



EXECUTIVE SUMMARY

Community Development

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Golden Valley Housing and Redevelopment Authority Meeting

February 21, 2023

Agenda Item

1. Approve Home Ownership Program for Equity (HOPE) Qualified Developers

Prepared By

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Summary

The City Council approved the Public Land Disposition Ordinance on December 21, 2021. The Housing and Redevelopment Authority received and filed the City property inventory and recommendations on March 15, 2022. The HRA approved the Home Ownership Program for Equity (HOPE) Guidelines and Request for Qualifications (RFQ) on June 21, 2022. The HRA approved the HOPE 2022-2023 qualified developers August 16, 2022. The HOPE 2023-2024 RFQ was released on January 3, 2023 and an information session was held with interested developers on January 10, 2023. Qualifications were due on February 1, 2023.

The HOPE RFQ included the following:

Purpose: Provide affordable, owner-occupied, single family housing in Golden Valley. The City of Golden Valley plans to make up to 15 publicly owned properties available primarily for affordable single family or duplex development in the next few years. One property is suitable for a townhome development.

Priority: Proposals from organizations that have demonstrated success in building relationships of trust with Black, Indigenous and people of color and in serving first generation homebuyers. The City of Golden Valley strongly supports the development of affordable housing in our city, throughout the Metro Area, and across the State. Given existing racial disparities in housing, providing both affordable rental and homeownership opportunity is not only vital to providing all individuals and families with housing choice, but also with access to stable housing that impacts their health, education, employment, and ability to build wealth. The suburban metro will benefit from the economic impact of providing the necessary supply of affordable housing in each of our communities and by providing affordable housing for all Black, Indigenous, people of color and lower income members of our communities.

Developers provided the following information:

- Project Summary
- Applicant Contact Information
- Development Experience

- Households Served
- Marketing, Outreach and Engagement
- Publicly Owned Land for Development Preference
- Required Documentation
 - Example Development Pro Forma
 - Example plans and design renderings
 - Proposed methods to insure long term affordability and build wealth and equity

Developers will provide the following required documentation prior to land sale approvals:

- Development Pro Forma
- Construction plans – floor plans/elevations/proposed lot layout
- BPO or Appraisal - Broker's price opinion that supports the sales price/completed project's value
- Documentation of financing:
 - Pre-approval letter from lender on letterhead, dated within 90 days
 - Bank statements within 30 days
 - Pending listing with amount of net sale proceeds expected
- Offer to Purchase

The City received qualifications from developers interested in the following properties:

- 1611 Lilac Drive N
- 1131 Lilac Drive N
- 1211 Lilac Drive N
- 504 Lilac Drive N

Greater Metropolitan Housing Corporation, Twin Cities Habitat for Humanity, and Magnolia Homes, LLC provided qualifications to construct single family homes in partnership with West Hennepin Community Land Trust on all four lots.

Twin Cities Habitat for Humanity (Habitat) was established in 1985 by a Lutheran congregation in South Minneapolis. Since then, more than 1,500 families have partnered with Habitat to achieve affordable homeownership. Their mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. In recent years, Habitat homebuyers served are 80% Black, Indigenous and people of color. There are 14 existing Habitat homes in Golden Valley.

Greater Metropolitan Housing Corporation (GMHC) has been providing affordable homeownership opportunities throughout the Twin Cities with a focus on quality, sustainability, and energy efficiency since 1970. GMHC has sold nearly 2,000 homes to low to moderate income homebuyers. GMHC's mission is to preserve, improve and increase affordable housing for low and moderate income individuals and families, assist communities with housing revitalization as well as create and carry out demonstration projects. In recent years, GMHC homebuyers served are 70% Black, Indigenous and people of color. There are 15 existing GMHC homes in Golden Valley.

Magnolia Homes, LLC, is a real estate development company focused on providing attainable missing middle housing solutions. Magnolia Homes, LLC was established in 2017 and has developed an average of 4 units per year. Magnolia Homes homebuyers are 100% Black/African American. The owner, J. Alex Frank, currently serves as the managing director for Magnolia Homes, LLC and Magnolia Residential

Properties, LLC, a real estate holding company operating in multiple states. He has been a real investor for over 25 years. Also, Mr. Frank is a former Minnesota Urban Land Institute (ULI) Real Estate Diversity Initiative (REDI) Program co-chairman – a program focused on increasing the number of women and minority real estate developers in the Twin Cities. He is a former board member for Greater Metropolitan Housing Corporation (GMHC).

West Hennepin Community Land Trust – Homes Within Reach (HWR) is a non-profit community based organization that creates and preserve affordable homeownership opportunities for working households in suburban Hennepin County. Since 2001, HWR has helped over 200 workforce families earning less than 80% Area Median Income (AMI) become homeowners by acquiring, remodeling and selling properties through proven Community Land Trust practice (CLT) that: allows qualified clients to purchase the home and lease the land at a nominal fee and reduces the mortgage, down payment and closing costs. There are 5 existing HWR homes in Golden Valley. Homes Within Reach is available to partner with developers to serve homebuyers on all of the HOPE 2023-2024 properties.

