



## Legislation Text

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**File #:** Min 12-42, **Version:** 1

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Approval of the November 28, 2012 HRA meeting minutes.

### ROLL CALL

Present: Commissioners Bostrom, Carter, Lantry, Stark, Tolbert

Excused: Commissioners Brendmoen, Thune

### CONSENT

1. Approval of the November 14, 2012 HRA meeting minutes.

Commissioner Lantry moved approval.

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

2. Resolution Approving and Authorizing the Execution of a Third Amendment to Development Agreement with Brighton Victoria Park, LLC and Compliance Agreement with Victoria Park Communities, LLC, District 9, Ward 2.

Commissioner Lantry moved approval. Approved as set forth in resolution RES 12-2139

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

3. Reservation of an additional \$22,651 of Year 2013 Low Income Housing Tax Credits for Rolling Hills Apartments, Citywide.

Commissioner Lantry moved approval. Approved as set forth in resolution RES 12-2133

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

### PUBLIC HEARING

4. Resolution Approving the Sale of Land and Conveyance of Parcel 425 Jessamine Avenue E. under the ISP/NSP Program, Payne-Phalen District 5, Ward 5

Ms. Cecile Bedor, Executive Director for the HRA, stated that the HRA purchased 425 Jessamine Avenue in February 2011 with NSP funds for \$106,920. This foreclosed two story, 1,745 square foot home with 5-bedrooms and 2-bathrooms was built in 2001. The property is being sold to Andrew and Samantha Summy based on the after-rehab appraisal and in consideration of NSP costs for \$137,000 with an owner-occupancy deed restriction. Total gap assistance is \$92,400; program income estimated at \$112,500.

Chair Bostrom announced the public hearing. There being no testimony Commissioner Carter moved to close the public hearing and adopt the resolution. Approved as set forth in resolution RES PH 12-350

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

5. Resolution Approving the Sale of Land and Conveyance of Parcel 309 Thomas Avenue under the ISP/NSP Program, Thomas-Dale District 7, Ward 1

Ms. Bedor stated that the HRA purchased 309 Thomas Avenue in December 2009, with NSP funds for

\$47,500. This foreclosed two-story, 1,260 square foot home with 3-bedrooms and 1-bathroom was built in 1915. The property is being sold to Michelle Jacobson based on the after-rehab appraisal and in consideration of NSP Costs for \$122,000 with an owner-occupancy deed restriction. Total gap assistance is \$116,900; program income is estimated at \$97,500 which is a correction from the number in the board report.

Chair Bostrom announced the public hearing. There being no testimony Commissioner Carter moved to close the public hearing and adopt the resolution. Approved as set forth in resolution RES PH 12-351

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

6. Resolution Approving and Authorizing the Execution of a Purchase Agreement with Victoria Park Communities, LLC for Sale of 7 Acres of HRA Owned Land in Victoria Park, District 9, Ward 2.

Ms. Bedor stated that this 7.62 acre property is part of the larger site formerly owned by Koch Refineries in the Victoria Park Urban Village. It's adjacent to the HRA-owned former Exxon property that we're currently cleaning up for future use as City parkland. Due to deed restrictions, only two of the 7+ acres can be developed with occupied buildings; the use of the remaining property is limited to surface parking, trails, and green space. The two acres that can be developed are adjacent to Otto Ave. The Property will be sold to the developer as-is for its currently appraised value of \$2.9 million, or its re-appraised value in December 2013, whichever is greater.

Staff is proposing to sell the property to Victoria Park Communities, LLC, a partnership comprised of Stonebridge Development and Chase Real Estate. They plan to build a \$30 million, 182-unit, market-rate, five-story apartment building with underground and surface parking. This project is Phase II of a two-phase project, and is expected to commence approximately two years after the Developer completes Phase I - the \$30 million, 215-unit, three-story, townhouse-style, market-rate apartment development on parcels they'll purchase from Brighton per the action you just took under the consent agenda. Neither development will receive any additional city/HRA subsidy.

Ms. Bedor explained that the Purchase Agreement has several terms that are noted in the board report including a requirement that the developer will work with the City of Saint Paul Parks and Recreation Department to identify exact locations of easements on the Property to be granted for park trails, and other amenities related to development of the future parkland on the former Exxon site. The Developer must complete Phase I before a closing on this parcel can take place. Closing on the sale of the Property is expected to happen in December 2014, and will generate \$436,000 in property taxes upon project completion.

Ms. Bedor noted that the resolution includes a waiver of the City's land disposition policy.

Ms. Bedor continued, stating the action is consistent with the draft Great River Passage plan, as well as the Council-adopted Victoria Park Master Plan.

