

**ST. CLOUD HRA BOARD OF COMMISSIONERS
Wednesday, February 25, 2009 Agendas**

Meeting Location: City Hall, 400 2nd Street South, St. Cloud

5:00 P.M. STUDY SESSION - Conference Room 1, City Hall

1. Closed Session to Discuss 6 Month Routine Performance Evaluation of Executive Director (45 minutes)
2. Discussion of Al Loehr Apartments (45 minutes)
3. Discussion of Meadows Edge (25 minutes)

**REGULAR MEETING
Wednesday, February 25, 2009, 7:00 P.M.
City Council Chambers**

Purpose:

To strengthen St. Cloud through housing, economic development, job creation, neighborhood revitalization, and community development.

1. Roll Call and Pledge of Allegiance.

Consent Agenda:

2. Approval of Agenda. REQUESTED ACTION: Approve.
3. Approval of Minutes of Study Session, January 28, 2009. REQUESTED ACTION: Approve.
4. Approval of Minutes of Annual Meeting, January 28, 2009. REQUESTED ACTION: Approve.
5. Approval of Minutes of Regular Meeting, January 28, 2009. REQUESTED ACTION: Approve.
6. Approval of Contract for Public Housing New Appliances. REQUESTED ACTION: Approve.
7. Approval of Contract for New Boiler in Wilson Apartments.
REQUESTED ACTION: Approve.
8. Approval of Change to Personnel Policy Number 06.04. REQUESTED ACTION: Approve.

Open Forum: At this time members of the public may address the Board with questions, concerns, or comments (regarding an item NOT on the agenda). Citizens are asked to sign up to speak prior to the Open Forum portion of the meeting. Speakers will be limited to the first five citizens who sign up. The Board members will not ask questions of the speakers, but rather refer the matter to the Administration with a request for a follow-up report. A citizen may speak at the Open Forum only twice during the year. Open Forum is limited to a total of 10 minutes. TIME LIMIT IS 2 MINUTES PER PERSON.

Old Business:

- 9. Approval of Change in Lot and Sales Prices to Lumber One for Meadows Edge Townhomes (tabled from January 28, 2009 meeting).
- 10. Discussion of Park Industries Development Agreement.

New Business:

- 11. Proposed Southside University Neighborhood Rental Conversion Program.
- 12. A. Review Draft Community Development Block Grant Program (CDBG) Budget for FY'09.
B. Set the Public Hearing for March 25, 2009 at 7:00 p.m. to Hear Public Comment on the Proposed FY'09 CDBG Program Budget.
- 13. Executive Director's Report.

Open Discussion:

Future Items:

Adjourn.

2009 HRA Board Meeting Schedule

March 25 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
April 22 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
May 27 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
June 24 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
July 22 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
August 26 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
September 23 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
October 28 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
November 18 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
December 16 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers

Deleted: ¶

ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY

Formatted: Font: Times New Roman

STUDY SESSION

Wednesday, January 28, 2009

Deleted: ¶

Chair Nancy Gohman called the study session to order at 5:03 p.m. Roll call was taken and all Commissioners were present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth were present. Guests included Catholic Charities staff, Steve Bresnahan, Rick Podvin and Harvey Schmitt. HRA staff present was Bruce Thielman, Karen Rizer, Louise Reis, Cliff Knettel, Les Henson and Sandy Hunter.

Deleted: City Hall Conference Room
One
400 2nd Street South, St. Cloud, MN
¶

1. Review of the Al Loehr Apartments.

Bruce Thielman, Executive Director, gave a short background of the relationship between Catholic Charities, the HRA and the Al Loehr Community and Studio Apartments. He said the first meeting of this group was held approximately one year ago to discuss the management of the building. Mr. Thielman said at that time lease-up appeared to be an issue. He handed out copies of a memo received earlier in the day from Catholic Charities and asked Mr. Bresnahan to go over it with the Board.

Mr. Bresnahan stated what a remarkable project the Al Loehr is and how it has positively affected the resident's who live there; their lives, as well as, many of their families. He said this select group of residents do not fit any of Catholic Charities other facility admittance guidelines and would be lost without the Al Loehr.

Mr. Podvin agreed there had been an issue in the first year of renting up the apartments, but at this time they are near full-capacity. He said as Tenant Services Coordinator his role is partnering with other services who have played a major role in helping the building reach its capacity level. Mr. Podvin stated there is not a budget for on-site resources, so reaching out to these services for help has had a great impact on what they have been able to achieve in managing the building. He said at this time they have 58 tenants; 32 veterans and 26 non-veterans; 46 men and 12 women. Mr. Podvin said Catholic Charities respects the relationship they have with the HRA, but feels real lives are being impacted greatly by the services provided by Catholic Charities for the Al Loehr tenants in a way that HRA staff could not provide.

Mr. Schmitt reviewed with the Board the numbers of an unaudited year end statement for the building. He stated on page 2 of the report, Account #96930 Special Service Expense, the amount of \$6,455.96 is to be reimbursed to the HRA for encountered staff time. Mr. Schmitt said this can be paid as soon as Minnesota Housing Finance Agency approves the building at full occupancy. He said there is an operating cost reserve of \$207,065 and a replacement cost reserve of \$75,543 that receive monthly deposits. Mr. Schmitt said MHFA controls the reserves and whatever is not spent stays with the project.

Mr. Schmitt said the vacancy goal for next year is 5% but they are hoping to get it closer to 2.5%. Commissioner Jaye asked Catholic Charities members what they attributed to the quick lease-up and what they felt they could offer in management of the Al Loehr that HRA staff could not offer. She said it was her understanding from the general public that the biggest barrier to renting up was the alcohol free environment. Mr. Podvin responded the lease-up came after what he felt was a trial period of people

learning of the facility and what it had to offer. He said it seemed that tenants were the best allies for spreading the word of living in a drug free environment. Mr. Podvin stated his relationship with other service providers and his experience in the human services field is a positive to management of the facility. Mr. Bresnahan added how Mr. Podvin's 19 years of experience working with this population gives him an edge, of not only knowing how to understand them, but how to get them to stick to the rules. Mr. Podvin also said the sober housing rules set for the building are mandated by the Federal government that the HRA could not enforce. He said this is a vulnerable at-risk population that needs to be constantly monitored. Commissioner Jaye asked why Catholic Charities felt the HRA did not have access to the same resources. Mr. Bresnahan replied the HRA would have access, but it is part of Catholic Charities mission to serve this population and they already have the staff in place that do this so they do not have to look at outside sources for everything.

Deleted: who

Formatted: Font: Times New Roman

Commissioner Hontos asked if there was still a concern for the HRA in absorbing any losses from the project. Finance Director Karen Rizer said the agreement is set so the HRA will get paid for asset costs out of the surplus cash once MHFA finishes the project audit and make the distribution.

Commissioner Hontos stated he felt it was absurd to need to replace cameras in the building already since the building is basically new. Other Board members agreed to which Housing Director Louise Reis responded that this is normal; she said the HRA has the same problems and replaces cameras continually in all the buildings.

Chair Gohman thanked Mr. Bresnahan, Mr. Podvin and Mr. Schmitt for giving their update and answering the Board's questions. She said Mr. Thielman will follow up with them after the Board has time to meet again for discussion. Commissioner Hontos asked the group to provide how long the average person lives in the complex.

2. Presentation by Podawiltz Development Regarding Large Family Housing.

Mr. Thielman introduced Mike Podawiltz and Bill Kemp to the Board. Mr. Podawiltz said his group has been researching for the past year the needs for large family housing. He said they worked with a marketing group from Michigan to determine the need and the definition of a large family. Mr. Podawiltz said they came up with a need and he and Mr. Kemp are submitting a tax credit application for financial assistance for a planned unit development. He said they would not be asking the HRA for any funding but were making this presentation only as informational and in asking for philosophical support. Mr. Podawiltz said the PUD will include rents below 30-50% median income and will accept Housing Choice Vouchers. He said rents will go as high as \$1,051 for a 6-bedroom unit, plus utilities. Mr. Podawiltz stated the development would not all be one building, but set up like townhomes of 2-3 stories high for a total of 6 five-unit buildings; combination 3, 4, 5 and 6-bedroom units. Mr. Kemp said 75 families in the area have been identified with an average of 8 people in the household; this is not extended families, just families with children. Mr. Podawiltz said there will be walking paths, playgrounds, green space and a relatively low density. Board members wished them well on their project.

3. Open Discussion, including the City's Landlord Responsibility Ordinance.

Commissioner Ruth asked if there was anything new on the Meadows Edge open 36 lots or in regards to selling Empire Apartments. Mr. Thielman said there was nothing new on Meadows Edge at this time. Housing Director Louise Reis responded she is waiting for a response from the Minneapolis HUD office on what the sale of Empire would entail.

Legal council, Jerry Von Korff, suggested the Board go into a closed session for discussion rather than policy setting of the City Landlord Responsibilities. Commissioner Hontos made a motion to close the

meeting; Commissioner Johnson seconded the motion. Closed session began at 6:20 p.m. and ended at 6:40 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos

HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Annual Meeting
Wednesday, January 28, 2009

Chair Nancy Gohman called the annual meeting to order at 7:00 p.m., Wednesday, January 28, 2009. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN.

1. Roll Call and Pledge of Allegiance: Commissioners present: All – Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth. Pledge of Allegiance was spoken.

Chair Gohman asked Board members in consideration of guests in the audience if the annual meeting could be recessed until after the regular meeting. Commissioner Johnson moved for approval to recess; Commissioner Landy seconded the motion. Motion carried. Meeting resumed at 8:38 p.m.

2. Approval of Agenda – Commissioner Jaye moved for approval; Commissioner Hontos seconded the motion. All Commissioners voted in favor. The agenda was approved as presented.

3. Election of Board Officers for 2009: Commissioner Ruth made a motion to re-appoint Commissioner Gohman as Board Chair; Commissioner Pederson seconded the motion. All Commissioners voted in favor. Commissioner Gohman accepted the position.

Commissioner Hontos moved to re-appoint Commissioner Landy as Vice Chair; Commissioner Ruth seconded the motion. All Commissioners voted in favor. Commissioner Landy accepted the position.

Commissioner Landy moved to re-appoint Commissioner Hontos as Secretary; Commissioner Ruth seconded the motion. All Commissioners voted in favor. Commissioner Hontos accepted the position.

Officers stand as follows: Nancy Gohman, Board Chair; Mike Landy, Vice Chair; George Hontos, Secretary.

