



Home Changes Everything

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**To** Edina Housing and Redevelopment Authority Board  
**From** Blake Hopkins, Vice President of Housing Development, Aeon  
**Date** February 8, 2018  
**Re** Mixed-Income Housing Development Proposal – 4040 Apartments

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**Aeon is an award winning non-profit developer, manager and owner of high quality affordable housing. We have been working in the Twin Cities Metro for over 31 years and currently have approximately 3,900 apartments in our portfolio which provide housing for over 8,000 residents.**

**Project Concept:**

- 90 units of primarily large, family apartments within two buildings located at 4040 West 70<sup>th</sup> Street, Edina, MN, 55435
  - 33 3-bedroom units
  - 34 2-bedroom units
  - 16 1-bedroom units
  - 7 studios
- A three-story building would front Valley View Road and provide a transition from the single-family typology across the street. Walk-out units would be provided on the western side of the building. A four-story building would rise to the east of the three-story building and the two structures would be connected via a first floor common-area space.
- Income ranges:
  - 10 units will serve households earning up to 30% AMI
    - Example incomes can range up to \$18,990 for a 1 person, or up to \$27,120 for a family of 4
    - All of the 30% units would be assisted by Group Residential Housing or Section 811 subsidies
  - 15 units will serve households earning up to 50% AMI
    - Example incomes can range up to \$31,650 for 1 person, or up to \$45,200 for a family of 4
  - 56 units will serve households earning up to 60% AMI
    - Example incomes can range up to \$37,980 for 1 person, or up to \$54,240 for a family of 4

# Memorandum

- 9 units would be unrestricted and will rent at market rates

## Project Sources and Uses

4040 Apartments - Sources & Uses			
Source	Amount	Use	Amount
MN Housing First Mortgage	\$8,990,000	Acquisition or Refinance	\$3,000,000
General Partner Cash	\$100	New Construction	\$16,025,017
Syndication Proceeds	\$9,399,060	Contractor Fees	\$1,213,493
Deferred Loan Request	\$959,336	Contingency	\$689,540
Edina HRA Southdale 2 TIF District	\$2,800,000	Professional Fees	\$1,267,171
Edina HRA	\$1,200,000	Developer Fees	\$2,000,000
Edina Foundation	\$1,000,000	Financing Costs	\$872,775
Ryan Companies Contribution	\$1,000,000	Reserves and Non-Mortgageable	\$580,500
Hennepin County AHIF	\$300,000		
<b>Total Sources</b>	<b>\$25,648,496</b>	<b>Total Uses</b>	<b>\$25,648,496</b>

**NOTE:** The first mortgage calculation above accounts for approximately \$1,300,000 in TIF.

## Project Timeline:

- Entitlements
  - March 14th – Sketch Plan Review
  - March 15 – April 27 – finalize drawings
  - April 27 – Full application submittal – includes zoning request and TIF request
  - May 23 – Planning Commission
  - June 5th – City Council
  - June 12th – Based on Council direction, execute development agreements
- Funding
  - January 16th – Met with Ehlers and staff to walk through Proforma and discuss proposal
  - February 8<sup>th</sup> – Hennepin County Application Submittal
  - February 15th – HRA Work Session
  - June 14<sup>th</sup> – Minnesota Housing Finance Agency Application submittal (tax credits and Deferred Loan)
  - October 25<sup>th</sup> – MHFA Funding Award
  - April 1, 2019 – Close on financing
- Construction and Lease-up

# Memorandum

- April 1, 2019 – Begin Construction
- April 1, 2020 – Complete Construction
- August 1, 2020 – Fully leased

## **Relationship between Aeon and Ryan:**

Ryan Companies and Aeon have formed a partnership to produce a 90-unit mixed-income building at 4040 West 70<sup>th</sup> Avenue. The property will include units available for households with a wide range of incomes, including 10 units for households earning up to 30% AMI, 15 units for households earning up to 50% AMI, 56 units for households earning up to 60% AMI, and 9 units that will be unrestricted and will rent at market rates.

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Ryan Companies will provide pre-development consulting services, pre-development construction and design coordination, and will serve as the General Contractor for the development. Aeon will utilize its expertise in affordable housing to secure project financing and entitlements. Additionally, Aeon Management LLC will serve as the property management company overseeing day-to-day operations at the property upon completion.

Ryan will contribute their portion of the developer fee back into the project as a source and a future contribution from a Ryan market-rate multifamily project within the city. In total, it is estimated Ryan will provide \$1,000,000 in capital to the project. Additionally, Ryan has secured the site and is incurring upfront costs that will allow Aeon to complete work around sourcing funds and entitlements for the proposed project.

## **Request:**

- Consideration by the Edina HRA of the following contributions to assist in the construction of the 90-unit mixed income development:
  - Tax Increment Financing: \$1,300,000 (per Ehlers analysis)
  - Edina Southdale 2 TIF Pool: \$2,800,000
  - Edina HRA: \$1,200,000
- A separate request will be made to the Edina Housing Foundation for project funding, currently estimated to total \$1,000,000.