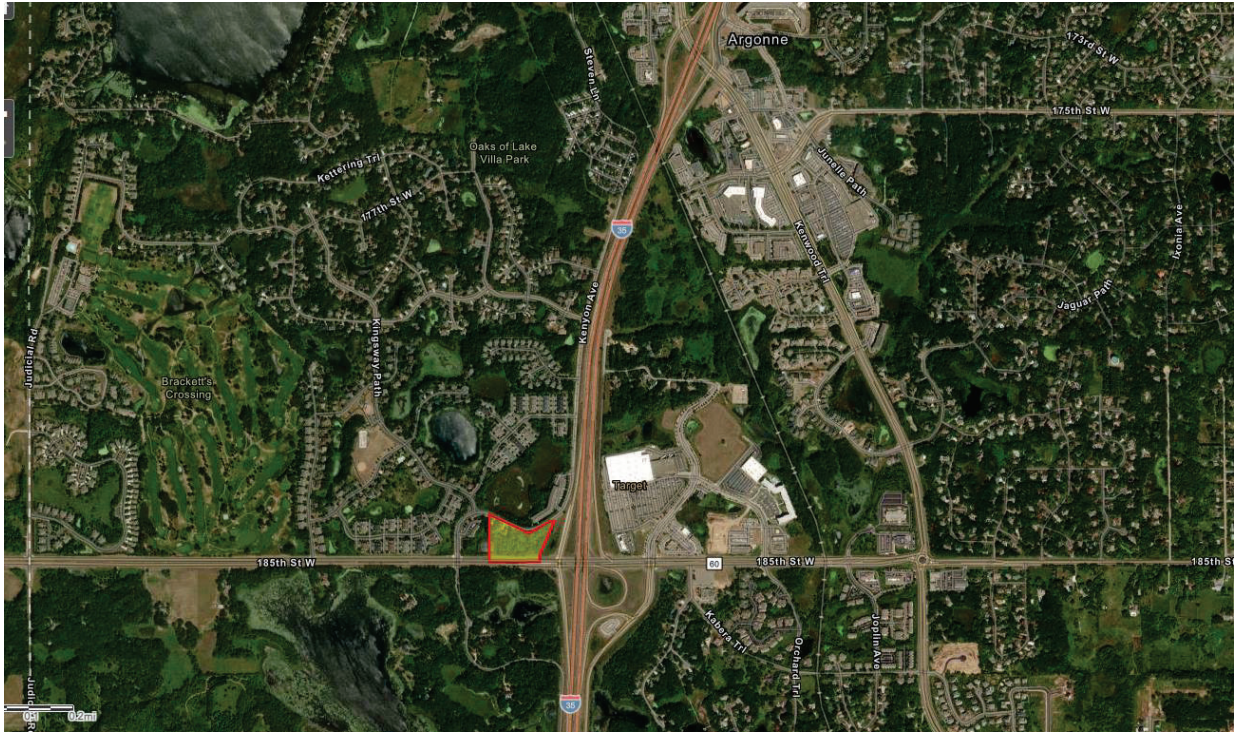
FARMINGTON, MN



BLDG. TYPE 1,9 AT PRESTWICK PLACE IN ROSEMOUNT, MN

Attachment B. Kenyon Green Location and Site Map

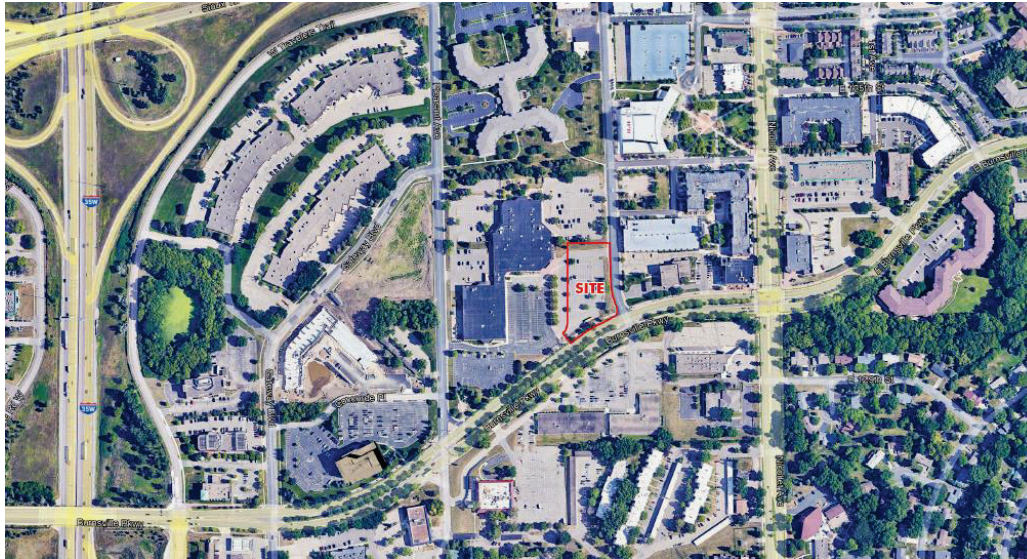
Kenyon Green Lakeville, MN



Attachment C. The Pillsbury Site Map and Rendering

MWF-Burnsville-Education Center

06/20/2023



SITE PLAN KEY

- BUILDING ENTRANCE
- GARAGE ENTRANCE
- COMMUNITY PATIO
- BIKE RACKS
- PLAYGROUND

① SD Site Plan
1" = 40'-0"

GROSS AREA...

Level	Area
Level 4	15,586 sq ft
Level 3	15,586 sq ft
Level 2	15,586 sq ft
Level 1	15,586 sq ft
Level -1	15,834 sq ft
Grand total	78,176 sq ft

PARKING

Type	Count
Garage	43
Surface	23
Surface Garage	5
Total	71

UNIT MIX - GROSS AREA

Name	Count	Unit Gross Area	Main Floor	Total Area	%
TBR					
Unit 1-0	18	663 sq ft	11,929 sq ft	38%	
	18		11,929 sq ft	38%	
2BR					
Unit 2-0	7	994 sq ft	6,959 sq ft	15%	
Unit 2-1	8	1,066 sq ft	8,526 sq ft	17%	
	15		15,485 sq ft	31%	
3BR					
Unit 3-1	3	1,333 sq ft	3,999 sq ft	6%	
Unit 3-2	4	1,326 sq ft	5,302 sq ft	8%	
Unit 3-3	8	1,388 sq ft	11,104 sq ft	17%	
	15		20,405 sq ft	31%	
Grand total	48		47,819 sq ft	100%	



SITE PLAN

MWF-Burnsville-Education Center