4. Designation of committees:

1. Committee of the Whole: Executive Director, Bruce Thielman, briefly explained what this committee is for and how in the past the Board has been designated as the Committee of the Whole. Commissioner Landy moved that this remain the same; Commissioner Jaye seconded the motion. All Commissioners voted in favor. The motion carried.

2. Audit Committee: The current members since November 2008 have been Commissioner Johnson, Commissioner Jaye and Commissioner Pederson. Meetings are usually twice annually; audit entrance and audit exit. Commissioner Landy moved the committee members remain the same; Commissioner Ruth seconded the motion. All Commissioners voted in favor. The motion carried.

3. Personnel Committee: The current members since November 2008 have been Commissioner Hontos, Commissioner Gohman and Commissioner Ruth. Meetings have been held as deemed

necessary. Commissioner Johnson moved the slate remain the same, Commissioner Pederson seconded the motion. All Commissioners voted in favor. The motion carried.

5. Designation of Board Representatives:

1. Area Economic Development Partnership Board of Directors: Mr. Thielman currently serves on the Board; Commissioner Gohman serves as the alternate member. Cliff Knettel, Development Director, serves on the Marketing Committee. Commissioner Hontos moved for the slate to remain the same. Commissioner Jaye seconded the motion. All Commissioners voted in favor. The motion carried.

2. Heritage Preservation Commission: The HRA has one representative on this Commission; Commissioner Johnson currently serves. Commissioner Hontos moved for Commissioner Johnson to continue as representative; Commissioner Ruth seconded this motion. All Commissioners voted in favor. The motion carried.

6. Designation of Official Newspaper and Depository – Commissioner Landy moved to designate the *St. Cloud Times* as the HRA’s official newspaper; and Liberty Savings as the HRA’s official depository; Commissioner Johnson seconded the motion. All Commissioners voted in favor of the motion. The motion carried.

7. Designation of Legal Representation – Mr. Thielman explained the Request for Qualifications that was sent out and responses received. He said a Committee of Chair Gohman and the Department Directors analyzed the responses. Mr. Thielman said after considerable review including historical experience, knowledge of the specific industry, and price structure the Committee’s recommendation would be to remain with Jerry Von Korff of the Rinke Noonan Law Firm, St. Cloud as the HRA’s official general counsel and Robert Toftey with Fryberger Buchanan Smith & Frederick P.A., Duluth as the HRA’s official Bond/Public Finance legal counsel. Commissioner Jaye moved for approval of Mr. Thielman’s recommendation; Commissioner Johnson seconded the motion. All Commissioners voted in favor. The motion carried.

8. Set Per Diem Rate for 2008 – Bruce Thielman, Executive Director, explained to the Board that by Minnesota Statute, the per diem rate can be up to \$75.00 per meeting. He said the current rate of \$75.00 per meeting was set by the Board at the 2008 annual meeting. Commissioner Landy moved to keep the current rate at \$75.00 per meeting for 2009; Commissioner Ruth seconded the motion. All Commissioners voted in favor of the motion. The motion carried.

9. Discussion of Meeting Times and Dates – Mr. Thielman stated for the past year meetings have been held the 4th Wednesday of each month. He suggested to Board members the meetings for November and December be moved to the third Wednesday’s due to holidays. Mr. Thielman suggested continuing as needed with Study Sessions and to hold them either at 5:00 p.m. prior to the regular meeting or to have them the second Wednesday or a different date and time within a couple of weeks prior to give staff time to answer and provide answers to anything that comes up at these sessions. Commissioner Jaye said sometimes she felt the meetings were rushed and a longer time is needed than the 5:00 meetings prior to the regular meetings could provide. After discussion, Commissioner Johnson moved to hold the November and December meetings the 3rd Wednesday and the remaining on the 4th, and to hold as needed Study Sessions at 5:00 p.m. prior to the regularly scheduled 7:00 p.m. Board meetings; Commissioner Jaye seconded the motion. All Commissioners voted in favor of the motion. The motion carried.

10. Review of Year-End Reports – The Board received in their packets memo’s from Development Director, Cliff Knettel; Finance Director, Karen Rizer; Housing Director, Louise Reis.

Mr. Knettel briefly highlighted the Development accomplishments for 2008. There being no questions and the lateness of the evening, the meeting adjourned at 9:04 p.m.

There being no further business, the meeting adjourned at 8:11 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, January 28, 2009**

Chair Nancy Gohman called the meeting to order at 7:05 p.m., Wednesday, January 28, 2009. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN.

At 7:00 p.m. the Annual Meeting was called to order and roll call was taken. The meeting was recessed to the end of the Regular Meeting out of respect of time for those in the audience.

1. Roll Call – Commissioners present: All - Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth.

Bruce Thielman, Executive Director, presented to past Board member, Jeff Goerger, an appreciation plaque for his service to the HRA Board of Commissioners. Mr. Goerger served on the Board under his term as City Council member in 2008. Mr. Goerger said thanked the Board and staff and wished them all continued success in the future.

Chair Gohman requested an addition to the agenda as Item 12 “Support of a Tax Credit Application”.

Consent Agenda:

2. Approval of Agenda – Commissioner Johnson moved for approval of the agenda; Commissioner Landy seconded the motion. Approved as presented with the addition of Item 12.
3. Approval of Minutes of Regular Meeting, December 17, 2008 – approved as presented.
4. Approval to Write off Tenants Accounts Receivables – approved for Public Housing in the amount of \$16,565.35; Germain Towers for \$3,779.52; Northway A & B for \$610.62 and Eastwood Apartments for \$183.83.
5. Approval of Habitat for Humanity Request for CDBG Foreclosure Fund Allocation – acquisition approved in the amount of \$80,000 from CDBG Fund 2008-157.

Old Business:

Mr. Thielman announced the developers for the 5th Avenue Live project had called him late this afternoon and requested to cancel Item 6 (A-D). Dan Coborn, representing 5th Avenue Development, LLC, addressed the Board and audience to apologize for the inconvenience of the change in the agenda. He said his group found there were too many changes yet to be looked at and that when the request is brought forward they want to make sure it is exactly what they want to accomplish. Mr. Coborn stated he had been a part of the 5th Avenue neighborhood since 1963 and when a project is done he wanted it to be a project is done right from the start.

Deleted: postpone/

6. A. CANCELED - Public Hearing on Approval of a Tax Increment Financing Plan for Tax Increment Redevelopment District Number Eighty-Six and the Approval of a Contract for Private Development with 5th Avenue Development, LLC.

B. CANCELED - Approval of Resolution 2009-01-Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Establishing Tax Increment Redevelopment District Number Eighty-Six (86) in the Central Area Urban Renewal Project (Minnesota R-65) and Approving a Tax Increment Financing Plan Therefor (5th Avenue Development, LLC Project).

C. CANCELED - Approval of Resolution 2009-02 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving a Contract for Private Development with 5th Avenue Development, LLC.

D. CANCELED - Approval of Resolution 2009-03 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Terms of a \$200,000 Tax Increment Interfund Loan in Connection with Tax Increment Redevelopment District Number Eighty-Six (5th Avenue Development, LLC Project).

Open Forum: There was no one wishing to speak.

New Business:

7. Approval of Change in Lot and Sales Prices to Lumber One for Meadows Edge Townhomes – Cliff Knettel, Development Director, introduced Item 7. He explained the joint venture of the project between Lumber One Avon (developer) and the HRA. Mr. Knettel said to date there are 36 units constructed or half of the planned 72 unit development. He said at this time only 23 of the townhomes have sold and because of the housing market conditions the developer is requesting to lower the sale price of the units. Mr. Knettel said the request is for the HRA to drop the lot price of a unit from \$31,000 to \$21,000 and that the developer would drop their profit margin by \$6,000. He went through options and the rationale behind them along with the staff recommendation. Mr. Knettel said MHFA has been approached for gap financing but it was not approved because the value gap assistance is not a large enough difference.

Commissioner Pederson moved for approval of the recommendation to lower the sales prices as requested; Commissioner Johnson seconded the motion.

Commissioner Jaye questioned why the proposed price is lower than the appraised price. She said she has concerns that once you drop the sales price you can't go back up and perhaps starting at an \$8,000 to \$10,000 drop would work. Mr. Knettel responded this could be tried, but in review of the market it illustrates the larger cut is needed to make sales and put the units in line with other homes in the area.

Commissioner Landy asked how much invested by the HRA would be lost. Mr. Knettel responded the lot price is intended to recover the cost of the original acquisition price of the property and the utilities. Commissioner Landy then asked how much it would cost to remove the property from the TIF district. Karen Rizer, Finance Director, responded the district is owed around \$800,000 that would need to be paid back. She said also, if there were no other units are built, the HRA would be in the negative \$550,000 at the end of the district. Commissioner Landy said if you figure that into the 49 remaining units you would have an approximate \$10,000 per unit loss and questioned if this loss would still be more cost effective than lowering the selling prices and building out the district. He said he would like to see the HRA out of the project as soon as possible rather than seeing how much more money could be lost on the district if possible. Commissioner Hontos said in looking at the numbers, if no other units are completed until 2012 and 6 more units are completed between 2012 and 2017, the TIF district would be \$400,000 in the black. He asked what the issue would be not to do anything until 2012. Mr. Knettel responded the biggest issue is for the Developer who is paying association costs and losing money on units they have already built and cannot sell.

Ted Schmid, COO Lumber One Avon, and Jim Odegard, Sales Manager Lumber One Avon, addressed the Board to answer questions and explain further their request.

Mr. Schmid stated they have marketed very hard to sell these units, but the market will not bear the cost and the sales price needs to be lowered. He said they have holding costs in excess of \$15,000 per unit already, so even though they are asking the HRA to what looks like a larger cut, their concession is almost double what they asking of the HRA. Mr. Odegard stated also that the land costs all over the City are dropping, as well as unit costs, so there is a good chance Lumber One will have to lower the sales price even more which will come off the Lumber One profit margin again.

Commissioner Pederson said he feels strongly since this is a public/private partnership that was financed by the HRA as a government agency it is the duty of the Agency to follow through with the project and makes sure it works. Commissioner Ruth agreed there needs to be a markdown on the sales price. He did say he would prefer a shared markdown at this time in case there needs to be another markdown but would like to see the project completed.

