



Legislation Text

File #: Min 14-15, **Version:** 1

Approval of the April 9, 2014 HRA Meeting Minutes.

ROLL CALL

Present: Commissioner Brendmoen, Lantry, Stark, Thao, Thune

*Absent: Commissioner Bostrom and Tolbert

CONSENT

1. Approval of the March 26, 2014 HRA Meeting Minutes.

Commissioner Lantry moved approval. The HRA meeting minutes were approved.

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

2. Authorization To Accept the Minnesota Housing Finance Agency Purchase Discount Community Fix-Up Targeted Home Improvement Pilot Grant Funds (THIP)

Commissioner Lantry moved approval. Approved as set forth in RES 14-631.

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

DISCUSSION

**Commissioner Bostrom and Tolbert arrived.*

3. Resolution Approving \$600,000 in HOME Financing for the Maryland Park Apartments Project and Authorizing the Execution of Loan Documents, Greater East Side, District 2, Ward 6.

Ms. Cecile Bedor, HRA Executive Director, noted that this and the next item on the agenda are both related to Maryland Park, and thus would give one staff report for both items. She stated Maryland Park Apartments is an existing 172 unit affordable rental housing project at 1619 Maryland Avenue. It was built in 1969 and has 143 project-based Section 8 rental units. The scope of work being proposed by Dominion, which has executed a purchase agreement on the property, includes replacement of all mechanical systems, fixtures and appliances, renovation of all common areas, installation of new camera security systems, a parking entrance gate system, and other exterior improvements; 24 hour on-site management will also be instituted. Ms. Bedor noted that the project-based Section 8 subsidy is a very important resource to preserve as it allows the property to serve people with incomes at or below 30% AMI. The remaining 29 units will serve people at or below 60% of AMI. The total development cost is almost \$19 million. They are seeking, and staff is recommending, \$600,000 in HOME funds which is roughly 3% of the total development cost. The HOME loan will be deferred for 32 years and will accrue interest at 1% per year. Dominion is also seeking the issuance of up to \$11 million in conduit housing revenue bonds, which will be used for the construction financing. Ms. Bedor detailed the developer's, Dominion's, extensive experience in developing, owning, and operating affordable housing.

Commissioner Bostrom asked Dominion to give an overview of their plan for this project. Mr. Ryan Lunderby, Developer with Dominion, gave an overview of the physical, and management, improvements to be made.

Commissioner Bostrom said this property has been a very troubling complex for several years and noted his pleasure regarding the changes Dominion plans to bring to the project.

Commissioner Thao asked if Dominion plans to offer after school programs. Mr. Lunderby stated that they would be open to partnering with agencies to provide such programs, but that Dominion will not do so.

Commissioner Bostrom moved approval. Approved as set forth in RES 14-627.

VOTE: **Yeas - 7** **Nays - 0**

4. Resolution Authorizing the Issuance, Sale and Delivery of Conduit Multifamily Housing Revenue Bonds (Maryland Park Apartments Project), Series 2014; Adopting a Housing Program Pursuant to Minnesota Statutes Chapter 462C; and Approving the Form and Authorizing the Execution and Delivery of the Bonds and Related Documents, District 2, Ward 6.

Commissioner Bostrom moved approval. Approved as set forth in RES 14-628.

VOTE: **Yeas - 7** **Nays - 0**

5. Resolution Approving and Authorizing Action to Implement the Expenditure of \$813,381.15 to Rehabilitate 688 Fourth Street, 694-696 Fourth Street, and 698 Fourth Street, District 4, Ward 7.

The Fourth Street Preservation Project is a two-phase project. The first phase, which includes five units in four buildings, is on the north side of Fourth Street. Ms. Bedor noted that Phase I is complete and all units have sold. Phase II of the project includes the three buildings in this report. They are on the south side of Fourth Street and include four units in three buildings: two single family homes and one duplex. The proposed general contractor is Anderson Pro Builder. The buildings will comply with all Inspiring Communities requirements as well as the Green Communities. Owner occupancy deed restrictions will also be in place. Construction is expected to take about six months, and with the completion of these buildings, this block of Fourth Street will be completely transformed. Ms. Bedor stated the HRA is seeking \$813,381.15 for construction financing and final value gap for these buildings. Approximately \$549,240 is expected to return to the HRA in sales proceeds.

Commissioner Lantry stated her appreciation to PED staff for their hard work on this project.

Commissioner Lantry moved approval. Approved as set forth in RES 14-630.

VOTE: **Yeas - 7** **Nays - 0**

RECESS TO HRA WORK SESSION

(The HRA Board moved to the City Hall Hearing Room (Room 330) and reconvened for agenda item number 6.)

6. HRA Board Work Session Related to Low Income Housing Tax Credit Scoring/Criteria Discussion.

Mr. Joe Collins and Mr. Al Carlson gave a presentation on Low Income Tax Credits with a discussion held amongst the HRA Board of Commissioners.

Chair Brendmoen noted that the goal of this discussion was the clarification of the Board's housing priorities in order to develop a selection criteria for the allocation of 2015 Credits to an affordable housing project.

The HRA Board reviewed the existing Low Income Housing Tax Credit Program, including a brief

review of federal regulations, state regulations, and local underwriting criteria. The HRA Board discussed numerous issues, including but not limited to the following:

1. Who does the HRA Board want to serve?
2. What kind of affordable housing supports the HRA Board priorities?
3. Where should affordable housing should be located in order to support HRA Board priorities?
4. Should selection priority points be awarded to substantial rehabilitation/preservation projects or new production projects;
5. Should selection priority points be awarded to affordable housing located in Qualified Census Tracts (neighborhood with high; concentrations of poverty) to provide housing stability; or
6. Should selection priorities be awarded to affordable housing located outside a Qualified Census Tract that promote locational choice.

Commissioner Stark referenced the recent Ramsey County presentation of economic opportunities and identified the potential issue of awarding points to projects in areas of concentrated poverty. Commissioner Stark also noted that selection criteria could recognize geographic factors. The Board discussed the selection criteria for projects located in a Qualified Census Tract and the selection criteria for projects located outside a Qualified Census Tract.

Three Commissioners recommended that the QAP for 2015 be essentially a three year plan to ensure consistency of message to developers as to priorities.

The issue of whether to select preservation projects or new production projects was discussed. Commissioner Thune and Commissioner Bostrom noted a preference for preservation projects. Commissioner Bostrom also recognized that preservation projects can address long-term neighborhood concerns. Commissioner Thune also stated a preference to consider senior housing.

The Board recognized that the need for affordable housing remains constant. All households, including families, individuals, veterans, and homeless youth, have a need for affordable housing.

The HRA Board considered the issues of project readiness. Commissioner Thune stated a preference for projects that are “ready to go.” The HRA Board also discussed the working partnership with Minnesota Housing Finance Agency. It was noted that MHFA is a major affordable housing funding partner, so, to a certain extent, it is beneficial to have aligned priorities.

Commissioner Thao expressed a concern that developing affordable housing also be considered as an opportunity for job development. Commissioner Thao noted too the value of flexibility when developing the annual selection criteria.

Chair Brendmoen summarized the discussion of the Board, including the need to consider these issues again.

Based upon the Board’s discussion, the HRA staff will draft Priority Selection Criteria for the 2015 Credit Allocation for HRA Board consideration at the next HRA Board meeting.

ADJOURNMENT

Commissioner Lantry moved adjournment. The HRA meeting was adjourned.