



## Legislation Text

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File #: Min 17-23, Version: 1

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### Approving the June 14, 2017 HRA Board Meeting Minutes **ROLL CALL**

Present 5 - Commissioners Noecker, Prince, Stark, Thao and Chair Brendmoen

Absent 2 - Commissioners Bostrom and Tolbert

### **CONSENT AGENDA**

**Note: Items listed under the Consent Agenda will be enacted by one motion with no separate discussion. If discussion on an item is desired, the item will be removed from the Consent Agenda for separate consideration.**

#### **Approval of the Consent Agenda**

1. Approving the May 24, 2017 HRA Board Meeting Minutes  
Adopted as set forth in Min 17-22
2. Resolution Approving Subordination for Kendall Land Company, LLC, 840 Payne Avenue, District 5, Ward 6.  
Adopted as set forth in RES 17-924

Moved by Commissioner Prince, Consent Agenda is Adopted

**VOTE:            Yeas - 5            Nays - 0**

#### **FOR DISCUSSION**

*Commissioner Bostrom Arrived*

3. Resolution Approving and Authorizing a Loan of \$285,000.00 in HUD Rental Rehabilitation/HOME Funds to Project for Pride in Living/Ain Dah Yung Center for Development of 771-785 University Avenue, District 7, Ward 1

Kristin Guild, Acting HRA Executive Director, stated Project for Pride in Living and Ain Dah Yung Center propose a new building at 771 University Ave with 42 studio apartments for homeless youth with an emphasis on Native Americans. The building will house residents at or below 30% Area Median Income and the ground floor will have office space, a kitchen, a community room and a computer lab. The HOME loan of up to \$285,000 will be a 1% deferred loan with a term of 30 years. If approved today, the HOME fund will have a balance of \$403,965 which does not include the 2017 HOME award because those allocations have not been received from HUD.

Deb Foster, Executive Director Ain Dah Yung Center, expressed their gratitude and excitement for this project.

Moved by Commissioner Thao, Resolution Approved as set forth in RES 17-921

**VOTE:            Yeas - 6            Nays - 0**

4. Resolution Endorsing Proposed Changes to the Minneapolis/Saint Paul Housing Finance Board's Low Income Housing Tax Credit Procedural Manual and its Low Income Housing Tax Credit Qualified Allocation Plan for 2018, Citywide.

Patty Lilledahl, Planning and Economic Development Director of Housing, explained that the Minneapolis/Saint Paul Housing Finance Board reviews the Low Income Housing Tax Credit Procedural Manual and Qualified Allocation Plan yearly to reflect the Commissioner's priorities. Following a significant review and revisions three years ago, the selection criteria has remained largely the same. Patty stated that staff recommends that these priorities continue with a couple additions. The additions for the 9% tax credit scorecard include up to five additional points for projects that have three or more bedrooms. Staff also recommends adding up to five points for projects that have received a prior credit allocation.

The recommended changes to the Tax Exempt Bond Allocation with accompanying 4% tax credits is to increase the minimum affordability period from 15 years to 20 years and size the bond amount to no more than 53% of basis.

The remaining changes are administrative in nature or strengthen the existing policies that reflect the Commission's values, including long term ownership, fair housing marketing practices and compliance, no displacement of existing section 8 tenants, consequences for non-compliance with fair housing rules, compliance with cost containment thresholds, and no rent increases mid-lease.

Chair Brendmoen thanked staff for the hard work on the scorecard.

Commissioner Prince shared her appreciation to staff for incorporating the no rent increases mid-lease requirement.

Commissioner Noecker expressed that she is thrilled with the changes being made and pointed out the importance of including the 4% tax credit projects in the QAP and increasing the period of affordability to 20 years; it's great to see our 4% projects becoming so competitive.

Commissioner Stark thanked staff for their good work on this.

Chair Brendmoen thanked Joe Collins for his work on this.

Moved by Chair Brendmoen, Resolution Approved as set forth in RES 17-920

**VOTE:            Yeas - 6            Nays - 0**

5. Resolution Authorizing the Issuance of Conduit Housing Revenue Obligations (Pioneer Press Building Project); Approving Related Documents; Waiving the Policy on Developer's Fees; and Adopting a Housing Program, 345 Cedar Street, District 17, Ward 2.

Kristin Guild, Acting HRA Executive Director, stated this item is a request for final approval to issue up to \$24 million in tax exempt housing revenue bonds for the former Pioneer Press Building at 345 Cedar. Real Estate Equities will be purchasing the property and converting it into 143 units of affordable rental housing. All of these units will be restricted to households earning 60% or less of area median income. These tax exempt housing revenue bonds will provide access to the 4% low income housing tax credits, which along with the State and Federal historic tax credits are an important source of equity for this project, totaling just over \$29 million of equity towards the \$49 million total development costs for this project. There is no City or HRA financing requested for this project.

To maximize the tax credit equity to the project, the developer has requested a waiver from the City's developer fee policy. A deferred developer fee adds to the project basis which is used to calculate tax credits and the City's developer fee policy allows for up to 15% which is what's proposed here, but we would typically exclude the acquisition costs for building rehabs. In this case the developers are requesting a waiver from the City's fee policy to allow the acquisition costs in the basis calculation for the tax credits and in return for allowing this waiver staff has negotiated an additional five years of affordability for all 143 units which would bring it up to 20 years of affordability for all of these units. Please note that these are Conduit Bonds and there is no obligation on behalf of the City or the HRA to repay these bonds.