Commissioner Landy asked if the units could be rented if they are removed from a TIF district. He said he would like to see all the potential opportunities of this and would like to sit around a table and figure this out. Mr. Knettel said all the options have been looked into but the project is bound by TIF. Mr. Schmid said there first thought was renting, but he didn't think the remaining units of those partially sold could be made into rental units; however, the remaining 36 lots could be incorporated or replatted possibly into rental units.

Commissioner Hontos went back to if nothing is done, and the HRA is out the \$550,000 as stated earlier by Ms. Rizer, since there is a \$400,000 reserve, the project would really only be out \$150,000. Mr. Knettel said cash would also be reduced \$130,000 making the total \$280,000. He said also to remember the commitment to the current owners of units were told all units would be owner occupied and not rental units, so any change in this would need to be approved by their Homeowners Association.

Legal counsel, Jerry Von Korff stated he felt the group was entering an area where they could not make a reasoned judgment without having an analysis. He said his choices for the Board would be 1) to table, 2) to allow Lumber One to start selling at the requested amount until a solution can be reached, or 3) approve as requested.

Commissioner Landy made a motion to table the previous motion and look further into options of renting the units to help out Lumber One until the market changes; Commissioner Hontos seconded the motion. The motion carried 4:3. Commissioners Gohman, Hontos, Jaye and Landy voted in favor of tabling; Commissioners Johnson, Pederson and Ruth voted against.

8. Review of Neighborhood Stabilization Program (NSP) Regional Application – Mr. Knettel gave opening comments explaining the application. He handed out the narrative sent with the application prior to the meeting. Mr. Knettel said the application deadline was 5:00 p.m. today and was submitted. He stated this is a regional application for \$2,000,000 in funding and awards should be issued in 30-45 days. Mr. Knettel said if the award comes in at the requested level it would have an impact on anywhere from 75 to 100 homes. He said the State of Minnesota is looking at \$40,000 to \$50,000 per housing unit in subsidy so the request is below what the State feels will be needed. Mr. Knettel said administrative costs can be charged up to 8.8% from the funds received. He said the HRA will be doing all the administration except for Stearns County who will use their own rehab advisors.

9. Approval of CDBG 2009 Non-Profit Application – Les Henson, Housing Development Manager, gave a brief overview of the application process and the applicants. He said there were only 4 applications and

the plan is to cover them all when the applicants are ready to move forward with their project requests. There was no approval needed at this time as stated in the agenda; it was only informational at present.

10. Approval of Resolution 2009-04 – Section 8 Management Assessment Program (SEMAP) Certification for Fiscal Year 2008 – Louise Reis, Housing Director, explained the annual requirement from HUD for the certification. Commissioner Johnson moved for approval; Commissioner Pederson seconded the motion. Commissioners Gohman, Jaye, Johnson, Pederson and Ruth voted in favor. The motion carried. (Commissioners Hontos and Landy had stepped out of the room and did not vote.)

11. Executive Director’s Report – with the length of the combined meetings for the evening, Mr. Thielman had nothing to add to his report. There were no questions.

12. Approval of Resolution 2009-05 – Supporting a Tax Credit Application for a 30-Unit Townhome Housing Project – Podawiltz Development had brought forward at the 5:00 p.m. meeting a proposal to build a 30-unit larger family development, including 6 bedroom units. There was no financial request to the HRA; only project support. Commissioner Pederson moved to approve Resolution 2009-05 – Supporting a Tax Credit Application for a 30 Unit Townhome Housing Project; Commissioner Johnson seconded the motion. Commissioners Gohman, Jaye, Johnson, Landy, Pederson and Ruth voted in favor. The motion carried. [Commissioner Hontos was out of the room and did not vote.]

There being no further business, the meeting adjourned at 8:38 p.m. for the Annual Meeting.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos

TO: St. Cloud HRA Board of Commissioners
FROM: Mike Haehn, Project Manager
DATE: February 17, 2009
SUBJECT: Approval of Contract for New Appliances – Public Housing

Requested Action: Approval of the contract with the Benusa Contract Sales & Service in the amount of \$10,864.78 for 15 electric ranges and 15 refrigerators.

Background: The HRA has solicited bids for the purchase of 7 Whirlpool 10 cu ft and 8 Whirlpool 14 cu ft refrigerators and 15 Brown electric ranges used for public housing. The HRA has selected these brands because they match what we currently have in place and are available through most dealers in the area and have been reliable for us. The HRA requested proposals from three local vendors who we currently do business with, Benusa Contract Sales, M & H Appliance, and Hoye Home Furnishings.

There were two that returned pricing on these appliances:

- | | |
|--|-------------|
| 1. Benusa Contract Sales
2525 Co Rd 74
St. Cloud, MN 56303 | \$10,864.78 |
| 2. M & H Appliance
427 W. St. Germain Street
St. Cloud, MN 56301 | \$13,112.85 |

Options: Accept the bids
Reject the bids, re-bid.

Frequency of Request: This is the only request for this work.

Related Actions: None.

Future Action: None.

Relationship to Goals: Goal #5 – to take a leadership role in developing cooperative partnerships with other agencies and groups in addressing the housing market and other targeted housing.

Budget Impacts: This item will be funded through Capital Fund program. ▲

Formatted: Font: Times New Roman, 11 pt

TO: St. Cloud HRA Board of Commissioners
 FROM: Mike Haehn, Project Manager
 DATE: February 17, 2009
 SUBJECT: Approval of Contract for New Boiler – Wilson Apartments

Requested Action: Approval of a contract in the amount of \$365,311.00 with Weidner Plumbing and Heating for the boiler replacement at Wilson Apartments in St. Cloud.

Background: The HRA owns Wilson Apartments, constructed in 1971, and used for public housing. The HRA requested proposals for Engineering Services to remove the existing heating system and design a new high efficient heating system for the building. Duffy Engineering & Associates Inc. was selected to design this system.

Duffy Engineering prepared plans and specifications for the new heating system and the bid opening was held on January 29, 2009 at the HRA office. All of the contractors met the bid requirements and after the review of the base bid (Aerco Benchmark or Lochinvar Intelli-Fin boiler) and alternate #1 (Hydrotherm KN Series boiler), the Engineer recommends that the HRA proceed with Alternate #1 because it is almost a \$20,000 savings over the base bid. Additionally the system is a cast iron High Efficiency boiler with a 30 year life expectancy and the supplier has also offered a 2 year warranty. Also, the supplier will provide the HRA with a supply of parts for our shelf for these boilers. Weidner Plumbing and Heating has the lowest base bid and alternate price.

Formatted: Font: 11 pt

The HRA received a \$500,000 grant from Minnesota Housing Finance Agency for these boilers. In the summer of 2008, we installed these same boilers at Empire Apartments with a cost of \$258,381.00 plus \$18,700 for engineering fees. Empire has 89 units and required 2 boilers. Wilson has 126 units and will require 3 boilers. We have \$222,919.00 remaining in the grant funds to be used at Wilson.

The bids are as follows:

	Base Bid	Alternate #1
1. Weidner Plumbing & Heating 29 Wilson Avenue NE St. Cloud, MN 56304	\$384,400	\$365,311
2. EL-Jay Plumbing & Heating 520 Apollo Ave NE St. Cloud, MN 56304	\$411,111	\$400,000
3. MD Mechanical 5123 60 th Street SE St. Cloud, MN 56304	\$449,300	\$449,300

Options: Accept the contractor based on the recommendation of our Engineer
 Reject the bids, re-bid.

Frequency of Request: This is the only request for this work.

Related Actions: None.

Future Action: Contract for the removal of the asbestos in the boiler room.

Relationship to Goals: Goal #5 – to take a leadership role in developing cooperative partnerships with other agencies and groups in addressing the housing market and other targeted housing.

Budget Impacts: This item will be funded through the remaining \$222,919.00 of grant funds by the MN Housing Finance Agency and the remaining balance to be from the Capital Fund program. ▲

Formatted: Font: Times New Roman, 11 pt

TO: St. Cloud HRA Board of Commissioners
FROM: Bruce Thielman, Executive Director
DATE: February 17, 2009
SUBJECT: Approval of Change to Personnel Policy 06.04

Requested Action: Approval of change to the Distribution and Solicitation Policy under the Employee Relations section of the HRA Personnel Manual (current and recommended attached).

Background: The current policy states there is to be no solicitation of any kind at any time on HRA owned or managed property by employees or non-employees. At the January 29, 2009 staff meeting it was discussed and employees were in favor of changing the portion of the policy relating to employees to be less restrictive.

The request is to have a common area where employees are able to leave materials for various organization sales they are involved in. In leaving the materials in a common area staff feel they will not be obligated to make any purchases they do not wish to make. Current staff feels a major part of their life is working with other staff members, who in return, have also become their friends. Employee's feel they will not be pressured into purchasing items being sold by employee's children or themselves for the various organizations they belong to outside of work i.e., Girl Scout cookies, Boy Scout popcorn, American Cancer Society daffodils, etc.

Options: Approve as is, modify, or not approve.

Frequency of Request: One time.

Related Actions: None.

Future Action: None.

Relationship to Goals: To update the Agency's policies and procedures.

Budget Impact: None.

**St. Cloud Housing and Redevelopment Authority
Personnel Policy Manual**

Topic: Distribution and Solicitation
Section: Employee Relations
Number: 06.04

Page 1 of 1
Date Issued: 07-01-99
Date Revised: 10-01-06

← --- Formatted: Left

← --- Formatted: Left, Tabs: 60 pt, Left

← --- Formatted: Left

← --- Formatted: Font: Bold

Current Policy:

For Employees: There will be no distribution of non work-related literature, regardless of the type or source, in the work or common areas of HRA owned or managed property during working and non-working time.

There will be no solicitation, regardless of the type or source, on HRA owned or managed property during working time.

For Non-Employees: There will be no distribution of literature or solicitation, regardless of the type or source, on HRA owned or managed property, without prior approval of the Executive Director.

Recommended Policy:

Topic: Distribution and Solicitation
Section: Employee Relations
Number: 06.04

Page 1 of 1
Date Issued: 07-01-99
Date Revised: 10-01-06
Date Revised: 02-25-09

Current Policy:

For Employees: Distribution of non work-related literature will be allowed in the work or common areas of HRA owned or managed property during working and non-working time. Examples would be the sale of Girl Scout cookies or school fundraisers. The posting should be in one specific location in the common area and there shall be no pressure placed on individuals to participate if they choose not to. The goal is to promote a family friendly workplace.

For Non-Employees: There will be no distribution of literature or solicitation, regardless of the type or source, on HRA owned or managed property, without prior approval of the Executive Director.