Chair Bostrom announced the public hearing. Two people spoke in opposition.

Mr. Kent Petterson, 503 St Clair Ave, Saint Paul, MN 55102

Mr. John Yust, 256 Goodrich Ave, Saint Paul, MN 55102. Mr. Yust provided talking points for the record.

Commissioner Lantry moved to close the public hearing.

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

Commissioner Lantry stated that she respects the comments from the neighborhood, and would be concerned if the plan was for high density development, but the development is for two-acres of land

adjacent to 5-acres that nothing will be built on. Commissioner Lantry also stated that there is value to the City in adding this property to the tax base, and she is hopeful that taking this action doesn't preclude other access issues.

Chair Bostrom stated that he supports the project and noted that City staff will have a year to work out any issues.

Commissioner Lantry moved approval. Approved as set forth in resolution RES PH 12-348

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

7. Authorization to Acquire Vacated Property Owned by the City of Saint Paul in the Area of Clarence Street and Point Douglas Road, and Subsequently Convey same to James R. Johnsen due to Realignment of Roadways and the Construction of a Parking Lot for Obbs Sports Bar and Grill, Dayton's Bluff, District 4, Ward 7.

Ms. Bedor stated that the HRA is serving as the conduit for this transaction which was already approved by the City Council.

Chair Bostrom announced the public hearing. No testimony was heard.

Chair Bostrom stated that this has been an exciting project for a special and delightful establishment. This action will make it more convenient for the neighborhood as well as those coming from out of town. Commissioner Lantry stated that this is a great neighborhood business, and thanked Mr. Johnsen for his investment in the City.

No vote was taken. Adoption postponed until the December 12, 2012 HRA meeting.

8. Resolution Authorizing the Issuance of Revenue Bonds for the Ordway Center for the Performing Arts Project under Minnesota Statutes, Sections 469.152 through 469.1651 and Approving Related Documents, District 17, Ward 2

Ms. Bedor stated that the Ordway opened in 1985, and includes a 1,900 seat Music Theater, the 306 seat McKnight Theatre, and two large rehearsal halls. The Art's Partnership, which includes The Ordway, the Minnesota Opera, The Schubert Club, and the Saint Paul Chamber Orchestra, instituted a \$75 million Arts Campaign to address the long-standing challenges of producing at the Ordway Center. This project will finance the construction and equipping of an 1100 seat concert hall to replace the existing 306 seat McKnight Theater and a 15,000 square foot production wing. The project also includes the renovation and expansion of 21,000 square feet of office and back of house space.

The project will be paid for by proceeds from a capital campaign, STAR funds, new market tax credits, and state bonding. However, since some of the cultural star as well as capital campaign contributions will be received over time, conduit bonding is being requested as a bridge.

This is a conduit bond issue and as such doesn't create any legal, moral or any other type of obligation on the part of the HRA or City for repayment. In addition, Ms. Bedor stated that staff is seeking approval of the Ordway's request to waive our policy that requires unrated bonds to be issued in minimum denominations of \$100,000, asking permission for minimum denominations of \$25,000 upon receipt of a qualified investor letter from the initial purchasers. The Underwriter, Dougherty & Company, indicated the \$100,000 minimum denominations would result in higher interest rates on the bonds.

Commissioner Lantry stated that the project will be a great asset to the Ordway as well as Rice Park. Commissioner Tolbert asked if there would be an orchestra to perform at the Ordway.

Ms. Patricia Mitchell, President and CEO of Ordway stated that she has every confidence that there will be an orchestra before the Fall of 2014. She also noted that Saint Paul Chamber Orchestra will not be the only user of the concert hall. Commissioner Tolbert stated that the City wants a first class, high end music organization to perform at the Ordway, and he would like to see the Saint Paul Chamber Orchestra get back to the table to for discussions.

Commissioner Stark stated that he supports this project, but asked why staff seeking a waiver to the policy. Ms. Bedor stated that while the City and the HRA are not responsible for repayment of the bonds, our name is on the bonds which could lead an unsophisticated buyer to wrongly believe they can rely on the City/HRA for payment if necessary. The underwriters have advised Ordway that without this waiver, the interest rate, and thus the cost of the project, will go up. Ms. Bedor noted that the staff, in concert with Saint Paul's Director of Finance, are recommending the waiver provided an investor letter is received. Staff is confident that the Ordway and Dougherty are responsible owners and lenders on this project.

