



Legislation Text

File #: Min 19-41, **Version:** 1

Approving the August 28, 2019 HRA Board meeting minutes **ROLL CALL**

Present 6 - Commissioners Brendmoen, Busuri, Jalali Nelson, Noecker, Thao and Chair Tolbert

Absent 1 - Commissioner Prince

CONSENT AGENDA

1. Approving the July 24, 2019 HRA Board meeting minutes
Adopted as set forth in MIN 19-32

Moved by Commissioner Noecker, Consent Agenda Adopted

Vote: Yeas - 6 Nays - 0

FOR DISCUSSION

Commissioner Prince Arrived

2. Resolution appointing Kristin Guild Interim Executive Director of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

Moved by Commissioner Prince, Resolution Adopted and set forth in RES 19-1430

VOTE: Yeas - 7 Nays - 0

3. Resolution amending the Redevelopment Plan for the Riverfront Redevelopment Project Area; approving the adoption of an Amendment to the Tax Increment Financing Plan for the Riverfront Renaissance Redevelopment Tax Increment Financing District; approving record of Restated and Combined Inter Department Loans and execution of related documents; and approving an HRA budget amendment; Districts 3 and 17, Ward 2

Kristin Guild, Interim Executive Director, shared that PED staff has been working with Public Works for a number of years to define a strategy for increasing the sanitary sewer capacity in the West Side Flats area to allow for additional development. An upgrade to a sanitary sewer lift station is necessary to add capacity, at an estimated cost of \$2.5 million.

In December of 2017, the HRA Board approved the transfer of just under \$2.3 million in TIF funds from the HRA to Public Works for this upgrade, and at the time we believed that the loans would be repaid from assessments on the benefitting properties, but as we dug a little bit deeper we realized that the assessment strategy was going to be really challenging to implement in a fair manner for multiple property owners with development occurring over a number of years.

We now recommend repayment of the loan through establishing a Special Sanitary Sewer Availability Connection Charge district. The fees would be charged for developments within that district based on the increased Sewer Availability Charge demand of each project. The City Council acted on August 21

st to establish that Special Sewer district for the area and a budget for the lift station upgrade.

The HRA side of this are a few actions that would allow us to utilize area TIF revenues for the infrastructure investment:

- An amendment to the Riverfront Renaissance TIF plan and redevelopment plan to align the TIF district with the lift station service area.
- An approval of the transfer of TIF funds from the HRA to Public Works in the amount of \$2,485,909. The majority would be an inter-departmental loan and \$318,000 would be a grant for the portion of the project that would benefit HRA property.
- Authorization to execute a restated and combined loan and grant agreement and a related budget amendment.

Chair Tolbert asked if this is what was were before the Council last week. Ms. Guild stated that these are a related set of actions.

Commissioner Brendmoen asked whether the lift station and water management is similar to what we have at Midway at Allianz Field, and whether this change of plans have any impact on how we were planning to pay for the infrastructure there.

Ms. Guild stated that Allianz Field is stormwater infrastructure, which is another investment that we're looking at needing to make with major redevelopment sites. In the case of Allianz Field and Snelling-Midway there's shared stacked green infrastructure that is for stormwater treatment and connection into the system. There's also a new district concept for how we pay for those. This action is little bit different because it is a sanitary sewer need.

Moved by Commissioner Noecker, Resolution Adopted and set forth in RES 19-1442

VOTE: Yeas - 7 Nays - 0

4. Resolution authorizing execution of First Amendment to Indenture of Trust for the Wellington Project, 2235 West Rockwood Avenue; District 15, Ward 3

Ms. Guild stated that in September of 2012, the HRA issued \$5.695 million dollars in Multi-Family Housing Revenue Refunding Bonds for The Wellington, a senior affordable housing development with 110 units. The development was originally financed in 1984. The 2012 refunding bonds were purchased by Wells Fargo Bank under the terms of an Indenture of Trust. That Indenture requires a mandatory purchase of the Bonds on September 1st of this year, and the Borrower has requested, and the Lender has agreed to an amendment to the Indenture of Trust that would extend the mandatory purchase date out to September 1st of 2026, seven additional years. As the issuer, the HRA must consent to this amendment of the indenture.