▲ --- Formatted: Font: Times New Roman, 11 pt

Item 9

Deleted: St. Cloud Housing and
Redevelopment Authority¶
Personnel Policy Manual¶

¶
Topic: ¶
Section:¶
Number

... [1]

TO: St. Cloud HRA Board of Commissioners

FROM: Cliff Knettel, Development Director

Formatted: Font: 11 pt

DATE: February 18, 2009

SUBJECT: Meadows Edge Townhomes

The purpose of this memorandum and requested action is in regards to the 13 units of townhomes that have been constructed by Lumber One Avon, in the Meadows Edge Townhome Development. To date, 36 units have been built, with 23 sold and occupied, leaving 13 unsold. Lumber One and HRA staff have reviewed options to encourage the sale of these remaining unsold 13 units. The following requested actions are intended to deal with the 13 unsold units, and not intended to address the 36 lots that are still vacant. The Board and staff will be reviewing the status of the remaining undeveloped lots at a later date.

Requested Action:

Approval of the following items:

1. Reduce the lot price from \$31,000 to \$21,000 for 13 townhomes that are constructed but currently unsold
2. Reduce the townhomes sales prices as noted in the table below
3. Increase the income guideline from 70% to 80% median income as now allowed by state statute – this is a new element based on information from Bob Toftey regarding allowable changes to housing programs.

Formatted: Bullets and Numbering

Statewide Median Family Income by Household Size - \$70,200 for FY 2008

# of Persons in Household	70% Test (current)	80% Test (proposed)
1	\$34,398	\$39,312
2	\$39,312	\$44,928
3	\$44,226	\$50,544
4	\$49,140	\$56,160
5	\$53,071	\$60,652
6	\$57,002	\$65,145
7	\$60,933	\$69,638
8	\$64,864	\$74,131

4. Reduce the amount of HRA enforcement note (gap financing) from \$9,183 to \$5,000 for the 13 unsold units).

Formatted: Bullets and Numbering

**Following is a breakdown, based on these requested actions, that shows the current and proposed purchase price, available gap financing, and first mortgage amounts for the townhomes.

Formatted: Font: 11 pt

Under Current Agreements

*(**\$15K from MHFA and \$9183 from HRA enforcement note**)

*GAP	Sale Price	%	First Mortgage Amount
24,183	146,400	16.5%	122,217
24,183	143,400	16.9%	119,217
24,183	135,900	17.8%	111,717
24,183	132,900	18.2%	108,717

Reduced HRA Gap w/ Reduced Price

*(**\$15K from MHFA and \$5K from HRA enforcement note**)

*GAP	Sale Price	%	First Mortgage Amount
20,000	129,900	15.4%	109,900
20,000	126,900	15.8%	106,900
20,000	119,900	16.7%	99,900
20,000	116,900	17.1%	96,900

5. Utilize funds in the Housing Development Fund in the amount of \$75,621 to finance this reduction of the lot price. The lot price reduction would be \$130,000, but with the reduction of the enforcement note by \$4,183 x 13 properties (\$54,379), the net amount of funds needed is \$75,621.

Formatted: Bullets and Numbering

I. Additional Information – based on January 29, 2009 HRA Board meeting:

Formatted: Bullets and Numbering

This is the proposed new pricing structure:

Meadows Edge Pricing

Townhome Units	Current Price	Proposed Price	Percentage Reduction
3 Bedroom End Unit	\$146,400	\$129,900	11.3%
3 Bedroom Middle Unit	\$143,400	\$126,900	11.5%
2 Bedroom End Unit	\$135,900	\$119,900	11.8%
2 Bedroom Middle Unit	\$132,900	\$116,900	12.0%

II. Concern regarding ratio of Lumber One vs HRA Contributions to Reduced Purchase Price

The proposed reduction in sale price, presented last month as \$10,000 lot price reduction with a \$6,000 reduction in profit by Lumber One, was questioned as being unequal. However, Lumber One has incurred additional costs because the townhomes are not selling.

Formatted: Font: 11 pt

Lumber One has holding costs for each unit which total \$10,450-24,072, depending on when the unit was completed and its size. Holding costs include interest, association dues, insurance and utilities. These amounts will increase as time passes and the units do not sell.

Formatted: Font: 11 pt

Interest	Assn Dues	Insurance	Utilities	Marketing	Total	Ave cost per unit
\$200,907	\$13,120	\$760	\$5,935	\$5,090	\$225,812	\$17,370

In addition, Lumber One will begin paying real estate taxes in 2009; the amount per unit is not known at this time.

Also, with the proposed reduction in the maximum enforcement note from \$9,183 to \$5,000, the actual resulting reduction per unit by the HRA is \$5,817.

II. Price Reductions Common in this Market

Formatted: Bullets and Numbering

AHO Homes is selling homes in the area (67th Ave No & 24th St No) at reduced prices. A recent ad in December 2008 showed a reduction from \$167,921 to \$139,900, which represents a 17% change in the price.

The following table shows developments in the area near Meadows Edge, and depicts original and reduced lot (only) pricing. The proposed Meadows Edge reduction is shown in the last line of the table.

Lot Location	Original Price	Reduced Price	Difference	Percentage drop
Simonson's Plat 3	\$40,000	\$30,000	\$10,000	25%
Simonson's Plat 8	\$57,000	\$40,000	\$17,000	30%
Coyote Creek	\$60,000	\$22,500	\$37,500	63%
Croat-Westwood	\$45,000	\$35,000	\$10,000	25%
Girtz – Cape East	\$59,500	\$48,900	\$10,600	17%
Proposed Meadows Edge	\$31,000	\$21,000	\$10,000	32%

While the proposed lot price reduction is about 32%, the overall price reduction recommended for the Meadows Edge Townhomes is approximately 11-12% including land and building. This price reduction reflects the current market changes needed to sell these units and is reasonable based on what others are doing.

IV. Is Renting the Units an Option?

Renting the Townhome units is an option that the developer/owner could consider; however, there are several factors that would have to be addressed in order to proceed with such a decision.

First, Lumber One is the owner of the 13 vacant units and would need to be willing to consider this option. They have considered it, and have decided against renting the units. Their reasons are outlined in the attached Power Point.

Secondly, a rental licensure would need to be obtained for each of the units. There are costs and responsibilities associated with rental licensure in St. Cloud. These units are currently not licensed for rentals.

Third, the Meadows Edge Townhome Homeowner Association Board of Directors must approve rental of units by owners. This requires a written request and a copy of the proposed from the owner, so the Board can review the request and ensure that the rental amount will include association dues. At this time, the Association has not received any request from Lumber One to rent any units at Meadows Edge. Lumber One has indicated to HRA staff that they are not interested in renting the vacant units. Changing course at this time has ramifications on the existing 23 townhome owners, and the investment they have made. The purpose of this project was to provide homeownership opportunities for low-to-moderate income families. The Homeowners Association Board of Directors would consider this in any decision to allow rental of units.

Lastly, there are risks associated with renting the units as an interim solution. A lived-in unit would garner a lower appraisal price and a lower sales price. Damage incurred to the unit, even normal wear and tear, would create additional costs. Rental units could affect sales prices and values of adjacent owner-occupied units.

V. Can We Get Out of the TIF?

Please refer to the memo from Bob Toftey, the attorney for this project, which is attached.

VI. Where Would the Money Come From to Reduce the Lot Price?

To date, the HRA has received just over \$400,000 of enforcement note proceeds from the three phases of the Westwood development. These proceeds were either received at the time of the sale from buyers who did not utilize the enforcement note in their purchase (not all buyers need or use gap financing), or from buyers who have since resold their home or townhome and the subsequent buyer did not need or did not qualify for the enforcement note.

Because these developments all involved TIF, we have kept the enforcement note proceeds in a segregated account. These proceeds are intended to be used for low-to-moderate income housing purposes in order to remain compliant with the TIF law.

In the Requested Actions section, we proposed reducing the HRA lot price by \$10,000, but we also propose to reduce the amount of enforcement note gap financing from \$9,183 to \$5,000 for these 13 homes. These are maximum amounts and not all buyers will need or qualify for them (which is one reason why there is a balance of \$400,000). These two actions result in a net cost of \$75,621 to implement this measure. This equates to \$5,817 per unit. This net cost will be funded through the enforcement note proceeds that have been received to date.

VII. Conclusion

Staff is requesting and recommending consideration of the requested actions. By these recommendations, the HRA contribution to the reduced sale price results in a cost of \$5, 817 per unit, while Lumber One is reducing their profit by \$6,000. In addition, Lumber One has incurred significant holding costs, which average over \$17,000. Also, if the negotiated purchase ends up being less than the set asking price, Lumber One takes the reduction and not the HRA. Lastly, the proposed reduction in sale price is an adjustment based on current market conditions, similar to actions that other private developers have taken.

If the Board concurs with these requested actions, staff will bring forward the amendments to the TIF plan, Lumber One contract, MHFA agreement, and any other documents requiring revisions and approvals at the March Board meeting.

Frequency of Request: One time.

Related Actions: None.

Future Action: Unknown.

Relationship to Goals: This relates to: “Participate when appropriate in providing housing options to meet the needs of City residents.” ▲

Formatted: Font: Times New Roman, 11 pt

Budget Impact: Use of Housing Development funds generated by the Westwood Village projects to reduce the lot price.

MEMORANDUM

Formatted: Font: Times New Roman, 11 pt

TO: Bruce Thielman, Executive Director
FROM: Robert Toftey
DATE: February 18, 2009
RE: Westwood Village – Meadows Edge Townhomes Project

Background

You have indicated that the HRA Board was presented with a recommendation to modify the Townhome site sales price for 13 units in the Meadows Edge Townhomes Project. Issues were raised concerning the Project, including the status of the Tax Increment District and rental of the existing unsold Townhomes owned by Lumber One.

Formatted: Left

The purpose of this memo is to review the original development structure and address the questions on the Tax Increment District and rental of the Townhomes.

