



Board of Commissioners

Request for Board Action

Meeting Date: August 28, 2024

Agenda #: 6B

DEPARTMENT: Community and Economic Development

FILE TYPE: Regular - Action

TITLE

Commitment Of The Dakota County CDA's 2025 9% Low Income Housing Tax Credits

PURPOSE/ACTION REQUESTED

Approve the commitment of the Dakota County CDA's 2025 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 \$1,132,781 of 2025 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 2025 (2025 QAP). In accordance with state and federal requirements, a public hearing was held at the March 27, 2024 CDA Board of Commissioners meeting prior to CDA Board's adoption of the 2025 QAP (Resolution #24-6816).

Two applications were received by the July 11, 2024 deadline, requesting a total of \$1,955,229 in Tax Credits:

- Kenyon Green Limited Partnership, the developer of which is Connelly Development, LLC/Ron Clark Construction and Design, requested \$1,408,000 in Tax Credits for the construction of a 49-unit multifamily development in Lakeville known as Kenyon Green.
- Pillsbury Ridge, Limited Partnership, the developer of which is MWF Properties, LLC, requested \$547,229 in Tax Credits to help fill a gap for the construction of a 48-unit multifamily development in Burnsville known as Pillsbury Ridge.

Tax Credits are allocated to affordable rental housing developments on a competitive basis according to a selection process set forth in the 2025 QAP. The applicants were scored as follows:

Kenyon Green (Lakeville)	80 points
Pillsbury Ridge (Burnsville)	107 points

RECOMMENDATION

Based on the review of the application materials submitted and the scores of the two applicants, staff recommends a commitment of the 2025 Tax Credits to Pillsbury Ridge in the amount of \$547,229 and the remaining 2025 Tax Credits to Kenyon Green in the amount of \$585,552. Additionally, staff requests establishing a waiting list for Kenyon Green, which would allow the CDA to commit additional Tax Credits to this project in the event the CDA is provided additional 2025 Tax Credits from Minnesota Housing. If this occurs, the CDA will review Kenyon Green'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, 2025.

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 used to cover staff administration of the program.

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

RESOLUTION

WHEREAS, pursuant to Minnesota Statutes § 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. 24-6816, adopted on March 27, 2024, following a public hearing for which notice was duly published, the CDA adopted a Qualified Allocation Plan for 2025 tax credits (the 2025 QAP) setting forth criteria governing the award of the Agency's 2025 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 2025 QAP be approved by the applicable elected representative of the CDA; and

WHEREAS, the CDA received two applications for the 2025 Tax Credits by the first-round deadline, with applications from: Kenyon Green Limited Partnership, the developer of which is Connelly Development, LLC/Ron Clark Construction and Design, for the construction of a 49-unit multifamily development in Lakeville, known as Kenyon Green; and Pillsbury Ridge, Limited Partnership, the developer of which is MWF Properties LLC, for the construction of a 48-unit multifamily development in Burnsville known as Pillsbury Ridge; and

WHEREAS, pursuant to Minnesota Statutes § 462A.222, Subd. 3, any 2025 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 Kenyon Green Limited Partnership and Pillsbury Ridge, Limited Partnership applications that:
 - a. The applications for Tax Credits for Kenyon Green and Pillsbury Ridge 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:

Kenyon Green Limited Partnership – Kenyon Green.....	80 points
Pillsbury Ridge, Limited Partnership – The Pillsbury.....	107 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 2025 Tax Credits to Pillsbury Ridge, Limited Partnership for Pillsbury Ridge in the amount of \$547,229.
4. The CDA hereby approves the commitment of the balance of its 2025 Tax Credits to Kenyon Green Limited Partnership for Kenyon Green in the amount of \$585,552.
5. The CDA authorizes the establishment of a waiting list for additional Tax Credits for the Kenyon Green project. The purpose of the waiting list is to permit the CDA to commit any 2025 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 2025 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 2025 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

24-6800; 2/28/2024
24-6816; 3/27/2024

ATTACHMENTS

Attachment A: Kenyon Green Location and Site Map
Attachment B: Pillsbury Ridge Site Map and Rendering