Chair Brendmoen shared her appreciation for waiving the developer requirements to add some affordability and is excited to see the outcome.

Moved by Commissioner Noecker, Resolution Approved as set forth in RES 17-929

**VOTE:            Yeas - 6            Nays - 0**

## **PUBLIC HEARINGS**

6. Authorization to Acquire a Tax Forfeited Property at 0 Minnehaha Avenue East and Subsequently Convey Same to Dayton's Bluff Neighborhood Housing Services for Development and Use a Community Solar Garden in the Area of the Rivoli Bluff Development. Payne-Phalen District 5, Ward 5

Ms. Guild stated this item is a public hearing for a pass-thru property conveyance of tax forfeit property that is not suitable for development. The property is located at 0 Minnehaha Avenue East. Dayton's Bluff Neighborhood Housing Services will acquire the property with plans to develop a community solar garden on the property with Xcel Energy. Dayton's Bluff will pay all the property transaction costs.

Chair Brendmoen said this is a great addition to the Rivoli Bluff area.

Moved by Chair Brendmoen, Resolution Approved as set forth in RES PH 17-166

**VOTE:            Yeas - 6            Nays - 0**

7. Resolution Approving and Authoring the Sale and Conveyance of Parcel 1654 Minnehaha Avenue East Under the Inspiring Communities Program and Authorization to Enter into a Development Agreement, Eastview - Conway - Battle Creek - Highwood Hills, District 1, Ward 7

Ms. Guild stated this item is a land sale public hearing for a property at 1654 Minnehaha Avenue East. Dayton's Bluff Neighborhood Housing Services has partnered with the Builders Association of the Twin Cities Foundation and the Minnesota Assistance Council for Veterans to construct a new single family home on this lot that will house homeless and/or disabled veterans with dependent families. In lieu of cash a subsidy, staff proposes to write the property cost down to \$1 from an estimated market value of \$20,000. This property is part of the HRA's Inspiring Communities Program and our program guidelines stipulate that we offer a property for sale through web notification and the City's ENS system. This property has been offered three times and we've never received any interest in this property to date. We recommend waiving the public offering policy on this case given we haven't received any interest and that the developers would like to have this home completed in time for the Fall 2017 Parade of Homes Tour.

Chair Brendmoen clarified that we are not truly waiving the public offering process as we've offered it

three times, and stated that it is prudent that we move forward with this project.

Perri Graham-Raff, Builders Association of the Twin Cities Executive Director, shared background on the BATC Foundation and the project.

Nathaniel Saltz, Minnesota Assistance Council for Veterans Program Director, shared background on the Minnesota Assistance Council for Veterans Affairs and the project.

Commissioner Prince thanked the Builders Association, MACV, Dayton's Bluff and staff for working quickly to pull this together.

Moved by Commissioner Prince, Resolution Approved as set forth in RES PH 17-167

**VOTE:            Yeas - 6            Nays - 0**

8. Resolution giving preliminary approval to the proposed issuance of conduit revenue bonds for the Great River Charter School Project, 1326 and 1336 Energy Park Drive, under Minnesota Statutes, Sections 469.152 through 469.1655, District 10, Ward 4.

Ms. Guild stated this item is a public hearing and preliminary authorization to issue up to \$18,500,000 in conduit charter school revenue bonds for the Great River Charter School on Energy Park Drive. The school is currently operating out of leased property which they propose to acquire and construct a 19,000 square foot, two-story addition connecting the existing buildings. The school plans to increase their enrollment from 428 students to 690 by 2022. These are conduit bonds and there is no obligation on behalf of the City or the HRA to repay these bonds.

Chair Brendmoen and Commissioner Stark expressed support for the project, as well as some concern about charter schools locating in industrial areas. Commissioner Stark suggested that a policy review of this land use issue would be timely as part of the Comprehensive Plan update.

Moved by Commissioner Stark, Resolution Approved as set forth in RES PH 17-164

**VOTE:            Yeas - 6            Nays - 0**

9. Resolution Consenting to the Issuance by the City of Mendota, Minnesota of a Capital Campaign Bridge Financing Note and by the Cities of Little Canada, Minnesota and Falcon Heights, Minnesota of Educational Facilities Revenue Refunding Notes on Behalf of Saint Paul Academy and Summit School, 1712 Randolph Avenue, District 15, Ward 3.

Ms. Guild stated this item is a public hearing and authorization to provide the consent to the three municipalities; Mendota, Little Canada and Falcon Heights, to issue bank qualified bonds for a project located in the City of Saint Paul. The project is an expansion of the Saint Paul Academy facilities located at 1712 Randolph Avenue. The three municipalities will issue debt that will refund HRA bonds that were issued in 2007 and finance a 38,000 square foot addition. Together the three municipalities will issue up to \$25 million in bank qualified bonds for the project. The HRA is not authorized to issue bank qualified debt because we issue more than \$10,000,000 in bonds annually. In many cases the Saint Paul Port Authority would be able to issue this type of debt but in this case they indicated that they expect to exceed the \$10,000,000 threshold this year. Since the project is located within the City of Saint Paul, the IRS requires that the HRA hold a public hearing and consent to the issuance of these bonds.

Moved by Commissioner Bostrom, Resolution Approved as set forth in RES PH 17-165

**VOTE:**        **Yeas - 6**        **Nays - 0**

**ADJOURNMENT**

HRA Board Meeting is Adjourned