Development of Townhome Sites

A. Land Purchase. The property for the Meadows Edge Townhomes was purchased pursuant to a Purchase Agreement dated December 11, 2002, for \$1,329,700 or \$18,468 per lot for the 72 Townhome sites. The purchase price was paid from the following sources:

Formatted: Left, Indent: First line: 0 pt

Formatted: Font: Times New Roman, 11 pt

Formatted: Font: Times New Roman, 11 pt, Bold, Underline

Greater Minnesota Housing Fund Nonrecourse Loan	\$580,000
Minnesota Housing Finance Agency Nonrecourse Loan	\$500,000
HRA Funds	\$249,000
Total	\$1,329,000

Formatted: Font: Times New Roman, 11 pt, Bold, Underline

Formatted: Font: Times New Roman, 11 pt

Formatted: Left

Formatted Table

B. Site Improvements. The public infrastructure (street, sewer, water and storm sewer) was constructed by the City of St. Cloud and financed with the City's \$805,000 General Obligation Tax Increment Bonds, Series 2003A (the "TIF Bonds"). The TIF Bonds are payable from the tax increment generated from the Meadows Edge Townhomes and are payable through February 1, 2031. The principal and interest on the TIF Bonds is approximately \$60,000 per year. Based on an analysis of the tax increment for the Project by Ehlers & Associates, 36 Townhome units will produce approximately \$46,500 of tax increment per year. With the addition of 6 units, for a total of 42 Townhome units, approximately \$55,400 of tax increment will be produced per year. With the addition of 12 units, for a total of 48 Townhome units, approximately \$64,500 of tax increment will be generated each year. Once all 72 Townhome units are constructed, approximately \$92,800 of tax increment will be produced per year for debt service on the TIF Bonds and repayment of other TIF eligible costs.

Formatted: Left

Formatted: Font: Times New Roman, 11 pt

Formatted: Left, Indent: First line: 0 pt

C. Tax Increment District. The HRA and the City of St. Cloud created Tax Increment Financing District No. 43 (the "TIF District") for the financing of the infrastructure improvements for the Meadows Edge Project. The TIF District is a "housing district" under the TIF Act for owner occupied residences (as opposed to a rental housing district). As the property within the TIF District was in a "green acres" tax classification, the property could only be included within the TIF District if the first purchaser of a

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

Townhome has income at or below 70% of the median gross income for a family of this size of the purchaser.

In 2008, the Minnesota legislature amended the TIF Act by allowing property within a “green acres” tax classification to be included in all housing TIF districts without meeting the 70% income test. This amendment applies to all housing TIF districts no matter when created and includes the TIF District. If the HRA Board determined to lower the income standards, the Housing program and the TIF District Plan could be amended to a higher income limit. The gap loan programs from Greater Minnesota Housing Agency and Minnesota Housing Finance Agency each require that the first purchaser has income at or below 80% of the median gross income for a family of the size of the purchaser. The effect of modifying this standard would be to enlarge the potential purchasers of the Townhomes.

D. Sale of Lots - Lumber One Contract for Housing Development. The HRA and Lumber One entered into a Contract for Housing Development, as amended (the “Contract”), which provided for:

- (1) The sale of the Townhome site by the HRA to Lumber One;
- (2) The approval by the HRA of the design and maximum sale price of the Townhome units;
- (3) The requirement of the sale of the Townhomes to “qualified purchasers;” and
- (4) The provisions for subsidies to “qualified purchasers” as offset to the purchase price of the Townhomes.

The structure of the Contract regarding the sale of the Townhome site to Lumber One requires that the HRA provide a deed to Lumber One; that Lumber One provides the HRA with a promissory note and mortgage for each Townhome site in the amount of \$31,000; that Lumber One builds the Townhomes according to the plans and specifications approved by the HRA; and that on the sale of a Townhome to a “qualified purchaser”, Lumber One pays \$31,000 to the HRA to obtain a partial release of the HRA mortgage.

The \$31,000 sales price of the Townhome site was established and intended to be used as follows:

1. Payment of the Greater Minnesota Housing Fund/Minnesota Housing Finance Agency Loans and interest	\$15,336
2. Repayment of HRA costs	\$3,731
3. Provide for the HRA enforcement note – maximum amount	\$9,183
4. Contingency costs	\$2,750
Total	\$31,000

A credit is given to Lumber One against the purchase price of a Townhome site for the amount of the “subsidy” received by the “qualified purchaser” of the Townhome. The “subsidy” could include a gap loan from Greater Minnesota Housing Fund or Minnesota Housing Finance Agency up to \$15,000 (which offsets the HRA’s obligation to repay Greater Minnesota Housing Fund or Minnesota Housing Financing Agency, as appropriate, in an amount equal to the subsidy) and an “enforcement note” payable to the HRA in the maximum amount of \$9,183.

The enforcement note is to be repaid in full by the “qualified purchaser” if such purchaser sells the Townhome within 15 years after the purchase of the Townhome. Pro rata portions of the enforcement note are forgiven if the purchaser owns and occupies the Townhome at least 15 years through 30 years. One-fifteenth of the enforcement note is forgiven for each year the Townhome is owned and occupied by

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

Formatted: Left

Formatted: Left, Indent: Left: 35 pt, First line: 40 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 18 pt + Tab after: 36 pt + Indent at: 36 pt, Tabs: Not at 36 pt

Formatted: Font: Times New Roman, 11 pt

Formatted: Font: Times New Roman, 11 pt

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

Formatted: Left

Formatted Table

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

Formatted: Left

Formatted: Left, Indent: First line: 0 pt

the “qualified purchaser” beyond the first 15 years. Proceeds from the repayment of the enforcement note were intended to be used for further development or encouraging low and moderate income housing in St. Cloud.

E. Goals of the Project. The goals of the Project are (1) to provide low and moderate income housing; (2) provide funds to repay the Greater Minnesota Housing Fund loan and the Minnesota Housing Finance Agency loan; (3) provide tax increment to pay the TIF Bonds; (4) provide funds to reimburse the HRA for its costs; and (5) provide funds for further low and moderate income housing through the enforcement notes.

Formatted: Left
Formatted: Left, Indent: First line: 0 pt

F. Process to Modify Meadows Edge Program. Implementation of the changes to the Meadows Edge Program will require amendments to the program documents. Once the Board determines how it would like to proceed, a determination of the documents to be amended can be made. For example, a change in the definition of a “qualified purchaser” would require an amendment to the Housing Program, a minor modification to the TIF District Plan and an amendment to the Contract for Housing Development. An amendment to a Townhome Site purchase price or the size of the enforcement note would require amendments to the Contract for Housing Development.

Formatted: Left
Formatted: Left, Indent: First line: 0 pt

G. Questions.

1. What options does the HRA have regarding the TIF District?

Formatted: Left
Formatted: Left, Indent: First line: 0 pt

The HRA has agreed to provide the City of St. Cloud with sufficient funds to pay the principal of and interest on the TIF Bonds. With the presently constructed 36 Townhome units, approximately \$46,500 of the needed approximately \$60,000 per year will be achieved.

Formatted: Left
Formatted: Left, Indent: First line: 1 pt

If the Board desires to terminate the TIF District, the TIF Bonds would need to be defeased with an escrow that provides for payment of the principal and interest on the TIF Bonds until the first call date (February 1, 2013), at which time the entire outstanding TIF Bonds would be called and prepaid. The HRA or the City of St. Cloud would have to come up with the cash to fund the Escrow Agreement. As four year U.S. Treasury Obligations yield less than 1%, which is significantly less than the yield on the TIF Bonds (approximately 4.5%), approximately \$925,000 would need to be deposited in the escrow to defease the outstanding TIF Bonds (the principal amount of which is \$795,000).

This option is not practical from a financial standpoint.

Formatted: Left

The goal should be to develop the entire 72 Townhome units to provide the HRA with cash needed to repay the Greater Minnesota Housing Fund and the Minnesota Housing Finance Agency, provide tax increment to pay the TIF Bonds and provide cash to pay the HRA costs in developing the Meadows Edge Project.

Formatted: Left, Indent: First line: 1 pt

(2) Is it permissible for Lumber One to rent the constructed but unsold Townhome units?

Formatted: Left

As previously mentioned, the TIF District was established as an owner-occupied residential development and not as a rental development. Different standards and income limits apply to each type of Housing District. Subject to the restrictions of the homeowners association, Townhome units could be rented on a short-term basis. Lumber One could rent such units, but could not convert the Project to a rental Housing District without modifying the Tax Increment Plan for the TIF District and the HRA Housing Program. If a short-term rental plan is to be explored, I suggest that the tenants qualify as “qualified purchasers” to avoid any issue regarding the HRA Housing Program or the TIF Plan.

Formatted: Font: Times New Roman, 11 pt

TO: St. Cloud HRA Board of Commissioners
FROM: Bruce Thielman, Executive Director
DATE: February 18, 2009
SUBJECT: Consideration of a Cancellation of a Development Agreement and Approval of a Purchase Agreement for Land Located in Industrial Center West

Requested Action: To consider the request from Park Industries.

Background from Previous Discussion:

The HRA, CMMB, LLLP (“CMMB”) and Park Industries, Inc. (“Park Industries”) entered into a Contract for Private Development, dated as of February 15, 2006 (the “Original Agreement”). Pursuant to the Original Agreement, the HRA sold to CMMB, a 12.5 acre parcel in the St. Cloud Industrial Center West Business Park (the “Development Property”) and CMMB agreed to build, at a minimum, an 80,000 square foot manufacturing/warehouse building on the Development Property (the “Project”). The Project was to be completed by November 30, 2008. This Business Park includes Nahan Printing, Wolters Kluwer, Nash Finch and many other businesses.

On March 7, 2008, the parties to the Original Agreement entered into an Amendment to Contract for Private Development (the “Amendment”), which extended the date to complete the Project to November 30, 2011 (the Original Agreement, as amended by the Amendment, is referred to as the “Agreement”).

Park Industries produces equipment for the granite industry. Their equipment can cut granite into rough cuts or into more refined slabs that would produce products such as counter tops and tables. They were growing substantially in the housing industry with their line of machines for residential and commercial applications, and as we all know, the housing industry is in a historic and unprecedented decline. For this reason, Park Industries has been forced to reorganize and actually reduce employment instead of expanding. Representatives of CMMB and Park Industries (collectively, the “Company”) have requested that the HRA consider action to terminate the Agreement and sell the Development Property to the HRA for the purchase price paid by CMMB under the Agreement.

The Agreement has a reversion clause. The clause basically states that if there is an event of default under the Agreement (including failure to commence or complete construction of the Project) and after a 90-day notice and failure to cure, title and possession of the Development Property reverts to the HRA. The HRA then must use its best efforts to sell the Development Property upon commercially reasonable terms and conditions. Proceeds from the sale are applied first to the HRA to reimburse its costs and expenses in holding and selling such property; and the balance to the Company. This provision is not yet applicable as the Company is not in default. The request from Company is to cancel the existing Agreement and enter into a purchase agreement to have the HRA purchase the Development Property at the same price that it was originally sold for in 2006. The 12.5 acres parcel sold for \$1.00 per square foot, or \$544,500.

