



Legislation Text

File #: Min 12-39, **Version:** 1

Approval of the October 24, 2012 HRA meeting minutes.

ROLL CALL

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

CONSENT

1. Approval of the October 10, 2012 HRA meeting minutes.

Commissioner Carter moved approval.

VOTE: Yeas - 7 Nays - 0

2. Resolution Authorizing Acceptance of a Grant from the Minnesota Housing Finance Agency for the Mortgage Foreclosure Prevention Program, Citywide.

Commissioner Carter moved approval. Approved as set forth in Resolution RES 12-1956

VOTE: Yeas - 7 Nays - 0

PUBLIC HEARING

3. Resolution Approving (i) The Establishment of the West Side Flats Tax Increment Financing District and the Adoption of a Tax Increment Financing Plan; (ii) A Development Agreement and TBRA, LCDA and DEED Subgrants with West Side Flats Apartments LLC; (iii) Acceptance of Land from the City of Saint Paul and Conveyance of Land to West Side Flats Urban Development LLC; (iv) Agreement with West Side Flats Urban Development LLC Regarding Land Note and Loan Agreement; (v) \$198,906 HRA Loan to West Side Flats Urban Development LLC; (vi) Phase II Development Agreement with West Side Flats Redevelopment LLC; and (viii) Related Budget Amendment and (ix) Parcel 4 Agreement with Sherman Associates, Ward 2, District 3.

Ms. Cecile Bedor, Executive Director for the HRA, stated that in June of 2011, the HRA Board awarded this project \$1 million in HOME funds; and that in June of 2012, the HRA Board awarded an additional \$1.5 million in HOME funds. At that time, the Board was informed that staff would be back again for final approvals, including TIF-related approvals.

Ms. Bedor provided the following project summary: Phase I of the West Side Flats project is a 178-unit apartment building with 6,185 square feet of commercial space. Twenty percent of the units (36) will be affordable to households with incomes at or below 50% of area median income; 142 units will be market rate. 131 parking spaces for the residents will be located underneath the building. There will be a 65-space surface parking lot located at the northwest section of the site that will serve commercial tenants. The building will have five stories along Fillmore, dropping to four stories closer to the Mississippi River. The Developer will be responsible for the construction of the new Harriet Island Boulevard, West Side Flats Drive, and related improvements. This \$35.4 million project includes a \$23.2 million HUD insured mortgage.

Ms. Bedor acknowledged and thanked staff who have spent an extraordinary amount of time on this project. Marie Franchett, Principle Project Manager, Al Carlson, Housing Director, and City Attorney Pete McCall. She also thanked Public Works Director, Rich Lallier and his staff, particularly Mike Klassen.

Commissioner Stark stated that he had gone back to the previous approval of the establishment of the TIF district, and it seemed that the project was at that time an all affordable project. Ms. Bedor stated that she would check the documents and the formal record of previous HRA Board meetings, but noted that the project was never brought to the HRA Board as a 100% affordable project. Any documents stating it was were in error.

Commissioner Stark asked how this project compares to other projects in terms of the per unit subsidy for the affordable units. Mr. Al Carlson stated that the development cost per unit on the Hamline Station project is \$246,000; that project is 100% affordable and 100% financed by various government funds. Mr. Carlson went on to state that every project is unique, and are all structured differently; for example, many projects are funded with tax credits, but some are not. There is not a particular standard as far as the maximum amount of local dollars that go into a project; leverage varies, for example, as there are certain projects that would not qualify for financing from Minnesota Housing Finance Agency, such as senior housing. If there is any subsidy for senior housing, it generally has to come from a local funding source.

Ms. Bedor stated that staff will complete an analysis on how much subsidy per unit has been assigned in the recent past.

Commissioner Tolbert asked what the total amount of government dollars would be for this project. Ms. Bedor referred to the Board the Sources and Uses attachment to the board report and stated that the government funds are approximately \$10 million; private dollars are approximately \$25 million.

Commissioner Tolbert asked what costs the TIF funds will cover. Mr. Carlson stated that pursuant to the HRA-approved plan, TIF funds will be used towards acquisition of the property, and construction of the affordable units.

Commissioner Stark asked how the TIF would be allocated between acquisition and the affordability. Ms. Marie Franchett stated that the TIF financing plan is \$3.2 million for the affordable housing, and \$600,000 for land acquisition.

Commissioner Stark stated that \$3.2 million is allocated for affordability; and adding that to the \$2.5 million in HOME funds for affordability is approximately \$150,000 per unit subsidy. Commissioner Stark continued to state that the City investment in Hamline Station is proposed to be considerably less than \$150,000 per unit, and by that measure this proposal is an extraordinary amount of City dollars per unit for affordability.

Mr. Carlson noted that technically the West Side Flats project could qualify for low income housing tax credits if it was financed differently. Because only 20% of the units are affordable, it would not be an attractive investment for a tax credit syndicator.

Ms. Bedor noted that low income housing tax credits generally generate about 30-40% of funding needed for a project.

Chair Thune announced the public hearing. There being no testimony Commissioner Bostrom moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 12-312.

VOTE: **Yeas - 6** **Nays - 1 (Stark)**

ADJOURNMENT

Commissioner Bostrom moved adjournment. The HRA meeting was adjourned.