BOARD GOALS

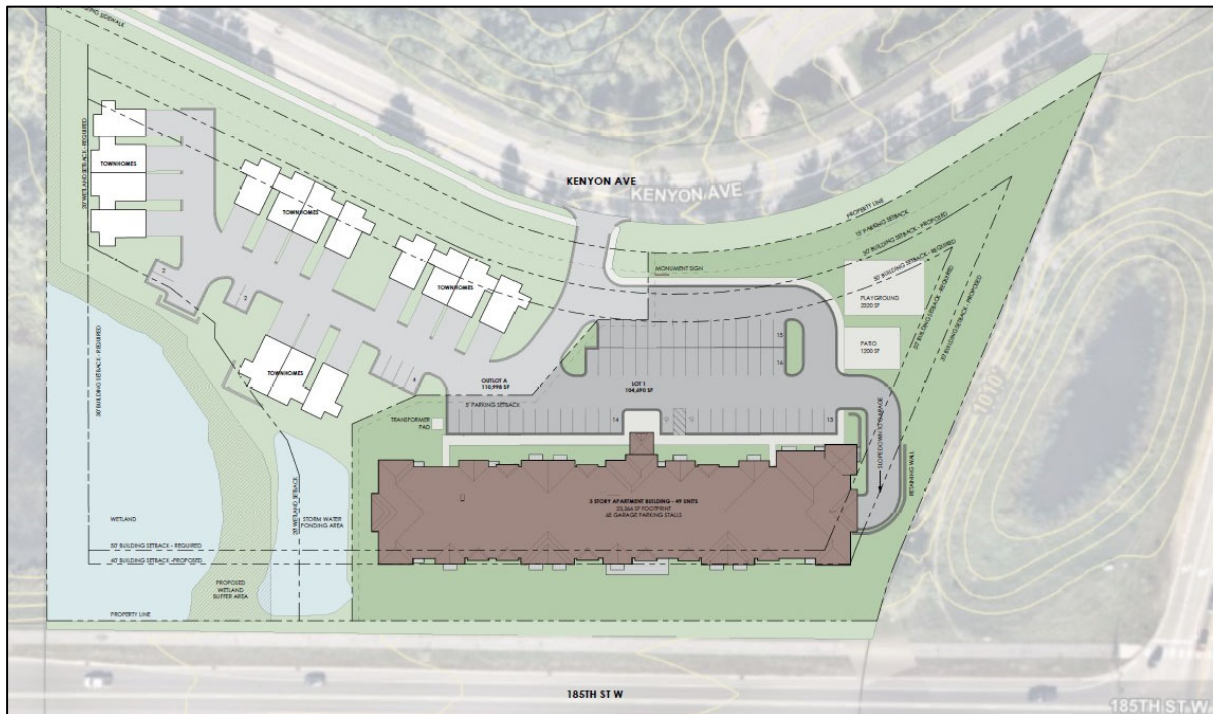
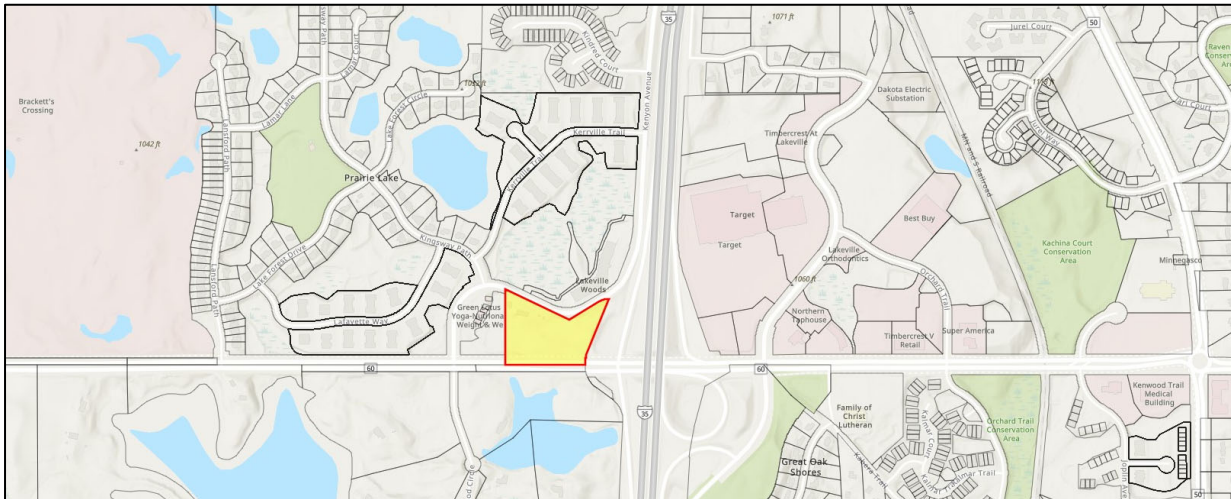
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|--|---|--|
| <input checked="" type="checkbox"/> Focused Housing Programs | <input type="checkbox"/> Collaboration | |
| <input type="checkbox"/> Development/Redevelopment | <input type="checkbox"/> Financial Sustainability | <input type="checkbox"/> Operational Effectiveness |

CONTACT

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KENYON GREEN

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Attachment B. Pillsbury Ridge Site Map and Rendering