I met with the Executive Committee of St Cloud Opportunities to see if it would like to participate as a partner or a lender if the HRA would repurchase the Development Property, and the Committee members stated that they are not interested.

Four Options:

Option 1: The first option is for the HRA to agree to cancel the existing Agreement, and enter into a purchase agreement to acquire the Development Property. The funds would come from General Fund reserves. The current rate of return on this fund is between 3% and 3.5% in today's market. The advantages of this option is to immediately strengthen a local employer to prevent future job and tax base loss, and create an opportunity for bringing in a new business and new jobs into the community. It may also provide the HRA with an opportunity for a gain on the sale of the land. The disadvantage is the unknown amount of time needed for resale of the Development Property.

Option 2: The second option would be to cancel the current Agreement and enter into a new agreement with the Company where the HRA pays a predetermined amount of upfront cash, say one-half of the sale price, and the remainder upon the resale of the Property to another user.

Option 3: The third option would have the Agreement revised to allow the Company the authority to market the Property themselves under certain conditions. The conditions would require control of the site and its potential uses by the HRA. In other words, the factors important to the HRA and the City in this agreement would be the significance of the development (size, scope and value of the facilities), the amount of job creation, and the timeline. I would suggest that under this option, the Company would be allowed six (6) to nine (9) months to market the property along with our conditions, and then if the Development Property is not sold, then revisit the situation for reconsideration what the needs of the Company would be at that time, along with a determination of current land values and the state of the local economy.

Option 4: The fourth option would be to do nothing. The current Agreement is in place until 2011.

Frequency of Request: One time.

Related Actions: None.

Future Action: None.

Relationship to Goals: Assist in implementing the City's vision, increase the City's tax base, and enhance business opportunities through economic development.

Budget Impact: No budget impact as the reserves would be used to fund the repurchase.

TO: St. Cloud HRA Board of Commissioners
FROM: Cliff Knettel
DATE: February 18, 2009
SUBJECT: Proposed South Side University Neighborhood Rental Property Conversion Program

REQUESTED ACTION

Approval of the creation of the South Side University Neighborhood Rental Property Conversion Program.

INTRODUCTION

The City of St. Cloud recently adopted the South Side University Neighborhood Master Plan. The Plan establishes a number of goals and identifies several potential programs for which the HRA could be involved. HRA staff has been working with SSUNA throughout this planning process.

One of the SSUNA neighborhood and City's goals with regard to this area is to increase homeownership and reduce the number of rentals. In order to achieve such a goal, the Master Plan and SSUNA have identified a number of potential programs to assist in that endeavor.

Staff is proposing a program called the South Side University Neighborhood Rental Property Conversion Program. At this time we are proposing this as a pilot program to begin implementing the plan and gauge interest in such a program.

Details Include:

1. Property must be a current licensed rental property.
2. Applicants can be pre-approved prior to an offer, have a purchase pending, or completed a purchase within the last 180 days.
3. Applicant must purchase home for the purpose of homesteading. Property must remain owner occupied or repayment is due in full.
4. Maximum Loan amount is \$25,000, with zero % interest deferred for 30 years.
5. Loan would be repaid when the home is sold, refinanced, or converted to a rental.
6. Funds may be used for interior or exterior improvements, and must be deemed as required by Housing Quality Standards (HQS).
7. Funds may also be used to eliminate redundant or unnecessary structures or facilities such as extra kitchens, bathrooms and plumbing, reduce the number of electrical services, eliminate barriers between multiple floors, eliminate multiple heating systems, eliminate unnecessary egress/access etc. HRA staff will inspect the property and prepare the scope of work.
8. HRA Staff will prepare bid documents; however, the applicant will be responsible for contractor solicitation and selection.
9. The use of the funds is not intended to displace any current occupants, and cannot be used for tenant relocation expenses. Uniform Relocation Act does not apply.

← --- Formatted: Bullets and Numbering

10. There is no income limit for this program. This would require an amendment to the Common Bond Fund resolution, which we would bring forward in March, along with other changes to the Fund.
11. This program can be used along with other programs offered by the HRA, if the applicant is eligible, including CDBG, NSP and GMHF rehab programs.

At the present time, we propose allocating \$100,000 for up to 4 projects, with the funds coming out of the Common Bond Fund. Future funding will be determined based on a review of the program by staff and Board, and based on availability of additional funding.

At the present time, staff does not recommend deed restrictions that require perpetual home ownership. This can negatively affect a buyer's ability to obtain financing, and has other legal ramifications. The most effective method to promote long term owner occupied status is the 30-year deferred loan that is not forgiven.

Frequency of Request: One time, project will be evaluated for future funding.

Related Actions: Other projects and programs have been proposed or implemented in this neighborhood, including Core Neighborhood Incentives, CDBG programs, NSP programs and Paint the Town. Changes to the Common Bond Fund will be brought forward in March.

Future Action: If approved, staff will create application forms, policy and procedure documents, but no additional Board approvals are necessary. Future funding or funding for other programs will be discussed at a later date.

Relationship to Goals: Improve the City's core neighborhoods.

Budget Impact: Funds allocated from the Common Bond Fund.

Deleted: ¶

TO: St. Cloud HRA Board of Commissioners
FROM: Leslie Henson, Community Development Manager
DATE: February 17, 2009
SUBJECT: Community Development Building Grant Annual Application

Requested Action:

1. The attached draft FY 2009 Community Development Block Grant program (CDBG) budget and resolution are provided for your consideration, review and advice. This resolution will be brought back to the HRA Board of Commissioners at their March 25, 2009 Board of Commissioners meeting for authorization. A public hearing is required to be held to hear public comments.
2. Set a time and date for a public hearing to hear public comment on the proposed FY 2009 CDBG to be incorporated into the City of St. Cloud 2009 Annual Consolidated Housing and Community Development Plan. The proposed time and date for the public hearing is 7:00 PM, March 25, 2009.

← --- Formatted: Bullets and Numbering

← --- Formatted: Bullets and Numbering

Background:

The U.S. Department of Housing and Urban Development (HUD) has not been able to advise the St. Cloud Housing and Redevelopment Authority (HRA) what the amount of CDBG funding the City of St. Cloud will receive in 2009. What we are faced with is that Congress has not finalized the 2009 appropriations for HUD, as well as, several other departments of government. HRA staff recommend that because of the lengthy application process the CDBG program is required to follow, including two citizen participation meetings and two public hearings, that we proceed with the process based on what the City of St. Cloud received in 2008 which was \$472,822. It is proposed by staff that if St. Cloud receives less than this amount, all activities would be proportionally decreased. In the event that more funding is received than expected, the increase would be added to the single family home owner housing rehabilitation program. It is looking good for additional funding for the CDBG program from the "American Recovery and Reinvestment Act of 2009". At this point our sources are saying that an additional one billion dollars will be distributed to entitlement units of government. What this means for St. Cloud and how it will be distributed is not clear. We could see from \$100,000 to \$150,000 of additional CDBG funding. It is proposed by staff that if we are notified by HUD of an increase resulting from the "American Recovery and Reinvestment Act of 2009." We would recommend to have the proposed Boys and Girls Club/Headstart bus chute project, which is currently second year out, in the three year non-profit capital improvement plan. Any additional funds remaining would be added to the CDBG home owner housing rehabilitation program.

There is also a possibility the "American Recovery and Reinvestment Act of 2009" could fund the City's proposed 10th Avenue street improvements project. There is an infrastructure transportation category being proposed to be funded in the amount of forty billion dollars. In materials from the National Council of Mayors, they had proposed that a CDBG category of twenty billion should be funded to finance ready to go infrastructure projects. It is proposed by HRA staff that we include the project as a 2009 CDBG entitlement project with a nominal amount of \$5,000 to be funded from 2009 entitlement funds and the remainder of \$1,200,000 be funded by the "American Recovery and Reinvestment Act of 2009". By

including this project as outlined above, we will save having to repeat the environmental process and required CDBG citizen participation meetings and hearings.

The St. Cloud HRA is authorized to administer the CDBG program on behalf of the City of St. Cloud, Minnesota. HRA staff has held required citizen participation meetings and are preparing an application and one year budget for the CDBG Annual Consolidated Housing and Community Development Plan for HRA Board review and authorization to recommend the Consolidated Plan to the City Council of the City of St. Cloud.

The CDBG application process requires two public hearings to hear public comment regarding the proposed FY 2008 Annual Consolidated Housing and Community Development Plan. The HRA Board of Commissioners may hold one of the public hearings. The other public hearing is to be held by the City Council.

During the FY 2009 CDBG Non-Profit Long Term Capital Improvements application process, there were four non-profit applicants that submitted requests for CDBG funding;

The non-profit project requests are as follows:

- 2009 Housing Coalition of the St. Cloud Area - Renovation of a four-unit transitional housing facility located at 237 & 301 8th Avenue South, St. Cloud; it consists of two houses connected by a walkway. Preliminary obligation funding: \$113,000.
National Objective – Benefit to low-to-moderate income persons.
- 2009 St. Cloud Parks Department/Boys and Girls Club/Headstart – Acquisition of a single family house adjoining Raymond Park at 406 Raymond Avenue NE., St. Cloud; the one bedroom deteriorated foreclosed house is to be demolished. The lot would be used for additional parking by the Parks Department and the Boys and Girls Club/Headstart programs. Preliminary obligation funding: \$60,000.
National Objective – Benefit to low-to-moderate income persons.
- 2010 Boys and Girls Club/Headstart – Installation of a new bus chute and parking lot improvements at 345 30th Avenue North, St. Cloud (Roosevelt School site) Boys and Girls Club/Headstart facility. Preliminary obligation funding: \$90,000.
National Objective – Benefit to low-to-moderate income persons.
- 2011 Catholic Charities Domus Transitional Housing - New construction of a four-unit facility; two 2-bedroom apartments for families with children and two 1-bedroom apartments for homeless youth without children. Preliminary obligation funding: \$145,000.
National Objective – Benefit to low-to-moderate income persons.