Moved by Commissioner Jalali Nelson, Resolution Adopted and set forth in RES 19-1449

VOTE: Yeas - 7 Nays - 0

PUBLIC HEARINGS

5. Resolution approving and authorizing the sale and conveyance of 716 Desoto Street and 686 Burr Street under the Inspiring Communities program, waiver of the 45-day written notice in the HRA Disposition Policy, authorization to enter into a development agreement, and authorization of expenditures for redevelopment. District 5, Ward 5

Ms. Guild stated that the HRA is proposing to sell two single-family vacant properties to Dayton's Bluff Neighborhood Housing Services for redevelopment as affordable ownership housing. The properties at

716 DeSoto and 686 Burr have been in our inventory since 1984 and 1981, respectively.

Over the last three decades the HRA has invested some Federal CDBG dollars in these properties, and this means that several requirements apply to their redevelopment. Not only must the properties ultimately benefit low- or moderate-income residents, but any new housing construction involving CDBG funds must be conducted by a Community Based Development Organization, CBDO. Very few Saint Paul organizations meet the HUD requirements for a CBDO, which include restricted geographic service area and board membership requirements. Dayton's Bluff is the only qualified CBDO that serves the area where these properties are located, and because DBNHS is the only CBDO that could develop these properties in compliance with HUD, staff is requesting a waiver of the typical 45-day notice period defined in the HRA disposition policy.

DBNHS proposes to purchase the properties for a combined total of \$24,800, and has requested a total of \$324,920 in development gap financing through the Inspiring Communities program. They would be constructing one home on each lot for sale to a family earning 80% or lower Area Median Income.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES PH 19-292
VOTE: Yeas - 7 Nays - 0

6. Resolution approving and authorizing the sale and conveyance of 1883 Nevada Avenue East to Greater Frogtown Community Development Corporation, waiver of the 45-day written notice in the HRA Disposition Policy, authorization to enter into an agreement and authorization of expenditures for redevelopment. District 2, Ward 6

Ms. Guild stated that in January of this year staff asked several nonprofit housing development partners in Saint Paul to identify properties that were available on the open market that would be good candidates for acquisition using available Federal CDBG dollars as we were nearing a spending deadline for those funds. Greater Frogtown CDC identified a number of vacant single-family homes for acquisition, two of which were ultimately acquired in March of this year, with the understanding that the City would handle the acquisition for subsequent conveyance to Greater Frogtown for rehabilitation and sale to income-eligible property owners. The properties were 1295 Galtier and 1883 Nevada Avenue East. The Galtier property was approved for sale on July 10th, and today staff are requesting approval to sell 1883 Nevada Avenue East to Greater Frogtown.

The HRA acquired the property from a private estate for a purchase price of \$160,000. The proposed action is to sell the property to Greater Frogtown with a seller's note for that purchase price, plus an additional amount of up to \$15,000 for gap assistance.

Greater Frogtown has secured construction finance for the rehab work from a bank, and they also plan to utilize \$10,000 of Minnesota Housing grant dollars for the project. The HRA will provide a homebuyer down payment assistance forgivable loan of \$5,000 to the end buyer, consistent with Inspiring Communities program guidelines, and the end buyer will be a family earning 80% AMI or less. As this was a partnership acquisition with Greater Frogtown from the outset, staff is requesting a waiver from the 45-day notice period defined by the HRA disposition policy.

Commissioner Busuri asked about the total development cost, listed as \$400,000, and whether the resale cost is also going to be \$400,000.

Ms. Guild clarified that the sale price will be determined as an amount affordable to a family earning 80% Area Median Income, expected somewhere between \$195,000 and \$230,000. The gap between the total development costs and the sale price is the reason a subsidy is required, from the HRA and

MN Housing. The HRA subsidy to this redevelopment is under the threshold of \$175,000 subsidy that the HRA Board has established for the Inspiring Communities program.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES PH 19-296

VOTE: Yeas - 7 Nays - 0

STAFF REPORT

7. Housing Trust Fund Quarterly update

Kayla Schuchman, PED Housing Director, presented the commissioners with the Housing Trust Fund quarterly update.

Received and Filed as SR 19-84

ADJOURNMENT

Moved by Chair Tolbert, the HRA Board Meeting is Adjourned

VOTE: Yeas - 7 Nays - 0