Chair Bostrom announced the public hearing. There being no testimony Commissioner Lantry moved to close the public hearing and adopt the resolution. Approved as set forth in resolution RES PH 12-349

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

## **DISCUSSION**

### **9. Resolution Approving Allocation Plan for \$2.5 Million of the Affordable Housing Trust Fund**

Ms. Bedor stated the HRA created the Affordable Housing Trust Fund (AHTF) in 2010, as part of the Carondelet Village project in anticipation that there would be excess TIF acquired over time starting in 2017. In 2011, the Mayor and Council/HRA approved the deposit of \$2.5 million in STAR funds into the AHTF. Since that time, the HRA Board has held work sessions to discuss the use and allocation of the AHTF.

During these sessions, and in subsequent conversations, you identified three areas of highest concern during those discussions: foreclosure prevention efforts and keeping people in their homes; preservation of existing affordable housing, including multi-family units; and new construction of affordable multi-family housing units.

Based on these discussed priorities, and in discussion with Mayor Coleman, the HRA Board, and key community partners, and impending federal deadlines for other programs, staff is proposing the following allocation of the currently available resources (\$2.5 million) in the AHTF: \$750,000 for Foreclosure Prevention efforts, including: \$200,000 for a new SHOP Foreclosure Buyback Program with SHOP principles Greater Metropolitan Housing Corporation (GHMC) and Dayton's Bluff NHS. Ms. Bedor noted that the HRA is now providing \$350,000 to SHOP for a loan loss reserve; \$150,000 to help preserve Senior Homeownership via small grants and loans to seniors for small, but critical improvements that will help them live independently in their homes; and \$400,000 to jumpstart an FHA Title I Home Improvement Loan Program which will help current homeowners, with mortgage amounts exceeding the value of their home, access loan dollars for home improvements.

The second and third components relate to affordable multi-family housing: \$750,000 for preservation, and \$500,000 for new construction. Staff is tracking of list of at least 15 projects that may need some level of assistance, so this funding is really important.

And finally, \$500,000 for a new partnership with the Twin City Community Land Bank to get some of the NSP vacant lots developed as required under the NSP rules. This program will work with CDCs and

private sector developers, and leverage Living Cities construction financing.

Ms. Bedor acknowledged the assistance provided by the Al Carlson and his team, HRA Board, Deputy Mayor Paul Williams, Carolyn Olson with GMHC, Jim Erchal with Dayton's Bluff NHS, and Judy Jandro with the Land Bank for all the back-and-forth conversations, and creative problem solving to get to this proposal.

Commissioner Carter stated that this bold action has been over a year in the making, and thanked the Board, Commissioner Stark, and Ms. Bedor/GHMC/Dayton's Bluff being creative. Commissioner Stark stated that he appreciates all the work that has gone into figuring out how to balance all the priorities that Commissioners have had and set. This action does a nice job of putting resources where they are most needed. Commissioner Lantry stated that this is a great compromise, and asked for regular staff reports evaluating progress, and recommending adjustments as appropriate. Chair Bostrom suggested quarterly progress report to the board via e-mail; Ms. Bedor agreed to provide these reports.

Commissioner Stark moved approval. Approved as set forth in resolution RES 12-2129

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

10. Resolution Approving Big Picture Project and Endorsing Its Recommendations

Ms. Bedor stated that HRA Commissioner Russ Stark and Deputy Mayor Paul Williams, and PED staff members Al Carlson, and Diane Nordquist have been working with a large cross-section of partners and stakeholders on the Big Picture Project which is an effort to create goals around the preservation and production of affordable housing opportunities along the Green Line Light Rail Corridor.

Staff is confident that the \$1 billion Green Line investment will attract private investment along the corridor. With that great new investment, also comes the likelihood that land costs will increase, making housing affordability even more of a challenge than it is today. Lead by Gretchen Nicholls of LISC, the Local Initiatives Support Corporation, stakeholders in this conversation have developed a final report with specific recommendations related to 1) investment in the production and preservation of long-term affordable housing; 2) neighborhood stabilization and investment in activities that help low-income people stay in their homes; and 3) strengthening families through coordinated investments.

Ms. Bedor continued to state that it is clear that the goals in the report cannot be realized without the concerted effort of many public and private partners. To that end, the Corridors of Opportunity policy board recently endorsed the January 2012 Big Picture Project report.

The overarching goal is to help insure we have a vibrant mixed-income community along the corridor that improves quality of life and economic opportunity for area residents, and ensures the provision of housing to affordable to existing new and residents along the light rail line.

Commissioner Stark stated that several partners have come together over the past year to discuss the priorities, needs, and issues concerning the Corridor. This is a good example of the City/HRA coming together with our partners to figure out how to maintain quality of life and affordability for long term.

Commissioner Stark moved approval. Approved as set forth in resolution RES 12-2136

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

**ADJOURNMENT**

Commissioner Lantry moved adjournment. The HRA meeting was adjourned.