Proposed Preliminary Budget \$472,822

(Estimated based on 2008 funding level. 2009 CDBG funding is still waiting Congressional appropriations process to be completed)

Sources of Funds

Projected New 2009 CDBG Funding	\$472,822
Projected Program Income 2009	<u>\$ 27,178</u>
Total Sources	\$500,000

Proposed Activities

Home Owner Housing Rehabilitations Core City Neighborhood Priority	\$180,000
Neighborhood – Acquisition Deteriorated Housing to be demolished Core City Neighborhood St. Cloud Parks Department property adjoining Raymond Park 1 st priority	\$ 70,000
Boys and Girls Club/Headstart bus chute and parking lot improvements	\$ 5,000
St. Cloud 10 th Ave. Street improvements project	\$ 5,000
Homeless Assistance Fund Tri-Cap	\$ 30,000
Fair Housing Assistance	\$ 3,000
Non- Profit Fund – Housing Coalition, Casa Mia Transitional Housing Renovation	\$115,000
Planning 5 Year Consolidated Plan Update	\$ 20,000
Public Information	\$ 2,000
Admin	<u>\$ 70,000</u>
Total Uses Budget	\$ 500,000

Frequency of Request: Annually.

Related Actions: None.

Future Action: Public hearing by the HRA Board March 25, 2009 for public to speak and Board authorization.

Budget Impact: It is anticipated that there will be sufficient CDBG funds available to fund the proposed 2009 projects.

Relationship to City of St. Cloud Five Year Consolidated Housing and Community Development Plan.

Goals: #1 Homeless, affordable housing and community development.

Resolution _____

**Recommending City Council Action Regarding a Community Development Block Grant (CDBG)
Application and Budget for Fiscal Year 2009 for the City of St. Cloud**

and

**Recommending City Council Action Regarding Revision of the 2008 Community Development Block
Grant (CDBG) Annual Plan for One Year Use of Funds in Anticipation of Additional CDBG
Entitlement Funding Being Awarded to St. Cloud**

and

**Recommending City Council Action Regarding a Community Development Block Grant (CDBG)
Application and Budget for Preliminary Obligations to Target Non-Profit - Capital Improvement
Projects for FY 2010 and 2011 for the City of St. Cloud**

Whereas, as an Entitlement Community, as defined by the Department of Housing and Urban Development (HUD), the City of St. Cloud is eligible to apply for an annual allocation of funds through the Community Development Block Grant Program (CDBG); and

Whereas, the City of St. Cloud has not been notified by HUD what the Fiscal Year 2009, CDBG funding for the City of St. Cloud, is expected to be. In 2008, \$472,822 of CDBG funding was awarded to St. Cloud, Minnesota; and

Whereas, for the City of St. Cloud to be able to follow the required CDBG application process, meeting citizen participation, and environmental review requirements and still deliver a 2009 application to HUD in a timely manner, without knowing the amount that will ultimately be awarded to St. Cloud CDBG program, the Housing and Redevelopment Authority will need to proceed under certain assumptions and caveats; and

Whereas, under the American Recovery and Reinvestment Act of 2009 it is anticipated that the one billion dollars appropriated for distribution to entitlement units of government will result in St. Cloud receiving from \$100,000 to \$150,000 of additional CDBG funds. The amount to be awarded and the process that HUD will use to distribute these funds have not been determined at this time; and

Whereas, HRA staff has proposed to proceed with the 2009 CDBG application process assuming that St. Cloud will receive at least the same amount of funding that was awarded in 2008 in the amount of \$472,822. In the event that St. Cloud receives more than this amount through the regular entitlement appropriations process or the American Recovery and Reinvestment Act of 2009, funds are to be designated to the Boys and Girls Club/Headstart proposed activity for the installation of a bus chute and parking lot improvements at their Roosevelt location. Any additional funding will be added to the Homeowner Housing Rehabilitation Activity; and

Whereas, program income funds in the amount of \$27,178 is projected to be available in 2009; and

Whereas, total funds projected to be available are reallocated funds of \$27,178 plus authorized funds of \$472,822 totaling \$500,000; and

Whereas, in the event that HUD allocates less funding than is being anticipated, the difference between what is projected and what is allocated shall be proportionately deducted from all activities that have been budgeted; and

Whereas, it is proposed that the existing CDBG Homeowner Housing Rehabilitation Program procedural manual be revised to allow for home owner grants to qualified low-to-moderate income home owners

participating in the annual Paint the Town program to cover costs of hiring contract painters as needed to paint the hard to reach portions of larger homes, to protect the safety and welfare of the volunteers; and

Whereas, it has been determined by the City of St. Cloud that, at a minimum, thirty percent (30%) of the annual CDBG funding provided to the City of St. Cloud by the U. S. Department of Housing and Urban Development shall be made available on a competitive basis to area non-profit organizations; and

Whereas, the Housing Coalition of the St. Cloud Area has requested \$113,000 for the renovation of Casa Mia for renovation of the property; and

Whereas, thirty percent (30%) of the City of St. Cloud CDBG projected 2009 entitlement funding of \$472,822 would be \$141,847 and this would be an annual amount to be proposed to be available for preliminary obligations for FY 2009 for area Non-Profit Capital Improvement Projects needs; and

Whereas, The Boys and Girls Club in cooperation with the City of St. Cloud Parks Department have requested \$65,000 of CDBG funding for property acquisition for the proposed Raymond Park in the East Side core neighborhood; and

Whereas, The Boys and Girls Club/Headstart programs have requested \$90,000 of CDBG funding for bus chute and parking lot site improvements for the proposed core neighborhood, Roosevelt Boys and Girls Club/Headstart site; and

Whereas, the City of St. Cloud and the St. Cloud HRA have created an application and funding process whereby area non-profit organizations may apply for CDBG funding for their future long term capital improvement project needs; and

Whereas, in the event that non-profit organization applications or public facility improvements are not utilized, the unobligated remaining balance would be available for other CDBG eligible activities; and

Whereas, the St. Cloud City Council on June 2, 2008 by Resolution # 2007-6-107 "Approving the Application and Annual Consolidated Housing and Community Development Plan (budget for CDBG funding) for FY 2009" give conditional approval for funding activities from the 2009 CDBG program years, and those approvals and conditions are as follows:

Year II (2010) - Boys and Girls Club/Headstart programs - Preliminary funding obligation for assistance in financing, bus chute and parking lot site improvements for their proposed Roosevelt Boys and Girls Club/Headstart site in the amount of \$90,000 + \$5,000 HRA Admin. National Objective – Benefit to Low-to-Moderate Income Persons.

Formatted: Font: Bold

Year III (2011) - Domus Transitional Housing Facility - Preliminary funding obligation for assistance in financing for a new four unit family transitional housing facility for Catholic Charities of St. Cloud Area Domus Transitional Housing in the amount of \$140,000 + \$5,000 HRA Admin. National Objective – Benefit to Low-to-Moderate Income Persons.

Formatted: Font: Bold

Whereas, Catholic Charities did receive a CDBG Non-Profit Long Term Capital Improvement preliminary obligation of funding to assist in financing a new four unit transitional housing project as stated above. Said project development is not far enough along to be funded in 2008, therefore Catholic Charities have requested that said authorization be re-stated for second year funding (2009); and

Whereas, a program statement describing CDBG activities for Fiscal Year 2009 with a preliminary budget totaling \$500,000 has been developed; and

Whereas, in addition to proposing 2009 CDBG activities the Board has reviewed and is recommending project funding for area non-profit organizations for capital improvement projects for consideration of preliminary obligations of funding for the FY 2009 program year; and

Whereas, a public hearing is required to obtain citizens' views on housing and community development needs;

Now, Therefore, Be It Further Resolved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota, that the following recommendations for the 2009 program year for the Community Development Block Grant Program be made to the City Council of the City of St. Cloud:

Preliminary Budget \$472,822

(Estimate based on 2008 funding level. 2009 CDBG funding is still waiting Congressional appropriations process to be completed)

Sources of Funds

Projected New 2009 CDBG Funding	\$472,822
Projected Program Income 2009	<u>\$ 27,178</u>
Total Sources	\$500,000

Activities

Home Owner Housing Rehabilitations	
Core City Neighborhood Priority	\$180,000
Acquisition Deteriorated Housing - to be demolished and located in the Core Neighborhoods, to be acquired by the St. Cloud Parks Department (property adjoining Raymond Park)	\$ 70,000
St. Cloud 10 th Avenue Street Improvements Project	\$ 5,000
Homeless Assistance Fund Tri-Cap	\$ 30,000
Fair Housing Assistance	\$ 3,000
Non- Profit Fund –	
Housing Coalition, Casa Mia Transitional Housing Renovation	\$115,000
Boys and Girls Club/Headstart bus chute and parking lot improvements	\$ 5,000
Planning 5 Year Consolidated Plan Update	\$ 20,000
Public Information	\$ 2,000
Admin	<u>\$ 70,000</u>
Total Uses Budget	\$ 500,000

Be It Further Resolved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota, that the following budget recommendations for preliminary obligations for area non-profit capital improvement project needs for the 2010 and 2011 program years for the Community Development Block Grant Program be made to the City Council of the City of St. Cloud:

Year II (2010) Boys and Girls Club/Headstart Roosevelt

Preliminary funding obligation for assistance in financing, bus chute and parking lot site improvements for their proposed Roosevelt Boys and Girls Club/Headstart site in the amount of \$90,000 + \$5,000 HRA Admin.

National Objective – Benefit to Low-to-Moderate Income Persons

Year III (2011) - Domus Transitional Housing Facility

Preliminary funding obligation for assistance in financing for a new four unit family transitional housing facility for Catholic Charities of the St. Cloud Area, Domus Transitional Housing, in the amount of \$143,000 + \$5,000 HRA Admin.

National Objective – Benefit to Low-to-Moderate Income Persons

Be It Further Resolved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota, that it is to be understood that the following conditions must be met by non-profit organizations prior to their receiving consideration for current year obligation of funds for their proposed projects:

1) That the City of St. Cloud receives adequate CDBG funding for the 2010 Year II and 2011 Year III program years to fund non-profit organization projects, proposed to be \$141,847 for 2008 and/or at a minimum 30% of the City of St. Cloud annual CDBG entitlement;

* Year II 2010 projects shall provide project specifics such as biddable drawings and specifications, site control and proof of needed sources, and uses of funds, to advance to the first year funding level.

