



Legislation Text

File #: Min 17-26, **Version:** 1

Approving the June 28, 2017 HRA Board Meeting Minutes **ROLL CALL**

Present 7 - Commissioners Bostrom, Noecker, Prince, Stark, Thao, Tolbert and Chair Brendmoen

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 June 14, 2017 HRA Board Meeting Minutes
Adopted as set forth in Min 17-23
2. Resolution Authorizing the Issuance of Conduit Lease Revenue Bonds for the Great River School Project, 1326 and 1336 Energy Park Drive, under Minnesota Statutes, Sections 469.152 through 469.1655 and Approving Related Documents, District 10, Ward 4.
Adopted as set forth in RES 17-986

Moved by Commissioner Tolbert, Consent Agenda is Adopted

VOTE: Yeas - 7 Nays - 0

FOR DISCUSSION

3. Resolution Authorizing the Issuance of Conduit Multifamily Housing Revenue Bonds (Union Flats Apartments Project); Approving Related Documents; Waiving the Policy on Developer's Fees; and Adopting a Housing Program, 787 Hampden Avenue, District 12, Ward 4

Kristin Guild, Acting HRA Executive Director, stated this item is a request for final approval to issue up to \$32 million in conduit tax exempt housing revenue bonds and up to \$2.5 million in taxable housing revenue bonds for the development of Union Flats at 787 Hampden Avenue. The developer, Dominion, proposes to construct a new affordable rental building with 217 units of housing. All of these units will be restricted to households earning 60% or less of area median income and 46 of these units, or 21% of the total, will be three bedrooms with the remainder being two and one bedroom units.

These tax exempt housing revenue bonds will provide access to 4% low income housing tax credits, which are an important source of revenue for this project, representing \$22.6 million of the \$67.6 million total development costs. No City or HRA financing is requested for this project.

To maximize the tax credit equity to the project the developer has requested a higher deferred developer fee than the City's fee policy would typically allow. A deferred developer fee adds to the project basis costs that are used to calculate the tax credits. Given this, staff recommends a waiver of the developer of the developer fee policy in this case and has negotiated an additional five years of affordability for the project for all of the 217 units, meaning that they will be affordable for at least 20 years.

Staff also proposes to include in the development agreement a prohibition on raising rents on tenants' mid-lease. Please note that these are conduit bonds and that there is no obligation on behalf of either City or the HRA to repay them.

Commissioner Tolbert asked the dollar amount of additional the developer fee that would be permitted by the waiver. Amy Geisler, Housing Project Manager, explained that the additional amount being waived is approximately \$834,000; that is out of compliance of the policy. The HRA developer fee policy allows for up to 15% of project costs for the first 50 units and up to 8% of costs for additional units. This waiver would allow them to charge a deferred developer fee of 15% of the full project cost.

Commissioner Stark shared that the increased developer fee increases the tax credit equity in the project and that 15% is the standard the MN Housing uses.

Moved by Commissioner Stark, Resolution Approved as set forth in RES 17-1018

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

PUBLIC HEARINGS

4. Resolution Approving and Authorizing Execution of the Development Agreement with Rathskeller Renaissance, LLC for the Schmidt Rathskeller Building Project, and Termination of Existing Agreement with West 7th/Fort Road Federation, Inc.; District 9, Ward 2

Ms. Guild stated this item is a land sale public hearing and a request to authorize TIF support to a new development entity for the redevelopment of the Schmidt Brewery Rathskeller building on West 7th. The Rathskeller building was acquired for redevelopment by the Fort Road Federation in 2011 with HRA financial support. The Federation conveyed ownership of the property to the HRA in 2015 to reduce their holding costs but they remained involved in the predevelopment work under a license agreement with the HRA during that time.

After years of work stabilizing the building and efforts to raise approximately \$5 million needed for restoration, the Federation has ultimately identified a new developer to take on the project, Rathskeller Renaissance, LLC. The managing partner of Rathskeller Renaissance is Craig Cohen, who has renovated three buildings in the area of West 7th and is currently redeveloping the historic Schmidt Keg House. Subject to this public hearing for a property sale, staff recommends that the HRA sell the Rathskeller property to Rathskeller Renaissance for \$1.00.

The HRA also currently has a TIF development agreement with the Federation that was authorized by the Board in December 2015 for up to \$1.4 million, HRA staff recommends that this TIF agreement with the Federation be terminated and we further recommend that the HRA authorize a Pay-Go TIF Note of a lesser dollar amount, \$1,290,260, with Rathskeller Renaissance, LLC based on the project gap shown in the development performa.

Owen Metz, Dominion Project Partner, shared his background with the Schmidt brewery complex and excitement about this project.

Craig Cohen expressed his appreciation and excitement, spoke about the current space and its future plans and thanked the Commissioners, PED, Ross Currier, and Commissioner Noecker.

Commissioner Noecker expressed her hearty support and thanked Craig for his dedication on this project.

Moved by Commissioner Noecker, Resolution Approved as set forth in RES PH 17-181

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

5. Resolution Authorizing the Following: Authorization to Acquire 2 Tax Forfeited Properties at 1695 Bush Avenue in Ward 7, Greater East Side District 2 and 1333 Margaret Street in Ward 7, Dayton's Bluff District 4 and to Convey Same to Dayton's Bluff Neighborhood Housing Services. 2. Authorization to Acquire 3 Tax Forfeited Properties at 806 Thomas Avenue and 521 Edmund Avenue, Both in Ward 1, Thomas Dale District 7 and 1404 Barclay Street in Ward 6, Greater East Side District 2 and Authorization to Convey Same to Twin Cities Habitat for Humanity, Inc.

Ms. Guild stated this is a land sale public hearing for pass-through sale of these five tax forfeit properties to Dayton's Bluff Neighborhood Housing Services and Habitat for Humanity for redevelopment as affordable housing.

In November 2016, Ramsey County provided PED staff with their annual list of tax forfeit properties that the City has an option to purchase for redevelopment prior to the county offering them up through public auction. City staff and community partners identify properties of interest on the list and then typically put a six month hold on them to conduct due diligence, in this case we put twenty-eight properties on hold and now we are recommending proceeding with the pass-through sale of these properties.

Under the Ramsey County Tax Forfeit Policy, properties can be sold specifically for affordable housing at a discount, 25% of their market value plus the counties holding costs, so for these properties the purchase prices range from \$2,000 - \$4,000 which will be paid by the developer. All five are vacant lots with new construction homes purposed by Daytons Bluff and Habitat.

Chair Brendmoen shared her concern that once again there are no properties retained for the North End and believes it is because there is not an active CDC in that neighborhood and stressed the need for extra staff effort in this often overlooked area to be retaining some of these tax forfeited properties for new builds in the North End. Ms. Guild shared her discussion regarding this with Patty Lilledahl, PED Housing Director, and the decision to be more pro-active in sharing the mapping of those properties layered with the properties already owned by the HRA to more easily identify opportunities for redevelopment. PED will also be exploring sharing the list with for-profit community developers, who develop affordable housing, under the rules of Ramsey County.

Commissioner Prince requested that we work with the County to request they consider prioritizing home ownership in neighborhoods where that is desirable. Also that PED and the Council keep track of the County's full existing property inventory along with the newly added tax forfeit property list which PED receives annually.

Moved by Commissioner Prince, Resolution Approved as set forth in RES PH 17-177

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

ADJOURNMENT

HRA Board Meeting is Adjourned