ORGANIZATION	PROPERTIES	SUMMARY	EMV
GMHC/HWR	1611 Lilac Drive (2x 2 units) 1131 Lilac Drive 504 Lilac Drive	a. Homeownership units: 6 b. Square Feet: 1,200-1,800 c. Bedrooms: 3 d. Bathrooms: 2 e. Garage Type: 2-car de/attached f. Amenities: MN Green Communities Criteria, Energy Efficient upgrades g. Construction timeline: summer/fall 2023 – early 2024 h. Sales Price Restrictions: HWR i. Household Income/ Percent of Area Median Income: 80% AMI (HWR homebuyer)	\$500,000
TCHFH/HWR	1131 Lilac Dr (1 unit) 1611 Lilac Dr (2 x 2 units) 504 Lilac Dr (1 unit) 1211 Lilac Dr (1 or 2 units)	a. Homeownership units: 4-7 b. Square Feet: 1400-1600 c. Bedrooms: 3-5 d. Bathrooms: 1.5-2 e. Garage Type: 2-car de/attached f. Amenities: MN Green Communities Criteria, Energy Efficient upgrades g. Construction timeline: 2024-2025 h. Sales Price Restrictions: HWR i. Household Income/ Percent of Area Median Income: 80% AMI, 60% AMI w HOME Funds	\$400,000

ORGANIZATION	PROPERTIES	SUMMARY	EMV
Magnolia Homes	1131 Lilac (2 Units)	a. Homeownership units: 2 b. Square Feet: 1,665 c. Bedrooms: 3 d. Bathrooms: 2.5 e. Garage Type: 1-car de/attached f. Amenities: Mid-grade finishes (e.g. 42" Maple cabinets, granite countertops, SS appliances, vinyl plank flooring), Zero Energy Ready rated g. Construction timeline: 5m h. Sales Price Restrictions: 80% AMI Land Trust Option i. Household Income/ Percent of Area Median Income: 80% AMI.	\$720,000

The land sales and development agreements are expected to be considered by the HRA in May and June 2024, contingent on funding awards, in order for construction to begin in the early summer of 2024. The additional work needed to prepare the lots for development would likely take place in early 2024. Public hearings will be held as required and notice will be sent to surrounding properties.

Staff recommends that the HRA consider qualifying the following builders and parcels, although work remains to prepare for development:

- 1611 Lilac Drive N: Greater Metropolitan Housing Corporation to develop 4 units; 2 duplexes
- 1131 Lilac Drive N: Magnolia Homes, LLC to develop a duplex
- 1211 Lilac Drive N: Twin Cities Habitat for Humanity to develop 1-2 units; either a single family home or a duplex
- 504 Lilac Drive N: Twin Cities Habitat for Humanity to develop 1 unit; a single family home

Legal Considerations

N/A

Equity Considerations

The Home Ownership Program for Equity advances the City's equity plan with a priority for proposals from organizations that have demonstrated success in building relationships of trust with Black, Indigenous and people of color and in serving first generation homebuyers. The City of Golden Valley strongly supports the development of affordable housing in our city, throughout the Metro Area, and across the State. Given existing racial disparities in housing, providing both affordable rental and homeownership opportunity is not only vital to providing all individuals and families with housing choice, but also with access to stable housing that impacts their health, education, employment, and ability to build wealth. The suburban metro will benefit from the economic impact of providing the necessary supply of affordable housing in each of our communities and by providing affordable housing for all Black, Indigenous, people of color and lower income members of our communities.

Recommended Action

- Motion to Adopt HRA Resolution No. 23-01 Approving Greater Metropolitan Housing Corporation as qualified developer of 1611 Lilac Drive North
- Motion to Adopt HRA Resolution No. 23-02 Approving Magnolia Homes, LLC as a qualified developer of 1131 Lilac Drive North
- Motion to Adopt HRA Resolution No. 23-03 Approving Twin Cities Habitat for Humanity as qualified developer of 1211 Lilac Drive North
- Motion to Adopt HRA Resolution No. 23-04 Approving Twin Cities Habitat for Humanity as qualified developer of 504 Lilac Drive North

Supporting Documents

- [Presentation - HOPE Qualified Developers 2023-2024](#)
- [HRA Res. 23-01 - HOPE 1611 Lilac](#)
- [HRA Res. 23-02 - HOPE 1131 Lilac](#)
- [HRA Res. 23-03 - HOPE 1211 Lilac](#)
- [HRA Res. 23-04 - HOPE 504 Lilac](#)