To advance to the first year funding level sufficient progress needs to be proven to assure that the proposed project will be developed during the current year; and

Formatted: No underline

Formatted: No underline

Formatted: No underline

2) Basic complete project specifics such as drawings and specifications, site control and proof of needed sources, and uses of funds and proof of operating feasibility are to be provided for Board consideration during the annual Targeted Non-Profit Fund application process. Applications are to be submitted to the HRA by the second Wednesday of December each year. Said requirements shall include, but not be limited to the following:

* Proof of Site Control: meaning that the applicant shall provide a copy of either an executed purchase agreement, option to buy, lease or mortgage deed for the proposed project for land that is zoned properly and of adequate size to meet city zoning requirements for the proposed use,

* Development drawings/plans and specifications: meaning that drawings/ plans of the proposed project along with project specifications shall be made available to the HRA in a format sufficient to be able to competitively bid the project to general contractors,

* Statement of Sources and Uses of Funds: meaning that the HRA shall be provided a balanced statement that identifies all sources of funds (by amount and source) that are committed to the proposed project. A statement shall also be submitted that identifies the proposed uses of all sites, buildings, renovation, and soft costs necessary to do either a purchase with renovation of an existing facility or purchase of vacant land for the construction of a new facility,

Formatted: No underline

* Proof of development budget: meaning that a statement, along with support documentation shall be provided to the HRA proving that sufficient funds are committed and available to the proposed project (proposed CDBG plus any additional funds necessary) to be able to complete the purchase and renovation/construction of the project,

* Proof of financial operating feasibility of proposed facility: meaning that the applicant shall provide to the HRA a proposed itemized annual operating budget, identifying the projected operating costs of the facility, along with documentation proving that the applicant agency will have sufficient funds available to operate said facility,

* Proof that the proposed project will meet a CDBG National Objective: meaning that the applicant shall submit documentation to the HRA proving through first source documents that the proposed project will benefit the CDBG National Objective of Benefit to low-to-moderate income persons as defined by the CDBG program. The applicant will also be required to prove to the HRA that low-to-moderate income persons will be assisted and that the applicant's client files will be able to identify client based demographics such as income, race, and head of household gender as required by the CDBG program. Applicant is required to be a 501 (c) (3) designated agency and a copy of their certification will be required, and

3) It is to be clearly understood and acknowledged that in the event that the City of St. Cloud does not receive adequate CDBG funding in future years, that if the CDBG program is either discontinued or decreased in funding that any preliminary obligations of CDBG funding that have been made are not to be assumed to be provided by the HRA nor the City of St. Cloud through any other funding sources. There is no intent that said preliminary obligations of CDBG funding will be made if, circumstances beyond the HRA or City Council's control decreases funding availability. The HRA and the City Council, therefore, reserve the right to re-consider funding obligations as circumstances dictate.

4) It is to be further acknowledged that there are no representations, or expressions that have been made to the availability of resources for future CDBG years, deemed necessary for the implementation of the project.

5) It is to be still further acknowledged the recipient of any conditioned CDBG preliminary obligations of funding will not claim or attempt to secure other HRA/ City of St. Cloud resources, for the completion of their proposed projects from the HRA nor the City of St. Cloud; and

Be It Further Resolved, that the existing CDBG Homeowner Housing Rehabilitation Program Procedural Manual be revised to allow for home owner grants to qualified low to moderate income home owners participating in the annual Paint the Town program to cover costs of hiring contract painters to paint the hard to reach portions of larger homes to protect the safety and welfare of the volunteers; and

Be It Further Resolved, that the FY 2009 budget and the preliminary obligations for area non-profit capital improvement project needs for the FY 2009 program years be transmitted and recommended to the St. Cloud City Council with a request to establish a public hearing date.

Adopted this 25th Day of March, 2009.

ATTEST:

Nancy Gohman, Chair

George Hontos, Secretary

TO: HRA Board of Commissioners
FROM: Bruce Thielman, Executive Director
DATE: February 19, 2009
SUBJECT: Executive Director Report

Personnel: Our Housing Development Manager, Jeannette Bineham has submitted her resignation effective March 6th. Please join me in wishing Jeannette the best in her future endeavors, and thank her for her work as a staff member and in her service on the HRA Board of Commissioners years ago in a particularly challenging time in our history.

Larson House Update: We have learned that a purchase offer has been accepted on this house by the bank that owns the property. The use is believed to be for owner occupancy.

Website Upgrade: The HRA is in the process of redesigning and updating the content of the HRA website. The upgrade will make the site more oriented to economic development, make it more user friendly, provide better instant mapping capabilities, be easier to navigate, be found easier by search engines, improve the content, have an updated administration panel, and have an upgraded housing application. We are working with the local provider, Brain Magnet. The new site should be live by mid-March.

Positively Minnesota Membership: The HRA has joined Positively Minnesota which is the marketing division of the Department of Employment and Economic Development (DEED). The membership is part of a three-pronged marketing approach we are using. The three approaches are working with DEED on the state level, The Partnership at the local level, and directly in our own efforts. The Positively Minnesota membership enhances our relationship with DEED staff with potential leads, and gives us many other marketing opportunities with key prospects and site selectors. We are also working with The Partnership in these efforts, and other marketing efforts, such as direct mail to site selectors and commercial real estate agents, and follow-up calls for personal visits. Cliff and I have also been attending commercial real estate luncheon meetings in St Cloud and the Twin Cities to establish relationships.

Airport Business Park: Cliff is working with the partners in the Airport Business Park in a Request for Proposals for real estate services. This is a similar approach that the I-94 Business Park is using in marketing of its new expansion. Getting commercial real estate agents more aware and having a predetermined commission schedule should bring more opportunities for land sales and subsequent job creation.

River Initiative Committee: The Central MN Community Foundation invited me to represent the HRA in a meeting on Feb 19th. This is a group of stakeholders who have met before and recognized the need for our involvement in the future development of the Mississippi River from St. Cloud to Sauk Rapids and Sartell. The CMCF is organizing these meetings in conjunction with other similar community foundations

that are located along the Mississippi River from Minnesota to Louisiana. Many of the members were also involved in the series of meetings at the end of 2008. The meeting was held to determine the role or purpose of a group like this. It was determined that the City of St Cloud was considering a planning process, and that this group should be a vested partner in that process. The concept of establishing a Riverfront Development Corporation was also discussed.

Update on the High Tech Initiative: The existence of fiber optic infrastructure in the streets has been identified as an opportunity for economic growth downtown. The Downtown Council is getting close to launching a marketing campaign to a list of 300 potential businesses. Our monetary investment and participation on committees is an integral part of this effort. The DTC is working with Agency 128, a local advertising agency in this effort, where a very creative direct mail piece will be sent, and then each business will receive a personal follow-up phone call. If the piece is well received, this technique may be something for us to duplicate for the business park marketing.

Buxton Study: The HRA is funding half of the Buxton Study for the Downtown Council. This is a psychographic study and marketing program to bring more businesses and therefore more customers to the downtown and proposed 5th Avenue Live development. The results of the study are expected to be received by the end of the month. The marketing to the business prospects will primarily begin in May at the very large retailers show in Las Vegas in May. Pegg Gustafson is scheduled to attend already. This is another good example of the HRA collaborating in strategic partnerships toward a goal of economic development for the City.

HUD Property Disposition: This topic came up in an earlier Board meeting, and Louise and I have attempting to contact HUD personnel in Minneapolis to clarify our research. Last week, we were able to have a phone conversation with them. The summary of that conversation is that it is possible to dispose of HUD property; however, there are many rules and regulations that would need to be followed. For example, the top priority is the welfare of the current residents. They would have to be relocated to similar housing with minimal disruption. So the challenge would be to have a high enough sales price on whatever property would be disposed of, in order to purchase different housing and relocate the residents. The hand written notes prepared by Louise at the previous meeting were an accurate summary of the regulations and steps necessary to dispose of HUD property. Any transfer, easement or disposition would have to be approved by HUD.

Future Item: Conversion to a Community Development Agency: This is a topic brought up during the last year, and I have information from three other HRA's that have converted. This would need special legislation and we are reviewing the statutes to make sure it is possible for an HRA organized for a City under the law to convert, as the previous three examples have been county HRA's organized under special legislation. Our recent study sessions have had other timely topics which has necessitated the deferral of this information. The expectation is to include this in the next available study session, or perhaps at the annual strategic planning meeting.

Corporate Woods Parcel: The Board has requested that prior to a transfer to the City that we attempt to obtain a refund of the property taxes that have been paid. The City has determined that in order for us to get our previously paid taxes refunded, a "tax abatement" request must be filed with the county. That request will be considered by the County, and if denied we will bring the information and options back to the HRA Board for more discussion.

Housing Department Vacancy Report – For the Month Ending January 31, 2009:

Changes have been made to reflect the new properties under Asset Property Management.

Fund: Public Housing – 291 Units			
<u>Complex</u>	<u># of units</u>	<u>Yearly Vacancy Rate</u>	<u>Vacant 01/31/09</u>
Empire	89	0.00%	0
Wilson	126	0.61%	1
Scattered Sites	76	2.80%	1

Fund: Section 8 New Construction – 162 Units			
<u>Complex</u>	<u># of units</u>	<u>Yearly Vacancy Rate</u>	<u>Vacant 01/31/09</u>
Germain	60	0.00%	0
Grace/NWB	102	1.61%	1

Fund: Tax Credit – 249 Units			
<u>Complex</u>	<u># of units</u>	<u>Yearly Vacancy Rate</u>	<u>Vacant 01/31/09</u>
Creeks	24	0.00%	0
Brownstones	12	0.00%	0
Westwood One	32	0.00%	0
Swisshelm One	32	6.25%	2
Swisshelm Two	32	3.13%	1
Westwood Two	32	5.24%	2
Riverside	85	8.88%	5

Fund: Affordable Housing – 79 Units			
<u>Complex</u>	<u># of units</u>	<u>Yearly Vacancy Rate</u>	<u>Vacant 01/31/09</u>
Eastwood	18	0.00%	0
Loehr *	61	1.64%	1

* Owned by St. Cloud HRA, Managed by Catholic Charities

Formatted: Font: Times New Roman, 11 pt

Formatted: Left

St. Cloud Housing and Redevelopment Authority
Personnel Policy Manual

Topic: Distribution and Solicitation
Section: Employee Relations
Number 06.04

Page 1 of 1
Date Issued: 7-01-99
Date Revised: 10-01-06

For Employees: There will be no distribution of non work-related literature, regardless of the type or source, in the work or common areas of HRA owned or managed property during working and non-working time.

There will be no solicitation, regardless of the type or source, on HRA owned or managed property during working time.

For Non-Employees: There will be no distribution of literature or solicitation, regardless of the type or source, on HRA owned or managed property, without prior approval of the Executive Director.